Africa Re

Established in 1976 · 42 African Member States

ANNUAL REPORT & ACCOUNTS

2022

Africa Re

About Us

The African Reinsurance Corporation (Africa Re) was established by a multilateral Agreement as a **pan-African intergovernmental reinsurance group** on **24 February 1976** by 36 member States of the Organization of African Unity (now African Union) and the African Development Bank Group (AfDB).

Mission

- To **foster** the development of the insurance and reinsurance industry in Africa;
- To **promote** the growth of national, regional and sub-regional underwriting and retention capacities;
- To **support** African economic development.

Value Proposition

- We **deploy** our **strengths** and **leverage** our **proximities** for **endless possibilities** and **client protection**.
- We offer financial protection through reinsurance covers to life and non-life insurers in Africa and other selected markets in the Middle East, Asia and South America.

Diversified Shareholding

- 42 African States – 34.64%;
- 113 Insurance and Reinsurance Companies – 33.94%;
- African Development Bank – 8.38%;
- Fairfax Financial Holdings – 7.33%;
- AXA Africa Holdings – 7.33%;
- Allianz SE – 8.38%.

With a **gross written premium of US$ 951.789 million in 2022**, Africa Re is the **leading and largest pan-African** reinsurer in Africa and the Middle East.

Africa Re is ranked **40th by S&P in the Top 40 Global Reinsurance Groups** by **net reinsurance premiums written in 2021** and **ranked 46th by AM Best in the Top 50 World's Largest Reinsurance Groups** by **unaffiliated gross premium written in 2021**.

Our portfolio is about **95% Property & Casualty** with the remainder covering **Life & Health**. Our risk solutions are categorized into **Fire & Engineering, Accident & Motor, Oil & Energy, Marine & Aviation, Life & Health** and **Miscellaneous**.

The Corporation is led **and managed** by **Africans** and has **264 permanent employees** from **27 African nationalities** including the Executive Management.

Africa Re operates from **11 business locations** serving **Africa**, parts of the **Middle East**, **Asia** and **Latin America**. The **network of offices** comprises:

- **Subsidiaries (4):** Africa Re South Africa Limited (South Africa), Africa Retakaful Company (Egypt), Africa Re Underwriting Management Agency Limited (United Arab Emirates) and Sherborne Number Ten Parktown Investments Pty Limited (South Africa)
- **Regional Offices (6):** Nigeria, Morocco, Côte d'Ivoire, Egypt, Mauritius and Kenya
- **Local Office (1):** Ethiopia
- **Underwriting Representative Offices (2):** Uganda and Sudan

The Corporation is the best rated pan-African reinsurer.

- **A.M. Best Company:** A (Strong / Stable Outlook) since 2016 ("A-" since 2002)
- **Standard & Poor's:** A – (Strong / Stable Outlook) since 2009.

Africa Re manages the following **continental and national Insurance Pools**:

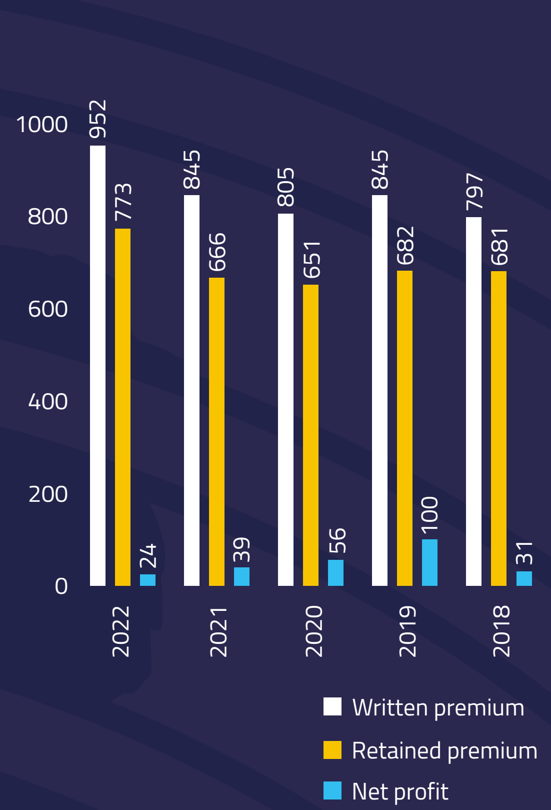
- **AAIP:** African Aviation Insurance Pool, which started in 1983 is promoted by the African Insurance Organization (AIO) for aviation business.
- **AOEIP:** African Oil & Energy Insurance Pool, which started in 1989 is promoted by the African Insurance Organization (AIO) for oil & energy business.
- **EAIPN:** Energy & Allied Insurance Pool of Nigeria, which started in 2014 is promoted by the Nigerian Insurers Association (NIA) for oil & energy business.

We also contribute to the wellbeing of our societies through the Africa Re Foundation registered in Mauritius which is the channel of our Corporate Social Responsibility (CSR) activities. The areas of focus of the Africa Re Foundation are: Insurance Education, Industry Development, Disaster Relief, Technology Development, Community Development and Risk Prevention, Awareness & Research

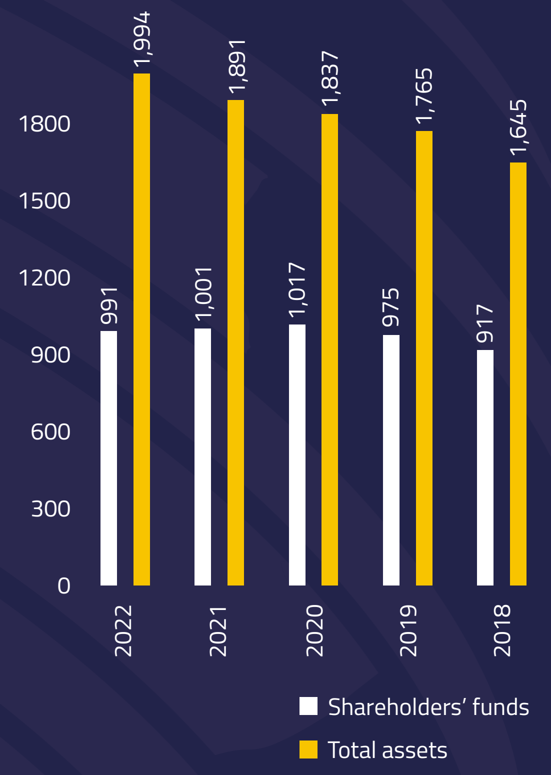
Financial highlights

In US$ '000	2022	2021	2020	2019	2018
Results					
Written Premium	951,789	845,346	804,774	844,786	797,415
Retained Premium	772,734	666,381	651,096	681,647	681,334
Earned Premium (Net)	738,468	667,696	655,378	673,340	673,554
Net Profit	23,733	38,823	55,709	99,904	31,269
Financial position					
Shareholders' Equity	991,063	1,000,714	1,017,106	975,198	917,047
Total Assets	1,994,215	1,890,613	1,836,676	1,770,980	1,648,066

Results 2018 - 2022
(in million US$)



Financial position 2018 - 2022
(in million US$)



Ratings

A.M. Best **A**

A.M.Best
(Excellent/Stable Outlook)

Standard & Poor's **A-**

S&P
(Strong/Stable Outlook)

Proposed dividend per share for 2022

US$8.8

2021 Dividend: US$ 8.8

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African Reinsurance Corporation
General Assembly

June 2023

Honourable Representatives,

In accordance with the provisions of Articles 14 and 37 of the Agreement Establishing the African Reinsurance Corporation and Article 8 of the General Regulations of the Corporation, I have the honour, on behalf of the Board of Directors, to submit to you the Annual Report and Audited Accounts of the Corporation for the period 1 January to 31 December 2022.

Please accept, Honourable Representatives, the assurance of my highest consideration.

Dr Mohamed Ahmed MAAIT

Chairman of the Board of Directors and General Assembly

BOARD OF DIRECTORS

Dr Mohamed Ahmed MAAIT

Director
Chairman
Chairman of the Nominations and Governance Committee

Nationality:
Egyptian

Constituency:
Egypt: state and companies

Current Term ends in:
2024

He is the current Minister of Finance of the Arab Republic of Egypt. Dr MAAIT has a first degree in Insurance and Mathematics, M.Phil in Insurance, MSc and PhD in Actuarial Science. He is presently a visiting assistant professor in different universities in Egypt, Chairman of the Egyptian Governmental Actuarial Department (EGAD), member of several government committees and board member of several companies and banks in Egypt

Mr Bakary KAMARA

Independent Director
Vice Chairman
Member of the Audit Committee
Member of the Nominations and Governance Committee

Nationality:
Mauritanian

Current Term ends in:
2024

Mr Bakary Kamara has served as Chairman of African Reinsurance Corporation South Africa Ltd and is the current Chairman of Africa Retakaful Company. He joined Africa Re as Secretary General of the Group in September 1984 and was appointed Group Managing Director/Chief Executive Officer in July 1993.

Mr Kamara is an Administrateur Civil (the highest category in French-speaking civil service).

Mr Kamara began his career in the insurance industry as Legal Adviser for SMAR - Mauritania's State insurance company - from 1 May to 11 November 1978. He occupied the position of Deputy Managing Director from September 1979 to January 1984, while also serving as visiting professor in third-year Business Law at the National School of Public Administration (E.N.A.) during the 1978-1979 academic year. From 1980 to 1984 he occupied the position of Director at AFARCO, a Mauritanian real estate company. From January to August 1984 he served as Technical Adviser to the Minister of Finance & Trade in charge of insurance matters and International Trade Relations. He is currently the Executive Chairman of Rema Broking Mauritanie and an international consultant in management, governance and coaching.

Mr Kamara is an Independent Director in several insurance and reinsurance companies and banks, and has been a member of various boards, councils and professional bodies. He speaks French, English, Soninke, Pular, Wolof, Hassaniya and Spanish.

Mr Kamara holds a Bachelor's Degree in General Law, Faculty of Law (Dakar), a Master's Degree in Civil Law - Business Law (Dakar), a Diploma of the Insurance Institute of Tours (France) and D.E.S.S in Insurance Law (France).

Annual Report & Accounts 2022
Board of Directors

Mrs Faouzia ZAABOUL

Director
Member of the Audit Committee
Member of the Finance and Investment Committee

Nationality:
Moroccan

Constituency:
Morocco (state and companies)

Current Term ends in:
2024

Mrs Faouzia ZAABOUL is Inspector of Finance of exceptional level. She is the current Director of Treasury and External Finance at the Ministry of the Economy, Finance and Administrative Reform of the Kingdom of Morocco. Previously, she held the following positions within the same Ministry: Deputy Director of Treasury and External Finance in charge of the "Macroeconomics and Domestic Debt" Unit (2007-2010); Head of the Capital Market Division (1995-2007); Head of the Development of Financial Instruments (1994 - 1995) and Head of service for Bilateral Funding (1992-1994).

Mrs ZAABOUL occupies various positions of representation, including the following: Member of the Commission for the Transfer of Public Enterprises to the Private Sector since April 2019; Board Member of the Insurance and Social Security Supervisory Authority (ACAPS) since April 2016; Board Member of the Moroccan Capital Market Authority (AMMC) since 2016; Member of the Commission for the Coordination and Supervision of Systemic Risks since June 2015.

Mrs ZAABOUL is holder of 2éme CES in Economics; 1st year MBA, ESC, Toulouse; and ISCAE Diploma (short duration, Strategic Management).

Mrs Delphine TRAORE

Director
Member of the Finance and Investment Committee
Member of the Nominations and Governance Committee

Nationality:
Burkinabe

Constituency:
ALLIANZ SE

Current Term ends in:
2024

Mrs Delphine TRAORE is the current Regional CEO for Allianz in Africa, overseeing the Allianz subsidiaries across the continent.

She graduated Cum Laude Bachelor of Science in Business & Accounting from University of Pittsburgh, USA in 1996. After graduating, she joined Ohio Casualty Group of Insurance, initially as a Senior Commercial Multi-Lines Insurance Underwriter & Marketing Rep and latterly as Regional Underwriting Manager. Delphine is a Chartered Property & Casualty Underwriter from the American Institute for CPCU; in 2005 she completed her Masters of Science in Insurance Management from Boston University, Boston, MA, USA.

In 2005, she joined Allianz Global Corporate & Specialty Canada and held positions as a Liability Underwriter and Head of Market Management where she was responsible for identifying potential markets, client and broker target segments to support business development across Canada. Delphine moved to South Africa in 2012 to assume the role of CEO of Allianz Global Corporate & Specialty, Africa (the corporate industrial insurance carrier of Allianz Group). She was responsible for crafting and implementing the Company strategy across all of sub-Saharan Africa.

Mr Kamel MARAMI

Director
Chairman of the Human Resources & Remuneration Committee
Member of the Nominations and Governance Committee

Nationality:
Algerian

Constituency:
Algeria: state and companies

Current Term ends in:
2024

Mr MARAMI is currently the Director of Insurance and member of the Insurance Supervisory Commission, Ministry of Finance, Algeria.

He is a professional insurer and holds degrees in Economics and Finance. Mr MARAMI equally has a Postgraduate degree in insurance.

Mr Jean CLOUTIER

Director
Chairman of the Underwriting, Risk Management and Information Technology Governance Committee

Nationality:
Canadian

Constituency:
FAIRFAX

Current Term ends in:
2024

He is the current Chairman of Fairfax International, Executive Committee Member of Fairfax Financial Holdings Limited and Vice President of International Operations. Mr Cloutier holds a Bachelor's degree in Actuarial Science from Laval University, Quebec City. He is a fellow of the Canadian Institute of Actuaries (FCIA) and the Casualty Actuarial Society (FCAS). He represents Fairfax on numerous subsidiary and industry trade boards.

Mr Arthur Nathaniel YASKEY

Director
Member of the Audit Committee
Member of the Underwriting, Risk Management and Information Technology Governance Committee

Nationality:
Sierra Leonean

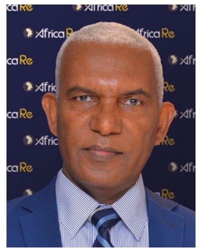
Constituency:
Anglophone West Africa (companies and 4 states) and East and Southern Africa (companies)

Current Term ends in:
2024

Mr YASKEY is currently the Commissioner of Insurance for Sierra Leone. He has occupied many senior positions in the past, inter alia, Managing Director of the National Insurance Company and Executive Director/Chief Operating Officer of Activa International Insurance Co (SL) Ltd. He has been a member of several boards, amongst others, Sierra Leone Insurance Commission (SLICOM), WAICA Re, the Audit Committee of the University of Sierra Leone and Sierra Leone Chamber of Commerce.

Mr YASKEY has a Bachelor of Arts and an MBA from the University of Sierra Leone. He is a Fellow of the Chartered Insurance Institute of Great Britain (London) F.C.I.I.

In 2022, H.E the President of the Republic of Sierra Leone awarded Mr. YASKEY the highest honour for civilians - the Grand Commander of the Rokel (GCOR) for his contributions to insurance in Sierra Leone and Africa.



Mr Belay TULU

Director
Member of the Human Resources and Remuneration Committee
Member of the Underwriting, Risk Management and Information Technology Governance Committee

Nationality:
Ethiopian

Constituency:
East and Southern Africa and Sudan (12 states)

Current Term ends in:
2024

Mr Belay Tulu is the Director of Insurance Supervision Directorate at the National Bank of Ethiopia. Prior to his current position he has worked as the Director of the Ethiopian Institute of Financial Studies and the Acting Director for Corporate Planning and Finance Directorate at the National Bank of Ethiopia.

Mr Belay Tulu holds MBA degree in Business Administration from the St. Mary's University and BA degree in Accounting from the Addis Ababa University. He is a Chartered Insurer designated by the Chartered Insurance Institute of London, UK and a fellow of the Fletcher School Leadership Program for Financial Inclusion.

Mr Maurice MATANGA

Director
Member of the Finance and Investment Committee
Member of the Human Resources and Remuneration Committee

Nationality:
Cameroonian

Constituency:
Francophone West and Central Africa

Current Term ends in:
2024

Mr Maurice MATANGA is the current Chairman of the Board of Directors of CHANAS Assurance S.A. (Cameroon) since 15 November 2015. Since 12 July 2022, he is the Chairman of the Board of Directors of CHANAS Assurance Vie S.A. (Cameroon). He is also Director of Strategy and Development at the National Hydrocarbons Corporation (SNH) of Cameroon, in which he has held various positions since joining the institution in 1986. He was part-time lecturer at the University of Yaounde (Cameroon) from 1987 to 1990.

Mr Maurice MATANGA holds a Master's degree in Industrial Engineering (Technological Innovation) from Ecole Centrale de Paris (France) and a Postgraduate degree (Diplôme d'Etudes Approfondies) in Production Economics, with Energy Economics as elective from the National Institute for Nuclear Science and Technology (Atomic Energy Commission, France) and the University of Paris-Dauphine (France). He also holds an Advanced University Degree (3ème cycle) in Energy Economics from the University of Paris-Dauphine and the National Institute for Nuclear Science and Technology ((France). Mr Maurice MATANGA is currently working on a PhD thesis on Energy Planning in Cameroon.

He is currently the board chairman of Chanas Assurances and Chanas Assurances Vie.

Mr Hafed Mohamed OMRAN

Director
Member of the Human Resources and Remuneration Committee

Nationality:
Libyan

Constituency:
Libya, Mauritania and Tunisia (states and companies)

Current Term ends in:
2024

Mr Hafed Mohamed Omran has a BSc specialized in Data Analysis from the Faculty of Accounting, Gharyan, Libya.

He also obtained an MBA from Anglia Ruskin University, London, United kingdom and a Master's degree in Computer Science from Coventry University, United kingdom.

Mr Omran is the current Chairman of the Board of Directors of the Libya Insurance Company (LIC). Prior to this, he held senior positions in the Libyan Capacity Building Centre in Malta and in the Libya Trade Network (LTNet) in Libya. Mr Omran has also served as Executive Manager of DAR AL-KIBRA construction group in Libya, as well as, the head of the distribution and economic marketing department within the economy sector of Gharyan in Libya.

Mr Hassan El-SHABRAWISHI

Director
Chairman of the Finance and Investment Committee
Member of the Human Resources and Remuneration Committee

Nationality:
Egyptian

Constituency:
AXA

Current Term ends in:
2024

Mr Hassan EL-SHABRAWISHI is the current CEO / Strategic Development Officer for African business at AXA. He is also the Chairman of AXA Egypt, AXA Algeria, AXA Africa Specialty Risk, as well as board member of AXA Morocco, AXA Senegal, AXA Côte D'Ivoire, AXA Cameroon, AXA Gabon and AXA Mansard in Nigeria. Mr Hassan EL-SHABRAWISHI, who has previously occupied the position of AXA Group Chief Innovation Officer, holds an honours degree in Finance and Econometrics from Richmond University in the United Kingdom and an international MBA from IE Business School in Spain. He is a certified director from the National Association of Corporate Directors in the United States of America. Before joining AXA, he held several positions in the insurance sector and at the International Finance Corporation (IFC), a member of the World Bank Group.

Annual Report & Accounts 2022
Board of Directors
Africa Re

Mr Joseph VINCENT

Director
Member of the Audit Committee
Member of the Underwriting, Risk Management and Information Technology Governance Committee

Nationality:
Belgian

Constituency:
African Development Bank (AfDB)

Current Term ends in:
2024

He trained in industrial psychology and worked in the non-profit sector for 5 years. Thereafter, Mr Joseph VINCENT worked for 14 years in human resources for Japanese, American and European multinationals. For the past 25 years he has worked in senior management positions in credit and political risk insurance as well as risk mitigation of renewable energy projects. Mr Joseph VINCENT has served as Chief Underwriting Officer at the African Trade Insurance Agency (ATI) and Senior Advisor Financial Products, International Agency for Renewable Energy (IRENA). He is currently working as an independent consultant, specialized in credit and political risk insurance projects and other risk mitigation initiatives, with a special interest in renewable energy finance.

Mr Olorundare Sunday THOMAS

Director
Member of the Underwriting, Risk Management and Information Technology Governance Committee
Member of the Nominations & Governance Committee

Nationality:
Nigerian

Constituency:
Nigeria: state and companies

Current Term ends in:
2024

Mr Olorundare Sunday THOMAS became substantive Commissioner for Insurance and Chief Executive Officer of the National Insurance Commission (NAICOM), Nigeria with effect from 30 April 2020, after his appointment as acting Commissioner in August 2019.

Prior to this appointment, Mr THOMAS was the Deputy Commissioner in charge of technical matters at the Commission from April 2017 to August 2019.

Mr THOMAS is a thorough-bred insurance professional with vast knowledge and experience in underwriting, regulation and hands-on management of human and material resources spanning over four decades uninterrupted.

During these years, he traversed the entire insurance sector in Nigeria leaving indelible marks along the way. It is during his tenure as Director – General of the Nigerian Insurers Association (NIA) between May 2010 and April 2017 that the Association successfully developed and deployed the Nigeria Insurance Industry Database (NIID) platform.

He holds a BSc (Hons) in Actuarial Science and an MBA Finance both from the University of Lagos. He is also an Associate member of the Chartered Insurance Institute, London, Fellow of the Chartered Insurance Institute of Nigeria, Member Society of Fellows of the CII London, Member Nigeria Institute of Management among others. He is a lover of sports.

Mr Moustapha COULIBALY

Independent Director
Chairman of the Audit Committee
Member of the Finance and Investment Committee

Nationality:
Ivorian

Current Term ends in:
2024

Mr Moustapha COULIBALY is currently a senior partner with the firm BDO in Côte d'Ivoire. Previously, he was the managing partner of Grant Thornton Côte d'Ivoire (2012-2018) and COO of Deloitte & Touche Côte d'Ivoire (2000-2007).

He holds a USA CPA degree (Certified Public Accountant), an MBA degree in Finance & Management from ADELPHI University, Long Island, New York, USA; a bachelor's degree in Management and a Master's degree in Finance from the University of Abidjan, Côte d'Ivoire.

Mr COULIBALY was external auditor (Audit Partner) of the AfDB group for 25 years, external auditor of Africa Re for 8 years (as Engagement Partner) and of CICA RE for 9 years (as Engagement Partner).

Effective June 2023, Mr COULIBALY is the chairman elect of the Board of Allianz Côte d'Ivoire Assurance IARD and chairman of the Board of Allianz Côte d'Ivoire Assurance Life.

He also sits on the Board of "Banque Internationale pour le Commerce et l'Industrie" (BICICI Côte d'Ivoire) as an Independent Director, effective April 2023, where he chairs the Audit Committee, and serves in the Risk Committee.

He is the founder of Lycée Maurice DELAFOSSE in Abidjan, Côte d'Ivoire and served as Chairman of the Board from inception in 2004 to 2017.

Alternate Directors

Mr Pa ALIEU SILLAH
Alhaji Kaddunabbi Ibrahim LUBEGA
Mrs Safaa TALBI
Mr Oussama BENAMIROUCHE
Mrs Estelle T. TRAORE
Mr Omar GOUDA
Mr Mariano CABALLERO ESTECEZ
Mr Omar SEFIANI
Mr Amine BENABBOU

EXECUTIVE MANAGEMENT

Dr Corneille KAREKEZI

Group Managing Director / Chief Executive Officer

He rose to the current position of Group Managing Director and Chief Executive Officer of Africa Re in July 2011 after a transitional period of 2 years during which he served successively as Deputy Managing Director and Deputy Managing Director / Chief Operating Officer. Prior to joining Africa Re in 2009, he served on the Group Board of Africa Re between 2003 and 2005 while working in the primary insurance sector.

His professional career started in 1991 in the insurance industry where he served practically in all the accounting, reinsurance, technical and marketing departments with the leading insurance companies in Burundi (SOCABU s.m.) and Rwanda (SONARWA s.a.), before becoming the Deputy Managing Director in 2001 and, early in 2008, the Chief Executive Officer of SONARWA s.a.

Dr KAREKEZI holds a Bachelor's degree in Economics (University of Burundi), Postgraduate diplomas in Business Administration (Edinburgh Business School and University of Liverpool, both in UK), a Master's degree in Management (University of Burundi), an Honorary Doctorate in Business Administration (Commonwealth University, UK) and a Doctorate in Business Administration (Paris School of Business, France & Galilee International Management Institute, Israel).

He speaks fluently English, French, Swahili and other African languages.

Since 1996, he has contributed significantly to the development of the insurance and reinsurance industry in Africa through his involvement and leadership in various national, regional and continental initiatives and organizations. He has equally participated actively, as speaker, in seminars, conferences, symposia and other fora across the world on issues of insurance development, insurance protection gap, risk management, insurtech and leadership.

He has served as Chairman and member of governing bodies of various financial institutions and foundations in Africa. He is currently the Chairman of Africa Re (South Africa) Limited, Chairman of Africa Retakaful Company (Egypt), Member of the Executive Council of the International Insurance Society (IIS), and a Member of the Executive Committee of the African Insurance Organization (AIO) where he chairs the Finance Committee.

Mr Ken AGHOGHOVBIA

Deputy Managing Director / Chief Operating Officer

Since joining the Corporation in 1985, Mr Ken AGHOGHOVBIA worked in different capacities before rising to the position of Regional Director of the Anglophone West Africa Regional Office. He was the pioneer Regional Director of this Office when it was established in 2009 and played a pivotal role in the turnaround of the fortunes of the Regional Office, the African Oil and Energy Pool and the African Aviation Pool.

Mr AGHOGHOVBIA holds a Bachelor of Science in Insurance (Nigeria) and a Master's degree in Business Administration (Nigeria). He is an Associate (ACII) and a Fellow (FCII) of the Chartered Insurance Institute (UK).

He has been a member of various regional professional committees.

Mr AGHOGHOVBIA became Deputy Managing Director / Chief Operating Officer on 1 July 2011.

CENTRAL DIRECTORS

Mrs Silifat AKINWALE
Director, Internal Audit

Mrs AKINWALE is a highly experienced professional with over 30 years of diversified experience in audit, accounting, finance and administration. Her professional experience started with Deloitte, where she worked for 12 years providing assurance and advisory services to both private and public sector organisations.

She joined Africa Re in August 2003 as Senior Accountant. Within her first year, she developed the first accounting manual for the Corporation. She was promoted to the position of Assistant Director, Financial Reporting in January 2006. In that capacity, she led the Corporation's first-time adoption of International Financial Reporting Standards (IFRS) and played a key role in developing the Group's accounting policies and guidelines on financial reporting. She has served in this position at the Head Office and two of the regional offices in Nairobi, Kenya and Cairo Egypt. During her experience at the regional offices, Mrs. AKINWALE also had overall responsibility for the financial reporting, budgetary control and administrative functions.

Mrs. AKINWALE was appointed the Director of Internal Audit in September 2022.

Mrs. AKINWALE holds a Bachelor of Science (Hons.) degree in Sociology and Anthropology from Obafemi Awolowo University and a Postgraduate degree in International Business Management from the University of London. She is a Chartered Accountant, a fellow of the Institute of Chartered Accountants of Nigeria and a member of the Association of International Certified Professional Accountants.

Ms Yvonne PALM
Director, Risk Management and Compliance

Ms Yvonne PALM joined Africa Re as Director of Risk Management and Compliance on 27 November 2019.

Prior to joining Africa Re, she served as the Lead Corporate Actuary at Travelers Syndicate Management in London, overseeing reserving, technical provisions, business planning and reporting of results to regulators and management.

She started her career at Ernst & Young in the USA, serving as the lead actuarial analyst for multinational clients including (re)insurers, captives and entities that self-insure their exposure. She went on to hold senior actuarial positions at Markel International and ACE European Group in London (UK). Her experience spans the United States, Europe and Latin America, as well as exposure to African, Middle Eastern and Australasian business through the Lloyd's platform.

Yvonne is a Fellow of both the Casualty Actuarial Society (USA) and the Institute and Faculty of Actuaries (UK). She holds a Bachelor of Arts degree from Grinnell College in the USA, where she graduated Phi Beta Kappa with Honours in both Mathematics and Economics.

Mr Chris SAIGBE
Director, Life Operations

Mr Chris SAIGBE worked as a life insurance specialist in Nigeria for several years before moving to the African Reinsurance Corporation in January 2009. His experience in life insurance and reinsurance management spans over twenty-eight years. He holds a Bachelor of Science in Economics from Obafemi Awolowo University and a Master's degree in Economics from the University of Lagos both in Nigeria. Mr SAIGBE obtained a Master of Business Administration from Moi University in Nairobi, Kenya. He is an Associate member of the Chartered Insurance Institute of Nigeria and a Certified Personal Financial Planner. His wealth of experience in direct life assurance operations and reinsurance comes in handy in leading the life team to fashion appropriate life reinsurance treaties and manage the reinsurance expectations of clients.

