Royal Exchange Plc (RC: 6752)

Consolidated Annual Report & Financial Statements
31 December 2018

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CORPORATE INFORMATION

Directors:	
Chairman	Kenneth Ezenwani Odogwu
Non-Executive Directors:	Chief Anthony Ikemefuna Idigbe (SAN) Mr. Daniel Maegerle Chief Uwadi Okpa-Obaji Alhaji Ahmed Rufai Mohammed Alhaji Rabiu Muhammad Gwarzo, OON Mr. Adeyinka Ojora Mr. Hewett Benson
Group Managing Director (Acting)	Mr. Olawale Banmore
Company Secretary	Ms. Sheila Ezeuko
Registered Office	31, Marina, Lagos
Auditors	Deloitte & Touche
Bankers:	Access Bank Plc Diamond Bank Plc Ecobank limited FCMB Plc First Bank of Nigeria Limited FSDH Merchant Bank Limited Guaranty Trust Bank Plc Heritage Bank Limited Stanbic IBTC Bank Plc Keystone Bank Limited Polaris Limited Royal Exchange Microfinance Bank Limited Sterling Bank Plc United Bank for Africa Plc Union Bank of Nigeria Plc Wema Bank Plc Zenith Bank Plc
Registrars	Cardinal Stone Registrars Limited 358, Herbert Macaulay Street, Yaba, Lagos.
RC No	6752
Actuary	Ernst & Young FRC /NAS/00000000738

Directors' Report

The directors are pleased to submit to the members of the group its 50th annual report, together with the audited consolidated separate financial statements for the year ended 31 December, 2018.

1 LEGAL FORM AND PRINCIPAL ACTIVITIES:

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

2 RESULTS FOR THE YEAR:

The highlights of the Group and Company's trading results for the year ended 31 December 2018.

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Profit/(loss) before taxation	328,871	(682,127)	(838,798)	(351,118)
Minimum tax	(9,866)	(149,633)	(6,686)	(48,551)
Income taxes	(473,181)	(137,883)	-	-
Loss after taxation	(156,176)	(969,643)	(845,484)	(399,669)
Other comprehensive income, net of tax	23,586	167,907	671	-
Total comprehensive loss for the year	(132,590)	(801,736)	(844,814)	(399,669)
Total assets	35,516,592	33,272,846	14,847,224	11,454,447
Shareholders fund/Total equity	5,099,339	5,578,400	4,890,558	5,751,949

3 DIVIDEND:

The company did not recommend any dividend on ordinary shares to its members for the year ended 31 December, 2018 (2017: nil).

4 DIRECTORS' INTEREST AND SHAREHOLDING:

A board of 9 directors determined the general strategy and policy of the Group in the year under review.

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

Mr. K. E. Odogwu	Chairman
Chief A. I. Idigbe (SAN)	Non-executive Director
Mr. D. Maegerle	Non-executive Director
Chief U. Okpa-Obaji	Non-executive Director
Mr. A. A. Ojora	Non-executive Director
Alhaji A. R. Mohammed	Non-executive Director
Alhaji R. M. Gwarzo (OON)	Non-executive Director
Mr. Hewett Benson	Independent Director*
Alhaji A. Muktari	Group Managing**
Mr Olawale Banmore	Group Managing Director***

* Appointed as Independent Director with effect from 18 April, 2018
** Resigned as the Group Managing Director with effect from 18 October, 2018
*** Appointed as the Group Managing Director with effect from 19 October, 2018

4.2 The directors' interests in the issued share capital of the Group 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 Stock Exchange, are as follows:

	Holdings as at 31 December, 2018	No. of 50k Ordinary Shares Held as at 31 December, 2018	Holdings as at 31 December, 2017	No. of 50k Ordinary Shares Held as at 31 December, 2017
	Number Direct	Number Indirect	Number Direct	Number Indirect
Mr. Kenneth E. Odogwu	-	2,013,119,834	-	2,013,119,834
Chief Anthony I. Idigbe (SAN)	-	1,350,276	-	1,350,276
Mr. Daniel Magerie	-	-	-	-
Chief Uwadi Okpa-Obaji	645,468	-	645,468	-
Alhaji Ahmed R. Mohammed	-	-	-	-
Alhaji Rabiu M. Gwarzo, OON	3,782,319	-	3,782,319	-
Mr. Adeyinka A. Ojora	100,000	183,529,858	100,000	183,529,858
Alhaji Auwalu Muktari	546,410	-	546,410	-
Grand Total	**5,074,197**	**2,197,999,968**	**5,074,197**	**2,197,999,968**

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 2018	% Holding as at 31 December 2018	No. of 50k Ordinary Shares Held as at 31 December 2017	% Holding as at 31 December 2017
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	20,654,487	0.40	20,654,487	0.40
Dantata Investments & Securities Company Limited	921,833,885	17.92	690,244,885	13.41
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	3.56
Decanon Investment Limited* (Under Litigation - Suit No FHC/L/CS/5479/08)	159,388,632	3.10	159,388,632	3.10
Other Nigerian Citizens & Associations	1,318,910,309	25.63	1,550,499,309	30.14
Grand Total	**5,145,370,074**	**100**	**5,145,370,074**	**100**

The Company hereby declares that aside from the list of person(s) in the above schedule, 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 Decanon Investment Limited with respect to a law suit number FHC/L/CS/5479/08

5.3 Share Range Analysis as at 31 December, 2018

			No. of Holders	% of Total Holders	Units Held	% of Units Held
1	-	500	1110	7.20	262,885	0.01
501	-	1,000	797	5.17	613,381	0.01
1,001	-	5,000	5160	33.46	14,362,481	0.28
5,001	-	10,000	2809	18.22	19,597,624	0.38
10,001	-	50,000	3654	23.70	80,444,692	1.56
50,001	-	100,000	787	5.10	57,448,237	1.13
100,001	-	500,000	794	5.15	168,973,026	3.28
500,001	-	1,000,000	127	0.82	89,034,910	1.73
1,000,001	-	5,000,000	132	0.86	275,496,694	5.35
5,000,001	-	10,000,000	28	0.18	190,033,099	3.69
10,000,001	-	5,145,370,074	22	0.14	4,249,103,045	82.58
Grand Total			**15420**	**100**	**5,145,370,074**	**100**

5.4 Share Range Analysis as at 31 December, 2017

			No. of Holders	% of Total Holders	Units Held	% of Units Held
1	-	500	1044	6.77	242,916	0.00
501	-	1,000	771	5.00	588,065	0.01
1,001	-	5,000	5152	33.41	14,367,433	0.28
5,001	-	10,000	2827	18.33	19,716,702	0.38
10,001	-	50,000	3712	24.07	82,049,498	1.59
50,001	-	100,000	791	5.13	57,717,467	1.13
100,001	-	500,000	812	5.27	171,306,589	3.36
500,001	-	1,000,000	131	0.85	90,802,056	1.71
1,000,001	-	5,000,000	133	0.86	285,772,854	5.48
5,000,001	-	10,000,000	26	0.17	176,467,034	3.53
10,000,001	-	5,145,370,074	22	0.14	4,246,332,460	82.53
Grand Total			**15421**	**100**	**5,145,363,074**	**100**

6 RECORDS OF DIRECTORS ATTENDANCE:

Further to the provisions of Section 258 (2) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, the Record of Directors' Attendance at the Board Meetings held in 2018 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 2018 (2017: ₦1,414,000).

9 EVENTS AFTER REPORTING DATE:

There was a significant event after the reporting period, which requires a disclosure in this financial statement. This 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

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 Group 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 all time.

12 EMPLOYEES' DEVELOPMENT:

12.1 *Employment of physically challenged persons:*

It is the policy of the Group that there 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 18 October, 2018, in accordance with S359 (3) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, were:

Alhaja A.S. Kudaisi	Chairman
Chief Uwadi Okpa-Obaji	Member
Mr. T. Olawuyi	Shareholders representative
Mr. B. Akinsolu	Shareholders representative
Alhaji R.M. Gwarzo, OON	Member
Mr. A. A. Ojora	Member

The committee met in accordance with the provisions of S 359 of the Companies and Allied Matters Act, Cap C20, Law of Federation of Nigeria 2004 and will present their report.

14 SHAREHOLDERS INFORMATION

Build-up of Share capital history

14.1

Year	Share Capital	Mode of Acquisition	No. SHARES
1990	21,600,000	INITIAL SHARE CAPITAL	
1991	27,000,000	BONUS 1991	5,400,000
1992	33,750,000	BONUS 1992	6,750,000
1995	50,625,000	BONUS 1995	16,875,000
1996	75,937,500	BONUS 1996	25,312,500
1997	227,812,500	RIGHT OFFER	151,875,000
2000	341,718,750	BONUS 2000	113,906,250
2001	512,578,125	BONUS 2001	170,859,375
2003	683,437,500	RIGHTS OFFER	170,859,375
2003	854,296,875	BONUS 2003	170,859,375
2004	1,067,871,094	BONUS 2004	213,574,218
2005	1,601,871,094	BONUS 2005	533,935,547
2006	2,818,608,785	RIGHTS OFFER	1,216,802,144
2007	3,359,898,835	SCHEME SHARES	541,290,050
2008	3,695,888,719	BONUS 2008	335,989,884
2009	4,065,477,591	BONUS 2009	369,588,872
2010	4,573,662,289	BONUS 2010	508,184,698
2011	5,142,370,074	BONUS 2011	571,707,786
2017-2018	Nil	Nil	Nil

14.2 *Bonus History*

In number

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
2012-2018	Nil
Total Bonus	**3,042,943,505**

14.3 *Right Issues*

In number

Year	Right Issue
1997	151,875,000
2003	170,859,375
2006	1,216,802,144
2007-2018	Nil
Total Rights	**1,539,536,519**

14.4 *Summary*

In number

Initial Share	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**

15 AUDITORS:

The Auditors, Messer Deloitte & Touche (Chartered Accountants) appointed during the year 2018, have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20, LFN, 2004.

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, 2009. 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

Sheila Ifeyinwa Ezeuko
Company Secretary/GM (Legal Services)
FRC/2013/NBA/00000004059
Lagos, Nigeria
20 June, 2019

Report of Corporate Governance

Our business is anchored on the principle of utmost good faith, thus adhering to highest standards of corporate governance is fundamental to the sustainability of our business. Our strategy to delivering best result to all our stakeholders is anchored on forging strong relationships with our stakeholders, alignment of our businesses with global best practice and high standards of corporate governance.

The operational challenges recorded in year 2018 occasioned by the subsidiaries activities, and resulting in significant impairment charges have necessitated an intensified oversight functions of the board. Greater control synergy has been put in place to arrest recurrence. The board is optimistic that with the implementation of this control synergy, the company will continue to turn the bend successfully.

In addition, the company continue to integrate the best practices in its governance structure.

Governance Culture
There is a deliberate consciousness 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 it is cascaded through the organization.

The company similarly maintains the culture of annually exposing the board members to corporate governance training to better improve their performances. Furthermore, the company maintains the culture of ensuring that its performance is in compliance with best global practices, by instituting a bi-annual board appraisal mechanism which ensures it is alive to its responsibility.

1 GOVERNANCE STRUCTURE

The Board
The Board of Directors is the principal driver of strategic affairs and corporate governance of the company and has overall oversight responsibility for ensuring that the tenets of good corporate governance are adhered to. The board is consisting of eight (8) non-executive directors.

There is a separation of roles and responsibility of the chairman of the board and the Group Managing Director of the company.

The Board membership comprises eight (8) members, including the Chairman, seven (7) Non-Executive Directors inclusive of one (1) Independent Director.

All the current Non-Executive Directors served on the Board throughout 2018. Members of the Board of Directors of the subsidiaries are appointed from the Group Executive Management. Each of the subsidiary has its board of directors and Independent directors with the holding company maintaining oversight function through its six (6) Committees, namely, Board Risk Management, Board Investment, Board strategy, Establishment and Governance, Finance & General Purpose, and the Board Audit.

Non-Executive Directors (NED)
Non-Executive Directors are appointed for an initial term of four years and can be re-elected for a maximum of two subsequent terms of four years each, subject to satisfactory performance and approval of the members. Each non-executive directors brings with them wide experiences, knowledge and personal qualities to bear in the quality of decision making. Their roles are limited to contributing to the strategic decision making. They are not involved in the day to day operations of the business.

Executive Directors (ED)
The Executive Director is based on contractual agreement and may be renewed subject to a satisfactory annual performance evaluation. Hence, the maximum tenure of an Executive Director is two terms. The Board may grant a waiver of the tenure limit in the case of an Executive Director whose performance is deemed exceptional.

Board meeting attendance

Directors	Status	Designation	Attendance	% Attendance
Expected Meetings 4				
Actual Meetings 6				
Mr. K. E. Odogwu	Non-Executive Director	Chairman	6	100%
Chief A. I. Idigbe (SAN)	Non-Executive Director	Member	6	100%
Mr. Daniel Maegerle	Non-Executive Director	Member	5	83%
Chief U. Okpa-Obaji	Non-Executive Director	Member	6	100%
Alhaji A. R. Mohammed	Non-Executive Director	Member	6	100%
Alhaji R. M. Gwarzo, OON	Non-Executive Director	Member	6	100%
Mr. A. A. Ojora	Non-Executive Director	Member	6	100%
Mr. H. Benson	Independent Director	Member	5	83%
Alhaji Auwalu Muktari	Executive Director	Member	3	50%
Average Attendance				91%

*** Note. Mr. Banmore Olawale was appointed to oversee the affairs of Royal Exchange Plc after Alh. Auwalu Muktari's resignation.

*** Note. Chief Idigbe was represented by his alternate Mr. Nnamdi Oragwu in some of the meetings.

*** Note. Mr. H. Benson was appointed mid-year into the board.

Internal Organization

The Board is chaired by the Chairman. Board members are subject to standards of business conduct policies, rules and regulations to avoid conflict of interest and use of insider information. The Board appoints committees to help carry out its duties. Given the separation of roles of the chairman and the CEO, the Board appoints Non-Executive Directors as chairmen of Board committees. Board committees work on key issues in greater details than would be possible at full Board meetings, which helps to ensure more effective full Board meetings. Each Board committee reviews the results of its meeting with the full Board. Executive Management, led by the GMD, constitute the key management organ of the company and is primarily responsible for achieving performance expectations and increasing shareholder value.

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.

Board code of ethics

To avoid unethical and unwholesome practice and conflict of interest in any business relationship with the company, the Group board has put in place Code of Business Ethics to provide guidance for the board and staff to maintain strong ethical standards.

Board Performance Evaluation

In compliance with the provisions of the SEC Code of Corporate Governance, the performance of the Board, its committees, the chairman and individual directors was appraised by an independent consultant. Similarly, in compliance with the NAICOM Code of Corporate Governance, appraisal of the performance of the insurance subsidiaries boards was also conducted by an Independent Consultant and submitted to NAICOM.

Resignation of the Executive Director

The Group Managing Director of the company Alhaji. Muktari Auwalu resigned his appointment during the year. Mr. Wale Banmore was appointed to oversee the affairs of Royal Exchange Plc whilst he still keeps his position as the Managing Director of Royal Exchange Prudential Life Plc.

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 Committees

The board committees are established to provide preparatory and administrative support to the Board. Each committee, has a defined Charter which embodies its guiding principles and sets out its composition, functions, responsibilities and scope of authority.

The issues considered at Committee meetings are recorded in minutes with extract of the major issues raised reported at the subsequent full Board meetings for final consideration and resolution of action points/directive.

The Board has the following standing committees:

- Establishment & Governance Committee
- Audit committee
- Risk Management Committee
- Finance and General Purposes Committee
- Investment committee
- Strategy Committee

Establishment and Governance Committee
The committee is comprised of three Non-Executive and one Executive Directors. It oversees the Group's governance program against best practice to ensure that the rights of the shareholders are fully protected. It is also responsible for determining the remuneration of the executive and non-executive members of the Board, nominations for approval of the Board candidates to fill Board vacancies, and for the continuous review of senior management succession plans. The committee met four (4) times during the year with average attendance of 75%.

The following directors served in the committee. Mr. D. Magerle (Chairman); Alhaji, R.M Gwarzo, OON; Chief U.I Okpa –Obaji and Alhaji Auwalu Muktari.

Audit committee
The Audit committee, at least annually review the standards of internal control, including the activities, Plans, Organization and Quality of Internal Audit and serves as a focal point for the communication and oversight regarding Financial Reporting.
The Committee comprised of seven (7) members made up of three Non-Executive, one Executive Director and three shareholder representatives. The committee met five (4) times during the year with an average attendance of 46%.

Members of the committee includes, Alhaja A.S Kudaisi (Chairman), Chief U. Okpa-Obaji, Alhaji R.M Gwarzo, Mr. A.A. Ojora, Mr. T. Olawuyi, Mr. B. Akinsolu and Alhaji Auwalu Muktari.

Risk management committee
The committee is tasked with overseeing, setting and reviewing the risk governance framework, including risk management and control, risk policies and their implementation as well as the risk strategy and monitoring of operational risks. The committee comprised of four (4) members, three (3) non-executives and one (1) executive members. the committee met four times during the year with average attendance of 94%.

Members of the committee includes,
Mr. A.A. Ojora, (Chairman)
Chief U. Okpa-Obaji
Alhaji A. R Mohammed
Alhaji Auwalu Muktari

Finance and General Purposes Committee
The Board Finance & General Purpose Committee has oversight responsibility for issues relating to the strategic planning, budgetary process, procurements, corporate finance, resources and assets utilization, capital structure and reporting financial performance of the group.

The committee consists of four members and met five times during the year with attendance of 55%.

Members of the committee includes

Chief U. Okpa-Obaji, (Chairman)
Mr. D. Magerle
Chief A. I. Idigbe
Alhaji Auwalu Muktari

Investment Committee

The committee assists the board in its oversight functions with respect to investment strategies, investment portfolio performance, investment mix and the overall investment performance of the group. The committee consists of four (4) members and met four times during the year with attendance of 65%.

Members of the committee includes
Alhaji A. R Mohammed, (Chairman)
Mr. D. Magerle
Chief A.I Idigbe
Alhaji Auwalu Muktari

Strategy Committee

The Committee's responsibilities includes but are not limited to advising and assisting the board in carrying out:

i) the development, articulation and execution of the Group's long term strategic plan and
ii) it's advisory oversight responsibilities relating to potential mergers, acquisitions and other key strategic transactions outside the ordinary course of the Group's business.

The committee is comprised of four (4) members and met three times in the year with the average attendance of 75%. Members of the committee includes:

Chief A.I Idigbe, (Chairman)
Mr. A.A. Ojora
Alhaji R.M Gwarzo
Mr. Wale Banmore

Board Committee meeting attendance

Directors	Status	BIC	E&GC	F&GP	RMC	AC	BSC
Expected Meetings		**4**	**4**	**4**	**4**	**4**	**4**
Actual Meetings		**4**	**4**	**4**	**4**	**4**	**4**
Chief A. I. Idigbe (SAN)	Non-Executive Director	4			4		4
Mr. Daniel Maegerle	Non-Executive Director	1	2	1			
Chief U. Okpa-Obaji	Non-Executive Director		4	4	4	4	
Alhaji A. R. Mohammed	Non-Executive Director	4		4			
Alhaji R. M. Gwarzo, OON	Non-Executive Director		4			3	3
Mr. A. A. Ojora	Non-Executive Director				4	4	4
Mr. H. Benson	Independent Director	2			1		2
Alhaji Auwalu Muktari	Executive Director	2	2	2	2	2	2
Alhaji A. S. Kudaisi	SH. Rep					4	
Mr. T. Olawuyi	SH. Rep					4	
Mr. A. Benkunmi	SH. Rep					4	
Average Attendance		65%	75%	55%	94%	46%	75%

Legend

BIC- Board Investment Committee

F&GP- Finance and General Purpose Committee

RMC- Risk Management Committee

AC- Audit Committee

BSC- Board Strategy Committee

E&GC- Establishment and Governance Committee

2 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 GMD and includes the Group Executive Director and the Group 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 headed by the Group Managing Director and includes the Group General Manager, Managing Directors of the subsidiaries and Group Heads of Departments.

The GMEC is responsible for:

- The day to day running of the Group on behalf of the Board
- The development and implementation of all Board - approved initiatives
- The achievement of all business and operational plans, targets, strategies and objectives within the company's risk management framework; and
- The development of advanced reporting procedures to ensure the Board is fully informed at all times.

The GMEC 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.

3 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 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.

4 INFORMATION TO SHAREHOLDERS

Royal Exchange Plc is committed to continually disclose all material information in a timely and transparent manner to its shareholders. To ensure the shareholders' are adequately informed and their interest protected, the company has an Investors Relations Unit domiciled in the company secretariat that deals directly with enquiries from shareholders and ensures that shareholders' views are escalated to Management and the Board.

Going Concern
Information relating to the company going concerns are periodically released to the investing public on quarterly, half-yearly and annual basis in widely read national newspapers.

Annual General Meeting
In compliance with statutory and regulatory requirements, the Annual General Meeting of the company are annually held to provide the shareholders of the company or their proxies with opportunity to have direct access with the senior and executive Management. This creates a forum for detail deliberation and decisions taking on issues affecting the company. The Annual General Meetings are attended by representatives of regulators such as the Security and Exchange Commission (SEC), The Nigerian Stock Exchange, Corporate Affairs Commission as well as representatives of Shareholders' Association.

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

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
Royal Exchange is committed to the highest standards of ethical, moral and legal business conduct. In line with this commitment and Royal Exchange's philosophy of open dialogue and communications, 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 whistle blower policy is intended to provide protection for any whistle blower that raises concerns in good faith regarding Royal Exchange Plc, 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;

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.

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 Royal Exchange operation, services, personnel, policies, shares or dividends. We are 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.

Sheila Ezeuko
Company Secretary
Lagos, Nigeria.
FRC/2013/NBA/00000004059
20 June, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the preparation and approval of the Consolidated and Separate Financial statements

The Directors of Royal Exchange Plc accept responsibility for the preparation of the Consolidated and Separate Financial Statements that gives a true and fair view of the financial position of the Group and company as at 31 December 2018 and the result of its operation, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in manner required by the Companies and allied Matters Act of Nigeria and Financial Reporting Council Act of Nigeria. The responsibilities include ensuring that the Group:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act;

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities;

(c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, which are all consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with;

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- the requirements of the Companies and Allied Matters Act; and
- Financial Reporting Council Act of Nigeria

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

Kenneth Odogwu
Chairman
FRC/2013/NBA/00000004195
20 June, 2019

Chief U. Okpa-Obaji
Non-Executive Director
FRC/2014/MULTI/00000010359
20 June, 2019

REPORT OF THE AUDIT COMMITTEE

In compliance with Section 359 (6) of the Companies and Allied Matters Act Cap C20 Laws of the Federat of Nigeria 2004, ("The Act") we, the Members of the Audit Committee have reviewed and considered consolidated and separate financial statements of the Company for the year ended 31 December, 2018 a 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, 2018 were satisfactory and reinforce the Group's internal control systems.

c. We have reviewed the findings on management letters, in conjunction with the external auditors a 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 finan statements were in accordance with ethical practice and International Financial Reporting Stand (IFRS). The Committee therefore recommends that the financial statements for the year ended December 2018 and the Auditors' report thereon be presented for adoption by the shareholders at Annual General Meeting.

Dated This 20 June, 2019

Alhaja A.S Kudaisi
Chairman, Audit Committee

Members

Alhaja A.S. Kudaisi	Chairman	
Mr. T. Olawuyi	Member	(Shareholders' representative)
Mr. B. Akinsolu	Member	(Shareholders' representative)
Chief U. Okpa- Obaji	Member	
Alhaji R. M. Gwarzo, OON	Member	
Mr. A. A. Ojora	Member	

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Royal Exchange Plc.

