ROYAL EXCHANGE

Overcoming Challenges, **Generating Growth**

Annual Report & Accounts 2022

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Our Mission

To attain leadership in the financial sector and provide the highest quality services in accordance with ethical practices and norms to our clients, while ensuring adequate returns to our stakeholders.

Our Vision

To responsibly and efficiently mobilize and utilize human, financial and technological capital to exceed stakeholders expectations.

Our Core Values

Customer Orientation	Creativity
Learning Organisation	Integrity
Professionalism	Teamwork

Corporate Information:

Chairman	Kenneth Ezenwani Odogwu
Non-Executive Directors:	Chief Anthony Ikemefuna Idigbe (SAN) Alhaji Ahmed Rufai Mohammed Mr. Adeyinka Ojora
Group Coordinator	Mr. Hewett Benson
Group Company Secretary	Mazars Ojike and Partners
Registered Office	31, Marina, Lagos
Auditors	Deloitte & Touche
Bankers:	Ecobank Nigeria Limited First City Monument Bank Limited FSDH Merchant Bank Limited Heritage Bank Limited Keystone Bank Limited Royal Exchange Microfinance Bank Limited Stanbic IBTC Bank Plc United Bank for Africa Plc Wema Bank Plc Zenith Bank Plc
Registrars	CardinalStone (Registrars) Limited, 335/337 Herbert Macaulay Way, Sabo, Yaba, Lagos
RC No	6752

Corporate Profile

Royal Exchange Assurance Nigeria commenced operations in 1918 represented by Barclays Bank DCO and converted to a full branch of its then parent company, Royal Exchange Assurance UK, on February 28, 1921.

Royal Exchange Assurance UK was founded in 1720 and was one of the first two insurance companies in Britain to receive legal status via Royal Charter. Originally established for marine business, it expanded within a year to include fire and life insurance as well, thereby becoming Britain's first composite insurer. The establishment of the branch in Nigeria was the result of an overseas expansion drive in the early 20th century. Some notable figures in the local insurance Industry have headed our company, which was, for over 20 years the only insurance company operating in Nigeria. Thus, our company can be said to be the beginning of insurance in Nigeria.

Pursuant to Section 396(2) of the then Companies Act of 1968, our company was, on December 29, 1969, reconstituted and incorporated as a Private Limited Liability Company, the Royal Exchange Assurance (Nigeria) Limited. The company went public on July 18, 1989, and was duly listed on the Nigerian Stock Exchange on December 3, 1990.

In June 2007, our company entered a merger with African Prudential Insurance Company Limited and Phoenix of Nigeria Assurance Company Plc. The merger brought about a significantly stronger company, better positioned to serve the needs of its clientele in the financial services sector.

In June 2008, our company was re-organized into a group structure, whereby our company assumed the role of a corporate holding company to execute its strategic vision for financial services, namely insurance (both life and general), health management, finance, and microfinance.

Between 2019 and 2022, the group transformed from a corporate, to an investment holding company to focus on its asset management competence and drive profitability and growth of its investee companies. During this period all the investee companies were recapitalised with investments from strategic investors, and its life insurance business was disposed of. All the investee companies are properly capitalised and strategically positioned to fully exploit the significant opportunities that are available in the Nigerian economy.

The Royal Exchange brand is a significant brand in Nigeria, especially in the field of insurance. The recent investments and transformations made will ensure its' continued relevance in Nigeria.

ROYAL EXCHANGE PLC

Mr. Kenny Ezenwa Odogwu
Group Chairman

Chief Anthony Ikemefuna Idigbe (SAN)
Director

Alhaji Ahmed Rufa'i Mohammed
Director

Mr. Adeyinka Ojora
Director

Mr. Hewett Benson
(Group Coordinator)

ROYAL EXCHANGE FINANCE COMPANY LIMITED (REFCO)

Alhaji Ibrahim Turaki
(Chairman)

Mrs. Irene Opara
(Managing Director)

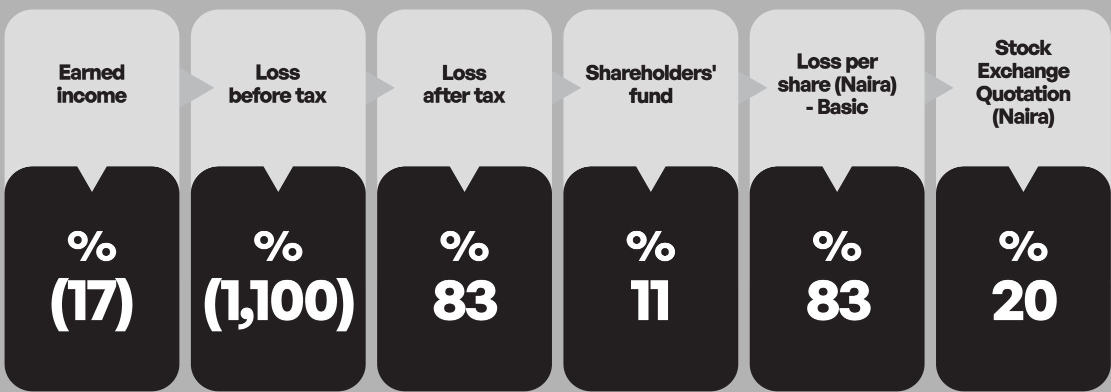
Mr. Benjamin Agili
(Director)

Mr. Nnamdi Oragwu
(Director)

Chief U. Okpa-Obaji
(Director)

Results At A Glance

	31-Dec-22	31-Dec-21	%
(Restated)			
Earned income	340,489	292,103	(17)
Loss before tax	(148,333)	14,826	(1,100)
Loss after tax	(288,472)	(1,668,938)	83
Share capital	2,572,685	2,572,685	-
Shareholders' fund	2,104,782	1,892,233	11
Loss per share (Naira) - Basic	(6)	(33)	83
Stock Exchange Quotation (Naira)	1.06	0.88	20



Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of Royal Exchange Plc will be held at Darlington Hall, Plot CDE Industrial Crescent off Town Planning Way, Ilupeju, Lagos, on Friday, November 17, 2023, at 10.00am in the forenoon to transact the following business:

Ordinary Business:

1. To lay before the meeting, the Consolidated Financial Statements of the Group for the year ended December 31, 2022, together with the Reports of the Directors, the Audit Committee, and the Auditors thereon.
2. To re-elect directors.
3. To appoint Independent Auditors.
4. To authorize the Directors to fix the remuneration of the Independent Auditors.
5. To disclose the remuneration of Managers.
6. To elect shareholders as members of the Statutory Audit Committee.

Special Business

7. To consider and if thought fit, to pass the following resolution as special resolution:
   Alteration of the articles of association:

a. “That Clause 38 of the General Meeting Clause of the Articles of Association of the company be altered by substituting the words: ”A General Meeting to be known as the Annual General Meeting shall be held once in every calendar year at such time (not more than fifteen months after the holding of last preceding Annual General Meeting) and place asmay be determined by the Directors” with a new clause “A General Meeting to be known as the Annual General Meeting shall be held once in every calendar year at such time (not more than fifteen months after the holding of last preceding Annual General Meeting) and venueas may be determined by the Directors.”

b. “That article 41 of the General Meeting Clause of the Articles of Association of the companybe altered by substituting the words: ”The time and place of any meeting shall be determined by the conveners of the meeting and all Statutory and Annual General Meetings shall be held in Nigeria” with a new clause “The time and venue of any meeting, whether physical, virtual or hybrid, shall be determined by the conveners of the meeting and all physical and hybrid Statutory and Annual General Meetings shall be held in Nigeria.”

BY ORDER OF THE BOARD

MAZARS OJIKE & PARTNERS
COMPANY SECRETARY
FRC/2021/002/00000022920
New Africa House
31, Marina, Lagos.
September 21, 2023

NOTES

Proxy
A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A proxy form is enclosed in the Annual Report and Accounts. For the instrument of the proxy to be valid, it must be completed, duly stamped for the purposes of this meeting, the Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, Cardinal Stone Registrars Limited, 358, Herbert Macauley Street, Yaba, Lagos, or by email to registrars@cardinalstone.com not less than 48 hours before the time fixed for the meeting.

Closure of Register of Members and Transfer Books
The Register of Members and the Transfer Books will be closed from Monday, October 30, 2023, to Friday, November 3, 2023, both dates inclusive.

Re-election of Directors
In accordance with the Articles of Association, Alhaji Ahmed Rufai Mohammed, and Mr. Adeyinka Ojora are the directors retiring by rotation.

Alhaji Ahmed Rufai Mohammed and Mr. Adeyinka Ojora being eligible offer themselves for re-election.

Nominations for the Audit Committee
In accordance with Section 404(6) of the Companies and Allied Matters Act 2020, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty-One) days before the Annual General Meeting.

Unclaimed Share Certificates and Dividend Warrants
The Company notes that some share certificates have been returned, marked "unclaimed". The Company notes further that some dividend warrants sent to shareholders over the years are yet to be presented for payment. Therefore, all shareholders with unclaimed share certificates should write to The Registrars, Cardinal Stone (Registrars) Limited, the Company Secretary or call at the registered office of the Company during normal working hours.

Furthermore, all shareholders with unclaimed dividend warrants Nos. 1 – 12 should address their claims to the Company Secretary or call the registered office of the Company during normal working hours for processing of their claims or assistance. Shareholders, with unclaimed dividend warrants Nos. 13 – 17 should address their claims to The Registrars, Cardinal Stone (Registrars) Limited. Members are urged to advise the Registrars or the Company Secretary of any change of address or situation, particularly as it relates to share certificates and dividend warrants.

The list of unclaimed dividends can be accessed using the link:
https://cardinalstoneregistrars.com/unclaimed/RoyalExUnclaimed.htm

Right to Ask Questions
It is the right of shareholders to ask questions not only at the Annual General Meeting but also in writing prior to the meeting. Such questions should be addressed to the Company Secretary and submitted at the registered office of the Company not later than one week before the Annual General Meeting.

Directors' Profiles

The profile of the Directors, including those for re-election, is enclosed in the Annual Report and can be assessed on the Company's website www.royalexchangeplc.com

Electronic Annual Report

The electronic version of the Annual Report will be available online for viewing and download from the Company's website: www.royalexchangeplc.com. Shareholders who have provided their email addresses to the Registrar will receive the electronic version of the Annual Report via email.

Furthermore, shareholders who are interested in receiving the electronic version of the Annual Report should request for it via email to registrars@cardinalstone.com.

Live Streaming of the AGM

The AGM will be streamed live. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM livestream would be made available on the Company's website at www.royalexchangeplc.com

Proxy Form

The **54th Annual General Meeting of Royal Exchange Plc** will be held at Darlington Hall, Plot CDE Industrial Crescent off Town Planning Way, Ilupeju, Lagos, on Friday, **November 17, 2023**, at **10.00am** in the forenoon.

I/We --- being a member/members of Royal Exchange plc hereby appoint -- or failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on/my behalf at the **54th Annual General Meeting** of the Company to be held on **Friday, November 17, 2023** and at every adjournment thereof.

Dated this **29th day of September 2023**

Nos	Resolutions For Against	For	Against
1.	**ORDINARY BUSINESS** To lay before the meeting the Consolidated Financial Statements of the Group for the year ended December 31, 2022, together with the Reports of the Directors, the Audit Committee, and the Auditors thereon		
2.	To re-elect the following Non-Executive Directors, who being eligible now offer themselves for re-election: a)Alhaji Ahmed Rufa'i Mohammed b)Mr. Adeyinka Ojora		
3.	To appoint Independent Auditors		
4.	To authorize the Directors to fix the remuneration of the Auditors		
5.	To disclose the remuneration of the Managers		
6.	To elect members of Statutory Audit Committee		
7a.	**SPECIAL BUSINESS** To alter Clause 38 of the General Meeting Clause of the Articles of Association of the Company which reads: "A General Meeting to be known as the Annual General Meeting shall be held once in every calendar year at such time (not more than fifteen months after the holding of last preceding Annual General Meeting) and place as may be determined by the Directors" by substituting the words with a new clause: "A General Meeting to be known as the Annual General Meeting shall be held once in every calendar year at such time (not more than fifteen months after the holding of last preceding Annual General Meeting) and venue as may be determined by the Directors."		
7b.	To alter Clause 41 of the General Meeting Clause of the Articles of Association of the Company which reads: "That Clause 41 of the Company's Articles of Association be altered by substituting the words: "The time and place of any meeting shall be determined by the conveners of the meeting and all Statutory and Annual General Meetings shall be held in Nigeria" by substituting the words with a new clause:"The time and venue of any meeting, whether physical, virtual or hybrid, shall be determined by the conveners of the meeting and all physical and hybrid Statutory and Annual General Meetings shall be held in Nigeria."		

Proxy Form Cont'd

NOTES:

1. Please indicate with an 'X' in the appropriate squares how you wish your votes to be cast on the resolutions set out above.

2. A member (shareholder) who is unable to attend the Annual General Meeting is allowed to vote by proxy. The above proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting. Members wishing to vote by proxy should please ensure that the appropriate stamp duties due on the proxy form are paid. The proxy must produce the "Authority to Admit", attached to this form to gain entrance to the Meeting.

3. Provision has been made on this form for the Chairman of the meeting to act as your proxy. However, if you so wish, you may insert in the space provided on the form, the name of any person whether a member of the Company or not who will attend the Meeting and vote on your behalf.

4. Please sign the above proxy form and post it so as to reach The Registrars, CardinalStone (Registrars) Limited, 3535/337, Herbert Macaulay Way, Sabo, Yaba Lagos, not later than 48 hours before the appointed time for holding the meeting. If executed by a corporation, the proxy form must bear the common seal of such corporation.

5. Consequently, members are required to appoint a proxy of their choice from the list of the proposed proxies to represent them at the meeting.

1.	**Mr. Kenny Ezenwani Odogwu**	-	Chairman
2.	**Mr. Hewett Benson**	-	Independent Director
3.	**Sir Sunday Nnamdi Nwosu, KSS**	-	Shareholders' Representatives
4.	**Mr. Boniface Ekezie**	-	Shareholders' Representatives
5.	**Mrs. Thorpe**	-	Shareholders' Representatives
6.	**Ms. Adetutu Siyanbola**	-	Shareholders' Representatives
7.	**Mrs. Desiree Erugoh**	-	Mazars Ojike & Partners

Please Affix
Postage Stamp
Here

The Registrar,
CardinalStone (Registrars) Limited,
335/337 Herbert Macaulay Way,
Sabo, Yaba, Lagos

PLEASE TEAR OFF THIS PART AND RETAIN IT

Proxy

Proxy Form Cont'd

AUTHORITY TO ADMIT

Please admit .... at the **54th Annual General Meeting of Royal Exchange Plc** to be held at Darlington Hall, Plot CDE Industrial Crescent off Town Planning Way, Ilupeju, Lagos, on Friday, November 17, 2023, at 10.00am in the forenoon.

NOTES:

1. This authority to admit must be produced by the shareholder or his/her proxy in order to gain entry to the venue of the Annual General Meeting.

2. Shareholders or their proxies must sign this authority for admission before attending the Meeting.

For Mazars Ojike & Partners
Company Secretary
FRC/2021/002/00000022920

Signature of the person attending

FOR REGISTRAR/COMPANY USE ONLY
NAME OF SHAREHOLDER
NUMBER OF SHARES

CAUTION: TO BE VALID THIS FORM MUST BE STAMPED ACCORDINGLY

Important Notice

To:
The Registrar,
CardinalStone (Registrars) Limited,
335/337 Herbert Macaulay Way, Yaba, Lagos
Yaba, Lagos.

ROYAL EXCHANGE

REQUEST FOR E-BONUS

I/We hereby request that henceforth, all bonuses due to me/us with respect to my/our shareholding in Royal Exchange Plc be paid directly to my CSCS/stock broker account stated below:

Account Details:

Shareholder Account No:

(Please look on the left hand corner of our certificate for your shareholder account number)

Name of Shareholder:

Address of Shareholder:

Investor's Account No:

CSCS Account No. (CHN):

GSM No:

E-mail Address:

Yours faithfully,

Signature:

Name:

Corporate shareholders
) should please affix seal
here and state RC No.

For Joint Shareholders

Signature:

Name:

) of Shareholder

Signature:

Name:

) of Shareholder

Signature:

Name:

) of Shareholder

Official stamp and authorized signatures of stockbroker

1 Signatory:

2 Signatory:

Seal of stockbroker

Proxy Form Cont'd

Please Affix
Postage Stamp
Here

The Registrar,
CardinalStone (Registrars) Limited,
335/337 Herbert Macaulay Way,
Sabo, Yaba, Lagos

Mandate for E-Dividend Payment

Affix
Current
Passport Photograph

Write your name at the back of your passport photograph

CARDINALSTONE REGISTRARS

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction
Please complete all section of this form to make it suitable for processing and return to the address below.

The Registrar,
CardinalStone Registrars Limited
335/337, Herbert Macaulay Way
Sabo, Yaba, Lagos.
P.M.B 1007 Sabo, Yaba
Nigeria.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right-hand column be credited directly to my/our bank detailed below.

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name First Name Other Names

Address:

City State Country

Previous Address (if any)

CHN (if any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint/Company's Signatories

This Service Costs ₦150.00 Per Approved Mandate Company

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PET. PLC	
	AFRIK PHARMACEUTICALS	
	AG MORTGAGE BANK PLC	
	AG LEVENTIS	
	BANKERS WAREHOUSE PLC	
	BETA GLASS PLC	
	CAPITAL HOTELS	
	ELLAH LAKES	
	EVANS MEDICALS	
	FCMB BOND 1	
	FCMB BOND 2	
	FCMB GROUP PLC	
	FIDSON BOND	
	G.CAPPA PLC	
	GUINEA INSURANCE PLC	
	INTERNATIONAL PACKAGING INDUSTRIES OF NIGERIA PLC	
	JOS INT. BREWERIES PLC	
	LAFARGE AFRICA PLC	
	LAFARGE BOND 1	
	LAFARGE BOND 2	
	LAPO MICROFINANCE BANK	
	LAW UNION & ROCK INS. PLC	
	LEGACY EQUITY FUND	
	LEGACY DEBT FUND	
	LEGACY USD BOND FUND	
	LIVESTOCK FEEDS PLC	
	MORISON INDUSTRIES	
	NAHCO BOND	
	NAHCO AVIANCE PLC	
	NEWPACK PLC	
	N.G.C PLC	
	NPF MICROFINANCE BANK	
	OKOMU OIL PALM PLC	
	PREMIER PAINTS PLC	
	ROYAL EXCHANGE PLC	
	SKYE BANK PLC	
	TOTAL NIGERIA PLC	
	TRANS-NATIONWIDE EXP. PLC	
	UBN PROPERTY COMPANY PLC	
	UNION BANK OF NIGERIA	
	WOMEN INVESTMENT FUND	

CARDINALSTONE REGISTRARS
Head Office: 335/337, Herbert Macaulay Way, Sabo, Yaba, Lagos.
Port Harcourt: FCMB Building 85, Aba Express Way by Garrison Junction, Port Harcourt.
Abuja: FCMB Building 252, Herbert Macaulay Way, Central Business District, Abuja.
Website: www.cardinalstoneregistrars.com, **E-mail registrars@cardinalstone.com**
Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-7120090

Chairman's Statement

Kenny E. Odogwu
Group Chairman,
Royal Exchange Plc.

Chairman's Statement

Dear esteemed shareholders, distinguished Board members, members of the press, representatives from various regulatory organizations, ladies, and gentlemen. I am delighted to welcome you to **our Company's 54th Annual General Meeting,** taking place this Friday, November 17th, 2023, where the Audited Annual Financial Statements and Annual Report of your Company will be presented for your consideration.

Before I proceed, I must thank you all for your continued support and unwavering loyalty to the mission and vision of this company. Your continued participation in these meetings and your concern for the well-being of this company has been a great enabler in pushing this company forward. I am equally pleased to send to you a report on the operational environment, as well as the Company's annual report and financial statements for the fiscal year ended December 31, 2022, and a synopsis of our expectations for 2023. But first, allow me to mention a few features of our business environment that have had a tremendous impact on us.

2022 Macroeconomic Review - Global

The global economic outlook today is once again uncertain amid financial sector turmoil, high inflation, ongoing effects of Russia's invasion of Ukraine, and three years of COVID pandemic. The world economic outlook reveals that the baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024.

The Nigeria's economy fell to 3.3% in 2022 from a 3.6% contraction in 2021, caused mostly by a decline in oil production. This resulted in a 5% decrease in overall industry, which was offset by a 7% increase in services and a 2% increase in agriculture. The drop in public consumption (2.5%) and net exports (80%) drove the decline in GDP growth on the demand side. Income per capita growth has slowed to 0.8% from 1.2% in 2021.Inflation reached a two-decade high of 18.8%, driven by rises in energy and food prices as well as the changing effects of exchange rate depreciation. To combat growing inflation, the Central Bank of Nigeria gradually increased the policy rate, which peaked at 16.5% in November 2022 from 11.5% at the start of the year. The current account reported a tiny surplus of 0.1% of GDP in 2022, reversing a three-year deficit. Gross international reserves fell 7.5% to $37.1 billion (5.7 months' worth of imports). In 2022, the nonperforming loans ratio was 4.2%, much below the statutory threshold of 5%.

Public debt is targeted to reach 40% of GDP by 2024 on fresh borrowing. The headwinds to the outlook may be exacerbated by rising insecurity and policy uncertainty underpinned by reversal of initially planned removal of subsidies on premium motor spirit a year before the 2023 elections

Poverty and unemployment remained high and broadly unchanged from 63% and 33.3%, respectively. Real GDP growth is expected to remain subdued, averaging 3.3% in 2023–24, with inflation elevated at 19.6% in 2023 before declining to 13.6% in 2024, reflecting efforts to shore up domestic food supply and the effects of contractionary monetary policy.

The exchange rate was unchanged at 11.5% to support economic recovery. Improved oil exports and disbursement of the SDR allocation of $3.4 billion (0.8% of GDP), helped to boost gross reserves to $40.1 billion in 2021.

Climate Change Issues and Policy Options

There has been a global call for transition towards greening especially due to the devastating effect of global change and the need to preserve the environment for the present and future generations. Climate change's impact is seen in crop yields declining by 7% in the short term

Chairman's Statement Cont'd

(2006–2035) and by 25% in the long term (by 2050). Already, shortages of water and grazing land are generating communal conflicts. Transition to low carbon highlights the plight facing Nigeria's oil sector and energy infrastructure. Oil and gas account for more than 85% of exports and about half of revenues. Eliminating fossil fuels will act as a drag on the transition to higher income but provides a chance for inclusive and green development. Nigeria however needs $247 billion in climate finance through 2030 to implement its Nationally Determined Contribution to a safer and greener environment. Investment is needed in clean energy, including 8 gigawatts of solar energy. Royal Exchange Plc is supportive and adaptive to the policies of sustainability and in that breath ensuring its subsidiaries and affiliates companies operate within the ambience, which supports and promotes ecofriendly operations.

2022 Operating Results forThe Company

Despite the challenging operating environment in 2022, Royal Exchange Plc. successfully recapitalized three of its subsidiaries with investments from strategic investors for growth and disposed a long loss-making subsidiary with a reversionary interest to invest within a year, should its fundamentals change.

The company recorded an increase in Net Income of 16.5% from N292m to N340m for FY 2021 and 2022, respectively. Total expenses increased by 76.5% from N277m to N488m for FY 2021 and 2022, respectively, largely because of the restatement of its accounts in 2021 for IFRS compliance. The group's Loss After Tax reduced materially by 83.2% from N1.7b to N288m for FY 2021 and 2022, respectively.

Expectations For 2023

Growth is predicted to decelerate on an average of 3.2% during 2022–2023, due to persistent low oil production and rising insecurity. Opportunities to transform the economy are emerging particularly in agro-processing sector. Capital inflows are projected to recovery, while oil exports are projected to increase slightly. The benefit of a forecast positive oil price shock on exports may, however, be partly offset by a weak output effect

Inflation is projected to remain elevated at 16.9% in 2022 and to stay above pre-pandemic levels in 2023,

due to lower oil production, stoked by infrastructure deficiencies.

Inflation is projected to remain elevated at 16.9% in 2022 and to stay above pre-pandemic levels in 2023, fueled mainly by rising food, diesel, and gas prices and persistent supply disruptions amplified by the Russia-Ukraine conflict.

High unemployment (33.3%) could create social tensions. The rising public debt and associated funding costs could pose fiscal risks and may dampen prospects for economic growth. Public debt is targeted to reach 40% of GDP by 2024 on fresh borrowing.

Medium Term Plan

Your company is taking proactive measures to remain relevant in the face of both the domestic and global economic challenges. We are deploying strategies, which will make us responsive and adaptive to the economies challenges and meet the shareholders yearning and expectations. With our strategic asset management focus geared towards driving profitability through our investee companies, we expect growth going forward.

I am grateful to my colleagues on the Board for their co-operation and contributions during the year under review. Finally, I would like to thank you, our loyal shareholders, for keeping faith with your Company over the years.

Thank you for your attention.

Kenny Ezeanwani Odogwu
Group Chairman
Royal Exchange Plc.

Report of Corporate Governance

Good corporate governance reflects the creation of transparent set of rules, methods and policies where shareholders, directors and management of the company have aligned interest. Royal Exchange Plc is committed to best practice and procedures to achieve good corporate governance.

The board of directors are optimistic that with the intensified oversight functions and the continued implementation of the control synergy, the company will continue to achieve its goals and corporate stability.

Governance Culture
The company continues to maintain effective corporate governance culture which runs through the entire spectrum of the organization. The board champions the course by setting the tone and cascades this through the organization.

The company maintains the culture of exposing the board members to corporate governance training to enhance their performances.

Governance Structure
The Board membership comprises of Five (5) members. The Chairman, Three (3) Non - Executive Directors and One (1) Group Co-ordinator

The subsidiary has its board of directors and Independent directors. The Holding Company maintains oversight function through its Four (4) Committees namely: Board Establishment, Governance and Risk Management, Board Investment, Finance and General Purposes, Board Strategy and Remunerations, and the Statutory Audit Committee.

The Board of Directors
The Board of Directors is the principal driver of strategic affairs and corporate governance of the company and has overall oversight responsibility for ensuring that the tenets of good corporate governance are adhered to.

Board members are provided with information on the group's strategies, plans and performance, and devote sufficient time and effort in preparation for meetings.

The scope of authority, responsibility, composition and functioning of the board is contained in a formal charter. There is a separation of roles and responsibility of the chairman of the board and the Group Coordinator of the company.

The Company Secretary
The Company Secretariat provides reference and support for all Directors. It also consults regularly with Directors to ensure that they receive required information promptly. The Company Secretary is also responsible for assisting the Board and Management in the implementation of the Code of Corporate Governance, coordinating the orientation and training of new Directors and the continuous education of Non-Executive Directors.

Non-Executive Directors (NED)
Non-Executive Directors are not involved in the day to day operations of the business and are appointed for an initial term of three years and can be re-elected in accordance with the provisions of CAMA and the Article of Association of the company. Their roles are limited to contributing to the strategic decision making.

Executive Directors (ED)
The Executive Directors' appointment is based on contractual agreement and may be renewed subject to a satisfactory annual performance evaluation.

Board meeting attendance
The board meetings are scheduled quarterly. However, for emergency purpose, the board could meet at a number of times higher. In the year under review, the board met eight times with an attendance rate of 98%.

Directors	Status	Designation	Attendance	% Attendance
Expected Meetings 4				
Actual Meetings 10				
Mr. K. E. Odogwu	Non-Executive Director	Chairman	7	88%
Chief A. I. Idigbe (SAN)	Non-Executive Director	Member	8	100%
Alhaji A. R. Mohammed	Non-Executive Director	Member	8	100%
Mr. A. A. Ojora	Non-Executive Director	Member	8	100%
Mr. H. Benson	Group Co-ordinator	Member	8	100%
Average Attendance				**98%**

Board Committees
The Board has the following standing committees:

- Statutory Audit Committee,
- Finance, Investment and General Purposes Committee,
- Governance Committee and
- Strategy Committee

Each Committee has a defined Charter which embodies its guiding principles and sets out its composition, functions, responsibilities, and scope of authority. The committees are established to provide preparatory and administrative support to the Board. The issues considered at Committee meetings are reported at the subsequent full Board meetings for final consideration and resolution of action points/ directive.

Governance Committee
The committee is responsible for overseeing the Group's governance program with a view to ensuring that the rights of the shareholders are fully protected. It is also responsible for determining the remuneration of the executive and non-executives, nominations for candidates to fill Board vacancies, overseeing, setting and reviewing the risk governance framework, including risk management and control, risk policies and implementation as well as the risk strategy and monitoring of operational risks. The committee comprises of (2) non-executive directors. Members of the committee are Mr. H. Benson and Alhaji Rufa'l Mohammed. The committee met three (3) times during the year with 100% attendance.

Statutory Audit committee
The Statutory Audit committee is responsible for oversight functions regarding communication of Financial Accounting Reporting. It is responsible for the internal control, including the activities, Plans, standards, Organization and Quality of Internal Audit. The Committee comprises of five (5) members made up of two Non- Executive Directors, and three shareholders' representatives. Members of the committee include, Alhaja A. S Kudaisi (Chairman), Chief I. Idigbe (SAN), Mr. A.A. Ojora, Mr. T. Olawuyi, and Mr. Benkunmi Akinsolu. The committee met five (5) times during the year with 100% attendance

Finance, Investment and General Purposes Committee
The Board Finance, Investment & General-Purpose Committee has oversight responsibility on issues relating to the strategic planning, budgetary process, procurements, corporate finance, assets utilization, capital structure, investment strategies and reporting financial performance of the group. The Committee comprises of, Chief A.I Idigbe SAN, (Chairman), Mr. A.A Ojora, and Mr. H Benson. The committee consists of three (3) members and met seven times during the year with 100% attendance.

Strategy Committee
The Committee's responsibility includes but not limited to advising and assisting the board in carrying out the development, articulation and execution of the Group's long term strategic plan and other key strategic transactions outside the ordinary course of the Group's business. The Committee comprises of Alhaji A.R. Mohammed and Mr. H. Benson. The committee is made up of two (2) members and met three (3) times in the year with 100% attendance.

