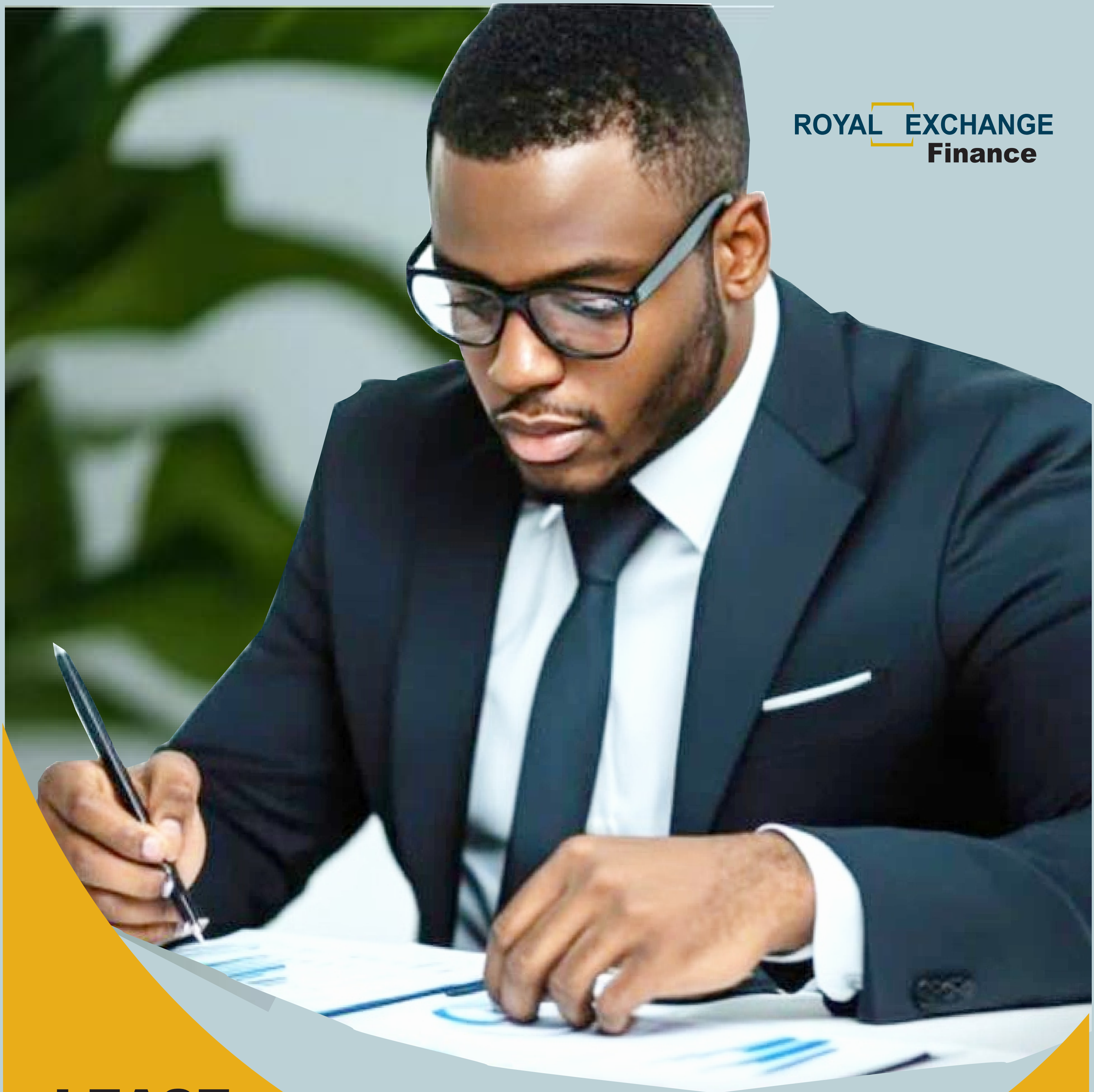
ROYAL EXCHANGE

THEME;

BUILDING A SUSTAINABLE FUTURE: OUR JOURNEY TO PROFITABLE GROWTH.

ANNUAL REPORT
2024

ROYAL EXCHANGE
Finance



LEASE
SME LOAN
PAYDAY LOAN
LPO FINANCE
INVESTMENTS

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customerexperience@royalexchangeplc.com

Licenced by the
Central Bank of Nigeria and SEC

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OUR MISSION

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

OUR VISION

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

OUR CORE VALUES

- Customer Orientation
- Creativity
- Integrity
- Learning Organizations
- Professionalism
- Teamwork

CORPORATE INFORMATION

Chairman	Kenneth Ezenwani Odogwu	Nigerian
Non-Executive Directors:	Chief Anthony Ikemefuna Idigbe (SAN) Alhaji Ahmed Rufai Mohammed Mr. Adeyinka Ojora	Nigerian Nigerian Nigerian
Chief Executive Officer	Mr. Hewett Benson	Nigerian
Group Company Secretary	Mazars Ojike and Partners 18 Oba Akran Avenue Ikeja, Lagos	
Registered Office	31, Marina, Lagos	
Independent Auditor	Grant Thornton Nigeria 3rd & 4th Floor 294 Herbert Macaulay Way Sabo, Yaba Lagos Nigeria	
Bankers:	Ecobank Plc FCMB Plc Fidelity Bank Plc FSDH Merchant Bank Limited Heritage Bank Limited Keystone Bank Limited Royal Exchange Microfinance Bank Limited Stanbic IBTC Bank Plc United Bank for Africa Plc Wema Bank Plc	
Registrars	Cardinal Stone Registrars Limited, 358, Herbert Macauley Street, Yaba, Lagos.	
RC No	6752	

CORPORATE PROFILE

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

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

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

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

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

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

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

ROYAL EXCHANGE PLC
Mr. Kenny Ezenwa Odogwu
[Group Chairman]
Chief Anthony Ikemefuna Idigbe (SAN)
(Director)
Alhaji Ahmed Rufa'i Mohammed
(Director)
Mr. Adeyinka Ojora
(Director)
Mr. Hewett Benson
(Chief Executive Officer)

ROYAL EXCHANGE FINANCE COMPANY LIMITED
Alhaji Ibrahim Turaki
(Chairman)
Mr. Rotimi Rotoye
(Managing Director)
Mr. Benjamin Agili
(Director)
Mr. Nnamdi Oragwu
(Director)
Chief U. Okpa-Obaji
(Director)

RESULTS AT GLANCE

	31-Dec-23	31-Dec-22	%
Earned Income	767,400	249,612	207
(Loss)/Profit Before Tax	(201,988)	(148,333)	(36)
Loss)/profit after Tax	(206,218)	(150,474)	(37)
Share Capital	2,572,685	2,572,685	-
Shareholders' Fund	3,791,589	2,104,781	80
Profit/(Loss) Per Share (Naira) - Basic	(4)	(6)	29
Stock Exchange Quotation (Naira)	0.63	1.06	(41)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 55th Annual General Meeting of Royal Exchange Plc (the Company) will be held on Thursday November 14, 2024, at 10.00 o'clock in the forenoon, virtually, 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, 2023, together with the Reports of the Directors, the Audit Committee, and the Auditors thereon.
2. To re-elect the following Non-Executive Directors, who being eligible now offer themselves for re-election:

(a) Mr. Kenneth Ezenwa Odogwu

(b) Chief Anthony Idigbe (SAN)

3. To authorize the Directors to fix the remuneration of the Independent Auditors.
4. To elect shareholders as members of the Statutory Audit Committee.
5. To disclose the remuneration of Managers.

BY ORDER OF THE BOARD

MAZARS OJIKE & PARTNERS
COMPANY SECRETARY
FRC/2021/002/00000022920
New Africa House
31, Marina, Lagos.
October 14, 2024

NOTICE OF ANNUAL GENERAL MEETING

NOTES

- **Proxy**

  A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A proxy form is enclosed in the Annual Report and Accounts. For the instrument of the proxy to be valid, it must be completed, duly stamped for the purposes of this meeting, the Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, CardinalStone (Registrars) Limited 335/337 Herbert Macaulay Way, Sabo, Yaba, Lagos or by email to registrars@cardinalstone.com not less than 48 hours before the time fixed for the meeting.

  Where a shareholder who has appointed a proxy attends the meeting and he/she elects to vote through any of the channels provided by the company and not through the appointed proxy, such shareholder must communicate this in writing to the company secretary prior to the commencement of the meeting. In such circumstances, the proxy will not be entitled to vote.

- **Virtual Meeting Link**

  Further to Article 41 of the Articles of Association of Royal Exchange Plc which allow the company to hold Annual General Meetings virtually, the Annual General Meeting will be held virtually https://rb.gy/lsqy7q. The virtual meeting link will be made available on the company's website at www.royalexchangeplc.com

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

  In accordance with section 114 of the Companies and Allied Matters Act 2020, the Register of Members and the Transfer Books will be closed from Friday, November 8, 2024, to Thursday, November 14, 2023, both dates inclusive.

- **Re-election of Directors**

  In accordance with the Articles of Association, Mr. Kenneth Ezenwa Odogwu and Chief Anthony Idigbe, SAN are the directors retiring by rotation.

  Mr. Kenneth Ezenwa Odogwu and Chief Anthony Idigbe, SAN being eligible offer themselves for re-election.

- **Nominations for the Audit Committee**

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

  All nomination forms should be sent to the office of the company secretary at No. 18 Oba Akran Avenue, Ikeja, Lagos or via email to Damilola.Oyewole@royalexchangeplc.com

NOTICE OF ANNUAL GENERAL MEETING

- **Unclaimed Share Certificates and Dividend Warrants**

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

  Furthermore, all shareholders with unclaimed dividend warrants Nos. 1 – 12 should address their claims to the Company Secretary or call the registered office of the Company during normal working hours for processing of their claims or assistance. Shareholders, with unclaimed dividend warrants Nos. 13 – 17 should address their claims to The Registrars, Cardinal Stone (Registrars) Limited. Members are urged to advise the Registrars or the Company Secretary of any change of address or situation, particularly as it relates to share certificates and dividend warrants.
  The Unclaimed Dividend List can be accessed using the link:
  https://cardinalstoneregistrars.com/unclaimed/Royalexunclaimed24.htm

- **Right to Ask Questions**

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

- **Directors' Profiles**

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

- **Electronic Annual Report**

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

- **Important Notice to Shareholders**

  Please ensure that your contact information is up to date with the registrars. This includes your email address, phone number, and contact address.

  As we continue to embrace technology, we want to ensure that all shareholders receive timely updates and communications. Having your contact information current will enable us to keep you informed about important company developments and events, including AGM notices, financial reports, and other relevant information.

SHARE DEALING POLICY

1 PURPOSE

1.1 To outline RE's share dealing policy which is applicable to all of its employees, directors, officers, contractors, agents, auditors or audit committee members, consultants and shareholders holding 5% or more of any class of RE's securities (together "Applicable Persons").

1.2 As RE's shares are listed on the Nigerian Stock Exchange, RE is obliged to comply with the rules of the Nigerian Stock Exchange, the Investments and Securities Act as well as Securities and Exchange Commission ("SEC") Rules and Regulations 2013 ("SEC Rules"), SEC Code of Corporate Governance for Public Companies 2013,the Companies and Allied Matters Act 2020 ("CAMA"),The Financial Reporting Council of Nigeria Act ("FRCN") (together the "Relevant Securities Laws").

1.3 The Relevant Nigerian Securities Laws imposes restrictions on dealings in the securities of a listed company (which would include shares) to ensure that employees and certain other persons do not abuse, and do not place themselves under suspicion of abusing price sensitive information that they may have or be perceived to have.

1.4 Care must therefore be taken in the timing of any 'Dealing' in RE's shares.

2 THE POLICY

2.1 It is expressly prohibited for any Applicable Person or Connected Person to Deal in RE's shares when:

(a) they have Inside Information; or
(b) they are notified by RE that trading is prohibited for a fixed period or until further notice.

2.3 Employee Insiders (as defined below) may not Deal in RE's shares without obtaining clearance to Deal in advance in accordance with paragraph 6 (Clearance to Deal).

2.4 A breach of this Policy constitutes a serious employee disciplinary offence, which could result in dismissal, and may also expose Applicable Persons or Connected Persons to criminal and/or civil sanctions.

2.5 For the avoidance of doubt this Policy is a supplement to, and not a substitute for any of the Relevant Securities Law.