Annual Report & Accounts 2022
Central Directors
Africa Re

Dr Phocas NYANDWI
Director, Central Operations and Special Risks

Dr Phocas Nyandwi has over 25 years of experience in the Insurance and Reinsurance Industry. He started his career in direct insurance in Burundi, where he worked for over 10 years in various managerial positions in non-life and life. In 2008, he joined Kenya Reinsurance Corporation (Kenya Re) as a non-life underwriter in charge of francophone markets. He joined Africa Re in 2010 in the Nairobi Regional Office where he worked for 9 years. Before being appointed to the current position, at the Head Office in Lagos, he was Assistant Director Underwriting and Marketing in the Nairobi Regional Office.

He holds a Doctorate in Business Administration (DBA) from the United States International University – Africa (USIU-A) and a Postgraduate Diploma in Insurance from the African Insurance Institute of Tunisia (IAA). He is a Certified Expert in Micro-insurance (Frankfurt School of Finance and Management) and was an active member of the technical committee of the Association of Kenyan Reinsurers (AKR) from 2011 to 2019.

Dr Phocas NYANDWI was appointed Director of Central Operations and Special Risks in the Head Office from 1 August 2019.

Mr Moussa BAKAYOKO
Director, Finance and Accounts

Mr Moussa BAKAYOKO was appointed Director of Finance and Accounts on 7 September 2022.

Prior to this position, he was Director of Internal Audit from October 2020 to September 2022; Assistant Director, Finance and Administration in the Regional Office of Africa Re in Mauritius from 2014 to 2020. Mr BAKAYOKO joined Africa Re in 2006 as financial controller. He later on held the positions of Group Acting Director, Finance & Accounts, and Assistant Director, Finance and Administration for the Lagos Regional office.

Mr BAKAYOKO started his career in Uniconseil (an audit firm) in 1988 and later moved to Protection Ivoirienne, an insurance company, where he was the Chief Accountant for five years, before joining Chronopost International Côte d'Ivoire in 1999 as Administrative and Financial Director.

He has acquired more than 30 years of experience in finance, audit and administration in the insurance and reinsurance sectors.

Mr BAKAYOKO holds a Bachelor's degree in economics and a Masters' degree in accounting and finance (MSTCF/DECF). He also has a postgraduate diploma (DEA) in finance. The three certificates were awarded by the University of Abidjan. He has attended various training courses in finance and accounting.

Mr. BAKAYOKO was the Best Employee of the African Reinsurance Corporation in 2014.

Mr Guy B. FOKOU

Director, Human Resources

Acting Director, Administration and General Services

Mr Guy B. FOKOU joined Africa Re in 2014 as Assistant Director, Human Resources & Administration and rose to the position of Deputy Director, Human Resources & Administration in 2018 before his appointment in June 2019 as Director of Human Resources.

Prior to joining Africa Re, Mr FOKOU was Director of Human Resources & Administration/Company Secretary at Total Energies, Cameroon where he was in charge of Human Resources, Legal & Insurance matters as well as General Services.

He started his career as HR Management Trainee at SAGA, Cameroon (now Bolloré Africa Logistics). He also worked as HR & Legal Manager at Multiprint Sérigraphie (a leading printing and communication Group of Companies in Cameroon) where he rose to the position of Group Director of Human Resources.

Mr FOKOU has also served as Assistant Director of Human Resources at Ecobank Cameroon; Regional Human Resource & Organizational Development Advisor in the Central and West Africa Regional Office of SOS Children's Villages (Yaounde-Cameroon) covering 13 countries in West and Central Africa and; Director of Human Resources at Activa Group (Insurance).

He holds a Master's degree in Business Law from the University of Douala, Cameroon; a Professional Master's Degree in Human Resource Management from ESSEC Business School of Douala and a Master's in Business Administration (MBA) from the African Leadership University (ALU) School of Business, Kigali, Rwanda.

Mr Adil ESSOUKKANI

Director, Information and Communication Technology

Mr Adil ESSOUKKANI has a Bachelor's degree in Computer Science and a Master's degree in Programme Management from ESC Lille, France. He has more than 15 years of experience in the insurance industry.

Prior to joining Africa Re, Mr ESSOUKKANI was Chief Information Officer of Saham Angola Seguros (2017-2019).

Mr Adil ESSOUKKANI has equally worked as Project Director at Saham Finances, Director of the software factory of SAHAM Finance Group, Head of IT in a leasing company (WAFABAIL), Project Manager and business analyst at AXA insurance Morocco.

He started his professional career in 1999 as an engineer in software development.

Mr ESSOUKKANI joined Africa Re in September 2019 as Director of Information and Communication Technology.

REGIONAL DIRECTORS, MANAGING DIRECTORS OF SUBSIDIARIES AND LOCAL REPRESENTATIVE

Mrs Temitope AKINOWA

Regional Director, Lagos Office

Mrs. Temitope AKINOWA is an experienced oil and gas insurance specialist. She is a graduate of Insurance from The Polytechnic, Ibadan and holds a Master's degree in Business Administration from Abubakar Tafawa Balewa University, Bauchi. She is an Associate of the Chartered Insurance Institute of Nigeria.

She started her career in insurance with a brief stint in Lasaco Assurance Company, and then moved to Cornerstone Insurance Plc where she worked from 2000 to 2008 and rose to the position of Head of the Oil and Gas Unit of the company.

Mrs Temitope AKINOWA joined Africa Re as Assistant Underwriter in 2008 and rose through the ranks to become Assistant Director, Underwriting and Marketing in 2018. She was appointed as the Regional Director for the Lagos Office in April 2020.

She has over 22 years of experience in Insurance and Reinsurance and has attended many foreign and local seminars as well as presented insurance papers locally and internationally.

Mr Mohamed Larbi NALI

Regional Director, Casablanca Office

Mr Mohamed Larbi NALI joined Africa Re in July 2016. He started his career in 1993 as Director of the Life Department in Société Centrale de Réassurance (SCR). Between 1997 and 2012, he successively held many positions namely, Director of the Actuarial Department, Deputy Director in charge of Marketing and Operations. In 2012, he was appointed Managing Director of Société Centrale de Réassurance (SCR).

He is the founder of the Moroccan Association of Actuaries and was its Chairman from 2010 to 2013. Mr NALI was also the Chairman of the African Centre for Catastrophe Risks (ACCR), Vice- Chairman of the African Insurance Organisation (AIO) and Vice-Chairman of the General Arab Insurance Federation (GAIF).

He holds a Postgraduate degree in Mathematics from the Catholic University of Louvain in Belgium and a Maîtrise in Actuarial Science from the Business School of the Catholic University of Louvain.

Mr Gamal Mohamed SAKR

Regional Director, Cairo Office

Mr Gamal Mohamed SAKR joined Africa Re in July 2020 as Deputy Regional Director of the Cairo Regional Office and was promoted to the position of Regional Director in January 2021.

He started his career in 1992 in banking. He moved to insurance in 1993 and worked as Reinsurance Officer in Pharaonic Insurance. In 1999, Mr SAKR became the Head of the Reinsurance Department. He joined GIG Egypt as Reinsurance Manager in 2000 and AIG Egypt in 2002 as Property Manager. In 2007, he was recruited by Allianz Egypt as head of general insurance.

In 2013 he moved to Saudi Arabia to Rajhi Takaful, the 3rd largest insurer of the country, as Head of General Takaful. Mr SAKR returned to Egypt in 2017 and joined Misr Insurance, the largest insurer in the country, as Executive Deputy Chairman (Board Member) for Insurance & Reinsurance.

Mr SAKR holds a Bachelor's degree in Accounting from the University of Ain Shams, Cairo. He is an Associate of the Chartered Insurance Institute of London (ACII).

Mr Olivier N'GUESSAN-AMON

Regional Director, Abidjan Office

After spending seven years as head of production in life and non-life insurance companies in Côte d'Ivoire, Mr Olivier N'GUESSAN became Director of SCOR Office for French-speaking West and Central Africa. He served as Managing Director of Compagnie Nationale d'Assurance for three years before joining Africa Re in 2005 as Senior Underwriter. He was Deputy Regional Director from January 2008 to March 2011 when he was promoted to the position of Regional Director of the Abidjan Office.

Mr N'GUESSAN holds a Master's in Business Economics from Université Nationale de Côte d'Ivoire- Abidjan Cocody and a Postgraduate diploma in Insurance from the International Insurance Institute of Yaounde, Cameroon.

Mr Ephraim Kiiza BICHETERO

Regional Director, Nairobi Office

Mr Ephraim Kiiza BICHETERO started his career in 1994 as Underwriter trainee in Pan World Insurance Uganda and rose to become head of the reinsurance department. In 1998, he joined Goldstar Insurance Uganda as head of underwriting, claims and reinsurance and eventually became Assistant General Manager. In 2002, he was recruited as Head of Technical Operations in charge of underwriting, reinsurance and claims in the then United Assurance Ltd (now UAP Old Mutual General Insurance Uganda Ltd).

Mr BICHETERO joined Africa Re as Underwriter in June 2004 at the Nairobi Regional Office. He subsequently rose through the ranks to become Assistant Director Technical Operations and Deputy Regional Director. In July 2017, he was appointed Interim Regional Director and in January 2018, he became the Regional Director of the Nairobi Regional Office.

Mr BICHETERO holds a Bachelor of Arts from Makerere University, Kampala, Uganda and an Executive MBA degree from the United States International University, Nairobi, Kenya. He is also a holder of an Associate Diploma from the Chartered Insurance Institute, London (ACII).

Mr BICHETERO has been on the Board of Directors and/or Board Committees of international organizations including the African Trade Insurance Agency, Shelter Afrique, Organisation of East and Southern Africa Insurers, and Insurance Training and Education Trust, Kenya. He has also served as a member of many insurance and reinsurance technical committees in the Ugandan and Kenyan insurance industry.

Mr Vincent MURIGANDE

Regional Director, Mauritius Office

Mr Vincent MURIGANDE joined Africa Re in January 2012 as Senior Manager Underwriting and Marketing in the Abidjan Regional Office. In September 2018, he was appointed Assistant Director Underwriting and Marketing and was promoted to the position of Regional Director, Mauritius Office in April 2020.

Before joining Africa Re, Mr MURIGANDE was Managing Director of Jubilee Insurance Burundi. He started his insurance career in 1996 in SONARWA, Rwanda, where he worked in different capacities up to the position of Technical Director from 2005 to 2010.

Mr MURIGANDE holds an Executive MBA from British Institute of Management and Technology, Abidjan Campus; a Bachelor's degree in Insurance from the National Insurance School of Paris (ENASS Paris) and a Postgraduate Diploma in Insurance from the African Insurance Institute of Tunisia (IAA).

He has served as a member of many insurance technical committees in Rwanda and in member countries of the Common Market for Eastern and Southern Africa (COMESA).

Mr Andy TENNICK

Managing Director, African Reinsurance Corporation South Africa (ARCSA) subsidiary

After graduating from university in 1986, Mr TENNICK joined Swiss Re in Johannesburg as a graduate trainee. During a 14-year career, he worked in various capacities culminating in management of the underwriting and subsequently the client management functions.

He then joined the Imperial Holdings Group in Johannesburg and set up Imperial Reinsurance before moving to the Group's insurance business, Regent Insurance, as an executive director with various responsibilities including underwriting, reinsurance and risk management. He was joint CEO of the Regent Insurance Group at the time he left the Group.

Mr TENNICK holds a Bachelor of Commerce degree from the University of Cape Town.

He became Managing Director of African Reinsurance Corporation South Africa in April 2018.

Mr Yousif El Lazim GAMMA

Managing Director, Africa Retakaful

Mr Yousif El Lazim GAMMA was appointed Managing Director of Africa Retakaful, and Africa Re Local Representative in Sudan, in January 2021.

Prior to this appointment Mr GAMMA was the Acting Regional Director of the Cairo Regional Office (North East Africa and Middle East) since May 2020; he was also Assistant Director, Technical Operations, in the same office. Mr GAMMA joined Africa Re in July 2009 as Senior Underwriter in the Cairo Regional Office.

He started his career in 1991 as underwriter in the National Reinsurance Company (Sudan) where he worked for Seven years in the Non-Marine Department. In 1998, he joined Greater Nile Petroleum Operating Company (GNPOC) as Head of Risk and Insurance Unit. In 2005, he was recruited by Savanna Insurance Company as General Manager in charge of all executive operations.

Mr GAMMA holds a Bachelor's degree in Economics (Honours) from the University of Khartoum, an MBA from the School of Business Administration (University of Khartoum) and an MBA from the German University of Cairo (GUC).He is an Associate of the Chartered Insurance Institute of London (ACII).

Mr. GAMMA has attended many seminars, workshops and conferences.

Mr Debela HABTAMU

Local Representative, Addis Ababa Local Office

Mr Debela HABTAMU started his career with the Ethiopian Insurance Corporation in 1997. He worked in different capacities and rose to the position of Executive Officer for insurance operations in various insurance companies in Ethiopia. Mr Debela HABTAMU holds a Diploma in Accounting, BA in Business Administration and Executive MBA.

He became the Local Representative of the Addis Ababa Local Office in April 2018.

Mr Mohamed Saad ZAGHLOUL

Senior Executive Officer, Africa Re Underwriting Management Agency Ltd (Dubai Office)

Mr Mohamed Saad ZAGHLOUL was appointed Senior Executive Officer of the Africa Re Underwriting Management Agency Ltd (Dubai Office) in July 2020. He joined Africa Re in October 2018 as Assistant Director, Underwriting and Marketing in the Cairo Regional Office.

Mr ZAGHLOUL started his career in 2000 in the Egyptian Reinsurance Company (Egypt Re) as underwriter responsible for the treaty and facultative business of the Gulf Region. He later moved to Tawuniya Cooperative Insurance Co. in the Kingdom of Saudi Arabia. Later on, he played a vital role in the setting up, formation and management of two key regional reinsurers in the Gulf Region: Al Fajer Retakaful Co. (Kuwait), and Emirates Retakaful Co. (United Arab Emirates).

Mr ZAGHLOUL is a fellow (FCII) of the Chartered Insurance Institute of London and has more than 20 years of experience in both conventional and Takaful professional reinsurance across the Arab region.

Dr Mohamed Ahmed MAAIT
Chairman

Chairman's Statement

I am pleased to present to you the 45th Annual Report of the Board of Directors of the African Reinsurance Corporation ("Africa Re" or the "Corporation") including the 2022 financial statements. This report also includes a brief review of the Corporation's operating environment, the external auditor's report to the shareholders as well as reports on capital management, human resource management, enterprise risk management, corporate governance, compliance and corporate social responsibility.

Operating Environment

In 2022, normalcy was restored to Board activities following the movement restrictions placed across the world in response to the Covid-19 pandemic. The Board has transitioned to a hybrid meeting for its statutory meetings including the Annual Meeting of the General Assembly. There were also virtual meetings based on a case-by-case analysis of the political environment in host countries.

On the economic front, the global economy was estimated to have grown in 2022 by 3.4% (2021: 6.3%) as estimated by the International Monetary Fund (IMF). This is a decline from earlier projections and the growth recorded in 2021. This was largely driven by the resurgence of Covid-19 in some jurisdictions and the inflationary pressure from the fiscal and monetary policy interventions at the height of the pandemic. This was further compounded by the geopolitical tension of the Russia-Ukraine war leading to food and energy crisis in addition to the disruption of the global supply chains around the world. The high inflation environment led to reserve banks and governments' aggressive monetary policy tightening and limited fiscal policy and these raised concerns of a recession under pessimistic scenarios. It is now estimated that the global economy will grow at a much slower pace in 2023 based on these shocks.

Corporate Financial Performance

The Corporation recorded a strong growth of the premium income, a stable claims experience and a strong underwriting performance that was offset by the lower-than-expected return on investment, despite a stable dividend and interest income, that is consistent with the performance of the industry which suffered unprecedented unrealized investment losses. The investment income performance was driven by the high inflationary pressure including the fiscal, monetary and structural policy interventions of central governments. The pressure on our operating currencies also continued in 2022 resulting in significant foreign exchange losses from the translation of operations and asset values in original currencies to the US Dollar, our reporting currency.

In 2022, the Corporation posted a net profit of US$ 23.73 million compared with US$ 38.82 million achieved in 2021. The first main driver of the lower net profit is the negative impact of currency devaluation and depreciation on financial statements. Indeed, most of our transactions and monetary assets are recorded and/or held in some African currencies but are reported the US Dollar which continued to strengthen against all other currencies. The second main driver of the lower net profit is the reported capital losses from the investment assets, bonds and equities reported at fair value. Indeed, investment assets values declined significantly in 2022 after the interest rates increased. However, most of these losses are unrealized and it is expected there will be a turnaround in the short to medium term.

With a gross written premium of US$ 951.79 million translating into a growth of 12.59% compared with the US$ 845.35 million posted in 2021, an excellent topline performance was recorded in 2022. At constant exchange rates throughout 2022, a growth of 19.62% would have been achieved and the topline would have been equivalent to US$ 1.01 billion. The growth was due to the hardening of prices across all business lines of the reinsurance market.

Our retrocession strategy remained consistent and targeted at protection against natural catastrophes and large losses from lines of business with high volatility. The net retention recorded in 2022 is 81.68% (2021: 78.83%) that aligns with the 5-year average of 81.51%.

Given the strong underwriting result of US$ 41.00 million (2021: US$ 34.56 million) representing a growth of 18.63%, the Corporation recorded a net combined ratio of 94.45% compared with 94.82% achieved in 2021. While there was a spike in our natural catastrophe loss ratio impacting our net incurred loss ratio, the slightly lower net acquisition costs and management expenses, coupled with increased net earned premiums, were able to offset the negative impact to record an improvement in the net combined ratio. The overall underwriting performance aligns with the objectives outlined in our scenario-based projections defined in the 2022-2025 strategic plan.

The Corporation also posted a total investment income of US$ 13.12 million compared with US$ 54.14 million recorded in 2021. The driver of this decline of 75.76% was the capital losses on investment portfolio of US$ 30.29 million reported in 2022 while a capital gain of US$ 8.49 million was reported in the previous year.

Also, the total effect of foreign exchange rate fluctuations in functional and reporting currencies recorded was a loss of US$ 29.85 million, that is a lower amount but a consistent trend with the US$ 47.78 million losses of 2021. This loss due to exchange rate fluctuations in the translation of operating transactions and assets has been recorded in the profit and loss account and contributed to the reduction of the net profit of the year.

Above currency loss comes in addition to the exchange loss on translating foreign operations of US$ 10.57 million recorded in the statement of comprehensive income/loss statement, which further led to the comprehensive loss of US$ 7.61 million, an improvement from last year's loss of US$ 30.51 million. Therefore, the total comprehensive income for the year 2022 improved to US$ 16.13 million from US$ 8.32 million recorded in 2021.

Corporate Governance, Risk Management and Social Responsibility

In 2022, the Board of Directors held five plenary board meetings in February (Strategy), May (Previous Year's Financial Statements and Performance), July (Annual General Meeting), October (Policy Review) and December (Next Year's Budget), including various meetings of its five standing committees (Human Resource and Remuneration, Nominations & Governance, Audit, Risk Management, Underwriting & IT Governance; and Finance & Investments) and ad-hoc committees (Strategy Review and Statutory Documents Review).

The year began with the Board approving the 7th Strategic Plan for the 2022-2025 horizon including the recommended strategic initiatives, scenario-based financial projections and all underlying assumptions to strengthen the agility of the strategic plan to macroeconomic shocks after the challenging impact of the Covid-19 pandemic on our operating environment.

The Corporation now has a composite reinsurance license for its subsidiary in South Africa and this allows us to underwrite life reinsurance business in the biggest market in Africa. A formal launch event was conducted in November 2022 and we are now fully operational for the 2023 financial year. This is a growth opportunity to complement the regrowth strategy following our turnaround strategy after a difficult underwriting experience in the market due to increased natural, man-made and pandemic catastrophe events.

To strengthen its corporate governance, some articles and provisions of our statutory documents have been recommended for review. The proposed amendments have been submitted to the shareholders for comments in line with our statutes. The final version has been presented to this June 2023 Annual Meeting of the General Assembly for consideration. The objective of the review is to update the governance procedures for better clarity and alignment with current realities including virtual and hybrid meeting formats. This review also helps to reflect recent resolutions of the General Assembly and update relevant provisions as well as create

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Chairman's Statement

better synergy and consistency across all statutory documents.

The Corporation has existing policies, procedures and guidelines to handle some sustainability initiatives, through its commitment to ESG (environmental, social and governance) positive impact, using underwriting guidelines, investment activities, compliance checks, due diligence, stakeholder agreements, procurement processes, governance practices, ethics and values monitoring, corporate social responsibility, risk culture and grievance mechanisms. However, it is now imperative that these initiatives be enhanced, codified and aligned with international best practice, especially given the increasing focus on sustainability issues driven by ESG considerations, together with their material impact on long-term financial performance. There is an ongoing project to consolidate all existing and potential sustainability commitments under a framework that is easily monitored, refined and reported using a well-defined policy for relevant disclosures.

In alignment with international best practices in talent management, the Corporation has adopted an Employee Shares Ownership Plan based on a resolution adopted at the 44th Annual Meeting of the General Assembly of June 2022. The scheme creates an alignment between the long-term interests of management, staff and shareholders. This helps to create a market competitive long-term incentive framework and motivation management tool as part of the remuneration policy of the Corporation which combines short-term, long-term, fixed, variable and performance-based elements. The implementation process is ongoing.

Following the adoption of the 7th Strategic Plan, the Corporation's risk appetite framework was reviewed. The framework defines the overall risk preferences and established actions to be taken when risk tolerance levels are breached. It articulates the level of risks the Corporation is willing to take to achieve its strategic objectives. It focuses on supporting African economic development by providing the necessary reinsurance capacity, driving innovation initiatives and prudent investment practices to sustain market leadership by striking a balance between growth and profitability while maintaining its excellent capital strength in extreme conditions. The Corporation also conducted stress and scenario tests and continued to explore the sensitivity to top risks and market conditions.

With regard to good corporate citizenship and social responsibility, the Africa Re Foundation continued its intervention across several initiatives. The disbursement of the pledged US$ 3.32 million Covid-19 intervention fund is in progress as the African Union (Africa CDC), 3 host countries and 13 insurance associations have so far benefited from above initiative. Also, the Young Insurance Professionals Programme continued with another enrolment of 1,000 participants and the 7th Edition of the African Insurance Awards was also held alongside the 48th African Insurance Organisation (AIO) conference in Nairobi (Kenya) which commemorated the 50th Anniversary of that organization in which the Corporation plays a major leadership and catalyst role.

Outlook for 2023

Despite the uncertainties in the macroeconomic environment around the world, the Corporation is geared for profitable growth in 2023.

The January renewals were largely successful as most treaties, which represent about 80% of our portfolio, were either renewed at the same share or increased shares. Some of the persistently poorly performing accounts were also cancelled or shares reduced in line with our risk appetite.

There is also a positive pricing momentum and continuous strengthening of terms and conditions in the reinsurance market, especially in the poorly performing classes of business across some geographies. All these are signs of a hard market which industry analysts have forecasted for a long time. The hardening of the market was driven by exogenous factors including high inflationary pressures, rising interest rates, unprecedented level of unrealized investment losses, strengthening of the US dollar, shareholders' equity depletion, high-impact extreme weather events and worsening geopolitical tensions around the world.

The retrocession market was also characterized by hard market conditions including steep premium rates and shortage of available capacity for risk transfer. At the end of the renewal season, the Corporation was able to secure adequate placements for all existing and new retrocession programmes. This is a testament of our prudent underwriting approach as confirmed by our maintained financial strength and credit ratings from AM Best at A / Stable and Standard & Poor's at A - / Stable.

Tough macroeconomic conditions continue to put pressure on the bond and equity markets as a sudden change in monetary policy in response to the surging inflation created significant volatility. While a slowdown is expected towards the end of 2023 as inflation seems to have reached its peak in most economies, there are still volatilities expected in these investment asset classes subject to no significant escalation of the war in Ukraine and a cap to the interest rates increase around the world. However, the new high-interest-rates environment favours cash instruments and this is expected to continue at the reinvestment of maturing term deposits and other short-term investments.

In Africa, there is a growing sovereign debt concern as governments have limited options to finance the budget due to high levels of indebtedness and high cost of borrowing. This is necessitated calls for austerity programmes by multilateral financial institutions. There is also increasing threat of a possible further devaluation of African currencies with the Egyptian Pound, Kenyan Shillings, Mauritian Rupees and South African Rand, which are some of our major currencies, also showing negative performance as of 31 March 2023.

The total effect of the foreign exchange rate depreciation and volatility has been a critical risk component of our net profit in recent times and we will continue to monitor the effect of the operating environment on it. Unfortunately, in recent years, especially the Covid-19 pandemic outbreak, all our major original transactional currencies have been trading all together poorly against the US Dollar, our reporting currency, without exception. There are also ongoing flashpoints of political unrest and wars in parts of Africa with the recent war in Sudan and volatile socio-political situation in other countries.

Amidst these difficult market conditions, the Board and Management will continue with disciplined underwriting and prudent investment philosophy by leveraging our strong capitalisation and exceptional liquidity position to deliver value to the shareholders.

The resilience of the Corporation through similar cycles in the past strengthens our conviction of a bright future and hence we have maintained the dividend per share for 2022 at US$ 8.80 per share. This is consistent with the dividend distribution policy in force and the dividend payments of 2019, 2020 and 2021.

Final Note

On behalf of the Board of Directors, I would like to say "thank you" to all the women and men who contributed to the strong performance achieved in 2022 in a very challenging and volatile environment. Africa Re staff in all our locations, led by Dr Corneille KAREKEZI, the Group Managing Director and Chief Executive Officer, continued to successfully implement the corporate strategy and achieve strong performance, even with significant foreign exchange and capital losses.

My gratitude goes to my fellow Board Directors. Their trust, dedication, hard work and commitment are commendable.

My thanks are also directed to the Corporation's Shareholders for their continued support. This reassures me that I can count on the above synergies and strengths during the coming unprecedented and difficult times the world is about to face as per many analysts.

More importantly, our thanks are addressed to all ceding insurance companies, brokers and business partners, without whom our corporation cannot survive and thrive as it does.

We remain committed to the mission of Africa Re as strategic partners including to promote the growth of national, regional and sub-regional risk underwriting and retention capacities in Africa, as well as the development of African economies and sustainable communities.

Thank you.

Dr Mohamed Ahmed MAAIT
Chairman

Dr Corneille KAREKEZI
Group Managing Director /
Chief Executive Officer

MANAGEMENT REPORT

I. ECONOMIC & TRADE ENVIRONMENT IN 2022

Global Economy: Fragile and Uncertain Recovery

The year 2022 witnessed multiple crisis leading to significant shocks, especially the resurgence of Covid-19 pandemic, the Russian invasion of Ukraine and the consequent food and energy crisis, the surging inflationary pressure, the rising debt sustainability concerns and the growing climate emergency. In response to high inflation, most economies have adopted aggressive and unfavourable but necessary monetary policy tightening measures by successive interest rate hikes to tame the rising inflation in a bid to avoid an economic recession.

According to the IMF in its recent World Economic Outlook of April 2023, the global economy was estimated to have grown by 3.4% in 2022. This was better than the forecasts of 2.9% in January 2023 and 3.2% in October 2022. However, this was much lower than the projection of 4.4% made in January 2022 as the global economy was expected to gradually return to normalcy. The economic growth rates recorded across major economies were much lower than the previous year with United States, China and the Euro Area estimated to have grown by 2.1% (2021: 2.1%), 3.0% (2021: 8.5%) and 3.5% (2021: 5.4%) respectively.

African Economy: Slowdown Amid Debt Sustainability Concerns

The continent is not insulated from happenings in the global economy. The slowdown in African economies was driven by domestic and external shocks from numerous interrelated factors including the lingering Covid-19 pandemic, growing impact of climate change, rising geopolitical tensions and increasing incidents of insecurity. These confluences of factors have led to substantial volatility in financial markets, fueled inflationary pressures, increased the cost of capital, heightened the risk of debt distress, weakened currencies against the US Dollar, disrupted global supply chains and softened demand in major export markets.

With these challenges, most African economies continued to recover from the lows of the pandemic although the growth was not strong enough to return to pre-pandemic levels. According to Africa's Macroeconomic and Performance Outlook published by the African Development Bank, there was a positive economic growth projected across all the five regions. Central Africa grew by 4.7% (2021: 3.6%) bolstered by commodity prices. Southern Africa decelerated to about 2.5% (2021: 4.3%) reflecting the subdued growth in South Africa as higher interest rates, weak domestic demand and persistent power outages weighed on the economy. West Africa is also estimated to have grown by 3.6% (2021: 4.4%) reflecting the deceleration in Côte d'Ivoire and Nigeria. North Africa declined to 4.3% (2021: 5.4%) due to the sharp contraction in Libya and drought in Morocco. East Africa also experienced a slowdown to 4.2% (2021: 5.1%) due to rising inflation and climate shocks across the region.

