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CHALLENGING  
CHANGE



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**ROYAL EXCHANGE**  
General

**emr**   
...your life matters.

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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



Integrity



Learning Organisation



Professionalism



Teamwork



## Registered office

New Africa House  
31, Marina Lagos, Nigeria



## Company Secretary

Mazars, Ojike & Partners

## Head office

New Africa House  
31, Marina Lagos, Nigeria



## Company registration number

RC: 6752



## Directors

- Mr. Kenny Ezenwani Odogwu – Chairman
- Chief Anthony Ikemefuna Idigbe, SAN – Non-Executive Directors
- Alhaji Ahmed Rufa'i Mohammed – Non-Executive Directors
- Mr. Adeyinka Ojora – Non-Executive Directors
- Mr. Hewett Benson – Group Coordinator



## Auditors

Deloitte & Touche  
Civic Towers,  
Plot GA1, Ozumba Mbadiwe Avenue  
Victoria Island, Lagos  
Nigeria



## Bankers

- Access Bank Plc
- Ecobank Nigeria Limited
- FCMB Ltd
- First Bank of Nigeria Limited
- FSDH Merchant Bank Limited
- Guaranty Trust Bank Plc
- Heritage Bank Limited
- Keystone Bank Limited
- Royal Exchange Microfinance Bank Limited
- Polaris Bank Limited
- Stanbic IBTC Bank Plc
- Sterling Bank Plc
- SunTrust Bank Limited
- United Bank for Africa Plc
- Union Bank of Nigeria Plc
- Wema Bank Plc
- Zenith Bank Plc



## Reinsurers

- Nigerian Reinsurance Corporation
- Africa Reinsurance Corporation
- Continental Reinsurance Plc
- WAICA Reinsurance Corporation
- Swiss Reinsurance Corporation
- Zep Reinsurance
- Global Reinsurance
- NCAE Reinsurance
- Kenya Reinsurance
- Aveni Reinsurance
- Score Reinsurance
- Capsicum Reinsurance



## Actuary

- Ernst & Young  
FRC/NAS/00000000738
- Logic Professional Services  
FRC/2021/004/00000022718

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

Royal Exchange Assurance, London was originally 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 its 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 and today, has one of the largest branch networks in its sector, with 15 (fifteen) branches, 2 (two) friendship centers and thirteen sales outlets. Pursuant to Section 396(2) of

then companies Act of 1968, our Company was on December 29, 1969, reconstituted and incorporated as a private limited liability company,

Royal Exchange Assurance (Nigeria) Limited. The Company went public July 18, 1989 and was duly listed on the Nigerian Stock Exchange on December 3, 1990. In June 2007, our Company entered into a merger with African Prudential Insurance Company 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 reorganized into a Group structure, whereby it assumed the role of a group holding and asset management company to execute its strategic vision for financial services, namely insurance, funds management, finance and banking, through its five wholly-owned subsidiaries namely:

## ROYAL EXCHANGE



### Prudential Life

Royal Exchange Prudential Life Plc, established in February 2007 to carry on life assurance business of the Group;



### Finance

Royal Exchange Finance Company Limited (previously called Royal Exchange Finance & Investment Ltd) was incorporated as a whollyowned subsidiary of Royal Exchange Plc in October 2004 and licensed in April 2005 by Central Bank of Nigeria, to carry on the finance and assets management functions of the group. In March 12, 2018, the Company was further reorganised and positioned only for the Finance functions and became known as Royal Exchange Finance Company Ltd (REFCO);



### Healthcare

Royal Exchange Healthcare Limited, established in May 2006 to provide health management services and healthcare insurance;

All subsidiaries are properly licensed by their respective regulators and are structured to fully exploit the significant opportunities available in the Nigerian economy.

The Royal Exchange brand is a strong brand in Nigeria especially in the field of insurance. The Company will ensure its continued relevance in the environment in which it operates by continuously re-inventing its products and services

**ROYAL EXCHANGE PLC**

**Mr. Kenny Ezenwani 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 PRUDENTIAL LIFE PLC (REPRU)**

**Mr. Hewett Benson**  
(Chairman)

**Mr. Nelson Akerele**  
(Executive Director Technical)

**Alhaji Rabi'u Muhammad Gwarzo, OON**  
(Director)

**Mr. Matthew Adefila**  
(Director)

**Chief Uwadi Okpa-Obaji**  
(Director)

**Mr. Nnamdi Oragwu**  
(Director)

**ROYAL EXCHANGE**



**ROYAL EXCHANGE HEALTHCARE LIMITED (REHL)**

**Alhaji M. S. Hamid**  
(Chairman)

**Mr. Nnamdi Oragwu**  
(Director)

**Chief U. Okpa-Obaji**  
(Director)

**Alhaji Rabi'u Muhammad Gwarzo, OON**  
(Director)

**Mrs. Jane Ekonwererem**  
(Director)

**ROYAL EXCHANGE FINANCE COMPANY LIMITED (REFCO)**

**Alhaji Ibrahim Turaki**  
Chairman

**Mrs. Irene Opara**  
(Managing Director)

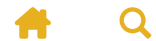
**Mr. Benjamin Agili**  
(Director)

**Mr. Nnamdi Oragwu**  
(Director)

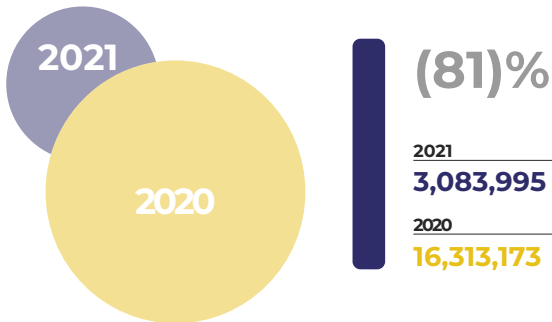
**Chief U. Okpa-Obaji**  
(Director)

# Result At A Glance

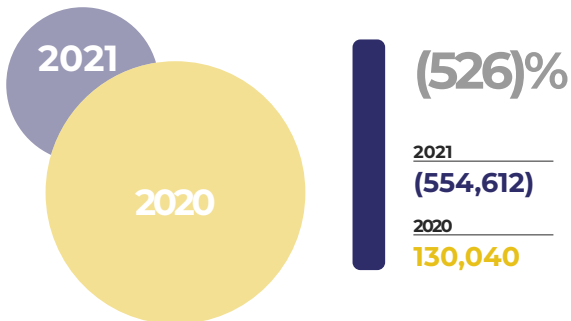
For the year ended 31 December, 2021



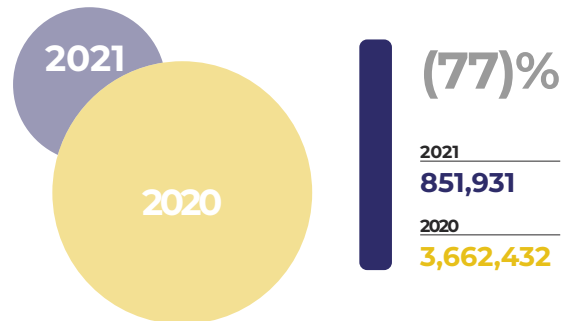
## EARNED INCOME



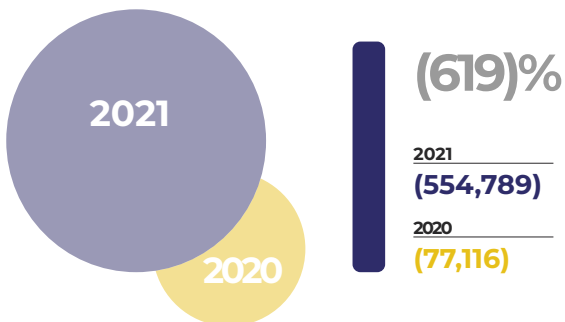
## (LOSS)/PROFIT BEFORE TAX



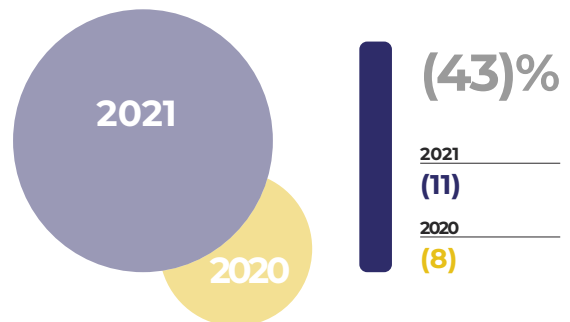
## SHAREHOLDERS' FUND



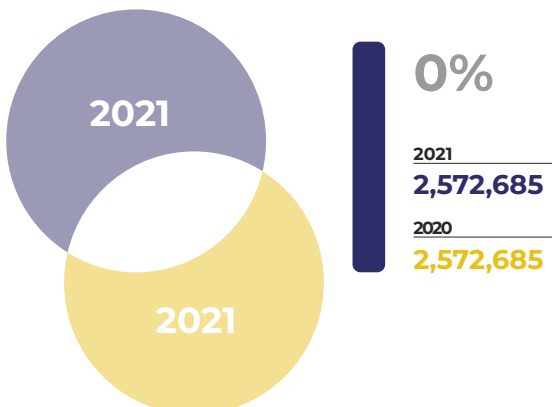
## LOSS AFTER TAX



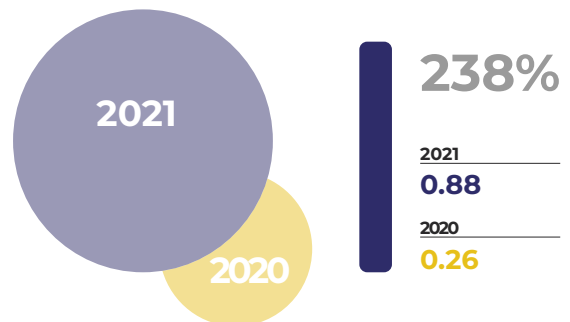
## LOSS PER SHARE (NAIRA) - BASIC



## SHARE CAPITAL



## STOCK EXCHANGE QUOTATION (NAIRA)







**NOTICE IS HEREBY GIVEN** that the **53rd Annual General Meeting** of Royal Exchange Plc will be virtually held at the Operations Office, Royal Exchange Plc, 34/36, Oshodi Apapa Expressway, Charity Bus-stop, Oshodi, Lagos, on **Thursday, October 20, 2022, at 10.00 o'clock** 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, 2021, together with the Reports of the Directors, the Audit Committee, and the Auditors thereon.
2. To re-elect directors.
3. To authorize the Directors to fix the remuneration of the Independent Auditors.
4. To disclose the remuneration of Managers.
5. To elect shareholders as members of the Statutory Audit Committee.

## SPECIAL BUSINESS:

6. To Consider and Pass the Following Resolutions as an Ordinary Resolutions
  - a) That subject to obtaining the approval of the relevant regulatory authorities, the Directors of the Company (the "Directors") be and are hereby authorized to raise equity capital of ₦2,161,055,431 (Two Billion, One Hundred and Sixty-One Million, Fifty-Five Thousand, Four Hundred and Thirty-One Naira Only) by way of issuing to existing shareholders 3,087,222,044 ordinary shares of 50kobo each on the basis of three (3) new ordinary shares for every five (5) ordinary shares held in the Company (Rights Issue), on such other terms and conditions as the Directors may deem fit to determine.
  - b) That the provisionally allotted shares be offered to existing shareholders at a price 70kobo per share.
  - c) That in the event of an under-subscription of any Rights Issue undertaken by the Company, the Shareholders hereby waive their pre-emptive rights to any unsubscribed shares under the Rights Issue and the Directors are hereby authorized to issue such shares to interested investors, as far as practicable, on the same terms as the Rights Issue.
  - d) That the Directors of the Company be and are hereby authorized to do all acts and things and to approve, sign and/or execute all documents, appoint such professional parties and advisers, perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority".

New Africa House  
31 Marina  
P.O. Box 112, Lagos

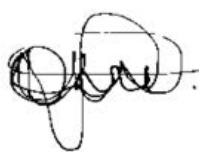
T. 01-4606690 – 01-4606699  
E. info@royalexchangeplc.com  
W. www.royalexchangeplc.com

### Directors:

Mr. Kenny Ezenwani Odogwu (Chairman), Chief Anthony Ikemefuna Idigbe (SAN), Alhaji Ahmed Rufa'i Mohammed, Mr. Adeyinka Adekunle Ojora, Mr. Hewett Benson

- e) That pursuant to Section 124 Companies and Allied Matters Act 2020 (CAMA), and Regulations 13 of the Companies Regulation 2021, as it relates to unissued shares of 1,767,407,882 be and are hereby cancelled, thus bringing the company issued share capital to ₦8,232,592,118 ordinary shares of 50kobo per share.
- f) That the Directors be and are hereby authorized to enter into and execute any agreements, deeds, notices or any other documents and to perform all acts and to do all such things necessary for or incidental to giving effect to the resolution 6(a-e) above including without limitation, appointing such professional bodies, consultant and advisers to comply with the directive of the regulatory authorities.
- b) That all acts carried out by the Directors and Management of the Company hitherto in connection with the above, be and are hereby ratified".
- c) That the Directors be and are hereby authorized to enter into any necessary agreements towards the implementation of the above resolutions".

**BY ORDER OF THE BOARD**



**MAZARS OJIKE & PARTNERS**

COMPANY SECRETARY  
 FRC/2021/002/00000022920  
 New Africa House  
 31, Marina, Lagos.  
 September 27, 2022

**7. To Consider and Pass the Following Resolutions as a Special Resolutions:**

- a) That following the cancellation of shares the memorandum of association of the company be altered to the following:
  - i. That the word Authorized Share Capital be replaced with Minimum Issued Shares; and
  - ii. The Minimum Issued Shares be reduced to ₦8,232,592,118 ordinary shares divided into 16,465,184,236, ordinary share of 50kobo each.

New Africa House  
 31 Marina  
 P.O. Box 112, Lagos

**T.** 01-4606690 – 01-4606699  
**E.** info@royalexchangeplc.com  
**W.** www.royalexchangeplc.com

**Directors:**

Mr. Kenny Ezenwani Odogwu (Chairman), Chief Anthony Ikemefuna Idigbe (SAN), Alhaji Ahmed Rufa'i Mohammed, Mr. Adeyinka Adekunle Ojora, Mr. Hewett Benson

## 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. In view of the current Covid-19 pandemic, the directives to minimize social contacts by restricting the number of persons at public gatherings and in accordance with the Corporate Affairs Commission's Guidelines on Holding of Annual General Meetings (AGM) of Public Companies by taking advantage of Section 254 of the Companies and

Allied Matters Act (CAMA) 2020 using Proxies, all members are hereby advised that attendance for the meeting shall be by PROXY. Shareholders are therefore advised to kindly appoint proxies to represent them at the meeting, as the Company is bound by the directives on the maximum number of people permitted in a social/public gathering.

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, CardinalStone Registrars Limited, 335/337 Herbert Macaulay Way, Yaba, Lagos or by email to [registrars@cardinalstone.com](mailto:registrars@cardinalstone.com) not less than 48 hours before the time fixed for the meeting.

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**  
Board Chairman
- 2) **Mr. Hewett Benson**  
Group Coordinator
- 3) **Miss. Caren Diala**  
Representing Mazars Ojike and Partners
- 4) **Sir Sunday Nnamdi Nwosu, KSS**  
Shareholders Representatives
- 5) **Mr. Boniface Okezie**  
Shareholders Representatives
- 6) **Mrs. Thorpe Oludewa**  
Shareholders Representatives
- 7) **Ms. Adetutu Siyanbola**  
Shareholders Representatives

- **Dividend Warrants**

Shareholders are hereby informed that some dividend warrants have been returned to the Registrars as unclaimed while some have neither been presented to the Banks for payment nor to the Registrars for revalidation. Those who are affected are advised to contact the Company's Registrars CardinalStone Registrars Limited, 335/337 Herbert Macaulay Way, Yaba, Lagos or by email to [registrars@cardinalstone.com](mailto:registrars@cardinalstone.com).

- **Closure of Register of Members and Transfer Books**

The Register of Members and the Transfer Books will be closed from Monday, October 3, 2022, to Friday, October 7, 2022, both dates inclusive.

New Africa House  
31 Marina  
P.O. Box 112, Lagos

T. 01-4606690 – 01-4606699  
E. [info@royalexchangeplc.com](mailto:info@royalexchangeplc.com)  
W. [www.royalexchangeplc.com](http://www.royalexchangeplc.com)

**Directors:**

Mr. Kenny Ezenwani Odogwu (Chairman), Chief Anthony Ikemefuna Idigbe (SAN), Alhaji Ahmed Rufa'i Mohammed, Mr. Adeyinka Adekunle Ojora, Mr. Hewett Benson

- **Re-election of Directors**

In accordance with the Articles of Association, Mr. Kenny Ezenwani Odogwu and Chief (Sir) Anthony Ikemefuna Idigbe, (SAN) are the directors retiring by rotation.

Mr. Kenny Ezenwani Odogwu and Chief (Sir) Anthony Ikemefuna Idigbe, (SAN) 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, CardinalStone (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 at 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.

- **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, are enclosed in the Annual Report and can be assessed on the Company's website [www.royalexchangeplc.com](http://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](http://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](mailto: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](http://www.royalexchangeplc.com)

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31 Marina  
P.O. Box 112, Lagos

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E. [info@royalexchangeplc.com](mailto:info@royalexchangeplc.com)  
W. [www.royalexchangeplc.com](http://www.royalexchangeplc.com)

**Directors:**

Mr. Kenny Ezenwani Odogwu (Chairman), Chief Anthony Ikemefuna Idigbe (SAN), Alhaji Ahmed Rufa'i Mohammed, Mr. Adeyinka Adekunle Ojora, Mr. Hewett Benson

The **53rd Annual General Meeting of Royal Exchange Plc** will be virtually held at the Operations Office, Royal Exchange Plc, 34/36, Oshodi Apapa Expressway, Charity Busstop, Oshodi, Lagos, **on Thursday, October 20, 2022** at **10.00 o'clock** 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/our behalf at the **53rd Annual General Meeting** of the Company to be held **on Thursday, October 20, 2022** and at every adjournment thereof.

Dated this 27th day of September, 2022

Nos.	RESOLUTIONS FOR AGAINST	FOR	AGAINST
1.	To re-elect Mr. Kenny Ezenwani Odogwu		
2.	To re-elect Chief (Sir) Anthony I. Idigbe (SAN)		
3.	To authorize the Directors to fix the remuneration of the Auditors		
4.	To disclose the remuneration of Managers.		
5.	To elect members of Statutory Audit Committee		
6.	To raise rights issue of ₦2,161,055,431		
7.	To allot the rights issue shares to existing Shareholders at a price of 70kobo per share		
8.	To authorize that in any event of under subscription, that the directors hereby raise the equity through private placement		
9.	To approve and authorize the cancellation of 1,767,407,882 shares		
10.	To approve and authorize that the minimum issued Shares be reduced to ₦8,232,592,118 ordinary shares divided into 16,465,184,236 ordinary shares of 50kobo each.		
11.	That the Directors be and are hereby authorized to enter into any necessary agreements towards the implementation of the above resolutions		

## NOTES:

- Please indicate with an **'X'** in the appropriate squares how you wish your votes to be cast on the resolutions set out above.
- 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.
- 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.
- Please sign the above proxy form and post it so as to reach The Registrars, CardinalStone (Registrars) Limited, 335/337 Herbert Macaulay Way, 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.
- Consequently, members are required to appoint a proxy of their choice from the list of the proposed proxies

to represent.

- |                                 |   |                               |
|---------------------------------|---|-------------------------------|
| 1) Mr. Kenny Ezenwani Odogwu    | - | Chairman                      |
| 2) Mr. Hewett Benson            | - | Group Co-ordinator            |
| 3) Sir Sunday Nnamdi Nwosu, KSS | - | Shareholders' Representatives |
| 4) Mr. Boniface Okezie          | - | Shareholders' Representatives |
| 5) Mrs. Thorpe Oludewa          | - | Shareholders' Representatives |
| 6) Ms. Adetutu Siyanbola        | - | Shareholders' Representatives |
| 7) Miss Caren Diala             | - | Mazars Ojike & Partners       |



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



PLEASE TEAR OFF THIS PART AND RETAIN IT

**AUTHORITY TO ADMIT**

Please admit ..... at the **53rd Annual General Meeting** of **Royal Exchange Plc** to be held at the Operations Office, Royal Exchange Plc, 34/36, Oshodi Apapa Expressway, Charity Busstop, Oshodi, Lagos, **on Thursday October 20, 2022, 10.00 o'clock** 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 person attending**

**FOR REGISTRAR/COMPANY USE ONLY**

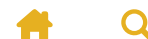
NAME OF SHAREHOLDER:

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:

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

Name:

### *For Joint Shareholders*

Signature:

Name:

) of Shareholder

Signature:

Name:

) of Shareholder

Signature:

Name:

) of Shareholder

### *Official stamp and authorized signatures of stockbroker*

1 Signatory:

Seal of stockbroker

2 Signatory:

Please Affix  
Postage Stamp  
Here

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



# Mandate for E-Dividend Payment



**Affix  
Current  
Passport Photograph**

Write your name at the back of  
your passport photograph

## 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](http://www.cardinalstoneregistrars.com), E-mail [registrars@cardinalstone.com](mailto:registrars@cardinalstone.com)

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-7120090



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



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INDEX INSURANCE



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VEGETATIVE & FLOWERING

MATURITY

**PERILS COVERED:**



No rains/dry spells



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Vegetation



Excess  
Rainfall

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**For more details and enquiry, kindly contact:**

**Chukwuma Kalu**  
Head, Agribusiness &  
Business Development  
Tel: 0705 736 2364

**Kabir Mohammed**  
Agric Marketer, North  
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**Dr. Olayemi Bamigbade**  
Agric Marketer, South West  
Tel: 0903 237 6152

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Email: [info@royalexchangeplc.com](mailto:info@royalexchangeplc.com), [general@royalexchangeplc.com](mailto:general@royalexchangeplc.com)

[www.royalexchangeinsurance.com](http://www.royalexchangeinsurance.com)



Mr. Kenny Odogwu

”

**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 economic challenges and meet the shareholders yearning and expectations.**

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Distinguished shareholders, fellow Board members, representative of the various regulatory bodies, members of the press, ladies and gentlemen. It gives me great pleasure to welcome you to the 53rd Annual General Meeting of our Company, taking place this 20th day of October 2022 where the Audited Annual Financial Statements and Annual Report of your Company will be presented for your consideration.

I am delighted, therefore to present to you a report of the operating environment as well as the annual report and financial statements of the Company for the year ended 31st December 2021, and synopsis of our expectations for 2022, for your kind consideration. But before doing so, permit me to highlight a few aspects of our business environment that had significant impacts on our operations in the year under review.

## 2021 Macroeconomic Review -

### Global

The global economic recovery continued and was projected to grow 5.9% in 2021 and 4.2% in 2022 amid uncertainty and renewed wave of the Covid-19 pandemic. The downward revision for 2021 reflects a downgrade for advanced economies — in part due to supply disruptions — and for low-

income developing countries, largely due to worsening pandemic dynamics. Vaccine approvals have raised hopes of a turnaround in the pandemic.

The Nigeria's economy grew by 3.6% in 2021 from a 1.8% contraction in 2020, underpinned on the supply side by 4.4% expansion in the non-oil sector against 8.3% contraction in the oil sector; non-oil growth was driven by agriculture (2.1%) and services (5.6%). On the demand side, public and private consumption were contributors to GDP growth.

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 40% and 33.3%, respectively. Annual average inflation stood at 17.0% in 2021 against 13.2% the previous year and is projected to remain elevated in 2022.

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

Climate change's impact is seen in crop yields declining by 7% in the short term (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

# ₦2.84b

Being gross written premium achieved by Royal Exchange Plc as groupwide total

*I am delighted, therefore to present to you a report of the operating environment as well as the annual report and financial statements of the Company for the year ended 31st December 2021, and synopsis of our expectations for 2022, for your kind consideration.*

”

Total management expenses were N878 million in year 2021 against N2.27 billion the previous year resulting in a decrease of 61.33% or N1.39 billion.

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. Your company is supportive and adaptive to the policies of sustainability and in that breath ensuring its subsidiaries and affiliates companies operates within the ambience, which supports and promotes eco friendly operations.

### 2021 Operating Results For The Company

Despite the hostile operating environment in 2021, Royal Exchange Plc. achieved a group-wide total gross written premium (GWP) of ~~N~~2.84 billion in the financial year of 2021 against ~~N~~15.29 billion achieved in 2020 representing 81.4% or ~~N~~12.45 billion decrease in GWP. Total claims incurred (Net of recoveries) were ~~N~~1.87 billion as against ~~N~~2.67 billion incurred in the same period previous year representing a decrease of 30.07% or ~~N~~802.86 million in claims expenses.

The company recorded ~~N~~13.49 million underwriting profits a decline of 98.8% (~~N~~1.102 billion) from 2020 achievements. Total management expenses were ~~N~~878 million in year 2021 against ~~N~~2.27 billion the previous year resulting in a decrease of 61.33% or N1.39 billion.

Loss before tax of ~~N~~554.61 million was recorded in 2021 against profits before tax of ~~N~~130 million achieved in 2020 resulting in an increase in losses before tax of 526.5% or ~~N~~684.65 million.

### Expectations For 2022

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 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, fuelled 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 economic challenges and meet the shareholders yearning and expectations.

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.



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 maintaining its sustainability 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.

Each of 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 are 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 they 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 Articles 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 (Sir) 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 Coordinator	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'i 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 three Non-Executive Directors, and two 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.”

### Board Committee meeting attendance

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

### Subsidiary Governance

Royal Exchange's governance strategy is implemented through the establishment of systems and processes which assures the Board that the subsidiaries 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 Subsidiaries 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 Co-Ordinator effective 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 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 Heads of Finance & Accounts, Human Resources, Enterprise Risk Management, Strategy & Business Improvement, Legal & Company Secretarial Services and the Managing Director of other subsidiaries.

### The Group Management Executive Committee (GMEC)

The GMEC is responsible for the day to day running of the Group and ensure the Board is fully informed at all times. It also ensures that the processes, policies, procedures and controls within the Group are effective and regularly reviewed to deliver financial and operational accountability and success.

The GMEC is headed by the Group Managing Director and includes the Group Executive Director, Managing Directors of the subsidiaries and Group Heads of Departments.

## 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), Nigerian Exchange Ltd., 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/](http://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

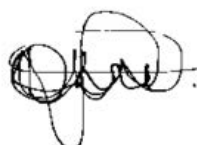
Royal Exchange is committed to ensuring that its products and services are not used for Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction; and that its processes and procedures are in compliance with all applicable Laws and regulations on Money Laundering. To 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 34.7 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-nitio has named and presented his permanent alternate details with the board. The directors with asterisks were represented by their alternates on the day they were absent.
- 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 ₦16,300,000.00 by the Nigerian Exchange Ltd. (NGX) for late filing of the company's Audited Financial Statements for the year ended 31st December 2020 and first and second quarter 2021 Unaudited Financial Statements for the periods ended 31 March and 30 June 2021 respectively.



### For Mazars Ojike & Partners

Company Secretary  
Lagos, Nigeria.  
FRC/2021/002/00000022920  
18 August 2022

# Risk Management Statement



## Overview

Our risk management architecture is built to provide the pathway for the realization of the corporate objective and to ensure continual sustainability of the company through effective process of risk identification, evaluation and management system.

We strive to ensure that our risk management system is based on industry best practice and modelled 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.

We have identified our major enterprise risk to include Insurance (underwriting, claims and reinsurance), Strategy, Operational, Credit, Liquidity, Market, Capital and Solvency Management, Regulatory, and Information Technology.

## Risk Management Philosophy

The company is completely risk averse. We understand that the greater the complexity of a transaction, the greater the inherent uncertainty hence, the company will not venture into any business to which it has limited knowledge or expertise.

## Enterprise Risk Management framework:

### Risk Management Process

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

## 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; Board Governance and Risk Management Committee, Board Finance and Investment and General Purposes Committee, Board Strategy Committee, and Board Audit and Compliance 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:

- Weekly Control exception logs
- Monthly Key Risk Indicator (KRI) Report
- Monthly Internal Control Report
- Quarterly Actuarial Valuation Report (AVR)
- Quarterly Risk Assessment Report
- Quarterly Compliance Report
- Quarterly Internal Audit Report

## Control Environment

The company has two Board Committees (Board Governance and Risk Management Committee & Board Audit and Compliance Committee) maintaining oversight functions on the company's Risk Management Processes.

The Board Governance and Risk Management Committees are 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 and Compliance Committee is independent and maintains oversight functions include among others, 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 committees are 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. They ensure 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 business activities.

### Internal Control and Risk Management System

The internal control and risk management system is designed to provide reasonable assurance regarding the achievement of objectives” in three categories- effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.