Directors	Status	GC	SAC	SC	FI & GP
Expected Meetings		3	4	3	4
Actual Meetings		3	5	3	7
No. of Committee Members		2	6	2	3
Chief A. I. Idigbe (SAN)	Non-Executive Director	-	5	-	7
Alhaji A. R. Mohammed	Non-Executive Director	3	-	3	-
Mr. A. A. Ojora	Non-Executive Director	-	5	-	7
Mr. H. Benson	Group Co-ordinator	3	-	3	7
Alhaji A.S. Kudaisi	SH. Rep		5		
Mr. T. Olawuyi	SH. Rep	-	5	-	-
Mr. A. Benkunmi	SH. Rep	-	5	-	-
Average Attendance		**100%**	**100%**	**100%**	**100%**

Subsidiary Governance

Royal Exchange's governance strategy is implemented through the establishment of systems and processes which assures the Board that its subsidiary reflect the same values, ethics, control and processes as that of the parent Company while remaining independent in the conduct of their business. It provides the structure through which performance objectives of the subsidiaries are set, the means through which the set objectives are achieved and how performance monitoring is conducted.

Monthly Subsidiary strategic business activities and operating environment are discussed at the Executive Committee (EXCO) level where strategic directions are set. The reports cover the subsidiaries' financial performance, risk assessment, regulatory activities among others. To ensure an effective and consistent compliance culture across all entities, the Group Compliance function oversee compliance risk and promote training and best practice implementation across the subsidiaries, therefore affirming the group commitment to a zero tolerance for regulatory breaches.

Appointment of Interim Group Coordinator

The group appointed Mr. Hewett Benson to act as interim group coordinator effect July 19, 2021

Engagements

To foster an atmosphere of cordiality and in recognition of their importance to the different businesses within the group, the company regularly engaged with the regulator to ensure the extant regulations are complied with. Similarly, the company continually engages with its shareholders and shareholders' group with the intent of fostering better understanding of the group's governance mechanism and performance.

Board code of ethics

The company has policies such as - Code of Business Ethics which provides guidance for the board and staff to avoid unethical and unwholesome practice and conflict of interest in any business relationship. Additionally, there is a whistle blowing policy that encourages reporting on unethical behavior in the company.

Board Performance Evaluation

The performance of the Board, its committees, the chairman and individual directors were appraised in compliance with the provisions of the Code of Corporate Governance by an independent consultant and submitted to the regulators.

GROUP STRUCTURE AND SHAREHOLDERS

Operational Group Structure

Royal Exchange Plc manages its exposure to group governance on a matrix depicting lines of business and functionalities which reflects in the areas of responsibility.

The Executive Committee (EXCO)
The Executive Committee (EXCO) is headed by the Group Coordinator and includes the Group Executive Director and the Heads of Finance & Accounts, Human Resources, Enterprise Risk Management, Strategy & Business Improvement, Legal & Company Secretarial Services and the Managing Director of other subsidiaries.

Information To Shareholders
To ensure the shareholders' are adequately informed and their interest protected, the company has an Investors Relations Unit domiciled in the company secretariat to deal directly with enquiries from shareholders and ensure that shareholders' views are escalated to Management and the Board.

Annual General Meeting
Annual General Meetings are annually held to provide the shareholders or their proxies' opportunity to deliberate and take decisions on the issues affecting the company. It also enables shareholders direct access to senior and executive Management. The Annual General Meetings are attended by representatives of regulators such as the Security and Exchange Commission (SEC), The Nigerian Stock Exchange, Corporate Affairs Commission as well as representatives of Shareholders' Associations.

Going Concern
Information relating to the company's going concerns are periodically released to the investing public on quarterly, half-yearly and annual basis in widely read national newspapers and our web page:
www.royalexchangeplc.com/investors-relations/

Cross shareholding
The company has no interest in any other company exceeding 5% of the voting rights of other company, neither does any other company have an interest in Royal Exchange Plc exceeding 5% of their voting rights.

Communication Policy
The company ensures that communication and information dissemination regarding the company's operations to stakeholders and the general public is timely, accurate and continuous. Such information is available on the company's website, http://www.royalexchangeplc.com.

Whistle Blowing Procedures
In line with this commitment of maintaining highest standards of ethical, moral and legal business conduct, the company has established a whistle blowing procedure that ensures and provides an avenue for employees to raise concerns and be assured that they will be protected from reprisals or victimization for whistle blowing. This whistleblower policy is intended to provide protection for any whistleblower that raises concerns in good faith, relating to:

- Incorrect or inappropriate financial reporting;
- A violation of a law or regulation;
- Possible fraud and corruption;
- Activities which otherwise amount to serious improper conduct;
- Health & safety risks including risks to the public as well as other staff;

Complaints Management
Royal Exchange views complaints as a feedback mechanism for business improvement and customer retention strategy, this may be in form of; any expression of dissatisfaction, resentment or grievances whether justified or not made by a person or corporate body about any aspect of its operation, services, personnel, policies, shares or dividends. The company is committed to resolving customer's complaints whenever they arise. Our complaints

and feedback structure ensures prompt resolution of customers' complaints. There is a dedicated Complaints Unit apart from our 24/7 Contact Center responsible for receiving, escalating, ensuring prompt investigation and resolution of customers' complaints within the specified service level agreement (SLA).

Anti-Money laundering and combating the Financing of Terrorism (AML/CFT) framework
Royal Exchange is committed to ensuring that its products and services are not used for Money

Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction; and that its processes and procedures are in compliance with all applicable Laws and regulations on Money Laundering. To this end, there is an annual awareness and sensitization training on AML/CFT for Royal Exchange Board members, Management and staff across the nation on money laundering techniques and how to combat it. There is also in place continuous compliance risk assessments and profiling of all our products and customers for effective combating of AML/CFT violations with an enshrined due diligence in place for all our business activities.

Statement of Compliance

In compliance with the provisions of the SEC code, Royal Exchange Plc. hereby confirms that its sustainability initiatives are in alignment with Part D of the Code and that our related party transactions are being monitored in compliance with the code.

Furthermore, in compliance with Section 23.1 of the SEC Code, we hereby confirm to the best of our knowledge Royal Exchange Plc. has in place an effective Risk Management, Control and Compliance system in place and the internal audit system is effective and efficient.

NOTES

1. It is the policy of the Group that any director who will be absent from any meeting shall appoint his alternate to attend the meeting. In compliance with the above, every director ab-initio has named and presented his permanent alternate details with the board.

2. The Company confirms that it has in place Securities Trading Policy which is in compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Nigeria Exchange Limited 2015 (Issuers Rule), which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company shares.

3. The company has an approved complaints management policy framework in compliance with the rules and regulations of Securities and Exchange Commission (SEC).

4. The company was penalized the sum of N11,625,000.00 by the Nigerian Exchange Limited (NGX) for late filing of the company's Audited Financial Statements for the year ended 31st December 2021 and first and second quarter 2022 Unaudited Financial Statements for the periods ended 31 March and 30 June 2022 respectively.

For Mazars Ojike & Partners
Company Secretary
Lagos, Nigeria.
FRC/2021/002/00000022920
4 September, 2023

Risk Management Statement

Overview
As the company transit from corporate to investment holding, the risk horizon also changes, therefore the enterprise material risks have been identified to include strategy, regulatory, operational, credit, liquidity, market, capital management, reputational, investment and information technology.

The risk management architecture is thus built around the COSO concept emphasizing a process driven by a strong board of directors, management and other personnel and applied in strategy setting across the enterprise to provide the pathway for the realization of the corporate objective and to ensure continual sustainability of the company through effective risk evaluation and management system.

Risk Management Philosophy
We understand the need for the risk management process to be fluid and dynamic to meet the ever presence challenges in the business environment, notwithstanding, Royal Exchange Plc remains completely risk averse and thus will not venture into any business to which it has limited knowledge or expertise. Our driving philosophy is, the greater the complexity of a transaction, the greater the inherent uncertainty and potential for loss.

Enterprise Risk Management framework:

Risk Management Process
The risk management infrastructure encompasses an integrated approach for identifying, managing, monitoring, and reporting risks. Fundamental to our risk management practice is a strong corporate governance culture which is set at ensuring effective oversight functions are in place.

Risk Governance
Board Committees: The Board of Directors has overall responsibility for the establishment of the company's risk management framework and exercises its oversight function over all the company's prevalent risks via its various committees; Audit and Compliance Committee, Strategy Committee, Finance, Investment and General-Purpose Committee and Governance and Nomination Committee. These committees are responsible for developing and monitoring risk policies in their specific areas and report regularly to the Board of Directors.

The following reports are made available to the board through its committees to carry out its oversight function. The reports include:
- QuarterlyKey Risk Indicator (KRI) Report
- QuarterlyInternal Control Report
- Quarterly Compliance Report
- Quarterly Internal Audit Report

Control Environment
The company has two Board Committees (Governance &Nomination Committee, and Audit & Compliance Committee) maintaining oversight functions on the company's risk management processes.

The committee is responsible for setting risk management policies that ensure material risks inherent in the company's business are identified and mitigated or controlled. The Board Audit & Compliance Committee is independent and maintains oversight functions which includes, ensuring that quality accounting policies, and independent and objective statutory auditors are in place to prevent and detect fraud and material errors in financial reporting.

The management is responsible for implementing risk management policies set out by the board. They are also responsible for setting internal control policies and monitoring the effectiveness of the internal control systems by ensuring proper books of accounts are kept and accounting policies are in conformity with: International Financial Reporting Standards; Prudential Guidelines issued by all regulators governing Royal Exchange Plc. business activities.

Internal Control and Risk Management System

For adequacy of effective control, the company adopted the three lines of defense in its operations. First level defense (operational management) is carried out by the business owners and customer facing units who set the strategic directions of the company and are first contacts with the clients respectively, whilst the risk management, internal control, and compliance units carry out second level defense (checking). Verifications, Validations and Reconciliations of all internal ledgers are regularly proofed and reconciled; exception reports are generated. The internal and external auditors carry out the third level defense by giving independent assurance that control is effective and efficient.

Risk Assessment

The Board and executive management regularly assess the risks the company is exposed to, and the effectiveness of the internal control on an ongoing basis and specifically on a quarterly basis. Executive management also regularly considers whether the existing internal controls are effective in relation to the risks identified in the process mapping and risk and control self-assessments. The Board also assesses the Management Letter issued by the external auditors which contains the auditors' observations on the control environment in the company at the audit committee meetings.

Control Activities

It is intended to provide a second level defense and ensure there are no surprises which could rock and derail the enterprise objectives and thus, provide reasonable assurance in three categories of effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations to ensure that material errors or inconsistencies are identified and corrected. The scope of internal control therefore extends to policies, plans, procedures, processes, systems, activities, functions, projects, initiatives, and endeavors of all types at all levels.

The company sets limits for approval and authorization of any expenses. Also in place is segregation of duties with maker-checker in all processes. Limits exist for transactions and approved at appropriate levels.

Royal Exchange Plc. understands the need for a timely, reliable, and accurate information flow, for effective decision making, enhanced financial reporting and governance process, every information regarding the activity of the company is carried out within the company's risk management and communication policy which outlines the process subject to regulatory/prudential guidelines.

The company has in place a whistle blowing culture among staff and is continually creating awareness among its stakeholders. The whistle blowing platform is accessible to all and the aim is primarily to ensure that all cases of irregularities are made known and addressed by the company.

Capital Management Approach

The company's capital management policy is to hold sufficient capital to cover the statutory requirements based on regulators' directives, including any additional amounts required by the regulators. The management process is governed by the Board of directors who has the ultimate responsibility for the capital management process.

Enterprise-Wide Risk Universe

The corporate strategy of the company exposes it to varied forms of risk, such as the failure of the strategy itself, Operational Risk, Insurance Risk, Credit Risk, Liquidity Risk, and Market Risk. To mitigate all of these risks, the company has put in place approved policies, procedures, and guidelines to identifying, measuring and control of these risks.

Operational Risk

The company, recognizing it cannot completely eliminatethe company's operational risk, such as human error, system failure fraud and external events, has put in place adequate controls to ensure that the impact does not lead to damage to the reputation of the company, financial loss or legal and regulatory implication.

Controls such as segregation of duties, access control, authorization and reconciliation procedures, staff education and assessment processes including the use of internal audit have been put in place. Business risks such as changes in environment, technology and industry are monitored through the company strategic planning and budgeting process.

Credit Risk
The company's credit risk appetite is set based on the company's strategic objectives and available resources. The company ensures the establishment of principles, policies and processes and structure for the management of risk exposure arising from direct default, counter party and concentration risks to ensure that these risks are properly managed within the company's risk appetite.

The following risk mitigation and control activities are in place to effectively manage exposures to default risk: client evaluation, credit analysis, credit limit setting, credit approval, security management, and provision for impairments.

Liquidity Risk
The Company's strategy at mitigating liquidity risks is to continually maintain a good optimum balance between having stock of liquid assets, profitability and investment needs. Additionally, credit control and approval limits, effective management of receivables and contingency account to meet all claims payment are put in place.

The liquidity risk management governance structure comprises the Board, management, and internal audit department.

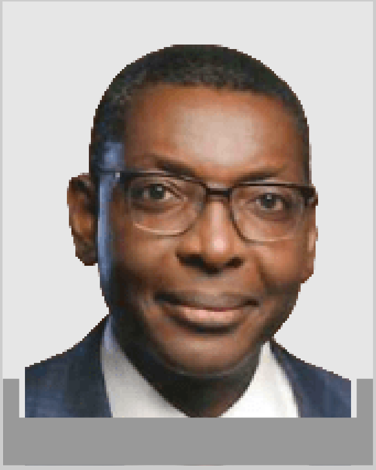
Market Risk
The company's market risk strategy is to maintain a cautious and prudent approach to investment and trading activities and as such, except waived by the Board investment committee (BIC), The company will not undertake investment / trading transactions that do not fall within the company's risk appetite no matter how profitable the transaction may seem.

Regulatory / Compliance Risk
Compliance risk is exposure to legal penalties, financial forfeiture, and material loss an organization faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices. This threat can lead to diminished reputation and limited business opportunities as the company finds its franchises reduced in value and its potential for expansion curtailed.

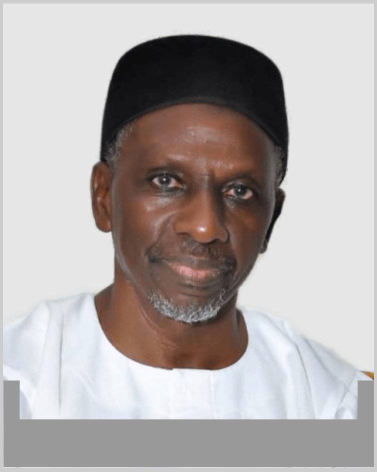
Thus, the company takes an integrated approach to compliance risk management with an effective and holistic Governance, Risk and Compliance (GRC) approach to business activities.

Board of Directors

Mr. Kenny Ezenwa Odogwu
Group Chairman



Chief Anthony Ikemefuna Idigbe (SAN)
Director



Alhaji Ahmed Rufa'i Mohammed
Director

Mr. Adeyinka Ojora
Director

Mr. Hewett Benson
(Group Coordinator)

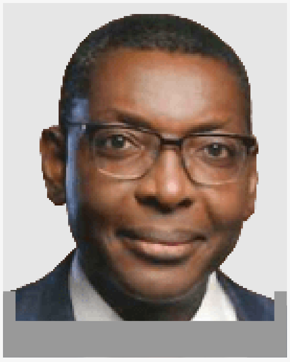
Board of Directors Profile

Mr. Kenny Ezenwa Odogwu
Group Chairman

He is a legal practitioner. He was called to the Nigerian Bar in 1990 and was engaged as a counsel in the firm of Sofunde, Osakwe, Ogundipe & Belgore. He worked as the Head (Legal Department) of Perfecta Investments Limited, a capital market operator and as Chief Executive Officer of Siotel, an IT company.

He is currently on the board of several publicly quoted and private companies and was the last Chairman of International Merchant Bank (IMB), before it merged into First Inland Bank (now FCMB). He is also the Chief Executive of Odogwu Group of Companies.

He was appointed to the Board of the Company on September 1, 1997 and became Chairman on July 26, 2007.



Chief Anthony Ikemefuna Idigbe (SAN)
Director

A seasoned legal practitioner with over 30 years experience, Chief Anthony Idigbe is the Senior Partner in Punuka Attorneys. He was elevated to the rank of Senior Advocate of Nigeria (SAN) in 2000 and was recently admitted to practice law in Ontario, Canada. He has advised clients on several complex transactions and has represented major companies and institutions in the highest courts of Nigeria.

He is a well-known capital markets legal advisor and has advised and acted as counsel to the Securities and Exchange Commission. He has also been involved as lead counsel in many 'big ticket' litigation briefs such as the Kano Trovan Clinical Trial Cases. He also possesses wealth of knowledge and experience in Telecommunications Law particularly the workings of the Nigerian Telecommunications Industry, having represented numerous clients in various telecommunications disputes.

Chief Anthony Idigbe, SAN, graduated from the University of Ife, (now Obafemi Awolowo University), Ile- Ife in 1982 with a 2nd Class Upper Degree (Hons). He also received the Hon. Justice Orojo Prize for the Best Student in Company Law. He finished from the Nigerian Law School, Lagos in 1983, also with a Second Class (Upper Division).

He has an LLM from the University of Toronto, Canada (2015), the Robert Gordon University (RGU), Scotland, UK (2012) and the University of Lagos, Akoka (1988) respectively as well as MBA from the Enugu State University of Science and Technology (ESUT) Enugu (1997). He also has a Diploma in Advertising from Advertising Practitioners Council of Nigeria (APCON), (1999) and was a Lecturer at ESUT Business School, Enugu between 1999 and 2009 and APCON from 2000–2002.

Chief Idigbe is a Fellow of the Chartered Institute of Arbitrators, UK, Insolvency International and the International Bar Association. He is also a member of the Institute of Directors and the International Insolvency Institute. He was the immediate past President of the Business Recovery and Insolvency Practitioners Association of Nigeria (BRIPAN). He was the Founder and first Chairman, Capital Markets Solicitors Association (CMSA), and now functions as a Trustee of the Association. He has also served on various arbitration panels and is presently a member of the International Criminal Court (ICC) Arbitral Panel. He is the author of many published books and articles.

He is currently the Chairman of the Finance, Investment and General Purpose Committee.

He is a graduate of the Ahmadu Bello University, Zaria, Kaduna State. He also holds a certificate in Banking and Development Finance from the Manchester Business School and is a Fellow of the Institute of Public Administration.

He has undertaken several national assignments and is currently on the Board of several publicly quoted and private companies. He is currently the Chairman of the Institute of Directors (IOD). He is also the Chairman of the IOD Governing Board, and the IOD Centre for Corporate Governance. He is a recipient of various national and international awards and honours.

He was appointed to the Board of the Company on May 16, 2007. He is currently the Chairman of the Board Strategy Committee of the Company.

Alhaji Ahmed Rufa'i Mohammed
Director

Mr. Ojora started his business pursuits in 1992 when he joined Nigerlink from AT&T Global Information Services where he was a marketing support specialist for the MICR implementation for the Central Bank of Nigeria.

He worked with Eco Securities Limited as an assistant registrar and broker from 1996-1998 and was later appointed Managing Director with specific responsibility for power generation. He also heads the defence procurement division of Nigerlink Industries Limited.

He serves as a director on the boards of different companies, as well as advisor to numerous companies seeking entry into the Nigerian market place. As a philanthropist, he is a trustee of the Well Being Foundation, whose goal is the reduction of maternal and infant mortality in Nigeria.

He is a director, Ojora group and was appointed to the Board of Royal Exchange on June 6, 2011. He is currently the Chairman of the Board Risk Committee.

Mr. Adeyinka Ojora
Director

He holds a First Class Honours Bachelor degree in Aeronautics from the Imperial College, University of London, UK, a Master of Science in Aeronautics and Astronautics from the Massachusetts Institute of Technology, USA, as well as a Certificate of Post Graduate Education (CPGE) in Engineering from the Churchill College, University of Cambridge, UK.

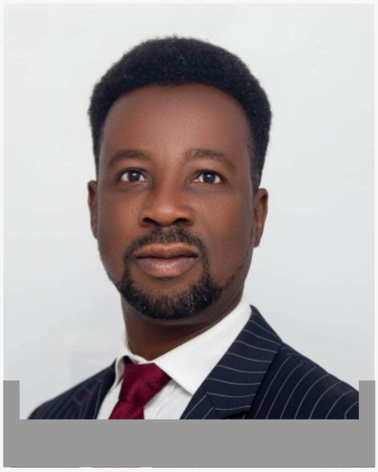
He was a past Executive Director (Asset Management) of Asset Management Corporation of Nigeria (AMCON); the first Vice President of Asset and Resource Management, Nigeria; former Managing Director/CEO of Asset & Resource Management, Ghana; former Managing Director of Chapel Hill Denham Management Limited; former Chief Operating Officer of First Funds - First Bank, Nigeria and the founding Managing Director/CEO, Investment Banking (Private Equity/Financial Advisory) of Enterprise Capital Management Limited.

Mr. Hewett Benson
(Group Coordinator)

Executive Management Team

Mrs Blessing Duke
Head, Admin/HR

Mr. 'Biyi M.W. Elliott
Group Head,
Enterprise Risk Management



Mr. Anthony Ogunnade (FCA)
Chief Finance Officer

Executive Management Team Profile

Mrs Blessing Duke
Head, Admin/HR

Blessing Duke is a graduate of the University of Calabar, where she obtained a Bachelor of Arts degree in English/Education. She also holds a master's degree in business administration (MBA) from Ambrose Ali University, Edo State.

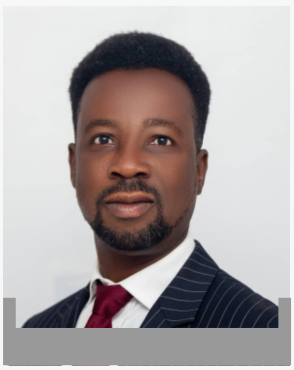
She has over 25 years' work experience in various capacities spanning different sectors of the economy - Financial, Manufacturing, Educational and SME. She started her career with the Churchgate group after which she joined Liberty Bank plc, then to Dangote Group (Dangote Flour Mills). She worked with Shineforth Nigeria Limited (Shineforth Schools) before joining Royal Exchange Plc in January 2023.

She is a member of the Nigerian Institute of Management (Chartered) and The Society of Nigerian Archivists.

Mr. 'Biyi M.W. Elliott
Group Head, Enterprise Risk Management

Biyi, is a Financial & Enterprise Risk Management Specialist with over 25years work experience in Insurance and Finance service. He holds a Bachelor of Science degree (BSc) in Accounting from Lagos State University, Higher National Diploma (HND) in Insurance from Ibadan Polytechnic and a post graduate degree (MBA) in Accounts and Finance from the University of Ibadan. He also holds professional certifications in Financial Analysis, Enterprise Risk and Health & Safety Management.

Biyi is a member of several professional bodies and has attended several professional and management executive training.



Mr. Anthony Ogunnade (FCA)
Chief Finance Officer

He is a graduate of the Olabisi Onabanjo University, Ago-Iwoye, Ogun State with a B.Sc. in Accounting. He has over 15 years cognate experience in various capacities spanning across Banking, Manufacturing, Auditing, Communication, Hospitality and Power and Energy Sector of the Nigerian Economy.

He was the Finance Director of the Chinese Alternate Power Generation Company in Nigeria – Lionrock Corporate Nig. Ltd.

He joined Royal Exchange Plc as an Accountant in December 2022. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA).

Directors' Report

For the year ended 31 December, 2022

The directors are pleased to submit to the members of the Company, their fifty-fourth annual report, together with the audited financial statements for the year ended December 31, 2022.

1. Legal Form And Principal Activities

The Company was incorporated as a private limited liability Company on December 29, 1969, converted to a public limited liability Company on July 15, 1989 and was listed on the Nigerian Stock Exchange on December 3, 1990. The principal activities of the Company include financing, asset management and trusteeship services.

2. Results For The Year

The highlights of the Company's trading results for the year ended December 31, 2022

	Group		Company	
In thousands of Naira	**31-Dec-22**	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
(Loss)/profit before taxation	(148,333)	14,826	(163,127)	375,210
Minimum tax	-	(628)	-	(628)
Income taxes	(2,141)	(2,457)	(34)	(204)
(Loss)/profit before taxation from continuing operations	(150,474)	11,742	(163,161)	374,377
(Loss)/profit before taxation from discontinued operations	(137,998)	(1,680,679)	352,900	(19,835)
Other comprehensive loss, net of tax	-	(46,884)	-	(47,411)
Total comprehensive loss for the year	(288,472)	(1,715,822)	189,739	307,132
Total assets	7,149,241	14,263,219	5,882,069	6,461,272
Shareholders fund/Total equity	**2,104,781**	**2,009,483**	**2,093,193**	**1,903,454**

3. Dividend:

The company did not recommend any dividend on ordinary shares to its members for the year ended December 31, 2022 (2021: Nil).

4. Directors' Interest And Shareholding:

A board of 5 directors determined the general strategy and policy of the Group in the year under review.

4.1 The names of directors who served during the year were:

Mr. K. E. Odogwu	Chairman
Chief A. I. Idigbe (SAN)	Non-executive Director
Alhaji A. R. Mohammed	Non-executive Director
Mr. A. A. Ojora	Non-executive Director
Mr. Hewett Benson	Group Coordinator

Director's Report Cont'd

For the year ended 31 December, 2022

4.2 The directors' interests in the issued share capital of the Company as recorded in the Register of Members and in the Register of Directors' Holdings and Contracts, as notified by them for the purposes of Section 276 and 277 of The Listing Requirements of the Nigerian Exchange Limited, are as

	No. of 50k Ordinary Shares Held as at 31 December 2022 (Direct)		No. of 50k Ordinary Shares Held as at 31 December 2022 (Indirect)			No. of 50k Ordinary Shares Held as at 31 December 2021 (Direct)	No. of 50k Ordinary Shares Held as at 31 December 2021 (Indirect)
Names	Number Direct	% Holding	Names	Number Indirect	% Holding	Number Direct	Number Indirect
Mr. Kenneth E. Odogwu	Nil	Nil	Spennymoor Ltd	2,013,119,834	39.12	Nil	2,013,119,834
Chief Anthony I.Idigbe (SAN)	Nil	Nil	Punuka Investment Ltd	1,350,276	0.03	Nil	1,350,276
Alhaji Ahmed R. Mohammed	Nil	Nil	-	Nil	Nil	Nil	Nil
Mr Adeyinka A. Ojora	100,000	0.002	Phoenix Holdings Ltd	183,529,858	3.57	100,000	183,529,858
Mr. Hewett Benson	Nil	Nil	-	Nil	Nil	Nil	Nil
Grand Total	**100,000**	**0.002**		**2,197,999,968**	**42.72**	**100,000**	**2,197,999,968**

4.3 Rotation Of Directors

In accordance with the articles of association, Alhaji Ahmed Rufai Mohammed and Mr. Adeyinka Ojora are the directors retiring by rotation. Both directors being eligible offer themselves for re-election.

4.4 Re-appointment And Rotation

In accordance with the articles of association, Alhaji Ahmed Rufai Mohammed and Mr. Adeyinka Ojora are the directors retiring by rotation. Both directors being eligible offer themselves for re-election.

5 Share Capital And Shareholding:

The Company did not purchase its own shares during the year.

5.1 The authorized share capital of the Company is N5billion made up of 10,000,000,000 ordinary shares of 50k each. The issued and paid-up share capital of the Company is currently N2,572,685,037 made up of 5,145,370,074 ordinary shares of 50k each.

	No. of 50k Ordinary Shares Held as at 31 December 2022	% Holding as at 31 December 2022	No. of 50k Ordinary Shares Held as at 31 December 2021	% Holding as at 31 December 2021
Spennymoor Limited, Jersey C.I	2,013,119,834	39.12	2,013,119,834	39.12
Royal Exchange Assurance (U.K)	3,776	0.00	3,776	0.00
Nigerian Government	20,608,447	0.40	20,608,447	0.40
Dantata Investments & Securities Company Limited	921,833,885	17.92	921,833,885	17.92
Chief (Dr.) S. I. Odogwu, OFR	266,870,509	5.19	266,870,509	5.19
Helen and Troy Holdings Limited	261,058,784	5.07	261,058,784	5.07
Phoenix Holdings Limited	183,529,858	3.57	183,529,858	3.57
Decanon Investment Limited*	159,388,632	3.10	159,388,632	3.10
Other Nigerian Citizens & Associations	1,318,956,349	25.63	1,318,956,349	25.63
Grand Total	**5,145,370,074**	**100**	**5,145,370,074**	**100**

Director's Report Cont'd
For the year ended 31 December, 2022

The Company hereby declares that aside from the persons listed above, no other person(s) has 5% or more of the issued and fully paid share capital of the company.

- This represents ordinary shares held in trust by De-canon Investment Limited with respect to a law suit number FHC/L/CS/5479/08

5.3 Share Range Analysis as at 31 December, 2022

			No. of Holders	% of Total Holders	Units Held	% of Units Held
1	-	500	1309	8.43	294,171	0.01
501	-	1,000	857	5.52	668,218	0.01
1,001	-	5,000	5177	33.35	14,399,375	0.28
5,001	-	10,000	2815	18.13	19,685,510	0.38
10,001	-	50,000	3547	22.85	78,339,663	1.52
50,001	-	100,000	760	4.90	55,540,076	1.08
100,001	-	500,000	778	5.01	163,245,760	3.17
500,001	-	1,000,000	116	0.75	81,106,737	1.58
1,000,001	-	5,000,000	115	0.74	251,639,566	4.89
5,000,001	-	10,000,000	26	0.17	172,572,392	3.35
10,000,001	-	5,145,370,074	24	0.15	4,307,878,606	83.72
Grand Total			**15524**	**100**	**5,145,370,074**	**100**

5.4 Share Range Analysis as at 31 December, 2021

			No. of Holders	% of Total Holders	Units Held	% of Units Held
1	-	500	1309	8.43	294,171	0.01
501	-	1,000	857	5.52	668,218	0.01
1,001	-	5,000	5177	33.35	14,399,375	0.28
5,001	-	10,000	2815	18.13	19,685,510	0.38
10,001	-	50,000	3547	22.85	78,339,663	1.52
50,001	-	100,000	760	4.90	55,540,076	1.08
100,001	-	500,000	778	5.01	163,245,760	3.17
500,001	-	1,000,000	116	0.75	81,106,737	1.58
1,000,001	-	5,000,000	115	0.74	251,639,566	4.89
5,000,001	-	10,000,000	26	0.17	172,572,392	3.35
10,000,001	-	5,145,370,074	24	0.15	4,307,878,606	83.72
Grand Total			**15524**	**100**	**5,145,370,074**	**100**

6. RECORDS OF DIRECTORS ATTENDANCE

Further to the provisions of Section 284 (2) of the Companies and Allied Matters Acts, Cap C20 Laws of the federation of Nigeria 2020, the Record of Directors' Attendance at the Board Meetings held in 2022 is available at the venue of annual general meeting and is contained in the Report on Corporate Governance.

