ROYAL EXCHANGE

INNOVATING TOMORROW

Annual Report & Accounts 2019

Royal Titanium Auto Insurance Plan

We don't only care about your vehicle, We care about your well-being too.

Get a 24-hour **on-and-off** the road access to emergency response services when you insure your vehicle with **Royal Exchange General**

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07080606100

www.royalexchangeinsurance.com

Emergency line: 0700 000 1190
Enquiry line: 0700 000 3390

www.emroapp.com

ROYAL EXCHANGE General

emr ...your life matters.

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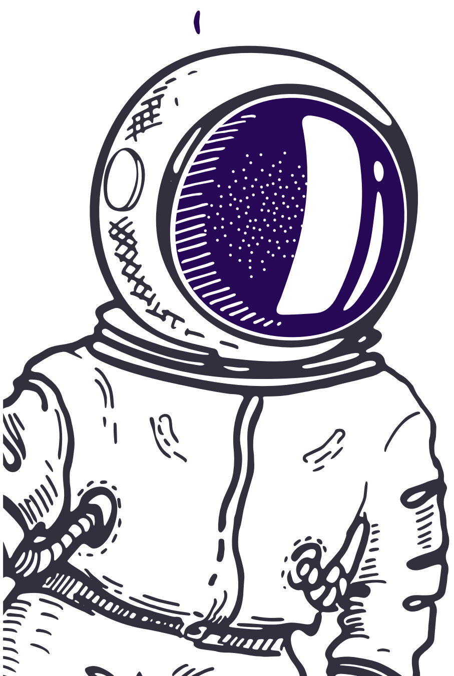
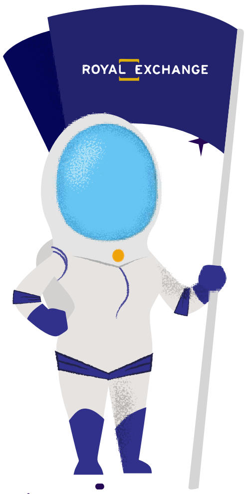
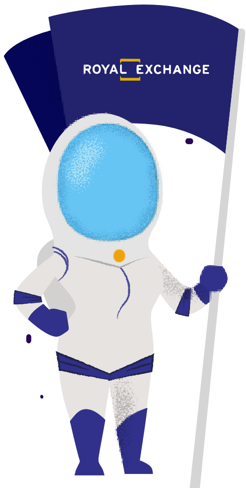


Who We Are



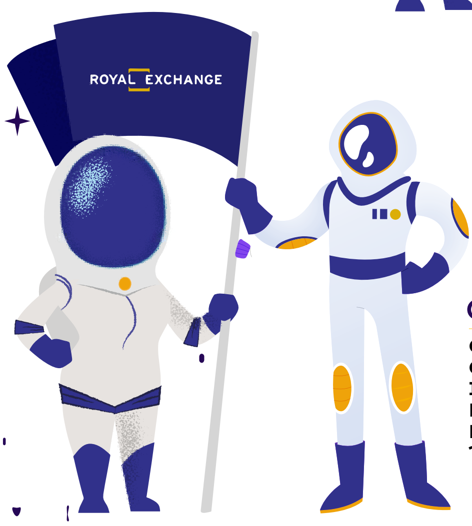
Mission
Statement

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



Vision
Statement

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



Our Values

C - Customer orientation
C - Creativity
I - Integrity
L - Learning organisation
P - Professionalism
T - Teamwork

DIRECTORS

Chairman	-	Mr. Kenny Ezenwani Odogwu
Non-Executive Directors	-	Chief Anthony Ikemefuna Idigbe (SAN) Mr. Daniel Maegerle (Swiss) Chief Uwadi Okpa-Obaji Alhaji Ahmed Rufa'i Mohammed Alhaji Rabiu Muhammad Gwarzo, OON Mr. Adeyinka Ojora Mr. Hewett Benson
Group Managing Director	-	Mr. Olawale Banmore
Chief Operating Officer	-	Mr. John Iwuajoku
Group Company Secretary	-	Ms. Sheila Ezeuko

REGISTERED OFFICE	-	31, Marina, Lagos
AUDITORS	-	Deloitte & Touche
ACTUARY	-	Einst & Young FRC/NAS/00000000738
BANKERS	-	Access Bank Plc Ecobank Limited FCMB Plc First Bank of Nigeria Limited FSDH Merchant Bank Limited Guaranty Trust Bank Plc Heritage Bank Keystone Bank Royal Exchange Microfinance Bank Limited Polaris Bank Limited Stanbic IBTC Bank Plc Sterling Bank Plc SunTrust Bank Limited United Bank of Africa Plc Union Bank of Nigeria Plc Wema Bank Plc Zenith Bank Plc
REGISTRARS	-	CardinalStone (Registrars) Limited, 358, Herbert Macauley Street, Yaba, Lagos.
RC NUMBER	-	6752

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

Royal Exchange Assurance, London was originally founded in 1720 and was one of the first two insurance companies in Britain to receive legal status via Royal Charter. Originally established for marine business, it expanded within a year to include fire and life insurance as well, thereby becoming Britain's first composite insurer. The establishment of its branch in Nigeria was the result of an overseas expansion drive in the early 20th century.

Some notable figures in the local insurance industry have headed our Company, which was, for over 20 years, the only insurance company operating in Nigeria. Thus, our Company can be said to be the beginning of insurance in Nigeria and today, has one of the largest branch networks in its sector, with 15 (fifteen) branches, 2 (two) friendship centers and thirteen sales outlets.

Pursuant to Section 396(2) of then companies Act of 1968, our Company was on December 29, 1969, reconstituted and incorporated as a private limited liability company, Royal Exchange Assurance (Nigeria) Limited. The Company went public July 18, 1989 and was duly listed on the Nigerian Stock Exchange on December 3, 1990. In June 2007, our Company entered into a merger with African Prudential Insurance Company and Phoenix of Nigeria Assurance Company Plc. The merger brought about a significantly stronger company, better positioned to serve the needs of its clientele in the financial services sector.

In June 2008, our Company was reorganized into a Group structure, whereby it assumed the role of a group holding and asset management company to execute its strategic vision for financial services, namely insurance, funds management, finance and banking, through its five wholly-owned subsidiaries namely:

- Royal Exchange General Insurance Company Limited established in January 2008, to carry on the non-life insurance business of the Group;
- However, in October 2019, Royal Exchange General Limited (REGIC) was reorganized with the injection of fresh funds by its foreign partners, the Insu Resilience Fund (IIF) acquiring an equity share of 39.25% to recapitalize the Company in line with the Regulator, Naicom's requirements of 2019. REGIC came out stronger and bolder in the insurance space.
- Royal Exchange Prudential Life Plc, established in February 2007 to carry on life assurance business of the Group;
- Royal Exchange Finance Company Limited (previously called Royal Exchange Finance & Investment Ltd) was incorporated as a wholly-owned subsidiary of Royal Exchange Plc in October 2004 and licensed in April 2005 by Central Bank of Nigeria, to carry on the finance and assets management functions of the group. In March 12, 2018, the Company was further reorganised and positioned only for the Finance functions and became known as Royal Exchange Finance Company Ltd (REFCO);
- Royal Exchange Healthcare Limited, established in May 2006 to provide health management services and healthcare insurance;
- Royal Exchange Microfinance Bank Limited, established in July 2009 and licensed to carry on the business of assisting all enterprises engaged in small scale industries, micro economic activities and co-operative related endeavors.

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

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

OUR DIRECTORS:

ROYAL EXCHANGE PLC

1. Mr. Kenny Ezenwani Odogwu	- Chairman
2. Chief Anthony Ikemefuna Idigbe (SAN)	- Director
3. Mr. Daniel Maegerle (Swiss)	- Director
4. Alhaji Rabi'u Muhammad Gwarzo, OON	- Director
5. Chief Uwadi Okpa-Obaji	- Director
6. Alhaji Ahmed Rufa'i Mohammed	- Director
7. Mr. Adeyinka Ojora	- Director
8. Mr. Hewett Benson	- Independent Director
9. Mr. Wale Banmore	- Group Managing Director

ROYAL EXCHANGE GENERAL INSURANCE COMPANY LIMITED (REGIC)

1. Alhaji Rabi'u Muhammad Gwarzo, OON	- Chairman (Awaiting NAICOM approval)
2. Mr. Benjamin Agili	- Managing Director
3. Mr. Nnamdi Oragwu	- Director
4. Mr. Ernesto Costa	- Director
5. Mr. Adejumo Adeyemo	- Director
6. Chief U. Okpa-Obaji	- Director
7. Mrs. Jane Ekomwereren	- Director

ROYAL EXCHANGE PRUDENTIAL LIFE PLC (REPRU)

1. Mr. Hewett Benson	- Chairman (Awaiting NAICOM approval)
2. Mr. Nelson Akerele	- Acting Managing Director
3. Mr. Benjamin Agili	- Director
4. Mr. Matthew Adefila	- Director
5. Mr. Ben Azi	- Independent Director
6. Mr. Donald Nosiri	- Director

ROYAL EXCHANGE HEALTHCARE LIMITED (REHL)

1. Alhaji M. S. Hammid (fwc)	- Chairman
2. Dr. Emenike Onwutalu	- Managing Director
3. Mr. Olawale Banmore	- Director
4. Mr. Ben Azi	- Independent Director
5. Mrs. Jane Ekomwereren	- Director

ROYAL EXCHANGE FINANCE COMPANY LIMITED (REFCO)

1. Alhaji Ibrahim Turaki	- Chairman
2. Mrs. Irene Opara	- Managing Director
3. Mr. Benjamin Agili	- Director
4. Mr. Olawale Banmore	- Director

ROYAL EXCHANGE MICROFINANCE BANK LIMITED (REMFB)

1. Mr. Sunday Adunola	- Ag. Managing Director
2. Mr. Ben Azi	- Independent Director
3. Mr. Nelson Akerele	- Director
4. Mrs. Irene Opara	- Director

Result at a Glance

For the year ended 31 December, 2019

	31 Dec 2019	31 Dec 2018	%
Earned Income	14,870,724	15,856,179	(6)
(Loss)/Profit Before Tax	(1,013,011)	323,179	413
Loss After Tax	(1,312,816)	(159,868)	(722)
Share Capital	2,572,685	2,572,685	-
Shareholders' Fund	3,983,417	5,148,923	(23)
Earnings Per Share (Naira) - Basic	(26)	(3)	
Stock Exchange Quotation (Naira)	0.22	0.22	

NOTICE is hereby given that the 51st Annual General Meeting of Royal Exchange Plc will be virtually held at the Operations Office, Royal Exchange Plc, 34/36, Oshodi Apapa Expressway, Charity Busstop, Oshodi, Lagos, on Thursday, September 24, 2020 at 10.00 o'clock in the forenoon to transact the following business:

ORDINARY BUSINESS:

1. To lay before the meeting, the Consolidated Financial Statements of the Group for the year ended December 31, 2019 together with the Reports of the Directors, the Audit Committee and the Auditors thereon.
2. To re-elect Directors.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To elect shareholders as members of the Statutory Audit Committee.

BY ORDER OF THE BOARD

SHEILA EZEUKO
COMPANY SECRETARY/GM (LEGAL SERVICES)
FRC/2013/NBA/00000004059
New Africa House
31, Marina, Lagos.

September 1, 2020

NOTES

- **Proxy**
  A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. In view of the current Covid-19 pandemic, the directives to minimize social contacts by restricting the number of persons at public gatherings to a maximum of 20 persons and in accordance with the Corporate Affairs Commission's Guidelines on Holding of Annual General Meetings (AGM) of Public Companies by taking advantage of Section 230 of the Companies and Allied Matters Act (CAMA) using Proxies, all members are hereby advised that attendance for the meeting shall be by **PROXY**. Shareholders are therefore advised to kindly appoint proxies to respresent them at the meeting, as the Company is bound by the directives on the maximum number of people permitted in a social/public gathering.

  A proxy form is enclosed in the Annual Report and Accounts. For the instrument of the proxy to be valid, it must be completed, duly stamped for the purposes of this meeting, the Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, CardinalStone Registrars Limited, 358, Herbert Macauley Street, Yaba, Lagos, or by email to registrars@cardinalstone.com, not less than 48 hours before the time fixed for the meeting.

Sheila Ezeuko
Company Secretary/
General Manager
(Legal Services)

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

1)	Mr. Kenny Ezenwani Odogwu	- Board Chairman
2)	Mr. Hewett Benson	- Independent Director
3)	Ms. Sheila Ezeuko	- Company Secretary
4)	Sir Sunday Nnamdi Nwosu, KSS	- Shareholders Representatives
5)	Mr. Boniface Ekezie	- Shareholders Representatives

- **Dividend Warrants**
  The Directors did not recommend any dividend for the year ended 31 December, 2019.

- **Closure of Register of Members and Transfer Books**
  The Register of Members and the Transfer Books will be closed from 7th September, 2020 to 11th September, 2020, both dates inclusive.

- **Re-election of Directors**
  In accordance with the Articles of Association, Chief A. I. Idigbe, SAN and Mr. Hewett Benson are the directors retiring by rotation. Chief A. I. Idigbe, SAN and Mr. Hewett Benson being eligible offer themselves for re-election.

- **Nominations for the Audit Committee**
  In accordance with Section 395(5) of the Companies and Allied Matters Act, (Cap C20, Laws of the Federation of Nigeria, 2004), any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty-One) days before the Annual General Meeting.

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

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

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

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

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

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

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

The 51st Annual General Meeting of Royal Exchange Plc will be virtually held at the Operations Office, Royal Exchange Plc, 34/36, Oshodi Apapa Expressway, Charity Busstop, Oshodi, Lagos, on Thursday, September 24, 2020 at 10.00 o'clock in the forenoon.

I/We................................... being a member/members of Royal Exchange Plc hereby appoint .... or failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the 51st Annual General Meeting of the Company to be held on Thursday, September 24, 2020 and at every adjournment thereof.

Dated this 1st day of September, 2020.

Nos.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Chief Anthony Idigbe SAN		
2.	To re-elect Mr. Hewett Benson		
3.	To authorize the Directors to fix the remuneration of the Auditors		
4.	To elect members of Statutory Audit Committee		

Tear off from here

BEFORE POSTING THE ABOVE CARD PLEASE TEAR OFF THIS PART AND RETAIN IT.

NOTES:

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

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

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

4. Please sign the above proxy form and post it so as to reach The Registrars, CardinalStone (Registrars) Limited, 358, Herbert Macauley Street, Yaba Lagos, not later than 48 hours before the appointed time for holding the meeting. If executed by a corporation, the proxy form must bear the common seal of such corporation.

5. Consequently, members are required to appoint a proxy of their choice from the list of the proposed proxies to represent them at the meeting:
   1) Mr. Kenny Ezenwani Odogwu - Board Chairman
   2) Mr. Hewett Benson - Independent Director
   3) Ms. Sheila Ezeuko - Company Secretary
   4) Sir Sunday Nnamdi Nwosu, KSS - Shareholders Representatives
   5) Mr. Boniface Ekezie - Shareholders Representatives

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

AUTHORITY TO ADMIT

Please admit .... at the 51st Annual General Meeting of Royal Exchange Plc to be held at the Operations Office, Royal Exchange Plc, 34/36, Oshodi Apapa Expressway, Charity Busstop, Oshodi, Lagos, on Thursday September 24, 2020, 10.00 o'clock in the forenoon.

SHEILA EZEUKO
COMPANY SECRETARY/GM (LEGAL SERVICES)
FRC/2013/NBA/00000004059

NOTES:

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

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

....
Signature of person attending

CAUTION: TO BE VALID THIS FORM MUST BE STAMPED ACCORDINGLY

Tear off from here

Please Affix
Postage Stamp
Here

The Registrar,
CardinalStone (Registrars) Limited,
358, Herbert Macauley Street,
Yaba, Lagos.

To:

The Registrar,
CardinalStone (Registrars) Limited,
358, Herbert Macauley Street
Yaba, Lagos.

ROYAL EXCHANGE PLC
REQUEST FOR E-BONUS

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

Account Details:

Shareholder Account No: ....
(Please look on the left hand corner of our certificate for your shareholder account number)

Name of Shareholder: ....

Address of Shareholder: ....

Investor's Account No: ....

CSCS Account No. (CHN): ....

GSM No: ....

E-mail Address: ....

Yours faithfully,

Signature: ....)..... Corporate shareholders

Name: ....).....) should please affix seal here and state RC No.

For Joint Shareholders

Signature:) ....

Name:) ....) of Shareholder

Signature:) ....

Name:) ....) of Shareholder

Signature:) ....

Name:) ....) of Shareholder

Official stamp and authorized signatures of stockbroker

1. Signatory: .... Seal of stockbroker

2. Signatory: ....

Please Affix
Postage Stamp
Here

The Registrar,
CardinalStone (Registrars) Limited,
358, Herbert Macauley Street,
Yaba, Lagos.

CARDINALSTONE
REGISTRARS

Affix
Current
Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Only Clearing Banks are acceptable

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

The Registrar,
CardinalStone Registrars, Limited
358, Herbert Macaulay Way, Yaba,
P.O. Box 9117, Marina, Lagos
Nigeria.

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

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name | First Name | Other Names

Address :

City | State | Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 | Mobile Telephone 2

Email Address

Signature(s)

Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PET. PLC	
	AFRIK PHARMACEUTICALS PLC	
	AG HOMES SAVINGS & LOANS	
	AG LEVENTIS	
	ARBICO PLC	
	ASHAKACEM PLC	
	BANKERS WAREHOUSE	
	BETA GLASS	
	CAPITAL HOTEL PLC	
	ELLAH LAKES	
	EVANS MED PLC	
	FCMB BOND	
	FCMB GROUP PLC	
	FIDSON BOND	
	G. CAPPA PLC	
	GUINEA PLC	
	IMB ENERGY MASTER FUND	
	JOS INT. BREWERIES PLC	
	KOGI SAVINGS & LOAN LTD	
	LAFARGE AFRICA PLC	
	LAFARGE BOND	
	LAW UNION & ROCK PLC	
	LEGACY FUND	
	LIVESTOCK FEEDS PLC	
	MORISON PLC	
	MRS OIL PLC	
	NAHCO BOND	
	NAHCO PLC	
	NEWPAK PLC	
	N.G.C PLC	
	NGC STERILE	
	NPF MICROFINANCE BANK	
	NULEC INDUSTRIES PLC	
	OKOMU OIL PALM PLC	
	PREMIER PAINT PLC	
	REAN PLC	
	SKYE BANK PLC	
	TOTAL NIG. PLC	
	TRANEX PLC	
	WOMEN INVESTMENT FUND	

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

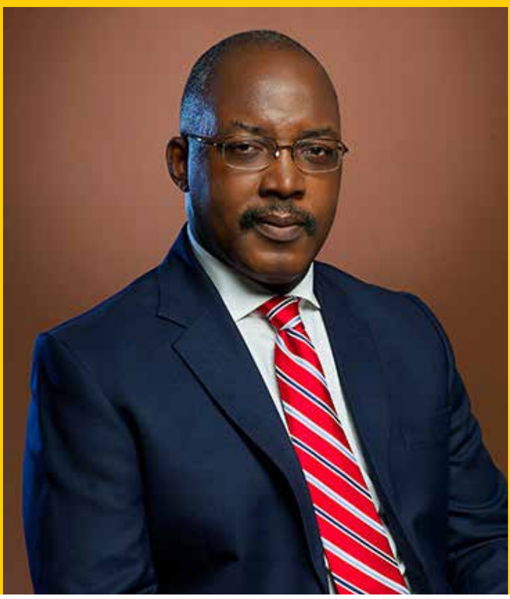
CARDINALSTONE REGISTRARS
website:www.cardinalstone.com; E-mail: registrars@cardinalstone.com

Please Affix
Postage Stamp
Here

The Registrar,
CardinalStone (Registrars) Limited,
358, Herbert Macauley Street,
Yaba, Lagos.

Section 1

Statements & Reports



Kenny Ezenwani Odogwu
Chairman

Distinguished shareholders, fellow Board members, representative of the various regulatory bodies, members of the press, and ladies and gentlemen.

It gives me great pleasure to welcome you to the 51st Annual General Meeting of our Company, taking place this 24th Day of September, 2020 where the Audited Annual Financial Statements and Annual Report of your Company will be presented for your consideration.

I am delighted, therefore to present to you a report of the operating environment as well as the annual report and financial statements of the Company for the year ended 31 December 2019, and synopsis of our expectations for 2020, for your kind consideration. But before doing so, permit me to highlight a few aspects of our business environment that had significant impacts on our operations in the year under review.

2019 MACROECONOMIC REVIEW

Global

For the larger part of the year 2019, trade tensions dominated the global economic activities especially between the world's biggest economies (China and USA) with tariffs and retaliation measures being used between the two, These developments triggered sharp movements in global equity markets, a decline in global oil prices and higher capital outflows from the emerging economies. As the trade disputes threaten to become even more pervasive, the global growth outlook has darkened.

The protracted period of high trade tensions is exacerbating an ongoing cyclical slowdown in global economic activity. In tandem with slowing industrial production, world trade growth has decelerated sharply over the past year.

Furthermore, an intensification of the trade conflict would fuel greater uncertainty in the global environment, leading to an increased likelihood of firms postponing or cancelling investment plans. Coupled with softening global demand and country-specific issues, recent data reveals that investment growth has slowed sharply in many developing economies, including Mexico, the Republic of Korea, South Africa and Singapore.

Several developing countries, however, stand to benefit in the short term from a diversion in trade flows, as firms seek to source inputs from countries that are not directly affected by the tariffs. Moreover, while trade disputes between China and the United States may create opportunities for a few countries, the overall effects on the global economy are negative.

Local

Nigerian economy was not immuned from the global negative effect that permeated the year 2019. Real GDP growth was estimated at 2.3% in 2019, marginally higher than 1.9% in 2018. Growth was mainly in transport, an improved oil sector, and information and communications technology. Agriculture was hurt by sporadic flooding and by conflicts between herdsmen and local farmers. Manufacturing continues to suffer from a lack of financing. Final household consumption was the key driver of growth in 2019, reinforcing its 1.1% contribution to real GDP growth in 2018.

The effort to lower inflation to the 6%–9% range faced structural and macroeconomic constraints, including rising food prices and arrears payments, resulting in a rate estimated at 11.3% for 2019.

With fiscal revenues below 7% of GDP, increased public spending widened the deficit, financed mainly by borrowing. At the end of June 2019, total public debt was $83.9 billion—14.6% higher than the year before. That debt represented 20.1% of GDP, up from 17.5% in 2018. Domestic public debt amounted to $56.7 billion, and external public debt $27.2 billion. The share of bilateral debt in total debt was estimated at 12.1%, and that of eurobonds at 40.8%. High debt service payments, estimated at more than half of federally collected revenues, created fiscal risks.

President Buhari's political party was re-elected with a majority in the Senate and House of Representatives. This is significant because the President can pass through his tax, borrow and spend agenda. A key policy thrust for the Buhari government has been the retention of subsidies on premium motor spirit. The Buhari government spent ₦650.2bn in subsidizing petrol from April 2018 to March 2019, a figure higher than health and education spend. The government is seeking to borrow a massive $30bn from the international debt markets.

2019 OPERATING RESULTS FOR THE COMPANY

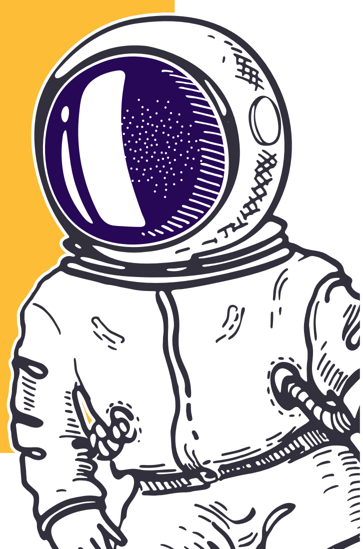
Despite the hostile operating environment in 2019, Royal Exchange Plc achieved a group-wide total gross written premium of ₦14.21billion in the financial year of 2019 against ₦14.7billion achieved in 2018 representing ₦505million reduction and 3% fall. However, this represents 82% of the budget figure for the period.

Total claims incurred (Net of recoveries) were ₦3.18billion as against ₦3.16billion incurred in the same period in 2018, translating to a negative variance of 1% and an increase in claims expenses of about ₦21million..

We made a total underwriting profit of ₦913million which is 75% and ₦3billion below what was achieved in 2018 and also fell short of the full year 2019 profit forecast by ₦5billion representing 83% negative variance.

Across the Group, cost containment was effective throughout the year 2019 as total operating expenses of ₦2.4billion was incurred in the full year 2019 against ₦4.03billion spent in the year 2018 resulting in a decrease of 42% and ₦2billion as savings. It also translated to 38% and ₦1.5billion savings when compared to the corresponding year 2019 budgeted amount.

We made a total underwriting profit of ₦913million which is 75% and ₦3billion below what was achieved in 2018 and also fell short of the full year 2019 profit forecast by ₦5billion representing 83% negative variance.



A loss before tax of ₦1billion was recorded in 2019 against a restated profit before tax of ₦323.2million achieved in 2018 resulting in a decrease in profit before tax by 413% and ₦1.34billion.

EXPECTATIONS FOR 2020

Global growth is projected at –4.9 percent in 2020, 1.9% points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020.

Tailwinds and Headwinds

Real GDP growth is projected to rise to 2.9% in 2020 and 3.3% in 2021. It depends on implementing the Economic Recovery and Growth Plan (2017–2020), which emphasizes economic diversification. The Central Bank of Nigeria's recent decree that banks hold loan-deposit ratios of 60% bodes well for increasing lending to the real sector. Simultaneously, the retrenchment of government borrowing and easing of the risks of lending to small business could lower interest rates and unlock bank lending to the private sector.

An increase in the value-added tax from 5% to 7.5% to shore up domestic nonoil revenues is welcome, though organized labor and businesses have raised concerns of a potential rise in costs. The government also plans to revisit investment tax breaks.

Oil exports have improved, driving up foreign exchange reserves and creating an impetus for the central bank to intervene in the foreign exchange market. The current account is projected to remain in surplus in 2020, benefiting from improved oil revenues.

Nigeria has many opportunities to transform its economy, particularly in agro-processing. Special agro-processing zones could promote agro-industrial development and employment. But insecurity could deter foreign investors, shrivel the domestic economy, and ultimately dampen prospects for economic growth. High unemployment could create social tensions. Rising public debt and associated funding costs could pose fiscal risks if proposed adjustments are not implemented.

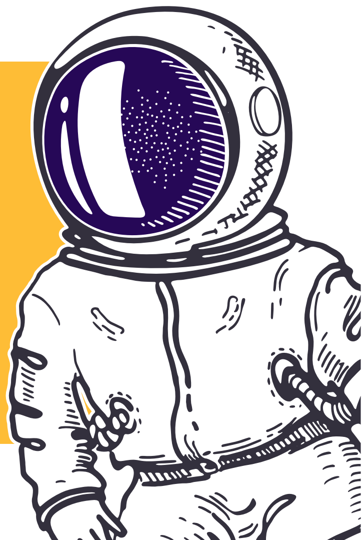
Deployment of World Class software

The new world class software we acquired earlier in the year of 2019 and deployed to our Insurance subsidiaries has started yielding positive fruits by making our workflow seamless. We hope to build on this.

Website Upgrade

In order to remain competitive as a fledging insurance superpower, and in line with our strategic implementation of our digitalization plan, the newly upgraded website has many features including call-to-action/sale capabilities which is customer focus. Clients can now log in and purchase insurance cover online and our call-center too is now up and running with 24-hour facilities to attend to enquiries. The other subsidiaries within the group now have their independent websites dedicated for their operations.

"...The current account is projected to remain in surplus in 2020, benefiting from improved oil revenues.



Capitalization plan

Our capital raising plan has been in motion even before NAICOM came up with the recent capital injection demand. We are glad to inform the shareholders that with the approval of our regulator, NAICOM Royal Exchange General Insurance has new foreign investors in the name of IIF from Switzerland. The strategic investors came in with value addition apart from the capital injected into our General Insurance Business Company.

We have other interested investors and their requests to invest with the Brand is still being considered. While general business is almost through with the capital raising process, we are on course to conclude that of the life business before the end of third quarter of 2020 ahead of the deadline of 31st December, 2020 as required by the regulator, NAICOM. Other subsidiaries (Our Microfinance Bank, HMO and Finance Company respectively) are not being neglected in this capital raising/injection exercise in order to make them competitive and stronger in the ever growing financial market.

In summary, your Board is confident about the future of our Company despite the hostile business environment.

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

Thank you for your attention.

Kenny Ezeanwani Odogwu
Group Chairman
Royal Exchange Plc.

INTRODUCTION

The dynamics of the business environment requires proactive strategic corporate and business initiatives to drive the enterprise. Digitization is at the heart of modern enterprise and comes with its inherent challenges requiring businesses to evolve, and maintain effective corporate governance structure failing which spells doom for the organization.

Therefore, motivation of value-maximizing decisions; the protection of assets from unauthorized acquisition, use or disposition, and the production of proper financial statements are the drivers of Royal Exchange Plc's corporate governance architecture.

The Company thus believes its business strategic initiatives cannot be achieved without an effective corporate governance structure. In view of this, the Company continues to develop modern corporate governance techniques with a view to embedding and promoting the culture of structured authority, balanced responsibility and accountability which it believes in the long term, will help to promote its corporate and business strategy and deliver the long-term success to stakeholders at all levels.

GOVERNANCE CULTURE

To ensure the Company stays faithful to its commitment as a responsible corporate entity with accountability to all its stakeholders, the Company annually exposes the Board members to corporate governance trainings and maintains the culture of an annual Board appraisal system to ensure the Board is alive to its responsibilities.

Similarly, the Company imposes both standards of conduct at all levels and appropriate procedures for internal controls in order to maximize opportunities and effectively identify and manage potential risks. Thus, there is a deliberate consciousness to maintain effective corporate governance in the organization.

The corporate governance architecture is periodically reviewed for improvement and ensuring that it is in line with best practices of corporate governance system.

Royal Exchange's governance structure is designed to guarantee the right of and equitable treatment of shareholders and other stakeholders. At the head of this structure is the Board of Directors which is comprised of nine (9) members, including the Chairman, seven (7) Non-Executive Directors, one (1) Executive Director and one (1) Independent Director.