Report on the Audit of the Consolidated and Separate financial statements

Opinion

We have audited the accompanying financial statements of **Royal Exchange Plc** ("the Company") and its subsidiary companies (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2018, 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, 2018 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 Cap C20 LFN 2004, the insurance Act CAP I17 LFN 2004 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 in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the matter was addressed in the audit
Expected credit loss impairment on financial instruments	
IFRS 9- "financial instruments" which became effective 1 January 2018, introduces a new forward-looking impairment model, requiring companies to provide for expected credit losses (ECLs) on Financial Instruments. It also includes new requirements and guidance on the classification and measurement of financial assets. In estimating the expected credit losses (ECLs) on financial assets, management makes use of significant assumptions and judgement in determining the impairment loss. Some of the key assumptions used are : - Assessment of significant increase in credit risk. - calculation of lifetime probabilities of default (PD) as well as lifetime expected credit loss (ECL) - Loss given default (LGD); - Forward looking information macro-economic factors (e.g. unemployment rates, inflation rate. Because of the significance of these estimates and judgements, the audit of the impairment is considered a key audit matter. Our audit procedures to assess the adequacy of the expected credit loss impairment in line with IFRS 9 included a review of the Group's business model to test the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions into the IFRS 9 impairment models.	With the assistance of our IFRS Financial Instrument Specialist, we: 1. Obtained a detailed understanding of the default definition(s) used in the ECL calculation. 2. Tested the underlying calibration data behind the determination of the probability of default by agreeing same to underlying supporting documentation. 3. Tested the disclosures to ensure that the required disclosures under IFRS 9 together with the first time adoption disclosures have been appropriately disclosed. 4. Tested the opening balances to gain assurance on the transition from IAS 39 to IFRS 9; 5. Challenged the criteria used to allocate asset to stage 1, 2 or 3 in accordance with IFRS 9; 6. Tested assets in stage 1, 2 and 3 to verify that they were allocated to the appropriate stage; 7. Tested the data used in the ECL calculation by reconciling to source systems; 8. Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards including disclosure of transition from IAS 39. Based on our review, we found that the Group's impairment methodology, including the model, assumptions and key inputs used by management to estimate the amount of loan impairment losses were comparable with historical performance, and prevailing economic situations and that the estimated loan loss impairment determined was appropriate in the circumstances.

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Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance and Investment Contracts	
Under IFRS 4, the Group is required to perform liability adequacy tests on its insurance contract liabilities and investment contract liabilities to ensure the carrying value of the liabilities is adequate. As disclosed in note 26 & 27 to the consolidated financial statements, the insurance contract liabilities of the Group amounted to ₦11.02 billion [2017: ₦11.34 billion]. This represents about 37.22% of the Group's total liabilities as at 31 December, 2018. Determination of the fair value of the contracts is an area that involves exercise of significant judgements and use of key inputs and assumptions. Some of these include operating assumptions in relation to uncertain future outcomes like mortality, morbidity, lapse and surrender, etc., and also economic assumptions relating to interest rates, inflation rates, expenses, return on investments, discount rates, future growth rates etc. are the key inputs used to estimate these long-term liabilities. At the end of each financial year, management employ the services of an external actuary in the determination of its insurance and investment liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.	Our procedures included the following among others: We reviewed the methodology and process adopted by management for making reserves in the books of the company. • Tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities. We considered the validity of management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. Our work on the liability adequacy test includes assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of company and industry experience data and specific product features. • We validated the data used in the valuation of the insurance and investment contracts liabilities. • We involved Deloitte's Actuary in the review of the assumptions and estimates used by management and the assessment of the adequacy of the insurance liabilities in line with Liability Adequacy Test ("LAT") based on the requirement of IFRS 4. • We ensured the appropriateness of the journals posted, footed and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions. We found that the assumptions used by management were comparable with the market, accord with best practices, the key input data used in estimating the fair value of the insurance and investment contracts liabilities were appropriate in the circumstances. We consider the disclosure of the liabilities to be adequate, relevant and useful.

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Other Information
The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Directors' Report and Results at a Glance, and Audit Committee's Report, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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 fair presentation of these consolidated and separate financial statements in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act CAP I17 LFN 2004 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.

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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.

- 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.

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Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 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.

During the year, the Group contravened certain sections of Securities & Exchange Commission Rules & Regulations (2013), Federal Inland Revenue Services and Central Bank of Nigeria. This is contained in note 62.

The engagement partner on the audit resulting in the independent auditor's report is Yetunde Odetayo, FCA.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
27 August, 2019

Signing Partner: Joshua Ojo
FRC/2013/ICAN/00000000849

RESULTS AT A GLANCE

In thousands of Naira	31-Dec-18	31-Dec-17	%
Earned income	15,871,371	14,757,388	8
Profit/(loss) before tax	326,871	(682,127)	150
Loss after tax	(156,176)	(969,643)	85
Share capital	2,572,685	2,572,685	-
Shareholders' fund	5,099,339	5,578,400	(9)
Loss per share (Naira)	(3)	(19)	
Stock exchange quotation (Naira)	0.22	0.50	

In thousands of Naira **ASSETS**	**Note**	**Group 31-Dec-18**	**Group 31-Dec-17**	**Company 31-Dec-18**	**Company 31-Dec-17**
Cash and cash equivalents	5	15,896,872	12,505,923	344,674	112,363
Loans and advances to customers	6	900,852	1,173,612	-	-
Advances under finance lease	7	166,608	203,410	-	-
Investment securities:					
Measured at Fair Value Through Profit or Loss (FVPL)	8(a)	998,183	3,760,129	24,772	44,747
Measured at Fair Value Through Profit or Loss (FVOCI)	8(b)	2,649,802	1,651,103	-	-
Amortized Cost	8(c)	512,625	150,541	3,015	-
Investment in subsidiaries	9	-	-	10,989,990	10,989,990
Deposit for investment in subsidiaries		-	-	3,000,000	-
Trade receivables	10	499,382	92,424	-	-
Reinsurance assets	11	3,174,674	2,794,485	-	-
Deferred acquisition cost	12	261,631	295,829	-	-
Other receivables and prepayments	13	815,179	800,430	456,003	210,098
Investment in associates	14	213,295	193,617	-	-
Investment properties	15	5,998,300	5,431,181	-	-
Property and equipment	17	1,468,405	2,136,567	28,770	91,736
Intangible assets	18	15,020	29,435	-	5,513
Employees retirement benefit asset (Net)	19	283,850	258,135	-	-
Statutory deposits	20	555,000	555,000	-	-
Deferred tax assets	21	133,275	267,386	-	-
Assets classified as held for sale	16	973,639	973,639		
Total assets		**35,516,592**	**33,272,846**	**14,847,224**	**11,454,447**
LIABILITIES					
Borrowings	29	8,865,661	1,743,156	8,984,800	1,613,723
Deferred Income	22	144,133	143,798	-	-
Trade payables	23	5,583,929	10,159,430	-	-
Other liabilities	24	1,870,374	1,608,666	667,778	3,784,039
Depositors' funds	25	1,567,480	1,446,763	-	-
Insurance contract Liabilities	26	11,018,012	11,337,881	-	-
Investment contract Liabilities	27	302,424	293,555	-	-
Current income tax liabilities	28(b)	698,816	608,472	303,576	303,660
Employees benefit liability	19(a)	30,239	38,458	512	1,076
Deferred tax liabilities	21	336,184	314,267	-	-
Total liabilities		**30,417,253**	**27,694,446**	**9,956,666**	**5,702,498**
EQUITY					
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	2,409,567	2,046,612	-	-
Treasury shares	33	(500,000)	(500,000)	-	-
Retained earnings	34	(2,733,019)	(1,967,362)	(375,617)	486,445
Other component of equity	35	659,170	735,529	2,554	1,883
Total equity		**5,099,339**	**5,578,400**	**4,890,558**	**5,751,949**
Total equity & liabilities		**35,516,592**	**33,272,846**	**14,847,224**	**11,454,447**

The Financial Statements was approved by the board of directors on 20 June, 2019 and signed on its behalf by:

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

Olawale Banmore
Ag. Group Managing Director
(FRC/2013/CIIN/00000003075)

Olalekan Jayeola
Ag. Chief Financial Officer
(FRC/2012/ICAN/00000000460)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

In thousands of Naira	**Note**	**Group 31-Dec-18**	**Group 31-Dec-17**	**Company 31-Dec-**	**Company 31-Dec-**
Gross premium written:		14,712,798	12,822,219	-	-
Unearned premium		465,334	574,620	-	-
Gross premium income	36(a)	15,178,132	13,396,839	-	-
Reinsurance expenses	36(b)	(5,992,858)	(6,318,782)	-	-
Net premium income		**9,185,274**	**7,078,057**	-	-
Fees and commission income	37	546,507	523,177	-	-
Net underwriting income		**9,731,781**	**7,601,234**	-	-
Insurance claims and benefits incurred	38	(6,025,740)	(5,330,864)	-	-
Insurance claims and benefits incurred -	39	2,867,891	1,903,060	-	-
Net claims expenses		(3,157,849)	(3,427,804)	-	-
Changes in insurance contract liabilities		535,667	(523,792)	-	-
Underwriting expenses	40	(3,435,258)	(2,596,788)	-	-
Total underwriting expenses		**(6,057,440)**	**(6,548,384)**	-	-
Underwriting profit		**3,674,341**	**1,052,850**	-	-
Net Interest Income	41	128,937	1,017,451	(478,069)	(282,841)
Investment and other income	42	355,768	56,147	1,444	532
Share of profit/loss on investment in associate	14	20,164	14,471	-	-
Net fair value gain or loss on financial assets	43	(179,852)	322,782	(3,033)	15,963
Charge/write-back of impairment allowance	44	(41,173)	(377,119)	-	-
ECL Impairment Allowance	44(a)	8,238	-	(4,838)	-
Other operating income	45	728,145	323,988	213,155	323,583
Foreign exchange (losses)/ gains	46	(338,488)	2,829	-	-
Net Income		**4,356,080**	**2,413,399**	**(271,341)**	**57,237**
Management expenses	47	(4,029,209)	(3,095,526)	(567,457)	(408,355)
Total expenses		**(4,029,209)**	**(3,095,526)**	**(567,457)**	**(408,355)**
Profit/(Loss) before tax		326,871	(682,127)	(838,798)	(351,118)
Minimum tax	28(a)	(9,866)	(149,633)	(6,686)	(48,551)
Income taxes	28(a)	(473,181)	(137,883)	-	-
Loss after taxation		**(156,176)**	**(969,643)**	**(845,484)**	**(399,669)**
Other comprehensive income, net of tax					
Items that will never be reclassified subsequently to profit or loss:					
Net actuarial (losses)/gains of defined benefit obligations	19.1(c)iii	(3,215)	(12,598)	671	-
Tax effects on other comprehensive income		-	1,803	-	-
Share of returns in associates	14(a)	(486)	-	-	-
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of FVOCI investments		27,287	178,702	-	-
Total other comprehensive income, net of tax		23,586	167,907	671	-
Total comprehensive income for the year		**(132,590)**	**(801,736)**	**(844,814)**	**(399,669)**
Total comprehensive income attributable to shareholders					
Loss per share - Basic and diluted (kobo)	**48**	**(3)**	**(19)**	**(16)**	**(8)**

Statement of Changes in Equity
As at 31 December 2018

Group
In thousands of Naira

						Other component of equity				
	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Regulatory risk reserve	Actuarial Gain/Loss Reserve	Fair value reserve	Other Component of Equity (Total)	Total Equity
At 1 January 2018	2,572,685	2,690,936	2,046,612	(1,967,362)	(500,000)	526,377	108,221	100,931	735,529	5,578,400
Impact of IFRS 9 adjustment	-	-	-	(149,370)	-	-	-	(95,972)	(95,972)	(245,342)
Prior year adjustment	-	-	-	38,152	-	89,157	-	-	89,157	127,309
Adjusted as at 1 January 2018	**2,572,685**	**2,690,936**	**2,046,612**	**(2,078,580)**	**(500,000)**	**615,534**	**108,221**	**4,959**	**728,717**	**5,460,367**
Loss for the year	-	-	-	(156,176)	-	-	-	-	-	(156,176)
Transfer to contingency reserve	-	-	362,955	(362,955)	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	(135,308)	-	135,308	-	-	135,308	-
Transfer to Memorandum account (finance)	-	-	-	-	-	(205,132)	-	-	(205,132)	(205,132)
Other comprehensive income:										
Changes in fair value of FVOCI investments	-	-	-	-	-	-	-	(20,876)	(20,876)	(20,876)
Share of returns in associates	-	-	-	-	-	-	-	(486)	(486)	(486)
Net actuarial gains/losses	-	-	-	-	-	-	11,536	10,106	21,642	21,642
Total comprehensive income	**-**	**-**	**362,955**	**(654,439)**	**-**	**(69,824)**	**11,536**	**(11,256)**	**(69,544)**	**(361,028)**
At 31st December 2018	**2,572,685**	**2,690,936**	**2,409,567**	**(2,733,019)**	**(500,000)**	**545,710**	**119,757**	**(6,297)**	**659,170**	**5,099,339**

Statement of Changes in Equity
As at 31st December 2017

Group

In thousands of Naira	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Other component of equity: Regulatory risk reserve	Actuarial Gain/Loss Reserve	Fair value reserve	Other Component of Equity (Total)	Total Equity
At 1 January 2017	2,572,685	2,690,936	1,728,852	(647,828)	(500,000)	494,246	119,016	(77,771)	535,491	6,380,136
Loss for the year	-	-	-	(969,643)	-	-	-	-	-	(969,643)
Prior year adjustment						-				-
Transfer to contingency reserve	-	-	317,760	(317,760)	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	(32,131)	-	32,131	-	-	32,131	-
Other comprehensive income:										-
Changes in fair value of AFS investments	-	-	-	-	-	-	-	178,702	178,702	178,702
Share of returns in associates	-	-	-	-	-	-	-	-	-	-
Net actuarial gains/losses	-	-	-	-	-	-	-	-	-	
Adjustments to gratuity reserve	-	-	-	-	-	-	(12,598)	-	(12,598)	(12,598)
Net amount reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
Tax Effects on other comprehensive income	-	-	-	-	-	-	1,803	-	1,803	1,803
Total comprehensive income	**-**	**-**	**317,760**	**(1,319,534)**	**-**	**32,131**	**(10,795)**	**178,702**	**200,038**	**(801,736)**
At 31st December 2017	**2,572,685**	**2,690,936**	**2,046,612**	**(1,967,362)**	**(500,000)**	**526,377**	**108,221**	**100,931**	**735,529**	**5,578,400**

Statement of Changes in Equity
As at 31st December 2018
Company

In thousands of Naira

				Other Component of Equity			
	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/Loss Reserve	Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Total Equity
At 1 January 2018	2,572,685	2,690,936	486,445	1,883	1,883	5,751,949	5,751,949
Impact of IFRS 9 adjustment	-	-	(16,578)	-	-	(16,578)	(16,578)
Adjusted as at 1 January 2018	**2,572,685**	**2,690,936**	**469,867**	**1,883**	**1,883**	**5,735,371**	**5,735,371**
Loss for the year	-	-	(845,484)	-	-	(845,484)	(845,484)
Net actuarial gains/losses	-	-	-	670	670	670	670
Total comprehensive income	**-**	**-**	**(845,484)**	**670**	**670**	**(844,814)**	**(844,814)**
At 31st December 2018	**2,572,685**	**2,690,936**	**(375,617)**	**2,553**	**2,553**	**4,890,557**	**4,890,557**

Statement of Changes in Equity
As at 31st December 2017
Company

In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Other Component of Equity: Actuarial Gain/Loss Reserve	Other Component of Equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Total Equity
At 1 January 2017	2,572,685	2,690,936	886,114	1,821	1,821	6,151,556	6,151,556
Loss for the year	-	-	(399,669)	-	-	(399,669)	(399,669)
Net actuarial gains/losses	-	-	-	62	62	62	62
Total comprehensive income	**-**	**-**	**(399,669)**	**62**	**62**	**(399,607)**	**(399,607)**
At 31st December 2017	**2,572,685**	**2,690,936**	**486,445**	**1,883**	**1,883**	**5,751,949**	**5,751,949**

Consolidated and Separate Statements of Cash flows
For the year ended 31 December 2018

In thousands of Naira

Cash flows from operating activities:	Note	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Loss for the year		(156,176)	(969,643)	(845,484)	(399,669)
Add: Minimum tax		9,866	149,633	6,686	48,551
Add: Income tax	28(a)	473,181	137,883	-	-
Profit/(loss) before taxes		**326,871**	**(682,127)**	**(838,798)**	**(351,118)**
Adjustments for:					
ECL Impairment Allowance	44(a)	(8,238)	-	4,838	-
Charge/(write-back) of impairment allowance	44	41,173	-	-	-
Depreciation on property and equipment	17	194,754	218,774	31,778	30,021
Amortization of intangible assets	18	8,816	12,310	-	-
Profit/(Loss) on disposal of property and equipment	45	(4,684)	(8,669)	-	-
Profit/(Loss) on disposal of investment property		-	75,000	-	-
Dividend income on equity investments (AFS & FVTPL)	42	(113,123)	(119,194)	(1,444)	(532)
Rental income	45	(130,383)	(99,373)	-	-
Interest income	41	(836,889)	(1,485,704)	(15,661)	(13,606)
Interest expense on borrowings	41	707,952	468,253	493,731	296,447
Foreign exchange gains/(loss)	46	338,488	(2,829)	-	-
Fair value gain/(loss) on FVTPL investment	43	237,597	(380,222)	3,033	(15,963)
Fair value gain on investment properties	43	(57,745)	57,440	-	-
Share of (profit) of associate	14(a)	(20,164)	-	-	-
		684,425	**(1,569,222)**	**(322,523)**	**(54,751)**
Changes in working capital:					
Loans and advances to customers	50(viii)	188,934	(315,472)	-	-
Advance under finance lease	50(ix)	105,043	38,224	-	-
Trade receivables	50(iii)	(643,520)	363,435	-	-
Re-insurance asset	50(iv)	(380,189)	(133,959)	-	-
Deferred acquisition cost		34,198	55,247	-	-
Other receivables and prepayment	50(ii)	(96,348)	(410,973)	(264,571)	109,869
Deferred income		335	(19,144)	-	-
Trade and other payables		(4,575,501)	1,650,524	-	-
Other liabilities		206,197	132,746	(3,098,191)	2,905,827
Depositors' funds	50(x)	120,717	241,362	-	-
Investment contract liabilities		8,869	(72,271)	-	-
Changes in unearned premium	50(vii)	(465,334)	(574,620)	-	-
Changes in provision for outstanding claims	50(vi)	905,333	1,754,221	-	-
Changes in employee retirement benefits	50(i)	(33,780)	30,022	107	255
		(3,939,962)	**1,170,120**	**(3,685,179)**	**2,961,200**
Income tax paid	28(b)	(134,323)	(94,050)	(6,771)	-
Employee benefits paid	19(e)(i)	(3,369)	(7,511)	-	-
Interest expense paid		(709,509)	(324,915)	(495,251)	(326,395)
Net cash provided by operating activities		**(4,787,163)**	**743,644**	**(4,187,200)**	**2,634,805**
Cash flows from investing activities:					
Purchases of property and equipment	17	(66,807)	(93,801)	(537)	(31,564)
Purchase of intangible assets	18	-	(8,620)	-	(5,513)
Proceed from disposal of investment properties		-	143,763	-	-
Proceed from disposal of PPE		12,769	28,253	-	-
Proceed from redemption/disposal of investment securities	50(v)	5,464,881	4,060,175	54,474	48,931
Additional investment in subsidiary		-	-	-	(2,300,000)
Purchase of investment securities	50(v)	(4,527,884)	(3,478,352)	(37,647)	(46,268)
Deposit for shares		(22,472)	-	(3,000,000)	500,000
Dividend received	50(ii)	118,456	124,813	1,444	
Rent received	50(ii)	130,383	116,258	-	-
Net interest received		803,393	910,684	12,628	2,616
Net cash from/(used in) investing activities		**1,912,719**	**1,803,173**	**(2,969,638)**	**(1,831,798)**

Cash flows from financing activities:
In thousands of Naira

	Notes	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Repayment of borrowings		(3,699,763)	(5,623,276)	(3,013,231)	(5,380,068)
Proceeds from new borrowings		10,285,582	4,492,125	10,384,309	4,549,115
Unclaimed dividend received		18,072	13,030	18,072	13,030
Net cash flow from/(used in) financing activities		**6,603,881**	**(1,118,121)**	**7,389,150**	**(817,923)**
Cash and cash equivalent at beginning of year		12,505,923	11,091,425	112,363	127,279
Effect of exchange rate fluctuations on cash and cash equivalents		(338,488)	(14,198)	-	-
Net increase in cash and cash equivalent		3,729,437	1,428,696	232,311	(14,916)
Cash and cash equivalents at end of year	**5**	**15,896,872**	**12,505,923**	**344,674**	**112,363**

Group information and statement of accounting policies

1 Reporting Entity

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

The Group currently comprises Royal Exchange Plc (Parent Entity), Royal Exchange General Insurance Company Limited, Royal Exchange Prudential Life Plc, Royal Exchange Finance Company Limited, Royal Exchange Micro-Finance Bank Limited and Royal Exchange Healthcare Limited. In November 2016, the Royal Exchange Takaful Insurance Company Limited was incorporated with an authorized share capital of ₦200 million. The Company is yet to begin operations as it is yet to obtain the necessary approval from NAICOM.

The principal activities of the Group are general and health insurance, life assurance, asset management, credit financing and microfinance banking.

The financial statements of the Group are as at and for the year ended 31 December, 2018.

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

2 Basis of preparation

(a) The Group currently comprises Royal Exchange Plc (Parent Entity), Royal Exchange General Insurance Company Limited, Royal Exchange Prudential Life Plc, Royal Exchange Finance Company Limited, Royal Exchange Micro-Finance Bank Limited and Royal Exchange Healthcare Limited. In November 2016, the Royal Exchange Takaful Insurance Company Limited was incorporated with an authorized share capital of ₦200 million. The Company is yet to begin operations as it is yet to obtain the necessary approval from NAICOM.

These consolidated and separate financial statements for the year ended 31 December 2018 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 2011, the Insurance Act of Nigeria and National Insurance Commission of Nigeria ("NAICOM") circulars.

The consolidated and separate 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 consolidated 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 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 cash flows approach are used for measuring annuity and the risk reserve for individual deposit based businesses.

(d) Reporting period

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

(e) Use of estimates and judgment

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

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

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

(f) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2018, except for changes/amendments highlighted below:

(i) *IFRS 9 Financial Instruments*

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. Consequently, for notes disclosures, the amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in the tables below.

