



Reports & Financial Statements

for the year ended
31st December, 2021



REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

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VISSION STATEMENT:

To be a profitable global player in the Reinsurance Market.

MISSION STATEMENT:

To strategically align the internal and external Partnerships effectively using loyalty principles as guiding key towards the realization of the charge.

SHARED VALUES:

- ✦ Professionalism
- ✦ Excellence
- ✦ Customer Focus
- ✦ Integrity
- ✦ Innovation
- ✦ Team Spirit
- ✦ Loyalty



CHAIRMAN STATEMENT- 2021 AUDITED ACCOUNTS

Dear Shareholders, Members of the Board of Directors, Ladies and Gentlemen, it is my pleasure to present to you the annual reports and accounts of our company for the year ended 31st December 2021 and to consider the performance of our company.

OPERATING ENVIRONMENT REVIEW IN THE YEAR 2021

Following the covid -19 pandemic which ravaged the world and plunged the country into severe economic recession in 2020, we moved into 2021 with the carryover effects of the recession, inflation, fuel price increase in full blown proportion. This led to a high increase in insecurity, terrorism and crime rate in the country. This year, the country also witnessed an increase in emigration of skilled labour from Nigeria, which most attributed to the aftermath of the events of the End-SARS protest and economic instability. On December 31st 2021, the Naira depreciated against the US Dollar. The official Naira to USD exchange rate closed at N412.99/\$1 from N388/\$1 in 2020. This was attributable to the restriction in dollar supply from the Central Bank of Nigeria, all of which impacted inflation. Nigeria debt profile became a major cause for concern for all stakeholders.

As at year end 2021, Nigeria recorded a Debt-Service to Revenue ratio of 70% and IMF projected that Nigeria will spend 92% of its 2022 earnings re-paying its debts.

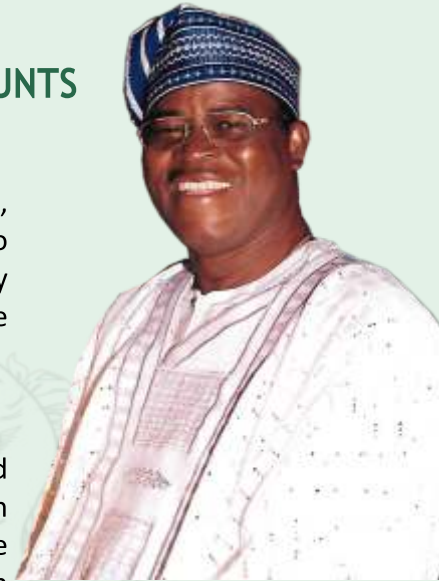
Notwithstanding the various indices, the Nigerian economy fared better in 2021 compared to its performance in the previous year.

According to the Nigerian Bureau of Statistics (NBS) the country's Gross Domestic Product (GDP) grew by 3.4% year on year in 2021 with an estimated value of N72.3 trillion in real terms, representing an increase from the 1.9% contraction recorded in 2020. This growth rate was reported to be the fastest recorded in Nigeria in 7 years. While the Oil Sector's contribution fell to 7.24% in 2021 from 8.16% in 2020, the Non-Oil Sector's contribution which includes the financial, insurance and agricultural sectors, increased from 91.84% in 2020 to 92.76% in 2021. Crude oil prices increased in 2021 due to relaxed pandemic-related restrictions, and growth in global economy.

Nigeria was unable to meet its crude oil production allocation by the Organization of Petroleum Exporting Countries (OPEC) while importation of petroleum products remained on the rise. The Nigerian Stock Exchange All Share Index (ASI) also recorded an increase of 6.07%, closing the year at 42,716 points as against 40,270 recorded in 2020. The Consumer Price Index (CPI) being the major inflation indicator, decreased marginally by 15.63% at the end of 2021 compared to 15.75% recorded in 2020.

INSURANCE INDUSTRY

In spite of the challenging landscape of the preceding year characterized by various forms of economic disruptions and rising claims, the Nigeria Insurance Industry maintained a marginal





increase in insurance penetration. Amidst the significantly reduced purchasing power and available liquidity the experience of the prior year increased societal awareness on the need for Insurance risk management mechanism despite less than 1% insurance penetration. The data obtained from the NBS reflected that the financial and insurance sector's contribution to the country's GDP grew by 10.07% in 2021 from 9.37% growth in 2020.

Indeed, the hope that the renewed insurance awareness will improve Nigeria's insurance penetration and grow the industry, is rekindled. The industry regulator; the National Insurance Commission (NAICOM) continued its efforts to domesticate compulsory insurance implementation across the nation. It launched its much-anticipated online portal in 2021, with the core objective to enhance data collection, bridge the information gap that has characterized the sector in the past and to ensure efficient interface with its stakeholders.

The Commission also released the NAICOM Corporate Governance Guidelines for Insurance and Reinsurance Companies 2021 to assist in the implementation of the Nigerian Code of Corporate Governance 2018 (NCCG) and to ensure that improved good Corporate Governance is embedded in specific areas. One of the other initiatives of the regulator is the release of the revised Market conduct guideline to ensure that insurance institutions conduct themselves in a professional manner and in accordance with international best practices. We are optimistic that the various efforts by the regulator will foster an improved relationship between the Insurance operators and the regulator and compel voluntary compliance.

The new Finance Act 2021, effective 1st January 2022 introduced a new dimension to the new suspended recapitalization exercise of the regulator as the Act replaced Paid Up Capital with Capital requirement thereby expanding the requirement cum capital base of an insurance to include other component of shareholders funds (share capital, share premium, retained earnings, contingency reserves, less defined liabilities, amongst others).

FINANCIAL PERFORMANCE RESULTS

The company operated in a volatile financial market and experienced inflationary prices and exchange rate which greatly affected returns on investments and most especially, outstanding claims of foreign currencies denominations.

Despite the challenging operating environments, the initiatives and strategies of the company yielded significant results which was reflective of the commitment and resilience of all stakeholders to exceed status quo.

The Gross Premium Written (GPW) grew by 21.79% from N973 million to N1.185 billion in the year under review. Certain huge outstanding claims domiciled in USD but under litigation adversely affected the bottom line of revenue forcing the Corporation to a Loss after taxation before other comprehensive income was (N2.587) billion, against the Loss of N286 million in 2020. Total comprehensive loss was (N2.510) billion compared to N(196) million in 2020.

As a result of the crash in the interest rate during the reporting period and restricted opportunities in other investment outlets. The income earned on investment came down to N242.976 Million as against the previous income of 2020 which was N320.781 million. This resulted in a reduction of about 37.4%. While Management Expenses decreased by 14% from N739 Million in 2020 to N638 Million in 2021.

The bottom line of your Corporation did not change much except the marginal decrease in total assets from N17.9 Billion in 2020 to N16.982 Billion in 2021 which represents a 6% decrease.



Similarly, reinsurance contract liabilities rose by 113% from N1.403Billion to N2.985Billion in 2020 and 2021 respectively.

The drop in revenue is due to the volatility of the exchange rate and turbulent business environment despite the best and encouraging efforts of the management team in cost management

NIGERIA REINSURANCE CORPORATION GOING FORWARD

Your Corporation is well-positioned to take on the market in 2022 and beyond despite the challenging operating environment. To this end, the Management with the support of the Board is working on a new strategic plan that will enable the Corporation to return to its top position in the market going forward and we are confident that this objective will be achieved sooner than expected. Every opportunity in the market will be maximally explored to ensure the realization of this goal.

The Corporation will strive to grow its market share and improve premium collection that will enable her to increase cash & investment assets. Growth in liquid investments will give the Corporation strong liquidity metrics compared to claims, technical and other liabilities. The overall medium-term outlook for the global economy remains uncertain with increased deterioration in financial market conditions and weak global output growth. The major headwinds to the current projections for global growth include disruptions to the supply chain arising from COVID-19; oil price downturn as a result of subdued global demand, and vulnerable financial markets. Nigerian Reinsurance Corporation sees opportunities in this new normal which will be profitably harnessed.

APPRECIATION

I would sincerely like to thank everyone for your support and commitment in this journey to reposition the Corporation to the path of profitability. More than ever, your Board and Management are honored to stake everything in commitment to this journey. My heartfelt gratitude to our exceptionally talented staff for their doggedness which consistently spurs us to provide good customer experience

We remain committed to inspire you with improved value creation.

AMOS A. AKINGBA PhD (CORNELL)



FINANCIAL HIGHLIGHTS

	2021 N'Million	2020 N'Million
Gross Premium Income	1,161	939
Net Underwriting Income	1,087	885
Underwriting results	(1,410)	(265)
Profit / (loss) after taxation before other comprehensive income	(2,587)	(286)
Total comprehensive income	(2,510)	(196)
Total equity	13,918	16,427
Earnings per 50 kobo share – kobo	(17.4)	(1.9)
Actual Net assets per 50 kobo share - kobo	<u>93</u>	<u>110</u>



CORPORATE INFORMATION

Directors:	Dr. Amos Akingba	-	Chairman
	Mr. Akinsola Ale	-	Managing
	HE Barr. Ibrahim Jimoh, CFR		
	Otunba Stephen Ojo		
	Mr. Alex Okoh		
	Chief Adeniyi Akintola, SAN		
	Mrs. Modupe Ajibishe		
	Mr. Billy Kongha		
	Mr. Tunji Adeniyi		
	Barr. Ronke Binawari		
	Ms. Olufolake Tawose		
	Mrs. Esther Ajayi	-	(Executive)
	Barr. Alonge Olanrewaju	-	(Executive)
Corporation Secretary:	Mrs. Rachel Kehinde-Famajuro		
Registered Office:	Plot 784A, Herbert Macaulay Way, Central Business District, Abuja.		
Control Office:	46, Marina, Lagos.		
Auditors:	Adenusi & Company Chartered Accountants		
Actuaries:	Ernst & Young		
Bankers:	Access Bank Plc. Ecobank Nigeria Plc. Energy Bank Sao – Tome Limited First Bank Plc First Atlantic Bank Ghana Guaranty Trust Bank Plc. Keystone Bank Limited Polaris Bank Limited Sterling Bank Plc. Union Bank of Nigeria Plc. Union Bank UK Plc. Wema Bank Plc.		



REPORT OF THE DIRECTORS

The directors submit hereunder their report and the audited financial statements of the Corporation for the year ended 31st December, 2021.

1.	Result for the year	N'000
	Gross premium income	1,160,847
	Net underwriting income	1,087,365
	Profit after taxation before other comprehensive income	(2,587,118)
	Total comprehensive income	(2,510,525)

2. Principal activities

The Corporation is engaged in General and Life reinsurance businesses incorporating payment of claims. It provides cover in all classes of reinsurance, treaty and facultative reinsurance which are backed by retrocessions. The products and services include fire, general accident, marine, aviation, individual and group life.

The Corporation is also engaged in investment of funds aimed at sustaining productivity, meet future obligations of claims and conserve shareholders' funds.

3. Review of business

Gross Premium Written increased by 21.79% from N973 million to N1.185billion.

Loss after taxation before other comprehensive income was (N2.587) billion, against the Loss of N286 million in 2020. Total comprehensive loss was (N2.510) billion compared to N (196) million in 2020.

4. Directors' responsibility on financial statements

The directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit or loss for the financial year in accordance with International Financial Reporting Standards and comply with the requirements of the Financial Reporting Act No 6, 2011, the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, the Insurance Act 2003 and guidelines/circulars issued by NAICOM. In doing so, they ensure that:

- Adequate internal control procedures are instituted which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.
- Proper accounting records are maintained.
- Applicable accounting standards are followed.



- Suitable accounting policies are used and consistently applied.
- The financial statements are prepared on a going concern basis unless it is not appropriate to presume that the Corporation will continue in business.
- Judgements and estimates made are reasonable and prudent.

5. Donations

No donation was made to any political Organisation during the year

6. Personnel

(a) Employment of physically challenged persons

It is the policy of the Corporation that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop.

(b) Health, safety at work and welfare of employees

Health and safety regulations are in force within the Corporation's premises and employees are aware and observe the regulations to guarantee maximum protection of personnel and assets. The Corporation provides subsidies to all levels of employees for medical expenses, transportation, housing, lunch, etc.

(c) Employees' involvement

Employees are kept fully informed regarding the operational performance and the Corporation continues with its open-door policy whereby views of employees are sought and given due consideration on matters which particularly affect them.

Training is carried out at various levels through in-house and external courses. The Corporation's expanding skill-base has been extended by a range of training provided to the employees whose opportunity for career development within the organisation has been enhanced.

7. Auditors

In accordance with the Companies and Allied Matters Act and the regulation of the National Insurance Commission, Messrs. Adenusi & Company have indicated their willingness to continue in office.

By Order of the Board

Rachel Kehinde-Famojuro
Secretary

FRC/2013/NBA/00000019265

Abuja, Nigeria
30th October, 2023



STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Companies and Allied Matters Act 2020 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of financial affairs of the Corporation at the end of the period and of its profit or loss for the period ended on that date. The responsibilities include ensuring that the Corporation:

- (a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Corporation and comply with the requirements of the Companies and Allied Matters Act;
- (b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- (c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The directors accept responsibility for the preparation of the annual financial statements set out on pages 34 to 37 and 73 to 92, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates; in conformity with the International Financial Reporting Standards (IFRS); in the manner prescribed by the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020; the Financial Reporting Council of Nigeria Act No 6, 2011; the Insurance Act, 2003 and the National Insurance Commission regulations.

The directors further accept responsibility for maintaining adequate accounting records required by the Companies and Allied Matters Act, 2020 as well as adequate systems of internal financial control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made assessment of the Corporation's ability to continue as a going concern and have no reason to believe that the Corporation will not remain as a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

Chairman

Dr. Amos Akingba

FRC/2013/IODN/00000003762

30th October 2023

Director

Mr. Akinsola Ale

FRC/2020/008/00000021598

30th October 2023



MANAGEMENT REPORT

1. Operating environment

Global economy

Year 2021 brought hope for global economic growth following 2020's Corona virus caused downturn. This was largely tied to the development and widespread deployment of Covid-19 Vaccines and despite the rise of new variant.

Global economic recovery hinges on a delicate balance amid new waves of COVID-19 infections, persistent labour market challenges, lingering supply-chain constraints and rising inflationary pressures. After a global contraction of 3.4 per cent in 2020 and following an expansion of 5.5 per cent in 2021, the highest rate of growth in more than four decades, the world economy is projected to grow by 4 per cent in 2022 and 3.5 per cent in 2023. World gross product in 2021 was 1.9 per cent higher than in 2019 but still 3.3 per cent below the level of output projected prior to the pandemic. These aggregate growth figures, however, mask marked divergences in the pace of recovery across countries and regions.

Global recovery in output in 2021 was largely driven by robust consumer spending and some uptake in investment. Trade in goods bounced back, surpassing the pre-pandemic level. But growth momentum slowed considerably by the end of 2021 including in big economies like China, the European Union and the United States of America, as the effects of fiscal and monetary stimuli dissipated and major supply-chain disruptions emerged. Growth impetus generally has been weaker in most developing countries and economies in transition. While higher commodity prices have helped commodity-exporting countries at large, rising food and energy prices have triggered rapid inflation, particularly in the Commonwealth of Independent States (CIS) and Latin America and the Caribbean. Recovery has been especially slow in tourism-dependent economies, notably in the small island developing States.

Near-term global growth prospects face major risks with the pandemic far from over. With new waves of infections spreading quickly, the human and economic tolls are expected to increase. Limited access to vaccines poses a particular challenge to most developing countries and transition economies as a resurgence of the virus will likely affect them more than the developed countries, which have achieved relatively high vaccination coverage. By December 2021, the number of vaccine doses per 100 people in the least developed countries stood at just 23.9 against 147.4 in the developed countries. Limited supplies of vaccines from manufacturers and domestic fiscal constraints continue to limit access for many developing countries. Rising inflationary pressures in major developed economies and a number of large developing countries present additional risks to recovery. Global headline inflation rose to an estimated 5.2 per cent in 2021, more than 2 percentage points above its trend rate in the past 10 years. The inflationary pressure was particularly pronounced in the United States, the euro area and Latin America and the Caribbean. A faster-than-expected tightening of global monetary conditions represents another major challenge. Any unexpected shifts in the monetary policy stances of the Federal Reserve in the United States could abruptly change investor expectations and trigger large adjustments in portfolio allocations, while significantly altering capital flows to developing countries



International trade performance was mixed in 2021. Merchandise trade bounced back, with global trade in goods surpassing the pre-pandemic level. Trade in services has remained subdued, however, as many cross-border services, particularly international travel and tourism, have yet to recover. Our baseline scenario projects that global trade in goods and services will grow by 5.7 per cent in 2022 after an expansion of 11 per cent in 2021. Although trade in services is yet to recover, it is expected to gradually improve as external demand patterns normalize. The trade outlook remains susceptible to potential restrictions in economic activities, however, with the new Omicron variant of COVID-19 posing considerable risks and policy uncertainties.