THE BOARD OF DIRECTORS

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

The Board appoints committees to help carry out its duties. Given the separation of roles of the Chairman and the Chief Executive Officer (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.

All the current Non-Executive Directors served on the Board throughout 2019.

The Company Secretary

The Company Secretary is the gate keeper of the organization and is 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. She consults regularly with Directors to ensure that they receive required information promptly. She is the custodian of all corporate information and history of the Company. She engages and interfaces with shareholders and stakeholders of the Company. She protects the corporate image of the Company. She maintains a professional relationship with the regulators.

Non-Executive Directors (NED)

The Non-Executive Directors' (NED) roles are limited to contributing to strategic decision-making. Each Non-Executive Director brings with him wide experiences, knowledge and personal qualities to bear in the quality of decision-making. They are not involved in the day to day operations of the business.

Executive Directors (EDs)

The Executive Directors' appointments are based on contractual agreements and may be renewed subject to a satisfactory annual performance evaluation. The maximum tenure of an Executive Director might be two terms.

Separation of Roles and Responsibility

There is a separation of roles and responsibility of the Chairman of the Board and the Group Managing Director (GMD) of the Company.

Board of Directors of the subsidiaries

Members of the Board of Directors of the subsidiaries are appointed from the Group Executive Management and external bodies. Each subsidiary has an Independent Director as chairman of that subsidiary. Decisions of these subsidiaries go to the Group Board for information.

Board Meetings and Attendance

The Board meetings are scheduled quarterly. However, for emergency purpose, the Board could meet at a number of times higher. In the year under review, the Board met six times with an attendance rate of 91%.

Directors	Status			
Expected Meetings	4			
Actual Meetings	6	Designation	Attendance	% Attendance
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	1	17%
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	6	100%
Mr Wale Banmore	Group Managing Director	Member	6	100%
Average Attendance				91%

** Chief Idigbe (SAN) was represented by his alternate Mr. Nnamdi Oragwu on four occasions and attended twice via Skype.

Board Meetings	Date of Meetings
Emergency Board Meeting	February 14, 2019
Conference Meeting	April 01, 2019
First Quarter Board Meeting	April 17, 2019
Emergency Board Meeting	June 20,2019
Second Quarter Board Meeting	July 31, 2019
Third Quarter Board Meeting	October 16, 2019
Fourth Quarter Board Meeting	December 4, 2019

Board Committees

The committees provide recommendations on matters to the main Board. There are six committees established to maintain oversight on the business strategy of the Company. Each committee has its defined charter which embodies its guiding principles and sets out its composition, functions, responsibilities and scope of authority.
The following are the Board committees:

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

Records of the committee meetings are kept and extract of the major issues are raised at the full Board meetings for deeper consideration, resolution and directives.

Establishment and Governance Committee

The committee is 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 and remunerations.

The committee was chaired by Mr. D. Maegerle and comprised of three Non-Executive and one Executive Director. The committee met four (4) times during the year with average attendance rate of 66.7%.

Board Establihment & Governance Committee Meetings
Date of Meetings
April 16, 2019
July 30, 2019
October 15, 2019
December 3, 2019

Audit Committee

The committee serves as a focal point for the communication and oversight regarding financial accounting reporting. It is responsible for reviewing the standards of internal control, including the activities, plans, organization and quality of internal audit.

The Committee was chaired by Alhaja K. Kudaisi and comprised of three Non-Executive Directors and three (3) shareholders' representatives. The committee met five (5) times during the year with attendance rate of 100%.

Board Audit Committee Meetings
Date of Meetings
April 15, 2019
June 20, 2019
July 29, 2019
October 14, 2019
December 2, 2019

Risk Management Committee

The committee is responsible for 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 was chaired by Mr. A. A. Ojora and comprised of three (3) Non-Executives, one (1) Independent Director and one (1) Executive Director. The committee met four (4) times during the year with 80% attendance rate.

Board Risk Management Committee Meetings
Date of Meetings
April 15, 2019
July 29, 2019
October 14, 2019
December 2, 2019

Finance and General Purposes Committee

The committee is responsible for oversight functions 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 was chaired by Chief U. Okpa-Obaji and comprised of four (4) Non-Executive Directors, one (1) Executive Director and an Independent Director. The committee met four (4) times during the year with average attendance of 56.3%.

Board Finance & General Purposes Committee Meetings
Date of Meetings
April 16, 2019
July 30, 2019
October 15, 2019
December 3, 2019

Investment Committee

The committee is responsible for oversight functions with respect to investment strategies, investment portfolio performance, investment mix and the overall investment performance of the Group.

The committee was chaired by Alhaji A. R. Mohammed and consists of five (5) members made up of three (3) Non-Executive Directors, one (1) Independent Director and one (1) Executive Director. The committee met five (5) times during the year with average attendance of 64%.

Board Audit Committee Meetings
Date of Meetings
April 16, 2019
July 30, 2019
August 7, 2019
October 14, 2019
December 3, 2019

Strategy Committee

The committee is responsible for the development, articulation and execution of the Group's long-term strategic plan on the one hand, and advisory oversight responsibilities relating to potential mergers, acquisitions and other key strategic transactions outside the ordinary course of the Group's business. The committee was chaired by Chief A.I Idigbe (SAN) and made up of three (3) Non-Executive Directors, one (1) Independent Director and one (1) Executive Director. The committee met four (4) times during the year with 80% attendance rate.

Board Strategy Committee Meetings
Date of Meetings
April 15, 2019
July 29, 2019
October 14, 2019
December 2, 2019

Board Committee Meeting Attendance

Directors	Status	BIC	E&GC	F&GP	RMC	AC	BSC
Expected Meetings		**4**	**4**	**4**	**4**	**4**	**4**
Actual Meetings		**5**	**4**	**4**	**4**	**5**	**4**
No. of Members		**5**	**3**	**4**	**5**	**6**	**5**
Chief A. I. Idigbe (SAN)	Non-Executive Director	5			4		4
Mr. Daniel Maegerle	Non-Executive Director	2	1	1			
Chief U. Okpa-Obaji	Non-Executive Director		4	4	4	5	
Alhaji A. R. Mohammed	Non-Executive Director	5		4			
Alhaji R. M. Gwarzo, OON	Non-Executive Director		3			5	4
Mr. A. A. Ojora	Non-Executive Director				4	5	4
Mr. Ernesto Coasta	Independent Director						
Mr. H. Benson	Independent Director	4			4		4
Mr. Wale Banmore	Group Managing Director						
Alhja A. S. Kudaisi	Non-Executive Director					5	
Mr. T. Olawuyi	Non-Executive Director					5	
Mr. A. Bekunmi	Non-Executive Director					5	
Average Attendance		**64.0%**	**66.7%**	**56.3%**	**80.0%**	**100.0%**	**80.0%**

** The GMD is a member of all sub-committees except Audit Committee.

Subsidiary Governance

Royal Exchange's group governance strategy is implemented through the establishment of systems and processes which assures the Board that the subsidiaries reflect the same values, ethics, control and processes as that of the parent company while remaining independent in the conduct of their business. It provides the structure through which performance and 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 environments are discussed at the Executive Committee (EXCO) level where strategic directions are set. The reports cover the subsidiaries' financial performances, risk assessments, regulatory activities among others.

To ensure an effective and consistent compliance culture across all entities in the Group, Royal Exchange Plc oversees compliance risk and promote training and best practice implementation across the subsidiaries, therefore affirming the Group's commitment to a zero tolerance for regulatory breaches.

Engagements

To foster an atmosphere of cordiality and in recognition of their importance to the different businesses within the Group, Royal Exchange Plc regularly engages the regulators to ensure the extant regulations are complied with. Similarly, Royal Exchange Plc continually engages with its shareholders and shareholders' groups with the intent of fostering better understanding of the Group's governance mechanisms and performances.

Code of Business Ethics

There is a code of business ethics for the Company for the Board and staff. To strengthen the Company's zero tolerance for unethical behavior, the Company instituted a whistleblowing policy meant to encourage the reporting without retribution of perceived or real unwholesome unethical behavior in the Company.

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 were appraised by an independent consultant.

In similar vein, appraisals of the performance of the insurance subsidiaries' boards were also conducted by independent consultants in compliance with the NAICOM Code of Corporate Governance and their reports were submitted to NAICOM.

GROUP GOVERNANCE 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 Board is headed 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 Chief Executive Officer, 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 Board meetings. Each Board committee presents its recommendations to the Group Board for approval, amendments and ratification as the case may be during Board meetings.

The Executive Committee (EXCO)

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

The Group Management Executive Committee (GMEC)

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

The GMEC is responsible for the implementation of all Board approved strategic initiatives, in other words, it is responsible for the day-to-day running of the Group, 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.

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 to deal directly with enquiries from shareholders and ensures that shareholders' views are escalated to Executive Management and the Board.

Going Concern

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

Cross shareholding

The Company has no interest in any other company exceeding 5% of the voting rights of other company.

Annual General Meeting

In compliance with statutory and regulatory requirements the Annual General Meetings of the Company are held annually and provides the shareholders of the Company or their proxies with opportunity and direct access to Senior and Executive Management to deliberate and take decisions on the 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 (NSE), Corporate Affairs Commission (CAC) as well as representatives of Shareholders' Associations.

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, https://www.royalexchangeplc.com/investors-relations.

Whistle Blowing Procedures

Royal Exchange Plc is committed to the highest standards of ethical, moral and legal business conduct. In line with this commitment and philosophy of open dialogue and communications, the Company established a whistleblower policy which provides protection for any whistleblower who raises concerns in good faith regarding incorrect or inappropriate financial reporting, violation of laws or regulations, possible fraud and corruption and health & safety risks including risks to the public as well as other staff.

Complaints Management

Royal Exchange Plc resolves customers' complaints whenever they arose and appreciates feedbacks for business improvement and customer retention strategy. The complaints may be in form of any expression of dissatisfaction, resentment or grievances whether justified or not made by a person or corporate body about any aspect of its operations, services, personnel, policies, shares or dividends.

Royal Exchange Plc's complaints and feedback structure ensures prompt resolution of customers' complaints. There is a dedicated Complaints Unit apart from our 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 Plc 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 Plc Board members, Management and staff across the nation on money laundering techniques and how to combat it. There is also in place continuous compliance risk assessments and profiling of all our products and customers for effective combating of AML/CFT violations with an enshrined due diligence in place for all our business activities.

Statement of Compliance

In compliance with the provisions of the SEC code, Royal Exchange Plc. hereby confirms (a) that its sustainability initiatives are in alignment with Part D of the Code and that its related party transactions are done at arms length. (b) that to the best of its ability Royal Exchange Plc has in place an effective Risk Management, Control and Compliance system and an effective internal audit system.

Notes

1. It is the policy of the Group that any Director who will be absent from any meeting shall send his alternate to attend the meeting. In compliance with the above, every Director ab-initio has named and presented his alternate's details to the Board. The Directors with asteriskses were represented by their alternates on the day they were absent.

2. During the year, the Group contravened the provision of Appendix III Clause 14(c) of the Nigeria Stock Exchange Commission (NSE) Post-Listing Requirements which amounted to a penalty of ₦5.4million (Five Million Four Hundred Thousand Naira only).

3. The Company has an approved Share Dealing Policy and the Directors adhere to the policy in their dealings with the Company's shares.

4. The Company has an approved Complaints Management Policy Framework in compliance with the rules and regulations of Securities and Exchange Commission (SEC).

SHEILA IFEYINWA EZEUKO
COMPANY SECRETARY/GM (LEGAL SERVICES)
FRC/2013/NBA/00000004059
LAGOS, NIGERIA
JULY 20, 2020

OVERVIEW

For continual sustainability of the Company, Royal Exchange believe its risk management system and culture must be based on best industry practice and model around the COSO concept of enterprise risk management which emphasizes "a process driven by a strong board of directors, management and other personnel, applied in strategy setting and across the enterprise, to identify potential events that may affect the entity, and manage risk within its risk appetite, to provide reasonable assurance regarding the achievement of the entity's objectives" without which its business strategic initiatives cannot be achieved.

In the light of its corporate objective, Royal Exchange identified its major risk areas as Insurance (underwriting, claims and reinsurance), strategic, operational, Credit, Market, Regulatory, Liquidity and system/Technology Risks.

Risk Management Philosophy

Royal Exchange is clearly averse to any business venture or transactions that potentially could erode its values and bottom line thus; the bed rock of the risk management philosophy is not to venture into business to which it has limited knowledge or expertise. Understanding that the greater the complexity of a transaction, the greater the inherent uncertainty. The Company's strategy for managing risk exposures is to ensure risk management forms an integral part of the Company's strategy setting process for the protection of stakeholders' value.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Risk Management Process

The Risk Management infrastructure encompasses an integrated approach to identifying, managing, monitoring and reporting risks with emphasis on the following inherent risks - Insurance, Liquidity, Credit, Market, Operational and Technology to promotes risk management culture. Fundamental to our risk management practice is a strong corporate governance culture which is set at ensuring effective oversight functions are in place.

Risk Governance

To drive the governance process, the Board established the Group's corporate risk management framework which helps to structure and coordinate all direct and indirect risk management activities within the Company, while eliminating redundancies and ensuring consistency in the risk management process.

There are established standing management committees such as Group Risk Management Committee, Assets and Liabilities Committee and others to provide strong oversight functions in addition to the Board oversight function on the operations of the Company. To effect these oversight functions, Board and Management relies on regular reporting of the Group risk profile and current risk issues. These are generated by the various business units such as Audit, Control, Risk and Compliance for management's decision-making. These reports include:

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

Board Risk Management Committees

The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function over all the Group's prevalent risks via its various committees; Board Risk Management Committee (BRMC), Board Investment Committee (BIC), Board Strategy Committee (BSC), Board Finance and General Purpose Committee (BF&GPC), Board Establishment & Governance Committee (BE&GC) and Board Audit Committee (BAC). These committees are responsible for developing and monitoring risk policies in their specific areas and report regularly to the Board of Directors.

Group Risk Management Committee

This Committee is responsible for the oversight of a variety of risks arising from the Group's business including, Insurance, Liquidity, Credit, Market, Operational, Technology and Compliance. The members of the Committee include the Group Managing Director, Managing Director of the subsidiaries, Chief Operating Officer, Executive Directors, Chief Financial Officer, Chief Compliance Officer and Chief Risk Officer.

Group Assets and Liability Management Committee (GALCO)

This Committee is responsible for establishing guidelines, critical analysis of business within some thresholds and evaluation of Group's business including, insurance, liquidity, credit facilities and others against avoidable exposure and Monitoring of the status of implemented assets and liability strategies.

Control Environment

The Company has two Board Committees (Board Risk Management Committee and Board Audit Committee) maintaining oversight function on the Company's risk management processes.

The BRMC is responsible for setting risk Management policies that ensure material risks inherent in the Company's business are identified and mitigated or controlled. The Audit Committee is independent and maintains oversight functions include among others, ensuring that quality accounting policies, and independent and objective statutory auditors are in place to prevent and provide reasonable assurance to the efficiency and effectiveness of the Company financial report.

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

Internal Control and Risk Management System

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

For adequacy of effective control, the Company adopted the three line of defense in its operations. First level defense (operational management) is carried out by the business owners and customer facing units who set the strategic directions of the Company and are first contacts with the clients respectively, whilst the risk management, internal control and compliance units carry out second level defense (Checking). verifications, validations and reconciliations of all internal ledgers are regularly proofed and reconciled; exception reports are generated. The Internal and External Auditors carry out the third level defense by giving independent assurance that control is effective and efficient.

Risk Assessment

The Board and Senior Management regularly assess the risks the Group is exposed to, and the effectiveness of the internal control on an ongoing basis and specifically on quarterly basis. Senior Management also regularly considers whether the existing internal controls are effective in relation to the risks identified in the process mapping and Risk and control self-assessments. The Board also assesses the management letter issued by the external auditors which contains the auditors' observations on the control environment in the Company at the Audit Committee meetings.

Control Activities

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

The Group also set internal limits guiding its investments activities, liquidity, credit concentration limits. Additionally, limits are set for approval and authorization of any credit facilities and expenses. Also in place is segregation of duties with maker-checker in all processes; no officer can start and conclude transactions. Limits exist for transactions are approved at appropriate levels.

Additionally, the Company has instituted a whistleblowing culture among staff and is continually creating awareness among its stakeholders. The whistleblowing platform is accessible to all and the aim is primarily to ensure that all cases of irregularities are made known and addressed by the Company.

Royal Exchange understands the need for a timely, reliable and accurate information flow, for effective decision making, enhanced financial reporting and governance process, every information regarding the activity of the Company is carried out within the Company's risk management and communication policy which outlines the process flow and specifies the duties and responsibilities of every officer in relation to the activity.

Risk Culture

The Board of Directors and management ensured that the long term survival and reputation of the Company are not at risk by sustaining the promotion of risk awareness across the Group to manage products, market, portfolio, liquidity, credit and interest rate risks where the associated risks are deemed unacceptable and may affect the strategic vision of the Company. In addition, the Company continually exposes the staff to training on principles and practice of ERM which has enhanced the skill level of the staff members.

Risk Appetite

The Board of Directors established the Group risk appetite statements to guide the Group to effectively discharge its functions. The management is thus guided to take decisions on managing different categories of risk within the purview of the risk appetite statements. Also, the risk appetite levels such as prudential limits were set by the Board of Directors to guide the management's decision on the amount of risk they are prepared to accept. In line with the Group appetite statements, the subsidiaries' risk appetites were scaled down from that of the Group to reflect the respective subsidiary's need.

Regulatory Framework
Regulators are primarily interested in protecting the rights of policyholders and depositors' funds and monitoring them closely to ensure that the Company is satisfactorily managing affairs for their benefit thus operations of the Company are subject to regulatory/ prudential guidelines.

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

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

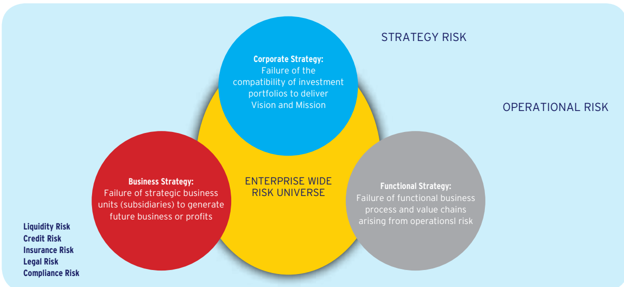
Capital Management Approach
The Company's capital management policy is to hold sufficient capital to cover the statutory requirements based on regulators' directives, including any additional amounts required by the regulators. To this end, the Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- Maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- Retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- Align the profile of assets and liabilities, taking account of risks inherent in the business;
- Maintain financial strength to support new business growth and satisfy the requirements of the policyholders, regulators and other stakeholders.

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

The capital management process is governed by the Board of Directors who has the ultimate responsibility for the capital management process. The Board of Directors is supported by the Board risk management committee, Board Strategy committee all of whom have various inputs into the capital management process.

Enterprise-Wide Risk Universe
The corporate strategy of the Company exposes it to varied forms of risk, such as the failure of the strategy itself, operational risk, insurance risk, credit risk, liquidity risk, and market risk. To mitigate all of these risks, the Company has put in place approved policies, procedures and guidelines to identify, measure and control of any identified or emerging risk.



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

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

Insurance Risk

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

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

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

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

Credit Risk

The Company ensures the establishment of principles, policies and processes and structure for the management of risk exposure arising from direct default, counter party and concentration risks to ensure that these risks are properly managed within the Groups risk appetite.

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

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

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

Similarly, the quality and performance of credit portfolios is monitored to identify early signs of decline in credit quality. Such activities include the review of ageing report, credit portfolio quality and delinquency management.
Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of directors and are subject to regular reviews.

Liquidity Risk

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

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

Market Risk

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

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

Regulatory/Compliance Risk

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

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

Section 2

Board of Directors

Kenny Ezenwani Odogwu
Chairman

He is a legal practitioner. He was called to the Nigerian Bar in 1990 and was engaged as a counsel in the firm of Sofunde, Osakwe, Ogundipe & Belgore. He worked as the Head (Legal Department) of Perfecta Investments Limited, a capital market operator and as Chief Executive Officer of Siotel, an IT company. He is currently on the board of several publicly quoted and private companies and was the last Chairman of International Merchant Bank (IMB), before it merged into First Inland Bank (now FCMB). He is also the Chief Executive of Odogwu Group of Companies. He was appointed to the Board of the Company on September 1, 1997 and became Chairman on July 26, 2007.

Chief Anthony Ikemefuna Idigbe (SAN)
Director

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

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

Chief Anthony Idigbe, SAN, graduated from the University of Ife, (now Obafemi Awolowo University), Ile- Ife in 1982 with a 2nd Class Upper Degree (Hons). He also received the Hon. Justice Orojo Prize for the Best Student in Company Law. He finished from the Nigerian Law School, Lagos in 1983, also with a Second Class (Upper Division). He has an LLM from the University of Toronto, Canada (2015), the Robert Gordon University (RGU), Scotland, UK (2012) and the University of Lagos, Akoka (1988) respectively as well as MBA from the Enugu State University of Science and Technology (ESUT) Enugu (1997). He also has a Diploma in Advertising from Advertising Practitioners Council of Nigeria (APCON), (1999) and was a Lecturer at ESUT Business School, Enugu between 1999 and 2009 and APCON from 2000 – 2002.

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

Mr. Daniel Maegerle
Director

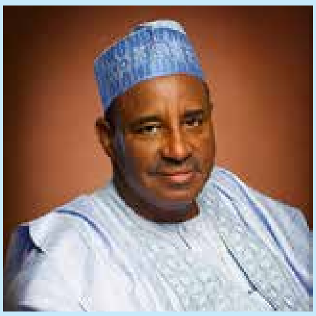
He is a Swiss national and holds a degree in Law from the University of Zurich, Switzerland. He was called to the Zurich Bar in 2002 and qualified as a Certified Specialist of the Swiss Bar Association (SBA) in Employment Law in 2009. He was a Partner in the firm Streiff Von Kaenel, a firm established in 1962 and engaged in a broad range of legal services both nationally and internationally, until 2015. Currently, he is the Founding and Managing Partner of his own law chambers, Maegerle Attorneys at Law, founded in 2016. He was appointed to the Board of the Company on November 24, 2004. He is currently the Chairman of the Establishment and Corporate Governance Committee.

Chief Uwadi Okpa-Obaji
Director

He holds a BSc (1980), an MSc (1982) both in Economics from the University of Lagos, Lagos State; an LL.B (2007) from the University of Abuja and was called to the Nigerian Bar in 2008. He also has a certificate in Macro-Economic Policy and Management from Harvard University Institute for International Development. He participated and completed the Chief Executive Programme 14 (CEP 14) of the Pan Atlantic University, Lagos. He also attended Harvard Business School for a programme on Compensation Committee titled "New Challenges, New Solutions". He is a Fellow of the Chartered Institute of Management Accountants, UK, the Institute of Chartered Secretaries and Administrators UK and the Institute of Chartered Accountants of Nigeria. He is also an Associate of the Association of National Accountants of Nigeria and the Chartered Institute of Taxation of Nigeria. He is a member of the Chartered Institute of Stockbrokers of Nigeria and an Authorized Dealing Clerk of the Nigerian Stock Exchange. Chief Okpa-Obaji was a founding staff and former Director of the National Council on Privatisation/Bureau of Public Enterprises and is currently an Executive Director of the Odogwu Group of Companies. He was appointed to the Board of the Company on March 15, 2007. He is currently the Chairman of the Board Finance and General Purposes Committee of the Company.

Alhaji Ahmed Rufa'i Mohammed
Director

He is a graduate of the Ahmadu Bello University, Zaria, Kaduna State. He also holds a certificate in Banking and Development Finance from the Manchester Business School and is a Fellow of the Institute of Public Administration. He has undertaken several national assignments and is currently on the Board of several publicly quoted and private companies. He is currently the Chairman of the Institute of Directors (IOD). He is also the Chairman of the IOD Governing Board, and the IOD Centre for Corporate Governance. He is a recipient of various national and international awards and honours. He was appointed to the Board of the Company on May 16, 2007. He is currently the Chairman of the Board Investment Committee of the Company.



Alhaji Rabiu Muhammad Gwarzo, OON
Director

He is an Associate of the British Society of Commerce. He holds a certificate in Accounting and Finance for Developing countries from the University of Strathclyde, Glasgow, Scotland Business School and certificate in Wheat Marketing and Processing from Kansas State University, USA. He is also an Associate of the institute of Industrialists and Corporate Administrators (AIICA) and a Fellow of the Institute of Industrialists and Corporate Administrators (FIIC). He has undertaken several national assignments and is currently on the Board of several publicly quoted and private companies. He holds the national honour of the Officer of the Order of the Niger (OON) and was appointed to the Board of the Company on November 21, 2008.

Mr. Adeyinka Ojora
Director

Mr. Ojora started his business pursuits in 1992 when he joined Nigerlink from AT&T Global Information Services where he was a marketing support specialist for the MICR implementation for the Central Bank of Nigeria. He worked with Eco Securities Limited as an assistant registrar and broker from 1996-1998 and was later appointed Managing Director with specific responsibility for power generation. He also heads the defence procurement division of Nigerlink Industries Limited. He serves as a director on the boards of different companies, as well as advisor to numerous companies seeking entry into the Nigerian market place. As a philanthropist, he is a trustee of the Well Being Foundation, whose goal is the reduction of maternal and infant mortality in Nigeria. He is a director, Ojora group and was appointed to the Board of Royal Exchange on June 6, 2011. He is currently the Chairman of the Board Risk Committee.

Mr. Hewett Benson
Independent Director

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

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

He is currently the Manging Director (Development Advisory) of Enterprise Capital Management Limited and he was appointed an Independent Director of Royal Exchange Plc on April 26, 2018.

Mr. Olawale Banmore
Group Managing Director

Mr. Banmore is a graduate of the University of Ibadan, Oyo State. He holds a Bachelor of Science degree in Sociology and a Masters degree in Managerial Pschology from the same institution.

He is an associate member of the Chartered Insurance Institute of Nigeria (ACIIN), a member of the Africa Insurance Organization; a member of the Nigeria and South Africa Chamber of Commerce and an alumnus of the Lagos Business School.

He joined the Insurance Industry in 1992 as a Management Trainee at UNIC Insurance Plc and rose to become the Group Head (Operations). He was also the former Regional Head (West) of First Chartered Insurance Company Limited.

He joined Royal Exchange in 2003 and was subsequently promoted to Assistant General Manager in 2007. He was appointed the Head (Technical Services) in 2007. In 2011, he was appointed Managing Director of Royal Exchange Prudential Life Plc; a subsidiary of Royal Exchange Plc. Wale is in the position Group Managing Director.

Ms. Sheila I. Ezeuko
Group General Manager
(Legal, Secretariat & Compliance Services)

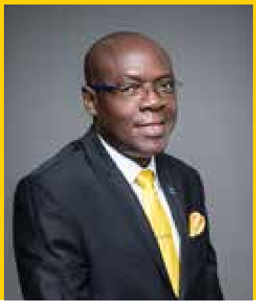
She is a graduate of the University of Nigeria, Nsukka, Enugu State. She holds a Bachelor of Arts degree in History, a Bachelor of Law from the same University, a post graduate certificate (Corporate and Commercial Law) from the University of London, a post graduate certificate of Law (Insurance Law) from the same University and was called to the Nigerian Bar in 1999. She worked in the Chambers of G. E. Ezeuko (SAN) before going into corporate practice. She served as Company Secretary to General Cotton Mill Limited and also Sosoliso Airlines Limited. She has undergone various management and professional courses. She was appointed Company Secretary of Royal Exchange Plc in 2007 and is currently the Group General Manager (Company Secretariat, Legal Services and Compliance) with responsibility for the management and execution of Legal Services and Company Secretariat across the Group. She is also an alumna of the Lagos Business School having undergone the Advanced Management Programme (AMP 24). She is an associate member of the Institute of Chartered Arbitrators, Nigeria and member of other professional bodies notably, the International Bar Association and the Nigerian Bar Association.

Executive Management Team

Mr. Olawale Banmore
Group Managing Director

Mr. John Iwuajoku
Chief Operating Officer

Ms. Sheila Ezeuko
Group General Manager, Legal, Secretariat & Compliance Services



Mr. Ben Agili
Managing Director, Royal Exchange General Insurance

Dr. Emenike Onwutalu
Managing Director, Royal Exchange Healthcare

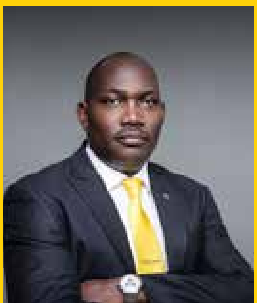
Mrs. Irene Opara
Group Managing Director, Royal Exchange Finance & Asset Management

Mr. Donald Nosiri
Group Head, Human Resources

Mr. Simon Ejima
Group Head, Enterprise Risk Management

Mr. Josiah Unuane
Group Head, Audit and Investigation

Mr. Jide Adams
Group Head, Information Technology



Mr. Wilson Okoh-Esene
Group Head, Corporate Communications

Mr. Sunday Adunola
Acting Managing Director, Royal Exchange Microfinance Limited

MR. OLAWALE BANMORE
Mr. Banmore is a graduate of the University of Ibadan, Oyo State. He holds a Bachelor of Science degree in Sociology and a Masters degree in Managerial Pschology from the same institution.

He is an associate member of the Chartered Insurance Institute of Nigeria (ACIIN), a member of the Africa Insurance Organization; a member of the Nigeria and South Africa Chamber of Commerce and an alumnus of the Lagos Business School.

He joined the Insurance Industry in 1992 as a Management Trainee at UNIC Insurance Plc and rose to become the Group Head (Operations). He was also the former Regional Head (West) of First Chartered Insurance Company Limited.

He joined Royal Exchange in 2003 and was subsequently promoted to Assistant General Manager in 2007. He was appointed the Head (Technical Services) in 2007. In 2011, he was appointed Managing Director of Royal Exchange Prudential Life Plc; a subsidiary of Royal Exchange Plc.

MR. JOHN IWUAJOKU
John is a consummate finance expert with over 23 years professional experience in the financial services industry spanning various aspects – Banking Operations, Cash Management, Branch Coordination, Payment Systems, Shared Services, Information Technology, EBusiness, Retail Banking and Insurance.

As Chief Operating Officer his core focus areas include driving operational efficiency, digital transformation, financial strength, profitability, capital raising and implementation of effective growth strategies across the subsidiaries.