7. PROPERTY AND EQUIPMENT

Information relating to property and equipment during the year is shown in note 16.

8. DONATIONS

There were no donations during the year 2022 (2021: Nil)

9. EVENTS AFTER REPORTING DATE

Significant event after the reporting date which requires disclosure in this financial statements has been disclosed in note 50.

10. AGENTS, BROKERS AND INTERMEDIARIES:

The group maintains a network of licensed agents, brokers as well as other intermediaries throughout the country.

11. TRUSTEESHIP SERVICES

Royal Exchange Plc (the Company) acts as a custodian, trustee or in other fiduciary capacity for its clients.

The Company acts as a custodian of unclaimed debentures issued by various third party entities which have matured but have not been claimed by beneficiaries. These assets are held and managed by the Holding Company in order to preserve their value. (See note 51 for more details).

The Company also acts as a trustee to ARM Ethical Fund and Paramount Equity Fund. These funds are managed by independent Fund Managers and the assets are held by appointed custodians. The Company has oversight responsibilities which include, monitoring the activities of the fund manager and fund custodian, ensuring that the funds are administered in line with the applicable Trust Deed of the fund and all relevant regulatory guidelines governing the fund, ensuring that relevant regulations are adhered to and ensuring that the interests of the unit holders in the funds are protected at all time.

12. EMPLOYEES' DEVELOPMENT

12.1 Employment of physically challenged persons

It is the policy of the Group that there shall be no discrimination in the consideration of all applications for employment, including physically challenged persons.

All employees whether physically challenged or not, are given equal opportunities to develop their expertise and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

12.2 Health and safety at work and welfare of employees:

The Group is concerned about the health, safety and welfare of its employees. Therefore, the Group provides health insurance for all group staff.

12.2 Employees' involvement and consultation:

The Group's consultation machinery was fully utilized in the year to disseminate management policies and encourage employee involvement in its affairs.

12.3 Training:

The Group recognizes that the acquisition of knowledge is ongoing. The Group also recognizes that to foster commitment, its employees need to hone their awareness of factors like economic, financial or otherwise, that affect the Group. To this end, the Group, in the execution of its training programs, encourages and provides the opportunity for its staff to develop and enhance their skills awareness and horizons.

13. AUDIT COMMITTEE:

The members of the statutory Audit Committee appointed at the annual general meeting held on 28 October, 2021, in accordance with S404 (3) of the Companies and Allied Matters Act 2020 were:

Alhaja A. S. Kudaisi	(Chairman/Shareholders representative)
Mr. T. Olawuyi	(Shareholders representative)
Mr. B. Akinsolu	(Shareholders representative)
Chief A. I. Idigbe (SAN)	(Member)
Mr. A. A. Ojora	(Member)

The committee met in accordance with the provisions of S404 of the Companies and Allied Matters Act, 2020 and will present their report.

14. SHAREHOLDERS INFORMATION

Build up of Share capital history

YEAR	SHARE CAPITAL	MODE OF ACQUISITION
1990	21,600,000	INITIAL SHARE CAPITAL
1991	27,000,000	BONUS 1991 5,400,000 SHARES
1992	33,750,000	BONUS 1992 6,750,000 SHARES
1995	50,625,000	BONUS 1995 16,875,000 SHARES
1996	75,937,500	BONUS 1996 25,312,500 SHARES
1997	227,812,500	RIGHT OFFER 151,875,000 SHARES
2000	341,718,750	BONUS 2000 113,906,250 SHARES
2001	512,578,125	BONUS 2001 170,859,375 SHARES
2003	683,437,500	RIGHTS OFFER 170,859,375 SHARES
2003	854,296,875	BONUS 2003 170,859,375 SHARES
2004	1,067,871,094	BONUS 2004 213,574,218 SHARES
2005	1,601,871,094	BONUS 2005 533,935,547 SHARES
2006	2,818,608,785	RIGHTS OFFER 1,216,802,144 SHARES
2007	3,359,898,835	SCHEME SHARES 541,290,050 SHARES
2008	3,695,888,719	BONUS 2008 335,989,884 SHARES
2009	4,065,477,591	BONUS 2009 369,588,872 SHARES
2010	4,573,662,289	BONUS 2010 508,184,698 SHARES
2011	5,142,370,074	BONUS 2011 571,707,786 SHARES

2. BONUS HISTORY

YEAR	BONUS ISSUES
1991	5,400,000
1992	6,750,000
1995	16,875,000
1996	25,312,500
2000	113,906,250
2001	170,859,375
2003	170,859,375
2004	213,574,218
2005	533,935,547
2008	335,989,884
2009	369,588,872
2010	508,184,698
2011	571,707,786
TOTAL BONUS	**3,042,943,505**

3. SUMMARY

YEAR	BONUS ISSUES
INITIAL SHARE CAPITAL	21,600,000
BONUS SHARES	3,042,943,505
RIGHT ISSUES	1,539,536,519
SCHEME SHARES	541,290,050
PAID UP CAPITAL	5,145,370,074

4. RIGHT ISSUES

YEAR	RIGHTS ISSUES
1997	151,875,000
2003	170,859,375
2006	1,216,802,144
TOTAL RIGHTS	**1,539,536,519**

15. AUDITORS:

The External Auditors, Messrs. Deloitte & Touche has indicated its willingness to continue in office in accordance with section 401(2) of the Companies and Allied Matters Act 2020. A resolution will be proposed authorising the Directors to fix their remuneration.

16. COMPLIANCE WITH THE CODE OF BEST PRACTICES ON CORPORATE GOVERNANCE

The Directors confirm that they have reviewed the structure and activities of the Group in view of the Code of Best Practices on Corporate Governance in Nigeria published in February, 2018. The Directors confirm that the Group has substantially complied with the provisions of the Code of Best Practices on Corporate Governance with regards to matters stated therein concerning the Board of Directors, the Shareholders and the Audit Committee.

BY ORDER OF THE BOARD

MAZARS OJIKE & PARTNERS COMPANY SECRETARY
FRC/2021/002/00000022920 LAGOS, NIGERIA
4 September, 2023

Statement of Directors' Responsibilities In Relation to the Financial Statements

For the year ended 31 December 2022

The Directors of Royal Exchange Plc accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:
The Directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the Group will not remain a going concern in the year ahead.

Certification of Financial Statements
In accordance with section 405 of the Companies and Allied Act 2020, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

(I) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

We state that management and directors:
(I) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to the officer by other officers of the group, particularly during the period in which the audited financial statement report is being prepared,

(ii) has evaluated the effectiveness of the group's internal controls within 90 days prior to the date of its audited financial statements, and

(iii) certifies that the group's internal controls are effective as of that date;"

We have disclosed:
(I) all significant deficiencies in the design or operation of internal controls which could adversely affect the group's ability to record, process, summarise and report financial data, and has identified for the group's auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the group's internal control; and

(iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group for the year ended 31 December 2022 were approved by the directors on 4 September, 2023.

Signed on behalf of Directors:

Kenneth Odogwu
Chairman
(FRC/2013/NBA/00000004195)

Alh. Ahmed Rufa'I Mohammed
Director
(FRC/2015/IODN/000000013008)

Report of the Audit Committee

In compliance with Section 404 (7) of the Companies and Allied Matters Act 2020 (“The Act”) We, the Members of the Audit Committee have reviewed and considered the financial statements of the Company for the year ended December 31, 2022 and the reports thereon and confirm as follows:

a. The accounting and reporting policies of the company and Group are in accordance with legal requirement sand agreed ethical practices.

b. The scope and planning of both the external and internal audits for the year ended 31 December, 2022 were satisfactory and reinforce the Group's internal control systems.

c. We have reviewed the findings on management matters, in conjunction with the external auditors and are satisfied with the response of management thereon.

d. The company’s systems of accounting and internal controls were adequate.

e. After due considerations, the committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and International Financial Reporting Standard (IFRS). The Committee therefore recommends that the financial statements for year ended 31 December, 2022 and the Auditors' report thereon be presented for adoption by the Company at the Annual General Meeting.

Dated this 4th Day of September, 2023

Alhaja A. S. Kudaisi
Chairman, Audit Committee

Other Members

Alhaja A. S. Kudaisi	Chairman	(Shareholders' representative)
Mr. T. Olawuyi	Member	(Shareholders' representative)
Mr. B. Akinsolu	Member	(Shareholders' representative)
Chief A. I. Idigbe (SAN)	Member	
Mr. A. A. Ojora	Member	

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Royal Exchange Plc
Report on the Audit of the Consolidated and Separate financial statements

Opinion
We have audited the consolidated and separate financial statements of Royal Exchange Plc ("the Company") and its subsidiary (together "the Group") set out on pages 26 to 126, which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flows for the year ended, a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Royal Exchange Plc as at 31 December, 2022 and its consolidated and separate financial performance and consolidated and separate cash flows for the year ended in accordance with the International Financial Reporting Standards (IFRSs), the requirements of the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council of Nigeria Act, 2011.

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 Financial Statements section of our report. We are independent of the Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated financial statements in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to going concern
We draw attention to Note 2(f) in the consolidated and separate financial statements. As of 31 December 2022, the Group recorded a loss after tax of N288.47 million (2021: N1.688 billion) and an accumulated loss of N3.612 billion (2021: N4.258 billion). At the same time, the Group experienced continuous decline in its net asset position to the tune of N2.104 billion (2021: N1.892 billion).

There are also indicators of liquidity risk as majority of the Group's assets may not be easily convertible to cash. The proportion of its current assets to current liabilities, also indicates that the Group may not have enough funds to settle its obligations as at when due.

The directors have set forth specific measures and actions to address the liquidity concerns, however these events or conditions, along with other matters stated therein, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter
We draw your attention to Note 48 in the consolidated and separate financial statements, which describe a restatement relating to an error in the financial statements comparative figures. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significant in our audit of the consolidated and separate financial statements of the period. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter

Key Audit Matter	How the matter was addressed in the audit
Disposal of Investment in Subsidiaries	
The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated and separate financial statements when an entity controls one or more other entities. During the year, the Group lost control of Royal Exchange Prudential Life Plc, a subsidiary, on disposal of its 100% stake in the entity, which also lead to the loss of control in Royal Exchange Healthcare Limited, an indirect subsidiary. The disposal of Royal Exchange Prudential Life Plc involved a Call Option which is relevant to the determination of gain or loss on disposal of the subsidiary in line with the requirements of International Financial Reporting Standards. The measurement and valuation of the Call Option, in line with IFRS 13, requires a level of judgement, assumptions and estimates by the Directors which makes accounting for such transaction complex. Accordingly, this is considered a key audit matter.	We obtained and assessed the reasonableness of the Directors' determination of the fair value of the Call Option involved in the disposal of the subsidiary by performing the following audit procedures: (a) Evaluated the qualification of the external experts engaged by the Directors to ensure that they were qualified to carry out the valuation. (b) Evaluated the assumptions, judgement and methodologies applied by the Directors in the fair valuation of the Call Option. (c) Obtained and reviewed the report issued by the Consultant appointed by the Directors. This was also reviewed by our internal specialists including the assumptions and judgements applied in the fair valuation of the Call Option. (d) Confirmed and agreed the figures in the report to the financial statements. (e) Disclosures in the consolidated and separate financial statements were reviewed for reasonableness and compliance with the requirements of International Financial Reporting Standards (IFRSs).Based on our review, we found that management estimates and assumptions in determining the fair value of the Call Option were reasonable and appropriate in the circumstance.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the "Royal Exchange Plc Annual Reports and Financial Statements", which includes the Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, Results at a Glance, Certification pursuant to section 405 of Companies and Allied Matters Act 2020, Audit Committee's Report, and Other National disclosures which as required by the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act, 2011, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements
The Directors are responsible for the preparation and presentation and fair presentation of these consolidated and separate financial statements in accordance with the International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate 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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 misstatement resulting from fraud is higher than the 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 and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 relating to events or conditions that may cast significant doubt on the Group's and/or the Company's ability to continue as a going concern.
  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and company's 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 and separate financial statements. We are responsible for the direction, supervision and performance of the Group's 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.

Deloitte.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of the Companies and Allied Matters Act 2020 we expressly state that:

i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group and Company have kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account and returns.

During the year, the Group contravened certain sections of the Securities and Exchange Commission guidelines/circulars. The details of the contravention and the related penalties are as disclosed in Note 45 to the financial statements.

Yodetayo

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
11 September, 2023

Engagement Partner: Yetunde Odetayo
FRC/2013/ICAN/00000000823

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2022

In thousands of Naira	Note	Group 31-Dec-22	Group (Restated) 31-Dec-21	Group (Restated) 1-Jan-21
ASSETS				
Cash and cash equivalents	5	608,573	620,562	12,807,056
Loans and advances to customers	6	1,140,139	1,079,176	1,044,098
Advances under finance lease	7	68,431	104,578	88,201
Investment securities:				
Measured at Fair Value Through Profit or Loss (FVPL)	8(a)	30,820	31,460	1,162,188
Measured at Fair Value Through Profit or Loss (FVOCI)	8(b)	-	195,090	4,738,350
Amortized Cost		-	-	210,738
Trade receivables	10	-	17,021	136,091
Reinsurance assets		-	-	2,195,156
Deferred acquisition cost	11	-	393	281,416
Other receivables and prepayments	12	163,342	101,877	471,550
Investment in associates	13	5,080,554	4,688,559	226,343
Investment properties	14	-	413,858	5,635,991
Property and equipment	16	17,440	37,131	1,381,742
Right of Use Asset	16(b)	942	-	10,089
Intangible assets	17	-	9,798	5,133
Employees retirement benefit asset (Net)		-	-	257,168
Statutory deposits		-	-	555,000
Deferred tax assets	19	-	201,592	193,968
Deposit for shares	13(b)	39,000	27,000	-
		7,149,241	**7,528,095**	**31,400,278**
Assets classified as held for sale	15	-	6,735,123	973,639
Total assets		**7,149,241**	**14,263,218**	**32,373,917**
LIABILITIES				
Borrowings	24	544,777	2,413,039	2,184,877
Deferred Income		-	-	138,244
Trade payables		-	-	7,909,847
Other liabilities	20	3,037,411	1,502,638	1,864,278
Depositors' funds	21	1,226,428	1,366,632	1,364,220
Insurance contract Liabilities	22	-	133,375	9,798,691
Investment contract Liabilities		-	-	276,980
Finance Lease Obligation	24(b)	168	-	-
Current income tax liabilities	23(b)	234,702	240,082	650,203
Employees benefit liability	18	974	4,168	41,335
Deferred tax liabilities	19	-	29,730	610,101
		5,044,460	**5,689,664**	**24,838,776**
Liabilities directly associated with assets classified as held for sale	15(b)	-	6,564,071	-
Total liabilities		**5,044,460**	**12,253,735**	**24,838,776**
EQUITY				
Share capital	25	2,572,685	2,572,685	2,572,685
Share premium	26	2,690,936	2,690,936	2,690,936
Contingency reserve	27	-	417,436	2,291,372
Treasury shares		-	-	(500,000)
Retained earnings	28	(3,612,013)	(4,258,421)	(4,051,382)
Other component of equity	29	453,173	469,597	658,821
Capital and reserves attributable to owners		**2,104,781**	**1,892,233**	**3,662,432**
Non-controlling interests	29(d)	**-**	117,250	3,872,709
Total Equity		**2,104,781**	**2,009,483**	**7,535,141**
Total equity & liabilities		**7,149,241**	**14,263,218**	**32,373,917**

The Financial Statements was approved by the board of directors on 4 September, 2023 and signed on its behalf by:

Kenneth Odogwu
Chairman
(FRC/2013/NBA/00000004195)

Alhaji Ahmed Rufai Mohammed
Director
(FRC/2015/IODN/000000013008)

Anthony Ogunade
Chief Financial Officer
(FRC/2023/PRO/ICAN/001/580489)

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

SEPARATE STATEMENTS OF FINANCIAL POSITION

For The Period Ended 31st December 2022

In thousands of Naira	Note	Company 31-Dec-22	Company (Restated) 31-Dec-21	Company (Restated) 1-Jan-21
ASSETS				
Cash and cash equivalents	5	127,890	112,326	156,823
Investment securities:				
Measured at Fair Value Through Profit or Loss (FVPL)	8(a)	17,440	17,499	21,508
Amortized Cost		-	-	1,096
Investment in subsidiaries	9	509,389	848,548	5,847,818
Other receivables and prepayments	12	105,362	115,162	219,712
Investment in associates	13	5,080,554	4,688,559	-
Property and equipment	16	1,493	373	774
Right of Use Asset	16(b)	942	4,704	8,466
Deposit for shares	13(b)	39,000	27,000	-
		5,882,070	**5,814,172**	**6,256,197**
Assets classified as held for sale	15	-	647,100	-
Total assets		**5,882,070**	**6,461,272**	**6,256,197**
LIABILITIES				
Borrowings	24	544,777	2,523,850	2,313,544
Other liabilities	20	2,996,833	1,787,292	2,073,330
Finance Lease Obligation	24(b)	13,699	12,867	16,833
Current income tax liabilities	23(b)	232,594	232,836	254,511
Employees benefit liability	18	974	974	1,656
		3,788,877	**4,557,819**	**4,659,874**
Liabilities directly associated with assets classified as held for sale	15(b)	-	-	-
Total liabilities		**3,788,877**	**4,557,819**	**4,659,874**
EQUITY				
Share capital	25	2,572,685	2,572,685	2,572,685
Share premium	26	2,690,936	2,690,936	2,690,936
Retained earnings	28	(3,124,904)	(3,314,643)	(3,669,185)
Other component of equity	29	(45,524)	(45,524)	1,887
Capital and reserves attributable to owners		**2,093,193**	**1,903,454**	**1,596,323**
Total Equity		**2,093,193**	**1,903,454**	**1,596,323**
Total equity & liabilities		**5,882,070**	**6,461,272**	**6,256,197**

The Financial Statements was approved by the board of directors on 4 September, 2023 and signed on its behalf by:

Kenneth Odogwu
Chairman
(FRC/2013/NBA/00000004195)

Alhaji Ahmed Rufai Mohammed
Director
(FRC/2015/IODN/000000013008)

Anthony Ogunade
Chief Financial Officer
(FRC/2023/PRO/ICAN/001/580489)

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 december, 2022

In thousands of Naira	Note	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Continuing operations					
Interest Income calculated using effective interest method	30	262,173	283,345	3,377	5,064
Interest Expense	31	(229,222)	(230,249)	(53,410)	(96,579)
Net Interest Income		**32,951**	**53,096**	**(50,033)**	**(91,515)**
Investment and other income	32	67,608	41,145	3,668	915,791
Share of profit/loss on investment in associate	13	240,327	20,506	240,327	20,506
Other operating income	34	196	177,356	196	144,035
Net Income		**340,489**	**292,103**	**194,157**	**988,816**
Write-back/(Charge) of impairment allowance	33	(90,877)	13,403	(117,708)	(502,010)
Management expenses	35	(397,945)	(290,680)	(239,576)	(111,596)
Total expenses		**(488,822)**	**(277,277)**	**(357,284)**	**(613,606)**
(Loss)/Profit before tax		**(148,333)**	**14,826**	**(163,127)**	**375,210**
Minimum tax	23	-	(628)	-	(628)
Income taxes	23	(2,141)	(2,457)	(34)	(204)
(Loss)/Profit after taxation from continuing operations		**(150,474)**	**11,742**	**(163,161)**	**374,377**
Discontinued operations:					
Loss for the year from discontinued operations	49	(392,664)	(466,554)	-	-
Gain/(Loss) on disposal of Subsidiary	15(c)	254,666	(1,214,126)	352,900	(19,835)
(Loss)/Profit after taxation from discontinued operations		**(137,998)**	**(1,680,679)**	**352,900**	**(19,835)**
(Loss)/Profit after taxation for the year		**(288,472)**	**(1,668,938)**	**189,739**	**354,542**
(Loss)/Profit is attributable to:					
Owners of Royal Exchange Plc		(288,472)	(1,696,874)	189,739	354,542
Non-controlling interest		-	27,936	-	-
		(288,472)	**(1,668,938)**	**189,739**	**354,542**
Other comprehensive income, net of tax					
Items that will never be reclassified subsequently to profit or loss:					
Net actuarial gains/(losses) of defined benefit obligations		-	1,569	-	1,042
Share of returns in associates	13	-	(48,453)	-	(48,453)
Items that are or may be reclassified subsequently to profit or loss		-	-	-	-
Total other comprehensive income, net of tax		-	**(46,884)**	-	**(47,411)**
Total comprehensive income for the period		**(288,472)**	**(1,715,822)**	**189,739**	**307,132**
Total comprehensive income attributable to:					
Owners of Royal Exchange Plc		(288,472)	(1,573,253)	189,739	307,132
Non-controlling interest		-	(142,569)	-	-
		(288,472)	**(1,715,822)**	**189,739**	**307,132**
Total comprehensive income for the period attributable to owners of Royal Exchange Plc arising from:					
Continued operations		(150,474)	(35,142)	189,739	307,132
Discontinued operations		(137,998)	(1,680,679)	-	-
		(288,472)	**(1,715,822)**	**189,739**	**307,132**
(Loss)/Profit per share - Basic and diluted (kobo)	**36**	**(6)**	**(33)**	**4**	**7**

STATEMENT OF CHANGES IN EQUITY - GROUP

At 31st December 2022

Group

In thousands of Naira

						Other components of equity								
	Share Capital	**Share Premium**	**Contingency Reserve**	**Retained Earnings**	**Treasury Shares**	**Regulatory risk reserve**	**Actuarial Gain/Loss Reserve**	**Fair value reserve**	**Other Components of Equity**	**Total**	**Other reserve**	**Equity attributable to Parent's Shareholders**	**Non-controlling Interests**	**Total Equity**
At 1 January 2022	2,572,685	2,690,936	417,436	(4,258,420)	-	472,006	49,058	(51,470)	-	469,597	-	1,892,231	117,248	2,015,440
(Loss)/Profit for the year	-	-	-	(288,472)	-	-	-	-		-	-	(288,472)	(30,192)	(318,664)
Total comprehensive income	**2,572,685**	**2,690,936**	**417,436**	**(4,546,892)**	**-**	**472,006**	**49,058**	**(51,470)**	**-**	**469,597**	**-**	**1,603,760**	**87,056**	**1,696,776**
Disposal on Non-controlling Interest (NCI)													(87,056)	(87,056)
Transfer to regulatory reserve	-	-	-	-	-	32,796	14,624	-	-	47,420	-	47,420	-	47,420
Transactions with owners in their capacity as owners:														
Adjustment for loss of control			(417,436)	934,880			(63,844)			(63,844)		453,600	-	453,600
At 31st December 2022	**2,572,685**	**2,690,936**	**-**	**(3,612,012)**	**-**	**504,802**	**(162)**	**(51,470)**	**-**	**453,173**	**-**	**2,104,780**	**-**	**2,110,740**

STATEMENT OF CHANGES IN EQUITY - GROUP

At 31st December 2021

In thousands of Naira						Other component of equity							
	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Regulatory risk reserve	Actuarial Gain/Loss Reserve	Fair value reserve	Other Component of Equity	Total	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2021	2,572,685	2,690,936	2,291,372	(4,051,382)	(500,000)	480,748	42,661	135,410		658,821	3,662,431	3,872,709	7,535,142
Fair value reserve	-	-	-	-	-	-	-	38,667		38,667	38,667	-	38,667
Share of returns in associates	-	-	-	-	-	-		(225,547)		(225,547)	(225,547)	-	(225,547)
Net actuarial gains/losses	-	-	-	-	-	-	6,397	-		6,397	6,397	(141,871)	(135,474)
Loss/(profit) for the year	-	-	-	(1,696,874)	-	-	-	-		-	(1,696,874)	27,936	(1,668,939)
										-			
Total comprehensive income	**2,572,685**	**2,690,936**	**2,291,372**	**(5,748,256)**	**(500,000)**	**480,748**	**49,058**	**(51,470)**	**-**	**478,338**	**1,785,074**	**3,758,775**	**5,543,849**
Share of newly recognized Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-	-	-	-	178,585	178,585
Disposal on Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-	-	-	-	(3,820,229)	(3,820,229)
Contingency reserve	-	-	(26,960)	-	-	-	-	-	-	-	(26,960)	-	(26,960)
Retained earnings													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	28,790	(28,790)	-	-	-	-	-	-	-	119	119
Transfer to regulatory reserve	-	-	-	8,742	-	(8,742)	-	-	-	(8,742)	-	-	-
Write back of Loan provision (Finance)	-	-	-										
					-	-	-	-	-	-	-	-	-
								-	-		-		
Transactions with owners in their capacity as owners:								-	-				
Adjustment for loss of control	-	-	(1,875,766)	1,509,884	500,000	-	-	-	-	-	134,118	-	134,118
At 31st December 2021	2,572,685	2,690,936	417,436	(4,258,420)	-	472,006	49,058	(51,470)	-	469,597	1,892,232	117,248	2,009,481

STATEMENT OF CHANGES IN EQUITY - COMPANY

At 31st December 2022

In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Other Component of Equity: Actuarial Gain/Loss Reserve	Other Component of Equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2022	2,572,685	2,690,936	(3,314,643)	(45,524)	(45,524)	1,903,453	-	1,903,453
						-		-
Profit for the period	-	-	189,739	-	-	189,739	-	189,739
Net actuarial gains/losses	-	-	-	-	-	-	-	-
Share of current year results in associates - OCI								
Total comprehensive income	**2,572,685**	**2,690,936**	**(3,124,904)**	**(45,524)**	**(45,524)**	**2,093,193**	**-**	**2,093,193**
Transactions within equity:								
Dividend paid	-	-	-	-	-	-	-	-
At 31st December 2022	**2,572,685**	**2,690,936**	**(3,124,904)**	**(45,524)**	**(45,524)**	**2,093,193**	**-**	**2,093,193**

STATEMENT OF CHANGES IN EQUITY - COMPANY

At 31st December 2021

				Other Component of Equity				
In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/Loss Reserve	Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2021	2,572,685	2,690,936	(3,669,185)	1,887	1,887	1,596,323	-	1,596,323
Profit for the period	-	-	354,542	-	-	354,542	-	354,542
Net actuarial gains/losses	-	-	-	1,042	1,042	1,042	-	1,042
Share of current year results in associates - OCI				(48,453)	(48,453)	(48,453)		(48,453)
Total comprehensive income	**2,572,685**	**2,690,936**	**(3,314,643)**	**(45,524)**	**(45,524)**	**1,903,453**	**-**	**1,903,453**
Transactions within equity:								
Dividend paid	-	-	-	-	-	-	-	-
At 31st December 2021	**2,572,685**	**2,690,936**	**(3,314,643)**	**(45,524)**	**(45,524)**	**1,903,453**	**-**	**1,903,453**

CONSOLIDATED STATEMENTS OF CASHFLOWS

For The Year Ended 31 December 2022

In thousands of Naira	Notes	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
(Loss)/Profit for the year		(288,472)	(1,668,938)	189,739	354,542
Add: Minimum tax		-	628	-	628
Add: Income tax	23(a)	2,141	2,457	34	204
Profit before taxes		**(286,331)**	**(1,665,853)**	**189,773**	**355,375**
Adjustments for:					
Charge/(write-back) of impairment allowance	33	90,877	(13,404)	117,708	502,010
Depreciation on property and equipment	16	6,536	2,910	389	401
Depreciation on Right of Use Asset	16(b)	-	3,762	3,762	3,762
Amortization of intangible assets	17	1,618	4,814	-	-
Income from Investment management	31	(74)	-	-	-
Fair value gain on recognition of associates	33	(29)	-	-	(908,438)
Income on disposal of equities (FVTPL & FVTOCI)	31	(29)	-	(29)	-
Dividend income on equity investments (FVTOCI & FVTPL)	31	(13,501)	(2,259)	(455)	(1,039)
Interest income	30	(262,173)	(259,160)	(3,377)	(4,958)
Interest expense on borrowings	30	225,150	206,063	53,410	96,678
Fair value gain/(loss) on FVTPL investment securities	32	593	(38,297)	13	(6,314)
Loss on disposal of discontinued operations	32	392,664	466,554	-	-
Giain/Loss on disposal of subsidiary	15(c)	(254,666)	1,214,126	(352,900)	19,835
Share of loss/(profit) of associate	13(a)	(240,327)	(20,506)	(240,327)	(20,506)
Movement in deferred tax assets		201,592	(7,624)	-	-
Non-cash movement in current tax liabilities		(7,522)	(390,700)	(275)	-
		(145,622)	**(499,574)**	**(232,308)**	**36,807**
Changes in working capital:					
Loans and advances to customers	38(viii)	(60,963)	(65,083)	-	-
Advance under finance lease	38(ix)	36,147	(20,817)	-	-
Trade receivables	38(ii)	17,021	107,591	-	-
Re-insurance asset	38(iii)	-	2,195,156	-	-
Investment securities at fair value through profit or loss	38(iv)	47	1,169,025	46	10,324
Deferred acquisition cost		393	281,023	-	-
Other receivables and prepayment	38(ii)	(152,341)	369,672	79,583	104,550
Deferred income		-	(138,244)	-	-
Trade and other payables		-	(7,909,847)	-	-
Other liabilities		1,534,773	(361,640)	2,211,432	(300,501)
Depositors' funds		(140,204)	2,412	-	-
Statutory deposit		-	555,000	-	-
Investment contract liabilities		-	366,656	-	-
Changes in unearned premium		196,900	(1,214,218)	-	-
Changes in provision for outstanding claims	38(vi)	(127,555)	(2,457,158)	-	-
Changes in employee retirement benefits		(3,194)	(37,167)	-	(682)
		1,155,401	**(7,657,212)**	**2,058,753**	**(149,503)**
Income tax paid	28(b)		(23,809)		(22,507)
Net cash provided by operating activities		**1,155,401**	**(7,681,021)**	**2,058,753**	**(172,010)**
Cash flows from investing activities:					
Purchases of property and equipment	17	(10,487)	(7,699)	(1,510)	-
Purchase of intangible assets	18	-	(10,950)	-	-
Proceed from disposal of investment properties		413,858	-	-	-
Proceed from disposal of property and equipment		-	6,132	-	-
Proceed from changes in ownership interest in subsidiary		-	-	-	39,907
Proceed from redemption/disposal of investment securities	50(v)	(195,090)	(4,792,665)	-	(1,096)
Deposit for shares		(12,000)	(27,000)	(12,000)	(27,000)
Dividend received		13,501	2,258	484	1,039
Net interest received		262,173	259,160	3,377	4,958
Net cash provided by investing activities		**471,954**	**(4,570,764)**	**(9,648)**	**17,807**
Cash flows from financing activities:					
Principal repayment of borrowings		(2,000,000)	(18,085,031)	(2,000,000)	(18,230,048)
Proceeds from new borrowings		-	18,232,452	-	18,404,659
Interest paid on borrowings		(93,412)	(125,323)	(32,483)	(55,407)
Repayment of finance lease		-	-	(998)	(9,442)
Net used in financing activities		**(2,093,412)**	**22,099**	**(2,033,480)**	**109,761**
Cash and cash equivalent at beginning of year		621,091	12,807,056	112,326	156,823
Adjustment on disposal of subsidiaries		453,600	134,118	-	
Effect of exchange rate fluctuations on cash and cash equivalents		-	43,719	-	
Net increase in cash and cash equivalent		(466,057)	(12,229,686)	15,625	(44,435)
Cash and cash equivalent at end of the year	**42**	**608,634**	**621,091**	**127,951**	**112,388**

1 Reporting Entity

The Company was incorporated as Royal Exchange Assurance (Nigeria) Plc, a private limited liability Company on 29 December 1969. It was converted to a public limited Company on 15 July 1989 and then listed on the Nigerian Stock Exchange on 3 December 1990. On 28 July 2008, the Company changed its name to Royal Exchange Plc and transferred its life and general insurance businesses to newly incorporated subsidiaries, Royal Exchange General Insurance Company Limited and Royal Exchange Prudential Life Plc respectively.