3 DEFINITIONS APPLICABLE TO THIS POLICY

The following definitions are referred to within this Policy:

"Connected Persons" include:

(a) the spouse or civil partner;
(b) any children (including step-children) under 18 years of age;
(c) a nominee, including an investment manager managing funds on their behalf;
(d) a trust of which they, any member of their family, or any family controlled company, are the trustee or beneficiary;

(e) a person in partnership with them or any of their connected persons mentioned in (a) to (c) above (acting in his or her capacity as such); or

(f) a company which they or their family control.

'Deal' or 'Dealing' includes:

(a) any acquisition or disposal of, or agreement to acquire or dispose of the shares of the company;
(b) entering into a contract (including a contract for difference) the purpose of which is to secure a profit or avoid a loss by
(c) the grant, acceptance, acquisition, disposal, exercise or discharge of any option to acquire or dispose of any of the
(d) entering into, or terminating, assigning or novating any stock lending agreement in respect of the shares of the company;
(e) using as security, or otherwise granting a charge, lien or other encumbrance over the shares of the company;
(f) any transaction, including a transfer for nil consideration, or the exercise of any power or discretion effecting a change of ownership of a beneficial interest in the shares of the company; or

SHARE DEALING POLICY (Cont'd)

(g) exercising any other right or fulfilling any obligation, present or future, conditional or unconditional, to acquire or dispose of any securities of the company.

"Inside Information" is information of a nature which:

(a) is not generally available to the general market; and
(b) would, if generally available, be likely to have a significant effect on the price of RE's shares.

"Employee Insiders" are Applicable Persons who are considered to have access to Inside Information on a regular or occasional basis and would automatically include:

(a) all directors of RE;
(b) all directors and managers of RE subsidiaries
(c) all senior executives of RE;
(d) all senior executives of all RE subsidiaries;
(e) certain members of the finance division;
(f) certain members of the corporate affairs division;
(g) certain members of the legal department division;
(h) certain members of the information technology department;
(I) certain personal assistants executive assistants/administrative assistants to the above roles; and
(j) any other person designated as an Employee Insider by any director or officer of RE from time to time.
(k) Acting as trustee: where a person to whom this policy applies acts as a trustee of a trust, this policy may also apply to dealings undertaken by that trust. Persons to whom this is relevant should seek further information from the Group Head of Legal.

If you are in any doubt regarding whether you are classified as an Employee Insider, you must check with the Group Head of Legal. The Legal department maintains a register of all Employee Insiders.

"Prohibited Period" is any Close Period or any period when there exists any matter which constitutes Inside Information in relation to RE.

4 SHARE DEALING RESTRICTIONS ON ALL APPLICABLE PERSONS

4.1 As an Applicable Person, you must not Deal in RE shares if you are in possession of Inside Information or if you are notified by RE that trading is prohibited for a fixed period or until further notice. If you are in any doubt as to whether information you possess is Inside Information you should contact the [Head of Legal] before you Deal.

4.2 Your obligation not to Deal while in possession of Inside Information also applies to Dealing in shares of another company if such Inside Information would possibly have a significant effect on the price of the shares of that other company. For example, if RE was in negotiations to acquire another listed company or be sold to another listed company, share trading in both companies would be prohibited during the period of such negotiations.

4.3 If you are in possession of Inside Information, the prohibition on Dealing also applies to people connected to your 'Connected Persons' (see the above definition).

4.4 This Policy applies to all securities you now own, or may in the future acquire, whether you or any Connected Person hold such securities directly or indirectly.

5 SHARE DEALING RESTRICTIONS ON ALL EMPLOYEE INSIDERS

5.1 All Employee Insiders (or any Connected Persons) must not Deal in any securities of RE without obtaining clearance to Deal in advance in accordance with paragraph 6 (Clearance to Deal).

5.2 This restriction is designed in particular to protect directors and senior executives who do not have access to Inside Information which may be known to the other members of the Board or who may be unable correctly to assess the significance of the information. The object is to prevent embarrassment to the person concerned, the Board and RE as a whole.

SHARE DEALING POLICY (Cont'd)

5.2 The [Group Head of Legal] will be able to provide you with a form for you to complete your request for authorisation to Deal.

6 CLEARANCE TO DEAL

6.1 An Employee Insider who wishes to Deal in any securities of Royal Exchange must first notify the director designated by the Board for the purpose of monitoring insider trading activities.

6.2 A response to a request for clearance to Deal must be given to the relevant Employee Insider within five business days of the request being made.

6.3 Royal Exchange will maintain a record of the response to any Dealing request made by a Employee Insider and of any clearance given. A copy of the response and clearance (if any) must be given to the Employee Insider concerned.

6.4 An Employee Insider who is given clearance to Deal in accordance with this paragraph 6 (Clearance to Deal) must Deal as soon as possible and in any event within two (2) business days of clearance being received excluding the day on which clearance was given. A fresh clearance must be sought if the dealing is not completed within this period. Failure to comply with this time period is a serious disciplinary matter and may also constitute a criminal offence.

6.5 An Employee Insider must not be given clearance to Deal in any securities of Royal Exchange during:

(a) a Prohibited Period;

(b) on considerations of a short term nature (an investment with a maturity of one year or less will always be considered)

(c) at any time when the person responsible for the clearance otherwise has reason to believe that the proposed Dealing

6.6 In exceptional circumstances, an Employee Insider who is not in possession of Inside Information in relation to Royal Exchange may be given clearance to sell, but not to purchase, securities to alleviate severe personal hardship. Examples of the type of circumstance which may be considered exceptional for these purposes would be where severe personal hardship would otherwise result to an Employee Insider or his immediate relatives such as the urgent need for a medical operation or to satisfy a court order where no other funds are reasonably available.

7 CLOSE PERIODS

7.1 Employee Insiders (and any Connected Persons) are prohibited from Dealing in Royal Exchange's shares during:

(a) the 60 days preceding the announcement of the interim and full year results; or

(b) if shorter, the period between the end of the relevant financial period and the announcement of associated results (a "Close Period").

7.2 Employee Insiders will be given notice by the [Head of Legal] when Royal Exchange is about to enter a Close Period.

8 CONFIDENTIALITY OBLIGATIONS

As you know, every Applicable Person is under an obligation to Royal Exchange to ensure they do not disclose confidential information concerning Royal Exchange, its business or its clients to anyone except in the necessary course of business. It is therefore important that you do not discuss confidential information in situations where it may be overheard, nor participate in discussions regarding decisions by others about investments in Royal Exchange.

Persons to whom this policy applies must keep confidential the fact that they are intending to deal or that they have applied for clearance and if clearance was refused that this was the case.

9 AMENDMENTS TO THIS POLICY

This Policy may be amended, revised or modified at any time. Any such amendments, revisions or modifications will be disseminated throughout Royal Exchange.

SHARE DEALING POLICY (Cont'd)

Board Listed:	Main Board
Year End:	December
Reporting Period:	Period Ended 31 December 2023 Share
Price at end of reporting period	N0.63k (2022: N1.06K)

Shareholding Structure/Free Float Status

Description	31-Dec-23		31-Dec-22	
	Units	Percentage (In relation to Issued Share Capital)	Units	Percentage (In relation to Issued Share Capital)
Issued Share Capital	5,145,370,074	100%	5,145,370,074	100%
[Name(s) of Shareholders]				
Dantata Investment & Securities Co. Ltd	912,536,581	17.74%	912,536,581	17.74%
Chief (Dr) Sunny Dike 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%
DE-CANON INVESTMENT LTD	159,388,632	3.10%	159,388,632	3.10%
ROYAL EXCHANGE ASSURANCE LONDON	3,776	0.00%	3,776	0.00%
Total Substantial Shareholdings	**1,599,858,282**	**31.10%**	**1,599,858,282**	**31.10%**
Details of Directors Shareholdings (direct and indirect), excluding directors' holding substantial interests				
[Name(s) of Directors]				
Mr. Kenny Ezenwani Odogwu (Indirect)	2,013,119,834	39.12%	2,013,119,834	39.12%
Chief Anthony Ikemefuna Idigbe (San) (Indirect)	-	0.00%	-	0.00%
Alhaji Ahmed Rufa'i Mohammed (Direct)	-	-	-	-
Mr. Adeyinka Ojora (Direct)	-	0.00%	-	0.00%
Mr. Adeyinka Ojora (Indirect)	183,529,858	3.57%	183,529,858	3.57%
Mr. Hewett Benson (Direct)	-	-	-	-
Mr. Banmore Olawale Omotunde (Direct)	-	0.00%	-	0.00%
Total Directors' Shareholdings	**2,196,649,692**	**42.69%**	**2,196,649,692**	**42.69%**
Details of Other Influential shareholdings, if any (E.g. Government, Promoters)				
[Name(s) of Entities/ Government]				
Nigerian Government	15,300,555	0.30%	22,969,505	0.45%
OTHER NIGERIAN CITIZENS & ASSOCIATION	1,333,561,545	25.88%	1,325,892,595	25.74%
Total of Other Influential Shareholdings	**1,348,862,100**	**26.18%**	**1,348,862,100**	**26.19%**
Free Float in Unit and Percentage	**NIL**	**0.00%**	**NIL**	**0.00%**
Free Float in Value	**NIL**		**NIL**	

Declaration:

A) Royal Exchange Plc does not have any free float units of shares as at December 31, 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

A) Royal Exchange Plc does not have any free float units of shares as at December 31, 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

CHAIRMAN'S STATEMENT

Mr. Kenny Ezenwani Odogwu
Group Chairman
Royal Exchange Plc

CHAIRMAN'S STATEMENT

KENNY E. ODOGWU
Group Chairman,
Royal Exchange Plc

On behalf of the Board of Directors, I am delighted to present the Chairman's statement for the 2023 Annual Report of Royal Exchange Plc. This statement provides an overview of the operating environment for the year ended 31st December 2023, the Company's financial statements, and a synopsis of our expectations for 2024.

Financial Highlights:
The Group delivered positive earnings performance in FY2023 with increased revenue across its investee companies contributing to the Groups overall top line. The Group achieved increased revenue across its investee companies with an increase in net Income of 208% from N249m to N767m for FY 2022 and 2023, respectively. Total expenses reduced by 10% from N397 million to N357 million in FY 2023. The Group recorded a Loss After Tax position of N206m in FY 2023.

Royal Exchange boasts a robust liquidity position and healthy cash flow, providing flexibility for future investment opportunities. The company remains dedicated to capitalizing on market opportunities and ultimately generating value for shareholders. This turn around was achieved despite significant global and local economic headwinds, including macroeconomic turbulence, financial market volatility, and domestic challenges like fuel subsidy removal and foreign exchange fluctuations.

Overall, Royal Exchange Plc's FY 2023 performance demonstrates a successful turnaround strategy and strong fundamentals that position the company for continued growth.

2023 Macroeconomic Review
2023 was a year of relentless inflation on a global scale, driven by a complex interplay of factors. The recovery from the COVID-19 pandemic spurred demand, outpacing supply and igniting price increases. Supply chain disruptions persisted, impacting the availability of goods. The war in Ukraine sent energy prices soaring, impacting costs worldwide. The July 2023 collapse of the Black Sea Grain Initiative, which had allowed Ukraine to export food and fertilizers, further fueled food price increases in many countries.

These global factors significantly impacted Africa's operating environment. Additionally, expansionary monetary policies introduced during the COVID-19 pandemic contributed to inflationary pressures, while labour market tightness led to wage-driven price hikes. Currency depreciation and rising inflation expectations further fueled the situation, with impacts differing significantly across regions. A growth deceleration in China led to reduced demand for industrial commodities, weighing on international commodity prices, whilst signs of economic slowdown in several key economies, notably in the Euro Area, contributed to a decrease in global freight rates. Africa's operating environment was significantly affected, and further complicated, by these global factors.

Nigeria was navigating a particularly challenging landscape amid rising inflation largely driven by higher food prices and uncertainty in foreign exchange rates, which has hindered forward planning for imports by companies. Major economic policies, namely the fuel subsidy removal and unification of the exchange rate reform in the second quarter of 2023 contributed adversely to the economic situationInflation peaked at a two-decade high

CHAIRMAN'S STATEMENT (Cont'd)

of 18.8%, fueled by energy and food price increases and passthrough effects of exchange rate depreciation. The Central Bank of Nigeria (CBN) aggressively raised interest rates to combat inflation, with the policy rate reaching a peak of 28.92% in December 2023.