The strengthening of the US Dollar and tighter global financial conditions continue to put pressure on African currencies. The Nigerian Naira, South African Rand, West Africa CFA Franc, Egyptian Pound, Ethiopian Birr, Ghana Cedis, Moroccan Dirham, Kenyan Shillings and Sudanese Pound depreciated by 8.28%, 6.38%, 6.08%, 36.54%, 7.61%, 40.58%, 11.38%, 8.31% and 22.73% respectively compared with the closing exchange rates of 31 December 2021. Analysts estimate that further devaluation of some African currencies may be required to drive stronger economic growth and recovery, and some of African countries will need at point in time the assistance of the International Monetary Fund (IMF) to stabilize their currencies.

Financial Markets: High Inflation, Monetary Policy Actions and some Sovereign Default

The global financial market experienced its worst year since the 2008 financial crisis with the major driver of fiscal and monetary policy actions being the rising of interest rates to curb inflationary pressure. It can be argued that government spending at the height of the pandemic is one of the key contributors to the situation. In response to the high inflation, most central banks deployed aggressive rate hikes to keep prices from spiraling out of control. These actions negatively impacted the bond market and significantly contributed to the collapse of the equity market. 2022 was a peculiar year in which both the bonds and equities market recorded a significant negative performance simultaneously, the first of its kind in over 50 years.

In addition, the geopolitical tensions and volatile economic prospects also affected investor sentiments throughout the year although there were signs of easing in the fourth quarter. The price performance recorded for all major investment indices was negative on most of the major global stock exchanges: S&P 500 (-18.1%), TOPIX (-14.2%), DJ Euro Stoxx 50 (-14.9%), MSCI Emerging Market (-19.7%) and MSCI World (-18.0%). The African exchanges of Nigeria (Nigeria Stock Exchange All Share Index), Kenya (Nairobi Stock Exchange All Share Index) and South Africa (FTSE/JSE All Share Index) recorded a return of +20.0%, -23.4% and -0.9% respectively.

Globally, the bond markets also posted negative returns consequent to the fast-rising interest rate environment with the 2-year, 10-year and 30-year US treasuries posting a return of -4.2%, -16.3% and -33.4% respectively.

In Africa, similar negative returns were recorded in many bond markets but the highlight would have been certainly the suspension of payments on most of its external debt by Ghana late in December 2022, effectively defaulting as the country struggles to fix its huge balance of payments deficit. Ghanaian finance ministry said it will not service debts including its Eurobonds, commercial loans and most bilateral loans, the sovereign bond default leading to significant impairment of almost 30% for the bondholders who include individuals and financial institutions.

While the aggressive rate hikes had a negative impact on bonds and equities, there was an improvement in the return of cash instruments. This positive trend is expected to continue into 2023 as maturing instruments that are due for reinvestment will record better returns.

Reinsurance Industry: Positive Pricing Momentum and Rising Natural Catastrophes

The global reinsurance industry recorded a strong growth in premium income and a stable net underwriting performance, thanks to an impressive market rate hardening which was much awaited after consecutive years of poor profitability. The increase in market rates varied from one entity to another based on portfolio mix across lines of business and geographies.

Most rating agencies maintained their outlook as in the previous year with Fitch, Moody's and AM Best projecting a stable outlook and Standard & Poor's maintaining the negative outlook due to the industry not being able to attain its cost of capital. In general, the tailwinds in the industry are driven by the positive pricing momentum, strong industry capitalisation, increasing reinsurance demand and improving enterprise risk management practices. On the other hand, there are headwinds driven by rising natural catastrophes, significantly high inflationary pressures on claims cost and depressed financial markets.

According to the 2022 Aon Reinsurance Aggregate (ARA) report, an index used as a proxy for the global reinsurance sector, the reinsurance industry recorded a growth of 9% in gross written premium for the P&C segment with a net combined ratio of 96.2% (2021: 96.3%). The total investment returns fell by 61% and total shareholders' equity also fell by a significant 21%. This negative investment performance included the mark-to-market losses on the bond portfolio which are temporary in nature and largely non-economic as the bonds near maturity except in the case of a sovereign default.

The increasing impact of natural catastrophes contributed 7.2% of the net combined ratio reported by companies in above ARA industry index. This reflects the rise in the largely unmodelled secondary perils in the portfolio of reinsurers. There is a concerted effort among industry players to review exposures and model these growing risk as this is putting significant pressure on reinsurers in the retrocession market. Hurricane Ian was estimated as the largest insured loss of 2022 at US$ 55 billion. There were also other severe incidents around the world including severe floods in South Africa and Nigeria translating to significant economic losses.

Except in South Africa, most of the African economies have low insurance penetration rate and economic losses do not translate to insured losses especially in the rural communities. In these instances, the people rely on the

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benevolence of government to recover from such losses. It is imperative that an insurance-linked solution based on a public-private partnership be explored to support economies in these challenging times. The recent COP27 also had key takeaways for governments and the private sector to consider as climate-related concerns are on the rise. While Africa emits little green-house gas, it is the most exposed to its consequences if nothing is done quickly.

Africa Re in 2022: Strong Underwriting Performance despite Macroeconomic Uncertainties.

The Corporation recorded a growth of 12.59% in gross written premium to achieve US$ 951.79 million in 2022 (2021: US$ 845.35 million). This growth in the reporting currency (US Dollar) was achieved is commendable in view of the weighted average depreciation of the currencies in our portfolio by 8.23% in 2022, with over 80% of businesses being written in local currencies across Africa, Brazil and parts of Asia as well as Middle East. All but one of our business locations recorded growth. Only the subsidiary in South Africa remained flat in line with the turnaround strategy for the portfolio focusing on underwriting profitability. Given a hypothetical scenario of constant exchange rates during 2022 against the US Dollar, the Corporation would have achieved a milestone gross written premium of US$ 1.01 billion translating to a growth of 19.62%.

Our net underwriting result improved from US$ 34.56 million to US$ 41.00 million in 2022. This growth of 18.63% is a testament to our strong underwriting discipline supported by adequate retrocession protection for natural catastrophe exposures and large risks.

2022 was another year in which the Corporation recorded another significant natural catastrophe exposure in South Africa, the Kwa-Zulu Natal (KZN) floods, arguably the costlier in the history of that country. In April 2022, the KZN coastal zone area received more than 300mm of rain in about 24 hours. This led to calamitous flooding that killed about 459 people and many more missing. The cost of infrastructure and business losses amount to an estimated US$ 2 billion with our gross exposure estimated at US$ 32.68 million. There is an increasing threat of secondary perils around the world and the Corporation has deployed resources to reduce the volatility in the portfolio.

In the period under review, the Corporation achieved a net combined ratio of 94.45% (2021: 94.82%), an excellent performance compared to industry benchmarks compiled by leading global and regional reinsurance brokers. Global reinsurance industry (ARA index) achieved a net combined ratio of 96.20% (2021: 96.30%). Over the last 5 years, the Corporation recorded an average net combined ratio of 96.04% compared to the ARA index companies: 99.00%.

On Covid-19 related claims, the net exposure stands at US$ 20.98 million (2021: US$ 24.14 million). All our retrocessionnaires are committed to paying their share of the Covid-19 losses on demand.

The Corporation's investment and other income declined from US$ 54.14 million to US$ 13.12 million in 2022 with the investment income component posting an average investment return of 0.77% (2021: 3.56%). While the dividend and interest income remained relatively stable, there were significant decline in the Corporation's investment assets value (unrealized investment losses or capital losses) of US$ 30.29 million compared with the increase in assets value (unrealized investment gains or capital gains) of US$ 8.49 million recorded in 2021. Due to the aggressive interest rate hikes, the bond portfolio recorded mark-to-market losses of US$ 11.60 million that are expected to be reversed in the short term. The equity portfolio also posted unrealized losses of US$ 18.69 million. This situation has offered attractive opportunities in terms of valuation entry points for bond and equity value investors and decent interest income for cash and bond investors. The average investment return across asset classes recorded 2.51% on cash instruments including reinsurance deposits (2021: 2.11%), 1.01% on fixed income (2021: 2.96%), -11.58% on equities (2021: 12.86%) and 8.94% on investment property (2021: 7.17%).

As in recent years, due to continuous depreciation of original currencies in which the Corporation writes its business, while reporting in US Dollar, foreign currency exchange losses amounting to US$ 29.79 million, though significantly below the amount of US$ 47.78 million of previous year 2021, were recorded in the profit and loss account. The losses reflect the differences between exchange rates at the transaction date and the rate at which such transactions are settled (settlement rate) or translated (year-end closing rate) into the financial statements. Foreign currency exchange fluctuation and continuous losses represent a major risk faced by business entities reporting in US Dollar but transacting in original depreciating currencies. In addition to the translation loss, the reevaluation of assets held by reinsurers in original currencies, such as reinsurance receivable balances, pipeline premiums and reinsurance deposits with cedants, is also a major source of net foreign currency exchange losses which are often compounded by the non-convertibility into the reporting currency and the non-transferability in other geographies of the net assets from original markets.

Overall, the Corporation achieved a net profit after tax of US$ 23.73 million (2021: US$ 38.82 million) translating into a return on average equity of 2.38% (2021: 3.85%). The decline in the net profit, as explained in above lines, and therefore in the return on average equity, despite the strong underwriting performance, was due to purely external factors leading to negative financial market movements of US$ 30.29 million in our investment portfolio and currency translation loss of US$ 29.85 million. The cumulative negative impact of US$ 60.14 million of the two external factors was higher than a similar total loss of US$ 39.29 million recorded in 2021.

Also, the shareholders' fund of the Corporation declined by 0.96% from US$ 1.00 billion to US$ 991.06 million. The Corporation recorded an additional currency translation loss on its foreign operations as recorded in its other comprehensive income of US$ 10.57 million from a loss of US$ 25.97 million recorded in 2021.

The strong capital buffer build over the past years, thanks to the resilience of the Corporation and conservative dividend policy, allows us to maintain the dividend per share at US$ 8.80 as declared in 2019, 2020 and 2021. We indeed believe that the year 2023 will see a stronger performance both in the return on equity and the resumption of the increase in equity.

2023 Outlook: Continuing Macroeconomic Uncertainty and Stable Industry Outlook

The global economy continues to nurse the fears of a recession as analysts project a slowdown in inflationary pressure and a consequent reduction in interest rates or speed of interest rate hikes. The IMF projects a lower global economic growth of 2.8% in 2023 compared with the estimated growth of 3.4% in 2022. Sub-Saharan Africa has also been projected to grow at 3.6% (2022 Estimates: 3.9%). The pace of growth is much slower than anticipated when movement restrictions due to the Covid-19 pandemic were lifted. The World Bank further estimates that the African continent will grow by 3.1% in 2023 (2022 Estimates: 3.6%).

There are signs of the financial market recovery as the positive momentum reported in the fourth quarter of 2022 has continued into 2023.

Recently, the World Health Organisation (WHO) declared an end to the Covid-19 global health emergency and this is good news especially with the zero Covid-19 policy adopted in China. While the worst of the pandemic may be over, its economic consequences still linger and have been further compounded by political tensions especially the Russian invasion of Ukraine. The recent pulse from the battlefront shows signs of potential escalation that could dent the hopes of a fragile recovery.

The recent banking sector crisis that has impacted three banks in the United States and a major bank in Europe may have contagion effect across the rest of the world. However, recent assessment shows that this is a disruption in the financial system and not a systemic risk.

With the hopes of a fragile recovery amid high inflation, the downside risks to the African continent remains elevated due to the high sovereign debt levels, increasing threat of extreme weather events and growing or ongoing flashpoints of unrest in Sudan, DR Congo, Mali, Mozambique, Burkina Faso and Ethiopia has the potential to worsen the macroeconomic environment in Africa. These domestic and external shocks will continue to put pressure on African currencies which may depreciate further with governments having to make tough monetary, fiscal and structural policy choices.

While the Corporation is not insulated from these headwinds, we remain resilient to these shocks and there are strong indications that reinsurance market rates shall remain stronger at least at their January 2023 renewals level.

We will continue to deploy new strategic initiatives defined in our 7th Strategic Plan covering the period 2022 - 2025 to create value for our stakeholders.

In 2023, Management hopes to achieve for the first time in its history a milestone actual target of US$ 1.00 billion in gross written premium and a net combined ratio of around 95.0% with a conservative investment return of 3.3% in line with our disciplined and prudent approach. It is expected that the performance will compare favourably with our African and international peers.

As defined in our strategic plan, the Corporation recently acquired a composite license in South Africa and will be expanding its portfolio by pursuing further opportunities in the life reinsurance segment. New expansion strategies are also under execution to increase our presence and market share in existing African markets.

Our compliance with industry accounting standard IFRS 9 & 17 and global standard on privacy (data protection) is almost completed.

We have also defined our sustainability (ESG) strategy with relevant policies in line with the extant requirements of applicable regulations and rating agencies' requirements. In the area of climate change, we will continue to engage governments with our climate resilience toolkit under a public-private partnership arrangement to reduce the impact of extreme weather events on African in line with our long-term view as a risk transformer.

Other market development initiatives championed by the Africa Re Foundation continue to record significant industry and societal impact in line with the vision of our founding fathers. The Young Insurance Professional Programme recently launched its 5th Cohort of another 1000 participants. Our recognition of industry players will also continue as we launch the 8th edition of the African Insurance Awards. There are other interventions targeted at insurance associations, insurance regulators and our host communities.

Overall, the Corporation remains well positioned to fulfill its mission and deliver above average returns to shareholders.

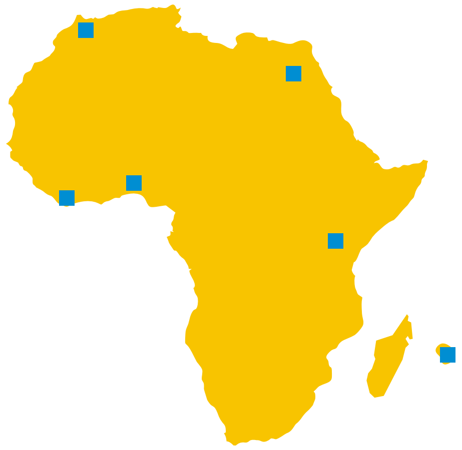
II. TECHNICAL OPERATIONS

The Corporation's operating results are examined in this section and compared to 2021 figures.

Africa Re operates through a network of eight offices strategically located in the continent. Activities in a number of African markets situated within a common geographical area are coordinated by an office in the region. Closeness to clients in each location gives Africa Re a unique leverage over its peers, to provide credible and efficient services to insurance markets in the continent.

Africa Re adheres to best practices in every facet of its business. Cedants reciprocate its long term commitment to the continent by granting the Corporation access to profitable and diversified business in Africa, and to a lesser extent, Asia, the Middle East and Brazil.

The Corporation operates from the following production centres:



Six regional offices:

- Lagos, Nigeria: Anglophone West Africa and African Pools;
- Abidjan, Côte d'Ivoire: Francophone West and Central Africa;
- Casablanca, Morocco: Maghreb;
- Cairo, Egypt: North East Africa and the Middle East;
- Nairobi, Kenya: East Africa and parts of Southern Africa; and
- Ebene, Mauritius: African Indian Ocean Islands, Portuguese-speaking African market, Asia and Brazil.

Two wholly owned subsidiaries

- Johannesburg, South Africa: South Africa and neighbouring markets, handled by the subsidiary - African Reinsurance Corporation (South Africa) Limited;
- Cairo, Egypt: Africa, Asia and Middle East Retakaful markets handled by the subsidiary - African Retakaful Company.

One local office

- Addis Ababa, Ethiopia.

Two underwriting office

- Kampala, Uganda.
- Dubai, United Arab Emirates.

The portfolio of insurance risks accepted by the Corporation can be broadly classified along the following business lines:

- Fire & Engineering
- Accident & Motor
- Oil & Energy
- Marine & Aviation; and
- Life

The table below provides a summary of the Corporation's performance

Description (US$000)	2022			2021		
	Gross	Retro	Net	Gross	Retro	Net
Income						
Premium (less cancellations)	951.79	-179.05	772.73	845.35	-178.97	666.38
Change in unearned premium provision	-34.67	0.41	-34.27	-2.72	4.04	1.32
Earned premium	917.12	-178.65	738.47	842.63	-174.93	667.70
Outgo						
Losses paid	-426.51	47.93	-378.58	-382.35	33.45	-348.90
Change in outstanding claims provision (incl. IBNR)	-92.30	26.45	-65.85	-46.01	2.16	-43.85
Incurred losses	-518.81	74.38	-444.43	-428.36	35.61	-392.75

Premium income

In 2022, the Corporation generated a gross written premium income of US$951.79 million which is 12.59% more than the 2021 production of 845.35, mainly due to continued economic growth recovery witnessed by most countries in Africa following the slowdown of business due to the Covid-19 pandemic.

Fluctuations in exchange rates adversely impacted the Corporation's production by US$59.39 million as the Kenya shilling, Egyptian pound, South African rand, Sudanese pound, Moroccan dirham, Ghana cedi and Ethiopian birr weakened against the US dollar among other currencies.

Tighter monetary policies and global inflation have increased borrowing costs in sub-Saharan Africa, leading to elevated macroeconomic imbalances. As a result, economic recovery has slowed, with the 2022 growth projected to decline to 3.9 percent from 4.8 percent in 2021, potentially impacting the continent's long-term growth, according to the International Monetary Fund.

South Africa was predicted to grow by 2.1 percent in 2022 but ended with a 2.0 percent increase over 2021 figures. The performance was primarily driven by private consumption and investment as well as lower COVID-19 cases, which more than offset the adverse impacts of flooding, power cuts, and strikes.

Nigeria's real GDP is estimated to have increased by 3.3 percent in 2022 from the 3.6 percent growth realized in 2021 amid low oil production and a reduction in agriculture and industry relative to the prior year.

Egypt's GDP growth for the entire fiscal year is estimated at 3.7 percent in 2022, following the 3.3 percent increase in 2021, thanks to a robust economy as the government continues the "Egypt Takes Off" program.

Kenya's economy is estimated to have grown by 5.4 percent in 2022 after an increase of 7.5 percent in 2021, against the backdrop of the pressure posed by the elevated food uncertainty due to the war in Ukraine. The agricultural sector, a cornerstone of the economy, remained resilient.

After its economy grew by 7.9 percent in 2021, Morocco's GDP is estimated to have slowed down to 1.1 percent in 2022, as agricultural output declined by 17.3 percent due to drought. The economy is anticipated to be fueled by a consistently robust, albeit moderating, industrial performance alongside an accelerated recovery of the tourism sector post COVID-19 pandemic.

Africa Re is the leading African reinsurer and the only local security on the continent backed by A rating from AM Best and A- rating from S&P. Accordingly, the Corporation will continue to build its expertise in emerging and specialty lines with the view to providing African insurance markets with capacity and technical support in new products and special risks. Concurrently, in the coming years, the Corporation will continue to deploy its resources in order to maintain and increase its existing portfolio lines.

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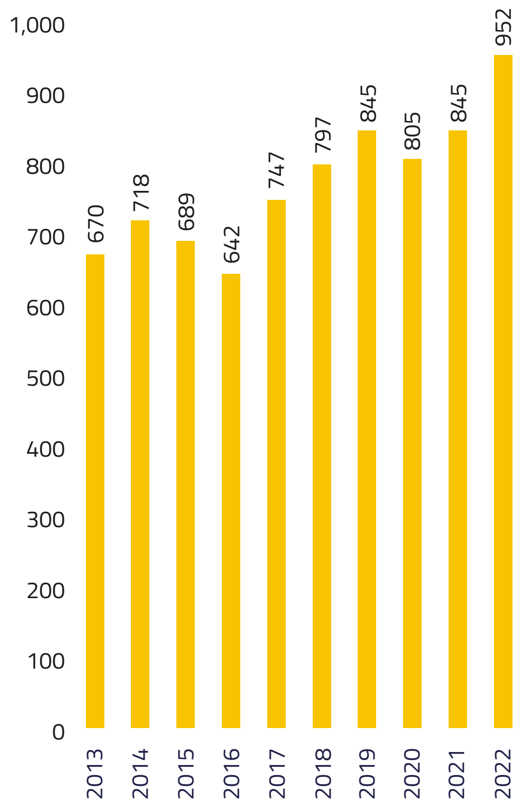
Development of gross written premium in US$million

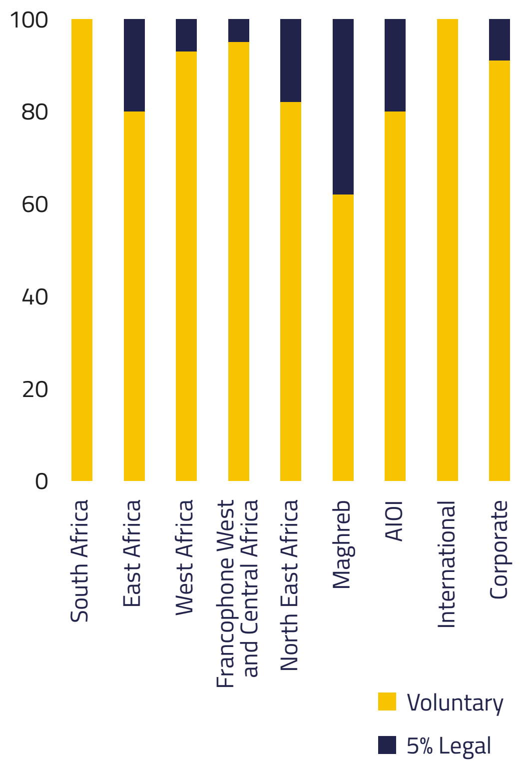


Legal (Compulsory) Cessions

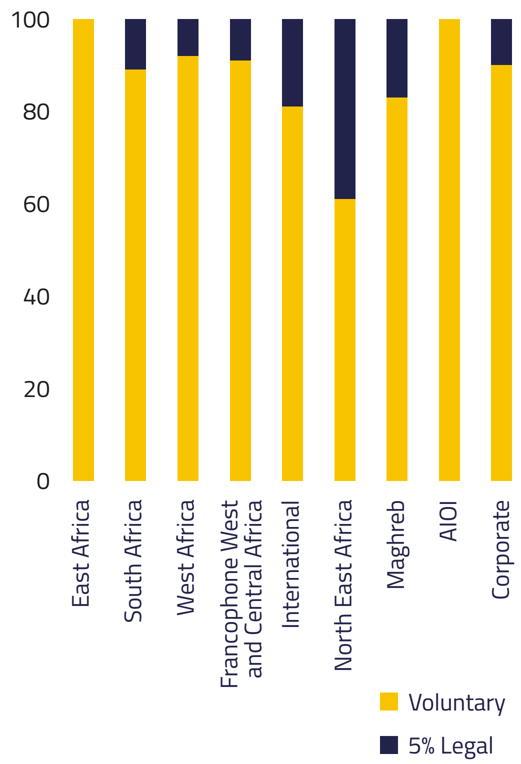
In 1976, when Africa Re was established by 36 member states, as an initiative of the African Development Bank, it had to compete with much larger foreign reinsurers with ties to former colonies. The rationale for setting up the Corporation, which is still paramount to date, is to reduce the outflow of premium income from the continent. To ensure its survival among these well-known larger brands, the Corporation was granted, at inception, 5% of every reinsurance treaty emanating from member states (the number of member states has risen to 42).

Compulsory cessions presently account for 9.4% of gross premium income.

Financial year 2022



Financial year 2021



Geographical distribution

Africa Re operates from a network of six regional offices, two subsidiaries, one local office, and two underwriting offices. The Corporation accepts business from cedants across Africa, as well as selected markets in Asia, the Middle East, and Brazil..

Southern Africa
The African Reinsurance Corporation, South Africa Ltd (ARCSA) in Johannesburg, oversees operations in Botswana and the Rand zone. The subsidiary is Africa Re's second highest premium provider with a contribution of 14.53% to the overall group turnover in 2022. In the year under review, ARCSA generated US$138.28 million (2021: US$138.29 million) which is more or less at par with the previous year's income. The flat growth is partly due to the negative impact of the weakening of the Rand against the US Dollar during the year.

East Africa
Production from this region increased by 10.77% to US$211.74 million (2021: US$191.16 million). This figure accounts for 22.25% of the corporate income, making the office the highest premium provider in 2022.

Anglophone West Africa
Premium income from this region was US$133.63 million (2021: US$130.34 million), representing a 2.52% increase over the previous year. This turnover accounts for 14.04% of the corporation's production. The negative impact of exchange rates fluctuation was US$4.79 million driven by the depreciation of the Nigerian Naira.

Maghreb
Production from the Maghreb region increased by 4.57%, to US$74.30 million (2021: US$71.05 million). Premium income from the region accounts for 7.81% of the corporation's production. Exchange rate fluctuations had a negative impact of US$6.33 million on the production due mainly to the depreciation of the Moroccan Dirham.

North East Africa
Domestic production from the Cairo Regional Office grew from US$39.86 million in 2021 to US$41.99 million in 2022. The growth would have been higher if not of the depreciation of the Egyptian Pound. The impact of rates of exchange fluctuation negatively affected the production by US$5.00 million. Income from North East Africa accounts for 4.41% of corporate production.

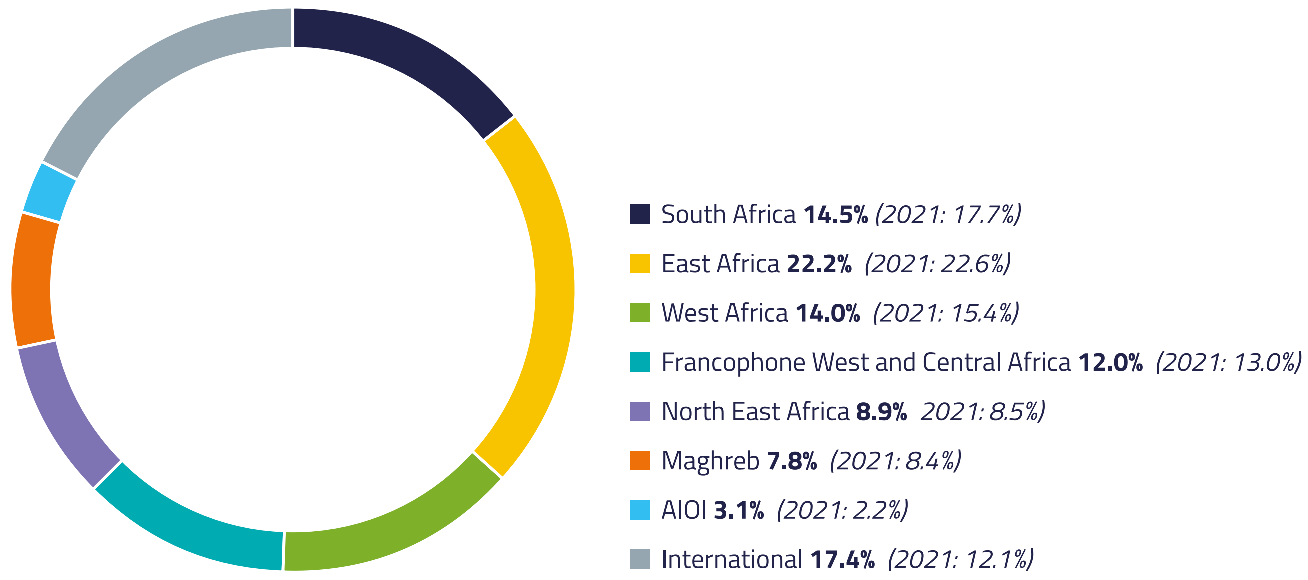
Francophone West and Central Africa
The Abidjan Office is responsible for the predominantly French-speaking region of West and Central Africa. Turnover increased by 4.38% from US$109.58 million in 2021 to US$114.38 million in 2022. This growth was achieved due to the continued expansion in the Energy sector. Income from this region accounts for 12.02% of corporate production.

African Indian Ocean Islands
Income from the African Indian Ocean Islands and Lusophone African markets, decreased from US$30.61 million in 2021 to US$29.74 million in 2022. Business from this office accounts for 3.12% of the Corporation's turnover.

Africa Retakaful
The turnover of Africa Retakaful increased from US$32.28 million in 2021 to US$42.52 million in 2022. This performance is mainly due to the expansion in the Medical and Agriculture classes of business. The production was adversely impacted by the fluctuation of rates of exchange to the tune of US$7.19 million, largely arising from the depreciation of the Sudanese Pound.