Prior to joining Royal Exchange Plc, he was Vice President at First City Monument Bank Nigeria where he held several top positions, which include Head Branch Coordination, Head Service Management, Head Shared Services, Head Card and Electronic Banking. He also played a key role in the setup of the Digital Banking Team in the Bank.

He equally worked in other top rated retail banks in Nigeria, which include Zenith Bank, and Platinum Bank Limited (now Keystone Bank).

He pioneered numerous industry leading initiatives, which includes the setup of central processing center/shared services operations (then the first of its kind in the banking space in Nigeria), 24/7 shared services operations, introduction of card schemes (verve, MasterCard and visa), instant card issuance and activation bank-wide.

Educated at Obafemi Awolowo University with a Bachelor's degree in Economics and MBA from the University of Calabar, he is an Honorary Associate of the Chartered Institute of Bankers of Nigeria; Fellow, Institute of Information Management; Fellow, Chartered Economists of Nigeria and Member, Nigeria Institute of Management.

He has attended numerous courses locally and internationally and completed strategic courses, most recently being the Wharton School, University of Pennsylvania's Leadership and Management Course as well as the Said Business School Oxford Fintech Programmes in 2018.

MS. SHEILA EZEUKO
She is a graduate of the University of Nigeria, Nsukka, Enuga State. She holds a Bachelor of Arts in History, a Bachelor of Law from the same University, a post graduate certificate (Corporate and Commercial Law) from the University of London, a post graduate certificate of Law (Insurance Law) from the same University and was called to the Nigerian Bar in 1999. She worked in the Chambers of G. E. Ezeuko (SAN) before going into corporate practice. She also served as Company Secretary to General Cotton Mill Limited and also Sosoliso Airlines Limited. She has undergone various management and professional courses. She was appointed Company Secretary of Royal Exchange Plc in 2007 and is currently the Group General Manager (Company Secretariat, Legal Services and Compliance) with responsibility for the management and execution of Legal Services and Company Secretariat across the Group. She is also an alumna of the Lagos Business School having undergone the Advanced Management Programme (AMP 24). She is an associate member of the Institute of Chartered Arbitrators, Nigeria and member of other professional bodies namely, the International Bar Association and the Nigerian Bar Association. In additional to her existing roles, she was also appointed the Group Chief Compliance Officer on November 1, 2013.

MR. BEN AGILI
Mr. Agili is a graduate of Building Technology of the Institute of Management and Technology, Enugu and holds an MBA in Financial Management from Lagos State University, Ojo, Lagos State.

He is a Fellow of the Chartered Insurance Institute of London (FCII) and the Insurance Institute of Nigeria (FIIN).

He started his insurance career with UNIC Insurance Plc. He joined Royal Exchange Plc in 2003 as an Assistant General Manager (Eastern Operations) and was later elevated to a Regional Director in 2007. In 2015, he was appointed Managing Director of Royal Exchange General Insurance Company Limited; a subsidiary of Royal Exchange Plc.

DR. EMENIKE ONWUTALU
Dr. Onwutalu holds MBBS (Bachelors of Medicine and Surgery) and MBA (Healthcare Management) degrees from University of Ilorin and Lagos State University respectively, as well as a Post Graduate Diploma in Health, Safety and Environmental Management from College of Medicine, University of Lagos.

He has over 25 years' cognate working experience in Clinical Practice and Health Insurance Industry. He has attended several professional and Management courses, training, conferences and workshops within and outside the country.

He joined Royal Exchange Healthcare Limited in November, 2008 as its pioneer Regional Manager, North and was appointed the Managing Director of the Company in November 2018.

MRS. IRENE OPARA
Mrs. Opara is a graduate of Business Administration of the Institute of Management and Technology (IMT). She holds a post graduate degree diploma in Banking and Finance and an MBA (Finance) respectively from the Anambra State University of Technology (Now ESUT).

She is a member of the Nigerian Institute of Management (NIM), an Associate member, Certified Pension Institute of Nigeria (CPIN) and a Senior Member of the Chartered Institute of Loan and Risk Management of Nigeria.

She has over 12 years of successful history of achievements in Senior Management roles in the banking and manufacturing sectors.

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

MR. DONALD NOSIRI
Mr. Nosiri is a graduate of the University of Nigeria, Nsukka, Enugu State. He holds a Bachelor of Science and Masters degree in Mass Communication from the same institution and the University of Lagos respectively. He holds a certificate in Personnel Practice from the Chartered Institute of Personnel and Development in London. He is an alumnus of the Lagos Business School (LBS) having undergone the Senior Management Programme (SMP 24).

He is Member of the Chartered Institute of Personnel Management of Nigerian (CIPM), Associate Member of the Chartered Institute of Personnel and Development (CIPD) London and Honorary Senior Member (HCIB) of the Chartered Institute of Bankers of Nigeria.

He joined Royal Exchange as Group Head (Human Resources) in 2012.

MR. SIMON EJIMA
Mr. Ejima is a graduate of the University of Uyo, Uyo with a Bachelor of Science in Economics/Statistics. He holds a Masters Degree in Economics from the Lagos State University, Lagos.

He is an associate member of the Nigerian Institute of Management (Chartered); Fellow, Enterprise Risk Management Professionals (FERP); Associate Member of the Risk Management Association of Nigeria (RIMAN) as well as an Associate Member of the Institute of Certified Economist (ACE).

He has over 15 years experience in Banking Operations and Process re-engineering, Audit and Compliance Management, Operational Risk Management, Enterprise Risk Management and Internal Controls.

He joined Royal Exchange as the Group Head, Enterprise Risk Management in August 2017.

MR. JOSIAH UNUANE
Mr. Unuane holds a Higher National Degree Certificate in Accounting from Yaba College of Technology, Lagos as well as a Bachelor Degree in Economics from Caleb University, Lagos. He also holds an MBA degree in Management from the Obafemi Awolowo University, Ile-Ife.

He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an Associate Member of Chartered Institute of Taxation of Nigeria (CITN).

He has over 25 years cognate audit experience spanning the financial and manufacturing sectors.

He joined Royal Exchange as an Audit Manager in 2010 and rose to become the Group Head (Audit and Investigation) in April 2018.

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

He started his career with Cornerstone Insurance Plc where he worked in various departments, the last being the Information Technology Department from where he left as an Assistant Manager to join FINBank Plc (now part of FCMB). He also worked in mortgage banking industry in different capacities including managing enterprise risk, strategy as well as information technology. He was Group Head, Information Technology with Standard Alliance Insurance Plc from where he joined Royal Exchange Plc in September, 2018 as the Group Head, Information Technology.

He is a Certified Information Security Manager (CISM) and a Certified Information Systems Auditor (CISA). He also holds a certification in Risk and Information Systems Control and is a Fellow of the Institute of Information Management, Africa (FIIM).

MR. WILSON OKOH-ESENE
He is a graduate of the University of Nigeria, Nsukka. He holds a Bachelor of Arts in Mass Communication and is an Associate of the Nigerian Institute of Management (Chartered) and a Member of the Chartered Institute of Public Relations, MCIPR, UK.

Wilson started his professional career in 1998 after his youth service with United Bank for Africa Plc (UBA) as Trainee Officer, Corporate Affairs Unit and later moved to Fidelity Bank Plc in 2001. He then joined Hallmark Bank Plc and moved to Oando Plc in 2006 as Coordinator, Corporate Communications. He joined Royal Exchange Plc in 2010 and is currently the Group Head, Corporate Communications.

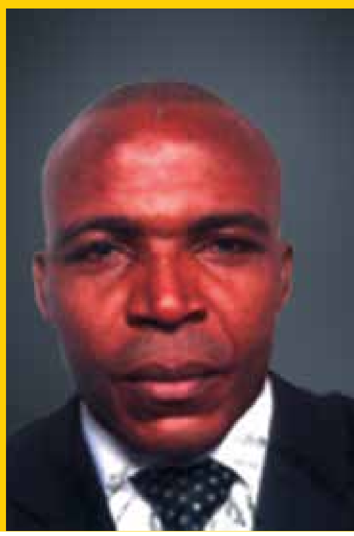
MR. SUNDAY ADUNOLA
A second class upper division graduate of Urban and Regional Planning from Obafemi Awolowo University Ile Ife. He started his marketing career as a marketing officer in Life Assurance Unit with Leadway Assurance after his youth service with National Assembly Abuja. He later joined Mustard Seed Mortgage Bank where he also worked as a marketing officer. He started his career in Microfinance industry when he joined MIC Microfinance Bank as marketing officer in year 2006, later as a credit officer/team leader and rose from this position to become a Zonal Manager in charge of Business activities of four branches.

He joined Moorgate Microfinance bank in year 2008 as a Regional Manager - Micro/Retail banking and co ordinated all the head office and branches business activities. In 2011, he moved over to Mayfield Microfinance Bank as Chief Marketing Officer and later same year moved to Touch Gold Microfinance bank as Head, Business Development and Marketing the position he held till May 2012 before joining Royal Exchange Microfinance Bank as Head of Business Development. He has over 13 years experience cutting across core Marketing, Business Development and Credit. He has attended various trainings among which are team building, relationship management and customer service delivery, credit analysis and administration, marketing strategy, group lending methodology, financial inclusion and agency banking. He is a Certified Microfinance Banker and Member Institute of Credit Administration.

Mrs. Jane Ekomwereren
Business Director,
Lagos-Central

Mrs. Vivian Elueme
Business Director,
South-South

Mr. Titilayo Adekite
Business Director,
Lagos-West



Mr. Nicholas Chukwuma
Business Director,
South-East

The Directors are pleased to submit to the members of the Company, their 51st annual report, together with the audited financial statements for the year ended 31 December, 2019.

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 Company's trading results for the year ended 31 December, 2019.

In thousands of Naira	Group 31 Dec 2019	Group 31 Dec 2018	Company 31 Dec 2019	Company 31 Dec 2018
Profit/Loss before taxation	**(1,013,011)**	323,179	**(415,655)**	(838,798)
Minimum tax	**(9,278)**	(9,866)	**(7,137)**	(6,686)
Income taxes	**(290,527)**	(473,181)	**-**	-
Loss after tax	**(1,312,816)**	(159,868)	**(422,792)**	(845,484)
Other comprehensive income/(loss), net of tax	**179,347**	23,586	**(759)**	671
Total comprehensive income/(loss) for the year	**(1,133,470)**	(136,281)	**(423,551)**	(844,814)
Total assets	**32,107,005**	35,593,934	**9,195,662**	14,847,224
Shareholders fund/Total equity	**3,983,417**	5,148,923	**4,467,007**	4,890,557

3. Dividend

3.1 The Company did not recommend any dividend on ordinary shares to its members for the year ended 31 December, 2019 (2018: Nil).

4. Directors' Interest and Shareholding

A Board of nine (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
- Alhaji A. R. Mohammed - Non-Executive Director
- Alhaji R. M. Gwarzo (OON) - Non-Executive Director
- Mr. A. A. Ojora - Non-Executive Director
- Mr. Hewett Benson - Independent Director
- Mr. Olawale Banmore - Group Managing Director

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

	No. of 50k Ordinary Shares Held as at 31 December 2019 (Direct)		No. of 50k Ordinary Shares Held as at 31 December 2019 - (Indirect)			Holdings as at December 31, 2018	No. of 50k Ordinary Shares Held as at 31 December 2018
Names	Number Direct	% Holding	Names	Number Indirect	% Holding	Number Direct	Number Indirect
Mr. Kenneth E. Odogwu	Nil	Nil	Spennymoor Ltd	2,013,119,834	39.125	Nil	2,013,119,834
Chief Anthony I. Idigbe (SAN)	Nil	Nil	Punuka Investment Ltd	1,350,276	0.026	Nil	1,350,276
Mr. Daniel Magerie	Nil	Nil	-	Nil	Nil	Nil	Nil
Chief Uwadi Okpa-Obaji	645,468	0.013	-	Nil	Nil	645,468	Nil
Alhaji Ahmed R. Mohammed	Nil	Nil	-	Nil	Nil	Nil	Nil
Alhaji Rabiu M. Gwarzo, OON	3,782,319	0.074	-	Nil	Nil	3,782,319	Nil
Mr. Adeyinka A. Ojora	100,000	0.002	Phoenix Holdings Ltd	183,529,858	3.567	100,000	183,529,858
Mr. Hewett Benson	Nil	Nil	-	Nil	Nil	Nil	Nil
Grand Total	**4,527,787**	**0.088**		**2,197,999,968**	**42.718**	**4,527,787**	**2,197,999,968**

4.3 Resignations

The following Directors resigned their appointments as Non-Executive Directors of the Company:

a. Chief Uwadi Okpa-Obaji effective January 21, 2020.
b. Alhaji Rabiu Gwarzo, OON effective January 21, 2020
c. Mr. Daniel Maegerle effective August 27, 2020.

4.4 Rotation of Directors

In accordance with the Articles of Association, Chief A. I. Idigbe, SAN and Mr. Hewett Benson are the Directors retiring by rotation. Chief A. I. Idigbe, SAN and Mr. Hewett Benson being eligible offer themselves for re-election.

4.5 Re-appointments and Rotation

In accordance with the Articles of Association, Chief A. I. Idigbe SAN and Mr. Hewett Benson are the Directors retiring by rotation. Both directors being eligible offer themselves for re-election.

5. Share Capital and Shareholding

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

5.1 Authorized Share Capital

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

5.2 Called Up, Issued and Fully Paid Share Capital

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

	No. of 50k Ordinary Shares Held as at December 31 2019	% Holdings as at December 31 2019	No of 50k Ordinary Shares held as at December 31 2018	% Holdings as at December 31 2018
Spennymoor Limited, Jersey C.I:	**2,013,119,834**	**39.12**	2,013,119,834	39.12
Royal Exchange Assurance (U.K):	**3,776**	**0.00**	3,776	0.00
Nigerian Government	**20,608,447**	**0.40**	20,654,487	0.40
Dantata Investments & Securities Company Limited:	**921,833,885**	**17.92**	921,833,885	17.92
Chief (Dr.) S. I. Odogwu, OFR	**266,870,509**	**5.19**	266,870,509	5.19
Helen and Troy Holdings Limited	**261,058,784**	**5.07**	261,058,784	5.07
Phoenix Holdings Limited	**183,529,858**	**3.57**	183,529,858	3.57
De-Canon 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:	**1,318,956,349**	**25.63**	1,318,910,309	25.63
Grand Total	**5,145,370,074**	**100.00**	5,145,370,074	100.00

The Company hereby declares that aside from the listed 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 De-canon Investment Limited with respect to a law suit number FHC/L/CS/5479/08.

5.3 Share Range Analysis as at December 31, 2019

Share Range Analysis as at December 31, 2019			No. of Holders	% of Units Held	Units Held	% of Units Held
1	-	500	1,187	7.68	277,199	0.01
501	-	1,000	823	5.33	634,933	0.01
1,001	-	5,000	5173	33.48	14,405,632	0.28
5,001	-	10,000	2790	18.05	19,465,514	0.38
10,001	-	50,000	3606	23.34	79,510,137	1.55
50,001	-	100,000	780	5.05	56,957,450	1.11
100,001	-	500,000	788	5.10	167,157,938	3.25
500,001	-	1,000,000	123	0.80	86,414,564	1.68
1,000,001	-	5,000,000	132	0.85	274,127,828	5.33
5,000,001	-	10,000,000	27	0.17	178,551,589	3.47
10,000,001	-	5,145,370,074	24	0.16	4,267,867,290	82.95
Total			**15,453**	**100**	**5,145,370,074**	**100**

5.4 Share Range Analysis as at December 31, 2018

Share Range Analysis as at December 31, 2018			No. of Holders	% of Units Held	Units Held	% of Units Held
1	-	500	1,110	7.20	262,885	0.01
501	-	1,000	797	5.17	613,381	0.01
1,001	-	5,000	5,160	33.46	14,362,481	0.28
5,001	-	10,000	2,809	18.22	19,597,624	0.38
10,001	-	50,000	3,654	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
Total			**15,420**	**100**	**5,145,370,074**	**100**

6. Records of Directors Attendance

Further to the provisions of Section 258 (2) of the Companies and Allied Matters Acts, Cap C20 Laws of the Federation of Nigeria 2004, the Record of Directors' Attendance at the Board Meetings held in 2019 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 in during the year 2019 (2018: Nil).

9. Events After Reporting Date

There was a significant event after the reporting date, which requires disclosure in this financial statements, 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 capacity for its clients.

The Company acts as a custodian of unclaimed debentures issued by various third party entities which have matured but have not been claimed by beneficiaries. These assets are held and managed by the 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 at 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 19 October, 2019, in accordance with Section 359 (3) of the Companies and Allied Matters Decree Cap C20, Laws of the Federation of Nigeria 2004, were:

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

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

14. Shareholders Information

Build up of share capital history

1. Share Capital History:

Year	Share Capital	Mode of Acquisition
1990	21,600,000	INITIAL SHARE CAPITAL
1991	27,000,000	BONUS 1991 5,400,000 SHARES
1992	33,750,000	BONUS 1992 6,750,000 SHARES
1995	50,625,000	BONUS 1995 16,875,000 SHARES
1996	75,937,500	BONUS 1996 25,312,500 SHARES
1997	227,812,500	RIGHT OFFER 151,875,000 SHARES
2000	341,718,750	BONUS 2000 113,906,250 SHARES
2001	512,578,125	BONUS 2001 170,859,375 SHARES
2003	683,437,500	RIGHTS OFFER 170,859,375 SHARES
2003	854,296,875	BONUS 2003 170,859,375 SHARES
2004	1,067,871,094	BONUS 2004 213,574,218 SHARES
2005	1,601,871,094	BONUS 2005 533,935,547 SHARES
2006	2,818,608,785	RIGHTS OFFER 1,216,802,144 SHARES
2007	3,359,898,835	SCHEME SHARES 541,290,050 SHARES
2008	3,695,888,719	BONUS 2008 335,989,884 SHARES
2009	4,065,477,591	BONUS 2009 369,588,872 SHARES
2010	4,573,662,289	BONUS 2010 508,184,698 SHARES
2011	5,145,370,074	BONUS 2011 571,707,786 SHARES

2. Bonus History

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

3. Summary

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

4. Rights Issues

Year	Rights Issue
1997	151,875,000
2003	170,859,375
2006	1,216,802,144
2006-2019	Nil
Total Rights	**3,079,073,038**

15. Auditors

The Auditors, Messer Deloitte & Touche (Chartered Accountants) was re-appointed during the year as Auditors of the Company in line with S.357(1) of CAMA CAP 20 LFN 2004. The auditors have indicated their willingness to continue in office during the year in accordance with section 357(2) of the Companies and Allied Matters Act 2004, Cap 20.

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
JULY 20, 2020

In relation to the Financial Statements

For the year ended 31 December, 2019

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 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.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

KENNY ODOGWU
(Chairman)
(FRC/2013/NBA/00000004195)
July 22, 2020

CHIEF U. OKPA-OBAJI
(Non-Executive Director)
(FRC/2014/MULTI/00000010359)
July 22, 2020

Report of the Audit Committee

For the year ended 31 December, 2019

In compliance with Section 359 (6) of the Companies and Allied Matters Act C20 Laws of the Federation of Nigeria 2004, ("The Act") We, the Members of the Audit Committee have reviewed and considered the financial statements of the Company for the year ended December 31, 2019 and the reports thereon and confirm as follows:

a) The accounting and reporting policies of the Company and Group are in accordance with legal requirements and agreed ethical practices.

b) The scope and planning of both the external and internal audits for the year ended 31 December, 2019 were satisfactory and reinforce the Group's internal control systems.

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

d) The Company's systems of accounting and internal controls were adequate.

e) After due consideration, the committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and International Financial Reporting Standards (IFRS). The Committee therefore recommends that the audited financial statements for the period ended 31 December 2019 and the Auditor's report thereon be presented for adoption by the Company at the Annual General Meeting.

DATED JULY 20, 2020

ALHAJA AYODELE KUDAISI
FRC/2013/IODN/00000004197
Chairman of the Audit Committee

OTHER MEMBERS

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

Section 3

Financial Statements

Deloitte.

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

Opinion

We have audited the consolidated and separate financial statements of Royal Exchange Plc (the Group and Company) set out on pages 57 to 186, which comprise the consolidated and separate statements of financial position as at 31 December 2019, 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 then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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, 2019 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 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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company 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 corresponding sections of the International Ethics Standards Board for Accountants’ (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to going concern

We draw attention to Note 2(f) in the consolidated and separate financial statements. As of 31 December 2019, the Company and the group recorded a loss after tax of ₦422million and N1.31billion respectively. As of the same date, a subsidiary’s total admissible assets less net insurance and investment contract liabilities amounted to a deficit of ₦352 million (2018: ₦658 million).

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

The note also explains the Directors’ remedial plans to address this position and return the Group and Company to profitability.

Our opinion is not modified in respect of this matter.

List of partners and partner equivalents available on the website

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

Key Audit matter

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

Key Audit Matter **Expected credit loss impairment on financial instruments**	**How the matter was addressed in the audit**
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 (Credit) 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 have been appropriately disclosed. 4. Challenged the criteria used to allocate asset to stage 1, 2 or 3 in accordance with IFRS 9; 5. Tested assets in stage 1, 2 and 3 to verify that they were allocated to the appropriate stage; 6. Tested the data used in the ECL calculation by reconciling to source systems; 7. Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards. 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.

Key Audit Matter Expected credit loss impairment on financial instruments	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 test on its insurance contract liabilities and investment contract liabilities to ensure the carrying value of the liabilities is adequate. As disclosed in notes 26 & 27 to the consolidated financial statement, the insurance contract liabilities of the Group amounted to ₦6.44 billion [2018: ₦5.79 billion]. This represents about 52.07% of the Group total liabilities as at 31 December 2019. 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: 1. We reviewed the methodology and process adopted by management for making reserves in the books of the Group. 2. Tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities. 3. 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 Group and industry experience data and specific product features. 4. We validated the data used in the valuation of the insurance contract liabilities. 5. 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. 6. 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. 7. 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.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Directors' Report, Results at a Glance, and Audit Committee's Report, which we obtained prior to the date of this 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 and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20, 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 consolidated and separate 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable from such communication'.

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.

As detailed in Note 62, the Group contravened certain sections of Securities & Exchange Commission Rules & Regulations, Federal Inland Revenue Services and Central Bank of Nigeria.

For: Deloitte & Touche
Chartered Accountants
18 August, 2020
Lagos, Nigeria
Engagement Partner: Odetayo Yetunde
FRC/2013/ICAN/00000000823

Consolidated Statements of Financial Position

As at 31 December, 2019

In thousands of Naira	Note	Group 31-Dec-19	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-19	Company 31-Dec-18
ASSETS						
Cash and cash equivalents	5	**13,834,940**	15,896,872	12,505,923	**191,331**	344,674
Loans and advances to customers	6	**906,558**	900,852	1,173,612	**-**	-
Advances under finance lease	7	**217,571**	166,608	203,410	**-**	-
Investment securities:						
Measured at Fair Value Through Profit or Loss (FVPL)	8(a)	**977,317**	1,075,525	3,841,163	**18,508**	24,772
Measured at Fair Value Through Other Comprehensive Income (FVOCI)	8(b)	**2,492,584**	2,649,802	1,651,103	**-**	-
Amortized Cost	8(c)	**174,684**	512,625	150,541	**4,946**	3,015
Investment in subsidiaries	9	**-**	-	-	**8,568,651**	10,989,990
Deposit for Investment in Subsidiaries		**-**	-	-	**-**	3,000,000
Trade receivables	10	**118,393**	499,382	92,424	**-**	-
Reinsurance assets	11	**2,887,473**	3,174,674	2,794,485	**-**	-
Deferred acqusition cost	12	**209,395**	261,631	295,829	**-**	-
Other receivables and prepayments	13	**564,586**	815,179	800,430	**390,376**	456,003
Investment in associates	14	**227,220**	213,295	193,617	**-**	-
Investment properties	15	**6,040,461**	5,998,300	5,431,181	**-**	-
Property and equipment	17	**1,437,131**	1,468,405	2,136,567	**3,390**	28,770
Right of Use Asset	17(b)	**15,764**	-	-	**18,460**	-
Intangible assets	18	**9,830**	15,020	29,435	**-**	-
Employees retirement benefit asset (Net)	19	**295,649**	283,850	258,135	**-**	-
Statutory deposits	20	**555,000**	555,000	555,000	**-**	-
Deferred tax assets	21	**168,810**	133,275	267,386	**-**	-
Assets classified as held for sale	16	**973,639**	973,639	973,639	**-**	-
Total assets		**32,107,005**	35,593,934	33,353,880	**9,195,662**	14,847,224
LIABILITIES						
Borrowings	29	**2,276,717**	8,865,661	1,743,156	**2,383,607**	8,907,750
Deferred Income	22	**109,332**	144,133	143,798	**-**	-
Trade payables	23	**6,157,185**	5,583,929	10,159,430	**-**	-
Other liabilities	24	**1,735,444**	1,870,375	1,608,666	**2,028,316**	667,778
Depositors' funds	25	**1,784,150**	1,567,480	1,446,763	**-**	-
Insurance contract Liabilities	26	**10,969,033**	11,018,012	11,337,881	**-**	-
Investment contract Liabilities	27	**265,521**	302,424	293,555	**-**	-
Lease Liabilities	29(b)	**-**	-	-	**31,467**	77,050
Current income tax liabilities	28(b)	**588,690**	726,574	636,230	**283,847**	303,576
Employees benefit liability	19(a)	**39,251**	30,239	38,458	**1,418**	512
Deferred tax liabilities	21	**565,092**	336,184	314,267	**-**	-
Total liabilities		**24,490,415**	30,445,011	27,722,204	**4,728,655**	9,956,667
EQUITY						
Share capital	30	**2,572,685**	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**	2,690,936
Contingency reserve	32	**1,899,998**	2,409,567	2,046,612	**-**	-
Treasury shares	33	**(500,000)**	(500,000)	(500,000)	**-**	-
Retained earnings	34	**(3,240,315)**	(2,683,435)	(1,914,086)	**(798,409)**	(375,618)
Other components of equity	35(c)	**560,112**	659,170	735,529	**1,795**	2,554
Capital and reserves attributable to owners		**3,983,416**	5,148,923	5,631,676	**4,467,007**	4,890,557
Non-controlling interests	35(d)	**3,633,174**	-	-	**-**	-
Total Equity		**7,616,590**	5,148,923	5,631,676	**4,467,007**	4,890,557
Total equity & liabilities		**32,107,005**	35,593,934	33,353,880	**9,195,662**	14,847,224

The Financial Statements was approved by the board of directors on 22 July, 2020 and signed on its behalf by:

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

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

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

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December, 2019

In thousands of Naira	Note	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Gross premium written:	36(a)	14,207,878	14,712,798	-	-
Unearned premium		233,554	465,334	-	-
Gross premium income		14,441,432	15,178,132	-	-
Reinsurance expenses	36(b)	(5,724,505)	(5,992,858)	-	-
Net premium income		8,716,927	9,185,274	-	-
Fees and commission income	37	479,688	546,507	-	-
Net underwriting income		9,196,615	9,731,781	-	-
Insurance claims and benefits incurred	38	(4,062,501)	(6,025,740)	-	-
Insurance claims and benefits incurred - recoverable from reinsurers	39	884,066	2,867,891	-	-
Net claims expenses		(3,178,435)	(3,157,849)	-	-
Changes in insurance contract liabilities		(568,052)	535,667	-	-
Underwriting expenses	40	(4,537,133)	(3,435,258)	-	-
Total underwriting expenses		(8,283,620)	(6,057,440)	-	-
Underwriting profit		912,995	3,674,341	-	-
Net Interest Income	41	(653,885)	128,937	(1,352,098)	(478,069)
Investment and other income	42	952,684	355,768	1,181,215	1,444
Share of profit/loss on investment in associate	14	13,925	20,164	-	-
Net fair value gain or loss on financial assets	43	(92,090)	(183,544)	(6,264)	(3,033)
Charge/write-back of impairment allowance	44	(279,282)	(41,173)	-	-
ECL Impairment Allowance	44(a)	(77,334)	8,238	(74,934)	(4,838)
Operating income (Revenue)		-	-	46,801	204,276
Other operating income	45	500,720	728,145	169,451	8,879
Foreign exchange gains/(losses)	46	64,554	(338,488)	-	-
Net Income		1,342,287	4,352,388	(35,829)	(271,341)
Management expenses	47	(2,355,298)	(4,029,209)	(379,826)	(567,457)
Total expenses		(2,355,298)	(4,029,209)	(379,826)	(567,457)
Profit/(Loss) before tax		(1,013,011)	323,179	(415,655)	(838,798)
Minimum tax	28(a)	(9,278)	(9,866)	(7,137)	(6,686)
Income taxes	28(a)	(290,527)	(473,181)	-	-
Loss after taxation		(1,312,816)	(159,868)	(422,792)	(845,484)
Loss is attributable to:					
Owners of Royal Exchange Plc		(1,358,778)	(159,868)	(422,792)	(845,484)
Non-controlling interest		45,962	-	-	-
		(1,312,816)	(159,868)	(422,792)	(845,484)
Other comprehensive income, net of tax					
Items that will never be reclassified subsequently to profit or loss:					
Net actuarial gains/(losses) of defined benefit obligations		(37,682)	(3,215)	(759)	671
Share of returns in associates		-	(486)	-	-
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of FVOCI investments		217,029	27,287	-	-
Total other comprehensive income, net of tax		179,347	23,586	(759)	671
Total comprehensive income for the period		(1,133,469)	(136,282)	(423,551)	(844,814)
Total comprehensive income attributable to:					
Owners of Royal Exchange Plc		(1,188,624)	(136,282)	(423,551)	(844,815)
Non-controlling interest		55,155	-	-	-
		(1,133,469)	(136,282)	(423,551)	(844,815)
Total comprehensive income for the period attributable to owners of Royal Exchange Plc arises from:					
Continued operations		(1,188,624)	-	-	-
Discontinued operations		-	-	-	-
		(1,188,624)	-	-	-
Loss per share - Basic and diluted (kobo)	48	(26)	(3)	(8)	(16)