For adequacy of effective control, the company adopted the three line 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 Senior Management regularly assess the risks the company is exposed to, and the effectiveness of the internal control on an ongoing basis and specifically on quarterly basis. Senior Management also regularly consider 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 also set internal limits guiding its investments activities, liquidity, credit concentration limits. Additionally, limits are set for approval and authorization of any credit facilities and expenses. Also in place is segregation of duties with maker-checker in all processes; no officer can start and conclude transactions. Limits exist for transactions approved at appropriate levels.

Royal Exchange 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.

Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive reserves (e.g., contingency reserve, limits on recognition of revaluation reserves for solvency purposes, Limit of investment in fixed assets, Permissible level of portfolio at risk and distribution to shareholders of actuarial surpluses) to minimize the risk of default and insolvency on the part of the companies to meet unforeseen liabilities as these arise.

Additionally, the company has instituted 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.

### Asset and Liability Management Framework

The Assets and Liability Management framework is integrated in the overall risk management policy of the company be it directly or indirectly associated with insurance and investment liabilities. Our insurance risk management policy is to ensure, in each period, sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

### 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.

In reporting the financial strength, capital and solvency are measured using the rules prescribed by NAICOM. These regulatory tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of assets held thereby providing a degree of security to policyholders;

### Enterprise-Wide Risk Universe

The corporate strategy of the company exposes it to various 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 eliminate The 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.

### Insurance Risk

Insurance business being the central part of the company's business exposes the company to the risk of timing and expectations of claims and benefit payments. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims.

Underwriting risk appetite is defined based on underwriting objectives, business acceptance guidelines, retention guidelines, net retention capacity, annual treaty capacity, regulatory guidelines, other operational considerations and the judgment of the Board and senior management.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and ensuring that sufficient reserves are available to cover these liabilities.

The company has also instituted Asset & Liability Committee to provide guidance and oversight function on potential insurance risk exposure. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

### Credit Risk

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 company's credit risk appetite is set based on the company's strategic objectives, available resources and the provisions of the regulators' prudential guidelines. The policy is to ensure that an appropriate, adequate and effective system of risk management and internal control which addresses credit control is established and maintained.

In setting this appetite limits, the corporate solvency level, risk capital and liquidity level, level of investments, reinsurance and coinsurance arrangements, nature and categories of its clients, are taken into consideration.

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.

Similarly, the quality and performance of credit portfolios is monitored to identify early signs of decline in credit quality. Such activities include the review of ageing report, credit portfolio quality and delinquency management.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of directors and are subject to regular reviews.

**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.

Additionally, the company will not enter into any transaction with any organization with perceived likelihood of failure or showing signs of going concern challenges and or enter into any transaction that is illegal, unethical or contravene any applicable law, regulations, and professional code of conduct or is capable of damaging the company corporate image or key officer.

**Regulatory / Compliance Risk**

Compliance risk is when an organization faces exposure to legal penalties, financial forfeiture and material loss. 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.

Whilst Governance refers to the responsibility of the company's executives for maintaining organizational transparency and taking steps to reduce compliance risk by ensuring that established policies and procedures are followed, Risk management is the process by which a company sets its risk tolerance and, Compliance is the process that actually records and monitors the daily business activities to make sure that the company is complying with the law, industry mandates, and internal policies.

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 Ezenwani  
**Odogwu**

Group Chairman



Chief (Sir) Anthony I.  
**Idigbe (SAN)**

Director



Alhaji Ahmed Rufa'i  
**Mohammed**

Director



Mr. Adeyinka  
**Ojora**

Director



Mr. Hewett  
**Benson**

Group Co-ordinator





**Mr Kenny Ezenwani 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 Sotel, 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 (Sir) Anthony I. Idigbe (SAN)**  
Director

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.

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



**Alhaji Ahmed Rufa'i Mohammed**  
Director

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.



**Mr. Adeyinka Ojora**  
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. Hewett Benson**  
Group Co-ordinator

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.

# Management Team



**Mr. Nelson  
Akerele**  
Executive Director,  
Royal Exchange Prudential Life Plc



**Mrs. Irene  
Opara**  
Managing Director,  
Royal Exchange Finance  
Company Ltd



**Mr. Jide  
Adams**  
Group Head,  
Information Technology



**Dr. Njideka  
Ken-Njoku**  
Head Medical Operations,  
Royal Exchange Healthcare



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



**Mr. Monday  
Obodo**  
Group Head,  
Audit and Investigation



**Mr. Onyenaturuchi U.  
Ezikpe**  
Group Head,  
Finance & Accounts



**Mr. Nelson Akerele**  
Executive Director,  
Royal Exchange  
Prudential Life Plc

Mr. Nelson Akerele has over 20 years practical experience in insurance underwriting, marketing and broking in Nigeria. Prior to joining Royal Exchange in 2006, he was the Group Head, Technical Operations of Standard Alliance Insurance and later Group Head Marketing. Mr. Akerele had previously worked with Glanvill Enthoven & Co. Insurance Brokers Limited and was the pioneer CEO of MBC Insurance Brokers Limited. An astute insurance professional and trainer in risk management, leadership and strategy, Mr. Akerele also has an in-depth knowledge of General insurance practice and Life underwriting/marketing; Engineering, Special risk arrangements and Bonds.

He studied Insurance at the Kano State Polytechnic, Kano and is an Associate of the Chartered Insurance Institute of London (ACII), and Nigeria (ACIIN), Fellow, Institute of Direct Marketing Nigeria (FDMN) and an Alumnus of the prestigious IBM Marketing College Warbrook, London.



**Mrs. Irene Opara**  
Managing Director,  
Royal Exchange Finance  
Company Limited

Mrs. Opara is a graduate of Business Administration of the Institute of Management and Technology (IMT). She holds a post graduate degree diploma in Banking and Finance and an MBA (Finance) respectively from the Anambra State University of Technology (Now ESUT). She is a member of the Nigerian Institute of Management (NIM), an Associate member, Certified Pension Institute of Nigeria (CPIN) and a Senior Member of the Chartered Institute of Loan and Risk Management of Nigeria. She has over 12 years of successful history of achievements in Senior Management roles in the banking and manufacturing sectors.

She joined Royal Exchange in November 2015 as the Chief Operating Officer, Royal Exchange Finance and Assets Management Limited now Royal Exchange Finance Company Limited (REFCO) and was appointed the Managing Director of the Company in January 2018.



**Mr. Jide Adams**  
Group Head,  
Information Technology

Certificate in Business Administration from the University of Leicester, United Kingdom.

He started his career with Cornerstone Insurance Plc where he worked in various departments, the last being the Information Technology Department from where he left as an Assistant Manager to join FINBank Plc (now part of FCMB). He also worked in mortgage banking industry in different capacities including managing enterprise risk, strategy as well as information technology.

He was Group Head, Information Technology with Standard Alliance Insurance Plc from where he joined Royal Exchange Plc in September, 2018 as the Group Head, Information Technology. He is a Certified Information Security Manager (CISM) and a Certified Information Systems Auditor (CISA). He also holds a certification in Risk and Information Systems Control and is a Fellow of the Institute of Information Management, Africa (FIIM).

Mr. Babajide Adams is a graduate of the University of Agriculture, Abeokuta, Ogun State, where he obtained a Bachelor of Science degree in Mathematical Sciences. He also holds a Master's degree in Business Administration (MBA) from Ambrose Ali University, Edo State and a Post-Graduate



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

Biyi, is a seasoned Financial & Enterprise Risk Management Specialist with expertise in financial modelling and enterprise risk engineering. He had worked in several capacity with different organizations and has over 25years work experience in insurance, finance and enterprise risk management. He has partnered with consulting firms (Pwc, Conrad Clark) on a number of projects in enterprise risk management which has further enriched his professional knowledge and skills. He is an alumni of the University of Ibadan, Lagos State University, The Polytechnic Ibadan and the Lagos Business School, He obtained his professional certification with the International Association of Certified Risk & Compliance Management Professional Washington DC and, he is a certified Health & Safety Professional with the chartered Institute of safety professionals of Nigeria and has attended a number of professional and management executive trainings.

He is a member of several professional bodies such as Chartered Insurance Institute of Nigeria, Chartered Institute of Bankers of Nigeria, Chartered Institute of Loan & Credit Risk Management and Chartered Institute of Health & Safety of Nigeria.



**Mr. Monday Obodo**  
Group Head,  
Audit and Investigation

Obodo Monday is a leading and highly experienced internal audit expert. He has over 16 years of experience in Accounting, Internal Auditing, and Control spanning from various industries including insurance, consulting, banking, FMCG, and Haulage & Logistics.

He currently drives the Royal Exchange Plc's Internal Audit Strategy and Framework. Prior to joining Royal Exchange Plc, Monday was Financial Reporting Manager for AA Rescue Limited. He was responsible for developing the budget and budgetary controls and contributed immensely to the success of the business. He also worked at TOIME Nigeria Limited as an Accounting and Financial Analyst. Monday holds a degree in Accounting and Finance from the Yaba College of Technology, Lagos State. He is an Associate of the Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Taxation of Nigeria (CITN).



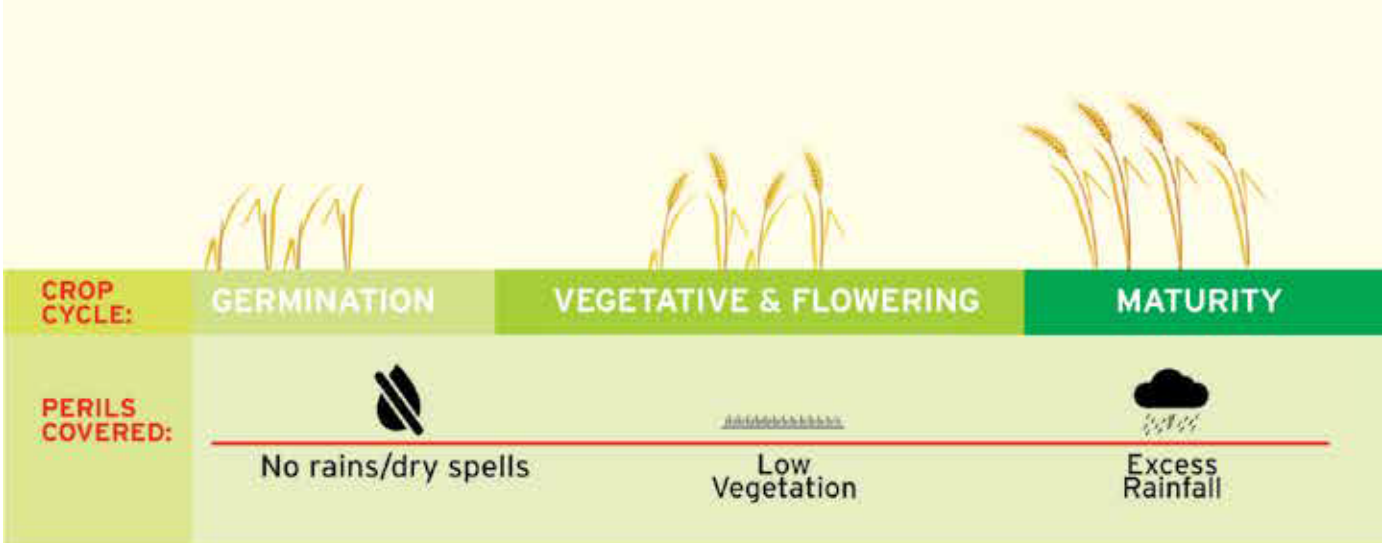
**Mr. Onyenaturuchi U. Ezikpe**  
Group Head,  
Finance & Accounts

Onyenaturuchi graduated from Abia State University, Uturu with a Bachelor's degree in Accountancy. He did his youth service with the Kano State Polytechnic – School of Business Administration as a Graduate Lecturer (NYSC), Department of Accountancy.

He then had a brief stint with Accion Microfinance Bank in 2013 before joining Royal Exchange Plc the same year. He is a seasoned Group Financial Reporting expert and has been responsible for the Group Financial Reporting of Royal Exchange Plc since 2016. In 2018, he was appointed Project Manager, IFRS 9 Implementation Task Force, working with Messrs PWC during the adoption of the International Financial Reporting Standard 9 (Financial Instruments) by the Group. In 2014, he successfully pioneered the project of processing Electronic Tax Clearance Certificate (e-TCC) for members of Staff of Royal Exchange Plc.

Control your farm risk with

**Climate Change  
Crop protection  
(Index Insurance)**



Nigerian farmers are very skilled at managing their risks. However, some risks are difficult to control, like extreme weather events. Royal Exchange’s Climate Change Insurance helps farmers manage their risks better and create a more resilient farm business.

**For more details and enquiry, kindly contact:**

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Agric Marketer, North  
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**Dr. Olayemi Bamigbade**  
Agric Marketer, South West  
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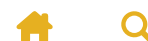
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[www.royalexchangeinsurance.com](http://www.royalexchangeinsurance.com)

# Directors' Report

For the year ended 31 December, 2021



The directors are pleased to submit to the members of the Company, their fifty-third annual report, together with the audited financial statements for the year ended December 31, 2021.

## 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 Exchange Ltd. on December 3, 1990. The principal activities of the Company include life, healthcare and general insurance, financing, asset management, trusteeship and micro finance banking services.

## 2 Results For The Year:

The highlights of the Company's trading results for the year ended December 31 2021

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
(Loss)/Profit before taxation	(554,612)	130,040	20,252	(149,524)
Minimum tax	(2,444)	(1,595)	(628)	(419)
Income taxes	2,267	(205,561)	(204)	-
(Loss)/Profit after taxation	(554,789)	(77,116)	19,420	(149,943)
Other comprehensive (loss)/income, net of tax	(175,050)	185,736	(192,769)	92
Total comprehensive (loss)/income for the year	(729,840)	108,620	(173,349)	(149,851)
Total assets	12,697,137	32,373,917	8,701,631	8,977,030
Shareholders fund/Total equity	851,931	3,662,432	4,143,813	4,317,156

## 3 Dividend:

The company did not recommend any dividend on ordinary shares to its members for the year ended December 31, 2021 (2020: 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:

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

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 Ltd., are as follows:

Names	No. of 50k Ordinary Shares Held as at 31 December 2021 (Direct)		Names	No. of 50k Ordinary Shares Held as at 31 December 2021 (Indirect)		No. of 50k Ordinary Shares Held as at 31 December 2020 (Direct)	No. of 50k Ordinary Shares Held as at 31 December 2020
	Number Direct	% Holding		Number Indirect	% Holding	Number Direct	Number Indirect
Mr. Kenny 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
<b>Grand Total</b>	<b>100,000</b>	<b>0.002</b>		<b>2,197,999,968</b>	<b>42.71</b>	<b>100,000</b>	<b>2,197,999,968</b>

#### 4.3 Rotation Of Directors

In accordance with the articles of association, Mr. Kenny Odogwu and Chief (Sir) Anthony I. Idigbe are the directors retiring by rotation. Mr. Kenny Odogwu and Chief (Sir) Anthony I. Idigbe being eligible offer themselves for re-election.

#### 4.4 Re-Appointment And Rotation

In accordance with the articles of association, Mr. Kenny Odogwu and Chief (Sir) Anthony I. Idigbe 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 Authorized Share Capital:

The authorized share capital of the Company is ₦5billion made up of 10,000,000,000 ordinary shares of 50k each.

#### 5.2 Called Up, Issued and Fully Paid Share Capital:

5.2.1 The issued and paid-up share capital of the Company is currently ₦2,572,685,037 made up of 5,145,370,074 ordinary shares of 50k each.



	No. of 50k Ordinary Shares Held as at 31 December 2021	% Holding as at 31 December 2021	No. of 50k Ordinary Shares Held as at 31 December 2020	% Holding as at 31 December 2020
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	20,654,487	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
(Under Litigation - Suit No FHC/L/CS/5479/08)				
Other Nigerian Citizens & Associations	1,318,956,349	25.63	1,318,910,309	25.63
<b>Grand Total</b>	<b>5,145,370,074</b>	<b>100</b>	<b>5,145,370,074</b>	<b>100</b>

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 December 31, 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
<b>Grand Total</b>	<b>15524</b>	<b>100</b>	<b>5,145,370,074</b>	<b>100</b>

#### 5.4 Share Range Analysis as at December 31, 2020

		No. of Holders	% of Total Holders	Units Held	% of Units Held
1	- 500	1223	7.91	277,199	0.01
501	- 1,000	830	5.36	634,933	0.01
1,001	- 5,000	5173	33.43	14,405,632	0.28
5,001	- 10,000	2799	18.01	19,465,514	0.38
10,001	- 50,000	3572	23.09	79,510,137	1.55
50,001	- 100,000	775	5.01	56,957,450	1.11
100,001	- 500,000	798	5.16	167,157,938	3.25
500,001	- 1,000,000	119	0.77	86,414,564	1.68
1,000,001	- 5,000,000	125	0.81	274,127,828	5.33
5,000,001	- 10,000,000	33	0.21	178,551,589	3.47
10,000,001	- 5,145,370,074	24	0.16	4,267,867,290	82.95
<b>Grand Total</b>		<b>15471</b>	<b>100</b>	<b>5,145,370,074</b>	<b>100</b>

#### 6 Records Of Directors Attendance:

Further to the provisions of Section 284 (2) of the Companies and Allied Matters Act, 2020, the Record of Directors' Attendance at the Board Meetings held in 2021 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 17.

#### 8 Donations:

There were no donations during the year 2021 (2020: ₦2,000,000)

#### 9 Events After Reporting Date:

Significant event after the reporting date which requires disclosure in this financial statements has been disclosed in note 59.

#### 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 HoldCo in order to preserve their value. (See note 60 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, through its subsidiary, Royal Exchange Healthcare Limited provides health insurance for all group staff.

### 12.3 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.

Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Circulars and newsletters on significant corporate issues are published. In order to facilitate the exchange of information, a house journal titled "Royal News" is published featuring contributions from and about employees of the Group.

### 12.4 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 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:

<b>Alhaja A. S. Kudaisi</b>	–	<i>(Chairman/Shareholders representative)</i>
<b>Mr. T. Olawuyi</b>	–	<i>(Shareholders representative)</i>
<b>Mr. B. Akinsolu</b>	–	<i>(Shareholders representative)</i>
<b>Chief A. I. Idigbe (SAN)</b>	–	<i>(Member)</i>
<b>Mr. A. A. Ojora</b>	–	<i>(Member)</i>
<b>Mr. Hewett Benson</b>	–	<i>(Member)</i>

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

### 1 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	RIGHT ISSUE
1997	151,875,000
2003	170,859,375
2006	1,216,802,144
TOTAL RIGHTS	1,539,536,519

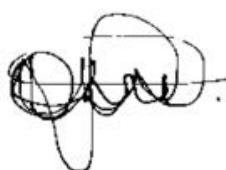
### 15 Auditors:

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/2021/002/000000022920  
LAGOS, NIGERIA  
18-Aug-22

# Statement of Directors' Responsibilities

## In relation to the Financial Statements

For the year ended 31 December, 2021



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 2021, 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, 2020 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 Matters 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

- 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
- 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:

- 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 are 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,

- has evaluated the effectiveness of the group's internal controls within 90 days prior to the date of its audited financial statements, and
- certifies that the group's internal controls are effective as of that date.

### We have disclosed:

- 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
- 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
- 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 2021 were approved by the directors on 18th August, 2022

**Kenny Odogwu**  
(Chairman)  
(FRC/2013/NBA/00000004195)  
18 August 2022

**Alh. Ahmed Rufa'I Mohammed**  
Director  
(FRC/2015/IODN/000000013008)  
18 August 2022

# Report Of The **Audit Committee**

For the year ended 31 December, 2021



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, 2021 and the reports thereon and confirm as follows:

- a. The accounting and reporting policies of the company and Group are in accordance with legal requirements and agreed ethical practices.
- b. The scope and planning of both the external and internal audits for the year ended 31 December, 2021 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 financials 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 2021 and the Auditors' report thereon be presented for adoption by the Company at the Annual General Meeting.

Dated This 17th August 2022

A handwritten signature in black ink, appearing to read 'Alhaja A. S. Kudaisi', is written over a horizontal line.

**Alhaja A. S. Kudaisi**  
Chairman, Audit Committee

## **Other Members**

<b>Alhaja A. S. Kudaisi</b>	<i>Chairman</i>	(Shareholders' representative)
<b>Mr. T. Olawuyi</b>	<i>Member</i>	(Shareholders' representative)
<b>Mr. B. Akinsolu</b>	<i>Member</i>	(Shareholders' representative)
<b>Chief A. I. Idigbe (SAN)</b>	<i>Member</i>	
<b>Mr. A. A. Ojora</b>	<i>Member</i>	
<b>Mr. Hewett Benson</b>	<i>Member</i>	

# Independent Auditor's Report

For the year ended 31 December, 2021



# Deloitte.

**P.O. Box**  
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Nigeria

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

### Opinion

We have audited the financial statements of Royal Exchange Plc ("the Company") and its subsidiaries (together "the Group") set out on pages 52 to 161, which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year ended, and 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, 2021 and the financial performance and cash flows for the year ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act 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 the 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 2021, the Group recorded a loss after tax of ₦554.585 million (2020: ₦77.166 million). At the same time, the group's admissible assets less net insurance and investment contract liabilities amounted to a solvency deficit of ₦3.916 billion (2020: ₦2.793 billion).

The directors have set forth specific measures and actions to address this position and resolve the solvency deficit, 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.



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Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited



## Key Audit Matters

Key audit matters are matters that, in our professional judgement, were of most significant in our audit of the consolidated and separate financial statements of the period. These matters were 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 these matters.

Key Audit Matters	How the matter was addressed in the audit
Valuation of Insurance Contract Loss Reserve Under IFRS 4, the Company is required to perform liability adequacy test on its insurance contract liabilities and investment contract liabilities to ensure the carrying value of the liabilities are adequate.	Our procedures included the following among others: We assessed and tested the design and operating effectiveness of selected key controls over actuarial methodology, integrity of data used in the actuarial valuation, and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves.
As disclosed in note 26 of the financial statements, the insurance contract liabilities of the Group amounted to <b>¥5.79 billion</b> (2020: <b>¥9.80 billion</b> ). This represents about 50% of the Group total liabilities as at 31 December 2021.	In relation to the particular matters set out above, our substantive testing procedures included the following: <ul style="list-style-type: none"> <li>Tested the completeness and accuracy of underlying claims data utilized by the company's actuaries in estimating general insurance loss reserves.</li> </ul>
Reserves for losses and loss adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses as at 31 December 2021. This involves exercise of significant judgement and use of key inputs and assumptions such as inflation, claims development patterns and regulatory changes. Specially, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims.	<ul style="list-style-type: none"> <li>Utilized information technology audit techniques to analyze claims through claims data plausibility checks and recalculation of claims development patterns.</li> <li>Involved Deloitte's actuarial specialists to independently test management's general insurance loss reserve studies and evaluate the reasonableness of the methodology and assumptions used against recognized actuarial practices and industry standards.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Directors' Report, Results at a Glance, Value Added Statement, Five-Year Financial Summary and Audit Committee's Report, which we obtained prior to the date of this auditor's report and the integrated report, which is expected to be made available to us after that date. 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 conclusion thereon.

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In connection with our review 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, the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act, 2011, 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 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Deloitte.

- 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 and 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to 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 the Audit Committee and the directors 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.

We also provide the Audit Committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of 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 has kept proper books of account, so far as appears from our examination of those books.
- iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.
- iv) As disclosed in note 62, the Group paid ₦1.56 million for the contravention of regulatory requirement in the year.



**For:** Deloitte & Touche  
Chartered Accountants  
Lagos, Nigeria  
31 August 2022

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



# Consolidated Statements of Financial Position

For the year ended 31 December, 2021



<i>In thousands of Naira</i>	Note	Audited Group 31-Dec-21	Audited Group 31-Dec-20	Audited Company 31-Dec-21	Audited Company 31-Dec-20
<b>ASSETS</b>					
Cash and cash equivalents	5	2,896,828	12,807,056	112,326	156,823
Loans and advances to customers	6	1,079,176	1,044,098	-	-
Advances under finance lease		104,578	88,201	-	-
Investment securities:					
Measured at Fair Value Through Profit or Loss (FVPL)	8(a)	404,106	1,162,188	17,499	21,508
Measured at Fair Value Through Profit or Loss (FVOCI)	8(b)	382,349	4,738,350	-	-
Amortized Cost	8(c)	105,567	210,738	-	1,096
Investment in subsidiaries	9	-	-	4,714,381	8,568,651
Trade receivables	10	19,014	136,091	-	-
Reinsurance assets	11	234,017	2,195,157	-	-
Deferred acquisition cost	12	54,636	281,416	-	-
Other receivables and prepayments	13	228,979	471,550	115,056	219,712
Investment in associates	14	3,710,291	226,343	3,710,291	-
Investment properties	15	1,821,018	5,635,991	-	-
Property and equipment	17	142,523	1,381,742	374	774
Right of Use Asset	17(b)	597	10,089	4,704	8,466
Intangible assets	18	53,798	5,133	-	-
Employees retirement benefit asset (Net)	19	-	257,168	-	-
Statutory deposits	20	215,000	555,000	-	-
Deferred tax assets	21	201,592	193,968	-	-
Assets classified as held for sale	16	1,016,069	973,639	-	-
Deposit for shares	14(c)	27,000	-	27,000	-
<b>Total assets</b>		<b>12,697,137</b>	<b>32,373,917</b>	<b>8,701,631</b>	<b>8,977,030</b>
<b>LIABILITIES</b>					
Borrowings	29	2,413,039	2,184,877	2,523,850	2,313,544
Deferred Income	22	-	138,244	-	-
Trade payables	23	387,752	7,909,847	-	-
Other liabilities	24	1,088,216	1,864,278	1,787,291	2,073,330
Depositors' funds	25	1,366,634	1,364,220	-	-
Insurance contract Liabilities	26	5,793,044	9,798,691	-	-
Investment contract Liabilities	27	281,448	276,979	-	-
Finance Lease Obligation	29	-	-	12,867	16,833
Current income tax liabilities	28(b)	240,597	650,203	232,836	254,511
Employees benefit liability	19(a)	9,369	41,335	974	1,656
Deferred tax liabilities	21	85,825	610,101	-	-
<b>Total liabilities</b>		<b>11,665,923</b>	<b>24,838,776</b>	<b>4,557,818</b>	<b>4,659,874</b>
<b>EQUITY</b>					
Share capital	30	2,572,685	2,572,685	2,572,685	2,572,685
Share premium	31	2,690,936	2,690,936	2,690,936	2,690,936
Contingency reserve	32	312,656	2,291,372	-	-
Treasury shares	33	-	(500,000)	-	-
Retained earnings	34	(5,000,920)	(4,051,382)	(928,926)	(948,352)
Other component of equity	35(c)	276,575	658,821	(190,883)	1,887
<b>Capital and reserves attributable to owners</b>		<b>851,931</b>	<b>3,662,432</b>	<b>4,143,813</b>	<b>4,317,156</b>
Non-controlling interests	35(d)	179,283	3,872,709	-	-
<b>Total Equity</b>		<b>1,031,214</b>	<b>7,535,141</b>	<b>4,143,813</b>	<b>4,317,156</b>
<b>Total equity &amp; liabilities</b>		<b>12,697,137</b>	<b>32,373,917</b>	<b>8,701,631</b>	<b>8,977,030</b>

The Financial Statements was approved by the board of directors on 18 August 2022 and signed on its behalf by:

**Kenny Odogwu**  
(Chairman)  
(FRC/2013/NBA/00000004195)

**Oluyemisi Afolabi**  
Ag. Chief Financial Officer  
(FRC/2012/CAN/00000000580)

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

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December, 2021



In thousands of Naira	Note	Group		Company	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Gross premium written:	36(a)	2,843,067	15,292,757	-	-
Unearned premium		(68,956)	(264,200)	-	-
<b>Gross premium income</b>		<b>2,774,111</b>	<b>15,028,558</b>	-	-
Reinsurance expenses	36(b)	(519,095)	(6,837,044)	-	-
Net premium income		2,255,016	8,191,514	-	-
Fees and commission income	37	83,982	663,205	-	-
<b>Net underwriting income</b>		<b>2,338,998</b>	<b>8,854,719</b>	-	-
Insurance claims and benefits incurred	38	(2,306,717)	(3,373,803)	-	-
Insurance claims and benefits incurred - recoverable from reinsurers	39	439,935	704,166	-	-
Net claims expenses		(1,866,782)	(2,669,637)	-	-
Changes in insurance contract liabilities		259,924	(462,513)	-	-
Underwriting expenses	40	(718,648)	(4,606,732)	-	-
Total underwriting expenses		(2,325,506)	(7,738,882)	-	-
<b>Underwriting profit</b>		<b>13,492</b>	<b>1,115,837</b>	-	-
Net Interest Income	41	137,573	159,643	(91,515)	(220,097)
Investment and other income	42	29,642	658,733	(18,797)	230,294
Share of profit/loss on investment in associate	14	95,920	(877)	95,920	-
Net fair value gain or loss on financial assets	43	48,130	35,307	6,314	3,000
Charge/write-back of impairment allowance	44	(286,620)	(267,924)	-	-
ECL Impairment Allowance	44(a)	11,391	13,935	(4,110)	(44,308)
Operating income (Revenue)		-	-	11,385	36,713
Other operating income	45	270,156	612,480	132,650	118,513
Foreign exchange gains/(losses)	46	3,692	73,318	-	-
<b>Net Income</b>		<b>323,376</b>	<b>2,400,452</b>	<b>131,848</b>	<b>124,114</b>
Management expenses	47	(877,988)	(2,270,412)	(111,596)	(273,638)
<b>Total expenses</b>		<b>(877,988)</b>	<b>(2,270,412)</b>	<b>(111,596)</b>	<b>(273,638)</b>
(Loss)/Profit before tax		(554,612)	130,040	20,252	(149,524)
Minimum tax	28(a)	(2,444)	(1,595)	(628)	(419)
Income taxes	28(a)	2,267	(205,561)	(204)	-
<b>(loss)/Profit after taxation</b>		<b>(554,789)</b>	<b>(77,116)</b>	<b>19,420</b>	<b>(149,943)</b>
Loss is attributable to:					
Owners of Royal Exchange Plc		(555,522)	(388,576)	19,420	(149,943)
Non-controlling interest		733	311,460	-	-
		(554,789)	(77,116)	19,420	(149,943)
<b>Other comprehensive income, net of tax</b>					
Items that will never be reclassified subsequently to profit or loss:					
Net actuarial gains/(losses) of defined benefit obligations		6,889	(74,038)	1,042	92
Share of returns in associates		(193,811)	-	(193,811)	-
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of FVOCI investments		11,872	259,774	-	-
Total other comprehensive income, net of tax		(175,050)	185,736	(192,769)	92
<b>Total comprehensive income for the period</b>		<b>(729,840)</b>	<b>108,620</b>	<b>(173,349)</b>	<b>(149,851)</b>
<b>Total comprehensive income attributable to:</b>					
Owners of Royal Exchange Plc		(730,538)	(295,502)	(173,349)	(149,851)
Non-controlling interest		698	404,122	-	-
		(729,840)	108,620	(173,349)	(149,851)
<b>Total comprehensive income for the period attributable to owners of Royal Exchange Plc arising from:</b>					
Continued operations		(730,538)	(295,502)	(173,349)	(149,851)
Discontinued operations		-	-	-	-
		(730,538)	(295,502)	(173,349)	(149,851)
<b>Loss per share - Basic and diluted (kobo)</b>	48	(11)	(8)	0.4	(3)

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

# Statement of Changes in Equity - Group

For the year ended 31 December, 2021



In thousands of Naira	Other component of equity						Equity attributable to Parents' Shareholders	Non-controlling Interests	Total 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)
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	3,662,432	3,872,709	7,535,142
Fair value reserve	-	-	-	-	-	-	-	38,667	38,667	-	-	38,667
Share of returns in associates	-	-	-	-	-	-	-	(225,547)	(225,547)	-	-	(225,547)
Net actuarial gains/losses	-	-	-	-	-	-	6,397	-	6,397	-	(35)	6,362
(Loss)/Profit for the year	-	-	-	(555,522)	-	-	-	-	-	(555,522)	615	(554,908)
<b>Total comprehensive income</b>	<b>2,572,685</b>	<b>2,690,936</b>	<b>2,291,372</b>	<b>(4,606,905)</b>	<b>(500,000)</b>	<b>480,748</b>	<b>49,058</b>	<b>(51,470)</b>	<b>478,338</b>	<b>2,926,427</b>	<b>3,873,289</b>	<b>6,799,716</b>
Share of newly recognized Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-	-	-	178,585	178,585
Disposal on Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-	-	-	(3,872,709)	(3,872,709)
Contingency reserve	-	-	(26,960)	-	-	-	-	-	-	(26,960)	-	(26,960)
Transfer to contingency reserve	-	-	28,790	(28,790)	-	-	-	-	-	-	119	119
Transfer to regulatory reserve	-	-	-	8,742	-	(8,742)	-	-	(8,742)	-	-	-
Transactions with owners in their capacity as owners:												
Other reserve	-	-	(1,980,546)	(373,969)	500,000	-	-	-	(193,021)	(2,047,536)	-	(2,047,536)
<b>At 31st December 2021</b>	<b>2,572,685</b>	<b>2,690,936</b>	<b>312,656</b>	<b>(5,000,922)</b>	<b>-</b>	<b>472,006</b>	<b>49,058</b>	<b>(51,470)</b>	<b>276,575</b>	<b>851,931</b>	<b>179,283</b>	<b>1,031,214</b>

In thousands of Naira	Other component of equity						Equity attributable to Parents' Shareholders	Non-controlling Interests	Total 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)
At 1 January 2020	2,572,685	2,690,936	1,899,998	(3,240,315)	(500,000)	475,568	86,307	(1,763)	560,112	3,983,416	3,633,174	7,616,590
Fair value reserve	-	-	-	-	-	-	-	143,816	143,816	-	-	143,816
Share of returns in associates	-	-	-	-	-	-	-	(6,643)	(6,643)	-	-	(6,643)
Net actuarial gains/losses	-	-	-	-	-	-	(43,646)	-	(43,646)	-	-	(43,646)
Loss/(profit) for the year	-	-	-	(388,576)	-	-	-	-	-	(388,576)	311,460	(77,117)
<b>Total comprehensive income</b>	<b>2,572,685</b>	<b>2,690,936</b>	<b>1,899,998</b>	<b>(3,628,891)</b>	<b>(500,000)</b>	<b>475,568</b>	<b>42,661</b>	<b>135,410</b>	<b>653,639</b>	<b>3,688,368</b>	<b>4,037,295</b>	<b>7,725,662</b>
Withholding tax on Dividend paid (N25m) and Dividend paid to NCI (164m)	-	-	-	(25,477)	-	-	-	-	-	(25,477)	(164,586)	(190,063)
Transfer to contingency reserve	-	-	391,374	(391,374)	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	519	-	5181	-	-	5,181	5,700	-	5,700
Write back of Loan provision (Finance)	-	-	-	(6,159)	-	-	-	-	-	(6,159)	-	(6,159)
Transactions with owners in their capacity as owners:												
Other reserve	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 31st December 2020</b>	<b>2,572,685</b>	<b>2,690,936</b>	<b>2,291,372</b>	<b>(4,051,382)</b>	<b>(500,000)</b>	<b>480,748</b>	<b>42,661</b>	<b>135,410</b>	<b>658,821</b>	<b>3,662,432</b>	<b>3,872,709</b>	<b>7,535,141</b>

# Statement of Changes in Equity - Company

For the year ended 31 December, 2021



In thousands of Naira	Other Component of Equity				Total Equity			
	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/ Loss Reserve		Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests
At 1 January 2021	2,572,685	2,690,936	(948,352)	1,887	1,887	4,317,156	-	4,317,156
Profit for the period	-	-	19,427	-	-	19,427	-	19,427
Net actuarial gains/losses	-	-	-	1,042	1,042	1,042	-	1,042
Share of current year results in associates - OCI	-	-	-	(193,811)	(193,811)	(193,811)	-	(193,811)
<b>Total comprehensive income</b>	<b>2,572,685</b>	<b>2,690,936</b>	<b>(928,925)</b>	<b>2,929</b>	<b>(190,883)</b>	<b>4,143,813</b>	<b>-</b>	<b>4,143,813</b>
Transactions within equity:								
Dividend paid	-	-	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>2,572,685</b>	<b>2,690,936</b>	<b>(928,925)</b>	<b>2,929</b>	<b>(190,883)</b>	<b>4,143,813</b>	<b>-</b>	<b>4,143,813</b>

In thousands of Naira	Other Component of Equity				Total Equity			
	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/ Loss Reserve		Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests
At 1 January 2020	2,572,685	2,690,936	(798,409)	1,795	1,795	4,467,007	-	4,467,007
Loss for the period	-	-	(149,943)	-	-	(149,943)	-	(149,943)
Net actuarial gains/losses	-	-	-	92	92	92	-	92
<b>Total comprehensive income</b>	<b>2,572,685</b>	<b>2,690,936</b>	<b>(948,352)</b>	<b>1,887</b>	<b>1,887</b>	<b>4,317,156</b>	<b>-</b>	<b>4,317,156</b>
Transactions within equity:								
Dividend paid	-	-	-	-	-	-	-	-
<b>At 31st December 2020</b>	<b>2,572,685</b>	<b>2,690,936</b>	<b>(948,352)</b>	<b>1,887</b>	<b>1,887</b>	<b>4,317,156</b>	<b>-</b>	<b>4,317,156</b>

# Consolidated Statements of Cashflows

For the year ended 31 December, 2021



<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
(Loss)/Profit for the year	(554,789)	(77,116)	19,420	(149,943)
Add: Minimum tax	2,444	1,595	628	419
Add: Income tax	(2,267)	205,561	204	-
<b>Profit before taxes</b>	<b>(554,612)</b>	<b>130,040</b>	<b>20,252</b>	<b>(149,524)</b>
<i>Adjustments for:</i>				
ECL Impairment Allowance	(11,391)	(13,935)	4,110	44,308
Charge/(write-back) of impairment allowance	286,620	267,924	-	-
Depreciation on property and equipment	43,071	127,213	400	3,015
Depreciation on Right of Use Asset	551	19,928	3,762	9,994
Amortization of intangible assets	17,285	6,497	-	-
Profit/(Loss) on disposal of property and equipment	(981)	(51,764)	-	-
Profit/(Loss) on disposal of Investment property	-	10,200	-	-
Dividend from investment in subsidiaries	-	-	-	229,291
Dividend income on equity investments (FVTOCI & FVTPL)	(29,530)	(181,051)	1,039	1,003
Rental income	(22,080)	(75,712)	-	-
Interest income	(325,156)	(360,132)	(5,064)	(9,558)
Interest expense on borrowings	187,583	200,489	91,103	223,744
Foreign exchange (loss)/gains	(3,692)	(73,318)	-	-
Fair value gain/(loss) on FVTPL investment securities	(9,455)	(159,577)	(6,314)	(3,000)
Fair value gain/(loss) on FVTPL investment properties	(38,675)	124,270	-	-
Fair value gain/(loss) on disposal of investment in subsidiaries	19,835	-	-	-
Adjustment on derecognition of Investment in subsidiaries	(3,270,780)	-	-	-
Share of loss/(profit) of associate	97,891	877	97,891	-
	<b>(3,613,516)</b>	<b>(28,051)</b>	<b>207,177</b>	<b>349,273</b>
<i>Changes in working capital:</i>				
Loans and advances to customers	(5,074)	(137,540)	-	-
Advance under finance lease	(11,937)	129,370	-	-
Trade receivables	(203,987)	278,892	-	-
Re-insurance asset	1,961,140	692,317	-	-
Deferred acquisition cost	226,780	(72,021)	-	-
Other receivables and prepayment	210,955	171,143	100,545	126,357
Deferred income	(138,244)	28,912	-	-
Trade and other payables	(7,522,095)	1,752,662	-	-
Other liabilities	(776,062)	128,834	(275,402)	45,011
Depositors' funds	2,414	(419,930)	-	-
Statutory deposit	340,000	-	-	-
Investment contract liabilities	4,469	11,459	-	-
Changes in unearned premium	(1,546,349)	264,199	-	-
Changes in provision for outstanding claims	(2,462,891)	(1,434,541)	-	-
Changes in employee retirement benefits	225,202	(33,474)	(682)	330
	<b>(13,309,196)</b>	<b>1,332,231</b>	<b>31,638</b>	<b>520,971</b>
Income tax paid	(23,809)	(57,550)	(22,507)	(29,755)
Employee benefits paid	-	-	-	-
Interest expense paid	(187,583)	(200,489)	(91,103)	(223,744)
<b>Net cash provided by operating activities</b>	<b>(13,520,588)</b>	<b>1,074,191</b>	<b>(81,971)</b>	<b>267,472</b>



## Consolidated Statements of Cashflows

For the year ended 31 December, 2021



<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
<b>Cash flows from investing activities:</b>				
Purchases of property and equipment	(7,699)	(122,750)	-	(399)
Purchases of Right of Use Asset	-	(14,253)	-	-
Purchase of intangible assets	(65,950)	(1,800)	-	-
Proceed from disposal of investment properties	3,853,648	270,000	-	-
Proceed from disposal of property and equipment	1,204,828	85,913	-	-
Proceed from changes in ownership interest in subsidiary	26,254	-	-	-
Proceed from redemption/disposal of investment securities	5,263,531	2,291,354	5,105	850
Additional investment in associates	(3,581,839)	-	(3,808,182)	-
Additional investment in subsidiary	-	-	3,854,270	-
Purchase of investment securities	-	(4,758,045)	-	-
Deposit for shares	(27,000)	-	(27,000)	-
Dividend received	29,530	181,051	(1,039)	(230,294)
Rent received	22,080	75,712	-	-
Net interest received	325,156	360,132	5,064	9,558
Share of loss/(profit) of associate	-	-	(192,769)	-
Fair value gain/(loss) on FVTPL investment securities	-	-	6,314	3,000
<b>Net cash provided by investing activities</b>	<b>7,042,538</b>	<b>(1,632,686)</b>	<b>(158,237)</b>	<b>(217,285)</b>
<b>Cash flows from financing activities:</b>				
Repayment of borrowings	(18,085,031)	(8,204,412)	(18,230,048)	(8,225,588)
Proceeds from new borrowings	18,313,192	8,112,572	18,440,355	8,155,525
Repayment of finance lease	-	-	(3,966)	(14,633)
Non-controlling interest	(3,693,426)	-	-	-
Unclaimed dividend paid	(10,636)	-	(10,636)	-
<b>Net used in financing activities</b>	<b>(3,475,901)</b>	<b>(91,840)</b>	<b>195,704</b>	<b>(84,696)</b>
Cash and cash equivalent at beginning of year	12,807,056	13,834,940	156,824	191,331
Effect of exchange rate fluctuations on cash and cash equivalents	43,719	(377,551)	-	-
Net increase in cash and cash equivalent	(9,953,947)	(650,335)	(44,497)	(34,507)
<b>Cash and cash equivalent at end of the year</b>	<b>2,896,828</b>	<b>12,807,056</b>	<b>112,326</b>	<b>156,824</b>

# Notes to the Financial Statements



For the year ended 31 December, 2021

## 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 Exchange Ltd. 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), Royal Exchange Prudential Life Plc, Royal Exchange Finance Company Ltd. and Royal Exchange Healthcare Limited.

The principal activities of the Group are life assurance, health insurance and credit financing.

The financial statements of the Group are as at and for the year ended 31 December 2021.

The registered office address of the Group is New Africa House, 31 Marina, Lagos, Nigeria.

## 2 Basis of preparation

(a) These financial statements for year ended 31 December 2021 have been prepared in accordance with, and comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Insurance Act of Nigeria and National Insurance Commission of Nigeria ("NAICOM") circulars.

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

The financial statement is 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 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 2021, the group and its life insurance subsidiary recorded a loss after tax of ₦555million and ₦601million respectively. As of the same date, the life insurance subsidiary's total admissible assets less net insurance and investment contract liabilities amounted to a solvency deficit of ₦3.916= billion (2020: ₦2.793 billion). These conditions as set forth, indicate the existence of a material uncertainty that may cast significant doubt on the ability of the life Insurance subsidiary and the group to continue as a going concern. In order to overcome the deficit at the Group level, the Directors of the company are planning to:

Inject more capital and funds into the business via equity investment from proposed investors and sale of the company's investments which includes investment property located at Cadastral zone in FCT, Abuja at a proceed price of ₦1.2 billion to a prospective buyer and thereafter the sales proceed would be re-invested in fixed income securities. The following action plans have also been set forth whose implementation have already commenced.

- 1) 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.
- 2) On the deficit in our Solvency Margin Computation, we are pleased to inform you that we are concluding meeting the Condition Precedents (CPs) of the term sheet executed with the investor, the implementation of which will cure our solvency deficiency and take our capital to ₦8 Billion.
- 3) Enforce due process policies and strict internal control measures that will aid the cost reduction drive.
- 4) Strict compliance with risk profiling of new policies/renewals on exiting policies portfolio and a resolve to exit from toxic Group life businesses.
- 5) The company has embarked on full digitization through the deployment of an ERP - IES insurance solution to drive internal processes and efficiency. Also, the full digitization to drive risk-based retail products. This will translate

to more revenue with less cost of acquisition

- 6) Continuous review of risk appetite by not relying on public sector related businesses that is prone to high acquisition costs.
- 7) To shift the strategic marketing focus to the growth in pure risk, retail business. This should translate into more revenue with less cost acquisition. Emphasis on developing new pure risk businesses to mitigate the effect of investment linked policies has commenced and the benefit have started to emerge.

Based on the fore-going, the Directors believe the entire group to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements are prepared on the going concern basis.

**(g) Changes in accounting policies and disclosures****(i) New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statement**

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2020, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

**Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16**

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee

to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met.

- 1) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 2) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- 3) There is no substantive change to other terms and conditions of the lease.

The amendment is not applicable to the Royal Exchange Plc as the Group does not have operating leases qualified for the application of IFRS 16, hence it was not applied.

#### **i(a) Amendments to References to the Conceptual Framework in IFRS Standards**

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6,

IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

#### **i(b) Amendments to IFRS 3 Definition of a business.**

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

#### **i(c) Amendments to IAS 1 and IAS 8 Definition of material**

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

## ii Impact of the initial application of new and amended IFRS Standards that are effective for the current year

### ii(a) Amendments to IAS 1 and IAS 8: Definition of material

The Company has adopted the amendments to IAS 1 and IAS 8 in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

### ii(b) Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are not relevant to the Group given that it does not apply hedge accounting to its benchmark interest rate exposures.

### ii(c) Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change

applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met: a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has not applied the amendment to IFRS 16 (as issued by the IASB in May 2020) as it did not receive any COVID-19 related rent concession on its leases.

## iii Standards, amendments and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective;

### iii(a) IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach

or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application

**iii(b) IFRS 10 and IAS 28 (amendments): 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 re-measurement 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 Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

**iii(c) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

**iii(d) Amendments to IFRS 3 – Reference to the Conceptual Framework**

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

**iii(e) 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 recognizes 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 amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

### **iii(f) Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize 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 the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

### **iv Annual Improvements to IFRS Standards 2018 - 2020**

The Annual Improvements include amendments to four Standards.

#### **iv(a) 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 Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

#### **iv(b) IFRS 9 Financial Instruments**

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

#### **iv(c) IFRS 16 Leases**

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

### 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 Groups'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 General Insurance Company Limited, Royal Exchange Prudential Life Plc, Royal Exchange Microfinance Bank, Royal Exchange Healthcare Limited and Royal Exchange Finance and Asset Management Limited. The financial statements of subsidiaries 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 interest retained in the former subsidiary is measured at fair value when control is lost.

#### **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 net interest income 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.

**d (ii) Financial assets**

(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

The 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 impairment 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:

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

#### 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.

#### (k) 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 licences 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 programmes 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.

##### (l) 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 exists. 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.

#### (m) Statutory Deposits

Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act, CAP 117, LNF 2004 for the general insurance companies. The deposits are only available as a last resort to the Group if it goes into liquidation. Statutory deposits are measured at cost.

#### (n) 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.

#### (o) 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.

#### (p) 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.

#### (q) 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

## (r) Insurance Contract Liabilities

### r (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.

The Liability Adequacy Test (LAT) was carried out by Ernst & Young (Consultant Actuaries) under the supervision of Mr.O.O Okpaise with FRC number (FRC/2012/NAS/00000000738).

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 dependants 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 its 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 recognized 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.

The liability is valued annually by a qualified actuary (Logic Professional Services) under the supervision of Mr Ganiu Shefiu with FRC number (FRC/2021/004/00000022718) using the projected unit credit method. 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. Net interest 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 insurance agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognized as the services are provided.

#### **w(iv) Interest income**

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**

#### **(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 Chief Executive (being the chief operating decision maker) who allocates resources to the segment and assesses their performance thereof.

The Group's reportable segments, for management purpose, are organized into business units based on the products and services offered as follows:

- Life insurance - (Royal Exchange Prudential Life Assurance Plc);
- Healthcare - (Royal Exchange Healthcare Limited);and
- Credit Financing (Royal Exchange Finance Company Ltd).

The other segments include corporate shared services and other activities not related to the core business segment and which are not reportable segments due to their immateriality. 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 its 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). Management has considered the fact and circumstances, including the representation of the Company on the board of REGIC and has concluded that the Group has significant influence over REGIC and the entity is an associate 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 in the year ended 31 December 2021 is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas:

#### (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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Cash	651	7,093	97	90
Bank balances	236,122	888,509	31,798	49,980
Short-term deposits (including demand and time deposits)	2,661,309	11,913,370	80,493	106,824
Write back/(charge) of impairment allowance on Short term deposits	(1,254)	(1,916)	(61)	(71)
At 31 December	2,896,828	12,807,056	112,326	156,823

- (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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Term loan	1,303,615	1,325,341	-	-
Impairment Allowance	(224,439)	(281,243)	-	-
At 31 December	1,079,176	1,044,098	-	-

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	281,243	269,963	-	-
Derecognition within the year (see note 6(a) (i) below)	(26,800)	-	-	-
Write-off during the year	-	-	-	-
Impairment/(write back) allowance recognised during the year	(30,004)	11,280	-	-
At 31 December	224,439	281,243	-	-
Within one year	1,079,176	1,044,098	-	-
More than one year	-	-	-	-
	1,079,176	1,044,098	-	-

- (i) This is the portion of the impairment allowance at 1st January 2021 attributable to Royal Exchange Microfinance Bank Ltd. (REMFB). REMFB ceased to operate as a subsidiary of the Group following the investment of Tech Partner into the company in December 2021 which diluted the interest holding of REPLC (HoldCo) to 30% (2020: 53%) (see note 9 (a) (vi)).

## 7 Advances under finance lease

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Gross investment in finance lease	120,138	108,201	-	-
Impairment allowance (see note 7(a) below)	(15,560)	(20,000)	-	-
	104,578	88,201	-	-

(a) The movements in impairment allowance on advance under lease is analyzed below;

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	20,000	23,000	-	-
Write back of impairment	(4,440)	(3,000)	-	-
Impairment allowance recognised during the year	-	-	-	-
At 31 December	15,560	20,000	-	-
Within one year	104,578	32,313	-	-
More than one year	-	55,888	-	-
	104,578	88,201	-	-

## 8 Investment securities

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Fair value through profit or loss (FVTPL) (see note 8(a) below)	404,106	1,162,188	17,499	21,508
Fair value through Other Comprehensive Income (FVOCI) (see note 8(b) below)	382,349	4,738,350	-	-
Amortised cost (see note 8(c) below)	105,567	210,738	-	1,096
At 31 December	892,022	6,111,276	17,499	22,604
Within one year	91,974	350,082	-	1,096
More than one year	800,048	5,761,194	17,499	21,508
	892,022	6,111,276	17,499	22,604

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Listed equities	404,106	1,162,188	17,499	21,508
	404,106	1,162,188	17,499	21,508

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Federal government bonds	243,412	3,825,887	-	-
Treasury bills	-	241,128	-	-
Unlisted equities at cost	142,388	684,362	-	-
Specific impairment allowance (see note 8(ii) below)	(3,451)	(13,027)	-	-
	382,349	4,738,350	-	-

(i) The Group's Fair Value Through Other Comprehensive Income financial assets includes investment in listed and unlisted equities. Unlisted equities are carried at cost less impairment allowance as the fair value could not be determined reliably. 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. The investments were assessed for impairment as at year end.

## Notes to the Financial Statements (Cont'd)

For the year ended 31 December, 2021



- (ii) The movements in ECL impairment allowance on listed and unlisted equities classified as FVTOCI is analyzed below:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	13,027	15,639	-	-
Derecognition within the year (see note 8(b) (iii) below)	(9,670)	(2,612)	-	-
Impairment/(write back) allowance recognised during the year	94	-	-	-
At 31 December	3,451	13,027	-	-

- (iii) This is the portion of the impairment allowance at 1st January 2021 attributable to Royal Exchange General Insurance Co. Ltd. (REGIC). REGIC ceased to operate as a subsidiary of the Group following the investment of AfricInvest into the company in September 2021 which diluted the interest holding of REPLC (HoldCo) to 39.21% (2020: 60.75%) (see note 9 (a) (vi)).

- (c) Amortised cost

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Treasury bills	-	11,096	-	1,096
Staff Personal Loan	587	-	-	-
Staff mortgage loans	13,794	107,202	-	-
Policy holders loan	90,328	96,212	-	-
Placement with financial institutions	1,646	1,646	-	-
Specific impairment allowance	(788)	(5,418)	-	-
	105,567	210,738	-	1,096

## 9 Investment in subsidiaries

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Royal Exchange General Insurance Company Limited	-	-	-	3,748,065
Royal Exchange Prudential Life Assurance Plc.	-	-	3,865,833	3,865,833
Royal Exchange Finance Company Limited	-	-	777,802	777,802
Royal Exchange Healthcare Company Limited	-	-	151,669	151,669
Royal Exchange Microfinance Bank Limited	-	-	-	106,205
	-	-	4,795,304	8,649,574
Allowance for Impairment	-	-	(80,923)	(80,923)
	-	-	4,714,381	8,568,651

- (a) Movement in gross investment in subsidiaries

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	-	-	8,649,574	8,649,574
Disposals	-	-	(46,202)	-
Reclassification (see note 9(a)(vi) below)	-	-	(3,748,066)	-
Additions	-	-	-	-
At 31 December	-	-	4,855,304	8,649,574

The subsidiary companies comprise of the following:

Name of Entity	Nature of business	Dec-21	31-Dec-21	31-Dec-20
Royal Exchange Prudential Life Assurance Plc (i)	Life Insurance	31-Dec	99.90	99.90
Royal Exchange Finance Company Limited (ii)	Credit Financing	31-Dec	99.90	99.90
Royal Exchange Healthcare Limited (iii)	Health insurance	31-Dec	29.84	29.84
Royal Exchange Microfinance Bank Limited (iv)	Microfinance Bank	31-Dec	-	53.00
Royal Exchange General insurance Company Limited (v)	Non-Life Insurance	31-Dec	-	60.75

All subsidiaries are incorporated in Nigeria.

**2021****Indirect holdings**

The Company indirectly own shares in Royal Exchange Healthcare Company Limited through its wholly owned subsidiary and her Associate as listed below:(a) Movement in gross investment in subsidiaries

	Royal Exchange Healthcare Limited
Royal Exchange Prudential Life Assurance Plc	37.16
Royal Exchange General Insurance Company Limited	33.00
	70.16
Direct Holding by the company	29.84
	100.00

**2020****Indirect holdings**

The Company indirectly own shares in Royal Exchange Healthcare Company Limited and Royal Exchange Microfinance Bank through some of its wholly owned subsidiaries as listed below:

	Royal Exchange Healthcare Company Limited	Royal Exchange Microfinance Bank Limited
Royal Exchange Prudential Life Assurance Plc	37.16	21.60
Royal Exchange Finance Company Limited	-	10.80
	37.16	32.40
Direct Holding by the company	29.84	53.00
	67.00	85.40
Royal Exchange General insurance Company Limited	33.00	14.60
	100.00	100.00

- (i) This represents the Company's 99.9% (2020: 99.9%) shareholdings in Royal Exchange Prudential Life Assurance Plc., a Nigerian registered company involved in life insurance business.
- (ii) This represents the Company's 99.9% (2020: 99.9%) shareholdings in Royal Exchange Finance Company Limited, 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 N80.9million in 2011.
- (iii) This represents the Company's 29.84% (2020: 29.84%) shareholdings in Royal Exchange Healthcare Limited, a Nigerian registered company involved in the business of healthcare insurance service. The balance of 70% is owned by Royal Exchange Prudential Life Assurance Plc. and Royal Exchange General Company Limited.
- (iv) This represents the Company's 53% shareholdings in Royal Exchange Microfinance Bank Limited, a Nigerian registered company involved in the business of microfinance banking as at 31st December 2020.
- (v) This represents the Company's 60.75% shareholdings in Royal Exchange General Company Limited (REGIC), a Nigerian registered company involved in general insurance business as at 31st December 2020.
- (vi) In September 2021, AfricInvest, a leading Pan-African asset management platform covering Private Equity, Venture Capital, and Private Credit, completed the acquisition of a minority stake in Royal Exchange General Insurance Company ("REGIC").

In December 2021, Tech Partners a leading technology Company bought into Royal Exchange Microfinance Bank Ltd. (REMFB) by buying 70% of its securities from Royal Exchange General Insurance Company Ltd. (REGIC), Royal Exchange Prudential Life Plc (REPRU), Royal Exchange Finance Company Ltd. (REFCO), and Royal Exchange Plc. (REPLC).