International Business
Africa Re's income from international business increased from US$102.18 million in 2021 to US$165.22 million in 2022. Production from the Middle East was US$55.21 million in 2022 (2021: US$47.15 million). Income from Asia increased significantly from US$48.95 million in 2021 to US$93.42 million in 2022, mainly as a result of high growth in Life and Property business. Production from Brazil recorded notable growth as well from US$6.07 million in 2021 to US$16.60 million in 2022, mainly from Fire, Surety, Engineering and Energy classes.

Geographical distribution of gross premium



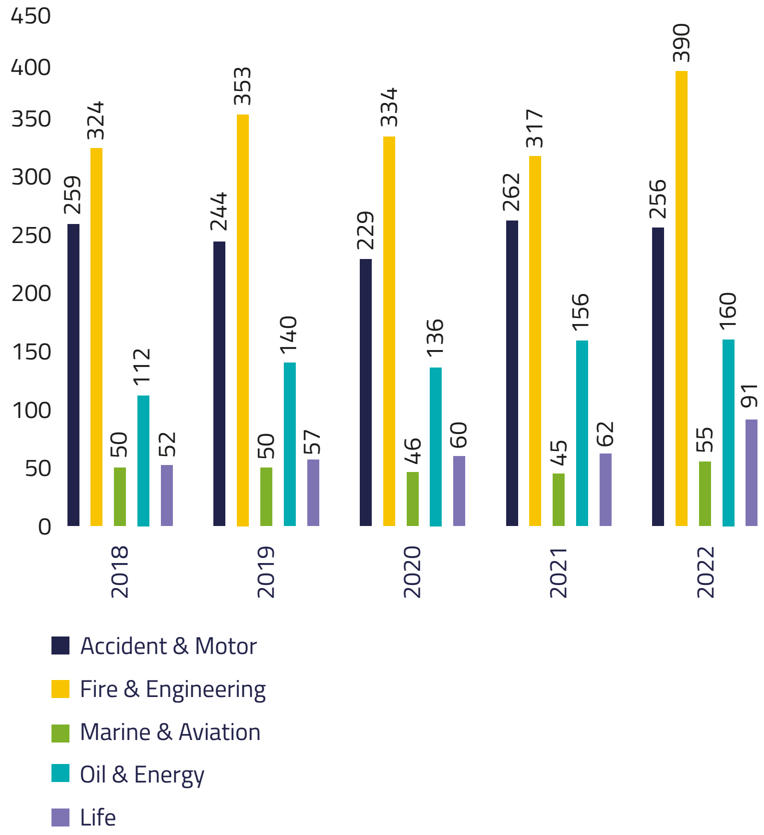
Sectoral distribution

Fire and Engineering class continued to produce the highest turnover with US$390.17 million representing 40.99% of corporate production as against US$317.21 million or 37.52% in 2021. This is followed by the Accident and Motor class, which stood at US$256.038 million or 26.90% of corporate income (2021: US$262.18 million representing 31.01%).

Oil & Energy class is third with a production of US$159.89 million or 16.80% of turnover (2021: US$$159.40 million representing 18.86%).

The Life class is fourth with US$91.05 million or 9.57% of turnover (2021: US$61.93 million or 7.33%) while the Marine and Aviation class follows with US$54.65 million, which is 5.74% of corporate production (2021: US$44.61 million representing 5.28%).

Premium by class in US$million



Technical expenses

Losses

Total gross claims paid increased from US$382.35 million in 2021 to US$426.51 million in 2022.

Gross claims paid ratio reduced from 45.23% in 2021 to 44.81% in 2022. Gross incurred losses, which include movement in outstanding claims provision (US$92.30 million in 2022 as against US$46.01 million in 2021), amounted to US$518.81 million in 2022 (US$428.36 million in 2021).

The table below provides insight into the previously stated indicators.

Gross loss ratio by class - financial year 2022 currency : US$m

Class of business	Regional business			International inward			Total corporate		
	Incurred loss	Earned premium	Loss ratio %	Incurred loss	Earned premium	Loss ratio %	Incurred loss	Earned premium	Loss ratio %
Fire / Eng.	183.99	308.06	59.72%	44.63	71.90	62.08%	228.62	379.96	60.17%
Accident motor	124.55	204.30	60.96%	25.22	39.34	64.10%	149.76	243.64	61.47%
Oil & Energy	63.83	146.60	43.54%	4.95	11.41	43.38%	68.78	158.01	43.53%
Marine & aviation	14.76	44.99	32.80%	3.72	7.27	51.19%	18.48	52.26	35.36%
Life	45.06	71.86	62.71%	8.11	11.39	71.20%	53.17	83.25	63.87%
Total	**432.18**	**775.81**	**55.71%**	**86.63**	**141.31**	**61.31%**	**518.81**	**917.12**	**56.57%**

Loss Experience by Trading Area

The gross incurred loss ratio for the subsidiary in South Africa increased from 62.0% in 2021 to 67.8% in 2022 and the net incurred loss ratio also increased from 59.7% to 65.4%, mainly due to the Kwazulu Natal flood losses.

The gross incurred loss ratio of the West Africa Regional Office increased from 26.0% in 2021 to 35.5% in 2022. However, the net incurred claims ratio decreased from 57.9% in 2021 to 52.2% in 2022.

The gross and net incurred loss ratios of the East Africa Office decreased to 60.6% and 62.7% respectively in 2022 from 70.5% and 71.8% in 2021.

The Maghreb region's gross loss ratio decreased to 47.9% in 2022 from 50.34% in 2021 and the net loss ratio decreased to 48.9% from 55.3%.

The gross incurred loss ratio of North East Africa decreased from 39.4% in 2021 to 27.3% in 2022 and the net loss ratio decreased as well from 64.5% to 41.9%.

The gross incurred claims ratio of the predominantly Francophone West and Central Africa Office increased from 37.8% in 2021 to 66.6% in 2022 and the net loss ratio increased from 41.0% to 52.3% in 2022.

The gross claims ratio of the African Indian Ocean Islands and Portuguese speaking African countries (Angola and Mozambique) increased from 37.1% (net: 40.3%) in 2021 to 89.4% (net: 103.6%) in 2022.

The gross incurred claims ratio of Africa Retakaful Company increased to 46.0% in 2022 (net : 53.5%) from 37.7% in 2021 (net: 36.0%).

The gross and net incurred loss ratios of the international operations increased from 50.8% and 58.8% in 2021 to 61.3% and 62.1% in 2022.

Commissions and Charges

Gross commissions and charges including movement in deferred acquisition costs amounted to US$232.39 million (2021: 224.4 million), while retro commissions and charges stood at US$31.43 million (2021: US$32.9 million). Accordingly, net commissions and charges increased from US$191.5 million in 2021 to US$200.96 million in 2022. However, in relative terms the net commission and charges ratio decreased from 28.68% in 2021 to 27.21% in 2022 as the net earned premium grew by a higher proportion than the acquisition cost.

III. INVESTMENT INCOME

Portfolio performance

In an era of chaos, the objective is to stay alive. 2022 reminded us that the fight against high inflation is necessary while it is very delicate. It was a very peculiar year in which both bonds and equities dropped simultaneously. The last time this occurred was more than thirty years ago. The traditional strategy of 60/40 allocation to equity and bonds performed very poorly. Africa Re portfolio (not allocated 60/40) resisted the fallout and posted a modest income of US$13.134 million despite market pullback.

The full-year performance of the investment portfolio was heavily impacted by macroeconomic factors: high inflation, low growth, geopolitical tensions, and fast-rising interest rates. Nonetheless, the Corporation investment & Other Income ended in positive territory despite significant capital losses on both equity and bond portfolios.

The capital losses on the equity portfolio reached US$18.68 million against a gain of US$16.27 million in 2021 and are reflective of the performance recorded by equity market indices in the year. For instance, the S&P500 lost 18.10% in 2022 against a gain of 28.70% in 2021.

The bond portfolio also recorded some capital losses of US$11.60 million versus US$7.78 million in 2021. This is a direct consequence of the global interest rate increase.

The cash instruments portfolio was resilient and achieved better performance than last year due to active management and higher interest rates from half a year.

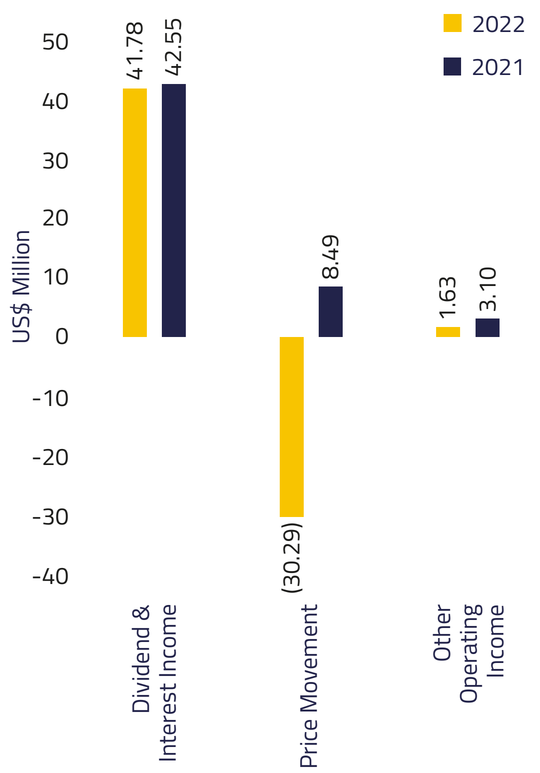
The size of the investment portfolio improved from US$1.47 billion in December 2021 to US$1.53 billion in December 2022, supported by higher valuation in cash instruments through the additional placement of funds generated from strong underwriting performance at the back of strong collections from the underwriting activity.

The risk level of the investment portfolio improved significantly and stand much below the risk appetite limit. The Value-at-Risk at a 99.5% confidence level over a 1-year period stood at US$99 million which represents 6.49% of the investment portfolio.

The Corporation achieved a 0.77% average return on investment in the year 2022 compared to the 3.56% achieved in 2021. Out of the 0.77% performance, 2.79% was recorded on interest and dividend income while -2.02% was lost on price return.

The graph below details the performance of the year under review compared to last year.

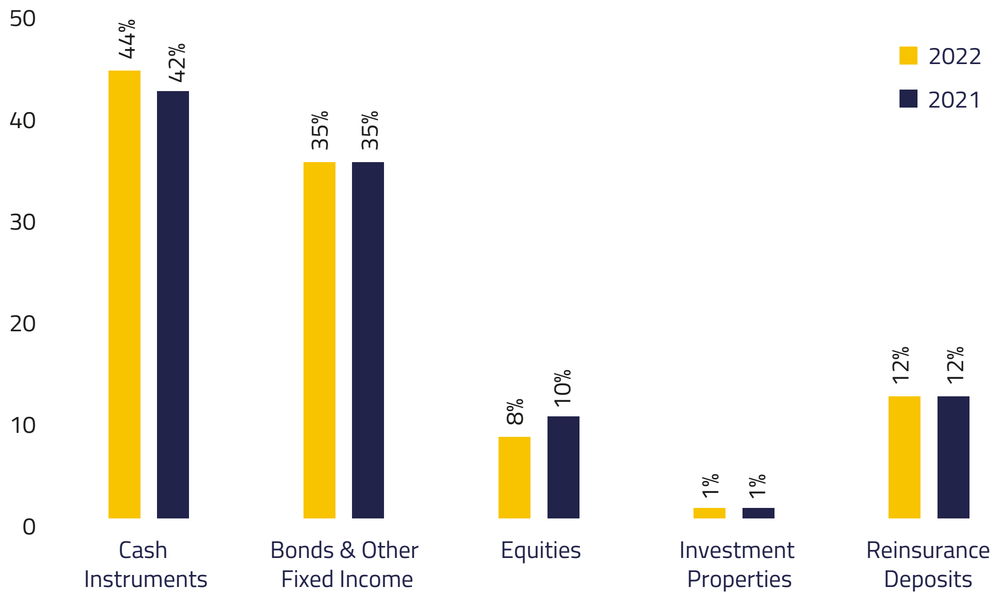
Investment & Other Income



Asset composition

The composition of the investment portfolio remained largely unchanged from previous years (Cash instrument: 44%, Equity Securities: 8%; Fixed Income: 35%, and Investment Properties: 1%) reflecting the stability of the Corporation's investment strategy.

Asset Composition



Long term investments

The Corporation continues to support the socio-economic development of the African continent by, amongst others, allocating its long-term equity investments to African entities or those contributing directly or indirectly to the growth of economic activities on the continent. The Corporation's total commitment to private equity stood at US$61.909 million invested in a portfolio of 20 companies made of the following:

- four (4) regional development finance institutions: Shelter Afrique, Trade Development Bank, Afreximbank and Africa Finance Corporation
- three (3) insurance companies: Allianz Vie (Cameroon), African Trade Insurance Agency (Kenya) and Gepetrol Seguros SA (Equatorial Guinea)
- One (1) pension fund administration company (ARM PFA in Nigeria),
- Eleven (11) private equity funds (CAPE II, CAPE III, CAPE IV, AFIG I, AFIG II ECP Africa Fund III, ECP IV, Adlevo Capital, PAHF, Carlyle Africa fund and AAF SME Fund) and
- One (1) Blockchain initiative called Blockchain Insurance Industry Initiative (B3i Services AG)

Equity instruments

The performance of the listed equity portfolio was negatively impacted by both high and lasting inflation and fast-rising interest rates. Companies' revenues and profits were squeezed because of the higher cost of debt service and other operating expenses. Valuations were also negatively impacted because of lower profitability expectations and higher discount rates.

At the end of December 2022, the equity portfolio recorded a total loss of US$15.99 million compared to last year's gain of US$9.04 million.

Looking at the currency exposure of the equity portfolio, the US dollar remains the dominant investment currency with 92% of equity instruments invested in U$.

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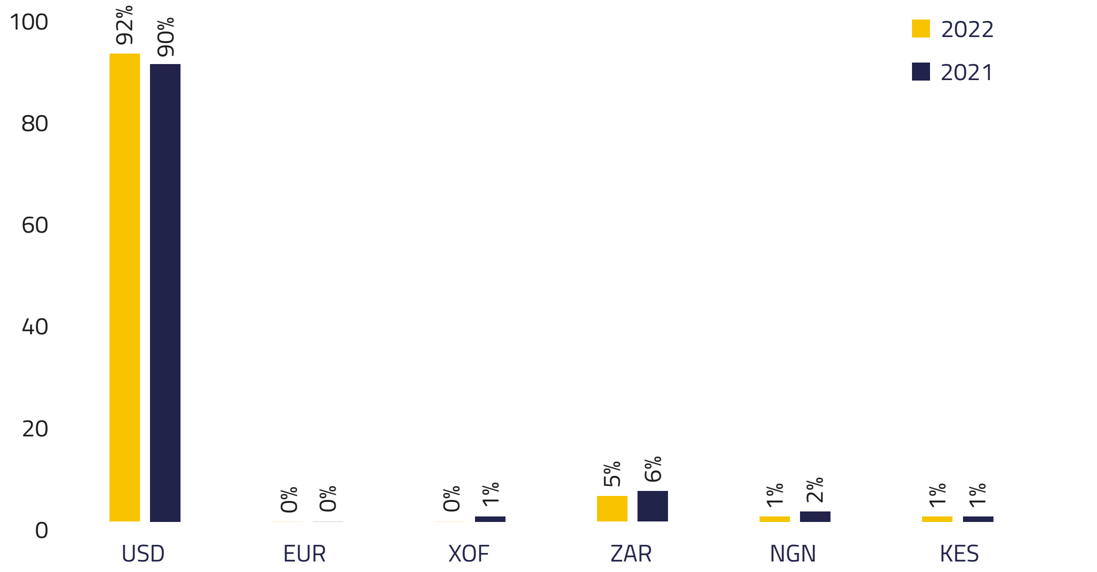
Currency Exposure of Equity Portfolio



Bonds and other fixed income

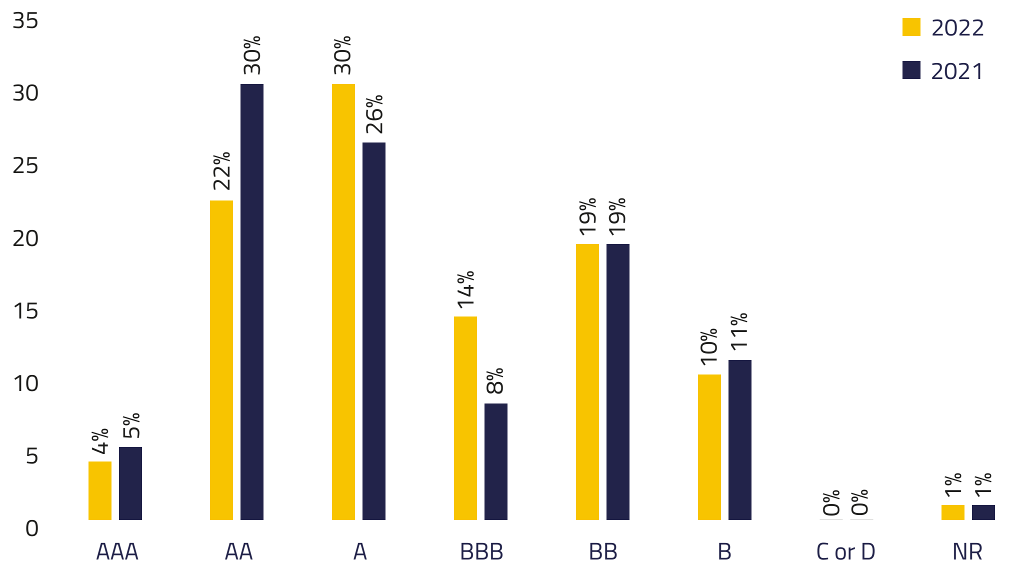
The size of the bond portfolio increased by 3.53% to stand at US$528.055 million on 31 December 2022 when compared to US$510.058 million on 31 December 2021. The improvement is mostly from reinvesting interest income.

As for most interest rate-sensitive securities, the performance of the bond portfolio was impacted by capital losses from the actively managed bond. The capital losses are a result of higher yields which were induced by interest rate hikes of central banks. For instance, the yield on the 2-Year US Treasury note moved from 0.73% on 31 December 2021 to 4.42% on 31 December 2022. The same trend was noted in most tenors.

As a result, the bond portfolio posted a net positive income of US$5.25 million in the full year of 2022 compared to US$14.60 million posted in 2021. The 2022 result would have been US$11.60 million higher if interest rates haven't moved that fast.

The quality and interest rate sensitivity of the portfolio remains at investment grade and below the five years as required by the investment policy and guidelines. The graph below shows the allocation per rating category for both years 2022 and 2021.

Bond Portfolio Credit Profile



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Cash Instruments

The cash instruments portfolio increased by 8.28% year to date from US$614.768 million in December 2021 to US$665.643 million in December 2022. This is attributable to a strong net technical collection and a modest investment income.

The performance of this asset category was better than last year because of higher interest received on US$ deposits and most other invested currencies. Interest income on cash and deposits increased by 29.51% from US$14.28 million recorded in 2021 to US$18.50 million posted in 2022.

Other Operating Income

Other operating income (management fees received from Aviation, Oil & Energy, EAIPN pools, and sundry income) recorded a total amount of US$1.631 million compared to a budget of US$1.836 million indicating a performance of 11% below the target.

Outlook

World Gross Domestic Product (GDP) growth is estimated to slow from 3.4% in 2022 to 2.8% in 2023 (World Economic Outlook report of April 2023). Economic activity continues to be impacted by two main factors: (1) high inflation and fast-rising interest rates, and (2) supply chain disruption. Developed and emerging economies are likely to experience slow growth with emerging economies leading the reduction.

Inflation is most likely to remain high in the short term and would impact corporate revenues and profits. Credit would stabilize but real returns would remain under pressure. We will remain conservative in our strategy with a focus on quality and liquidity. The financial system would be tested for robustness, and we could experience higher defaults.

We expect the investment performance in 2023 to be balanced. A more plausible positive impact on cash instruments and bonds' coupon interest, and a moderate performance on listed equity instruments.

IV. RESULTS OF THE 2022 FINANCIAL YEAR

Gross written premium income in 2022 of US$ 951.790 million (2021: US$ 845.346 million) recorded a growth of 12.59% when compared to 2021. The performance was driven by robust marketing in all regions. The corporation was able to achieve this performance despite the Russia-Ukraine war and its concomitant effects on the world economy. The **gross earned premium** recorded in 2022 was US$ 917.115 million (2021: US$ 842.626 million) with the movement in unearned premium reserves.

The Corporation's retrocession policy continues to rely on Excess of Loss programmes to protect the **net retention** in its traditional acceptances while purchasing additional covers for large risks in the **oil & gas** and other special risks. During the year, the total net premium ceded to retrocessionnaires was US$ 178.648 million (2021: US$ 174.930 million) an increase of 2.13% over the 2021 retrocession. This year on year increase is mainly attributable to the growth in gross written premium. Consequently, the **net earned premium** for the year was US$ 738.467 million (2021: US$ 667.696 million), an increase of 10.6% when compared to 2021.

Gross claims paid in 2022 amounted to US$ 426.512 million (2021: US$ 382.351 million), an increase of 11.55%. This was driven by claims paid mainly from existing large losses for which reserve existed in 2021 as well as fire class and medical claims resulting in gross claims paid ratio of 46.51% (2021: 45.23%) recording a further negative performance from previous years. The recovery of claims paid from our retrocessionnaires amounted to US$ 74.374 million (2021: US$ 35.613 million). This translates to a recovery ratio of 41.63% (2021: 8.31%). Consequently, the **net claims paid** stood at US$ 378.583 million (2021: US$ 348.902 million), being an increase of 8.51%.

Net claims incurred for the year amounted to US$ 444.433 million (2021: US$ 392.751 million) a reduction of 13.16% year on year. This is mostly attributable to the combined impact of improved portfolios with smaller & fewer large losses on the gross level and thereby resulting in higher recoveries on the retro account as they were not large enough to reach the group retrocession programme attachment point.

Consequently, the **net incurred claims ratio** for the year stood at 60.18% (2021: 58.82%).

Gross acquisition costs in 2022 amounted to US$ 232.453 million (2021: US$ 224.410 million) representing an increase of 3.58% when compared to 2021. This increase is generally in line with the increase in gross written premium during the year. On the other hand, commissions & brokerage recovered from retrocessionnaires amounted to US$ 31.426 million (2021: US$ 32.922 million), being a decrease of 4.54% compared to 2021. As a result, the **net acquisition cost** for the period closed at US$ 201.264 million (2021: US$ 191.488 million). However, the **net acquisition cost ratio** reduced from 28.68% in 2021 to 27.22% in 2022 on account of negative movement in DAC.

The **net underwriting result before management expenses** for the year stood at US$ 93.071 million (2021: US$ 83.456 million), being an improvement of 11.44%.

Management expenses recorded a year-on-year increase of 6.50% to stand at US$ 52,072 million (2021: US$ 48.896 million). The increase was largely in line with the premium growth.

Consequently, the **management expense ratio** improved by 27 basis points to stand at 7.05% (2021: 7.32%) through the combination of improved net earned premiums and a fall in management expenses.

Income recorded by the Corporation from investment and other sources, including interest on reinsurance deposits stood at US$ 13.124 million (2021: US$ 54.138 million), indicating a drop of 75.76% year on year. The performance was heavily impacted by capital losses from both equity and bond instruments. The fast-rising interest rates by central banks are having negative impacts on both equity and bond valuations. In 2022 the capital loss reached US$ 30.29 million (2021: US$ 8.49 million capital loss). Consequently, the investment portfolio posted an average return of 0.77% (2021: 3.56%).

The investment portfolio improved by 4.07% due to strong technical cash flow and modest investment income.

Foreign currency exchange differences arising from the revaluation of monetary assets and liabilities against the various functional currencies resulted in a net loss of US$ 29.790 million (2021: US$ 47.783 million). This was mainly driven by the depreciation of almost all of our operating currencies.

The income tax charge for the year amounted to US$ 0.539 million (2021: US$2.093 million) incurred in South Africa where the Corporation is liable to pay tax.

Consequently, **profit after tax** in 2022 amounted to US$ 23.733 million (2021: US$ 38.823 million) a decline of 38.86% year on year.

Total comprehensive income for the year stood at US$ 16.126 million (2021: US$ 8.315 million) after adjusting the profit after tax for further negative movements in **exchange losses on the translation of foreign operations** whose amount was US$ 10.570 million (2021: of -US$ 25.974 million). There were also **revaluation gains on assets** held for sale amounting to US$ 2.961 million (2021: revaluation losses of US$ 4.534 million).

V. APPROPRIATION OF RESULTS

In furtherance of the Corporation's commitment to consolidate its financial position while providing remuneration on the capital invested in its equity, and in accordance with Resolution No. 3 on the New Dividend Distribution Policy and Appropriation of Net Profit adopted by the Ordinary General Assembly of 17 June 2019 held in Tunis, Tunisia, the Board recommends that the 2022 Net Profit of US$ 23,733,000.00 be distributed as follows:

1. **US$ 11,866,500.00** to the general reserve in accordance with Resolution No. 4/1992 which stipulates that 50% of the Net Profit After Tax of each year is set aside as **General Reserve**;
2. **US$ 1,000,000.00** to be transferred to the **Reserve for Loss Fluctuation** in accordance with the decision taken by the Board during its 57th meeting to set aside an amount over and above the outstanding claims provision to moderate the effects of possible fluctuation in losses in future;
3. **US$ 474,660.00** to be transferred to the **Africa Re Foundation** as 2% of the net profit;
4. **US$ 25,199,776.8** to be paid as a **Dividend at the rate of US$ 8.8** (2021: US$ 8.8) per subscribed and paid-up share of US$ 100 par value to be funded as follows:
   a. **Regular Dividend** of **US$ 10,391,840.00** to be paid **from the Net Profit** for the year 2022;
   b. **Special Dividend** of **US$ 14,807,936.80** to be paid **from the retained earnings** brought forward from previous years.

VI. CAPITAL MANAGEMENT

Africa Re ensures that its solvency and cash flow are sufficient to meet existing liabilities, future growth aspirations and to maximize reported profits. This is achieved by efficiently managing capital through a risk-based capital modelling regime under which the Corporation's capital reflects all the main risks to which it is exposed.

It is worth mentioning that the successful fourth capital increase improved the Corporation's solvency position in 2013. Since then, the Corporation has improved its solvency position by combining considerable retained earnings and risk-informed strategic decisions.

The capital needs of the Corporation are assessed using an internal risk-based capital model and external proprietary models developed by rating agencies. The objective is to ensure that, at all times, the Corporation has available more capital than required.

Financial strength ratings and capital adequacy

Due to its supranational nature, Africa Re Group is not legally subject to any national regulatory regime.

However, it should be noted that its subsidiary company, African Reinsurance Corporation South Africa Ltd (ARCSA), is supervised by the Prudential Authority and Financial Services Conduct Authority of South Africa. ARCSA was involved, alongside other industry participants, in the development of the regulatory framework called Solvency Assessment and Management (SAM), which is similar to the European Solvency II and is based on economic principles in the measurement of assets and liabilities. SAM sets out requirements for governance, risk management, supervision, disclosure and transparency. South Africa commenced the implementation of SAM in June 2018. Africa Re continues to follow the development of SAM in order to comply with the requirements in South Africa and adopt best practices for its Group operations.

Financial strength ratings, counterparty and issuer credit ratings have been assigned to Africa Re by Standard & Poor's and A.M. Best rating agencies since 1998 and 2003 respectively.

The evaluations of the rating agencies are based on a set of criteria, which include the assessment of the Corporation's capital adequacy. Standard & Poor's and A.M. Best require an annual solvency probability of at least 99.6%, which entails a high level of capital that should enable the company to endure exceptional losses that would be expected to occur once in every 250 years.

The Corporation has a strong capitalization under the capital adequacy requirements of the two rating agencies. The Corporation's financial strength is assessed in accordance with the capital models of the two rating agencies in the table below.

Financial strength ratings

Rating Agency	Financial strength rating	Counterparty/ issuer credit Rating	Outlook	Last press release/ report date
A.M. Best	A	a	Stable	December 9, 2022
Standard & Poor's	A-	A-	Stable	August 16, 2022

A.M. Best affirmed on 9 December 2022 the financial strength rating of Africa Re at A (Excellent) and the issuer credit rating at "a" with both outlooks remaining Stable. According to A.M. Best,

"the ratings reflect [Africa Re's] balance sheet strength, which AM Best assesses as strongest, as well as its strong operating performance, favourable business profile and appropriate enterprise risk management."

"[Africa Re's] balance sheet strength is underpinned by its risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR)."

Standard & Poor's affirmed the financial strength and the counterparty credit rating of Africa Re on 16 August, 2022. According to S&P, they

"[expect] that African Reinsurance Corp. (Africa Re) will maintain capital adequacy in excess of the 'AAA' range, which is a key rating strength. The group's favorable capital position is mostly supported by the significant amount of excess capital relative to its liabilities. Therefore, the group benefits from a material buffer above requirements to maintain 'AAA' level capitalization."