Group

	Ref. Note	IAS 39 Carrying amount 31 Dec, 2017	Re-classifications	Remeasurement	Expected credit losses	IFRS 9 Carrying amount 1 Jan, 2018
		₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS						
Cash & cash equivalents	a	12,505,923	-	-	(14,389)	12,491,534
Loans and advances to customers		1,173,612	-	(97,792)	3,415	1,079,235
Advances under finance lease		203,410	-			203,410
Financial assets:						
- Available for sale	b	1,651,103	(1,651,103)	-	-	-
- Fair value through profit or loss	c	3,760,129	(2,543,645)	-	-	1,216,484
- Fair value through other comprehensive income	d	-	3,794,771	-	(5,674)	3,789,097
- Amortised cost	e	-	550,518	-	(14,400)	536,118
- Loans and receivables	f	150,541	(150,541)	-	-	-
Investment in subsidiaries		-	-	-	-	-
Deposit for Investment in Subsidiaries		-	-	-	-	-
Trade receivables	g	92,424	-	161,638	(130,080)	123,982
Reinsurance assets		2,794,485	-	-	-	2,794,485
Deferred acquisition cost		295,829	-	-	-	295,829
Other receivables and prepayments	i	800,430	-	(148,061)	-	652,369
Investment in associates		193,617	-	-	-	193,617
Investment properties		5,431,181	-	-	-	5,431,181
Property and equipment		2,136,567	-	-	-	2,136,567
Intangible assets		29,435	-	-	-	29,435
Employees retirement benefit asset (Net)		258,135	-	-	-	258,135
Statutory deposits		555,000				555,000
Deferred tax assets		267,386	-	-	-	267,386
Assets classified as held for sale		973,639	-	-	-	973,639
Deposit for shares		-	-	-	-	-
Total Assets		**33,272,846**	**-**	**(84,215)**	**(161,127)**	**33,027,504**

	Ref. Note	IAS 39 Carrying amount 31 Dec, 2017	Re-classifications	Remeasurement	Expected credit losses	IFRS 9 Carrying amount 1 Jan, 2018
		₦'000	₦'000	₦'000	₦'000	₦'000
LIABILITIES						
Borrowings		1,743,156				1,743,156
Deferred Income		143,798	-	-	-	143,798
Trade payables		10,159,430	-	-	-	10,159,430
Other liabilities		1,608,666	-	-	-	1,608,666
Depositors' funds		1,446,763	-	-	-	1,446,763
Insurance contract Liabilities		11,337,881	-	-	-	11,337,881
Investment contract Liabilities		293,555	-	-	-	293,555
Current income tax liabilities		608,472	-	-	-	608,472
Employees benefit liability		38,458	-	-	-	38,458
Deferred tax liabilities		314,267	-	-	-	314,267
Total liabilities		**27,694,446**	**-**	**-**	**-**	**27,694,446**
EQUITY						
Share capital		2,572,685	-	-	-	2,572,685
Share premium		2,690,936	-	-	-	2,690,936
Contingency reserve		2,046,612	-	-	-	2,046,612
Treasury shares		(500,000)	-	-	-	(500,000)
Retained earnings	j	(1,967,362)	(7,494)	13,577	(155,453)	(2,116,732)
Other component of equity		735,529	7,494	(97,792)	(5,674)	639,557
Total equity		**5,578,400**	**-**	**(84,215)**	**(161,127)**	**5,333,058**
Total equity & liabilities		**33,272,846**	**-**	**(84,215)**	**(161,127)**	**33,027,504**

Ref Note			IAS 39 as at 31 Dec, 2017	IFRS 9 as at 1 Jan, 2018
			₦'000	₦'000
a	**Cash and cash equivalents**	A		
	Balance as at 31 Dec, 2017 (IAS 39)		12,505,923	12,505,923
	Remeasurement on Transition to IFRS 9		-	-
	Impairment (ECL Model)		-	(14,389)
	Balance as at 1 Jan, 2018 (IFRS 9)		**12,505,923**	**12,491,534**
b	**Loans and advances to customers**			
	Balance as at 31 Dec, 2017 (IAS 39)		1,173,612	1,173,612
	Remeasurement on Transition to IFRS 9		-	(97,792)
	Impairment (ECL Model)		-	3,415
	Balance as at 1 Jan, 2018 (IFRS 9)		**1,173,612**	**1,079,235**
	Financial assets:			
c	**Available for sale (AFS)**	B		
	Balance as at 31 Dec, 2017 (IAS 39)		1,651,103	-
	Reclassified to FVOCI		(1,651,103)	-
	Balance as at 1 Jan, 2018 (IFRS 9)		-	-
d	**Fair value through profit or loss (FVTPL)**	B		
	Balance as at 31 Dec, 2017 (IAS 39)		3,760,129	1,216,484
	Reclassified to FVOCI		(2,143,668)	-
	Reclassified to Amortised		(399,977)	-
	Remeasurement on Transition to IFRS 9		-	-
	Impairment (ECL Model)		-	-
	Balance as at 1 Jan, 2018 (IFRS 9)		**1,216,484**	**1,216,484**
e	**Fair value through other comprehensive income (FVOCI)**			
	Balance as at 31 Dec, 2017 (IAS 39)		-	-
	Reclassified from FVTPL		-	2,143,668
	Reclassified from AFS		-	1,651,103
	Impairment (ECL Model)		-	(5,674)
	Balance as at 1 Jan, 2018 (IFRS 9)		**-**	**3,789,097**
f	**Amortised cost (AC)**	A		
	Balance as at 31 Dec, 2017 (IAS 39)		-	-
	Reclassified from Loans and Receivables		-	150,541
	Reclassified from FVTPL		-	399,977
	Remeasurement on Transition to IFRS 9		-	-
	Impairment (ECL Model)		-	(14,400)
	Balance as at 1 Jan, 2018 (IFRS 9)		**-**	**536,118**
g	**Loans and Receivables**	A		
	Balance as at 31 Dec, 2017 (IAS 39)		150,541	-
	Reclassified to Amortised Cost		(150,541)	-
	Balance as at 1 Jan, 2018 (IFRS 9)		**-**	**-**

Ref Note			IAS 39 as at 31 Dec, 2017	IFRS 9 as at 1 Jan, 2018
			₦'000	₦'000
h	**Trade receivables**	A		
	Balance as at 31 Dec, 2017 (IAS 39)		92,424	92,424
	Remeasurement on Transition to IFRS 9		-	161,638
	Impairment (ECL Model)		-	(130,080)
	Balance as at 1 Jan, 2018 (IFRS 9)		**92,424**	**123,982**
i	**Other receivables & prepayments**	A		
	Balance as at 31 Dec, 2017 (IAS 39)		800,430	800,430
	Remeasurement on Transition to IFRS 9		-	(148,061)
	Impairment (ECL Model)		-	-
	Balance as at 1 Jan, 2018 (IFRS 9)		**800,430**	**652,369**
j	**FVOCI Reserve**	B		
	Balance as at 31 Dec, 2017 (IAS 39)		-	-
	Reclassified from Other component of equity		-	-
	Impairment (ECL Model) -FVOCI		-	(5,674)
	Balance as at 1 Jan, 2018 (IFRS 9)		**-**	**(5,674)**
j	**Other component of equity**	B		
	Balance as at 31 Dec, 2017 (IAS 39)		735,529	735,529
	Reclassified to FVOCI		-	7,494
	Remeasurement on Transition to IFRS 9		-	(97,792)
	Impairment (ECL Model)		-	(5,674)
	Balance as at 1 Jan, 2018 (IFRS 9)		**735,529**	**639,557**
j	**Retained earnings**	B		
	Balance as at 31 Dec, 2017 (IAS 39)		(1,967,362)	(1,967,362)
	Reclassified from FVOCI		-	(7,494)
	Impairment (ECL Model) -Cash & cash equivalents		-	(14,389)
	Impairment (ECL Model) - Loans and advances to customers			3,415
	Impairment (ECL Model) -Amortised cost		-	(14,400)
	Impairment (ECL Model) -Trade receivables		-	31,558
	Impairment (ECL Model) -Other receivables and prepayments		-	(148,061)
	Balance as at 1 Jan, 2018 (IFRS 9)		**(1,967,362)**	**(2,116,732)**

Company

	Ref. Note	IAS 39 Carrying amount 31 Dec, 2017	Re-classifications	Remeasurement	Expected credit losses	IFRS 9 Carrying amount 1 Jan, 2018
		₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS						
Cash & cash equivalents	a	112,363	-	-	(799)	111,564
Financial assets:						
- Fair value through profit or loss	b	44,747	(16,949)	-	-	27,798
- Amortised cost	c		16,949	-	(20)	16,929
Investment in subsidiaries		10,989,990	-	-	-	10,989,990
Other receivables and prepayments	d	210,098	-	-	(15,759)	194,339
Property and equipment		91,736	-	-	-	91,736
Intangible assets		5,513	-	-	-	5,513
Total Assets		**11,454,447**	**-**	**-**	**(16,578)**	**11,437,869**
LIABILITIES						
Borrowings		1,613,722	-	-	-	1,613,722
Other liabilities		3,784,039	-	-	-	3,784,039
Current income tax liabilities		303,661	-	-	-	303,661
Employees benefit liability		1,076	-	-	-	1,076
Total liabilities		**5,702,498**	**-**	**-**	**-**	**5,702,498**
EQUITY						
Share capital		2,572,685	-	-	-	2,572,685
Share premium		2,690,936	-	-	-	2,690,936
Retained earnings	e	486,445	-	-	(16,578)	469,867
Other component of equity		1,883	-	-	-	1,883
Total equity		**5,751,949**	**-**	**-**	**(16,578)**	**5,735,371**
Total equity & liabilities		**11,454,447**	**-**	**-**	**(16,578)**	**11,437,869**

Ref Note			IAS 39 as at 31 Dec, 2017	IFRS 9 as at 1 Jan, 2018
			₦'000	₦'000
a	**Cash and cash equivalents**	A		
	Balance as at 31 Dec, 2017 (IAS 39)		112,363	112,363
	Remeasurement on Transition to IFRS 9		-	-
	Impairment (ECL Model)		-	(799)
	Balance as at 1 Jan, 2018 (IFRS 9)		**112,363**	**111,564**
	Financial assets:			
d	**Fair value through profit or loss (FVTPL)**	B		
	Balance as at 31 Dec, 2017 (IAS 39)		44,747	27,798
	Reclassified to Amortised		(16,949)	-
	Remeasurement on Transition to IFRS 9		-	-
	Impairment (ECL Model)		-	-
	Balance as at 1 Jan, 2018 (IFRS 9)		**27,798**	**27,798**
c	**Amortised cost (AC)**	C		
	Balance as at 31 Dec, 2017 (IAS 39)		-	16,949
	Reclassified from FVTPL		-	-
	Remeasurement on Transition to IFRS 9		-	-
	Impairment (ECL Model)		-	(20)
	Balance as at 1 Jan, 2018 (IFRS 9)		**-**	**16,929**
d	**Other Receivables and Prepayment**	D		
	Balance as at 31 Dec, 2017 (IAS 39)		210,098	210,098
	Remeasurement on Transition to IFRS 9		-	-
	Impairment (ECL Model)		-	(15,759)
	Balance as at 1 Jan, 2018 (IFRS 9)		**210,098**	**194,339**
e	**Retained earnings**	E		
	Balance as at 31 Dec, 2017 (IAS 39)		486,445	486,445
	Impairment (ECL Model) -Cash & cash equivalents		-	(799)
	Impairment (ECL Model) -Amortised cost		-	(20)
	Impairment (ECL Model) -Other receivables and prepayments		-	(15,759)
	Balance as at 1 Jan, 2018 (IFRS 9)		**486,445**	**469,867**

Standards, amendments and interpretations effective during the reporting period

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and have been applied in preparing these financial statements.

(i) *IFRS 15 Revenue from contracts with customers*

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue-Barter of Transactions involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will have a significant impact on the Group, since the significant portion of the Group's revenue is recorded using IFRS 4, Insurance contracts. Furthermore, investment income is recognised under the scope of IFRS 9, Financial instruments.

(ii) *IFRS 9 Financial Instruments*

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model which is expected to increase the provision of bad debts recognised in the Group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted. The Group adopted the amendments for the year ending 31 December 2018.

Based on preliminary assessment of the Group, the new accounting policies are expected to have significant impact on the financial statements.

(g) *Standards, amendments and interpretations issued but not yet effective*

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early.

(i) IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

a. assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
b. depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Group will adopt the standard for the year ending 31 December 2019.

***(ii)* IFRS 17 Insurance Contracts**

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

The Standard 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 will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The implementation of the Standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and IT.

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.

(iii) IFRS 10 Consolidated Financial Statements 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 remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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

The amendment is not expected to have any significant impact on the Group's consolidated financial statements.

(iv) IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

– If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

– If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

(v) Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019.

The amendment is not expected to have any significant impact on the Group.

(vi) Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied.

The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019, but early adoption is permitted.

3 Summary of Significant Accounting Policies

Except for the changes explained in Note 2(f) above, the Group consistently applied the following accounting policies to the periods presented in the financial statements

(a) Basis of consolidation

(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.

(ii) *Non-controllling interest*

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

(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 Company 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.

(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.

(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.

(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:

• financial assets –equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

• financial assets –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.

(ii) Financial assets
(i) Classification and subsequent measurement
From 1 January 2018, the Group has applied IFRS 9 and 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).

i) 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.

iii) 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 Company 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 Company'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.

(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.

(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, Plant and Equipment

Recognition and measurement
All property, plant 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, plant 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.

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

Buildings		50 years
Furniture and fittings		5 years
Motor vehicles	- New	4 years
	- Salvage	3 years
Computer equipment		4 years
Generators		7 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 ₦500,000, 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 ₦500,000). Taxes based on taxable profit for the period are treated as current income tax in line with IAS 12; whereas taxes which is based on gross amounts is outside the scope of IAS 12 and therefore are not treated as current income tax.

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

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

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

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

Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill (arising in a business combination) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable differences is insufficient to recognise the deferred tax asset in full, then future taxable profits adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; these reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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, LFN 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

(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 were 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 (FRC/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 it liabilities for unpaid claims. Liabilities for unpaid/outstanding claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

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

(iii) Annuity
Annuity premium are recognised as income when received from policy holders, and payments to policy holders are recognised as an expense when due. Annuities are valued by using a discounted cash flow approach. The reserves are set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed periods as required by the terms of the contract. Annuities collected in a year are credited to the Gross Premium written and the portion that extends beyond one year is taken out via the unearned premium. The assets representing the annuities are invested in near-cash money market financial instruments with a tenor of 30 days on rolling basis.

The annuity is valued at year end by a professional consultant actuary registered with the Financial Reporting Council ("FRC"). Also a liability adequacy test is required by law to be performed on annuity fund to determine its sufficiency in meeting the contractual liabilities. Some of the assumptions being considered in valuing the annuity fund at the year-end are:

(a) a 10 year guaranteed minimum annuity payment
(b) a valuation interest determined by a long term FGN bond yield
(c) a maintenance expenses and the mortality rates.

(ii) 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.

(s) 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.

(t) Employee Benefits liabilities
(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.

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

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

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

(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.

(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) 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 using the projected unit credit method. Remeasurements of the obligation, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group 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 recognised in profit or loss.

(v) Capital and Reserves

(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.

(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.

(iii) 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.

(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.

(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) Fair value reserves

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

(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 expected credit loss model used in calculating the impairment balance under IFRS.

(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.

(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.

(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

(i) Gross Written Premium

Gross written premiums for non-life (general) 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.

(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.

(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.

(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.

(v) Investment Income

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

(vi) Dividend income

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

(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.

(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.

(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.

(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:
- Non-life insurance - (Royal Exchange General Insurance Company Limited);
- Life insurance - (Royal Exchange Prudential Life Assurance Plc);
- Financial services - (Royal Exchange Micro-Finance Bank Limited);
- Healthcare - (Royal Exchange Healthcare Limited); and
- Asset Management (Royal Exchange Finance Company Limited)

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, but are disclosed in the financial statements (see Note 60). 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 26% in CBC EMEA. Management has considered the fact and circumstances, including the representation of the Company on the board of CBC EMEA and has concluded that the Group has significant influence over CBC EMEA 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 period ending 31 December 2018 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). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 53(c) (a)(ii)(a), which also sets out key sensitivities of the ECL to changes in these elements.

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 neighbourhood 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, plant 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, plant and equipment and intangible assets*

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

5 Cash and cash equivalents

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Cash	6,448	4,697	100	72
Bank balances	936,427	480,373	14,250	28,624
Short-term deposits (including demand and time	15,045,878	12,020,853	332,963	83,667
ECL impairment allowance on short term deposits	(91,881)	-	(2,639)	-
Cash and cash equivalents (as per statement of financial position)	**15,896,872**	**12,505,923**	**344,674**	**112,363**

(i) Short–term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

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

6 Loans and advances to customers

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Term loan	1,169,783	1,356,118	-	-
Impairment allowance (see note 6(a) below)	(268,931)	(182,506)	-	-
Carrying amount	**900,852**	**1,173,612**	-	-

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

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
As at 1 January	182,506	151,511	-	-
Write-off during the year	-	(2,435)	-	-
Impairment allowance recognised during the year	86,425	33,430	-	-
As at 31 December	268,931	182,506	-	-
Within one year	900,852	986,084	-	-
More than one year	-	187,528	-	-
	900,852	**1,173,612**	-	-

7 Advances under finance lease

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Gross investment in finance lease	189,608	226,410	-	-
Impairment allowance (see note 7(a) below)	(23,000)	(23,000)	-	-
	166,608	**203,410**	-	-

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

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
As at 1 January	23,000	23,000	-	-
Write back of impairment	-	-	-	-
Impairment allowance recognised during the year	-	-	-	-
At 31 December	**23,000**	**23,000**	-	-
Within one year	12,008	164,552	-	-
More than one year	154,600	38,858	-	-
	166,608	**203,410**	-	-

8 Investment securities

In thousands of Naira	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Fair value through profit or loss (FVTPL) (see note 8(b) below)	998,183	3,760,129	24,772	44,747
Fair value through Other Comprehensive Income (FVOCI) (see note 8(a) below)	2,649,802	1,651,103	-	
Amortised cost (see note 8(c) below)	512,625	150,541	3,015	-
Total financial assets	**4,160,610**	**5,561,773**	**27,787**	**44,747**
Within one year	1,138,736	1,735,491	3,015	-
More than one year	3,021,874	3,826,282	24,772	44,747
	4,160,610	**5,561,773**	**27,787**	**44,747**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Federal government bonds	-	356,966	-	-
Treasury bills	-	2,186,699	-	16,949
Listed equities	998,183	1,216,464	24,772	27,798
	998,183	**3,760,129**	**24,772**	**44,747**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Listed equities	-	93,962	-	-
Federal government bonds	346,142	-	-	-
Treasury bills	809,373	-	-	-
Unlisted equities at fair value	441,299	594,243	-	-
Bonds: Annuity fund	1,058,434	1,141,839	-	-
ECL impairment allowance (see note 8(ii) below)	(5,446)	(178,941)	-	-
Changes in Fair Value	-	-	-	-
	2,649,802	**1,651,103**	-	-

(i) The Group's FVTOCI 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.

(ii) The movements in ECL impairment allowance on listed and unlisted equities classified as FVTOCI is analysed below;

In thousands of Naira	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
As at 1 January	178,941	171,385	-	-
(Write back)/ impairment allowance	(173,495)	7,556	-	-
At 31 December	**5,446**	**178,941**	-	-

(c) Amortised cost

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Federal Government Bonds	84,040	-	-	-
Treasury bills	263,166	-	3,020	-
Individual loans	-	2,781	-	-
Staff Personal Loan	478	2,882	-	-
Staff mortgage loans	112,480	104,266	-	-
Policy holders loan	58,399	39,699	-	-
Placement with financial institutions	7,798	6,152	-	-
ECL impairment allowance	(13,736)	(5,239)	(5)	-
	512,625	**150,541**	**3,015**	-

9 Investment in subsidiaries

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Royal Exchange General Insurance Company Limited	-	-	6,169,404	6,169,404
Royal Exchange Prudential Life Assurance Plc.	-	-	3,865,833	3,865,833
Royal Exchange Finance And Investment Company Limited	-	-	777,802	777,802
Royal Exchange Healthcare Company Limited	-	-	151,669	151,669
Royal Exchange Microfinance Bank Limited	-	-	106,205	106,205
	-	-	11,070,913	11,070,913
Allowance for Impairment	-	-	(80,923)	(80,923)
	-	**-**	**10,989,990**	**10,989,990**

(a) Movement in gross investment in subsidiaries

As at 1 January	-	-	11,070,913	8,770,913
Additions (see note 9(a)(i) below)	-	-	-	2,300,000
At 31 December	**-**	**-**	**11,070,913**	**11,070,913**

(i) The subsidiary companies comprise of the following:

Name of Entity	Nature of Business	Year End	31-Dec-18	31-Dec-17
			%	%
Royal Exchange General insurance Company Limited (See note (i) below)	Non-Life Insurance	31-Dec	99.90	99.90
Royal Exchange Prudential Life Plc (See note (ii) below)	Life Insurance	31-Dec	99.90	99.90
Royal Exchange Finance Company Limited (See note (iii) below)	Credit Financing and Asset Management	31-Dec	99.90	99.90
Royal Exchange Healthcare Company Limited (See note (iv) below)	Health insurance	31-Dec	29.84	29.84
Royal Exchange Microfinance Bank Limited (See note (v) below)	Microfinance Bank	31-Dec	53.00	53.00

All subsidiaries are incorporated in Nigeria.

Indirect holdings

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

Holdings	Royal Exchange Healthcare Company Limited	Royal Exchange Microfinance Bank Limited
	%	%
Royal Exchange General insurance Company Limited	33.00	14.60
Royal Exchange Prudential Life Assurance Plc	37.16	21.60
Royal Exchange Finance Company Limited	-	10.80
	70.16	47.00
Direct Holding by the company	29.84	53.00
	100.00	100.00

There are no non-controlling interests in any of the subsidiaries.

(i) This represents the Company's 99.9% (2017: 99.9%) shareholdings in Royal Exchange General Company Limited, a Nigerian registered company involved in general insurance business.

(ii) This represents the Company's 99.9% (2017: 99.9%) shareholdings in Royal Exchange Prudential Life Plc., a Nigerian registered company involved in life insurance business.

(iii) This represents the Company's 99.9% (2017: 99.9%) shareholdings in Royal Exchange Finance and Asset Management 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.

(iv) This represents the Company's 29.84% (2017: 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 General Company Limited and Royal Exchange Prudential Life Assurance Plc., two fully owned subsidiaries of the Company.

(v) This represents the Company's 53% (2017: 53%) shareholdings in Royal Exchange Microfinance Bank Limited, a Nigerian registered company involved in the business of microfinance banking.

9.1 Deposit for Investment in subsidiaries

In thousands of Naira	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Deposit for Investment in subsidiaries (see note 9.1 (i))	-	-	3,000,000	-

(i) During the year, the Company acquired 2billion ordinary shares and 1billion ordinary shares of Royal Exchange General Insurance Company Limited and Royal Exchange Prudential Life Plc respectively at ₦1 per share. The shares are yet to be allocated to Royal Exchange Plc as at 31 December, 2018.

(b) The condensed financial data of the consolidated entities as at 31 December 2018, are as follows:

(i) **Condensed statement of profit or loss for the year ended 31 December 2018**

In thousands of Naira	Group balances	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange General Insurance	Royal Exchange Prudential Life Plc	Royal Exchange Finance Company Ltd.	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
Gross premium income	15,178,132	(149,231)	15,327,363	-	11,100,968	3,908,120	-	-	318,275
Reinsurance expenses	(5,992,858)		(5,992,858)	-	(5,599,932)	(392,926)	-	-	-
Net premium income	9,185,274	(149,231)	9,334,505	-	5,501,036	3,515,194	-	-	318,275
Fee and commission income	546,507	-	546,507	-	494,463	52,044			-
Net underwriting Income	9,731,781	(149,231)	9,881,012	-	5,995,499	3,567,238	-	-	318,275
Total underwriting expenses	(6,057,440)	-	(6,057,440)	-	(3,557,765)	(2,198,898)	-	-	(300,777)
Underwriting profit	3,674,341	(149,231)	3,823,572	-	2,437,734	1,368,340	-	-	17,498
Share of (loss) on investment in associate	20,164	8,876	11,288	-	11,288	-	-	-	-
Write-back/(charge) of impairment allowance	(32,935)	-	(32,935)	(4,838)	277,275	(262,970)	7,288	(2,306)	(47,384)
Investment and other income	1,032,998	(216,454)	1,249,452	(266,504)	692,472	441,278	174,556	88,721	118,929
Foreign exchange gain/(loss)	(338,488)		(338,488)	-	(339,814)	65	-	-	1,262
Net income	4,356,080	(356,809)	4,712,889	(271,342)	3,078,955	1,546,713	181,844	86,415	90,305
Total expenses	(4,029,209)	354,187	(4,383,396)	(567,457)	(1,924,440)	(1,535,527)	(161,974)	(81,826)	(112,172)
(Loss)/Profit before tax	326,871	(2,622)	329,493	(838,799)	1,154,515	11,186	19,870	4,589	(21,867)
Minimum tax	(9,866)	-	(9,866)	(6,686)	-	-	-	-	(3,179)
Income tax expense	(473,181)	-	(473,181)	-	(419,191)	(47,390)	(3,653)	(1,095)	(1,851)
(Loss)/Profit after taxation	(156,176)	(2,622)	(153,553)	(845,485)	735,324	(36,204)	16,217	3,494	(26,898)

