



*Future Re Company*

# ANNUAL REPORT 2021

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***Our all-round experience in concluding the reinsurance transactions in the most professional manner and long term relations is a corner stone in our business.***





# FINANCIAL HIGHLIGHTS

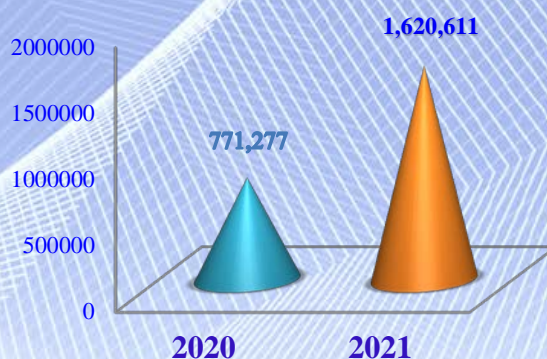
*All figures in KPW'000*

ITEMS	2021	2020
<b>BALANCE SHEET</b>		
Total assets	5,784,239	5,259,370
Total equity	5,288,232	4,545,649
Total liabilities	496,007	713,721
<b>INCOME STATEMENT</b>		
Total incomes	2,702,348	2,071,464
Net premiums earned	1,830,315	1,543,574
Investment income	504,572	523,504
Other income	367,461	4,386
Profit for the year	1,134,428	539,894
<b>CASH FLOW STATEMENT</b>		
Operating activities	236,840	290,996
Investing activities	756,704	(348,747)
Financing activities	(340,328)	(161,968)
Cash and cash equivalents at the end of the year	1,731,246	1,078,030

## Net Earned Premium



## Operating result before payment to state





# PRESIDENT'S REPORT

Dear Sirs,

We are pleased to say that 2021 was another year of encouraging success when Future Re gave full play to sustainable growth and offered excellent service to our customers which helped us further our position as a growing reinsurer in the domestic market.

In 2021, we achieved the gross written premiums of KPW 1,812,857,000, which is a 101.69% increase on the previous year at KPW 1,782,688,000.

This year the result in reinsurance portfolio was positive in terms of net profit of KPW 1,294,397,000 and combined ratio at 61.56%.

In 2021, the total income from all business activities and net income before payment to the state were KPW 2,702,348,000 and KPW 1,620,611,000.

These successes last year were attributable to the Company's standing principle of optimization and diversification of business, to the creative way of thinking and innovative approaches to business, to the rapid decision-making and benefit-oriented market research, and to the full-fledged commitment to our customers.

In 2022, we are going to move on to the international insurance market by making the business structure more diverse and the capital allocation more reasonable than ever.



With full confidence in the future, we will do our best to properly react to the ever-growing market demand.

On behalf of the Executive Committee of Management, we pay our compliments to your consistent support for our efforts to meet the dream.

Yours sincerely,



Kim Chang Ho  
President  
Future Re Company



# OUR VISION & PRINCIPLE

## VISION



It is aimed at ensuring maximum profits through efficient investment in businesses which can generate the highest returns.

## PRINCIPLE



### *Serving the customers*

Future Re attaches the foremost importance in all its activities to the improvement in health care and the stabilization of people's living.



### *Foremost importance to talent's role*

Future Re lets every manager work together in perfect harmony and with great talent and high degree of enthusiasm toward pursuing the strategic goals of the company.



### *Risk management*

Future Re takes as part of its far-reaching plans to take scientific preventive measures against potential accidents and losses.



# Management Report

## Business Development

In 2021, Future Re cooperated actively with local insurers and generated a gross written premium income of KPW 1,812,857,000 in the reinsurance business, which is an increase of 101.69% on 2020.

