

# ANNUAL REPORT FOR THE YEAR 2022

Future Re Company always stands next to its clients as a partner that can be relied upon.

## **Contents**

Financial Highlights	2
President's Report	3
Our Vision and Principles	5
Our Vision	5
Our Principles	5
Management Report	6
Business Development	6
Property and Casualty Reinsurance	8
Marine Reinsurance	10
Agricultural Reinsurance	11
Engineering Reinsurance	
Investment Business	
Risk Management	14
Talent Training	14
Financial Report.	15
Balance Sheet	16
Income Statement	17
Statement of Change in Equity	18
Cash Flow Statement.	19
Auditor's Report	20

# FINANCIAL HIGHLIGHTS

	2022	2021	2020
Balance Sheet			
Total assets	6,187,836	5,784,239	5,259,370
Total equity	5,783,454	5,288,232	4,545,649
Total liabilities	404,382	496,007	713,721
Income Statement			
Total incomes	2,286,926	2,702,348	2,071,464
Net premiums earned	1,849,784	1,830,315	1,543,574
Investment income	437,142	504,572	523,504
Other income	_	367,461	4,386
Profit for the year	732,770	1,134,428	539,894
Cash Flow Statement			
Operating activities	333,252	236,840	290,996
Investing activities	517,880	756,704	(348,747)
Financing activities	(219,831)	(340,328)	(161,968)
Cash and cash equivalent at the end of the year	2,362,547	1,731,246	1,078,030

### PRESIDENT'S REPORT

It is my pleasure to present to you the annual report of Future Re for the year 2022.

This report includes a review of the Company's operating environment, governance and risk management and the report of the external auditors on financial performance of the Company.

In 2022, provided the major projects of the state and the construction of dwelling houses in cities and countryside were carried out in a full-scale way, and agricultural production and the operation of ships in maritime transport were activated, the company provided various kinds of reinsurance products and services.

Gross written premium for 2022 increased by 2.49% to KPW 1,857,912,000 as compared to KPW 1,812,857,000 in 2021.

During the year 2022, the Company achieved net profit of KPW 1,272,976,000 and combined loss ratio of 62.32% in the reinsurance portfolio.

The Company has mainly arranged proportional reinsurance covers such as Quota Share Reinsurance and Surplus Reinsurance for the risks assumed, while relying on non-proportional covers in respect of crop, engineering and marine cargo insurance.

During the year, operating expenses of the Company were kept within acceptable levels and aligned with the volume of activities, the economic and commercial environment, as well as its business strategy and prospects, thus amounting to KPW 335,960,000 compared to KPW 308,571,000 in the previous year with an increase of 8.88%.

Concerning the investment business, the Company generated a regular income from the current activities, without arranging an additional investment operation in accordance with its new strategy.

Consequently, the total income from all business activities and net income before payment to state were KPW 2,286,926,000 and KPW 1,046,815,000 respectively during the year 2022.

The Company has concentrated more efforts in the scientific and innovative operations in keeping with the developing trends of digitalization, Big-Data, IoT and telecommunication and information technologies.

The success achieved in 2022 is attributable to the Company's standing principles of evaluating the risk management system regularly, and developing the executive programs in the light of new challenges in the market through the continuous analysis of the internal and external environment and of achieving client's satisfaction through various kinds of products and services.

And it is also attributable to the Company's measures of replacing the new cadres of important duties to guarantee providing the best services to the insurance companies and developing the professional skills of the staff at all levels.

With full confidence in 2023, the Company will continuously contribute to offer a range of reinsurance products and services tailored to different client's needs and expand its business to the global insurance and reinsurance markets.

We hope that 2023 will be another good year in terms of growth and profit for the Company.

On behalf of the Executive Committee of Management, I would like to thank all the staff for their dedication which contributed to the excellent results in 2022.

And I would also like to extend my gratitude to all the insurance companies, brokers and business partners for their continuous support.

Yours sincerely

Kim Chang Ho

President

Future Re Company

## **OUR VISION & PRINCIPLES**



#### VISION

Future Re aims to consolidate its position in the local and global insurance markets as a leading player in providing all types of reinsurance coverage tailor-made to its client's needs by the highest efficiency.

#### PRINCIPLES



#### Serving the customers

Future Re attaches the foremost importance in all its activities to considerable contribution 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

During the year 2022, Future Re sought to cooperate closely with its clients concerning the rapid growth of the national economy, and thus generated a gross written premium income of KPW 1,857,912,000 in the reinsurance portfolio, which increased by 2.49% against the year 2021.