Condensed Statement of financial position as at 31 December 2018

In thousands of Naira	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange General Insurance	Royal Exchange Prudential Life Plc	Royal Exchange Finance Company Ltd	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
ASSETS									
Cash and cash equivalents	15,896,872	(30,800)	15,927,672	344,674	11,325,339	3,817,172	301,539	60,889	78,059
Loans and advances to customers	900,852	(189,232)	1,090,084	-	-	-	930,946	159,138	-
Advances under finance lease	166,608	(193,610)	360,218	-	-	-	360,218	-	-
Financial assets	4,160,610	(20,586)	4,181,196	27,787	1,422,679	2,127,597	344,904	10,000	248,227
Investment in subsidiaries	-	(10,989,990)	10,989,990	10,989,990	-	-	-	-	-
Deposit for Investment in subsidiaries		(3,000,000)	3,000,000	3,000,000	-	-	-	-	-
Trade receivables	499,382	-	499,382	-	361,667	15,690	-	-	122,024
Reinsurance assets	3,174,674	-	3,174,674	-	2,709,833	464,841	-	-	-
Deferred acquisition cost	261,631	-	261,632	-	217,457	41,855	-	-	2,320
Other receivables and prepayments	815,179	(821,098)	1,636,282	456,003	745,872	336,347	83,353	9,249	5,459
Investment in associates	213,295	(517,976)	731,272	-	432,781	283,217	15,273	-	-
Investment properties	5,998,300	-	5,998,300	-	4,239,347	1,348,153	-	-	410,800
Property and equipment	1,468,405	-	1,468,405	28,770	1,226,384	190,302	7,863	11,774	3,310
Intangible assets	15,020	-	15,020	-	0	407	12,453	279	1,880
Employees retirement benefits	283,850	-	283,850	-	283,850	-	-	-	-
Statutory deposits	555,000	-	555,000	-	340,000	215,000	-	-	-
Deferred tax assets	133,275	-	133,275	-	-	-	-	-	133,275
Assets classified as held for sale	973,639	-	973,639	-	-	973,639	-	-	-
Total assets	35,516,592	(15,763,291)	51,279,885	14,847,224	23,305,210	9,814,219	2,056,550	251,329	1,005,354
LIABILITIES									
Borrowings	8,865,661	(189,232)	9,054,893	8,907,750	85,928	24,061	-	26,550	10,604
Deferred income	144,133	-	144,133	-	144,133	-	-	-	-
Trade payables	5,583,929	-	5,583,929	-	5,465,549	118,380	-	-	-
Other liabilities	1,870,374	(3,533,974)	5,404,350	744,826	2,787,206	1,590,540	67,871	25,598	188,309
Depositors' funds	1,567,480	(14,522)	1,582,001	-	-	-	1,497,047	84,954	-
Insurance contract liabilities	11,018,012	-	11,018,012	-	5,318,102	5,486,878	-	-	213,032
Investment contract liabilities	302,424	-	302,424	-	-	302,424	-	-	-
Current income tax liabilities	698,817	-	698,817	303,578	376,966	5,387	7,473	1,354	4,061
Employees benefit liability	30,239	-	30,239	512	21,239	4,365	2,084	790	1,250
Deferred tax liabilities	336,184	-	336,184	-	256,260	50,194	-	-	29,730
Total liabilities	30,417,253	(3,737,728)	34,154,981	9,956,668	14,455,383	7,582,230	1,574,475	139,246	446,986
EQUITY									
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	2,409,567	-	2,409,567	-	2,170,933	218,454	-	-	20,181
Treasury shares	(500,000)	(500,000)	-	-	-	-	-	-	-
Retained earnings	(2,733,019)	68,811	(2,801,830)	(375,617)	354,843	(1,861,035)	(754,850)	(74,193)	(90,982)
Other component of equity	659,170	18,941	640,229	2,554	154,647	8,737	459,123	13,666	1,502
Total equity	5,099,339	(12,025,562)	17,124,904	4,890,558	8,849,827	2,231,989	482,075	112,083	558,369
Total equity & liabilities	35,516,592	(15,763,291)	51,279,885	14,847,224	23,305,210	9,814,219	2,056,550	251,329	1,005,355

The condensed financial data of the consolidated entities as at 31 December 2017, are as follows

(ii) **Condensed statement of profit or loss for the year ended 31 December 2017**

In thousands of Naira	Group balances	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange General Insurance	Royal Exchange Prudential Life Plc	Royal Exchange Finance Company Ltd	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
Gross premium income	13,396,839	(159,826)	13,556,665	-	10,200,610	3,059,338	-	-	296,717
Reinsurance expenses	(6,318,782)	-	(6,318,782)	-	(5,964,836)	(353,946)	-	-	-
Net premium income	7,078,057	(159,826)	7,237,883	-	4,235,774	2,705,392	-	-	296,717
Fee and commission income	523,177	-	523,177	-	467,565	55,612	-	-	-
Net underwriting Income	7,601,234	(159,826)	7,761,060	-	4,703,339	2,761,004	-	-	296,717
Total underwriting expenses	(6,548,384)	-	(6,548,384)	-	(3,369,012)	(2,852,725)	-	-	(326,647)
Underwriting profit	1,052,850	(159,826)	1,212,676	-	1,334,327	(91,721)	-	-	(29,930)
Share of (loss) on investment in associate	14,471	10,574	3,897	-	3,897	-	-	-	-
Write-back/(charge) of impairment allowance	(377,119)	-	(377,119)	-	(147,068)	(110,108)	(36,981)	(5,540)	(77,422)
Investment and other income	1,723,197	(390,479)	2,113,676	57,237	883,298	741,426	232,902	80,686	118,127
Foreign exchange gain	-	-	-	-	-		-	-	-
Net income	2,413,399	(539,731)	2,953,130	57,237	2,074,454	539,597	195,921	75,146	10,775
Total expenses	(3,095,526)	517,991	(3,613,517)	(408,355)	(1,624,775)	(1,177,263)	(186,103)	(74,561)	(142,460)
(Loss)/Profit before tax	(682,127)	(21,740)	(660,387)	(351,118)	449,679	(637,666)	9,818	585	(131,685)
Minimum tax	(149,633)	-	(149,633)	(48,551)	(55,602)	(44,689)	-	-	(791)
Income tax expense	(137,883)	(102,350)	(35,533)	-	(128,358)	(1,965)	(4,831)	(811)	100,432
(Loss)/Profit after taxation	(969,643)	(124,090)	(845,553)	(399,669)	265,719	(684,320)	4,987	(226)	(32,044)

Condensed Statement of financial position as at 31 December 2017

In thousands of Naira	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange General Insurance	Royal Exchange Prudential Life Plc	Royal Exchange Finance Company Ltd	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
ASSETS									
Cash and cash equivalents	12,505,923	(342,262)	12,848,185	112,363	11,333,888	1,145,992	143,570	78,209	34,163
Loans and advances to customers	1,173,612	(133,397)	1,307,009	-	-	-	1,127,330	179,679	-
Advances under finance lease	203,410	(216,873)	420,283	-	-	-	420,283	-	-
Financial assets	5,561,773	(20,586)	5,582,359	44,747	1,842,965	3,007,077	385,955	13,000	288,615
Investment in subsidiaries	-	(10,989,990)	10,989,990	10,989,990	-	-	-	-	-
Trade receivables	92,424	-	92,424	-	35,646	5,485	-	-	51,293
Reinsurance assets	2,794,485	-	2,794,485	-	2,212,548	581,937	-	-	-
Deferred acquisition cost	295,829	-	295,829	-	248,260	44,791	-	-	2,778
Other receivables and prepayments	800,429	(4,250,508)	5,050,937	210,098	3,255,642	1,471,760	91,376	11,035	11,026
Investment in associates	193,617	(523,294)	716,911	-	418,421	283,217	15,273	-	-
Investment properties	5,431,182	-	5,431,182	-	3,660,719	1,348,163	-	-	422,300
Property and equipment	2,136,567	(1)	2,136,568	91,736	1,814,563	197,633	9,413	16,690	6,533
Intangible assets	29,435	3	29,432	5,513	1,389	757	18,679	635	2,459
Employees retirement benefits	258,135	-	258,135	-	258,135	-	-	-	-
Statutory deposits	555,000	-	555,000	-	340,000	215,000	-	-	-
Deferred tax assets	267,386	-	267,386	-	235,968	-	-	-	31,418
Assets classified as held for sale	973,639	-	973,639	-	-	973,639	-	-	-
Deposit for shares	-	-	-	-	-	-	-	-	-
Total assets	33,272,846	(16,476,908)	49,749,754	11,454,447	25,658,144	9,275,451	2,211,879	299,248	850,585
LIABILITIES									
Borrowings	1,743,156	(603,807)	2,346,963	1,613,723	662,682	44,512	-	26,046	-
Deferred income	143,798	-	143,798	-	143,798	-	-	-	-
Trade payables	10,159,430	-	10,159,430	-	9,910,957	248,473	-	-	-
Other liabilities	1,608,666	(3,808,852)	5,417,518	3,784,039	686,840	644,984	85,210	24,364	192,081
Depositors' funds	1,446,763	(24,667)	1,471,430	-	-	-	1,341,392	130,038	-
Insurance contract liabilities	11,337,881	-	11,337,881	-	5,446,009	5,709,261	-	-	182,611
Investment contract liabilities	293,555	-	293,555	-	-	293,555	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	-
Current income tax liabilities	608,472	-	608,472	303,660	266,976	22,280	10,868	1,063	3,625
Employees benefit liability	38,458	-	38,458	1,076	28,358	5,044	1,722	702	1,556
Deferred tax liabilities	314,267	-	314,267	-	248,565	35,956	-	-	29,746
Total liabilities	27,694,446	(4,437,326)	32,131,772	5,702,498	17,394,185	7,004,065	1,439,192	182,213	409,619
EQUITY									
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	2,046,612	-	2,046,612	-	1,849,430	180,092	-	-	17,090
Treasury shares	(500,000)	(500,000)	-	-	-	-	-	-	-
Retained earnings	(1,967,362)	80,959	(2,048,321)	486,445	44,852	(1,754,450)	(544,380)	(59,722)	(221,066)
Other component of equity	735,529	(7,224)	742,753	1,883	200,273	(20,089)	539,265	4,147	17,274
Total equity	5,578,400	(12,039,582)	17,617,982	5,751,949	8,263,959	2,271,386	772,687	117,035	440,966
Total equity & liabilities	33,272,846	(16,476,908)	49,749,754	11,454,447	25,658,144	9,275,451	2,211,879	299,248	850,585

10 *In thousands of Naira*
Trade receivables

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Due from agents (see note 10(a) below)	199,881	75,016	-	-
Due from co-insurers (see note 10(b)	299,501	17,408	-	-
	499,382	**92,424**	**-**	**-**
Within one year	499,382	92,424	-	-
More than one year	-	-	-	-
	499,382	**92,424**	**-**	**-**

The carrying amount is a reasonable approximation of fair value

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

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Gross receivable from agents	570,084	621,009	-	-
Less: Impairment allowance (see note 10a(i) below)	(370,203)	(545,993)	-	-
	199,881	**75,016**	**-**	**-**

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

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	545,993	415,207	-	-
Allowance made during the year	156,410	138,066	-	-
Write off	-	(7,280)	-	-
Write back	(7,999)	-	-	-
Re-measurement	(324,201)	-	-	-
At 31 December	**370,203**	**545,993**	**-**	**-**

(b) The analysis of due from co-insurers is as follows:
In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Reinsurance receivables	653,206	451,263	-	-
Less: Impairment allowance (see note 10(b)(i) below)	(353,705)	(433,855)	-	-
	299,501	**17,408**	**-**	**-**

(i) The movements in impairment allowance on reinsurance receivables is analysed below;
In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
As at 1 January	433,855	356,634	-	-
Allowance made during the year	(80,150)	77,221	-	-
Reversal during the year	-	-	-	-
At 31 December	**353,705**	**433,855**	**-**	**-**

11 Reinsurance assets

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Non-life business reinsurance share of insurance liabilities (see 11(a) below)	2,709,833	2,212,548	-	-
Life business reinsurance share of insurance liabilities (see 11(b) below)	464,841	581,937	-	-
	3,174,674	**2,794,485**	**-**	**-**
Within one year	3,174,674	2,782,217	-	-
More than one year	-	12,268	-	-
	3,174,674	**2,794,485**	**-**	**-**

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

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Prepaid reinsurance premium (see note (a)(i))	541,404	642,587	-	-
Reinsurance claims recoverable (see note (a) (ii))	1,867,130	1,204,292	-	-
Reinsurer's share of incurred but not reported claims (see note (a) (iii))	301,299	365,669	-	-
	2,709,833	**2,212,548**	**-**	**-**

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

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	642,587	1,217,600	-	-
Movement during the year (see note 36)	(101,183)	(575,013)	-	-
As at 31 December	**541,404**	**642,587**	**-**	**-**

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

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	1,204,292	643,402	-	-
Movement during the year	662,838	560,890	-	-
At 31 December	**1,867,130**	**1,204,292**	**-**	**-**

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

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	365,669	328,932	-	-
Movement during the year	(64,370)	36,737	-	-
At 31 December	**301,299**	**365,669**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Fire	1,538,463	1,345,788	-	-
Accident	117,209	72,815	-	-
Motor	78,635	101,085	-	-
Marine and aviation	101,328	126,007	-	-
Oil & Gas	727,581	479,595	-	-
Engineering	132,452	82,000	-	-
Bond	14,165	5,258	-	-
	2,709,833	**2,212,548**	**-**	**-**

(b) Life business reinsurance share of insurance liabilities

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Reinsurance asset (actuarial valuation)	174,748	240,140	-	-
Reinsurer and facultative asset	290,093	341,797	-	-
	464,841	**581,937**	**-**	**-**

(i) Reinsurance assets (actuarial valuation)

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Short term insurance contracts	165,821	227,872	-	-
Long term Insurance contracts	8,927	12,268	-	-
	174,748	**240,140**	-	-

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	581,937	470,591	-	-
Additions in the year	374,172	453,800	-	
Receipts during the year	(307,492)	(237,844)	-	-
Impairment of reinsurance assets	(183,776)	(104,610)	-	
At 31 December	**464,841**	**581,937**	**-**	**-**

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.

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January				
Balance at start of the year	295,829	351,076	-	-
Additions in the year	1,708,152	1,006,468	-	-
Amortization in the year	(1,742,350)	(1,061,715)	-	-
At 31 December	**261,631**	**295,829**	**-**	**-**
Within one year	261,631	295,829	-	-
More than one year	-	-	-	-
	261,631	**295,829**	**-**	**-**

13 Other receivables and prepayment

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Intercompany receivables (see note 13(a) below)	-	-	165,819	55,214
Accrued investment income (see note 13(b) below)	139,244	168,449	-	-
Other receivables (see note 13(c) below)	1,374,771	1,292,164	221,776	100,516
Prepayments	286,272	267,595	89,363	56,657
	1,800,287	1,728,208	476,958	212,387
Impairment on other receivables (see 13(d)) below	(985,108)	(927,778)	(20,955)	(2,289)
	815,179	**800,430**	**456,003**	**210,098**

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Within one year	815,179	800,430	456,003	210,098
More than one year	-	-	-	-
	815,179	**800,430**	**456,003**	**210,098**

(a) Due from related parties

In thousands of Naira

Royal Exchange Microfinance Bank Limited	-	-	1,803	-
Royal Exchange Healthcare Limited	-	-	66,298	55,214
Royal Exchange General Insurance Company	-	-	78,068	-
Royal Exchange Prudential Life Limited	-	-	19,650	-
	-	**-**	**165,819**	**55,214**

(b) Accrued investment income

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Investment income	139,244	168,449	-	-

(c) Other receivables

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Inventory	-	3,647	-	-
Accrued rental income	-	12,477	-	-
Staff advance and other debtors	-	76,801	-	-
Management fees receivable	-	21,379	4,049	21,379
Withholding tax receivables	-	52,147	57,994	-
Income tax receivables	-	-	-	35,700
Trustee fees receivable	-	2,267	2,275	2,267
Sundry debtors	-	806,052	-	-
Deposit for investment	18,713	215,200	-	-
Annuity transfer to REFAM	-	23,758	-	-
Receivable from Funds under management	-	2,167	-	-
Sundry receivables	1,009,688	76,269	157,458	41,170
other assets	346,370	-	-	-
	1,374,771	**1,292,164**	**221,776**	**100,516**

(d) Impairment allowance on other receivables

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	927,778	902,857	2,289	2,289
Allowance made during the year	108,788	48,021	18,666	-
Write off	-	-	-	-
Write back (see note 44)	(51,458)	(23,100)	-	-
At 31 December	**985,108**	**927,778**	**20,955**	**2,289**

14 Investment in associates

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

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
As at 1 January	193,617	179,146	-	-
Share of current year result recognised in OCI	(486)	-	-	-
	193,131	179,146	-	-
Share of current year result recognised in profit or	20,164	14,471	-	-
Share of cumulative unrecognised results	-	-	-	-
	20,164	14,471	-	-
As at 31 December	**213,295**	**193,617**	**-**	**-**

15 Investment Properties

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
At 1 January	5,431,181	5,419,858		
Additions during the year	509,372	143,763	-	-
Disposals during the year	-	-	-	-
Fair value gains (see note 43)	57,747	(57,440)	-	-
Derecognised investment properties	-	(75,000)	-	-
At 31 December	**5,998,300**	**5,431,181**	**-**	**-**

(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-18**	**31-Dec-17**
In thousands of Naira						
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	410,800	410,800
No.5, NBC road, off Ahmadu Bello way, Kaduna	Yayok Associates Estate Surveyor & Valuer	Suite B7, Halima Plaza, behind Sahad Stores, Balanga, Abuja	FRC/2013/NIESV/00000000834	A-1277	280,200	280,200
No. 7,Usuma Cresent Maitama Abuja	Emeka Orji Partnership	Suite 9G, 9th floor, Ahmed Talib House (NNDC) 18/19 Ahmadu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	580,000	562,870
No 1, Eleko close, Ikoyi, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	771,941	771,941
No. 2,Eleko close Ikoyi Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	950,640	950,640
No. 26, Abduraman Okene cresent,Victoria Island, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	684,266	684,266
29,Oroago crescent Garki 11,Abuja	Emeka Orji Partnership	Suite 9G, 9th Floor, Ahmed Talib House. (NNDC), 18/19 Ahmodu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	413,747	403,650
36/38, Apapa Oshodi expressway, Oshodi, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	934,406	944,513
12, 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	422,300
Plot 6A & 6B Usuma Cresent, Maitama, Abuja, FCT	Emeka Orji Partnership	Suite 9G, 9th Floor, Ahmed Talib House. (NNDC), 18/19 Ahmodu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	550,000	-
					5,998,300	**5,431,181**

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

For the year ended 31 December 2018

Property Details	**Balance as at 1 January 2018**	**Additions**	**Transfer/disposal**	**Fair value Gain/(Loss)**	**Balance as at 31 December 2018**
In thousands of Naira					
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 Cresent Maitama Abuja	562,870	-	-	17,130	580,000
No 1, Eleko close, Ikoyi, Lagos	771,941	-	-	-	771,941
No. 2,Eleko close Ikoyi Lagos	950,640	-	-	-	950,640
No. 26, Abduraman Okene Cresent,Victoria Island, Lagos	684,266	-	-	-	684,266
29,Oroago Crescent Garki 11,Abuja	403,650	-	-	10,097	413,747
36/38, Apapa Oshodi Expressway Oshodi, Lagos	944,513	-	-	(10,107)	934,406
12, Post office road, Kano	422,300	-	-		422,300
Plot 6A & 6B Usuma Cresent, Maitama, Abuja, FCT		509,373	-	40,627	550,000
	5,431,180	**509,373**	**-**	**57,747**	**5,998,300**

For the year ended 31 December 2017

Property Details	**Balance as at 1 January 2017**	**Additions**	**Transfer/disposals**	**Fair value Gain/(Loss)**	**Balance as at 31 December 2017**
In thousands of Naira					
No.2, bank road, off Ibrahim Taiwo way, Kano	405,600	-	-	5,200	410,800
No.5, NBC road, off Ahmadu Bello way, Kaduna	275,400	-	-	4,800	280,200
No. 7,Usuma Cresent Maitama Abuja	559,999	-	-	2,871	562,870
No 1, Eleko close, Ikoyi, Lagos	799,422	-	-	(27,480)	771,942
No. 2,Eleko close Ikoyi Lagos	981,073	-	-	(30,433)	950,640
No. 26, Abduraman Okene Cresent,Victoria Island, Lagos	720,114	-	-	(35,847)	684,267
29,Oroago Crescent Garki 11,Abuja	390,000	-	-	13,650	403,650
15a Asa road, Aba	69,000	-	(75,000)	6,000	-
36/38, Apapa Oshodi Expressway Oshodi, Lagos	800,750	143,763	-	-	944,513
12, Post office road, Kano	418,501	-	-	3,799	422,300
	5,419,859	**143,763**	**(75,000)**	**(57,440)**	**5,431,181**

(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 2018. 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
The property is a fully completed building with 3 floors located in the central business district of Kano which is a commercial neighbourhood. 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. Situation: Primary access to the property is vide the Ibrahim Taiwo road Kano State.	410,800	No.2, Bank road, off Ibrahim Taiwo way, Kano	Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cash flows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2018:15% 2017: 15%); Estimated vacancy rates (2018:0% ; 2017:0%) Maintenance costs (2018:N4million; 2017: N370,000-N500,000) Capitalisation rate (2018: 5.5%; 2017:4.5%) Discount rate (2018: 17.5%; 2017: 10%)	The estimated fair value would increase (decrease) if: - future rental cash flows were higher (lower) - Estimated vacancy rates were lower (higher) - Maintenance costs were lower (higher) - Capitalisation rate were lower (higher) - Discount rates were lower (higher)
The property is a 2 storey office block and a commercial bungalow located in the central business district of Kaduna State. Site: The site, which is rectangular in shape, appears level and relatively flat. It covers a total land area of approximately 5,184 square metres. Situation: Primary access to the property is vide the Ahmadu Bello way while a secondary access is the Broadcasting road Kaduna State.	280,200	No.5, NBC road, off Ahmadu Bello way, Kaduna	Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cash flows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2018:15% 2017: 15%); Estimated vacancy rates (2018:17.5% ; 2017:0%) Maintenance costs (2018:N4million -N6mllion; 2017: N5million -N6mllion) Capitalisation rate (2018: 5.5%; 2017:5%) Discount rate (2018: 17.5%; 2017: 15%)	The estimated fair value would increase (decrease) if: - future rental cash flows were higher (lower) - Estimated vacancy rates were lower (higher) - Maintenance costs were lower (higher) - Capitalisation rate were lower (higher) - Discount rates were lower (higher)

The property is a 5 bedroom detached duplex located in a high brow low density residential neighbourhood in Abuja. Site: The site is rectangular in shape, appears firm and is sloped gently towards the back. It has a total land area of approximately 2,133.60 square metres. Situation: Primary access to the property is vide the Usman Crescent which takes its root from Gana street which itself takes root from the popular Shehu Shagari way in Maitama Abuja.	580,000	No. 7,Usuma Crescent Maitama Abuja	Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cash flows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2018:10% - 15%; 2017: 15%-20%); Estimated vacancy rates (2018:5% ; 2017:5%) Maintenance costs (2018:10% of annual income; 2017: 10% of annual income) Capitalisation rate (2018: 3.5%; 2017:3.5%) Discount rate (2018: 10%; 2017: 10%)	The estimated fair value would increase (decrease) if: - future rental cash flows were higher (lower) - Estimated vacancy rates were lower (higher) - Maintenance costs were lower (higher) - Capitalisation rate were lower (higher) - Discount rates were lower (higher)
The property is a 4 bedroom detached house. It is located in the Old Ikoyi fully developed neighbourhood of Lagos. Site: The site, which is rectangular in shape, and covers a total land area of approximately 1,041.76 square metres. Situation: Primary access to the property is vide the Macpherson Street which carries traffic to Bourdillon road Ikoyi.	771,941	No 1, Eleko close, Ikoyi, Lagos	Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cash flows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2018:10%; 2017: 5%); Estimated vacancy rates (2018:0% ; 2017:0%) Capitalisation rate (2018: 5%; 2017: 94.05) Discount rate (2018: 17.2%; 2017: 17.2%)	The estimated fair value would increase (decrease) if: - future rental cash flows were higher (lower) - Estimated vacancy rates were lower (higher) - Capitalisation rates were lower (higher) - Discount rates were lower (higher)
The property is a 4 bedroom detached house. It is located in the Old Ikoyi fully developed neighbourhoud of Lagos. Site: The site, which is rectangular in shape, and covers a total land area of approximately 1,837.85 square metres. Situation: Primary access to the property is vide the Macpherson Street which carries traffic to Bourdillon road Ikoyi.	950,640	No. 2,Eleko close Ikoyi Lagos	Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cash flows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2018:10%; 2017: 5%); Estimated vacancy rates (2018:0% ; 2017:0%) Capitalisation rate (2018: 5%; 2017:92.67) Discount rate (2018: 17.2%; 2017: 17.2%)	The estimated fair value would increase (decrease) if: - future rental cash flows were higher (lower) - Estimated vacancy rates were lower (higher) - Capitalisation rates were lower (higher) - Discount rates were lower (higher)
The property is a block of open plain office space on two floors. It is located in the commercial area of Lagos State. Site: The site, which is rectangular in shape, appears level and relatively flat. It covers a total land area of approximately 1,260 square metres. Situation: Primary access to the property is	684,266	No. 26, Abduraman Okene cresent,Victoria Island, Lagos	Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cash flows are	Expected market rental growth rate (2018:10%; 2017: 5%); Estimated vacancy rates (2018:0% ; 2017:0%) Capitalisation rate (2018: 5%; 2017: 16.37%) Discount rate (2018: 3.5%; 2017: 17.2%)	The estimated fair value would increase (decrease) if: - future rental cash flows were higher (lower) - Estimated vacancy rates were lower (higher) - Capitalisation rate were lower (higher) - Discount rates were lower (higher)

vide the Ligali Ayorinde Street.			discounted using risk adjusted discount rates.		
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. 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. Situation: Primary access to the property is vide the Muhammud Buhari Way, Abuja.	413,747	29,Oroago crescent Garki 11,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 10% Estimated vacancy rates is 5% Maintenance costs 15% of annual income Capitalisation rate is 3.5% Discount rate is 10%	The estimated fair values would increase (decrease) if: - the rate of development in the area increases (decreases), - quality of the building increases (decreases), - influx of people and/or business to the area increases (decreases).
The property is a fully completed building with 3 floors located in Oshodi, Lagos which is a commercial neighbourhood. 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. Situation: Primary access to the property is vide the Oshodi Apapa Express way and Akin Lawanson street, Lagos State.	934,406	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.	The estimated fair values would increase (decrease) if: - the rate of development in the area increases (decreases), - quality of the building increases (decreases), - influx of people and/or business to the area increases (decreases).
The property is a fully completed building with 2 floors located in the Central Business District Kano Municipality, which is a commercial neighbourhood. Site: The site, which is triangular in shape, appears level and relatively flat. It covers a total land area of approximately 2,618.88 square metres. Situation: Primary access to the property is vide Post Office Road and Bank Road, Kano.	422,300	12, Post Office road, Kano	Sales Comparison	Price per square meter	The estimated fair values would increase (decrease) if: - the price per square meter increases (decreases)

The property is a 5 bedroom detached duplex located in a high brow low density residential neighbourhood in Abuja. Site: The site is rectangular in shape, appears firm and is sloped gently towards the back. It has a total land area of approximately 2,680.30 square metres. Situation: Primary access to the property is vide the Usman Crescent which takes its root from Gana street which itself takes root from the popular Shehu Shagari way in Maitama Abuja.	550,000	Plot 6A & 6B Usuma Crescent, Maitama, Abuja, FCT	Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cash flows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2018:10% - 15%; 2017: 15%-20%); Estimated vacancy rates (2018:5% ; 2017:5%) Maintenance costs (2018:10% of annual income; 2017: 10% of annual income) Capitalisation rate (2018: 3.5%; 2017:3.5%) Discount rate (2018: 10%; 2017: 10%)	The estimated fair value would increase (decrease) if: - future rental cash flows were higher (lower) - Estimated vacancy rates were lower (higher) - Maintenance costs were lower (higher) - Capitalisation rate were lower (higher) - Discount rates were lower (higher)

16 Assets classified as held for sale

In thousands of Naira	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
At 1 January	973,639	973,639	-	-
Transfer to investment properties	-	-	-	-
At 31 December	**973,639**	**973,639**	**-**	**-**

In December 2018, management committed to a plan to sell one of its investment property located at 776 Cadastral Zone A00, Central business area, Abuja. Accordingly, this property is presented as a non-current assets held for sale.