Consequent upon above, Royal Exchange Plc. now holds 39.29% stake in REGIC and 30% stake in REMFB. Both are now classified as investment in associate in line with IFRS 3, IFRS 10 & IAS 28.

(b) The condensed financial data of the consolidated entities as at 31 December 2021, are as follows:

(i) Condensed statement of profit or loss for period ended 31 December 2021

<i>In thousands of Naira</i>	Group balances	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange Prudential Life Plc	Royal Exchange Finance Company Ltd.	Royal Exchange Healthcare
Gross premium income	2,774,110	(13,087)	2,787,197	-	2,652,805	-	134,392
Reinsurance expenses	(519,095)		(519,095)	-	(519,095)	-	-
Net premium income	2,255,015	(13,087)	2,268,102	-	2,133,710	-	134,392
Fee and commission income	83,982	-	83,982	-	83,982	-	-
	2,338,997	(13,087)	2,352,084	-	2,217,692	-	134,392
Total underwriting expenses	(2,325,506)	-	(2,325,506)	-	(2,178,121)	-	(147,385)
Underwriting Loss	13,491	(13,087)	26,578	-	39,571	-	(12,993)
Share of (loss) on investment in associate	95,920	-	95,920	95,920	-	-	-
Write-back/(charge) of impairment allowance	(275,229)	-	(275,229)	(4,110)	(276,950)	17,513	(11,681)
Investment and other income	485,501	(76,373)	561,870	40,037	196,483	181,318	144,032
Foreign exchange gain	3,692		3,692	-	(499)	-	4,191
Net income	323,376	(89,460)	412,832	131,848	(41,395)	198,831	123,548
Total expenses	(877,988)	89,460	(967,447)	(111,596)	(554,817)	(179,084)	(121,950)
(Loss)/Profit before tax	(554,612)	-	(554,615)	20,252	(596,212)	19,747	1,598
Minimum tax	(2,444)	-	(2,444)	(628)	(515)	-	(1,301)
Income tax expense	2,267	-	2,267	(204)	(3,868)	(2,253)	8,591
(Loss)/Profit after taxation	(554,789)	-	(554,793)	19,420	(600,595)	17,494	8,888

## Condensed Statement of financial position as at 31 December 2021

<i>In thousands of Naira</i>	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange Prudential Life Plc	Royal Exchange Finance Company Ltd.	Royal Exchange Healthcare
<b>ASSETS</b>							
Cash and cash equivalents	2,896,827	(587,817)	3,484,644	112,326	2,864,081	421,278	86,959
Loans and advances to customers	1,079,176	(163,374)	1,242,550	-	-	1,242,550	-
Advances under finance lease	104,578	(12,867)	117,445	-	-	117,445	-
Financial assets	892,022	-	892,020	17,499	665,472	13,959	195,090
Investment in subsidiaries	-	(4,714,381)	4,714,381	4,714,381	-	-	-
Trade receivables	19,014	-	19,014	-	1,993	-	17,021
Reinsurance assets	234,017	-	234,017	-	234,017	-	-
Deferred acquisition cost	54,637	-	54,637	-	54,243	-	394
Other receivables and prepayments	228,977	(492,408)	721,385	115,059	536,457	64,489	5,380
Investment in associates	3,710,291	(252,671)	3,962,963	3,710,291	252,671	-	-
Investment properties	1,821,017	-	1,821,017	-	1,407,159	-	413,858
Right of Use Asset	597	(15,481)	16,078	4,704	11,374	-	-
Property and equipment	142,522	18,688	123,843	372	105,392	13,118	4,962
Intangible assets	53,797	-	53,797	-	44,000	1,619	8,178
Employees retirement benefits	-	-	-	-	-	-	-
Statutory deposits	215,000	-	215,000	-	215,000	-	-
Deferred tax assets	201,592	-	201,592	-	-	-	201,592
Assets classified as held for sale	1,016,069	-	1,016,069	-	973,639	42,430	-
Deposit for shares	27,000	-	27,000	27,000	-	-	-
<b>Total assets</b>	<b>12,697,137</b>	<b>(6,220,311)</b>	<b>18,917,453</b>	<b>8,701,631</b>	<b>7,365,498</b>	<b>1,916,888</b>	<b>933,434</b>
<b>LIABILITIES</b>							
Borrowings	2,413,039	(163,374)	2,576,413	2,523,850	-	-	52,563
Deferred income	-	-	-	-	-	-	-
Trade payables	387,752	-	387,752	-	387,752	-	-
Other liabilities	1,088,216	(1,080,226)	2,168,442	1,787,291	173,392	36,122	171,637
Depositors' funds	1,366,633	-	1,366,633	-	-	1,366,633	-
Insurance contract liabilities	5,793,044	-	5,793,044	-	5,659,669	-	133,375
Investment contract liabilities	281,448	-	281,448	-	281,448	-	-
Finance Lease Obligations	-	(12,867)	12,867	12,867	-	-	-
Current income tax liabilities	240,597	-	240,597	232,836	515	5,945	1,301
Employees benefit liability	9,369	-	9,369	974	5,201	1,585	1,607
Deferred tax liabilities	85,825	-	85,825	-	56,095	-	29,730
<b>Total liabilities</b>	<b>11,665,924</b>	<b>(1,256,467)</b>	<b>12,922,389</b>	<b>4,557,818</b>	<b>6,564,071</b>	<b>1,410,285</b>	<b>390,213</b>
<b>EQUITY</b>							
Share capital	2,572,685	(4,079,228)	6,651,912	2,572,685	3,461,339	217,888	400,000
Share premium	2,690,937	(1,192,076)	3,883,012	2,690,936	404,494	559,914	227,668
Contingency reserve	312,656	(26,959)	339,616	-	312,415	-	27,201
Treasury shares	-	-	-	-	-	-	-
Retained earnings	(5,000,921)	141,098	(5,142,011)	(928,926)	(3,440,664)	(655,942)	(116,479)
Other component of equity	276,575	14,037	262,538	(190,882)	63,844	384,743	4,833
<b>Capital and reserves attributable to owners</b>	<b>851,932</b>	<b>(5,143,127)</b>	<b>5,995,068</b>	<b>4,143,813</b>	<b>801,428</b>	<b>506,603</b>	<b>543,223</b>
Non-controlling Interests	179,283	179,283	-	-	-	-	-
<b>Total Equity</b>	<b>1,031,215</b>	<b>(4,963,844)</b>	<b>5,995,068</b>	<b>4,143,813</b>	<b>801,428</b>	<b>506,603</b>	<b>543,223</b>
<b>Total equity &amp; liabilities</b>	<b>12,697,137</b>	<b>(6,220,311)</b>	<b>18,917,453</b>	<b>8,701,631</b>	<b>7,365,498</b>	<b>1,916,888</b>	<b>933,434</b>



The condensed financial data of the consolidated entities as at 31 December 2020, are as follows:

(ii) Condensed statement of profit or loss for period ended 31 December 2020

<i>In thousands of Naira</i>	Group balances	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange Prudential Life Plc	Royal Exchange Finance Company Ltd.	Royal Exchange Healthcare	Royal Exchange Healthcare
Gross premium income	15,028,557	(79,720)	15,108,280	-	11,572,072	3,304,183	-	-
Reinsurance expenses	(6,837,044)		(6,837,044)	-	(6,296,278)	(540,766)	-	-
Net premium income	8,191,513	(79,720)	8,271,236	-	5,275,794	2,763,417	-	-
Fee and commission income	663,205	-	663,205	-	568,041	95,164	-	-
Net underwriting Income	8,854,718	(79,720)	8,934,441	-	5,843,835	2,858,581	-	-
Total underwriting expenses	(7,738,881)	-	(7,738,883)	-	(4,395,062)	(3,103,563)	-	-
Underwriting profit	1,115,837	(79,720)	1,195,558	-	1,448,773	(244,982)	-	-
Share of profit on investment in associate	(877)	12,426	(13,303)	-	(13,303)	-	-	-
Write-back/(charge) of impairment allowance	(253,989)	-	(253,989)	(44,308)	(265,652)	92,370	(8,062)	(3,104)
Investment and other income	1,466,163	(375,779)	1,841,944	168,422	984,069	358,390	163,047	94,443
Foreign exchange gain	73,318		73,318	-	68,556	625	-	-
Net income	2,400,452	(443,073)	2,843,529	124,114	2,222,443	206,403	154,985	91,339
Total expenses	(2,270,412)	223,212	(2,493,624)	(273,638)	(1,198,342)	(682,757)	(153,122)	(89,008)
Profit/(Loss) before tax	130,040	(219,861)	349,905	(149,524)	1,024,101	(476,354)	1,863	2,331
Minimum tax	(1,595)	-	(1,595)	(419)	-	(610)	-	-
Income tax expense	(205,561)	-	(205,561)	-	(230,521)	(1,468)	1,970	(701)
<b>Profit/(Loss) after taxation</b>	<b>(77,116)</b>	<b>(219,861)</b>	<b>142,748</b>	<b>(149,943)</b>	<b>793,580</b>	<b>(478,432)</b>	<b>3,833</b>	<b>1,630</b>



## Condensed Statement of financial position as at 31st December 2020

<i>In thousands of Naira</i>	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange General Insurance	Royal Exchange Prudential Life Plc (Restated)	Royal Exchange Finance Company Ltd.	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
<b>ASSETS</b>									
Cash and cash equivalents	12,807,056	(681,445)	13,488,501	156,823	9,777,898	2,925,885	397,730	122,898	107,267
Loans and advances to customers	1,044,098	(194,537)	1,238,634	-	-	-	1,038,749	199,885	-
Advances under finance lease	88,201	(96,605)	184,806	-	-	-	184,806	-	-
Financial assets	6,111,276	(20,586)	6,131,860	22,604	5,139,048	736,146	12,382	10,000	211,680
Investment in subsidiaries	-	(8,568,651)	8,568,651	8,568,651	-	-	-	-	-
Trade receivables	136,091	-	136,091	-	69,468	44,975	-	-	21,648
Reinsurance assets	2,195,156	-	2,195,156	-	1,744,049	451,107	-	-	-
Deferred acquisition cost	281,416	-	281,417	-	225,256	55,191	-	-	970
Other receivables and prepayments	471,550	(1,625,668)	2,097,217	219,712	1,218,453	514,026	97,551	41,551	5,924
Investment in associates	226,343	(525,293)	751,635	-	453,145	283,217	15,273	-	-
Investment properties	5,635,991	-	5,635,991	-	3,856,706	1,368,484	-	-	410,800
Property and equipment	10,089	(121,201)	131,292	8,466	71,472	51,354	-	-	-
Right of Use Asset	1,381,742	124,408	1,257,340	774	1,130,784	109,943	8,147	4,990	2,702
Intangible assets	5,133	-	5,133	-	-	-	4,408	1	723
Employees retirement benefits	257,168	-	257,168	-	257,168	-	-	-	-
Statutory deposits	555,000	-	555,000	-	340,000	215,000	-	-	-
Deferred tax assets	193,968	-	193,968	-	-	-	-	-	193,968
Assets classified as held for sale	973,639	-	973,639	-	-	973,639	-	-	-
<b>Total assets</b>	<b>32,373,917</b>	<b>(11,709,578)</b>	<b>44,083,498</b>	<b>8,977,030</b>	<b>24,283,447</b>	<b>7,728,968</b>	<b>1,759,046</b>	<b>379,325</b>	<b>955,682</b>
<b>LIABILITIES</b>									
Borrowings	2,184,877	(194,536)	2,379,412	2,313,544	32,699	-	-	27,681	5,488
Deferred income	138,244	-	138,244	-	138,244	-	-	-	-
Trade payables	7,909,847	-	7,909,847	-	7,739,026	170,821	-	-	-
Other liabilities	1,864,279	(1,724,471)	3,588,754	2,073,330	1,109,902	153,121	37,697	12,850	201,854
Depositors' funds	1,364,220	(82,642)	1,446,862	-	-	-	1,226,810	220,052	-
Insurance contract liabilities	9,798,690	-	9,798,690	-	4,042,104	5,576,844	-	-	179,742
Investment contract liabilities	276,980	-	276,979	-	-	276,979	-	-	-
Finance Lease Obligations	-	(96,605)	96,605	16,833	55,703	24,068	-	-	-
Current income tax liabilities	650,203	-	650,204	254,511	388,492	610	3,692	1,241	1,658
Employees benefit liability	41,335	-	41,333	1,656	26,893	7,723	1,738	873	2,450
Deferred tax liabilities	610,101	-	610,101	-	528,144	52,227	-	-	29,730
<b>Total liabilities</b>	<b>24,838,776</b>	<b>(2,098,253)</b>	<b>26,937,030</b>	<b>4,659,874</b>	<b>14,061,207</b>	<b>6,262,393</b>	<b>1,269,937</b>	<b>262,697</b>	<b>420,922</b>
<b>EQUITY</b>									
Share capital	2,572,685	(9,516,687)	12,089,372	2,572,685	5,366,667	3,461,339	217,888	70,793	400,000
Share premium	2,690,936	(2,096,630)	4,787,566	2,690,936	802,737	404,494	559,914	101,817	227,668
Contingency reserve	2,291,372	(863,964)	3,155,337	-	2,844,511	285,062	-	-	25,764
Treasury shares	(500,000)	(500,000)	-	-	-	-	-	-	-
Retained earnings	(4,051,382)	(205,208)	(3,846,174)	(948,352)	709,711	(2,730,548)	(682,178)	(70,877)	(123,930)
Other component of equity	658,821	(301,544)	960,367	1,887	498,614	46,228	393,485	14,895	5,258
<b>Total equity</b>	<b>3,662,432</b>	<b>(13,484,033)</b>	<b>17,146,468</b>	<b>4,317,156</b>	<b>10,222,240</b>	<b>1,466,575</b>	<b>489,109</b>	<b>116,628</b>	<b>534,760</b>
Non-controlling interests	3,872,709	3,872,709	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>7,535,141</b>	<b>(9,611,324)</b>	<b>17,146,468</b>	<b>4,317,156</b>	<b>10,222,240</b>	<b>1,466,575</b>	<b>489,109</b>	<b>116,628</b>	<b>534,760</b>
<b>Total equity &amp; liabilities</b>	<b>32,373,917</b>	<b>(11,709,578)</b>	<b>44,083,498</b>	<b>8,977,031</b>	<b>24,283,447</b>	<b>7,728,968</b>	<b>1,759,046</b>	<b>379,325</b>	<b>955,682</b>

**10 Trade receivables**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Due from agents (see note 10(a) below)	19,014	136,091	-	-
Due from co-insurers (see note 10(b) below)	-	-	-	-
	19,014	136,091	-	-
Within one year	19,014	136,091	-	-
More than one year	-	-	-	-
	19,014	136,091	-	-

The carrying amount is a reasonable approximation of fair value

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Gross receivable from agents	35,836	289,554	-	-
Less: Impairment allowance (see note 10a(i) below)	(16,822)	(153,463)	-	-
	19,014	136,091	-	-

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	153,463	408,948	-	-
Allowance made during the year	11,479	24,970	-	-
Write off	(148,120)	(260,310)	-	-
Write back	-	(20,145)	-	-
At 31 December	16,822	153,463	-	-

**(b) The analysis of due from co-insurers is as follows:**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Reinsurance receivables	-	578,823	-	-
Less: Impairment allowance (see note 10(b)(i) below)	-	(578,823)	-	-
	-	-	-	-

(i) The movements in impairment allowance on reinsurance receivables is analysed below;

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	578,823	565,626	-	-
Allowance made during the year	-	278,117	-	-
Reversal during the year	(578,823)	(264,920)	-	-
At 31 December	-	578,823	-	-

## 11 Reinsurance assets

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Non-life business reinsurance share of insurance liabilities (see 11(a) below)	-	1,744,049	-	-
Life business reinsurance share of insurance liabilities (see 11(b) below)	<b>234,017</b>	451,107	-	-
	<b>234,017</b>	2,195,157	-	-
Within one year	<b>68,196</b>	2,029,336	-	-
More than one year	<b>165,821</b>	165,821	-	-
	<b>234,017</b>	2,195,157	-	-

### (a) Non-life business reinsurance share of insurance liabilities

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Prepaid reinsurance premium (see note (a)(i))	-	451,905	-	-
Reinsurance claims recoverable (see note (a) (ii))	-	586,681	-	-
Reinsurer's share of incurred but not reported claims (see note (a) (iii))	-	705,463	-	-
	-	1,744,049	-	-

(i) The movement in prepaid reinsurance premium is shown below:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	<b>451,905</b>	441,565	-	-
Movement during the year	<b>(451,905)</b>	10,340	-	-
At 31 December	-	451,905	-	-

(ii) The movement in reinsurer's share of claims expenses outstanding is shown below:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	<b>586,681</b>	1,057,893	-	-
Movement during the year	<b>(586,681)</b>	(471,212)	-	-
At 31 December	-	586,681	-	-

(iii) The movement in reinsurer's share of incurred but not reported claim is shown below:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	<b>705,463</b>	735,839	-	-
Movement during the year	<b>(705,463)</b>	(30,376)	-	-
At 31 December	-	705,463	-	-

(iv) Analysis of reinsurance assets by business classes are as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Fire	-	544,473	-	-
Accident	-	82,691	-	-
Motor	-	70,066	-	-
Marine and aviation	-	122,263	-	-
Oil & Gas	-	720,266	-	-
Engineering	-	146,936	-	-
Bond	-	5,942	-	-
Agric	-	51,412	-	-
	-	1,744,049	-	-

**(b) Life business reinsurance share of insurance liabilities**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Reinsurance asset (actuarial valuation) (i)	145,369	167,489	-	-
Reinsurer and facultative asset	410,729	296,114	-	-
Impairment on reinsurance assets	(322,081)	(12,496)	-	-
	<b>234,017</b>	<b>451,107</b>	-	-

## (i) Reinsurance assets (actuarial valuation)

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Short term insurance contracts	145,369	167,489	-	-
Long term Insurance contracts	-	-	-	-
	<b>145,369</b>	<b>167,489</b>	-	-

## (ii) The movement in life business reinsurance assets is as shown below:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	685,939	575,390	-	-
Additions in the year	471,021	328,609	-	-
Receipts during the year	(356,404)	(218,060)	-	-
Impairment of reinsurance assets	(322,081)	-	-	-
At 31 December	<b>478,475</b>	<b>685,939</b>	-	-

Reinsurance assets are valued after an allowance for their recoverability and the carrying amount is a reasonable approximation of fair value

**12 Deferred acquisition costs**

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	281,416	209,395	-	-
Additions in the year	54,243	2,312,392	-	-
Amortization in the year	(281,023)	(2,240,371)	-	-
	<b>54,636</b>	<b>281,416</b>	-	-
Within one year	54,636	281,416	-	-
More than one year	-	-	-	-
	<b>54,636</b>	<b>281,416</b>	-	-

**13 Other receivables and prepayment**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Intercompany receivables (see note 13(a) below)	-	-	75,014	66,746
Accrued investment income (see note 13(b) below)	127,777	146,281	769	-
Other receivables (see note 13(c) below)	336,094	1,251,222	180,258	281,356
Prepayments	81,367	214,367	8,909	17,384
	<b>545,238</b>	<b>1,611,870</b>	<b>264,951</b>	<b>365,486</b>
Impairment on other receivables (see 13(d)) below	(316,259)	(1,140,320)	(149,895)	(145,774)
	<b>228,979</b>	<b>471,550</b>	<b>115,056</b>	<b>219,712</b>
Within one year	153,195	471,550	39,273	219,712
More than one year	75,783	-	75,783	-
	<b>228,979</b>	<b>471,550</b>	<b>115,056</b>	<b>219,712</b>

**(a) Due from related parties**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Royal Exchange Microfinance Bank Limited	-	-	-	-
Royal Exchange Finance Company Ltd.	-	-	-	-
Royal Exchange Healthcare Limited	-	-	75,014	66,746
Royal Exchange General Insurance Company	-	-	-	-
Royal Exchange Prudential Life Limited	-	-	-	-
	-	-	75,014	66,746

**(b) Accrued investment income**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Investment income	127,777	146,281	769	-
	127,777	146,281	769	-

**(c) Other receivables**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Management fees receivable	-	-	-	3,440
Withholding tax receivables	119,017	109,363	103,681	95,640
Trustee fees receivable	1,563	1,457	1,563	1,457
Sundry debtors	2,167	2,167	-	-
Deposit for investment	-	4,362	-	-
Claims prepaid fund	97,668	54,268	-	-
Sundry receivables	41,474	857,122	46,587	180,819
other assets	74,206	222,483	28,427	-
	336,094	1,251,222	180,258	281,356

**(d) Impairment allowance on other receivables**

The movements in impairment allowance on other receivables is analysed below;

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	1,140,320	1,134,499	145,775	93,502
Allowance made during the year	21,208	90,690	4,119	80,996
Write off	(845,269)	(9,973)	-	(28,725)
Write back	-	(74,896)	-	-
	316,259	1,140,320	149,895	145,774

**14 Investment in associates****(a) Impairment allowance on other receivables**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	226,343	227,220	-	-
Additional investment during the year	3,808,182	-	3,808,182	-
Derecognition within the year - REGIC (see note 14(b) below)	(226,343)	-	-	-
Share of current year result recognised in OCI	(193,811)	-	(193,811)	-
	3,614,371	227,220	3,614,371	-
Share of current year result recognised in profit or loss	95,920	(877)	95,920	-
	95,920	(877)	95,920	-
	3,710,291	226,343	3,710,291	-

- (b) This represents the Group's investment in Royal Exchange General Company Limited (REGIC) and Royal Exchange Microfinance Bank Limited (REMFB), Nigerian registered companies involved in general insurance business and financing of micro and small enterprises, representing 39.21% (December 2020: 60.75%) equity interest in REGIC and 30% (2020: 53%) equity interest in REMFB. REGIC became an investee company of the Group in September of 2021 following the acquisition of a minority stake by AfricInvest, a leading Pan-African asset management platform covering Private Equity, Venture Capital, and Private Credit while REMFB became an associate in December 2021 following the acquisition of 70% stake in REMFB by Tech Partners a leading technology Company. Both entities were subsidiaries of the Group in 2020.

The summarised financial information of REGIC & REMFB are as set out below:

<i>In thousands of Naira</i>	REGIC	REMFB	31-Dec-21
<b>Percentage ownership interest</b>	<b>39.21%</b>	<b>30%</b>	
Non-Current Assets	12,356,787	235,940	<b>12,592,727</b>
Current Assets	19,161,683	189,241	<b>19,350,924</b>
<b>Total Assets</b>	<b>31,518,470</b>	<b>425,181</b>	<b>31,943,651</b>
Non-Current Liabilities	(2,851,144)	(30,594)	<b>(2,881,738)</b>
Current Liabilities	(15,267,115)	(284,578)	<b>(15,551,693)</b>
<b>Total Liabilities</b>	<b>(18,118,259)</b>	<b>(315,172)</b>	<b>(18,433,431)</b>
Net assets	13,400,211	110,009	<b>13,510,220</b>
<b>Company's share of net assets</b>	<b>5,254,223</b>	<b>33,003</b>	<b>5,287,225</b>
Revenue	5,493,489	112,545	<b>5,606,034</b>
Profit/(Loss) after tax from continuing operations	249,696	(6,618)	<b>243,078</b>
Other comprehensive income	(494,290)	-	<b>(494,290)</b>
<b>Total comprehensive income</b>	<b>(244,594)</b>	<b>(6,618)</b>	<b>(251,212)</b>
Company's share of total comprehensive income	(95,905)	(1,985)	<b>(97,891)</b>
Company's share of other comprehensive income	(193,811)	-	<b>(193,811)</b>
Company's share of profit	97,906	(1,985)	<b>95,920</b>

### (c) Deposit for shares

Deposit for shares represents cash deposit for additional shares in Royal Exchange Microfinance Bank Ltd., during the year ended 31 December 2021.

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Deposit for shares in Royal Exchange Microfinance Ltd.	<b>27,000</b>	-	27,000	-
	<b>27,000</b>	-	27,000	-

## 15 Investment Properties

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	<b>5,635,991</b>	6,040,461	-	-
Additions during the year	-	-	-	-
Derecognition within the year - REGIC (see note 9(a)(vi))	<b>(3,856,706)</b>	-	-	-
Disposals during the year	-	(280,200)	-	-
Fair value gains (see note 43)	<b>41,733</b>	(124,270)	-	-
	<b>1,821,018</b>	5,635,991	-	-

**(a) The items of investment properties are valued as shown below:**

Investment properties Location	Name of valuer	Address of Valuer	FRC NOS.	NIESVA Reg. no	31-Dec-21	31-Dec-20
<i>In thousands of Naira</i>						
No.2, Bank road, off Ibrahim Taiwo way, Kano	Yayok Associates Estate Surveyor & Valuer	Suite B7, Halima Plaza, behind Sahad Stores, Balanga, Abuja	FRC/2013/NIESV/00000000834	A-1277	413,858	410,800
No. 7,Usuma Crescent Maitama Abuja	Emeka Orji Partnership	Suite 9C, 9th floor, Ahmed Talib House (NNDC) 18/19 Ahmadu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	-	646,050
No 1, Eleko close, Ikoyi, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	-	650,539
No. 2, Eleko close Ikoyi Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	-	849,897
No. 26, Abduraman Okene crescent, Victoria Island, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	-	671,920
29, Oroago crescent Garki 11, Abuja	Emeka Orji Partnership	Suite 9C, 9th Floor, Ahmed Talib House. (NNDC), 18/19 Ahmadu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	455,000	434,079
36/38, Apapa Oshodi expressway, Oshodi, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	952,160	934,406
2, Post Office road, Kano	Yayok Associates Estate Surveyor & Valuer	Suite B7, Halima Plaza, behind Sahad Stores, Balanga, Abuja	FRC/2013/NIESV/00000000834	A-1277	-	422,300
Plot 6A & 6B Usuma Crescent, Maitama, Abuja, FCT	Emeka Orji Partnership	Suite 9C, 9th Floor, Ahmed Talib House. (NNDC), 18/19 Ahmadu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	-	616,000
					1,821,018	5,635,991

**(b) Movement in investment properties are as shown below:**

For the year ended 31 December 2021

Property Details	Balance as at 1 January 2021	Additions	Transfer/disposal	Fair value Gain/(Loss)	Balance as at 31 December 2021
<i>In thousands of Naira</i>					
No.2, bank road, off Ibrahim Taiwo way, Kano	410,800	-	-	3,058	413,858
No. 7,Usuma Crescent Maitama Abuja	646,050	-	646,050	-	-
No 1, Eleko close, Ikoyi, Lagos	650,539	-	650,539	-	-
No. 2, Eleko close Ikoyi Lagos	849,897	-	849,897	-	-
No. 26, Abduraman Okene Crescent, Victoria Island, Lagos	671,920	-	671,920	-	-
29, Oroago Crescent Garki 11, Abuja	434,079	-	-	20,921	455,000
36/38, Apapa Oshodi Expressway Oshodi, Lagos	934,406	-	-	17,754	952,160
2, Post office road, Kano	422,300	-	422,300	-	-
Plot 6A & 6B Usuma Crescent, Maitama, Abuja, FCT	616,000	-	616,000	-	-
	5,635,991	-	3,856,706	41,733	1,821,018

For the year ended 31 December 2020

Property Details	Balance as at 1 January 2020	Additions	Transfer/disposal	Fair value Gain/(Loss)	Balance as at 31 December 2020
<i>In thousands of Naira</i>					
No.2, bank road, off Ibrahim Taiwo way, Kano	410,800	-	-	-	410,800
No.5, NBC road, off Ahmadu Bello way, Kaduna	280,200	-	280,200	-	-
No. 7,Usuma Crescent Maitama Abuja	590,000	-	-	56,050	646,050
No 1, Eleko close, Ikoyi, Lagos	775,855	-	-	(125,316)	650,539
No. 2, Eleko close Ikoyi Lagos	956,800	-	-	(106,903)	849,897
No. 26, Abduraman Okene Crescent, Victoria Island, Lagos	690,700	-	-	(18,780)	671,920
29, Oroago Crescent Garki 11, Abuja	419,400	-	-	14,679	434,079
36/38, Apapa Oshodi Expressway Oshodi, Lagos	934,406	-	-	-	934,406
12, Post office road, Kano	422,300	-	-	-	422,300
Plot 6A & 6B Usuma Crescent, Maitama, Abuja, FCT	560,000	-	-	56,000	616,000
	6,040,461	-	280,200	(124,270)	5,635,991



**(c) Valuation techniques used for fair valuation of investment properties**

Investment properties are stated at fair value, which has been determined based on valuations performed by Messrs Yayok Associates, Emeka Orji & Saibu Makinde Associates as at 31 December 2021. They are industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by the International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are reported in profit or loss. The profits or losses on disposal are also reported in profit or loss as they occurred. The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the use of significant unobservable inputs in the valuation technique used.