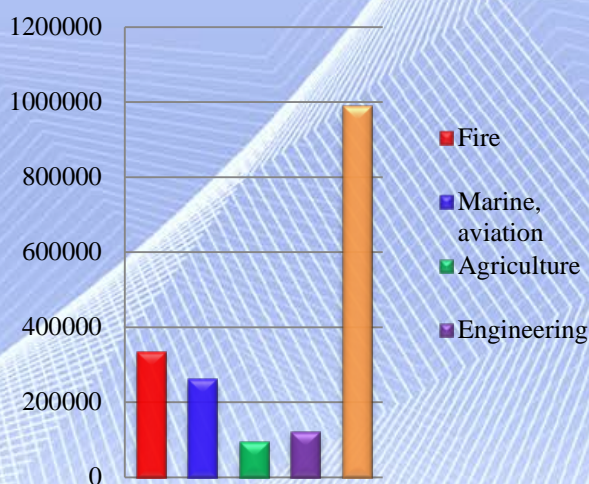
In particular, we enjoyed an increased income from property and marine reinsurance business lines and raised the Company's total assets by 109.98% over the previous year.

In 2021, Future Re achieved as per class of insurance the gross written reinsurance premiums above;

The income from reinsurance business lines was on the increase in 2021, whereas the income from investing

*All figures in KPW'000*

ITEM	2021	2020
Fire	337,366	347,740
Marine/aviation	263,309	218,790
Agriculture	96,048	102,565
Engineering	122,903	142,423
Casualty	993,231	971,170
<b>Total</b>	<b>1,812,857</b>	<b>1,782,688</b>





activities amounted to KPW 504,572,000 which is a moderate decrease by KPW 18,932,000 in 2020.

In the meantime, that the Company achieved lesser income in investment business portfolio is accountable to that Future Re disposed of two hire-and-lease estates in September and October 2021 in accordance with the business strategy of increasing the reserve to move further on to the international insurance market more dynamically.

As a result, the cash and cash equivalents at the end of the year 2021 were increased by 160.59% on the previous year.

Concerning the Company's business result in 2021, the total assets amounted to KPW 5,784,239,000, which is a 109.98% increase on the previous year at KPW 5,259,370,000 and the operating result before payment to the state is KPW 1,620,611,000.

*All figures in KPW'000*

ITEM	2021	2020
Real estate	69,608	98,400
Loans	227,568	170,676
Fixed-interest securities	178,810	231,420
Others	28,586	23,008
<b>Total</b>	<b>504,572</b>	<b>523,504</b>

*All figures in KPW'000*





## Property & Casualty Reinsurance



Regarding property and casualty reinsurance, we renewed several proportional and non-proportional agreements with local insurers.

Gross written reinsurance premium in Motor Q/S Treaty and Fire Proportional Reinsurance Agreements with KNIC totaled to KPW 40,810,990 and KPW 230,803,408 respectively.

This was followed by Polestar Insurance Company in Fire Proportional Treaty and Non-Proportional Facultative Reinsurance Agreements with the total sum of written premium of KPW 65,751,435.

Reinsurance premiums written from fire and motor businesses amounted to KPW 337,365,833, which is 18.61% of the total written premiums.

The renewal of the Property and Casualty Excess of Loss Treaty with KNIC, which includes its home contents insurance, personal accident insurance and traveler's insurance, was resulted in a total premium of KPW 728,772,000, and from the renewal of personal accident proportional treaty with the same cedant, we recorded KPW 264,458,551 as reinsurance premium.



The premiums from two above reinsurance treaties totaled to KPW 993,230,551, which is a 102.27% increase on the previous year, and holds 54.79% of the total reinsurance premium income.

*All figures in KPW'000*

Year	GWP	Combined L/R
2021	1,330,596	54.00%
2020	1,318,910	61.03%

Total amounts of premiums from property and casualty reinsurance portfolio and its combined loss ratio of last two years are compared in the above table.

## Marine Reinsurance



Future Re renewed various agreements on marine business with local insurers in 2021 as well.

The reinsurance premium earned in Marine Cargo Q/S Treaty and Marine Hull Q/S & Surplus Treaty renewed with KNIC totaled to KPW 221,178,805 and KPW 29,626,578 respectively.

The Company received from KNIC the minimum deposit premiums of KPW 840,000 and KPW 1,935,000 respectively from Protection & Indemnity and Port Liability Treaties, and reinsurance premium of KPW 4,140,000 from Aircraft TPL X/L Treaty.