At 31 December 2018, 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 company conducted an impairment test on the non-current asset held for sale in the period under review and there was no indication of impairment on the assets. The fair value of the non-current asset held for sale as at 31 December 2018 stood at N1.006 billion, higher than the carrying amount of N974 million, hence there were no changes to its carrying amount. There are no gains or losses recognised in relation to its classification as a non-current asset held for sale.

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

In thousands of Naira	Land	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost						
At 1 January 2018	194,239	1,780,232	320,234	589,344	1,011,603	3,895,652
Transfer from investment properties (see note 15)	-	(541,886)	-	-	-	(541,886)
Additions	-	-	3,837	2,342	60,628	66,807
Disposals	-	-	(92,274)	(136,936)	(128,799)	(358,009)
At 31 December 2018	194,239	1,238,346	231,797	454,750	943,432	3,062,564
At 1 January 2017	194,239	1,780,232	315,951	592,105	998,896	3,881,423
Reclassification	-	-	(45)	-	-	(45)
Additions	-	-	4,328	7,112	82,361	93,801
Disposals	-	-	-	(9,873)	(69,654)	(79,527)
At 31 December 2017	194,239	1,780,232	320,234	589,344	1,011,603	3,895,652

Accumulated Depreciation

In thousands of Naira	Land	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
At 1 January 2018	-	201,603	296,057	542,523	718,902	1,759,085
Charge for the year	-	24,683	13,099	22,417	134,555	194,754
Reclassification/ transfers (see note 15)	-	(32,513)	-	-	-	(32,513)
Disposals	-	-	(92,025)	(136,231)	(98,911)	(327,167)
At 31 December 2018	-	193,773	217,131	428,709	754,546	1,594,159
At 1 January 2017	-	195,311	278,388	511,507	612,947	1,598,153
Charge for the year	-	6,292	17,706	38,328	156,448	218,774
Reclassification/ transfers	-	-	(37)	-	-	(37)
Disposals	-	-	-	(7,312)	(50,493)	(57,805)
At 31 December 2017	-	201,603	296,057	542,523	718,902	1,759,085
Carrying amounts:						
At 31 December 2018	**194,239**	**1,044,573**	**14,666**	**26,041**	**188,886**	**1,468,405**
At 31 December 2017	**194,239**	**1,578,629**	**24,177**	**46,821**	**292,701**	**2,136,567**

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2017: nil).
(ii) The Group had no capital commitments as at the balance sheet date (2017: nil).
(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the year (2017: Nil).

(b) Company

In thousands of Naira	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost					
At 1 January 2018	-	18,516	25,753	152,558	196,827
Revaluation	-	-	-	-	-
Additions	-	537	-	-	537
Disposals	-	(309)	-	(56,475)	(56,784)
At 31 December 2018	-	18,744	25,753	96,083	140,580
Depreciation					
At 1 January 2018	-	16,961	23,447	64,683	105,091
Charge	-	854	763	30,161	31,778
Disposals	-	(115)	-	(24,944)	(25,059)
At 31 December 2018	-	17,700	24,210	69,900	111,809
Carrying amounts:					
At 31 December 2018	-	**1,044**	**1,543**	**26,183**	**28,770**
At 31 December 2017	-	**1,555**	**2,306**	**87,875**	**91,736**

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2017: nil).

(ii) The Group had no capital commitments as at the balance sheet date (2017: nil)

(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2017: Nil)

18 Intangible assets

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Cost:				
At 1 January	248,252	239,587	14,888	9,375
Additions	-	8,620	-	5,513
Reclassification	(3,708)	45	(5,513)	-
At 31 December 2018	244,544	248,252	9,375	14,888
Accumulated amortisation:				
At 1 January	218,818	206,471	9,375	9,375
Charge for the year	8,816	12,310	-	-
Reclassification	1,890	36	-	-
At 31 December 2018	229,524	218,817	9,375	9,375
Carrying Amount as at 31 December 2018	**15,020**	**29,435**	**-**	**5,513**

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 2018, 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:

In thousands of Naira	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Defined benefit obligations (see Note 19.1 below)	283,850	258,135	-	-
Employee benefit asset in statement of financial position	283,850	258,135	-	-

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

	Group	Group	Company	Company
In thousands of Naira	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Defined benefit obligations (see Note 19.1 below)	(30,239)	(38,458)	(512)	(1,076)
Employee benefit asset in statement of financial position	(30,239)	(38,458)	(512)	(1,076)

19.1 Defined benefit plan:

The Group offers its employees defined benefit plans in the form of gratuity scheme and long service awards. The Gratuity Scheme covers all employees and it is payable to an employee on resignation only if the employee has served the entity for more than five years. The gratuity benefit is based on a percentage of an employee's annual emolument

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. 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:

	In thousands of Naira	Group	Group	Company	Company
		31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
	Pension (net asset)	283,850	258,135	-	-
	Employee benefit asset in statement of financial position	283,850	258,135	-	-
	Long service award (outstanding liability)	(30,239)	(38,458)	(512)	(1,076)
	Employee benefit liability in statement of financial position	**(30,239)**	**(38,458)**	**(512)**	**(1,076)**
(b)	Company's obligations for:-				
	-Pension benefits (see note 19.1(d) below)	(178,505)	(197,415)	-	-
	- Long service award (see note 19.1(e) below)	(30,239)	(38,458)	(512)	(1,076)
	Total Company Obligation	**(208,744)**	**(235,873)**	**(512)**	**(1,076)**
(c)	Fair value of Company's plan assets				
	-Pension benefits (see note 19.1(d) below)	462,354	455,550	-	-
i	Income statement charge for:-				
	- Pension benefits (see note 19.1(d)(iii) below)	(38,210)	(39,274)	-	-
	- Long service award (see note 19.1(e)(ii) below)	9,766	9,252	107	255
	Total	**(28,444)**	**(30,022)**	**107**	**255**

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
ii Gain/ (loss) on other comprehensive income				
-Adjustments for net pension assets (see note 19.1(d)(iv))	(12,496)	(15,150)	-	-
-Adjustments for long-service awards obligations (see note 19.1(e)(iii))	9,281	2,552	(671)	(62)
Total	(3,215)	(12,598)	(671)	(62)
Tax effect of remeasurement	-	1,803	-	-
Total in other comprehensive income	**(3,215)**	**(10,795)**	**(671)**	**(62)**

(d) Pension benefits

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Present value of funded obligations (see note 19.1(d)(i) below)	(178,505)	(197,415)	-	-
Fair value of plan assets (see note 19.1(d)(ii) below)	462,354	455,550	-	-
Net asset in the statement of financial position	**283,849**	**258,135**	**-**	**-**
Current	-	-	-	-
Non-current	283,849	258,135	-	-
	283,849	**258,135**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	197,415	181,830	-	-
Current service cost	-	-	-	-
Interest cost	25,567	26,429	-	-
Actuarial (gains)/ losses-assumption	(13,674)	16,940	-	-
Actuarial (gains)/losses-experience	12,983	(12,754)	-	-
Benefits paid by the fund	(43,786)	(15,030)	-	-
At 31 December	**178,505**	**197,415**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	455,550	415,841	-	-
Expected return on plan assets	63,777	65,703	-	-
Benefits paid	(43,786)	(15,030)	-	-
Actuarial (loss)/gains	(13,187)	(10,964)	-	-
As at 31 December	**462,354**	**455,550**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Current service costs	-	-	-	-
Net interest costs/income:				
- Interest costs (see note 19.1(d)(i))	25,567	26,429	-	-
- Expected return on plan asset (see note 19.1(d)(i))	(63,777)	(65,703)	-	-
At 31 December	**(38,210)**	**(39,274)**	**-**	**-**

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

In thousands of Naira	**Group**	**Group**	**Company**	**Company**
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Actuarial (gains)/ losses-assumption for obligation (see note 19.1(d)(i))	13,674	(16,940)	-	-
Actuarial (losses)-experience for obligation (see note 19.1(d)(i))	(12,983)	12,754	-	-
Actuarial (losses) on plan asset (see note 19.1(d)(ii))	(13,187)	(10,964)	-	-
At 31 December	**(12,496)**	**(15,150)**	**-**	**-**

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:

In thousands of Naira	**Group**	**Group**	**Company**	**Company**
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Discount rate	16%	14%	N/A	N/A
Rate of pension increase	3%	3%	N/A	N/A
Inflation rate	12%	12%	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:

In years	**Group**	**Group**	**Company**	**Company**
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Male	78	79	N/A	N/A
Female	83	83	N/A	N/A

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

31-Dec-18

	Change in assumption		Impact on liability including change (N'000)	
Discount rate	0.50%	-0.50%	174,369	182,843

31-Dec-17

	Change in assumption		Impact on liability including change (N'000)	
Discount rate	-0.50%	0.50%	202,692	192,401

(e) Long Service Awards

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Present value of unfunded obligations (see note 19.1(e)(i) below)	**30,329**	**38,458**	**512**	**1,076**
Current	-	-	-	-
Non-current	30,239	38,458	512	1,076
	30,239	**38,458**	**512**	**1,076**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	38,458	39,269	1,076	883
Current service cost	4,760	4,284	154	125
Interest cost	5,006	4,968	142	130
Past service cost (including curtailments)	(5,335)	-	(189)	-
Benefits paid	(3,369)	(7,511)	-	-
Actuarial (gains)/losses	(9,281)	(2,552)	(671)	(62)
At 31 December	**30,239**	**38,458**	**512**	**1,076**

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

Current service costs (see note 19.1(e)(i))	4,760	4,284	154	125
Net interest costs/income:				
- Interest costs (see note 19.1(e)(i))	5,006	4,968	142	130
- Expected return on plan asset	-	-	-	-
Past service costs (including curtailment)	-	-	(189)	-
At 31 December	**9,766**	**9,252**	**107**	**255**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Actuarial losses/(gains) on obligations (see note 19.1(e)(i))	(9,281)	(2,552)	(671)	(62)
The principal actuarial assumptions used were as follows:				
Discount rate	16%	14%	16%	16%
Future salary increases	13%	3%	13%	13%
Inflation rate	12%	12%	12%	12%

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-18			
	Change in assumption		Impact on liability including change (N'000)	
Discount rate	0.50%	-0.50%	29,455	31,063
Future salary increases	0.50%	-0.50%	30,901	29,605
Inflation rate	0.50%	-0.50%	30,369	30,113

	31-Dec-17			
	Change in assumption		Impact on liability including change (N'000)	
Discount rate	-0.50%	0.50%	39,551	37,451
Future salary increases	-0.50%	0.50%	37,660	39,322
Inflation rate	-0.50%	0.50%	38,310	38,644

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.

In thousands of Naira	**Group**	**Group**	**Company**	**Company**
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Deposits with CBN	**555,000**	**555,000**	-	-
The analysis of the statutory deposit is as follows:				
Deposit with CBN for non-life business	340,000	340,000	-	-
Deposit with CBN for life business	215,000	215,000	-	-
	555,000	**555,000**	**-**	**-**

21 Deferred taxation

Group

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

For the period ended 31 December 2018

In thousands of Naira	Note	Net balance as at 1 January	Recognised in profit or loss	Recognised in OCI	Net balance as at 31 December 2018
Deferred tax assets					
Property and equipment, and software		119,220	(85,855)	-	33,365
Allowances for loans and receivables		-	7,752	-	7,752
Unrelieved loss		136,449	(44,758)	-	91,691
Employee benefits		11,717	(11,250)	-	467
Deferred tax assets		**267,386**	**(134,111)**	**-**	**133,275**
Deferred tax liabilities					
Investment properties		(314,251)	(21,933)	-	(336,184)
Employee benefits		(16)	16	-	-
Deferred tax liabilities		**(314,267)**	**(21,917)**	**-**	**(336,184)**
Net deferred tax assets/(liabilities)		**(46,881)**	**(156,028)**	**-**	**(202,909)**

Group

In thousands of Naira

	Note	Net balance as at 1 January	Recognised in profit or loss	Recognised in OCI	2017 Net balance as at 31 December 2017
Deferred tax assets					
Property and equipment, and software		142,409	(23,189)	-	119,220
Allowances for loans and receivables		-	-	-	-
Unrelieved loss		215,560	(79,111)	-	136,449
Employee benefits		2,206	7,708	1,803	11,717
Foreign exchange		-	-	-	-
Deferred tax assets		**360,175**	**(94,592)**	**1,803**	**267,386**
Deferred tax liabilities					
Investment properties		(294,640)	(19,611)	-	(314,251)
Employee Benefits		-	(16)	-	(16)
Deferred tax liabilities		**(294,640)**	**(19,627)**	**-**	**(314,267)**
		65,535	**(114,219)**	**1,803**	**(46,881)**

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.

The deferred tax assets of Royal Exchange Prudential Life Plc and Royal Exchange Plc, components of the Group, which relates primarily to timing difference in the recognition of depreciation and capital allowances on property and equipment, employee benefit liabilities and unrelieved tax losses were not recognised in these financial statements.

This is due to the uncertainty about the availability of future taxable profits for these entities against which deferred tax assets can be utilised.

22 Deferred income

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Deferred rental income (see 22(a) below)	40,553	40,593	-	-
Deferred acquisition income (see 22(b) below)	103,580	103,205	-	-
At 31 December	**144,133**	**143,798**	-	-
Within one year	103,580	120,331	-	-
More than one year	40,553	23,467	-	-
	144,133	**143,798**	-	-

(a) Deferred rental income

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	40,593	29,648	-	-
Additions during the year	-	86,805	-	-
Amortised for the year	(40)	(75,860)	-	-
At 31 December	**40,553**	**40,593**	-	-

(b) Deferred acquisition income

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

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance at 1 January	103,205	133,294	-	-
Additions in the year	494,463	467,565	-	-
Amortization in the year	(494,088)	(497,654)	-	-
At 31 December	**103,580**	**103,205**	-	-

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Fire	30,068	27,619	-	-
Accident	17,785	10,347	-	-
Motor	6,038	8,332	-	-
Marine and aviation	7,856	13,084	-	-
Oil & Gas	17,968	20,864	-	-
Engineering	23,341	22,826	-	-
Bond	524	133	-	-
	103,580	**103,205**	-	-

23 Trade payables

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Reinsurance payables	345,385	655,980	-	-
Deposit for premium (See note 23 (a) below)	5,166,855	9,446,598	-	-
Premium payables to Co-insurers	5,772	56,852	-	-
Other trade payables	65,917	-	-	-
	5,583,929	**10,159,430**	-	-
Within one year	5,583,929	10,159,430	-	-
More than one year	-	-	-	-
	5,583,929	**10,159,430**	-	-

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

(a) Deposit for premium represents premium collected in advance at the reporting date that are yet to be recognised as at the end of the year.

24 Other liabilities

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Due to related parties (see 24(a) below)	-	-	10,455	3,270,016
Other liabilities (see 24(b) below)	1,870,374	1,608,666	657,323	514,023
	1,870,374	**1,608,666**	**667,778**	**3,784,039**
Within one year	1,382,788	1,382,788	215,289	171,996
More than one year	487,586	225,878	452,489	3,612,043
	1,870,374	**1,608,666**	**667,778**	**3,784,039**

(a) Due to related parties

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Royal Exchange General Insurance Company	-	-	-	2,173,342
Royal Exchange Prudential Life Limited	-	-	-	1,088,397
Royal Exchange Finance Company Limited	-	-	10,455	8,115
Royal Exchange Microfinance Bank	-	-	-	162
	-	**-**	**10,455**	**3,270,016**

(b) Analysis of other liabilities is as follows:

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Deferred income	59,090	28,931	-	-
Accruals	240,161	235,737	88,531	17,995
PAYE and WHT payables	124,514	125,375	45,958	44,845
VAT Payable	-	-	77,110	78,443
NAICOM levy	26,979	32,827	-	-
Other Statutory payables	175,557	4,473	-	-
Deposit for shares	85	-	-	-
Staff payables	20,740	15,107	17,526	-
Dividend payable held as collateral	228,621	-	228,621	-
Other pension obligations	-	7,361	-	-
Unclaimed Dividend	57,876	75,948	57,876	75,948
Discontinued Liability	2,314	-	2,314	-
Other payables	934,436	1,082,907	139,387	296,792
	1,870,374	**1,608,666**	**657,323**	**514,023**

(i) Dividend payable held as collateral represents dividend belonging to Spennymoor Limited, Dantata Investments & Securities Company Limited and Phoenix Holdings Limited which was withheld by the Group in respect to 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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Royal Exchange investment notes (see note 25(a) below)	106,500	220,885	-	-
High yield investment papers (see note 25(b) below)	1,338,380	1,064,309	-	-
Savings	23,670	(281)	-	-
Demand deposit	26,002	82,159	-	-
Term deposit and call deposits	72,928	79,691	-	-
	1,567,480	**1,446,763**	**-**	**-**

(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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Non-life general insurance (see note 26(a) below)	5,318,102	5,446,009	-	-
Healthcare insurance (see note 26(b) below)	213,032	182,611	-	-
Life insurance	5,486,878	5,709,261	-	-
	11,018,012	**11,337,881**	**-**	**-**

(a) Non-life general Insurance

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Unexpired risk (See note 26(a)(ii) below)	1,572,772	1,956,982	-	-
Outstanding claims:		-	-	-
Claims outstanding	3,065,007	2,584,041	-	-
Incurred but not reported	680,323	904,986	-	-
	5,318,102	**5,446,009**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Fire	2,156,893	2,089,367	-	-
Accident	579,206	412,026	-	-
Motor	842,811	962,162	-	-
Marine and aviation	296,000	449,537	-	-
Oil & Gas	1,251,627	1,396,351	-	-
Engineering	162,726	126,916	-	-
Bond	28,839	9,650	-	-
	5,318,102	**5,446,009**	**-**	**-**

(ii) Unexpired risk is summarised by type below

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Fire	281,965	410,125	-	-
Accident	150,386	156,595	-	-
Motor	428,760	534,098	-	-
Marine and aviation	115,240	232,199	-	-
Oil & Gas	504,308	594,568	-	-
Engineering	88,709	28,501	-	-
Bond	3,404	896	-	-
	1,572,772	**1,956,982**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	1,956,982	2,459,159	-	-
Movement during the year	(384,210)	(502,177)	-	-
At 31 December	**1,572,772**	**1,956,982**	**-**	**-**

(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:

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Fire	1,874,926	1,679,242	-	-
Accident	428,821	255,431	-	-
Motor	414,051	428,064	-	-
Marine and aviation	181,361	217,338	-	-
Oil & Gas	747,320	801,783	-	-
Engineering	74,017	98,415	-	-
Bond	24,835	8,754	-	-
	3,745,331	**3,489,027**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	3,489,027	2,939,820	-	-
Movement during the year	265,304	549,207	-	-
At 31 December	**3,745,331**	**3,489,027**	**-**	**-**

(b) Healthcare insurance

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Claims and loss adjustment expenses (see note 26(b)(i))	166,632	127,048	-	-
Provisions for unearned premiums and unexpired short term insurance risks (see note 26(b)(ii))	46,400	55,562	-	-
	213,032	**182,611**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Claims outstanding as at 1 January	127,048	69,480	-	-
Cash paid for claims settled in the year	231,579	266,401	-	-
- Arising from current-year claims	(92,117)	(128,634)	-	-
- Arising from prior year claims	(99,878)	(80,198)	-	-
As at 31 December	**166,632**	**127,048**	**-**	**-**

(ii) Provisions for unearned premiums and unexpired short term insurance risks

The movements for the year are summarised below:

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	55,562	74,469	-	-
Increase in the year	111,002	179,032	-	-
Release in the year	(120,164)	(197,939)	-	-
At 31 December	**46,400**	**55,562**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Outstanding claims - Group life (see note 26(c)(i) below)	1,852,241	1,538,816	-	-
Outstanding claims - Individual life (see note 26(c)(ii) below)	43,203	71,762	-	-
	1,895,444	1,610,578	-	-
Life insurance contract liabilities (see note 26(c)(iii) below)	3,591,434	4,098,683	-	-
	5,486,878	**5,709,261**	**-**	**-**

(i) Outstanding claims - group life

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	1,538,816	1,029,893	-	-
Increase during the year (see note 39(ii))	313,425	508,923	-	-
At 31 December	**1,852,241**	**1,538,816**	**-**	**-**

(ii) Outstanding claims - individual life

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	71,762	16,835	-	-
Decrease/(increase) during the year (see note 39(ii))	(28,559)	54,927	-	-
At 31 December	**43,203**	**71,762**	**-**	**-**

(iii) Life insurance contract liability

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	4,098,683	3,568,624	-	-
Increase/(decrease) during the year	(435,291)	583,595	-	-
Difference in unearned premium (see note 26(v) below)	(71,958)	(53,536)	-	-
At 31 December	**3,591,434**	**4,098,683**	**-**	**-**

(iv) Annuity

The annuities were reserved for by using a discounted cash flow approach by the Actuary. Here, reserves are set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed periods as required by the terms of the contract. The assets representing the annuities are invested in near-cash money market financial instruments and long term secured instruments such as Federal government bond and treasury bills with a varying tenor.