In many parts of the world, investment has rebounded from the pandemic-induced slump, supported by an easing of COVID-19 restrictions, large fiscal stimulus packages and ultraloose monetary policies. After contracting by 2.7 per cent in 2020, global investment expanded an estimated 7.5 per cent in 2021, driven by strong albeit moderating growth in China and the United States. In many countries, the rebound is the result of favourable base effects and an exceptionally supportive fiscal and monetary policy environment.

In summary, the world has emerged from the depths of a paralysing economic crisis. The recovery in economic output and the labour market remains uneven across countries due to large differences in vaccine access and policy space. At the same time, the crisis has undermined and reversed some hard-won achievements in realizing the 2030 Agenda for Sustainable Development. The past two years have seen sharply rising numbers of people in extreme poverty, widening gender gaps in labour markets, and escalating income and wealth inequality, within and between countries. Going forward, the fragile recovery faces strong headwinds amid the spread of the new variants of COVID-19, persistent labour market challenges, lingering supply-chain constraints and rising inflationary pressures. Policymakers confront difficult policy trade-offs, as countries aim to move from a rebound in output to a robust, inclusive and sustainable recovery. This will require better targeted and coordinated monetary, fiscal, and labour market policies, supported by new technologies. The international community needs to strengthen and reinvigorate multilateralism to ensure equal and universal access to vaccines, address debt challenges, and accelerate the transition towards low-carbon economies

Nigerian Economy

The Nigerian economy continues to sustain its growth momentum as GDP expanded by 3.98% year-on-year in Q3 2021. Consequently, Nigeria's real GDP growth stood at 3.4% in full year (FY) 2021, the strongest growth since 2014 when GDP growth was about 6.3%. This stellar performance was largely due to several factors including a positive base effect and more effective management of the pandemic.

The non-oil sector grew by 4.7% in Q4 2021 compared to 5.4% recorded in Q3 2021 and 1.7% in Q4 2020. Non-oil sector growth in full year (FY) 2021 stood at 4.4% compared to the contraction of - 1.3% recorded in FY 2020.



The non-oil sector grew by 4.7% in Q4 2021 compared to 5.4% recorded in Q3 2021 and 1.7% in Q4 2020. Non-oil sector growth in the 2021 financial year stood at 4.4% compared to the contraction of - 1.3% recorded in 2020.

Meanwhile, the oil sector remains stuck in negative territory, contracting by -8.1% in Q4 2021 which is slightly lower than the -10.7% contraction posted in Q3 2021. The current decline marked the seventh consecutive quarterly contraction of the sector since the pandemic weighed negatively on the economy in Q2 2020. Consequently, oil sector growth sank by - 8.3% in 2021 relative to 8.9% posted in 2020. While positive sentiments in the global crude oil market drove oil price to pre-pandemic level, the gain from the oil price rally, which averaged US\$70.5 per barrel in 2021 according to confirmatory data from OPEC, was lost by the continuous decline in domestic crude oil production. In 2021, domestic crude oil production averaged 1.6 million barrels per day (mbpd), a significant reduction compared to the average pre-pandemic and pandemic levels of 2.01 mbpd and 1.85 mbpd, respectively.

Insurance Industry

The violence that trailed the #EndSARS protest in October 2020 adversely impacted the Industry in terms of additional claims, which in turn impaired profitability for the 2020 financial year and would moderate the performance of some insurers in 2021. Nonetheless, the riot that trailed the protest emphasized the importance of insurance products, particularly with the absence of a robust social security system in Nigeria. According to Agosto & Co., the violence/riot that trailed the protest could be a catalyst for insurance uptake, given that the insurance penetration rate has remained less than 1% in Nigeria.

It is expected that the on-going recapitalization exercise will change the structure of the industry. The persistent naira devaluation has reduced the strength of the industry's capital since the last recapitalization exercise in 2007. Although some insurers have strengthened their capital base through earnings retention, the ability of most Industry operators to solely underwrite large ticket transactions has dwindled based on the lower value of the capital in USD terms. As at 31 December 2021, the industry had an estimated capital base of \$1 billion, significantly lower than \$2.2 billion recorded as at 31 December 2007. As a result, the National Insurance Commission (NAICOM), the apex regulator in the industry, raised the minimum capital to ₦8 billion (from ₦2 billion), ₦10 billion (from ₦3 billion), ₦18 billion (from ₦5 billion) and ₦20 billion (from ₦10 billion) for life insurers, non-life insurers, composite insurers and reinsurance firms respectively.

The recapitalization exercise has suffered some setbacks particularly as the COVID-19 pandemic ravaged the global economy, Nigeria inclusive. Consequently, NAICOM postponed the deadline for the recapitalization exercise which was later stratified into two phases;



December 2020 and September 2021. In addition, litigation by some Industry operators and aggrieved shareholders resulted in the postponement of the December 2020 deadline for the first phase of the recapitalization exercise.

The recapitalization exercise has elicited mergers and acquisition transactions in the industry. The shareholding structure of most insurers is expected to change in the near term as some investors leverage the exercise to either gain or increase exposure to the industry. With the gradual rebound of the global economy, more foreign investors are expected in the industry, given that the naira devaluation has reduced the value of insurance companies (in USD terms), despite the undisputed opportunities in the Nigerian insurance industry.

The entry of new players after the embargo that lasted over a decade was a key point in the industry. In November 2020, six new operators were licensed in the life, non-life and reinsurance segments of the industry.

2. Operations

The Corporation continues the business of General and Life Reinsurance, underwriting risks, payment of claims and investment of funds. General reinsurance business includes underwriting fire, general accident, motor, marine, aviation, engineering, bonds, contractors' all risk and oil/gas policies.

3. Business objectives and strategy

The broad business objectives include:

- a) Identifying and managing existing and potential risks in a planned and coordinated manner;
- b) Maximizing earnings potential and opportunities;
- c) Developing a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions;
- d) Customer centric service.

These objectives will be achieved by deploying the following strategies:

- ✓ Regular scanning of the business environment to enable appropriate positioning in harnessing upcoming opportunities.
- ✓ Prompt settlement of claims.
- ✓ Loyalty programme for clients.
- ✓ Continuous training of personnel to maintain a gilt-edged workforce.

4. Risks and relationships

4.1 Risk management architecture

Nigeria Reinsurance Corporation has a well-established risk governance structure and an experienced risk team. The risk management framework provides essential tools to take timely



and informed decisions to maximize opportunities and mitigate potential threats.

4.2 Approach to Risk

Risk is at the centre of the Corporation's business. The tolerance to risk is established in the context of the resources deployed. Effective risk management is critical to any reinsurance business to sustain financial soundness. In view of this, aligning risk management to the organizational structure and business strategy is integral to the business. The risk management framework and governance structure provide comprehensive controls and management of the major risks inherent in the business activities. It also creates a culture of risk awareness and personal responsibility throughout the Corporation.

4.3 Risk management philosophy and culture

The Corporation considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterize strategy development and implementation of day-to-day activities. In this regard, the risk management philosophy is that a strong and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

Underwriting risk appetite

These principles underlie the Corporation's underwriting risk appetite:

- Risks that are not understood and unquantifiable are not reinsured.
- Extreme caution is exercised in underwriting risks with low safety standards, businesses with excessively high risk profile and discrete (one-off) risks, particularly where there is no requisite experience or know-how.
- Businesses and opportunities that can create systemic risk exposure are extensively reviewed and adequately evaluated.
- Compliance with NAICOM's guideline on Know-Your-Customer.

The Corporation develops own products through the research team. The feedbacks from the field marketers guide in developing products that meet individual and corporate needs. The limits, standard and exposure are guided by prudent underwriting procedure and retrocession treaties.

Risk pricing processes

Good and prudent pricing is a key element of reinsurance underwriting process. Appropriate pricing is undertaken to maintain the quality of the reinsurance portfolio. Although all risks can be priced, not all risks are underwritten. Stakeholders and decision takers in underwriting are appraised with the profit implications of underwriting pricing decisions.

Risk reporting and monitoring

In order to evaluate the performance of respective reinsurance portfolio, there is regular reporting and monitoring for each class of reinsurance business. Some of the elements reported are:



- ✿ Profit or loss on risk segments.
- ✿ Gross premium written by type of risk.
- ✿ Lines of business written.
- ✿ Policy volume.

Monitoring activities include:

- ✿ Peer review processes established within the underwriting department.
- ✿ Risk management and control review.

4.4 Insurance Risk management

The Corporation issues contracts that transfer reinsurance risk. The risk in reinsurance contracts is the possibility that the event insured against occurs, resulting in a claim. This risk is random and unforeseeable and premised on actual claims exceeding the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated.

Insurance events are random, and the actual amount and number of claims and benefits will vary from year to year from the level established using statistical techniques. The reinsurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The diversification is in terms of type and amount of risk, geographical location and type of industry covered.

Insurance risks and the mitigants are:

- a. Frequency and severity of claims.
This is mitigated by,
 - ✓ Robust underwriting strategy.
 - ✓ Adequate retrocession arrangements.
 - ✓ Proactive claims handling and investigation. Investigation and adjustment of claims is in conjunction with appointed loss adjusters.
- b. Uncertainty in the estimation of future claim payments.
This is mitigated by,
 - ✓ Limits in place to enforce appropriate risk selection criteria. This is achieved in diverse ways ranging from reserving the right to renew certain policies, imposition of excess or deductibles and rejection of fraudulent claims.
 - ✓ Management of claims with early settlement to reduce the exposure to unpredictable development.

Process used to decide the assumptions

Non-life insurance contract liabilities

- a. Claims Reserve is estimated using the Expected Loss Ratio Approach. This is based on market experience and the financials of the Corporation. The estimated claims are



determined by multiplying the loss ratios by the gross earned premium.

- b. Unexpired Premium Reserve is based on market experience.

Life insurance contract liabilities

- a. Claims Reserve is estimated using the claims that have emerged but have not been settled. Based on recent experience, an ultimate claims ratio of 1.5 per mille of the Sum Assured was adopted.
Claims Incurred But Not Reported was obtained by deducting the claims paid from the ultimate expected claims.
- b. Unexpired Premium Reserve is determined on the assumption that policies are evenly written during the calendar quarter. A 30% allowance is provided for expenses.

4.5 Claims Risk and mitigants

Claims management risk

This is the risk of not being able to manage the settlement process by which the Corporation fulfils its contractual obligation to policyholders. The Corporation has in place a claims management policy and procedure for ensuring that claims are handled fairly and promptly. In establishing and maintaining effective claims handling systems and procedures, the Corporation considers the following factors:

- Appropriate systems and controls to ensure that all liabilities or potential liabilities notified are recorded promptly and accurately. Accordingly, the systems and controls in place ensure that a proper record is established for each notified claim.
- Suitable controls to ensure that estimates for reported claims and additional estimates are made on a consistent basis and properly categorized.
- Regular reviews of the actual outcome of the estimates to check for inconsistencies and ensure that procedures remain appropriate.

The reviews include the use of statistical techniques to compare the estimates with the eventual cost of settling the claims, after deducting the amounts already paid at the time the estimates were made.

- A functional system to ensure that claim files without activity are reviewed on a regular basis.
- Appropriate systems and procedures to assess the validity of notified claims by reference to the underlying contracts of reinsurance and retrocession treaties.
- Suitable systems to accommodate the use of experts such as loss adjusters, lawyers, actuaries and accountants, as and when appropriate.
- Appropriate procedures to identify and handle large or unusual claims, including system to ensure that senior management are involved from the outset in the processing of claims that are significant because of the size or nature.

Claims experience risk

In terms of the short-term reinsurance contracts held by the Corporation, the claims experience risk for these policies is that the number of claims and/or the monetary claim



amounts are worse than that assumed in the pricing basis.

The Corporation manages this risk by charging premiums which are appropriate to the risks under the reinsurance contracts.

With short-term reinsurance products, the Corporation also holds a concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area. This risk is mitigated by diversification over a large number of uncorrelated risks as well as taking out catastrophe retrocession.

4.6 Retrocession Risk

This is the risk of inadequate retrocession cover which may be triggered by a situation such as the insolvency of a retrocessionaire, omission to cede risk to the treaty, wrong cession to the treaty, assumption of risks without retrocession cover, acceptance of risks above automatic capacity, already saturated market and non-payment of retrocession premium as and when due. The Corporation ensures that it maintains adequate retrocession arrangements and treaties in respect of the classes or category of reinsurance businesses. The Corporation has in place a policy stating:

- Systems for the selection of retrocession brokers and advisers.
- Systems for selecting and monitoring retrocession programmes.
- Clearly defined managerial responsibilities and controls.

4.7 Other Risks and mitigants

RISK TYPE	DESCRIPTION	MITIGANT
Country Risks	Probability of loss due to economic and/or political instability in the country. The present state poses some challenges on the cost of doing business thus adversely affecting returns.	The strategic team of the Corporation implements a robust strategy to mitigate the effect of this risk. This includes continuous monitoring and analyses of economic indicators, government policies and political developments in order to proactively adapt to changes that are imminent.
Reputational Risk	This is a risk with adverse effect on the brand and image of the Corporation.	Proactive measure of self-regulatory principles and practices complemented with zero tolerance policy for unethical behavior is in place.



RISK TYPE	DESCRIPTION	MITIGANT
Market Risk	Market risk is defined as the adverse potential change in the volume of business, especially reinsurance premium.	<p>The rate of economic growth in 2020 was predicted at negative GDP of -3.2% in 2020 as a result of the outbreak of the Corona Virus, followed by the End Sars protest and the violence that erupted thereafter by IMF</p> <p>According to International Monetary Fund, (IMF), the Nigerian economy, amid exceptional uncertainty is projected to grow 1.5% in 2021</p>
Political Risk	An adverse change in the political situation in the country has the potential to affect economic, social and legal aspects of development. If democracy is interrupted, consumer sentiment might be affected and development hindered.	<p>This scenario is unlikely to unfold as we have had over 21 years of uninterrupted period of democracy to date.</p> <p>However, regardless of the political situation, reinsurance and ancillary services are an integral part of everyday living.</p>
Financial Risk	<p><u>Liquidity</u> Liquidity risk is on the premise that the Corporation may not be able to meet its obligations as and when due.</p> <p><u>Foreign currency</u> Foreign currency risk is the possibility that foreign exchange movements may adversely affect settlement of foreign currency denominated liabilities.</p> <p><u>Credit exposure</u> This is a risk that reinsurance receivables or contractual counter parties in treaties'</p>	<p><u>Liquidity</u> An Asset/Liability management system is in place matching the maturity profiles of Assets and Liabilities. The liquid funds are overwhelmingly in excess of reinsurance contract and other liabilities.</p> <p><u>Foreign currency</u> Foreign currency liabilities are matched with corresponding assets. Indeed, foreign currency denominated assets are well in excess of their liability counterparts.</p> <p><u>Credit exposure</u> With effect from January, 2013, this risk is mitigated by the regulation of NAICOM that receipt of premium is a condition precedent</p>



RISK TYPE	DESCRIPTION	MITIGANT
	<p>transactions fail to live up to their obligations.</p> <p><u>Equity price</u> This is the risk of loss in holding available for sale quoted and unquoted equities. Quoted equities which are traded on the Nigerian Stock Exchange (NSE) are exposed to general movement of the All Share Index and specific to entities.</p> <p><u>Interest rate</u> This is the risk of exposure to unfavourable movements in interest rates. The Corporation is mildly exposed to interest rate risk with investment money market placements.</p>	<p>to providing insurance cover.</p> <p><u>Equity price</u> This is managed by diversifying the portfolio of equities to respective sectors, dividend payment trend and the limits set by the Corporation.</p> <p><u>Interest rate</u> This is managed by close monitoring of interest rate and sensitivity analysis.</p>
Operational Risk	<p><u>Internal Controls</u> Operational risk is defined as the risk of loss resulting from the failure of people, internal processes and systems or from external events.</p> <p><u>Competition</u> The Corporation faces competition from one local and several international players in the industry.</p>	<p><u>Internal Controls</u> The business support groups are primarily responsible for managing operational risk on a day-to-day basis. Operational risk is enhanced by the use of technology to automate processes; establishment of policies; internal controls and monitoring.</p> <p><u>Competition</u> Building and sustenance of brand, unalloyed customer service, development of niche market and prompt settlement of claims are indicators that the Corporation is poised for pole position, growth, development and excelling in the market place. International competition is moderately reduced by the</p>



RISK TYPE	DESCRIPTION	MITIGANT
	<p><u>Revenue target</u> The expected revenue required to drive operations is not achieved.</p>	<p>recent directive of compulsory cession with local reinsurers before international players.</p> <p><u>Revenue target</u> This risk is mitigated by embarking on aggressive marketing. Advertising in media that has international reach as well as reaching out to the niche market is being undertaken.</p>
<p>Business continuity Risk (emergency management)</p>	<p>Business continuity planning is a specialized aspect of disaster and emergency planning that takes account of what needs be done to ensure seamless operations in the event of the occurrence of a peril. These perils include human-induced disasters like fire, viral attack of critical software; environmental hazards and technological issues which disrupt or halt seamless operations.</p>	<p>In the event of the occurrence of a peril like fire, the back-up plan embedded in the operational infrastructure makes for minimal disruption to operations with no loss of business and clients to competitors. Back-up of transactions is done daily and stored in a secured place outside the Corporation's business premises.</p> <p>There is frequent testing of business continuity plans with the training and development of staff to handle such occurrences.</p>
<p>Regulatory Risks</p>	<p>Regulatory risks may arise from changes in regulatory requirements, accounting standards, tax statutes and local laws.</p>	<p>To mitigate the adverse effect of these risks, new and pending legislation and regulations are continuously reviewed. This is to ensure compliance with regulatory authorities, self-regulating measures and conformity to stringent international standards of operations.</p>



5. Results of operations and prospects

Gross Premium Written increased by 21.8% from N973 million in 2020 to N1.2billion in 2021, net underwriting income increased by 22.8% from N885 million in 2020 to N1.1billion in 2021 with an increase of 35.2% in retrocession expenses from N54 million to N73 million.