Meanwhile, reinsurance premium from Marine Cargo X/L Treaty renewed with Samhae Insurance Company is KPW 5,589,000.

*All figures in KPW'000*

Year	GWP	Combined L/R
2021	263,309	90.11%
2020	218,790	78.18%

Total premiums from marine reinsurance portfolio in 2021 amount to KPW 263,309,384 and the combined loss ratio in marine reinsurance business is 90.11%.

## Agricultural Reinsurance



Last year, our country was not severely affected by typhoon, drought or other natural disasters with the exception of some regions due to hail or frost, which are perils excluded from the reinsurance coverage. Meanwhile, some parts of the country witnessed sporadic heavy rainfall, but loss and damage from such events were all under the excess limits and hardly affected the corresponding reinsurance agreements.

As a result, there was a noteworthy increase in the proportional and non-proportional reinsurance treaties of crop business.

KPW 29,273,088 of net earned premiums totaled from proportional treaties such as Potato Q/S Treaties with KNIC and PIC,



and Aquaculture and Fruit Q/S Treaty of PIC, and in the meanwhile, KPW 66,775,106 were amounted from Stop Loss Treaties of these two companies covering rice and/or maize crops.

*All figures in KPW'000*

Year	GWP	Combined L/R
2021	96,048	34.81%
2020	102,565	121.26%

The combined loss ratio in crop reinsurance portfolio is shown in the following table;

## Engineering Reinsurance



The Company renewed various agreements on proportional, non-proportional and facultative reinsurance such as Engineering Q/S, CECR XL and Industrial All risks Facultative Reinsurance.

Reinsurance premium from KNIC's Engineering Q/S, and CECR XL Treaty is KPW 73,800,123 and KPW 11,377,799 respectively.

Reinsurance Premium from PIC's CECR XL Treaty and Engineering Proportional Treaty comprised of CAR & EAR and Machinery Breakdown, is KPW 8,780,000 and KPW 28,945,158.



As a result, the total premium income from engineering portfolio in 2021 is KPW 122,903,080 and thus the combined loss ratio is 103.11%.

*All figures in KPW'000*

Year	GWP	Combined L/R
2021	122,903	103.11%
2020	142,423	108.99%

## Investment Business



In 2021, the Company drew up and implemented the investment plans in accordance with the altered business strategy.

In order to acquire sufficient reserves for the expansion of reinsurance business to the international market, the Company sold two hire-and-lease buildings.

In 2021, the Company abstained from the purchase of financial assets and new investing activities, short and long-term investments, and remained almost at the same level as the previous year.

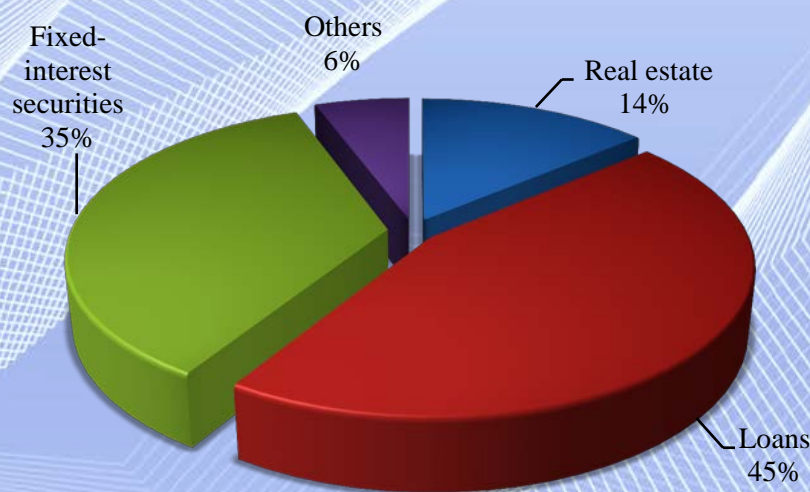
The gross income from investing activities in 2021 was KPW 504,572,000 which is a 3.62% decrease on the previous year. The



income from loan and receivables is KPW 227,568,000 and accounts for 45.10 % of the total investment income. The available-for-sale financial assets made a profit of KPW 146,890,000, being 29.11% of the total investment income.