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	412,580	466,116	-	-
Decrease/(increase) during the year	(71,958)	(53,536)	-	-
At 31 December	**340,622**	**412,580**	**-**	**-**

27 Investment contract liabilities

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Deposit administered funds	130,759	129,755	-	-
Investment managed funds	171,665	163,800	-	-
	302,424	**293,555**	**-**	**-**

(a) Deposit administered funds

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	129,755	126,808	-	-
Deposits received in the year	1,206	2,372	-	-
Interest paid	4,072	3,941	-	-
Withdrawals	(4,274)	(3,366)	-	-
At 31 December	**130,759**	**129,755**	**-**	**-**
Current	35,782	35,782	-	-
Non-Current	94,977	93,973	-	-
	130,759	**129,755**	**-**	**-**

The Company has a total sum of ₦130.8million (2017: ₦129.8 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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	163,800	212,648	-	-
Deposits	152,155	150,807	-	-
Interest accrued thereon	13,785	22,429	-	-
Withdrawals	(158,075)	(222,084)	-	-
At 31 December	**171,665**	**163,800**	**-**	**-**
Current	165,985	165,985	-	-
Non-Current	5,680	(2,185)	-	-
	171,665	**163,800**	**-**	**-**

28 Taxation

(a) Charge for the year

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Recognised in profit or loss				
Income tax	165,831	5,076	-	-
Capital gains tax	1,374	1,058	-	-
Education tax	35,797	462	-	-
Technology tax	11,800	4,601	-	-
	214,802	11,197	-	-
WHT expense	-	6,754	-	-
Deferred tax charge/(credit)	258,379	119,932	-	-
Income taxes	473,181	137,883	-	-
Minimum tax	9,866	149,633	6,686	48,551

(b) Current income tax liabilities

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 1 January	608,472	537,200	303,661	255,108
Charge for the year	170,384	167,584	-	-
Payment during the year	(134,323)	(94,050)	(6,771)	-
Reclassification of tax asset	-	(2,262)	-	-
Minimum Tax	6,686	-	6,686	48,552
Education tax	35,797	-	-	-
Information Technology Tax	11,800	-	-	-
At 31 December	**698,816**	**608,472**	**303,576**	**303,660**

29 Borrowings

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Bank borrowing (see note 29(a) below)	8,865,661	1,743,156	8,984,800	1,613,722
(a) FSDH Merchant Bank (see note 29(i) below)	5,132,163	1,494,985	5,132,163	1,494,985
Keystone Bank (see note 29(ii) below)	3,533,181		3,533,181	
Central Bank of Nigeria (see note 29(iii) below)	26,550	26,046	-	-
Borrowings from Funds under management (see note 29(iv) below)	173,767	222,125	173,767	28,071
Royal Exchange Finance Company Limited (see note 29(v) below)	-	-	145,689	90,666
	8,865,661	**1,743,156**	**8,984,800**	**1,613,722**
Current	5,132,163	-	8,665,344	-
Non-current	3,733,498	1,743,156	319,456	1,613,722
	8,865,661	1,743,156	8,984,800	1,613,722

(i) The amount of ₦5,132,163,000 represents the carrying amount of a ₦5,000,000,000 term loans obtained from FSDH Merchant Bank Ltd. as at 31 December 2018 with a tenor of Six months (180 days) at Seventeen percent (17%) interest rate.

(ii) The amount of ₦3,533,181,000 represents the carrying amount of a ₦3,500,000,000 term loan obtained from the Keystone Bank Plc as at 31 December 2018 with a tenor of Six months (180 days) at Twenty Two percent (22%) interest rate.

(iii) The amount of ₦26,550,000 represents the carrying amount of a ₦50,300,000 term loan obtained from the Central Bank of Nigeria as at 31 December 2018 under the Micro, Small & Enterprises Development Fund. The facility's effective date is 09 April 2015.

(iv) 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 2018.

(v) Borrowings from Royal Exchange Finance Company Limited

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Term loan	-	-	68,639	7,367
Finance lease	-	-	77,051	83,300
	-	**-**	**145,690**	**90,667**

30 Share capital and premium

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
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 5,145,370,074 ordinary share of 50k each	2,572,685	2,572,685	2,572,685	2,572,685

31 Share premium

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
At 31 December	2,690,936	2,690,936	2,690,936	2,690,936

32 Contingency reserve

In compliance with Section 21(1) of Insurance Act Cap I17 LFN 2004, 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, whereas, 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/5479/08. 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 ₦500 million as at 31 December 2018 (2017: ₦452 million).

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 through OCI financial assets until assets are derecognized and transferred to regulatory risk reserve.

(a) *Actuarial gains/losses 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 expected credit loss model used in calculating the impairment under IFRSs. This reserve is maintained by Royal Exchange Microfinance Bank in compliance with the CBN prudential guidelines.

36(a) Gross Written Premium

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Gross written Premium				
Non-Life	10,701,526	9,538,607	-	-
Life	3,819,463	3,005,802	-	-
Healthcare	191,809	277,810	-	-
	14,712,798	12,822,219	-	-
Unearned Premium				
Non-Life	384,212	502,177	-	-
Life	71,958	53,536	-	-
Healthcare	9,164	18,907	-	-
	465,334	574,620	-	-
Earned Premium	**15,178,132**	**13,396,839**	**-**	**-**

36(b) Reinsurance expenses

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Non-life reinsurance premiums:				
Gross written reinsurance premiums	5,498,747	5,389,823	-	-
Change in reinsurance unearned premiums	101,185	575,013	-	-
	5,599,932	5,964,836	-	-
Life reinsurance premiums:				
Insurance premium ceded to reinsurers	392,926	353,946	-	-
	5,992,858	**6,318,782**	**-**	**-**

37 Fee and commission income

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Reinsurance commissions on non-life business	494,463	467,565	-	-
Reinsurance commissions on life business	52,044	55,612	-	-
	546,507	**523,177**	**-**	**-**

38 Insurance claims and benefits incurred

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Insurance claims and benefits incurred on non-life business(see note 38(i) below)	3,116,928	2,796,750	-	-
Insurance claims and benefits incurred on life business (see note 38(ii) below)	2,703,223	2,322,441	-	-
Insurance claims and benefits incurred on healthcare business (see note 38(iii) below)	205,589	211,673	-	-
	6,025,740	**5,330,864**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Motor and accident	764,913	533,081	-	-
Fire and IAR	1,426,358	1,683,835	-	-
Marine	166,810	121,911	-	-
Engineering	24,928	83,985	-	-
Bond	16,081	(3,525)	-	-
Special risk	717,838	377,463	-	-
	3,116,928	**2,796,750**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Short term insurance contract	1,497,660	1,122,223	-	-
Long term insurance contract	820,321	636,368	-	-
Increase in outstanding claims short term insurance contract	413,801	508,923	-	-
Increase in outstanding claims long term insurance contract	28,559	54,927	-	-
	2,703,223	**2,322,441**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Short term insurance contract	205,589	211,673	-	-
	205,589	**211,673**	**-**	**-**

39 Insurance claims and benefits incurred - recoverable from reinsurers

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Insurance claims and benefits incurred-recoverable on non-life business (see note 39(i) below)	2,472,470	1,449,260	-	-
Insurance claims and benefits incurred-recoverable on life business (see note 39(ii) below)	395,421	453,800	-	-
	2,867,891	**1,903,060**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Motor and accident	83,061	68,079	-	-
Fire and IAR	870,123	1,045,696	-	-
Marine	55,941	53,335	-	-
Engineering	68,174	73,760	-	-
Bond	7,604	(1,362)	-	-
Special risk	1,387,567	209,752	-	-
	2,472,470	**1,449,260**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Short term insurance contract	395,421	453,800	-	-
Long term insurance contract	-	-	-	-
	395,421	**453,800**	**-**	**-**

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
In thousands of Naira				
Increase /(decrease) in long term insurance contract liabilities	434,165	425,086	-	-
Increase /(decrease) in short term insurance contract liabilities	101,502	98,706	-	-
	535,667	**523,792**	**-**	**-**

40 Underwriting expenses

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Acquisition costs: Non-life business	1,831,776	776,152	-	-
Accommodation costs	36,629	-	-	-
Communication costs	238,040	-	-	-
Business & Administration expenses	221,674	-	-	-
Acquisition costs: Life	280,676	304,573	-	-
Acquisition costs: Healthcare	26,297	114,974	-	-
Salaries & Allowances - underwriting employees	757,017	841,177	-	-
Guaranteed interest on life products	-	-	-	-
Other commissions	43,149	559,912	-	-
	3,435,258	**2,596,788**	**-**	**-**

41 Net Interest Income

In thousands of Naira

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Gross Interest Income:				
Interest income on placement with local banks	239,404	783,734	13,631	9,785
Interest income on treasury bills	327,722	392,581	1,591	3,821
Interest income on loans and receivables	201,522	272,806	440	-
Interest income on advances under finance lease	68,241	34,744	-	-
Interest income on staff loans & Advances	-	1,839	-	-
	836,889	1,485,704	15,661	13,606
Interest expense:				
Interest expense on placement with local banks	(3,647)	-	-	-
Interest expense on depositors funds	-	(1,945)	-	-
Interest expense on borrowings	(704,305)	(466,308)	(493,731)	(296,447)
Net interest income	**128,937**	**1,017,451**	**(478,069)**	**(282,841)**

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 year end is as follows:

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Debt securities:				
*Loans & receivables (amortised cost)	344,353	-	-	-
Equity securities:	-	-	-	-
Dividend from investment securities	113,123	-	1,444	-
Dividend income:				
Available-for-sale	-	30,997	-	-
Fair value through profit/loss	-	88,197	-	532
Income on disposal of equities (FVTPL)	(33,120)	-	-	-
At Fair value through profit/loss	-	11,953	-	-
Loss on disposal Investment properties	-	(75,000)	-	-
Investment management income	(68,588)	-	-	-
	355,768	**56,147**	**1,444**	**532**

43 Net fair value (loss)/gain on financial assets

(changes in fair value)

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Debt securities:				
Fair value through profit/loss	(21)	14,057	-	(62)
Amortised cost	(5,189)	-	-	-
Equity securities:				
Fair value through profit/loss	(232,387)	366,165	(3,033)	16,025
Investment properties	57,745	(57,440)	-	-
	(179,852)	**322,782**	**(3,033)**	**15,963**

44 Charge/(write-back) of impairment allowance

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Impairment allowance on premium receivables	197,711	138,067	-	-
Write back of impairment on premium receivables	(733)	(7,280)	-	-
Impairment allowance on reinsurance receivables	(183,776)	77,221	-	-
Impairment allowance on reinsurance assets	-	104,610	-	-
Impairment allowance on financial assets	-	8,585	-	-
Impairment allowance on loans and advance	(2,970)	33,430	-	-
Write back of impairment on loans and advances	-	(2,435)	-	-
Impairment allowance on other receivables	(51,405)	48,021	-	-
Write back of impairment on other receivables	-	(23,100)	-	-
	(41,173)	**377,119**	**-**	**-**

44(a) ECL Impairment Allowance

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Cash & cash equivalents	(80,383)	-	(4,838)	-
Treasury bills	236	-	-	-
FGN bonds	50	-	-	-
Mortgage loan	10,801	-	-	-
Trade receivables	(57,822)	-	-	-
Intercompany	137,699	-		-
Other assets	(2,343)	-		-
	8,238	**-**	**(4,838)**	**-**

45 Other operating income

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Rental income	130,383	99,373	-	-
Profit on disposal of property & equipment	4,684	8,669	-	-
Interest on loan & advances	653	429	-	-
Management fee income from subsidiaries	-	-	204,276	272,040
Trustee fee income	688	1,585	688	1,585
Other income	302,003	84,485	8,191	49,958
Insurance Brokerage Commission	289,734	6,144	-	-
Other from lead-underwriting business	-	16,149	-	-
Third party administration & other related income	-	62,171	-	-
Fees & commission on loans and advances	-	44,983	-	-
	728,145	**323,988**	**213,155**	**323,583**

46 Foreign exchange gains/(losses)

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
(Loss)/gains on translation of foreign currency transactions	(338,488)	2,829	-	-

47 Management expenses

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Salaries and allowances of other employees	848,638	930,785	89,707	83,584
Post-employment defined benefit expenses	5,189	(30,292)	-	255
Terminal Benefits	517,250	-	112,636	-
Audit fees	33,320	46,689	8,400	11,330
Amortization and impairment charges	8,817	12,310	-	-
Depreciation on property and equipment	194,747	218,774	31,773	30,021
Promotional and advert expense	12,082	10,162	4,465	968
Rent and rates	6,571	5,888	-	-
Directors' fees	10,168	40,717	1,570	1,420
Directors' Sitting allowances	19,342	20,228	19,342	20,228
Directors' Other allowances	84,108	97,232	84,108	97,232
Donations	-	1,414	-	100
Bank charges	11,310	15,313	6,122	918
Legal fee	45,365	48,344	18,006	6,029
Insurance premium	5,110	(121,340)	7,769	7,486
Accounting consultancy fee	137,263	96,226	23,262	13,069
Investment expenses	34,790	52,714	-	-
Finance cost	295,681	(6,829)	-	-
Power charges	46,997	5,674	2,690	1,598
Government charges	5,608	61,426	-	-
Stationeries	1,271	4,611	18	-

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Printing external	30,936	25,118	1	2,132
Repairs and maintenance	97,805	115,330	1,414	2,212
Transport expenses	122,371	117,179	48,741	30,775
Software expenses	19,192	4,169	-	-
Subscription and journals	22,212	10,887	4,090	1,333
Marketing expenses	1,090,588	872,165	-	-
Advertisement	-	68,094	-	-
Fine paid (contravention, see note 62)	3,075	26,992	2,825	15,925
Electricity and diesel expenses	-	1,615	-	-
VAT Paid	4,831	4,838	-	-
Telephone expenses	-	17,914	-	-
Loss on disposal of investment properties	-	49,361	-	-
Judgement sums	-	50	-	50
Other administrative expenses	314,572	271,768	100,516	81,690
	4,029,209	**3,095,526**	**567,457**	**408,355**

Other expenses concerns entertainment and representation, board meeting expenses and expenses incurred for the day to day running of the Group during the year.

48 Loss per share

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Loss per share (kobo)	(3)	(19)	(16)	(8)

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

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Loss for the year attributable to owners of the company *In thousands of Naira*	(156,176)	(969,643)	(845,484)	(399,669)

Unit in thousands	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Number of ordinary shares for the purpose of basic and diluted loss 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, and investment in short term deposits (demand and time deposits) with a maturity date of 3 months or less upon acquisition and bank overdrafts.

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Cash (see note 5)	6,448	4,697	100	72
Bank balances (see note 5)	936,427	480,373	14,251	28,624
Short-term deposits (see note 5)	14,953,997	12,020,853	330,323	83,667
	15,896,872	**12,505,923**	**344,674**	**112,363**

50 Reconciliation notes to consolidated and separate statement of cash flows

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Changes in employee retirement benefit asset	(25,715)	(24,124)	-	-
Changes in employee retirement benefit liability	(7,561)	(811)	(564)	193
Net changes	(33,276)	(24,935)	(564)	193
Contributions to plan asset	-	-		-
Cash payment to employees	3,369	7,511	-	-
Net actuarial gains recognised in OCI	(3,215)	(12,598)	671	62
Total changes recognised in statement of cash flows	(33,780)	(30,022)	107	255

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Net changes in other receivable and prepayments	(14,749)	(363,548)	(245,905)	(109,869)
Dividend received	(118,456)	(124,813)	-	-
Dividend income	113,123	119,194	-	-
Rent received	(130,383)	(116,258)	-	-
Rental income	111,447	99,373	-	-
Write-backs recognised in profit or loss	51,458	23,100	-	-
Impairments recognised in profit or loss	(108,788)	(48,021)	(18,666)	-
Total changes recognised in statement of cash flows	(96,348)	(410,973)	(264,571)	(109,869)

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Net changes in trade receivable	(406,959)	(155,427)	-	-
Impairment allowance on reinsurance receivables (see note 10(b)(i))	(80,150)	77,221	-	-
Write back of impairment on premium receivables(see note 10(a)(i)	-	(7,280)	-	-
Impairment allowance on premium receivables(see note 10(a)(i))	(156,411)	138,067	-	-
Total changes recognised in statement of cash flows	(643,520)	52,581	-	-

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Net changes in reinsurance asset	(380,189)	(133,959)	-	-
Write-backs recognised in profit or loss	-	-	-	-
Total changes recognised in statement of cash flows	(380,189)	(133,959)	-	-

(v) *Changes in financial assets*

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance at 31 December 2017	1,401,163	71,176	19,975	37,897
Impairment recognised in profit or loss	(13,736)	(5,239)	-	-
Foreign exchange gain recognised in OCI	-	25,782	-	-
Foreign exchange gain recognised in profit or loss	(338,488)	11,981	-	-
Fair value changes recognised in OCI	173,495	152,920	-	-
Fair value changes on recognised in profit or loss	(237,597)	380,221	(3,033)	(15,963)
Redemptions/disposals	(5,464,881)	(4,060,175)	(54,474)	48,931
Interest received	-	-	47,725	(3,821)
Transfers	(47,840)	(55,018)	(47,840)	55,018
Purchases	4,527,884	3,478,352	37,647	(46,268)
Balance as at 31 December 2018	(1,401,162)	(71,176)	(19,975)	37,897

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Changes in outstanding claims on group-life insurance	422,664	508,923	-	-
Changes in outstanding claims on individual-life insurance	149,018	54,927	-	-
Changes in outstanding claims on non-life general insurance (including IBNR)	256,304	549,207	-	-
Cash paid for claims settled in the year	231,578	266,401	-	-
- Arising from current-year claims	(92,117)	(128,634)	-	-
- Arising from prior year claims	(99,878)	(80,198)	-	-
Increase/(decrease) in insurance contract liabilities on life insurance	37,763	583,595	-	-
Total changes recognised in statement of cash flows	905,333	1,754,221	-	-

(vii) *Changes in unearned premium:*

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Changes in unexpired risk on non-life general insurance	(384,212)	(502,177)	-	-
Changes in provisions for unearned premiums and unexpired short term insurance risks				
- Increase in period	111,002	179,032	-	-
- Release in the period	(120,166)	(197,939)	-	-
Changes in unearned premium on life insurance contract liability	(71,958)	(53,536)	-	-
Total changes recognised in statement of cash flows	(465,334)	(574,620)	-	-

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Net changes in loans and advances to customers	272,760	(181,601)	-	-
Interest income	201,522	272,806		
Interest income received	(277,517)	(375,682)	-	-
Impairment allowance recognised in profit or loss	(7,831)	(30,995)	-	-
Total changes recognised in statement of cash flows	188,934	(315,472)	-	-

(ix) *Changes in advances under finance lease*

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Net changes in advances under finance lease	36,802	3,480	-	-
Interest income	68,241	34,744		
Write back of impairment allowance	-	-	-	-
Impairment allowance recognised in profit or loss	-	-	-	-
Total changes recognised in statement of cash flows	105,043	38,224	-	-

(x) *Changes in depositors fund*

In thousands of Naira

	Group	Group	Company	Company
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Net changes in depositors fund	120,717	(243,307)	-	-
Foreign exchange difference	-	-		
Interest expense	-	1,945	-	-
Other changes recognised in cash flows	-	-	-	-
Total changes recognised in statement of cash flows	120,717	(241,362)	-	-

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 capital of the subsidiaries in insurance and banking 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 ₦3billion and ₦2billion for Non-life and Life businesses respectively. Also, the regulatory capital for unit microfinance bank is ₦20million, same as for the group's finance house business.

The insurance industry regulator, NAICOM, measures the financial strength of Non-life underwriters through a solvency margin model. The Insurance Act, under section 24, defines solvency margin of a Non-life underwriter 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 of ₦3billion, whichever is higher. The regulation requires non- life 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 table below sets out the capital that is managed by the Company on an IFRS and regulatory basis:

The solvency position of the Non-life insurance business

The Insurance Act Cap 2004 I17 LFN 2004 (Section 24) prescribed that an insurer shall in respect of its business other than life insurance business, maintain a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria.

The solvency margin, which is determined as the excess of admissible assets over total liabilities shall not be less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital, whichever is greater.

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17
Admissible Assets		
Cash and cash equivalents	11,325,338	10,547,832
Financial assets:		
- Available for sale	-	440,212
- At fair value through profit or loss	781,688	1,311,082
- At fair value through other comprehensive	547,584	-
- Amortised Cost	93,407	91,671
Investment in associates	432,781	418,421
Trade receivables	17,270	35,646
Other receivables and prepayment	-	535,870
Deferred acquisition cost	217,457	248,260
Reinsurance assets	2,709,833	2,212,548
Investment properties	1,000,000	2,969,719
Statutory deposit	340,000	340,000
Property and equipment	96,502	842,154
Intangible assets	-	1,389
Employees benefits assets	283,850	258,135
A	**17,845,710**	**20,252,939**
Less: Admissible liabilities		
Bank overdrafts	54,220	49,068
Trade and other payables	5,465,549	9,910,957
Provision and other payables	737,733	880,894
Deferred income	144,133	143,798
Insurance liabilities	5,318,102	5,446,009
Finance lease obligations	49,473	89,061
Borrowings	31,708	330,499
Employees benefits obligations	21,239	28,358
Current income tax liabilities	376,966	266,976
Deposit for share	2,000,000	-
B	**14,199,123**	**17,145,620**
Solvency margin (A-B)	3,646,587	3,107,319
Minimum paid up capital	3,000,000	3,000,000
Net premium from Non-Life Insurance Business	5,501,037	4,235,774
15% of Net premium	825,155	635,366

The Group's non-life solvency margin of ₦3,646,587,000 (2017: ₦3,107,319,000) is more than the minimum paid up capital of ₦3,000,000,000 (2017:₦3,000,000,000). Therefore, the Group's non-life business subsidiary is solvent since the solvency margin is higher than the minimum paid up capital & 15% of net premium.

The solvency position of the Life insurance business

The solvency margin of the life business of ₦1.264 billion (2017: ₦846 million) is below the minimum capital of ₦2 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, 2018 was 134%. That is, the admissible assets representing the Life Fund (including outstanding claims) and deposit administration funds, amounting to ₦7,740,711,000 were 134% of the actuarially determined gross liabilities of ₦5,789,303,749.

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17
Shareholders' fund as per financial position	2,231,989	2,271,387
Less: Intangible assets	(407)	(757)
Deposit for shares	1,000,000	-
Capital resources on a regulatory basis	**3,231,582**	**2,270,630**
Shareholders' funds upon approval for deposit for shares	**3,231,582**	**2,270,630**

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;
- Risk management governance, including risk oversight committee, policies and guidelines, and approval limits

In addition, the Group monitors and manages the financial risks relating to the operations of the organization through internal risk reports which analyse 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, analysed into Levels 1 to 3 based on the degree to which the fair value is observable.

Group

31-Dec-18

In thousands of Naira		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	998,183	-	-	998,183
		998,183	**-**	**-**	**998,183**
Fair value through Other Comprehensive Income:-					
Federal government bonds	8(b)	346,142	-	-	346,142
Treasury bills	8(b)	809,373	-	-	809,373
Unlisted equities	8(b)	441,299	-	-	441,299
Bonds: Annuity fund	8(b)	1,058,434	-	-	1,058,434
ECL impairment allowance	8(b)	(5,446)	-	-	(5,446)
		2,649,802	-	-	2,649,802
Total financial assets measured at Fair value		**3,647,985**	**-**	**-**	**3,647,985**

Group

31-Dec-17

In thousands of Naira		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	1,216,464	-	-	1,216,464
Treasury bills	8(a)	2,186,699	-	-	2,186,699
Federal government bonds	8(a)	356,966	-	-	356,966
		3,760,129	**-**	**-**	**3,760,129**
Available for sale financial assets:-					
Quoted equity shares	8(b)	93,962	-	-	93,962
Bonds: Annuity fund	8(b)	1,141,839			1,141,839
		1,235,801	**-**	**-**	**1,235,801**
Total financial assets measured at fair value		**4,995,930**	-	-	**4,995,930**

Company

31-Dec-18

In thousands of Naira		Level 1	Level 2	Level 3	Total
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	24,772	-	-	24,772
		24,772	-	-	**24,772**
Total financial assets measured at fair value		**24,772**	-	-	**24,772**

Company

31-Dec-17

In thousands of Naira		Level 1	Level 2	Level 3	Total
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	44,747	-	-	44,747
		44,747	-	-	**44,747**
Total financial assets measured at fair value		**44,747**	-	-	**44,747**

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

Amortized cost consist consists of placements with financial institutions and staff mortgage loans.

The estimated fair value of fixed interest earning placements is based on discounted cash flows using prevailing money-market interest rates for the debts. The carrying amount represents the fair value which is receivable on maturity. The estimated fair value of staff mortgage loans represents the market values of the loans, arrived at by recalculating the carrying amount of the loans using the estimated market rate.

Trade receivables and other receivables

The carrying amounts of trade receivables and other receivables are reasonable approximation of their fair values which are receivable on demand.

Bank overdrafts, trade payables, provision and other payables and finance lease obligations

The carrying amounts of bank borrowings, trade payables, provision and other payables and finance lease obligations are reasonable approximation of their fair values which are repayable on demand.

C Financial risks

The Group is exposed to the following categories of risk as a consequence of offering different financial products and services by the Group:-

i *Market risk*

This reflects the possibility that the value of the Group's investments will fall as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. The Group is exposed to this risk through its financial assets and comprises of currency risk, interest rate risk and price risk.