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

Statement of Changes in Equity Group

For the year ended 31 December, 2019

Group

In thousands of Naira	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Other components of equity: Regulatory risk reserve	Other components of equity: Actuarial Gain/ Loss Reserve	Other components of equity: Fair value reserve	Other components of equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2019	2,572,685	2,690,936	2,409,567	(2,683,435)	(500,000)	545,713	119,757	(6,300)	659,170	5,148,923	-	5,148,923
Fair value reserve	-	-	(11,927)	-	-	-	-	215,756	215,756	203,829	11,927	215,756
Changes in fair value of AFS investments	-	-	-	-	-	-	-	-	-	-	-	-
Share of returns in associates	-	-	-	-	-	-		(226)	(226)	(226)	226	-
Net actuarial gains/losses	-	-	-	-	-	-	(33,450)	-	(33,450)	(33,450)	(2,960)	(36,410)
(Loss)/Profit for the year	-	-	-	(1,358,778)	-	-	-	-	-	(1,358,778)	45,962	(1,312,816)
Total comprehensive income	2,572,685	2,690,936	2,397,640	(4,042,213)	(500,000)	545,713	86,307	209,230	841,2450	3,960,298	55,155	4,015,453
Share of newly recognized Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-	-	-	2,421,339	2,421,339
Contigency reserve	-	-	(852,037)	-	-	-	-	-	-	(852,037)	852,037	-
Other component of equity	-	-	-	-	-	-	-	(210,993)	(210,993)	(210,993)	210,993	-
Retained earnings	-	-	-	(93,650)	-	-	-	-	-	(93,650)	93,650	-
Transfer to contingency reserve	-	-	354,395	(354,395)	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	69,538	-	(69,538)	-	-	(69,538)	-	-	-
Write back of loan provision (Finance)	-	-	-	-	-	(607)	-	-	(607)	(607)	-	(607)
Transactions with owners in their capacity as owners:												
Other reserve	-	-	-	1,180,405	-	-	-	-	-	1,180,405	-	1,180,405
At 31st December 2019	2,572,685	2,690,936	1,899,998	(3,240,315)	(500,000)	475,568	86,307	(1,763)	560,112	3,983,416	3,633,174	7,615,590

In thousands of Naira	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Other components of equity: Regulatory risk reserve	Other components of equity: Actuarial Gain/ Loss Reserve	Other components of equity: Fair value reserve	Other components of equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	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	-	5,578,400
Restatement in quoted equities	-	-	-	81,034	-	-	-	-	-	-	-	81,034
Prior year adjustment on income tax liability (see note 28b)	-	-	-	(27,758)	-	-	-	-	-	-	-	(27,758)
Adjusted Opening balance	2,572,685	2,690,936	2,046,612	(1,914,086)	(500,000)	526,377	108,221	100,931	735,529	5,578,400	-	5,631,676
Prior year adjustment - IFRS 9 adjustment	-	-	-	(149,370)	-	-	-	(95,972)	(95,972)	-	-	(245,342)
Prior year adjustment	-	-	-	38,152	-	89,160	-	-	89,160	-	-	127,312
	2,572,685	**2,690,936**	**2,046,612**	**(2,025,304)**	**(500,000)**	**615,537**	**108,221**	**4,959**	**728,717**	**5,578,400**	**-**	**5,513,646**
Profit for the year	-	-	-	(159,868)	-	-	-	-	-	(159,868)	-	(159,868)
Transfer to contingency reserve	-	-	362,955	(362,955)	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	(135,308)	-	135,308	-	-	135,308	135,308	-	-
Transfer to Memorandum account (finance)	-	-	-	-	-	(205,132)	-	-	(205,132)	(205,132)	-	(205,132)
Other comprehensive income:												
Changes in fair value of AFS investments	-	-	-	-	-	-	-	(20,879)	(20,879)	(20,879)	-	(20,879)
Share of returns in associates	-	-	-	-	-	-	-	(486)	(486)	(486)	-	(486)
Net actuarial gains/losses	-	-	-	-	-	-	11,536	10,106	21,642	21,642	-	21,642
Adjustments to gratuity reserve	-	-	-	-	-	-	-	-	-	-	-	-
Net amount reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Tax Effects on other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	2,572,685	2,690,936	2,409,567	(2,683,435)	(500,000)	545,713	119,757	(6,300)	659,170	5,348,985	-	5,148,923
Transactions within equity:												
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
At 31st December 2018	2,572,685	2,690,936	2,409,567	(2,683,435)	(500,000)	545,713	119,757	(6,300)	659,170	5,348,985	-	5,148,923

Statement of Changes in Equity
Company

For the year ended 31 December, 2019

Company

In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Other components of equity: Actuarial Gain/Loss Reserve	Other components of equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2019	**2,572,685**	**2,690,936**	**(375,617)**	**2,553**	**2,553**	**4,890,557**	**-**	**4,890,557**
Adjustment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	**-**	**-**	**(422,792)**	**-**	**-**	**(422,791)**	**-**	**(422,791)**
Net actuarial gains/losses	**-**	**-**	**-**	**(759)**	**(759)**	**(759)**	**-**	**(759)**
Total comprehensive income	**2,572,685**	**2,690,936**	**(798,409)**	**1,795**	**1,795**	**4,467,007**	**-**	**4,467,007**
At 31st December 2019	**2,572,685**	**2,690,936**	**(798,409)**	**1,795**	**1,795**	**4,467,007**	**-**	**4,467,007**

In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Other components of equity: Actuarial Gain/Loss Reserve	Other components of equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2018	2,572,685	2,690,936	486,445	1,883	1,883	5,751,949	-	5,751,949
Adjustment	-	-	(16,578)	-	-	(16,578)	-	(16,578)
Profit for the year	-	-	(845,484)	-	-	(845,484)	-	(845,484)
Net actuarial gains/losses	-	-	-	670	670	670	-	670
Total comprehensive income	2,572,685	2,690,936	(375,617)	2,553	2,553	4,890,557	-	4,890,557
At 31st December 2018	2,572,685	2,690,936	(375,617)	2,553	2,553	4,890,557	-	4,890,557

Consolidated Statements of Cashflows

For the year ended 31 December, 2019

In thousands of Naira	Note	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Loss for the year		**(1,312,816)**	(156,176)	**(422,792)**	(845,484)
Add: Minimum tax		**9,278**	9,866	**7,137**	6,686
Add: Income tax	28(a)	**290,527**	473,181	**-**	-
Profit before taxes		**(1,013,011)**	326,871	**(415,655)**	(838,798)
Adjustments for:					
ECL Impairment Allowance	44	**77,334**	(8,238)	**74,934**	4,838
Charge of impairment allowance	44	**279,282**	41,173	**-**	-
Depreciation on property and equipment	17	**159,520**	194,754	**9,262**	31,778
Depreciation on right of use asset		**-**	-	**10,300**	-
Amortization of intangible assets	18	**7,355**	8,816	**-**	-
Profit/(Loss) on disposal of property and equipment	45	**11,164**	(4,684)	**-**	-
Gain on disposal of investment in subsidiary	42	**-**	-	**(1,180,405)**	-
Dividend income on equity investments (FVTOCI & FVTPL)	42	**(26,753)**	(113,123)	**(810)**	(1,444)
Rental income	45	**(106,149)**	(130,383)	**-**	-
Interest income	41	**(838,967)**	(836,889)	**(36,932)**	(15,661)
Interest expense on borrowings	41	**1,473,892**	707,952	**1,370,069**	493,731
Foreign exchange (loss)/gains	46	**(64,554)**	338,488	**-**	-
Fair value gain/(loss) on FVTPL investment securities	43	**134,251**	237,597	**6,264**	3,033
Fair value gain/(loss) on FVTPL investment properties	43	**(42,161)**	(57,745)	**-**	-
Share of loss/(profit) of associate	14(a)	**(13,925)**	(20,164)	**-**	-
		37,278	684,425	**(162,973)**	(322,523)
Changes in working capital:					
Loans and advances to customers	50(viii)	**192,677**	188,934	**-**	-
Advance under finance lease	50(ix)	**32,369**	105,043	**-**	-
Trade receivables	50(iii)	**631,654**	(643,518)	**-**	-
Re-insurance asset	50(iv)	**287,202**	(380,189)	**-**	-
Deferred acquisition cost		**52,236**	34,198	**-**	-
Other receivables and prepayment	50(ii)	**259,692**	(96,348)	**(9,307)**	(264,571)
Deferred income		**(34,801)**	335	**-**	-
Trade and other payables		**573,256**	(4,575,501)	**-**	-
Other liabilities		**134,931**	206,854	**1,360,539**	(3,098,191)
Depositors' funds	50(x)	**(216,670)**	120,717	**-**	-
Investment contract liabilities		**(36,903)**	8,869	**-**	-
Changes in unearned premium	50(vii)	**(233,554)**	(465,334)	**-**	-
Changes in provision for outstanding claims	50(vi)	**184,576**	905,333	**-**	-
Changes in employee retirement benefits	50(i)	**(37,731)**	(33,780)	**147**	107
		1,826,212	(3,939,962)	**1,188,406**	(3,685,179)
Income tax paid	28(b)	**(244,286)**	(134,323)	**(26,866)**	(6,771)
Contribution to employees retirement benefits		**-**	-	**-**	-
Employee benefits paid	19(f)(i)	**(2,738)**	(3,369)	**-**	-
Interest expense paid		**(1,473,892)**	(709,509)	**(1,370,069)**	(495,251)
Net cash provided by operating activities		**105,296**	(4,787,163)	**(208,529)**	(4,187,201)

Consolidated Statements of Cashflows

For the year ended 31 December, 2019

In thousands of Naira	Note	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Cash flows from investing activities:					
Purchases of property and equipment	17	**(146,807)**	(66,807)	**(304)**	(537)
Purchase of intangible assets	18	**(2,165)**	-	**-**	-
Proceed from disposal of property and equipment		**7,397**	12,769	**2,712**	-
Proceed from changes in ownership interest in subsidiary		**3,601,745**	-	**3,601,745**	-
Proceed from redemption/disposal of investment securities	50(v)	**2,951,937**	5,464,881	**(1,931)**	54,474
Purchase of investment securities	50(v)	**(2,448,783)**	(4,527,884)	**-**	(37,647)
Deposit for shares		**-**	(22,472)	**3,000,000**	(3,000,000)
Dividend received	50(ii)	**-**	118,456	**810**	1,444
Rent received	50(ii)	**106,149**	130,383	**-**	-
Net interest received		**838,967**	803,393	**36,932**	12,628
Net cash provided by investing activities		**4,908,440**	1,912,719	**6,639,964**	(2,969,637)
Cash flows from financing activities:					
Repayment of borrowings		**(19,968,840)**	(3,699,773)	**(20,055,189)**	(3,013,231)
Proceeds from new borrowings		**13,379,896**	10,285,582	**13,531,046**	10,384,309
Repayment of finace lease		**-**	-	**(60,633)**	-
Unclaimed dividend paid		**-**	18,072	**-**	18,072
Net used in financing activities		**(6,588,944)**	6,603,881	**(6,584,778)**	7,389,150
Cash and cash equivalent at beginning of year		**15,896,872**	12,505,923	**344,674**	112,363
Effect of exchange rate flunctuations on cash and cash equivalents		**(486,724)**	(338,488)	**-**	-
Net increase in cash and cash equivalent		**(1,575,208)**	3,729,437	**(153,343)**	232,312
Cash and cash equivalent at end of year	5	**13,834,940**	15,896,872	**191,331**	344,674

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 and Asset Management Ltd, Royal Exchange Micro-Finance Bank Limited and Royal Exchange Healthcare Limited. In November 2016, Royal Exchange Takaful Insurance Company Limited was incorporated with anauthorized 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 period ended 31 December, 2019.

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

2 Basis of Preparation

(a) The consolidated and seperate financial statements for the period ended 31 December 2019 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.

(b) Functional and presentation currency
The financial statement is presented in Naira, which is the Group's functional currency. Financial information presented in Naira has been rounded to the nearest thousands except where otherwise indicated.

(c) Basis of measurement
These consolidated and seperate financial statements have been prepared on a historical cost basis except for the following items:

(i) Carried at fair value:

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

(ii) Carried at amortised cost:

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

(iii) Carried at a different measurement basis

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

(d) Reporting period

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

(e) Use of estimates and judgment

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

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

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

(f) Going concern

As of 31 December 2019, the company and the group recorded a loss after tax of ₦422million and ₦1.31billion respectively. As of the same date, a subsidiary's total admissible assets less net insurance and investment contract liabilities amounted to a deficit of ₦352 million (2018: ₦658 million).

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

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

- **Royal Exchange Plc** – Cash injection of ₦1.9 billion via equity investment from proposed investor on or before Q4, 2020. The Company will also expand its assets management drive to generate more revenue for the company.

- **Royal Exchange Prudential Life Plc** – Injection of more capital and funds into the business via equity investment from proposed two investors and sale of the company's investments which includes investment property located at Cadastral zone in FCT, Abuja at a proceed price of ₦1.6 billion to a prospective buyer and thereafter the sales proceed would be re-invested in fixed income securities

- **Royal Exchange Health Care Ltd** – The Directors of the company are proposing to dilute their shareholding interest by 75%. A prospective investor has been engaged.

- **Royal Exchange Microfinance Bank Limited** – Capital injection by owners of the company and a possible injection with a proposed investor.

The remaining two subsidiaries within the group, Royal Exchange General Insurance Company Limited and Royal Exchange Finance Company Limited are profitable and the Directors of the companies were still engaging equity investors for capital injection in order to be more solvent.

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

(g) Changes in accounting policies

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 period ended 31 December 2019, except for changes/ amendments highlighted below:

(i) Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019

Application of new and revised International Financial Reporting Standards

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

Unlike other recent Standards (e.g. IFRS 15), for entities that adopt the new Standard using a full retrospective approach, IFRS 16 does not provide an exception from the requirement of IAS 8:28(f) to present the effect of the new Standard on the current period amounts.

In the current year, the Company, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016) at its effective transition date. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets.

In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 11(f). The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes the previous lease guidance including IAS 17 Leases and the related Interpretations. The date of initial application of IFRS 16 for Royal Exchange General Insurance Company Limited is 1 January 2019.

The Company may choose the full retrospective application of IFRS 16 in accordance with IFRS 16:C5(a) or the modified approach. Consequently, if the company had chosen the retrospective approach, it will restate the comparative information. However, the Company elected not to restate the comparative information and has adopted the cumulative catch-up approach upon transition to IFRS 16.

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2017. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, it has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset, and
(b) the right to direct the use of the identified asset.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2017 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Company.

Impact on Lessee Accounting

Previous operating leases

IFRS 16 changes how the an entity accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16, for all leases (except as noted below), the Company does not have any asset as classified as operating leases under IAS 17.

(a) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
(b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
(c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statement of profit or loss.

Previous finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior year:

Group

Impact on profit or loss	As previously reported 31/12/2018	IFRS 16 adjustments	As presented 31/12/2019
Finance cost	295,681	-	**295,681**
Depreciation charge	194,747	-	**194,747**
Administrative expenses	4,029,209	-	**4,029,209**
Increase/(Decrease) in profit for the year	-	-	**-**

Impact on assets, liabilities and equity as at 1 January 2019	At 31-Dec-2018 ₦'000	Impact of IFRS 16 Reclassification ₦'000	At 1-Jan-2019 ₦'000
Property,plant and equipment (NBV) see note 17	188,886	-	**188,886**
Right of use asset	-	-	**-**
Prepaid Rent (Leased asset)	286,272	(43,677)	**242,595**
Right-of-use assets	-	43,677	**43,677**
Net impact on total assets	-	-	**-**
Other liabilities	1,870,375	-	**1,870,375**
Net impact on total liabilities	-	-	**-**
Retained earnings	(2,683,435)	-	**(2,683,435)**
Total impact on total liabilities and equity	-	-	**-**

Company

Impact on profit or loss	As previously reported 31/12/2018	IFRS 16 adjustments	As presented 31/12/2019
Finance cost	19,351	-	**19,351**
Depreciation charge	31,773	-	**31,773**
Administrative expenses	567,457	-	**567,457**
Increase/(Decrease) in profit for the year	-	-	**-**

Impact on assets, liabilities and equity as at 1 January 2019	At 31-Dec-2018 ₦'000	Impact of IFRS 16 Reclassification ₦'000	At 1-Jan-2019 ₦'000
Property,plant and equipment (NBV)	26,183	(13,710)	**12,473**
Right of use asset	-	13,710	**13,710**
Prepaid Rent (Leased asset)	-	-	**-**
Right-of-use assets	-	-	**-**
Net impact on total assets	-	-	**-**
Lease liabilities	77,050	-	**77,050**
Other liabilities	667,778	-	**667,778**
Net impact on total liabilities	-	-	**-**
Retained earnings	(375,618)	-	**(375,618)**
Total impact on total liabilities and equity	-	-	**-**

For the year ended 31 December, 2019

Motor vehicle	Property Plant and Equipment ₦'000	Right of Use Asset ₦'000
Cost: At 31/12/2018		
At 31 December 2018 (IAS 17)	96,083	-
Reclassification	(29,914)	29,914
Re-measurement	-	-
At 1 January 2019 (IFRS 16)	66,169	29,914
Accummulated Depreciation : At 31/12/2018	₦'000	₦'000
At 31 December 2018 (IAS 17)	69,900	-
Reclassification	(16,203)	16,203
Re-measurement	-	-
At 1 January 2019 (IFRS 16)	53,696	16,203
Net book value At 31/12/2018 (IAS 17)	26,183	-
Net book value At 1/1/2019 (IFRS 16)	-	13,711

The Company as a lessee
The application of IFRS 16 has an impact on the company's statement of cash flows.

Under IFRS 16, lessees must present:

* Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (the Company has included these payments as part of payments to suppliers and employees);

* Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Company has opted to include the interest paid as part of operating activities); and

* Cash payments for the principal portion for leases liability, as part of financing activities.

The adoption of IFRS 16 did not have an impact on net cash flows.

(ii) Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these financial statements as summarised below:

Amendments to IFRS 9 Prepayment Features with Negative Compensation
The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The entity does not have a prepayment with negative compensation. Hence this amendment is not applicable to the entity.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9,the Group does not take account of any adjustments to the carrying amount of long term interests 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 entity does not have long term interests in associates and joint ventures. Hence this amendment is not applicable to the entity.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
Annual Improvements include amendments to four Standards:

IAS 12 Income Taxes
The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 11 Joint Arrangements
The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

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.

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 the Group 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 Group 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 Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

(iii) 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.

(a) IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features,described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

(b) IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

(c) Amendments to IFRS 3: Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

(d) Amendments to IAS 1 and IAS 8: Definition of material

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

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

(e) Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018,the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19,IFRIC 20, IFRIC 22, and SIC-32.

Amendments majorly relates to those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

(f) Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

The amendments to IAS 16 and IAS 41 include bearer plants in the scope of IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Agriculture requires all biological assets related to agricultural activity to be measured at fair value less costs to sell.

The amendments have no impact on the Group as there are no agriculture assets owned by the Group or plans to invest in agriculture.

(g) Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associate and joint ventures.

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

(h) Sale or Contribution of Assets between an Investor and its associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or Joint Venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The amendments apply prospectively. The amendment is not expected to have any significant impact on the Group.

(i) Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 12 and IAS 28)

The amendment to IFRS 12 Disclosure of Interest in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 Investment in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

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

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

3 Summary of Significant Accounting Policies

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

(a) Consolidation

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

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

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

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

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

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

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Changes in the Company's ownership interests in existing subsidiaries

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

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

Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Transactions eliminated on Consolidation

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

(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 Groups'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 and Asset Management Limited. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(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:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- available for sale 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 Company 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.

ii) **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.

iii) 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
- easonable 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 impairement loss is calculated and recognised following the same method used for financial assets.

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

(g) Deferred acquisition costs

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

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

(h) Other Receivables and Prepayments

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

Prepayment are essentially prepaid rents and staff upfront payments. Other receivables are carried at amortised cost less accumulated impairment losses.

(i) Investment Properties

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

Recognition and measurement

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

Investment properties are measured initially at cost, including all transaction costs.

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

De-recognition

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

Transfers

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

(j) Property and Equipment

Recognition and measurement

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

Subsequent costs

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

Depreciation

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

Freehold land is not depreciated

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

Leasehold land	Over the lease period
Buildings	50 years
Generators	7 years
Furniture and Fittings	5 years
Computer Equipment	4 years
Motor vehicles - New - Salvage	4 years 3 years
Finance Lease	4 years

De-recognition

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

(k) Intangible Assets

Software expenditure

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

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

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

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

Acquired computer software

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

Amortization

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

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

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

(l) Taxation

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

Current income taxes

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely income tax (based on taxable income (or loss) for the year; and Minimum tax (computed as 0.5% of the gross turnover, less franked investment income).

Taxes based on taxable profit for the period are treated as current income tax in line with IAS 12; whereas taxes which is based on gross amounts is outside the scope of IAS 12 and therefore are not treated as current income tax.

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

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

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

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

Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill (arising in a business combination) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

(m) Statutory Deposits

Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act, CAP 117, LNF 2004 for the general insurance companies.

The deposits are only available as a last resort to the Group if it goes into liquidation. Statutory deposits are measured at cost.

(n) Borrowings

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

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

(o) Deferred income

Deferred income comprises deferred rental income and deferred commission.

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

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

(p) Provisions and other liabilities

Provisions

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

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

Other liabilities

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

(q) Leases

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements and impact of the adoption on the Group's financial statements is described in note f(i).

Operating lease

The Group does not have operating lease. However, IFRS 16 changes how a Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

(a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows

Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. This change did not have a material effect on the Group's financial statements.

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

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

Unearned premium provision

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

Reserve for unexpired risk

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

Reserve for outstanding claims

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

Reserve for incurred but not reported claims (IBNR)

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

Liability Adequacy Test

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

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

Insurance contract with discretionary participating features (DPF)

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

- Likely to be a significant portion of the total contractual benefits;
- The amount or timing is contractually at the discretion of the insurer; and
- That are contractually based on:
    - i. the performance of a specified pool of contracts or a specified type of contract;
    - ii. realized and or unrealized investment returns on a specified pool of assets held by the issuer; or
    - iii. the profit or loss of the Company.

Recognition and measurement

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

(i) Short-term insurance contracts

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

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

Claims expenses are recognized in the statement of profit or loss as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs that arise from events that have occurred up to the end of the reporting period even if they have not been reported to the Group. The Group does not discount 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 guranteed 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 estabilished 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 sufficieny 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.

(s) Recognition and Measurement of Insurance Contract

Premium

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

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

Reinsurance

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

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

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Group will receive from the reinsurer.

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

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

(t) Investment contract liabilities

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

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

(u) Employee Benefits liabilities

(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.

(v) Other long-term benefits

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

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

The liability is valued annually by a qualified actuary (Logic Professional Services) under the supervision of Mr Ganiu Shefiu with FRC number (FRC/2017/NAS/00000017548) using the projected unit credit method.

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

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

(v) Capital and Reserves

(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.

(iv) Contingency reserve

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

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

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

(v) 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.

(vi) Fair value reserves

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

(vii) Regulatory risk reserve

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

(viii) 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.

(ix) 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.

(x) 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 indenmity period, based on the patern of risks underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of indenmity 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 Ltd).

The other segments include corporate shared services and other activities not related to the core business segment and which are not reportable segments due to their immateriality. Certain expenses such as finance costs and taxes are also not allocated to particular segments.

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

(z) Earnings per share

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

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

(aa) Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that results in the holding and placing of assets on behalf of clients and oversight functions over certain funds. The value of the assets held on behalf of clients as at reporting date are excluded from the statement of financial position of the Group as they are not assets of the Group, but are disclosed in the financial statements (see Note 61). The carrying value of the assets under custody were determined as follows:

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

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

4 Critical accounting estimates and judgments

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

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

A Judgements

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

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

The Group holds a direct interest of 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 2019 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 estmates 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 neighborhood properties were also considered in deriving the open market values. Other key assumptions are as disclosed in Note 15 to the financial statements.

(v) Defined benefit plan

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

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

(vi) Current income tax

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

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

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

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

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

5 Cash and cash equivalents

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Cash	**4,772**	6,448	**58**	100
Bank balances	**1,787,666**	936,427	**37,360**	14,251
Short-term deposits (including demand and time deposits)	**12,078,386**	15,045,878	**156,630**	332,963
Write back/(charge) of impairment allowance on Short term deposits	**(35,884)**	(91,881)	**(2,716)**	(2,639)
Cash and cash equivalents (as per statement of financial position)	**13,834,940**	15,896,872	**191,331**	344,674

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

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

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

6 Loans and advances to customers

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Term loan	**1,176,521**	1,169,783	**-**	-
Impairment allowance	**(269,963)**	(268,931)	**-**	-
Carrying amount	**906,558**	900,852	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**268,931**	182,506	**-**	-
Impairment allowance recognised during the year	**1,032**	86,425	**-**	-
At 31 December	**269,963**	268,931	**-**	-
Within one year	**906,558**	900,852	**-**	-
More than one year	**-**	-	**-**	-
	906,558	900,852	**-**	-

7 Advances under finance lease

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Gross investment in finance lease	**240,571**	189,608	**-**	-
Impairment allowance (see note 7(a) below)	**(23,000)**	(23,000)	**-**	-
	217,571	166,608	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
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**	12,008	**-**	-
More than one year	**205,563**	154,600	**-**	-
	217,571	166,608	**-**	-

8 Investment securities

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Fair value through profit or loss (FVTPL) (see note 8(b) below)	**977,317**	1,075,525	**18,508**	24,772
Fair value through Other Comprehensive Income (FVOCI) (see note 8(a) below)	**2,492,584**	2,649,802	**-**	-
Amortised cost (see note 8(c) below)	**174,684**	512,625	**4,946**	3,015
Total financial assets	**3,644,585**	4,237,952	**23,454**	27,787
Within one year	**475,763**	1,138,736	**4,946**	3,015
More than one year	**3,168,822**	3,099,216	**18,508**	24,772
	3,644,585	4,237,952	**23,454**	27,787

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Listed equities	**977,317**	1,075,525	**18,508**	24,772
	977,317	1,075,525	**18,508**	24,772

(i) Restatement

One of the subsidiaries - Royal Exchange Prudential Life Plc ,Unit of shares in Nestle Nigeria Plc (totalling 52,082 units) which are owned by the company were not recognised in the books by management. Considering the amount involved of ₦76million in the current year; these have been assessed as a material adjusting event for 2017 and 2018 financial statements. Consequently, this has been treated as a prior year error in compliance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) with respect to Changes in Fair value (Financial asset through profit or loss) and Quoted Equities (Fair value through profit or loss-FVPL). Thus, the necessary adjustment for Fair value changes up to 31/12/2017 was passed through opening retained earnings on 1/1/2018. Fair value loss (FVPL) for 2018 was increased by ₦3.6 million from ₦232.4million to ₦236.1million under the line "Fair Value gains through profit or loss (Note 43)". The asset - Listed equities was assessed not to have any tax impact.

Summarized below are the impact of this adjustment on the key element of the financial statement.

(ii) Financial Position

At I January, 2018

In thousands of Naira	As previously reported	Adjustments	Tax	As restated
Listed Equities	3,760,129	81,034	-	3,841,163
Total assets	33,272,846	81,034	-	33,353,880
Retained Earning (see the Statement of Changes in Equity)	(1,967,362)	81,034	-	(1,886,328)
Total equity (see the Statement of Changes in Equity)	5,578,400	81,034	-	5,659,434

Income statement

For year ended 31 December, 2018

In thousands of Naira	As previously reported	Adjustments	Tax	As restated
Fair value Loss (see note 43)	(232,387)	(3,692)	-	(236,079)
Profit before tax	326,871	(3,692)	-	323,179
Loss after tax	(156,176)	(3,692)	-	(159,868)

Financial Position

At 31 December, 2018

In thousands of Naira	As previously reported	Adjustments	Tax	As restated
Quoted Equities (see note (a)(i) above)	998,183	(3,692)	-	1,075,525
Total assets	35,516,592	(3,692)	-	35,593,934
Retained Earnings (see the Statement of Changes in Equity)	(2,733,019)	(3,692)	-	(2,655,677)
Total equity (see the Statement of Changes in Equity)	5,099,339	(3,692)	-	5,176,681

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Federal government bonds	**358,821**	346,142	**-**	-
Treasury bills	**345,212**	809,373	**-**	-
Unlisted equities at cost	**616,230**	441,299	**-**	-
Bonds: Annuity fund	**1,187,960**	1,058,434	**-**	-
Specific impairment allowance (see note 8(ii) below)	**(15,639)**	(5,446)	**-**	-
	2,492,584	2,649,802	**-**	-

(i) The Group's Fair Value Through Other Comprehensive Income (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 equities measured at FVOCI are carried 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 analyzed below:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**5,446**	178,941	**-**	-
Impairment/(write back) allowance recognised during the year	**10,193**	(173,495)	**-**	-
At 31 December	**15,639**	5,446	**-**	-

(c) Amortised cost

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Federal Government Bonds	**-**	84,040	**-**	-
Treasury bills	**14,972**	263,166	**4,972**	3,020
Staff Personal Loan	**295**	478	**-**	-
Staff mortgage loans	**53,161**	112,480	**-**	-
Staff Car Loan	**1,000**	-	**-**	-
Policy holders loan	**106,706**	58,399	**-**	-
Placement with financial institutions	**8,873**	7,798	**-**	-
Specific impairment allowance	**(10,323)**	(13,736)	**(26)**	(5)
	174,684	512,625	**4,946**	3,015

9 Investment in subisidiaries

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Royal Exchange General Insurance Company Limited	-	-	**3,748,065**	6,169,404
Royal Exchange Prudential Life Assurance Plc.	-	-	**3,865,833**	3,865,833
Royal Exchange Finance Company Limited	-	-	**777,802**	777,802
Royal Exchange Healthcare Company Lmimited	-	-	**151,669**	151,669
Royal Exchange Microfinance Bank Limited	-	-	**106,205**	106,205
	-	-	**8,649,574**	11,070,913
Allowance for Impairment	-	-	**(80,923)**	(80,923)
	-	-	**8,568,651**	10,989,990

(a) Movement in gross investment in subsidiaries

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	-	-	**11,070,913**	11,070,913
Disposals	-	-	**(2,421,339)**	-
Additions (see note 9(a)(i) below)	-	-	**-**	-
At 31 December	-	-	**8,649,574**	11,070,913

(i) The subsidiary companies comprise of the following:

Name of Entity	Nature of business	Dec-19	Dec-19	31-Dec-18
Royal Exchange General insurance Company Limited	Non-Life Insurance	31-Dec	60.75	99.90
Royal Exchange Prudential Life Assurance Plc	Life Insurance	31-Dec	99.90	99.90
Royal Exchange Finance Company Limited	Credit Financing	31-Dec	99.90	99.90
Royal Exchange Healthcare Company Limited	Health insurance	31-Dec	29.84	29.84
Royal Exchange Microfinance Bank Limited	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

Other than Royal Exchange General Insurance Company Limited, there are no Non-controlling interest in any of the other subsidiaries.