The other source of income includes the real estates, the financial assets at fair value through profit or loss and bank deposit.

In 2022, the Company will stick to the principle of diversified investment project and launch a series of investing activities which we hope to make a good profit and maintain the level of income as we did in 2021.





## **Risk Management**



In order to consolidate the Company's position in the local market, we regard that professional risk assessment and management for reinsured subjects is a key to the positive and steady development for us.

We will put great efforts in improving our abilities of managing risks.

## **Human Resources Build-up**



In accordance with the business strategy to expand the volume of business onto the abroad market, the Company drew up a plan on human resources build-up and achieved a progress in the process.

According to the plan, competent re/insurance specialists signed up with the Company in 2021. The Company made sure that all managers leaned to follow the trend of the international market through their own constant efforts to improve their knowledge of reinsurance, science and technology and deal with all potential tasks on their own which attributed to positive results in business not only in 2020 but also in 2021.



# FINANCIAL REPORT





# STATEMENT OF BALANCE SHEET

*As at 31 December 2021*

*All figures in KPW'000*

ITEMS	2021	2020
<b>ASSETS</b>		
Cash with bank and in hand	1,731,246	1,078,030
Trade receivables	562,111	267,403
Accrued incomes	23,774	26,908
Deferred acquisition costs	16,605	15,192
Prepayment	20,838	25,920
Intangible assets	211,901	223,341
Investments	2,562,512	2,925,500
Tangible assets	655,252	697,076
<b>Total assets</b>	<b>5,784,239</b>	<b>5,259,370</b>
<b>LIABILITIES AND EQUITY</b>		
Reinsurance contract liabilities	492,420	523,729
Provision for unearned premiums	299,602	317,071
Provision for outstanding claims	23,663	36,234
Accounts payables	169,155	170,424
Other payables	47	49
Accrued liabilities	3,540	189,943
<b>Total liabilities</b>	<b>496,007</b>	<b>713,721</b>
Paid up capital	3,300,000	3,300,000
Retained earnings	1,547,503	810,125
Contingency reserve	127,177	70,455
Other reserves	313,552	365,069
<b>Total equity</b>	<b>5,288,232</b>	<b>4,545,649</b>
<b>Total liabilities and equity</b>	<b>5,784,239</b>	<b>5,259,370</b>



# INCOME STATEMENT

*As at 31 December 2021*

*All figures in KPW'000*

ITEMS	2021	2020
<b>Underwriting Income</b>	<b>1,830,315</b>	<b>1,543,574</b>
Net earned premiums	1,830,315	1,543,574
Net written premiums	1,812,857	1,782,688
Gross written premiums	1,812,857	1,782,688
Changes in provision for unearned premiums	17,458	(239,114)
<b>Investment income</b>	<b>504,572</b>	<b>523,504</b>
Real estates	69,608	98,400
Loans and receivables	227,568	170,676
Available-for-sale financial assets	146,890	151,620
Financial assets at fair value through profit or loss	31,920	79,800
Deposits	28,586	23,008
<b>Other income</b>	<b>367,461</b>	<b>4,386</b>
<b>Total incomes</b>	<b>2,702,348</b>	<b>2,071,464</b>
<b>Expenses</b>		
Claims incurred	(535,918)	(781,533)
Net claims paid	(548,489)	(746,041)
Gross claims paid	(548,489)	(746,041)
Changes in provision for outstanding claims	12,571	(35,492)
Commission paid	(236,342)	(234,456)
Administrative expenses	(308,571)	(283,320)
Other expenses	(906)	(878)
<b>Total expenses</b>	<b>(1,081,737)</b>	<b>(1,300,187)</b>
<b>Operating result before payment to state</b>	<b>1,620,611</b>	<b>771,277</b>
Payment to state	(486,183)	(231,383)
<b>Net profit for the year</b>	<b>1,134,428</b>	<b>539,894</b>



