

SUNU ASSURANCES NIGERIA PLC

EARNING FORECAST FOR THE THIRD QUARTER 2021

ASSUMPTIONS

- 1 Gross Written Premium by the end of Q3 2021 is projected at N3.81 billion representing 86.79% of the full year budget, which is expected to be greater than the premium generated in the corresponding period 2020 by 42.12% which stood at N2.68 billion.
- 2 Gross claims incurred relating to 2021 businesses are projected based on 5 years average loss ratio.
- 3 Investment income arising from the placement with banks and fixed interest Government securities was projected at an average of 5% per annum.
- 4 The following non cash transactions were included in the Statement of Profit or Loss and Other Comprehensive Income
 - Provision for Depreciation in line with the Company's depreciation policy
 - Amortization of investment in Equity Resort Hotel based on the remaining concession year
 - Amortization of intangible assets
 - Impairment on placement and treasury bills
- 5 Reinsurance expenses was budgeted at 27.49% of Gross Premium Income. The projections were based on the Underwriting projected revenues on the various product lines. We also took into consideration the proposed increase in the capacity of the various lines of treaties in 2021 due to increase in shareholders funds.
- 6 The underwriting expenses were projected as indicated below:
 - (i) Commission income was projected at 19.61% of Re-insurance expenses
 - (ii) Commission expenses was projected at 18.56% of Gross Premium Income
 - (iii) Net claims incurred was arrived at after taking cognizance of claims recovered from reinsurers, salvages and adjustment for outstanding claims and related recoveries
 - (iv) Maintenance expenses was projected at 3.93% of gross premium written
- 7 Accretion to Contingency reserve was based on 3% of Gross Premium Written

SUNU ASSURANCES NIGERIA PLC**EARNING FORECAST FOR THIRD QUARTER 2021**

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Gross Premium Written	3,807,560,554.66
Change in Unexpired risks	(758,466,062.49)
Gross Premium Income	3,049,094,492.17
Reinsurance Expenses	(838,196,075.90)
Net Premium Income	2,210,898,416.28
Commission Income	164,370,250.48
Underwriting Income	2,375,268,666.76
Commission Expenses	(565,911,937.75)
Maintenance Expenses	(149,637,129.80)
Net claims incurred	(429,356,472.44)
Underwriting expenses	(1,144,905,539.99)
Net underwriting profit	1,230,363,126.77
Operating expenses	(1,240,901,061.12)
Net fair value gain(loss) on quoted shares	(3,607,000.00)
Profit from Equity Resort Hotel	-
Impairment loss	4,584,031.09
Investment and other Income	261,198,654.05
Profit Before tax	251,637,750.80
Income tax expense	(83,040,457.76)
Profit After tax	168,597,293.04
Contingency Reserve	(114,226,816.64)
Retained Profit	54,370,476.40

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CASHFLOW FORECAST AS AT 30 SEPTEMBER 2021

Cashflow from Operating Activities

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Premium Received from policy holders	3,750,232,664.15
Reinsurance Claims Recovery	1,007,326,000.00
Commission paid	(823,523,566.76)
Reinsurance premium paid	(706,121,683.63)
Direct Claims paid	(1,520,430,630.20)
Cash paid to and on behalf of employees	(440,467,216.33)
Other operating cash payments	(809,154,951.32)
Company's income tax paid	(140,995,000.00)
Net Cash flows from operating activities	<u>316,865,615.90</u>

Cash from Investing Activities

Purchase of fixed assets	(627,374,653.36)
Proceed from sale of fixed assets	4,244,300.81
Interest & dividend received	111,384,445.85
(Purchase)/Redemption of investment	(1,054,945,663.24)
Net cash flows from investing activities	<u>(1,566,691,569.94)</u>

Cash Flow from Financing Activities

Increase in Share Capital	-
Financial Liabilities	-
Net cashflows from financing activities	<u>-</u>

Net increase/(decrease) in cash and cash equivalent	(1,249,825,954.04)
Cash and cash equivalent at the beginning of the year	3,129,904,449.27
Cash and cash equivalent at the end of the quarter	<u>1,880,078,495.23</u>

Cash and cash equivalent

Cash and bank balances	98,869,014.63
Short Term Placements	1,781,209,480.60
Cash and cash equivalent at the end of the quarter	<u>1,880,078,495.23</u>