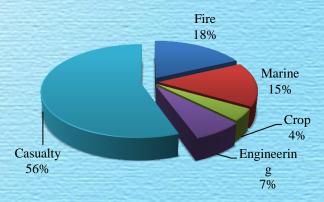
Premium income from the reinsurance business lines, particularly marine, engineering and personal accident increased by 7.68%, 5.01% and 4.1% respectively over the previous year, thus contributing to increase by 6.98% in the total assets of the Company against 2021. But the premium income from crop business decreased by 19.63% compared to 2021.

The following table shows the gross premium per class of business of the last three years;

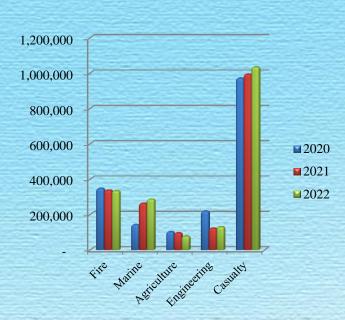
Gross written re	insurance premiu	ıms per class of b	usiness
			All figures in KPW'000
Class of business	2022	2021	2020
Fire	334,150	337,366	347,740
Marine/aviation	283,532	263,309	142,423
Agriculture	77,193	96,048	102,565
Engineering	129,055	122,903	218,790
Casualty	1,033,981	993,231	971,170
Total	1,857,911	1,812,857	1,782,688

There was an increase in the income from reinsurance business lines during the 2022, whilst year the from income investing activities moderately following decreased the previous year.

### Gross written reinsurance premiums per class of business in 2022



With the aim of consolidating its position in the local market and expand its business to the global market gradually, the Company reallocated investment funds in various investment channels and increased the reserve necessary for reinsurance portfolio from 2021. As a result, the cash and cash equivalents at the end of the year 2022 increased by 36.47% compared to the previous year.



As far as the business result in 2022 is concerned, the total assets amounted to KPW 6,187,836,000 compared to KPW 5,784,239,000 in 2021 with a growth ratio of 6.98%, and the operating result before payment to state decreased by 35.41% to KPW 1,046,815,000.

Investment Business			
Class of business	2022	2021	2020
Real estate	-	69,608	98,400
Loans	227,568	227,568	170,676
Fixed-interest securities	178,810	178,810	231,420
Others	30,764	28,586	23,008
Total	437,142	504,572	523,504

### Property & Casualty Reinsurance



Where property and casualty reinsurance is concerned, various kinds of proportional and non-proportional reinsurance contracts were renewed in 2022.

Premium from Motor Quota Share Treaty amounted to KPW 40,989,304 compared to KPW 40,810,990 in 2021 with a growth ratio of 0.44%, but premium from the fire proportional reinsurance treaties decreased by 3.65% to KPW 222,369,010 over the previous year.

Premium of fire and motor businesses amounted to KPW 334,150,267, which was 17.99% of the total premium income.

Premium from Property and Casualty Excess of Loss Treaty, which includes home contents, personal accident and travel insurance, amounted to KPW 769,542,000, whilst the Company recorded premium of KPW 264,439,464 from personal accident proportional treaty.

Gross premium of the above reinsurance treaties increased by 4.1% to KPW 1,033,981,464 over the previous year, and represented 55.65% of the total premium income during the year.

The following table shows the total premium from property and casualty reinsurance portfolio and combined loss ratio of the last three years;

Property and Casualty	Reinsurance	
U/Y	GWP	Combined L/R
2022	1,368,132	53.10%
2021	1,330,596	54.00%
2020	1,318,910	61.03%





### Marine Reinsurance

Concerning the maritime services and cargo transport have been fairly increased in the country, Future Re renewed various reinsurance treaties and contracts on marine business in 2022.

Premium from Marine Cargo Q/S Treaty increased by 2.28% to KPW 226,227,836, and premium from Marine Hull Q/S & Surplus Treaty amounted to KPW 39,167,840 with a growth ratio of 32.21%.

The Company received the minimum deposit premium of KPW 1,120,000 compared to KPW 840,000 in 2021 with a growth ratio of 33.33%, KPW 6,192,000 compared to KPW 1,935,000 in 2021 with an increase of 320% from Protection & Indemnity and Port Liability contracts respectively, and premium of KPW 4,140,000 from Aircraft TPL X/L Contract, which remains the same as the previous year.

Meanwhile, premium from Marine Cargo X/L Contract amounted to KPW 8,991,525 and premium from Fishing Vessel facultative reinsurance totaled to KPW 455,874, which moderately increased against the previous year.

Gross premium of marine portfolio in 2022 stood at KPW 286,295,075, which was 15.41% of the total premium income during the year.

Marine Reinsurance		
Year	GWP	Combined Ratio
2022	283,532	91.74%
2021	263,309	90.87%
2020	218,790	78.18%

### Agricultural Reinsurance



Last year, our country has scarcely experienced natural disasters such as typhoon, drought and flood, except for heavy rainfall witnessed in some parts of the country. But losses and damage from such events were all under the excess limits and did not affect the corresponding reinsurance contract, excluding Potato Q/S Treaty and Aquaculture and Fruit Q/S Treaty.