(i) This represents the Company's 61% (2018: 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% (2018: 99.9%) shareholdings in Royal Exchange Prudential Life Assurance Plc., a Nigerian registered company involved in life insurance business.

(iii) This represents the Company's 99.9% (2018: 99.9%) shareholdings in Royal Exchange Finance Company Limited, a Nigerian registered company involved in the business of finance, financial advisory, fund management, leasing and investment management. The investment which has been carried at cost was impaired, based on management judgement, by the sum of ₦80.9million in 2011.

(iv) This represents the Company's 29.84% (2018: 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% (2018: 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 subisidiaries

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Deposit for Investment in subisidiaries (see note 9.1 (i))	-	-	-	3,000,000

(i) In 2018, the Company acquired 2billion ordinary shares and 1billion ordinary shares of Royal Exchange General Insurance Company Limited (REGIC) and Royal Exchange Prudential Life Plc (REPRU) respectively at ₦1 per share but the shares were not alloted as at the period. The intended increase in holding interest in REGIC and REPRU did not materialize which resulted to a refund of the amount placed for deposit for shares.

(b) **The condensed financial data of the consolidated entities as at 31 December 2019, are as follows:**

(i) **Condensed statement of profit or loss For the year ended 31 December, 2019**

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	14,441,432	(58,365)	14,499,797	-	10,868,351	3,311,161	-	-	320,285
Reinsurance expenses	(5,724,505)		(5,724,505)	-	(5,389,854)	(334,651)	-	-	-
Net premium income	8,716,927	(58,365)	8,775,292	-	5,478,497	2,976,510	-	-	320,285
Fee and commission income	479,688	-	479,688	-	415,546	64,142			-
Net underwriting Income	9,196,615	(58,365)	9,254,980	-	5,894,043	3,040,652	-	-	320,285
Total underwriting expenses	(8,283,620)	-	(8,283,620)	-	(4,747,814)	(3,259,871)	-	-	(275,937)
Underwriting profit	912,995	(58,365)	971,360	-	1,146,229	(219,219)	-	-	44,350
Share of profit on investment in associate	13,925	(173)	14,097	-	14,097	-	-	-	-
Write-back/(charge) of impairment allowance	(356,614)	-	(356,614)	(74,934)	(133,365)	(52,461)	8,577	(2,124)	(102,307)
Investment and other income	707,427	(1,375,511)	2,082,938	39,105	940,525	693,619	180,892	92,639	136,158
Foreign exchange gain	64,554	-	64,554	-	67,744	(2)	-	-	(3,188)
Net income	1,342,287	(1,434,049)	2,776,336	(35,829)	2,035,230	421,937	189,469	90,515	75,013
Total expenses	(2,355,298)	256,679	(2,611,977)	(379,826)	(1,060,587)	(794,783)	(181,185)	(87,096)	(108,500)
(Loss)/Profit before tax	(1,013,011)	(1,177,370)	164,359	(415,655)	974,643	(372,846)	8,284	3,419	(33,487)
Minimum tax	(9,278)	-	(9,278)	(7,137)	-	(647)	-	-	(1,494)
Income tax expense	(290,527)	-	(290,527)	-	(319,938)	(565)	(4,601)	(928)	35,505
(Loss)/Profit after taxation	(1,312,816)	(1,177,370)	(135,446)	(422,792)	654,705	(374,058)	3,683	2,491	524

Notes to the Financial Statements cont.

For the year ended 31 December, 2019

Condensed Statement of financial position as at 31 December 2019

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	13,834,940	(902,794)	14,737,734	191,331	10,619,459	2,971,849	722,178	136,148	96,769
Loans and advances to customers	906,558	(173,100)	1,079,658	-	-	-	918,215	161,443	-
Advances under finance lease	217,571	(155,304)	372,875	-	-	-	372,875	-	-
Financial assets	3,644,586	(20,583)	3,665,169	23,454	1,412,190	1,984,454	11,278	10,000	223,792
Investment in subsidiaries	-	(8,568,651)	8,568,651	8,568,651	-	-	-	-	-
Trade receivables	118,392	-	118,392	-	53,837	6,925	-		57,630
Reinsurance assets	2,887,473	-	2,887,473	-	2,235,297	652,176	-	-	-
Deferred acquisition cost	209,395	-	209,395	-	162,488	45,661	-	-	1,246
Other receivables and prepayments	564,586	(1,248,643)	1,813,229	390,376	882,465	411,040	83,938	44,730	680
Investment in associates	227,220	(520,792)	748,011	-	449,521	283,217	15,273	-	-
Investment properties	6,040,461	-	6,040,461	-	4,275,855	1,353,805	-	-	410,801
Right of use asset	15,764	(165,539)	181,302	18,460	76,895	85,947	-	-	-
Property and equipment	1,437,131	168,747	1,268,385	3,390	1,137,844	110,366	6,800	8,133	1,852
Intangible assets	9,830	-	9,830	-	-	172	8,354	1	1,303
Employees retirement benefits	295,649	-	295,649	-	295,649	-	-	-	-
Statutory deposits	555,000	-	555,000	-	340,000	215,000	-	-	-
Deferred tax assets	168,810	-	168,810	-	-	-	-	-	168,810
Assets classified as held for sale	973,639	-	973,639	-		973,639	-	-	-
Total assets	32,107,005	(11,586,659)	43,693,663	9,195,662	21,941,500	9,094,251	2,138,912	360,455	962,883
LIABILITIES									
Borrowings	2,276,717	(173,100)	2,449,817	2,383,607	29,030	-	-	27,053	10,127
Deferred income	109,332	-	109,332	-	109,332	-	-	-	-
Trade payables	6,157,185	-	6,157,185	-	5,998,661	158,524	-	-	-
Other liabilities	1,735,444	(1,619,172)	3,354,616	2,028,316	734,950	396,347	23,343	17,090	154,568
Depositors' funds	1,784,150	(35,253)	1,819,403	-	-	-	1,619,878	199,525	-
Insurance contract liabilities	10,969,033	-	10,969,033	-	4,591,292	6,180,545	-	-	197,196
Investment contract liabilities	265,521	-	265,521	-	-	265,521	-	-	-
Lease Liabilities	-	(155,304)	155,304	31,467	63,927	59,910			
Current income tax liabilities	588,690	-	588,690	283,847	293,033	647	7,600	1,187	2,376
Employees benefit liability	39,251	-	39,251	1,418	24,750	7,401	2,810	892	1,980
Deferred tax liabilities	565,092	-	565,092	-	484,603	50,759	-	-	29,730
Total liabilities	24,490,415	(1,982,829)	26,474,816	4,728,655	12,329,578	7,119,654	1,653,631	245,747	395,977
									-
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	1,899,998	(863,965)	2,763,963	-	2,488,463	252,285	-	-	23,215
Treasury shares	(500,000)	(500,000)	-	-	-	-	-	-	-
Retained earnings	(3,240,315)	(67,762)	(3,172,553)	(798,409)	692,018	(2,219,341)	(686,168)	(67,163)	(93,490)
Other component of equity	560,112	(191,960)	752,072	1,795	262,037	75,819	393,647	9,261	9,513
Capital and reserves attributable to owners	3,983,416	(13,237,004)	17,218,847	4,467,007	9,611,922	1,974,596	485,281	114,708	566,906
Non-controlling interests	3,633,174	3,633,174	-	-	-	-	-	-	-
Total Equity	7,615,590	(9,603,830)	17,218,847	4,467,007	9,611,922	1,974,596	485,281	114,708	566,906
Total equity and liabilities	32,107,005	(11,586,659)	43,693,663	9,195,662	21,941,500	9,094,251	2,138,912	360,455	962,883

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

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

In thousands of Naira	Group balances (Restated)	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange General Insurance	Royal Exchange Prudential Life Plc (Restated)	Royal Exchange Finance Company Ltd.	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
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	1,029,306	(216,454)	1,245,760	(266,504)	692,472	437,586	174,556	88,721	118,929
Foreign exchange gain	(338,488)		(338,488)	-	(339,814)	65	-	-	1,262
Net income	4,352,388	(356,809)	4,709,201	(271,342)	3,078,955	1,543,021	181,844	86,415	90,305
Total expenses	(4,029,209)	354,186	(4,383,396)	(567,457)	(1,924,440)	(1,535,529)	(161,974)	(81,826)	(112,172)
(Loss)/Profit before tax	323,179	(2,623)	325,805	(838,799)	1,154,515	7,492	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	(159,868)	(2,623)	(157,241)	(845,485)	735,324	(39,898)	16,217	3,494	(26,898)

Notes to the Financial Statements cont.

For the year ended 31 December, 2019

Condensed Statement of financial position as at 31 December 2018

In thousands of Naira	Group balances (Restated)	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange General Insurance	Royal Exchange Prudential Life Plc (Restated)	Royal Exchange Finance and Asset Management	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	301,540	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	4,237,952	(20,586)	4,258,533	27,787	1,422,679	2,204,939	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)	1,636,283	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	1,348,152		-	410,800
Property and equipment	1,468,405	-	1,468,405	28,770	1,226,384	190,302	7,863	11,775	3,310
Intangible assets	15,020	-	15,020	-	-	407	12,453	278	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	35,593,934	(15,763,291)	51,357,227	14,847,224	23,305,210	9,891,561	2,056,550	251,329	1,005,355
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	(3,533,975)	5,404,350	744,826	2,787,207	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	-	-	213,031
Investment contract liabilities	302,424	-	302,424	-	-	302,425	-	-	-
Current income tax liabilities	726,574	-	726,575	303,578	376,966	33,145	7,473	1,354	4,061
Employees benefit liability	30,239	-	30,239	512	21,238	4,365	2,084	790	1,250
Deferred tax liabilities	336,184	-	336,184	-	256,260	50,194	-	-	29,730
Total liabilities	30,445,011	(3,737,728)	34,182,740	9,956,668	14,455,383	7,609,988	1,574,475	139,246	446,985
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	(2,683,435)	68,811	(2,752,250)	(375,617)	354,843	(1,811,451)	(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	5,148,923	(12,025,562)	17,174,484	4,890,558	8,849,827	2,281,573	482,075	112,083	558,369
Total equity & liabilities	35,593,934	(15,763,291)	51,357,227	14,847,224	23,305,210	9,891,561	2,056,550	251,329	1,005,355

10 Trade receivables

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Due from agents (see note 10(a) below)	**64,556**	199,881	**-**	-
Due from co-insurers (see note 10(b) below)	**53,837**	299,501	**-**	-
	118,393	499,382	**-**	-
Within one year	**118,393**	499,382	**-**	-
More than one year	**-**	-	**-**	-
	118,393	499,382	**-**	-

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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Gross receivable from agents	**473,504**	570,084	**-**	-
Less: Impairment allowance (see note 10a(i) below)	**(408,948)**	(370,203)	**-**	-
	64,556	199,881	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**370,203**	545,993	**-**	-
Allowance made during the year	**-**	(156,410)	**-**	-
Write back	**(58,449)**	(7,999)	**-**	-
Re-measurement	**97,194**	(11,381)	**-**	-
At 31 December	**408,948**	370,203	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Reinsurance receivables	**619,463**	653,206	**-**	-
Less: Impairment allowance (see note 10(b)(i) below)	**(565,626)**	(353,705)	**-**	-
	53,837	299,501	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**353,706**	433,855	**-**	-
Allowance made during the year	**211,920**	(80,150)	**-**	-
At 31 December	**565,626**	353,705	**-**	-

11 Reinsurance assets

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Non-life business reinsurance share of insurance liabilities (see 11(a) below)	**2,235,297**	2,709,833	**-**	-
Life business reinsurance share of insurance liabilities (see 11(b) below)	**652,176**	464,841	**-**	-
	2,887,473	3,174,674	**-**	-
Within one year	**2,721,650**	2,875,654	**-**	-
More than one year	**165,823**	299,020	**-**	-
	2,887,473	3,174,674	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Prepaid reinsurance premium (see note (a)(i))	**441,565**	541,404	**-**	-
Reinsurance claims recoverable (see note (a) (ii))	**1,057,893**	1,867,130	**-**	-
Reinsurer's share of incurred but not reported claims (see note (a) (iii))	**735,839**	301,299	**-**	-
	2,235,297	2,709,833	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**541,404**	642,587	**-**	-
Movement during the year	**(99,839)**	(101,183)	**-**	-
At 31 December	**441,565**	541,404	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**1,867,130**	1,204,292	**-**	-
Movement during the year	**(809,237)**	662,838	**-**	-
At 31 December	**1,057,893**	1,867,130	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**301,299**	365,669	**-**	-
Movement during the year	**434,540**	(64,370)	**-**	-
At 31 December	**735,839**	301,299	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Fire	**1,007,057**	1,538,463	**-**	-
Accident	**92,812**	117,209	**-**	-
Motor	**66,391**	78,635	**-**	-
Marine and aviation	**97,420**	101,328	**-**	-
Oil and Gas	**827,947**	727,581	**-**	-
Engineering	**133,216**	132,452	**-**	-
Bond	**6,707**	14,165	**-**	-
Agric	**3,747**	-	**-**	-
	2,235,297	2,709,833	**-**	-

(b) Life business reinsurance share of insurance liabilities

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Reinsurance asset (actuarial valuation)	**260,203**	174,748	**-**	-
Reinsurer and facultative asset	**391,973**	290,092	**-**	-
	652,176	464,841	**-**	-

(i) Reinsurance assets (actuarial valuation)

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Short-term insurance contracts	**260,203**	165,821	**-**	-
Long-term Insurance contracts	**-**	8,927	**-**	-
	260,203	174,748	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**464,841**	581,937	**-**	-
Additions in the year	**459,960**	374,172	**-**	
Receipts during the year	**(272,625)**	(307,492)	**-**	-
Impairment of reinsurance assets	**-**	(183,776)	**-**	
At 31 December	**652,176**	464,841	**-**	-

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 brokres and agents as at reporting date.

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**261,631**	295,829	**-**	-
Additions in the year	**2,089,987**	1,708,152	**-**	-
Amortization in the year	**(2,142,223)**	(1,742,350)	**-**	-
At 31 December	**209,395**	261,631	**-**	-
Within one year	**209,395**	261,631	**-**	-
More than one year	**-**	-	**-**	-
	209,395	261,631	**-**	-

13 Other receivables and prepayment

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Intercompany receivables (see note 13(a) below)	**-**	-	**96,116**	165,819
Accrued investment income (see note 13(b) below)	**159,268**	139,244	**-**	-
Other receivables (see note 13(c) below)	**1,331,687**	1,374,771	**335,957**	221,776
Prepayments	**208,130**	286,272	**51,806**	89,363
	1,699,085	1,800,287	**483,878**	476,958
Impairment on other receivables (see 13(d)) below	**(1,134,499)**	(985,108)	**(93,502)**	(20,955)
	564,586	815,179	**390,376**	456,003
Within one year	**564,586**	815,179	**390,376**	456,003
More than one year	**-**	-	**-**	-
	564,586	815,179	**390,376**	456,003

(a) Due from related parties

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Royal Exchange Microfinance Bank Limited	**-**	-	**-**	1,803
Royal Exchange Healthcare Limited	**-**	-	**66,646**	66,298
Royal Exchange General Insurance Company Limited	**-**	-	**29,470**	78,068
Royal Exchange Prudential Life Plc	**-**	-	**-**	19,650
	-	-	**96,116**	165,819

(b) Accrued investment income

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Investment income	**159,268**	139,244	**-**	-
	159,268	139,244	**-**	-

(c) Other receivables

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Management fees receivable	**-**	-	**7,117**	4,049
Withholding tax receivables	**-**	-	**65,470**	57,994
Trustee fees receivable	**-**	-	**951**	2,275
Deposit for investment	**19,683**	18,713	**-**	-
Sundry receivables	**1,089,645**	1,009,688	**262,418**	157,458
Other assets	**222,359**	346,370	**-**	-
	1,331,687	1,374,771	**335,956**	221,776

(d) Impairment allowance on other receivables

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**985,108**	927,778	**20,955**	2,289
Allowance made during the year	**157,162**	108,788	**72,547**	18,666
Write back	**(7,771)**	(51,458)	**-**	-
At 31 December	**1,134,499**	985,108	**93,502**	20,955

14 Investment in associates

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**213,295**	193,617	**-**	-
Share of current year result recognised in OCI	**-**	(486)	**-**	-
	213,295	193,131	**-**	-
Share of current year result recognised in profit or loss	**13,925**	20,164	**-**	-
At 31 December	**227,220**	213,295	**-**	-

15 Investment properties

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**5,998,300**	5,431,182	**-**	-
Additions during the year	**-**	947,323	**-**	-
Disposals during the year	**-**	(422,310)	**-**	-
Fair value gains	**42,161**	42,105	**-**	-
At 31 December	**6,040,461**	5,998,300	**-**	-

(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-19	31-Dec-18
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	**590,000**	580,000
No 1, Eleko close, Ikoyi, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/ NIESV/00000000730	A-1878	**775,855**	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	**956,800**	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	**690,700**	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	**419,400**	413,747
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**	934,406
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	**560,000**	550,000
					6,040,461	5,998,300

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

For the year ended 31 December, 2019

Property Details	Balance as at 1 January 2019	Additions	Transfer/ disposal	Fair value Gain/(Loss)	Balance as at 31 December 2019
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	**580,000**	-	-	**10,000**	**590,000**
No 1, Eleko close, Ikoyi, Lagos	**771,941**	-	-	**3,914**	**775,855**
No. 2,Eleko close Ikoyi Lagos	**950,640**	-	-	**6,160**	**956,800**
No. 26, Abduraman Okene Cresent,Victoria Island, Lagos	**684,266**	-	-	**6,434**	**690,700**
29,Oroago Crescent Garki 11,Abuja	**413,747**	-	-	**5,653**	**419,400**
36/38, Apapa Oshodi Expressway Oshodi, Lagos	**934,406**	-	-	-	**934,406**
12, Post office road, Kano	**422,300**	-	-	-	**422,300**
Plot 6A & 6B Usuma Cresent, Maitama, Abuja, FCT	**550,000**	-	-	**10,000**	**560,000**
	5,998,300	-	-	**42,161**	**6,040,461**

For the year ended 31 December 2018

Property Details	Balance as at 1 January 2018	Additions	Transfer/ disposals	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	771,942	-	-	-	771,942
No. 2,Eleko close Ikoyi Lagos	950,640	-	-	-	950,640
No. 26, Abduraman Okene Cresent,Victoria Island, Lagos	684,267	-	-	-	684,267
29,Oroago Crescent Garki 11,Abuja	403,650	-	-	10,097	413,747
15a Asa road, Aba	-	-	-	-	-
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
	5,431,182	509,373	-	57,747	5,998,302

(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, Uma Uma & Company & Saibu Makinde Associates as at 31 December 2019. 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 (₦'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 via the Ibrahim Taiwo road Kano State.	410,800	No.2, Bank road, off Ibrahim Taiwo way, Kano	Discounted cashflows: The valuation method considers the present value of net cashflows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cashflows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2019: 20% 2018: 15%); Estimated vacancy rates (2019:0%; 2018:0%) Maintenance costs 10% Capitalisation rate (2019: 4.5%; 2018:5.5%) Discount rate (2019: 15%; 2018: 17.5%)	The estimated fair value would increase (decrease) if: - future rental cashflows were higher (lower) - Estimated vacancy rates were lower (higer) - 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 via 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 cashflows: The valuation method considers the present value of net cashflows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cashflows are discounted using risk adjusted discount rates.	Estimated vacancy rates (2019:17.5%; 2018:17.5%) Maintenance rate 20% Capitalisation rate (2019: 5.5%; 2018:5.5%) Discount rate (2019: 15%; 2018: 17.5%)	The estimated fair value would increase (decrease) if: - future rental cashflows were higher (lower) - Estimated vacancy rates were lower (higer) - Maintenance costs were lower (higher) - Capitalisation rate were lower (higher) - Discount rates were lower (higher)

Property description	Valuation (₦'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 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 via the Usman Crescent which takes its root from Gana street which itself takes root from the popular Shehu Shagari way in Maitama Abuja.	590,000	No. 7, Usuma Cresent Maitama Abuja	Discounted cashflows: The valuation method considers the present value of net cashflows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cashflows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2019:15% -20%; 2018: 15%-20%); Estimated vacancy rates (2019:5% ; 2018:5%) Maintenance costs (2019:10% of annual income; 2018: 10% of annual income) Capitalisation rate (2019: 3.5%; 2018:3.5%) Discount rate (2019: 10%; 2018: 10%)	The estimated fair value would increase (decrease) if: - future rental cashflows were higher (lower) - Estimated vacancy rates were lower (higer) - 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 via the Macpherson Street which carries traffic to Bourdillon road Ikoyi.	775,855	No 1, Eleko close, Ikoyi, Lagos	Discounted cashflows: The valuation method considers the present value of net cashflows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cashflows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2019:10%; 2018: 10%); Estimated vacancy rates (2019:0%; 2018:0%) Capitalisation rate (2019: 5%; 2018: 5%) Discount rate (2019: 15.6%; 2018: 17.2%)	The estimated fair value would increase (decrease) if: - future rental cashflows were higher (lower) - Estimated vacancy rates were lower (higer) - 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 neighbourhood 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 via the Macpherson Street which carries traffic to Bourdillon road Ikoyi.	956,800	No. 2,Eleko close Ikoyi Lagos	Discounted cashflows: The valuation method considers the present value of net cashflows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cashflows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2019:10%; 2018: 10%); Estimated vacancy rates (2019:0% ; 2018:0%) Capitalisation rate (2019: 5%; 2018:5) Discount rate (2019: 15.6%; 2018: 17.2%)	The estimated fair value would increase (decrease) if: - future rental cashflows were higher (lower) - Estimated vacancy rates were lower (higer) - Capitalisation rates were lower (higher) - Discount rates were lower (higher)

Property description	Valuation (₦'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 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 via the Ligali Ayorinde Street.	690,700	No. 26, Abduraman Okene cresent, Victoria Island, Lagos	Discounted cashflows: The valuation method considers the present value of net cashflows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cashflows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2019:10%; 2018: 10%); Estimated vacancy rates (2019:0% ; 2018:0%) Capitalisation rate (2019: 5%; 2018: 5%) Discount rate (2019: 3.5%; 2018: 3.5%)	The estimated fair value would increase (decrease) if: - future rental cashflows were higher (lower) - Estimated vacancy rates were lower (higer) - Maintenance costs were lower (higher) - Capitalisation rate were lower (higher) - Discount rates were lower (higher)
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 via the Muhammud Buhari Way, Abuja.	419,400	29,Oroago crescent Garki 11,Abuja	The fair value of theproperty is determined by applying the investment method and also depreciated replacement cost (DRC) to derive the open market value. These techniques reflect the cost of putting up same or similar structure based on today's bill of quantities with percentage allowance(s) to reflect depreciation and obsolescence as may be applicable.	Expected market rental growth rate is 15% Estimated vacancy rates is 5% Maintenance costs 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 via 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).

Property description	Valuation (₦'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 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 via Post Office Road and Bank Road, Kano.	422,300	12, Post Office road, Kano	Sales Comparison	Expected market rental growth rate (2019: 20% 2018: 15%); Estimated vacancy rates (2019:0% ; 2018:0%) Maintenance costs 10% Capitalisation rate (2019: 4.5%; 2018:5.5%) Discount rate (2019: 15%; 2018: 17.5%)	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 via the Usman Crescent which takes its root from Gana street which itself takes root from the popular Shehu Shagari way in Maitama Abuja.	560,000	Plot 6A & 6B Usuma Cresent, Maitama, Abuja, FCT	Discounted cashflows: The valuation method considers the present value of net cashflows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cashflows are discounted using risk adjusted discount rates.	Expected market rental growth rate (2019:15% -20%; 2017: 10%-15%); Estimated vacancy rates (2019:10% ; 2018:5%) Maintenance costs (2019:15% of annual income; 2018: 10% of annual income) Capitalisation rate (2019: 3.5%; 2018:3.5%) Discount rate (2019: 10%; 2018: 10%)	The estimated fair value would increase (decrease) if: - future rental cashflows were higher (lower) - Estimated vacancy rates were lower (higer) - 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 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 31 December	**973,639**	973,639	**-**	-

In December 2015, 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 2019, 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 2019 stood at ₦1.04billion, higher than the carrying amount of ₦974 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 and equipment

(a) Group

In thousands of Naira	Land	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost						
At 1 January	**194,239**	**1,238,346**	**231,797**	**454,750**	**943,432**	**3,062,564**
Additions	**-**	**-**	**11,838**	**6,925**	**128,044**	**146,807**
Disposals	**-**	**-**	**(30,766)**	**(82,359)**	**(52,628)**	**(165,753)**
At 31 December	**194,239**	**1,238,346**	**212,869**	**379,316**	**1,018,848**	**3,043,618**
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
Accumulated Depreciation						
At 1 January	**-**	**193,773**	**217,131**	**428,709**	**754,546**	**1,594,159**
Charge for the year	**-**	**24,511**	**9,329**	**12,983**	**112,697**	**159,520**
Disposals	**-**	**-**	**(30,482)**	**(82,312)**	**(34,398)**	**(147,192)**
At 31 December	**-**	**218,284**	**195,978**	**359,380**	**832,845**	**1,606,487**
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
Disposals	-	(32,513)	(92,025)	(136,231)	(98,911)	(359,680)
At 31 December 2018	-	193,773	217,131	428,709	754,546	1,594,159
Carrying amounts:						
At 31 December 2019	**194,239**	**1,020,062**	**16,891**	**19,936**	**186,003**	**1,437,131**
At 31 December 2018	194,239	1,044,573	14,666	26,041	188,886	1,468,405

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2018: nil).

(ii) The Group had no capital commitments as at the balance sheet date (2018: nil).

(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2018: Nil).

(b) Company

In thousands of Naira	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost					
At 1 January	-	18,744	25,753	96,083	140,580
Additions	-	243	61	-	304
Reclassification	-	-	-	(29,914)	(29,914)
Disposals	-	(359)	-	(8,323)	(8,682)
At 31 December	-	18,628	25,814	57,846	102,288
Depreciation					
At 1 January	-	17,700	24,210	69,900	111,810
Charge	-	610	663	7,989	9,262
Reclassification	-	-	-	(16,203)	(16,203)
Disposals	-	(75)	-	(5,895)	(5,970)
At 31 December	-	18,235	24,873	55,790	98,898
Carrying amounts:					
At 31 December 2019	-	392	941	2,056	3,390
At 31 December 2018	-	1,044	1,543	26,183	28,770

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2018: nil).

(ii) The Group had no capital commitments as at the balance sheet date (2018: nil).

(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2018: Nil).