Economic Expectations For 2024

Nigeria's ambitious revenue targets for 2024 depend heavily on oil prices and reform implementation. Historically, actual revenue realized has averaged less than 70% of the total budget, creating funding gaps for critical government programs. Achieving budgeted oil revenue in 2024 will depend on several factors, including OPEC oil production quota, international oil prices, improved security in the oil-producing regions, and geopolitical factors. The proposed fiscal reforms have the potential to boost non-oil revenue and shape the economy for long-term growth. The success of Nigeria's revenue collection in 2024 will depend on effectively managing these various factors and implementing the proposed reforms efficiently.

According to the World Bank's Nigeria Development Update (NDU) report series, Nigeria's economy is expected to grow by 3.7% in 2024 on the back of sustained policy reforms albeit growth prospects may be limited by elevated economic pressures. Fiscal sustainability concerns may remain slightly elevated given debt servicing costs. Inflation is projected to remain elevated in 2024, fueled mainly by rising food, diesel, and gas prices and persistent supply disruptions amplified by the Russia–Ukraine conflict.

High unemployment will continue to create social tensions, potentially leading to increased poverty, crime rates, and social unrest. The rising public debt and associated funding costs could pose significant fiscal risks. High debt servicing costs could limit government spending on critical areas like infrastructure and social programs, hindering long-term economic growth. Public debt is targeted to reach 40% of GDP by 2024 on fresh borrowing, raising concerns about fiscal sustainability. Nigeria's economic growth prospects in 2024 hinge on effectively managing these challenges, such as by creating jobs and implementing sustainable fiscal policies.

Looking Ahead: Building on Transformation and Delivering Value

2023 marked the successful culmination of our three-year transformation journey into a leading asset management company. This strategic shift is reflected in the positive trend of our financial performance.

As we embark on the next phase of our journey, Royal Exchange remains focused on two key objectives: consolidating our asset management expertise through driving growth and profitability across our investee companies, and leveraging on our diversified portfolio which we have repositioned strategically, ensuring long-term value creation.

A Word of Appreciation:

I extend my sincere gratitude to my fellow Board members and the entire management team for their unwavering cooperation and contributions throughout the past year. Their dedication has been instrumental in achieving our goals.

Finally, to our loyal shareholders, I express my deepest appreciation for your continued faith in Royal Exchange Plc. We are committed to delivering long-term value and exceeding your expectations.

Thank you for your attention.

Kenny Ezeanwani Odogwu
Group Chairman
Royal Exchange Plc.

REPORT OF CORPORATE GOVERNANCE

Good corporate governance reflects the creation of transparent set of rules, methods and policies where shareholders, directors and management of the company have aligned interest. Royal Exchange Plc is committed to best practice and procedures to achieve good corporate governance. The board of directors are optimistic that with the intensified oversight functions and the continued implementation of the control synergy, the company will continue to achieve its goals and corporate stability.

Governance Culture

The company continues to maintain effective corporate governance culture which runs through the entire spectrum of the organization. The board champions the course by setting the tone and cascades this through the organization. The company maintains the culture of exposing the board members to corporate governance training to enhance their performances.

1 Governance Structure

The Board membership comprises of Five (5) members. The Chairman, Three (3) Non-Executive Directors and One (1) Independent Non-Executive Director.

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

The Board of Directors

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

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

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

The Company Secretary

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

Non-Executive Directors (NED)

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

Executive Directors (ED)

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

Board meeting attendance

The board meetings are scheduled quarterly. However, for emergency purpose, the board could meet at a number of times higher. In the year under review, the board met eight times with an attendance rate of 98%. The meetings were held on April 27, June 23, July 27, September 4, October 19, December 11 & 18, 2023 and January 25, 2024.

REPORT OF CORPORATE GOVERNANCE (Cont'd)

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

Board Committees

The Board has the following standing committees:

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

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

Governance Committee

The committee is responsible for overseeing the Group's governance program with a view to ensuring that the rights of the shareholders are fully protected. It is also responsible for determining the remuneration of the executive and non-executives, nominations for candidates to fill Board vacancies, overseeing, setting and reviewing the risk governance framework, including risk management and control, risk policies and implementation as well as the risk strategy and monitoring of operational risks. The committee comprises of (2) non-executive directors and (1) executive director. Members of the committee are Mr. A. A Ojora, Alhaji Rufa'I Mohammed and Mr. H Benson Mohammed. The committee met five (5) times during the year with 100% attendance. The meetings were held on April 18, July 25, October 17, December 6 2023 and January 23, 2024.

Statutory Audit committee

The Statutory Audit committee is responsible for oversight functions regarding communication of Financial Accounting Reporting. It is responsible for the internal control, including the Activities, Plans, Standards, Organization and Quality of Internal Audit. The Committee comprises of five (5) members made up of two Non-Executive Directors, and three shareholders' representatives. Members of the committee include, Alhaja A. S Kudaisi (Chairman), Chief I. Idigbe (SAN), Mr. A.A. Ojora, Mr. T. Olawuyi, and Mr. Benkunmi Akinsolu. The committee met six (6) times during the year with 100% attendance. The meetings were held on April 17, June 19, July 24, September 4, October 16, 2023 and January 22, 2024.

Finance, Investment and General Purposes Committee

The Board Finance, Investment & General-Purpose Committee has oversight responsibility on issues relating to the strategic planning, budgetary process, procurements, corporate finance, assets utilization, capital structure, investment strategies and reporting financial performance of the group. The Committee comprises of, Chief A.I Idigbe SAN, (Chairman), Mr. A.A Ojora, and Mr. H Benson. The committee consists of four (4) members and met seven times during the year with 100% attendance. The meetings were held on April 17, July 24, October 16, December 11 2023.

Strategy Committee

The Committee's responsibility includes but not limited to advising and assisting the board in carrying out the development, articulation and execution of the Group's long term strategic plan and other key strategic transactions outside the ordinary course of the Group's business. The Committee comprises of Alhaji A.R Mohammed, Mr. A.A. Ojora and Mr. H. Benson. The committee is made up of three (3) members and met five (5) times in the year with 100% attendance. The meetings were held on April 18, July 25, October 17, December 6 2023 and January 23, 2024.

REPORT OF CORPORATE GOVERNANCE (Cont'd)

Board Committee meeting attendance

Directors	Status	GC	SAC	SC	FI&GP
Expected Meetings		4	4	4	4
Actual Meetings		5	6	5	4
No. of Committee Members		3	5	3	3
Chief A. I. Idigbe (SAN)	Non-ExecutiveDirector		5		4
AlhajiA. R. Mohammed	Non-ExecutiveDirector	5		5	
Mr. A. A. Ojora	Non-ExecutiveDirector	5	6	5	4
Mr. H. Benson	Group Coordinator	5		5	4
Alhaja A.S. Kudaisi	SH. Rep		4		
Mr. T. Olawuyi	SH. Rep		6		
Mr. A. Benkunmi	SH. Rep		6		
Average Attendance		100%	100%	100%	100%

Subsidiary Governance

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

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

Appointment of Interim Group Coordinator

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

Engagements

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

Board code of ethics

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

Board Performance Evaluation

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

GROUP STRUCTURE AND SHAREHOLDERS

Operational Group Structure

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

REPORT OF CORPORATE GOVERNANCE (Cont'd)

The Executive Committee

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

Information To Shareholders

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

Annual General Meeting

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

Going Concern

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

Cross shareholding

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

Communication Policy

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

Whistle Blowing procedures

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

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

Complaints Management

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

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

Anti-Money laundering and combating the Financing of Terrorism (AML/CFT) framework

Royal Exchange is committed to ensuring that its products and services are not used for Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction; and that its processes and procedures are in compliance with all applicable Laws and regulations on Money Laundering. To this end, there is an annual awareness and sensitization training on AML/CFT for Royal Exchange Board members, Management and staff across the nation on money laundering techniques and how to combat it. There is also in place continuous compliance risk assessments and profiling of all our products and customers for effective combating of AML/CFT violations with an enshrined due diligence in place for all our business activities.

Statement of Compliance

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

Furthermore, in compliance with Section 34.7 of the SEC Code, we hereby confirm to the best of our knowledge Royal Exchange Plc. has in place an effective Risk Management, Control and Compliance system in place and the internal audit system is effective and efficient.

NOTES

1 It is the policy of the Group that any director who will be absent from any meeting shall appoint his alternate to attend the meeting. In complaince with the above, every director ab-nitio has named and presented his permanent alternate details with the board. The directors with asteriskses were represented by their alternates on the day they were absent.

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

3 The company has an approved complaints management policy framework in compliance with the rules and regulations of Securities and Exchamge Commission

For Mazars Ojike & Partners
Company Secretary
Lagos, Nigeria.
FRC/2021/002/00000022920
28th June, 2024

REPORT OF CORPORATE GOVERNANCE (Cont'd)

Sustainability Policy

Royal Exchange Plc sustainability strategy sets clear priorities based on the most material issues to our business. We identify these by evaluating the environmental, social and economic impacts of our business in close partnership with external stakeholders.

Royal Exchange Plc is committed to responsible and sustainable way of doing business which guarantees safety of people and environment and ensuring that our investments promote public health and protection of the environment.

Climate change and health

Royal Exchange Plc is committed to investing and managing our portfolio in line with global net zero scope 1 and 2 greenhouse gas (GHG) emissions by 2040, where we have control or significant influence. Where we do not have control or significant influence, such as in our managed portfolio of public securities, we will continue to support the goals of the Paris Agreement in a manner consistent with our client-guided fiduciary and regulatory responsibilities.

As part of our net zero roadmap, we will set a goal to establish net zero business plans across our portfolio, where we exercise control or significant influence by the end of 2024.

Out Targets

- To achieve zero injuries within our offices and on our fleet
- To ensure our investment portfolios does not promote narcotic and substances which promotes public hazard

Inclusion and diversity in our workforce:

Royal Exchange Plc is committed to building a more balanced and inclusive culture within our business. Royal Exchange Plc will not encourage or promote gender stereotyping or sub-standard feelings about personal safety. We are committed to recruiting, developing and retaining a diverse workforce.

Our targets

- To ensure our staff and people related to our business are guided by Code of Conduct guidelines for best practices regarding people and environmental management.

Ethical business conduct and compliance:

Royal Exchange Plc is committed to conducting business ethically and responsibly, to honoring our obligations and to treating everyone with dignity and respect.

We will continue to invest in the adaptation and resilience of our portfolio to improve early detection of potential risks and take proactive measures to reduce downtime on our critical assets. We will further embed sustainability into our investments business by:

strengthening our ESG governance through the creation of ESG Oversight Committee to oversee our ESG-related activities

enhancing our disclosure on how two funds consider ESG issues, doubling our recorded company ESG engagements to promote better understanding across our investee and subsidiary companies and opportunities to reduce business risk.

Hewett Benson
Chief Executive Officer

REPORT OF CORPORATE GOVERNANCE (Cont'd)

Management's Report on Internal Control Over Financial Reporting

The Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting (ICFR), including safeguarding of assets against unauthorized acquisition, use or disposition.

This system is designed to provide reasonable assurance to management and the board of directors regarding the preparation of reliable published financial statements and safeguarding of Royal Exchange Plc.'s assets. This system is supported with written policies and procedures, contains self-monitoring mechanisms and is audited by the internal audit function. Appropriate actions are taken by management to correct deficiencies as they are identified.

All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and such asset safeguarding.

The company has assessed the effectiveness of its ICFR as of December 31, 2023. In making this assessment, it used the criteria described in *"Internal Control – Integrated Framework"* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management believes that, as of December 31, 2023, the company's internal control over financial reporting is effective.

The Independent Auditor will issue its report on management's assessment and on the effectiveness of the Company's internal control over financial reporting at the end of their audit.

Yours faithfully,
for: Royal Exchange Plc

Anthony Ogunade
Accountant

Hewett Benson
Chief Executive Officer

REPORT OF CORPORATE GOVERNANCE (Cont'd)

Management's Attestation Report on Internal Control Over Financial Reporting

This is to attest to the effectiveness of Royal Exchange PLC's internal control over financial reporting (ICFR) for the year ended 31st December 2023. We are responsible for establishing and maintaining a sound system of internal control over financial reporting.