Premium from Potato Q/S Treaty and Crop Stop Loss Treaty, covering rice and maize crops, amounted to KPW 40,765,470.

Gross premium from agricultural business in 2022 stood at KPW 77,193,090, and represented 4.15% of the total premium income during the year.

The following table shows the total premium from agricultural reinsurance portfolio and combined loss ratio of the last three years;

Agriculture Reinsuran	ce	
Year	GWP	Combined Ratio
2022	77,193	36.60%
2021	96,048	39.33%
2020	102,565	121.26%



### Engineering Reinsurance

The Company renewed proportional, non-proportional and facultative reinsurance portfolios such as Engineering Q/S Treaty, CECR XL Contract and Industrial All Risks Facultative Reinsurance in 2022 as well.

Premium from CECR XL Contract amounted to KPW 12,330,672 compared to KPW 8,780,000 in 2021 with a growth ratio of 40.44% and premium from Engineering Q/S Treaty, comprised of CAR & EAR, Machinery Breakdown and MLOP, amounted to KPW 32,382,268 compared to KPW 28,945,158 in 2021 with an increase of 11.87%.

As a result, gross premium from engineering portfolio in 2022 amounted to KPW 130,139,527, which was 7.00% of the total premium income during the year.

Engineering Reinsurar	ice	
Year	GWP	Combined Ratio
2022	129,055	109.14%
2021	122,903	103.11%
2020	142,423	108.99%

### Investment Business



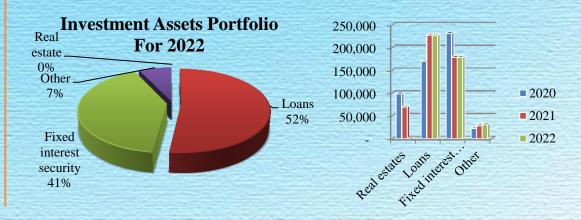
In 2022, the Company maintained such a level of investment activities as the previous year adhering fully to its new investment strategy.

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

The gross income from investing activities in 2022 decreased by 13.36% to KPW 437,142,000 compared to the previous year. The income from loan and receivables was KPW 227,568,000, and the available-for-sale financial assets made a profit of KPW 146,890,000 with the same level as the previous year.

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

In 2023, the Company will continue to hold the current investment portfolio to maintain the level of income as in 2022.

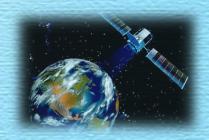




The Company regards that professional risk assessment and management for reinsured subjects is a key to the positive and steady development in the reinsurance business.

We marshal the comprehensive understanding of all the factors by discovering, defining and describing the current and future risks in light of the available data and information, and classifying them.

And we specify the best approach to control those risks, and set the procedures and programs that should be taken.





### Talent Training



In accordance with the business strategy to expand the volume of business onto the global market, the Company drew up a plan on talent training and achieved a progress in the process.

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.



# BALANCE SHEET As at 31 December 2022

ITEMS	2022	2021	2020
Assets			
Cash with bank and in hand	2,362,547	1,731,246	1,078,030
Trade receivables	371,582	562,111	267,403
Accrued incomes	22,757	23,774	26,908
Deferred acquisition costs	26,025	16,605	15,192
Prepayment	2,904	20,838	25,920
Intangible assets	198,351	211,901	223,341
Investments	2,562,512	2,562,512	2,925,500
Tangible assets	641,158	655,252	697,076
Total assets	6,187,836	5,784,239	5,259,370
Liabilities and Equity			
Reinsurance contract liabilities	398,519	492,420	523,729
Provision for unearned premiums	307,730	299,602	317,071
Provision for outstanding claims	34,158	23,663	36,234
Accounts payables	56,631	169,155	170,424
Other payables	5,863	3,587	189,992
Total liabilities	404,382	496,007	713,721
Equity			
Paid up capital	3,300,000	3,300,000	3,300,000
Retained earnings	2,023,804	1,547,503	810,125
Contingency reserve	163,815	127,177	70,455
Other reserves	295,835	313,552	365,069
Total equity	5,783,454	5,288,232	4,545,649
Total liabilities and equity	6,187,836	5,784,239	5,259,370