17(b) Right of Use Asset

(a) Group

Right of use asset - Leased rent

In thousands of Naira	31-Dec-19	31-Dec-18
Right of Use Asset - Rent Prepayment		
At 1 January	43,677	-
Addition	1,958	-
Prepayments amortisation on long term leases	(29,871)	-
At 31 December	15,764	-

(b) Company

Right of use asset- Motor vehicle

In thousands of Naira	31-Dec-19	31-Dec-18
Cost		
At 1 January	29,914	-
Additions	15,049	-
Disposals	-	-
At 31 December	44,963	-
Accumulated Depreciation		
At 1 January	16,203	-
Charge for the year	10,300	-
Disposals	-	-
At 31 December	26,503	-
Carrying amounts:		
At 31 December 2019	18,460	-

18 Intangible assets

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Cost:				
At 1 January	**244,544**	248,252	**9,375**	14,888
Additions	**2,165**	-	**-**	-
Reclassification	**-**	(3,708)	**-**	(5,513)
At 31 December 2019	**246,709**	244,544	**9,375**	9,375
Accumulated amortisation:				
At 1 January	**229,524**	218,818	**9,375**	9,375
Charge for the year	**7,355**	8,816	**-**	-
Reclassification	**-**	1,890	**-**	-
At 31 December 2019	**236,879**	229,524	**9,375**	9,375
At 31 December 2019	**9,830**	15,020	**-**	-

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 2019, 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 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Defined benefit obligations (see Note 19.1 below)	**295,649**	283,850	**-**	-
Employee benefit asset in statement of financial position	**295,649**	283,850	**-**	-

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

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Defined benefit obligations (see Note 19.1 below)	**(39,252)**	(30,239)	**(1,418)**	(512)
Employee benefit asset in statement of financial position	**(39,252)**	(30,239)	**(1,418)**	(512)

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 under the supervision of Mr. Ganiu Shefiu with FRC number (FRC/2017/NAS/00000017548. 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 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Pension (net asset)	**295,649**	283,850	**-**	-
Employee benefit asset in statement of financial position	**295,649**	283,850	**-**	-
Long service award (outstanding liability)	**(39,252)**	(30,239)	**(1,418)**	(512)
Employee benefit liability in statement of financial position	**(39,252)**	(30,239)	**(1,418)**	**(512)**

(b) Company's obligations for:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
- Pension benefits (see note 19.1(d) below)	**(184,058)**	(178,505)	**-**	-
- Long service award (see note 19.1(f) below)	**(39,252)**	(30,239)	**(1,418)**	(512)
Total Company Obligation	**(223,310)**	(208,744)	**(1,418)**	(512)

(c) Fair value of Company's plan assets

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
- Pension benefits (see note 19.1(d) below)	**479,705**	462,354	**-**	-
	479,705	462,354	**-**	-
(i) Income statement charge for:-				
- Pension benefits (see note 19.1(d)(iii) below)	**(46,275)**	(38,210)	**-**	-
- Long service award (see note 19.1(f)(ii) below)	**8,254**	9,766	**147**	107
Total	**(38,021)**	(28,444)	**147**	107
(ii) Gain/ (loss) on other comprehensive income				
- Adjustments for net pension assets (see note 19.1(d)(iv))	**(34,477)**	(12,496)	**-**	-
- Adjustments for long-service awards obligations (see note 19.1(f)(iii))	**(3,497)**	9,281	**759**	(671)
Total	**(37,974)**	(3,215)	**759**	(671)
Tax effect of remeasurement	**-**	-	**-**	-
Total in other comprehensive income	**(37,974)**	(3,215)	**759**	(671)

(d) Pension benefits

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Present value of funded obligations (see note 19.1(d)(i) below)	**(184,058)**	(178,505)	**-**	-
Fair value of plan assets (see note 19.1(d)(ii) below)	**479,705**	462,354	**-**	-
Net asset in the statement of financial position	**295,647**	283,849	**-**	-
Current	**-**	-	**-**	-
Non-current	**295,647**	283,849	**-**	-
	295,647	283,849	**-**	-

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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**178,505**	197,415	**-**	-
Current service cost	**-**	-	**-**	-
Interest cost	**25,390**	25,567	**-**	-
Actuarial (gains)/ losses-assumption	**23,808**	(13,674)	**-**	-
Actuarial (gains)/losses-experience	**(13,067)**	12,983	**-**	-
Benefits paid by employer	**-**	-	**-**	-
Benefits paid by the fund	**(30,578)**	(43,786)	**-**	-
At 31 December	**184,058**	178,505	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**462,354**	455,550	**-**	-
Expected return on plan assets	**71,665**	63,777	**-**	-
Benefits paid	**(30,578)**	(43,786)	**-**	-
Actuarial (loss)/gains	**(23,736)**	(13,187)	**-**	-
At 31 December	**479,705**	462,354	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Current service costs	**-**	-	**-**	-
Net interest costs/income:				
- Interest costs (see note 19.1(d)(i))	**25,390**	25,567	**-**	-
- Expected return on plan asset (see note 19.1(d)(i))	**(71,665)**	(63,777)	**-**	-
At 31 December	**(46,275)**	(38,210)	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Actuarial (gains)/ losses-assumption for obligation (see note 19.1(d)(i))	**(23,808)**	13,674	**-**	-
Actuarial (losses)-experience for obligation (see note 19.1(d)(i))	**13,067**	(12,983)	**-**	-
Actuarial (losses) on plan asset (see note 19.1(d)(ii))	**(23,736)**	(13,187)	**-**	-
At 31 December	**(34,477)**	(12,496)	**-**	-

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 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Discount rate	**13%**	16%	**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 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Male	**78**	78	**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-19			
	Change in assumption		Impact on liability including change (₦'000)	
Discount rate	**0.50%**	**-0.50%**	**179,224**	**189,153**

	31-Dec-18			
	Change in assumption		Impact on liability including change (₦'000)	
Discount rate	-0.50%	0.50%	174,369	182,843

(e) Long Service Awards

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Present value of unfunded obligations (see note 19.1(f)(i) below)	**39,252**	30,239	**1,418**	512
	39,252	30,239	**1,418**	512
Current	**-**	-	**-**	-
Non-current	**39,252**	30,239	**1,418**	512
	39,252	30,239	**1,418**	512

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**30,239**	38,458	**512**	1,076
Current service cost	**3,738**	4,760	**68**	154
Interest cost	**4,516**	5,006	**79**	142
Past service cost (including curtailments)	**-**	(5,335)	**-**	(189)
Benefits paid	**(2,738)**	(3,369)	**-**	-
Actuarial (gains)/losses	**3,497**	(9,281)	**759**	(671)
At 31 December	**39,252**	30,239	**1,418**	512

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Current service costs (see note 19.1(f)(i))	**3,738**	4,760	**68**	154
Net interest costs/income:				
- Interest costs (see note 19.1(f)(i))	**4,516**	5,006	**79**	142
- Expected return on plan asset	**-**	-	**-**	-
Past service costs (including curtailment)	**-**	-	**-**	(189)
At 31 December	**8,254**	9,766	**147**	107

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Actuarial losses/(gains) on obligations (see note 19.1(f)(i))	**3,497**	(9,281)	**759**	(671)

The principal actuarial assumptions used were as follows:

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Discount rate	**13%**	16%	**16%**	16%
Future salary increases	**13%**	13%	**13%**	13%
Inflation rate	**12%**	12%	**12%**	12%
Benefit escalation rate	**6%**	6%	**6%**	6%

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-19			
	Change in assumption		Impact on liability including change (₦'000)	
Discount rate	**0.50%**	**-0.50%**	**38,190**	**40,369**
Future salary increases	**0.50%**	**-0.50%**	**40,125**	**38,414**
Inflation rate	**0.50%**	**-0.50%**	**39,600**	**38,922**
Mortality	**0.50%**	**-0.50%**	**39,162**	**39,343**

	31-Dec-18			
	Change in assumption		Impact on liability including change (₦'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

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.

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
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 2019

In thousands of Naira	Note	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net balance at 31 December 2019
Deferred tax assets					
Property and equipment, and software		33,365	2,123	-	35,488
Allowances for loans and receivables		7,752	518	-	8,270
Unrelieved loss		91,691	32,864	-	124,555
Employee benefits		467	30	-	497
Deferred tax assets		133,275	35,535	-	168,810
Deferred tax liabilities					
Property and equipment, and software		-	(184,743)	-	(184,743)
Allowances for loans and receivables		-	(18,454)	-	(18,454)
Unrelieved loss		-	(127,793)	-	(127,793)
Investment properties		(336,184)	(14,030)	-	(350,214)
Employee benefits		-	116,112	-	116,112
Deferred tax liabilities		(336,184)	(228,908)	-	(565,092)
Net deferred tax assets/(liabilities)		(202,909)	(193,373)	-	(396,282)

For the period ended 31 December 2018

In thousands of Naira	Note	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net balance 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)
		(46,881)	(156,028)	-	(202,909)

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, Royal Exchange General Insurance Company Limited and Royal Exchange Healthcare Limited, 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 entitiesagainst which deferred tax assets can be utilised.

22 Deferred income

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Deferred rental income (see 22(a) below)	**16,178**	40,553	**-**	-
Deferred acquisition income (see 22(b) below)	**93,154**	103,580	**-**	-
At 31 December	**109,332**	144,133	**-**	-
Within one year	**93,154**	103,580	**-**	-
More than one year	**16,178**	40,553	**-**	-
	109,332	144,133	**-**	-

(a) Deferred rental income

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**40,553**	40,593	**-**	-
Additions during the year	**-**	-	**-**	-
Amortised for the year	**(24,575)**	(40)	**-**	-
At 31 December	**16,178**	40,553	**-**	-

(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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**103,580**	103,205	**-**	-
Additions in the year	**405,120**	494,463	**-**	-
Amortization in the year	**(415,546)**	(494,088)	**-**	-
At 31 December	**93,154**	103,580	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Fire	**24,247**	30,068	**-**	-
Accident	**8,052**	17,785	**-**	-
Motor	**5,384**	6,038	**-**	-
Marine and aviation	**12,546**	7,856	**-**	-
Oil and gas	**22,035**	17,968	**-**	-
Engineering	**19,697**	23,341	**-**	-
Bond	**193**	524	**-**	-
Agric	**-**	-	**-**	-
	93,154	103,580	**-**	-

23 Trade payables

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Reinsurance payables	**268,158**	345,385	**-**	-
Deposit for premium (See note 23 (a) below)	**5,775,254**	5,166,855	**-**	-
Premium payables to Co-insurers	**18,980**	5,772	**-**	-
Other trade payables	**94,793**	65,917	**-**	-
	6,157,185	5,583,929	**-**	-
Within one year	**6,157,185**	5,583,929	**-**	-
More than one year	**-**	-	**-**	-
	6,157,185	5,583,929	**-**	-

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

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

24 Other liabilities

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Due to related parties (see 24(a) below)	**-**	-	**59,789**	10,453
Other liabilities (see 24(b) below)	**1,735,444**	1,870,375	**1,968,527**	657,325
	1,735,444	1,870,375	**2,028,316**	667,778
Within one year	**1,382,788**	1,382,788	**215,287**	215,289
More than one year	**352,656**	487,587	**1,813,029**	452,489
	1,735,444	1,870,375	**2,028,316**	667,778

(a) Due to related parties

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Royal Exchange Prudential Life Limited	**-**	-	**49,290**	-
Royal Exchange Finance Company Limited	**-**	-	**10,499**	10,453
	-	-	**59,789**	10,453

(b) Analysis of other liabilities is as follows:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Defferred income	**199,246**	59,090	**-**	-
Accruals	**180,521**	240,161	**79,027**	88,531
PAYE and WHT payables	**81,175**	124,514	**8,043**	45,958
VAT Payable	**48,499**	-	**48,499**	77,110
NAICOM levy	**105,844**	26,979	**-**	-
Other Statutory payables	**4,156**	175,557	**-**	-
Deposit for shares	**85**	85	**-**	-
Staff payables	**1,511**	20,740	**41**	17,526
Dividend payable held as collateral	**228,621**	228,621	**228,621**	228,621
Unclaimed Dividend	**57,876**	57,876	**57,876**	57,876
Discontinued Laibility	**2,314**	2,314	**2,314**	2,314
Other payables	**825,596**	934,438	**1,544,106**	139,389
	1,735,444	1,870,375	**1,968,527**	657,325

(i) Dividend payable held as collateral represents dividend belonging to Spennymoor Limited, Dantata Investments & Securities Company Limited and Phenonix Holdings Limited which was withheld by the Group in respect 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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Royal Exchange investment notes (see note 25(a) below)	93,500	106,500	-	-
High yield investment papers (see note 25(b) below)	1,449,669	1,338,380	-	-
Savings	54,847	23,670	-	-
Demand deposit	19,530	26,002	-	-
Term deposit and call deposits	166,604	72,928	-	-
	1,784,150	1,567,480	-	-

(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 ₦2million 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 ₦1million are accepted, payable over 90 days. It is carried at amortised cost.

26 Insurance contract liabilities

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Non-life general insurance	4,591,292	5,318,102	-	-
Healthcare insurance	197,196	213,032	-	-
Life insurance	6,180,545	5,486,878	-	-
	10,969,033	11,018,012	-	-

(a) Non life general Insurance

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Unexpired risk (See note 26(a)(ii) below)	1,288,775	1,572,772	-	-
Outstanding claims:			-	-
Claims outstanding	2,055,190	3,065,007	-	-
Incurred but not reported	1,247,327	680,323	-	-
	4,591,292	5,318,102	-	-

(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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Fire	1,512,891	2,156,893	-	-
Accident	549,133	579,206	-	-
Motor	786,598	842,811	-	-
Marine and aviation	305,048	296,600	-	-
Oil and gas	1,279,499	1,251,627	-	-
Engineering	119,812	162,726	-	-
Bond	13,386	28,239	-	-
Agric	24,925	-	-	-
	4,591,292	5,318,102	-	-

(ii) Unexpired risk is summarised by type below:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Fire	**262,880**	281,965	**-**	-
Accident	**83,210**	150,386	**-**	-
Motor	**425,544**	428,760	**-**	-
Marine and aviation	**156,365**	115,240	**-**	-
Oil and gas	**330,620**	504,308	**-**	-
Engineering	**28,895**	88,709	**-**	-
Bond	**1,262**	3,404	**-**	-
	1,288,775	1,572,772	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**1,572,772**	1,956,982	**-**	-
Movement during the year	**(283,997)**	(384,210)	**-**	-
At 31 December	**1,288,775**	1,572,772	**-**	-

(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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Fire	**1,250,012**	1,874,926	**-**	-
Accident	**465,922**	428,821	**-**	-
Motor	**361,054**	414,051	**-**	-
Marine and aviation	**148,683**	181,361	**-**	-
Oil and gas	**948,879**	747,320	**-**	-
Engineering	**90,916**	74,017	**-**	-
Bond	**12,124**	24,835	**-**	-
Agric	**24,927**	-	**-**	-
	3,302,517	3,745,331	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**3,745,330**	3,489,027	**-**	-
Movement during the year	**(442,814)**	256,304	**-**	-
At 31 December	**3,302,517**	3,745,331	**-**	-

(b) Healthcare insurance

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Claims and loss adjustment expenses (see note 26(b)(i))	**172,281**	166,632	-	-
Provisions for unearned premiums and unexpired short-term insurance risks (see note 26(b)(ii))	**24,915**	46,400	-	-
	197,196	213,032	-	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Claims outstanding at 1 January	**166,633**	127,048	-	-
Cash paid for claims settled in the year	**290,036**	231,579	-	-
- Arising from current-year claims	**(181,460)**	(92,117)	-	-
- Arising from prior year claims	**(102,928)**	(99,878)	-	-
At 31 December	**172,281**	166,632	-	-

(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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**46,400**	55,562	-	-
Increase in period	**298,805**	111,002	-	-
Release in the period	**(320,290)**	(120,164)	-	-
At 31 December	**24,915**	46,400	-	-

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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Outstanding claims - Group life (see note 26(c)(i) below)	**2,044,210**	1,852,242	-	-
Outstanding claims - Individual life (see note 26(c)(ii) below)	**31,703**	43,203	-	-
	2,075,913	1,895,445	-	-
Life insurance contract liabilities (see note 26(c)(iii) below)	**4,104,632**	3,591,434	-	-
	6,180,545	5,486,879	-	-

(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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**1,852,242**	1,538,816	**-**	-
Increase during the year (see note 39(ii))	**191,968**	313,426	**-**	-
At 31 December	**2,044,210**	1,852,242	**-**	-

(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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**43,203**	71,762	**-**	-
Decrease/(increase) during the year (see note 39(ii))	**(11,500)**	(28,559)	**-**	-
At 31 December	**31,703**	43,203	**-**	-

(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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**3,591,434**	4,098,683	**-**	-
Increase/(decrease) during the year	**441,276**	(435,291)	**-**	-
Difference in unearned premium (see note 26(v) below)	**71,923**	(71,958)	**-**	-
At 31 December	**4,104,632**	3,591,434	**-**	-

(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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**340,622**	412,580	**-**	-
Decrease/(increase) during the year	**71,923**	(71,958)	**-**	-
At 31 December	**412,545**	340,622	**-**	-

27 Investment contract liabilities

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Deposit administered funds	**111,450**	130,759	**-**	-
Investment managed funds	**154,071**	171,665	**-**	-
	265,521	302,424	**-**	-

(a) Deposit administered funds

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**130,759**	129,755	**-**	-
Deposits received in the year	**74**	1,206	**-**	-
Interest paid	**3,152**	4,072	**-**	-
Withdrawals	**(22,535)**	(4,274)	**-**	-
At 31 December	**111,450**	130,759	**-**	-
Current	**15,074**	35,782	**-**	-
Non-current	**96,376**	94,977	**-**	-
	111,450	130,759	**-**	-

The Company has a total sum of ₦130.8million (2018: ₦129.8million) 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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**171,665**	163,800	**-**	-
Deposits	**497,654**	152,155	**-**	-
Interest accrued thereon	**3,148**	13,785	**-**	-
Withdrawals	**(518,397)**	(158,075)	**-**	-
At 31 December	**154,071**	171,665	**-**	-
Current	**150,923**	165,985	**-**	-
Non-current	**3,148**	5,680	**-**	-
	154,071	171,665	**-**	-

28 Taxation

(a) Charge for the year

Recognised in profit or loss

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Income tax	**73,743**	165,831	**-**	-
Capital gains tax	**-**	1,374	**-**	-
Police Trust Fund Levy	**49**	-	**-**	-
Education tax	**14,068**	35,797	**-**	-
Technology tax	**9,829**	11,800	**-**	-
	97,689	214,802	**-**	-
WHT expense	**-**	-	**-**	-
Deferred tax charge/(credit)	**192,838**	258,379	**-**	-
Income taxes	**290,527**	473,181	**-**	-
Minimum tax	**9,278**	9,866	**7,137**	6,686

(b) Current income tax liabilities

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**726,574**	608,472	**303,576**	303,661
Under provision in prior year	**-**	27,758	**-**	-
Charge for the year	**73,178**	170,384	**-**	-
Payment during the year	**(244,286)**	(134,323)	**(26,866)**	(6,771)
Reclassification of tax asset	**-**	-	**-**	-
Police Trust Fund levy	**49**	-	**-**	-
Minimum Tax	**9,278**	6,686	**7,137**	6,686
Education tax	**14,068**	35,797	**-**	-
Information Technology Tax	**9,829**	11,800	**-**	-
At 31 December	**588,690**	726,574	**283,847**	303,576

*Under provision in prior year adjustment was from Royal Exchange Prudential Life Plc as a result of tax liabilities of previous years (2017 & 2016) that was under provisioned.

29 Borrowings

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**8,865,661**	1,743,156	**8,907,750**	1,530,423
Additions	**13,379,896**	10,654,166	**13,531,046**	10,728,032
Repayment	**(19,968,840)**	(3,531,661)	**(20,055,189)**	(3,350,705)
At 31 December	**2,276,717**	8,865,661	**2,383,607**	8,907,750

(a)

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
FSDH Merchant Bank (see note 29(i) below)	**2,059,386**	5,132,163	**2,059,386**	5,132,163
Keystone Bank (see note 29(ii) below)	**-**	3,533,181	**-**	3,533,181
Central Bank of Nigeria (see note 29(iii) below)	**27,053**	26,550	**-**	-
Borrowings from Funds under management (see note 29(iv) below)	**190,279**	173,767	**190,279**	173,767
Royal Exchange Finance Company Limited	**-**	-	**132,820**	68,639
Overdraft with banks	**-**	-	**1,122**	-
	2,276,717	8,865,661	**2,383,607**	8,907,750
Current	**2,059,386**	5,132,163	**2,059,385**	8,665,344
Non-current	**217,331**	3,733,498	**324,222**	242,406
	2,276,717	8,865,661	**2,383,607**	8,907,750

(i) The amount of ₦2,059,386,000 represents the carrying amount of a ₦2,000,000,000 term loans obtained from FSDH Merchant Bank Ltd. as at 31 December 2019 with a tenor of Six months (180 days) and Three months (90days) respectively at Seventeen percent (17%) interest rate. As at 31 December, 2019 the company did not obtain any waiver and did not amend any financial covenants stipulated in its existing loan agreements with the bank, also, the company was able to comply with all relevant financial obligation during the reporting period.

(ii) The amount of ₦3, 533,180,000 represents the carrying amount of a ₦3, 500,000,000 term loan obtained from the Keystone Bank Plc as at 31 December 2019 with a tenor of Six months (180 days) at Twenty Two percent (22%) interest rate. The loan expired and terminated in 2019.

(iii) The amount of ₦27, 053,000 represents the carrying amount of a ₦50, 300,000 term loan obtained from the Central Bank of Nigeria as at 31 December 2019 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 2019.

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(b) Lease liabilities

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**-**	-	**77,051**	83,000
Additions	**-**	-	**15,049**	19,456
Repayment	**-**	-	**(60,633)**	(25,706)
At 31 December	**-**	-	**31,467**	77,051

30 Share capital and premium

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
As at year end	**2,690,936**	2,690,936	**2,690,936**	2,690,936

32 Contingency reserve

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

33 Treasury shares

Treasury shares represent the cost of the 250,000,000 ordinary shares of the Group which is held in respect to Security Holding Trust Limited in respect to a proposed share ownership scheme for staff of a subsidiary which is subject to a litigation in suit FHC/L/CS/5479/09. The ordinary shares are being held as guarantee that value will not be lost as well as N228million cash dividend. The ordinary shares have a market value of N500 million as at 31 December 2019.

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 Components of Equity

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

(a) Actuarial losses gains or on employee benefit obligation

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

(b) Fair value reserves

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

(c) Regulatory risk reserve

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

(d) Non-controlling interest (NCI)

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

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	-	-
On disposal of shares	3,578,019	-
Share of other component of equity	9,193	-
Share of profit for the year	45,962	-
At 31 December	3,633,174	-

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of Profit or loss and other comprehensive income	Royal Exchange General Insurance Company Limited	
In thousands of Naira	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Gross premium income	10,868,348	11,100,968
Other income	1,236,802	1,475,497
Expenses	(11,450,445)	(11,841,139)
Profit for the year	654,705	735,325
Profit attributable to owners of the Company	608,743	735,325
Profit attributable to the non-controlling interests	45,962	-
Profit for the year	654,705	735,325
Other comprehensive income attributable to owners of the Company	52,236	52,236
Other comprehensive income attributable to the non-controlling interests	55,155	-
Other comprehensive income for the year	107,391	52,236
Dividends paid to non-controlling interests	-	-
Summarised cash flow statement		
Net cash inflow (outflow) from operating activities	779,670	(3,946,614)
Net cash inflow from investing activities	529,995	716,994
Net cash (outflow)/inflow from financing activities	(2,058,098)	1,976,820
Net cash outflow	(748,433)	(1,252,800)

36(a) Gross Written Premium

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Gross written premium				
Non-life	**10,580,693**	10,701,526	**-**	-
Life	**3,368,113**	3,819,463	**-**	-
Healthcare	**259,072**	191,809	**-**	-
	14,207,878	14,712,798	**-**	-
Unearned premium				
Non-Life	**283,995**	384,212	**-**	-
Life	**(71,923)**	71,958	**-**	-
Healthcare	**21,482**	9,164	**-**	-
	233,554	465,334	**-**	-
Earned premium	**14,441,432**	15,178,132	**-**	-

36(b) Reinsurance expenses

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Non-life reinsurance premiums:				
Gross written reinsurance premiums	**5,290,016**	5,498,747	**-**	-
Change in reinsurance unearned premiums	**99,838**	101,185	**-**	-
	5,389,854	5,599,932	**-**	-
Life reinsurance premiums:				
Insurance premium ceded to reinsurers	**334,651**	392,926	**-**	-
	5,724,505	5,992,858	**-**	-

37 Fee and commission income

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Reinsurance commissions on non-life business	**415,546**	494,463	**-**	-
Reinsurance commissions on life business	**64,142**	52,044	**-**	-
	479,688	546,507	**-**	-

38 Insurance claims and benefits incurred

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Insurance claims and benefits incurred on non-life busines (see note 38(i) below)	**1,668,575**	3,116,928	**-**	-
Insurance claims and benefits incurred on life businesn(see note 38(ii) below)	**2,237,003**	2,703,223	**-**	-
Insurance claims and benefits incurred on healthcare business (see note 38(iii) below)	**156,923**	205,589	**-**	-
	4,062,501	6,025,740	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Motor and accident	**518,074**	764,913	**-**	-
Fire and IAR	**524,063**	1,426,358	**-**	-
Marine	**146,089**	166,810	**-**	-
Engineering	**68,355**	24,928	**-**	-
Bond	**(12,710)**	16,081	**-**	-
Special risk	**399,779**	717,838	**-**	-
Agric	**24,925**	-	**-**	-
	1,668,575	3,116,928	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Short-term insurance contract	**1,372,899**	1,497,660	**-**	-
Long-term insurance contract	**810,411**	820,321	**-**	-
Increase/decrease in outstanding claims short term insurance contract	**191,969**	413,801	**-**	-
Increase/decrease in outstanding claims long term insurance contract	**(11,500)**	(28,559)	**-**	-
Increase/decrease in investment contract liabilities	**(126,776)**	-	**-**	-
	2,237,003	2,703,223	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Short-term insurance contract	**156,923**	205,589	**-**	-
Increase/decrease in outstanding claims short term insurance contract	**-**	-	**-**	-
	156,923	205,589	**-**	-

39 Insurance claims and benefits incurred - recoverable from reinsurers

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Insurance claims and benefits incurred- recoverable on non-life busines (see note 39(i) below)	**554,305**	2,472,470	**-**	-
Insurance claims and benefits incurred-recoverable on life busines (see note 39(ii) below)	**329,761**	395,421	**-**	-
	884,066	2,867,891	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Motor and accident	**87,715**	83,061	**-**	-
Fire and IAR	**156,249**	870,123	**-**	-
Marine	**17,948**	55,941	**-**	-
Engineering	**60,854**	68,174	**-**	-
Bond	**(6,355)**	7,604	**-**	-
Special risk	**234,147**	1,387,567	**-**	-
Agric	**3,747**	-	**-**	-
	554,305	2,472,470	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Short-term insurance contract	**326,019**	395,421	**-**	-
Long-term insurance contract	**3,742**	-	**-**	-
	329,761	395,421	**-**	-
Increase/(decrease) in long-term insurance contract liabilities	**-**	434,165	**-**	-
Increase/(decrease) in short-term insurance contract liabilities	**(568,052)**	101,502	**-**	-
	(568,052)	535,667	**-**	-

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40 Underwriting expenses

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Acquisition costs: Non-life business	**1,780,509**	1,831,776	**-**	-
Accomodation costs	**51,013**	36,629	**-**	-
Communication costs	**400,819**	238,040	**-**	-
Business & Administration expenses	**862,918**	221,674	**-**	-
Acquisition costs: Life	**305,671**	280,676	**-**	-
Acquisition costs: Healthcare	**37,451**	26,297	**-**	-
Salaries & Allowances - underwriting employees	**1,044,806**	757,017	**-**	-
Other commissions	**53,946**	43,149	**-**	-
	4,537,133	3,435,258	**-**	-

41 Net Interest Income

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Gross Interest Income:				
Interest income on placement with local banks	**403,394**	239,404	**34,501**	13,631
Interest income on treasury bills	**121,069**	327,722	**588**	1,591
Interest income on bonds	**31,757**	-	**-**	-
Interest income on loans and receivables	**199,415**	201,522	**1,843**	440
Interest income on advances under finance lease	**83,332**	68,241	**-**	-
Interest income on staff loans & Advances	**-**	-	**-**	-
	838,967	836,889	**36,932**	15,661
Interest expense:				
Interest expense on placement with local banks	**(6,339)**	(3,647)	**-**	-
Interest expense on depositors funds	**-**	-	**-**	-
Interest expense on lease obligation	**(18,961)**	-	**(18,961)**	(19,351)
Interest expense on borrowings	**(1,467,552)**	(704,304)	**(1,370,069)**	(474,380)
Net interest income	**(653,885)**	128,937	**(1,352,098)**	(478,069)

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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
	Net investment income	Net investment income	Net investment income	Net investment income
Debt securities:				
*Loans & receivables (amortised cost)	**-**	344,353	**-**	-
Dividend from Investment securities	**26,753**	113,123	**810**	1,444
Income on disposal of equities (FVTPL & FVOCI)	**-**	(33,120)	**1,180,405**	-
*At Fair value through OCI	**40,028**	-	**-**	-
*At fair value through profit/loss	**41,698**	-	**-**	-
Cash and cash equivalents	**654,274**	-	**-**	-
Income on annuity	**162,058**	-	**-**	-
Deposits with credit institutions	**27,873**	-	**-**	-
Investment management income	**-**	(68,588)	**-**	-
	952,684	355,768	**1,181,215**	1,444

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

In thousands of Naira	Group 31-Dec-19	Restated Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Debt securities:				
*At fair value through profit/loss	**-**	(21)	**-**	-
*Loans & receivables (amortised cost)	**-**	(5,189)	**-**	-
Equity securties:				
*At fair value through profit/loss	**(134,251)**	(236,079)	**(6,264)**	(3,033)
Derivative financial instruments:				
Investment properties	**42,161**	57,745	**-**	-
	(92,090)	(183,544)	**(6,264)**	(3,033)

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44 Charge/(write-back) of impairment allowance

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Write back of impairment on premium receivables	**(96,794)**	197,711	**-**	-
Impairment allowance on reinsurance receivables	**-**	(733)	**-**	-
Impairment allowance on loans and advance	**(224,416)**	(183,776)	**-**	-
Impairment allowance on other receivables	**(1,032)**	(2,970)	**-**	-
Impairment allowance investment property (see note)	**(15,088)**	(51,405)	**-**	-
	58,048	-	**-**	-
	(279,282)	(41,173)	**-**	-

44(a) ECL Impairment allowance

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Cash and cash equivalent	**56,729**	(80,383)	**(77)**	(4,838)
Treasury bills	**(921)**	236	**(21)**	-
FGN bonds	**(9,315)**	50	**-**	-
Mortgage loan	**7,747**	10,801	**-**	-
Trade receivables	**-**	(57,822)	**-**	-
Intercompany	**(137,086)**	137,699	**(74,836)**	-
Other assets	**5,512**	(2,343)	**-**	-
	(77,334)	8,238	**(74,934)**	(4,838)

45 Other operating income

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Rental income	**106,149**	130,383	**-**	-
Profit on disposal of property & equipment	**(11,164)**	4,684	**-**	-
Interest on loan & advances	**40,712**	653	**-**	-
Management fee income from subsidiaries	**-**	-	**46,801**	204,276
Trustee fee income	**1,534**	688	**1,534**	688
Other income	**53,489**	302,003	**167,917**	8,191
Insurace Brokerage Commission	**310,000**	289,734	**-**	-
	500,720	728,145	**216,252**	213,155

46 Foreign exchange gains/(losses)

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Gains/(Loss) on translation of foreign currency transactions	**64,554**	(338,488)	**-**	-

47 Management expenses

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Salaries and allowances of other employees	**737,132**	848,638	**84,251**	89,707
Post employment defined benefit expenses	**(41,205)**	5,189	**-**	-
Terminal Benefits	**10,881**	517,250	**284**	112,636
Audit fees	**36,732**	33,320	**8,000**	8,400
Amortization and impairment charges	**7,355**	8,817	**-**	-
Depreciation on property and equipment	**159,520**	194,747	**9,262**	31,773
Depreciation on Right of use (Motor Vehicle)	**-**	-	**10,300**	-
Depreciation on Right of use (Rent Repayment)	**29,871**	-	**-**	-
Promotional and advert expenes	**7,924**	12,082	**1,368**	4,465
Rent and rates	**5,552**	6,571	**-**	-
Directors' fees	**14,563**	10,168	**356**	1,570
Directors' Sitting allowances	**6,778**	19,342	**6,778**	19,342
Directors' Other allowances	**78,145**	84,108	**74,704**	84,108
Donations	**100**	-	**-**	-
Bank charges	**27,746**	11,310	**1,462**	6,122
Legal fee	**19,706**	45,365	**4,989**	18,006
Insurance premium	**19,962**	5,110	**5,556**	7,769
Consultancy/professional fees	**168,283**	137,263	**101,026**	23,262
Investment expenses	**21,408**	34,790	**-**	-
Finance cost	**46,525**	295,681	**-**	-
Finance cost- Right of use Asset	**389**	-	**-**	-
Power charges	**43,810**	46,997	**2,520**	2,690
Government charges	**39,656**	5,608	**-**	-
Stationeries	**1,579**	1,271	**8**	18
Printing external	**14,953**	30,936	**258**	1
Repairs and maintenance	**88,517**	97,805	**2,082**	1,414
Transport expenses	**118,959**	122,371	**25,820**	48,741
Software expenses	**1,386**	19,192	**-**	-
Subscription and journals	**19,107**	22,212	**2,278**	4,090
Marketing expenses	**622,997**	1,090,588	**-**	-
Fine paid (contravention)	**1,360**	3,075	**1,360**	2,825
VAT Paid	**5,800**	4,831	**-**	-
Other administrative expenses	**39,807**	314,572	**37,165**	100,516
	2,355,298	4,029,209	**379,826**	567,457

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

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48 Earnings per share

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Basic and diluted earnings per share(kobo)	**(26)**	(3)	**(8)**	(16)

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Loss for the year attributable to owners of the company	**(1,312,816)**	(159,868)	**(422,792)**	(845,484)

Unit in thousands	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Number of ordinary shares for the purpose of basic and diluted earnings per share	**5,145,370**	5,145,370	**5,145,370**	5,145,370

49 Cash and cash equivalents for cash flow purposes

For the purposes of the statement of cash flow, cash and cash equivalents include cash, bank balances, investment in short-term deposits (demand and time deposits) with a maturity date of 3 months or less upon acquisition and bank overdrafts.