The details of valuation techniques and significant observable inputs used in determining the fair value of investment properties are presented below:

Property description	Valuation (N'000)	Location of investment properties	Valuation technique	Significant unobservable inputs	Inter-relationship between key un-observable inputs and fair value measurement
<p>The property is a fully completed building with 3 floors located in the central business district of Kano which is a commercial neighbourhood.</p> <p>Site: The site, which is slightly irregular in shape, appears level and well drained and is relatively flat. It has a total area of approximately 2,100.88 square metres.</p> <p>Situation: Primary access to the property is vide the Ibrahim Taiwo road Kano State.</p>	413,858	No.2, Bank road, off Ibrahim Taiwo way, Kano	Discounted cashflows: The valuation method considers the present value of net cashflows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cashflows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2021: 15% 2020: 20%); Estimated vacancy rates (2021:0% ; 2020:0%) Maintenance costs 15% Capitalisation rate (2021: 4.5%; 2020:4.5%) Discount rate (2021: 15%; 2020: 15%)	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>● future rental cashflows were higher (lower)</li> <li>● Estimated vacancy rates were lower (higher)</li> <li>● Maintenance costs were lower (higher)</li> <li>● Capitalisation rate were lower (higher)</li> <li>● Discount rates were lower (higher)</li> </ul>
<p>The property is a fully completed building with 3 floors located in the central business district of Garki II, Abuja which is a commercial neighbourhood.</p> <p>Site: The site, which is slightly irregular in shape, appears level and well drained and is relatively flat. It has a total area of approximately 2,017.28 square metres.</p> <p>Situation: Primary access to the property is vide the Muhammad Buhari Way, Abuja.</p>	455,000	29,Oroago crescent Garki II, Abuja	The fair value of the property is determined by applying the investment method and also depreciated replacement cost (DRC) to derive the open market value. These techniques reflect the cost of putting up same or similar structure based on today's bill of quantities with percentage allowance(s) to reflect depreciation and obsolescence as may be applicable."	Expected market rental growth rate is 15% Estimated vacancy rates is 5% Maintenance costs 20% of annual income Capitalisation rate is 5% Discount rate is 12%"	<p>The estimated fair values would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>● the rate of development in the area increases (decreases),</li> <li>● quality of the building increases (decreases),</li> <li>● influx of people and/or business to the area increases (decreases).</li> </ul>
<p>The property is a fully completed building with 3 floors located in Oshodi, Lagos which is a commercial neighbourhood.</p> <p>Site: The site, which is rectangular in shape, appears level and relatively flat. It covers a total land area of approximately 5,275 square metres.</p> <p>Situation: Primary access to the property is vide the Oshodi Apapa Express way and Akin Lawanson street, Lagos State.</p>	952,160	36/38, Apapa Oshodi expressway, Oshodi, Lagos	The fair value of the property is determined by applying the Investment Basis to derive the Open Market Capital value upon which prospective investor would likely make a bid. The technique reflects the discounted information of the benefits derivable from the property over its useful economic life or the cost of erecting a similar property.	Price of other similar properties in the area.	<p>The estimated fair values would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>● the rate of development in the area increases (decreases),</li> <li>● quality of the building increases (decreases),</li> <li>● influx of people and/or business to the area increases (decreases).</li> </ul>

**16 Assets classified as held for sale**

## (d) Impairment allowance on other receivables

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 31 December	<b>1,016,069</b>	973,639	-	-
At 1 January	<b>973,639</b>	973,639	-	-
Additions during the year	<b>42,430</b>	-	-	-
Disposals during the year	-	-	-	-
	<b>1,016,069</b>	973,639	-	-

In December 2015 and 2021, management committed to a plan to sell one of its investment property located at 776 Cadastral Zone A00, Central business area and a landed property located in Abuja. Accordingly, these property is presented as a non current assets held for sale.

At 31 December 2021, the non current assets held for sale was stated at its carrying amount; as investment properties are measured at the lower of its carrying amount and fair value less cost to sell.

The fair value of the non current assets held for sale as at 31 December 2021 stood at ₦1.103billion, higher than the carrying amount of ₦1.016 billion, hence there were no changes to its carrying amount. There are no gains or losses recognized in relation to its classification as a non-current asset held for sale. Management is still committed to the selling of the property as all approvals relating to the sale have been obtained.

The determination of the fair value was conducted by a professional Estate Surveyor and Valuer; Emeka Orji Partnership, with FRC number FRC/2013/NIESV/00000000976 and NIESV number A-1672.

## 17 Property, plant & equipment

### (a) Group

<i>In thousands of Naira</i>	Land	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
<b>Cost</b>						
At 1 January	193,315	1,188,345	227,286	390,526	1,080,982	3,080,454
Derecognition within the year - (REGIC & REMFB)	(144,145)	(1,114,731)	(132,160)	(245,387)	(594,517)	(2,230,940)
Additions	-	-	2,005	3,189	2,505	7,699
Disposals	-	-	(3,512)	-	(83,258)	(86,770)
	49,170	73,614	93,619	148,328	405,712	770,444
At 1 January 2020	244,239	1,188,345	212,869	379,316	1,018,848	3,043,617
Additions	-	-	25,185	15,730	81,835	122,750
Disposals	(50,924)	-	(10,768)	(4,520)	(19,701)	(85,913)
At 31 December 2020	193,315	1,188,345	227,286	390,526	1,080,982	3,080,454
<b>Accumulated Depreciation</b>						
At 1 January	-	242,602	194,654	365,380	896,076	1,698,712
Derecognition within the year - (REGIC & REMFB)	-	(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)
	-	22,868	85,444	140,134	379,475	627,921
At 1 January 2020	-	218,284	195,978	359,380	832,845	1,606,487
Charge for the year	-	24,318	9,444	10,520	82,931	127,213
Disposals	-	-	(10,768)	(4,520)	(19,700)	(34,988)
At 31 December 2020	-	242,602	194,654	365,380	896,076	1,698,712
Carrying amounts:						
At 31 December 2021	49,170	50,746	8,176	8,194	26,236	142,523
At 31 December 2020	193,315	945,743	32,632	25,146	184,906	1,381,742

- (i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2020: nil).
- (ii) The Group had no capital commitments as at the balance sheet date (2020: nil)
- (iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2020: Nil)
- (iv) This is the portion of the property, plants and equipment at 1st January 2022 attributable to Royal Exchange General Insurance Co. Ltd. (REGIC) and Royal Exchange Microfinance Bank Ltd. (REMFB). REGIC and REMFB ceased to operate as subsidiaries of the Group following the investment of AfricInvest and Tech Partner into the entities within the year. These investments diluted the interest holding of REPLC (HoldCo) to 39.21% (2020: 60.75%) and 30% (2020: 53%) respectively (see note 9 (a) (vi)). Both entities now operate as Associates.



## 17 Property, plant & equipment

### (b) Company

<i>In thousands of Naira</i>	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
<b>Cost</b>					
At 1 January	-	18,947	25,894	57,846	102,687
Additions	-	-	-	-	-
	-	18,947	25,894	57,846	102,687
<b>Depreciation</b>					
At 1 January	-	18,518	25,549	57,846	101,913
Charge	-	141	260	(1)	400
Reclassification	-	-	-	-	-
Disposals	-	-	-	-	-
	-	18,659	25,809	57,845	102,313
<b>Carrying amounts:</b>					
At 31 December 2021	-	288	85	1	374
At 31 December 2020	-	429	345	-	774

- (i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2020: nil).
- (ii) The Group had no capital commitments as at the balance sheet date (2020: nil)
- (iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2020: Nil)

### 17(b) Right of Use Asset

#### Group

#### Right of Use Asset- Rent Prepayment

<i>In thousands of Naira</i>	Group	
	31-Dec-21	31-Dec-20
At 1 January	10,089	15,764
Addition	-	14,253
Prepayments amortisation on long term leases	(9,492)	(19,928)
<b>Total Carrying Amount</b>	<b>597</b>	<b>10,089</b>
<b>Amounts recognized in profit or loss</b>		
Right of use asset- rent prepayment	551	19,928
	551	19,928

#### Company

<i>In thousands of Naira</i>	Company	
	31-Dec-21	31-Dec-20
<b>Cost</b>		
At 1 January	44,963	44,963
Additions	-	-
Disposals	-	-
	44,963	44,963
<b>Accumulated Depreciation</b>		
At 1 January	36,497	26,503
Charge for the year	3,762	9,994
Disposals	-	-
	40,259	36,497
At 31 December 2021	4,704	8,466
At 31 December 2020	8,466	18,460

## 18 Intangible assets

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
<b>Cost:</b>				
At 1 January	248,509	246,709	9,375	9,375
Additions	65,950	1,800	-	-
	314,459	248,509	9,375	9,375
<b>Accumulated amortisation:</b>				
At 1 January	243,376	236,879	9,375	9,375
Charge for the year	17,285	6,497	-	-
	260,661	243,376	9,375	9,375
At 31 December 2021	53,798	5,133	-	-

The Intangible assets of the Group comprised 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. As at 31 December 2021, these assets were tested for impairment, and Management has determined that no impairment is required of these intangibles.

## 19 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:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Defined benefit obligations (see Note 19.1 below)	-	257,168	-	-
Employee benefit asset in statement of financial position	-	257,168	-	-

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Defined benefit obligations (see Note 19.1 below)	(9,369)	(41,335)	(974)	(1,656)
Employee benefit asset in statement of financial position	(9,369)	(41,335)	(974)	(1,656)

### 19.1 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 defined benefit obligations were actuarially determined at the year end by Logic Professional Services under the supervision of Mr. Chidebere Orji with FRC number (FRC/2021/004/00000022718. The actuarial valuation is done 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:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Pension (net asset)	-	257,168	-	-
Employee benefit asset in statement of financial position	-	257,168	-	-
Long service award (outstanding liability)	(9,369)	(41,335)	(974)	(1,656)
Employee benefit liability in statement of financial position	(9,369)	(41,335)	(974)	(1,656)

**(b) Company's obligations for:-**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
-Pension benefits (see note 19.1(d) below)	-	(232,925)	-	-
- Long service award (see note 19.1(e) below)	(9,369)	(41,335)	(974)	(1,656)
<b>Total Company Obligation</b>	<b>(9,369)</b>	<b>(274,260)</b>	<b>(974)</b>	<b>(1,656)</b>

**(c) Fair value of Company's plan assets:**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
-Pension benefits (see note 19.1(d) below)	-	490,090	-	-
	-	490,090	-	-
<b>i Income statement charge for:-</b>				
- Pension benefits (see note 19.1(d)(iii) below)	-	81,247	-	-
- Long service award (see note 19.1(e)(ii) below)	2,853	9,292	360	458
<b>Total</b>	<b>2,853</b>	<b>90,539</b>	<b>360</b>	<b>458</b>
<b>ii Gain/ (loss) on other comprehensive income</b>				
- Adjustments for net pension assets (see note 19.1(d)(iv))	-	(76,177)	-	-
- Adjustments for long-service awards obligations (see note 19.1(e)(iii))	6,888	3,906	1,042	92
<b>Total</b>	<b>6,888</b>	<b>(72,271)</b>	<b>1,042</b>	<b>92</b>
Tax effect of remeasurement	-	-	-	-
<b>Total in other comprehensive income</b>	<b>6,888</b>	<b>(72,271)</b>	<b>1,042</b>	<b>92</b>

**(d) Pension benefits**

The amounts recognised in the statement of financial position are determined as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Present value of funded obligations (see note 19.1(d)(i) below)	-	(232,925)	-	-
Fair value of plan assets (see note 19.1(d)(ii) below)	-	490,090	-	-
<b>Net asset in the statement of financial position</b>	<b>-</b>	<b>257,165</b>	<b>-</b>	<b>-</b>
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current</b>	<b>-</b>	<b>257,165</b>	<b>-</b>	<b>-</b>
	<b>-</b>	<b>257,165</b>	<b>-</b>	<b>-</b>

i The movement in the present value of the funded pension benefits obligation over the year is as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	232,925	184,058	-	-
Interest cost	-	21,776	-	-
Actuarial (gains)/ losses-assumption	-	57,457	-	-
Actuarial (gains)/losses-experience	-	(3,572)	-	-
Benefits paid by the fund	(232,925)	(26,794)	-	-
<b>At 31 December</b>	<b>-</b>	<b>232,925</b>	<b>-</b>	<b>-</b>

ii The movement in the fair value of plan assets of the year is as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	490,090	479,705	-	-
Expected return on plan assets	-	59,471	-	-
Benefits paid	(490,090)	(26,794)	-	-
Actuarial (loss)/gains	-	(22,292)	-	-
<b>At 31 December 2021</b>	<b>-</b>	<b>490,090</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements (Cont'd)

For the year ended 31 December, 2021



iii The amounts recognised in the profit or loss are as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Current service costs	-	-	-	-
Net interest costs/income:				
- Interest costs (see note 19.1(d)(i))	-	21,776	-	-
- Expected return on plan asset (see note 19.1(d)(i))	-	59,471	-	-
Past service costs (including curtailment) (see note 20(d)(i))	-	-	-	-
At 31 December 2021	-	81,247	-	-

iv The amounts recognised in other comprehensive income are as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Actuarial (gains)/ losses-assumption for obligation (see note 19.1(d)(i))	-	(57,457)	-	-
Actuarial (losses)-experience for obligation (see note 19.1(d)(i))	-	3,572	-	-
Actuarial (losses) on plan asset (see note 19.1(d)(ii))	-	(22,292)	-	-
At 31 December 2021	-	(76,177)	-	-

The periodic pension costs are included in the staff costs for the reporting period and treated as a single line item.

The principal actuarial assumptions used were as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Discount rate	-	8%	N/A	N/A
Rate of pension increase	-	3%	N/A	N/A
Inflation rate	-	13%	N/A	N/A

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.

The average life expectancy in years of a pensioner retiring at age 65, at the end of the reporting period is as follows:

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Male	-	78	N/A	N/A
Female	-	83	N/A	N/A

The sensitivity of overall pension liability to changes in the weighted principal assumptions is:

	31-Dec-21			
	Change in assumption		Impact on liability including change (N'000)	
Discount rate	0.50%	-0.50%	-	-
	31-Dec-20			
	Change in assumption		Impact on liability including change (N'000)	
Discount rate	0.50%	-0.50%	225,263	241,085

(e) Long Service Awards

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Present value of unfunded obligations (see note 19.1(e)(i) below)	9,369	41,335	974	1,656
	9,369	41,335	974	1,656
Current	-	-	-	-
Non-current	9,369	41,335	974	1,656
	9,369	41,335	974	1,656

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	41,335	39,252	1,656	1,418
Current service cost	1,820	4,566	233	303
Interest cost	1,033	4,726	127	155
Benefits paid	(27,931)	(3,303)	-	(128)
Actuarial (gains)/losses	(6,888)	(3,906)	(1,042)	(92)
At 31 December 2021	9,369	41,335	974	1,656

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Current service costs (see note 19.1(e)(i))	1,820	4,566	233	303
Net interest costs/income:				
- Interest costs (see note 19.1(e)(i))	1,033	4,726	127	155
- Expected return on plan asset	-	-	-	-
Past service costs (including curtailment)	-	-	-	-
At 31 December 2021	2,853	9,292	360	458

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Actuarial gains on obligations (see note 19.1(e)(i))	(6,888)	(3,906)	(1,042)	(92)

The principal actuarial assumptions used were as follows:

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Discount rate	13%	8%	13%	8%
Future salary increases	12%	10%	12%	10%
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.



The sensitivity of overall long service award liability to changes in the weighted principal assumptions is:

	31-Dec-21			
	Change in assumption		Impact on liability including change (N'000)	
Discount rate	0.50%	-0.50%	9,149	9,599
Future salary increases	0.50%	-0.50%	9,576	9,170
Inflation rate	0.50%	-0.50%	N/A	N/A
Mortality	0.50%	-0.50%	9,348	9,388

	31-Dec-20			
	Change in assumption		Impact on liability including change (N'000)	
Discount rate	0.50%	-0.50%	40,171	42,565
Future salary increases	0.50%	-0.50%	42,349	40,366
Inflation rate	0.50%	-0.50%	N/A	N/A
Mortality	0.50%	-0.50%	41,219	41,439

## 20 Statutory deposits

In line with section 10 (3) of the Insurance Act of Nigeria, a deposit of 10% of the regulatory share capital is kept with the Central Bank of Nigeria. The cash amount held is considered to be a restricted cash balance.

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Deposits with CBN	215,000	555,000	-	-
The analysis of the statutory deposit is as follows:				
Deposit with CBN for non-life business	-	340,000	-	-
Deposit with CBN for life business	215,000	215,000	-	-
	215,000	555,000	-	-

In September 2021, AfricInvest, a leading Pan-African asset management platform covering Private Equity, Venture Capital, and Private Credit, completed the acquisition of a minority stake in Royal Exchange General Insurance Company ("REGIC") the Non-life business of the Group. Consequent upon above, Royal Exchange Plc. now holds 39.29% stake in REGIC. REGIC is now classified as investment in associate in line with IFRS 3, IFRS 10 & IAS 28.

## 21 Deferred taxation

### Group

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

#### For the year ended 31 December 2021

<i>In thousands of Naira</i>	Note	At 1 January	Recognised in profit or loss	Recognised in OCI	At 31 December
<b>Deferred tax assets</b>					
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
<b>Deferred tax assets</b>		<b>193,968</b>	<b>7,624</b>	-	<b>201,592</b>
<b>Deferred tax liabilities</b>					
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	-	(81,957)
Employee Benefits		7,920	(11,788)	-	(3,868)
Deferred tax Liabilities		(610,101)	524,277	-	(85,825)
<b>Net deferred tax assets/(liabilities)</b>		<b>(416,133)</b>	<b>531,901</b>	-	<b>115,768</b>

#### For the year ended 31 December 2020

<i>In thousands of Naira</i>	Note	At 1 January	Recognised in profit or loss	Recognised in OCI	At 31 December
<b>Deferred tax assets</b>					
Property and equipment, and software		35,488	463	-	35,951
Allowances for loans and receivables		8,270	(8,270)	-	-
Unrelieved loss		124,555	26,019	-	150,574
Employee benefits		497	-	-	497
Foreign exchange		-	6,946	-	6,946
<b>Deferred tax assets</b>		<b>168,810</b>	<b>25,158</b>	-	<b>193,968</b>
<b>Deferred tax liabilities</b>					
Property and equipment, and software		(184,743)	(100,718)	-	(285,461)
Allowances for loans and receivables		(18,454)	12,476	-	(5,978)
Unrelieved loss		(127,793)	142,309	-	14,516
Investment properties		(350,214)	9,116	-	(341,098)
Employee Benefits		116,112	(108,192)	-	7,920
<b>Deferred tax liabilities</b>		<b>(565,092)</b>	<b>(45,009)</b>	-	<b>(610,101)</b>
		<b>(396,282)</b>	<b>(19,851)</b>	-	<b>(416,133)</b>

Deferred tax assets have been recognised because it is considered probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Deferred tax assets have not been recognised in the Company because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom as detailed in Note 21(a) below.

#### (a) Unrecognised deferred tax assets

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.

## 22 Deferred income

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Deferred rental income (see 22(a) below)	-	24,182	-	-
Deferred acquisition income (see 22(b) below)	-	114,062	-	-
At 31 December 2021	-	138,244	-	-
Within one year	-	114,062	-	-
More than one year	-	24,182	-	-
	-	138,244	-	-

In September 2021, AfricInvest, a leading Pan-African asset management platform covering Private Equity, Venture Capital, and Private Credit, completed the acquisition of a minority stake in Royal Exchange General Insurance Company ("REGIC") the Non-life business of the Group. Consequent upon above, Royal Exchange Plc. now holds 39.29% stake in REGIC. REGIC is now classified as investment in associate in line with IFRS 3, IFRS 10 & IAS 28.

### (a) Deferred rental income

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	-	16,178	-	-
Additions during the year	-	8,004	-	-
Amortised for the year	-	-	-	-
At 31 December 2021	-	24,182	-	-

### (b) Deferred acquisition income

This represents the unexpired portion of commission received from businesses ceded to Reinsurers as at the reporting date.

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	-	93,154	-	-
Additions in the year	-	588,950	-	-
Amortization in the year	-	(568,042)	-	-
At 31 December 2021	-	114,062	-	-

Analysis of deferred acquisition income by class of insurance are as follow:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Fire	-	23,103	-	-
Accident	-	10,701	-	-
Motor	-	6,651	-	-
Marine and aviation	-	26,316	-	-
Oil & Gas	-	27,910	-	-
Engineering	-	18,940	-	-
Bond	-	13	-	-
Agric	-	429	-	-
At 31 December 2021	-	114,062	-	-

## 23 Trade payables

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Reinsurance payables	34,254	356,085	-	-
Deposit for premium (See note 23 (a) below)	119,130	7,417,516	-	-
Premium payables to Co-insurers	66,763	-	-	-
Commission payable	167,605	136,246	-	-
At 31 December 2021	387,752	7,909,847	-	-
Within one year	387,752	7,909,847	-	-
More than one year	-	-	-	-
	387,752	7,909,847	-	-

The carrying amount disclosed above approximate fair value at the reporting date. All amounts are payable within one year

- (a) Deposit for premium represents premium collected in advance with respect to policies with policy period between January 2022 to 31 December 2022.

## 24 Other liabilities

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Due to related parties (see 24(a) below)	-	-	46,790	638,678
Other liabilities (see 24(b) below)	1,088,216	1,864,278	1,740,501	1,434,652
At 31 December 2021	1,088,216	1,864,278	1,787,291	2,073,330
Within one year	918,321	1,672,846	215,287	215,287
More than one year	169,895	191,432	1,572,004	1,858,043
	1,088,216	1,864,278	1,787,291	2,073,330

- (a) Due to related parties

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Royal Exchange General Insurance Company	-	-	-	571,811
Royal Exchange Prudential Life Limited	-	-	38,754	56,468
Royal Exchange Finance Company Limited	-	-	8,037	10,399
	-	-	46,790	638,678

- (b) Analysis of other liabilities is as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Deferred income	1,852	1,709	-	-
Accruals	394,841	1,206,664	680,295	692,169
PAYE and WHT payables	1,541	3,360	1,515	1,211
VAT Payable	19,810	30,711	19,810	30,711
NAICOM levy	-	118,682	-	-
Other Statutory payables	740	7,945	-	-
Deposit for shares	85	85	-	-
Staff payables	77,254	104,595	74,656	102,256
Dividend payable held as collateral	100,531	100,531	100,531	100,531
Unclaimed Dividend	47,240	57,876	47,240	57,876
Trustee Fund	-	104,591	-	-
Discontinued Liability	2,314	2,314	2,314	2,314
Other payables	442,008	125,215	814,139	447,582
At 31 December 2021	1,088,216	1,864,278	1,740,501	1,434,652

- (i) Dividend payable held as collateral represents dividend belonging to Spennymoor Limited, Dantata Investments & Securities Company Limited and Phenonix 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.

## 25 Depositors' funds

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Royal Exchange investment notes (see note 25(a) below)	182,245	117,000	-	-
High yield investment papers (see note 25(b) below)	1,164,533	1,009,661	-	-
Savings	-	107,815	-	-
Demand deposit	-	9,929	-	-
Term deposit and call deposits	19,856	119,815	-	-
	<b>1,366,634</b>	<b>1,364,220</b>	-	-

- (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.

## 26 Insurance contract liabilities

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Non-life general insurance	-	4,042,104	-	-
Healthcare insurance	133,375	179,742	-	-
Life insurance	5,659,669	5,576,845	-	-
At 31 December 2021	5,793,044	9,798,691	-	-

### (a) Non life general Insurance

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Unexpired risk (See note 26(a)(ii) below)	-	1,584,946	-	-
Outstanding claims:				
Claims outstanding	-	1,259,935	-	-
Incurred but not reported	-	1,197,223	-	-
At 31 December 2021	-	4,042,104	-	-

(i) The concentration of non-life insurance by type of contract is summarised below by reference to liabilities.

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Fire	-	882,033	-	-
Accident	-	487,251	-	-
Motor	-	742,766	-	-
Marine and aviation	-	409,842	-	-
Oil & Gas	-	1,225,670	-	-
Engineering	-	194,860	-	-
Bond	-	11,884	-	-
Agric	-	87,798	-	-
At 31 December 2021	-	4,042,104	-	-

(ii) Unexpired risk is summarised by type below

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Fire	-	253,789	-	-
Accident	-	160,107	-	-
Motor	-	408,371	-	-
Marine and aviation	-	263,316	-	-
Oil & Gas	-	410,271	-	-
Engineering	-	80,679	-	-
Bond	-	105	-	-
Agric	-	8,308	-	-
At 31 December 2021	-	1,584,946	-	-

(iii) The movement in unexpired risk reserve is shown below:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	1,584,946	1,288,775	-	-
Movement during the year	(1,584,946)	296,171	-	-
At 31 December 2021	-	1,584,946	-	-

- (iv) 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 and provision 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.

Analysis of outstanding claims per class of non-life insurance business is shown below:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Fire	-	628,244	-	-
Accident	-	327,144	-	-
Motor	-	334,395	-	-
Marine and aviation	-	146,526	-	-
Oil & Gas	-	815,399	-	-
Engineering	-	114,181	-	-
Bond	-	11,779	-	-
Agric	-	79,490	-	-
At 31 December 2021	-	2,457,158	-	-

- (v) The movement in outstanding claims is shown below:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	2,457,158	3,302,517	-	-
Movement during the year	(2,457,158)	(845,359)	-	-
At 31 December 2021	-	2,457,158	-	-

## (b) Healthcare insurance

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Claims and loss adjustment expenses (see note 26(b)(i))	127,556	160,340	-	-
Provisions for unearned premiums and unexpired short term insurance risks (see note 26(b)(ii))	5,819	19,402	-	-
At 31 December 2021	133,376	179,742	-	-

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Claims outstanding as at 1 January	160,340	172,279	-	-
Cash paid for claims settled in the year	68,478	-	-	-
- Arising from current-year claims	(29,617)	(11,939)	-	-
- Arising from prior year claims	(71,644)	-	-	-
At 31 December 2021	127,556	160,340	-	-

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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	19,402	24,917	-	-
Increase in period	37,982	226,511	-	-
Release in the period	(51,565)	(232,026)	-	-
At 31 December 2021	5,819	19,402	-	-

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.

**(c) Life insurance**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Outstanding claims - Group life (see note 26(c)(i) below)	2,142,919	2,088,103	-	-
Outstanding claims - Individual life (see note 26(c)(ii) below)	208,197	143,286	-	-
	2,351,116	2,231,389	-	-
Life insurance contract liabilities (see note 26(c)(iii) below)	3,308,556	3,345,456	-	-
	5,659,669	5,576,845	-	-

## (i) Outstanding claims - group life

The movement in the provision for outstanding claims during the year was as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	2,088,103	2,044,210	-	-
Increase during the year (see note 39(ii))	54,817	43,893	-	-
At 31 December 2021	2,142,919	2,088,103	-	-

## (ii) Outstanding claims - individual life

The movement in the provision for outstanding claims during the year was as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	143,286	31,704	-	-
Decrease/(increase) during the year	64,911	111,584	-	-
At 31 December 2021	208,197	143,286	-	-

## (iii) Life insurance contract liability

The movement on the Life funds account during the year was as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	3,345,456	4,104,632	-	-
Increase/(decrease) during the year	(95,844)	462,375	-	-
Disposal of annuity fund	-	(1,195,094)	-	-
Difference in unearned premium (see note 26(iv) below)	58,943	(26,457)	-	-
At 31 December 2021	3,308,556	3,345,456	-	-

## (iv) The movement in the unearned premium during the year was as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	386,088	412,545	-	-
Decrease/(increase) during the year	58,943	(26,457)	-	-
At 31 December 2021	445,030	386,088	-	-



**27 Investment contract liabilities**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Deposit administered funds	109,781	109,006	-	-
Investment managed funds	171,667	167,974	-	-
	<b>281,448</b>	<b>276,979</b>	-	-

**(a) Deposit administered funds**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	109,006	111,450	-	-
Deposits received in the year	-	-	-	-
Interest paid	-	-	-	-
Withdrawals	775	(2,444)	-	-
At 31 December 2021	<b>109,781</b>	<b>109,006</b>	-	-
Current	35,782	35,782	-	-
Non Current	73,999	73,224	-	-
	<b>109,781</b>	<b>109,006</b>	-	-

The Company has a total sum of ₦109.8million (2020: N109.01 million) in deposit administered funds with guaranteed interest which has been in existence since 2010. The outstanding balance in the account is attributable to clients who are yet to terminate their investment.