Loss after taxation before other comprehensive income was N2.6billion, against the loss of N286 million in 2020. Total comprehensive loss was N2.5billion, from N196 million in 2020.

6. Regulatory environment

Nigeria Reinsurance Corporation is regulated by the National Insurance Commission (NAICOM). As such the Corporation is subject to extant guidelines, regulations and circulars issued by NAICOM.

The Corporation renders quarterly, annual and other returns required by NAICOM in the form and content prescribed.

7. Corporate Governance

Introduction

Nigeria Reinsurance Corporation recognises that good corporate governance is fundamental to earning and retaining the confidence and trust of its stakeholders. It provides the structure through which the objectives of the Corporation are set and the means of attaining those objectives.

Best practice principles, procedures and guidelines provide the basis for promoting sound corporate governance in the Corporation. The governance framework helps the Board to discharge its role of providing oversight and strategic counsel in consonance with its responsibility to ensure conformity with regulatory requirements and acceptable risk.

Compliance with all applicable legislation, regulations, standards and codes is an essential characteristic of the Corporation's culture. The Board monitors compliance with these by means of management reports, which include information on any significant interaction with key stakeholders.

Governance structure

General Meeting

General meetings are duly convened and held in line with the policy of the Corporation, existing statutory and regulatory regimes in an open manner for deliberating on issues affecting the Corporation's strategic direction. This occurs through a fair and transparent process and serves as a medium for fostering interaction between the Board, Management and Shareholders. Attendance at the Annual General Meeting is open to shareholders or their proxies. The Board ensures that shareholders are provided with adequate notice of the meeting.



The Board: Composition and Role

The Board is made up of thirteen members, comprising a non-Executive Chairman, nine non-Executive Directors, the Managing Director and two Executive Directors.

In line with best practice, there is separation of powers between the Chairman and Managing Director. The Board can reach impartial decisions as its Non-Executive Directors are a blend of Independent and Non-Independent Directors with no shadow or alternate Directors, which ensure that independent thought is brought to bear on decisions of the Board. The effectiveness of the Board derives from the diverse range of skills and competences of the Directors who have exceptional degrees of insurance, legal, financial, arts and broad entrepreneurial experiences.

The Board is responsible for ensuring the creation and delivery of sustainable value to the stakeholders by the optimal management of resources. The Board is accountable to the shareholders and is responsible for the management of the relationship with the diverse stakeholders. The Board ensures that the activities of the Corporation are executed within the applicable and regulatory framework. The matters reserved for the Board include, but are not limited to, defining the business strategy and objectives, formulating risk policies, investments and making decisions on the establishment of subsidiaries. Executive Management is accountable to the Board for the development and implementation of strategy and policies.

The Board meets on average quarterly and emergency meetings are convened as may be required by circumstances. Directors are provided with notice, agenda and meeting papers in advance of each meeting. Where a director is unable to attend a meeting, he/she is still provided with the relevant papers for the meeting while such Director reserves the right to discuss with the Chairman the matters he/she may wish to raise at the meeting. Decisions are also taken between meetings via written resolutions circulated to all Directors. The Corporation Secretariat continue to provide dedicated support to the Board ensuring that directors receive timely and accurate information required to fulfil their roles.

The Standing Committees

The Board carries out its oversight function through its standing committees, each of which has responsibilities that clearly define their purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best corporate governance practices, the Chairman of the Board does not sit on any of the committees. The standing committees, functions and composition are:

Board Audit and Compliance Committee

The Committee assist the Board in fulfilling its oversight responsibility on the integrity of the financial statements and the financial reporting process; the independence and performance of the internal and external auditors; and the system of internal control. The head of Compliance have unrestricted access to the Committee and makes presentations to the Committee.



Members are:

- ✓ Ms. Olufolake Tawose - Chairman
- ✓ Otunba Stephen Ojo - Member
- ✓ Mr. Billy Kongha - Member

Board Establishment & Governance Committee

The Committee advises the Board on its oversight responsibilities on compensation, benefits and all other human resource matters affecting the Directors and employees. Specifically, the committee is responsible for determining and executing the processing of board appointments, recommending appropriate remuneration for Directors (both executive and non-executive); and approving remuneration for all other members of staff, placement and staff discipline. The objectives of the Committee include ensuring that the human resources potentials are harnessed to sustain the long term success of the Corporation and protect the welfare of employees.

Members are:

- ✓ Chief Niyi Akintola, SAN - Chairman
- ✓ Mr Billy Kongha - Member
- ✓ Mr. Akinsola Ale - Member

Board Finance & General Purposes Committee

The Committee considers and approves budgets, expenditure and acquisition of fixed assets which have been presented by the Executive Committee. It also acts as a catalyst for financial updates.

Members are:

- ✓ Mr. Tunji Adeniyi - Chairman
- ✓ Otunba Stephen Ojo - Member
- ✓ Mr. Billy Kongha - Member
- ✓ Mrs. Esther Ajayi - Member

Investment Committee

The Committee approves investment decisions over the portfolio limits of management. In addition, the Committee has supervisory functions over investment, capital/funding requirements, approval of periodic review and approval of the investment manual, recommendation of investment policies and conduct periodic review of the investment portfolio.

Members are:

- ✓ Dr. Jimoh Ibrahim, CFR - Chairman
- ✓ Mrs. Modupe Ajibishe - Member
- ✓ Mrs. Esther A. Ajayi - Member



Enterprise Risk Management Committee

The Committee has supervisory role over risk underwriting, profile, framework and management. It also reviews the risk policy, appetite, strategy and retrocessions together with measures for prevention, detection, reporting and mitigating the effects of adverse situations.

Members are:

- ✓ Otunba Stephen Ojo - Member
- ✓ Mrs. Modupe Ajibishe - Member
- ✓ Mr. Akinsola Ale - Member

Executive Committee

This committee is made up of senior management of the Corporation. The Committee is risk driven, identifies, analyses and make recommendations on risk pertaining to the Corporation's day to day activities. It ensures that risk limits set by the Board and regulatory authorities are complied with. It provides inputs to the various Board Committees in addition to ensuring the effective implementation of risk policies.

Code of Conduct

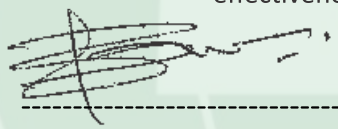
The Corporation has articulated a code of conduct which specifies expected behaviour of personnel. The Code requires that each Corporation staff shall read the Code of Conduct document and sign a confirmation that they have read and understood the document upon employment. In addition, there is a re- affirmation process that requires each member of staff to confirm understanding of and compliance with the Code of Conduct from time to time.



REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF NIGERIA REINSURANCE CORPORATION FOR THE YEAR ENDED 31ST DECEMBER, 2021

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, the members of the Audit Committee of Nigeria Reinsurance Corporation hereby report as follows:

- * We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- * We are of the opinion that the accounting and reporting policies of the Corporation are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2021 were satisfactory and reinforce the Corporation's internal control systems.
- * We are satisfied that the Corporation has complied with the provisions of the National Insurance Commission on the disclosure of related parties' transactions and balances.
- * We have deliberated with the External Auditors, who confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditors' recommendation on accounting and internal control matters and with the effectiveness of the Corporation's system of accounting and internal control.



Ms. Olufolake Tawose
Chairman, Audit Committee
FRC/2013/ICAN/00000002603
30th October, 2023

Members of the Audit Committee are:

1. Ms. Olufolake Tawose - Chairman
2. Otunba Stephen Ojo - Member
3. Mr. Billy Kongha - Member

In attendance:

Rachel Kehinde-Famajuro - Company Secretary



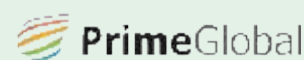
A & C ADENUSI & COMPANY
(CHARTERED ACCOUNTANTS)

AN INDEPENDENT MEMBER FIRM OF PRIMEGLOBAL

Abuja Office: 2nd Floor, Wing B City Plaza, 7, Rukubu Close Off Nkwere Street,
Off Aminada Bello Way, Central Abuja F. O. Box 7585 Wuse Abuja
Tel: +234 092615458 / 0902 316 3737
E-mail: info@adenusico.com Website: www.adenusico.com

Lagos Office: 42, Ayodele Okeowo Street, Gbagada, Lagos
Tel: 01-8775139, 08033041371, 08056867066

Other Offices: Ibadan, Ijesu-Ode & Maiduguri



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF NIGERIA REINSURANCE CORPORATION
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Nigerian Reinsurance Corporation ("the company") as at 31 December 2021, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act Cap C 20, Laws of the Federation of Nigeria 2020, the Financial Reporting Council of Nigeria Act 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Guidelines and Circulars.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 46 of the financial statements which shows that the Corporation has a solvency margin deficit of N5,959,700,910 for the composite reinsurance business.

The deficit arose from the proportion of land & building and investment properties admissible, which shall not constitute more than 1/3 of the required solvency margin of the company's composite insurance business. Section 2.11.b (i) & (x) of the Prudential Guidelines for Insurers and Reinsurers 2015.

The Corporation has represented that the issue will be discussed with the regulator the inadmissibility of N8,096,050,000.00 of her investment properties.

Going Concern

We draw attention to Directors' assumption in preparing these financial statements on a going concern basis. The Directors through their estimates and judgment are sure of future improvement in the financial condition of the company going by their cashflows projection and operational restructuring and reengineering of the company in the coming years

The Company has a total asset of N16.9billion and total liabilities of N3billion. Its net Assets stood at N13.9billion as at 31st December 2021

Our opinion is not modified in respect of this matter.

What We Have Audited

Nigerian Reinsurance Corporation's financial statements comprise:

- * The statement of financial position as at 31 December 2021
- * The profit or loss account and statement of comprehensive income for the year then ended



- ❁ The statement of changes in equity for the year ended
- ❁ The statement of cash flows for the year then ended and
- ❁ The notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA").

Our responsibilities under those standards are further described in the Auditors' Responsibilities section of our report.

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

Independence

We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountant Non-compliance with Laws and Regulations (IESBA NOCLAR Code) together with the ethical requirements that are relevant to our audit of the financial statements.

We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA NOCLAR Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of Investment Properties (Note 14)

We focused on this area due to the size of the investment property balance and because the assessment of the value of the property involves judgment about the future cash flows from the property, the growth rate and the discount rate applicable to future cash flows.

How our audit addressed the key audit matter

We inspected the lease agreements to verify that the cash flows align with agreed terms of contract and evaluated the composition of the cash flows for correctness, though we could not obtain full details of tenants' rent payment status on some of the properties. The discount and growth rate applied within the model were assessed for reasonableness by comparing to available market and economic information.



We assessed and relied on the competence, independence and objectivity of management's external valuation experts and reviewed the methodology used in determining the reasonableness of the valuation.

Valuation of Assurance Contract Liabilities (Note 19)

We focused on this area due to the size of the insurance liability balance and because the valuation of claims incurred but not reported (IBNR), life insurance contract liabilities and annuity reserves are dependent on a number of assumptions about future experience.

The actuarial assumptions applied in estimating amounts for IBNR include the expected average ultimate annual loss ratio. This estimate relies on the quality of the underlying data and involves complex and subjective judgments about future events.

The actuarial assumptions used in the valuation of life insurance contracts and annuity reserves are judgmental, particularly with respect to persistency, mortality, expenses and discount rates.

How our audit addressed the key audit matter

We evaluated the design effectiveness and implementation of keys control over claims and provision for outstanding claims balance.

We reviewed the valuation methodology for compliance with IFRS. We evaluated whether the actuarial methodology was consistent with those used in the prior periods. We assessed the competence of the underlying data used in the actuarial valuation by checking to claims underwriting and other data.

We assessed key actuarial assumptions around valuation rate for annuity business and for the rest of the long-term business which are based on current market risk free yields.

We also assessed actuarial assumptions with respect to mortality, expenses and persistency for life insurance business.

We considered recent experience and the appropriateness of the judgement applied by management and how future experience will evolve and verified that the valuation considered the current estimate of all contractual cash flows.

We assessed and relied on the competence, independence and objectivity of management's external actuarial experts and reviewed the methodology used in determining the reasonableness of the valuation.

Other Information

The directors are responsible for the other information.

The other information include Corporate governance report, Internal control and risk management systems in relation to the financial reporting, Statement of directors' responsibilities, Report of the



audit committee, Regulatory requirements under IFRS regime, Operational risk management, Value added statements, Five year financial summary, and Share Capitalisation history which we obtained prior to the date of this auditor's report, and the Chairman's statement, Corporate information, Products and services and Corporate directory which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read reports not made available to us before the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Insurance Act, 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 Corporation'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 Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in



accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- ☀ Identified and assessed 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 obtained 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.
- ☀ Obtained an understanding of internal controls 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.
- ☀ Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ☀ Concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ☀ Evaluated 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.
- ☀ Obtained sufficient appropriate audit evidence regarding the financial information of the



entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act. Cap C 20, Laws of the Federation of Nigeria, 2020 and Section 28(2) of the Insurance Act 2003.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Ahmed Tunde Adenusi, FCA
FRC/2013/ICAN/00000001986
For: Adenusi & Co
Chartered Accountants
ABUJA, Nigeria
31st October, 2023







STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

	Note	12/31/2021 N'000	12/31/2020 N'000 Restated
Assets			
Cash and Cash Equivalents	8	404,968	746,862
Financial Assets	9	1,957,315	1,878,688
Bank balances under lien	10	-	-
Trade Receivables	11	-	-
Deferred acquisition costs	12	4,591	4,138
Other receivables and prepayments	13	20,000	20,000
Investment properties	14	12,407,000	13,054,000
Deferred tax asset	15	83,499	83,499
Intangible Assets	16	2,574	3,937
Right of Use	17	868,320	964,800
Property and Equipment	17a	234,079	173,803
Statutory Deposit	18	1,000,000	1,000,000
Total assets		16,982,345	17,929,726
Liabilities			
Reinsurance Contract Liabilities	19	2,985,230	1,403,474
Trade Payables	21	-	-
Provisions and Other Payables	22	12,147	36,158
Retirement Benefit Obligations	23	58,985	54,585
Income Tax Liabilities	24	8,107	8,107
Total liabilities		3,064,468	1,502,324
Equity			
Issued and Paid Share capital	25	7,448,542	7,448,542
Share Premium	26	4,499,367	4,499,367
Statutory Contingency reserve	27	2,318,142	2,285,751
Retained Earnings	28	(1,403,291)	1,216,217
Fair Value Reserves	29	1,055,118	977,525
Total Equity		13,917,877	16,427,402
Total liabilities and equity		16,982,345	17,929,726

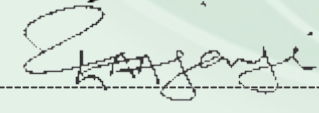
The financial statements and the notes thereon were approved and authorised for issue by the Board of Directors of the Corporation on the 30th October, 2023 and were signed on its behalf by:



Dr. Amos Akingba
 FRC/2013/IODN/00000003762



Mr. Akinsola Ale
 FRC/2020/008/00000021598



Mrs. E. Adetutu Ajayi
 FRC/2013/ICAN/00000002531

The accompanying notes form an integral part of these financial statements.