Management has conducted a good faith assessment of the effectiveness of the company's ICFR based on the framework established by the Financial Reporting Council of Nigeria (FRCN). This assessment considered the design and implementation of internal controls over financial reporting throughout the year.

Based on this assessment, management believes that the company's ICFR was designed and implemented in all material respects to provide reasonable assurance that the financial statements for the year ended 31st December 2023 are free of material misstatement, whether due to fraud or error.

During the assessment, certain material weaknesses were identified in Staff and Board training with the internal review of the bank reconciliation of accounts.

Management has developed a plan to address these weaknesses, which includes the implementation of adequate staff and board training in the year. A review of the bank reconciliation statement of accounts has been assigned to the internal control officer. These efforts are expected to be completed in the course of the year going forward.

Management remains committed to ensuring the effectiveness of the company's internal control over financial reporting.

Yours faithfully,
for: Royal Exchange Plc

Anthony Ogunade
for: Chief Financial Officer

Hewett Benson
Chief Executive Officer

2023 RISK MANAGEMENT STATEMENT IN ROYAL EXCHANGE

Overview

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

We strive to ensure our risk management system is based on industry best practice and modelled around the COSO concept emphasizing a process driven by a strong board of directors, management and other personnel and applied in strategy setting across the enterprise.

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

Risk Management Philosophy

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

Enterprise Risk Management framework:

Risk Management Process

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

Risk Governance

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

The following reports are made available to the board through its committees to carry out its oversight function. The reports include:

Quarterly Actuarial Valuation Report (AVR)
Quarterly Risk Assessment Report
Quarterly Compliance Report
Quarterly Internal Audit Report

Control Environment

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

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

The Management is responsible for implementing risk management policies set out by the board. They are also responsible for setting internal control policies and monitoring the effectiveness of the internal control systems. 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

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.

2023 RISK MANAGEMENT STATEMENT IN ROYAL EXCHANGE (Cont'd)

Risk Assessment

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

Control Activities

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

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

Capital Management Approach

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

Enterprise-Wide Risk Universe

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

Operational Risk

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

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

Credit Risk

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

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

2023 RISK MANAGEMENT STATEMENT IN ROYAL EXCHANGE (Cont'd)

Liquidity Risk

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

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

Market Risk

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

Regulatory / Compliance Risk

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

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

Enterprise Risk Manager
28th June, 2024

BOARD OF DIRECTORS

Mr. Kenny Ezenwani Odogwu
Chairman

Chief Anthony Ikemefuna Idigbe SAN, KSS
Director

Alhaji Ahmed 'Rufa'i Mohammed
Director

Mr. Adeyinka Adekunle Ojora
Director

Mr. Hewett Benson
(Chief Executive Officer)

BOARD OF DIRECTORS PROFILE

Mr. Kenny Ezenwani Odogwu
Chairman

Mr. Kenny Ezenwani Odogwu 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 later worked as the Head of Legal at Perfecta Investments Limited, a capital market operator. After his executive MBA at New York University (NYU) in 1996 he pioneered several technologies in the telecoms and IT space in Nigeria with Cybercity Ltd. He later joined the family company to head Siotel (Nig) Limited, a Telecoms company.

After 3 years on the board, he became Chairman of IMB International Bank Plc, which merged into Finbank Plc (now acquired by First City Monument Bank Plc). He was appointed to the Board of the Royal Exchange Assurance Nigeria (REAN) on September 1, 1997, and became Chairman (now Royal Exchange Plc) on July 26, 2007. He is currently on the Board of several publicly quoted and private companies (including AG Leventis). He is also the CEO/Chairman of the Odogwu Group of Companies.

Alhaji Ahmed 'Rufa'i Mohammed
Director

Alhaji Rufai Mohammed is a corporate governance expert and a Distinguished Fellow of the Chartered Institute of Directors Nigeria. He served as the President and Chairman of Council of the Chartered Institute of Directors (CIoD), the foremost corporate governance advocacy institution in Nigeria between 2017 and 2019. He was also a past Chairman of CIoD Centre for Corporate Governance. A 1976 B.Sc Business Administration graduate of Ahmadu Bello University Zaria and an alumnus of Manchester Business School (Banking and Dev. Fin) and Harvard Executive leadership Course. He has worked in many capacities in the private sector and in the State and Federal Public Service including Financial Controller, Kano State Investment & Properties Ltd, Director of Fin and Investment, Kano Foundation and Managing Director/CEO, NSITF from where he retired in 2007. He has served in many State and National committees and as a Non-Executive Director on the boards of many companies including Afribank Plc, Standard Trust Ltd, IMB Plc, Nigeria German Chemicals and FSDH Discount House. He is a co-founder and chairman of Queens Science Academy, a STEM boarding school for girls, Chairman Northbridge Investment and Trust Ltd and a Non-Executive Director of Royal Exchange Plc. He is presently the Chairman of the Board Strategy Committee of Royal Exchange Plc.

BOARD OF DIRECTORS PROFILE

Chief Anthony Ikemefuna Idigbe SAN, KSS
Director

Dr. Anthony Ikemefuna Idigbe is the Senior Partner at PUNUKA Attorneys & Solicitors. He has over 41 years of experience in corporate governance, insolvency, business restructuring, arbitration, dispute resolution, privatization, capital markets, mergers & acquisitions, and oil and gas. He was licensed to practice law in Nigeria in 1983 and Ontario, Canada, in June 2016. He was appointed Notary Public in 1989 and elevated to Senior Advocate of Nigeria (SAN) in July 2000. In 1982, he received his LL. B from the University of Ife, Ile-Ife, LL.M from the University of Lagos, Akoka (1988), and MBA from Enugu State University of Science and Technology (1997). He holds another LL.M. in Construction and Arbitration Law from Robert Gordon University, Scotland (2012), and a GPLLM from the University of Toronto in 2015. He also has a doctorate in cross-border insolvency from Osgoode Hall Law School, York University, Toronto, Ontario, Canada (2022).

From 2017 – 2022, Dr. Anthony chaired Capital Hotel Plc (2017 – 2022) and is currently the Chairman of Ikeja Hotel Plc and The Tourist Company of Nigeria Plc, all listed on the Nigerian Exchange (NGX). He is a director of Royal Exchange Plc, listed on NGX (July 15, 2003) and chaired the Statutory Audit Committee of Seplat Energy Plc, listed on NGX and the London Stock Exchange (LSE) from 2015 to 2023. He was elected the President of the Asaba Chambers of Commerce, Industry, Mines and Agriculture (ASACCIMA) in 2022 and President of the Delta Association of Chambers of Commerce, Industry, Mines and Agriculture (DACCIMA) on December 12, 2022. He was appointed the National Legal Adviser for the National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) in May 2023. He holds a Corporate Director Certificate from Harvard Business School, a certificate in Blockchain Law from Osgoode Hall Law School, York University, Toronto, Canada, and a Post Graduate Diploma in Digital Business from Emeritus Business School with MIT and Columbia Business School.

Dr. Anthony drafted the IOD charter bill and was a member of the IOD charter committee that pursued the promulgation of the Chartered Institute of Directors, Nigeria (Establishment) Act 2023 into law. Also, he is an active facilitator for the IOD on members' training. In addition, his book, The Legal Aspects of Capital Market Operation in Nigeria, 2nd edition, Distinct Universal Limited, Lagos, 2015 ISBN 978-33791-8-3, is a reference material for training and practice of corporate governance and capital market operations in Nigeria. In December 2022, Anthony won the Institute of Directors (IOD) Anofi Guobadia Award for Leadership and Excellence in Directorship.

BOARD OF DIRECTORS PROFILE

Mr. Adeyinka Adekunle Ojora
Director

Chief Executive Officer–- The Ojora Group.
He serves on the Board of Directors of numerous companies including Royal Exchange Assurance Nigeria Plc (June 8, 2011), Total Investments Limited, Lagos Investments Limited, Ikoyi Estates Development Limited, Magbon Properties Limited, Evans Brothers Publishers Nigeria Limited, Oak Holdings, Nigerlink Industries Limited, Tarkwa Estates Limited, and Capital Trust Brokers Nigeria Limited Chairman Strategic Initiatives Group West Africa Limited.

He sits on the Advisory Board of Wellbeing Foundation Africa in partnership with the United Nations Every Woman Every Child Program, working towards the reduction of Maternal and Infant Mortality.
His previous international advisory roles have included Renaissance Bank, Dassault Falcon Service, and the Olive Group.

He is a founding member of the Lagos Preparatory and Secondary School, Ikoyi, Lagos, Nigeria.

Mr. Hewett Benson
(Chief Executive Officer)

Hewett Benson leads Royal Exchange Plc. as its Chief Executive Officer (CEO) and brings his wealth of experience of over 30 years in project development & transaction financing.

Hewett has distinguished himself in both the public & private sectors in an executive capacity at various institutions. He was an integral member of the team that set-up Nigeria's debt resolution vehicle, the Asset Management Corporation of Nigeria, in 2010 to stem the systemic risk to the banking sector of spiraling nonperforming loan. He anchored AMCON raising multiple rounds of debt issuance with total amount of N5.7 trillion, and managed assets under management in excess of N360 billion.

More recently at 3V Partners, Hewett spearheaded capital raising efforts for the $2.3 billion Red Line Metro Rail project. Key milestone achievements were obtaining an unheralded committed financial interest in the Red Line project from Euler Hermes to favourably consider sub-national (Lagos State) guarantee for international credit insurance. This paved the way for KfW to finance Siemens to supply rolling stock for the project. He also obtained the services of a train operator, Deutche Bahn.

Has a first-class honours degree in Aeronautical Engineering from Imperial College, U.K., a master's degree in Aeronautics & Astronautics from M.I.T., and a certificate in postgraduate studies from University of Cambridge, UK.

EXECUTIVE MANAGEMENT TEAM

Mrs. Blessing Duke
Head HR/Admin

Mr. Olubiyi Elliott
Head Enterprise Risk Management

Mr. Anthony Ogunade (FCA)
Head – Finance & Accounts

EXECUTIVE MANAGEMENT TEAM PROFILE

Mrs. Blessing Duke

Head HR/Admin

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

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

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

Mr. Olubiyi Elliott

Head Enterprise Risk Management

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

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

Mr. Anthony Ogunade (FCA)

Head – Finance & Accounts

Anthony is a graduate of the Olabisi Onabanjo University, Ago-Iwoye, Ogun State with a B.Sc. in Accounting. He has over 15 years cognate experience in various capacities spanning across banking, manufacturing, auditing, communication, hospitality, power and energy sectors of the Nigerian Economy.

He worked as an accountant with the Korea Electric Power Nig. Ltd., and the Chinese Alternate Power Generation Company in Nigeria, Lionrock Corporate Nig. Ltd., before joining Royal Exchange Plc as the Head, Finance & Accounts in December 2022. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA)."