The Group currently comprises Royal Exchange Plc (Parent Entity) and Royal Exchange Finance Company Limited

The principal activities of the Group are asset management and credit financing.

The financial statements of the Group are as at and for the year ended 31 December 2022.

The registered office address of the Group is 34-36 Oshodi-Apapa Expressway Oshodi, Lagos, Nigeria.

2 Basis of preparation

(a) These consolidated and seperate financial statements for year ended 31 December 2022 have been prepared in accordance with, and comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The consolidated and seperate financial statements comply with the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act.

The financial statements include the statement of financial position, statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the account.

(b) Functional and presentation currency

These consolidated and separate financial statement are presented in Naira, which is the Group's functional currency. Financial information presented in Naira has been rounded to the nearest thousands except where otherwise indicated.

(c) Basis of measurement

These consolidated and separate financial statements have been prepared on a historical cost basis except for the following items:

(i) Carried at fair value:

- financial instruments at fair value through profit or loss (FVTPL);
- financial instruments at fair value through other comprehensive income(FVTOCI);
- investment properties;
- plan assets for defined benefits obligations

(ii) Carried at amortised cost:

- loans and receivables;
- held to collect financial instruments;
- financial liabilities at amortised cost;

(iii) Carried at a different measurement basis

- Retirement benefit obligations are measured in terms of the projected unit credit method;
- Insurance contract liabilities are measured using a gross premium valuation approach for individual and group life risk business while discounted cashflows approach are used for

measuring annuity and the risk reserve for individual deposit based businesses.

(d) Reporting period

The financial statements have been prepared for a 12-month period.

(e) Use of estimates and judgment

In preparing these consolidated and separate financial statements in conformity with the International Financial Reporting Standard (IFRS) which requires the use of certain critical accounting estimates, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 4.

(f) Going concern

As at the end of the financial year 31 December 2022, the Group recorded a loss after tax of N288 million (2021: N1.668 billion). At the same time, the Group's total assets less total liabilities amounted to a net asset position of N2.104 billion (2021: N1.892 billion).

There are also indicators of liquidity risk as majority of the entity's assets are illiqiud which may not be easily convertible to cash. The proportion of its current assets to liabilities, also indicates that the may not have enough funds to settle its current obligations.

These conditions as set forth, indicate the existence of a material uncertainty that may cast significant doubt on the ability of the group to continue as a going concern.

In order to overcome the deficit, the Directors of the company are planning to:

1. Raise more capital and funds into the business via a shareholders' loan in the short term and rights issue in the longer term amounting to N2.058 billion in order to address its working capital needs, discharge its liabilities and make strategic investments in investee companies.

2. Receive returns from a major investee, Royal Exchange General Insurance Company Limited, which recently concluded its restructuring process and is exhibiting improved performance.

3. Enforce due process policies and strict internal control measures that will aid the cost reduction drive.

4. To shift the strategic business focus of the Company to asset management. After restructuring and divesting its interests in loss-making subsidiaries, the Company, intends to venture into asset management business in the long term. This should translate into more revenue in addition to returns from investee companies.

Based on the foregoing, the Directors believe that the group will continue as a going concern, realize its assets and discharge its liabilities in the normal course of business. Accordingly, consolidated and seperate the financial statements are prepared on the going concern basis.

(g) Changes in accounting policies and disclosures

New and amended IFRS Accounting Standards that are effective for the current year
In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated and separate financial statements.

(i) Amendments to IFRS 3 Reference to the Conceptual Framework
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The Directors have assessed the impact of the standard and have concluded that it will have no effect on the books of the Group in the current financial year."

(ii) Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The Directors have assessed the impact of the standard and have concluded that it will have no effect on the books of the Group in the current financial year.

(iii) Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract
In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments are effective in annual reporting periods beginning on or after 1 January 2022.

The Directors have assessed the impact of the standard and have concluded that it will have no effect on the books of the Group in the current financial year.

(iv) Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Annual Improvements include amendments to four standards.

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

IFRS 9 Financial Instruments

- The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

- An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022.

IFRS 16 Leases
The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

IAS 41 Agriculture
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The Directors have assessed the impact of the standard and have concluded that it will have no effect on the books of the Group in the current financial year.

(h) New and revised IFRS Accounting Standards in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and revised standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short duration contracts

The main features of the new accounting model for insurance contracts are as follows:

- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group is no longer a parent to the life and non-life insurance businesses and as such, the Standard will have no effect on the books of the Group in the future.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The Directors of the Group anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

The Directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The Group will assess and apply this amendment (where applicable) when it becomes effective on 1 January 2023.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Group will assess and apply this amendment (if applicable) when it becomes effective on 1 January 2023.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Directors of the Group anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods should such transactions arise.

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3 Summary of Significant Accounting Policies

The Group consistently applied the following accounting policies to the period presented in the financial statements.

(a) Consolidation

The consolidated and separate financial statements incorporate the financial statements of the Group and its subsidiaries. Subsidiaries are entities controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The Group 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.

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.

Changes in the Company's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Disposal of subsidiaries
When the group ceases to have control, any retained interest in the entity is remeasured 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.

Transactions eliminated on Consolidation
Intra-group balances and any unrealised gains or losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

a (i) Business Combination
The Group applies IFRS 3 Business Combinations in accounting for business combinations. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately.

The Group measures goodwill at the acquisition date as the total of:

- the fair value of the consideration transferred, which is generally measured at fair value; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees(acquiree's awards) and relate to past services , then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

a (ii) Non-controlling interest

Non controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

a (iii) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. The Group financial statements incorporates the assets, liabilities and results of Royal Exchange Finance Company Limited. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

a(iv) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.
Investments in associates are accounted for using the equity method of accounting. They are initially recognised at cost, which includes transaction costs.

Subsequent to initial recognition, the Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit or loss; its share of post-acquisition movements is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Intra-group gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intra-group losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For preparation of consolidated financial statements, equal accounting policies for similar transactions and other events in similar circumstances are used. Dilution gains and losses in associates are recognised in the consolidated profit or loss.

a(v) Loss of control

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interests in the previous subsidiary, then such interests is measured at fair value at the date that control is lost. Subsequently that retained interests is accounted for as an equity-accounted investee or in accordance with the Group's accounting for financial instruments.

a(vi) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions.

The group consolidated and separate financial statements are presented in Nigerian Naira which is the functional and presentation currency of Royal Exchange Plc.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date and those measured at fair value are translated at the exchange rate at the date that the fair value was measured.

Exchange rate differences on non-monetary items such as property and equipment. prepayment, intangible assets are accounted for based on the classification of the underlying items.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Fair value through other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- Fair value through other comprehensive income debt securities investments, in which case foreign currency differences on the fair value difference are recognised in OCI.

(c) Cash and Cash Equivalents

Cash comprises cash in hand, and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in their fair value. Cash equivalents comprise investments with original maturities of three months or less and used by the Group to manage its short - term commitments.

Subsequent to initial recognition, cash and cash equivalents are carried at amortised cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents are net of outstanding overdrafts.
Interest income on cash and cash equivalents is recorded in interest income calculated using effective interest method in profit or loss.

(d) Financial Instruments

(i) Measurement methods

Amortised cost and effective interest rate
The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses, but includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for financial assets that are not originated credit impaired but have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the interest rate to their amortised cost (i.e. net of expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(i) Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

(i) the company's business model for managing the asset; and
(ii) the cash flow characteristics of the asset (SPPI).

Business model: The business model reflects how the company manages the assets in order to generate cash flows, i.e. whether the company's objective is solely to collect the contractual cash flows from the assets, or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of the "residual" business model and measured at FVTPL. Factors considered by the company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the "SPPI test"). In making this assessment, the company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

i) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3(d)(i). Interest income from these financial assets is included in 'Net interest income' using the effective interest rate method.

ii) Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in Net Investment income'. Interest income from these financial assets is included in 'Net interest income' using the effective interest rate method.

iii) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net fair value gain/(loss) on assets' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Investment and other income'. Interest income from these financial assets is included in 'Net interest income' using the effective interest rate method.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments
Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Equity instruments held by the Company include basic ordinary shares of other entities.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are not quoted in an active market and where those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Net fair value gain/(loss) on assets' line in the statement of profit or loss.

ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such assets at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

iii) Modification of loans

he Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

Where the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

Where the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit adjusted effective interest rate for originated credit-impaired financial assets).

iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

(e) Impairment of other non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets and investment property) to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Reinsurance Assets

The Group cedes reinsurance in the normal course of business in order to limit its net loss potential for losses arising from certain exposures. The cost of reinsurance related to long-term contracts is accounted for over the life of the underlying reinsured policies, using assumptions consistent with those used to account for these policies. However, reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Reinsurance assets include balances due from various reinsurance companies for ceded insurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying reinsurance contract.

Reinsurance assets are assessed for impairment at each reporting date. If there is reliable objective evidence that a reinsurance asset is impaired as a result of an event that occurred after initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairement loss is calculated and recognised following the same method used for financial assets.

The Group has the right to set off reinsurance payables against amounts due from reinsurers and co-assurers in line with the agreed arrangement between both parties.

(g) Deferred acquisition costs

"The incremental costs directly attributable to the acquisition of new business which had not expired at the reporting date, are deferred by recognizing an asset. For non-life insurance contracts, acquisition costs include both incremental acquisition costs and other indirect costs of acquiring and processing new businesses.

Deferred acquisition costs are amortised in the income statement systematically over the life of the contracts at each reporting date.

(h) Other Receivables and Prepayments

Other receivables balances include dividend receivable, inter-group balances, accrued rental income and security holding trust account.

Prepayment are essentially prepaid rents and staff upfront payments. Other receivables are carried at amortised cost less accumulated impairment losses. Other receivables balances include dividend receivable, and accrued rental income.

(i) Investment Properties

Investment properties are properties held for long-term rental yields or for capital appreciation (including property under construction for such purposes) or for both purposes, but not for sale in the ordinary course of business.

Recognition and measurement

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including all transaction costs.
Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss in the period in which they arise. Fair values are evaluated and assessed annually by a Financial Reporting Council's accredited external valuer.

De-recognition

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the income statement in the period of de-recognition.

Transfers

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change. Subsequently, the property is re-measured to fair value and reclassified as investment property.

(j) Property and Equipment

Recognition and measurement

All property and equipment used by the Group is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. If significant parts of a property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

Subsequent expenditures are recognized in the carrying amount of the asset or as a separate asset as appropriate if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognized in the statement of profit or loss as incurred.

Depreciation

Depreciation is recognized so as to allocate the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Freehold land is not depreciated

The estimated useful lives of property and equipment are as follows:

Assets	**Useful Lives**
Leasehold land	Over the lease period
Buildings	50 years
Generators	7 years
Furniture and Fittings	5 years
Computer Equipment	4 years
Motor vehicles - New	4 years
- Salvage	3 years
Finance Lease	4 years
Right of Use Asset	4 years

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss of the year that the asset is de-recognized.

(i) Intangible Assets

Software expenditure

An internally-generated intangible asset arising from the Group's software development is recognized if and only if all of the following conditions are met:

• The technical feasibility of completing the intangible asset so that it will be available for use or sale;
• The intention to complete the intangible asset and use or sell it;
• The ability to use or sell the intangible asset;
• How the intangible asset will generate probable future economic benefits;
• The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
• The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

Acquired computer software

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. Computer software is stated at cost less amortization and impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Cost associated with maintaining computer software programs are recognised as an expense as incurred.

Amortization

Computer software costs, whether developed or acquired, are amortized for a period of five years using the straight line method.

Intangible assets which are not available for use are tested for impairment annually. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

An intangible asset shall be derecognized by the Group on disposal; or when no future economic benefit are expected from its use or disposal. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is recognised."

(j) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income taxes

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely income tax (based on taxable income (or loss) for the year; and Minimum tax (determined based on the sum of the highest of 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets and 0.125% of revenue in excess of N500,000). Taxes based on taxable profit for the period are treated as current income tax in line with IAS 12; whereas taxes which is based on gross amounts is outside the scope of IAS 12 and therefore are not treated as current income tax.

Where the minimum tax is higher than the Company Income Tax (CIT), a hybrid tax situation exits. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above income tax line as minimum tax.

The Group Income tax expense and payable is the sum of the individual tax expense and payable under the various tax laws governing each of the subsidiaries of the Group and the Company.

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

The current taxes include: Group Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development levy at 1% of accounting profit.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill (arising in a business combination) 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 assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable differences is insufficient to recognise the deferred tax asset in full, then future taxable profits adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; these reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future

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 realized, based on tax rates (and tax laws) that have been enacted or substantively 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for properties held for sale that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through the sale unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale.

(k) Borrowings

Borrowings by way of bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Borrowings have been measured in line with the Group's accounting policy for financial instruments (see note 3(d)).

Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to profit or loss as incurred, except those that relate to qualifying assets. Arrangement fees in respect of financing arrangements are charged to borrowing costs over the life of the related facility.

(l) Deferred income

Deferred income comprises deferred rental income and deferred commission.

Deferred Rental Income relates to rents received in advance. These are amortized and transferred to the statement of profit or loss over the periods that they relate.

Deferred commission income relates to commissions received on ceded reinsurance businesses but not yet earned as at reporting date. Deferred commission incomes are amortized systematically over the life of the contracts at each reporting date.

(m) Provisions and other liabilities

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Other liabilities

Other liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is omitted.

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Group acting as a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group determined whether the arrangement was or contained a lease based on the assessment of whether:

– fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

– the arrangement had conveyed a right to use the asset.

(o) Finance and operating lease obligations

These are the corresponding liabilities on assets acquired under finance lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Lease assets - lessee

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Lease assets - lessor

If the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

(p) Insurance Contract Liabilities

p(i) Classification

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred.

Insurance contracts are those contracts when the insurer has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

The Group only enters into insurance contracts. Therefore, its insurance contract liabilities represent the Group's liability to the policy holders. It comprises the unearned premium, unexpired risk, outstanding claims and the incurred but not reported claims. At the end of each accounting period, this liability is reflected as determined by the actuarial valuation report.

Unearned premium provision

The provision for unearned premiums represents the proportion of premiums written in the periods up to the accounting date that relate to the unexpired terms of policies in force at the end of the reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time apportionment basis.

Reserve for unexpired risk

A provision for additional unexpired risk reserve is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses exceed the unearned premium provision.

Reserve for outstanding claims
Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

Reserve for incurred but not reported claims (IBNR)

A provision is made for claims incurred but not yet reported as at the end of the financial year. This provision is based on the liability adequacy test report.

Liability Adequacy Test
At the end of each reporting period, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is charged to the statement of profit or loss by increasing the carrying amount of the related insurance liabilities.

Insurance contract with discretionary participating features (DPF)

Some insurance contracts and investment contracts contain a discretionary participating feature (DPF), which is a contractual right to receive as, a supplement to guaranteed benefits, additional benefits that are:

- Likely to be a significant portion of the total contractual benefits;
- The amount or timing is contractually at the discretion of the insurer; and
- That are contractually based on:

i. the performance of a specified pool of contracts or a specified type of contract;

ii. realized and or unrealized investment returns on a specified pool of assets held by the issuer; or

iii. the profit or loss of the Company.

Recognition and measurement
Insurance contracts with DPF are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

(i) Short-term insurance contracts

Short-duration life insurance contracts (Group Life) protect the Group's clients from the consequences of events (such as death or disability) that would affect the ability of the client or his/her dependents to maintain their current level of income. These contracts have no maturity or surrender value and the premiums are recognized as earned premiums proportionally over the period of coverage.

The proportion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as unearned premium liability. Premiums are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

Claims expenses are recognized in the statement of profit or loss as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs that arise from events that have occurred up to the end of the reporting period even if they have not been reported to the Group. The Group does not discount it liabilities for unpaid claims. Liabilities for unpaid/outstanding claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

(ii) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recognized as an expense when they are incurred. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is actuarially determined based on assumptions such as mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. The change in liabilities are recorded in gross premium on the statement of profit or loss.

The Company only enters into insurance contracts. Therefore, its insurance contract liabilities represent the Company's liability to the policy holders. It comprises the unearned premium, unexpired risk, outstanding claims and the incurred but not reported claims. At the end of each accounting period, this liability is reflected as determined by the actuarial valuation report.

(s) Recognition and Measurement of Insurance Contract

Premium

Gross written premiums for general insurance contracts comprise premiums received in cash as well as premiums that have been received and confirmed as being held on behalf of the Group by insurance brokers and duly certified thereto. Gross premiums are stated gross of commissions and taxes payable and stamp duties that are payable to intermediaries and relevant regulatory bodies respectively.

Unearned premiums represent the proportions of premiums written in the year that relate to the unexpired risk of policies in force at the reporting date.

Reinsurance

Premiums, losses and other amounts relating to reinsurance treaties are measured over the period from inception of a treaty to expiration of the related business. The actual profit or loss on reinsurance business is therefore not recognized at the inception but as such profit or loss emerges. In particular, any initial reinsurance commissions are recognized on the same basis as the acquisition costs incurred.

Premiums ceded, claims recovered and commission received are presented in the statement of profit or loss and statement of financial position separately from the gross amounts.

Amounts recoverable under reinsurance contracts are assessed for impairment 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 under the contract terms and that the event has a reliably measurable impact on the amounts the Group will receive from the reinsurer.

Claims and policy holders benefit payable

Claims incurred comprise claims and claims handling expenses paid during the financial year and changes in the provision for outstanding claims. Claims and claims handling expenses are charged to profit or loss as incurred.

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claims become due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

(t) Investment contract liabilities

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. The investment contract comprises of the Royal Policy Product, (RPP), the Royal Insurance Savings Account (ISA) and the Deposit Administration (DA).

Amounts collected from investment linked contracts with no discretionary participating features are reported as deposits (i.e. as investment contract liabilities) in the statement of financial position. Interest, usually agreed with clients, is credited per annum to each account holder and the amount expensed to statement of profit or loss. Payment of benefits are treated as withdrawal (reduction) from the balance standing in the credit account of the client.

(u) Employee Benefits liabilities

u(i) Short-term benefits

Staff benefits such as wages, salaries, paid annual leave allowance, and non-monetary benefits are recognized as employee benefit expenses. The expenses are accrued when the associated services are rendered by the employees of the Group.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

u(ii) Defined Contribution Plans

The Group operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2014. The Group contributes 10% and employees contribute 8% each of the qualifying monthly emoluments in line with the Pension Reform Act.

The Group's monthly contribution to the plan is recognized as an expense in profit or loss. "

The Group pays contributions to privately administered pension fund administration on a monthly basis. The Group has no further payment obligation once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

u(iii) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

u(iv) Pension

The Group operated a funded pension scheme for its employees prior to the Pension Reform Act 2004. It therefore has continuing pension obligation to its staff who retired prior to the commencement of the contributory pension scheme.

Pensioners are entitled to 3% annual increment. Over 90% of the pension assets are being managed by a pension fund administrator while the balance is invested in marketable securities and bank placement.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

u(v) Other Long term benefits

The Group operates a long service award plan for eligible staff who have rendered continued service to the organization.

Benefits accrue after a minimum of 10 years and a maximum of 35 years. The main benefits payable on the scheme are both cash and gift items which vary according to the number of years of service.

Remeasurements of the obligation, which comprise actuarial gains or losses, are recognized immediately in OCI. The Company determines the net interest expense(income) on the obligation for the period by applying the discount rate used to measure the obligation at the beginning of the annual period to the liability, taking into account any changes in the liability during the period as a result of benefit payments. The interest income/expense and other expenses related to obligation are recognized in profit or loss.

The Company meets benefits on a pay-as-you-qualify basis as the plan is an unfunded scheme.

v Capital and Reserves

v(i) Share capital

The equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized as the proceeds are received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

v(ii) Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount can be utilized as provided in Section 120(3) of Companies Allied Matters Act. The share premium is classified as an equity instrument in the statement of financial position.

v(iii) Contingency reserve

The Group maintains Contingency reserves for the general business in accordance with the provisions of S.21 (1) of the Insurance Act 2003.

In compliance with the regulatory requirements in respect of Contingency Reserve for general business, the Group maintains contingency reserve at the rate equal to the higher of 3% of gross premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium. "
In compliance with the regulatory requirements in respect of Contingency Reserve for Life business, the Company maintains contingency reserve at the rate equal to the higher of 1% of gross premium or 10% of the net profit accumulated until it reaches the amount of the minimum paid up capital.

v(iv) Retained Earnings

The reserve comprises undistributed profit/ (loss) from previous years and the current year. Retained Earnings is classified as part of equity in the statement of financial position.

v(v) Fair value reserves

Fair value reserves represent the cumulative net change in the fair value of available-for-sale financial assets at the reporting date.

v(vi) Regulatory risk reserve

The regulatory risk reserves warehouses the difference between the impairment of loans and advances under the Nigeria GAAP and Central Bank of Nigeria prudential guidelines and the loss incurred model used in calculating the impairment balance under IFRS.

v(vii) Other reserves - employee benefit actuarial surplus

Actuarial (surplus)/deficit on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from experience. The gains/losses for the year, net of applicable deferred tax asset/liability on employee benefit obligation, are recognized in other comprehensive income.

v(viii) Treasury shares

Where the Company or any member of the Group purchases the Company's share capital, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

v(ix) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends for the year that are declared after the end of the reporting period are dealt with in the subsequent period.
Dividends proposed by the Directors but not yet approved by shareholders are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act of Nigeria.

(w) Revenue Recognition

w(i) Gross Written Premium

Gross written premiums for insurance comprise premiums received in cash as well as premiums that have been received and confirmed as being held on behalf of the Group by insurance brokers and duly certified thereto. Gross written premiums are stated gross of commissions, net of taxes and stamp duties that are payable to intermediaries and relevant regulatory bodies respectively.

Unearned premiums represent the proportions of premiums written in the year that relate to the unexpired risk of policies in force at the reporting date.

Deposits collected from investment-linked contracts with non-discretionary participating features are reported as investment contract liabilities in the statement of financial position.

Outward facultative premiums and reinsurance premiums ceded are accounted for in the same accounting period as the premiums for the related direct insurance or facultative business assumed.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of indemnity received.

w(ii) Reinsurance expenses

Reinsurance cost represents outward premium paid/payable to reinsurance companies less the unexpired portion as at the end of the financial year.

w(iii) Fees and commission income

Fees and commission income consists primarily of brokerage commission, administration fees and other contract fees. All other fee and commission income is recognized as the services are provided.

w(iv) Interest income calculated using effective interest method

Interest income is recognized in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

w(v) Investment Income

Investment income consists of dividends, realized gains and losses as well as unrealized gains and losses on financial instruments.

w(vi) Dividend income

Dividend income from investments is recognized when the shareholders’ rights to receive payment have been established.

w(vii) Realized gains and losses and unrealized gains and losses

Realized gains and losses on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

w(viii) Other operating income

Other operating income represents income generated from sources other than premium revenue and investment income. It includes rental income, profit on disposal of fixed assets. Rental income is recognized on an accrual basis.

x Expense Recognition

x(i) Insurance claims and benefits incurred

Gross benefits and claims consist of benefits and claims paid / payable to policyholders, which include changes in the gross valuation of insurance contract liabilities, except for gross change in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered.

Salvage

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim.

Subrogation

Subrogation is the right of an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of receiving the amount of the claim paid to the insured for the loss.

x(ii) Underwriting expenses

Underwriting expense include acquisition costs and maintenance expense. Acquisition costs comprise direct and indirect costs associated with the writing of insurance contracts. These include commission expenses and other technical expenses. Maintenance expenses are expenses incurred in servicing existing policies and clients. All underwriting expenses are charged to income statement as they accrue or become payable.

x(iii) Management expenses

Management expenses are charged to profit or loss when goods are received or services rendered. They are expenses other than claims, maintenance and underwriting expenses and include employee benefits, depreciation charges and other operating expenses.

y Segment reporting

Operating segments are identified and reported in consonance with the internal reporting policy of the Group that are regularly reviewed by the Group Coordinator (being the chief operating decision maker) who allocates resources to the segment and assesses their performance thereof.

The Group’s reportable segment, is a business unit rendering Credit Financing services - Royal Exchange Finance Company Limited..

• Credit Financing (Royal Exchange Finance Company Ltd).

Certain expenses such as finance costs and taxes are also not allocated to particular segments.

The segment reporting is the measure used by the Group’s Chief Executive for the purposes of resource allocation and assessment of segment performance.

z Earnings per share

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

aa Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that results in the holding and placing of assets on behalf of clients and oversight functions over certain funds. The value of the assets held on behalf of clients as at reporting date are excluded from the statement of financial position of the Group as they are not assets of the Group. The carrying value of the assets under custody were determined as follows:

- Cash and cash equivalents are carried at amortised cost.
- Loans and receivables and Held-to maturity investments are carried at amortised cost.
- Other Liabilities are measured at amortized cost using the effective interest rate method.

Fees and commissions earned from providing such services are generally recognised on an accrual basis in the statement of profit and loss in line with the agreement between the Group and the party for which the Group holds its assets.

4 Critical accounting estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year.

Estimates and underlying assumptions are reviewed on an ongoing basis and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

A Judgements

Management applies its judgement to determine whether the indicators set out in Note 3(a)(iv) indicate that the Group has significant influence over it's investment in associates.

According to IAS 28, a 20% or more interest in an investee leads to a rebuttable presumption that the investor has significant influence over the investee.

The Group holds a direct interest of 39.29% in Royal Exchange General Insurance Company Limited (REGIC), 30% in Dot HMO (formerly Royal Exchange Healthcare Limited), and 30% in Royal Exchange Microfinance Bank Limited.

Management has considered the fact and circumstances, including the representation of the Company on the board of the various entities and has concluded that the Group has significant influence over them as they are associates of the Group.

B Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment during the year is set out below in the following notes:

(i) Deferred tax assets

Recognised deferred tax assets (see note 21) are measured at the tax rates enacted or substantively enacted at the end of the reporting period and represents those amounts that are probable of realisation taking into account management's estimates of future taxable profits. In determining estimates of future taxable profit against which deductible amount can be utilised, management has considered the existence of taxable temporary differences that will reverse in the same year that deductible amounts will reverse. Management's estimate of future taxable profits has been determined on the basis of a five year profit forecast. Management affirms that assumptions underlying the five year forecast is reasonable given the Group's restructured operations and there are no objective indicators to suggest that the projected earnings level will not be achieved.

(ii) Liabilities arising from insurance contracts

Claims arising from non-life insurance contracts

Liabilities for unpaid claims are estimated on case by case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Company deems liabilities reported as adequate.

(iii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

(iv) Determination of fair value of investment property

Management employed the services of estate surveyors and valuers to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. Other key assumptions are as disclosed in Note 15 to the financial statements.

(v) Defined benefit plan

The present value of the employee benefit obligations depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate.

The Group determines the appropriate discount rate at the end of the reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions as disclosed in Note 19.

(vi) Current income tax

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due and based on its assessment of the applicable tax regulations. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vii) Determination of impairment of property and equipment, and intangible assets excluding goodwill

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management’s judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(viii) Depreciation, amortisation and the carrying value of property and equipment and intangible assets

The estimation of the useful lives of assets is based on management’s judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items. Depreciation and amortisation is recognised on the basis described in accounting policies note 3(j) and 3(k)

5 Cash and cash equivalents

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Cash	802	651	36	97
Bank balances	51,321	69,722	45,382	31,798
Short-term deposits (including demand and time deposits)	556,511	550,718	82,533	80,492
Charge of impairment allowance on Short-term deposits	(61)	(529)	(61)	(61)
At 31 December	608,573	620,562	127,890	112,326

(i) Short–term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group.
The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

(ii) The balance represents amount used as integral part of the Group's cash management.