They "believe that Africa Re benefits from well-diversified exposure across the African continent, with a strong franchise and overall market position."

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VII. ENTERPRISE RISK MANAGEMENT (ERM)

Africa Re ensures an enterprise approach to its risk management process to enable efficient identification and management of known and emerging threats to its business operations.

The Enterprise Risk Management (ERM) function supports value creation by enabling Management to deal effectively with future events that create uncertainty and to respond in a manner that reduces the likelihood of downside outcomes while leveraging opportunities. Consequently, the Corporation has processes in place to be anticipatory and effective at evaluating and managing uncertainties faced as it works towards creating sustainable value for stakeholders.

Risk Governance

The Risk Management and Compliance Department was created in 2010. The Department is headed by a Central Director who is the Chief Risk Officer (CRO). The Chief Risk Officer assumes responsibility for the overall leadership, vision and direction of the risk management function across the Corporation.

A Risk Management Committee (RMC) exists, consisting of the Central Directors and headed by the Deputy Managing Director/Chief Operating Officer. The Committee meets quarterly.

Through the current risk governance structure, the Corporation recognizes the importance of an integrated approach by assigning the corporation-wide risk management responsibility to senior management with access to the Underwriting, Risk Management and Information Technology Governance Committee of the Board.

Key Risk Management Bodies and Functions

Board of Directors			
Underwriting, Risk Management and Information Technology Governance Committee of the Board			
Executive Management			
Risk Management Committee	**Investment Committee**	**ICT Steering Committee**	**Central Operations & Special Risks**
Chief Risk Officer			
Risk Management function			

The African Reinsurance Corporation has also adopted the "three lines of defence" operational framework which operates as follows:

- 1st line: The day-to-day risk management and management control line, where staff and Management have direct responsibility for the management and control of risk;
- 2nd line: The risk oversight, policy and methodologies line, where the concerned staff co-ordinate, facilitate and oversee the effectiveness and integrity of Africa Re's risk management framework; and
- 3rd line: The independent assurance line, where control departments in charge of internal audit, technical inspection and external auditors provide independent assurance across all business functions in respect of the integrity and effectiveness of the risk management framework.

The roles and responsibilities of each of these functions and parties involved in the risk management process are described in detail in the Group ERM Framework.

Risk Landscape

The risk landscape of the Corporation comprises core business risks as well as other risks, and are categorised and defined as follows:

Group 1 - Insurance risk: risk of loss arising from the Corporation's core business as a result of inadequate underwriting or reserving.

Group 2 - Credit risk: risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Group 3 - Market risk: risk that arises from fluctuations in values of, or income from assets, interest or exchange rates.

Group 4 - Currency fluctuation risk: risk of loss arising from changes in the different operational currencies of the Corporation.

Group 5- Liquidity risk: risk that sufficient financial resources are not maintained to meet liabilities when due.

Group 6 - Strategic risk: risk that the strategy the company sets for itself is unsuccessful or does not adequately recognise opportunities.

Group 7 - Reputational risk: risk of loss arising from damage to the Corporation's brand, leading to loss of business and competitive advantage.

Group 8 - Regulatory/Compliance risk: risk of loss from non-adherence to regulatory or shareholding agreement and international standards/policies leading to fines, sanctions, interventions and ultimately revocation of operating licence.

Group 9 - Operational risk: risk of loss resulting from inadequate or failed internal processes, people, systems and external events.

Across these categories, the Corporation identifies and evaluates all threats and opportunities to its strategic objectives through a systematic framework that is applied consistently across the Group

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Risk Management Processes

The implementation of risk management at the operational level embraces various steps, including identification, measurement, analysis, assessment, reporting and monitoring, which enable the Corporation to closely follow significant risks in each group.

Financial Risks

Insurance, credit, market, currency fluctuation and liquidity risks have been classified as financial risks. The management of these risks is covered under "Management of Insurance and Financial Risks" (Pages 90-99).

Operational Risk

As indicated above, operational risk includes potential losses or reputational damage arising from inadequate or failed internal processes, people, systems and external events.

Within this framework, Africa Re includes legal and fraud related risks within operational risks. Other non-financial risk categories such as reputational, strategic and regulatory/ compliance have been identified separately. The detailed risk categorization is set out in the Corporation's Risk Taxonomy and Risk Register.

Africa Re is committed to properly mitigating and managing its exposure to operational and other non-financial risks. The operational risk management model involves the following cyclical process: identification, assessment, response & control, reporting and monitoring of risks. Dedicated officers (Risk Champions) from production centres and central departments are responsible for overseeing the management of operational risks which arise in their areas of control. The Corporation applies a centrally coordinated methodology to identify and assess risks through the use of an effective Operational Risk Solution, an IT platform called OneSumX.

The Operational Risk Solution facilitates the implementation of the tools and techniques provided in the Group ERM Framework which include the risk and control self-assessment (RCSA), internal loss data capturing, key risk indicators (KRIs), stress and scenario testing, etc. The solution is used in the Corporation's head office and production centres.

Appropriate controls and contingency plans such as Business Continuity Plans (BCPs) and Disaster Recovery Plans (DRPs) are in place to manage the Corporation's operational risk exposures to an acceptable level.

Emerging risks

These are developing risks, or already known risks which are subject to uncertainty and ambiguity and are therefore difficult to quantify using traditional risk assessment techniques.

An emerging risk can represent either a change in the nature of an existing or known risk or the development of a new risk. Generally, such risks are characterised by a high level of uncertainty.

Appropriate processes are implemented to quickly identify emerging risks as they have indirect bearing on strategy implementation, stability of the Corporation and can also present opportunities.

Africa Re uses horizon scanning and stress-testing indicators and parameters to identify emerging risks. The Corporation's approach to managing emerging risks, builds on the structures and tools for managing its known/ traditional risks. It ensures that the provisions of its risk management framework are robust in response to changing exposure to known risks and other emerging risks.

Risk Modelling

Financial Modelling

In response to the demands of the changing environment by regulators and rating agencies, the global insurance industry developed Dynamic Financial Analysis (DFA) models. Africa Re pioneered the use of internal models for capital assessment and risk management purposes in Africa.

ReMetrica, a tool for building financial models of an insurance or reinsurance company developed by Aon, was acquired by Africa Re under a license agreement. ReMetrica is used for the modelling of insurance, market and credit risks.

ReMetrica is used by Africa Re in different areas of decision-making including assessment of required capital, optimization of retrocession programme and support for strategic business decisions.

Africa Re acquired ReMetrica primarily to assess the sufficiency of shareholders' funds compared to its risk exposure, consistent with requirements from the Prudential Authority in South Africa and rating agencies (A.M. Best and Standard & Poor's).

ReMetrica enables the Corporation to choose an optimum retrocession structure from various scenarios depending on their financial impact on the Corporation. Furthermore, it allows the Corporation to build different models for each business strategy. By comparing the results of different business strategies, the business portfolio can be improved. In that regard, ReMetrica has been for Africa Re, a useful tool for building a well-balanced business portfolio.

Catastrophe Modelling

Catastrophe modelling provides expected annual aggregate loss from catastrophe events which could help in developing strategies in the following areas:

- Monitoring of accumulations and pricing of original risk;
- Retrocession purchase including setting of limits and retentions depending on the risk appetite;
- Meeting the requirements of the Prudential Authority and rating agencies.

Africa Re has been monitoring its catastrophe exposures annually, particularly in African countries prone to natural perils such as South Africa, Mauritius and Kenya. Willis and Aon Benfield have traditionally offered a catastrophe modelling service, using either licensed or own models.

VIII. CORPORATE GOVERNANCE

Overview

Africa Re is regulated by the Agreement Establishing the Corporation and other statutory documents detailed below.

There are various corporate governance policy documents in force, which are based on international best practices. The Corporation's subsidiary in South Africa is locally incorporated and in addition, complies with the applicable local corporate governance codes such as the King III Report.

The Board and Management are responsible for ensuring that the Corporation applies the best practices in corporate governance that match the required minimum in modern international and peer companies.

Corporate Governance Framework

Corporate governance principles and procedures of Africa Re are defined in a series of documents governing the organization and its management. They include:

- Agreement Establishing the African Reinsurance Corporation, defining the ownership, administration and governance structure;
- Procedure for Proposing and Introducing Amendments to the Agreement;
- General Bye-Laws defining the General Regulations and the Rules of Procedure of the General Assembly;
- Rules of Procedure of the Board of Directors;
- Rules for the Election of Directors;
- The Board Charter and Board Committee Terms of Reference, setting out the duties and responsibilities of the Board and its Committees; and
- Code of Ethics, which lays down rules, behaviour and attitude to be observed by staff and Management when accomplishing their duties or acting on behalf of the Corporation.

The corporate governance framework of the Corporation undergoes appropriate reviews triggered by changes in the operations of the Corporation, international best practices in relevant areas, as well as strategy and risk profile amongst others.

Since June 2019, the Board comprises 5 Committees. The Committees of the Board of Directors of the African Reinsurance Corporation are today as follows:

1. Human Resources and Remuneration Committee;
2. Audit Committee;
3. Underwriting, Risk Management and Information Technology Governance Committee;
4. Nominations and Governance Committee;
5. Finance and Investment Committee.

The General Assembly, at its 41st Annual Ordinary Meeting held in Tunis, Republic of Tunisia, on 17 June 2019, decided to increase the number of Directors from 12 to 14 to cater for two (2) Non Executive Independent Director board seats, in line with best international governance standards.

The Board had its first Independent Directors (Mr Moustapha COULIBALY and Mr Bakary KAMARA) in 2020 and 2021 respectively.

Shareholding

Shareholding Structure as at 31 December 2022

Shareholder	Number of Shares	In %
42 Member States	991,627	34.63
African Development Bank (AfDB)	240,000	8.38
113 African insurance and reinsurance companies	971,984	33.94
3 Non-African Investors (FAIRFAX, AXA, and ALLIANZ SE)	660,000	23.05

Authorized / Paid-Up Capital and Recent Changes in Shareholding

The Corporation's policy consists in steadily growing capital with retained profit and additional equity from existing shareholders and selected potential investors. Therefore, from an initial paid-up capital of US$ 100 million in 2010, a call of the first portion of the capital of US$ 200 million was made in 2010 by issuing 1,000,000 new shares and distributing 1,000,000 bonus shares to existing shareholders.

The authorized capital stands at US$ 500 million as at 31 December 2022 with US$ 286,361,100 fully paid up. The capital is divided into 2,863,611 shares, each with a nominal value of US$100.

General Assembly

General Assembly Meeting

The General Assembly meets at least once a year in one of the member states, usually in June.

Voting Right & Representation

In line with the Agreement Establishing the Corporation, each shareholder has one vote for any one fully paid-up share. Each representative at the General Assembly is entitled to cast the votes of the shareholder or shareholders he represents. All significant decisions and matters before the Ordinary General Assembly are taken by a majority of the voting power represented at the meeting.

Statutory quorums

A quorum for any meeting of the General Assembly shall be sixty (60) per cent of the total voting power of shareholders. If a quorum is not reached, a second meeting shall be held at least twenty-one (21) days or at most forty-five (45) days after the first meeting in the case of the ordinary general meetings and at least seven (7) days or at most thirty (30) days after the first meeting in the case of extraordinary meetings. The notice for the second meeting shall be sent within seven (7) days after the first meeting. The shareholders present at the second meeting shall have the right to pass valid resolutions whatever the number of shares they represent.

Notice & Agenda of the General Assembly

Notices for convening ordinary meetings of the General Assembly shall be sent to all shareholders by registered airmail not less than six (6) weeks before the date fixed for the meeting. The notice shall contain the agenda of the meeting.

Extraordinary meetings shall be convened in writing by appropriate means of communication not less than seven (7) days before the date of the meeting. An extraordinary meeting of the General Assembly may be called by the Board of Directors, or by shareholders representing at least twenty-five per cent (25%) of the total voting power of the Corporation.

Board of Directors

Board of Directors – Composition

The Board of Directors is currently chaired by Dr Mohamed Ahmed MAAIT and comprises 14 substantive members. Directors are elected by the General Assembly for a period of three years and may be re-elected at the expiration of the term. They shall continue in office until their successors are elected.

The table below contains the current members of the Board of Directors of the Corporation as at 31 December 2022 as well as the constituencies/group of shareholders they represent.

Name & Nationality	Constituency
Dr Mohamed Ahmed MAAIT Egyptian	Egypt: state and companies
Mr Bakary KAMARA Mauritanian	Independent Director
Mrs Faouzia ZAABOUL Moroccan	Morocco: state and companies
Mr Belay TULU Ethiopian	East and Southern Africa and Sudan (12 states)
Mr Maurice MATANGA Cameroonian	Francophone West and Central Africa (states and companies)
Mr Kamel MARAMI Algerian	Algeria: state and 4 companies
Mr Arthur Nathaniel YASKEY Sierra Leonean	Anglophone West Africa (companies and 4 states) and East and Southern Africa (companies)
Mr Hafed Mohamed OMRAN Libyan	Libya, Mauritania and Tunisia (states and companies)
Mr Sunday Olorundare THOMAS Nigerian	Nigeria: state and companies
Mr Joseph VINCENT Belgian	African Development Bank (AfDB)
Mr Hassan EL SHABRAWISHI Egyptian	AXA
Mr Jean CLOUTIER Canadian	FAIRFAX
Mrs Delphine TRAORE Burkinabe	ALLIANZ SE
Mr Moustapha COULIBALY Ivorian	Independent Director

Board seats are distributed among shareholders or group of shareholders based on their voting power. The composition of the current Board is as follows:

- Nine (9) for Class "A" Shareholders (42 African member states, AfDB and 113 African insurance and reinsurance companies), with AfDB entitled to a permanent seat.
- Three (3) for Class "B" Shareholders (3 non-African investors).
- Two (2) Independent Directors.

The Board of Directors currently has five standing committees: Audit Committee; Finance and Investment Committee; Human Resources and Remuneration Committee; Nominations and Governance Committee and the Underwriting, Risk Management and Information Technology Governance Committee;

Board of Directors – Committees

Audit Committee

The role of the Audit Committee includes but is not limited to the following:

a) Providing oversight on the Corporation's statutory financial reporting obligations together with fulfilling the legal, operational and professional requirements relating thereto.

b) Acting to ensure that the Corporation's records and reports of its business and other activities are adequate, appropriate, accurate and compliant with best practices.

c) Supplementing, supporting, advising, providing guidance and reports on the adequacy, integrity, effectiveness or otherwise of the Corporation's system of accounting, financial reporting and internal controls as well as Management's effectiveness in fulfilling its responsibility and mandate as custodian of the Corporation's assets and the financial records evidencing its business activities.

Members

- Mr. Moustapha COULIBALY (Committee Chairman)
- Mrs Faouzia ZAABOUL
- Mr Bakary KAMARA
- Mr Joseph VINCENT
- Mr Arthur YASKEY

Human Resources & Remuneration Committee

The role of the Committee includes but is not limited to the following:

a) Governing the staff remuneration process and making recommendations to the Board.

b) Providing oversight responsibilities on the Corporation's human resource management policies, practices and procedures.

c) Acting as the forum for supporting Executive Management to ensure that the Corporation has access to appropriate human resources through a transparent, balanced and sustainable framework for dealing with performance recognition and reward.

Members

- Mr Kamel MARAMI (Committee Chairman)
- Mr Belay TULU
- Mr Hassan El SHABRAWISHI
- Mr Maurice MATANGA
- Mr Hafed Mohamed OMRAN

Underwriting, Risk Management & Information Technology Governance Committee

The role of the Committee includes but is not limited to the following:

a) Providing guidance and oversight on the Corporation's underwriting and other risk-taking activities.

b) Acting as the forum for setting and updating the framework, models and policies for managing risk across the Corporation and for overseeing the underwriting activities of the Corporation as well as ICT resourcing activities.

Members

- Mr Jean CLOUTIER (Committee Chairman)
- Mr Joseph VINCENT
- Mr Sunday Olorundare THOMAS
- Mr Arthur YASKEY
- Mr Belay TULU

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Finance & Investment Committee

The role of the Committee includes but is not limited to the following:

a) Reviewing and confirming that the medium term financial plans, annual operating budget and annual capital budget prepared by Management, are consistent with the strategic plan and the Corporation's financial policies.

b) Providing guidance and oversight on the Corporation's financial and investment affairs and activities.

c) Acting as the forum for setting and updating the framework, models and policies for managing investment risk across the Corporation and for overseeing the financing, investing, planning, capital and operational budgeting of the Corporation;

Members

- Mr Hassan El SHABRAWISHI (Committee Chairman)
- Mrs Faouzia ZAABOUL
- Mrs Delphine TRAORE
- Mr Moustapha COULIBALY
- Mr Maurice MATANGA

Nominations and Governance Committee

The role of the Committee includes but is not limited to the following:

a) Providing guidance and oversight on the Corporation's corporate governance activities and Board affairs.

b) Acting as the forum for setting and updating the framework, models and policies for providing leadership and direction for the Board, for ensuring Board performance and effectiveness, and for overseeing the continuous flow of quality personnel and other resources into the Corporation's leadership.

c) Governing the non-executive directors' remuneration process and making recommendations to the Board for preliminary approval and the General Assembly for final adoption.

Members

- Dr Mohamed MAAIT (Committee Chairman)
- Mr Kamel MARAMI
- Mr Bakary KAMARA
- Mrs Delphine TRAORE
- Mr Sunday Olorundare THOMAS

Board Evaluation and Training

As regards training, new Board members are provided with induction packs on the functions of the Board and the Committees. In addition, training is also provided to Directors in specific areas as need be. Accordingly, training sessions were organized for all Board members on IFRS 9 and 17 on 6 August 2022, 17 September 2022 and 19 November 2022.

Furthermore, to ensure compliance with the Environmental, Social and Governance (ESG) concerns, KPMG consultants made a presentation to the Nominations and Governance Committee of the Board on 27 October 2022 on the proposed draft strategy of Africa Re.

Board of Directors – Activities in 2022

The Board of Directors met five times in 2022. Four meetings were held virtually, on the Zoom platform and one meeting (164th board meeting) was held on 25 July 2022 in Cairo, in a hybrid format with some board members participating remotely. The average attendance rate was 95%.

Executive Management

The Executive Management comprises the following members as at 31 December 2022.

Name	Nationality	Function
Dr Corneille KAREKEZI	Rwandese	Group Managing Director / Chief Executive Officer
Mr Ken AGHOGHOVBIA	Nigerian	Deputy Managing Director / Chief Operating Officer

IX. COMPLIANCE

As part of an effective system of risk management and internal controls in the Corporation, control functions were established including risk management, actuarial services, internal audit and compliance. The compliance function was formally developed in 2014 in order to complete the essential pillars of a strong risk management system.

The compliance function enhances governance, checks and balances and provides support to the Board in the fulfilment of its oversight duties.

Though the parent company is not subject to any regulatory compliance requirements, its subsidiaries, Africa Re South Africa Limited in Johannesburg (South Africa) and Africa Re Underwriting Agency Limited in Dubai (The United Arab Emirates), are mandated to comply with all applicable regulatory requirements in South Africa and the UAE respectively. Each of these subsidiaries have their own local compliance functions. The Group compliance function reviews requirements and best practices of relevant and applicable rules and regulations in order to assess the Corporation's compliance levels, and issues reports to Executive Management and the Board.

Consequently, through this function, the Corporation ensures there are appropriate policies and procedures in place to monitor and ensure compliance with the contractual agreements of Africa Re.

The compliance function operates as a second line of defence. It also ensures as much as possible that there is no conflict of interest with other control functions, hence meeting the minimum requirement of good governance and control practice.

The following are some examples of policies and procedures within the compliance function of the Corporation:

- FATCA: The Foreign Accounts Tax Compliance Act (FATCA), an act of the United States Internal Revenue Service (IRS), has been considered and implemented.
- Policy Formulation and Review: The Anti-Money Laundering (AML)/Combating Terrorist Financing (CTF) policy is approved by the Board and reviewed periodically to incorporate latest best practices and conform to recent standards. The department is in the process of formulating our Data Protection policy and procedures to adhere to best practice and applicable data protection laws.
- Gap Assessment & Management: The compliance function also identifies gaps in the compliance processes and develops a strategic response to manage them. The Know Your Customer (KYC) process has recently been updated to a more risk-based process.
- Screening Tools: A compliance screening tool is used to screen all clients during the on boarding stage and on a continuous basis.

The Corporation's fight against money laundering and terrorist financing is critical in maintaining a stable and corrupt-free society; hence the adoption of the recommendations of the Financial Action Task Force (FATF) and the guidance paper of the International Association of Insurance Supervisors (IAIS) on this subject.

The AML/CTF process forms part of the Risk Management Programme of the African Reinsurance Corporation and formalises the approach to combat money laundering and terrorist financing.

Although at the Group level, the Corporation is not subject to any specific local regulation on AML/CTF, it has adopted the recommendations of the FATF as best practice in combating money laundering and terrorist financing.

These recommendations shall be used to:

- define and communicate principles and minimum requirements for conducting money laundering and terrorist financing assessments;
- provide further controls on the operational, reputational and legal risks of the Corporation;
- ensure compliance with international best practice on fighting money laundering and terrorist financing;
- provide guidance to eliminate the possibility of the Corporation's participation in any money laundering or terrorist financing activities;
- formalise the Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures of the Corporation; and
- advise the board on the compliance risk exposures faced in the different operating markets.

X. CORPORATE SOCIAL RESPONSIBILITY

A sustainable business, whose main goal is to maximize shareholder value, must pay attention to the interests of its shareholders and also the environment in which it operates. Following the Board decision of November 2013 and the General Assembly Resolution of June 2014, Africa Re Trust Fund was established to execute the corporate social responsibility (CSR) initiatives of the Corporation. To carry out corporate social responsibility in line with global best practices and to achieve the goal of the CSR Trust Fund, **Africa Re Foundation** was established in January 2018 to serve as an independent vehicle to implement various strategic initiatives aimed at achieving Africa Re's vision. The Foundation is funded primarily by a maximum of 2% of the Corporation's yearly net profit after tax. In 2022, the Foundation implemented the following recurrent and non-recurrent initiatives to achieve its strategic goals.

Covid-19 Pandemic in Africa

The Africa Re Foundation committed a total of US$3,320,000 to support the fight against Covid-19 pandemic in Africa. The Covid-19 pandemic intervention was designed to be executed in collaboration or in partnership with international organizations (African Union, World Health Organisation), 8 host countries of Africa Re and 42 African insurers' associations. The Africa CDC of the African Union, WHO (Mauritius), 3 host countries, and 13 insurance associations received funds from the Foundation and implemented Covid-19 initiatives or projects across the continent.

Education and Training

- The Foundation supports training and capacity building for African Insurance Regulators. The project is aimed at enhancing the knowledge and capacity of the insurance industry regulators and promoting efficient regulation and service delivery.
- Eight hundred and sixty-four (864) insurance professionals were trained on insurance, reinsurance and related courses through the Young Insurance Professionals Programme (YIPP). They were equipped with the required knowledge and skills of the industry that will facilitate higher job performance and improve productivity.

Insurance Industry Development

- The Africa Re Foundation supported the 7th African Insurance Awards (AIA). The award ceremony is an initiative aimed at celebrating insurance industry performers with a view to motivating excellent performance and the development of the insurance industry in Africa. The award categories celebrated are the African Insurance Company of the Year; African Insurance CEO of the Year; Insurance Innovation of the Year; and Insurtech of the Year.
- The Foundation continues to support the development of an insurance regulatory software for the National Insurance Commission (NAICOM) of Nigeria to enhance regulatory functions and ensure efficient service delivery.

Research and Development

- The Foundation continues to support the Financial Regulatory Authority (FRA) of Egypt in the building of the first actuarial tables for the life insurance industry in the country.

XI. HUMAN RESOURCES AND COMPENSATION

1. Human Resources

As the employer of choice in the African reinsurance market, Africa Re's Employee Value Proposition (EVP) is still very alluring and the greatest asset continues to be the staff of Africa Re.

The Corporation runs a centralized HR environment to support the key business initiatives, find and nurture talented professionals, build performance capabilities, offer best practices that support high levels of employee engagement and organizational development in order to meet strategic business goals.

As a result, we regularly assess our remuneration and benefits in order to recruit, inspire, and keep the highly qualified employees needed to carry out the strategic plan and goals of the Corporation.

1.1 Staff Categories

There are six staff categories in Africa Re.

Table A: Staff Categories

Executive Management (MGT)	▪ Group Managing Director/Chief Executive Officer ▪ Deputy Managing Director/Chief Operating Officer
Executive Staff (ES1, ES2, ES3, ES4)	▪ Central Directors ▪ Regional Directors ▪ Managing Directors of Subsidiaries
Professional Staff (PS1, PS2 PS3, PS4, and PSS)	▪ Deputy Directors ▪ Assistant Directors ▪ Senior Managers ▪ Managers ▪ Assistant Managers
Local Professional Staff (LP1, LP2, LP3)	▪ Principal Officer
Support Staff (SS1, SS2, SS3, SS4, SSS A, SSS B)	▪ Assistant Officers /Officers/ Senior Officers
Manual Staff (MS1, MS2, MS3, MS4, MSS)	▪ Attendants /Operatives

Executive Management, Executive Staff, and Professional Staff are considered "international" staff. Local Professional, Support Staff and Manual Staff are locally recruited staff of the respective locations in which the Corporation operates.

The table below shows the distribution of staff according to categories and duty posts across the African continent.

Table B: Staff Establishment Figures as at 31 December 2022

Locations	**Establishment**							
	MGT	**ES**	**PS**	**LP**	**SS**	**MS**	**Total**	**Temp**
Head Office	**2**	**6**	**29**	**2**	**29**	**12**	**80**	
Abidjan Regional Office		1	4	0	11	2	**18**	
Addis Ababa Regional Office			1		2		**3**	
Cairo Regional Office		1	8	1	19	1	**30**	
Casablanca Regional Office		1	4		13	3	**21**	
Lagos Regional Office		1	6	2	12	2	**23**	
Mauritius Regional Office		1	3	1	10	4	**19**	
Nairobi Regional Office		2	13	4	14	1	**34**	
African Reinsurance Corporation South Africa (ARCSA) – South African Subsidiary		1	14		18	3	**36**	
Total (Regional offices)	**0**	**8**	**53**	**8**	**99**	**16**	**184**	
Total (with Head Office)	**2**	**14**	**82**	**10**	**128**	**28**	**264**	
Percentage %	0.76	5.30	31.06	3.79	48.48	10.61	100	

1.2 Diversity

Africa is proud to be an equal opportunity employer that is committed to diversity and inclusion. The staff of the Corporation cuts across twenty-eight (28) nationalities in Africa. The Corporation also promotes gender equality amongst its workforce.

Table C: Gender Distribution of Staff

Location	**Male**	**Female**	**Total**
Head Office	59	21	80
Abidjan Regional Office	14	4	18
Addis Ababa Local Office	2	1	3
Cairo Regional Office	17	13	30
Casablanca Regional Office	14	7	21
Lagos Regional Office	16	7	23
Mauritius Regional Office	9	10	19
Nairobi Regional Office	23	11	34
African Reinsurance Corporation South Africa (ARCSA) – South African Subsidiary	20	16	36
Grand Total	**174**	**90**	**264**
Percentage %	**65.91**	**34.09**	**100**

2. Compensation

The guiding principle for Africa Re's compensation and incentives is to be within at least the 75th percentile of peer benchmark compensation accepted in the reinsurance and financial industry. Our comprehensive compensation is benchmarked against relevant peers in the African labour market, allowing our employees to focus on achieving exceptional results without taking avoidable risks.

Africa Re's compensation practices are based on participation in remuneration surveys and peer reviews, complemented by effective employee and team performance management policies.

Africa Re employs the Balanced Scorecard (BSC) as a strategic performance management tool to set measurable performance goals for teams and individuals. Performance targets are tied to the company's strategic business plan. Each employee's BSC is a combination of goals and initiatives measured against several Key Performance Areas (KPAs), Perspective or Key Performance Indicators (KPIs). The performance management system is now automated with Corporater software.

Compensation and Rewards were reviewed in 2022 to alleviate the erosion in real income of staff caused by local currency devaluation/ currency fluctuation and hyper-inflation in some of Africa Re's operating locations.

The Corporation continues to promote and practice equal pay for similar roles amongst the male and female staff. All allowances and benefits are applicable to male and female staff occupying the same role with the same grade level without any form of discrimination or disparity.

Africa Re pay practice comprises fixed pay, variable pay (short and long term incentives) , allowances and other benefits (children education grant, Provident Fund, end-of-service gratuity, medical insurance, other insurance covers, etc.).