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

	Note	12/31/2021 N'000	12/31/2020 Restated N'000
Gross Premium Written	30	1,185,408	973,164
Changes in unearned premium	31	(24,561)	(33,808)
Gross Premium Income	32	1,160,847	939,356
Retrocession expenses	33	(73,481)	(54,139)
Net Underwriting Income		1,087,365	885,217
Claims expenses	34	(2,243,919)	(860,734)
Underwriting expenses	35	(352,644)	(305,274)
Retrocession Claims recovery		99,376	15,727
		(2,497,187)	(1,150,281)
Underwriting Results		(1,409,822)	(265,064)
Investment Income	36	242,976	320,781
Net fair value gain/(loss) on Investment properties	37	(647,000)	350,845
Other operating income	38	84,701	54,946
Net Operating Income		(1,729,146)	461,507
Expenses			
Management expenses	39	(638,070)	(739,226)
Impairment of assets	40	(0)	0
Expected credit losses -cash	41	(210,329)	(3,182)
Expected credit losses -Staff loan	41	-	-
Expected credit losses - FVOCI - unquoted equities	41	-	-
Impairment of Other Receivables & Prepayment	13	-	-
		(848,399)	(742,408)
Losses before taxation	50	(2,577,545)	(280,901)
Taxation	42	(9,573)	(5,236)
Losses after Taxation		(2,587,118)	(286,137)
Other comprehensive income net of tax Items that may be subsequently reclassified to profit or loss			
Net fair value changes on financial assets	43	77,593	90,161
Gain on Amotised cost - treasury bills	0	-	-
Total other comprehensive income		77,593	90,161
Total Comprehensive loss for the year		(2,509,525)	(195,976)
Earnings per 50 kobo share (Basic & Diluted) - kobo	51	(17.4)	(1.9)

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Share Capital N'000	Share Premium N'000	Contingency Reserves N'000	Retained Earnings N'000	Fair Value Reserves N'000	Total N'000
Balance at 1st January 2021	7,448,542	4,499,367	2,285,751	1,216,217	977,524	16,427,402
Prior year adjustment						-
Amortised cost Cash & Cash equivalent ECL 1/1/2021				-		-
Amortised cost - treasury bills 1/1/2021						-
Adjustment for under/(Over)stated balances in financial assets						-
Profit after taxation				(2,587,118)		(2,587,118)
Transactions with equity holders	7,448,542	4,499,367	2,285,751	(1,370,900)	977,524	13,840,285
Bonus shares issued						-
Transfer to contingency reserve						-
Released Fair Value gain on disposal of Property			32,391	(32,391)		-
Capitalisation of retained earnings						-
Fair value gain on financial assets - quoted						-
Fair value gain on financial assets - unquoted					98,190	98,190
Realised Fair value gain at 1st January, 2021 on disposals of AFS financial assets during the year						-
Expected Credit Loss - unquoted equities						-
Fair value (loss) on financial assets						-
Transfer to retained earnings					(20,597)	(20,597)
Total contributions by equity holders	-	-	32,391	(32,391)	77,593	77,593
Balance at 31st December 2021	7,448,542	4,499,367	2,318,142	(1,403,291)	1,055,117	13,917,878
Balance at 1st January, 2020	5,901,735	4,499,367	2,259,588	3,075,325	887,363	16,623,378
Amortised cost Cash & Cash equivalent ECL 1/1/2020						-
Amortised cost - treasury bills 1/1/2020						-
Fair Value gain on FVOCI equity Instrument - unquoted 1/1/2020						-
Adjustment for understated balances in financial assets						-
				(286,137)		(286,137)
Profit after taxation	5,901,735	4,499,367	2,259,588	2,789,188	887,363	16,337,241
Transactions with equity holders						
Bonus shares issued						-
Transfer to contingency reserve	1,546,807		26,164	(26,164)		-
Capitalisation of retained earnings				(1,546,807)		-
Fair Value gain on Financial assets -quoted						-
Fair value gain on financial assets - unquoted					136,827	136,827
Realised Fair value gain at 1st January, 2020 on disposals						-
Fair value gain IFRS 9 implementation						-
Fair value (loss) on financial assets					(46,666)	(46,666)
Fair value gain on properties						-
Transfer to retained earnings	1,546,807		26,164	(1,572,971)	90,161	90,161
Total contributions by equity holders	-	-	-	-	-	-
Balance at 31st December, 2020	7,448,542	4,499,367	2,285,751	1,216,217	977,524	16,427,402



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Note	12/31/2021 N'000	12/31/2020 N'000
Cash flows from operating activities			
Premium Received	30.1	498,118	423,440
Claims Paid. (See Note 34.1)	34.1	(354,671)	(146,715)
Commission Paid	35.1	(102)	-
Premium Received in Advance	22	3,966	2,240
Retrocession Expenses (See Profit & Loss)	33	(73,481)	(54,139)
Retrocession Recovery(See Profit & Loss)		99,376	15,727
Payment to Employees		(200,208)	(244,034)
Administrative Expenses		(308,957)	(486,539)
Other Operating Income Received		84,700	53,826
Net Cash From Operating Activities		(251,259)	(436,194)
Cash flows from investing activities			
Purchase of property and equipment		(113,708)	(173,130)
Purchase of intangible assets		-	(2,616)
Improvement / Repairs on property		-	(1,155)
Lease of property at Broad Street 159/160		-	(984,800)
Proceed from the disposal of AFS Fin. Assets		-	757
Purchase of AFS Fin. Assets		-	-
Investment in Treasury Bills		-	-
Proceeds from Liquidation of Treasury Bill		-	-
Dividend received from investments		86,159	47,121
Interest received on Bank deposits		23,342	205,972
Interest on Treasury Bill Investments		-	-
Rental income received		123,902	38,637
Net cash (used by)/generated from investing activities		119,694	(869,214)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		(131,565)	(1,305,408)
Cash and cash equiv. at the beginning of the year 1/1/2021	9.4	746,861	2,055,452
Expected credit loss 31/12/2021	8a	(210,329)	(3,182)
Cash and cash equiv. at the end of the yr (31/12/2021)	8	404,968	746,861



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

1. Reporting Entity

a. Legal Form

Nigeria Reinsurance Corporation (previously known at different times as Nigeria Reinsurance Corporation and Nigeria Reinsurance Corporation Plc.) was established on 23rd June 1977 by the Nigeria Reinsurance Act, 1977. It was subsequently incorporated under the Companies and Allied Matters Act Cap C20 LFN 2020. As part of the privatization policy, the Federal Government of Nigeria divested 51% of its 100% equity shareholding from the Corporation in November 2002. The core investor on divestment was Reinsurance Acquisition Group Limited (RAGL), a special purpose vehicle formed for the purpose of acquiring the equity interest in the Corporation. In 2006, Global Fleet Oil and Gas Limited acquired the shareholding of RAGL. The latest recapitalization exercise of 2008 resulted in more shareholders.

a. Main Activities

The Corporation is engaged in General and Life reinsurance businesses incorporating payment of claims. It provides cover in all classes of reinsurance, treaty and facultative reinsurance which are backed by retrocessions. The products and services include fire, general accident, marine, aviation, individual and group life.

The Corporation is also engaged in investment of funds aimed at sustaining productivity, meet future obligations of claims and conserve shareholders' funds.

b. Registered Address

784A, Herbert Macaulay Way
Central Business District, Abuja

2. Basis of preparation

a. Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of properties; available for sale, held to maturity, loans and receivable financial assets and financial liabilities.

a. Underlying assumptions

Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the functional currency of the Corporation.



Accrual Basis

- i. Effects of transactions and other events are recognized when they occur.
- ii. Transactions are recorded in accounting records and reported in the financial statements of the period to which they relate.

Going Concern

The financial statements have been prepared in accordance with the going concern principle which assumes that an entity will continue in operation for the foreseeable future with no intention or need to liquidate, except otherwise stated. The directors are of the opinion that the Corporation will continue as a going concern for the foreseeable future.

3. Statement of Compliance with IFRS

These financial statements are prepared in compliance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB), the interpretations of these standards issued by the International Financial Reporting Interpretation Committee (IFRIC) and adopted by the Financial Reporting Council of Nigeria for the financial year starting from 1st January, 2014.

These financial statements comply with the requirement of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act, CAP 117 LFN 2004, the Financial Reporting Council Act, 2011 and the Guidelines issued by the National Insurance Commission to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

Judgment estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It requires the directors to make judgments, estimates and assumptions in the process of applying the accounting policies to the reported values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, actuarial and valuation analyses as well as various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Revisions to accounting estimates are in line with the provisions of the Insurance Act 2003, IFRS and the Financial Reporting Council of Nigeria (FRC) Act 2011. Actual results may differ from those estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an on-going basis. Adjustments to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or it affects both current and future periods.



4. New Standards and Amendments Adopted

(I) IFRS 9 - Financial Instruments

Effective for periods beginning on or after 1st January 2018

IFRS 9 requires financial assets to be classified into two measurement categories of fair value and amortised value. The determination is made at initial recognition. The classification depends on the business model for managing financial instruments and the characteristic contractual cash flow of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is taken for financial liabilities, the part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates a qualitative mismatch. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the financial assets of the Corporation into two main categories of fair value and amortized cost (as opposed to the four categories prescribed by IAS 39 - fair value through profit & loss, loans & receivables, held to maturity and available for sale financial assets) but will potentially have no impact on classification and measurements of financial liabilities.

5. New Standards and Amendments not Adopted

(i) IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

Effective for periods beginning on or after 1st January, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) When the intangible asset is expressed as a measure of revenue; or
- b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

At present, the Corporation uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively. The directors of the Corporation believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets. Accordingly, the directors of the Corporation believe that the application of these amendments to IAS 16 and IAS 38 is not relevant to the financial statements.



(ii) IAS 16 and IAS 41 – Agriculture: Bearer Plants

Effective for periods beginning on or after 1st January, 2016

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Corporation believe that the application of these amendments to IAS 16 and IAS 41 is not relevant to the financial statements as the Corporation is not engaged in agricultural activities.

(iii) IFRS 11 – Accounting for Acquisitions of Interest in Joint Operations

Effective for periods beginning on or after 1st January, 2016

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36: Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1st January 2016. The directors of the Corporation believe that the application of these amendments to IFRS 11 is not relevant to the financial statements as it does not have interest in joint operations.

(iv) IFRS 14 - Regulatory Deferral Accounts

Effective for periods beginning on or after 1st January, 2016

The Standard permits an entity that is a first-time adopter of IFRS to continue to use its previous GAAP accounting policies for its rate-regulated activities. Application of the Standard is not mandatory, but if a first-time adopter of IFRS is eligible to apply the Standard, it must elect to do so in its first IFRS financial statements. If it does not, the entity will not be eligible to apply the Standard in subsequent periods.

To isolate the effect of recognizing the regulatory deferral account balances that arise from rate-regulated activities, the Standard requires the entity to present these account balances as separate line items in the statement of financial position and to present movements in these account balances as separate line items in the statement of profit



or loss and other comprehensive income (OCI).

The Corporation does not currently have rate regulated activities, so it is not relevant to the financial statements.

6. New Standards that are not due and not early Adopted

(i) IFRS 9 - Financial Instruments

Effective for periods beginning on or after 1st January, 2018

IFRS 9 requires financial assets to be classified into two measurement categories of fair value and amortised value. The determination is made at initial recognition. The classification depends on the business model for managing financial instruments and the characteristic contractual cash flow of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is taken for financial liabilities, the part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates a qualitative mismatch. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the financial assets of the Corporation into two main categories of fair value and amortized cost (as opposed to the four categories prescribed by IAS 39 - fair value through profit & loss, loans & receivables, held to maturity and available for sale financial assets) but will potentially have no impact on classification and measurements of financial liabilities.

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for de-recognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include:

- a) Impairment requirements for financial assets.
- b) Limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- ☀ All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be substantially measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of



principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and to have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- ☀ With regard to the measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- ☀ In relation to the impairment of financial asset, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- ☀ The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's



risk management activities have also been introduced.

(ii) IFRS 15 - Revenue from Contracts with Customers

Effective for periods beginning on or after 1st January, 2018

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, that is, when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

(iii) IFRS 16 - Leases

Effective for periods beginning on or after 1st January, 2019

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

A lessee can elect to apply IFRS 16 to leases of intangible assets.

A lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

i) leases with a lease term of 12 months or less and containing no purchase options - this election is made by class of underlying asset; and

ii) leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) - this election can be made on a lease-by-



lease basis.

Assets acquired under lease are depreciated using the useful life of the assets. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, they are depreciated over the shorter of the useful life and the lease term.

As a lessee, the right-of-use lease assets and lease liabilities are recognized on the statement of financial position.

The right-of-use asset is measured at cost less accumulated depreciation and impairment losses. The lease term over which the asset will be depreciated is based on the contract terms

7. Application of new and revised International Financial Reporting Standards (IFRSs) New and revised IFRSs/IFRICs affecting amounts reported and/ or disclosures in these financial statements.

In the current year, the Corporation has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting periods that begin on or after 1st January 2020.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedge items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments did not affect the Corporation's Financial Statements given that it does not apply hedge accounting to its benchmark interest rate exposures.

Impact of the initial application of COVID-19 Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19 Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concessions is a lease modification. A lessee that makes this election shall account for any change in lease



payments resulting from the COVID-19 related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30th June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30th June 2021 and increased lease payments that extend beyond 30th June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Corporation did not for any rent on concession as a direct result of COVID-19.

Amendments to References to the Conceptual Framework in IFRS Standards

The Corporation has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework they refer to the revised Conceptual framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, AND SIC-32.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised IFRSs/IFRICs affecting amounts reported and/ or disclosures in these financial statements

Amendments to IFRS 3 Definition of a business

The Corporation has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while business usually have outputs, outputs are not required for an integrated set off activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.



The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introducing additional guidance that helps to determine whether a substantive process has been acquired.

The amendment introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Corporation of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1st January 2020.

This amendment did not have any impact on the Corporation's Financial Standards because there was no acquisition.

Amendments to IAS 1 AND IAS 8 Definition of material

The Corporation has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

This amendment did not have any impact on the Corporation's Financial Statements.

New and revised IFRSs in issue but not yet effective

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (Amendments)	Sale of Contribution of Assets between an investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts-Cost of fulfilling a Contract
Annual Improvements to IFRS	Amendments IFRS 1 first- time Adoption of International Financial Reporting



Standards 2018-2020 Cycle standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

Apart from IFRS 17, the directors do not expect that the adoption of the Standards listed above and detailed below will have a material impact on the financial statements of the Corporation in future periods, except as stated otherwise below:

IFRS 17 Insurance Contracts

The new Standards establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersede IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is simplified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model if certain criteria are met by direct measuring the liability for remaining coverage using the Premium Allocation Approach. The General model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The standard became effective for annual reporting periods beginning on 1st January 2021 for the corporation.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1st January 2023, with early application permitted. This is not expected to have a material impact on the Corporation Financial Statements.

Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 levels, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize



contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1st January 2022. Early application is permitted if an entity also applies all other update references (published together with the updated Conceptual Framework) at the same time or earlier. This may have an impact on the Corporation Financial Statements if such transactions occur in future.

Amendments to IAS 16 -Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, .i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of testing whether an asset is functioning properly IAS 16 now specifies this in assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purpose. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line term(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The Directors anticipate that the amendment will have an impact of the Financial Statements if such transactions occur.

Amendments to IAS 37 Onerous Contracts-Cost of Fulfilling a Contract

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling contracts.)

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.



The amendments are effective for annual periods beginning on or after 1st January 2022, with early application permitted. The Directors anticipate that the amendment will have an impact of the Financial Statements if such transactions occur.

Annual Improvements to IFRS Standards 2018-2020 (The Annual Improvements include amendments to four Standards.)

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a). The amendment is effective for annual periods beginning on or after 1st January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity included only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1st January 2022, with early application permitted.

IFRS 16 Lease

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards all illustrative examples, no effective date is stated.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Corporation.

(ii) Accounting Policies

The significant accounting policies applied by the Corporation in the preparation of these financial statements are set out below. These policies have been consistently applied in all the years presented unless otherwise stated.



(i) Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments is the Executive Management. A segment is a distinguishable component that is engaged in providing related products or services (business segment) or in providing products or services within a economic environment (geographical segment) which is subject to risk and rewards that are different from other segments.

General and Life reinsurance activities are recorded as distinct business segments and the results are analysed in Note 45 to the financial statements. There is no geographic segment reporting as all the businesses are conducted in Nigeria.

(ii) Foreign currency translation

Items included in the financial statements are stated using exchange rates prevailing on the date of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currency are treated in the profit or loss account.

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

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are treated in the income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments. Foreign exchange gains or losses are presented in the profit or loss under 'Other Comprehensive income'.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity.



(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(iv) Financial Instrument

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Corporation 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 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 expect to recover from the follower or Retrocession i.e., the lead insurer is exposed to credit risk and shall be required to measure and set aside provisions for expected credit losses.

Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL - debt investment;

Financial assets are not reclassified subsequent to their initial recognition unless the Corporation 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 amortised cost 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 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 and interest on the principal amount outstanding.

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.



On initial recognition of an equity investment that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Corporation 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 Corporation'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.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial liabilities – classification, subsequent measurement and gains and losses.

Financial liabilities are classified as measured at amortised 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 recognised in profit or loss. Other financial liabilities are subsequently measured at



amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition financial assets

The Corporation derecognises 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 Corporation 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 Corporation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Corporation also derecognises 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 recognised at fair value.