6 Loans and advances to customers

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Term loan	1,317,806	1,303,615	-	-
Impairment Allowance (Note 6a)	(177,667)	(224,439)	-	-
At 31 December	1,140,139	1,079,176	-	-

(a) The movements in impairment allowance on loans and advances to customers is analyzed below;

At 1 January	224,439	281,243	-	-
Impairment/(writeback) allowance recognised during the year	(46,772)	(56,804)	-	-
At 31 December	177,667	224,439	-	-
Within one year	1,140,139	1,079,176	-	-
More than one year	-	-	-	-
	1,140,139	1,079,176	-	-

7 Advances under finance lease

Gross investment in finance lease	83,991	120,138	-	-
Impairment allowance	(15,560)	(15,560)	-	-
	68,431	104,578	-	-

8 Investment securities

Fair value through profit or loss (FVTPL) (see note 8(a) below)	30,820	31,460	17,440	17,499
Fair value through Other Comprehensive Income (FVOCI) (see note 8(b) below)	-	195,090	-	-
At 31 December	30,820	226,550	17,440	17,499
Within one year	-	23,359	-	-
More than one year	30,820	203,191	17,440	17,499
	30,820	226,550	17,440	17,499

(a) Fair value through profit or loss (FVTPL)

Listed equities	30,820	31,460	17,440	17,499
	30,820	31,460	17,440	17,499

(b) Fair value through Other Comprehensive Income (FVOCI):

Federal government bonds	-	195,090	-	-
	-	195,090	-	-
Total Investment Securities	30,820	226,550	17,440	17,499

(i) The Group's Fair Value Through Other Comprehensive Income financial assets includes investment in listed. Listed available for sale equities are measured at fair value using the quoted prices in active markets and fair value changes recognised in other comprehensive income.

9 Investment in subsidiaries

Royal Exchange Finance Company Limited	-	-	777,802	777,802
Royal Exchange Healthcare Limited	-	-	-	151,669
	-	-	777,802	929,471
Allowance for Impairment - REFCO (see note 9(a)(iii) below)	-	-	(268,413)	(80,923)
	-	-	509,389	848,548

(a) Movement in gross investment in subsidiaries

At 1 January (See Restatement note 53)	-	-	848,548	5,928,741
Impairment charge on Investment in subsidiary (see notes (vi))			(187,490)	(578,823)
Reclassification to Assets classified as held for sale (see notes 9a(v), 15 & 53)	-	-	-	(647,100)
Derecognition of Investments (see notes (ii) & (iii) below)	-	-	(151,669)	(3,808,068)
Disposal of subsidiaries	-	-		(46,202)
Additional Investment in Subsidiaries	-	-	-	-
At 31 December	-	-	509,389	848,548

(i) The Group has only one subsidiary which is incorporated in Nigeria. The subsidiary is:

Name of Entity	Nature of business	31-Dec-22	31-Dec-21
Royal Exchange Finance Company Limited (iv)	Credit Financing	99.90	99.90

(ii) In 2021, this relates to the derecognition of investments in Royal Exchange General Insurance Company (REGIC) and Royal Exchange Microfinance Bank Limited (REMFB) due to loss of control, resulting in both entities becoming associates to the Group.

REGIC had issued additional shares during the year 2021 to new shareholders, which diluted the shareholdings of the parent company, resulting in a loss of control in REGIC (from 60.75% shareholdings in 2020 to 39.29% shareholdings in 2021).

In addition, investments held in REMFB which was carried as an indirect subsidiary in the prior period, was derecognised due to partial disposal and loss of control. The entity was previously consolidated based in indirect control wielded through the Group's direct subsidiaries. During year 2021, the direct subsidiaries disposed all their interests in REMFB, while the parent disposed part of its direct shareholdings to Tech Partners International Limited (a leading technology Company). Hence, control of REMFB was lost (from 53% shareholdings in 2020 to 30% shareholdings in 2021).

(iii) In 2022, this relates to the derecognition of investments held in Royal Exchange Healthcare Company Limited (now DotHMO) which was carried as an indirect subsidiary in the prior period, now derecognised due to loss of control. This is due to the disposal of the shares held in the entity by the Group's direct subsidiary. Although, the holding company retained its stake in the entity, this lead to a loss of control in the entity.

Consequently, the assets and liabilities of the subsidiary have been derecognised when control was lost.

The event or circumstances that resulted in the loss of control does not involve a distribution of shares of the subsidiary to owners.

The investment retained in Royal Exchange Healthcare Limited and Royal Exchange General Insurance Company (REGIC) are retained at their fair value.

The gain or loss on disposal associated with the loss of control in Royal Exchange Prudential Life Plc., Royal Exchange Healthcare Limited, Royal Exchange General Insurance Company (REGIC) have been recognised (See note 15(c)).

(iv) This represents the Company's 99.9% (2021: 99.9%) shareholdings in Royal Exchange Finance Company Limited (REFCO), a Nigerian registered company involved in the business of finance, financial advisory, fund management, leasing and investment management. The investment which has been carried at cost was impaired, based on management judgement, by the sum of N80.9 million in prior year and an additional impairement of N187,490 in the year 2022.

(v) This relates to the reclassification of the cost of investment in Royal Exchange Prudential Life Plc. to assets held for sale. This arose from the intention of the Group to dispose of a subsidiary, Royal Exchange Prudential Life Plc., as at the start of the 2021 financial year.

(vi) This represents the impairments on investments in subsidiaries carried in the company as at the reporting dates. In the year 2021, the impairment relates to that of Royal Exchange Prudential Life Plc and Royal Exchange Finance Company Limited (REFCO). In 2022, the impairment relates to that of REFCO.

9(b) The condensed financial data of the consolidated subsidiary of the Group as at 31 December 2022, are as follows:

(i) **Statement of profit or loss**

	Royal Exchange Finance Company Limited	
In thousands of Naira	**31-Dec-22**	**31-Dec-21**
Interest Income calculated using effective interest method	256,192	278,281
Interest Expense	(173,396)	(133,670)
Net Interest Income	**82,796**	**144,611**
Investment and other income	50,373	14,571
Fees & Commission income	13,752	20,559
Net fair value gain/(loss) on financial assets	(580)	1,577
Write-back/(charge) of impairment allowance	26,831	17,513
Net income	173,172	198,831
Total expenses	(158,367)	(179,084)
(Loss)/Profit before tax	14,805	19,747
Income tax expense	(2,107)	(2,253)
(Loss)/Profit after taxation	12,698	17,494

Statement of financial position

	Royal Exchange Finance Company Limited	
In thousands of Naira	**31-Dec-22**	**31-Dec-21**
ASSETS		
Cash and cash equivalents	480,682	421,278
Loans and advances to customers	1,140,139	1,242,550
Advances under finance lease	81,963	117,445
Financial assets	13,379	13,959
Other receivables and prepayments	75,400	64,489
Property and equipment	15,948	13,117
Intangible assets	1	1,619
Assets classified as held for sale	-	42,430
Total assets	1,807,512	1,916,887
LIABILITIES		
Other liabilities	57,890	36,122
Depositors' funds	1,226,427	1,366,633
Current income tax liabilities	2,107	5,945
Employees benefit liability	-	1,585
Total liabilities	1,286,424	1,410,285
EQUITY		
Share capital	217,888	217,888
Share premium	559,914	559,914
Retained earnings	(743,300)	(655,942)
Other component of equity	486,586	384,743
Capital and reserves attributable to owners	521,088	506,603
Total Equity	521,088	506,603
Total equity & liabilities	1,807,512	1,916,888

10 Trade receivables

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January	17,021	-	-	-
Gross receivable from agents	-	17,021	-	-
Derecognition due to disposal of subsidiary	(17,021)	-	-	-
At 31 December	-	17,021	-	-
Within one year	-	17,021	-	-
More than one year	-	-	-	-
	-	17,021	-	-

The carrying amount is a reasonable approximation of fair value

(a) The analysis of due from agents is as follows:

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Gross receivable from agents	-	33,843	-	-
Less: Impairment allowance (see note 10a(i) below)	-	(16,822)	-	-
	-	17,021	-	-

(i) The movements in impairment allowance on amount due from agents is analysed below:

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January	16,822	153,463	-	-
Allowance made during the year	-	11,479	-	-
Write off	-	(148,120)	-	-
Impairement relating to derecognised subsidiary	(16,822)			
At 31 December	-	16,822	-	-

11 Deferred acquisition costs

This represents the unexpired portion of the commission paid to brokers and agents as at reporting date.

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January	393	226,225	-	-
Amortization in the year	-	(225,832)	-	-
Derecognition due to disposal of subsidiary	(393)			
	-	393	-	-
Within one year	-	393	-	-
More than one year	-	-	-	-
	-	393	-	-

12 Other receivables and prepayment

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Intercompany receivables (see note 12(a) below)	-	-	(4,756)	75,014
Accrued investment income (see note 12(b) below)	-	90,047	-	769
Other receivables (see note 12(c) below)	304,248	217,277	146,023	180,364
Prepayments	59,712	45,014	29,967	8,909
	363,960	352,338	171,234	265,057
Impairment on other receivables (see 12(d)) below	(200,618)	(250,460)	(80,111)	(149,895)
	163,342	101,878	91,123	115,162
Within one year	153,860	68,160	95,879	39,273
More than one year	9,482	33,718	(4,756)	75,783
	163,342	101,878	91,123	115,056
(a) Due from related parties				
Royal Exchange Microfinance Bank Limited	-	-	50	-
Royal Exchange Healthcare Limited	-	-	9,431	75,014
	-	-	9,481	75,014
(b) Accrued investment income				
Investment income	-	90,047	-	769
	-	90,047	-	769
(c) Other receivables				
Management fees receivable	-	-	-	-
Withholding tax receivables	75,415	-	75,415	103,681
Trustee fees receivable	1,001	-	1,001	1,563
Other receivables	140,084	37,827	882	46,693
Other assets	87,748	179,450	68,724	28,427
	304,248	217,277	146,023	180,364
(d) Impairment allowance on other receivables				
The movements in impairment allowance on other receivables is analysed below;				
At 1 January	250,462	1,140,320	149,895	145,775
Impairement allowance relating to divested subsidiaries	-			
Allowance made during the year	(49,842)	21,208	(69,784)	4,119
Write off	-	(845,269)	-	-
Impairement allowance relating to derecognised subsidiaries	-	(65,799)	-	-
	200,618	250,460	80,111	149,895

13 Investment in associates

(a) The movement in balances of investment in associates are as shown below:

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January (see note (ii) below)	4,688,559	226,343	4,688,559	-
Fair value of retained interest transferred from investment in subsidiaries (see note (iii) below)	151,669	4,716,506	151,669	3,808,068
Fair value gain on investment in subsidiary transferred	-	-	-	908,438
Derecognition - REGIC (see note (ii) below)	-	(226,343)	-	-
Share of current year result recognised in OCI	-	(48,453)	-	(48,453)
Total (see note (i) below)	4,840,228	4,668,053	4,840,228	4,668,053
Share of current year result recognised in profit or loss	240,327	20,506	240,327	20,506
	5,080,554	4,688,559	5,080,554	4,688,559

(i) Investment in associates represents the Group's investments in Royal Exchange General Company Limited (REGIC), Royal Exchange Microfinance Bank Limited (REMFB) and Royal Exchange Healthcare Limited (REHL); which are companies registered and operating in Nigeria involved in general insurance business, financing of micro and small enterprises and healthcare insurance services respectively; representing 39.21% (2021: 39.21%) equity interest in REGIC, 30% (2021: 30%) equity interest in REMFB and 29.84% (2021: 67%) equity interest in REHL. The Group does not have any other relationships with these entities that bestow control to the Group. These investments are measured using the equity method.

(ii) In 2021, the opening carrying value of N226 million represented REGIC's 26% investment in City Business Computers (CBC) EMEA Limited, an associate to REGIC which was derecognised due to the loss of control in REGIC as at 2021 year end.

In 2022, the opening carrying value of N4.68 billion represents investments in Royal Exchange General Company Limited (REGIC) and Royal Exchange Microfinance Bank Limited (REMFB). During the year, Royal Exchange Healthcare Limited (REHL) became an associate of the company due to a loss of control in the entity which was a subsidiary in the prior year. Further details on this are presented in note (iv) below.

(iii) In 2021, these relate to investments in Royal Exchange General Company Limited (REGIC) and Royal Exchange Microfinance Bank Limited (REMFB) which were reclassified from investment in subsidiaries to investment in associates due to loss of control.

In 2022, these relate to investments held in Royal Exchange Healthcare Limited (now DotHMO) which was carried as an indirect subsidiary in the prior period, now derecognised due to loss of control. This occurred due to the disposal of the shares held in the entity by the Group's direct subsidiary. Although, the holding company retained its stake in the entity, this led to a loss of control in the entity. Furthermore, the loss of control led to the recognition of the investment as an Investment in Associate at fair value. The portion of profit presented as due from the investee company was after the loss of control in the entity (See note 15c(ii)).

(iv) The summarized financial information of REGIC, REMFB and REHL are as set out below:

In thousands of Naira	**REGIC**	**REMFB**	**REHL**
Percentage ownership interest	**39.21%**	**30%**	**29.84%**
Non-Current Assets	4,178,369	37,585	422,148
Current Assets	28,125,732	477,654	178,593
Total Assets	32,304,101	515,239	600,741
Non-Current Liabilities	(5,751,560)	(153,083)	(31,337)
Current Liabilities	(12,323,966)	(318,162)	(316,870)
Total Liabilities	(18,075,525)	(471,245)	(348,207)
Net assets	**14,228,576**	**43,994**	**252,534**
Revenue	14,209,292	144,704	269,078
Profit/(Loss) after tax from continuing operations	779,257	(53,417)	(229,389)
Other comprehensive income	49,108	-	-
Total comprehensive income	**828,365**	**(53,417)**	**(229,389)**
Company's share of profit/(Loss) after tax from continuing operations	305,547	(16,025)	(68,450)
Company's share of other comprehensive income	19,255	-	-
Company's share of total comprehensive income	324,802	(16,025)	(68,450)

(v) The following is a listing of the associate to the Group:

Name of Entity	**Nature of business**	**% Shareholding**
Royal Exchange General Insurance Company Limited (REGIC)	Non-life Insurance	39.21%
Royal Exchange Microfinance Bank Limited (REMFB)	Microfinance banking	30%
Royal Exchange Healthcare Limited (now DotHMO)	Health Insurance	29.84%

(b) Deposit for shares

Deposit for shares represents cash deposit for additional shares in Royal Exchange Microfinance Bank Limited, during the years ended 31 December 2021 and 2022.

In thousands of Naira	**Group** 31-Dec-22	**Group (Restated)** 31-Dec-21	**Company** 31-Dec-22	**Company (Restated)** 31-Dec-21
Deposit for shares in Royal Exchange Microfinance Bank Limited (see note (i) below)	39,000	27,000	39,000	27,000

(i) This relates to deposit for additional shares in Royal Exchange Microfinance Bank Limited, an associate to the Group, in relation to the associate's compliance with the regulatory minimum capital requirement during the year. The additional shares retains the Group 's 30% shareholding in Royal Exchange Microfinance Bank Limited. Thus, there is no gain of control in the associate.

14 Investment Properties

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January	413,858	4,267,507	-	-
Reclassified to Assets held for sale	-	(3,856,706)	-	-
Fair value gains (see note 43)	-	3,057	-	-
Disposal during the year	(413,858)	-	-	-
	-	413,858	-	-

15 Assets classified as held for sale

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January (see (i) below)	6,735,123	1,016,069	647,100	-
Reclassification (see Note (ii) below)	-	5,719,054	-	647,100
Disposal of subsidiaries (see Note (iii) below)	(6,692,693)	-	(647,100)	-
Disposal of Assets classified as held for sale (see Note (iv) below)	(42,430)	-	-	-
	-	6,735,123	-	647,100

(i) In 2021, the opening value of N1.02 billion was made up of non-current assets held for sale stated at its carrying amount as well as investment properties measured at the lower of its carrying amount and fair value less cost to sell. These assets belonged to subsidiaries of the Group - Royal Exchange Prudential Life Plc. and Royal Exchange Finance Company Limited amounting to N973.6 million and N42.4 million respectively. As at 31 December, 2022 Royal Exchange Prudential Life Plc is no longer a subsidiary to the Group.

(ii) These relate to the derecognition of the assets of and investments held in Royal Exchange Prudential Life Plc. in the prior period now restated/recognised as assets held for sale based on the intention of the holding company to dispose the entity.

(iii) These relate to the disposal of the assets of and investments held in Royal Exchange Prudential Life Plc. in the current year (see note 15(c)).

(iv) These relate to the disposal of land held for sale owned by Royal Exchange Finance Company Limited, a subsidiary of the Group.

15(b) Liabilities directly associated with assets classified as held for sale

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January (see (i) below)	6,564,071	-	-	-
Reclassification (see Note b(ii) below)	-	6,564,071	-	-
Disposal of Liabilities directly associated with assets classified as held for sale	(6,564,071)	-	-	-
	-	6,564,071	-	-

(i) Based on the financial statement restatement for the year 2021 with respect to asset held for sale, the liabilities directly associated with assets classified as held for sale has been disclosed in line with the requirement of International Financial Reporting Standards.

(ii) These relate to the derecognition of the liabilities of Royal Exchange Prudential Life Plc. in the prior period now restated/recognised as liabilities directly associated with assets classified as held for sale based on the intention of the holding company to dispose the entity.

15(c) Gain or Loss on disposal of subsidiaries

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Royal Exchange Prudential Life Plc. (REPRU) - see note (i)	529,937		352,900	
Royal Exchange Healthcare Limited (REHL) - see note (ii)	(275,271)			
Royal Exchange General Insurance Company (REGIC) - see note (iii)		(1,250,491)		
Royal Exchange Microfinance Bank Limited - see note (iv)		36,365		(19,835)
	254,666	(1,214,126)	352,900	(19,835)

(i) **Royal Exchange Prudential Life Plc.**

In August 2022, the Group entered into a share sale agreement to dispose Royal Exchange Prudential Life Plc., a wholly owned subsidiary, which carried out the Group's life insurance operations. The disposal was effected due to the recurrent losses incurred by the subsidiary. The disposal was completed on 31st August 2022, on which date control of Royal Exchange Prudential Life Plc. passed to the acquirer, Mediplan Holdings Limited for a consideration of N1 billion. Details of the assets and liabilities disposed, and the calculation of the profit or loss on disposal, are disclosed below.

The information below relates to the assets and liabilities held in Royal Exchange Prudential Life Plc as at the date of disposal:

In thousands of Naira	Period ended 31-July-22
Total assets	7,282,938
Total liabilities	6,812,875
Net Assets of disposal group	**470,063**
Profit/(Loss) on disposal	529,937
Fair value of purchase consideration	**1,000,000**

The purchase consideration for the disposal of the subsidiary was satisfied by:

In Naira	Period ended 31-July-22
Cash and cash equivalents (in lieu of the 1,461,339,461 paid up shares of the disposal group)	1
Transfer of N1bn loan liability (see note III below)	1,000,000,000
Fair value of options (see note VII below)	-
Fair value of total consideration transferred	1,000,000,001

(I) There was no deferred consideration to be settled by the purchaser.
(II) The gain or loss on disposal is included in the profit for the year from discontinued operations (see note 49).
(III) As part of the terms of disposal of Royal Exchange Prudential Life Plc (REPRU), Royal Exchange Plc entered into a Loan Transfer agreement with Mediplan Holdings Limited (purchaser) to transfer a loan liability owed to REPRU to the purchaser.
(IV) The loss of control does not involve a distribution of shares of the subsidiary to owners.
(V) There is no retained interest in Royal Exchange Prudential Life Plc on disposal of the subsidiary.
(VI) The disposal of Royal Exchange Prudential Life Plc is consistent with the Group's long-term policy to focus its activities on the Group's other businesses and operate as an asset management company.
(VII) Fair Value of Options:
The disposal of REPRU to Mediplan Holdings Limited involved the transfer of liability and a call to procure up to 1.5bn ordinary shares in REPRU at N1 each that will be newly allotted to REPLC at a price of N1 per share no later than 31 December 2023. The valuation of the call option was requested by the Directors of REPLC to

ascertain the fair value of the option as at the reporting date. The option valuation was executed by Enterprise Capital Management who is a certified financial advisor registered in Nigeria and located at 18e, Thompson Avenue, Ikoyi, Lagos.

The valuation placed reliance on the fundamental concept that an option is worth between zero and the difference between the current asset price (intrinsic value) and the option strike price (N1.00 per share). The valuation exercise concluded that the Call Option is an out-of-the-money option, which implies that no economic value accrues to REPLC from holding the Call Option. Hence, the Call option is valued at Nil.

Profit or Loss on disposal of Investment in Subsidiary - Royal Exchange Prudential Life Plc.

As at disposal date *(In thousands of Naira)*	**Group**	**Company**
Fair value of purchase consideration	1,000,000	1,000,000
Net Assets of disposal group (see note 15(c)(i) above)	(470,063)	-
Carrying Amount (investment in Royal Exchange Prudential Life Plc)	-	(3,865,833)
Profit/(Loss) on disposal	529,937	(2,865,833)

(ii) **Royal Exchange Healthcare Limited**

In 2022, Royal Exchange Plc. lost control of Royal Exchange Healthcare Limited (now Dot HMO) which was carried as an indirect subsidiary in the prior period. This is due to the disposal of the shares held in the Group's direct subsidiary, Royal Exchange Prudential Life Plc. Although, the holding company retained its stake in the entity, a loss of control in the entity occurred. Details of the calculation of the profit or loss on disposal, are disclosed below.

The information below relates to the assets and liabilities held in Royal Exchange Healthcare Limited.

In thousands of Naira	**Period ended 31-July-22**
Total assets	777,188
Total liabilities	350,248
Net Assets of disposal group	**426,940**
Fair value of residual interest	(151,669)
Profit/(Loss) on disposal	(275,271)
Fair value of purchase consideration	**-**

The purchase consideration for the disposal of the subsidiary was satisfied by:

In Naira	**Period ended 31-July-22**
Cash and cash equivalents	-
Deferred consideration	-
Fair value of total consideration transferred	-

There was no deferred consideration to be settled by the purchaser.
The gain or loss on disposal has been included in the profit for the year from discontinued operations (see note 49).

Gain or Loss on disposal of Investment in Subsidiary - Royal Exchange Healthcare Limited

As at disposal date *(In thousands of Naira)*	**Group**
Fair value of purchase consideration	-
Fair value of residual interest	151,669
Net Assets of disposal group (see note 15(c)(ii) above)	(426,940)
Profit/(Loss) on disposal	(275,271)

(iii) **Royal Exchange General Insurance Company**

In the year 2021, the management of REGIC issued additional shares within the Company which resulted in a loss of control in REGIC by Royal Exchange Plc as the holdings of the Company changed from 60.75% as a subsidiary to 39.21% making the entity an associate. The disposal was completed in September 2021. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed below.

The information below relates to the assets and liabilities held in Royal Exchange General Insurance Company Limited as at the period ended September, 2021

In thousands of Naira	**REGIC September 2021**
Total assets	24,206,722
Total liabilities	14,473,654
Net Assets of disposal group	**9,733,068**
Portion attributable to Group	5,912,839
Fair value of residual interest	4,662,348
Profit/(Loss) on disposal	(1,250,491)
Fair value of purchase consideration	**-**

(I) There was no deferred consideration to be settled by the purchaser.
(II) The gain or loss on disposal is included in the profit for the year.
(IV) The loss of control does not involve a distribution of shares of the subsidiary to owners.
(V) There is a retained interest in Royal Exchange General Insurance Company which has now been transferred to Investment in Associate at the fair value.

(iv) **Royal Exchange Microfinance Bank Limited**

In the year 2021, Royal Exchange Plc decided to dispose part of their holdings in REMFB to a shareholder, Tech-Partners International Limited. This was a disposal of 23% of the shares held which reduced the Group's shareholdings to 30%. The agreed consideration was N2.55 for every share disposed and the company sold 16,352,953 units and settled the financial advisor N1,793,101 for their advisory role on the transaction.

As at disposal date (In thousands of Naira)	**December 2021**
Total assets	423,456
Total liabilities	314,591
Net Assets of disposal group	**108,865**
Portion of Net assets attributable to the Group (53%)	57,699

As at disposal date (In thousands of Naira)	**Group**	**Company**
Fair value of purchase consideration	41,700	41,700
Financial advisory fee on disposal	(1,793)	(1,793)
Net assets attributable to the Group	(57,699)	-
Cost of disposed subsidiary	-	(59,742)
Fair value of retained interest	54,157	
Profit/(Loss) on disposal	**36,365**	**(19,835)**

(I) There was no deferred consideration to be settled by the purchaser.
(II) The gain or loss on disposal is included in the profit for the year.
(IV) The loss of control does not involve a distribution of shares of the subsidiary to owners.
(V) There is a retained interest in Royal Exchange Microfinance Bank Limited which has now been transferred to Investment in Associate at the fair value.

16 Property, plant & equipment

(a) Group

In thousands of Naira	Land	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost						
At 1 January 2022	-	-	52,896	99,574	237,792	390,262
Derecognition due to disposal of subsidiary	-	-	(18,572)	(31,460)	(170,245)	(220,277)
Additions	-	-	1,510	8,977	-	10,487
At 31 December 2022	-	-	35,834	77,091	67,547	180,472
At 1 January 2021	193,315	1,188,345	227,286	390,526	1,080,982	3,080,454
Derecognition due to disposal of subsidiary	(144,145)	(1,114,731)	(132,160)	(245,387)	(595,517)	(2,231,940)
Additions	-	-	2,005	3,189	2,505	7,699
Disposals	-	-	(3,512)	-	(83,258)	(86,770)
Transfer to assets held for sale - (REPRU)	(49,170)	(73,614)	(40,723)	(48,754)	(166,920)	(379,181)
At 31 December 2021 (Restated)	-	-	52,896	99,574	237,792	390,262

Accumulated Depreciation

In thousands of Naira	Land	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
At 1 January 2022	-	-	49,323	92,256	211,553	353,132
Derecognition due to disposal of subsidiary	-	-	(17,303)	(30,527)	(148,806)	(196,636)
Charge for the year	-	-	1,243	2,897	2,396	6,536
Disposals	-	-	-	-	-	-
At 31 December 2022	-	-	33,263	64,626	65,143	163,032
At 1 January 2021	-	242,602	194,654	365,380	896,076	1,698,712
Derecognition due to disposal of subsidiary		(221,206)	(109,532)	(228,773)	(473,124)	(1,032,635)
Charge for the year	-	1,472	3,179	3,527	34,893	43,071
Disposals	-		(2,857)	-	(78,370)	(81,227)
Transfer to assets held for sale - (REPRU)	-	(22,868)	(36,121)	(47,878)	(167,922)	(274,789)
At 31 December 2021 (Restated)	-	-	49,323	92,256	211,553	353,132
Carrying amounts:						
At 31 December 2022	-	-	2,571	12,465	2,404	17,440
At 31 December 2021 (Restated)	-	-	3,573	7,318	26,239	37,131

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2021: nil).

(ii) The Group had no capital commitments as at the balance sheet date (2021: nil)

(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2021: Nil)

(b) Company

In thousands of Naira	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost					
At 1 January	-	18,947	25,894	57,846	102,687
Additions	-	1,510	-	-	1,510
At 31 December 2022	-	20,457	25,894	57,846	104,197
At 1 January 2021	-	18,947	25,894	57,846	102,687
At 31 December 2021 (Restated)	-	18,947	25,894	57,846	102,687
Depreciation					
At 1 January 2022	-	18,659	25,809	57,846	102,314
Charge for the year	-	361	28	-	389
At 31 December 2022	-	19,020	25,837	57,846	102,703
At 1 January 2021	-	18,518	25,549	57,846	101,913
Charge for the year	-	141	260	-	401
At 31 December 2021 (Restated)	-	18,659	25,809	57,846	102,314
Carrying amounts:					
At 31 December 2022	-	1,437	57	-	1,493
At 31 December 2021 (Restated)	-	288	85	-	373

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2021: nil).

(ii) The Group had no capital commitments as at the balance sheet date (2021: nil)

(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the

period. (2021: Nil)

16(b) Right of Use Asset

(a) Group

Right of Use Asset - Motor Vehicle		**Restated**
In thousands of Naira	**31-Dec-22**	**31-Dec-21**
At 1 January	-	-
Transfer of right of use assets	44,963	-
Additions	1	-
Prepayments amortisation on long term leases	(44,022)	-
	942	-
Total Carrying Amount	**942**	**-**
Amounts recognized in profit or loss		
Right of use asset- rent prepayment	-	-
	-	-

(b) Company

	31-Dec-22	31-Dec-21
Cost		
At 1 January	44,963	44,963
Additions	-	-
	44,963	44,963
Accumulated Depreciation		
At 1 January	40,259	36,497
Charge for the year	3,762	3,762
	44,021	40,259
At 31 December	942	4,704

(i) The reported value of right of use in 2021 relates to a motor vehicle lease.

(ii) There are no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of the lease.

(iii) The Group had no restrictions or covenants imposed by this lease as at the balance sheet date (2021: Nil).

(iv) The lease agreement does not involve any sale and leaseback transactions

17 Intangible assets

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Cost:				
At 1 January	225,256	227,396	9,375	9,375
Additions	-	10,950	-	-
Disposals	-	(13,090)	-	-
Derecognition due to disposal of subsidiary	(215,881)	-	-	-
	9,375	225,256	9,375	9,375
Accumulated amortisation:				
At 1 January	215,458	222,263	9,375	9,375
Charge for the year	-	6,285	-	-
Disposals	-	(13,090)	-	-
Derecognition due to disposal of subsidiary	(206,083)	-	-	-
	9,375	215,458	9,375	9,375
At 31 December	-	9,798	-	-

The intangible assets of the Group comprised of computer software. The computer software is accounted for using the cost model less accumulated amortization and accumulated impairment. The amortization is charged to the income statements in accordance with the Group's policy.

18 Employee benefit obligations

The Group operates defined contribution pension plan based on the New Pension Act 2004, and a defined benefit gratuity plan based on employee's pensionable and other post-employment remuneration and length of service.