# INCOME STATEMENT

As at 31 December 2022

ITEMS	2022	2021	2020
Underwriting Income	1,849,784	1,830,315	1,543,574
Net earned premiums	1,849,784	1,830,315	1,543,574
Net written premiums	1,857,912	1,812,857	1,782,688
Gross written premiums	1,857,912	1,812,857	1,782,688
Changes in unearned premiums	(8,128)	17,458	(239,114)
Investment income	437,142	504,572	523,504
Real estates		69,608	98,400
Loans and receivables	227,568	227,568	170,676
Available-for-sale financial assets	146,890	146,890	151,620
Financial assets at fair value through profit or loss	31,920	31,920	79,800
Deposits	30,764	28,586	23,008
Other income		367,461	4,386
Total incomes	2,286,926	2,702,348	2,071,464
Expenses			
Claims incurred	(576,808)	(535,918)	(781,533)
Net claims paid	(566,314)	(548,489)	(746,041)
Gross claims paid	(566,314)	(548,489)	(746,041)
Changes in provision for outstanding claims	(10,494)	12,571	(35,492)
Commission paid	(221,854)	(236,342)	(234,456)
Administrative expenses	(335,960)	(308,571)	(283,320)
Other expenses	(105,489)	(906)	(878)
Total expenses	(1,240,111)	(1,081,737)	(1,300,187)
Operating result before payment to state	1,046,815	1,620,611	771,277
Payment to state	(314,045)	(486,183)	(231,383)
Net profit for the year	732,770	1,134,428	539,894

# STATEMENT OF CHANGES IN EQUITY

As at 31 December 2022

ITEMS	Paid-up Capital	Contingency Reserve	Other Reserve	Retained Earnings	Total Equity
Balance as at 1 <sup>st</sup> January 2021	3,300,000	70,455	365,069	810,125	4,545,649
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)
Balance as at 31 <sup>st</sup> December 2021	3,300,000	127,176	313,552	1,547,504	5,288,232
Balance as at 1 <sup>st</sup> January 2022	3,300,000	127,176	313,552	1,547,504	5,288,232
Profit/loss for the year				732,770	732,770
Transfer to contingency reserve		36,639		(36,639)	
Revaluation			(17,717)	-	(17,717)
Dividends relating to prior periods paid during the year				(219,831)	(219,831)
Balance as at 31 <sup>st</sup> December 2022	3,300,000	163,816	295,835	2,023,804	5,783,455

# **CASH FLOW STATEMENT**

As at 31 December 2022

		ν υ	in Ki w ooo
Items	2022	2021	2020
Operating activities			
Cash generated from operation	647,297	723,023	522,379
Payment to state	(314,045)	(486,183)	(231,383)
Net cash (generated)/used in from operating activities	333,252	236,840	290,996
Investing activities			
Proceeds from disposal of investment			
assets	108,896	254,092	(195,000)
Purchases of property and equipment			(24,851)
Purchases of intangible assets	(5,401)	(1,960)	(2,400)
Purchases of securities			(650,000)
Interest received	414,385	434,964	425,104
Rental income received		69,608	98,400
Net cash (used in)/generated from			
investing activities	517,880	756,704	(348,747)
investing activities Financing activities	517,880	756,704	(348,747)
	517,880	756,704	(348,747)
Financing activities	<b>517,880</b> - (219,831)	<b>756,704</b> - (340,328)	(348,747) — — — — ———————————————————————————
Financing activities  Proceeds from note issued			
Financing activities  Proceeds from note issued  Dividends paid to equity shareholder  Net cash (used in)/generated from financing activities  Movement in cash and cash	(219,831)	_ (340,328)	_ (161,968)
Financing activities  Proceeds from note issued  Dividends paid to equity shareholder  Net cash (used in)/generated from financing activities	(219,831) (219,831)	(340,328) (340,328)	_ (161,968) (161,968)
Financing activities  Proceeds from note issued  Dividends paid to equity shareholder  Net cash (used in)/generated from financing activities  Movement in cash and cash equivalents  At beginning of year	(219,831)	_ (340,328)	_ (161,968)
Financing activities  Proceeds from note issued  Dividends paid to equity shareholder  Net cash (used in)/generated from financing activities  Movement in cash and cash equivalents  At beginning of year  Net (decrease)/ increase in cash and cash	(219,831) (219,831)	(340,328) (340,328)	_ (161,968) (161,968)
Financing activities  Proceeds from note issued  Dividends paid to equity shareholder  Net cash (used in)/generated from financing activities  Movement in cash and cash equivalents  At beginning of year  Net (decrease)/ increase in cash and cash equivalents	(219,831) (219,831)	- (340,328) (340,328)	- (161,968) (161,968)
Financing activities  Proceeds from note issued  Dividends paid to equity shareholder  Net cash (used in)/generated from financing activities  Movement in cash and cash equivalents  At beginning of year  Net (decrease)/ increase in cash and cash	(219,831) (219,831)	- (340,328) (340,328)	- (161,968) (161,968)

# **AUDITOR'S REPORT**



We have audited the Statement of Financial Position, the Statement of Income, the Statement of Changes in Equity and the Statement of Cash Flows as at 31 December 2022, 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 31st December 2022, 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

25 March, 2023 Pyongyang Office of Auditors of DPR Korea

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