Table D: Components of compensation

Type	Composition	Beneficiaries	Comments
Fixed Compensation	Base salary	- Executive Management - Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	Base pay and allowances are paid monthly in US dollars for Executive Management, Executive Staff and Professional Staff, and in local currencies for Local Professional, Support and Manual Staff
	Duty Post Differential	- Executive Management - Executive Staff - Professional Staff	Paid monthly only to international staff
Annual Variable Compensation	Individual Performance Bonus	- Executive Management - Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	Paid annually to all categories of staff
	Special Location Performance Bonus	- Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	Designed to reward all the employees of a production centre upon attainment of a specified performance level.
	Employee Share Ownership Plan (ESOP)	- Executive Management - Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	A scheme to provide both Management members and employees with a financial share in the business and increase the alignment of their future interests with those of shareholders.
Allowances	- Housing - Transport - Inflation Adjustment - Dependency (Spouse & Child)	- Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	Allowances are paid monthly in US dollars for Executive Staff and Professional Staff, and in local currencies for Local Professional, Support and Manual Staff.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR EXTERNAL FINANCIAL REPORTING

Management responsibility regarding Effectiveness of Internal Controls over Financial Reporting

The Management of the African Reinsurance Corporation (Africa Re) is responsible for the preparation, integrity and fair presentation of its financial statements and other information presented in the annual report. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of Article 37 of the Agreement Establishing the African Reinsurance Corporation and as such, include amounts based on informed judgments and estimates made by Management.

The financial statements have been audited by an independent accounting firm, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the Board. Management believes that all representations made to the independent auditors during the audit were valid and appropriate. The independent auditors' report accompanies the audited financial statements.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Agreement Establishing the African Reinsurance Corporation, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management believes that internal controls for external reporting, which are subject to scrutiny by Management and the internal auditors, and are revised as considered necessary, support the integrity and reliability of the external financial statements.

Key procedures that Management has established, which are designed to provide effective internal financial control within the Group include the preparation, review and Board approval of the annual financial plans that align with strategic plans. Results are monitored regularly and progress reports on performance are prepared quarterly. The system of internal controls includes written policies and procedures, proper delegation of authority, accountability through establishing responsibility and segregation of duties.

In addition, Management has developed a risk management framework that ensures an effective coordination and monitoring, within the Group, of all the risk management policies approved by the Board of Directors and/or by Executive Management such as underwriting and reserving policies, staff rules and regulations, investment policy guidelines and accounting and financial procedures.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can only provide reasonable assurance with respect to the preparation of financial statements. The effectiveness of internal controls may vary over time because of changes in circumstances.

The Board of Directors of Africa Re has set up an Audit Committee and an Underwriting, Risk Management & IT Governance Committee to monitor the internal controls and risk management practices within the Group. The Committees are made up of non-executive Directors who are independent of Management. They meet periodically with Management, external auditors, internal auditors, chief risk officer and technical inspectors to review their reports and ensure that they are effectively carrying out their respective responsibilities. The external auditors, internal auditors and chief risk officer have free access to the Committees with or without the presence of Management to discuss the adequacy of internal control over financial reporting and any other matters which they believe should be brought to the attention of the Committees.

Dr Mohamed Ahmed MAAIT
Chairman

Dr Corneille KAREKEZI
Group Managing Director / CEO

Independent auditor's report

To the Members of African Reinsurance Corporation

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of African Reinsurance Corporation ("the corporation") and its subsidiaries (together "the group") as at 31 December 2022, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

African Reinsurance Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at 31 December 2022;
- the consolidated statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated statements of changes in equity for the year then ended;
- the consolidated statements of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* 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 Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

Annual Report & Accounts 2022
External Auditor's Report

Emphasis of Matter

We draw attention to Note 30 to these financial statements, which discloses the Corporations asset balances in Sudan amounting to $14,713,489 as at year ended December 2022.

As discussed in note 34 to the financial statements, the Corporation reviewed the potential impact of the current situation in Sudan on the recoverability of the asset balances. In the subsequent period, the situation remains uncertain. This makes it difficult to reliably determine the impact on the recoverability of these balances.

Our opinion is not modified in respect of this matter

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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	How our audit addressed the key audit matter
Valuation of technical provisions ($861.9 million) - see notes 3c, 3e, and 13 Management employs the services of an internal expert for the purposes of determining its actuarial liabilities in estimating technical provisions. The estimation of technical provisions involve a significant degree of judgement about future events of uncertain future outcomes. The liabilities are based on the best-estimate of the ultimate cost of all Incurred Claims Liabilities (ICL) but not settled at a given date, whether reported or not and provision for unearned premium reserve (UPR). Below, we comment on IBNR (Incurred But Not Reported) reserves which we consider to be the most judgemental aspect of technical provisions. Management calculates IBNR based on generally accepted actuarial methods such as: • Chain Ladder Method • Expected Loss Ratio Method • Bornhuettor-Ferguson Method • Cape Cod Method	We obtained the actuarial calculations from management's internal actuarial experts and performed the following procedures: • assessed the competence of management's internal actuarial expert; • understood and evaluated management's process for estimating technical provisions; • understood, evaluated, and tested key controls over underwriting and claims process and performed detailed substantive testing over premiums, claims paid and outstanding claims; and • tested the accuracy, completeness and appropriateness of the underlying data used in the actuarial valuations by performing checks between the data recorded in the financial statements and actuarial data used by management's experts. With the support of our actuarial experts, we assessed the reasonableness of the corporation's methodology for estimating technical provisions and tested IBNR reserve as follows. We performed an independent calculation of claims reserves using paid and incurred claims triangles provided by the Corporation as follows: • For all classes of business, we used the Bornhuettor

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Judgements applied included the determination of the appropriate method for each line of business. the estimation of the impact of large claims and the determination of allowance for retrocession share of the claim reserve. With regard to the determination of retrocession share of claims reserve, the corporation has used the retrocession percentage on a contract wise basis to estimate the release in IBNR due to retrocession. The methodology assumes that premium retroceded is a close proxy for the risks being transferred and therefore is used to estimate the release in IBNR. Management believes that most of the retrocession arrangements of the Corporation are on proportional basis, the approach used for estimating net IBNR is a practical approximation and should therefore produce realistic results.	Ferguson Method, Chain Ladder Method, Cape Cod Method, and the Expected Loss Ratio Method based on what was appropriate for the Line of Business; • Certain exceptionally large claims were excluded from the claims triangles as these claims distort the reserves significantly. We independently calculated an estimate of the claim's liability at a line of business level; and • We checked the appropriateness of the methodology used to estimate the release in IBNR due to retrocession and independently carried out a re-computation. We assessed the financial statement disclosures for reasonableness.
Valuation of reinsurance receivables ($109.5 million) – see notes 3c, 3j, and 6 The valuation of the group's reinsurance receivable requires significant judgement in determining the amount to reflect the credit risk exposure to reinsurance receivables. Management's impairment model considers the ageing of its reinsurance receivables and collection history. It also considers the length of time the receivable has been due as well as the financial condition of the debtor. Management performs periodic reconciliations with existing cedants and considers the results in the impairment assessment.	We adopted a substantive approach in order to assess the recoverability of the reinsurance receivables. We assessed the reasonableness and appropriateness of the impairment model and assumptions used in testing the recoverability of the reinsurance receivables. Specifically, we: • tested the ageing analysis of the gross receivable performed by management by selecting samples and checking to supporting documentation; • evaluated the existing relationship between the corporation and selected cedants (including the collection history) and assessed the financial condition of the cedants; and • developed a point estimate which was compared to management's valuation of the group's reinsurance receivables. We assessed the financial statements disclosures for reasonableness.

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Other information

The directors are responsible for the other information. The other information comprises About Us, Mission, Value Proposition, Diversified Shareholding, Financial Highlights, Results 2018 – 2022, Financial Position 2018-2022, Ratings, Proposed Dividend per share, Letter to the General Assembly, Board of Directors, Executive Management, Central Directors, Regional Directors, Managing directors of subsidiaries and local representative, Chairman's Statement, Management Report, Economic and Trade Environment, Technical Operations, Investment Income, Results of the 2022 Financial Year, Appropriation of Results, Capital Management, Enterprise Risk Management (ERM), Corporate Governance, Compliance, Corporate Social Responsibility, Human Resource and Compensation, Statement of management's responsibility for external financial reporting and Consolidated statement of profit or loss by class of business, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated 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 consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material pwc

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

Obioma Ubah

14 June 2023

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Obioma Ubah
FRC/2013/ICAN/00000002002

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at 31 December 2022

Assets	**Notes**	**2022 US$'000**	**2021 US$'000**
Cash and cash equivalents	25	379,505	329,444
Investments	4	1,128,644	1,118,556
Premium income receivable		50,264	55,110
Deferred acquisition costs	5	61,634	58,546
Reinsurance receivables	6	109,487	132,340
Retrocessionaires share of technical provisions	7	153,761	127,361
Sundry receivables		49,665	6,714
Tax recoverable	23	1,233	-
Investment properties	8	18,378	18,343
Property and equipment	9	35,155	35,959
Intangible assets	10	6,490	8,240
Total assets		**1,994,215**	**1,890,613**
Liabilities			
Sundry payables	26	19,141	18,891
Dividend payable	24	15,506	11,639
Reinsurance payables	11	101,846	111,753
Deferred tax	12	650	694
Deferred retrocession commission		4,146	5,824
Technical provisions	13	861,863	741,098
Total liabilities		**1,003,152**	**889,899**
Shareholders' funds			
Retained earnings		211,308	226,218
Other reserves	14	276,224	270,965
Share premium		217,170	217,170
Share capital	15	286,361	286,361
Total shareholders' funds		**991,063**	**1,000,714**
Total liabilities and shareholders' equity		**1,994,215**	**1,890,613**

The financial statements on pages 57 to 107 were approved and authorised for issue by the Board of Directors of the Corporation on 31 May 2023 and were signed on its behalf by:

M.A. Maait

DR. MOHAMED MAAIT
Chairman

DR. CORNEILLE KAREKEZI
Managing Director

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

Consolidated Statement of Financial Position
As at 31 December 2022

	Notes	2022 US$'000	2021 US$'000
Gross earned premium	16	917,115	842,626
Less: retrocession premium	16	(178,648)	(174,930)
Net earned premium	**16**	**738,468**	**667,696**
Investment income	17	11,493	51,038
Commissions earned under retrocession arrangements		31,427	32,922
Other operating income	18	1,631	3,100
Total income		**783,020**	**754,756**
Net claims incurred	19	**(444,433)**	**(392,751)**
Acquisition expenses	20	(232,390)	(224,410)
Administrative expenses	21	(52,072)	(48,896)
Net foreign exchange loss	22	(29,851)	(47,783)
Profit before income tax		**24,272**	**40,916**
Income tax charge	23	(539)	(2,093)
Profit for the year		**23,733**	**38,823**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations		(10,570)	(25,974)
Net fair value gain on revaluation of available-for-sale financial assets		2,961	(4,534)
Total other comprehensive (Loss)/Gain		**(7,608)**	**(30,508)**
Total comprehensive income for the year		**16,126**	**8,315**

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

Consolidated statement of changes in equity for the year ended 31 December 2022

	Retained earnings	Translation reserve	General reserve	Reserve for Market Value Adjustment	Reserve for exchange fluctuation	Reserve for loss fluctuation	Other total reserves	Share premium	Share capital	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
At 1 January 2022	226,218	(182,628)	383,825	4,874	6,294	58,600	270,965	217,170	286,361	1,000,714
Profit for the period	23,733	-	-	-	-	-	-	-	-	23,733
Other comprehensive income	-	(10,570)	-	2,961	-	-	-	-	-	(7,609)
	23,733	**(10,570)**	**-**	**2,961**	**-**	**-**	**(7,609)**	**-**	**-**	**16,125**
Issue of ordinary shares	-	-	-	-	-	-	-	-	-	-
Dividend declared for 2021 (Note 24)	(25,200)	-	-	-	-	-	-	-	-	(25,200)
Corporate social responsibility fund	(576)	-	-	-	-	-	-	-	-	(576)
Transfer to reserves	(12,867)	-	11,867	-	-	1,000	12,867	-	-	-
	(38,642)	**-**	**11,867**	**-**	**-**	**1,000**	**12,867**	**-**	**-**	**(25,776)**
At 31 December 2022	**211,308**	**(193,198)**	**395,693**	**7,835**	**6,294**	**59,600**	**276,224**	**217,170**	**286,361**	**991,063**
At 1 January 2021	**234,077**	**(156,654)**	**364,413**	**9,408**	**6,294**	**57,600**	**281,061**	**216,107**	**285,861**	**1,017,106**
Profit for the period	38,823	-	-	-	-	-	-	-	-	38,823
Other comprehensive income	-	(25,974)	-	(4,534)	-	-	(30,508)	-	-	(30,508)
	38,823	**(25,974)**	**-**	**(4,534)**	**-**	**-**	**(30,508)**	**-**	**-**	**8,315**
Issue of ordinary shares	-	-	-	-	-	-	-	1,063	500	1,563
Dividend declared for 2020 (Note 24)	(25,156)	-	-	-	-	-	-	-	-	(25,156)
Corporate social responsibility fund	(1,114)	-	-	-	-	-	-	-	-	(1,114)
Transfer to reserves	(20,412)	-	19,412	-	-	1,000	20,412	-	-	-
	(46,682)	**-**	**19,412**	**-**	**-**	**1,000**	**20,412**	**-**	**-**	**(26,270)**
At 31 December 2021	**226,218**	**(182,628)**	**383,825**	**4,874**	**6,294**	**58,600**	**270,965**	**217,170**	**286,361**	**1,000,714**

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

Consolidated statement of cash flows for the year ended 31 December 2021

	Notes	2022 US$'000	2021 US$'000
Cash flows from operating activities			
Cash generated from operations	25	95,931	72,891
Income tax paid	23	(1,772)	(1,022)
Net cash from operating activities		94,159	71,869
Cash flows from investing activities			
Purchase of Investment Property		-	(88)
Purchase of property and equipment	9	(1,640)	(2,835)
Purchase of intangible assets	10	(172)	(6,743)
Purchase of investments		(10,087)	(5,111)
Interest received net of management fees		33,945	36,082
Dividend received		2,691	3,036
Proceeds of disposal of property and equipment		50	29
Net cash generated/(used) in investing activities		24,787	24,370
Cash flows from financing activities			
Proceeds from share subscription		-	1,563
Dividends paid	24	(21,333)	(22,932)
Net cash used in financing activities		(21,333)	(21,369)
Net increase/(decrease) in cash and cash equivalents		97,614	74,870
Movement in cash and cash equivalents:			
At start of year		329,444	294,795
Net increase/(decrease) in cash and cash equivalents		97,614	74,870
Net exchange losses on cash and cash equivalents		(47,553)	(40,221)
At end of year	25(b)	**379,505**	**329,444**

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

Notes to the financial statements

1. General information

The African Reinsurance Corporation was established in 1976 by member States of the African Union (formerly Organisation of African Unity) and the African Development Bank as an inter-governmental institution to:

a) mobilise financial resources from insurance and reinsurance operations;

b) invest such funds in Africa to help accelerate economic development; and

c) foster the development of the insurance and reinsurance industry in Africa by promoting the growth of national, regional and sub-regional underwriting and retention capabilities.

The Corporation is domiciled in Lagos, Nigeria at the following address:

Plot 1679, Karimu Kotun Street
Victoria Island
PMB 12765
Lagos, Nigeria

The Corporation carries out reinsurance business through its constituent offices in Abidjan, Cairo, Casablanca, Lagos, Nairobi and Ebene. The Corporation is also licensed as a local reinsurer in South Africa through its wholly owned subsidiary, African Reinsurance Corporation (South Africa) Limited, a company incorporated in the Republic of South Africa. The Corporation also writes Islamic Takaful business through its wholly owned subsidiary, Africa Retakaful Company in Egypt.

2. Accounting policies

Adoption of new and revised International Financial Reporting Standards (IFRS)

i) New standards and amendments to published standards effective for the year ended 31 December 2022

The following amendments to IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

Standards/ Amendments	Effective date	Changes or Amendments
Onerous Contracts – Cost of fulfilling a contract (Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022	This amendment gives clarification and guidance in assessing if a contract is onerous. Such assessment should include all costs directly related to fulfilling the contract such as the incremental cost of the contract and allocated management expense. The incremental costs are those costs that would have been avoided if the contract did not exist. Examples include direct materials and labour. Allocated expense include depreciation of equipment and other management fees. The amendment does not have any impact of the financial statement of the corporation.
Proceeds before intended Use (Amendment to IAS 16, Property Plant and Equipment)	1 January 2022	This amendment gives guidance on the treatment of proceeds from selling samples before the related PPE is available for use. Under this amendment these proceeds will no longer be deducted from the cost of the PPE. Rather they will be recognized in the profit and loss together with the associated costs of production. The amendment does not have any impact on the financial position of the Corporation.

Standards/ Amendments	Effective date	Changes or Amendments
Reference to Conceptual Framework (Amendment to IFRS 3 Business Combinations)	1 January 2022	This amendment introduces new exceptions to the recognition and measurement principles in IFRS 3 Business Combinations. An acquirer is now required to apply the definition in IAS 37 and not the conceptual framework in determining if a present obligation exist at the date of acquisition as a result of past events. The amendment is not expected to have any material impact on the group financial statement.

ii) Impact of new and amended standards and interpretations on the financial statements for the year commencing 1st January 2023 and future annual periods

New standards and Amendments to standards	Effective for annual periods beginning on or after
Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements	1 January 2023
Presentation of Financial Statements to clarify requirements for classifying liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimates –Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 making materiality judgements

The amendments to accounting policy disclosures seek to assist preparers in deciding on which accounting policies to disclose in the financial statements. Emphasis was placed over materiality above all other considerations. The definition of Materiality was refined to align across IFRS standards and Conceptual Framework.

The key amendments to IAS 1 are:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments apply to the Corporation and will be fully implemented when they become effective.

Presentation of Financial Statements to clarify requirements for classifying liabilities as current or non-current (Amendments to IAS 1)

The amendment is to clarify the requirements for classifying liabilities as current or noncurrent.

More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant; and
- The amendments clarify the situations that are considered settlement of a liability.

The amendments are not expected to have any material impact on the financial position of the Corporation.

IFRS 17 Insurance Contracts

IFRS 17 supersedes IFRS 4 Insurance Contracts.

It aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model applicable in certain circumstances and to specific contracts. There is also the variable fee approach for contracts with direct participation features.

The new standard will bring in changes in the financial statements when it is initially applied which will include changes to the measurement of insurance contracts issued and the presentation and disclosure.

The Corporation is on course on the implementation of the standard. The impact assessment has been completed and a parallel run for 2020 financial statement was also completed. The process of selecting the software vendor has been completed and a dry run 2021 financial is also being completed. The corporation does not envisage a major impact on equities as most of the contracts are within one year.

Definition of Accounting Estimates – Amendments to IAS 8

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The focus of the amendment is solely on the clarifications regarding accounting estimates rather than accounting policies

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences in cases like leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

iii) Early adoption of standards

The Corporation did not early-adopt any new or amended standards in 2022.

3. Summary of significant accounting policies

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

A. Basis of preparation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standard (IFRS) and its interpretations issued by the International Accounting Standard Board (IASB).

The financial statements are presented in United States dollars (US$'000). They have been prepared under the historical cost convention, as modified by the carrying of certain investments at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Corporation's accounting policies. Although estimates are determined on the basis of historical information, actuarial analyses and the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis to take account of new and available information. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

B. Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The corporation applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries African Reinsurance Corporation (South Africa) Limited, Africa Retakaful (Egypt) and Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiary companies in the corporation's books are carried at cost less provision for impairment.

C. Use of estimates and judgements in the preparation of financial statements

The preparation of the consolidated financial statements require management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amount of income and expense during the reporting period.

These estimates are determined on the basis of historical information, actuarial analyses and other analytical techniques. Actual results could differ from these estimates.

A significant degree of judgement has been used in the determination of the adequacy of provision for outstanding claims and claims incurred but not reported at the reporting date. In addition, the income statement includes estimates for premium, claims and charges data that were not received from ceding companies at the date of the financial statements. There were also estimates of expenses incurred but not yet invoiced as at reporting date.

Estimation of outstanding claims and IBNR
The liability for outstanding claims and claims incurred but not reported at the reporting date is based on the estimates of the ultimate cost of settling claims based on both internal estimates and information provided by cedants.

The estimation is performed by using a range of standard actuarial claims projection techniques such as Chain Ladder, Expected Loss Ratio, Bornheutter Ferguson and Cape Cod methods. These methods use observed historical claim settlement and reporting patterns to assess future claims settlement amounts. In general, reserving is done at portfolio levels such that contracts that are managed together and with similar features are analysed together. The current reserving levels are by profit centre, main class of business and underwriting year.

To determine the retrocession share of claims reserve, the corporation has used the retrocession percentage on a contract wise basis to estimate the release in IBNR due to retrocession. The methodology assumes that premium retroceded is a close proxy for the risks being transferred and therefore is used to estimate the release in IBNR.

Additional segregation such as large and catastrophe claims, separation of proportional and non-proportional treaties is used where appropriate and practicable.

Estimation of Pipeline items
Pipeline premium in respect of a particular quarter represents premium written on proportional treaties during the quarter but not yet reported by ceding companies at the closing date of the quarter, as well as missing statements of previous quarters. It is generally estimated contract by contract, using annual premium estimates, adjusted for actual statements received to date. However, for practical reasons, statistical methods are also used to validate the overall figures.

Provisions for pipeline losses in respect of a particular quarter are the estimated claims payable on proportional treaties in respect of outstanding statements of accounts to be received after the closing date of the quarter. It is calculated on the basis of the assumed annual loss ratio.

Pipeline acquisition costs represent accrued acquisition costs relating to pipeline premium. This is estimated contract by contract, by applying the contractual percentages to the pipeline premium.

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

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

D. Classification of insurance contracts

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

E. Recognition and measurement of insurance contracts

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

(i) Short-term insurance contract premium

Written premium on short-term insurance contracts comprises premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premium income for the period includes adjustments to premiums written in prior accounting periods and estimates for pipeline or premium not yet advised by the cedant for contracts in force at the end of the period. Where statements of insurance contract accounts have not been received at year-end, pipeline premiums are estimated on the basis of the latest available information. An estimate is made at the reporting date to recognise retrospective adjustments to premium or commission. Premium relating to the expired risk period is taken as earned and recognised as revenue for the period while premium relating to the unexpired risk period is treated as a provision for unearned premium.

The outward reinsurance premiums relating to earned premiums are recognised as expense in accordance with the reinsurance services received.

(ii) Unearned premium provision for short-term insurance contracts

The portion of gross written premium on short-term insurance contracts, which is estimated to be earned in the following or subsequent years, is accounted for as unearned premium provision. For proportional treaty business, this is computed separately for each contract at the reporting date, using 50% of written premium in respect of the current underwriting year for Africa Re Group excluding the South African subsidiary, where computation is based on the one-over-eighth method. For non-proportional and facultative business this is computed on the pro-rata basis. Where the nature of the underlying business and risk does not justify the use of the above methods, the unearned premium provision is calculated on basis relevant to the risk profile of the insurance contract.

(iii) Claims arising from short-term insurance contracts

Claims incurred in respect of short-term insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in provision for outstanding claims and claims incurred but not reported (IBNR).

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

(iv) Unexpired risk provision for short-term insurance contracts

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

(v) Claims arising from long-term insurance contracts

Claims incurred in respect of long-term insurance contracts consist of claims arising during the year including provision for policyholder liabilities. Outstanding claims on long-term insurance contracts that have occurred at the reporting date and have been notified to the Corporation by the cedants are carried at the claim amounts advised by the cedants.

The operating surpluses or losses arising from insurance contracts are determined by regular actuarial valuation. These surpluses or losses are arrived at after taking into account the movement in actuarial liabilities under unmatured policies, provisions for profit commissions accrued and adjustments to contingency and other reserves within the policyholder liabilities.

F. Property and equipment

Property and equipment are stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenses are treated as other repairs and maintenance costs and charged to the income statement during the financial period in which they are incurred.

Assets under construction are stated at costs. They represent costs incurred to date on on-going building projects.

Freehold land is not depreciated. Depreciation is calculated on other property and equipment from the date an asset is available for use on the straight-line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

- Buildings: 2% or over the lease period if less than 50 years
- Furniture, fittings and equipment: between 6.67% and 33.33%
- Motor vehicles: 25%

Asset residual values and their estimated useful lives are reviewed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Property and equipment are derecognised when damaged, obsolete, disposed or when no future economic benefits are expected from its use.

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Gains and losses on disposal of property and equipment are determined by comparing proceeds with their carrying amounts.

G. Intangible assets

(i) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life (4 years) of the software.

Computer software development costs that are directly associated with the production of identifiable software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortised from the date they are available for use on a straight-line method over their estimated useful lives, not exceeding a period of four years.

After initial recognition, software acquired is carried at its cost less any accumulated amortization and any accumulated impairment losses. Maintenance costs are expensed when incurred.

(ii) Deferred acquisition costs and deferred retrocession commission

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the conclusion of insurance contracts. The proportion of acquisition costs and commission income that correspond to the unearned premiums are deferred and amortised on a pro rata basis over the contract term.

H. Investment property

Property held for long-term rental yields that is not occupied by any component of the Group is classified as investment property.

Investment property comprises freehold land and buildings.

Investment property is initially measured at cost and subsequently at historical cost less depreciation and any accumulated impairment losses.

The carrying amount of investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Most of the Corporation's office buildings were built partly for its own use and for generating income. Allocation between Property and Investment is solely based on use.

Transfers to and from Investment Property take place only when there is a change in use. Change in use occurs when there is commencement of or end of owner-occupation and inception of an operating lease to another party.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease.

I. Financial assets and liabilities

Financial assets – Recognition, classification and measurement

Financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Classification of financial assets

The group classifies its financial assets into the following categories:

i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement at cost, receivables are subsequently re-measured to amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments classified as fair value through profit or loss are initially recognised at cost and subsequently re-measured to fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs.

All related realised and unrealised gains and losses are included in the profit or loss. Interest earned whilst holding held for trading investments is reported as investment income.

iii) Held to maturity investments

Held to maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the group has the intention and ability to hold to maturity.

After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less any allowances for impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation and losses arising from impairment of such investments are recognised in the profit or loss.

iv) Available for sale financial assets

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, or changes in interest rates, exchange rates or equity prices are classified as available for sale and are initially recognised at cost. Available for sale investments are subsequently re-measured to fair value, based on quoted bid prices or amount derived from cash flow models or the value of the share from the latest financial statements available. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses, interest calculated using effective interest method, and foreign exchange gains and loss on monetary assets which are recognized in profit or loss. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The objective evidence of impairment of receivables arises when there is a significant financial difficulty of the counter party or when there is a default or delinquency in the interest or principal payments. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

The carrying amount of the financial asset is reduced by the impairment loss indirectly through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss for the year. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

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Financial liabilities at FVTPL

The Group does not have financial liabilities classified as at FVTPL.

Other financial liabilities

Other financial liabilities which includes creditors arising out of reinsurance arrangements and direct insurance arrangements, borrowings and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The condition is met when the liability is settled by paying the creditors, or when the Group is released from primary responsibility for the financial liability either by process of law or by creditor.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

J. Reinsurance receivables

All amounts receivable are initially recognised at fair value.

Amounts recoverable under the retrocession contracts are recognised in the same year as the related claims and are disclosed in the income statement and statement of financial position on a gross basis.

Amounts recoverable under reinsurance and retrocession contracts are assessed for impairment losses at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the company will receive from the debtors.

The carrying amounts of the assets are reduced by the impairment losses and the impairment losses recognised in the profit or loss account for the period.

K. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents, comprise short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

L. Impairment of non-financial assets

Impairment exists when there is objective evidence that the carrying amount of an asset exceeds the higher of its fair value or its value in use. The Corporation carries out an assessment of its non-financial assets periodically.

Land and buildings are valued by external Consultants triennially.

To maintain their expected levels of performance and estimated useful life, significant pieces of plant and equipment are subject to service and maintenance contracts with the Original Equipment Manufacturers or their authorized agents. Other non-financial assets are assessed internally on annual basis for continuous performance and usefulness. A financial assessment of impaired assets is carried out to determine whether they should be refurbished or replaced. Costs of refurbishment are capitalised if there is objective evidence that such refurbishment will result in an increase in the useful life of the asset, otherwise, it will be treated as expense in the statement of profit or loss. Others are derecognised through disposal and replaced.

Impairment assessment on computer software is carried out through a review of the cost incurred to date and outstanding cost to completion for those under development or maintenance costs for those in use. These costs are compared with the original budget.