The details of the Group's assets from Employee benefits are as below:

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Defined benefit obligations (see Note 18.1 below)	-	-	-	-
Employee benefit asset in statement of financial position	-	-	-	-

(a) The details of the Group's Liabilities from Employee benefits are as below:

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Defined benefit obligations (see Note 18.1 below)	(974)	(4,168)	(974)	(974)
Employee benefit asset in statement of financial position	(974)	(4,168)	(974)	(974)

18.1 Defined benefit plan:

The Group operates a Long Service Award scheme for its employees. Qualification for long service awards are 10 years, 15 years, 20 years, 25 years, 30 years and 35 years.

The actuarial valuation is based on the "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to other comprehensive income.

(a) The details of the defined benefit plans are as below:

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Long service award (outstanding liability)	974	4,168	974	974
Employee benefit liability in statement of financial position	**974**	**4,168**	**974**	**974**

(b) Company's obligations for:-

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
– Long service award (see note 18.1(e) below)	4,166	4,168	974	974
Total Company Obligation	4,166	4,168	974	974

(c) Fair value of Company's plan assets

i Income statement charge for:-

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
– Long service award (see note 18.1(e)(ii) below)	-	2,853	-	360
Total	-	2,853	-	360

ii Gain/ (loss) on other comprehensive income

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
-Adjustments for long-service awards obligations (see note 18.1(e)(iii))	-	6,889	-	1,042
Total in other comprehensive income	-	6,889	-	1,042

(i) The movement in the defined benefit obligation over the year is as follows:

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January	4,168	41,335	974	1,656
Current service cost	-	1,820	-	233
Interest cost	-	1,033	-	127
Benefits paid	(3,194)	(27,931)	-	-
Actuarial (gains)/losses	-	6,889	-	1,042
At 31 December 2022	974	4,168	974	974

(ii) The amounts recognised in the profit or loss are as follows:

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Current service costs (see note 18.1(e)(i))	-	1,820	-	233
Net interest costs/income:				
- Interest costs (see note 18.1(e)(i))	-	1,033	-	127
At 31 December 2022	-	2,853	-	360

(iii) The amounts recognised in other comprehensive income are as follows:

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Actuarial gains on obligations (see note 18.1(e)(i))	-	6,889	-	1,042

The principal actuarial assumptions used were as follows:

	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Discount rate	13%	13%	13%	13%
Future salary increases	12%	12%	12%	12%
Inflation rate	13%	13%	13%	13%
Benefit escalation rate	0%	0%	0%	0%

The mortality rates assumed for the employees are the rates published in the A67/70 Ultimate Tables published jointly by the Institute and Faculty of Actuaries in the United Kingdom.

19 Deferred taxation

Group

The movement in the net deferred tax assets/(liabilities) during the year are shown below:

For the year ended 31 December 2022

In thousands of Naira	At 1 January	Derecognition	Recognised in profit or loss	Recognised in OCI	At 31 December
Deferred tax assets					
Property and equipment, and software	36,456	(36,456)	-	-	-
Allowances for loans and receivables	-	-	-	-	-
Unrelieved loss	157,594	(157,594)	-	-	-
Employee benefits	505	(505)	-	-	-
Foreign exchange	7,037	(7,037)	-	-	-
Deferred tax assets	**201,592**	**(201,592)**	**-**	**-**	**-**
Deferred tax liabilities			-	-	-
Property and equipment, and software	-	-	-	-	-
Allowances for loans and receivables	-	-	-	-	-
Unrelieved loss	-	-	-	-	-
Investment properties	(25,862)	25,862	-	-	-
Employee Benefits	(3,868)	3,868	-	-	-
Deferred tax Liabilities	(29,730)	29,730	-	-	-
Net deferred tax assets/(liabilities)	**171,862**	**(171,862)**	**-**	**-**	**-**

Values presented as 'derecognition' above represent deferred tax assets and liabilities relating to subsidiaries disposed now derecognised.

Group

For the year ended 31 December 2021

In thousands of Naira	A 1 January	Recognised in profit or loss	Derecognition	Recognised in OCI	At 31 December
Deferred tax assets					
Property and equipment, and software	35,951	505	-	-	36,456
Allowances for loans and receivables	-	-	-	-	-
Unrelieved loss	150,574	7,020	-	-	157,594
Employee benefits	497	8	-	-	505
Foreign exchange	6,946	91	-	-	7,037
Deferred tax assets	**193,968**	**7,624**	**-**	**-**	**201,592**
Deferred tax liabilities					
Property and equipment, and software	(285,461)	285,461			-
Allowances for loans and receivables	(5,978)	5,978			-
Unrelieved loss	14,516	(14,516)			-
Investment properties	(341,098)	259,141	56,095	-	(25,862)
Employee Benefits	7,920	(11,788)			(3,868)
Deferred tax liabilities	**(610,101)**	**524,277**	**56,095**	**-**	**(29,730)**
Net deferred tax assets/(liabilities)	**(416,133)**	**531,901**	**56,095**	**-**	**171,862**

Company
In thousands of Naira

	31-Dec-22	31-Dec-21
Deferred tax asset		
Balance, beginning of year	-	-
Movement for the year – Deferred tax charge/(credit)	1,257,882	-
Non-recognition of Deferred tax credit	(1,257,882)	
Balance, end of year	-	-
Deferred tax liability		
Balance, beginning of year	-	-
Movement for the year - Deferred tax charge/(credit)	-	-
Balance, end of year	-	-

Deferred tax assets have not been recognised because it is not considered probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

20 Other liabilities

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Due to related parties (see 20(a) below)	412,827	-	420,708	46,791
Other liabilities (see 20(b) below)	2,624,584	1,502,638	2,576,125	1,740,501
At 31 December 2022	3,037,411	1,502,638	2,996,833	1,787,292
Within one year	2,945,736	1,332,658	2,921,857	1,617,397
More than one year	91,675	169,980	74,976	169,895
	3,037,411	1,502,638	2,996,833	1,787,292

(a) Due to related parties

Royal Exchange General Insurance Company	367,802	-	367,802	-
Royal Exchange Prudential Life Limited	-	-	-	38,754
Royal Exchange Finance Company Limited	-	-	52,906	8,037
Royal Exchange Microfinance Bank Limited	45,025	-	-	-
	412,827	-	420,708	46,791

(b) Analysis of other liabilities is as follows:

Deferred income	(23,732)	-	-	-
Accruals	62,557	337,164	59,557	680,295
PAYE and WHT payables	1,527	1,541	1,527	1,515
VAT Payable	25,422	19,810	25,422	19,810
Other Statutory payables	940	2,836	-	-
Deposit for shares	-	85	-	-
Staff payables	3,696	74,656	3,696	74,656
Dividend payable held as collateral (See note 20b(i))	-	100,531	-	100,531
Unclaimed Dividend (See note 20b(ii))	47,240	47,240	47,240	47,240

Discontinued Liability	2,314	2,314	2,314	2,314
Other payables (See note 20b(iii))	2,504,620	916,461	2,436,371	814,139
At 31 December 2022	2,624,584	914,821	2,580,932	1,740,501

(i) Dividend payable held as collateral represents dividend belonging to Spennymoor Limited, Dantata Investments & Securities Company Limited and Pheonix Holdings Limited which was withheld by the Group in respect of 250 million units of the Group's shares held by Decanon Investment Limited in relation to an ongoing litigation case involving the Group and the aforementioned counterparties.

(ii) Unclaimed dividend represents all dividends belonging to shareholders of the Group outstanding for more than 15 months, which have been returned to the Group by the Registrar in compliance with the Securities Exchange Commission (SEC)'s directive.

(iii) Below is an analysis of Other payables:

In thousands of Naira	**Group 31-Dec-22**	**Group (Restated) 31-Dec-21**	**Company 31-Dec-22**	**Company (Restated) 31-Dec-21**
Sundry Creditors	1,594,991	543,670	1,594,551	533,760
Other Staff related payables	18,184	28,192	-	-
Accrued Interests Payable	46,189	54,584	-	-
Client Deposit Liabilities	3,977	8,135	-	-
Unpaid Legal liabilities	67,439	67,439	67,439	67,439
Other payables (See note 20b(iv))	788,078	214,442	774,381	212,940
	2,518,858	916,461	2,436,371	814,139

(iv) Other payables include provisions for litigations which represents N46.14 million that have been decided against the Group. There are certain pending litigations in some courts of law in Nigeria involving the Group and its components either as plaintiff or defendant.

Three cases have been decided against the Group. Necessary accruals have been made for a total of N46.14m. However, in one of the cases titled "Suit No. NICN/LA/500/2020 Mr. Simon Ejima V. Royal Exchange Plc & Royal Exchange General Insurance Co. Limited" the court ruled that Royal Exchange Plc. pay the sum of N43.98m. This has been charged and accrued for in these financial statements, although the directors intend to make an appeal as the actions are being vigorously contested.

(v) This represents payables to various associates within the Group.

21 Depositors' funds

In thousands of Naira	**Group 31-Dec-22**	**Group (Restated) 31-Dec-21**	**Company 31-Dec-22**	**Company (Restated) 31-Dec-21**
Royal Exchange investment notes (see note 25(a) below)	225,245	182,244	-	-
High yield investment papers (see note 25(b) below)	969,057	1,164,533	-	-
Savings	-	-	-	-
Demand deposit	-	-	-	-
Term deposit and call deposits	7,581	19,855	-	-
Interest Payable	24,545			
	1,226,428	1,366,632	-	-

(a) Royal Exchange Investment Notes represents customers' deposits into the Group's term deposit options. It is a flexible money market investment option that has an upfront interest payment and accepts a minimum of N2million as deposit payable over 90 days. It is carried at amortised cost.

(b) High Yield Investment Papers represent customers' deposits into the Group's term deposit options. It is a product that offers a certain interest, promising to be higher than the average money market rate. Interests are paid back end and minimum deposits of N1million are accepted, payable over 90 days. It is carried at amortised cost.

22 Insurance contract liabilities

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Healthcare insurance	-	133,375	-	-
At 31 December	-	133,375	-	-

(i) The movement in outstanding claims is shown below:

At 1 January	-	2,457,158	-	-
Movement during the year	-	(2,457,158)	-	-
At 31 December	-	-	-	-

(b) Healthcare insurance

Claims and loss adjustment expenses (see note 26(b)(i))	-	127,555	-	-
Provisions for unearned premiums and unexpired short term insurance risks (see note 22(b)(ii))	-	5,819	-	-
At 31 December	-	133,375	-	-

(i) Analysis of claims and loss adjustment expenses are as follows:

Claims outstanding as at 1 January	-	160,340	-	-
Cash paid for claims settled in the year	-	68,478	-	-
– Arising from current-year claims	-	(29,617)	-	-
– Arising from prior year claims	-	(71,645)	-	-
At 31 December	-	127,555	-	-

(ii) Provisions for unearned premiums and unexpired short term insurance risks
The movements for the year are summarised below:

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January	-	19,402	-	-
Increase in period	-	37,982	-	-
Release in the period	-	(51,565)	-	-
At 31 December	-	5,819	-	-

These provisions represent the liability for short-term insurance contracts for which the Group's obligations are not expired at the end of the reporting period. The unexpired risk provision relates to the casualty insurance contracts for which the Group expects to pay claims in excess of the related unearned premium provision. This assessment is performed using geographical aggregation of portfolios of liability insurance contracts within the casualty segment.

23 Taxation

(a) Charge for the year

Recognised in profit or loss

In thousands of Naira	**Group 31-Dec-22**	**Group (Restated) 31-Dec-21**	**Company 31-Dec-22**	**Company (Restated) 31-Dec-21**
Income tax	2,141	1,759	34	-
(Over)/under provision in prior years	-	-	-	-
Police Trust Fund Levy	-	-	-	-
Education tax	-	498	-	-
Information Technology tax	-	200	-	204
	2,141	2,457	34	204
Deferred tax charge/(credit)	-	-	-	-
Income taxes	2,141	2,457	34	204
Minimum tax	-	1,930	-	628

(b) Current income tax liabilities

At 1 January	240,082	650,203	232,836	254,511
Derecognition due to reclassified subsidiary	(7,522)	(390,700)	(275)	-
Charge for the year	2,141	2,856	34	-
Payment during the year	-	(23,809)	-	(22,507)
Police Trust Fund levy	-	1	-	1
Minimum Tax	-	1,143	-	628
Education tax	-	498	-	-
Information Technology Tax	-	403	-	203
Reclassified to Liabilities associated with assets held for sale - REPRU	-	(513)		
At 31 December	234,701	240,082	232,595	232,836

24 Borrowings

In thousands of Naira	**Group 31-Dec-22**	**Group (Restated) 31-Dec-21**	**Company 31-Dec-22**	**Company (Restated) 31-Dec-21**
At 1 January	2,413,039	2,184,877	2,523,850	2,313,544
Addition	-	18,313,192	609,949	18,440,355
Interest accrued	225,150	206,063	53,410	91,103
Interest paid	(93,412)	(125,323)	(32,483)	(55,407)
Principal repayments	(2,000,000)	(18,085,031)	(2,000,000)	(18,230,049)
Reclassification	-		-	
At 31 December	544,777	2,413,039	544,777	2,523,850

(a) In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
FSDH Merchant Bank	-	1,999,472	-	1,999,472
Borrowings from Funds under management (see note 24(i) below)	544,777	361,004	544,777	361,004
Royal Exchange Finance Company Limited	-	-	-	163,374
Overdraft with banks	-	52,563	-	-
	544,777	2,413,039	544,777	2,523,850
Current	-	2,052,035	-	1,999,472
Non-current	544,777	361,004	544,777	524,378
	544,777	2,413,039	544,777	2,523,850

(i) The amount represent the carrying amount of term loans obtained by the Group as at 31 December 2022. These are made up of loans taken from Royal Exchange Trustee Fund and Royal Exchange Dividend fund through a Commercial Paper issuance by Royal Exchange Plc (REPLC) at 5% interest rate. Royal Exchange Dividend fund is currently managed by REPLC. The funds are made up of unclaimed dividends (dividends not claimed within six months after a declaration-CAMA 2020) owned by unknown shareholders which are currently in custody of REPLC.

24(b) Lease liabilities

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
At 1 January	-	-	12,867	16,833
Interest expense	168	-	1,830	5,476
Repayments	-	-	(998)	(9,442)
At 31 December	168	-	13,699	12,867

(i) Lease liabilities represent outstanding vehicle finance lease facility obtained by Royal Exchange Plc from Royal Exchange Finance Company Limited in the year 2016 which is yet to be settled.
(ii) There are no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of the lease.
(iii) There are no restrictions or covenants imposed by this lease as at 31 December 2022 (2021: nil).
(iv) The lease agreement does not involve any sale and leaseback transactions.
(v) There are no variable lease payments excluded from the measurement of lease liabilities.

25 Share capital

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Share capital comprises				
Issued share capital at 50k each	2,572,685	2,572,685	2,572,685	2,572,685

26 Share premium

At 31 December	2,690,936	2,690,936	2,690,936	2,690,936

27 Contingency reserve

In compliance with Section 21(1) of Insurance Act 2003, the contingency reserve for general business is credited with the greater of 3% of gross premium or 20% of Net Profit and accumulated until it reaches the amount of greater of minimum Paid up Capital or 50 percent of Net Premium, where as, the contingency reserve for life business is credited with the greater of 1% of gross premium or 10% of Net Profit and accumulated until it reaches the amount of greater of minimum Paid up Capital or 50 percent of net premium.

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21	Company 31-Dec-22	Company (Restated) 31-Dec-21
Beginning of the year	417,436	2,291,372	-	-
Transfer from profit or loss account	-	1,830	-	-
Adjustment for loss of control	(417,436)	(1,875,766)	-	-
As at year end	-	417,436	-	-

28 Retained Earnings

The amount represents the retained earnings available for dividend distribution to the equity shareholders of the company. For analysis of movement in retained earnings, see the 'Statement of Changes in Equity.

29 Other Component of Equity

(a) Actuarial losses gains or on employee benefit obligation

Actuarial gains/losses on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from expectation. The gains/losses for the year, net of applicable deferred tax asset/liability on employee benefit obligation, are recognized in other comprehensive income.

(b) Fair value reserves

Fair value reserves represent the cumulative net change in the fair value through other comprehensive income (OCI) financial assets at the reporting date.

(c) Regulatory risk reserve

Regulatory risk reserves represents the difference between the allowance for impairment losses on loans and advances to customers based on Central Bank of Nigeria (CBN) prudential guidelines, compared with the expected credit loss model used in calculating the impairment under IFRSs. This reserve is maintained by Royal Exchange Finance Company Limited in compliance with the CBN prudential guidelines.

(d) Non-controlling interest (NCI)

For analysis of movement in NCI, see the 'Statement of Changes in Equity.

In thousands of Naira	Group 31-Dec-22	Group (Restated) 31-Dec-21
At 1 January	117,248	3,872,709
Additions	-	178,585
Net actuarial gains/losses	-	(141,871)
Share of (loss)/profit for the year	(30,192)	28,054
Disposals	(87,056)	(3,820,229)
At 31 December	**-**	**117,248**

30	**Interest Income calculated using effective interest method**				
	Interest income on placement with local banks	71,841	57,392	3,377	5,059
	Interest income on treasury bills	-	4	-	4
	Interest income on loans and receivables	181,789	189,255	-	-
	Interest income on advances under finance lease	8,543	12,509	-	-
	Total Interest Income	262,173	259,160	3,377	5,064

31	**Interest expense**				
	Interest expense on lease obligation	-	-	-	(5,476)
	Interest expense on borrowings	(225,158)	(53,410)	(53,410)	(91,103)
	Interest income on bonds	(4,072)	-		
	Total Interest Expense	(229,222)	(206,063)	(53,410)	(96,579)
	Net interest income	32,951	53,097	(50,033)	(91,515)

32 Investment and other income

Included in investment and other income are results from sale and disposals of financial and other investments and dividend income. Analysis of the balance as at period end is as follows:

In thousands of Naira	**Group 31-Dec-22**	**Group (Restated) 31-Dec-21**	**Company (Restated) 31-Dec-22**	**Company 31-Dec-21**
Equity securities:				
Dividend from Investment securities	13,501	2,259	455	1,039
Income on disposal of equities (FVTPL & FVTOCI)	29	-	29	-
Income on disposal of Property, Plant and Equipments	13,145	589		
Sundry income	27,107	-	3,000	-
Fees and commission	13,752	-	-	-
Trustee fee income	-	-	196	-
Fair value gain/(loss)	(593)	38,297	(13)	914,752
Investment management income	74	-	-	-
	67,015	41,145	3,668	915,791

33 Write-back/(Charge) of impairment allowance

In thousands of Naira	**Group 31-Dec-22**	**Group (Restated) 31-Dec-21**	**Company 31-Dec-22**	**Company (Restated) 31-Dec-21**
Impairment allowance on loans and advance	-	30,005	-	-
Allowance on advance under lease	-	4,440	-	-
Write back of impairment on other receivables	(90,877)	-	55,544	-
Impairement allowance on Cash & cash equivalent	-	9	-	9
Impairment allowance on Investment in subsidiaries	-	-	(187,490)	(497,900)
Impairment allowance on Intercompany balances	-	(4,120)	14,238	(4,119)
Impairment allowance on Other assets	-	(16,931)	-	-
	(90,877)	13,403	(117,708)	(502,010)

34	**Other operating income** *In thousands of Naira*	**Group** **31-Dec-22**	**Group (Restated)** **31-Dec-21**	**Company** **31-Dec-22**	**Company (Restated)** **31-Dec-21**
	Management fee income	-	11,385	-	11,385
	Trustee fee income	196	1,597	196	1,597
	Other income	-	143,202	-	131,053
	Insurance Brokerage Commission	-	613	-	-
	Fees for services rendered	-	20,559	-	-
		196	177,357	196	144,035

35 Management expenses

Salaries and allowances of other employees	98,088	153,543	-	59,315
Audit fees	11,441	11,600	8,000	8,600
Amortization and impairment charges	1,618	4,814	-	-
Depreciation on property and equipment	6,148	2,910	-	401
Depreciation on Right of use (Motor Vehicle)	-	3,762	-	3,762
Promotional and advert expense	816	3,792	-	1,397
Rent and rates	3,379	9,200	-	-
Directors' Sitting allowances	-	167	-	167
Directors' Other allowances	-	5,000	-	5,000
Bank charges	303	1,302	-	1,036
Legal fee	737	530	-	5
Insurance premium	698	3,936	-	3,047
Accounting consultancy fee	-	17,978	-	15,028
Power charges	7,621	5,358	-	-
Government charges	-	535	-	535
Stationeries	1,419	-	-	-
Printing external	-	766	-	24
Repairs and maintenance	10,274	24	-	1,052
Transport expenses	4,394	9,264	-	2,134
Software expenses	2,635	5,435	-	-
Subscription and journals	2,374	1,673	-	747
Marketing expenses	1,124	1,335	-	-
Fine paid (contravention)	-	-	-	1,560
VAT Paid	-	1,860	-	-
Other administrative expenses *	244,876	45,895	231,576	7,786
	397,945	290,680	239,576	111,596

* Other expenses represents entertainment and representation expenses, board meeting expenses and expenses incurred for the day to day running of the Group during the period.

36 Earnings per share

	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Basic and diluted earnings per share(kobo)	(6)	(33)	(3.7)	6.9

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Profit/(Loss) for the year attributable to owners of the company	(288,472)	(1,5659,864)	189,739	354,542

Unit in thousands	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Number of ordinary shares for the purpose of basic and diluted earnings per share	5,145,370	5,145,370	5,145,370	5,145,370

37 Cash and cash equivalents for Cash Flow Purposes

For the purposes of the statement of cash flow, cash and cash equivalents include cash, bank balances, investment in short term deposits (demand and time deposits) with a maturity date of 3 months or less upon acquisition and bank overdrafts.

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Cash (see note 5)	800	651	36	97
Bank balances (see note 5)	51,321	69,772	45,382	31,798
Short-term deposits (see note 5)	556,513	550,718	82,533	80,493
	608,634	**621,091**	**127,951**	**112,388**

38 Reconciliation notes to consolidated and separate statement of cashflows

(i)	Net Increase/(decrease) in employee retirement benefit:				
	Changes in employee retirement benefit liability	(3,194)	(37,167)	-	(682)
	Total changes recognised in statement of cashflows	**(3,194)**	**37,167**	**-**	**(682)**
(ii)	Net Increase/(decrease) in trade receivable:				
	Balance at the beginning of the year	17,021	136,091	-	-
	Impairment allowance on trade receivables(see note 10(a)(i))	-	(11,479)	-	-
	Balance at the end of the year	-	(17,021)	-	-
	Total changes recognised in statement of cash flows	**17,021**	**107,591**	**-**	**-**
(iii)	Net Increase/(decrease) in other receivables and prepayments:				
	Balance at the beginning of the year (see note 12)	101,878	471,550	115,162	219,712
	Write-backs recognised in profit or loss (see note 32)	(90,877)	-	69,782	-
	Balance at the end of the year (see note 12)	(163,342)	(101,878)	(105,361)	(115,162)
	At 31 December	**(152,341)**	**369,672**	**79,583**	**104,550**
(iv)	Net Increase/(decrease) in FVTPL investment securities				
	Balance at the beginning of the year (see note 7)	31,460	1,162,188	17,499	21,508
	Fair value change (see note 31)	(593)	38,297	(13)	6,314
	Balance at the end of the year (see note 7)	(30,820)	(31,460)	(17,440)	(17,499)
	Total changes recognised in statement of cash flows	**47**	**1,169,025**	**46**	**10,324**
(v)	Changes in other investment assets				
	Balance at the beginning of the year	195,090	4,949,088	-	1,096
	Foreign exchange gain recognised in profit or loss	-	-	-	-
	Fair value changes recognised in OCI	-	-	-	-
	Fair value changes recognised in profit or loss	-	38,667	-	-
	Redemptions/disposals	(195,090)	(4,792,665)	-	(1,096)
	Total changes recognised in statement of cash flows	-	**195,090**	**-**	**-**

(vi)	Changes in provision for outstanding claims:				
	Changes in outstanding claims on group-life insurance	(127,555)	-	-	-
	Changes in outstanding claims on individual-life insurance	-	(2,457,158)	-	-
	– Arising from current-year claims	-	(29,617)	-	-
	– Arising from prior year claims	-	(71,645)	-	-
	Increase/(decrease) in insurance contract liabilities on life insurance	-	(95,844)	-	-
	Total changes recognised in statement of cash flows	**(127,555)**	**(2,654,264)**	**-**	**-**
(vii)	Changes in unearned premium:				
	Changes in provisions for unearned premiums and unexpired short term insurance risks	5,819	(6,763)	-	-
	– Increase in period	-	37,982	-	-
	– Release in the period	(5,819)	(51,565)	-	-
	Changes in unearned premium on life insurance contract liability	-	58,943	-	-
	Total changes recognised in statement of cash flows	**-**	**38,596**	**-**	**-**
(viii)	Changes in loans and advances to customers				
	Balance at beginning of the year	1,079,176	1,044,098	-	-
	Impairment allowance recognised in profit or loss	-	(30,005)	-	-
	Balance at end of the year	(1,140,139)	(1,079,176)	-	-
	Total changes recognised in statement of cash flows	**(60,963)**	**(65,083)**	**-**	**-**
(ix)	Changes in advances under finance lease				
	Balance at beginning of the year (see note 7)	104,578	88,201	-	-
	Write back of impairment allowance	-	(4,440)	-	-
	Balance at end of the year (see note 7)	(68,431)	(104,578)	-	-
	Total changes recognised in statement of cash flows	**36,147**	**(20,817)**	**-**	**-**
(x)	Changes in depositors fund				
	Balance at the beginning of the year	(1,366,632)	(1,364,220)	-	-
	Balance at the end of the year	1,226,428	1,366,632	-	-
	Total changes recognised in statement of cash flows	**(140,204)**	**2,412**	**-**	**-**
(xi)	Proceed from sale of property and equipment				
	Cost of property and equipment	-	86,770	-	-
	Accumulated depreciation	-	(81,227)		
	Profit on disposal	-	589	-	-
	Total changes recognised in statement of cash flows	**-**	**6,132**	**-**	**-**

39 Capital management

The group manages its capital to ensure that it will be able to continue as a going concern and comply with the regulators' capital and solvency requirements for every of its subsidiaries whose capital is regulated, while maximizing return to stakeholders through the optimisation of the equity balance.

The capital structure of the group consist of only equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings.

The regulatory capital of the subsidiary in asset management has been maintained and preserved over the reporting periods. The regulatory capital for finance house business in Nigeria, in which the entity's subsidiary operates is N20 million.

The table below sets out the capital that is managed by the Company on an IFRS and regulatory basis:

In thousands of Naira	Group **31-Dec-22**	Group **31-Dec-21**
Shareholders' fund as per financial position	2,104,781	2,009,483
Less: Intangible assets	-	9,798
Capital resources on a regulatory basis	**2,104,781**	**2,019,281**
Shareholders' funds upon approval of deposit for shares	**2,104,781**	**2,026,373**

The details of the Company's capital structure are shown in the statement of financial position section of the financial statements.

40 Financial risk management

Factors relating to general economic conditions, such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, and inflation, all affect the profitability of businesses in Nigeria.

In a sustained economic phase of low growth, characterized by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for financial and insurance products could be adversely affected.

The Group’s risk management process includes the identification and measurement of various forms of risk, the establishment of risk thresholds and the creation of processes intended to maintain risks within these thresholds while optimizing returns on the underlying assets and minimizing costs associated with liabilities. Risk range limits are established for each type of risk, and are approved by the Board’s Investment Committee and subject to ongoing review.

The Group’s risk management strategy is an integral part of managing the Group’s core businesses, and utilizes a variety of risk management tools and techniques such as:

- Measures of price sensitivity to market changes (e.g., interest rate and foreign exchange rate);
- Asset/Liability management;
- Periodic Internal Audit and Control, and;

In addition, the Group monitors and manages the financial risks relating to the operations of the organization through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

41 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. Fair values are determined at prices quoted in active markets. In our environment, such price information is typically not available for all instruments and the Group applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions could generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Group has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

a Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, analyzed into Levels 1 to 3 based on the degree to which the fair value is observable.

Group
31-Dec-22

In thousands of Naira	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets:				
Fair value through profit or loss:-				
Quoted equity shares	30,820	-	-	30,820
Total financial assets measured at Fair value	**30,820**	**-**	**-**	**30,820**

Group
31-Dec-21

In thousands of Naira	Level 1	Level 2	Level 3	Total
Financial Assets:				
Fair value through profit or loss:-				
Quoted equity shares	31,460	-	-	31,460
	31,460			31,460
Fair value through Other Comprehensive Income:-				
Federal government bonds	195,090	-	-	195,090
Unlisted equities	-	-	-	-
Specific impairment allowance	-	-	-	-
	195,090	**-**	**-**	**195,090**
Total financial assets measured at fair value	**226,550**	**-**	-	**226,550**

Company
31-Dec-22

In thousands of Naira	Level 1	Level 2	Level 3	Total
Financial Assets:				
Fair value through profit or loss:-				
Quoted equity shares	17,440	-	-	17,440
Total financial assets measured at fair value	17,440			17,440

Company
31-Dec-21

In thousands of Naira	Level 1	Level 2	Level 3	Total
Financial Assets:				
Fair value through profit or loss:-				
Quoted equity shares	17,499	-	-	17,499
Total financial assets measured at fair value	17,499			17,499

b Financial instruments not measured at fair value

The fair value information for financial assets and financial liabilities not measured at fair value has not been disclosed because the carrying amount is a reasonable approximation of its fair value. These financial instruments include:

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and current balances with banks.

The carrying amounts of current balances with banks is a reasonable approximation of fair value which is the amount receivable on demand.

Amortized Cost

The estimated fair value of fixed interest earning placements is based on discounted cash flows using prevailing money-market interest rates for the debts. The carrying amount represents the fair value which is receivable on maturity. The estimated fair value of staff mortgage loans represents the market values of the loans, arrived at by recalculating the carrying amount of the loans using the estimated market rate.

Trade receivables and other receivables

The carrying amounts of trade receivables and other receivables are reasonable approximation of their fair values which are receivable on demand.

Bank overdrafts, trade payables, provision and other payables and finance lease obligations

The carrying amounts of bank borrowings, trade payables, provision and other payables and finance lease obligations are reasonable approximation of their fair values which are repayable on demand.