DIRECTOR'S REPORT

1 Legal Form And Principal Activities:

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

2 Results For The Year:

The highlights of the Company's trading results for the period ended December 31, 2023

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Profit/(Loss) before taxation	(201,988)	(1,170,362)	(175,807)	(1,137,539)
Minimum tax	(2,963)	-	(2,963)	-
Income taxes	(1,267)	(6,062)	-	-
Profit/(Loss) after taxation	(206,218)	(1,176,424)	(178,770)	(1,137,539)
Other comprehensive (loss)/income, net of tax	-	(175,050)	-	(192,769)
Total comprehensive profit/income for the year	(206,218)	(1,351,474)	(178,770)	(173,146)
Total assets	8,070,442	7,628,149	6,940,775	6,360,979
Shareholders fund/Total equity	3,791,589	2,104,781		2,093,193

3 Dividend:

The company did not recommend any dividend on ordinary shares to its members for the period ended December 31, 2023 (2022: Nil)

4 Directors' Interest And Shareholding:

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

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

			Date of Appointment
Mr. K. E. Odogwu	Nigerian	Chairman	09/1/1997
Chief A. I. Idigbe (SAN)	Nigerian	Non-executive Director	15/7/2003
Alhaji A. R. Mohammed	Nigerian	Non-executive Director	5/2021
Mr. A. A. Ojora	Nigerian	Non-executive Director	08/6/2021
Mr. Hewett Benson	Nigerian	Chief Executive Officer	22/6/2021

DIRECTOR'S REPORT (Cont'd)

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

	No. of 50k Ordinary Shares Held as at 31 December 2023 (Direct)		No. of 50k Ordinary Shares Held as at 31 December 2023 (Indirect)			No. of 50k Ordinary Shares Held as at 31 December 2022 (Direct)	No. of 50k Ordinary Shares Held as at 31 December 2022 (Indirect)
Names	Number Direct	% Holding	Names	Number Indirect	% Holding	Number Direct	Number Indirect
Mr. Kenneth E. Odogwu	Nil	Nil	Spennymoor Ltd	2,013,119,834	39.12	Nil	2,013,119,834
Chief Anthony I. Idigbe (SAN)	Nil	Nil	Decanon Investment Ltd	159,388,632	3.10	Nil	159,388,632
Alhaji Ahmed R. Mohammed	Nil	Nil	-	Nil	Nil	Nil	Nil
Mr. Adeyinka A. Ojora	100,000	0.002	Phoenix Holdings Ltd	183,529,858	3.57	100,000	183,529,858
Mr. Hewett Benson	Nil	Nil	-	Nil	Nil	Nil	Nil
Grand Total	100,000	0.002		2,356,038,324	45.79	100,000	2,356,038,324

4.3 Rotation Of Directors

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

4.4 Re-appointment And Rotation

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

5. Share Capital And Shareholding:

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

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

	No. of 50k Ordinary Shares Held as at 31 December 2023	% Holding as at 31 December 2023	No. of 50k Ordinary Shares Held as at 31 December 2022	% Holding as at 31 December 2022
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	15,300,555	0.30	22,969,505	0.45
Dantata Investments & Securities Company Limited	912,536,581	17.74	912,536,581	17.74
Chief (Dr.) S. I. Odogwu, OFR	266,870,509	5.19	266,870,509	5.19
Helen and Troy Holdings Limited	261,058,784	5.07	261,058,784	5.07
Phoenix Holdings Limited	183,529,858	3.57	183,529,858	3.57
Decanon Investment Limited*	159,388,632	3.10	159,388,632	3.10
(Under Litigation - Suit No FHC/L/CS/5479/08)				
Other Nigerian Citizens & Associations	1,333,561,545	25.92	1,325,892,595	25.77
Grand Total	**5,145,370,074**	**100**	**5,145,370,074**	**100**

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

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

DIRECTORS REPORT (Cont'd)

5.3 Share Range Analysis as at December 31, 2023

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

5.4 Share Range Analysis as at December 31, 2022

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

6. Records Of Directors Attendance:

Further to the provisions of Section 284 (2) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2020, the Record of Directors' Attendance at the Board Meetings held in 2023 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 13.

8 Donations:

There were no donations during the period December 2023 (2022: Nil)

9 Events After Reporting Date:

There was no significant event after the reporting date which requires disclosure in this financial statements.

10 Agents, Brokers And Intermediaries:

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

11 Trusteeship Services

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

The Company acts as a custodian of unclaimed debentures issued by various third party entities which have matured but have not been claimed by beneficiaries. These assets are held and managed by the HoldCo in order to preserve their value. (See note 20(a) for more details).

DIRECTORS REPORT (Cont'd)

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

12 EMPLOYEES' DEVELOPMENT:

12.1 Employment of physically challenged persons:

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

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

12.2 Health and safety at work and welfare of employees:

The Group is concerned about the health, safety and welfare of its employees. Therefore the Group, through its subsidiary, Royal Exchange Healthcare Limited provides health insurance for all group staff.

12.3 Employees' involvement and consultation:

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

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 17 November, 2023, in accordance with S404 (3) of the Companies and Allied Matters Act 2020 were:

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

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

DIRECTORS REPORT (Cont'd)

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
	227,812,500	RIGHT OFFER 151,875,000 SHARES
2000	341,718,750	BONUS 2000 113,906,250 SHARES
2001	512,578,125	BONUS 2001 170,859,375 SHARES
2003	683,437,500	RIGHTS OFFER 170,859,375 SHARES
2003	854,296,875	BONUS 2003 170,859,375 SHARES
2004	1,067,871,094	BONUS 2004 213,574,218 SHARES
2005	1,601,871,094	BONUS 2005 533,935,547 SHARES
2006	2,818,608,785	RIGHTS OFFER 1,216,802,144 SHARES
2007	3,359,898,835	SCHEME SHARES 541,290,050 SHARES
2008	3,695,888,719	BONUS 2008 335,989,884 SHARES
2009	4,065,477,591	BONUS 2009 369,588,872 SHARES
2010	4,573,662,289	BONUS 2010 508,184,698 SHARES
2011	5,142,370,074	BONUS 2011 571,707,786 SHARES

2 BONUS HISTORY

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

DIRECTORS REPORT (Cont'd)

3. SUMMARY

INITIAL SHARE CAPITAL	21,600,000
BONUS SHARES	3,042,943,505
RIGHT ISSUES	1,539,536,519
SCHEME SHARES	541,290,050

4. RIGHT ISSUES

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

15 AUDITORS:

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

16 COMPLIANCE WITH THE CODE OF BEST PRACTICES ON CORPORATE GOVERNANCE

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

BY ORDER OF THE BOARD

MAZARS OJIKE & PARTNERS
COMPANY SECRETARY
FRC/2021/002/00000022920
LAGOS, NIGERIA
28th June, 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors of Royal Exchange Plc accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, and the Financial Reporting Council of Nigeria Act, 2011.

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

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

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

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

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

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

We state that management and directors:

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

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

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

We have disclosed:

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

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

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

The financial statements of the Group for the period ended 31 December 2023 were approved by the directors on 28th June, 2024

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

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

REPORT OF THE AUDIT COMMITTEE

In compliance with Section 404 (7) of the Companies and Allied Matters Act 2020 ("The Act") We, the Members of the Audit Committee have reviewed and considered the financial statements of the Company for the year ended December 31, 2023 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, 2023 were satisfactory and reinforce the Group's internal control systems.

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

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

e. After due considerations, the committee accepted the report of the auditors that the financials statements were in accordance with ethical practice and International Financial Reporting Standard (IFRS). The Committee therefore recommends that the financial statements for year ended 31 December 2023 and the Auditors' report thereon be presented for adoption by the Company at the Annual General Meeting.

Dated This 28th Day of June 2024

Mr. Tajudeen Olawuyi
Chairman, Audit Committee

Other Members

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

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INDEPENDENT ATTESTATION REPORT ON MANAGEMENT ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Chartered Accountants

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To the Shareholders of Royal Exchange Plc

Opinion

We have performed a limited assurance on the effectiveness of Royal Exchange Plc internal control over financial reporting as of 31 December 2023, based on FRC Guidance on assurance engagement on Internal Control Over Financial Reporting and International Standards on Assurance Engagement (ISAE 3000 Revised) to report on Royal Exchange Plc assessment on the effectiveness of Internal control over financial reporting (ICFR).

The management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's report on the assessment of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the accompanying internal control over financial reporting based on our assurance engagement.

In our opinion, nothing has come to our attention to indicate that the internal control over financial reporting put in place by management is not adequate as of 31 December 2023, based on The Securities and Exchange Commission Guidance on the Implementation of Section 60 – 63 of The Investments and Securities Act 2007 and FRC Guidance on Management Report on Internal Control Over Financial Reporting.

Scope of procedures performed

We conducted our audit in accordance with FRC Guidance on Assurance Engagement Report and the International Standard on Assurance Engagement (ISAE 3000 Revised). Both the Guidance and the standard require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Approach

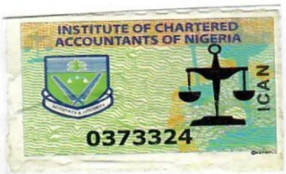
The procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.

Report on Other Matters

We also have audited, in accordance with the International Standards on Auditing, the consolidated and separate financial statements of Royal Exchange Plc for the year ended 31 December 2023. Our report dated **29 June 2024** expressed an unmodified opinion.

Kingsley Opara, FCA
FRC/2014/PRO/ICAN/004/00000005881
FOR: GRANT THORNTON (CHARTERED ACCOUNTANTS)
LAGOS, NIGERIA.

Date: 29 June 2024



REPORT OF THE INDEPENDENT AUDITORS

Chartered Accountants

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To the Shareholders of Royal Exchange Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Royal Exchange Plc (the "Company"), and its subsidiary (together "the Group"), which comprise of the consolidated and separate statement of financial position as at 31 December 2023, consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement 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 accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council(FRC) of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with the 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 the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to Note 15 in the consolidated and separate financial statements, which contains the write-off of borrowings from Royal Exchange Prudential. Royal Exchange PLC (REPLC) divested its shares in Royal Exchange Prudential (REPRU) and, on August 31, 2022, entered into an agreement with Medi-plan Holding Limited to transfer the loan and associated liabilities to Medi-plan Holding Limited, amounting to N1.3billion (One Billion, Three Million Naira). Though, this sale agreement is still pending approval from the National Insurance Commission (NAICOM) - the regulatory body, REPLC has written off these liabilities in their books. Our opinion remains unmodified regarding this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. 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, we do not provide a separate opinion on these matters. For the matter reported below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement

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of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statement.

Key Audit Matter	Our Responses
Allowance for Bad and Doubtful Debts (*Refer to notes 11d of the financial statements.*) . As of 31 December 2023, the group management recognized allowance for bad and doubtful debts amounting to N73 million (2022: 80million) in relation to the total receivables of N222million. We considered the allowance for bad and doubtful debt to be a key audit matter due to the materiality of the provision and the assumptions involved in the estimate. The estimation involves assumptions such as economic environment, customer behavior and historical collection patterns in arriving at the impairment matrix. Changes in the assumptions used could have a material impact on the estimation of the impairment.	Our audit procedures in response to the key audit matter included, among others: • We tested the control put in place by the group over its receivables and the credit terms. • We tested samples of receivables balances to determine the appropriateness of judgements and assumptions set by the management. • Gained an understanding of the methodology applied by the management in assessing the creditworthiness of customers, events and conditions that informed management's assumptions. • Tested the reasonableness of the key data inputs used in the computation by performing detailed analysis on the aging of trade receivables and verification of the balances. • Verification of the existence and completeness of trade receivables through confirmation with customers and inter Companies examination of supporting documentation, and reconciliation to the general ledger. • Evaluated appropriateness of the related disclosures in accordance with the applicable financial reporting framework. The result of our procedures shows that the allowance for bad and doubtful debts is reasonable.

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Other Information

The directors are responsible for the other information. The other information comprises of the Report of the Directors, Corporate Governance Report, Statement of Directors' Responsibilities, Statutory Audit Committee Report, which is expected to be made available to us prior to that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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 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. When we read the financial statement, if we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is responsible for assessing the Group and 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 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 our audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i) 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.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

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

iv) Conclude on the appropriateness of management's use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if

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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 Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the Consolidated and Separate financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

vi) 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
The Companies and Allied Matters Act, 2020 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

ii) In our opinion, proper books of account have been kept by the company; and

iii) The Group's and Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of account.