On derecognition 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 recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Non-derivative financial assets

Policy applicable from 1 January 2018

Financial instruments and contract assets

The Corporation recognises loss allowances for Expected Credit Losses ("ECL") on:

Financial assets measured at amortised cost;

Debt investments measured at FVOCI; and Contract assets.

The Corporation measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs: debt securities that are determined to have low credit risk at the reporting date; and other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected



life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment and including forward-looking information.

The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Corporation considers a financial asset to be in default when: the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

The Corporation considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Corporation considers this to be Baa3 or higher per [Moody's Rating Agency] or BBB-or higher per [Standard & Poor's Rating Agency].

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Corporation is exposed to credit risk.

Measurement of ECLS

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Corporation expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Corporation assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



Evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer; a breach of contract such as a default or being more than 90 days past due; the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Corporation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Corporation individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Corporation expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Corporation's procedures for recovery of amounts due.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included: default or delinquency by a debtor; restructuring of an amount due to the corporation on terms that the corporation would not consider otherwise; indications that a debtor or issuer would enter bankruptcy; adverse changes in the payment status of borrowers or issuers; the disappearance of an active market for a security because of financial difficulties; or observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Corporation considered a decline of 20% to be significant and a period of nine months to be prolonged.



Disclosure

Use of judgements and estimates

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2018 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 9 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate

Changes in significant accounting policies

A. The Corporation has initially applied IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Corporation's financial statements.

The effect of initially applying this standard is mainly attributed to an increase in impairment losses recognised on financial assets

B. IFRS 9 financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Classification and measurement of financial assets and financial liabilities.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial liabilities and derivative financial instruments.

(v) Bank balances under lien

Financial assets held under lien by third parties that do not qualify for de-recognition are reclassified in the statement of financial position from held to maturity financial



assets to 'bank balances held under lien'.
Recognition of assets under lien is at cost.

(vi) Trade receivables

Trade receivables arising from reinsurance contracts are stated in the statement of financial position after deduction of allowance made for specific debts considered to be doubtful of recovery.

(vii) Deferred Acquisition Costs

Acquisition costs comprise all direct and indirect costs arising from the writing of both general and life reinsurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred 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 acquisition expenses the ratio of unearned premium to written premium.

(viii) Other receivables and Prepayments

Other receivables are principally accrued income from financial assets which are accrued and received after the reporting period. They are reviewed at every reporting period for impairment.

Prepayments are payments in advance for benefits enjoyed beyond the reporting date. They are carried at costs less accumulated impairment losses.

(ix) Investment properties

Investment properties are long term investment in land and buildings held for generating income or capital appreciation and not occupied substantially for use in operations. An occupation of more than 15% of a property by the Corporation is considered substantial and will not qualify as an investment property. Investment properties are stated at fair values. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

An investment property is reclassified as property, plant and equipment if it becomes owner-occupied. 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, the accretion in property revaluation reserve is transferred to retained earnings. Subsequent changes in fair value are recognized in the income statement as "net fair value gain or loss".

If a fair value gain reverses a previous impairment loss, the gain is recognized in the income statement. On disposal of investment property, any accretion in value



previously recorded in property revaluation reserve under equity is transferred to retained earnings net of associated tax through "Other Comprehensive Income".

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.

(x) Deferred tax

Deferred tax is computed using the liability method on temporary differences arising between the tax written down values of property, plant and equipment and their carrying amounts in the financial statements. Deferred income tax is determined using extant income tax rates at the end of the reporting period.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(xi) Intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software to use.

Costs associated with maintaining computer software programmes are recognized as an expense when incurred.

Development cost that is directly attributable to the design and testing of identifiable and unique software products are recognized as intangible assets when the following criteria are met:

- ✓ It is technically feasible to complete the software product so that it will be available for use;
- ✓ Management intends to complete the software product and use or sell it;
- ✓ There is an ability to use or sell the software product;
- ✓ It can be demonstrated how the software product will generate probable future economic benefits;
- ✓ Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- ✓ The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the employee costs for software development and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent period.



Computer software development costs recognized as assets are amortised over their useful lives, which does not exceed five years.

(xii) **Property and equipment**

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs and costs of replacement of components are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying value of a replaced component is derecognized. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposal of property and equipment are recognised net of taxes under 'Other Comprehensive Income'. This is ascertained by comparing the proceeds from disposal with the carrying amount.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost. Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each item of property and equipment as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

Depreciation is provided on a straight-line basis at annual rates estimated to write off the cost or valuation of each asset to its residual value over its estimated useful life as follows:

☼ Land	- Nil
☼ Leasehold Buildings	- 5% or the unexpired lease period
☼ Office Furniture, Fittings & Equipment	- 20%
☼ Plant & Machinery	- 10%
☼ Motor Vehicles	- 25%

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



(xiii) Statutory deposit

Statutory deposit represents 10% of the paid-up capital of the Corporation deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10 (3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

(xiv) Reinsurance contracts

The Corporation issues contracts that transfer reinsurance risk or financial risk or both. As a general guideline, the Corporation defines as significant reinsurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Types

The Corporation classifies reinsurance contracts into general and life reinsurance contracts.

i. General reinsurance contracts

These contracts are accident, casualty and property reinsurance contracts. Accident and casualty reinsurance contracts protect the Corporation's customers against the risk of causing harm to third parties because of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property reinsurance contracts mainly compensate customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

General reinsurance contracts protect customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income.

Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policy holder. There are no maturity or surrender benefits.

ii. Life reinsurance contracts

These contracts insure events associated with human life like death or survival over a period.



Recognition and measurement

i. General reinsurance contracts premium and claims

The Corporation classifies as reinsurance contracts all reinsurance risks accepted from ceding companies or cedant to which it has agreed to compensate the cedant or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary.

For all contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are stated gross before deduction of commission. Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported. The Corporation does not discount liabilities for outstanding claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions on litigations).

ii. Life reinsurance contracts premium and claims

Life insurance contracts are accounted for on annual basis. Premiums are recognized as revenue when they become payable by the contract holders. Premiums are stated gross before deduction of commission. Claims and other benefits are recorded as an expense when they are incurred.

Surpluses and deficits on actuarial valuation are recorded in the profit or loss account.

With effect from 1st January, 2013, premium income is recognized when collected.

iii. Salvages

Some general reinsurance contracts permit the Corporation to sell (usually damaged) property acquired in the process of settling a claim. There is also the possibility of the right to pursue third parties for payment of some or all costs of damages to client's property (i.e. subrogation right).

iv. Subrogation

Subrogation is the right for a reinsurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other assets when the liability is settled, and the Corporation has the right to receive future cash flow from the third party.



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.

vi. Retrocession contracts

Contracts entered into by the Corporation with retrocessionaires under which the Corporation is compensated for losses on one or more contracts and meet the classification requirements for reinsurance contracts are classified as retrocession contracts. Contracts that do not meet these classification requirements are classified as financial liabilities. Retrocession contracts entered into with the contract holder being a reinsurer (outward reinsurance) are included with reinsurance contracts.

(xv) Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant reinsurance risk.

(xvi) Technical reserves

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

a. General reinsurance contracts

Reserves for unearned premium

The portion of gross premium written relating to risk for periods falling beyond the reporting accounting period or portion of premium which is estimated to be earned in the following or subsequent years is accounted for as unearned premium.

Reserves for outstanding claims

Outstanding claims are the sum of the total estimated amount of all outstanding claims.

b. Life reinsurance contracts

General reserve fund

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

c. Liability adequacy test

At each end of the reporting year, liability adequacy test are performed by an Actuary to ensure the adequacy of the reinsurance contract liabilities. In performing these tests, current best estimates of future contractual cash flow and claims handling and



administration expenses, as well as investment income from the assets backing such liabilities are used. Any deficiency is immediately charged to profit or loss and subsequently establishing a provision for losses arising from liability adequacy tests.

Whilst the provisions of the insurance Act 2003 require an actuarial valuation for life reserves only, IFRS 4 requires a liability adequacy test for both life and general reinsurance reserves. The provisions of Section 59 of the Financial Reporting Council Act 2011 give superiority to the provision of IFRS.

Consequently, the Liability Adequacy test was conducted to ascertain the technical reserves for all reinsurance contract liabilities from an actuarial valuation.

(xvii) Trade payables

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

(xviii) Provisions and other payables

Provisions is recognized when there is a present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

(xix) Employment Benefits

Retirement benefit obligations

a. Defined Contribution plans

The Corporation maintains a pension scheme for the benefit of its employees. Contribution to the staff pension scheme is made in line with the Pension Reform Act 2014 with the employer contributing 10% and employees contributing 8% each of emoluments. The contributions are mandatorily remitted to the Pension Fund Administrator chosen by individual personnel. The contributions are recognised as employee benefits expense when they are due.

b. Gratuity scheme

In addition, the Corporation operates a gratuity scheme which is based on employees' year of service and exit emoluments. It is non-contributory. The contribution made by the Corporation is charged to the income statement. The gratuity scheme was discontinued in 2011.

c. Short term benefits

Wages, salaries, paid annual leave, sick leave and non-monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by employees.



(xx) Income tax liabilities

Section 4 (2) of the Nigeria Reinsurance Corporation Act 1977 provides tax exemption to the Corporation until the general reserve fund is equal to twice the amount of the paid-up capital. This condition has not been fulfilled so there is no provision for taxation. Direct taxes are not covered by this exemption.

Current tax

The tax currently payable is based on taxable investment income earned by the Corporation for the year in form of frank investment income of dividend. This is usually deducted at source by the payer of dividend.

(xxi) Share capital and premium

Shares are classified as equity when there is no obligation to transfer cash or other assets to the subscribers. Incremental costs directly attributable to the issue of equity instrument are shown in equity as a deduction from the proceeds, net of tax.

(xxii) Statutory contingency reserve

a. General business

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

b. Life business

In compliance with Section 22 (1) (b) of the Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

(xxiii) Retained Earnings

Retained earnings represent the current available reserves for dividend distribution to equity holders of the Corporation.

(xxiv) Property Revaluation Reserve

This is the accretion in the value of property and equipment arising from the increment in the carrying cost to the most current valuation figures.

(xxv) Fair Value Reserves

This is the accretion in the value of available for sale financial assets and investment property arising from restating their values from the time of recognition to the most current fair values. The determination of fair values is in accordance with (v) above.

(xxvi) Earnings per share

Basic Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Corporation 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.

If the number of ordinary or potential ordinary shares outstanding increases because of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively.

(xxvii) Contingent liabilities

A Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation. It may also result from past events which are not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of litigation claims under arbitration or court processes in respect of which a liability is not likely to crystallize.

(xxviii) Revenue recognition

Revenue comprises the fair value for reinsurance premium, net of value-added tax. Revenue is recognised as follows:

a. Gross Premium Written

Gross premium on reinsurance business comprise of premium on businesses entered into during the accounting year, irrespective of whether they relate in whole or in part to a later accounting period before deducting retrocession.

b. Gross Premium Income

Premium relating to the expired risk period is taken as earned and recognized as revenue for the period; while premium relating to the unexpired risk period is adjusted for by deduction from the gross premium.

c. Net Premium Income

Net premium income represents the gross premium income or earned income less retrocession premium (outward reinsurance premium expenses).

(xxix) Outward reinsurance expenses



Outward reinsurance expenses represent premium incurred on retrocessions less the unexpired portion at the end of the accounting year.

(xxx) Claims

a. Gross Claims Expenses

This is the direct claims paid during the year including retrocession claims.

b. Gross Claims Incurred

This is made up of claims and handling expenses paid during the year after adjusting for the movement in the provision for outstanding claims.

c. Net Claims Incurred

This is the gross claims incurred after adjusting for retrocession claims recoveries.

(xxxi) Underwriting Expenses

Underwriting expenses comprise commissions paid, acquisition costs, servicing of existing policies/contracts, superintending and technical expenses. Acquisition costs comprise all direct and indirect cost arising from the writing of insurance contracts.

(xxxii) Surplus and deficit on actuarial valuation

Actuarial valuation of the life fund is conducted annually 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. Surplus and deficit arising therefrom are recognized in the profit or loss account through unearned premium or movement in claims.

(xxxiii) Investment income

Investment income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Corporation's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(xxxiv) Other operating income

Other operating income comprises rental income and gains on the disposal of available-for-sale financial assets. Rental income is recognized when earned.

(xxxv) Management expenses

Management expenses are expenses other than claims, underwriting expenses, expenses for marketing and administration. They include wages, professional fee,



depreciation expenses, insurance supervision levy and other non-operating expenses. Management expenses are accounted for on accrual basis and recognized in the income statement upon utilization of the service or at the date of their origin.

(xxxvi) Exceptional items

Exceptional items are income or expenditure transactions that are incidental to operations but need to be reported separately by reason of the magnitude being outside the normal business operations.

Exceptional income comprises material write-back of impairment or repudiated claims, whilst exceptional expenses comprise material impairment costs.



	12/31/2021 N'000	12/31/2020 N'000
8 Cash and Cash Equivalents		
Balances with local banks	224,009	52,842
Balances with foreign banks	186,070	199,610
Fixed deposits	220,404	509,596
	630,483	762,048
Expected credit Loss 1/1/2021	(15,186)	(12,004)
Expected credit Loss 31/12/2021	(210,329)	(3,182)
	404,968	746,862
Cash and cash equivalents represent highly liquid instruments which are not subject to significant risk of changes in value.		
8a Movements in ECL		
At 1/1/2021	15,186	12,004
Movement during the year	210,329	3,182
ECL at 31/12/2021	225,515	15,186
9 Financial Assets		
These are made up of:		
Fair value through other comprehensive income - Note 9.1	1,953,813	1,876,220
Amortised cost - Fed Govt Treasury Bill - Note 9.2	-	-
Loans & receivables -Note 9.3	-	-
Amortised cost - staff loans & receivables - Note 9.3	3,502	2,467
	1,957,315	1,878,687
9.1 Fair value through other comprehensive income		
Quoted ordinary equities	649,356	571,763
Unquoted ordinary equities	1,304,457	1,304,457
Fair Value gain unquoted equities 31/12/2021	-	-
	1,953,813	1,876,220
9.2 Amortised cost		
Federal Government of Nigeria Treasury Bills	-	-
9.3 Amortised cost		
Staff loans and advances	3,502	2,467



9.4 Movement in Financial Assets

Class of Financial assets	FVOCI		N'000		Total
	Quoted	Unquoted	Amortised Cost Treasury Bills	Amortised Cost Staff Loans	
Fair value balance at 1 January, 2021	571,763	1,304,457	-	2,468	1,878,688
Fair value accretion during the year	-	-	-	-	-
Net movement in staff loans	-	-	-	1,034	1,034
Additional investment in treasury bills during the year	-	-	-	-	-
Fair value gain during the year	98,190	-	-	-	98,190
Treasury bills liquidated during the year	-	-	-	-	-
Fair value loss financial assets - quoted equities	(20,597)	-	-	-	(20,597)
	649,356	1,304,457	-	3,502	1,957,315

9.5 Fair Value Hierarchy of Financial Assets - 31/12/2021

Asset Type	N'000			Total
	Level 1	Level 2	Level 3	
Asset Type	649,356	-	-	649,356
FVOCI - Quoted ordinary equities	-	1,304,457	-	1,304,457
FVOCI - Unquoted ordinary equities	-	-	-	-
Amortised cost - Federal Government of Nigeria Treasury Bill	-	-	3,502	3,502
Amortised cost - Staff loans and advances	649,356	1,304,457	3,502	1,957,315

9.6 Fair Value Hierarchy of Financial Assets - 31/12/2021

Asset Type	N'000			Total
	Level 1	Level 2	Level 3	
Asset Type	571,763	-	-	571,763
FVOCI - Quoted ordinary equities	-	1,304,457	-	1,304,457
FVOCI - Unquoted ordinary equities	-	-	-	-
Amortised cost - Federal Government of Nigeria Treasury Bill	-	-	3,294	3,295
Amortised cost - Staff loans and advances	571,763	1,304,457	3,294	1,879,515

- Level 1 hierarchy of fair value was adopted for the valuation of the quoted equity securities. This is based on the quoted market prices of the Nigeria Stock Exchange for the respective years.
- Level 2 hierarchy of fair value was adopted for Africa Reinsurance Corporation at 31 December, 2021.
- Level 3 hierarchy was adopted for all the unquoted equity securities. This is based on the lower of cost and the proportionate value to the net assets value of the investee companies. The value of investments was written down to nil for investee companies with negative net assets value.