M. Other receivables and prepayments

Other receivables are measured at amortised cost and stated after deductions of amount considered impaired. When a debt is deemed not collectible, it is written-off against the related provision or directly to the profit and loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to the profit and loss account. Other receivables are primarily loans to staff, sundry debtors and accrued income.

Prepayments are carried at cost less accumulated impairment losses and are amortised on a straight-line basis to the profit and loss account.

N. Foreign currency translation

(i) Functional and presentation currencies

The Group's constituent offices are geographically dispersed within Africa, and it conducts its operations in several currencies.

The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency:

(a) the currency:

- that mainly influences sales prices for goods and services; and
- of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.

(b) the currency that mainly influences labour, material and other costs of providing goods or services.

The functional currencies of the group's constituent offices have been determined as currencies of countries in which they are established.

In line with IAS 21 revised, the group has selected, United States dollars, as its presentation currency.

(ii) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

At the end of each reporting period:

a) foreign currency monetary items shall be translated using the closing rate,

b) non monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction, and

c) non monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

b) income and expenses for each profit and loss account are translated at average exchange rates prevailing over the reporting period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

c) all resulting exchange differences are recognised in the translation reserve in equity.

In line with IAS 21 revised, the group's constituent offices are considered as foreign operations and are consolidated as such.

O. Leases

The Corporation assesses every contract at inception to determine whether it contains a lease. Contracts in which the right to control the use of an identified assets for a period in exchange for consideration by an entity within the group are classified as leases.

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The Corporation as a lessee applies a single recognition and measurement approach for all leases.

Payments made under short-term leases and low-value leases are charged to profit or loss on the straight-line basis over the period of the lease.

Right-of-use assets are recognised at cost at the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter of lease term and the average useful lives of the underlying assets (building).

P. Employee benefits

Short-term employee benefits

Employee entitlements to service pay and annual leave are recognised when they accrue to employees. The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

Retirement benefit obligations

The Corporation operates a defined contribution retirement benefit scheme and an unfunded defined benefit service gratuity scheme for its employees. Under the defined contribution scheme, the Corporation pays fixed contributions into a separate entity.

Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan.

The employee's entitlements to retirement benefits under the gratuity scheme depend on the individual's years of service and terminal salary.

The Group's contributions to the defined contribution schemes are charged to the statement of profit or loss in the year to which they relate.

The liability recognised in the statement of financial position in respect of the unfunded defined service gratuity scheme is the present value of the defined benefit obligation at the reporting date. The liability is computed internally using the guidelines on qualification. Qualifying staff are those that have been in service of the Corporation for 6 to 24 years. Annual incremental costs are charged to the statement of profit or loss.

Other employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense and classified under staff costs. The related liabilities are included in current liabilities in the statement of financial position.

Other employee benefits are recognised when they accrue to employees.

Q. Income tax

In accordance with Article 51 of the Agreement Establishing the African Reinsurance Corporation, the Corporation is not subject to tax in member States. Tax expense/(income) therefore comprises current and deferred taxes arising only in South Africa in respect of the South Africa subsidiary and is computed in accordance with South African tax laws.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences are utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current and deferred tax for the year

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognised in other comprehensive income.

R. Dividends

Dividends payable are recognised as a liability in the period in which they are approved by the shareholders.

S. Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Shares are issued at par value; any amount received over and above the par value is classified as share premium in equity.

T. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

U. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4 Investments

i) Investments by category

	2022 US$'000	2021 US$'000
Held to maturity		
Bank deposits	286,137	285,324
Deposits with ceding companies	189,166	172,183
Fixed rate securities held to maturity	339,821	324,222
Floating rate securities at cost	51,211	46,240
	866,335	827,969
Fair value through profit or loss		
Fixed rate securities at fair value through profit or loss	97,609	97,794
Floating rate securities at fair value through profit or loss	39,414	41,802
Quoted equity investments at fair value through profit or loss	63,377	89,745
	200,400	229,341
Available for sale		
Unquoted equity investments at fair value	61,909	61,246
Unquoted equity investments at cost less impairment	-	-
	61,909	61,246
	1,128,644	**1,118,556**
Comprising:		
Current portion	437,946	441,263
Non-current portion	690,698	677,293
	1,128,644	**1,118,556**

Fixed rate securities held to maturity are presented in the group's statement of financial position at their amortized costs as at 31 December 2022 of US$339,320,960 (2021:US$324,222,486).

The fair value of the Held To Maturity assets at 31 December 2022 was US$344,522,643 (2021: US$369,301,817)

Unquoted equity investments are valued at fair value through OCI of US$61,908,641 (2021:US$61,246,441).

ii) Weighted average effective interest rates

Fair value through profit or loss	2022 %	2021 %
Interest-bearing investments denominated in:		
US Dollars	-1.00%	2.91
Euro	1.93%	1.93
South African Rand	6.80%	4.10

iii) Fair value measurements recognised in the statement of financial position

The tables that follow below provide an analysis of the Corporation's financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31/12/2022			
Fair value through profit or loss	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total **US$'000**
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	200,400	-	-	**200,400**
Available-for-sale financial assets				
Unquoted shares	-	-	61,909	**61,909**
Total	**200,400**	**-**	**61,909**	**262,309**

This represents fixed rate securities at fair value through profit or loss and quoted equity investments at fair value through profit or loss.

	31/12/2021			
Fair value through profit or loss	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total **US$'000**
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	229,341	-	-	**229,341**
Available-for-sale financial assets				
Unquoted shares	-	-	61,246	**61,246**
Total	**229,341**	**-**	**61,246**	**290,587**

		2022 US$'000	2021 US$'000
5	**Deferred Acquisition Costs**		
	At 1 January	58,546	60,762
	Exchange loss on opening balance	(178)	(224)
		58,368	60,538
	Paid during the year	235,556	222,418
	Incurred during the year (Note 20)	(232,290)	(224,410)
	At 31 December	**61,634**	**58,546**
	Current portion	56,650	53,396
	Non-current portion	4,984	5,150
		61,634	**58,546**
6	**Reinsurance receivables**		
	Gross receivables arising from reinsurance arrangements	182,988	199,996
	Provision for impairment	(73,501)	(67,656)
		109,487	**132,340**
	Comprising:		
	Current portion	57,859	78,889
	Non-current portion	51,628	53,451
		109,487	**132,340**
7	**Retrocessionnaires share of technical provisions**		
	Claims recoverable	117,416	91,391
	Deferred retrocession premiums	36,345	35,970
		153,761	**127,361**
	Comprising:		
	Current portion	51,651	62,637
	Non-current portion	102,110	64,724
		153,761	**127,361**
	Claims Recoverable		
	At 1 January	91,391	88,886
	Recovered during the year	(48,352)	(33,108)
	Share of loss incurred during the year (Note 19)	74,377	35,613
	At 31 December	**117,416**	**91,391**
	Deferred retrocession premiums		
	At 1 January	35,970	32,176
	Retrocession premium paid during the year	179,021	178,724
	Retrocession premium utilised during the year (Note 16)	(178,647)	(174,930)
	At 31 December	**36,344**	**35,970**

		2022 US$'000	2021 US$'000
8	**Investment properties**		
	Cost		
	At 1 January	21,916	20,923
	Transfer from buildings (Note 9)	478	1,169
	Transfer to buildings (Note 9)		(264)
	Additions		88
	At 31 December	22,395	21,916
	Depreciation		
	At 1 January	3,573	2,897
	Charge for the year	444	676
	At 31 December	4,017	3,573
	Net book value	**18,378**	**18,343**

The following amounts have been recognised in statement of profit or loss and other comprehensive income in respect of investment properties:

	2022	2021
Net rental income (Note 17)	**1,617**	**1,313**

Investment properties represent the lettable portion of the Corporation's headquarters building, two Residential buildings in Lagos, as well as regional office buildings in Nairobi, Casablanca, and Mauritius.

At 20 March 2020, the market value of the headquarters building was estimated at US$ 38.25 million (net book value at Dec. 2022: US$ 5.64 million) based on a valuation by Knight Frank (FRC/2013/0000000000584), a firm of Estate Surveyors.

At 7 August 2020, the market value of the two residential buildings in Lagos was estimated at US$14.23 million (net book value at 31 Dec. 2022: US$ 8 million) based on a valuation by Knight Frank, a firm of Estate Surveyors. Additional costs incurred on the two properties during the year totalled US$1,169,192.

At 31 December 2019, the market value of the Casablanca regional office building was estimated at US$ 10.36 million (net book value at 31 Dec. 2022: US$ 3.4 million) based on a valuation by Ceinture Immo, a firm of Estate Surveyors.

At 31 December 2019, the market value of the Nairobi regional office building was estimated at US$ 8.48 million (net book value at 31 Dec. 2022: US$ 2.04 million) based on a valuation by Knight Frank, a firm of Estate Surveyors.

Mauritius office building was completed in October 2020. The total cost of the Corporation's share was US$6.166 million.

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Details of the group's investment properties and information about the fair value hierarchy as at 31 December 2022 as follows:

	Level 1	Level 2	Level 3	Fair value as at 31/12/2022
	US$'000	US$'000	US$'000	US$'000
Headquarters building	-	38,249	-	38,249
Residential Buildings in Lagos	-	14,232	-	14,232
Casablanca regional office building	-	10,362	-	10,362
Nairobi regional office building	-	8,481	-	8,481
Mauritius regional office building	-	6,166	-	6,166

There were no transfers between levels 1 and 2 during the year.

	Level 1	Level 2	Level 3	Fair value as at 31/12/2021
	US$'000	US$'000	US$'000	US$'000
Headquarters building	-	38,249	-	38,249
Residential Buildings in Lagos	-	14,232	-	14,232
Casablanca regional office building	-	10,362	-	10,362
Nairobi regional office building	-	8,481	-	8,481
Mauritius regional office building	-	6,166	-	6,166

There were no transfers between levels 1 and 2 during the year.

9 Property and equipment

	Assets under construction	Buildings & freehold Land	Fittings & Equipment	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Year ended 31 December 2022:					
Cost					
At 1 January	**5,409**	**32,705**	**17,324**	**1,973**	**57,411**
Additions	313	854	318	155	**1,640**
Disposals	-	-	(285)	(450)	**(735)**
Reclassifications/Transfer	(478)	-	-	-	**(478)**
At 31 December	**5,243**	**33,559**	**17,358**	**1,678**	**57,838**
Depreciation					
At 1 January	**-**	**5,126**	**14,881**	**1,445**	**21,452**
Depreciation charge	-	380	1,131	260	**1,772**
Reclassifications/Transfer	-	-	-	-	**-**
Disposals	-	-	(92)	(450)	**(542)**
At 31 December	**-**	**5,506**	**15,920**	**1,254**	**22,682**
Net Book Value	**5,243**	**28,053**	**1,436**	**423**	**35,155**
Year ended 31 December 2021:					
Cost					
At 1 January	**14,173**	**23,895**	**16,399**	**1,746**	**56,213**
Additions	1,453	283	739	360	**2,835**
Disposals	-	-	(593)	(133)	**(726)**
Transfer to Investment Property	(10,217)	8,527	779	-	**(911)**
At 31 December	**5,409**	**32,705**	**17,324**	**1,973**	**57,411**
Depreciation					
At 1 January	**-**	**4,975**	**14,009**	**1,365**	**20,349**
Depreciation charge	-	151	1,242	201	**1,594**
Reclassifications/Transfer	-	-	219	-	**219**
Disposals	-	-	(589)	(121)	**(710)**
At 31 December	**-**	**5,126**	**14,881**	**1,445**	**21,452**
Net Book Value	**5,409**	**27,579**	**2,443**	**528**	**35,959**

Included in buildings and freehold land is a total amount of US$6,136,046.87 (2021: US$6,313,554) representing the carrying amount of the owner-occupied proportion of the Corporation's headquarters building in Lagos and regional office buildings in Nairobi, Casablanca and Mauritius. The assets under construction represent fixed assets in progress.

10 Intangible Assets

	Computer Software US$'000	Computer Software in progress US$'000	Total US$'000
Year ended 31 December 2022:			
Cost			
At 1 January	**11,726**	**1,964**	**13,690**
Additions	172	-	**172**
At 31 December	**11,898**	**1,964**	**13,862**
Amortisation			
At 1 January	**5,450**	**-**	**5,450**
Charge for the year	1,921	-	**1,921**
At 31 December	**7,371**	**-**	**7,371**
Net book value	**4,527**	**1,964**	**6,490**
Year ended 31 December 2021:			
Cost			
At 1 January	**4,983**	**1,964**	**6,947**
Additions	6,743	-	**6,743**
At 31 December	**11,726**	**1,964**	**13,690**
Amortisation			
At 1 January	**4,606**	**-**	**4,606**
Charge for the year	844	-	**844**
At 31 December	**5,450**	**-**	**5,450**
Net book value	**6,276**	**1,964**	**8,240**

Included above are assets with a total cost of US$6,101,997.49 (2021: US$4,597,392) which were fully amortised as at 31 December 2022.

11 Reinsurance payables

	2022 US$'000	2021 US$'000
Payables under reinsurance arrangements	39,834	72,392
Payables under retrocession arrangements	62,012	39,361
	101,846	**111,753**
Comprising:		
- current portion	42,195	48,957
- non-current portion	59,651	62,796
	101,846	**111,753**

12 Deferred tax

Deferred tax relates only to a subsidiary company, African Reinsurance Corporation South Africa (ARCSA) and is calculated in full using the liability method and applying a principal tax rate of 28%. The movement on the deferred tax account is as follows:

	2022 US$'000	2021 US$'000
At 1 January	694	123
Exchange rate impact on opening balance	(44)	(10)
Charge to profit or loss (Note 23)	-	581
At 31 December	**650**	**694**

Deferred tax assets, liabilities and deferred tax charge/(credit) in the financial statements are attributable to the following items:

	01.01.22 US$'000	Charged to P/L US$'000	31.12.22 US$'000	31.12.21 US$'000
Excess depreciation over capital allowances	(75)	-	(75)	(75)
Unrealised gain on revaluation of investments	873	-	873	873
Accumulated losses	(94)	-	(94)	(94)
Exchange rate impact on opening balance	(10)	-	(44)	(10)
Net deferred tax liability	**694**	**-**	**650**	**694**

13 Technical provisions

i) Analysis of outstanding balances

	2022 US$'000	2021 US$'000
Provision for reported claims	520,185	475,914
Provision for claims incurred but not reported (IBNR)	169,262	126,762
Total provision for claims and IBNR	689,447	602,676
Cumulative translation reserve	(91,310)	(91,310)
Total outstanding claims	598,137	511,366
Provision for unearned premiums	263,726	229,732
	861,863	**741,098**
Comprising:		
- current portion	374,176	332,337
- non-current portion	487,687	408,761
	861,863	**741,098**

ii) Provision for reported claims and IBNR

	2022 US$'000	2021 US$'000
At 1 January	511,366	473,300
Exchange loss on opening balance	(5,526)	(7,946)
	505,840	465,354
Paid during the year	(426,512)	(382,352)
Incurred during the year (Note 19)	518,809	428,364
At 31 December	**598,137**	**511,366**

iii) Provision for unearned premium

	2022 US$'000	2021 US$'000
At 1 January	229,732	227,384
Exchange loss on opening balance	(680)	(833)
	229,052	226,551
Received during the year	951,789	845,807
Earned during the year (Note 16)	(917,115)	(842,626)
At 31 December	**263,726**	**229,732**

iv) Analysis of outstanding claims reserve development per underwriting year

U/W YR	2012 US$'000	2013 US$'000	2014 US$'000	2015 US$'000	2016 US$'000	2017 US$'000	2018 US$'000	2019 US$'000	2020 US$'000	2021 US$'000	2022 US$'000
Gross technical provision	**332,025**	**320,708**	**377,451**	**316,840**	**308,777**	**362,044**	**361,175**	**378,240**	**332,706**	**332,337**	**374,176**
Gross paid (Cumulative):											
1 year later	127,919	141,640	137,782	119,797	139,091	180,724	160,703	139,180	121,206	170,115	110,588
2 years later	176,723	193,990	185,366	192,806	246,051	258,467	232,975	195,761	187,604	-	-
3 years later	210,569	211,660	202,682	222,112	284,952	301,437	267,770	225,153	-	-	-
4 years later	220,543	217,154	214,525	255,789	327,833	313,342	278,711	-	-	-	-
5 years later	225,959	228,459	222,364	263,542	338,850	324,210	-	-	-	-	-
6 years later	230,311	233,006	226,689	274,627	343,020	-	-	-	-	-	-
7 years later	262,295	239,483	233,309	281,926	-	-	-	-	-	-	-
8 years later	264,280	241,404	235,729	-	-	-	-	-	-	-	-
9 years later	265 220	243,315	-	-	-	-	-	-	-	-	-
10 years later	266,281	-	-	-	-	-	-	-	-	-	-
Re-estimated as of: UWYEAR	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Closed year	**332,025**	**320,708**	**377,451**	**316,840**	**308,777**	**362,044**	**361,175**	**378,240**	**332,706**	**332,337**	**374,176**
1 year later	211,157	218,241	209,562	207,895	220,330	266,126	358,229	320,999	271,320	323,050	-
2 years later	211,533	217,345	205,796	210,040	218,945	352,974	307,021	306,650	273,274	-	-
3 years later	211,983	218,897	204,066	228,995	284,336	363,798	320,081	311,523	-	-	-
4 years later	212,662	221,573	203,567	223,315	360,119	364,508	327,591	-	-	-	-
5 years later	213,708	203,403	229,479	287,911	364,793	361,937	-	-	-	-	-
6 years later	221,659	231,458	239,858	296,975	366,652	-	-	-	-	-	-
7 years later	203,517	250,798	245,420	298,557	-	-	-	-	-	-	-
8 years later	276,190	253,953	245,560	-	-	-	-	-	-	-	-
9 years later	274,803	251,791	-	-	-	-	-	-	-	-	-
10 years later	274,390	-	-	-	-	-	-	-	-	-	-
Gross redundancy/ (deficiency)	**57,635**	**68,917**	**131,891**	**18,283**	**(57,875)**	**106**	**33,584**	**66,716**	**59,431**	**9,287**	**-**

14 Other reserves

	2022 US$'000	2021 US$'000
General reserve	395,693	383,825
Reserve for exchange fluctuation	6,294	6,294
Reserve for loss fluctuation	59,600	58,600
Reserve for market value adjustment	7,835	4,874
Translation reserve	(193,198)	(182,628)
	276,224	**270,965**

(i) General reserve
An amount equivalent to 50% of the net profit for each year is set aside as a general reserve in accordance with General Assembly resolution number 4/1992.

(ii) Reserve for exchange fluctuation
The reserve for exchange fluctuation represents an amount set aside by the Directors from the profits for each year to cushion the effects of adverse movements in exchange rates in the countries of operation.

(iii) Reserve for loss fluctuation
The reserve for loss fluctuation represents an amount over and above the outstanding claims provision set aside by the directors from the profits of each year to moderate the effects of possible fluctuation in losses in future years.

(iv) Translation reserve
The translation reserve represents the unrealised exchange gains or losses arising from translation of the corporation's assets and liabilities from the various functional currencies to the corporation's presentation currency at each reporting date.

(v) Reserve for market value adjustment
The reserve for market value adjustment represents the unrealised gain or loss arising from the changes in the fair value of the financial assets classified as available for sale.

Movements in the other reserves are shown in the statement of changes in equity on page 38.

15 Share capital

	2022 Number	2021 Number
Authorised share capital	**5,000,000**	**5,000,000**
Issued and fully paid	**2,863,611**	**2,863,611**

	US$'000	US$'000
Issued and fully paid at 31 December	286,361	286,361
Par value per share	**$100**	**$100**

The movement in issued and fully paid share capital is as below:

	US$'000	US$'000
At 1 January	286,361	285,861
Issue of ordinary shares	-	500
At 31 December	**286,361**	**286,361**

16 Earned premium

The premium income of the group is analysed into the main classes of business as shown below:

	2022			2021		
	Gross US$'000	Retrocession US$'000	Net US$'000	Gross US$'000	Retrocession US$'000	Net US$'000
Fire and accident	781,608	(160,814)	620,794	733,578	(159,605)	573,973
Marine and aviation	52,256	(6,093)	46,162	45,793	(6,624)	39,169
Life	83,251	(11,740)	71,511	63,255	(8,701)	54,554
	917,115	**(178,648)**	**738,467**	**842,626**	**(174,930)**	**667,696**

17 Investment income

Held to maturity	2022 US$'000	2021 US$'000
Interest income from bank deposits	18,497	14,280
Interest income from deposits with ceding companies	2,125	2,117
Interest income from fixed rate securities HTM	8,946	16,565
interest income from Floating rate Notes	2,979	3,249
	32,547	**36,211**
Fair value through profit or loss		
Interest income from fixed rate securities at fair value through profit or loss	5,709	3,288
Dividend from quoted equity investments at fair value through profit or loss	1,434	1,580
Fair value gains from quoted equity investments	195	5,536
Fair value gains from listed bonds	(3,627)	(2,152)
	3,711	**8,252**
Available for sale		
Dividend from unquoted equity investments at cost less impairment losses	**1,899**	**1,456**
Rental Income	1,617	1,313
Realized gains on equity portfolios	(7,973)	10,733
Realized losses on bond portfolios	(18,880)	(5,627)
Management fees from equity portfolio	(642)	(577)
Management fees from bond portfolios	(786)	(723)
	(26,664)	**5,119**
Total	**11,493**	**51,038**

18 Other operating income

Fee income	1,526	2,546
Gain on disposal of property and equipment	34	13
Sundry income	71	541
	1,631	**3,100**

Fee income relates to fees received from management of the Aviation and Oil & Energy Pools. The pools are special purpose vehicles established by a consortium of insurance and reinsurance companies in Africa.

19 Claims incurred

Claims incurred by principal class of business;	2022 Gross US$'000	2022 Retrocession US$'000	2022 Net US$'000	2021 Gross US$'000	2021 Retrocession US$'000	2021 Net US$'000
Fire and accident	447,161	(69,575)	377,586	368,448	(33,342)	335,106
Marine and aviation	18,478	205	18,682	10,580	2,607	13,187
Life	53,170	(5,007)	48,163	49,336	(4,878)	44,458
	518,809	**(74,377)**	**444,433**	**428,364**	**(35,613)**	**392,751**

20 Acquisition costs

	2022 US$'000	2021 US$'000
Commission paid	200,661	192,811
Charges paid	34,996	29,385
Movement in deferred acquisition cost	(3,266)	2,214
	232,390	**224,410**

21 Administrative expenses

Staff costs	27,746	26,938
Auditors' remuneration	396	331
Depreciation on property and equipment	2,098	1,594
Depreciation on investment property	507	676
Amortisation of intangible assets	1,532	844
Impairment charge on reinsurance receivables	5,897	8,777
Short term lease rentals	242	138
Repairs and maintenance expenditure	992	955
Consultancy fees	3,043	1,180
Travel costs and allowances	763	89
General Assembly and Board of Directors' meetings	1,743	1,325
Electricity and water	445	413
Insurance	670	673
Communication expenses	284	293
Advertisement and entertainment	374	456
Training and subscriptions	420	421
Technical assistance	296	112
Medical expenses	469	568
Computer and word processing	2,529	1,957
Transport and maintenance	98	61
Bank charges and other fees	439	528
Office expenses	767	234
Legal expenses	262	297
Donations	60	36
	52,072	**48,896**

Staff costs include retirement benefit costs amounting to US$1,162,349 (2021: US$1,474,909).

22 Net foreign exchange loss

These comprise of currency translation losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies.

	2022 US$'000	2021 US$'000
Net foreign exchange loss	29,851	47,783

23 Taxation

In accordance with Article 51 of the Agreement Establishing the African Reinsurance Corporation, the Corporation is not subject to tax in member States. The tax charged in the financial statements relates to a subsidiary company's profit, which is computed in accordance with the income tax rules applicable in the subsidiary company's jurisdiction, the Republic of South Africa.

Tax charged in the financial statements is made up of:

	2022 US$'000	2021 US$'000
Current income tax charge	539	1,512
Deferred income tax charge (Note 12)	-	581
	539	**2,093**

The movement in the tax recoverable account is as follows:

At 1 January	-	490
Current tax charge for the year	(539)	(1,512)
Tax paid	1,772	1,022
At December	**1,233**	**-**

Tax rate reconciliation	**%**	**%**
Effective tax rate	23	23
Exempt income	1.9	2
Disallowed expenses	(1)	-
Capital gains tax	3	3
Overprovision prior years	-	-
Other	-	-
South African standard corporate tax rate	**28**	**28**

24 Dividends

At the Annual General Meeting (AGM) to be held on 23rd June 2023, a final dividend in respect of the year ended 31 December 2022 of US$ 8.80 per share on 2,863,611 (2021: 2,863,611) existing shares amounting to a total of US$ 25,199,777 (2021: US$ 25,199,777) is to be proposed. The dividend declared at the AGM held on 27 July 2022 was charged to shareholders' equity in these financial statements. The liability for the dividend payable on the 2022 results shall be treated as an appropriation of profit in the financial statements for the year ending 31 December 2023.

The movement in the dividends payable account is as follows:

	2022 US$'000	2021 US$'000
At 1 January	11,639	9,415
Final dividends declared	25,120	25,156
Dividends paid	(21,333)	(22,932)
At 31 December	**15,506**	**11,639**

25 Notes to the statement of cash flows

a) Reconciliation of profit before tax to cash generated from operations:

	Notes	2022 US$'000	2021 US$'000
Profit before income tax		24,272	40,916
Adjustments for:			
Investment income net of management fees		(13,090)	(54,125)
Depreciation on investment property	8	444	676
Depreciation on property and equipment	9	1,772	1,594
Amortisation of intangible assets	10	1,921	844
Gain on disposal of property and equipment	18	(34)	(13)
Working capital changes;			
- Premium income receivable		4,847	3,850
- Deferred acquisition costs		(4,766)	1,441
- Reinsurance receivables		22,853	14,212
- Retrocessionnaires' share of technical provisions		(26,399)	(6,300)
- Sundry receivables		(42,951)	3,248
- Sundry payables		313	(6)
- Exchange difference on deferred tax opening balance	12	(44)	(10)
- Reinsurance payables		6,029	26,149
- Technical provisions		120,764	40,415
Cash generated from operations		**95,931**	**72,891**

b) Cash and cash equivalents

	2022	2021
Cash and bank balances	223,505	177,926
Bank deposits with financial institutions maturing within 90 days	156,001	151,518
Cash and cash equivalents	**379,505**	**329,444**

26 Sundry Payable

	Notes	2022 US$'000	2021 US$'000
Current income tax		-	639
Short term employee benefits		3,574	3,241
Accrued Expenses		5,992	6,248
Deferred rental income		323	233
Other payable		520	323
Long term employee benefits		8,732	8,207
		19,141	**18,891**
Comprising:			
- current portion		5,896	5,282
- non-current portion		13,245	13,609
		19,141	**18,891**

27 Related party transactions and balances

Transactions between African Reinsurance Corporation and subsidiaries that are to be deemed related parties have been eliminated in consolidation and are not disclosed in the notes.

African Reinsurance Corporation has established a Staff Provident Fund to provide a long-term savings plan for its employees. The Staff provident fund is considered a related party in accordance with IAS 24. Contributions to the Fund are recognized as expenses.

African Reinsurance Corporation established a Corporate Social Responsibility Foundation to engage in corporate social responsibility projects and initiatives aimed at fostering the development of the insurance and reinsurance industry in Africa.

The Foundation is considered a related party in accordance with IAS 24. Each year, the Corporation allocates an amount up to a maximum of 2% from its yearly net profit after tax to this special fund.

i) Transactions with related parties - Shareholders

No individual shareholder has a controlling interest in the Corporation.

	2022 US$ '000	2021 US$ '000
ii) Administration of Staff Provident fund Contributions paid	1,680	1,528

iii) Remuneration for key management personnel

Key management personnel are defined as members of the board of directors of the Corporation, including their close members of family and any entity over which they exercise control. Close members of the family are those who may be expected to influence or be influenced by that individual in dealings with African Reinsurance Corporation.

The Group's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes.

	2022 US$'000	2021 US$'000
Directors' fees (non-executive directors)	1,044	1,077
Other remuneration (elected members of management)		
- Salaries and other short-term benefits	1,420	1,452
- Terminal benefits	200	174
iv) Administration of Foundation		
Funds allocated to the Foundation	475	576

28 Management of Insurance Risks

Insurance risk

The Corporation reinsures all classes of insurance business including Accident and Health, Engineering, Guarantee, Liability, Motor, Fire, Marine, Energy, Aviation, Disability and Life. The bulk of the business written is short tail in nature.

The risk under any one insurance contract is two-fold: underwriting – the possibility that the insured event occurs and reserving – the uncertainty of the amount of the resulting claim.