Currency risk

This is the risk of the fair value of financial instruments being affected by changes in foreign exchange rates. The Group seeks to manage its exposures to risk through control techniques which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board. A description of the risks associated with the Group's principal products and the associated control techniques is detailed below.

Foreign Currency risk

The Group accepts receipt of premiums in foreign currency, in addition to Naira, from its clients; hence, exposures to exchange rate fluctuations arise. The Group is exposed to foreign currency denominated in dollars through a domiciliary bank balance.

The Group has minimal exposure to currency risk as the Group's financial assets are primarily matched to the same currencies as its insurance and investment contract liabilities. As a result, foreign exchange risk arises from other recognized assets and liabilities denominated in other currencies

The carrying amounts of the Group's foreign currency denominated assets and liabilities are as follows:

Group

31 December 2018

In thousands of Naira	**Pounds sterling**	**Euro**	**US Dollars**	**Total**
Assets (cash & cash equivalent)	98,639	3,535	287,923	390,097
Quoted equities			244,949	244,949
Loans and receivables				-
Liabilities			(5,166,855)	(5,166,855)
	98,639	**3,535**	**(4,633,983)**	**(4,531,809)**

31 December 2017

In thousands of Naira	**Pounds sterling**	**Euro**	**US Dollars**	**Total**
Assets (cash & cash equivalent)	628	38,058	8,327,441	8,366,128
Quoted equities	-	-	244,949	244,949
Loans and receivables	-	-	-	-
Liabilities	-	-	(9,292,796)	(9,292,796)
	628	38,058	(720,405)	(681,719)

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.

31-Dec-18				
In thousands of Naira	**Pounds sterling**	**Euro**	**US Dollars**	**Total**
10% increase	9,864	353	(463,398)	(453,181)
10% decrease	(9,864)	(353)	463,398	453,181
Impact of increase on:				
Pre-tax profit				(126,310)
Shareholders' equity				4,646,159
Impact of decrease on:				
Pre-tax profit				780,052
Shareholders' equity				5,552,521

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.

31-Dec-17 *In thousands of Naira*	**Pounds sterling**	**Euro**	**US Dollars**	**Total**
10% increase	63	3,806	(72,041)	(68,172)
10% decrease	(63)	(3,806)	72,041	68,172
Impact of increase on:				
Pre-tax profit	-	-	-	(899,932)
Shareholders' equity	-	-	-	5,510,228
Impact of decrease on:				
Pre-tax profit	-	-	-	(763,588)
Shareholders' equity	-	-	-	5,646,572

Interest rates risk

The Group's exposure to interest rate risk relates primarily to the market price and cash flow variability of assets and liabilities associated with changes in interest rates.

Insurance liabilities and employee benefits do not form part of this profile. Although they are significant liabilities subject to interest rate risk, they are not financial instruments within the scope of IFRS 7. Changes in interest rates result to reduction in income 'spread' or the difference between the amounts that the Group is required to pay under the contracts and the rate of return the Group is able to earn on investments intended to support obligations under the contracts. Investment spread is, arguably, one of the key components of the net income of insurers.

The Group's mitigation efforts with respect to interest rate risk are primarily focused on maintaining an investment portfolio with diversified maturities that has a weighted average duration or tenor approximately equal to the duration of its liability cash flow

Also, the Group manages this risk by adopting close asset/liability matching criteria, to minimize the impact of mismatches between asset and liability values arising from interest rate movements.

Furthermore, the Group uses sensitivity analysis to measure the impact of interest rate changes and movements on the value of our financial assets scenarios.

The Group is very moderately exposed to interest rate risk as it invests in fixed income and money market instruments.

Interest rate profile
At the end of the reporting period the interest rate profile of the Group's interest bearing financial instruments as reported to the Management of the Group are as stated below:

Group

Financial instruments

In thousands of Naira	Notes	**31-Dec-18**	**31-Dec-17**
Fixed Interest rate instructions			
Cash and cash equivalents	5	15,045,878	12,020,853
Bonds: Annuity fund	8(b)	1,058,434	1,141,839
Federal government bonds	8(b)&(c)	430,182	356,966
Treasury bills	8(b)&(c)	1,072,539	2,186,699
Staff personal loans	8c	478	2,882
Staff mortgage loans	8c	112,480	104,266
Policy holders Loan	8c	58,399	39,699
Other loans and advances	8c	7,798	6,152
Loans and advances	6	900,852	1,173,612
Advances under finance lease	7	166,608	203,410
Statutory deposits	20	555,000	555,000
		19,408,648	**17,791,378**

In addition to the financial instruments listed above, the Group has borrowings amounting to ₦9billion (2017:₦1.74 billion) and depositors funds amounting to ₦1.6billion (2017: ₦1.45 billion). The impact on interest sensitivity information below for borrowings is 0.5% of ₦9billion, which is ₦45million (2017: ₦8.72 million) while the impact on depositors funds is 0.5% of ₦1.6 billion, which is ₦8million (2017: ₦7.28 million).

Company

Financial instruments

In thousands of Naira	**31-Dec-18**	**31-Dec-17**
Fixed interest rate instructions		
Cash and cash equivalents	332,963	83,667
	332,963	83,667

In addition to the financial instruments listed above, the Company has borrowings amounting to N9.0billion (2017: N1.61billion). The impact on interest sensitivity information below is 0.5% of N9.0billion, which is N45million (2017: N8.07m).

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

In thousands of Naira	**Group 31-Dec-18**	**Group 31-Dec-17**	**Company 31-Dec-18**	**Company 31-Dec-17**
Increase in interest rate by 50 basis points (+0.5%)	97,043	88,957	1,665	418
Decrease in interest rate by 50 basis point (-0.5%)	(97,043)	(88,957)	(1,665)	(418)
Equity and profit after adjustments				
Pre-tax profit	423,914	(742,803)	(837,133)	(399,251)
Shareholders' equity	5,196,383	5,667,357	4,892,224	5,752,367
Equity and profit after adjustments				
Pre-tax profit	229,828	(920,717)	(840,463)	(400,087)
Shareholders' equity	5,002,297	5,489,443	4,888,895	5,751,531

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:

	Notes	Group 31-Dec-18 ₦'000	Group 31-Dec-17 ₦'000	Company 31-Dec-18 ₦'000	Company 31-Dec-17 ₦'000
Equity Securities; - quoted (fair value through profit or loss)	8(a)	998,183	1,216,464	24,772	27,798
Equity Securities; - unquoted (fair value through Other Comprehensive Income)	8(b)	441,299	594,243	-	-
Equity Securities; - quoted (available for sale)	8(b)	-	93,962	-	(401,457)
		1,439,482	**1,904,669**	**24,772**	**(373,659)**

Equity price sensitivity analysis

The sensitivity analyses set out below show the impact of a 10% increase and decrease in the value of equities on profit before tax and shareholders' equity based on the exposure to equity price risk at the reporting date

	Group 31-Dec-18 ₦'000	Group 31-Dec-17 ₦'000	Company 31-Dec-18 ₦'000	Company 31-Dec-17 ₦'000
10% increase	143,404	190,467	2,477	37,366
10% decrease	(143,404)	(190,467)	(2,477)	(37,366)
Equity and profit after adjustments				
Pre-tax profit	470,275	(641,293)	(836,321)	(437,035)
Shareholders' equity	5,242,744	5,768,867	4,893,037	5,714,583
Equity and profit after adjustments				
Pre-tax profit	183,467	(1,022,227)	(841,275)	37,366
Shareholders' equity	4,955,936	5,387,933	4,888,082	5,789,315

(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 Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. 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's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee periodically.

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.

ii ***Credit risk grades***

The Group allocates each exposure to a credit risk grade based on independent rating by credit rating agencies. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Significant increase in credit risk is also determined through the use of notch differences.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposure	Retail exposures	All exposures
· Information obtained during periodic review of customer files — e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes	· Internally collected data on customer behaviour — e.g. utilisation of credit card facilities	· Payment record —this includes overdue status as well as a range of variables about payment ratios
· Data from credit reference agencies, press articles, changes in external credit ratings	· Affordability metrics	· Utilisation of the granted limit
· Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	· External data from credit reference agencies including industry-standard credit scores	· Existing and forecast changes in business, financial and economic conditions

Qualitative criteria:

if the borrower meets one or more of the following criteria:

- In short-term forebearance
- 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 forebearance 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 cash flow/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.

iv 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.

v *Definition of default*

The Company 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 forebearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period of three months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definition.

(c) **Measuring ECL – Explanation of inputs, assumptions and estimation techniques**

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

* The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

* EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

* Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the instruments. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

* For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

* For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

*For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

* For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 53(c)(ii)(d) for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a periodic basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process.

In addition to the base economic scenario, the Group also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators (see note 53(c)(ii)(b). This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

(d) *Credit risk exposure*

Maximum exposure to credit risk – Financial instruments subject to impairment

For ECL purposes, the Group's financial asset is segmented into sub-portfolios are listed below
- Placement with other banks
- Investment securities
- Mortgage loans
- Loans and Advances

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Group

	Short term deposits (Fixed deposits)					
	2018					2017
ECL staging						
	Stage 1 12-month ECL ₦'000	**Stage 2 Lifetime ECL ₦'000**	**Stage 3 Lifetime ECL ₦'000**	**Purchased credit-impaired ₦'000**	**Total ₦'000**	**Total ₦'000**
Credit grade						
Investment grade	-	-	-	-	-	-
Speculative Grade	15,053,676	-	-	-	15,053,676	12,027,005
Gross carrying amount	**15,053,676**	**-**	**-**	**-**	**15,053,676**	**12,027,005**
Loss allowance	(91,881)	-	-	-	(91,881)	-
Carrying amount	**14,961,795**	**-**	**-**	**-**	**14,961,795**	**12,027,005**

Investment Securities

ECL staging	2018					2017
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Credit grade						
Investment grade	2,561,155	-	-	-	2,561,155	3,685,504
Speculative Grade	58,877	-	-	-	58,877	45,362
Gross carrying amount	**2,620,032**	**-**	**-**	**-**	**2,620,032**	**3,730,866**
Loss allowance	(5,451)	-	-	-	(5,451)	(184,180)
Carrying amount	**2,614,581**	**-**	**-**	**-**	**2,614,581**	**3,546,686**

ECL staging	Mortgage loans 2018					2017
In thousands of Naira	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total	Total
Credit grade						
Investment grade	112,480	-	-	-	112,480	104,266
Standard monitoring	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-
Default	-	-	-	-	-	-
Gross carrying amount	**112,480**	**-**	**-**	**-**	**112,480**	**104,266**
Loss allowance	(13,731)	-	-	-	(13,731)	
Carrying amount	**98,749**	**-**	**-**	**-**	**98,749**	**104,266**

ECL staging	Loans and Advances under Finance Lease 2018					2017
In thousands of Naira	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total	Total
Credit grade						
	708,750	163,147	487,494		1,359,391	1,582,528
Gross carrying amount	**708,750**	**163,147**	**487,494**	**-**	**1,359,391**	**1,582,528**
Loss allowance	(54,991)	(1,431)	(235,509)	-	(291,931)	(205,506)
Carrying amount	**653,759**	**161,716.70**	**251,985**	**-**	**1,067,460**	**1,377,022**

Company

ECL staging

Investment Securities	2018					2017
In thousands of Naira	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**	**Total**
Credit grade						
Investment grade	-	-	-	-	-	-
Speculative Grade	3,020	-	-	-	3,020	16,949
Gross carrying amount	**3,020**	**-**	**-**	**-**	**3,020**	**16,949**
Loss allowance	(5)	-	-	-	(5)	-
Carrying amount	**3,015**	**-**	**-**	**-**	**3,015**	**16,949**

Short term deposits (Fixed deposits)

	2018					2017
ECL staging	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**	**Total**
In thousands of Naira						
Credit grade						
Investment grade	-	-	-	-	-	-
Speculative Grade	260,884	-	-	-	260,884	83,667
Gross carrying amount	**260,884**	**-**	**-**	**-**	**260,884**	**83,667**
Loss allowance	(2,639)	-	-	-	(2,639)	-
Carrying amount	**258,245**	**-**	**-**	**-**	**258,245**	**83,667**

Investment securities

The Group holds investment securities measured at amortised cost with a carrying amount of ₦512,625,000. The investment securities held by the Group are FGN bonds, treasury bills and loans 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.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Group

Investment securities

	Stage 1	Stage 2	Stage 3		
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Purchased credit-impaired**	**Total**
In thousands of Naira					
Loss allowance as at 1 January 2018	19,983	-	-	-	19,983
Movements with P&L impact					
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	19,182	-	-	-	19,182
Matured financial assets	(19,983)	-	-	-	(19,983)
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	-	-	-	-	-
Total net P&L charge during the period	**19,182**	**-**	**-**	**-**	**19,182**
Other movements with no P&L impact					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 31 December 2018	**19,182**	**-**	**-**	**-**	**19,182**

	Stage 1	Stage 2	Stage 3		
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Purchased credit-impaired**	**Total**
Short term deposits (Fixed deposit)					
In thousands of Naira					
Loss allowance as at 1 January 2018	15,176	-	-	-	15,176
Movements with P&L impact					
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	91,881	-	-	-	91,881
Matured financial assets	(15,176)	-	-	-	(15,176)
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount	-	-	-	-	-
FX and other movements	-	-	-	-	-
Total net P&L charge during the period	**91,881**	**-**	**-**	**-**	**91,881**
Other movements with no P&L impact					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 31 December 2018	**91,881**	**-**	**-**	**-**	**91,881**

	Stage 1	Stage 2	Stage 3		
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Purchased credit-impaired**	**Total**
Loans and Advances under Finance Lease					
In thousands of Naira					
Loss allowance as at 1 January 2018	38,472	-	-	-	38,472
Movements with P&L impact					
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	54,991	1,431	235,509	-	291,931
Matured financial assets	(38,472)	-	-	-	(38,472)
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	-	-	-	-	-
Total net P&L charge during the period	**54,991**	**1,431**	**235,509**	**-**	**291,931**
Other movements with no P&L impact					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 31 December 2018	**54,991**	**1,431**	**235,509**	**-**	**291,931**

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 *In thousands of Naira*	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Purchased credit-impaired**	**Total**
Gross carrying amount as at 1 January 2018	4,345,289	-	-	-	4,345,289
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	(1,491,020)	-	-	-	(1,491,020)
New financial assets originated or purchased	327,340	-	-	-	327,340
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2018	**3,181,609**	**-**	**-**	**-**	**3,181,609**

Short term deposits (Fixed Deposits)	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Purchased credit-impaired**	**Total**
In thousands of Naira					
Gross carrying amount as at 1 January 2018	12,020,853	-	-	-	12,020,853
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	(12,020,853)	-	-	-	(12,020,853)
New financial assets originated or purchased	15,045,878	-	-	-	15,045,878
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2018	**15,045,878**	**-**	**-**	**-**	**15,045,878**

Loans and Advances under Finance Lease	**Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Purchased credit-impaired**	**Total**
In thousands of Naira					
Gross carrying amount as at 1 January 2018	1,396,288	-	-	-	1,396,288
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	(36,897)	-	-	-	(36,897)
New financial assets originated or purchased	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2018	**1,359,391**	**-**	**-**	**-**	**1,359,391**

Company

Investment securities	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
In thousands of Naira					
Loss allowance as at 1 January 2018	20	-	-	-	20
Movements with P&L impact					
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	-	-	-	-	-
Matured financial assets	(15)	-	-	-	(15)
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	-	-	-	-	-
Total net P&L charge during the period	**5**	**-**	**-**	**-**	**5**
Other movements with no P&L impact					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 31 December 2018	**5**	**-**	**-**	**-**	**5**

Short term deposits (Fixed deposit) *In thousands of Naira*	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Purchased credit-impaired**	**Total**
Loss allowance as at 1 January 2018	693	-	-	-	693
Movements with P&L impact					
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	1,946	-	-	-	1,946
Matured financial assets	-	-	-	-	-
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	-	-	-	-	-
Total net P&L charge during the period	**2,639**	**-**	**-**	**-**	**2,639**
Other movements with no P&L impact					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 31 December 2018	**2,639**	**-**	**-**	**-**	**2,639**

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 *In thousands of Naira*	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Purchased credit-impaired**	**Total**
Gross carrying amount as at 1 January 2018	16,949	-	-	-	16,949
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	(16,949)	-	-	-	(16,949)
New financial assets originated or purchased	3,020	-	-	-	3,020
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2018	**3,020**	**-**	**-**	**-**	**3,020**

Short term deposits (Fixed Deposits)	**Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Purchased credit-impaired**	**Total**
In thousands of Naira					
Gross carrying amount as at 1 January 2018	83,667	-	-	-	83,667
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	(83,667)	-	-	-	(83,667)
New financial assets originated or purchased	260,884	-	-	-	260,884
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2018	**260,884**	-	-	-	**260,884**

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

Group

In thousands of Naira	Cash and cash equivalents	Loans and advances to customers	Advances under finance lease	Investment securities	Trade/ Insurance receivables	Reinsurance assets	Other receivables and prepayments	Total
31-Dec-18								
In Nigeria:								
North East	10,044	-	-	-	-	-	13,454	23,498
North Central	563	-	-	-	13,076	-	6,852	20,491
North West	40	-	-	-	4	-	30,271	30,316
South East	1,406	-	-	-	125	-	50,452	51,983
South South	12,054	-	-	-	44,957	-	67,314	124,325
South West	15,872,765	900,852	166,608	4,160,610	441,220	3,174,674	646,836	25,363,564
	15,896,872	**900,852**	**166,608**	**4,160,610**	**499,382**	**3,174,674**	**815,179**	**25,614,176**

In thousands of Naira	Cash and cash equivalents	Loans and advances to customers	Advances under finance lease	Investment securities	Trade/ Insurance receivables	Reinsurance assets	Other receivables and prepayments	Total
31-Dec-17								
In Nigeria:								
North Central	13,772	167,233	-	-	5,497	-	252	186,754
North West	-	-	-	-	2	-	-	2
South East	121	-	-	-	52	-	-	174
South South	5,334	4,128	-	-	18,898	-	90	28,450
South West	12,486,695	1,002,251	203,410	5,561,773	67,975	2,794,485	800,088	22,916,678
	12,505,923	**1,173,612**	**203,410**	**5,561,773**	**92,424**	**2,794,485**	**800,430**	**23,132,057**

Sectorial analysis

Group

In thousands of Naira	Cash and cash equivalents	Loans and advances to customers	Advances under finance lease	Financial asset	Trade/ Insurance receivables	Reinsurance assets	Other loans and receivables	Total
31-Dec-18								
In Nigeria:								
Agriculture	-	84,030	-	-	-	-	-	84,030
Manufacturing	-	3,370	-	-	-	-	-	3,370
Trade and commerce	-	-	-	-	-	-	-	-
Finance and insurance	15,896,872	327,331	115,649	4,160,610	499,382	3,174,674	815,179	24,989,697
Real estate and construction	-	121,539	50,959	-	-	-	-	172,499
Education	-	265,033	-	-	-	-	-	265,033
Others	-	99,549	-	-	-	-	-	99,549
	15,896,872	**900,852**	**166,608**	**4,160,610**	**499,382**	**3,174,674**	**815,179**	**25,614,176**

In thousands of Naira	Cash and cash equivalents	Loans and advances to customers	Advances under finance lease	Financial asset	Trade/ Insurance receivables	Reinsurance assets	Other loans and receivables	Total
31-Dec-17								
In Nigeria:								
Agriculture	-	12,681	2,198	-	-	-	-	14,878
Manufacturing	-	12,404	2,150	-	-	-	-	14,554
Trade and commerce	-	-	-	-	-	-	-	-
Finance and insurance	12,505,923	454,979	78,857	5,561,773	92,424	2,794,485	800,430	22,288,871
Real estate and construction	-	110,574	19,165	-	-	-	-	129,739
Education	-	177,715	30,802	-	-	-	-	208,517
Others	-	405,259	70,239	-	-	-	-	475,499
	12,505,923	**1,173,612**	**203,410**	**5,561,773**	**92,424**	**2,794,485**	**800,430**	**23,132,057**

(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 fulfil 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.

Group

31-Dec-18

In thousands of Naira	Note	**Carrying amount**	**Contractual cash flow**	**<1 Month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**
Non-derivative financial assets/ insurance assets								
Cash and cash equivalents	5	15,896,872	15,849,613	11,766,651	301,540	3,781,422	-	-
Fair value through OCI	8(b)	2,649,802	2,102,791	-	150,592	658,873	1,293,326	-
Amortized cost	8(c)	512,625	565,795	-	-	398,246	156,056	11,493
Loans and advances to customers	6	900,852	900,852	116,099	101,216	247,778	435,759	-
Advances under finance lease	7	166,608	166,708	1,302		106,136	59,270	-
Trade receivables	10	499,382	377,357	15,690	361,667	-	-	-
Reinsurance assets – recoverable from reinsurers	11	3,174,674	2,633,271	-	115,394	2,292,403	225,474	-
Statutory deposits	20	555,000	340,000	-	-	-	340,000	-
		24,355,817	**22,936,386**	**11,899,742**	**1,030,409**	**7,484,858**	**2,509,885**	**11,493**

In thousands of Naira	Note	Carrying amount	Contractual cash flow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial liabilities/insurance liability								
Borrowing	29	8,865,661	8,865,661	-	-	8,807,398	26,550	31,713
Trade payable	23	5,583,929	6,107,383	5,219,318	368,218	60,772	415,148	43,927
Other liability	24	1,571,123	910,462	787,206	-	56,170	67,086	-
Depositors' fund	25	1,567,480	1,582,001	-	84,954	1,497,047	-	-
Insurance contract liabilities	26	11,018,012	5,486,877	-	567,207	975,281	1,118,055	2,826,334
Investment contract liabilities	27	302,424	302,424	-	-	171,665	-	130,759
	-	**28,908,629**	**23,254,808**	**6,006,524**	**1,020,379**	**11,568,333**	**1,626,839**	**3,032,733**
Gap (asset - liabilities)		**(4,552,812)**	**(318,422)**	**5,893,218**	**10,030**	**(4,083,475)**	**883,046**	**(3,021,240)**
Cumulative liquidity gap					**10,030**	**(4,073,445)**	**(3,190,339)**	**(6,211,640)**

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In thousands of Naira		Carrying amount	Contractual cash flow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/insurance assets								
Cash and cash equivalents	5	12,505,923	12,505,923	485,070	12,020,853	-	-	-
Fair value through profit or loss carried at fair value (FVTPL)	8(a)	2,543,665	2,599,619	13,105	2,240,079	205,727	140,708	-
Loans and receivables	8(c)	150,541	189,727	30,982	7,546	28,535	101,415	21,249
Loans and advances to customers	6	1,173,612	1,356,118	715,912	96,383	356,295	187,528	-
Advances under finance lease	7	203,410	226,410	129,679	2,092	32,781	61,858	-
Statutory deposits	20	555,000	1,057,308	-	-	-	418,590	638,718
		17,132,151	**17,935,105**	**1,374,748**	**14,366,953**	**623,338**	**910,099**	**659,967**
Non-derivative financial liabilities/insurance liability								
Borrowing	29	1,743,156	1,643,931	29,086	1,582,721	6,079	26,046	-
Trade payable	23	10,159,430	10,159,430	9,503,450	655,980	-	-	-
Other liabilities	24	1,343,998	1,343,998	1,343,998	-	-	-	-
Depositors' fund	25	1,446,763	1,446,763	264,832	121,776	551,815	508,340	-
Investment contract liabilities	27	293,555	290,610	-	-	-	126,808	163,802
		14,986,902	14,884,732	11,141,366	2,360,477	557,894	661,194	163,802
Gap (asset - liabilities)		2,145,249	3,050,373	(9,766,618)	12,006,476	65,444	248,905	496,165
Cumulative liquidity gap					12,006,476	12,071,920	12,320,825	12,816,990

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In thousands of Naira	Note	**Carrying amount**	**Contractual cash flow**	**<1 Month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**
Non-derivative financial assets/insurance assets								
Cash and cash equivalents	5	344,674	344,674	14,351	-	330,323	-	-
Amortized cost	8(c)	3,015	3,015	-	-	3,015	-	-
		347,689	**347,689**	**14,351**	**-**	**333,338**	**-**	**-**
Non-derivative financial liabilities/insurance liability								
Borrowing	29	8,984,800	8,984,800	-	-	8,807,398	145,689	31,713
Other liabilities	24	10,453	10,453	-	-	-	10,453	-
		8,995,253	8,995,253	-	-	8,807,398	156,143	31,713
Gap (asset - liabilities)		(8,647,564)	(8,647,564)	14,351	-	(8,474,060)	(156,143)	(31,713)
Cumulative liquidity gap					-	(8,474,060)	(8,630,203)	(8,661,916)