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Cash (see note 5)	**4,772**	6,448	**58**	100
Bank balances (see note 5)	**1,787,666**	936,427	**37,360**	14,251
Short-term deposits (see note 5)	**12,042,502**	14,953,997	**153,914**	330,323
	13,834,940	15,896,872	**191,331**	344,674

50 Reconciliation notes to consolidated and separate statement of cashflows

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Changes in employee retirement benefit asset	**(11,799)**	(25,715)	**-**	-
Changes in employee retirement benefit liability	**9,012**	(8,219)	**906**	(564)
Net changes	**(2,787)**	(33,934)	**906**	(564)
Contibutions to plan asset	**-**	-	**-**	-
Cash payment to employees	**2,738**	3,369	**-**	-
Net actuarial gains recognised in OCI	**(37,682)**	(3,215)	**(759)**	671
Total changes recognised in statement of cashflows	**(37,731)**	(33,780)	**147**	107

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Net changes in other receivable and prepayments	**250,593**	(14,794)	**65,627**	(245,905)
Dividend received	**-**	(118,456)	**-**	-
Dividend income	**26,753**	113,123	**-**	-
Rent received	**106,149**	(130,383)	**-**	-
Rental income	**-**	111,447	**-**	-
Write-backs recognised in profit or loss	**7,771**	16,112	**-**	-
Impairments recognised in profit or loss	**(131,574)**	(73,442)	**(74,934)**	(18,666)
Total changes recognised in statement of cash flows	**259,692**	(96,348)	**(9,307)**	(264,571)

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Net changes in trade receivable	**380,989**	(406,958)	**-**	-
Impairment allowance on reinsurance receivables (see note 10(b)(i))	**211,920**	(80,150)	**-**	-
Write back of impairment on premium receivables(see note 10(a)(i)	**38,745**	-	**-**	-
Impairment allowance on premium receivables(see note 10(a)(i))	**-**	(156,410)	**-**	-
Total changes recognised in statement of cash flows	**631,654**	(643,518)	**-**	-

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Net changes in reinsurance asset	**287,203**	(380,189)	**-**	-
Total changes recognised in statement of cash flows	**287,203**	(380,189)	**-**	-

(v) Changes in financial assets

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Balance at 31 December	**593,367**	1,401,163	**1,931**	19,975
Impairment recognised in profit or loss	**(10,323)**	(13,736)	**-**	-
Foreign exchange gain recognised in profit or loss	**64,554**	(338,488)	**-**	-
Fair value changes recognised in OCI	**10,193**	173,495	**-**	-
Fair value changes on recognised in profit or loss	**(134,251)**	(237,597)	**(6,264)**	(3,033)
Redemptions/disposals	**(2,951,937)**	(5,464,881)	**-**	(54,474)
Interest received	**-**	-	**-**	47,725
Transfers	**-**	(47,840)	**-**	(47,840)
Purchases	**2,448,783**	4,527,884	**4,333**	37,647
At 31 December 2019	**(593,367)**	(1,401,163)	**(1,931)**	(19,975)

(vi) Changes in provision for outstanding claims:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Changes in outstanding claims on group-life insurance	**191,968**	422,664	**-**	-
Changes in outstanding claims on individual-life insurance	**(11,500)**	149,018	**-**	-
Changes in outstanding claims on non-life general insurance (including IBNR)	**(442,813)**	256,304	**-**	-
Changes in claims and unadjusted expense on health insurance	**-**	-	**-**	-
Cash paid for claims settled in the year	**-**	231,578	**-**	-
- Arising from current-year claims	**5,645**	(92,117)	**-**	-
- Arising from prior year claims	**-**	(99,878)	**-**	-
Increase/(decrease) in insurance contract liabilities on life insurance	**441,276**	37,763	**-**	-
Total changes recognised in statement of cash flows	**184,576**	905,333	**-**	-

(vii) Changes in unearned premium:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Changes in unexpired risk on non-life general insurance	**(283,995)**	(384,212)	**-**	-
Changes in provisions for unearned premiums and unexpired short term insurance risks				
- Increase in period	**298,805**	111,002	**-**	-
- Release in the period	**(320,287)**	(120,166)	**-**	-
Changes in unearned premium on life insurance contract liability	**71,923**	(71,958)	**-**	-
Total changes recognised in statement of cash flows	**(233,554)**	(465,334)	**-**	-

(viii) Changes in loans and advances to customers

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Net changes in loans and advances to customers	**(5,706)**	272,760	**-**	-
Interest income	**199,415**	201,522	**-**	-
Interest income received	**-**	(277,517)	**-**	-
Impairment allowance recognised in profit or loss	**(1,032)**	(7,831)	**-**	-
Total changes recognised in statement of cash flows	**192,677**	188,934	**-**	-

(ix) Changes in advances under finance lease

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Net changes in advances under finance lease	**(50,963)**	36,802	**-**	-
Interest income	**83,332**	68,241	**-**	-
Total changes recognised in statement of cash flows	**32,369**	105,043	**-**	-

(x) Changes in depositors fund

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Net changes in depositors fund	216,670	120,717	-	-
Total changes recognised in statement of cash flows	216,670	120,717	-	-

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 returns to stakeholders through the optimisation of the equity balance.

The capital structure of the group consist of only equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings.

The regulatory capitals of the subsidiaries in insurance and 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 2003 (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.

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In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18
Admissible assets		
Cash and cash equivalents	10,619,459	11,325,338
Financial assets:		
- At fair value through profit or loss	666,176	781,688
- At fair value through other comprehensive income	701,340	547,584
- Amortised Cost	44,674	93,407
Investment in associates	449,521	432,781
Trade receivables	53,837	17,270
Other receivables and prepayment	141,998	-
Deferred acquisition cost	162,488	217,457
Reinsurance assets	2,235,297	2,709,833
Investment properties	2,427,986	1,000,000
Statutory deposit	340,000	340,000
Right of Use Assets	76,895	-
Property and equipment	30,059	96,502
Intangible assets	-	-
Employees benefits assets	295,649	283,850
A	18,245,379	17,845,710
Less: Admissible liabilities		
Bank overdrafts	29,030	54,220
Trade and other payables	5,998,661	5,465,549
Provision and other payables	734,950	737,733
Deferred income	109,332	144,133
Insurance liabilities	4,591,292	5,318,102
Finance lease obligations	63,927	49,473
Borrowings	-	31,708
Employees benefits obligations	24,750	21,239
Current income tax liabilities	293,033	376,966
Deposit for share	-	2,000,000
B	11,844,975	14,199,123
Solvency margin (A-B)	6,400,404	3,646,587
Minimum paid up capital	3,000,000	3,000,000
Net premium from Non-Life Insurance Business	5,478,494	5,501,036
15% of Net premium	821,774	825,155

The Group's non-life solvency margin of ₦6,400,404.00 (2018: ₦3,646,587,000) is above the minimum paid up capital of ₦3,000,000,000 (2018: ₦3,000,000,000) prescribed by the Insurance Act of Nigeria.

The solvency position of the Life insurance business

The solvency margin of the life business of ₦1.63billion (2018: ₦1.3billion) is below the minimum capital of ₦2billion 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, 2019 was 102.54%. That is, the admissible assets representing the Life Fund (including outstanding claims) and deposit administration funds, amounting to ₦7,044,949,000 were 103.45% of the actuarially determined gross liabilities of ₦6,432,907,560.

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-19	Group 31-Dec-18
Shareholders' fund as per financial position	**1,974,596**	2,231,989
Less: Intangible assets	**(172)**	(407)
Deposit for shares	**-**	1,000,000
Capital resources on a regulatory basis	**1,974,424**	3,231,582
Shareholders' funds upon approval for deposit for shares	**1,974,424**	3,231,582

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 analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

53 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. Fair values are determined at prices quoted in active markets. In our environment, such price information is typically not available for all instruments and the Group applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions could generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Group has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

a Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, analyzed into Levels 1 to 3 based on the degree to which the fair value is observable.

Group 31-Dec-19 *In thousands of Naira*		Level 1	Level 2	Level 3	Total
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	977,317	-	-	977,317
		977,317	-	-	977,317
Fair value through Other Comprehensive Income:-					
Federal government bonds	8(b)	358,821			358,821
Treasury bills	8(b)	345,212			345,212
Unlisted equities	8(b)	616,230			616,230
Bonds: Annuity fund	8(b)	1,187,960			1,187,960
Specific impairment allowance	8(b)	(15,639)			(15,639)
		2,492,584	-	-	2,492,584
Total financial assets measured at Fair value		3,469,901	-	-	3,469,901
31-Dec-18					
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
Specific 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

Company 31-Dec-19 *In thousands of Naira*		Level 1	Level 2	Level 3	Total
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	18,508	-	-	18,508
Total financial assets measured at fair value		18,508	-	-	18,508
31-Dec-18					
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	24,772	-	-	24,772
Total financial assets measured at fair value		24,772	-	-	24,772

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 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 2019

In thousands of Naira	Pounds sterling	Euro	US Dollars	Total
Assets (Cash and cash equivalent)	**1,229**	**47,265**	**647,596**	**696,090**
Quoted equities	**-**	**-**	**-**	**-**
Loans and receivables	**-**	**-**	**-**	**-**
Liabilities	**-**	**-**	**(5,775,254)**	**(5,775,254)**
	1,229	**47,265**	**(5,127,658)**	**(5,079,164)**

31 December 2018

In thousands of Naira	Pounds sterling	Euro	US Dollars	Total
Assets (Cash and 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)

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 December 2019

In thousands of Naira	Pounds sterling	Euro	US Dollars	Total
10% increase	**123**	**4,727**	**(512,766)**	**(507,916)**
10% decrease	**(123)**	**(4,727)**	**512,766**	**507,916**
Impact of increase on:				
Pre-tax profit				**(1,524,141)**
Shareholders' equity				**3,473,925**
Impact of decrease on:				
Pre-tax profit				**(508,308)**
Shareholders' equity				**4,489,757**

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 December 2018

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				3,880,502
Impact of decrease on:				
Pre-tax profit				780,052
Shareholders' equity				4,786,864

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-19	31-Dec-18
Fixed Interest rate instructions			
Cash and cash equivalents	5	**12,078,386**	15,045,878
Bonds: Annuity fund	8(b)	**1,187,960**	1,058,434
Federal government bonds	8(b) & c	**358,821**	430,182
Treasury bills	8(b) & c	**360,184**	1,072,539
Staff personal loans	8c	**295**	478
Staff mortgage loans	8c	**53,161**	112,480
Policy holders Loan	8c	**106,706**	58,399
Other loans and advances	8c	**8,873**	7,798
Loans and advances	6	**906,558**	900,852
Advances under finance lease	7	**217,571**	166,608
Statutory deposits	20	**555,000**	555,000
		15,833,515	19,408,648

In addition to the financial instruments listed above, the Group has borrowings amounting to ₦2.3billion (2018:₦9billion) and depositors funds amounting to ₦1.8billion (2018: ₦1.6billion). The impact on interest sensitivity information below for borrowings is 0.5% of ₦2.3billion, which is ₦11.5million (2018: ₦45million) while the impact on depositors funds is 0.5% of ₦1.8billion, which is ₦9million (2018: ₦8million).

For the year ended 31 December, 2019

Company Financial instruments *In thousands of Naira*	Notes	31-Dec-19	31-Dec-18
Fixed Interest rate instructions			
Cash and cash equivalents	5	**156,630**	332,963
		156,630	332,963

In addition to the financial instruments listed above, the Company has borrowings amounting to ₦2.4billion (2018: ₦9.0billion). The impact on interest sensitivity information below is 0.5% of ₦2.4billion, which is ₦12million (2018: ₦45million).

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-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Increase in interest rate by 50 basis points (+0.5%)	**58,863**	44,878	**783**	1,665
Decrease in interest rate by 50 basis point (-0.5%)	**(58,863)**	(44,878)	**(783)**	(1,665)
Equity and profit after adjustments				
Pre-tax profit	**(957,361)**	423,914	**(414,871)**	(837,133)
Shareholders' equity	**4,042,280**	5,196,383	**4,467,790**	4,892,224
Equity and profit after adjustments				
Pre-tax profit	**(1,075,088)**	229,828	**(416,438)**	(840,463)
Shareholders' equity	**3,924,554**	5,002,297	**4,466,224**	4,888,895

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-19 ₦'000	Group 31-Dec-18 ₦'000	Company 31-Dec-19 ₦'000	Company 31-Dec-18 ₦'000
Equity Securities; - quoted (fair value through profit or loss)	8(a)	**977,317**	998,183	**18,508**	24,772
Equity Securities; - unquoted (fair value through Other Comprehensive Income)	8(b)	**600,591**	441,299	**-**	-
		1,577,908	1,439,482	**18,508**	24,772

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-19 ₦'000	Group 31-Dec-18 ₦'000	Company 31-Dec-19 ₦'000	Company 31-Dec-18 ₦'000
10% increase	**157,791**	143,404	**1,851**	2,477
10% decrease	**(157,791)**	(143,404)	**(1,851)**	(2,477)
Equity and profit after adjustments				
Pre-tax profit	**(858,434)**	470,275	**(413,804)**	(836,321)
Shareholders' equity	**4,142,208**	5,242,744	**4,468,858**	4,893,037
Equity and profit after adjustments				
Pre-tax profit	**(1,174,015)**	183,467	**(417,505)**	(841,275)
Shareholders' equity	**3,825,626**	4,955,936	**4,465,156**	4,888,082

(ii) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The key areas of exposure to credit risk for the Group are in relation to its investment portfolio, reinsurance program and receivables from reinsurers and other intermediaries.

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letters of credit, endorsements and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets.

The Group has adopted a policy of dealing with only creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with only entities that have an investment grade rating and above.

This information is supplied by independent rating agencies, where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The Group'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 Company.
- 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 Company 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 Company 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 Company 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 intial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

b Significant increase in credit risk

The Company 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 Company 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 forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a counterparty level for financial instruments held by the Company. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

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:

Quantitaive criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

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

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

For the year ended 31 December, 2019

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)					
	2019					2018
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	12,087,259	-	-	-	12,087,259	15,053,676
Gross carrying amount	**12,087,259**	**-**	**-**	**-**	**12,087,259**	**15,053,676**
Loss allowance	(35,884)	-	-	-	(35,884)	(91,881)
Carrying amount	**12,051,375**	**-**	**-**	**-**	**12,051,375**	**14,961,795**

	Investment securities					
	2019					2018
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	1,906,965	-	-	-	1,906,965	2,561,155
Speculative Grade	107,001	-	-	-	107,001	58,877
Gross carrying amount	**2,013,966**	**-**	**-**	**-**	**2,013,966**	**2,620,032**
Loss allowance	(15,665)	-	-	-	(15,665)	(5,451)
Carrying amount	**1,998,301**	**-**	**-**	**-**	**1,998,301**	**2,614,581**

	Mortgage loans					
	2019					2018
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	53,161	-	-	-	53,161	112,480
Standard monitoring	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-
Default	-	-	-	-	-	-
Gross carrying amount	**53,161**	**-**	**-**	**-**	**53,161**	**112,480**
Loss allowance	(10,297)	-	-	-	(10,297)	(13,731)
Carrying amount	**42,864**	**-**	**-**	**-**	**42,864**	**98,749**

Group

	Loans and Advances under Finance Lease					
	2019					2018
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	590,754	38,556	787,782		1,417,092	1,359,391
Gross carrying amount	**590,754**	**38,556**	**787,782**	**-**	**1,417,092**	**1,359,391**
					-	
Loss allowance	(37,170)	(381)	(255,416)	-	(292,966)	(291,931)
Carrying amount	**553,584**	**38,175**	**532,366**	**-**	**1,124,126**	**1,067,460**

Company

	Investment securities					
	2019					2018
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	4,972	-	-	-	4,972	3,020
Gross carrying amount	**4,972**	**-**	**-**	**-**	**4,972**	**3,020**
Loss allowance	(26)	-	-	-	(26)	(5)
Carrying amount	**4,946**	**-**	**-**	**-**	**4,946**	**3,015**

	Short term deposits (Fixed deposits)					
	2019					2018
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	156,630	-	-	-	156,630	260,884
Gross carrying amount	**156,630**	**-**	**-**	**-**	**156,630**	**260,884**
Loss allowance	(2,716)	-	-	-	(2,716)	(2,639)
Carrying amount	**153,914**	**-**	**-**	**-**	**153,914**	**258,245**

Investment securities
The Group holds investment securities measured at amortised cost with a carrying amount of ₦174,684,000. The investment securities held by the Group are fixed deposit and treasury bills which are not collateralised.

Loss allowance
The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period (see note 3.1.5).

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 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Loss allowance at 1 January 2019	**19,182**	**-**	**-**	**-**	**19,182**
Movements with profit and loss 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	25,962	-	-	-	25,962
Matured financial assets	(19,182)	-	-	-	(19,182)
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 profit and loss charge during the period	**25,962**	**-**	**-**	**-**	**25,962**
Other movements with no profit and loss 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 at 31 December 2019	**25,962**	**-**	**-**	**-**	**25,962**

Short-term deposits (Fixed deposit)	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Loss allowance at 1 January 2019	**91,881**	**-**	**-**	**-**	**91,881**
Movements with profit and loss 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	35,884	-	-	-	35,884
Matured financial assets	(91,881)	-	-	-	(91,881)
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 profit and loss charge during the period	**35,884**	**-**	**-**	**-**	**35,884**
Other movements with no profit and loss 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 at 31 December 2019	**35,884**	**-**	**-**	**-**	**35,884**

Loans and Advances under Finance Lease	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Loss allowance at 1 January 2019	**54,991**	**1,431**	**235,509**	**-**	**291,931**
Movements with profit and loss 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	37,170	381	255,416	-	292,966
Matured financial assets	(54,991)	(1,431)	(235,509)	-	(291,931)
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 profit and loss charge during the period	**37,170**	**381**	**255,416**	**-**	**292,966**
Other movements with no profit and loss 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 at 31 December 2019	**37,170**	**381**	**255,416**	**-**	**292,966**

The following table further explains changes in the gross carrying amount of the investment securities portfolio to help explain their significance to the changes in the loss allowance for the same portfolio.

Investment securities	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Gross carrying amount at 1 January 2019	3,181,609	-	-	-	3,181,609
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	(3,181,609)	-	-	-	(3,181,609)
New financial assets originated or purchased	2,693,230	-	-	-	2,693,230
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount at 31 December 2019	**2,693,230**	**-**	**-**	**-**	**2,693,230**

Short-term deposits (Fixed Deposits)	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Gross carrying amount at 1 January 2019	15,045,878	-	-	-	15,045,878
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	(15,045,878)	-	-	-	(15,045,878)
New financial assets originated or purchased	12,078,386	-	-	-	12,078,386
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount at 31 December 2019	**12,078,386**	**-**	**-**	**-**	**12,078,386**

Loans and Advances under Finance Lease	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Gross carrying amount at 1 January 2019	1,359,391	-	-	-	1,359,391
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	(1,359,391)	-	-	-	(1,359,391)
New financial assets originated or purchased	1,417,092	-	-	-	1,417,092
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount at 31 December 2019	**1,417,092**	**-**	**-**	**-**	**1,417,092**

For the year ended 31 December, 2019

Company

Investment securities	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Loss allowance at 1 January 2019	**5**	**-**	**-**	**-**	**5**
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	26	-	-	-	26
Matured financial assets	(5)	-	-	-	(5)
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	**26**	**-**	**-**	**-**	**26**
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 at 31 December 2019	**26**	**-**	**-**	**-**	**26**

Short-term deposits (Fixed deposit)	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Loss allowance at 1 January 2019	**2,639**	**-**	**-**	**-**	**2,639**
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	2,716	-	-	-	2,716
Matured financial assets	(2,639)	-	-	-	(2,639)
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	**2,716**	**-**	**-**	**-**	**2,716**
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 at 31 December 2019	**2,716**	**-**	**-**	**-**	**2,716**

The following table further explains changes in the gross carrying amount of the investment securities portfolio to help explain their significance to the changes in the loss allowance for the same portfolio.

Investment securities	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Gross carrying amount at 1 January 2019	3,020	-	-	-	3,020
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	(3,020)	-	-	-	(3,020)
New financial assets originated or purchased	4,972	-	-	-	4,972
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount at 31 December 2019	**4,972**	**-**	**-**	**-**	**4,972**

Short term deposits (Fixed Deposits)	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Purchased credit-impaired ₦'000	Total ₦'000
Gross carrying amount at 1 January 2019	260,884	-	-	-	260,884
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	(260,884)	-	-	-	(260,884)
New financial assets originated or purchased	156,630	-	-	-	156,630
Modification of contractual cash flows of financial assets	-	-	-	-	-
Changes in interest accrual	-	-	-	-	-
Write-offs	-	-	-	-	-
FX and other movements	-	-	-	-	-
Gross carrying amount at 31 December 2019	**156,630**	**-**	**-**	**-**	**156,630**

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-19								
In Nigeria:								
North East	**26,374**	**-**	**-**	**-**	**120**	**38,010**	**12,334**	**76,838**
North Central	**1,356**	**78,937**	**-**	**-**	**-**	**-**	**16,445**	**96,738**
North West	**1,920**	**10,016**	**-**	**-**	**9**	**-**	**28,778**	**40,723**
South East	**4,520**	**-**	**-**	**-**	**185**	**-**	**74,002**	**78,707**
South South	**29,720**	**578**	**-**	**-**	**496**	**-**	**94,558**	**125,372**
South West	**13,771,051**	**817,007**	**217,571**	**3,644,580**	**117,583**	**2,849,463**	**338,469**	**21,755,724**
	13,834,940	**906,558**	**217,571**	**3,644,580**	**118,393**	**2,887,473**	**564,586**	**22,174,102**

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

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-19								
In Nigeria:								
Agriculture	-	29,613	42,006	-	-	-	-	71,619
Manufacturing	-	4,231	-	-	-	-	-	4,231
Trade and commerce	-	349,223	34,658	-	-	-	-	383,881
Finance and insurance	13,834,940	103,022	129,094	3,644,580	118,393	2,887,473	519,856	21,237,358
Real estate and construction	-	192,580	6,086	-	-	-	-	198,666
Education	-	152,898	265	-	-	-	-	153,163
Others	-	74,990	5,462	-	-	-	44,730	125,183
	13,834,940	906,558	217,571	3,644,580	118,393	2,887,473	564,586	22,174,102

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								
Agriculture	-	84,030	-	-	-	-	-	84,030
Manufacturing	-	3,370	-	-	-	-	-	3,370
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

(iii) Liquidity risk

The Group's principal objective in managing its liquidity and capital resources is to maximize the returns on capital to shareholders, while enabling it to pay claims, pay dividends, pay staff and fulfill statutory obligations to regulators and the different tiers of government in the environment in which it operates. Effective and prudent liquidity is a priority across the Group.

Management monitors the liquidity of the Group on a daily basis and projects her financial needs over a multi-year time horizon through its quarterly budget and review process. Management believes that the cash flows from the sources of fund available to the Group are sufficient to satisfy the current liquidity requirements of the Group, including under reasonably foreseeable stress scenarios.

In managing liquidity (and of course, capital), the Group seeks to:

- Match the profile of assets and liabilities, taking into account the risks inherent in each line of product;
- Maintain financial strength to support new business growth whilst still satisfying the requirements of policyholders and regulators;
- Retain financial flexibility by maintaining strong liquidity, and;
- Allocate liquid resources efficiently to support growth while paying claims and other commitments promptly.

Sources of Liquidity

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

- Premium Income;
- Investment income
- Investment maturities

Application of funds

The principal uses of our liquidity include:

- Payment of Claims
- Staff benefits;
- Purchase of investments and;
- Payment in connection with financing activities.

In practice, most of the Group's assets are marketable securities which could be converted into cash when required.

Maturity Profile

The following table shows the Group's expected maturity for its non-derivative assets. The table has been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period. Reinsurers' share of unearned premiums are excluded from this analysis.

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

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

Group

31-Dec-19

In thousands of Naira	Carrying amount	Contractual cashflow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/insurance assets							
Cash and cash equivalents	13,834,940	13,834,939	7,669,523	3,191,494	2,973,923	-	-
Fair value through OCI	2,492,584	1,888,174	-	258,525	86,532	1,339,699	203,417
Amortized cost	174,684	177,455	-	23,750	84,176	58,695	10,834
Loans and advances to customers	906,558	894,863	308,559	69,876	153,973	362,455	-
Advances under finance lease	217,571	217,571	-	18,719	192,178	6,674	-
Trade receivables	118,393	117,768	6,300	75,455	36,013	-	-
Reinsurance assets - recoverable from reinsurers	2,887,472	2,454,127	-	85,005	2,176,930	192,192	-
Statutory deposits	555,000	555,000	-	-	-	555,000	-
	21,187,202	20,139,897	7,984,382	3,722,824	5,703,725	2,514,716	214,251
Non-derivative financial liabilities/insurance liability							
Borrowing	2,276,717	2,265,023	40,280	-	2,197,690	27,053	-
Trade payable	6,157,185	6,157,185	5,775,254	381,931	-	-	-
Other liability	1,355,677	1,619,921	849,736	44,751	197,204	306,432	221,797
Depositors	1,784,150	1,819,403	834,786	893,567	91,050	-	-
Insurance contract liabilities	10,969,033	6,110,850	-	402,879	513,088	1,055,803	4,139,080
Investment contract liabilities	265,521	265,521	-	20,411	133,660	-	111,450
	22,808,283	18,237,903	7,500,056	1,743,539	3,132,692	1,389,288	4,472,327
Gap (asset - liabilities)	(1,621,081)	1,901,996	484,325	1,979,285	2,571,033	1,125,428	(4,258,076)
Cumulative liquidity gap	-	-	-	-	4,550,318	5,675,746	1,417,670

31-Dec-18

In thousands of Naira	Note	Carrying amount	Contractual cashflow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/insurance assets								
Cash and cash equivalents	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©	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	-
		24,355,816	22,936,386	11,899,742	1,030,409	7,484,858	2,509,885	11,493
Non-derivative financial assets/insurance assets								
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	1,571,124	910,462	787,206	-	56,170	67,086	-
Depositors	25	1,567,480	1,582,001	-	84,954	1,497,047	-	-
Insurance contract liabilities	26	11,018,011	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)		(4,552,813)	(318,422)	5,893,218	10,030	(4,083,475)	883,046	(3,021,240)
Cumulative liquidity gap		-	-	-	10,030	(4,073,445)	(3,190,399)	(6,211,640)

Company

31-Dec-19

In thousands of Naira	Carrying amount	Contractual cashflow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/insurance assets							
Cash and cash equivalents	191,331	191,331	37,417	-	153,914	-	-
Amortized cost	4,946	4,946	-	-	4,946	-	-
	196,277	196,277	37,417	-	158,860	-	-
Non-derivative financial assets/insurance assets							
Borrowing	2,383,607	2,383,607	1,122		2,382,485	-	-
Other liabilities	91,255	91,255	-	-	-	91,255	-
	2,474,862	2,474,862	1,122	-	2,382,485	91,255	-
Gap (asset - liabilities)	(2,278,586)	(2,278,586)	36,295	-	(2,223,626)	(91,255)	-
Cumulative liquidity gap	-	-	-	-	(2,223,626)	(2,314,881)	(2,314,881)

31-Dec-18

In thousands of Naira	Note	Carrying amount	Contractual cashflow	<1 Month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial assets/insurance assets								
Cash and cash equivalents	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 assets/insurance assets								
Borrowing	29	8,984,800	8,984,800	-	-	8,807,398	145,689	31,713
Other liabilities		24	10,453	10,453	-	-	-	10,453
		8,995,254	8,995,254	-	-	8,807,398	156,143	31,713
Gap (asset - liabilities)		(8,647,564)	(8,647,565)	14,351	-	(8,474,059)	(156,143)	(31,713)
Cumulative liquidity gap		-	-	-	-	(8,474,059)	(8,630,202)	(8,661,915)

Financial assets and liabilities

Accounting classification, measurement basis and fair values.