The Corporation has developed a detailed underwriting manual covering risk acceptance criteria, pricing, accumulation control, authority levels, and reinsurance protection, among others. It guides the underwriters in their acceptances, on the principles of prudence and professionalism within the overall objective of diversifying the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The priority is to ensure adherence to criteria for risk selection by maintaining high levels of experience and expertise among the underwriting staff. In addition, the Corporation has put in place a business review structure that ensures control of risk quality and conservative use of policy limits, terms and conditions. An independent department, Technical Inspection, ensures adherence to these guidelines through periodic review of each production centre's operations. The reports of the review are submitted to Management and the Audit & Risks Committee of the Board. If the attritional claims incurred were 5% higher, the comprehensive income for the year would be lower by USD 15.9 million (2021: USD 15.9 million).

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

31 December 2022 Class of business	Gross exposure US$' 000	Net exposure US$' 000
Property risk excess of loss	100,000	10,000
Property catastrophe excess of loss	175,000	17,500
Marine & Energy excess of loss	60,000	10,000
Aviation excess of loss	12,000	3,000
	Annual Aggregate Deductible	**Annual aggregate Limit**
Non-Marine Aggregate	17,500	25,000
Marine & Energy Aggregate	5,000	10,000

31 December 2021 Class of business	Gross exposure US$' 000	Net exposure US$' 000
Property risk excess of loss	100,000	10,000
Property catastrophe excess of loss	175,000	17,500
Marine & Energy excess of loss	60,000	10,000
Aviation excess of loss	12,000	3,000
	Annual Aggregate Deductible	**Annual aggregate Limit**
Non-Marine Aggregate	17,500	25,000
Marine & Energy Aggregate	5,000	10,000

29 Financial risk management

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

a) Credit risk

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

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

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

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

Maximum exposure to credit risk before collateral held or other credit enhancements:

	Maximum exposure	
	2022 US$'000	**2021 US$'000**
Cash and cash equivalents	379,446	329,444
Investments	1,003,358	967,565
Reinsurance receivables	109,487	132,340
Sundry receivables	48,184	6,714
Total assets bearing credit risk	**1,540,475**	**1,436,063**

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Credit quality of financial assets per asset class-Group

At 31 December 2022:

	Cash & Cash equivalents	Investments	Reinsurance receivables	Sundry receivables
	US$'000	US$'000	US$'000	US$'000
Neither past due nor impaired	379,446	1,003,358	57,859	48,184
Past due but not impaired			51,628	
Impaired			73,501	
Gross	379,446	1,003,358	182,988	48,184
Impairment allowance - collective	-	-	73,501	-
Net	**379,446**	**1,003,358**	**109,487**	**48,184**

At 31 December 2021:

	Cash & Cash equivalents	Investments	Reinsurance receivables	Sundry receivables
	US$'000	US$'000	US$'000	US$'000
Neither past due nor impaired	329,444	967,565	78,889	6,714
Past due but not impaired			53,451	
Impaired			67,657	
Gross	329,444	967,565	199,997	6,714
Impairment allowance - collective	-	-	(67,657)	-
Net	**329,444**	**967,565**	**132,340**	**6,714**

The credit quality of the portfolio of insurance receivables, investments and other financial asset exposed to credit risk that were neither past due nor impaired can be assessed by reference to the capacity of the business to pay on written businesses.

The assets above are analysed in the table below using Standard & Poor's (S&P) rating (or equivalent when not available from S&P)

At 31 December 2022:

	AAA	AA	A	BBB	Below BBB	Not rated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash & cash equivalents	-	-	172,224	42,130	133,447	31,645
Investments	22,487	113,859	188,090	121,906	530,807	26,209
Reinsurance receivables					109,487	
Sundry receivables						48,184
Net	**22,487**	**113,859**	**360,313**	**164,036**	**773,741**	**106,039**

At 31 December 2021:

	AAA	AA	A	BBB	Below BBB	Not rated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash & cash equivalents	-	3,215	149,759	31,165	101,149	43,778
Investments	20,348	105,435	243,290	98,187	480,504	19,801
Reinsurance receivables					132,340	
Sundry receivables						6,714
Net	**20,348**	**108,650**	**393,049**	**129,352**	**714,393**	**70,293**

b) Liquidity risk

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

The table below analyses the Corporation's key financial assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2022 to the earlier of the repricing or contractual maturity date.

29 Financial risk management (Continued)

At 31 December 2022 (IN US$'000)	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
FINANCIAL ASSETS							
Cash and cash equivalents	379,505	-	-	-	-	-	**379,505**
Reinsurance premiums receivables	57,859	24,094	11,541	5,195	10,798	-	**109,487**
Deferred retrocession premiums	18,165	44,286	15,117	21,540	5,583	12,726	**117,417**
Claims recoverable	33,487	1,056	(766)	1,129	384	1,054	**36,344**
	489,016	**69,436**	**25,892**	**27,864**	**16,765**	**13,780**	**642,753**
Investments							
Bank deposits	286,137	-	-	-	-	-	**286,137**
Deposits with ceding companies	37,171	26,464	20,373	8,475	3,348	93,334	**189,165**
Fixed rate securities at fair value	12,519	12,296	12,069	11,777	4,059	44,889	**97,609**
Floating rate securities at fair value through profit or loss	3,875	11,177	10,171	8,793	4,020	1,378	**39,414**
Fixed rate securities at amortized cost	34,867	24,739	31,921	42,220	56,997	149,077	**339,821**
Floating rate securities at cost	-	-	-	4,600	5,521	41,090	**51,211**
Equity investments at fair value	63,377	-	-	-	-	-	**63,377**
Unquoted equity investments at fair value	-	-	-	-	-	61,909	**61,909**
Total investments	**437,946**	**74,676**	**74,534**	**75,865**	**73,945**	**391,677**	**1,128,643**
Total assets	**926,962**	**144,112**	**100,426**	**103,729**	**90,710**	**405,457**	**1,771,396**
FINANCIAL LIABILITIES							
Sundry payables	5,896	5,637	6,021	1,587	-	-	**19,141**
Dividend payable	8,782	1,935	2,906	411	175	1,297	**15,506**
Reinsurance payables	42,195	5,598	9,083	36,816	24,379	-	**118,071**
Outstanding claims	128,991	196,313	91,723	88,269	49,881	42,959	**598,136**
Total liabilities	**185,864**	**209,483**	**109,733**	**127,083**	**74,435**	**44,256**	**750,854**

29 Financial risk management (Continued)

At 31 December 2021 (IN US$'000)	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
FINANCIAL ASSETS							
Cash and cash equivalents	329,444	-	-	-	-	-	**329,444**
Reinsurance premiums receivables	78,889	20,354	23,325	6,485	3,287	-	**132,340**
Deferred retrocession premiums	33,548	558	854	354	137	519	**35,970**
Claims recoverable	29,090	21,114	18,776	6,131	8,370	7,910	**91,391**
	470,971	**42,026**	**42,955**	**12,970**	**11,794**	**8,429**	**589,145**
Investments							
Bank deposits	285,324	-	-	-	-	-	**285,324**
Deposits with ceding companies	33,845	24,102	18,538	7,715	3,046	84,937	**172,183**
Fixed rate securities at fair value	8,563	7,109	8,556	10,976	12,207	50,383	**97,794**
Floating rate securities at fair value through profit or loss	1,309	7,183	12,382	7,325	9,113	4,490	**41,802**
Fixed rate securities at amortized cost	22,477	35,382	26,694	26,047	42,330	171,292	**324,222**
Floating rate securities at cost	-	-	-	-	5,500	40,740	**46,240**
Equity investments at fair value	89,745	-	-	-	-	-	**89,745**
Unquoted equity investments at fair value	-	-	-	-	-	61,246	**61,246**
Total investments	**441,263**	**73,776**	**66,170**	**52,063**	**72,196**	**413,088**	**1,118,556**
Total assets	**912,234**	**115,802**	**109,125**	**65,033**	**83,990**	**421,517**	**1,707,701**
FINANCIAL LIABILITIES							
Sundry payables	5,282	5,049	4,877	1,753	1,930	-	**18,891**
Dividend payable	4,291	3,718	585	224	320	2,501	**11,639**
Reinsurance payables	46,918	30,554	1,080	12,614	20,587	-	**111,753**
Outstanding claims	122,584	143,719	109,656	57,771	51,532	26,105	**511,367**
Total liabilities	**179,075**	**183,040**	**116,198**	**72,362**	**74,369**	**28,606**	**653,650**

29 Financial risk management (Continued)

c) Market risk

i) Interest rate risk

The Corporation's exposure to interest rate changes is primarily concentrated in the actively managed fixed income portfolio, which is reported at fair value. Changes in interest rate will have an immediate impact on the Corporation's reported net income and consequently the shareholders' funds. The main objective of the fixed income portfolio is current income and price appreciation and therefore to mitigate the effect of price volatility, the portfolio has been positioned with an average duration of less than 5 years.

Note 4 discloses the weighted average interest rate on principal interest-bearing investments.

	US$000	US$000
Interest rate sensitivity	100 bps parallel increase	100 bps parallel decrease
2022	(5,673)	5,673
2021	(5,723)	5,723

ii) Equity price risk

Equity price risk refers to the potential loss in fair value resulting from adverse changes in the fair value of stocks that the Corporation has invested in. The Corporation maintains an actively managed equity portfolio and as such is exposed to stock market price fluctuations. The Corporation does not use any derivatives to manage this risk but rather uses the mechanism of diversification in all forms, including limits on single stock, industry and sector allocation and geographical distribution among others. The investment guidelines provide a cap on the total financial assets to be held in equities.

Sensitivity analysis of level 3 equity instruments is provided below:

	US$000	US$000
Equity sensitivity analysis	10% market drop against the USD	10% market appreciation against the USD
2022	(6,191)	6,191
2021	(6,218)	6,218

iii) Currency risk

The Corporation maintains assets and liabilities in several currencies and thus is exposed to the risk of exchange rate movements associated with assets and liabilities matching. The Corporation does not apply hedging techniques to mitigate its currency risk but ensures the net exposure to this risk is within acceptable levels by constantly reviewing the level of mismatch. The Corporation has offices in seven locations whose currencies, in addition to its unit of account, represent approximately 95% of its business volumes. The assets and liabilities in these currencies are matched to the level desired by the group.

The Corporation transacts business with counterparties in a number of countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Central Africa Republic CFA, South African rand, Kenyan shilling and Nigerian naira. The Corporation's primary exposure are to the South African rand, Central Africa Republic CFA and the euro. Foreign exchange risk arises from reinsurance transactions recorded in local currencies, investments in non-reporting currencies and recognised assets and liabilities in foreign operations.

The tables on pages 98 and 99 show the various currencies in which the group's assets and liabilities were denominated as at 31 December 2022 and 2021. The non-US dollar balances reflect the significant foreign currency exposures.

Currency sensitivity analysis	10% depreciation against the	10% appreciation against the
Impact on Equity	**US$000**	**US$000**
2022	(29,065)	29,065
2021	(27,481)	27,481

29 Financial risk management (Continued)

Currency risk (continued)

At 31 December 2022: (in US$'000)	USD	ZAR	GBP	CFA/EUR	MAD	EGP	NGN	KES	MUR	OTHERS	TOTAL
ASSETS											
Cash and cash equivalents	164,379	21,878	10,530	42,314	20,606	2,049	9,762	39,566	4,403	64,018	**379,505**
Reinsurance receivables	29,755	(3,207)	1,139	12,544	7,754	3,297	4,494	15,445	4,314	33,952	**109,487**
Claims recoverable	57,494	1,380		4,670	60	336	3,147	2,397		47,932	**117,416**
Deferred retrocession premium	28,747	690		2,335	30	168	1,574	1,199		1,602	**36,345**
	280,375	**20,741**	**11,669**	**61,863**	**28,450**	**5,850**	**18,977**	**58,607**	**8,717**	**147,504**	**642,753**
Investments:											
Bank deposits	196,597	47,053	2,614	31,052	-	1,149	1,320	1,364	4,456	532	**286,137**
Deposits with ceding companies	19,794	4,023	470	55,661	47,776	6,694	-	249	31	54,530	**189,166**
Fixed rate securities at fair value	53,741	37,534	-	-	-	-	-	6,334	-	-	**97,609**
Floating rate securities at fair value through profit or loss	39,414	-	-	-	-	-	-	-	-	-	**39,414**
Fixed rate securities at amortised cost	257,752	33,518	7,188	35,335	-	6,028	-	-	-	-	**339,821**
Floating rate securities at cost	51,211	-	-	-	-	-	-	-	-	-	**51,211**
Equity investments at fair value	54,893	6,865	-	-	-	-	1	1,617	-	-	**63,376**
Unquoted Equity investments at fair value through OCI	60,058	-	-	459	-	-	1,392	-	-	-	**61,909**
Total Investments	**733,460**	**128,993**	**10,272**	**122,507**	**47,776**	**13,871**	**2,713**	**9,564**	**4,425**	**55,062**	**1,128,643**
Total Assets	**1,013,835**	**149,734**	**21,941**	**184,370**	**76,226**	**19,721**	**21,690**	**68,171**	**13,142**	**202,566**	**1,771,396**
LIABILITIES											
Sundry payables	15,177	(898)	-	240	276	334	1,294	(403)	159	2,962	**19,141**
Dividend payable	15,506	-	-	-	-	-	-	-	-	-	**15,506**
Reinsurance payables	60,910	14,325	-	20,611	4,381	510	8,713	2,759	(19)	14,643	**126,833**
Outstanding claims	201,115	86,198	4,048	66,674	59,001	15,072	13,916	41,748	11,871	98,494	**598,137**
Total liabilities	**292,708**	**99,625**	**4,048**	**87,525**	**63,658**	**15,916**	**23,923**	**44,104**	**12,011**	**116,099**	**759,617**
NET POSITION	**721,127**	**50,109**	**17,893**	**96,845**	**12,568**	**3,805**	**(2,233)**	**24,067**	**1,131**	**86,467**	**1,011,779**

Key to currency abbreviations;
USD - United States Dollar; ZAR - South African Rand; UK Pounds - United Kingdom Pound; CFA - CFA Franc; EUR – Euro; MAD - Moroccan Dirham; EGP - Egyptian Pound; NGN - Nigerian Naira; KES - Kenyan Shilling; MUR - Mauritius Rupee

29 Financial risk management (Continued)

Currency risk (continued)

At 31 December 2021: (in US$'000)	USD	ZAR	GBP	CFA/EUR	MAD	EGP	NGN	KES	MUR	OTHERS	TOTAL
ASSETS											
Cash and cash equivalents	127,811	26,039	11,881	39,916	19,302	8,686	27,613	21,054	5,735	41,407	**329,444**
Reinsurance receivables	(18,132)	6,197	(372)	23,083	9,309	4,843	2,804	5,917	2,905	95,786	**132,340**
Claims recoverable	62,850	6,628	42	13,370	1,408	787	1,457	588	6	4,255	**91,391**
Deferred retrocession premium	28,134	655	-	2,552	8	202	1,228	243	-	2,948	**35,970**
	200,663	**39,519**	**11,551**	**78,921**	**30,027**	**14,518**	**33,102**	**27,802**	**8,646**	**144,396**	**589,145**
Investments:											
Bank deposits	191,312	54,479	-	29,008	-	3,637	1,497	1,398	3,993	-	**285,324**
Deposits with ceding companies	16,626	3,971	561	55,108	51,353	8,871	-	921	(31)	34,803	**172,183**
Fixed rate securities at fair value	61,094	31,455	-	-	-	-	-	5,245	-	-	**97,794**
Floating rate securities at fair value through profit or loss	41,802	-	-	-	-	-	-	-	-	-	**41,802**
Fixed rate securities at amortised cost	244,126	33,304	7,920	34,855	-	4,017	-	-	-	-	**324,222**
Floating rate securities at cost	46,240	-	-	-	-	-	-	-	-	-	**46,240**
Equity investments at fair value	78,391	9,220	-	-	-	-	6	2,128	-	-	**89,745**
Unquoted Equity investments at fair value through OCI	59,093	-	-	749	-	-	1,404	-	-	-	**61,246**
Total Investments	**738,684**	**132,429**	**8,481**	**119,720**	**51,353**	**16,525**	**2,907**	**9,692**	**3,962**	**34,803**	**1,118,556**
Total Assets	**939,347**	**171,948**	**20,032**	**198,641**	**81,380**	**31,043**	**36,009**	**37,494**	**12,608**	**179,199**	**1,707,701**
LIABILITIES											
Sundry payables	14,453	1,874	99	(247)	394	560	1,587	(8)	162	17	**18,891**
Dividend payable	11,639	-	-	-	-	-	-	-	-	-	**11,639**
Reinsurance payables	30,424	2,357	(7,985)	16,886	781	(641)	8,362	4,307	510	56,752	**111,753**
Outstanding claims	168,323	86,393	3,863	64,022	53,416	18,689	9,857	32,635	15,400	58,769	**511,367**
Total liabilities	**224,839**	**90,624**	**(4,023)**	**80,661**	**54,591**	**18,608**	**19,806**	**36,934**	**16,072**	**115,538**	**653,650**
NET POSITION	**714,508**	**81,324**	**24,055**	**117,980**	**26,789**	**12,435**	**16,203**	**560**	**(3,464)**	**63,661**	**1,054,051**

Key to currency abbreviations;
USD - United States Dollar; ZAR - South African Rand; UK Pounds - United Kingdom Pound; CFA - CFA Franc; EUR – Euro; MAD - Moroccan Dirham; EGP - Egyptian Pound; NGN - Nigerian Naira; KES - Kenyan Shilling; MUR - Mauritius Rupee

30 Investments in subsidiary companies

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

	Principal Activity	Share capital US$ '000	Holding	2022 US$ '000	2021 US$ '000
African Reinsurance Corporation (South Africa) Limited	Reinsurance services	*	100%	*	*
African Takaful Company	Reinsurance services	30,000	100%	30,000	30,000
Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited	Property holding	*	100%	*	*
Africa Re Underwriting Agency Dubai (United Arab Emirates) Limited	Reinsurance services	500	100%	500	500

** Less than US$ 1,000 (African Reinsurance Corporation (South Africa) limited – 7 ordinary shares of 0.01 rand; Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited – 40,000 ordinary shares of 0.10 Rand)*

African Reinsurance Corporation (South Africa) Limited has its financial year end on 31 December, African Retakaful Company on 30 June and Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited on 31 August.

African Reinsurance Corporation (South Africa) Limited

African Reinsurance Corporation (South Africa) Limited was incorporated on 9 January 2004. The principal activity of the company is provision of reinsurance services to the countries of the rand zone as well as Botswana. It made a profit of US $2,754,090 during the year ended 31 December 2022 (2021: US $ 3,150,785). The relevant activities of African Reinsurance Corporation (South Africa) Limited are determined by its board of directors based on simple majority votes where each share carries one vote.

Therefore, the conclusion of the directors of the Group is that the Group has control over African Reinsurance Corporation (South Africa) Limited and the financial information of African Reinsurance Corporation (South Africa) Limited is consolidated in these financial statements

Set out below is the summarised financial information of the subsidiary.

Summarised statement of financial position	**2022 US$'000**	**2021 US$'000**
Total assets	301,358	284,354
Total liabilities	(240,842)	(219,527)
Net assets	60,516	64,827
Summarised statement of profit or loss and other comprehensive income		
Net earned premium	37,004	36,384
Profit before income tax	3,724	5,209
Income tax expense	(970)	(2,058)
Other comprehensive income	-	-
Total comprehensive income	2,754	3,151
Summarised statement of cash flows		
Net cash flow from/(used in) operating activities	(115)	4,837
Net cash (used in)/generated from investing activities	(1,788)	(2,481)
Net increase /(decrease) in cash and cash equivalents	(1,904)	2,356
Net loss on liquid assets	2,218	(53)
Cash and cash equivalents at beginning of year	2,991	635
Cash and cash equivalents at end of year	3,305	2,991

African Retakaful Company

African Retakaful Company was incorporated on 1 September 2010. The principal activity of the company is provision of reinsurance products which are fully sharia compliant. The company made a loss of US$4,851k during the year ended 31 December 2022 (December 2021: US$16,195k loss). The relevant activities of African Retakaful Company are determined by its board of directors based on simple majority votes where each share carries one vote.

Therefore, the conclusion of directors of the Group is that the Group has control over African Retakaful Company and the financial information of African Retakaful Company is consolidated in these financial statements.

Set out below is the summarised financial information of the subsidiary.

Summarised statement of financial position	**2022 US$'000**	**2021 US$'000**
Total assets	122,409	112,573
Total liabilities	(130,868)	(119,012)
Net assets	**(8,459)**	**(6,439)**
Summarised statement of profit or loss and other comprehensive income		
Net earned premium	6,157	8,387
(Loss)/Profit before income tax	(4,851)	(16,195)
Other comprehensive income	-	-
Total comprehensive income	(4,851)	(16,195)
Summarised statement of cash flows		
Net cash generated from/(used in) operating activities	4,686	4,129
Net cash from investing activities	471	1,542
Net increase in cash and cash equivalents	5,157	5,671
Net loss on liquid assets	(1,681)	(9,765)
Cash and cash equivalents at beginning of year	42,025	46,119
Cash and cash equivalents at end of year	**45,501**	**42,025**

The group financial statement for 2022 includes current account balances of US$ 3,124,663 and investments in term deposits of US$ 10,839,045 held in Sudan. The corporation also has reinsurance receivables (net of provisions for bad and doubtful debts) of US$ 749,781. These receivables are adequately covered by technical reserves totalling US $ 13,223,958 for both unearned premiums and outstanding claims from that market.

The Directors acknowledge that the ongoing war between rival factions in Sudan has given rise to various risks that affect the ability of the Corporation to achieve its projected performance and impairment assessment in the near future despite war exclusion clauses covering property or damages during this period.

The financial impact of these disruptions on the Corporation's business cannot be reliably estimated at this time. However, our assessment shows that the diversification of our portfolio ensures that we remain resilient during this period and the value of our net assets in the Sudanese market is not material from the perspective of the consolidated financial statements for the year 2022.

Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited

Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited was purchased by African Reinsurance Corporation in October 2012. The principal activity of the company is property holding. The company reported a profit of US $91 during the year ended 31 December 2022 (2021: US$ 84,513). The relevant activities of Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited are determined by its board of directors based on simple majority votes where each share carries one vote.

Therefore, the conclusion of the directors of the Group is that the Group has control over Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited and therefore, the financial information of Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited is consolidated in these financial statements.

Set out below is the summarised financial information of the subsidiary

Summarised statement of financial position	**2022 US$'000**	**2021 US$'000**
Total assets	1,691	2,667
Total liabilities	(51)	(97)
Net assets	**1,641**	**2,570**
Summarised statement of profit or loss and other comprehensive income		
Net Income	203	(8,387)
Profit before income tax	120	119
Income tax expense	(29)	(35)
Other comprehensive income	-	-
Total comprehensive income/(loss)	**91**	**84**
Summarised statement of cash flows		
Net cash generated from operating activities	-	-
Net cash used in from investing activities	-	-
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents	-	-
Net (loss)/gain on liquid assets	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

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Africa Re Underwriting Agency Dubai (United Arab Emirates) Limited

African Re Underwriting Agency Dubai (United Arab Emirates) Limited was incorporated on 28th April 2020. The principal activity of the company is Insurance Management. It commenced operation on 1st of January 2021.

Therefore, the conclusion of directors of the Group is that the Group has control over African Re Underwriting Agency and the financial information of African Retakaful Company is consolidated in these financial statements.

Set out below is the summarised financial information of the subsidiary.

Summarised statement of financial position	**2022 US$'000**	**2021 US$'000**
Total assets	756	854
Total liabilities	(256)	(354)
Net assets	**500**	**500**

Summarised statement of profit or loss and other comprehensive income		
Net Income	714	776
Profit before income tax	-	-
Income tax expense	-	-
Other comprehensive income	-	-
Total comprehensive income	**-**	**-**

Summarised statement of cash flows		
Net cash generated from operating activities	68	298
Net cash used in from investing activities	(2)	(530)
Net cash generated from financing activities	(79)	383
Net increase in cash and cash equivalents	(14)	151
Cash and cash equivalents at beginning of year	151	-
Cash and cash equivalents at end of year	**137**	**151**

31 Contingent liabilities

There are no material contingent liabilities in respect of pending litigations involving the Corporation for which no provisions have been made in these financial statements.

32 Leases

The Corporation as a lessee

The Corporation has right-of-use assets in respect of some of the land used in constructing office and residential buildings. These right-of-use assets are classified together with the other similar assets owned by the Corporation under Property and Equipment in Note 9.

The Corporation also hold leases of offices for its Sudan, Abidjan, Uganda, Ethiopia and United Arab Emirates Offices. The future minimum lease payments leases are as follows:

	2022 US$'000	**2021 US$'000**
Not later than 1 year	122	77
Later than 1 year and not later than 3 years	53	17
Net assets	**175**	**94**

The Corporation's total assets was considered in concluding that the above leases are not material to the overall financial statements and will continue to be expensed on straight line basis in line with the relief from capitalising granted in IFRS 16.

The Corporation as a lessor

At the end of the reporting period, the lettable portion of the Corporation's headquarters building in Lagos as well as regional office buildings in Nairobi and Casablanca had been contracted with tenants for the following future lease receivables:

	2022 US$'000	**2021 US$'000**
Not later than 1 year	1,303	1,287
Later than 1 year and not later than 3 years	1,777	1,401
Later than 3 year and not later than 7 years	235	384
Net assets	**3,316**	**3,072**

33 Capital management

The Corporation is not subject to any externally imposed capital requirements. However, the Corporation will continue to actively grow its available capital to meet rating agencies' requirements for its target rating as well as achieve a comfortable internally determined capital adequacy ratio (available capital divided by required risk adjusted capital).

The Corporation's objectives in managing its capital are:

- To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- To maintain financial strength to support new business growth;
- To satisfy the requirements of its reinsured and rating agencies;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- To safeguard the corporation's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Corporation has several of sources of capital available to it and seeks to optimise its retention capacity to ensure that it can consistently maximise returns to shareholders. The Corporation considers not only the traditional sources of capital funding but the alternative sources of capital including retrocession, as appropriate, when assessing its deployment and usage of capital. The Corporation manages as capital all items that are eligible to be treated as capital.

The constitution of capital managed by the corporation is as shown below:

	2022 US$'000	2021 US$'000
Share capital	286,361	286,361
Share premium	217,170	217,170
Other reserves	276,224	270,965
Retained earnings	211,308	226,218
Total capital – equity	**991,063**	**1,000,714**

34 Events after the reporting date

An armed conflict between rival factions of the military government of Sudan began on 15 April 2023, when clashes broke out in cities, with the fighting concentrated around the capital city of Khartoum and the Dafur region. As more fully disclosed in Note 30, the Corporation reviewed the potential impact of the current situation on the Asset balances and in general the situation remains variable. Though the financial Impact of these disruptions on the Corporations business cannot be reliably estimated, the Corporation's assessment is that diversification of it's portfolio ensures that the Corporation remains resilient under such circumstances.

The Directors are not aware of any other events which could have had a material effect on the state of affairs of the Corporation as at 31 December 2022 and on the results for the year ended which have not been adequately provided for and/or disclosed.

Appendix

Consolidated statement of profit or loss by class of business

	Fire and accident US$'000	Marine and aviation US$'000	Life US$'000	Total 2022 US$'000	Total 2021 US$'000
Underwriting income:					
Gross written premium	806,089	54,647	91,053	951,789	845,346
Gross earned premium	781,608	52,256	83,251	917,115	842,626
Retrocession premium	(160,814)	(6,093)	(11,740)	(178,648)	(174,930)
Net earned premium	**620,794**	**46,162**	**71,511**	**738,467**	**667,696**
Commissions & charges earned under retrocession arrangements	**27,225**	**846**	**3,355**	**31,426**	**32,922**
Gross claims paid	**(365,741)**	**(17,980)**	**(42,792)**	**(426,513)**	**(382,351)**
Gross claims incurred	(447,161)	(18,478)	(53,170)	(518,809)	(428,364)
Less retrocessionnaires' share	69,575	(204)	5,006	74,377	35,613
Net claims incurred	**(377,587)**	**(18,683)**	**(48,163)**	**(444,433)**	**(392,751)**
Acquisition expense	(198,290)	(14,869)	(19,231)	(232,390)	(224,410)
Management expenses	(44,843)	(3,066)	(4,163)	(52,072)	(48,896)
Underwriting profit	**27,300**	**10,390**	**3,309**	**40,999**	**34,561**
Net investment and other income				13,124	54,138
Net foreign exchange loss				(29,851)	(47,783)
Profit before income tax				**24,272**	**40,916**
Income Tax				(539)	(2,093)
Profit for the year				**23,733**	**38,823**

Notes