9.7 Maturity profile of Financial assets - 31/12/2021	Within	Beyond	Total
	12 Months	12 Months	
Asset Type	N'000	N'000	N'000
FVOCI - Quoted equities	-	649,356	649,356
FVOCI - Unquoted ordinary equities	-	1,304,457	1,304,457
Amortised cost - Federal Government of Nigeria Treasury Bill	-	-	-
Amortised cost - Staff loans and advances	3,502	-	3,502
	3,502	1,953,813	1,957,315

10 Bank balances under lien	12/31/2021	12/31/2020
	N'000	N'000
Balances with local banks under lien	4,800,273	4,800,273
Provision for doubtful balances with local banks under lien	(4,800,273)	(4,800,273)
	-	-

Balances with local banks under lien in the sum of N4.8 billion(\$32,325,067) is held by Union Bank of Nigeria Plc. The lien is in respect of a pending litigation.

The suit which is premised on the recovery of a credit facility advanced by Union Bank to NICON Investment Limited was struck out at the Federal High Court holden at Lagos in February, 2012, inter alia, for abuse of court process with NICON Investment Limited being awarded damages and some costs.

The Corporation is not directly involved in the litigation but it is joined as a co-defendant by reason of its membership of the Global Fleet Group with the first defendant, NICON Investment Limited, whereas companies in the Global Fleet Group have distinct relationship with Union Bank of Nigeria Plc. as a banker.

The Corporation is not in any way indebted to Union Bank, neither are its equity nor assets pledged to the bank. There is neither obligation nor commitment from the Corporation on the subject matter.

In view of the protracted nature of the legal suit, in 2012 accounting year, full provision was made for loss of the bank balances held under lien and there is no indication to the contrary in the 2021 accounting year.



	12/31/2021 N'000	12/31/2020 N'000
11 Trade Receivables		
11.1 Summary		
Receivables on reinsurance accounts	3,785,479	3,785,479
Impairment - 11.3	(3,785,479)	(3,785,479)
	<u>-</u>	<u>-</u>
11.2 Age Analysis		
Under 90 days		
91 - 180 days		
Above 180 days	3,785,479	3,785,479
	<u>3,785,479</u>	<u>3,785,479</u>
11.3 Impairment		
Balance at the beginning of the year	3,785,479	3,785,479
Write-back of provision	0	(0)
Adjustments/write-offs		
Balance at the end of the year	<u>3,785,479</u>	<u>3,785,479</u>
<p>In line with the Insurance Act, 2003 and subsequent circulars by the National Insurance Commission, insurance contracts exist only on the payment of premium by the insured. Consequently, there is no receivable reinsurance premium.</p>		
	12/31/2021 N'000	12/31/2020 N'000
12 Deferred acquisition costs		
Analysis by class of reinsurance		
Fire	1,205	1,875
General Accident	64	63
Motor	317	30
Marine and Aviation	17	42
Contractors' All Risk	2,152	397
Oil & Gas	836	1,731
	<u>4,591</u>	<u>4,138</u>
Acquisition cost brought forward	4,138	2,539
Acquisition cost paid during the year	353,097	306,873
	357,235	309,412
Acquisition cost amortised during the year	(352,644)	(305,274)
Acquisition cost carried forward	<u>4,591</u>	<u>4,138</u>
Movement during the years	4,138	2,539
Balance at beginning of the year	453	1,600
Movement during the year	<u>4,591</u>	<u>4,138</u>



Deferred acquisition costs represent commissions on unearned premium in respect of the unexpired period of risk.

	12/31/2021	12/31/2020
	N'000	N'000
13 Other receivables and prepayments		
Energy Group (see note 57)	20,000	20,000
Provision for other receivables & prepayment	-	-
	<u>20,000</u>	<u>20,000</u>

The N20million due from Energy Group above is the balance of the N500m consideration paid for the property injected that was disallowed in 2019 out of which N480m has been converted to 5years rent

	12/31/2021	12/31/2020
	N'000	N'000
14 Investment properties		
14.1 Summary		
Balance at the beginning of the year	13,054,000	12,702,000
Transfer from PPE		
Additions during the year	-	1,155
Written-off during the year	-	-
Unrealised fair value gain/(loss)	(647,000)	350,845
Balance at the end of the year	<u>12,407,000</u>	<u>13,054,000</u>

14.2 Movement in Investment Properties	Value at 01/01/2021	Additions in 2020	Disposal	Fair Value in 2021	Value at 31/12/2021
1 Plot 784, Herbert Macaulay Way, Central Area, Abuja - 12-storey building (Note 59)	9,270,000			(270,000)	9,000,000
2 46, Marina, Lagos - 22-storey building (written down to its rental value) Note 14.2.2	210,000			(210,000)	-
3 Tower Fernandez, 1-9, Berkeley Street, Lagos - 15-storey building	1,530,000			(30,000)	1,500,000
4 58A Associated Estate Karmo Abuja - 5 bedroom duplex	35,000			(5,000)	30,000
5 Evbuoriarua Layout Benin City - Land - 5,023 hectares	255,000			(5,000)	250,000
6 North Bank Area Markurdi - Land - 1.46 hectares	11,000			(1,000)	10,000
7 Ishaya Bakut Road Markurdi - Land - 9,966.95 sqms	25,000			-	25,000
8 7 Aso Garden Est Maitama Abuja - 4 bedroom detached house	275,000			(25,000)	250,000
9 8 Aso Garden Est Maitama Abuja - 4 bedroom detached house	275,000			(25,000)	250,000
10 28 Commonwealth Ave palm Grove Estate Lagos - Block of 6 Flats	350,000			(210,000)	140,000
11 Flat at St John's Wood London, 51 Grove Court, Grove End Road London	620,000			130,000	750,000
12 Block V, Plot 1-3 Commercial Layout Ijeun Lukosi Abeokuta	198,000			4,000	202,000
0	-				-
	<u>13,054,000</u>	-	-	(647,000)	<u>12,407,000</u>



14.2.1 The Lease on Reinsurance House 46, Marina Lagos expired in 2020. its outstanding rental values balance was released in 2021

	12/31/2021	12/31/2020
	N'000	N'000
14.2.2 Analysis of Investment properties is as follows;		
Plot 784, Herbert Macaulay Way, Central Area, Abuja - 12-storey building(Note 59)	9,000,000	9,270,000
46, Marina, Lagos - 22-storey building (written down to its rental value) Note 14.2.2	1,500,000	210,000
Tower Fernandez, 1-9, Berkeley Street, Lagos 15 -storey building	30,000	1,530,000
58A Associated Estate Karmo Abuja - 5 bedroom duplex	250,000	35,000
Evbuoriararia Layout Benin City - Land - 5,023 hectares	10,000	255,000
North Bank Area Markurdi - Land - 1.46 hectares	25,000	11,000
Ishaya Bakut Road Markurdi - Land - 9,966.95 sqms	250,000	25,000
7 Aso Garden Est Maitama Abuja - 4 bedroom detached house	250,000	275,000
8 Aso Garden Est Maitama Abuja - 4 bedroom detached house	140,000	275,000
28 Commonwealth Ave palm Grove Estate Lagos - Block of 6 Flats	750,000	350,000
Flat at St John's Wood London, 51 Grove Court, Grove End Road London	202,000	620,000
Block V, Plot 1-3 Commercial Layout Ijeun Lukosi Abeokuta	-	198,000
	<u>12,407,000</u>	<u>13,054,000</u>

The Financial Registration Council of Nigeria registration number of Fagbemi Rotimi Olorunyomi who signed the valuation report is FRC/NIESV/00000000369.

a) The investment properties are:

- i. The Head Office building situated at Plot 784A, Herbert Macaulay Way (North), Central Business District, Abuja.
- ii. The office property situated at 46, Marina, Lagos. This was reclassified in 2012 to investment property as the portion occupied by the Corporation for its use does not exceed 15% of the available space.
- iii. The block of flats situated at Berkeley Street, Lagos.
- iv. The landed property in Benin & Markurdi , Building at Aso Gardens in Abuja and Flat at St John's Wood London were reclassified in 2015 as investment property in accordance with IAS 40 as they are held primarily for generating income or capital appreciation.

	12/31/2021	12/31/2020
14.3 Income earned during the year		
Rental income earned from investment properties	<u>123,902</u>	<u>61,694</u>
15 Deferred tax asset		
Balance at the beginning of the year	83,499	83,499
Deferred tax abatement/(charge) during the year	-	-
Balance at the end of the year	<u>83,499</u>	<u>83,499</u>

No deferred tax abatement nor charge in the year as the Corporation is a non taxable entity. The only tax payable on investment income was deducted at source.



	12/31/2021	12/31/2020
16 Intangible Asset		
Computer software		
Cost at the beginning of the year	37,000	34,384
Additions during the year	-	2,616
Cost at the end of the year	<u>37,000</u>	<u>37,000</u>
Aggregate depreciation at the beginning of the year	33,063	31,335
Charge during the year	1,363	1,728
Aggregate depreciation at the end of the year	<u>34,426</u>	<u>33,063</u>
Net book value	<u><u>2,574</u></u>	<u><u>3,937</u></u>
17 Right-of -Use-Asset		
At 31 December, 2021		
	Building	
	N'000	
Cost/Valuation		
At 1 January, 2021	964,800	
Additions during the year	-	
At 31 December, 2021	<u>964,800</u>	
Depreciation		
At 1 January, 2021	-	
Charge for the year	96,480	
At 31 December, 2021	<u>96,480</u>	
Net book value		
At 31 December, 2021	<u><u>868,320</u></u>	
At 31 December, 2020	<u><u>964,800</u></u>	

Sequel to the expiration of the lease on Reinsurance House , 46 Marina and the inability of the Corporation to reach a compromise on the extension of the lease with the Landlords, the Corporation decided to lease the Energy House building at 159/161 Broad Street for a period of ten years (November, 2020 to November, 2031) to ensure continuity of operations in case of an eviction from the current accommodation. The Corporation paid the total lease amount on inception of the lease.



**17a Property and Equipment
At 31 December, 2021**

Cost/Valuation	Furniture & Fittings N'000	Plant & Machineries N'000	Motor Vehicles N'000	Net Total N'000
At 1 January, 2021				
Additions during the year	204,735	133,603	268,865	607,203
Disposals during the year	51,018	52,993	9,698	113,708
At 31 December, 2021	255,753	186,595	278,563	720,911
Depreciation				
At 1 January, 2021				
Charge for the year	195,645	122,575	115,180	433,400
Disposals during the year	3,221	8,134	42,077	53,433
At 31 December, 2021	198,867	130,709	157,257	486,833
Net book value				
At 31 December, 2021	56,886	55,886	121,306	234,079
At 31 December, 2020	9,089	11,028	153,686	173,804

**Property and Equipment (Cont'd)
At 31st December, 2019**

Cost/Valuation	Furniture & Fittings N'000	Plant & Machineries N'000	Motor Vehicles N'000	Net Total N'000
At 1 January, 2020	202,337	124,923	106,813	434,073
Additions during the year	2,398	8,680	162,052	173,130
Disposals during the year	-	-	-	-
At 31 December, 2020	204,735	133,603	268,865	607,203
Depreciation				
At 1 January, 2020	192,824	119,179	97,337	409,340
Charge for the year	2,821	3,396	17,843	24,060
Disposals during the year	-	-	-	-
At 31 December, 2020	195,645	122,575	115,180	433,400
Net book value				
At 31 December, 2020	9,089	11,028	153,685	173,803
At 31 December, 2019	9,512	5,744	9,477	24,733



	12/31/2021 N'000	12/31/2020 N'000
18 Statutory deposit		
Central Bank of Nigeria	<u>1,000,000</u>	<u>1,000,000</u>

The statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with the provisions of the Insurance Act 2003.

19 Reinsurance Contract Liabilities

This is made up of:	68,673	47,650.7900
Life Fund - 19.1	23,181	19,642
Reserve for unearned premium - 19.2	<u>2,893,376</u>	<u>1,336,182</u>
Reserve for claims - 19.3	<u>2,985,230</u>	<u>1,403,474</u>

19.1 Life fund

At the beginning of the year	47,651	26,639
Changes in life insurance contract liability	21,022	21,011
At the end of the year	<u>68,673</u>	<u>47,651</u>

19.2 Reserve for unearned premium

Fire	11,114	11,415
General Accident	342	101
Motor	1,272	172
Marine and Aviation	155	244
Contractors' All Risk	6,791	1,312
Oil & Gas	3,506	6,397
	<u>23,181</u>	<u>19,642</u>

19.2.1 Movement on Reserve for unearned premium

At the beginning of the year	19,642	6,845
Changes during the year	3,539	12,796
At the end of the year	<u>23,181</u>	<u>19,642</u>

19.3 Reserve for claims

19.3a. Total Claims

Fire	2,677,394	985,522
General Accident	42,732	202,968
Motor	15,576	13,716
Marine and Aviation	64,204	35,609
Contractors' All Risk	46,383	53,560
Oil & Gas	16,653	11,808
Life	30,434	32,999
	<u>2,893,376</u>	<u>1,336,182</u>



	12/31/2021 N'000	12/31/2020 N'000
19.3b. Movements on Reserve for claims - Non -Life		
At the beginning of the year	1,303,183	800,537
Changes during the year	1,559,760	502,645
At the end of the year	<u>2,862,942</u>	<u>1,303,183</u>

19.3c. Actual claims

Fire	2,379,674	830,887
General Accident	3,196	145,917
Motor	855	828
Marine and Aviation	8,647	8,647
Contractors' All Risk	17,053	16,004
Oil & Gas	59	4,445
Life	4,474	8,300
	<u>2,413,957</u>	<u>1,015,029</u>

19.3d. Age Analysis of Outstanding Claims - Non Life

			2021	2022
Days	No of Claim	Amount		
0 - 90 days		-		224,597
91 - 180 days		-		313
181 - 270 days		-		15,738
217 - 365 days		-		13,137
366 days and above		2,409,484		752,943
		<u>2,409,484</u>		<u>1,006,729</u>

Age Analysis of outstanding Claims - Life business

0 - 90 days	2,358	8,300
91 - 180 days		
181 - 270 days		
217 - 365 days	<u>2,116</u>	
366 days and above	<u>4,474</u>	<u>8,300</u>

19.3e. Age Analysis of Outstanding Claims - Non Life by Reason

	0-90days		91-180days		181-270days		217-365days		Above 365days		Total
	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	
1 Discharged Voucher signed and Returned to policy holders											
2 Discharged Voucher not yet signed									22	22,864	22,864
3 Claims Reported but incomplete documentation									13	300,480	300,480
4 Claims Reported but being adjusted											
5 Claims Repudiated											
6 Awaiting Adjusters Final Report											
7 Litigation Awarded									1	1,920,064	1,920,064
8 Awaiting Lead Insurer's Instructions											
9 Third party Liability outstanding											
10 Adjusters Fee payable											
11 Awaiting Settlement									8	166,075	166,075
12 Total									44	2,409,484	2,409,484



	12/31/2021 N'000	12/31/2020 N'000
19.3e. Incurred But Not Reported		
Fire	297,720	154,635
General Accident	39,536	57,051
Motor	14,721	12,888
Marine and Aviation	55,556	26,961
Contractors' All Risk	29,330	37,556
Oil & Gas	16,594	7,363
Life	25,960	24,699
	479,419	321,153

The reinsurance contract liabilities were subjected to actuarial valuation in order to fulfil the Liability Adequacy Test. The actuary is O. O. Okpaise (FRC/NAS/00000000738) representing Ernst & Young.