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

Group

31-Dec-19

In thousands of Naira	Amortized Cost	Designated at fair value profit or loss	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	Fair value
Cash and cash equivalents	13,834,940	-	-	-	13,834,940	13,834,940
Financial assets	174,684	977,317	2,492,584	-	3,644,585	3,644,585
Loans and advances to customers	906,558	-	-	-	906,558	906,557
Advances under finance lease	217,571	-	-	-	217,571	217,571
Trade receivables	118,393	-	-	-	118,393	118,393
Other receivables less prepayment	356,457	-	-	-	356,457	356,457
Statutory deposits	555,000	-	-	-	555,000	555,000
	16,163,602	977,317	2,492,584	-	19,633,503	19,633,503
Borrowing	-	-	-	2,276,717	2,276,717	2,276,717
Trade payables	-	-	-	6,157,185	6,157,185	6,157,185
Depositors funds	-	-	-	1,784,150	1,784,150	1,784,150
Other liabilities	-	-	-	1,735,444	1,735,444	1,735,444
	-	-	-	11,953,496	11,953,496	11,953,496

31-Dec-18

In thousands of Naira	Amortized Cost	Designated at fair value profit or loss	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	-	22,708,231	22,708,231
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	-	-	-	1,870,375	1,870,375	1,870,375
	-	-	-	17,887,445	17,887,445	17,887,445

Company

31-Dec-19

In thousands of Naira	Amortized Cost	Designated at fair value profit or loss	Designated at fair value through OCI	Other Financial liabilities	Total Carrying amount	Fair value
Cash and cash equivalents	191,331	-	-	-	191,331	191,331
Financial assets	4,946	18,508	-	-	23,454	23,454
Other receivables less prepayment	432,072		-	-	432,072	432,072
	628,349	18,508	-	-	646,857	646,857
Borrowing	-	-	-	2,383,607	2,383,607	2,383,607
Other liabilities	-	-	-	2,028,316	2,028,316	2,028,316
	-	-	-	4,411,923	4,411,923	4,411,923

31-Dec-18

In thousands of Naira	Amortized Cost	Designated at fair value profit or loss	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

Management has assessed that the fair value of financial assets, loans and advancees 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-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Within Nigeria	**4,591,292**	5,318,102	**2,235,297**	2,709,833	**2,355,995**	2,608,269
Outside Nigeria	**-**	-	**-**	-	**-**	-
	4,591,292	5,318,102	**2,235,297**	2,709,833	**2,355,995**	2,608,269

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-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Fire	**1,512,891**	2,156,893	**1,007,057**	1,538,463	**505,834**	618,430
Accident	**549,133**	579,206	**92,812**	117,209	**456,321**	461,997
Motor	**786,598**	842,811	**66,391**	78,635	**720,207**	764,176
Marine	**305,048**	296,600	**97,420**	101,328	**207,628**	195,273
Oil and gas	**1,279,499**	1,251,627	**827,947**	727,581	**451,552**	524,046
Engineering	**119,812**	162,726	**133,217**	132,452	**(13,405)**	30,274
Bond	**13,386**	28,239	**6,706**	14,165	**6,680**	14,073
Agric	**24,925**	-	**3,747**	-	**21,178**	-
	4,591,292	5,318,102	**2,235,297**	2,709,833	**2,355,995**	2,608,269

In Thousands of Naira	Gross		Reinsurance		Net	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Outstanding claims:						
Fire	**1,250,012**	1,874,926	**919,560**	1,431,344	**330,452**	443,582
Accident	**465,922**	428,821	**68,719**	61,871	**397,203**	366,950
Motor	**361,054**	414,051	**50,920**	59,805	**310,134**	354,246
Marine	**148,683**	181,361	**58,589**	77,333	**90,094**	104,028
Oil and gas	**948,879**	747,320	**621,890**	474,924	**326,989**	272,396
Engineering	**90,916**	74,017	**64,244**	50,735	**26,672**	23,282
Bond	**12,124**	24,835	**5,996**	12,417	**6,128**	12,417
Agric	**24,926**	-	**-**	-	**24,926**	-
	3,302,516	3,745,331	**1,789,918**	2,168,430	**1,512,598**	1,576,901

In Thousands of Naira	Gross		Reinsurance		Net	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Unexpired risk:						
Fire	**262,880**	281,965	**87,497**	107,119	**175,383**	174,846
Accident	**83,210**	150,386	**24,092**	55,338	**59,118**	95,048
Motor	**425,544**	428,760	**15,471**	18,830	**410,073**	409,930
Marine	**156,365**	115,240	**38,830**	23,994	**117,535**	91,245
Oil and gas	**330,620**	504,308	**206,057**	252,657	**124,563**	251,651
Engineering	**28,895**	88,709	**68,974**	81,717	**(40,079)**	6,992
Bond	**1,262**	3,404	**644**	1,748	**618**	1,656
Total	**1,288,775**	1,572,772	**441,565**	541,403	**846,551**	1,031,369

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 attritional paid claims triangles. The combination between a CL and BF methods aims to reflect the reliability of information when estimating the IBNR.

For earlier accident years, where the development is reasonably mature, a CL approach was used which relied more heavily on the data to set the ultimate level of claims. For later accident periods where there still exists a large degree of uncertainty about the ultimate level of claims and the reported to date is a less reliable estimate of the ultimate loss, a BF method is used which makes use of an estimate of the ultimate loss ratio.

Assumptions underlying the Valuation Methods

i Policies are written uniformly throughout the year for each class of business.
ii Claims occur uniformly throughout the year for each class of business. This implies that claims occur on average halfway through year.
iii Future claims follow a regression pattern from the historical data. Hence payment patterns will be broadly similar in each accident year. The proportionate increase in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.
iv An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future.
v We assume gross claim amount includes all related claim expenses. If this is not the case, the Group will hold a separate reserve to cover claim expenses.
vi The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.
vii Under the Average Cost per claim method used in estimating large losses, the Group assumed the early years (e.g. accident years 2007, 2008) are fully developed.
viii The run off period is ten (10) years and hence the method assumes no more claims will be paid subsequently.

(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-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Life Insurance:						
Within Nigeria	6,180,545	5,486,878	652,174	464,841	5,528,371	5,022,037
Outside Nigera	-	-	-	-	-	-
	6,180,545	5,486,878	652,174	464,841	5,528,371	5,022,037
Investment contracts with DPF:						
Within Nigeria	265,521	302,424	-	-	265,521	302,424
Outside Nigera	-	-	-	-	-	-
	265,521	302,424	-	-	265,521	302,424

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-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Life Insurance:						
Protection	4,985,451	6,157,413	260,203	174,748	4,725,248	5,982,665
Pensions	-	-	-	-	-	-
Annuities	1,195,094	1,058,434	-	-	1,195,094	1,058,434
Others	-	-	-	-	-	-
Total Life insurance	6,180,545	7,215,847	260,203	174,748	5,920,342	7,041,099
Investment contracts with DPF	265,521	302,424	-	-	265,521	302,424

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-19	31-Dec-18	31-Dec-19	31-Dec-18
Life insurance:				
5% increase in mortality/morbidity				
Gross (2019: Nil; 2018: Nil)		-		-
Net (2019: ₦3,726; 2018: ₦3,762)	**(376,574)**	7,458	**1,865,113**	2,176,794
5% increase in longevity				
Gross		-		
Net		-		
10% increase in expenses				
Gross (2019: Nil; 2018: Nil)		-		
Net (2019: ₦3,754; 2018: ₦3,754)	**(376,602)**	7,430	**1,865,085**	2,176,766
1% increase in interest rates				
Gross (2019: Nil; 2018: Nil)				
Net (2019: ₦3,622; 2018: ₦3,622)	**(376,470)**	7,562	**1,865,217**	2,176,898

Claims development table for group life scheme

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

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

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

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

	Incremental Chain ladder-Yearly Projections (₦)				
	Development year				
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				
2019	301,663				

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 Credit finance - consists Royal Exchange Finance Company Limited is the only subsidiary in the credit financing 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-19	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Within Nigeria	**1,342,287**	4,356,080	**3,981,841**	5,099,340
Outside Nigeria	**-**	-	**-**	-
	1,342,287	4,356,080	**3,981,841**	5,099,340

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	2019	2018
Royal Exchange PLC			
Bank balances			
Royal Exchange Microfinance Bank Ltd	Subsidiary	8,009	6,685
Overdraft facility with Royal Exchange Microfinance Bank Ltd	Subsidiary	(1,122)	-
Payables			
Royal Exchange Prudential Plc	Subsidiary	49,290	-
Royal Exchange Finance Company Ltd.	Subsidiary	10,499	10,453
Receivables			
Royal Exchange Microfinance Bank Ltd	Subsidiary	-	1,803
Royal Exchange Prudential Life Plc	Subsidiary	-	19,650
Royal Exchange Healthcare Ltd	Subsidiary	66,646	66,298
Royal Exchange General Insurance Company Limited	Subsidiary	29,470	78,068
Premium paid			
Royal Exchange Prudential Plc	Subsidiary	980	1,921
Royal Exchange Healthcare Ltd	Subsidiary	2,250	303
Loans			
Royal Exchange Finance Company Limited	Subsidiary	132,821	68,639
Finance Lease			
Royal Exchange Finance Company Limited	Subsidiary	31,467	77,051
Management fees received			
Royal Exchange General Insurance Company Limited	Subsidiary	33,550	116,617
Royal Exchange Prudential Plc	Subsidiary	13,251	87,659
Solicitor's fee paid			
Punuka Attorneys and solicitors	Director	3,721	-
Royal Exchange General Insurance Company Limited			
Deposit fund with Royal Exchange Finance Company Ltd		-	31,708
Deposit fund with Royal Exchange Microfinance Bank Ltd		-	-
Finance lease obligation to Royal Exchange Finance Company Limited		63,927	49,473
Overdraft facility with Royal Exchange Microfinance Bank Ltd		(29,030)	(54,220)
Royal Exchange Prudential Life Plc			
Bank Balance with Royal Exchange Microfinance Bank		6,662	21,943
Finance lease obligation to Royal Exchange Finance Company Limited		59,910	67,086
Borrowings with Royal Exchange Finance Company Limited		-	24,061.00
Royal Exchange Finance Company Ltd.			
Bank Balance with Royal Exchange Microfinance Bank		4,305	5,894
Royal Exchange Healthcare Limited			
Bank overdraft balance with Royal Exchange Microfinance Bank		(10,128)	(6,450)

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-19	Group 31-Dec-18
Loans and advances to customers		
Specific impairment (see note 6)	**269,963**	172,248
Collective impairment (see note 6)	**-**	-
Advances under finance lease		
Impairment allowance (see note 7)	**23,000**	23,000
Total impairment allowance (a)	**292,963**	195,248
Total impairment based on prudential guidelines (b)	**-**	-
Regulatory risk reserve (c = b - a)	**(292,963)**	(195,248)

58 Contingencies and Commitments

(a) Commitments for expenditure

The Group has no commitment for capital expenditure at the reporting date.

(b) Contingencies and commitments

In Thousands of Naira	Group 31-Dec-19 ₦'000	Group 31-Dec-18 ₦'000
Legal proceedings and litigations	**3,820,527**	3,499,675
Tax PAYE for 2014 tax audit	**25,200**	25,200
	3,845,727	3,524,875

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	Group 31-Dec-19 ₦'000	Group 31-Dec-18 ₦'000
Legal proceedings	**11,672**	11,672
	11,672	11,672

59 Events after the reporting period

"The Group acknowledges the emergence of COVID-19 pandemic and its impact on Nigerian corporate and global business climate at large. The Pandemic pose key risks that are going to impact the business climate such as regulatory risk, Fiscal & monetary policy risk, Foreign exchange volatility risk, Fluctuations in Macro economic variables.

Given the scarcity of reliable information, there is uncertainty as it relates to generating reasonable and supportable short-term economic forecasts. However, management has decided to continue accessing the impact of the pandemic on its business of the Group. The federal government has put in place some economic measures to cushion the impact of COVID-19 on businesses, the extent to which the related support will be factored into the financial result of both the Group and its customers cannot be readily ascertained. However, should the relief affect positively and largely on the Group's customers &Clientele, this will translate to more business patronage in spite of the effect of COVID 19 on the global economy.

The Group has also put in place adequate reinsurance on all the insurance products underwrote by the Life & Non-life insurance businesses to cushion the effect of future claims liabilities. The Group has also put in place health and safety measures within the work environment (work from home, temperature check, compulsory use of masks and gloves, social distancing) to avoid the spread of the virus.

If the Pandemic persists, it might negatively affect the business' financial health in areas such as assets, assumptions and macroeconomic variables on expected credit loss, liquidity and staff benefits in 2020. The quantitative impacts however cannot be readily ascertained. Management will continue to monitor the events carefully throughout the year 2020.

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-19**	**Company 31-Dec-18**
Funds Under Management		
Clients' Federal Government Bonds	**33,108**	30,993
Clients' Commercial Papers	**267,700**	240,550
Clients' Treasury Bills	**34,195**	82,399
Clients' Fixed Deposit	**72,195**	-
Clients' Bank balances	**1,445**	516
	408,643	354,458
Clients' Payables	**-**	-
Management Fees Payable	**-**	-
	408,643	354,458

61 Compensation of key management personnel

Key management personnel of the Company includes all directors, executive and non-executive, and senior mangement. The summary of compensation of key manangement personnel for the year is as follows:

(a) Chairman and directors' emoluments:

(i) Emoluments

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Non-executive directors:				
Directors' fees	**14,563**	10,168	**356**	1,570
Sitting allowance	**6,778**	19,342	**6,778**	19,342
Other allowances	**74,704**	84,108	**74,704**	84,108
	96,045	113,618	**81,838**	105,020
Executive Directors:				
Executive Compensation	**2,048**	34,152	**2,048**	34,152
Post employment benefits	**87**	1,979	**87**	1,979
	2,135	36,131	**2,135**	36,131
Chairman	**11,535**	14,344	**11,535**	14,344
Other directors	**86,645**	99,274	**72,437**	90,676
	98,180	113,618	**83,972**	105,020
The highest paid director	**16,728**	47,240	**16,728**	47,240

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

#			Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
400,000	-	500,000	**-**	-	**-**	-
500,00	-	600,000	**-**	-	**-**	-
2,000,001	-	5,000,000	**-**	-	**-**	-
Above	-	5,000,000	**9**	8	**9**	8

(b) Staff

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

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Managerial	**24**	23	**5**	2
Senior staff	**235**	246	**5**	4
Junior staff	**29**	27	**-**	1
	288	296	**10**	7

(i) Staff costs

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Salaries , wages and allowances	**737,132**	848,638	**84,251**	89,707
Pension cost	**70,196**	10,290	**-**	-
	807,328	858,928	**84,251**	89,707

(ii) Pension scheme

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At January	**6,411**	7,361	**-**	-
Provision in the year	**70,196**	10,963	**5,901**	-
Remittance to pension fund administrators	**(75,764)**	(11,913)	**(5,901)**	-
At December 31	**843**	6,411	**-**	-

(iii) Employees remunerated at higher rates
The number of employees in receipt of emoluments including allowances within the following ranges were:

#			Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Below 400,000			**-**	-	**-**	-
400,001	-	500,000	**-**	1	**-**	-
500,000	-	600,001	**-**	-	**-**	-
600,001	-	700,000	**6**	3	**-**	-
700,001	-	800,000	**-**	5	**-**	1
800,001	-	900,000	**5**	5	**-**	-
900,001	-	1,000,000	**-**	8	**-**	-
1,000,001	-	2,000,000	**62**	70	**-**	1
2,000,001	-	3,000,000	**77**	78	**4**	1
3,000,001	-	4,000,000	**55**	40	**-**	-
4,000,001	-	5,000,000	**37**	33	**-**	1
5,000,001	-	6,000,000	**12**	15	**-**	-
6,000,001	-	7,000,000	**8**	7	**-**	-
7,000,001	-	8,000,000	**12**	11	**1**	1
8,000,001	-	9,000,000	**3**	7	**-**	-
9,000,001	-	10,000,000	**2**	2	**1**	-
10,000,001	-	12,000,000	**4**	5	**2**	1
12,000,0001	-	20,000,000	**4**	5	**1**	-
20,000,001	-	30,000,000	**1**	1	**1**	1
			288	296	**10**	7

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-19 ₦'000	31-Dec-18 ₦'000
Royal Exchange Plc	SEC	Penalty for late rendition of Q1 & Q2 2019 returns	940	-
	SEC	Penalty for late filing of Quarter 1 2019 Trustee Return	420	-
	FIRS	Penalty for late filing of CIT returns for 2018 YOA	-	25
	SEC	Penalty for late filing of 2016 audited accounts	-	2,800
Other Component of the Group				
Royal Exchange Microfinance Bank Limited	CBN	Non rendition of credit data on the credit bureau portal	-	250
			1,360	3,075

Section 4

Other National Disclosures

Statement of Value Added

In thousands of Naira	Group 2019 ₦'000	%	Group 2018 ₦'000	%	Company 2019 ₦'000	%	Company 2018 ₦'000	%
Net premium income	**8,716,927**		9,185,274		**-**		-	
Investment and other income	**596,068**		322,833		**1,106,281**		(3,394)	
Interest income	**(653,885)**		128,937		**(1,352,098)**		(478,069)	
Net fair value gain or loss on financial assets	**(92,090)**		(183,544)		**(6,264)**		(3,033)	
Other operating income	**500,720**		728,145		**169,451**		213,155	
Bought in goods and services	**(8,863,554)**		(8,438,120)		**404,792**		(445,976)	
Value Added	**204,186**	**100**	1,743,525	100	**322,142**	**100**	717,317	100
Applied as follows:								
In payment of employees:								
- Salaries, wages and other benefits	**695,927**	**341**	853,827	49	**84,251**	**27**	89,707	770
In payment to government:								
- Taxation	**106,967**	**52**	224,668	13	**7,137**	**1**	6,686	10
For future replacement of assets and expansion of business:								
Deffered Tax	**192,838**	**94**	258,379	15				
Depreciation	**166,875**	**82**	203,564	12	**9,262**	**6**	31,773	60
Contingency reserve	**354,395**	**174**	362,955	21	**-**	**-**	-	-
General reserve	**(1,312,816)**	**(643)**	(159,868)	(10)	**(422,791)**	**(134)**	(845,484)	(740)
	204,186	**100**	1,743,525	100	**322,142**	**100**	717,317	100

Group					
		Restated	Restated		
In thousands of Naira	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Assets					
Cash and cash equivalents	13,834,940	15,896,872	12,505,923	11,105,440	7,035,842
Loans and advances to customers	906,558	900,852	1,173,612	992,011	1,278,434
Advances under finance lease	217,571	166,608	203,410	206,890	123,269
Financial assets	3,644,585	4,237,952	5,642,807	5,632,949	3,448,883
Trade receivables	118,393	499,382	92,424	247,851	528,399
Reinsurance assets	2,887,473	3,174,674	2,794,485	2,660,526	1,889,750
Deferred acquisition cost	209,395	261,631	295,829	351,076	382,490
Other receivables and prepayments	564,586	815,179	800,430	436,881	387,396
Investment in associates	227,220	213,295	193,617	179,146	274,088
Investment properties	6,040,461	5,998,300	5,431,181	5,419,858	6,807,743
Property and equipment	1,437,131	1,468,405	2,136,567	2,283,270	2,219,584
Right of Use Asset	15,764	-	-	-	-
Intangible assets	9,830	15,020	29,435	33,116	39,088
Employees retirement benefit asset (Net)	295,649	283,850	258,135	234,011	154,016
Statutory deposits	555,000	555,000	555,000	555,000	555,000
Deferred tax assets	168,810	133,275	267,386	365,065	427,621
Assets classified as held for sale	973,639	973,639	973,639	973,639	973,639
Total assets	32,107,005	35,593,934	33,353,880	31,676,729	26,525,242
Liabilities					
Bank borrowing	2,276,717	8,865,661	1,743,156	2,585,324	1,020,083
Deferred income	109,332	144,133	143,798	162,942	122,169
Trade payables	6,157,185	5,583,929	10,159,430	8,355,104	5,387,629
Other liabilities	1,735,444	1,870,375	1,608,666	1,616,032	1,469,737
Depositors' funds	1,784,150	1,567,480	1,446,763	1,203,456	1,196,324
Insurance contract liabilities	10,969,033	11,018,012	11,337,881	10,158,280	8,263,204
Investment contract liabilities	265,521	302,424	293,555	339,456	336,271
Current income tax liabilities	588,690	726,574	636,230	537,200	488,713
Employees retirement benefit liability	39,251	30,239	38,458	39,269	570,008
Deferred tax liabilities	565,092	336,184	314,267	299,530	244,868
Total liabilities	24,490,415	30,445,011	27,722,204	25,296,593	19,099,006
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	1,899,998	2,409,567	2,046,612	1,728,852	1,422,919
Treasury shares	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Retained earnings	(3,240,315)	(2,683,435)	(1,914,086)	(647,828)	834,374
Other component of equity	560,112	659,170	735,529	535,491	405,322
Capital and reserves attributable to owners	3,983,416	5,148,923	5,631,676	6,380,136	7,426,236
Non-controlling interests	3,633,174	-	-	-	-
Total equity	7,616,590	5,148,923	5,631,676	6,380,136	7,426,236
Total equity and liabilities	32,107,005	35,593,934	33,353,880	31,676,729	26,525,242
Statement of Profit or Loss and Other Comprehensive Income					
Gross premium	14,207,878	14,712,798	12,822,219	12,517,381	10,790,628
Net income	1,342,287	4,356,080	2,413,399	2,724,161	2,377,409
(Loss)/Profit before taxation	(1,013,011)	323,179	(682,127)	(743,838)	(896,961)
Income tax expense	(299,805)	(483,047)	(287,516)	(236,414)	(401,999)
(Loss)/Profit after taxation	(1,312,816)	(159,868)	(969,643)	(980,252)	(1,298,960)
loss/Earnings per share (kobo)	(22)	(3)	(19)	(19)	(25)

Group					
In thousands of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-17**	**31-Dec-16**	**31-Dec-15**
Assets					
Cash and cash equivalents	**191,331**	344,674	112,363	127,279	105,452
Financial assets	**23,454**	27,787	44,747	82,644	17,935
Investment in Subsidiaries	**8,568,651**	10,989,990	10,239,990	8,689,990	8,660,464
Deposit for Investment in Subsidiaries	**-**	3,000,000	750,000		
Other receivables and prepayments	**390,376**	456,003	210,098	319,967	79,119
Property and equipment	**3,390**	28,770	91,736	90,195	26,600
Right of Use Asset	**18,460**	-	-	-	-
Intangible assets	**-**	-	5,513	-	-
Deposit for shares	**-**	-	-	500,000	-
Total assets	**9,195,662**	14,847,224	11,454,447	9,810,075	8,889,570
Liabilities					
Bank borrowing	**2,383,607**	8,907,750	1,613,723	2,482,327	872,257
Other liabilities	**2,028,316**	667,779	3,784,039	920,200	1,199,985
Finance Lease Obligation	**31,467**	77,050			
Current income tax liabilities	**283,847**	303,576	303,660	255,109	255,109
Employees retirement benefit liability	**1,418**	512	1,076	883	43,329
Total liabilities	**4,728,655**	9,956,668	5,702,498	3,658,519	2,370,680
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	**(799,984)**	(375,618)	486,445	886,114	1,254,849
Other component of equity	**1,795**	2,554	1,883	1,821	420
Shareholders' funds	**4,465,432**	4,890,557	5,751,949	6,151,556	6,518,890
Total equity and liabilities	**9,195,662**	14,847,224	11,454,447	9,810,075	8,889,570
Statement of Profit or Loss and Other Comprehensive Income					
Net income	**(35,829)**	(271,341)	57,237	81,289	223,669
(Loss)/Profit before taxation	**(415,655)**	(838,798)	(351,118)	(368,735)	(116,707)
Income tax expense	**(7,137)**	(6,686)	(48,551)	-	(13,100)
(Loss)/Profit after taxation	**(422,792)**	(845,484)	(399,669)	(368,735)	(129,807)

Section 5

Management Group and Subsidiaries

Management Group and Subsidiaries

EXECUTIVE GROUP

ROYAL EXCHANGE PLC

Group Managing Director
Mr. Olawale Banmore
BSc, MMP, ACII

Group General Manager
Ms. S. I. Ezeuko
B.Ed., LLB, BL, ACIARB, PGD INSURANCE LAW, PGCL CORPORATE & COMMERCIAL LAW

Chief Operations Officer
Mr. J. Iwuajoku
B.Sc, MBA, FIIM, FCIE, MCIBN, MNIM

Deputy General Managers

Human Resources
Mr. D. Nosiri
BA, MSc, CIPD

Assistant General Managers

Group Marketing
Mallam Bashir Babajo
MBA, BSc

Enterprise Risk Management
Mr. S. Ejima
BSc, MSC, ACE, FERP

Information Technology
Mr. Jide Adams
BSc, MBA, PGD, CISA, CISM, CRISC, FIIM

Audit and Investigation
Mr. J. Unuane
HND, BSc, FCA, MBA, ACTI

Senior Manager

Legal and Company Secretariat Services
Mrs. N. S. Onyeme
LL.M, LL.B, BL, ACIARB

Corporate Affairs
Mr. Wilson Okoh-Esene
BA, MNIM, MCIPR

EXECUTIVE (SUBSIDIARIES)

Royal Exchange General Insurance Company Limited

Managing Director
Mr. B. C. Agili
HND, MBA, FCII, FIIM

Business Directors

Lagos Central
Mrs. Jane Ekonwereren
B.A., PGD, ACII

Lagos-West
Mr. Patrick Oji
BSc, CII

South-South
Mrs. V. O. Elueme
HND, MBA

South-East
Mr. G. N. Chukwuma
HND, BSc., MBA

Assistant General Manager
Mr. Ayo Kamoru
BSc, LLB, BL, MBA, ACIIN, LLM

Senior Managers
Mrs. D. A. L. Akintayo
HND, ACIIN, MBA

Mr. Olajide Olugboye
BA, MPA, MCIPM, ANITAD

Mr. Kalu Chukwuma
HND, B.Sc, MBA, FCA, ACA, ACTI

Mr. Akin Francis Akinjide
HND, MMP, ACIIN

Royal Exchange Finance Company Limited

Managing Director
Mrs. Irene Opara
MBA, HND, CPIN

Senior Manager
Mrs. Funke Oluyemi
BSc, MBA

Royal Exchange Healthcare Limited

Managing Director
Dr. E. Onwutalu
MBBS, MBA, PGD (HSE)

Royal Exchange Microfinance Bank Limited

Acting Managing Director
Mr. Sunday Adunola
BSc, MCIB

Royal Exchange Prudential Life Plc

In the position of Managing Director
Mr. Nelson Akerele
HND, MSc, ACII, ACIIN, FIDMN

Senior Managers
Mr. Adewale Akinrotimi
BSc, MBA, ACII

Royal Exchange General

Mr. Ben Agili
Managing Director,
Royal Exchange General Insurance

Royal Exchange General Insurance Company Limited, a subsidiary of Royal Exchange Plc, licensed by the National Insurance Commission to offer the full range of general and special risks insurance products. With over 90 years in the Nigerian market, Royal Exchange General Insurance has an enviable reputation for reliability, integrity, professionalism, technical competence and financial strength.

The Company operates from fifteen (15) branches country wide to ensure maximum outreach and complete accessibility to its customer base. The recent implementation of a web-enabled backbone IT system will further enhance its ability to provide incomparable service. The Company's capacity to underwrite oil and gas risks is widely acknowledged throughout the industry and its oil and gas treaty is widely recognized to be one of the best in the market.

With its unwavering dedication to its core values, the Company continues to maintain its lead on many of the major corporate risks in Nigeria.

Royal Exchange Prudential Life

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

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

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

Royal Exchange Healthcare

Dr. Emenike Onwutalu
Managing Director,
Royal Exchange Healthcare Limited

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

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

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

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

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

Royal Exchange Finance

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

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

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

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

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

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

Royal Exchange Microfinance Bank

Mr. Sunday Adunola
Acting Managing Director,
Royal Exchange Microfinance Bank Limited

Royal Exchange Microfinance Bank Limited is a wholly owned subsidiary of Royal Exchange Plc, licensed by the Central Bank of Nigeria on October 15, 2009 to provide comprehensive micro financial services to the unbanked and under banked in urban, semi-urban and rural areas of Nigeria. We commenced business on October 19, 2009.

In line with the vision of Royal Exchange Plc to be a one-stop financial service shop and with its passion to alleviate poverty, Royal Exchange Microfinance Bank was set up to provide micro finance services to improve the lives of the common people, alleviating poverty and building a better society. Our focus is on micro, small, medium and retail markets, leveraging on state of the art technology to deliver superior and quality services.

The bank is in the process of converting to a State Microfinance Bank. Royal Exchange Microfinance Bank offers a broad range of products and services, most of which are unique and tailored to meet the needs of our diverse clientele.

The bank offers the following products:

Savings Products:
- Royal Target Micro Savings (ROTMIS) Account
- Royal Ordinary Micro Savings (ROMIS) Account
- Royal Mandatory Savings (REMAS) Account
- Current Account (ROCA)
- Fixed Deposit (ROFID) Account

Loan Products:
- Trade Group Loan (Royal Ordinary Microcredit - ROMIC)
- Working Capital Loan (Royal Flexible Credit - ReFlex)
- Personal loan for salary earners (Royal Bail Me Microcredit)
- Asset acquisition finance
- LPO financing (Royal Real Microcredit - REMIC)

The corporate head office of Royal Exchange Microfinance Bank is located at 34/36 Apapa-Oshodi Expressway, Oshodi.

Head Office
New Africa House, 31, Marina,
P.O. Box 112, Lagos, Nigeria.
Email: info@royalexchangeplc.com
Website: www.royalexchangeplc.com
Tel: 01-460-6690 to 01-460-6699

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

Group Retail Office
Mosesola House, 3rd Floor,
103/7, Allen Avenue,
Opposite Alade Market, Ikeja,
Tel: 01-212-1826, 0708-621-0141, 01-295-5662

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

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

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

Benin
Unity Bank Building
No. 98 New Lagos Road 113,
New Lagos Road,
Benin City
Edo State
Tel: 0806-081-4253

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

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

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

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

Kano
2B, Post Office Road, Kano.
P.O.Box 301, Kano
Tel: 0803-629-9576, 0802-354-3139

Lagos Main Branch (Marina)
New African House,
31, Marina, Lagos.
P.O.Box 112, Lagos
Tel:01-4181750, 0805-526-6886,
0810-536-6664

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

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

Royal Exchange Group Retail Friendship Centres

S/N	Name of Mega Agents	Location	Telephone No.
1	Alaba Int'l Market	123 Olojo Drive, Ojo Alaba, Lagos.	08029314777
2	Ibadan	Old Sketch Building, First Floor, Cocoa House Complex, Dugbe, Ibadan.	08155538272

Royal Exchange Prudential Retail sales outlets

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

Corporate Events

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For more details and enquiry, kindly contact:

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Head, Agribusiness & Business Development
Tel: 0705 736 2364

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Agric Marketer, North
Tel: 0703 936 4573

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Agric Marketer, South West
Tel: 0903 237 6152

KehindeAlao
Agric Underwriter
Tel: 0805 697 7512

Email: info@royalexchangeplc.com, general@royalexchangeplc.com

www.royalexchangeinsurance.com

ROYAL EXCHANGE

Registered Office:

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

Business Address:

34-36 Oshodi-Apapa Expressway Oshodi
Lagos. P. O. Box 1804, Ikeja, Lagos