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In thousands of Naira		Carrying amount	Contractual cash flow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/insurance assets								
Cash and cash equivalents	5	112,363	112,363	28,083	84,280	-	-	-
Fair value through profit or loss carried at fair value (FVTPL)	8(b)	16,949	17,680	-	490	17,190	-	-
		129,312	130,043	28,083	84,770	17,190	-	-
Non-derivative financial liabilities/insurance liability								
Borrowing	29	1,613,723	1,617,885	29,086	1,582,721	6,079	-	-
Other liabilities	24	3,270,016	3,270,016	3,270,016	-	-	-	-
		4,883,739	4,887,901	3,299,102	1,582,721	6,079	-	-
Gap (asset - liabilities)		(4,754,427)	(4,757,858)	(3,271,019)	(1,497,951)	11,111	-	-
Cumulative liquidity gap					(1,497,951)	(1,486,839)	(1,486,839)	(1,486,839)

Financial assets and liabilities

Accounting classification, measurement basis and fair values
The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

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In thousands of Naira	Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	Fair value
Cash and cash equivalents	15,896,872	-	-	-	15,896,872	15,896,872
Financial assets	512,625	998,183	2,649,802	-	4,160,610	4,160,610
Loans and advances to customers	900,852	-	-	-	900,852	900,852
Advances under finance lease	166,608	-	-	-	166,608	166,608
Trade receivables	499,382	-	-	-	499,382	499,382
Other receivables less prepayment	528,907	-	-	-	528,907	528,907
Statutory deposits	555,000	-	-	-	555,000	555,000
	19,060,246	**998,183**	**2,649,802**	**-**	**22,708,232**	**22,708,232**
Borrowing	-	-	-	8,865,661	8,865,661	8,865,661
Trade payables	-	-	-	5,583,929	5,583,929	5,583,929
Depositors funds	-	-	-	1,567,480	1,567,480	1,567,480
Other liabilities	-	-	-	1,870,374	1,870,374	1,870,374
	-	**-**	**-**	**17,887,444**	**17,887,444**	**17,887,444**

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In thousands of Naira	Loans and receivables	Designated at fair value	Available for sale	Other Financial liabilities	Total Carrying amount	Fair value
Cash and cash equivalents	12,505,923	-	-	-	12,505,923	12,505,923
Financial assets	150,541	3,760,129	1,651,103	-	5,561,773	5,577,643
Loans and advances to customers	1,173,612	-	-	-	1,173,612	1,420,071
Advances under finance lease	203,410	-	-	-	203,410	203,410
Trade receivables	92,424	-	-	-	92,424	92,424
Other receivables less prepayment	532,835	-	-	-	532,835	532,835
Statutory deposits	555,000	-	-	-	555,000	555,000
	15,213,745	3,760,129	1,651,103	-	20,624,977	20,887,306
Borrowing	-	-	-	1,743,156	1,743,156	1,743,156
Trade payables	-	-	-	10,159,430	10,159,430	10,159,430
Depositors funds	-	-	-	1,446,763	1,446,763	1,446,763
Other liabilities	-	-	-	1,343,998	1,343,998	1,343,998
	-	-	-	14,693,347	14,693,347	14,693,347

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In thousands of Naira	Amortized Cost	Designated at fair value P or L	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	Fair value
Cash and cash equivalents	344,674	-	-	-	344,674	344,674
Financial assets	3,015	24,772	-	-	27,787	27,787
Other receivables less prepayment	387,595	-	-	-	387,595	387,595
	735,284	**24,772**	**-**	**-**	**760,056**	**760,056**
Borrowing	-	-	-	8,984,800	8,984,800	8,984,800
Other liabilities	-	-	-	667,776	667,776	667,776
	-	**-**	**-**	**9,652,577**	**9,652,577**	**9,652,577**

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In thousands of Naira	**Loans and receivables**	**Designated at fair value**	**Available for sale**	**Other Financial liabilities**	**Total Carrying amount**	**Fair value**
Cash and cash equivalents	112,363	-	-	-	112,363	112,363
Financial assets	-	44,747	-	-	44,747	44,747
Other receivables less prepayment	153,441	-	-	-	153,441	153,441
	265,804	44,747	-	-	310,551	310,551
Borrowing	-	-	-	1,613,723	1,613,723	2,145,995
Other liabilities	-	-	-	3,270,016	3,270,016	3,270,016
	-	-	-	4,883,739	4,883,739	4,883,739

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.

In Thousands of Naira	Gross		Reinsurance		Net	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Within Nigeria	5,318,102	5,446,009	2,709,833	2,212,548	2,608,269	3,233,461
Outside Nigeria	-	-	-	-	-	-
	5,318,102	5,446,009	2,709,833	2,212,548	2,608,269	3,233,461

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

In Thousands of Naira	Gross		Reinsurance		Net	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Fire	2,156,893	2,089,367	1,538,463	1,345,788	618,430	743,579
Accident	579,206	412,026	117,209	72,815	461,997	339,211
Motor	842,811	962,162	78,635	101,085	764,176	861,077
Marine	296,000	449,537	101,328	126,007	195,272	323,530
Oil and gas	1,251,627	1,396,351	727,581	479,595	524,046	916,756
Engineering	162,726	126,916	132,452	82,000	30,274	44,916
Bond	28,239	9,650	14,165	5,258	14,073	4,392
	5,318,102	5,446,009	2,709,833	2,212,548	2,608,269	3,233,461
Outstanding claims:						
Fire	1,874,926	1,679,242	1,431,344	1,173,325	443,582	505,917
Accident	428,821	255,431	61,871	41,502	366,950	213,929
Motor	414,051	428,064	59,805	73,563	354,246	354,501
Marine	181,361	217,338	77,333	85,669	104,028	131,669
Oil and gas	747,320	801,783	474,924	121,596	272,396	680,187
Engineering	74,017	98,415	50,735	69,493	23,282	28,922
Bond	24,835	8,754	12,417	4,813	12,418	3,941
	3,745,331	3,489,027	2,168,430	1,569,958	1,576,902	1,919,066
Unexpired risk:						
Fire	281,965	410,125	107,119	172,463	174,846	237,662
Accident	150,386	156,595	55,338	31,313	95,048	125,282
Motor	428,760	534,098	18,830	27,522	409,930	506,576
Marine	115,240	232,199	23,994	40,338	91,245	191,861
Oil and gas	504,308	594,568	252,657	357,999	251,651	236,569
Engineering	88,709	28,501	81,717	12,507	6,992	15,994
Bond	3,404	896	1,748	428	1,656	468
Total	1,572,772	1,956,982	541,403	642,570	1,013,368	1,314,412

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 paid 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 attractional 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.

(b) 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.

In thousands of Naira	Gross		Reinsurance		Net	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Life Insurance:						
Within Nigeria	5,486,878	5,746,583	464,841	598,553	5,022,037	5,148,030
Outside Nigeria		-		-		
	5,486,878	5,746,583	464,841	598,553	5,022,037	5,148,030
Investment contracts with DPF:						
Within Nigeria	302,424	293,555		-	302,424	293,555
Outside Nigeria		-		-		-
	302,424	293,555	-	-	302,424	293,555

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

In Thousands of Naira	Gross		Reinsurance		Net	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Life Insurance:						
Protection	6,157,413	3,084,622	174,748	240,140	5,982,665	2,844,482
Pensions	-	-	-	-	-	-
Annuities	1,058,434	1,142,150	-	-	1,058,434	1,142,150
Others	-	-	-	-	-	-
Total Life insurance	7,215,847	4,226,772	174,748	240,140	7,041,099	3,986,632
Investment contracts with DPF	302,424	293,555	-	-	302,424	293,555

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.

In thousands of Naira	Pre-tax profit		Shareholders' equity	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-2017
Life insurance:				
5% increase in mortality/morbidity				
Gross (2018: Nil; 2017: Nil)		-		
Net (2018: N3,726; 2017:N4,132)	7,458	(641,797)	2,176,794	2,267,255
5% increase in longevity				
Gross		-		
Net		-		
10% increase in expenses				
Gross (2018: Nil; 2017: Nil)		-		
Net (2018:N3,754; 2017: N4,163)	7,430	(641,828)	2,176,766	2,267,224
1% increase in interest rates				
Gross (2018: Nil; 2017: Nil)				
Net (2018: N3,622; 2017:N4,008)	7,562	(641,673)	2,176,898	2,267,379

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 behaviour.

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.

	Incremental Chain ladder- Yearly Projections (N)				
Accident Year	**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	246,959	104,672	
2016	481,742	318,491	256,006		
2017	388,002	492,764			
2018	541,902				

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 five operating segments; all corresponding with the activities of one or two subsidiaries:

i Non-life insurance - consists of Royal Exchange General Insurance Company Limited
ii Life insurance - consists of Royal Exchange Prudential Life Plc
iii Financial services - consists of Royal Exchange Plc and Royal Exchange Microfinance Bank Limited
iv Health insurance - consists of Royal Exchange Healthcare Limited
v Asset management- consists Royal Exchange Finance Company Limited 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:

In thousands of Naira	Revenue		Net assets	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Within Nigeria	4,356,080	2,413,399	5,099,340	5,578,400
Outside Nigeria	-	-	-	-
	4,356,080	2,413,399	5,099,340	5,578,400

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.

In Thousands of Naira	Relationship	2018	2017
Royal Exchange PLC			
Bank balances			
Royal Exchange Microfinance Bank Ltd	Subsidiary	6,685	12,790
Payables			
Royal Exchange General Insurance Company Limited	Subsidiary	-	2,173,342
Royal Exchange Prudential Plc	Subsidiary	-	1,088,397
Royal Exchange Finance Company Limited	Subsidiary	10,453	8,115
Receivables			
Royal Exchange Microfinance Bank Ltd	Subsidiary	1,803	-
Royal Exchange Prudential Life Plc	Subsidiary	19,650	-
Royal Exchange Healthcare Ltd	Subsidiary	66,298	55,214
Royal Exchange General Insurance Company Limited	Subsidiary	78,068	-
Premium paid			
Royal Exchange Prudential Plc	Subsidiary	1,921	115
Royal Exchange Healthcare Ltd	Subsidiary	303	1,786
Loans			
Royal Exchange Finance Company Limited	Subsidiary	68,639	7,367
Finance Lease			
Royal Exchange Finance Company Limited	Subsidiary	77,051	83,300
Management fees received			
Royal Exchange General Insurance Company Limited	Subsidiary	116,617	153,820

In thousands of Naira	Relationship	2018	2017
Royal Exchange Prudential Plc	Subsidiary	87,659	118,221
Solicitor's fee paid			
Punuka Attorneys and solicitors	Director	-	1,405
Royal Exchange General Insurance Company Limited			
Bank Balance with Royal Exchange Microfinance Bank		-	(9,477)
Deposit fund with Royal Exchange Prudential Plc		-	269,335
Deposit fund with Royal Exchange Finance Company Limited		31,708	61,164
Deposit fund with Royal Exchange Microfinance Bank Limited		-	-
Finance lease obligation to Royal Exchange Finance Limited		49,473	89,061
Overdraft facility with Royal Exchange Microfinance Bank Ltd		(54,220)	(49,068)
Royal Exchange Prudential Life Plc			
Bank/(Bank Overdraft) Balance with Royal Exchange Microfinance Bank		21,943	1,773
Finance lease obligation to Royal Exchange Finance and Asset Management Ltd		67,086	44,512
Borrowings with Royal Exchange Finance Company Ltd		24,061	
Royal Exchange Finance Company Ltd.			
Bank Balance with Royal Exchange Microfinance Bank		5,894	10,000
Royal Exchange Healthcare Limited			
Bank overdraft balance with Royal Exchange Microfinance Bank		(6,450)	6,321

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.

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17
Loans and advances to customers		
ECL impairment (see note 6)	172,248	182,506
Advances under finance lease		
Impairment allowance (see note 7)	23,000	23,000
Total impairment allowance (a)	195,248	205,506
Total impairment based on prudential guidelines (b)	-	731,883
Regulatory risk reserve (c = b - a)	(195,248)	526,377

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

In thousands of Naira	31-Dec-18	31-Dec-17
	₦'000	₦'000
Legal proceedings and litigations	3,499,675	2,307,052
Tax PAYE for 2014 tax audit	25,200	25,200
	3,524,875	**2,332,252**

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 assets

In thousands of Naira	31-Dec-18	31-Dec-17
	₦'000	₦'000
Legal proceedings	11,672	25,181
	11,672	**25,181**

59 Events after the reporting period

The InsuResilience Investment Fund (IIF) set up on behalf of German government by KfW and managed by Swiss based impact Investment Manager, Blue Orchard Finance Limited have signed an agreement with Royal Exchange General Insurance Company Limited (REGIC) according to which IFF will acquire a 39.25% equity stake in REGIC.

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:

In thousands of Naira	Company 31-Dec-18	Company 31-Dec-17
Funds Under Management		
Clients' Federal Government Bonds	30,993	33,103
Clients' Commercial Papers	240,550	222,125
Clients' Treasury Bills	82,399	56,305
Clients' Bank balances	516	50
	354,458	311,582
Clients' Payables	-	-
Management Fees Payable	-	-
	354,458	**311,582**

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

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Non-executive directors:				
Directors' fees	10,168	1,420	1,570	1,420
Sitting allowance	19,342	21,853	19,342	20,228
Other allowances	84,108	86,349	84,108	86,349
	113,618	109,622	105,020	107,997
Executive Directors:				
Executive Compensation	34,152	40,153	34,152	40,153
Post-employment benefits	1,979	2,371	1,979	2,371
				-
	36,131	42,524	36,131	42,524
Chairman	14,344	15,702	14,344	15,235
Other directors	99,274	136,444	90,676	102,540
	113,618	152,146	105,020	117,775
The highest paid director	47,240	53,407	47,240	53,407

(ii) Number of directors (excluding the chairman) within the following emolument range

₦	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
400,000 - 500,000	-	-	-	-
500,001 - 600,000	-	-	-	-
2,000,001 - 5,000,000	-	1	-	-
Above 5,000,000	8	7	8	7

(b) Staff

Average number of persons employed in the financial year and the related staff cost were as follows:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Managerial	23	24	2	1
Senior staff	246	296	4	7
Junior staff	27	73	1	1
	296	**393**	**7**	**9**

(i) **Staff costs**

In thousands of Naira	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Salaries , wages and allowances	56,729	1,680,169	89,707	83,584
Pension cost	10,290	86,351	-	-
	67,019	**1,766,519**	**89,707**	**83,584**

(ii) **Pension scheme**

At January	7,361	-	-	-
Provision in the year	10,963	86,351	-	-
Remittance to pension fund administrators	(11,913)	(81,808)	-	-
At December 31	**6,411**	**4,543**	**-**	**-**

(iii) Employees remunerated at higher rates

The number of employees in receipt of emoluments including allowances within the following ranges were:

₦		Group	Group	Company	Company
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
		Number	Number	Number	Number
Below	400,000	-	1	-	-
400,001 -	500,000	1	18	-	-
500,001 -	600,000	-	-	-	-
600,001 -	700,000	3	5	-	-
700,001 -	800,000	5	3	1	1
800,001 -	900,000	5	-	-	-
900,001 -	1,000,000	8	2	-	-
1,000,001 -	2,000,000	70	80	1	1
2,000,001 -	3,000,000	78	146	1	2
3,000,001 -	4,000,000	40	27	-	2
4,000,001 -	5,000,000	33	42	1	1
5,000,001 -	6,000,000	15	27	-	-
6,000,001 -	7,000,000	7	20	-	-
7,000,001 -	8,000,000	11	4	1	1
8,000,001 -	9,000,000	7	8	-	-
9,000,001 -	10,000,000	2	1	-	-
10,000,001 -	12,000,000	5	5	1	-
12,000,001 -	20,000,000	5	3	-	-
20,000,001 -	30,000,000	1	1	1	1
		296	**393**	**7**	**9**

62 Contraventions

During the year, the Group contravened certain sections of Securities & Exchange Commission Rules & Regulations (2013), Federal Inland Revenue Services and Central Bank of Nigeria as detailed below:

In thousands of Naira

Company	Regulatory Authority	Description	Penalty paid	
			31-Dec-18	31-Dec-17
			₦'000	₦'000
Royal Exchange Plc	FIRS	Penalty for late filing of CIT returns for 2018 YOA	25	
	SEC	Penalty for late filing of 2016 audited financial statements	2,800	
	SEC	Penalty For Late Submission Of Corporate Governance Scorecard For The Year Ended 31 December 2016		3,750
	SEC	Penalty For Non-Remittance Of Dividends By Royal Exchange Plc		4,650
	SEC	Penalty for Late Submission of 1st Quarter 2017 Trustee Returns		225
	NSE	Penalty for late filing of 2016 audited accounts		7,300
Other Component of the Group				
Royal Exchange Microfinance Bank Limited	CBN	Non rendition of credit data on the credit bureau portal	250	
Royal Exchange Finance Company Limited	SEC	Penalty for Late Filing of Fidelity Bond Insurance Policy		11,067
			3,075	**26,992**

OTHER NATIONAL DISCLOSURES

Statement of Value Added

In thousands of Naira	Group 2018	%	Group 2017	%	Company 2018	%	Company 2017	%
Net premium income	9,185,274		7,078,057		-		-	
Investment and other income	322,833		56,147		(3,394)		532	
Interest income	128,937		1,017,451		(478,069)		(282,841)	
Net fair value gain or loss on financial assets	(179,852)		322,782		(3,033)		15,963	
Other operating income	728,145		323,988		213,155		323,583	
Bought in goods and services	(8,438,120)		(8,031,215)		(445,976)		(294,495)	
Value added/(consumed)	**1,747,217**	**100**	**767,210**	**100**	**(717,317)**	**(100)**	**(237,258)**	**(100)**
Applied as follows:								
In payment of employees:								
-Salaries, wages and other benefits	853,827	49	900,493	164	89,707	769	83,839	719
In payment to government:								
-Taxation	224,668	13	167,584	39	6,686	10	48,551	76
For future replacement of assets and expansion of business:								
Deferred tax	258,379	15	119,932	28				
Depreciation and amortisation	203,564	12	231,084	44	31,773	60	30,021	57
Contingency reserve	362,955	21	317,760	41	-	-	-	-
Loss for the year	(156,176)	(10)	(969,643)	(216)	(845,484)	(740)	(399,669)	(752)
	1,747,217	**100**	**767,210**	**100**	**(717,317)**	**(100)**	**(237,258)**	**(100)**

Financial Summary

GROUP

In thousands of Naira	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	Restated 31-Dec-14
Assets					
Cash and cash equivalents	15,896,872	12,505,923	11,105,440	7,035,842	6,635,540
Loans and advances to customers	900,852	1,173,612	992,011	1,278,434	1,083,876
Advances under finance lease	166,608	203,410	206,890	123,269	102,980
Financial assets	4,160,610	5,561,773	5,632,949	3,448,883	4,024,087
Trade receivables	499,382	92,424	247,851	528,399	319,428
Reinsurance assets	3,174,674	2,794,485	2,660,526	1,889,750	1,916,261
Deferred acquisition cost	261,631	295,829	351,076	382,490	366,892
Other receivables and prepayments	815,179	800,429	436,881	387,396	476,235
Investment in associates	213,295	193,617	179,146	274,088	295,250
Investment properties	5,998,300	5,431,182	5,419,858	6,807,743	7,722,739
Property and equipment	1,468,405	2,136,567	2,283,270	2,219,584	1,673,178
Intangible assets	15,020	29,435	33,116	39,088	46,863
Employees retirement benefit asset (Net)	283,850	258,135	234,011	154,016	170,199
Statutory deposits	555,000	555,000	555,000	555,000	555,000
Deferred tax assets	133,275	267,386	365,065	427,621	640,445
Assets classified as held for sale	973,639	973,639	973,639	973,639	-
Deposit for shares	-	-	-	-	-
Total assets	**35,516,592**	**33,272,846**	**31,676,729**	**26,525,242**	**26,028,973**
Liabilities					
Bank borrowing	8,865,661	1,743,156	2,585,324	1,020,083	1,051,959
Deferred income	144,133	143,798	162,942	122,169	102,234
Trade payables	5,583,929	10,159,430	8,355,104	5,387,629	5,151,843
Other liabilities	1,870,374	1,608,666	1,616,032	1,469,737	1,233,863
Depositors' funds	1,567,480	1,446,763	1,203,456	1,196,324	1,032,616
Insurance contract liabilities	11,018,012	11,337,881	10,158,280	8,263,204	7,094,226
Investment contract liabilities	302,424	293,555	339,456	336,271	257,963
Dividend payable	-	-	-	-	-
Current income tax liabilities	698,816	608,472	537,200	488,713	502,951
Employees retirement benefit liability	30,239	38,458	39,269	570,008	545,206
Deferred tax liabilities	336,184	314,267	299,530	244,868	172,495
Total liabilities	**30,417,253**	**27,694,446**	**25,296,593**	**19,099,006**	**17,145,356**
Equity					
Share capital	2,572,685	2,572,685	2,572,685	2,572,685	2,572,685
Share premium	2,690,936	2,690,936	2,690,936	2,690,936	2,690,936
Contingency reserve	2,409,567	2,046,612	1,728,852	1,422,919	1,176,375
Treasury shares	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Retained earnings	(2,733,019)	(1,967,362)	(647,828)	834,374	2,657,434
Other component of equity	659,170	735,529	535,491	405,322	286,187
Total equity	**5,099,339**	**5,578,400**	**6,380,136**	**7,426,236**	**8,883,617**
Total equity and liabilities	**35,516,592**	**33,272,846**	**31,676,729**	**26,525,242**	**26,028,973**

Statement of Profit or Loss and Other Comprehensive Income

In thousands of Naira	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	Restated 31-Dec-14
Gross premium	14,712,798	12,822,219	12,517,381	10,790,628	9,425,451
Net income	4,356,080	2,413,399	2,724,161	2,377,409	3,391,805
Profit/ (loss) before taxation	326,871	(682,127)	(743,838)	(896,961)	304,730
Income tax expense	(483,047)	(287,516)	(236,414)	(401,999)	(13,100)
Profit/(loss) after taxation	(156,176)	(969,643)	(980,252)	(1,298,960)	291,630
Earnings/(loss) per share (kobo)	(3)	(19)	(19)	(25)	3

Financial Summary

COMPANY

In thousands of Naira	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	Restated 31-Dec-14
Assets					
Cash and cash equivalents	344,674	112,363	127,279	105,452	49,606
Financial assets	27,787	44,747	82,644	17,935	-
Investment in Subsidiaries	10,989,990	10,239,990	8,689,990	8,660,464	8,660,464
Deposit for Investment in Subsidiaries	3,000,000	-	-	-	-
Other receivables and prepayments	456,003	210,098	319,967	79,119	81,920
Property and equipment	28,770	91,736	90,195	26,600	17,488
Intangible assets	-	5,513	-	-	-
Deposit for shares	-	-	500,000	-	-
Total assets	**14,847,224**	**11,454,447**	**9,810,075**	**8,889,570**	**8,809,478**
Liabilities					
Bank borrowing	8,984,800	1,613,723	2,482,327	872,257	1,106,011
Other liabilities	667,778	3,784,039	920,200	1,199,985	672,377
Current income tax liabilities	303,576	303,661	255,109	255,109	255,109
Employees retirement benefit liability	512	1,076	883	43,329	24,374
Total liabilities	**9,956,666**	**5,702,498**	**3,658,519**	**2,370,680**	**2,057,871**
Equity					
Share capital	2,572,685	2,572,685	2,572,685	2,572,685	2,572,685
Share premium account	2,690,936	2,690,936	2,690,936	2,690,936	2,690,936
Retained earnings	(375,617)	486,445	886,114	1,254,849	1,487,563
Other component of equity	2554	1,883	1,821	420	423
Shareholders' funds	**4,890,558**	**5,751,949**	**6,151,556**	**6,518,890**	**6,751,607**
Total equity and liabilities	**14,847,224**	**11,454,447**	**9,810,075**	**8,889,570**	**8,809,478**

Statement of Profit or Loss and Other Comprehensive Income

In thousands of Naira	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	Restated 31-Dec-14
Net (loss)/income	(271,341)	57,237	81,289	223,669	549,855
(Loss)/profit before taxation	(838,798)	(351,118)	(368,735)	(116,707)	150,093
Income tax expense	(6,686)	(48,551)	-	(13,100)	(31,606)
(Loss)/profit after taxation	(845,484)	(399,669)	(368,735)	(129,807)	118,487