C Financial risks

The Group is exposed to the following categories of risk as a consequence of offering different financial products and services by the Group:-

i *Market risk*

This reflects the possibility that the value of the Group's investments will fall as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. The Group is exposed to this risk through its financial assets and comprises of currency risk, interest rate risk and price risk.

Currency risk

This is the risk of the fair value of financial instruments being affected by changes in foreign exchange rates. The Group seeks to manage its exposures to risk through control techniques which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board. A description of the risks associated with the Group's principal products and the associated control techniques is detailed below.

Foreign Currency risk

The Group accepts receipt of premiums in foreign currency, in addition to Naira, from its clients; hence, exposures to exchange rate fluctuations arise. The Group is exposed to foreign currency denominated in dollars through a domiciliary bank balance.

The Group has minimal exposure to currency risk as the Group's financial assets are primarily matched to the same currencies as its insurance and investment contract liabilities. As a result, foreign exchange risk arises from other recognized assets and liabilities denominated in other currencies

The carrying amounts of the Group's foreign currency denominated assets and liabilities are as follows:

Group

31-Dec-21

In thousands of Naira	Pounds sterling	Euro	US Dollars	Total
Assets (cash & cash equivalent)	1,204	1	7,418	8,623
Quoted equities	-	-	-	-
Loans and receivables	-	-	-	-
Liabilities	-	-	-	-
	1,204	1	7,418	8,623

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in foreign currency rates against the Naira. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

The tax impact of foreign exchange results is generally 30% of the result. This is not included in the impact on shareholders equity as the final impact will depend on the tax status of the Company when it realises the impact of the foreign exchange results for tax.

The Group has no foreign exchange exposure in year 2022.

31-Dec-21

In thousands of Naira	**Pounds sterling**	**Euro**	**US Dollars**	**Total**
10% increase	120	-	742	862
10% decrease	(120)	-	(742)	(862)
Impact of increase on:				
Pre-tax profit	-	-	-	(263,709)
Shareholders' equity	-	-	-	1,899,054
Impact of decrease on:				
Pre-tax profit	-	-	-	(265,433)
Shareholders' equity	-	-	-	1,897,329

Interest rates risk

The Group's exposure to interest rate risk relates primarily to the market price and cash flow variability of assets and liabilities associated with changes in interest rates.

Insurance liabilities and employee benefits do not form part of this profile. Although they are significant liabilities subject to interest rate risk, they are not financial instruments within the scope of IFRS 7.

Changes in interest rates result to reduction in income 'spread' or the difference between the amounts that the Group is required to pay under the contracts and the rate of return the Group is able to earn on investments intended to support obligations under the contracts. Investment spread is, arguably, one of the key components of the net income of insurers.

The Group's mitigation efforts with respect to interest rate risk are primarily focused on maintaining an investment portfolio with diversified maturities that has a weighted average duration or tenor approximately equal to the duration of its liability cash flow.

Also, the Group manages this risk by adopting close asset/liability matching criteria, to minimize the impact of mismatches between asset and liability values arising from interest rate movements.

Furthermore, the Group uses sensitivity analysis to measure the impact of interest rate changes and movements on the value of our financial assets scenarios.

The Group is very moderately exposed to interest rate risk as it invests in fixed income and money market instruments.

Interest rate profile

At the end of the reporting period the interest rate profile of the Group's interest bearing financial instruments as reported to the Management of the Group are as stated below:

Group
Financial instruments

In thousands of Naira		**31-Dec-22**	**31-Dec-21**
Fixed Interest rate instructions			
Cash and cash equivalents	5	556,513	550,718
Federal government bonds	8(b)	-	195,090
Loans and advances	6	1,140,139	1,079,176
Advances under finance lease	7	83,991	120,138
		1,780,643	**1,945,123**

In addition to the financial instruments listed above, the Group has borrowings amounting to ₦545 million (2021:₦2.4billion) and depositors funds amounting to N1.2 billion (2021: ₦1.4 billion).

The impact on interest sensitivity information below for borrowings is 0.5% of ₦545 million, which is ₦2.7 million (2021: ₦12.1 million) while the impact on depositors' funds is ₦6 million (2021: ₦6.8million).

Company
Financial instruments

In thousands of Naira	**31-Dec-22**	**31-Dec-21**
Cash and cash equivalents	82,533	80,493
	82,533	80,493

In addition to the financial instruments listed above, the Company has borrowings amounting to N544.77 million (2021: N2.5billion). The impact on interest sensitivity information below is 0.5% of N544.77 million, which is N2.7 million (2021: N12.6 million).

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

In thousands of Naira	**Group 31-Dec-22**	**Group 31-Dec-21**	**Company 31-Dec-22**	**Company 31-Dec-21**
Increase in interest rate by 50 basis points (+0.5%)	46	(9,173)	413	402
Decrease in interest rate by 50 basis point (-0.5%)	(46)	9,173	(413)	(402)
Equity and profit after adjustments				
Pre-tax profit	(148,380)	(551,461)	(162,714)	20,654
Shareholders' equity	2,104,827	855,286	2,093,606	4,144,419
Equity and profit after adjustments				
Pre-tax profit	(148,380)	20,914	(163,540)	15,013
Shareholders' equity	2,104,735	2,469	2,092,780	4,143,614

The tax impact of interest rate movement is generally 30% of the result. This is not included in the impact on shareholders equity as the final impact will depend on the tax status of the Company when it realises the impact of the interest rate results for tax purposes.

Equity price risk management
The Group is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares
included in financial assets represent investments in listed securities that present the Group with opportunity for return through dividend income and
capital appreciation.

Equity investments designated as fair value through other comprehensive income are held for strategic rather than trading purposes. The Group has no significant concentration of price risk.

The carrying amounts of the Group’s equity investments are as follows:

	Group 31-Dec-22 ₦'000	Group 31-Dec-21 ₦'000	Company 31-Dec-22 ₦'000	Company 31-Dec-21 ₦'000
Equity Securities; - quoted (fair value through profit or loss)	30,820	31,460	17,440	17,499
	30,820	**31,460**	**17,440**	**17,499**

Equity price sensitivity analysis
The sensitivity analyses set out below show the impact of a 10% increase and decrease in the value of equities on profit before tax and shareholders’ equity based on the exposure to equity price risk at the reporting date

	Group 31-Dec-22 ₦'000	Group 31-Dec-21 ₦'000	Company 31-Dec-22 ₦'000	Company 31-Dec-21 ₦'000
10% increase	3,082	3,146	1,744	1,750
10% decrease	(3,082)	(3,146)	(1,744)	(1,750)
Equity and profit after adjustments				
Pre-tax profit	419,841	(499,962)	(161,383)	22,002
Shareholders’ equity	2,107,863	(1,463,305)	2,094,937	4,145,767
Equity and profit after adjustments				
Pre-tax profit	413,677	(609,261)	(164,871)	18,502
Shareholders’ equity	2,101,699	(1,572,603)	2,091,499	4,142,267

(ii) ***Credit risk***

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The key areas of exposure to credit risk for the Group are in relation to its investment portfolio, reinsurance program and receivables from reinsurers and other intermediaries.

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letters of credit, endorsements and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets.

The Group has adopted a policy of dealing with only creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with only entities that have an investment grade rating and above.

This information is supplied by independent rating agencies, where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties. Concentration of credit, otherwise known as single obligor credit, did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and other near cash financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group is exposed to credit risk via

- Debt securities
- Cash and cash equivalents
- Trade receivables

(a) Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 53(c)(ii)(b) for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 53(c)(ii)(b)(v) for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 53(c)(ii)(c) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 53(c)(ii)(d) includes an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(b) *Significant increase in credit risk*

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

i **Quantitative criteria:**

Where the days past due is greater than 30 days past due, the instrument is classified as stage 2.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on independent rating by credit rating agencies. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Significant increase in credit risk is also determined through the use of notch differences.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposure	Retail exposures	All exposures
· Information obtained during periodic review of customer files — e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes	· Internally collected data on customer behaviour — e.g. utilisation of credit card facilities	· Payment record — this includes overdue status as well as a range of variables about payment ratios
· Data from credit reference agencies, press articles, changes in external credit ratings	· Affordability metrics	· Utilisation of the granted limit
· Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	· External data from credit reference agencies including industry-standard credit scores	· Existing and forecast changes in business, financial and economic conditions

ii Qualitative criteria:

if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a counterparty level for financial instruments held by the Company. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

iii Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

iv *Definition of default*

The Group considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments .

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period of three months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definition.

(c) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

* The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
* EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
* Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the instruments. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

* For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
* * For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

* For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
* For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 53(c)(ii)(d) for an explanation of forward- looking information and its inclusion in ECL calculations.
The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a periodic basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models
The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process.

In addition to the base economic scenario, the Group also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators (see note 53(c)(ii)(b). This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).
These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

(d) ***Credit risk exposure***

Maximum exposure to credit risk – Financial instruments subject to impairment

For ECL purposes, the Group's financial asset is segmented into sub-portfolios are listed below

- Placement with other banks
- Investment securities
- Mortgage loans
- Loans and Advances

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Group

Short term deposits (Fixed deposits)

			2022			2021
ECL staging						
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Credit grade						
Investment grade	-	-	-	-	-	-
Speculative Grade	556,513	-	-	-	556,513	550,718
Gross carrying amount	**556,513**	**-**	**-**	**-**	**556,513**	**550,718**
Loss allowance	(61)	-	-	-	(61)	(529)
Carrying amount	**556,452**	**-**	**-**	**-**	**556,452**	**550,189**

Investment Securities

			2022			2021
ECL staging						
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Credit grade						
Investment grade	-	-	-	-	-	195,090
Speculative Grade	-	-	-	-	-	-
Gross carrying amount	**-**	**-**	**-**	**-**	**-**	**195,090**
Loss allowance	-	-	-	-	-	-
Carrying amount	**-**	**-**	**-**	**-**	**-**	**195,090**

Loans and Advances under Finance Lease						
			2022			2021
ECL staging						
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Credit grade						
	-	-	-		1,401,797	1,423,753
Gross carrying amount	**-**	**-**	**-**	**-**	**1,401,797**	**1,423,753**
					-	
Loss allowance	-	-	-	-	(193,227)	(240,002)
Carrying amount	**-**	**-**	**-**	**-**	**1,208,570**	**1,183,751**

Short term deposits (Fixed deposits)						
			2022			2021
ECL staging						
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000
Credit grade						
Investment grade	-	-	-	-	-	-
Speculative Grade	82,533	-	-	-	82,533	80,493
Gross carrying amount	**82,533**	-	-	-	**82,533**	**80,493**
Loss allowance	(61)	-	-	-	(61)	(61)
Carrying amount	**82,472**	-	-	-	**82,472**	**80,431**

Investment securities

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period (see note 3.1.5).

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:
Group

Short term deposits (Fixed deposit)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	N'000	N'000	N'000	N'000	N'000
Loss allowance as at 1 January 2022	**529**	**-**	**-**	**-**	**529**
Movements with P&L impact					
New financial assets originated or purchased	61	-	-	-	61
Matured financial assets	(529)	-	-	-	(529)
Total net P&L charge during the period	**61**	**-**	**-**	**-**	**61**
Loss allowance as at 31 December 2022	**61**	**-**	**-**	**-**	**61**

Loans and Advances under Finance Lease	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	N'000	N'000	N'000	N'000	N'000
Loss allowance as at 1 January 2022	**166,475**	**7,579**	**127,188**	**-**	**301,242**
Movements with P&L impact					
Matured financial assets	(166,475)	(7,579)	(127,188)	-	(301,242)
Total net P&L charge during the period	**-**	**-**	**-**	**-**	**-**
Loss allowance as at 31 December 2022	**-**	**-**	**-**	**-**	**-**

The following table further explains changes in the gross carrying amount of the investment securities portfolio to help explain their significance to the changes in the loss allowance for the same portfolio.

Investment securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	N'000	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	4,281,525	-	-	-	4,281,525
Financial assets derecognised during the period other than write-offs	(4,281,525)	-	-	-	(4,281,525)
Gross carrying amount as at 31 December 2022	**-**	**-**	**-**	**-**	**-**

Short term deposits (Fixed Deposits)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	N'000	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	(37,098)	-	-	-	(37,098)
Financial assets derecognised during the period other than write-offs	37,098	-	-	-	37,098
New financial assets originated or purchased	556,513	-	-	-	556,513
Gross carrying amount as at 31 December 2022	**556,513**	**-**	**-**	**-**	**556,513**

Loans and Advances under Finance Lease	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	N'000	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	1,423,753	-	-	-	**1,423,753**
Financial assets derecognised during the period other than write-offs	(1,423,753)	-	-	-	(1,423,753)
New financial assets originated or purchased	1,401,797	-	-	-	1,401,797
Gross carrying amount as at 31 December 2022	**1,401,797**	**-**	**-**	**-**	**1,401,797**

Company

Short term deposits (Fixed deposit)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	N'000	N'000	N'000	N'000	N'000
Loss allowance as at 1 January 2022	**61**	**-**	**-**	**-**	**61**
Movements with P&L impact					
Transfers:					
New financial assets originated or purchased	61	-	-	-	61
Matured financial assets	(61)	-	-	-	(61)
Total net P&L charge during the period	**61**	**-**	**-**	**-**	**61**
Gross carrying amount as at 31 December 2022	**61**	**-**	**-**	**-**	**61**

The following table further explains changes in the gross carrying amount of the investment securities portfolio to help explain their significance to the changes in the loss allowance for the same portfolio.

Short term deposits (Fixed Deposits)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	N'000	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	80,493	-	-	-	**80,493**
Transfers:					
Financial assets derecognised during the period other than write-offs	(80,493)	-	-	-	(80,493)
New financial assets originated or purchased	82,533	-	-	-	82,533
Gross carrying amount as at 31 December 2022	**82,533**	**-**	**-**	**-**	**82,533**

Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

(iii) Liquidity risk

The Group's principal objective in managing its liquidity and capital resources is to maximize the returns on capital to shareholders, pay dividends, pay staff and fulfill statutory obligations to regulators and the different tiers of government in the environment in which it operates. Effective and prudent liquidity is a priority across the Group.

Management monitors the liquidity of the Group on a daily basis and projects her financial needs over a multi-year time horizon through its quarterly budget and review process. Management believes that the cash flows from the sources of fund available to the Group are sufficient to satisfy the current liquidity requirements of the Group, including under reasonably foreseeable stress scenarios.

In managing liquidity (and of course, capital), the Group seeks to:

- Match the profile of assets and liabilities, taking into account the risks inherent in each line of product;
- Maintain financial strength to support new business growth whilst still satisfying the requirements of policyholders and regulators;
- Retain financial flexibility by maintaining strong liquidity, and;
- Allocate liquid resources efficiently to support growth while settling commitments promptly.

Sources of Liquidity

In managing cash flow position, the Group has a number of sources of liquidity, including the following principal sources:

-Investment income
-Investment maturities

Application of funds

The principal uses of our liquidity include:

- Staff benefits;
- Purchase of investment's and;
-Payment in connection with financing activities.

In practice, most of the Group's assets are marketable securities which could be converted into cash when required.

Maturity Profile

The following table shows the Group's expected maturity for its non-derivative assets. The table has been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

It also shows details of the expected maturity profile of the Group's undiscounted obligations with respect to its financial liabilities.

It should be noted that Unit-linked assets and liabilities are excluded from this analysis.

Group

31-Dec-22

In thousands of Naira	Carrying amount	Contractual cashflow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/ insurance assets							
Cash and cash equivalents	608,573	608,573	608,573	-	-	-	-
Fair value through Profit or Loss	30,820	30,820	-	-	30,820	-	-
Loans and advances to customers	1,140,139	1,140,139	536,538	165,924	418,264	19,413	-
Advances under finance lease	68,431	68,431	68,431	-	-	-	-
	1,847,963	**1,847,963**	**1,213,542**	**165,924**	**449,084**	**19,413**	**-**
Non-derivative financial liabilities							
Borrowing	544,777	544,777	-	-	**544,777**	-	-
Other liability	3,037,411	3,037,411	-	-	-	2,987,857	49,554
Depositors Funds	1,226,428	1,226,427	260,728	284,856	652,371	28,472	-
Finance Lease Obligation	168	168	-	-	168	-	-
	4,808,784	**4,808,784**	**260,728**	**284,856**	**1,197,317**	**3,016,329**	**49,554**
Gap (asset - liabilities)	**(2,960,821)**	**(2,930,034)**	**952,814**	**(118,932)**	**(748,233)**	**(2,996,916)**	**(49,554)**
Cumulative liquidity gap				833,882	85,649	(2,911,266)	(2,960,820)

31-Dec-21

In thousands of Naira	Carrying amount	Contractual cashflow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/ insurance assets							
Cash and cash equivalents	620,562	620,562	620,562	-	-	-	-
Loans and advances to customers	1,079,176	1,079,176	107,918	215,835	431,670	323,753	-
Advances under finance lease	104,578	104,578	10,458	20,916	41,831	31,373	-
Measured at fair value through profit or loss (FVPTL)	31,460	33,033	3,303	16,517	13,213	-	-
Measured at fair value through OCI (FVOCI)	195,090	195,090	19,509	97,545	78,036	-	-
Trade receivables	17,021	3,404	6,808	6,808	9,292	-	-
Deferred acquisition cost	234,017	543,602	-	85,005	198,612	259,985	-
	2,281,904	2,579,445	768,558	442,626	772,654	615,111	
Non-derivative financial liabilities/ insurance liability							
Borrowing	2,413,039	2,533,690	709,433	810,781	482,607	410,216	-
Other liability	1,502,638	1,502,638	420,738	871,530	74,363	-	-
Depositors funds	1,366,632	1,366,632	478,321	614,984	273,326	-	-
Insurance contract liabilities	133,375	133,375	80,025	53,350	-	-	-
	5,415,684	5,536,335	1,688,517	2,350,645	830,296	410,216	
Gap (asset - liabilities)	(3,133,780)	(2,956,890)	(919,959)	(1,908,019)	(57,642)	204,895	
Cumulative liquidity gap				2,827,978)	(2,885,620)	(2,680,725)	

Company

31-Dec-22

In thousands of Naira	Carrying amount	Contractual cashflow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/ insurance assets							
Cash and cash equivalents	127,890	127,890	45,418	-	82,472	-	-
Fair value through Profit or Loss	17,440	17,440	-	-	17,440	-	-
	145,330	145,330	45,418	-	99,912	-	-
Non-derivative financial liabilities/ insurance liability							
Borrowing	544,777	544,777	-	-	80,493	422,938	41,347
Other liabilities	2,996,833	2,996,833	-	1,527	1,829,016	555,115	611,175
	3,541,611	3,541,611	-	1,527	1,909,509	978,053	652,522
Gap (asset - liabilities)	(3,396,281)	(3,396,281)	45,418	(1,527)	(1,809,597)	(978,053)	(652,522)
Cumulative liquidity gap				(1,527)	(1,811,124)	(2,789,177)	(3,441,669)

31-Dec-21

In thousands of Naira	Carrying amount	Contractual cashflow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/ insurance assets							
Cash and cash equivalents	112,326	112,326	31,895	-	80,431	-	-
Amortized cost	-	-				-	-
	157,919	157,919	50,070	-	107,849	-	-
Non-derivative financial liabilities/ insurance liability							
Borrowing	2,523,850	2,523,850	-	1,999,472	80,493	402,538	41,347
Other liabilities	1,787,291	1,787,291	-	1,515	619,486	555,115	611,175
	4,311,141	4,311,141	-	2,000,987	699,979	957,653	652,522
Gap (asset - liabilities)	(4,198,815)	(4,198,815)	31,895	(2,000,987)	(619,548)	(957,653)	(652,522)
Cumulative liquidity gap				(1,969,092)	(2,588,640)	(3,546,293)	(4,198,815)

Financial assets and liabilities

Accounting classification, measurement basis and fair values
The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

Group
31-Dec-22

In thousands of Naira	Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	fair value
Cash and cash equivalents	608,573	-	-	-	608,573	608,573
	-	30,820	-	-	30,820	30,820
Loans and advances to customers	1,140,139	-	-	-	1,140,139	1,140,139
Advances under finance lease	68,431	-	-	-	68,431	68,431
Trade receivables	-	-	-	-	-	-
Other receivables less prepayment	103,630	-	-	-	103,630	103,630
Statutory deposits	-	-	-	-	-	-
	1,920,773	**30,820**	**-**	**-**	**1,951,593**	**1,951,593**
Borrowing	-	-	-	2,413,039	2,413,039	2,413,039
Trade payables	-	-	-	-	-	-
Depositors funds	-	-	-	1,226,428	1,226,428	1,226,428
Other liabilities	-	-	-	3,037,411	3,037,411	3,037,411
						-
	-	**-**	**-**	**6,676,878**	**6,676,878**	**6,676,878**

31-Dec-21

In thousands of Naira	Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	fair value
Cash and cash equivalents	620,562	-	-	-	620,562	620,562
Financial assets	-	31,460	195,090	-	226,550	226,550
Loans and advances to customers	1,079,176	-	-	-	1,079,176	1,079,176
Advances under finance lease	104,578	-	-	-	104,578	104,578
Trade receivables	17,021	-	-	-	17,021	17,021
Other receivables less prepayment	56,864	-	-	-	56,864	56,864
Statutory deposits	-	-	-	-	-	-
	1,878,201	**31,460**	**195,090**	**-**	**2,104,752**	**2,104,752**
Borrowing	-	-	-	2,413,039	2,413,039	2,413,039
Trade payables	-	-	-	-	-	-
Depositors funds	-	-	-	1,366,632	1,366,632	1,366,632
Other liabilities	-	-	-	1,502,638	1,502,638	1,502,638
	-	**-**	**-**	**5,282,309**	**5,282,309**	**5,282,309**

Company

31-Dec-22

In thousands of Naira	Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	fair value
Cash and cash equivalents	127,890	-	-	-	127,890	127,890
Financial assets	-	17,440	-	-	17,440	17,440
Other receivables less prepayment	155,505	-	-	-	155,505	155,505
					-	
	283,395	**17,440**	**-**	**-**	**300,835**	**300,835**
Borrowing				544,777	544,777	544,777
Other liabilities				2,996,833	2,996,833	2,996,833
						-
	-	**-**	**-**	**3,541,611**	**3,541,611**	**3,541,611**

31-Dec-21

In thousands of Naira			Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	fair value
Cash and cash equivalents			112,326	-	-	-	112,326	112,326
Financial assets			-	17,499	-	-	17,499	17,499
Other receivables less prepayment			256,148	-	-	-	256,148	256,148
						-	-	
	-	**-**	**368,474**	**17,499**	**-**	**-**	**385,973**	**385, 973**
Borrowing						2,523,850	2,523,850	2,523,850
Other liabilities						1,787,291	1,787,291	1,787,291
	-	**-**	**-**	**-**	**-**	**4,311,142**	**4,311,141**	**4,311,141**

Management has assessed that the fair value of financial assets, loans and advances and borrowings approximates the carrying value of these instruments following the relatively short tenor of the instruments and that interest approximates market interest rate as at year end.

For other receivables and payables, management has assessed that given the nature of the instruments, carrying value approximates fair value.

42 Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

Following adoption of IFRS 8, the Group's reportable segments have changed as the business segments reported to the monthly executive committee follow clear business lines with distinct risk and rewards which formed the basis under IAS 14.

The Group's reportable segment under IFRS 8 is therefore identified as financial services:

Financial services;
- Asset Management

The accounting policies of the reportable segment is the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central corporate expenses, certain finance costs and tax expense. This is the measure reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.

(a) Operating segment

The group has one operating segment; all corresponding with the activities of the subsidiary:

i Asset management - Royal Exchange Finance Company Limited It is the only subsidiary in the asset management segment.

(b) Geographical information

The Group's revenue and information about its segment net assets by geographical location are as follows:

In thousands of Naira	Revenue		Net assets	
	31-Dec-22	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
Within Nigeria	340,489	292,103	2,104,781	1,893,233
Outside Nigeria	-	-	-	-
	340,489	292,103	2,104,781	1,893,233

43 Related Parties

The Group's related parties have been considered to be entities that the Group has control or influence over, key management personnel and persons connected with them. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with the Group. Balances and transactions between the Group and its subsidiary, which is a related party of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

(a) Transactions with related parties

The Group enters into transactions with its subsidiary, associates and its key management personnel in the normal course of business. The transactions and balances below concern mainly banking, insurance and administrative transactions. The banking and insurance transactions are done in the ordinary course of business against a pricing that considers related party relationship. For transactions with key management personnel, see note 44.

In Thousands of Naira	Relationship	2022	2021
Royal Exchange PLC			
Payables			
Royal Exchange General Insurance Company	Associate	367,802	-
Royal Exchange Finance Company Limited	Subsidiary	52,906	8,037
Receivables			
Dot HMO (formerly Royal Exchange Healthcare Ltd)	Associate	9,431	-
Loans			
Royal Exchange Finance Company Limited	Subsidiary	-	-
Finance Lease			
Royal Exchange Finance Company Limited	Subsidiary	13,699	8,900
Financial Advisory Fee			
Enterprise Capital Management (ECM)	Director	1,793	1,793

The Group considered the outstanding balances at the reporting date are unsecured and non-interest bearing. The settlements will involve physical delivery of cash.

44 Compensation of key management personnel

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the year is as follows:

(a) Chairman and directors' emoluments:

(i) Emoluments

In thousands of Naira	**Group** 31-Dec-22	**Group** 31-Dec-21	**Company** 31-Dec-22	**Company** 31-Dec-21
Non-executive directors:				
Directors' fees	1,020	3,673	1,020	3,673
	-	889	-	889
Other allowances	18,424	17,230	18,424	17,230
	19,444	**21,792**	**19,444**	**21,792**
Executive Directors:				
Executive Compensation	-	18,432	-	18,432
Post employment benefits	-	1,646	-	1,646
	-	**20,077**	**-**	**20,077**
Chairman	1,868	1,868	1,868	1,868
Other directors	17,576	40,001	17,576	40,001
	19,444	**41,869**	**19,444**	**41,869**
The highest paid director	**14,280**	**20,077**	**14,280**	**20,077**

(ii) Number of directors (excluding the chairman) within the following emolument range

N	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
400,000 - 1000,000	-	-	-	-
1,000,001 - 2,000,000	-	-	-	-
2,000,001 - 5,000,000	4	-	4	-
Above 5,000,000	1	6	1	6

(b) Staff

Average number of persons employed in the financial year and the related staff cost were as follows:

	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Managerial	6	24	1	2
Senior staff	88	235	9	14
Junior staff	14	29	-	-
	108	288	10	16
(i) Staff costs				
Salaries , wages and allowances	68,598	557,413	(5,562)	110,106
Pension cost	29,490	76,379	5,562	5,700
	98,088	633,792	-	115,806
	-			
(ii) Pension scheme				
At January	-	843	-	-
Provision in the year	29,490	76,379	5,700	5,700
Remittance to pension fund administrators	(27,395)	(77,222)	(5,700)	(5,700)
At December 31	2,096	-	-	-

(iii) Employees remunerated at higher rates

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

N	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Below 400,000	-	-	-	-
400,001 - 500,000	-	16	-	-
500,001 - 600,000	1	1	-	-
600,001 - 700,000	-	-	-	-
700,001 - 800,000	1	-	1	-
800,001 - 900,000	2	3	-	-
900,001 - 1,000,000	21	36	-	-
1,000,001 - 2,000,000	22	38	-	1
2,000,001 - 3,000,000	27	65	1	5
3,000,001 - 4,000,000	23	70	4	5
4,000,001 - 5,000,000	4	2	2	-
5,000,001 - 6,000,000	2	35	-	2
6,000,001 - 7,000,000	1	18	1	1
7,000,001 - 8,000,000	1	8	-	-
8,000,001 - 9,000,000	-	2	-	-
9,000,001 - 10,000,000	-	2	-	-
10,000,001 - 12,000,000	1	11	1	1
12,000,001 - 20,000,000	2	12	-	-
20,000,001 - 30,000,000	-	5	-	1
	108	324	10	16

45 Contraventions

During the year, the Group contravened a certain section of Securities & Exchange Commission Rules & Regulations (2013). Details of contraventions are detailed below:

In thousands of Naira

Company	Regulatory Authority	Description	Penalty paid	
			31-Dec-22	31-Dec-21
			₦'000	**₦'000**
Royal Exchange Plc	NGX	Penalty for late filing of Audited Financial Statement of 2021 December	9,800	1,560
	SEC	Penalty for Quarterly review of Q1 & Q2 2022	1,825	-
			11,625	**1,560**

46 Statement of Prudential Adjustments

In accordance with the Regulatory guidelines released by both CBN/NDIC, provisions for loan losses recognized in the income statement shall be determined based on the requirements of IFRS. The IFRS impairment should be compared with provisions determined under the CBN Prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

(a) If prudential provision is higher than IFRS impairment; Transfer the difference from general reserve to a non-distributable regulatory reserve.

(b) If prudential provision is less than IFRS impairment; Transfer the excess from the non-distributable regulatory reserve to the general reserve to the extent of the non-distributable reserve previously recognized.

In Thousands of Naira	**Group 31-Dec-22**	**Group 31-Dec-21**
Loans and advances to customers	177,667	224,439
Collective impairment (see note 6)	-	-
Advances under finance lease		
Impairment allowance (see note 7)	15,560	15,560
Total impairment allowance (a)	193,227	239,999
Total impairment based on prudential guidelines (b)	-	-
Regulatory risk reserve (c = b - a)	(193,227)	(239,999)

47 Contingencies and Commitments

(a) Commitments for expenditure

The Group has no commitment for capital expenditure at the reporting date.

(b) Contingencies and commitments

Contingent liabilities

In Thousands of Naira	**31-Dec-22**	**31-Dec-21**
Legal proceedings and litigations	-	-

There are certain pending litigations in some courts of law in Nigeria involving the Group and its components either as plaintiff or defendant.

In the case titled "Suit No. NICN/LA/499/2020 Mr. Josiah Unuane V. Royal Exchange Plc & Royal Exchange General Insurance Co. Limited" the court ruled that Royal Exchange Plc. make a severance payment of an unspecified amount to the Claimant. This has not been charged and accrued for in these financial statements.