In accordance with the requirements of the Financial Reporting Council of Nigeria (FRC) Guidance on Assurance Engagement Report on Internal Control over Financial Reporting:

We performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of December 31, 2023. The work performed was done in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, and we have issued an unmodified conclusion in our report on pages 26-27 dated **29 June 2024.**

Kingsley Opara, FCA
FRC/2014/PRO/ICAN/004/00000005881
For: GRANT THORNTON
(Chartered Accountants)
Lagos, Nigeria

Date: 29 June 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In thousands of Naira	Note	Audited Group 31-Dec-23	Audited Group 31-Dec-22	Audited Company 31-Dec-23	Audited Company 31-Dec-22
ASSETS					
Cash and cash equivalents	5	470,711	608,573	14,994	127,890
Loans and advances to customers	6	1,051,873	1,140,139	-	-
Advances under finance lease	7	51,510	68,431	-	-
Investment securities:					
Measured at Fair Value Through Profit or Loss (FVPL)	9(a)	49,985	30,820	11,800	17,440
Investment in subsidiaries	10	-	-	509,389	509,389
Other receivables and prepayments	11	178,223	163,342	148,724	105,361
Investment in associates	13	5,728,913	5,080,554	5,728,914	5,080,554
Property and equipment	13	14,531	17,440	2,259	1,493
Right of Use Asset	13(b)	-	942	0	942
Trustee Assets	8	485,695	478,908	485,695	478,908
Deposit for shares	12(c)	39,000	39,000	39,000	39,000
Total assets		**8,070,442**	**7,628,149**	**6,940,775**	**6,360,979**
LIABILITIES					
Borrowings	18	1,835,043	544,777	750,048	544,777
Other liabilities	15	1,689,970	3,037,411	1,623,054	2,996,833
Depositors' funds	18	-	1,226,428	-	-
Finance Lease Obligation	20(a)	168	168	15,229	13,699
Trustee Liabilities	16	506,783	478,908	506,783	478,908
Current income tax liabilities	19(b)	240,389	234,702	235,558	232,594
Employees benefit liability	14(a)	4,515	974	974	974
Deposit for Shares		1,985	-	-	-
Total liabilities		**4,278,853**	**5,523,368**	**3,131,646**	**4,267,786**
EQUITY					
Share capital	21	2,572,685	2,572,685	2,572,685	2,572,685
Share premium	22	2,690,936	2,690,936	2,690,936	2,690,936
Contingency reserve	23	599,536	-	-	-
Retained earnings	24	(2,026,044)	(3,612,013)	(1,408,971)	(3,124,904)
Other component of equity	25	(45,524)	453,173	(45,524)	(45,524)
Capital and reserves attributable to owners		**3,791,589**	**2,104,781**	**3,809,127**	**2,093,193**
Total Equity		**3,791,589**	**2,104,781**	**3,809,127**	**2,093,193**
Total equity & liabilities		**8,070,442**	**7,628,149**	**6,940,775**	**6,360,979**

The Financial Statements was approved by the board of directors on 28th June, 2024 and signed on its behalf by:

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

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

Hewett Benson
Chief Executive Officer
(FRC/2023/PRO/IODN/002/170137)

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

In thousands of Naira	Note	Audited Group 31-Dec-23	Audited Group 31-Dec-22	Audited Company 31-Dec-23	Audited Company 31-Dec-22
Interest Income	26	**268,053**	262,173	**3,900**	3,377
Interest Expense	26	**(258,747)**	(229,222)	**(80,140)**	(53,410)
Net Interest Income		**9,306**	32,951	**(76,239)**	(50,033)
Investment and other income	27	**97,872**	67,015	**97,872**	3,668
Share of profit/loss on investment in associate	12	**591,546**	240,327	**591,546**	240,327
Net fair value gain or loss on financial assets	28	**39,877**	-	**15,071**	-
(Charge)/write-back of impairment allowance	29	**(17,047)**	(90,877)	**-**	(117,708)
Other operating income	30	**45,846**	196	**1,044**	196
Net Income		**767,400**	**249,612**	**629,294**	**76,450**
Management expenses	32	**(969,388)**	(397,945)	**(805,101)**	(239,576)
Total expenses		**(969,388)**	**(397,945)**	**(805,101)**	**(239,576)**
(Loss)/Profit before tax		**(201,988)**	**(148,333)**	**(175,807)**	**(163,126)**
Minimum tax	19(a)	**(2,963)**	-	**(2,963)**	-
Income taxes	19(a)	**(1,267)**	(2,141)	**-**	(34)
(Loss)/Profit after taxation from continuing operations		**(206,218)**	**(150,474)**	**(178,770)**	**(163,160)**
Discontinued operations:					
Loss for the year from discontinued operations		**-**	(392,664)	**-**	-
Gain/(Loss) on disposal of Subsidiary		**-**	254,666	**-**	352,900
(Loss)/Profit after taxation from discontinued operations		**-**	**(137,998)**	**-**	**352,900**
(Loss)/Profit after taxation for the year		**(206,218)**	**(288,472)**	**(178,770)**	**189,740**
Profit/(Loss) is attributable to:					
Owners of Royal Exchange Plc		**(206,218)**	(289,205)	**(178,770)**	189,740
Non-controlling interest		**-**	733	**-**	-
		(206,218)	**(288,472)**	**(178,770)**	**189,740**
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		-	-	-	-
Share of returns in associates		-	-	-	-
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of FVOCI investments		-	-	-	-
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		**(206,218)**	**(288,472)**	**(178,770)**	**189,740**
Total comprehensive income attributable to:					
Owners of Royal Exchange Plc		**(206,218)**	(288,472)	**(178,770)**	189,740
Non-controlling interest		**-**	-	**-**	-
		(206,218)	**(288,472)**	**(178,770)**	**189,740**
Total comprehensive income for the period attributable to owners of Royal Exchange Plc arising from:					
Continued operations		**(206,218)**	(288,472)	**(178,770)**	189,740
Loss for the year from Discontinued operations		**-**	-	**-**	-
Gains/(Loss) on disposal of Subsidiary					
		(206,218)	**(288,472)**	**(178,770)**	**189,740**
Profit/(Loss) per share - Basic and diluted (kobo)		**(4)**	**(6)**	**(3)**	**4**

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

STATEMENT OF CHANGES IN EQUITY

Group
In thousands of Naira

	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Other components of equity: Regulatory risk reserve	Actuarial Gain/Loss Reserve	Fair value reserve	Other Component of equity	Total	Equity attributable to Parent's shareholders	Non-controlling Interests	Total Equity
At 1 January 2023	2,572,685	2,690,936	-	(3,612,013)	-	504,801	(162)	(51,470)	-	453,171	2,104,779	-	2,110,739
Profit/(Loss) for the year	-	-	-	(206,217)	-	-	-	-		-	(206,217)	-	(206,217)
Total comprehensive income	**2,572,685**	**2,690,936**	**-**	**(3,818,230)**	**-**	**504,801**	**(162)**	**(51,470)**	**-**	**453,171**	**1,898,562**	**-**	**1,904,522**
Retained earnings	-	-	-	-	-	-	-	-		-	-	-	-
At 31st December 2023	**2,572,685**	**2,690,936**	**-**	**(3,818,230)**	**-**	**504,801**	**(162)**	**(51,470)**	**-**	**453,171**	**1,898,562**	**-**	**1,904,522**

Statement of Changes in Equity
At 31st December 2022

Group
In thousands of Naira

	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Other component of equity: Regulatory risk reserve	Actuarial Gain/Loss Reserve	Fair value reserve	Other Component of equity	Total	Equity attributable to Parent's shareholders	Non-controlling Interests	Total Equity
At 1 January 2022	2,572,685	2,690,936	417,436	(4,258,421)	-	472,006	49,058	(51,470)	-	469,594	1,892,231	117,248	2,015,440
Loss/(profit) for the year	-	-	-	(288,472)	-	-	-	-	-	-	(288,472)	(30,192)	(318,664)
Total comprehensive income	**2,572,685**	**2,690,936**	**417,436**	**(4,546,893)**	**-**	**472,006**	**49,058**	**(51,470)**		**469,594**	**1,603,759**	**87,056**	**1,696,776**
Share of newly recognized Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-		-	-	(87,056)	(87,056)
Transfer to regulatory reserve	-	-	-	-	-	32,796	14,624	-		47,420	47,420	-	47,420
Transactions with owners in their capacity as													
Other reserve	-	-	-	-	-	-	-	-		-	-	-	-
Adjustment for loss of control			(417,436)	934,880			(63,844)			(63,844)	453,600		453,600
At 31st December 2022	**2,572,685**	**2,690,936**	**-**	**(3,612,013)**	**-**	**504,801**	**(162)**	**(51,470)**		**453,171**	**2,104,779**	**-**	**2,110,739**

STATEMENT OF CHANGES IN EQUITY (Cont'd)

Statement of Changes in Equity
At 31st December 2023
Company

In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Other Component of Equity: Actuarial Gain/Loss Reserve	Other Component of Equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2023	2,572,685	2,690,936	(3,124,900)	(45,524)	(45,524)	2,093,197	-	2,093,197
						-		-
Prior year adjustment on AFS - REPRU Loan transfer now written off	-	-	1,894,703	-	-	1,894,703	-	1,894,703
Profit for the period	-	-	(178,771)	-	-	(178,771)	-	(178,771)
Total comprehensive income	**2,572,685**	**2,690,936**	**(1,408,968)**	**(45,524)**	**(45,524)**	**3,809,129**	**-**	**3,809,129**
Transactions within equity:								
At 31st December 2023	**2,572,685**	**2,690,936**	**(1,408,968)**	**(45,524)**	**(45,524)**	**3,809,129**	**-**	**3,809,129**

Statement of Changes in Equity
At 31st December 2022
Company

In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Other Component of Equity: Actuarial Gain/Loss Reserve	Other Component of Equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2022	2,572,685	2,690,936	(3,314,643)	(45,524)	(45,524)	1,903,453	-	1,903,453
Profit for the	-	-	-	-	-	-	-	-
period Net actuarial gains/losses	-	-	189,739	-	-	189,739	-	189,739
Share of current year results in associates - OCI	-	-	-	-	-	-		-
Total comprehensive income	**2,572,685**	**2,690,936**	**(3,124,904)**	**(45,524)**	**(45,524)**	**2,093,193**	**-**	**2,093,193**
Transactions within equity:								
Dividend paid	-	-	-	-	-	-	-	-
At 31st December 2022	**2,572,685**	**2,690,936**	**(3,124,900)**	**(45,524)**	**(45,524)**	**2,093,193**	**-**	**2,093,193**

CONSOLIDATED STATEMENTS OF CASHFLOWS

In thousands of Naira	Notes	Audited Group	Audited Group	Audited Company	Audited Company
(Loss)/Profit for the year		(206,218)	(288,472)	(178,770)	189,739
Add: Minimum tax		2,963	-	2,963	
Add: Income tax	28(a)	1,267	2,141	-	34
Profit before taxes		**(201,988)**	**(286,331)**	**(175,807)**	**189,773**
Adjustments for:					
ECL Impairment Allowance	44	-	-	-	-
Charge/(write-back) of impairment allowance	44	17,108	90,877	-	117,708
Depreciation on property and equipment	17	6,466	6,536	768	389
Depreciation on Right of Use Asset	17(b)	(942)	-	(941)	3,762
Amortization of intangible assets	18	308	1,618	-	-
Income from Investment management		-	(74)	-	
Fair value gain on recognition of associates		-	(29)	-	-
Income on disposal of equities (FVTPL & FVTOCI)		-	(29)	-	(29)
Dividend income on equity investments (FVTOCI & FVTPL)	42	12,006	(13,501)	-	(455)
Interest income	41	23,435	(262,173)	3,900	(3,377)
Interest expense on borrowings	41	(45,525)	225,150	(80,140)	53,410
Fair value gain/(loss) on FVTPL investment securities	43	12,284	593	15,071	13
Loss on disposal of discontinued operations		-	392,664	-	-
Fair value gain/(loss) on disposal of investment in subsidiaries	42	-	(254,666)	-	(352,900)
Adjustment on derecognition of Investment in associates		(56,815)		(56,815)	-
Share of loss/(profit) of associate	14(a)	(591,546)	(240,327)	(591,546)	(240,327)
Movement in deferred tax assets		-	201,592	-	-
Non-cash movement in current tax liabilities		-	(7,522)	-	(275)
		(825,208)	**(145,622)**	**(885,509)**	**(232,308)**
Changes in working capital:					
Loans and advances to customers	50(viii)	(355,927)	(60,963)	-	-
Advance under finance lease	50(ix)	16,921	36,147	-	-
Trade receivables	50(iii)	-	17,021	-	-
Other assets	50(iv)	44,526	-	-	-
Investment securirties at fair value through profit or loss		-	47		46
Deferred acquisition cost		-	393	-	-
Other receivables and prepayment	50(ii)	19,057	(152,341)	44,469	79,583
Other liabilities		(66,916)	1,534,773	(1,373,779)	2,211,432
Depositors' funds	50(x)	52,180	(140,204)	-	-
Tax Expense		(438)			
Changes in unearned premium	50(vii)	-	196,900	-	-
Changes in provision for outstanding claims	50(vi)	(41,181)	(127,555)	-	-
Changes in employee retirement benefits	50(i)	-	(3,194)	-	-
		(1,156,987)	**1,155,402**	**(2,214,819)**	**2,058,753**
Income tax paid	28(b)	-	-	-	-
Employee benefits paid	19(f)(i)	-	-	-	-
Net cash provided by operating activities		**(1,156,987)**	**1,155,402**	**(2,214,819)**	**2,058,753**

Cash flows from investing activities: ***In thousands of Naira***	Notes	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Purchases of property and equipment	17	(3,134)	(10,487)	(1,606)	(1,510)
Placement with Banks		9,088	-	-	-
Proceed from disposal of investment properties		-	413,858	-	-
Proceed from redemption/disposal of investment securities	50(v)	-	(195,090)	-	-
Additional investment in associates		56,815	-	56,815	-
Deposit for shares		(0)	(12,000)	-	(12,000)
Dividend received		(113,987)	13,501	(113,987)	484
Net interest received		22,089	262,173	76,239	3,377
Fair value gain/(loss) on FVTPL investment securities		12,583	-	(15,071)	-
Net cash provided by investing activities		**(16,546)**	**471,955**	**2,389**	**(9,648)**
Cash flows from financing activities:					
Repayment of borrowings		1,975,588	(2,000,000)	1,975,588	(2,000,000)
Proceeds from new borrowings		63,839	-	205,271	-
Repayment of finance lease		1,530	-	1,530	(998)
Interest paid on borrowings		(922,431)	(93,412)	-	(32,483)
Unclaimed dividend paid		(82,854)	(0)	(82,854)	82,533
Net used in financing activities		**1,035,671**	**(2,093,412)**	**2,099,534**	**(1,950,948)**
Cash and cash equivalent at beginning of year		608,573	621,091	127,890	29,793
Adjustment on disposal of subsidiaries			453,600		
Net increase in cash and cash equivalent		(137,862)	(466,118)	(112,896)	98,097
Cash and cash equivalent at end of the year		**470,711**	**608,573**	**14,994**	**127,890**

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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 Limited, Royal Exchange Microfinance Bank, Royal Exchange Finance Company Ltd. and Royal Exchange Healthcare Limited now DOT HMO.