**(b) Investment managed funds**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	167,974	154,071	-	-
Deposits	93,289	113,587	-	-
Interest accrued thereon	4,503	5,132	-	-
Withdrawals	(94,098)	(104,816)	-	-
At 31 December 2021	<b>171,667</b>	<b>167,974</b>	-	-
Current	165,985	165,985	-	-
Non Current	5,682	1,989	-	-
	<b>171,667</b>	<b>167,974</b>	-	-

**28 Taxation****(a) Charge for the year**

Recognised in profit or loss

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Income tax	1,555	160,408	-	-
(Over)/under provision in prior years	(967)	(2,662)	-	-
Police Trust Fund Levy	1	51	1	-
Education tax	498	17,647	-	-
Technology tax	403	10,267	203	-
	1,490	185,711	204	-
WHT expense	-	-	-	-
Deferred tax charge/(credit)	(3,757)	19,850	-	-
Income taxes	(2,267)	205,561	204	-
Minimum tax	2,444	1,595	628	419

**(b) Current income tax liabilities**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	650,203	588,690	254,511	283,847
Derecognition within the year - (REGIC & REMFB) (See note 9 (a) (vi))	(390,700)	-	-	-
Charge for the year	2,856	186,887	-	-
Payment during the year	(23,809)	(57,550)	(22,507)	(29,755)
Withholding Tax Credit Note Utilized	-	(68,243)	-	-
Police Trust Fund levy	1	-	1	-
Minimum Tax	1,143	419	628	419
Education tax	498	-	-	-
Information Technology Tax	403	-	203	-
At 31 December 2021	240,597	650,203	232,836	254,511

**29 Borrowings**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	2,184,877	2,276,717	2,313,544	2,383,607
Additions	18,313,192	8,112,572	18,440,355	8,155,525
Repayments	(18,085,031)	(8,204,412)	(18,230,048)	(8,225,588)
At 31 December 2021	2,413,039	2,184,877	2,523,850	2,313,544

(a)

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
FSDH Merchant Bank (see note 29(i) below)	1,999,472	1,999,308	1,999,472	1,999,308
Central Bank of Nigeria (see note 29(ii) below)	-	27,681	-	-
Borrowings from Funds under management (see note 29(iii) below)	361,004	157,889	361,004	157,889
Royal Exchange Finance Company Limited	-	-	163,374	156,348
Overdraft with banks	52,563	-	-	-
	2,413,039	2,184,877	2,523,850	2,313,544
Current	2,052,035	1,999,308	1,999,472	1,999,308
Non-current	361,004	185,570	524,378	314,237
	2,413,039	2,184,877	2,523,850	2,313,544

- (i) The amount of N1,999,472.00 represents the carrying amount of a N2,000,000,000 term loan obtained from FSDH Merchant Bank Ltd. as at 31 December 2021 with a tenor of Three months (90 days) at 10 percent (10%) interest rate. As at 31 December, 2021 the company did not obtain any waiver and did not amend any financial covenants stipulated in its existing loan agreements with the bank, also, the company was able to comply with all relevant financial obligation during the reporting period.
- (ii) The amount of N27,681.00 represents the carrying amount of a N50,300,000 term loan obtained from the Central Bank of Nigeria as at 31 December 2020 under the Micro, Small & Enterprises Development Fund.
- (iii) The amount represent the carrying amount of term loans obtained by the Group from the unclaimed debentures under the management of Royal Exchange Plc as at the 31 December 2021.

**(b) Lease liabilities**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	-	-	16,833	31,467
Additions	-	-	5,476	7,097
Repayments	-	-	(9,442)	(21,731)
At 31 December 2021	-	-	12,867	16,833

### 30 Share capital and premium

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Share capital comprises				
Authorized share capital				
10,000,000,000 ordinary share of 50k each	5,000,000	5,000,000	5,000,000	5,000,000
Issued share capital	2,572,685	2,572,685	2,572,685	2,572,685

### 31 Share premium

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 31 December 2021	2,690,936	2,690,936	2,690,936	2,690,936

### 32 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.

### 33 Treasury shares

Treasury shares represent the cost of the 250,000,000 ordinary shares of the Group which is held in respect to Security Holding Trust Limited in respect to a proposed share ownership scheme for staff of a subsidiary which is subject to a litigation in suit FHC/L/CS/5479/09. The ordinary shares are being held as guarantee that value will not be lost as well as N228million cash dividend. The ordinary shares have a market value of N500 million as at 31 December 2020. However, REGIC became an Associate within the year hence the derecognition of the Treasury Shares as at 31st December 2021.

### 34 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'.

### 35 Other Component of Equity

Other component of equity comprises of actuarial gains or losses on employee benefit obligation, cumulative net change in the fair value of available-for-sale financial assets until assets are derecognized and transferred to regulatory risk reserve.

#### (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 Microfinance Bank Ltd. and Royal Exchange Finance Company Ltd. 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'.

<i>In thousands of Naira</i>	Group	
	31-Dec-21	31-Dec-20
At 1 January	3,872,709	3,633,174
Additions	178,585	-
Dividend Received during the year	-	(164,586)
Share of other component of equity	83	92,661
Share of profit for the year	615	311,460
Derecognition within the year (See note 35 (d) (i))	(3,872,709)	-
At 31 December 2021	179,283	3,872,709

- (i) The Non Controlling Interest (NCI) at 1st January 2021 is attributable only to Royal Exchange General Insurance Co. Ltd. (REGIC). The NCI was derecognized during the year following the investment of AfricInvest in REGIC (see note 9 (a) (vi)).

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group.

<i>In thousands of Naira</i>	REHEALTH	REGIC
	31-Dec-21	31-Dec-20
Gross premium income	120,809	11,868,240
Other income	150,124	1,341,711
Expenses	(269,335)	(12,416,371)
<b>Profit for the year</b>	<b>1,598</b>	<b>793,580</b>
Profit attributable to owners of the Company	865	482,119
Profit attributable to the non-controlling	733	311,460
<b>Profit for the year</b>	<b>1,597</b>	<b>793,580</b>
Other comprehensive income attributable to owners of the Company	7,765	625,554
Other comprehensive income attributable to the non-controlling interests	698	404,122
	<b>8,463</b>	<b>1,029,676</b>
<b>Dividends paid to non-controlling interests</b>	-	164,586
<b>Summarised cash flow statement</b>		
Net cash inflow (outflow) from operating activities	(9,899)	1,782,316
Net cash inflow from investing activities	(12,485)	(2,241,000)
Net cash (outflow)/inflow from financing activities	-	(455,103)
<b>Net cash outflow</b>	<b>(22,383)</b>	<b>(913,787)</b>

**36(a) Gross Written Premium**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Gross written Premium				
Non-Life	-	11,850,969	-	-
Life	2,735,009	3,263,215	-	-
Healthcare	108,058	178,573	-	-
	<b>2,843,067</b>	<b>15,292,757</b>	-	-
Unearned Premium				
Non-Life	-	(296,171)	-	-
Life	(82,540)	26,457	-	-
Healthcare	13,583	5,514	-	-
	<b>(68,956)</b>	<b>(264,200)</b>	-	-
Earned Premium	<b>2,774,111</b>	<b>15,028,557</b>	-	-

### 36(b) Reinsurance expenses

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Non-life reinsurance premiums:				
Gross written reinsurance premiums	-	6,306,618	-	-
Change in reinsurance unearned premiums	-	(10,340)	-	-
	-	6,296,278	-	-
Life reinsurance premiums:				
Insurance premium ceded to reinsurers	519,095	540,766	-	-
	519,095	6,837,044	-	-

### 37 Fee and commission income

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Reinsurance commissions on non-life business	-	568,041	-	-
Reinsurance commissions on life business	83,982	95,164	-	-
	83,982	663,205	-	-

### 38 Insurance claims and benefits incurred

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Insurance claims and benefits incurred on non-life busines(see note 38(i) below)	-	1,289,168	-	-
Insurance claims and benefits incurred on life busines(see note 38(ii) below)	2,250,979	1,960,737	-	-
Insurance claims and benefits incurred on healthcare business (see note 38(iii) below)	55,738	123,898	-	-
	2,306,717	3,373,803	-	-

#### (i) Analysis on insurance claims and benefits incurred on Non-life busines:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Motor and accident	-	313,410	-	-
Fire and IAR	-	139,341	-	-
Marine	-	65,957	-	-
Engineering	-	110,692	-	-
Bond	-	(347)	-	-
Special risk	-	580,367	-	-
Agric	-	79,748	-	-
	-	1,289,168	-	-

#### (ii) Analysis on insurance claims and benefits incurred on life busines:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Short term insurance contract	1,077,490	962,771	-	-
Long term insurance contract	913,280	842,627	-	-
Increase/decrease in outstanding claims short term insurance contract	54,817	43,755	-	-
Increase/decrease in outstanding claims long term insurance contract	64,911	111,584	-	-
Increase/decrease in investment contract liabilities	140,481	-	-	-
	2,250,979	1,960,737	-	-

## (iii) Analysis on insurance claims and benefits incurred on healthcare business:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Short term insurance contract	55,738	123,898	-	-
Increase/decrease in outstanding claims short term insurance contract	-	-	-	-
	55,738	123,898	-	-

**39 Insurance claims and benefits incurred - recoverable from reinsurers**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Insurance claims and benefits incurred- recoverable on non-life busines(see note 39(i) below)	-	599,636	-	-
Insurance claims and benefits incurred-recoverable on life busines(see note 39(ii) below)	439,935	104,530	-	-
At 31 December 2021	439,935	704,166	-	-

## (i) Insurance claims and benefits incurred- recoverable on non-life busines:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Motor and Accident	-	49,162	-	-
Fire and IAR	-	(106,897)	-	-
Marine	-	16,825	-	-
Engineering	-	59,272	-	-
Bond	-	(173)	-	-
Special risk	-	533,791	-	-
Agric	-	47,656	-	-
At 31 December 2021	-	599,636	-	-

## (ii) Insurance claims and benefits incurred- recoverable on life busines:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Short term insurance contract	439,935	(139,581)	-	-
Increase/decrease in outstanding claims short term insurance contract	-	35,051	-	-
	439,935	(104,530)	-	-
Increase //(decrease) in long term insurance contract liabilities	-	-	-	-
Increase //(decrease) in short term insurance contract liabilities	259,924	(462,513)	-	-
	259,924	(462,513)	-	-

**40 Underwriting expenses**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Acquisition costs: Non-life business	-	2,034,808	-	-
Accomodation costs	-	58,569	-	-
Communication costs	-	99,187	-	-
Business & Administration expenses	-	927,796	-	-
Acquisition costs: Life	230,981	268,054	-	-
Acquisition costs: Healthcare	13,852	17,002	-	-
Salaries & Allowances - underwriting employees	459,814	1,149,818	-	-
Other commissions	14,001	51,498	-	-
At 31 December 2021	718,648	4,606,732	-	-

#### 41 Net Interest Income

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
<b>Gross Interest Income:</b>				
Interest income on placement with local banks	117,362	43,354	5,059	9,387
Interest income on treasury bills	226	33,024	4	172
Interest income on bonds	5,804	30,964	-	-
Interest income on loans and receivables	189,255	225,143	-	-
Interest income on advances under finance lease	12,509	27,647	-	-
	325,156	360,132	5,064	9,558
<b>Interest expense:</b>				
Interest expense on placement with local banks	-	(13,021)	-	-
Interest expense on lease obligation	(2,164)	-	(5,476)	(5,912)
Interest expense on borrowings	(185,418)	(187,468)	(91,103)	(223,744)
Net interest income	137,573	159,643	(91,515)	(220,097)

#### 42 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:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Net investment income	Net investment income	Net investment income	Net investment income
Equity securities:				
Dividend from Investment securities	29,530	181,051	1,039	1,003
Dividend from Investment in subsidiaires	-	-	-	229,291
Income on disposal of equities (FVTPL & FVTOCI)	16,505	-	-	-
Loss on disposal of Investment in Subsidiary	(19,835)	-	(19,835)	-
Income on disposal of Investment in Associates	3,442	-	-	-
Disposal of Annuity portfolio	-	(84,585)	-	-
Loss on disposal Investment properties	-	(10,200)	-	-
Cash and cash equivalents	-	489,485	-	-
Income on annuity	-	47,399	-	-
Finance income	-	35,583	-	-
	29,642	658,733	(18,797)	230,294

#### 43 Net fair value gain on financial assets

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Changes in fair value	Changes in fair value	Changes in fair value	Changes in fair value
Equity securities:				
*At fair value through profit/loss	9,455	159,577	6,314	3,000
Investment properties	38,675	(124,270)	-	-
	48,130	35,307	6,314	3,000

#### 44 Charge/(write-back) of impairment allowance

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Impairment allowance on premium receivables	(11,479)	18,473	-	-
Impairment allowance on reinsurance receivables	(309,585)	(278,117)	-	-
Impairment allowance on loans and advance	30,004	(8,280)	-	-
Allowance on advance under lease	4,440	-	-	-
	(286,620)	(267,924)	-	-



#### 44(a) ECL Impairment Allowance

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Cash & cash equivalent	671	33,650	9	2,427
Treasury bills	5	(6,628)	-	26
FGN bonds	(99)	9,266	-	-
Mortgage loan	-	4,879	-	-
Intercompany	(4,277)	50,253	(4,119)	27,839
Other assets	15,091	(77,485)	-	(74,599)
	<b>11,391</b>	<b>13,935</b>	<b>(4,110)</b>	<b>(44,308)</b>

#### 45 Other operating income

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Rental income	22,080	75,712	-	-
Profit on disposal of property & equipment	981	51,764	-	-
Interest on loan & advances	276	1,379	-	748
Management fee income from subsidiaries	-	-	11,385	36,713
Trustee fee income	1,597	1,510	1,597	1,510
Other income	112,698	235,393	131,053	116,255
Insurance Brokerage Commission	(6,708)	233,731	-	-
Fees for services rendered	139,232	12,991	-	-
	<b>270,156</b>	<b>612,480</b>	<b>144,035</b>	<b>155,225</b>

#### 46 Foreign exchange gains/(losses)

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Gains/(Loss) on translation of foreign currency transactions	3,692	73,318	-	-

#### 47 Management expenses

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Salaries and allowances of other employees	292,270	633,792	59,315	115,806
Post employment defined benefit expenses	-	3,025	-	-
Redundancy Cost	-	497	-	-
Terminal Benefits	-	63,077	-	63,077
Audit fees	22,100	38,250	8,600	8,600
Amortization and impairment charges	17,285	6,496	-	-
Depreciation on property and equipment	8,760	55,741	401	3,016
Depreciation on Right of use (Motor Vehicle)	34,309	71,470	3,762	9,994
Depreciation on Right of use (Rent Repayment)	551	19,928	-	-
Promotional and advert expenses	3,792	12,145	1,397	1,690
Rent and rates	15,604	6,370	-	-
Directors' fees	-	3,673	-	-
Directors' Sitting allowances	167	889	167	889
Directors' Other allowances	5,000	17,230	5,000	11,553
Donations	-	2,000	-	-
Bank charges	2,414	75,285	1,036	857
Legal fee	530	70,081	5	2,379
Insurance premium	3,118	12,753	3,047	4,932
Accounting consultancy fee	33,805	91,201	15,028	3,138
Investment expenses	-	17,069	-	-
Finance cost	11,842	117,454	-	-
Power charges	5,358	36,627	-	3,785
Government charges	30,036	44,949	535	-
Stationeries	766	1,967	-	-
Printing external	15,953	8,291	24	203
Repairs and maintenance	76,964	91,693	1,052	987
Transport expenses	22,990	68,277	2,134	3,134
Software expenses	1,673	19,653	-	-
Subscription and journals	5,303	9,623	747	2,271
Marketing expenses	239,239	581,449	-	-
Fine paid (contravention)	1,860	6,190	1,560	5,190
VAT Paid	10,181	2,295	-	-
Other administrative expenses	16,118	80,972	7,786	32,137
At 31 December	877,988	2,270,412	111,596	273,638

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.

#### 48 Earnings Per Share

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Basic and diluted earnings per share(kobo)	(11)	(8)	0.4	3

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
(Loss)/Profit for the year attributable to owners of the company	(555,522)	(388,576)	19,420	(149,943)

<i>Unit in thousands</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
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

#### 49 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.

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Cash (see note 5)	651	7,093	97	90
Bank balances (see note 5)	236,122	888,509	31,798	49,980
Short-term deposits (see note 5)	2,661,309	11,913,370	80,493	106,824
	<b>2,898,082</b>	<b>12,808,972</b>	<b>112,388</b>	<b>156,894</b>

#### 50 Reconciliation notes to consolidated and separate statement of cashflows

(i) Net Increase/(decrease) in employee retirement benefit:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Changes in employee retirement benefit asset	257,168	38,481	-	-
Changes in employee retirement benefit liability	(31,966)	2,083	(682)	238
Net changes	225,202	40,564	(682)	238
Contributions to plan asset	-	-	-	-
Cash payment to employees	-	-	-	-
Net actuarial gains recognised in OCI	-	(74,038)	-	92
<b>Total changes recognised in statement of cashflows</b>	<b>225,202</b>	<b>(33,474)</b>	<b>(682)</b>	<b>330</b>

(ii) Net Increase/(decrease) in other receivable and prepayments:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Net changes in other receivable and prepayments	242,571	93,036	104,655	170,664
Dividend received	-	181,051	-	-
Dividend income	-	(75,712)	-	-
Available for sale property reclassified	(42,430)	-	-	-
Write-backs recognised in profit or loss	(4,277)	50,253	-	-
Impairments recognised in profit or loss	15,091	(77,485)	(4,110)	(44,308)
<b>Total changes recognised in statement of cash flows</b>	<b>210,955</b>	<b>171,143</b>	<b>100,545</b>	<b>126,356</b>

(iii) Net Increase/(decrease) in trade receivable:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Net changes in trade receivable	117,077	(17,698)	-	-
Impairment allowance on reinsurance receivables (see note 10(b)(i))	(309,585)	278,117	-	-
Write back of impairment on premium receivables(see note 10(a)(i))	(11,479)	18,473	-	-
<b>Total changes recognised in statement of cash flows</b>	<b>(203,987)</b>	<b>278,892</b>	<b>-</b>	<b>-</b>

(iv) Net Increase/(decrease) in reinsurance asset:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Net changes in reinsurance asset	1,961,140	692,317	-	-
Write-backs recognised in profit or loss	-	-	-	-
<b>Total changes recognised in statement of cash flows</b>	<b>1,961,140</b>	<b>692,317</b>	<b>-</b>	<b>-</b>

## (v) Changes in financial assets

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 31 December	5,219,254	2,466,691	(5,105)	-
Impairment recognised in profit or loss	(577)	7,517	-	-
Foreign exchange gain recognised in OCI	-	321,502	8,339	3,000
Foreign exchange gain recognised in profit or loss	(3,692)	159,577	(18,514)	(3,850)
Fair value changes recognised in profit or loss	(9,455)	-	8,339	-
Redemptions/disposals	5,263,531	(3,025,410)	(18,514)	-
Interest received	-	245,459	-	-
Purchases	-	4,758,045	-	-
At 31 December	5,249,807	2,466,691	(20,350)	(850)

## (vi) Changes in provision for outstanding claims:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Changes in outstanding claims on group-life insurance	54,817	43,893	-	-
Changes in outstanding claims on individual-life insurance	64,911	111,583	-	-
Changes in outstanding claims on non-life general insurance (including IBNR)	(2,457,157)	(845,359)	-	-
Cash paid for claims settled in the year	-	-	-	-
– Arising from current-year claims	(29,617)	(11,939)	-	-
– Arising from prior year claims	-	-	-	-
Increase/(decrease) in insurance contract liabilities on life insurance	(95,844)	462,375	-	-
Repayment of annuity	-	(1,195,094)	-	-
<b>Total changes recognised in statement of cash flows</b>	<b>(2,462,891)</b>	<b>(1,434,541)</b>	<b>-</b>	<b>-</b>

## (vii) Changes in unearned premium:

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Changes in unexpired risk on non-life general insurance	(1,584,946)	296,171	-	-
Changes in provisions for unearned premiums and unexpired short term insurance risks	(6,763)	-	-	-
– Increase in period	37,982	226,511	-	-
– Release in the period	(51,565)	(232,026)	-	-
Changes in unearned premium on life insurance contract liability	58,943	(26,457)	-	-
<b>Total changes recognised in statement of cash flows</b>	<b>(1,546,349)</b>	<b>264,199</b>	<b>-</b>	<b>-</b>

## (viii) Changes in loans and advances to customers

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Net changes in loans and advances to customers	(35,078)	(137,540)	-	-
Interest income	-	225,143	-	-
Interest income received	-	-	-	-
Impairment allowance recognised in profit or loss	30,004	(8,280)	-	-
<b>Total changes recognised in statement of cash flows</b>	<b>(5,074)</b>	<b>79,323</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements (Cont'd)

For the year ended 31 December, 2021



### (ix) Changes in advances under finance lease

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Net changes in advances under finance lease	(16,377)	129,370	-	-
Write back of impairment allowance	4,440	-	-	-
<b>Total changes recognised in statement of cash flows</b>	<b>(11,937)</b>	<b>129,370</b>	<b>-</b>	<b>-</b>

### (x) Changes in depositors fund

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Net changes in depositors fund	2,414	(419,930)	-	-
<b>Total changes recognised in statement of cash flows</b>	<b>2,414</b>	<b>(419,930)</b>	<b>-</b>	<b>-</b>

### (xi) Proceed from sale of property and equipment

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Cost of property and equipment	2,317,709	85,913	-	-
Accumulated depreciation	(1,113,862)	(34,989)	-	-
Profit on disposal	981	51,764	-	-
<b>Proceed from sale of property and equipment</b>	<b>1,204,828</b>	<b>102,688</b>	<b>-</b>	<b>-</b>

## 51 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 capitals of the subsidiaries in insurance and asset management have been maintained and preserved over the reporting periods. The regulatory capital within the insurance industry in Nigeria, in which the entity has its major operations, is N2billion for Life businesses. Also, the regulatory capital for finance house business is N20million.

The insurance industry regulator, NAICOM, measures the financial strength of life underwriters through a solvency margin model. The Insurance Act, under section 24, defines solvency margin as the difference between the admissible assets and liabilities which shall not be less than 15% of Net premium income or the minimum capital base, whichever is higher.

The regulation requires insurance underwriters to maintain a minimum of 100% solvency margin. The Group's Solvency requirement was revalidated by Ernst & Young, the Company's Consultant Actuaries.

### The solvency position of the Life insurance business

The solvency margin of the life business of ₦994 million (2020: ₦973million) is below the minimum capital of N2 billion prescribed by the Insurance Act of Nigeria. In order to overcome the deficit, the Directors of the Company are planning to inject more capital and funds into the business via both capital raising and sale of some of the Company's investment properties.

The asset cover of the Company on the valuation date of 31 December, 2021 was 100%. That is, the admissible assets representing the Life Fund (including outstanding claims) and deposit administration funds, amounting to ₦5.95billion were 100% of the actuarially determined gross liabilities of ₦N5.95billion.

The table below sets out the capital that is managed by the Company on an IFRS and regulatory basis:

<i>In thousands of Naira</i>	Group	
	31-Dec-21	31-Dec-20
Shareholders' fund as per financial position	801,430	1,466,575
Less: Intangible assets	(44,000)	-
Capital resources on a regulatory basis	757,430	1,466,575
Shareholders' funds upon approval for deposit for shares	757,430	1,466,575

The details of the Company's capital structure are shown in the statement of financial position section of the financial statements.

## 52 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.

## 53 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

<i>In thousands of Naira</i>	Group 31-Dec-21				
	Level 1	Level 2	Level 3	Total	
<b>Financial Assets:</b>					
<b>Fair value through profit or loss:-</b>					
Quoted equity shares	8(a)	404,106	-	-	404,106
		404,106	-	-	404,106
<b>Fair value through Other Comprehensive Income:-</b>					
Federal government bonds	8(b)	243,412	-	-	243,412
Treasury bills	8(b)	-	-	-	-
Unlisted equities	8(b)	-	142,388	-	142,388
Bonds: Annuity fund	8(b)	-	-	-	-
Specific impairment allowance	8(b)	(3,451)	-	-	(3,451)
		239,961	142,388	-	382,349
<b>Total financial assets measured at Fair value</b>		<b>644,067</b>	<b>142,388</b>	<b>-</b>	<b>786,455</b>

<i>In thousands of Naira</i>	Group 31-Dec-20				
	Level 1	Level 2	Level 3	Total	
<b>Financial Assets:</b>					
<b>Fair value through profit or loss:-</b>					
Quoted equity shares	8(a)	1,162,188	-	-	1,162,188
		1,162,188	-	-	1,162,188
<b>Fair value through Other Comprehensive Income:-</b>					
Federal government bonds	8(b)	3,825,887	-	-	3,825,887
Treasury bills	8(b)	241,128	-	-	241,128
Unlisted equities	8(b)	-	684,362	-	684,362
Specific impairment allowance	8(b)	(13,027)	-	-	(13,027)
		4,053,988	684,362	-	4,738,350
<b>Total financial assets measured at fair value</b>		<b>5,216,176</b>	<b>684,362</b>	<b>-</b>	<b>5,900,538</b>

<i>In thousands of Naira</i>	Company 31-Dec-21				
	Level 1	Level 2	Level 3	Total	
<b>Financial Assets:</b>					
<b>Fair value through profit or loss:-</b>					
Quoted equity shares	8(a)	17,499	-	-	17,499
		17,499	-	-	17,499
<b>Total financial assets measured at fair value</b>		<b>17,499</b>	<b>-</b>	<b>-</b>	<b>17,499</b>

<i>In thousands of Naira</i>	Company 31-Dec-21				
	Level 1	Level 2	Level 3	Total	
<b>Financial Assets:</b>					
<b>Fair value through profit or loss:-</b>					
Quoted equity shares	8(a)	21,508	-	-	21,508
		21,508	-	-	21,508
<b>Total financial assets measured at fair value</b>		<b>21,508</b>	<b>-</b>	<b>-</b>	<b>21,508</b>



**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:

<i>In thousands of Naira</i>	Group 31-Dec-21			
	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

<i>In thousands of Naira</i>	Group 31-Dec-20			
	Pounds sterling	Euro	US Dollars	Total
Assets (cash & cash equivalent)	921	40,964	8,462,430	8,504,315
Quoted equities	-	-	-	-
Loans and receivables	-	-	-	-
Liabilities	-	-	(7,417,516)	(7,417,516)
	921	40,964	1,044,914	1,086,799

### 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.

<i>In thousands of Naira</i>	31-Dec-21			
	Pounds sterling	Euro	US Dollars	Total
10% increase	120	0	742	862
10% decrease	(120)	(0)	(742)	(862)
Impact of increase on:				
Pre-tax profit	-	-	-	(553,749)
Shareholders' equity	-	-	-	852,793
Impact of decrease on:				
Pre-tax profit	-	-	-	(555,474)
Shareholders' equity	-	-	-	851,069

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.

<i>In thousands of Naira</i>	31-Dec-20			
	Pounds sterling	Euro	US Dollars	Total
10% increase	92	4,096	104,491	108,679
10% decrease	(92)	(4,096)	(104,491)	(108,679)
Impact of increase on:				
Pre-tax profit	-	-	-	238,720
Shareholders' equity	-	-	-	3,771,112
Impact of decrease on:				
Pre-tax profit	-	-	-	21,360
Shareholders' equity	-	-	-	3,553,752

**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:

**Financial instruments**

<i>In thousands of Naira</i>		Group	
		31-Dec-21	31-Dec-20
Fixed Interest rate instructions			
Cash and cash equivalents	5	2,661,309	11,913,370
Bonds: Annuity fund	8(b)	-	-
Federal government bonds	8(b)& (c)	243,412	3,825,887
Treasury bills	8(b)& (c)	-	252,224
Staff personal loans	8c	587	-
Staff mortgage loans	8c	13,794	107,202
Policy holders Loan	8c	90,328	96,212
Other loans and advances	8c	1,646	1,646
Loans and advances	6	1,079,176	1,044,098
Advances under finance lease	7	104,578	88,201
Statutory deposits	20	215,000	555,000
		<b>4,409,830</b>	<b>17,883,840</b>

In addition to the financial instruments listed above, the Group has borrowings amounting to ₦2.4billion (2020: ₦2.2billion) and depositors funds amounting to ₦1.4billion (2020: ₦1.4billion). The impact on interest sensitivity information below for borrowings is 0.5% of ₦2.4billion, which is ₦12.1million (2020: ₦11 million) while the impact on depositors funds is 0.5% of ₦1.4billion, which is ₦7million (2020: ₦7million)

**Financial instruments**

<i>In thousands of Naira</i>		Company	
		31-Dec-21	31-Dec-20
Fixed Interest rate instructions			
Cash and cash equivalents		80,493	106,824
		<b>80,493</b>	<b>106,824</b>

In addition to the financial instruments listed above, the Company has borrowings amounting to ₦2.5billion (2020: ₦2.3billion). The impact on interest sensitivity information below is 0.5% of ₦2.5billion, which is ₦13million (2020: ₦12million).