19.3f ANALYSIS OF CLAIMS REPORTED AND IBNR BY CLASS:

	12/31/2021		
	CLAIMS REPORTED	IBNR	TOTAL
NON LIFE			
Fire	2,379,674	297,720	2,677,394
General Accident	3,196	39,536	42,732
Motor	855	14,721	15,576
Marine/Aviation	8,647	55,556	64,204
Contractors' All Risk	17,053	29,330	46,383
Oil and Gas	59	16,594	16,653
TOTAL	2,409,484	453,459	2,862,942

ANALYSIS OF CLAIMS REPORTED AND IBNR BY CLASS:

	CLAIMS REPORTED	IBNR	TOTAL
LIFE			
Group Life	4,474	25,000	10,434
Individual Life	-	-	-
TOTAL	4,474	25,000	10,434

19.3g ANALYSIS OF CLAIMS REPORTED AND IBNR BY CLASS:

	12/31/2020		
	CLAIMS REPORTED	IBNR	TOTAL
NON LIFE			
Fire	830,887	154,635	985,522
General Accident	145,917	57,051	202,968
Motor	828	12,888	13,716
Marine/Aviation	8,647	26,961	35,609
Contractors' All Risk	16,004	37,556	53,560
Oil and Gas	4,445	7,363	11,808
TOTAL	1,006,729	296,454	1,303,183



ANALYSIS OF CLAIMS REPORTED AND IBNR BY CLASS:

	CLAIMS REPORTED	IBNR	TOTAL
LIFE			
Group Life	8,300	24,699	32,999
Individual Life	-	-	-
TOTAL	8,300	24,699	32,999

12/31/2021
N'000

12/31/2020
N'000

20 Hypothecation of Investments

20.1 Summary

Reinsurance contract assets

Cash and cash equivalents	224,009	307,065
Financial assets - Quoted equities	649,356	571,763
Financial assets - Unquoted equities	1,266,215	193,367
Investment property	1,065,000	346,000
TOTAL	3,204,580	1,418,194

Reinsurance contract liabilities - Note 19 **2,985,230** **1,403,474**

Surplus / (Deficit) of investments over reinsurance contract liabilities **219,350** **14,720**

Cash and cash equivalents are deposits with local banks domiciled in Nigeria

20.2 Segment	General N'000	Life N'000	General N'000
Investments			
Fixed deposit	135,175	88,834	224,009
Financial assets - Quoted equities	581,054	68,302	649,356
Financial assets - Unquoted equities	1,266,129	86	1,266,215
Investment properties	260,000	805,000	1,065,000
Total	2,242,357	962,223	3,204,580

Reinsurance contract liabilities

Life Fund	-	68,673	68,673
Reserve for Unexpired Premium Revenue	23,181	-	23,181
Reserve for Claims	2,862,942	30,434	2,893,376
TOTAL	2,886,123	99,107	2,985,230

Surplus of investments over insurance contract liabilities **(643,766)** **863,116** **219,350**

Reinsurance Cash Contract Assets are Deposits with Local Banks domiciled in Nigeria

20.3 Included in the claims reserve for fire business is a provision in the sum of N1.9billion (\$4.7million)
This is a contingent amount under litigation (See Note 55)

21 Trade Payables

Due to retrocessionaires



	12/31/2021	12/31/2020
	N'000	N'000
22 Provisions and Other Payables		
Other creditors	1,395	5,516
Accrued expenses	2,000	23,615
Premium Reserve -overseas inward treaty	102	102
Interest on premium reserve	3,966	2,240
Advance rental income	33	33
NHF	4,651	4,653
	<u>12,147</u>	<u>36,158</u>
23 Retirement Benefit Obligations		
At 1st January	85,860	54,585
Charge for the year	85,860	54,585
Payment during the year	(31,275)	4,400
At 31st December	<u>54,585</u>	<u>58,985</u>
<p>The retirement benefit obligations are in respect of firmed and agreed sums due to staff with no additional provision from 2012 when the scheme was discontinued. Therefore, it is not subjected to actuarial valuation. The corresponding sum of N54,585,000 in cash and cash equivalents has been earmarked for this obligation.</p>		
24 Income Tax Liabilities		
Capital Gains Tax	8,107	8,107
Capital Gains Tax arose from property disposed in 2010.	<u>8,107</u>	<u>8,107</u>
25 Share capital		
Authorised		
Ordinary shares of 50k each	<u>12,000,000</u>	<u>6,000,000</u>
Issued and fully paid		
At the beginning of the year	-	-
Bonus shares issued during the year	7,448,542	5,901,735
At the end of the year	<u>7,448,542</u>	<u>1,546,807</u>
	<u>7,448,542</u>	<u>7,448,542</u>
26 Share premium		
At the beginning of the year	4,499,367	4,499,367
Capitalisation of bonus shares	-	-
At the end of the year	<u>4,499,367</u>	<u>4,499,367</u>
27 Statutory Contingency reserve		
At the beginning of the year	2,285,751	2,259,587
Transfer from profit and loss account	32,391	26,164
At 31st December	<u>2,318,142</u>	<u>2,285,751</u>



	12/31/2021 N'000	12/31/2020 N'000
28 Retained Earnings		
At the beginning of the year	1,216,217	3,075,325
Capitalization of reserve	-	(1,546,807)
Prior year adjustment	-	-
Adjustment for under/(Over)stated balances in financial assets	-	-
Amortised cost Cash & Cash equivalent ECL 1/1/2021	-	-
Amorised cost - treasury bills 1/1/2021	-	-
Profit after taxation for the year	(2,587,118)	(286,137)
Transfer to statutory contingency reserve	(32,391)	(26,164)
At the end of the year	<u>(1,403,291)</u>	<u>1,216,217</u>
29 Fair Value Reserves	12/31/2021 N'000	12/31/2020 N'000
This is made up of:		
Quoted investments revaluation reserve - Note 29.1	551,539	473,946
Unquoted investments valuation reserve - Note 29.2	503,579	503,579
	<u>1,055,118</u>	<u>977,525</u>
29.1 Quoted investments revaluation reserve		
At the beginning of the year	473,946	383,785
Fair value gain arising during the year	98,190	136,827
Fair value (loss) arising during the year	(20,597)	(46,666)
Release on disposal	-	-
At the end of the year	<u>551,539</u>	<u>473,946</u>
29.2 Unquoted investments revaluation reserve		
At the beginning of the year	503,579	503,579
Fair value gain/(loss) arising during the year	-	-
Release on disposal	-	-
At the end of the year	<u>503,579</u>	<u>503,579</u>
30 Gross premium written		
General		
Fire	451,354	446,727
Accident	167,782	101,443
Motor	37,333	30,971
Marine and Aviation	155,166	77,007
Bond and Engineering	163,592	102,382
Oil & Gas	51,620	63,071
	<u>1,026,847</u>	<u>821,602</u>
Life	158,561	151,561
	<u>1,185,408</u>	<u>973,164</u>

30.1 Gross Premium Written represent total production for the year. Out of which N353m was deducted at source as Commission and N355m as losses paid. Net balance of N493.8m was received in cash



	12/31/2021 N'000	12/31/2020 N'000
31 Changes in unearned premium		
<i>General</i>		
Fire	301	(7,414)
Accident	(241)	6
Motor	(1,100)	(172)
Marine and Aviation	89	(177)
Bond and Engineering	2,890	(4,984)
Oil & Gas	(5,479)	(56)
	<u>(3,539)</u>	<u>(12,796)</u>
Life	(21,022)	(21,011)
	<u>(24,561)</u>	<u>(33,808)</u>
32 Gross premium income		
<i>General</i>		
Fire	451,655	439,313
Accident	167,540	101,450
Motor	36,233	30,799
Marine and Aviation	155,255	76,831
Bond and Engineering	166,483	97,398
Oil & Gas	46,141	63,015
	<u>1,023,307</u>	<u>808,806</u>
Life	137,539	130,550
	<u>1,160,847</u>	<u>939,356</u>
33 Retrocession Expenses		
Outward reinsurance premium	73,481	54,139
	<u>73,481</u>	<u>54,139</u>
34 Claims Expenses		
34.1 Summary		
Claims paid	686,725	389,564
Movement in outstanding claims	1,557,194	471,170
	<u>2,243,919</u>	<u>860,734</u>
<p>Claims paid represents the total amount, out of which N332m (2020 - N243m) were claims deducted at source from Premium Income. The balance of N354.7m was paid by cheque as reflected in the cashflows statement.</p>		
34.2 Movement in outstanding claims		
Claims at 1st January - Note 19	(1,336,182)	(865,012)
Claims at 31st December - Note 19	2,893,376	1,336,182
Movement in outstanding claims - Note 34.1	<u>1,557,194</u>	<u>471,170</u>



	12/31/2021 N'000	12/31/2020 N'000
35 Underwriting expenses		
Acquisition cost	353,097	306,873
Movement in Deferred Acquisition Cost	(453)	(1,600)
Maintainance cost	<u>352,644</u>	<u>305,274</u>
35.1 Acquisition Cost		
Commission	353,097	06,873
Movement in Deferred Acquisition Cost	(453)	(1,600)
Other acquisition cost	<u>352,644</u>	<u>305,274</u>
<p>Acquisition Cost represents total commission deducted from premium received on behalf of the Corporation. Out of which N352,995,446.44 was commission deducted at source from Premium Income. The balance of N101,741.56 was paid by cheque as reflected in the cashflows statement.</p>		
36 Investment income		
36.1 Attributable to Policyholders' funds		
Equities- quoted	95,732	35,460
Equities- unquoted		
Interest on fund placements	23,342	170,967
Interest on Treasury bill	-	10,082
Rental income	123,902	79,880
Profit on sale of AFS financial assets	-	
	<u>242,976</u>	<u>296,390</u>
36.2 Attributable to Shareholders' funds		
Equities-quoted		
Equities-unquoted		
Interest on fund placements	-	
	<u>-</u>	<u>-</u>
Total Investment income	<u>242,976</u>	<u>296,390</u>
37 Net fair value gain/(loss) on assets		
Fair value gain/(loss) on investment properties	<u>(647,000)</u>	<u>173,230</u>
38 Other operating income		
Gain on disposal of AFS financial assets		
(Loss) on disposal of AFS financial assets		
Exchange difference on translation of foreign bank balances	63,841	(618)
Gain on disposal of property		
Other income	20,859	20,758
	<u>84,701</u>	<u>20,140</u>



	12/31/21	12/31/20
	N'000	N'000
39 Employee salaries, wages and allowances	167,280	163,436
Ground rents, Rates & Taxes	11,139	7,803
Maintenance Expenses	22,183	21,439
Travels	6,279	8,294
Vehicle Running Expenses	11,510	16,677
Seminars & Conferences & Subscription	49,175	54,395
Marketing & Advertising	10,696	598
NAICOM Levies/ Penalties	13,157	
Share Capital Expenses	-	137,029
Tax Expenses	3,628	5,280
Regulatory (FRC etc)	1,500	
Legal & Professional fees	47,895	63,809
Insurance	4,250	10,169
Miscellaneous Expenses(Bank charges, sundry, Entertainment)	14,834	62,293
Lease Rentals	96,480	-
Depreciation and Amortisation	54,796	25,788
Other operating expenses	123,269	162,217
	<u>638,070</u>	<u>739,226</u>
39.1 Other operating expenses		
These consist of severance benefits paid to exited staff, board expenses, medical expense, internet facilities and other utilities for the year 2021		
Board Expenses	24,623	66,860
Severance benefits	19,371	26,637
Medical Expenses	15,919	14,896
Other Utilities	18,957	24,407
Pension	8,104	7,988
Electricity	8,338	3,292
Diesel Expenses	27,958	18,137
	<u>123,269</u>	<u>162,217</u>
40 Impairment of assets		
(Write-back) of impairment on Trade Receivables	0	-
(Gain) on general AFS financial Assets - quoted equities		
(Gain) on life AFS financial Assets - quoted equities		
	<u>0</u>	<u>-</u>
41 Expected credit loss on cash & unquoted equity Instrument 31/12/2021		
Allowance for credit losses - Cash -31/12/2021	(210,329)	(3,182)
Allowance for credit loss - Staff loan 31/12/2021	-	-
	<u>(210,329)</u>	<u>(3,182)</u>



	12/31/2021	12/31/2020
	N'000	N'000
42 Income taxes		
Deferred tax (abatement)/charge		
Withholding tax on dividends	9,573	5,236
Withholding tax on directors' fees earned		
Withholding tax on rents	-	-
	<u>9,573</u>	<u>5,236</u>
43 Fair value gain/(loss) on Financial Assets		
Fair value gain / (loss) on Financial Assets	<u>77,593</u>	<u>90,161</u>
43.1 Fair value changes on FVOCI equity instrument financial assets		
Transferred to/(from) Fair value reserve		
Loss on general AFS financial Assets - quoted equities		
Loss on life AFS financial Assets - quoted equities		
Fair value gain on FVOCI equity Instrument - quoted	98,190	136,827
Fair value gain on FVOCI equity Instrument - unquoted	-	-
Fair value (loss) on FVOCI equity Instrument - quoted	<u>(20,597)</u>	<u>(46,666)</u>
	<u>77,593</u>	<u>90,161</u>
44 Cashflow from Operating Activities		
Net Cashflow from Operating Activities	(251,259)	(436,194)
45 Cash and Cash Equivalents		
Cash and bank balances	<u>404,968</u>	<u>746,862</u>

46 Capital Management

Nigeria Reinsurance Corporation manages its capital through the risk-based approach to ensure that it is adequately capitalised to guarantee survival in a severe loss situation. Under extant NAICOM regulations, the minimum cumulative capital to be maintained is N10 billion, made up of N6 billion for general and N4 billion for life reinsurance businesses respectively.

Compliance with statutory minimum capital

The Corporation complied with the extant statutory minimum capital for composite reinsurance business.

Compliance with solvency margin

There was a solvency margin deficit of #5,959,700,911 for the composite reinsurance business.

The deficit arose from the proportion of land & building and investment properties admissible, which shall not



constitute more than 1/3 of the required solvency margin of the Corporation composite insurance business. Section 2.7.1 and 2.7.2 of the Prudential Guidelines for Insurers and Reinsurers of October 2022 was complied with.

Action Plans to Reverse Shortfall in Solvency includes

- i) The restructuring of its assets by converting some of its investment properties to liquid assets to meet the deficiency in solvency margin.
 - ii) Repatriation of Foreign Balances to local Banks to ensure admissibility for solvency
- 2) The Corporation is hopeful that the case between Global Fleet and Union Bank, which led to the placement of lien on funds belonging to the Corporation in the sum of \$32.3 million, is resolved as soon as possible. (see note 10)

Once resolved, the Corporation will have liquidity above and beyond the requirement of the National Insurance Commission.

We hope to achieve the above within the next three to five years considering the prevailing economic realities and undue delays in litigation processes.

47 Liquidity Risk Management

Liquidity risk is the risk that cash may not be available to pay for obligations as and when due. The Corporation manages this risk by matching cash generating activities to expected inflows. Current liabilities arise from claims and operational obligations. The Corporation has no commitments for capital expenditure in the ordinary course of business. Claims and operational obligations are settled from operating cash flow and returns from investments. There is zero tolerance for default as the Corporation is committed to meeting liabilities as they are proven and fall due.

Summarised is the maturity dates of liquid assets to financial liabilities for 2021:

	Notes	1 - 3 Mths N'000	4 - 6 Mths N'000	7 - 12 Mths N'000	Beyond 12 Mths N'000	Total N'000
Current assets						
Cash and cash equivalents	8	202,484	202,484	-	-	404,968
Financial assets	9	3,502	-	-	1,953,813	1,957,315
Other receivables and prepayments	11		20,000	-	-	20,000
		205,986	222,484	-	1,953,813	2,382,282
Liabilities						
Reinsurance contract liabilities	19	729,139	729,139	1,458,278	68,673	2,985,230
Trade payables	21	-	-	-	-	-
Provisions and other payables	22	-	10,751	-	1,395	12,147
Retirement benefit obligations	23	-	-	-	58,985	58,985
Income tax	24	8,107	-	-	-	8,107
		737,246	739,891	1,458,278	129,053	3,064,468
Excess of current assets over liabilities		(531,260)	(517,407)	(1,458,278)	1,824,760	(682,186)
Cumulative current assets over liabilities		(531,260)	(1,048,667)	(2,506,945)	(682,186)	



48 Asset and Liability Management

The Corporation is exposed to financial risks by virtue of its financial assets, financial liabilities and reinsurance contract liabilities. The most significant financial risk is when the returns from investment proceeds are not adequate to meet insurance and investment liabilities.

The Corporation manages this risk with an Asset and Liability Management (ALM) framework to achieve returns that will surpass the reinsurance and investment liabilities. The fulcrum of the ALM is to match assets to the liabilities from reinsurance contracts based on the benefits due to respective policy holders.