The principal activities of the Group are General insurance, health insurance and credit financing. The financial statements of the Group are as at and for the year ended 31 December 2023.

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

2 Basis of preparation

(a) These financial statements for year ended 31 December 2023 have been prepared in accordance with, and comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Insurance Act and National Insurance Commission of Nigeria ("NAICOM") circulars.

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

(b) Functional and presentation currency

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

(c) Basis of measurement

These consolidated and 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 amortized 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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

(f) Changes in accounting policies and disclosures

(I) New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statement

New standards, interpretations and amendments effective from 1 January 2023

The Company adopted the following standards and amendments that are effective for the first time in 01 January 2023:

- IFRS 17 'Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made. However, they do not affect these financials statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company.

At the date of authorization of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

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

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

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

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

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

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

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

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

'Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9'

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

ii© Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS

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

iii Standards, amendments and interpretations issued but not yet effective

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

iii(a) IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features,described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.
The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023.

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

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

iii© Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

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

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

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

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

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

iii(e) Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

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

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

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

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

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

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

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

iv Annual Improvements to IFRS Standards 2018 - 2020

iv(a) IFRS 1 First-time Adoption of International Financial Reporting Standards.

The Annual Improvements include amendments to four Standards.

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent.

in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

iv(b) IFRS 9 Financial Instruments

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

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

iv(c) IFRS 16 Leases

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

3 Summary of Significant Accounting Policies

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

(a) Consolidation

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

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

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

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

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that

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.

Disposal of subsidiaries

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

Transactions eliminated on Consolidation

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

a (i) Business Combination

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

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

- the fair value of the consideration transferred, which is generally measured at fair value; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is
- 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.

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

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

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

a (ii) *Non-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.

a (iii) *Subsidiaries*

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

a(iv) *Associates*

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method of accounting. They are initially recognised at cost, which includes transaction costs.

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

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

a(v) *Loss of control*

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any interest retained in the former subsidiary is measured at fair value when control is lost.

a(vi) *Transaction eliminated on consolidation*

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

(b) Foreign currency transactions

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

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

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

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

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

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

(c) Cash and Cash Equivalents

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

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

(d) Financial Instruments

(i) Measurement methods

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).

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

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

d(ii) Financial assets

(i) Classification and subsequent measurement

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

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

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

(I) the company's business model for managing the asset; and

(ii) the cash flow characteristics of the asset (SPPI).

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

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

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

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

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

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

Equity instruments

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

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

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

ii) Impairment

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

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

iii) Modification of loans

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

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

iv) Derecognition other than on a modification

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

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

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.

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

(g) Deferred acquisition costs

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

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

(h) Other Receivables and Prepayments

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

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

(I) Investment Properties

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

Recognition and measurement

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

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

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

De-recognition

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

Transfers

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

(j) Property and Equipment

Recognition and measurement

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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:

Assets	Useful Lives
Leasehold land	Over the lease period 50 years
Buildings	7 years
Generators	5 years
Furniture and Fittings	4 years
Computer Equipment	4 years
Motor vehicles	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
- 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.

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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.

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

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

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

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

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

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

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 (Cont'd)]
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.

(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.

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

(q) Finance and operating lease obligations

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

Lease assets – lessee

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

Lease payments

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

Lease assets – lessor

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

Lease payments

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

Lease assets - lessor

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

(r) Insurance Contract Liabilities
r(i) Classification

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

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

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

Unearned premium provision

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

Reserve for unexpired risk

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

Reserve for outstanding claims

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

Reserve for incurred but not reported claims (IBNR)

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

Liability Adequacy Test

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

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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 whetheror 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 eventsThe 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. The change in liabilities are recorded in gross premium on the statement of profit or loss.

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

(s) Recognition and Measurement of Insurance Contract

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

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

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

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

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

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

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

(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

u(i) Short-term benefits

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

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

u(ii) Defined Contribution Plans

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

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

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

u(iii) Termination Benefits

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

u(iv) Pension

The Group operated a funded pension scheme for its employees prior to the Pension Reform Act 2004. It therefore has continuing pension obligation to its staff who retired prior to the commencement of the contributory pension scheme. Pensioners are entitled to 3% annual increment. Over 90% of the pension assets are being managed by a pension fund administrator while the balance is invested in marketable securities and bank placement.

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

u(iv) Pension (Cont'd)

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

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

u(v) Other Long term benefits

The Group operates a long service award plan for eligible staff who have rendered continued service to the organization.
Benefits accrue after a minimum of 10 years and a maximum of 35 years. The main benefits payable on the scheme are both cash and gift items which vary according to the number of years of service.

The liability is valued annually by a qualified actuary (Logic Professional Services) under the supervision of Mr Ganiu Shefiu with FRC number (FRC/2021/004/00000022718) using the projected unit credit method.
Remeasurements of the obligation, which comprise actuarial gains or losses,are recognized immediately in OCI. The Company determines the net interest expense(income) on the obligation for the period by applying the discount rate used to measure the obligation at the beginning of the annual period to the liability,taking into account any changes in the liability during the period as a result of benefit payments. Net interest expense and other expenses related to obligation are recognized in profit or loss.

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

v Capital and Reserves

v(i) Share capital

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

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

v(ii) Share premium

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

v(iii) Contingency reserve

The Group maintains Contingency reserves for the general business in accordance with the provisions of S.21 (1) of the Insurance Act 2003.
In compliance with the regulatory requirements in respect of Contingency Reserve for general business, the Group maintains contingency reserve at the rate equal to the higher of 3% of gross premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium.
In compliance with the regulatory requirements in respect of Contingency Reserve for Life business, the Company maintains contingency reserve at the rate equal to the higher of 1% of gross premium or 10% of the net profit accumulated until it reaches the amount of the minimum paid up capital.

v(iv) Retained Earnings

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

v(v) Fair value reserves

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

v(vi) Regulatory risk reserve

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

v(vii) Other reserves - employee benefit actuarial surplus

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

v(viii) Treasury shares

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

v(ix)Divi dends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends for the year that are declared after the end of the reporting period are dealt with in the subsequent period.

Dividends proposed by the Directors but not yet approved by shareholders are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act of Nigeria.

(w) Revenue Recognition

w(i) Gross Written Premium

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

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

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

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

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the 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.

w(ii) Reinsurance expenses

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

w(iii) Fees and commission income

Fees and commission income consists primarily of insurance agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognized as the services are provided.

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

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

w(v) Investment Income
Investment income consists of dividends, realized gains and losses as well as unrealized gains and losses on financial instruments.

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

w(vii) Realized gains and losses and unrealized gains and losses
Realized gains and losses on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.
Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

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

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

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

x Expense Recognition (Cont'd)
x(i) Insurance claims and benefits incurred
Subrogation
Subrogation is the right of an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of receiving the amount of the claim paid to the insured for the loss.

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

y Segment reporting
Operating segments are identified and reported in consonance with the internal reporting policy of the Group that are regularly reviewed by the Chief Executive (being the chief operating decision maker) who allocates resources to the segment and assesses their performance thereof.
The Group's reportable segments, for management purpose, are organized into business units based on the products and services offered as follows:

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

The other segments include corporate shared services and other activities not related to the core business segment and which are not reportable segments due to their immateriality. Certain expenses such as finance costs and taxes are also not allocated to particular segments.
The segment reporting is the measure used by the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.

z Earnings per share
The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.
Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares

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

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

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

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

4 Critical accounting estimates and judgments (Cont'd)
Estimates and underlying assumptions are reviewed on an ongoing basis and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

A Judgements
Management applies its judgement to determine whether the indicators set out in Note 3(a)(iv) indicate that the Group has significant influence over it's investment in associates.
According to IAS 28, a 20% or more interest in an investee leads to a rebuttable presumption that the investor has significant influence over the investee.

The Group holds a direct interest of 39.29% in Royal Exchange General Insurance Company Limited. (REGIC). Management has considered the fact and circumstances, including the representation of the Company on the board of REGIC and has concluded that the Group has significant influence over REGCI and the entity is an associate of the Group.

B Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 Deceember 2023 is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas:

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

(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).

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-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Cash	18,972	800	4	800
Bank balances	15,051	51,321	15,051	44,557
Short-term deposits (including demand and time deposits)	436,749	556,513	0	82,533
Write back/(charge) of impairment allowance on Short term deposits	(61)	(61)	(61)	-
At 31 December	470,711	608,573	14,994	127,890

(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.

(iii) Cash equivalents include Bank accounts and short term investments with 90 days maturities.

6 Loans and advances to customers

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Term loan	1,051,873	1,317,806	-	-
Impairment Allowance	-	(177,667)	-	-
At 31 December	1,051,873	1,140,139	-	-

(a) Sectorial Analysis of loans and advances to customers

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Agriculture	26,214	17,614	-	-
Manufacturing	20,979	42,725	-	-
Trade and commerce	22,132	102,852	-	-
Real estate and construction	41,696	195,655	-	-
Education	264,854	269,660	-	-
Others	675,998	511,633	-	-
	1,051,873	1,140,139	-	-

(b) Analysis of loans and advances to customers by maturity

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
1-30 days	26,214	41,223	-	-
31-60 days	20,979	20,979	-	-
61-90 days	22,132	22,132	-	-
91-180 days	41,696	41,696	-	-
181-360 days	264,854	250,210	-	-
Over 360 days	675,998	763,899	-	-
	1,051,873	1,140,139	-	-

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

(c) Analysis of loans and advances to customers by collateral

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Secured against real estates	-	-	-	-
Otherwise secured	946,686	1,026,125	-	-
Not secured	105,187	114,014	-	-
	1,051,873	**1,140,139**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	**177,667**	**224,439**	**-**	**-**
Write-off during the year	**-**	**-**	**-**	**-**
Impairment allowance recognised during the year	**(177,667)**	**(46,772)**	**-**	**-**
At 31 December	**-**	**177,667**	**-**	**-**
Within one year	**1,051,873**	**1,140,139**	**-**	**-**
More than one year	**-**	**-**	**-**	**-**
	1,051,873	**1,140,139**	**-**	**-**

7 Advances under finance lease

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Gross investment in finance lease	51,510	83,991	-	-
Impairment allowance (see note 7(a) below)	-	(15,560)	-	-
	51,510	68,431	-	-

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	15,560	15,560	-	-
Write back of impairment	-	-	-	-
Impairment allowance recognised during the year	-	-	-	-
At 31 December	15,560	15,560	-	-
Within one year	51,510	68,752	**-**	**-**
More than one year	-	-	**-**	**-**
	51,510	68,752	-	-

8 Trustee Assets

(a) The movements in trustee assets is analyzed below;

In thousands of Naira	Group	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	478,908	478,908	478,908	478,908
Additions	6,787	-	6,787	-
Impairment allowance recognised during the year	-	-	-	-
At 31 December	485,695	478,908	485,695	478,908
Within one year	6,787	-	**6,787**	**-**
More than one year	478,908	478,908	**478,908**	**478,908**
	485,695	478,908	485,695	478,908

(i) Trustee Assets represents funds under management held in trust on behalf of Royal Exchange PLC - Trustees. The funds were held in trust for an investment in government bonds, money market securities, placements and term deposits.