### 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.

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Increase in interest rate by 50 basis points (+0.5%)	3,151	71,674	402	534
Decrease in interest rate by 50 basis point (-0.5%)	(3,151)	(71,674)	(402)	(534)
<b>Equity and profit after adjustments</b>				
Pre-tax profit	(551,461)	201,714	20,654	(148,990)
	855,082	3,734,106	4,144,215	4,317,690
<b>Equity and profit after adjustments</b>				
Pre-tax profit	(557,762)	58,366	19,849	(150,058)
Shareholders' equity	848,780	3,590,758	4,143,410	4,316,622

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:

<i>In thousands of Naira</i>	Notes	Group		Company	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Equity Securities; - quoted (fair value through profit or loss)	8(a)	404,106	1,162,188	17,499	21,508
Equity Securities; - unquoted (fair value through Other Comprehensive Income)	8(b)	142,388	684,362	-	-
		546,494	1,846,550	17,499	21,508

### 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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
10% increase	54,649	184,655	1,750	2,151
10% decrease	(54,649)	(184,655)	(1,750)	(2,151)
<b>Equity and profit after adjustments</b>				
Pre-tax profit	(499,962)	314,695	22,002	(147,373)
Shareholders' equity	906,580	3,847,087	4,145,563	4,319,306
<b>Equity and profit after adjustments</b>				
Pre-tax profit	(609,261)	(54,616)	18,502	(151,675)
Shareholders' equity	797,282	3,477,777	4,142,063	4,315,005

**(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
- Reinsurance assets
- Loans and receivables to policyholders, agents and intermediaries
- Cash and cash equivalents
- Trade/insurance 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
<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Internally collected data on customer behaviour — e.g. utilisation of credit card facilities</li> </ul>	<ul style="list-style-type: none"> <li>Payment record — this includes overdue status as well as a range of variables about payment ratios</li> </ul>
<ul style="list-style-type: none"> <li>Data from credit reference agencies, press articles, changes in external credit ratings</li> </ul>	<ul style="list-style-type: none"> <li>Affordability metrics</li> </ul>	<ul style="list-style-type: none"> <li>Utilisation of the granted limit</li> </ul>
<ul style="list-style-type: none"> <li>Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities</li> </ul>	<ul style="list-style-type: none"> <li>External data from credit reference agencies including industry-standard credit scores</li> </ul>	<ul style="list-style-type: none"> <li>Existing and forecast changes in business, financial and economic conditions</li> </ul>

### 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 12-month 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)						
	2021				2020	
ECL staging	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000	Total N'000
<b>Credit grade</b>						
Investment grade	-	-	-	-	-	-
Speculative Grade	2,662,955	-	-	-	2,662,955	11,915,016
<b>Gross carrying amount</b>	<b>2,662,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,662,955</b>	<b>11,915,016</b>
Loss allowance	(1,254)	-	-	-	(1,254)	(1,916)
<b>Carrying amount</b>	<b>2,661,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,661,701</b>	<b>11,913,100</b>

Investment Securities						
	2021				2020	
ECL staging	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000	Total N'000
<b>Credit grade</b>						
Investment grade	243,412	-	-	-	243,412	4,078,111
Speculative Grade	90,915	-	-	-	90,915	96,212
<b>Gross carrying amount</b>	<b>334,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>334,327</b>	<b>4,174,323</b>
Loss allowance	(3,451)	-	-	-	(3,451)	(13,027)
<b>Carrying amount</b>	<b>330,876</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330,876</b>	<b>4,161,296</b>

Mortgage loans						
	2021				2020	
ECL staging	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000	Total N'000
<b>Credit grade</b>						
Investment grade	13,794	-	-	-	13,794	107,202
Standard monitoring	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-
Default	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>13,794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,794</b>	<b>107,202</b>
Loss allowance	(788)	-	-	-	(788)	(5,418)
<b>Carrying amount</b>	<b>13,006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,006</b>	<b>101,784</b>

Loans and Advances under Finance Lease						
	2021				2020	
ECL staging	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000	Total N'000
<b>Credit grade</b>						
Investment grade	629,972	243,089	550,692	-	1,423,753	1,433,542
<b>Gross carrying amount</b>	<b>629,972</b>	<b>243,089</b>	<b>550,692</b>	<b>-</b>	<b>1,423,753</b>	<b>1,433,542</b>
Loss allowance	(2,822)	(3,680)	(233,497)	-	(239,999)	(301,246)
<b>Carrying amount</b>	<b>627,150</b>	<b>239,409.00</b>	<b>317,195</b>	<b>-</b>	<b>1,183,754</b>	<b>1,132,296</b>

**Company**

Investment Securities						
2021						2020
ECL staging	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000	Total N'000
<b>Credit grade</b>						
Investment grade	-	-	-	-	-	-
Speculative Grade	-	-	-	-	-	1,096
<b>Gross carrying amount</b>	-	-	-	-	-	1,096
Loss allowance	-	-	-	-	-	-
<b>Carrying amount</b>	-	-	-	-	-	1,096
<b>Short term deposits (Fixed deposits)</b>						
2021						2020
ECL staging	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000	Total N'000
<b>Credit grade</b>						
Investment grade	-	-	-	-	-	-
Speculative Grade	80,493	-	-	-	80,493	106,824
<b>Gross carrying amount</b>	80,493	-	-	-	80,493	106,824
Loss allowance	(61)	-	-	-	(61)	(71)
<b>Carrying amount</b>	80,431	-	-	-	80,431	106,754

**Maximum exposure to credit risk – Financial instruments not subject to impairment**

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVPL):

**Trading assets**

- Debt Securities

**Financial assets designated at fair value**

- Debt securities

**Investment securities**

The Group holds investment securities measured at amortised cost with a carrying amount of N108,954,000. The investment securities held by the Group are fixed deposit and treasury bills which are not collateralised.

*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).

## Notes to the Financial Statements (Cont'd)

For the year ended 31 December, 2021



The following table explain the changes in the allowance between the beginning and the end of the annual period due to these factors.

### Group

Investment securities	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000
<b>Loss allowance as at 1 January 2021</b>	<b>18,445</b>	-	-	-	<b>18,445</b>
<b>Movements with P&amp;L impact</b>					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	4,239	-	-	-	4,239
Matured financial assets	(18,445)	-	-	-	(18,445)
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
FX and other movements	-	-	-	-	-
<b>Total net P&amp;L charge during the period</b>	<b>4,239</b>	-	-	-	<b>4,239</b>
<b>Other movements with no P&amp;L impact</b>					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
<b>Loss allowance as at 31 December 2021</b>	<b>4,239</b>	-	-	-	<b>4,239</b>

Short term deposits (Fixed deposit)	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000
<b>Loss allowance as at 1 January 2021</b>	<b>1,916</b>	-	-	-	<b>1,916</b>
<b>Movements with P&amp;L impact</b>					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	1,254	-	-	-	1,254
Matured financial assets	(1,916)	-	-	-	(1,916)
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
FX and other movements	-	-	-	-	-
<b>Total net P&amp;L charge during the period</b>	<b>1,254</b>	-	-	-	<b>1,254</b>
<b>Other movements with no P&amp;L impact</b>					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
<b>Loss allowance as at 31 December 2021</b>	<b>1,254</b>	-	-	-	<b>1,254</b>

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**

Loans and Advances under Finance Lease	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000
<b>Loss allowance as at 1 January 2021</b>	<b>166,475</b>	<b>7,579</b>	<b>127,188</b>	-	<b>301,242</b>
<b>Movements with P&amp;L impact</b>					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	2,822	3,680	233,497	-	239,999
Matured financial assets	(166,475)	(7,579)	(127,188)	-	(301,242)
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
FX and other movements	-	-	-	-	-
<b>Total net P&amp;L charge during the period</b>	<b>2,822</b>	<b>3,680</b>	<b>233,497</b>	-	<b>239,999</b>
<b>Other movements with no P&amp;L impact</b>					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
<b>Loss allowance as at 31 December 2021</b>	<b>2,822</b>	<b>3,680</b>	<b>233,497</b>	-	<b>239,999</b>

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 N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000
<b>Gross carrying amount as at 1 January 2021</b>	<b>4,281,525</b>	-	-	-	<b>4,281,525</b>
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial assets derecognised during the period other than write-offs	(4,281,525)	-	-	-	(4,281,525)
New financial assets originated or purchased	348,121	-	-	-	348,121
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
<b>Gross carrying amount as at 31 December 2021</b>	<b>348,121</b>	-	-	-	<b>348,121</b>

## Notes to the Financial Statements (Cont'd)

For the year ended 31 December, 2021



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
<b>Gross carrying amount as at 1 January 2021</b>	<b>11,913,370</b>	-	-	-	<b>11,913,370</b>
<i>Transfers:</i>					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial assets derecognised during the period other than write-offs	(11,913,370)	-	-	-	(11,913,370)
New financial assets originated or purchased	2,661,309	-	-	-	2,661,309
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
<b>Gross carrying amount as at 31 December 2021</b>	<b>2,661,309</b>	-	-	-	<b>2,661,309</b>

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
<b>Gross carrying amount as at 1 January 2021</b>	<b>1,433,542</b>	-	-	-	<b>1,433,542</b>
<i>Transfers:</i>					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial assets derecognised during the period other than write-offs	(1,433,542)	-	-	-	(1,433,542)
New financial assets originated or purchased	1,423,753	-	-	-	1,423,753
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
<b>Gross carrying amount as at 31 December 2021</b>	<b>1,423,753</b>	-	-	-	<b>1,423,753</b>

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.

### 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
<b>Loss allowance as at 1 January 2021</b>	<b>71</b>	-	-	-	<b>71</b>
<b>Movements with P&amp;L impact</b>					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	<b>61</b>	-	-	-	<b>61</b>
Matured financial assets	<b>(71)</b>	-	-	-	<b>(71)</b>
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
FX and other movements	-	-	-	-	-
<b>Total net P&amp;L charge during the period</b>	<b>61</b>	-	-	-	<b>61</b>
<b>Other movements with no P&amp;L impact</b>					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
<b>Gross carrying amount as at 31 December 2021</b>	<b>61</b>	-	-	-	<b>61</b>

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 N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000
<b>Gross carrying amount as at 1 January 2021</b>	<b>1,096</b>	-	-	-	<b>1,096</b>
<i>Transfers:</i>					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial assets derecognised during the period other than write-offs	<b>(1,096)</b>	-	-	-	<b>(1,096)</b>
New financial assets originated or purchased	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
<b>Gross carrying amount as at 31 December 2021</b>	-	-	-	-	-

Short term deposits (Fixed Deposits)	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Purchased credit- impaired N'000	Total N'000
<b>Gross carrying amount as at 1 January 2021</b>	<b>106,824</b>	-	-	-	<b>106,824</b>
<i>Transfers:</i>					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial assets derecognised during the period other than write-offs	<b>(106,824)</b>	-	-	-	<b>(106,824)</b>
New financial assets originated or purchased	<b>80,493</b>	-	-	-	<b>80,493</b>
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
<b>Gross carrying amount as at 31 December 2021</b>	<b>80,493</b>	-	-	-	<b>80,493</b>

### **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.

## Credit concentrations

### Geographical Location

<i>In thousands of Naira</i>	Group							Total
	Cash and cash equivalents	Loans and advances to customers	Advances under finance lease	Investment securities	Trade/ Insurance receivables	Reinsurance assets	Other receivables and prepayments	
<b>31-Dec-21</b>								
In Nigeria:								
North East	-	-	-	-	574.34	-	37	611
North Central	5,956	-	-	-	321	-	325	6,601
North West	4,342	-	-	-	11,951	-	565	16,859
South East	-	-	-	-	-	-	-	-
South South	6,992	-	-	-	150	-	616	7,758
South West	2,879,538	1,079,176	104,578	861,469	6,017	543,602	226,877	5,701,257
	2,896,828	1,079,176	104,578	861,469	19,014	543,602	228,419	5,733,086

<i>In thousands of Naira</i>	Group							Total
	Cash and cash equivalents	Loans and advances to customers	Advances under finance lease	Investment securities	Trade/ Insurance receivables	Reinsurance assets	Other receivables and prepayments	
<b>31-Dec-20</b>								
In Nigeria:								
North East	16,089	-	-	-	2,355.68	-	15,465	33,909
North Central	42,808	-	-	-	28,943	-	24,617	96,368
North West	107	-	-	-	349	-	35,982	36,438
South East	9,251	-	-	-	-	-	92,557	101,808
South South	50,507	-	-	-	319	-	118,226	169,052
South West	12,688,294	1,044,098	88,201	6,111,275	104,124	2,195,156	184,705	22,415,853
	12,807,056	1,044,098	88,201	6,111,275	136,090	2,195,156	471,551	22,853,428



## Sectorial analysis

<i>In thousands of Naira</i>	Group							Total
	Cash and cash equivalents	Loans and advances to customers	Advances under finance lease	Financial asset	Trade/ Insurance receivables	Reinsurance assets	Other loans and receivables	
<b>31-Dec-21</b>								
In Nigeria:								
Agriculture	-	30,795	-	-	-	-	-	30,795
	-	1,567	-	-	-	-	-	1,567
Trade and commerce	-	287,395	-	-	-	-	-	287,395
Finance and insurance	2,896,828	-	-	861,469	19,014	543,602	49,429	4,370,342
Real estate and construction	-	185,548	-	-	-	-	114,497	300,045
Education	-	134,889	-	-	-	-	-	134,889
Others	-	438,982	104,578	-	-	-	64,493	608,053
	2,896,828	1,079,176	104,578	861,469	19,014	543,602	228,419	5,733,086

<i>In thousands of Naira</i>	Group							Total
	Cash and cash equivalents	Loans and advances to customers	Advances under finance lease	Financial asset	Trade/ Insurance receivables	Reinsurance assets	Other loans and receivables	
31-Dec-20								
In Nigeria:								
Agriculture	-	51,428	-	-	-	-	-	51,428
Manufacturing	-	1,567	-	-	-	-	-	1,567
Trade and commerce	-	356,539	-	-	-	-	-	356,539
Finance and insurance	3,710,603	199,885	-	980,431	110,777	451,107	878,766	6,331,569
Real estate and construction	-	210,013	-	-	-	-	-	210,013
Education	-	222,869	-	-	-	-	-	222,869
Others	9,096,453	1,797	88,201	5,130,844	25,313	1,744,049	-407,215	15,679,442
	12,807,056	1,044,098	88,201	6,111,275	136,090	2,195,156	471,551	22,853,428

### (iii) Liquidity risk

The Group's principal objective in managing its liquidity and capital resources is to maximize the returns on capital to shareholders, while enabling it to pay claims, 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 paying claims and other commitments promptly.

#### Sources of Liquidity

In managing cash flow position, the Group has a number of sources of liquidity, including the following principal sources:

- Premium Income;
- Investment income
- Investment maturities

#### Application of funds

The principal uses of our liquidity include:

- Payment of Claims
- Staff benefits;
- Purchase of investments' 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. Reinsurers' share of unearned premiums are excluded from this analysis.

It also shows details of the expected maturity profile of the Group's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognized insurance contract liabilities. It includes both interest and principal cash flows.

It should be noted that Unit-linked assets and liabilities and reinsurers' share of unearned premiums are excluded from this analysis.

## Notes to the Financial Statements (Cont'd)

For the year ended 31 December, 2021



31-Dec-21 <i>In thousands of Naira</i>	Group						
	Carrying amount	Contractual cashflow	<1 Month	1-3 months	3-12 months	1-5 years	>5 years
<b>Non-derivative financial assets/ insurance assets</b>							
Cash and cash equivalents	2,896,828	3,484,643	198,396	86,856	3,199,392	-	-
Fair value through OCI	382,349	351,797	-	-	-	239,986	111,811
Amortized cost	105,567	105,567	-	16,898	20,556	53,461	14,652
Loans and advances to customers	1,079,176	1,079,176	-	186,383	683,403	209,391	-
Advances under finance lease	104,578	104,578	-	(12,867)	70,467	46,978	-
Trade receivables	19,014	19,014	1,993	1,477	9,292	6,251	-
Reinsurance assets - recoverable from reinsurers	234,017	543,602	-	85,005	198,612	259,985	-
Statutory deposits	215,000	215,000	-	-	-	-	215,000
	<b>5,036,530</b>	<b>5,903,378</b>	<b>200,389</b>	<b>363,751</b>	<b>4,181,721</b>	<b>816,053</b>	<b>341,463</b>
<b>Non-derivative financial liabilities/ insurance liability</b>							
Borrowing	2,413,039	2,413,039	-	1,999,472	80,493	291,727	41,347
Trade payable	387,752	387,752	-	38,284	150,131	199,338	-
Other liability	1,088,216	1,088,220	1,680	19,104	101,871	206,740	758,825
Depositors	1,366,634	1,366,633	-	1,093,306	273,327	-	-
Insurance contract liabilities	5,793,044	5,793,044	3,931	476,086	1,536,127	1,710,329	2,066,571
Investment contract liabilities	281,448	281,447	-	22,006	149,661	-	109,781
	<b>11,330,133</b>	<b>11,330,135</b>	<b>5,611</b>	<b>3,648,259</b>	<b>2,291,609</b>	<b>2,408,134</b>	<b>2,976,523</b>
Gap (asset - liabilities)	<b>(6,293,603)</b>	<b>(5,426,758)</b>	<b>194,779</b>	<b>(3,284,508)</b>	<b>1,890,112</b>	<b>(1,592,081)</b>	<b>(2,635,060)</b>
Cumulative liquidity gap					<b>(1,394,395)</b>	<b>(2,986,476)</b>	<b>(5,621,536)</b>

In addition to the steps listed in Note 53 (c) (iii) above on monitoring the Groups liquidity risk, management has taken steps enumerated in note 2(f) aimed at strengthening the liquidity of the Group.

# Notes to the Financial Statements (Cont'd)

For the year ended 31 December, 2021



31-Dec-20		Group						
<i>In thousands of Naira</i>	Note	Carrying amount	Contractual cashflow	<1 Month	1-3 months	3-12 months	1-5 years	>5 years
<b>Non-derivative financial assets/ insurance assets</b>								
Cash and cash equivalents	5	12,807,056	12,807,058	7,843,881	1,967,439	2,995,738	-	-
Fair value through OCI	8(b)	4,738,350	500,197	-	-	240,975	59,830	199,392
Amortized cost	8©	210,738	209,631	-	16,898	125,387	58,758	8,588
Loans and advances to customers	6	1,044,098	1,044,098	333,185	126,513	378,637	205,763	-
Advance under Finance Lease	7	88,201	88,201	-	23,753	52,379	12,069	-
Trade receivables	10	136,091	136,091	44,975	82,179	-	8,937	-
Reinsurance assets - recoverable from reinsurers	11	2,195,156	1,743,252	-	85,005	1,490,757	167,490	-
Statutory deposits	20	555,000	555,000	-	-	-	555,000	-
		21,774,691	17,083,529	8,222,040	2,301,787	5,283,874	1,067,847	207,981
<b>Non-derivative financial liabilities/ insurance liability</b>								
Borrowing	29	2,184,877	2,184,877	38,188	1,999,308	-	147,382	-
Trade payable	23	7,909,847	7,739,026	7,417,516	321,511	-	-	-
Other liability	24	655,905	3,759,575	1,112,032	36,284	250,424	2,092,853	267,982
Depositors	25	1,364,220	1,364,219	111,421	86,377	1,158,593	7,828	-
Insurance contract liabilities	26	9,798,691	5,576,844	-	432,887	1,293,287	2,093,636	1,757,034
Investment contract liabilities	27	276,980	276,980	-	21,314	146,660	-	109,006
		22,190,520	20,901,522	8,679,156	2,897,680	2,848,964	4,341,699	2,134,022
Gap (asset - liabilities)		(415,829)	(3,817,990)	(457,115)	(595,893)	2,434,909	(3,273,852)	(1,926,041)
Cumulative liquidity gap						1,839,016	(1,434,836)	(3,360,877)

## Notes to the Financial Statements (Cont'd)

For the year ended 31 December, 2021



31-Dec-21 <i>In thousands of Naira</i>	Company						
	Carrying amount	Contractual cashflow	<1 Month	1-3 months	3-12 months	1-5 years	> 5 years
<b>Non-derivative financial assets/ insurance assets</b>							
Cash and cash equivalents	112,326	112,326	31,895	-	80,431	-	-
Amortized cost	-	-	-	-	-	-	-
	112,326	112,326	31,895	-	80,431	-	-
<b>Non-derivative financial liabilities/ insurance liability</b>							
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	699,978	957,653	652,522
Gap (asset - liabilities)	(4,198,815)	(4,198,815)	31,895	(2,000,987)	(619,547)	(957,653)	(652,522)
Cumulative liquidity gap				(2,000,987)	(2,620,534)	(3,578,188)	(4,230,710)

31-Dec-20 <i>In thousands of Naira</i>	Company						
	Carrying amount	Contractual cashflow	<1 Month	1-3 months	3-12 months	1-5 years	> 5 years
<b>Non-derivative financial assets/ insurance assets</b>							
Cash and cash equivalents	5	156,823	156,823	50,070	-	106,753	-
Amortized cost	8©	1,096	1,096	-	-	1,096	-
		157,919	157,919	50,070	-	107,849	-
<b>Non-derivative financial liabilities/ insurance liability</b>							
Borrowing	29	2,313,545	2,313,545	-	1,999,308	-	274,875
Other liabilities	24	2,073,329	2,073,329	-	1,211	639,207	1,179,576
		4,386,874	4,386,874	-	2,000,519	639,207	1,454,451
Gap (asset - liabilities)		(4,228,955)	(4,228,955)	50,070	(2,000,519)	(531,358)	(1,454,451)
Cumulative liquidity gap				(2,000,519)	(2,531,877)	(3,986,328)	(4,279,025)

# Notes to the Financial Statements (Cont'd)

For the year ended 31 December, 2021



31-Dec-21	Group					
	Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	fair value
<i>In thousands of Naira</i>						
Cash and cash equivalents	2,896,828	-	-	-	2,896,828	2,896,828
Financial Assets	105,567	404,106	382,349	-	892,022	892,022
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	19,014	-	-	-	19,014	19,014
Other receivables less prepayment	147,612	-	-	-	147,612	147,612
Statutory deposits	215,000	-	-	-	215,000	215,000
	4,567,775	404,106	382,349	-	5,354,230	5,354,230
Borrowing	-	-	-	2,413,039	2,413,039	2,413,039
Trade payables	-	-	-	387,752	387,752	387,752
Depositors funds	-	-	-	1,366,634	1,366,634	1,366,634
Other liabilities	-	-	-	1,088,216	1,088,216	1,088,216
	-	-	-	5,255,641	5,255,641	5,255,641

31-Dec-20	Group					
	Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	fair value
<i>In thousands of Naira</i>						
Cash and cash equivalents	12,807,056	-	-	-	12,807,056	12,807,056
Financial assets	210,738	1,162,188	4,738,350	-	6,111,276	6,111,276
Loans and advances to customers	1,044,098	-	-	-	1,044,098	1,044,098
Advances under finance lease	88,201	-	-	-	88,201	88,201
Trade receivables	136,091	-	-	-	136,091	136,091
Other receivables less prepayment	257,183	-	-	-	257,183	257,183
Statutory deposits	555,000	-	-	-	555,000	555,000
	15,098,367	1,162,188	4,738,350	-	20,998,905	20,998,905
Borrowing	-	-	-	2,184,877	2,184,877	2,184,877
Trade payables	-	-	-	7,909,847	7,909,847	7,909,847
Depositors funds	-	-	-	1,364,220	1,364,220	1,364,220
Other liabilities	-	-	-	1,864,278	1,864,278	1,864,278
	-	-	-	13,323,222	13,323,222	13,323,222

31-Dec-21	Company					
	Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	fair value
<i>In thousands of Naira</i>						
Cash and cash equivalents	112,326	-	-	-	112,326	112,326
Financial assets	-	17,499	-	-	17,499	17,499
Other receivables less prepayment	256,042	-	-	-	256,042	256,042
	<b>368,368</b>	<b>17,499</b>	-	-	<b>385,867</b>	<b>385,867</b>
Borrowing				2,523,850	2,523,850	2,523,850
Other liabilities				1,787,291	1,787,291	1,787,291
	-	-	-	<b>4,311,141</b>	<b>4,311,141</b>	<b>4,311,141</b>
31-Dec-20	Company					
	Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	fair value
<i>In thousands of Naira</i>						
Cash and cash equivalents	156,824	-	-	-	156,824	156,824
Financial assets	1,096	21,508	-	-	22,604	22,604
Other receivables less prepayment	348,101	-	-	-	348,101	348,101
	<b>506,021</b>	<b>21,508</b>	-	-	<b>527,529</b>	<b>527,529</b>
Borrowing				2,313,544	2,313,544	2,313,544
Other liabilities				2,073,330	2,073,330	2,073,330
	-	-	-	<b>4,386,873</b>	<b>4,386,873</b>	<b>4,386,873</b>

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.

#### 54 Insurance risk management

The Group accepts insurance risk through its insurance contracts and certain investment contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Group is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Group manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Group from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Group is exposed.

**(a) Non-life insurance**

The Group writes fire, general accident, oil & gas, engineering, bond, marine and motor risks primarily over a twelve month duration (usually longer for engineering policies). The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The concentration of non-life insurance by the location of the underlying risk is summarised below by reference to liabilities.

<i>In thousands of Naira</i>	Gross		Reinsurance		Net	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Within Nigeria	-	4,042,104	-	1,744,049	-	2,298,055
Outside Nigeria	-	-	-	-	-	-
	-	4,042,104	-	1,744,049	-	2,298,055

The concentration of non-life insurance by type of contract is summarised below by reference to liabilities.

<i>In thousands of Naira</i>	Gross		Reinsurance		Net	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Fire	-	882,033	-	544,473	-	337,560
Accident	-	487,251	-	82,691	-	404,560
Motor	-	742,766	-	70,066	-	672,700
Marine	-	409,842	-	122,263	-	287,579
Oil and gas	-	1,225,670	-	720,266	-	505,404
Engineering	-	194,860	-	146,936	-	47,924
Bond	-	11,884	-	5,942	-	5,942
Agric	-	87,798	-	51,412	-	36,386
	-	4,042,104	-	1,744,049	-	2,298,055

<i>In thousands of Naira</i>	Gross		Reinsurance		Net	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Outstanding claims:						
Fire	-	628,244	461,615	919,560	(461,615)	(291,316)
Accident	-	327,144	51,016	68,719	(51,016)	258,425
Motor	-	334,395	50,743	50,920	(50,743)	283,475
Marine	-	146,526	44,360	58,589	(44,360)	87,937
Oil and gas	-	815,399	547,793	621,890	(547,793)	193,509
Engineering	-	114,181	81,155	64,244	(81,155)	49,937
Bond	-	11,779	5,889	5,996	(5,889)	5,783
Agric	-	-	49,573	-	(49,573)	-
	-	2,377,668	1,292,144	1,789,918	(1,292,144)	587,750

<i>In thousands of Naira</i>	Gross		Reinsurance		Net	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Unexpired risk:						
Fire	-	253,789	82,858	107,119	(82,858)	146,669
Accident	-	160,107	31,675	55,338	(31,675)	104,769
Motor	-	408,371	19,324	18,830	(19,324)	389,542
Marine	-	263,316	77,903	23,994	(77,903)	239,322
Oil and gas	-	410,271	172,473	252,657	(172,473)	157,614
Engineering	-	80,679	65,781	81,717	(65,781)	(1,038)
Bond	-	105	53	1,748	(53)	(1,643)
Agric	-	-	-	-	-	-
Total	-	1,576,638	450,067	541,403	(450,067)	1,035,235



### Reserving Methods and Assumptions

To ensure the estimates calculated are not biased by the underlying assumptions of the model chosen, four different deterministic methods method were considered:

#### a Chain ladder Method

##### i The Basic Chain Ladder Method (BCL):

The Basic Chain Ladder method forms the basis to the deterministic reserving methods explained below. For each class of business, historical paid claims were grouped into accident year cohorts—representing when they were paid after their accident year. These cohorts form the development triangles. Each accident years, paid claims were accumulated to the valuation date and projected into the future to attain the expected ultimate claim arising in the year. This assumes the trends observed in the historical data will continue. The gross claim reserve is calculated as the difference between the cumulated paid claims and the estimated ultimate claims.

##### ii The Inflation Adjusted Chain Ladder Method (IACL):

Under this method, the historical aid losses were adjusted to allow for inflation to the valuation date using the corresponding inflation index in each of the accident years.

The inflation adjusted claims were then treated similarly to the Basic Chain Ladder described above. The projected incremental paid claims are then inflated based on our future inflation assumption to the expected future payment date.

##### iii Discounted Basic Chain Ladder (BCL) and Inflation Adjusted Basic Chain Ladder (IABCL)

Historical claims paid were grouped into 10 years cohorts—representing when they were paid after the underwriting year. This is the discounted form of the BCL and IABCL. In determining the value, the future expected cash flow for claim payments is discounted to present day terms using our assumed discount rate.