# STATEMENT OF CHANGES IN EQUITY

*As at 31 December 2021*

*All figures in KPW'000*

ITEMS	Paid-up Capital	Contingency Reserve	Other Reserve	Retained Earnings	Total Equity
<b>Balance as at 1<sup>st</sup> January 2020</b>	<b>3,300,000</b>	<b>43,460</b>	<b>312,655</b>	<b>459,194</b>	<b>4,115,309</b>
Profit/loss for the year				539,894	539,894
Transfer to contingency reserve		26,995		(26,995)	–
Revaluation			52,414		52,414
Dividends relating to prior periods paid during the year				(161,968)	
<b>Balance as at 31<sup>st</sup> December 2020</b>	<b>3,300,000</b>	<b>70,455</b>	<b>365,069</b>	<b>810,125</b>	<b>4,545,649</b>
<b>Balance as at 1<sup>st</sup> January 2021</b>	<b>3,300,000</b>	<b>70,455</b>	<b>365,069</b>	<b>810,125</b>	<b>4,545,649</b>
Profit/loss for the year				1,134,428	1,134,428
Transfer to contingency reserve		56,721		(56,721)	–
Revaluation			(51,517)		(51,517)
Dividends relating to prior periods paid during the year				(340,328)	(340,328)
<b>Balance as at 31<sup>st</sup> December 2021</b>	<b>3,300,000</b>	<b>127,176</b>	<b>313,552</b>	<b>1,547,504</b>	<b>5,288,232</b>



# CASH FLOW STATEMENT

*As at 31 December 2021*

*All figures in KPW'000*

ITEMS	2021	2020
<b>Operating activities</b>		
Cash generated from operation	723,023	522,379
Payment to state	(486,183)	(231,383)
<b>Net cash (generated)/used in from operating activities</b>	<b>236,840</b>	<b>290,996</b>
<b>Investing activities</b>		
Proceeds from disposal of investment assets	254,092	(195,000)
Purchases of property and equipment	-	(24,851)
Purchases of intangible assets	(1,960)	(2,400)
Purchases of securities	-	(650,000)
Interest received	434,964	425,104
Rental income received	69,608	98,400
<b>Net cash (generated)/used in from investing activities</b>	<b>756,704</b>	<b>(348,747)</b>
<b>Financing activities</b>		
Dividends paid to equity shareholder	(340,328)	(161,968)
<b>Net cash (generated)/used in from financing activities</b>	<b>(340,328)</b>	<b>(161,968)</b>
<b>Movement in cash and cash equivalents</b>		
At beginning of year	1,078,030	1,297,749
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>653,216</b>	<b>(219,719)</b>
<b>Cash and cash equivalents at the end of year</b>	<b>1,731,246</b>	<b>1,078,030</b>



# AUDITOR'S REPORT





We have audited the Statement of Financial Position, the Statement of Income, Statement of Changes in Equity and the Statement of Cash Flows as at 31 December 2021, which were all drawn up by Future Re.

### ***Future Re's responsibility for the financial statements***

Future Re is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Law, Accounting Law of DPRK and in the manner required by International Financial Reporting Standards (IFRSs).

### ***Auditor's responsibility***

Our responsibility is to check these financial statements and notify Future Re of our official results.

We have audited financial statements in accordance with Financial Law, Accounting Law, Auditing Law of DPRK and International Standards on Auditing (ISAs).

In order to verify the accuracy of financial statements, we selected the crucial documentation according to our criteria and checked the figures shown therein together with assets management status.

Not only the accuracy of financial statements but also the competency of accounting principles were closely examined.

We believe that we have done our job and presented our opinion as professional auditors on a reasonable basis.



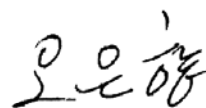
## ***Audit opinion***

We opine that the audited financial statements give a true and fair view of the financial position of Future Re Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended in line with International Financial Reporting Standards (IFRSs) and have been properly in compliance with Financial Law and Accounting Law of DPRK.

Han Myong Il, Director, Pyongyang Office of  
Auditors of DPR Korea



O Un Hyang, Manager, Pyongyang Office of  
Auditors of DPR Korea



22 March, 2021

Pyongyang Office of Auditors of DPR Korea



*Let us know what issue you're facing and we'll figure out a way to help you solve it.*

***Contact Us***

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