The table below reconciles the reinsurance contracts and shareholders' funds:

Computation of Asset Cover For the year ended 31st December, 2021 In Thousands of Naira

	Policy holders N'000	Share- holders' N'000	Total N'000
Cash and Cash Equivalents	224,009	180,959	404,968
Financial Assets	1,367,893	589,422	1,957,315
Deferred acquisition costs	-	4,591	4,591
Other receivables and prepayments	-	20,000	20,000
Investment properties	1,065,000	11,342,000	12,407,000
Intangible Assets	-	2,574	2,574
Right of Use Asset	-	868,320	868,320
Property and Equipment	-	234,079	234,079
Statutory Deposit	400,000	600,000	1,000,000
	3,056,902	13,841,944	16,898,847
Policy Holders Funds/Shareholders & Other Funds	2,985,230	13,913,617	16,898,847
Surplus/ (Deficit)	71,672	(71,672)	

49 Segment Reporting

This is made up of the respective operating activities of General and Life Reinsurance businesses



	Notes	General N'000	Life N'000	Total N'000
49.1 Analysis of Statement of Financial Position - 31/12/2021				
Assets				
Cash and Cash Equivalents	8	316,134	88,834	404,968
Financial Assets	9	1,888,926	68,388	1,957,315
Bank balances under lien	10	-	-	-
Trade Receivables	11	-	-	-
Deferred acquisition costs	12	4,591	-	4,591
Other Receivables and prepayments	13	20,000	-	20,000
Investment properties	14	12,352,000	55,000	12,407,000
Deferred tax asset	15	74,196	9,303	83,499
Intangible Assets	16	18	2,556	2,574
Right of Use Asset	17	868,320	-	868,320
Property and Equipment	17a	205,206	28,873	234,079
Statutory Deposit	18	735,000	265,000	1,000,000
Total assets		16,464,391	517,954	16,982,345
Liabilities				
Reinsurance Contract Liabilities	19	2,886,123	99,107	2,985,230
Trade Payables	21	-	-	-
Provisions and Other Payables	22	11,529	618	12,147
Retirement Benefit Obligations	23	-	58,985	58,985
Income Tax Liabilities	24	-	8,107	8,107
Total liabilities		2,897,652	166,816	3,064,468
Equity				
Issued and Paid Share capital	25	6,226,368	1,222,174	7,448,542
Share Premium	26	1,942,770	2,556,597	4,499,367
Statutory Contingency reserve	27	2,152,501	165,641	2,318,142
Retained Earnings	28	2,248,307	(3,651,598)	(1,403,291)
Fair Value Reserves	29	996,793	58,325	1,055,118
Total Equity		13,566,739	351,139	13,917,878
Total liabilities and equity		16,464,391	517,955	16,982,346



	Notes	General N'000	Life N'000	Total N'000
49.2 Analysis of Statement of Financial Position - 31/12/2020				
Assets				
Cash and Cash Equivalents	8	407,354	339,508	746,862
Financial Assets	9	1,851,998	26,690	1,878,687
Bank balances under lien	10	-	-	-
Trade Receivables	11	-	-	-
Deferred acquisition costs	12	4,138	-	4,138
Other Receivables and prepayments	13	20,000	-	20,000
Investment properties	14	12,784,000	270,000	13,054,000
Deferred tax asset	15	74,196	9,303	83,499
Intangible Assets	16	275	3,662	3,937
Right of Use Asset	17	964,800	-	964,800
Property and Equipment	17a	152,838	20,965	173,803
Statutory Deposit	18	735,000	265,000	1,000,000
Total assets		16,994,598	935,128	17,929,726
Liabilities				
Reinsurance Contract Liabilities	19	1,322,824	80,650	1,403,474
Trade Payables	21	-	-	-
Provisions and Other Payables	22	20,375	15,783	36,158
Retirement Benefit Obligations	23	-	54,585	54,585
Income Tax Liabilities	24	-	8,107	8,107
Total liabilities		1,343,200	159,124	1,502,324
Equity				
Issued and Paid Share capital	25	6,226,368	1,222,174	7,448,542
Share Premium	26	1,942,770	2,556,597	4,499,367
Statutory Contingency reserve	27	2,121,696	164,055	2,285,751
Retained Earnings	28	4,399,666	(3,183,449)	1,216,217
Fair Value Reserves	29	960,899	16,626	977,525
Total Equity		15,651,399	776,003	16,427,402
Total liabilities and equity		16,994,598	935,128	17,929,726



49.3 Analysis of Statement of Profit or Loss and Other Comprehensive Income - 31/12/2021

	Notes	General N'000	Life N'000	Total N'000
Gross Premium Written	30	1,026,847	158,561	1,185,408
Changes in unearned premium	31	(3,539)	(21,022)	(24,561)
Gross Premium Income	32	1,023,307	137,539	1,160,847
Retrocession expenses	33	(67,430)	(6,052)	(73,481)
Retrocession recovery		-	-	-
Claims expenses	34	(2,160,568)	(83,351)	(2,243,919)
Retrocession Claims Recoveries		83,861	15,515	99,376
Underwriting expenses	35	(304,390)	(48,254)	(352,644)
		(2,381,097)	(116,090)	(2,497,187)
Underwriting Results		(1,425,219)	15,397	(1,409,822)
Investment Income	36	201,944	41,031	242,976
Net fair value gain on assets	37	(432,000)	(215,000)	(647,000)
Other operating income	38	79,112	5,589	84,701
Net Operating Income		(1,576,163)	(152,982)	(1,729,146)
Expenses				
Management expenses	39	(528,916)	(109,153)	(638,069)
Impairment of assets	40	(0)	-	(0)
Expected credit losses -cash	41	(210,329)	-	(210,329)
Expected credit losses -Staff loan	41	-	-	-
Expected credit losses - FVOCI - unquoted equities	41	-	-	-
Exceptional expenses	13	-	-	-
		(739,245)	(109,153)	(848,398)
Profit/(Loss) before taxation	50	(2,315,409)	(262,135)	(2,577,544)
Taxation	42	(9,573)	-	(9,573)
Profit/(Loss) after taxation		(2,324,982)	(262,135)	(2,587,117)
Other comprehensive income net of tax				
Items that may be subsequently reclassified to profit or loss				
Fair value gain on properties, plant & equipment		-	-	-
Net fair value changes on FVOCI financial assets	43	35,894	41,699	77,593
Gain on Amotised cost - treasury bills	0	-	-	-
Total other comprehensive (loss)/income		35,894	41,699	77,593
Total Comprehensive (loss)/income for the year		(2,289,088)	(220,436)	(2,509,524)
Appropriation:				
Transfer to contingency reserve	27	30,805	1,586	32,391
		(2,319,893)	(222,022)	(2,541,915)
Earnings per 50 kobo share - kobo	51	(60)	(11)a	(17)



49.4 Analysis of Statement of Profit or Loss and Other Comprehensive Income - 31/12/2020	Notes	General N'000	Life N'000	Total N'000
Gross Premium Written	30	821,602	151,561	973,164
Changes in unearned premium	31	(12,796)	(21,011)	(33,808)
Gross Premium Income	32	808,806	130,550	939,356
Retrocession expenses	33	(48,986)	(5,153)	(54,139)
Retrocession recovery		-	-	-
Net Underwriting Income		759,820	125,397	885,217
Claims expenses	34	(862,633)	1,899	(860,734)
Retrocession Claims Recoveries		15,727	-	15,727
Underwriting expenses	35	(263,722)	(41,552)	(305,274)
		(1,110,628)	(39,653)	(1,150,281)
Underwriting Results		(350,808)	85,744	(265,064)
Investment Income	36	243,866	76,915	320,780
Net fair value gain on assets	37	555,845	(205,000)	350,845
Other operating income	38	35,561	19,385	54,946
Net Operating Income		484,464	(22,957)	461,507
Expenses				
Management expenses	39	(601,203)	(138,023)	(739,226)
Impairment of assets	40	0	-	0
Expected credit losses -cash	41	(3,182)	-	(3,182)
Expected credit losses -Staff loan	41	-	-	-
Expected credit losses - FVOCI - unquoted equities	41	-	-	-
Exceptional expenses	13	-	-	-
		(604,385)	(138,023)	(742,408)
Profit/(Loss) before taxation	50	(119,921)	(160,980)	(280,901)
Taxation	42	(5,236)	-	(5,236)
Profit/(Loss) after taxation		(125,157)	(160,980)	(286,137)
Other comprehensive income net of tax				
Fair value gain on properties, plant & equipment				-
Net fair value changes on FVOCI financial assets	43	79,322	10,839	90,161
Gain on Amotised cost - treasury bills	43.2	-	-	-
Total other comprehensive (loss)/income		79,322	10,839	90,161
Total Comprehensive (loss)/income for the year		(45,835)	(150,142)	(195,976)
Appropriation:				
Transfer to contingency reserve	27	24,648	1,516	26,164
		(70,483)	(151,657)	(222,140)
Earnings per 50 kobo share - kobo	51	(3)	(128)	(22)



	2021 N'000	2020 N'000
50 Profit for the year		
<i>This is stated after charging/(crediting)</i>		
Directors' emoluments	19,070	19,070
Directors' expenses	19,371	66,860
Depreciation of property and equipment	53,433	24,060
Amortisation of intangible assets	1,363	1,728
Auditors' remuneration	5,000	4,000
National Insurance Commission levy	13,157	11,723
Investment income	<u>(242,976)</u>	<u>(320,781)</u>

Earnings per share

51 Earnings per share is calculated on the weighted average number of shares of 50 kobo each during the year under review.		
	<u>(2,587,118)</u>	<u>(286,137)</u>
Profit attributable to the equity holders	<u>14,897,084</u>	<u>14,897,084</u>
Weighted average number of ordinary shares in issue	<u>(17.4)</u>	<u>(1.9)</u>
Earnings per 50 kobo share (Basic & Diluted) - kobo		

Contraventions

52 Nature		
Violation of policy on bank placements		
Late submission of ratings		
Excess investments in real property	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

53 Staff

53.1 The number of employees in receipt of emoluments excluding allowances within the following ranges were:

	2021 Number	2020 Number
N	31	31
270,001 - 350,000	4	4
350,001 - 450,000	3	3
450,001 - 550,000	5	5
550,001 - 750,000	10	11
750,001 - 1,000,000	8	10
1,000,001 - 1,500,000	5	6
1,500,001 - 2,000,000	4	4
Over 2,000,000	<u>70</u>	<u>77</u>



53.2 The number of persons employed at the end of the financial year were as follows:

	2021 N'000	2020 N'000
Cadre		
Managerial	10	13
Senior	8	9
Junior	45	46
Contract	7	6
	<u>70</u>	<u>74</u>

53.3 The related staff costs were:

	2021 N'000	2020 N'000
Salaries, wages and allowances	167,280	163,436
Pension cost	19,371	26,637
	<u>186,651</u>	<u>190,073</u>

54 Directors' emoluments

The number of directors excluding the chairman whose emoluments (excluding allowances, pension cost and other benefits) fell within the following ranges were:

	2021 Number	2020 Number
₦ 4,000,000 - 5,000,000	-	3
Over 5,000,000	-	3
	<u>-</u>	<u>3</u>

None of the directors waived their emoluments during the year.

55 Contingent liabilities and obligations

Included in the Reinsurance Contract Liabilities is a contingent liability of a legal suit against the Corporation (Appeal court judgement of March, 2021) in respect of litigation from Alsagar National Insurance Company totaling at \$4.682million as at 31 December,2021. The legal suit is being vigorously contested at the Supreme court The sum contested above has been fully provided for in the accounts (see notes 20)

56 Guarantees and other financial commitments

56.1 Capital expenditure

	2021 N'000	2020 N'000
Contracted	<u>-</u>	<u>-</u>



56.2 Pension commitments

The Board of Directors are aware of the provisions of the Pension Reform Act 2004 and full compliance therewith is being ensured.

56.3 Financial commitments

The directors are of the opinion that all known liabilities and financial commitments relevant in assessing the State of Affairs of the Corporation have been taken into consideration in the preparation of these financial statements.

	2021 N'000	2020 N'000
57 Related parties		
57.1 Transactions		
Energy Group	<u>1,134,000</u>	<u>1,134,000</u>
Due from		
Energy Group (Note 13)	20,000	20,000
NICON Insurance Plc	153,506	153,506
Energy Group	40,000	40,000

58 Approval of financial statements

These financial statements were approved for issue by the Directors on 30th October, 2023. However, these are still subject to regulators' approvals.

59 Subsequent Events Review

The financial statements of the Corporation was prepared for the year ended 31 December, 2021.

60 Comparative figures

Certain prior year items have been reclassified to conform with the current year format of presentation.



SUMMARISED GENERAL BUSINESS REVENUE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

	General	Marine &	Contractors'					
	Fire	Accident	Motor	Aviation	All Risks,	Oil &		
	N'000	N'000	N'000	N'000	Bonds &	Gas	2021	2020
					Guarantees	N'000	N'000	N'000
Gross Written Premium	451,354	167,782	37,333	155,166	163,592	51,620	1,026,847	821,602
Changes in Unearned Premium	301	(241)	(1,100)	89	2,890	(5,479)	(3,539)	(12,796)
Gross Premium Income	451,655	167,540	36,233	155,255	166,483	46,141	1,023,307	808,806
Retrocession expenses	(21,038)	-	-	(14,825)	-	(31,567)	(67,430)	(48,986)
Net Underwriting Income	430,618	167,540	36,233	140,430	166,483	14,574	955,878	759,820
Direct expenses								
Gross Claims Paid	429,149	65,978	7,711	36,080	57,502	4,389	600,808	359,988
Movement in outstanding claims	1,691,871	(160,236)	1,861	28,595	(7,177)	4,845	1,559,760	502,645
Gross Claims Incurred	2,121,020	(94,258)	9,571	64,675	50,325	9,234	2,160,568	862,633
Retrocessionaires' claims recoveries	(83,861)	-	-	-	-	-	(83,861)	(15,727)
Net Claims Incurred	2,037,159	(94,258)	9,571	64,675	50,325	9,234	2,076,707	846,906
Underwriting expenses								
Commission paid	122,583	59,928	4,762	46,393	57,393	13,785	304,843	265,321
Movement in deferred acquisition costs	670	(1)	(286)	25	(1,755)	895	(453)	(1,600)
	123,253	59,927	4,475	46,417	55,638	14,680	304,390	263,722
Total expenses	2,160,412	(34,331)	14,047	111,093	105,963	23,914	2,381,097	1,110,628
Underwriting result								
2020	(1,729,795)	201,872	22,187	29,337	60,520	(9,340)	(1,425,219)	(350,808)
2019	(369,784)	(19,943)	20,144	(16,958)	16,564	19,168	(350,808)	



OTHER NATIONAL DISCLOSURE STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31ST DECEMBER, 2021

	2021		2020	
	N'000	%	N'000	%
Gross premium income	1,160,847		939,356	
Retrocessions, claims and underwriting expenses	<u>(2,670,045)</u>		<u>(1,220,147)</u>	
	(1,509,198)		(280,791)	
Investment and other income	<u>(319,324)</u>		<u>726,572</u>	
	(1,828,522)		445,780	
Bought-in materials and services	(475,185)		(484,657)	
Impairment of assets	(0)		0	
Loss on disposal of AFS financial assets	<u> </u>		<u> </u>	
Value added	<u>(2,303,707)</u>	-	<u>(38,876)</u>	100
Applied as follows:				
To pay employees				
Salaries, wages and other benefits	167,280	(7)	163,436	(420)
Pensions	19,371	(1)	26,637	(69)
To pay government				
Taxation	9,573	(0)	5,236	(0)
Retained for future replacement of assets and expansion of business				
Depreciation of P&E and amortisation of intangible assets	54,796	(2)	25,788	(1)
Contingency reserve	32,391	(1)	26,164	(1)
Retained profit	<u>(2,587,118)</u>	112	<u>(286,137)</u>	108
Value added	<u>(2,303,707)</u>	100	<u>(38,876)</u>	100

Value added is the wealth created respectively by the efforts of the Corporation and its employees. This statement shows the allocation of that wealth between employees, shareholders and re-invested for the creation of more wealth.



FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST DECEMBER, 2021

	N'Million				
Assets	2021	2020	2019	2018	2017
Cash and Cash Equivalents	405	747	2055	1,715	1,933
Financial Assets	1,957	1,879	1,789	2,068	1,641
Bank balances under lien	-	-	-	-	-
Trade Receivables	-	-	-	-	-
Deferred acquisition costs	5	4	3	4	61
Other Receivables and Prepayments	20	20	0	99	222
Investment properties	12,407	13,054	15,677	15,502	15,272
Deferred tax asset	83	83	83	83	150
Intangible Assets	3	4	3	3	5
Right of use Asset	868	965	-	-	-
Property, Plant and Equipment	234	174	25	23	33
Statutory Deposit	1,000	1,000	1,000	1,000	1,000
Total assets	16,982	17,930	20,636	20,498	20,317
Liabilities					
Reinsurance Contract Liabilities	2,985	1,403	898	751	534
Trade Payables	-	-	-	-	-
Provisions and Other Payables	12	36	45	57	75
Retirement Benefit Obligations	59	55	86	109	133
Income Tax Liabilities	8	8	8	8	8
Total liabilities	3,064	1,502	1,037	924	750
Equity and reserves					
Issued and Paid Share capital	7,449	7,449	5,902	4,404	4,404
Share Premium	4,499	4,499	4,499	4,499	4,499
Contingency reserve	2,318	2,286	2,260	2,229	2,198
Retained Earnings	(1,403)	1,216	6,050	7,580	7,567
Property Revaluation Reserve	-	-	-	-	-
Fair Value Reserves	1,055	978	887	861	898
Total equity	13,918	16,427	19,598	19,573	19,568
Total liabilities and equity	16,982	17,930	20,636	20,498	20,317



	N'Million				
Premium and profits	2021	2020	2019	2018	2017
Gross premium income	1,161	939	888	998	790
Profit/(loss) after taxation before other comprehensive income	(2,587)	(286)	143	(266)	849
Total comprehensive income	(2,510)	(196)	170	(220)	899
Transfer to contingency reserve	(32)	(26)	(31)	(25)	(174)
Retained (loss)/(profit)	(2,542)	(222)	139	(245)	726
Per share data					
Earnings/(loss) per share - kobo	(17.4)	(1.9)	1.2	(3)	10
Net assets per share - kobo	93	110	163	222	225

Note

Earnings or loss per share is based on the profit/(loss) for the year and the weighted number of shares in issue during the respective years.

The earnings per share for 2017 to 2021 were based on the nominal value of 50 kobo per share