#### b Loss Ratio Method

Under this method the Ultimate claims is obtained by studying the historical loss ratios, investigating any differences and using judgments to derive a loss ratio. Paid claims already emerged were deducted from the estimated Ultimate claims to obtain the reserves.

#### c Bornhuetter-Ferguson Method

This method combines the estimates attained from the Chain Ladder and Loss Ratio methods. The BF method takes a weighted average of the two estimates, where the weights are related to

the number of claims already reported. Therefore, the more past information there is available, the higher the weighting given to the chain ladder estimate.

#### d Frequency and Severity Method

This method investigates the trend of the claim frequency and average cost per claim for each accident year. An average of the fully run off accident years was used as a guide on the ultimate claim frequency and ultimate average cost which was then adopted for the accident years that are not fully run off.

#### Method selected- Discounted IABCL

The IBNR reserves are determined using deterministic calculations which provide a “best estimate” of the reserve. The “best-estimate” is determined by applying a combination of the Chain Ladder (“CL”) and the Bornhuetter-Ferguson (“BF”) methods to attritional paid claims triangles. The combination between a CL and BF methods aims to reflect the reliability of information when estimating the IBNR. For earlier accident years, where the development is reasonably mature, a CL approach was used which relied more heavily on the data to set the ultimate level of claims. For later accident periods where there still exists a large degree of uncertainty about the ultimate level of claims and the reported to date is a less reliable estimate of the ultimate loss, a BF method is used which makes use of an estimate of the ultimate loss ratio.

#### Assumptions underlying the Valuation Methods

- i Policies are written uniformly throughout the year for each class of business.
- ii Claims occur uniformly throughout the year for each class of business. This implies that claims occur on average halfway through year
- iii Future claims follow a regression pattern from the historical data. Hence payment patterns will be broadly similar in each accident year. The proportionate increase in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods
- iv An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future
- v We assume gross claim amount includes all related claim expenses. If this is not the case, the Group will hold a separate reserve to cover claim expenses

- vi The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy
- vii Under the Average Cost per claim method used in estimating large losses, the Group assumed the early years (e.g. accident years 2007, 2008) are fully developed
- viii The run off period is ten (10) years and hence the method assumes no more claims will be paid subsequently.

#### Life insurance and investment contracts with discretionary participating features (DPF)

The Group writes life, annuities, and investment-linked contracts with or without discretionary participating features (DPF). The most significant risks arise from mortality, persistency, longevity, morbidity, expense variations and investment returns.

#### Concentration of insurance risk

Concentration of risk may arise from geographic regions, epidemics, accumulation of risks and market risk. The concentration of life insurance and investment contracts with DPF by location of the underlying risk is summarized below by reference to liabilities.

<i>In thousands of Naira</i>	Gross		Reinsurance		Net	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Within Nigeria	5,659,669	5,576,845	234,017	451,107	5,425,652	5,125,738
Outside Nigeria	-	-	-	-	-	-
	<b>5,659,669</b>	5,576,845	<b>234,017</b>	451,107	<b>5,425,652</b>	5,125,738
Investment contracts with DPF:						
Within Nigeria	281,448	276,979	-	-	281,448	276,979
Outside Nigeria	-	-	-	-	-	-
	<b>281,448</b>	276,979	-	-	<b>281,448</b>	276,979

The concentration of life insurance and investment contracts with DPF by type of contract is summarized below by reference to liabilities.

<i>In thousands of Naira</i>	Gross		Reinsurance		Net	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Life Insurance:						
Protection	5,659,669	5,576,845	145,369	167,489	5,514,300	5,409,356
Pensions	-	-	-	-	-	-
Annuities	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total Life insurance	<b>5,659,669</b>	5,576,845	<b>145,369</b>	167,489	<b>5,514,300</b>	5,409,356
Investment contracts with DPF	<b>281,448</b>	276,979			<b>281,448</b>	276,979

### Assumptions and sensitivities

The risks associated with the life insurance and investment contracts with DPF are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The key assumptions in quantifying these liabilities include mortality, persistency, longevity, morbidity, expense variations, investment return and discount rates.

Some results of sensitivity testing are set out below showing the impact on profit before tax and shareholders' equity before and after reinsurance. For each sensitivity scenario, the impact of a change in a single factor is shown, with other assumptions or variables unchanged.

<i>In thousands of Naira</i>	Pre-tax profit		Shareholders' equity	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Life insurance:				
5% increase in mortality/morbidity				
Gross (2021: Nil; 2020: Nil)				
Net (2021: N3,726; 2020: N3,726)	(599,938)	(480,080)	797,700	1,462,847
5% increase in longevity				
Gross				
Net				
10% increase in expenses				
Gross (2021: Nil; 2020: Nil)				
Net (2021: N3,754; 2020: 3,754)	(599,966)	(480,080)	797,672	1,462,847
1% increase in interest rates				
Gross (2021: Nil; 2020: Nil)				
Net (2021: N3,622; 2020: N3,622)	(599,834)	(479,976)	797,804	1,462,951

### Claims development table for group life scheme

Claims on life insurance contracts are payable on a claims-occurrence basis and the Group is liable for all insured events that occurred during the term of the contract. There is however, uncertainty in the estimation of future benefits payments arising from the unpredictability of long term changes in overall levels of mortality and the variability in policy holder behavior.

Changes may occur in the amount of the Group's obligations at the end of a contract period. In setting claims provisions, the Group gives consideration to the probability and magnitude of future claims experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty.

The Group has taken advantage of the transitional rules of IFRS 4 that permit only five years of information to be disclosed upon adoption of IFRS.

The following table shows the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive year at each reporting date, together with cumulative payments to date with respect to short-term insurance contract.

Accident Year	Incremental Chain ladder- Yearly Projections (N)				
	0	1	2	3	4
2007	122,700	34,905	577	3,634	1,262
2008	45,486	45,342	29,838	1,256	2,379
2009	25,378	54,498	31,968	18,099	2,679
2010	51,891	93,022	27,854	11,738	15,333
2011	76,113	70,612	52,699	43,993	10,754
2012	84,733	171,188	47,664	46,107	47,213
2013	228,475	243,203	52,792	26,114	26,714
2014	313,679	431,806	176,710	119,421	53,106
2015	625,063	334,756	246,958	104,672	251,793
2016	481,742	319,491	256,006	147,873	120,627
2017	388,002	492,764	282,850	140,900	49,632
2018	541,902	374,113	217,585	37,149	
2019	301,663	323,876	52,685		
2020	135,740	343,617			
2021	589,298				

The company is not exposed to any insurance risk.

## 55 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. In contrast, the predecessor standard (IAS 14 Segment Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach. The Group has adopted IFRS 8 Operating Segments reporting.

Following adoption of IFRS 8, the Group's reportable segments have not 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 segments under IFRS 8 are therefore identified as follows:

- Non-life insurance;
- Life insurance;
- Financial services;
- Healthcare; and
- Asset management;

The accounting policies of the reportable segments are 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 the following three operating segments; all corresponding with the activities of one or two subsidiaries:

- Life insurance - consists of Royal Exchange Prudential Life Plc
- Health insurance - consists of Royal Exchange Healthcare Limited
- Asset management- consists Royal Exchange Finance Company Ltd. is the only subsidiary in the asset management segment

Reference is made to note 9 for the required quantitative disclosures under IFRS 8

**(b) Geographical information**

The Group's revenue and information about its segment net assets by geographical location are as follows:

<i>In thousands of Naira</i>	Revenue		Net assets	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Within Nigeria	323,376	2,400,452	851,931	3,662,432
Outside Nigeria	-	-	-	-
	<b>323,376</b>	<b>2,400,452</b>	<b>851,931</b>	<b>3,662,432</b>

**56 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 subsidiaries, which are related parties 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 subsidiaries, associates, joint ventures 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 61.

<i>In thousands of Naira</i>	Relationship	31-Dec-21	31-Dec-20
<b>Royal Exchange PLC</b>			
<b>Payables</b>			
Royal Exchange Prudential Plc	Subsidiary	38,754	56,468
Royal Exchange Finance Company Ltd.	Subsidiary	8,037	10,399
<b>Receivables</b>			
Royal Exchange Healthcare Ltd	Subsidiary	75,014	66,746
<b>Premium paid</b>			
Royal Exchange Prudential Plc	Subsidiary	-	1,575
Royal Exchange Healthcare Ltd	Subsidiary	818	2,478
<b>Loans</b>			
Royal Exchange Finance Company Limited	Subsidiary	163,374	156,348
<b>Finance Lease</b>			
Royal Exchange Finance Company Limited	Subsidiary	12,867	16,833
<b>Management fees received</b>			
Royal Exchange General Insurance Company Limited	Subsidiary	-	23,925
Royal Exchange Prudential Plc	Subsidiary	11,385	12,788
<b>Financial Advisory Fee</b>			
Enterprise Capital Management (ECM)	Director	1,793	-
<b>Royal Exchange Prudential Life Plc</b>			
Finance lease obligation to Royal Exchange Finance Company Limited		-	24,068

The Group considered the outstanding balances at the reporting date are unsecured and non-interest bearing. The settlements will involve physical delivery of cash.

## 57 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.

<i>In thousands of Naira</i>	Group	
	31-Dec-21	31-Dec-20
<b>Loans and advances to customers</b>		
	<b>224,439</b>	281,243
Collective impairment (see note 6)	-	-
<b>Advances under finance lease</b>		
Impairment allowance (see note 7)	<b>15,560</b>	20,000
<b>Total impairment allowance (a)</b>	<b>239,999</b>	301,243
<b>Total impairment based on prudential guidelines (b)</b>	-	-
<b>Regulatory risk reserve (c = b - a)</b>	<b>(239,999)</b>	(301,243)

## 58 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

<i>In thousands of Naira</i>	Group	
	31-Dec-21	31-Dec-20
Legal proceedings and litigations	-	3,020,168
Tax PAYE for 2014 tax audit	-	25,200
	-	3,045,368

There are certain pending litigations in some courts of law in Nigeria involving the Group and the Group either as plaintiff or defendant. However, nine cases have been decided against the Group and necessary accruals have been made in the financial statements. The actions are being vigorously contested and the Directors are of the opinion that no significant liability will arise therefrom in excess of the provision made in the financial statements.

### Contingent liabilities

<i>In thousands of Naira</i>	Group	
	31-Dec-21	31-Dec-20
Legal proceedings	-	11,672
	-	11,672

## 59 Events after the reporting period

There were no major events after the reporting period that require adjustments or disclosure in the financial statements.

## 60 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:

<i>In thousands of Naira</i>	Company	
	31-Dec-21	31-Dec-20
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
	<b>464,106</b>	437,815
Clients' Payables	-	-
Management Fees Payable	-	-
	<b>464,106</b>	437,815

## 61 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

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Non-executive directors:				
Directors' fees	1,020	3,673	1,020	3,673
	167	889	167	889
Other allowances	23,424	17,230	23,424	17,230
	<b>24,610</b>	21,792	<b>24,610</b>	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	22,742	40,001	22,742	40,001
	<b>24,610</b>	41,869	<b>24,610</b>	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**

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
400,000 - 1,000,000	-	-	-	-
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		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Managerial	6	24	1	2
Senior staff	88	235	9	14
Junior staff	14	29	-	-
	108	288	10	16

**(i) Staff costs**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Salaries, wages and allowances	262,780	557,413	53,752	110,106
Pension cost	29,490	76,379	5,562	5,700
	292,270	633,792	59,315	115,806

**(ii) Pension scheme**

<i>In thousands of Naira</i>	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
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:

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
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



**62 Contraventions**

During the year, the Group contravened a certain section of Securities & Exchange Commission Rules & Regulations (2013). Details of contraventions are detailed below:

Company	Regulatory Authority	Description	Penalty paid	
			31-Dec-21	31-Dec-20
<i>In thousands of Naira</i>				
Royal Exchange Plc	SEC	Penalty for late filing of Quarter 1 & 2 2021 Trustee Returns	1,560	
	SEC	Penalty for late rendition and disclosures of Tustee returns from 2016 to 2019	-	5,090
	SEC	Penalty for late filing of Quarter 1 2018 Trustee Return	-	100
Other Component of the Group				
Royal Exchange Prudential Life Plc.		Late rendition of AML/CFT training plan for year 2020	-	1,000
		Appointment of Executive Director - Technical without NAICOM's approval	-	500
Royal Exchange General Insurance Company Ltd.		Late rendition of AML/CFT training plan for year 2020	-	1,000
			1,560	7,690

# Other National Disclosures

## Statement of Value Added

For the year ended 31 December, 2021



<i>In thousands of Naira</i>	Group				Company			
	31-Dec-21	%	31-Dec-20	%	31-Dec-21	%	31-Dec-20	%
Net premium income	2,255,016		8,191,513		-		-	
Investment and other income	(245,587)		404,744		(22,907)		185,986	
Interest income	137,573		159,643		(91,515)		(220,097)	
Net fair value gain or loss on financial assets	48,130		35,307		6,314		3,000	
Other operating income	270,156		612,480		132,650		118,513	
Bought in goods and services	(2,638,486)		(8,111,749)		(104,510)		(56,700)	
<b>Value Added</b>	<b>173,198</b>	<b>100</b>	<b>1,291,938</b>	<b>100</b>	<b>(79,967)</b>	<b>100</b>	<b>30,702</b>	<b>100</b>
Applied as follows:								
In payment of employees:								
-Salaries, wages and other benefits	292,270	(169)	636,817	341	59,315	(74)	115,806	27
In payment to government:								
-Taxation	3,934	(2)	187,306	52	832	(1)	419	1
For future replacement of assets and expansion of business:								
Deffered Tax	(3,757)	2	19,850	94				
Depreciation	60,354	(35)	133,707	82	401	(1)	3,016	6
Contingency reserve	28,790	(17)	391,374	174	-	-	-	-
General reserve	(554,789)	320	(77,116)	(643)	19,420	(24)	(149,943)	(134)
	<b>173,198</b>	<b>100</b>	<b>1,291,938</b>	<b>100</b>	<b>79,967</b>	<b>100</b>	<b>30,702</b>	<b>100</b>

# Other National Disclosures

## Financial Summary - Group

For the year ended 31 December, 2021



In thousands of Naira	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
<b>Assets</b>					
Cash and cash equivalents	2,896,828	12,807,056	13,834,940	15,896,872	12,505,923
Loans and advances to customers	1,079,176	1,044,098	906,558	900,852	1,173,612
Advances under finance lease	104,578	88,201	217,571	166,608	203,410
Financial assets	892,022	6,111,276	3,644,585	4,237,952	5,642,807
Trade receivables	19,014	136,091	118,393	499,382	92,424
Reinsurance assets	234,017	2,195,157	2,887,473	3,174,674	2,794,485
Deferred acquisition cost	54,636	281,416	209,395	261,631	295,829
Other receivables and prepayments	228,979	471,549	564,586	815,179	800,430
Investment in associates	3,710,291	226,343	227,220	213,295	193,617
Investment properties	1,821,018	5,635,991	6,040,461	5,998,300	5,431,181
Property and equipment	142,523	1,381,742	1,437,131	1,468,405	2,136,567
Right of Use Asset	597	10,089	15,764	-	-
Intangible assets	53,798	5,133	9,830	15,020	29,435
Employees retirement benefit asset (Net)	-	257,168	295,649	283,850	258,135
Statutory deposits	215,000	555,000	555,000	555,000	555,000
Deferred tax assets	201,592	193,968	168,810	133,275	267,386
Assets classified as held for sale	1,016,069	973,639	973,639	973,639	973,639
Deposit for shares	27,000	-	-	-	-
<b>Total assets</b>	<b>12,697,137</b>	<b>32,373,917</b>	<b>32,107,005</b>	<b>35,593,934</b>	<b>33,353,880</b>
<b>Liabilities</b>					
Borrowing	2,413,039	2,184,877	2,276,717	8,865,661	1,743,156
Deferred income	-	138,244	109,332	144,133	143,798
Trade payables	387,752	7,909,847	6,157,185	5,583,929	10,159,430
Other liabilities	1,088,215	1,864,278	1,735,444	1,870,375	1,608,666
Depositors' funds	1,366,634	1,364,220	1,784,150	1,567,480	1,446,763
Insurance contract liabilities	5,793,044	9,798,691	10,969,033	11,018,012	11,337,881
Investment contract liabilities	281,448	276,979	265,521	302,424	293,555
Current income tax liabilities	240,597	650,203	588,690	726,574	636,230
Employees retirement benefit liability	9,369	41,335	39,252	30,239	38,458
Deferred tax liabilities	85,825	610,101	565,092	336,184	314,267
<b>Total liabilities</b>	<b>11,665,922</b>	<b>24,838,776</b>	<b>24,490,416</b>	<b>30,445,011</b>	<b>27,722,204</b>
<b>Equity</b>					
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	312,656	2,291,372	1,899,998	2,409,567	2,046,612
Treasury shares	-	(500,000)	(500,000)	(500,000)	(500,000)
Retained earnings	(5,000,920)	(4,051,382)	(3,240,315)	(2,683,435)	(1,914,086)
Other component of equity	276,575	658,821	560,112	659,170	735,529
<b>Capital and reserves attributable to owners</b>	<b>851,931</b>	<b>3,662,432</b>	<b>3,983,416</b>	<b>5,148,923</b>	<b>5,631,676</b>
<b>Non-controlling interests</b>	<b>179,283</b>	<b>3,872,709</b>	<b>3,633,174</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>1,031,215</b>	<b>7,535,141</b>	<b>7,616,590</b>	<b>5,148,923</b>	<b>5,631,676</b>
<b>Total equity and liabilities</b>	<b>12,697,137</b>	<b>32,373,917</b>	<b>32,107,005</b>	<b>35,593,934</b>	<b>33,353,880</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>					
Gross premium	2,843,067	15,292,757	14,207,878	14,712,798	12,822,219
Net income	323,376	2,400,452	1,342,287	4,356,080	2,413,399
(Loss)/Profit before taxation	(554,612)	130,040	(1,013,011)	326,871	(682,127)
Income tax expense	(177)	(207,156)	(299,805)	(483,047)	(287,516)
(loss)/Profit after taxation	(554,789)	(77,116)	(1,312,816)	(156,176)	(969,643)
(loss)/Earnings per share (kobo)	(11)	(8)	(26)	(3)	(19)

# Other National Disclosures

## Financial Summary - Company



For the year ended 31 December, 2021

In thousands of Naira	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
<b>Assets</b>					
Cash and cash equivalents	112,326	156,823	191,331	344,674	112,363
Financial assets	17,499	22,604	23,454	27,787	44,747
Investment in Subsidiaries	4,714,381	8,568,651	8,568,651	10,989,990	10,239,990
Investment in Associates	3,710,291	-	-	3,000,000	750,000
Other receivables and prepayments	115,056	219,712	390,376	456,003	210,098
Property and equipment	5,078	9,240	21,849	28,770	91,736
Intangible assets	-	-	-	-	5,513
Deposit for shares	27,000	-	-	-	-
<b>Total assets</b>	<b>8,701,631</b>	<b>8,977,030</b>	<b>9,195,662</b>	<b>14,847,224</b>	<b>11,454,447</b>
<b>Liabilities</b>					
Borrowing	2,523,850	2,313,544	2,383,607	8,907,750	1,613,723
Other liabilities	1,787,291	2,073,330	2,028,316	667,778	3,784,039
Finance Lease Obligation	12,867	16,833	31,467	77,050	-
Current income tax liabilities	232,836	254,511	283,847	303,576	303,660
Employees retirement benefit liability	974	1,656	1,418	512	1,076
<b>Total liabilities</b>	<b>4,557,818</b>	<b>4,659,874</b>	<b>4,728,655</b>	<b>9,956,667</b>	<b>5,702,498</b>
<b>Equity</b>					
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	(928,926)	(948,352)	(798,409)	(375,618)	486,445
Other component of equity	(190,883)	1,887	1,795	2,554	1,883
Shareholders' funds	4,143,813	4,317,156	4,467,007	4,890,557	5,751,949
<b>Total equity and liabilities</b>	<b>8,701,631</b>	<b>8,977,030</b>	<b>9,195,662</b>	<b>14,847,224</b>	<b>11,454,447</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>					
Net income	131,848	124,114	(35,830)	(271,341)	57,237
Profit/(Loss) before taxation	20,252	(149,524)	(415,656)	(838,798)	(351,118)
Income tax expense	(832)	(419)	(7,137)	(6,686)	(48,551)
<b>Profit/(Loss) after taxation</b>	<b>19,420</b>	<b>(149,943)</b>	<b>(422,793)</b>	<b>(845,484)</b>	<b>(399,669)</b>

# Management **Group and Subsidiaries**



<b>EXECUTIVE GROUP</b>	<b>Royal Exchange Plc</b>	
	<b>Group Co-ordinator</b> Mr. Hewett Benson	<b>Finance &amp; Accounts</b> Mr. Onyenaturuchi Ezikpe
	<b>Information Technology</b> Mr. Jide Adams	<b>Audit and Investigation</b> Mr. Monday Obodo
	<b>Enterprise Risk Management</b> Mr. Biyi Elliot	<b>Legal and Company Secretariat Services</b> Mazars Ojike & Partners

<b>EXECUTIVE (SUBSIDIARIES)</b>	<b>Royal Exchange Finance Company Limited</b>	
	<b>Managing Director</b> Mrs. Irene Opara	
	<b>Royal Exchange Healthcare Limited</b>	
	<b>Head, Medical Operations</b> Dr. Njideka Ken Njoku	
	<b>Royal Exchange Prudential Life Plc</b>	
	<b>Executive Director (Technical)</b> Mr. Nelson Akerele	



Mr. Nelson  
**Akerele**

*HND, MSc, ACII, ACIIN, FIDMN*

Executive Director (Technical)

Royal Exchange Prudential Life Plc is a wholly owned subsidiary of Royal Exchange Plc and is licensed to underwrite life insurance and related risks. Following the re-organization of the erstwhile Royal Exchange Assurance (Nigeria) Plc into a group holding company in June 2008, Royal Exchange Prudential Life Plc emerged as the subsidiary providing a variety of life and investment linked savings products to cater for individual and corporate needs.

Royal Exchange Prudential Life has pioneered the use of a GSM based electronic platform which enables some of our products to be purchased and activated via scratch cards. This platform, which is user friendly, has also aided the accessibility of our products to all branches, friendship centers and other outlets nationwide.

At the corporate level, we are also at the forefront of providing cover under Compulsory Group Life Schemes for employees of both private and public sectors of the economy as required by the Pension Reform Act, 2004. We presently enjoy the partnership and collaboration of brokers and related organizations in providing quality services to the insuring public, in line with professional best practices.



Dr. Njideka

**Ken Njoku**

Head, Medical Operations

Royal Exchange Healthcare Limited is a nationwide accredited NHS health maintenance organization, providing financial intermediation within the health industry. We therefore act as a fulcrum between the enrollees and the healthcare providers selected purely on the quality of their services.

Royal Exchange Healthcare Limited's primary function is the design of medical health plans that are both flexible and accommodating. Our provider network is spread across the country and through rigorous continuous quality auditing, we strive to ensure the highest possible standards in medical services to our clients.

We utilize the principle of risk pooling and managed care in controlling and hedging risks associated with our business.

In performing these functions, the risk bearing responsibility and its innovative management have been the distinguishing factor of the Royal Exchange Healthcare brand in the health insurance industry.

Royal Exchange Healthcare Limited will, in the long term, create a one-stop health solution for its customers.



Mrs. Irene

**Opara**

Managing Director

Royal Exchange Finance Company Limited (previously called Royal Exchange Finance & Investment Ltd) was incorporated as a wholly-owned subsidiary of Royal Exchange Plc in October 2004 and licensed in April 2005 by Central Bank of Nigeria to provide a wide range of professional services in the areas of credit-finance, funds mobilization and financial advisory services. The Company is also licensed by Securities and Exchange Commission to provide portfolio and fund management services.

We adopt a customer-centric approach to fill the service delivery gaps evident in Nigeria financial sector in the area of financing businesses, especially small and medium scale enterprises. We are also excellent team players.

Royal Exchange Finance Company Limited recognizes the indispensability of technology to straight-through processing and rapid turnaround times. We are at the verge of upgrading our system to a more advanced multifunctional financial software package to execute largescale business transactions without hitches.

The technical expertise of Royal Exchange Finance Company Limited is reflected in our creative approach to financing engagements. Our in-depth transaction knowledge and customer-centric approach allow us develop mutually beneficial long-term relationship with our clients. Our variety of personalized products meets specific needs.

**These products include:**

- High Yield Investment Paper (HYIP)
- Royal Investment Note (RIN)
- Investment Plan (I-Plan)
- Leasing
- Loans
- Mortgage Financing
- Project and L.P.O Financing
- Financial Advisory Services



## Head Office

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com  
Website: www.royalexchangeplc.  
com  
Tel: 01-460-6690 to 01-460-6699

## Control Office

Plot 34/36, Apapa/Oshodi  
Expressway,  
Charity Bus-stop, Oshodi,  
P.M.B. 1804, Ikeja, Lagos.  
Tel: 01-4606690 to 01-4606699  
and  
0708-060-6100

## 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

## Aba

No. 83, Azikwe Road,  
Aba (Second Floor)  
Abia State  
Tel: 0803-776-3428, 0803-390-  
5798

## Abuja

26, Mahatman Ghandi Crescent,  
Area 11,  
Garki, Abuja.  
Tel: 0803-590-0354,  
0803-661-3580

## Asaba

14, Dennis Osadebey Way,  
Asaba, Delta State.  
Tel: 0803-673-2911

## Benin

Unity Bank Building  
No. 98 New Lagos Road 113,  
New Lagos Road,

## Benin City

Edo State  
Tel: 0806-081-4253

## Enugu

Canute House, 19/25 Ogui Road,  
Enugu State.  
Tel: 04-229-108, 0802-313-3497

## Ibadan

Old Sketch Building, First Floor,  
Cocoa House Complex,  
Dugbe, Ibadan,  
Tel: 0809-468-6750, 0814-999-3555

## Ikeja

Mosesola House, 3rd Floor,  
103/7 Allen Avenue,  
Opposite Alade Market, Ikeja,  
P.O.Box 1803, Ikeja.  
Tel: 01-897-3858, 0803-320-8701

## Kaduna

2, Muritala Mohammed Square/  
Independence Way,  
P.O. Box 261, Kaduna.  
Tel: 0803-506-3925, 0811-306-5136

## Kano

2B, Post Office Road, Kano.  
P.O.Box 301, Kano  
Tel: 0803-629-9576, 0802-354-3139  
Lagos Main Branch (Marina)  
New African House,  
31, Marina, Lagos.  
P.O.Box 112, Lagos  
Tel: 01-4181750, 0805-526-6886,  
0810-536-6664

## Port Harcourt

42, Evo Road, GRA Phase II,  
Port Harcourt  
Tel: 0803-310-5143

## Warri

Ogun House, 107,  
Effurun/Sapele Road,  
Opp. Stanbic IBTC Bank,  
Effurun, Delta State.  
Tel: 0806-715-865

## 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.	08029314777
2	Ibadan	Old Sketch Building, First Floor, Cocoa House Complex, Dugbe, Ibadan.	08155538272

## Royal Exchange Prudential Retail sales outlets

S/N	Location	Address	Telephone No.
1	Ikeja	Group Retail Office 103, Allen Avenue,3rd Floor, Mosesola House, Opposite Old Alade Market.	08033161410
2	Aba	83,Azikiwe Road, By Asa Road,Opposite UBA, Aba.	08184905844
3	Abuja	Suite G12, Febson Mall, Wuse Zone 4.	08037836308
4	Akure	Old National Building,34 Oyemekun Road.	08069630573
5	Apapa	BOS Plaza, No 1, Ire-Akari Estate Road, Ire-Akari Junction, Isolo	08025952430
6	Asaba	14,Dennis Osadebe Way.	08065368210
7	Auchi	Opposite Ekhei Girls Grammer School.	09090808066
8	Benin-City	2nd Floor Unity Bank Building, New Lagos Road.	08062521767
9	Enugu	Canute House,19/25 Ogui Road.	08063497754
10	Ibadan	Old Sketch Building(First Floor), Cocoa House Complex,Dugbe.	08034707718
11	Ikorodu	13, Olorunjuwon Street, By Zenith Bank B/S, Off Lagos Road.	08062620000
12	Ilorin	144 Ibrahim Taiwo Road, Opposite Stadium	08187145155
13	Jos	1B, Richard Road, Muritala Mohammed Way.	08069694488
14	Kaduna	2 Asaa Investment House, Muritala Mohammed Square, Independence Way.	07067209263
15	Oshodi	Operations Office, 34/36 Apapa Expressway.	08034234666
16	Port Harcourt	42,Evo Road,GRA Phase II.	08036642606
17	Uyo	No. 63 Aka Road, Uyo	08066931655
18	Warri	Ogun House, 107,Effurun/Sapele Road,Effurun.	08036268899







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Royal Exchange Plc

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