48 Prior year restatement

With respect to the financial statement prepared for the year ended 31 December 2021, the Directors considered and corrected the treatment of certain transactions both in the consolidated financial statement and separate financial statement of the entity for prior years previously reported. The errors which were discovered during the current financial year has been appropriately corrected in line with the requirements of IAS 8. We have restated only those balances impacted by this error.

All values restated apart from the ones referenced were restated in order to correct a prior period error concerning the intention of the Group to dispose of a subsidiary, Royal Exchange Prudential Life Plc., as at the start of the financial 2021 financial year, as well as a loss of control in Royal Exchange Healthcare Limited. In order to comply with the International Financial Reporting Standards, the 2021 financial statements have been restated to disclose Royal Exchange Prudential Life Plc. as an asset held for sale; to recognise Royal Exchange Healthcare Limited as a discontinued operation; and to recognise the Group's share of profit from the insurance business in 2021.

GROUP
Reconciliation of Statement of Financial Position
as at 31 December 2021

In thousands of Naira	**Reference to reconciliation notes**	**Previously Reported** Group	**Effect of restatement** Group	**Restated** Group
ASSETS				
Cash and cash equivalents		2,896,828	(2,276,266)	620,562
Loans and advances to customers		1,079,176	-	1,079,176
Advances under finance lease		104,578	-	104,578
Investment securities:			-	-
Measured at Fair Value Through Profit or Loss (FVPL)		404,106	(372,647)	31,460
Measured at Fair Value Through Profit or Loss (FVOCI)		382,350	(187,260)	195,090
Amortized Cost		105,567	(105,567)	-
Trade receivables		19,014	(1,993)	17,021
Reinsurance assets		234,017	(234,017)	-
Deferred acquisition cost		54,636	(54,243)	393
Other receivables and prepayments		228,978	(127,100)	101,878
Investment in associates		3,710,293	978,266	4,688,559
Investment properties		1,821,017	(1,407,159)	413,858
Property and equipment		142,527	(105,392)	37,131
Right of Use Asset		597	(597)	-
Intangible assets		53,792	(43,994)	9,798
Statutory deposits		215,000	(215,000)	-
Deferred tax assets		201,592	-	201,592
Deposit for shares		27,000	-	27,000
		11,681,068	(4,152,970)	7,528,096
Assets classified as held for sale		1,016,069	5,719,054	6,735,123
Total Assets		**12,697,137**	**1,566,085**	**14,263,219**

LIABILITIES				
Borrowings		2,413,039	-	2,413,039
Trade payables		387,752	(387,752)	-
Other liabilities		1,088,219	414,419	1,502,638
Depositors' funds		1,366,633	(1)	1,366,632
Insurance contract Liabilities		5,793,044	(5,659,669)	133,375
Investment contract Liabilities		281,448	(281,448)	-
Current income tax liabilities		240,595	(513)	240,082
Employees benefit liability		9,369	(5,201)	4,168
Deferred tax liabilities		85,825	(56,095)	29,730
		11,665,923	(5,976,260)	5,689,663
Liabilities directly associated with assets classified as held for sale		-	6,564,072	6,564,072
Total Liabilities		**11,665,923**	**587,811**	**12,253,734**
EQUITY				
Share capital		2,572,685	-	2,572,685
Share premium		2,690,936	-	2,690,936
Contingency reserve		312,656	104,780	417,436
Treasury shares		-	-	-
Retained earnings	**a**	(5,000,920)	742,499	(4,258,421)
Other component of equity		276,575	193,022	469,597
Capital and reserves attributable to owners		**851,932**	**1,040,300**	**1,892,232**
Non-controlling interests		179,283	(62,033)	117,250
Total Equity		1,031,215	984,227	2,015,442
Total equity & liabilities		12,697,138	1,566,079	14,263,217

Reconciliation of Comprehensive income 2021

In thousands of Naira	**Reference to reconciliation notes**	**Previously Reported Group**	**Effect of restatement Group**	**Restated Group**
Continuing operations				
Gross premium written		2,843,067	(2,843,067)	-
Unearned premium		(68,956)	68,956	-
Gross premium income		2,774,111	(2,774,111)	-
Reinsurance expenses		(519,095)	519,095	-
Net premium income		2,255,016	(2,255,016)	-
Fee and commission income		83,982	(83,982)	-
Net underwriting Income		**2,338,998**	**(2,338,998)**	**-**
Insurance claims and benefits incurred		(2,306,717)	2,306,717	-
Insurance claims and benefits incurred - recoverable from reinsurers		439,935	(439,935)	-
Net claims expenses		(1,866,782)	1,866,782	-
Changes in insurance contract liabilities		259,924	(259,924)	-
Underwriting expenses		(718,648)	718,648	-
Total underwriting expenses		**(2,325,506)**	**2,325,506**	**-**
Underwriting profit		**13,492**	**(13,492)**	**-**

Interest Income calculated using effective interest method		325,156	(41,811)	283,345
Interest Expense		(187,583)	(42,666)	(230,249)
Net Interest Income		**137,573**	**(84,477)**	**53,096**
Investment and other income		29,642	(26,795)	2,847
Share of profit/(loss) on investment in associate	c	95,920	(75,415)	20,506
Net fair value gain or loss on financial assets		48,130	(9,833)	38,297
Write-back/(charge) of impairment allowance		(275,229)	288,632	13,403
Other operating income		270,156	(92,800)	177,356
Foreign exchange gain/(loss)		3,692	(3,692)	-
Net income		323,377	(17,870)	305,506
Total expenses		(877,988)	587,308	(290,680)
Profit/(Loss) before tax		**(554,611)**	**569,438**	**14,826**
Minimum tax		(2,444)	1,816	(628)
Income tax expense		2,267	(4,724)	(2,457)
Profit/(Loss) after taxation from continuing operations		**(554,788)**	**566,530**	**11,742**
Items that will never be classified in profit or loss				
Net actuarial gains/(losses) on employee benefits		6,889	(5,320)	1,569
Share of returns in associates		(193,811)	145,358	(48,453)
Items that may be classified to profit or loss:				
Changes in FVOCI investments		11,872	(11,872)	-
Total Comprehensive Income from continuing operations		**(729,840)**	**694,697**	**(35,142)**
Discontinued operations				
Loss on disposal of subsidiary	e	-	(1,214,126)	(1,214,126)
Loss for the year from discontinued operations		-	(466,554)	(466,554)
Profit/(Loss) after taxation for the year		**(729,840)**	**(985,983)**	**(1,715,821)**

COMPANY
Reconciliation of Statement of Financial Position as at 31 December 2021

In thousands of Naira	**Reference to reconciliation notes**	**Previously Reported Company**	**Effect of restatement Company**	**Restated Company**
ASSETS				
Cash and cash equivalents		112,326	-	112,326
Measured at Fair Value Through Profit or Loss (FVPL)		17,499	-	17,499
Investment in subsidiaries	b	4,714,381	(3,865,833)	848,548
Other receivables and prepayments		115,056	-	115,056
Investment in associates	c	3,710,292	69,935	3,780,227
Property and equipment		374	-	374
Right of Use Asset		4,704	-	4,704
Deposit for shares		27,000	-	27,000
		8,701,632	**(3,865,833)**	**4,905,629**
Assets classified as held for sale		-	647,100	647,100
Total assets		**8,701,632**	**(3,218,733)**	**5,552,729**

LIABILITIES				
Borrowings		2,523,850	-	2,523,850
Other liabilities		1,787,291	-	1,787,291
Finance Lease Obligation		12,867	-	12,867
Current income tax liabilities		232,836	-	232,836
Employees benefit liability		974	-	974
Total liabilities		**4,557,818**	-	4,557,818
EQUITY				
Share capital		2,572,685	-	2,572,685
Share premium		2,690,936	-	2,690,936
Retained earnings	**a**	(928,925)	(3,294,148)	(4,223,081)
Other component of equity		(190,882)	-	(45,524)
Total Equity		**4,143,814**	**(3,294,148)**	**995,016**
Total equity & liabilities		8,701,632	(3,294,148)	5,552,834

Reconciliation of Comprehensive Income 2021

In thousands of Naira	**Reference to reconciliation notes**	**Previously Reported** Company	**Effect of restatement** Company	**Restated** Company
Interest Income calculated using effective interest method		5,064	-	5,064
Interest Expense		(96,579)	-	(96,579)
Net Interest Income		**(91,515)**	**-**	**(91,515)**
Investment and other income		(18,797)	-	(18,797)
Share of profit/loss on investment in associate	**c**	95,921	75,415.15	20,506
Net fair value gain or loss on financial assets		6,314	-	6,314
Other operating income		144,035	-	144,035
Net Income		**135,958**	**75,415.15**	**60,544**
Write-back/(Charge) of impairment allowance	**d**	(4,110)	(497,900.08)	(502,010)
Management expenses		(111,596)	(0)	(111,596)
Total expenses		**(115,706)**	**(497,900.21)**	**(613,606)**
(Loss)/Profit before tax		**20,253**	**(422,485)**	**(553,063)**
Minimum tax		**(628)**	**-**	**(628)**
Income taxes		(204)	-	(204)
		19,420	**(422,485)**	**(553,895)**
Other comprehensive income		-	(47,410.78)	(47,411)
(Loss)/Profit after taxation		**19,420**	**(422,485)**	**(601,306)**

Reconciliation of Statement of Financial Position as at 31 December 2020

In thousands of Naira	**Reference to reconciliation notes**	**Previously Reported** Group	**Effect of restatement** Group	**Restated** Group
ASSETS				
Cash and cash equivalents		156,823	-	156,823
Investment securities:			-	-
Measured at Fair Value Through Profit or Loss (FVPL)		21,508	-	21,508
Amortized Cost		1,096	-	1,096
Investment in subsidiaries	**b**	8,568,651	(2,720,833)	5,847,818
Other receivables and prepayments		219,712	-	219,712
Property and equipment		774	-	774
Right of Use Asset		8,466	-	8,466
Total Assets		8,977,030	(2,720,833)	6,256,197
LIABILITIES				
Borrowings		2,313,544	-	2,313,544
Other liabilities		2,073,330	-	2,073,330
Finance Lease Obligation		16,833	-	16,833
Current income tax liabilities		254,511	-	254,511
Employees benefit liability		1,656	-	1,656
Total Liabilities		4,659,874	-	4,659,874
EQUITY & LIABILITIES				
Share capital		2,572,685	-	2,572,685
Share premium		2,690,936	-	2,690,936
Contingency reserve			-	-
Treasury shares			-	-
Retained earnings	**a**	(948,352)	(2,720,833)	(3,669,185)
Other component of equity		1,887	-	1,887
Capital and reserves attributable to owners		4,317,156	(2,720,833)	1,596,323
Non-controlling interests			-	
Total Equity		4,317,156	(2,720,833)	1,596,323
Total Equity & Liabilities		8,977,030	(2,720,833)	6,256,197

Notes to restatement

(a) The restatement of the retained earnings is driven by the reclassification of Royal Exchange Prudential Life as held for sale as well as recognition of impairment losses on all subsidiaries in prior years.

	GROUP		COMPANY	
In thousands of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Balance as per published accounts	(5,000,920)	(4,051,382)	(928,926)	(948,352)
Re-measurement (Retained Earnings):				
Impairment of Investment in Royal Exchange Prudential Life Plc (see note (i))	-	-	(3,218,733)	(2,720,833)
Adjustment for loss of control	2,340,505	-	-	-
Operational profit from entity not previously consolidated	302,504	-	-	-
Share of profit from associate (see note (ii))	(75,415)	-	(75,415)	-
Loss on disposal (see note (iii))	(1,214,126)	-	-	-
Fair value loss on REMFB	(5,959)			
Balance (Restated)	(4,258,421)	(4,051,382)	(4,223,081)	(3,669,185)

(b) A revaluation of Investment in subsidiaries gave rise to impairement losses which relate to prior years, hence, a restatement has been made to correct the value of Investment in subsidiaries in prior years.

	GROUP		COMPANY	
In thousands of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Balance as per published accounts	-	-	4,714,381	8,568,651
Re-measurement (Assets):				
Writeback/(Impairment) of Investment in Royal Exchange Prudential Life Plc	-	-	(3,218,733)	(2,720,833)
Reclassification to Investment in Associates (see note (iv))	-	-	(647,100)	-
Balance (Restated)	-	-	848,548	5,847,818

(c) The restatement of Share of profit from investment in associate relates to the correction of the share of profit recognised from REGIC after the loss of control.

	GROUP		COMPANY	
In thousands of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Balance as per published accounts	95,920	-	95,920	-
Re-measurement (Income Statement):				
Reversal of initial share of profit from Associate recognised	(97,906)	-	(97,906)	-
Recognition of share of profit from REGIC (post-loss of control)	22,491	-	22,491	-
Balance (Restated)	20,506	-	20,506	-

(d) The restatement of share of other comprehensive income from associate relates to the correction of the share of profit recognised from REGIC after the loss of control.

	GROUP		COMPANY	
In thousands of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Balance as per published accounts	(193,811)	-	(193,811)	-
Re-measurement (Income Statement):				
Reversal of initial share of profit from Associate recognised	193,811	-	193,811	-
Recognition of share of profit from REGIC (post-loss of control)	(48,453)	-	(48,453)	-
Balance (Restated)	(48,453)	-	(48,453)	-

(e) The restatement of Investment in associates relates to the correction of the share of profit recognised from REGIC after the loss of control. It also relates to recognising the fair value of the residual interest in REMFB appropriately, after the loss of control.

	GROUP		COMPANY	
In thousands of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Balance as per published accounts	3,710,291	-	3,710,291	226,343
Re-measurement (SOFP):				
Reversal of initial share of profit from Associate recognised	(97,906)	-	(97,906)	-
Recognition of Share of Profit from associate	22,491	-	22,491	-
Recognition of Share of OCI from associate	193,811	-	193,811	-
Recognition of Share of OCI from associate	(48,453)	-	(48,453)	-
Portion of REGIC's reserves - Previously consolidated	914,283	-	-	-
Adjustment on fair value of residual interest in REMFB	(5,959)	-	-	-
Fair value gain of investment transferred	-	-	908,332	-
Balance (Restated)	4,688,559	-	4,688,559	226,343

(i) The value presented above represents the value of impairement taken on Royal Exchange Prudential Life Plc in the year 2021 and 2022. N2.72 billion in 2021 and N497.4 million in 2022 respectively.

(ii) This relates to the excess share of profit from associate taken on REGIC for 2021 for 12 months period rather than 3 months when the entity was indeed an associate.

(iii) The value represents the loss on disposal/control in REGIC as a result of the dilution of shares or introduction of new shares by the entity which resulted to a loss of control. This was not previously accounted for in the group

(iv) This represents the balance of the investment in subsidiary (REPRU)

49 Discontinued Operations

As referred to in note 15(c), during the year, the Group disposed of its interests in Royal Exchange Prudential Life Plc and lost control of Royal Exchange Healthcare Limited.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

In thousands of Naira	Royal Exchange Healthcare Limited	Royal Exchange Prudential Life Plc.	Group (Restated) 31-Dec-21
Gross premium income	26,602	1,535,059	2,774,111
Reinsurance expenses	(8,139)	(293,354)	(519,095)
Net premium income	18,464	1,241,706	2,255,016
Fee and commission income	-	61,192	83,982
Net underwriting Income	18,464	1,302,898	2,338,998
Total underwriting expenses	(19,215)	(1,422,551)	(2,325,506)
Underwriting profit	(751)	(119,653)	13,492
Net Interest Income	-	-	84,476
Investment and other income	11,414	25,745	26,794
Profit on investment contracts	-	29,721	-
Write-back/(charge) of impairment allowance	(1,958)	61,066	(288,632)
Fair value gains	-	(19,548)	40,238
Other operating income	-	-	169,171
Loss on disposal of Investment properties	(85,429)	12,024	
Foreign exchange gain	94	-	(3,692)
Net income	(76,629)	(10,644)	41,849
Total expenses	(14,862)	(239,443)	(676,767)
Loss before tax	(91,491)	(250,087)	(634,918)
Minimum tax	-	-	(1,816)
Income tax expense	-	(81,278)	4,724
Net Loss	**(91,491)**	**(331,365)**	**(632,011)**
Net actuarial gains/(losses) on employee benefits	-	-	17,679
Changes in FVOCI investments	-	-	11,872
Net loss attributable to discontinued operations (attributable to owners of the Company)	**(91,491)**	**(331,365)**	**(602,460)**

(i) The Net loss from discontinued operations has been disclosed in the statement of comprehensive income as a single amount, in line with IFRS 5.

(ii) The analysis of the single amount showing the loss from discontinued operations is presented as above.

50 Events after the reporting period

There were no significant events after the reporting period that require adjustments or disclosure in the financial statements.

51 Fiduciary Activities

The Company acts as a custodian, trustee or in other fiduciary capacity, that results in its holding, placing or performing oversight functions over assets on behalf of its clients.

The Company performs oversight and monitoring functions over two mutual funds. Its responsibilities have been defined in the Directors' report.

Other assets held on behalf of clients represents unclaimed debentures which have matured and are yet to be claimed by the debenture holders as at reporting date. These assets are excluded from these financial statements, as they are not assets of the Company. The analysis of these assets are as shown below:

	Company	**Company (Restated)**
In Thousands of Naira	**31-Dec-22**	**31-Dec-21**
Funds Under Management		
Clients' Federal Government Bonds	33,107	33,102
Clients' Commercial Papers	297,204	164,277
Clients' Treasury Bills	-	10,432
Clients' Fixed Deposit	133,062	121,688
Clients' Bank balances	733	108,316
	464,106	**437,815**
Clients' Payables	-	-
Management Fees Payable	-	-
	464,106	**437,815**

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED

For The Year Ended 31 December 2022

In thousands of Naira	Group 2022	%	Group 2021	%	Company 2022	%	Company 2021	%
	₦'000		₦'000		₦'000		₦'000	
Net premium income	-		-		-		-	
Investment and other income	67,015		41,145		3,668		915,791	
Net Interest income	32,951		53,096		(50,033)		(91,515)	
Net fair value gain or loss on financial assets	-		-		-		-	
Other operating income	196		177,356		196		144,035	
					235,942			
Bought in goods and services	(284,921)		(1,742,329)				(549,457)	
Value Added	**184,759**	**100**	**1,470,733**	**100**	**189,773**	**100**	**418,853**	100
Applied as follows:								
In payment of employees:								
-Salaries, wages and other benefits	98,088	(53)	153,543	(10)			59,315	14
In payment to government:								
-Taxation	(2,141)	1	4,386	-	34	1	832	-
For future replacement of assets and expansion of business:								
Depreciation	7,766	(4)	11,486	(1)			4,163	1
Contingency reserve	-	-	28,790	(2)				
General reserve	(288,472)	156	(1,668,938)	113	189,739	(100)	354,542	85
	184,759	**100**	**1,470,733**	**100**	**189,773**	**99**	**418,853**	**100**

FINANCIAL SUMMARY
For The Year Ended 31 December 2022

GROUP

In thousands of Naira	31-Dec-22	31-Dec-21 (Restated)	31-Dec-20 (Restated)	31-Dec-19	31-Dec-18
Assets					
Cash and cash equivalents	608,573	620,562	12,807,056	13,834,940	15,896,872
Loans and advances to customers	1,140,139	1,079,176	1,044,098	906,558	900,852
Advances under finance lease	68,431	104,578	88,201	217,571	166,608
Financial assets	30,820	226,550	6,111,276	3,644,585	4,237,952
Trade receivables	-	17,021	136,091	118,393	499,382
Reinsurance assets	-	-	2,195,157	2,887,473	3,174,674
Deferred acquisition cost	-	393	281,416	209,395	261,631
Other receivables and prepayments	163,342	101,877	471,549	564,586	815,179
Investment in associates	5,080,554	4,688,559	226,343	227,220	213,295
Investment properties	-	413,858	5,635,991	6,040,461	5,998,300
Property and equipment	17,440	37,131	1,381,742	1,437,131	1,468,405
Right of Use Asset	942	-	10,089	15,764	
Intangible assets	-	9,798	5,133	9,830	15,020
Employees retirement benefit asset (Net)	-	-	257,168	295,649	283,850
Statutory deposits	-	-	555,000	555,000	555,000
Deferred tax assets	-	201,592	193,968	168,810	133,275
Deposit for shares	39,000	27,000	-	-	-
	7,149,241	7,528,095	31,400,278	31,133,366	34,620,295
Assets classified as held for sale	-	6,735,123	973,639	973,639	973,639
Total assets	**7,149,241**	**14,263,219**	**32,373,917**	**32,107,005**	**35,593,934**
Liabilities					
Bank borrowing	544,777	2,413,039	2,184,877	2,276,717	8,865,661
Deferred income	-	-	138,244	109,332	144,133
Trade payables	-	-	7,909,847	6,157,185	5,583,929
Other liabilities	3,037,410	1,502,638	1,864,278	1,735,444	1,870,375
Depositors' funds	1,226,428	1,366,632	1,364,220	1,784,150	1,567,480
Insurance contract liabilities	-	133,375	9,798,691	10,969,033	11,018,012
Investment contract liabilities	-	-	276,979	265,521	302,424
Finance Lease Obligation	168	-	-	-	-
Current income tax liabilities	234,701	240,082	650,203	588,690	726,574
Employees retirement benefit liability	974	4,168	41,335	39,252	30,239
Deferred tax liabilities	-	29,730	610,101	565,092	336,184
	5,044,458	5,689,664	24,838,776	24,490,416	30,445,011
Liabilities directly associated with assets classified as held for sale	-	6,564,072	-	-	-
Total liabilities	**5,044,458**	**12,253,735**	**24,838,776**	**24,490,416**	**30,445,011**
Equity					
Share capital	2,572,685	2,572,685	2,572,685	2,572,685	2,572,685
Share premium	2,690,936	2,690,936	2,690,936	2,690,936	2,690,936
Contingency reserve	-	417,436	2,291,372	1,899,998	2,409,567
Treasury shares	-	-	(500,000)	(500,000)	(500,000)
Retained earnings	(3,612,012)	(4,258,421)	(4,051,382)	(3,240,315)	(2,683,435)
Other component of equity	453,173	469,597	658,821	560,112	659,170
Capital and reserves attributable to owners	**2,104,781**	**1,892,232**	**3,662,432**	**3,983,416**	**5,148,923**
Non-controlling interests	**-**	**117,250**	**3,872,709**	3,633,174	-
Total Equity	**2,104,781**	**2,009,483**	**7,535,141**	**7,616,590**	**5,148,923**
Total equity and liabilities	**7,149,241**	**14,263,220**	**32,373,916**	**32,107,006**	**35,593,934**

Statement of Profit or Loss and Other Comprehensive Income

In thousands of Naira	31-Dec-22	31-Dec-21 (Restated)	31-Dec-20	31-Dec-19	31-Dec-18
Gross premium	-	-	15,292,757	14,207,878	14,712,798
Net income	340,489	292,103	2,400,452	1,342,287	4,356,080
(Loss)/Profit before taxation	(148,333)	14,826	130,040	(1,013,011)	326,871
Income tax expense	(2,141)	(3,084)	(207,156)	(299,805)	(483,047)
(loss)/Profit after taxation	(150,474)	11,742	(77,116)	(1,312,816)	(156,176)
loss/Earnings per share (kobo)	(6)	(33)	(8)	(26)	(3)

FINANCIAL SUMMARY
For The Year Ended 31 December 2022

COMPANY

In thousands of Naira	31-Dec-22	31-Dec-21 (Restated)	31-Dec-20 (Restated)	31-Dec-19	31-Dec-18
Assets					
Cash and cash equivalents	127,890	112,326	156,823	191,331	344,674
Financial assets	17,440	17,499	22,604	23,454	27,787
Investment in Subsidiaries	509,389	4,714,381	5,847,818	8,568,651	10,989,990
Investment in Associates	5,080,554	3,710,291	-	-	3,000,000
Other receivables and prepayments	105,361	115,056	219,712	390,376	456,003
Property and equipment	1,493	373	774	21,849	28,770
Right of Use Asset	942	4,704	8,466	-	-
Deposit for shares	39,000	27,000	-	-	-
	5,882,070	8,701,630	6,256,197	9,195,661	14,847,224
Assets classified as held for sale	-	647,100			
Total assets	5,882,070	9,348,730	6,256,197	9,195,661	14,847,224
Liabilities					
Borrowing	544,777	2,523,850	2,313,544	2,383,607	8,907,750
Other liabilities	2,996,833	1,787,291	2,073,330	2,028,316	667,778
Finance Lease Obligation	13,699	12,867	16,833	31,467	77,050
Current income tax liabilities	232,595	232,836	254,511	283,847	303,576
Employees retirement benefit liability	974	974	1,656	1,418	512
Total liabilities	3,788,877	4,557,818	4,659,874	4,728,655	9,956,667
Equity					
Share capital	2,572,685	2,572,685	2,572,685	2,572,685	2,572,685
Share premium account	2,690,936	2,690,936	2,690,936	2,690,936	2,690,936
Retained earnings	(3,124,904)	(928,926)	(3,669,185)	(798,409)	(375,618)
Other component of equity	(45,524)	(190,883)	1,887	1,795	2,554
Shareholders' funds	2,093,193	4,143,813	1,596,324	4,467,007	4,890,557
Total equity and liabilities	5,882,070	8,701,632	6,256,197	9,195,662	14,847,223

Statement of Profit or Loss and Other Comprehensive Income

In thousands of Naira	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
Net income	194,157	131,848	124,113	(35,830)	(271,341)
Profit/(Loss) before taxation	(163,127)	20,252	(149,525)	(415,656)	(838,798)
Income tax expense	(34)	(832)	(419)	(7,137)	(6,686)
Profit/(Loss) after taxation	(163,161)	19,420	(149,943)	(422,793)	(845,484)

Branch/Office Network

Head Office
New Africa House, 31 Marina
P.O. Box 112, Lagos, Nigeria.
Email: info@royalexchangeplc.com
Website: www.royalechangeplc.com
Tel: 01-460-6690 to 01-460-6699

Enugu
Canute House, 19/25 Ogui Road,
Enugu State.
Tel: 04-229-108, 0802-313-3497

Control Office
Plot 34/36, Apapa/OshodiExpressway,
Charity Bus-stop, Oshodi.
P.M.B. 1804, Ikeja, Lagos
Tel: 01-4606690 to 01-4606699 and 0708-060-6100

Ibadan
Old Sketch Building, First Floor,
Cocoa House Complex,
Dugbe, Ibadan.
Tel: 0809-468-6750, 0814-999-3555

Group Retail Office
Mosesola House, 3rd Floor,
103/7, Allen Avenue,
Opposite Alade Market, Ikeja.
Tel: 01-212-1826, 0708-621-0141,
01-295-5662

Kaduna
2, Maritala Mohammed Square,
Independence Way,
P.O. Box 261, Kaduna.
Tel: 0803-506-3925, 0811-306-5136

Aba
No. 83, Azikiwe Road
Aba (Second Floor)
Abia State
Tel: 0803-776-3426, 0803-390-5798

Kano
2B, Post Office Road, Kano.
P.O. Box 301, Kano
Tel: 0803-629-9576, 0802-354-3139

Abuja
26, Mahatma Ghandi Crescent,
Area 11, Garki, Abuja.
Tel: 0803-590-0354,0803-661-3580

Lagos Main Branch (Marina)
New Africa House,
31, Marina, Lagos
P.O. Box 112, Lagos
Tel: 01-4181750, 0805-526-6886,
0810-536-6664

Asaba
14, Dennis Osadebey Way,
Asaba, Delta State.
Tel: 0803-673-2911

Port Harcourt
42, Evo Road, GRA Phase II,
Port Harcourt.
Tel: 0803-310-5143

Benin
Unity Bank Building, 2nd Floor.
No. 98 New Lagos Road,
Benin City, Edo State.
Tel: 0806-081-4253

Warri
Ogun House,
107, Effurun/Sapele Road,
Opp. Stanbic IBTC Bank,
Effurun, Delta State.
Tel: 0806-715-865

Friendship Centre Network

Royal Exchange Group Retail Friendship Centres

S/N	Name of Mega Agents	Location	Telephone No.
1	Alaba Int'l Market	123, Olojo Drive, Ojo Alaba, Lagos	0802 931 4777
2	Ibadan	Old Sketch Building, First Floor, Cocoa House Complex, Dugbe, Ibadan	0815 553 8272

Royal Exchange Prudential Retail Sales Outlets

3	Aba	83 Azikiwe Road, By Asa Road, Opposite Uba, Aba.	0818 490 5844
4	Abuja	Suite G12, Febson Mall, Wuse Zone 4.	0803 783 6308
5	Akure	Old National Building, 34 Oyemekun Road.	0806 963 0573
6	Apapa	BOS Plaza, No 1, Ire-Akari Estate Road, Ire-Akari Junction, Isolo	0802 595 2430
7	Asaba	14, Dennis Osadebe Way	0806 536 8210
8	Auchi	Opposite Ekhei Girls Grammar School.	0909 080 8066
9	Benin-City	2nd Floor, Unity Bank Building, New Lagos Road.	0806 252 1767
10	Enugu	Canute House, 19/25 Ogui Road.	0806 349 7754
11	Ibadan	Old Sketch Building (First Floor), Cocoa House Complex, Dugbe	0803 470 7718
12	Ikorodu	13, Olorunjuwon Street, By Zenith Bank B/S, Off Lagos Road.	0806 349 7754
13	Ilorin	144 Ibrahim Taiwo Road, Opposite Stadium	0818 714 5155
14	Jos	1B, Richard Road, Muritala Mohammed Way.	0806 969 4488
15	Kaduna	2 Asaa Investment House, Muritala Mohammed Square, Independence Way.	0706 720 9263
16	Oshodi	Operations Office, 34/36 Apapa Expressway.	0803 423 4666
17	Port Harcourt	42 Evo Road, GRA Phase II	0803 664 2606
18	Uyo	No. 63 Aka Road, Uyo.	0806 693 1655
19	Warri	Ogun House, 107, Effurun/Sapele Road, Effurun.	0803 626 8899

ROYAL EXCHANGE
RC NO.6752

Registered Office
New Africa House 31, P.O. Box 112, Marina, Lagos.

Business Address:
34 - 36 Oshodi - Apapa Expressway Oshodi
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