9 Investment securities

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Fair value through profit or loss (FVTPL) (see note 8(a) below)	49,985	30,820	11,800	17,440
Fair value through Other Comprehensive Income (FVOCI) (see note 8(b) below)	-	-	-	-
Amortised cost (see note 8(c) below)	-	-	-	-
At 31 December	49,985	30,820	11,800	17,440
Within one year	-	-	-	-
More than one year	49,985	30,820	11,800	17,440
	49,985	30,820	11,800	17,499

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Listed equities	49,985	30,820	11,800	17,440
	49,985	30,820	11,800	17,499

10 Investment in subisidiaries

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Royal Exchange Finance Company Limited	-	-	509,389	777,802
Royal Exchange Healthcare Company Limited	-	-	-	-
	-	-	509,389	777,802
Allowance for Impairment	-	-	-	(268,413)
	-	-	509,389	509,389

(a) Movement in gross investment in subsidiaries

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	-	-	509,389	848,548
Additoinal (impairement)/writeback on Asset transferred	-	-	-	(187,490)
Reclassification to Investment in Associates (see notes (ii) & (iii) below)	-	-	-	(151,669)
Reclassification to Assets classified as held for sale (see note (vi) below, note 15 and note 53)	-	-	-	-
Disposal of subsidiaries (see note (iv) below)				-
Additional Investment in Subsidiaries				-
At 31 December	-	-	509,389	509,389

(i) The subsidiary companies comprise of the following:

Name of Entity	Nature of business	Dec-23	31-Dec-23	31-Dec-22
Royal Exchange Finance Company Limited (ii)	Credit Financing	31-Dec	99.90	99.90

The subsidiary is incorporated in Nigeria and its wholly owned by Royal Exchange Plc.

(ii) This represents the Company's 99.9% (2022: 99.9%) shareholdings in Royal Exchange Finance Company Limited, a Nigerian registered company involved in the business of finance, financial advisory, fund management, leasing and investment management. The investment which has been carried at cost was impaired, based on management judgement, by the sum of N80.9million in 2011.

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

10(b) The condensed financial data of the consolidated entities as at 31 December 2023, are as follows:

(i) Condensed statement of profit or loss for period ended 31 December 2023

In thousands of Naira	Group balances	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange Finance Company Ltd.
Gross premium income	-	-	-	-	-
Reinsurance expenses	-		-	-	-
Net premium income	-	-	-	-	-
Fee and commission income	-	-	-	-	
	-	-	-	-	-
Total underwriting expenses	-	-	-	-	-
Underwriting Loss	-	-	-	-	-
Share of (loss) on investment in associate	591,546	-	591,546	591,546	-
Write-back/(charge) of impairment allowance	(17,047)	-	(17,047)	-	(17,047)
Investment and other income	269,141	-	269,141	113,987	155,154
Interest Income	23,376	19,476	3,900	3,900	-
Interest Expenses	(99,616)	(19,476)	(80,140)	(80,140)	-
Foreign exchange gain	-		-	-	-
Net income	767,401	-	843,640	629,294	138,107
Total expenses	(969,387)	-	(969,387)	(805,101)	(164,286)
Profit/(Loss) before tax	(201,986)	-	(125,747)	(175,807)	(26,179)
Minimum tax	(2,963)	-	(2,963)	(2,963)	-
Income tax expense	(1,267)	-	(1,267)	-	(1,267)
Profit/(Loss) after taxation	(206,215)	-	(129,977)	(178,770)	(27,446)

Condensed Statement of financial position as at 31 December 2023

In thousands of Naira	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange Finance Company Ltd.
ASSETS					
Cash and cash equivalents	470,711	-	470,711	14,994	455,717
Loans and advances to customers	1,051,873	(215,432)	1,267,305	-	1,267,305
Advances under finance lease	51,518	(15,061)	66,579	-	66,579
Financial assets	49,985	-	49,985	11,800	38,185
Investment in subsidiaries	-	(509,389)	509,389	509,389	-
Trade receivables	-	-	-	-	-
Reinsurance assets	-	-	-	-	-
Deferred acquisition cost	-	-	-	-	-
Other receivables and prepayments	178,224	(7,824)	186,048	148,724	37,324
Investment in associates	5,728,913	-	5,728,913	5,728,913	-
Investment properties	-	-	-	-	-
Right of Use Asset	0		0	0	-
Property and equipment	14,531		14,531	2,259	12,271
Intangible assets	1	-	1	-	1
Employees retirement benefits	-	-	-	-	-
Statutory deposits	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-
Trustee Assets	485,695	-	485,695	485,695	-
Deposit for shares	39,000		39,000	39,000	
Total assets	**8,070,450**	**(747,706)**	**8,818,157**	**6,940,775**	**1,877,382**

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

LIABILITIES					
Borrowings	1,835,043	(198,135)	2,033,178	750,048	1,283,130
Deferred income	-	-	-	-	-
Trade payables	-	-	-	-	-
Other liabilities	1,689,972	(25,121)	1,715,093	1,623,054	92,039
Depositors' funds	-	-	-	-	-
Insurance contract liabilities	-	-	-	-	-
Investment contract liabilities	-	-	-	-	-
Finance Lease Obligations	168	(15,061)	15,229	15,229	
Trustee Liabilities	506,783	-	506,783	506,783	-
Current income tax liabilities	240,389	-	240,389	235,558	4,831
Employees benefit liability	4,515	-	4,515	974	3,541
Deferred tax liabilities	-	-	-	-	-
Deposit for shares	1,985		1,985		1,985
Total liabilities	**4,278,855**	**(238,317)**	**4,517,172**	**3,131,646**	**1,385,526**
EQUITY					
Share capital	2,572,685	(217,888)	2,790,573	2,572,685	217,888
Share premium	2,690,936	(559,914)	3,250,850	2,690,936	559,914
Contingency reserve	599,536	-	599,536	-	599,536
Treasury shares	-	-	-	-	-
Retained earnings	(2,026,036)	268,413	(2,294,449)	(1,408,969)	(885,481)
Other component of equity	(45,524)	-	(45,524)	(45,524)	-
Capital and reserves attributable to owners	3,791,597	(509,389)	4,300,986	3,809,129	491,857
Total Equity	3,791,597	(509,389)	4,300,986	3,809,129	491,857
Total equity & liabilities	8,070,452	(747,706)	8,818,158	6,940,775	1,877,383

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

The condensed financial data of the consolidated entities for the period ended December 2022, are as follows

(ii) Condensed statement of profit or loss for the period ended 31st December 2022

In thousands of Naira	Group balances	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange Finance Company Ltd.
Gross premium income	-	-	-	-	-
Reinsurance expenses	-		-	-	-
Net premium income	-	-	-	-	-
Fee and commission income	-	-	-	-	
	-	-	-	-	-
Total underwriting expenses	-	-	-	-	-
Underwriting Loss	-	-	-	-	-
Interest Income	262,173		262173	3,377	258,796
Interest Expense	(229,222)		(229,222)	(53,4100	(175,812)
Net Interest Income	32,951		32,951	(50,033)	82,984
Share of (loss) on investment in associate	240,327	-	240,327	240,327	-
Write-back/(charge) of impairment allowance	(90,877)	-	(90,877)	(117,708)	26,831
Investment and other income	67,015	-	67,015	3,668	63,347
Other operating income	196		196	196	
Foreign exchange gain	-		-	-	-
Net income	249,612	-	249,612	76,450	173,162
Total expenses	(397,945)	-	(397,945)	(239,576)	(158,369)
(Loss)/Profit before tax	(148,333)	-	(148,333)	(163,126)	14,793
Minimum tax		-	-	-	-
Income tax expense	(2,141)	-	(2,141)	(34)	(2,107)
(Loss)/Profit after taxation	(150,474)	-	(150,474)	(163,160)	12,686

Condensed Statement of financial position as at 31st December 2022

In thousands of Naira	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange Finance Company Ltd.
ASSETS					
Cash and cash equivalents	608,573	-	608,573	127,890	480,683
Loans and advances to customers	1,140,139	-	1,140,139	-	1,140,139
Advances under finance lease	68,431	(13,532)	68,431	-	68,431
Financial assets	30,820	-	30,820	17,440	13,380
Investment in subsidiaries	-	(509,389)	509,389	509,389	-
Trade receivables	-	-	-	-	-
Reinsurance assets	-	-	-	-	-
Deferred acquisition cost	-	-	-	-	-
Other receivables and prepayments	163,342	(7,824)	163,342	105,361	57,981
Investment in associates	5,080,554	-	5,080,554	5,080,554	-
Investment properties	-	-	-	-	-
Right of Use Asset	942		942	942	0
Property and equipment	17,440		17,440	1,493	15,947
Intangible assets	-	-	-	-	-
Employees retirement benefits	-	-	-	-	-
Statutory deposits	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-
Deposit for shares	39,000		39,000	39,000	(0)
Total assets	**7,149,241**	**(718,235)**	**7,658,630**	**5,882,069**	**1,776,561**

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

LIABILITIES					
Borrowings	544,777	-	544,777	544,777	-
Deferred income	-	-	-	-	-
Trade payables	-	-	-	-	-
Other liabilities	3,037,411	(7,824)	3,037,411	2,996,833	40,578
Depositors' funds	1,226,428	-	1,226,428	-	1,226,428
Insurance contract liabilities	-	-	-	-	-
Investment contract liabilities	-	-	-	-	-
Finance Lease Obligations	168	(13,532)	168	13,699	(13,532)
Current income tax liabilities	234,702	-	234,702	232,594	2,108
Employees benefit liability	974	-	974	974	0
Deferred tax liabilities	-	-	-	-	-
Total liabilities	**5,044,460**	**(21,356)**	**5,044,460**	**3,788,877**	**1,255,582**
EQUITY					
Share capital	2,572,685	(217,888)	2,572,685	2,572,685	0
Share premium	2,690,936	(559,914)	2,690,936	2,690,936	(0)
Contingency reserve	-	-	-	-	-
Treasury shares	-	-	-	-	-
Retained earnings	(3,612,013)	80,923	(3,612,013)	(3,124,904)	(487,109)
Other component of equity	453,173	-	453,173	(45,524)	498,697
Capital and reserves attributable to owners	2,104,781	(696,879)	2,104,781	2,093,193	11,588
Non-controlling interests	-	-	-	-	-
Total Equity	2,104,781	(696,879)	2,104,781	2,093,193	11,588
Total equity & liabilities	**7,149,241**	**(718,235)**	**7,149,241**	**5,882,071**	**1,267,170**

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

11 Other receivables and prepayment

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Intercompany receivables (see note 11(a) below)	9,488	-	9,481	9,482
Accrued investment income (see note 11(b) below)	38,047	-	38,047	-
Other receivables (see note 11(c) below)	150,572	304,248	150,573	146,023
Prepayments	53,947	59,712	24,454	29,967
	252,054	363,960	222,555	185,472
Impairment on other receivables (see 11(d)) below	(73,831)	(200,618)	(73,831)	(80,111)
	178,223	163,342	148,724	105,361
Within one year	130,695	153,860	101,196	95,879
More than one year	47,528	9,482	47,528	9,482
	178,223	163,342	148,724	105,361

(a) Due from related parties

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Royal Exchange Microfinance Bank Limited	50	-	50	50
Royal Exchange Finance Company Ltd.	7	-	-	-
Royal Exchange Healthcare Limited	9,431	-	9,431	9,431
Royal Exchange General Insurance Company	-	-	-	-
Royal Exchange Prudential Life Limited	-	-	-	-
	9,488	-	9,481	9,482

(b) Accrued investment income

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Investment income	38,047	-	38,047	-
	38,047	-	38,047	-

The accrued investment income represent the company's share of year 2022 Dividend Income withheld by the management of Royal Exchange General Insurance Company to guard againt the enforcement of the judegement obtained in suit No: NICN/LA/4982002 vide garnishee proceedings.

(c) Other receivables

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Management fees receivable				
Withholding tax receivables	80,748	75,415	80,748	75,415
Trustee fees receivable	1,001	1,001	1,001	1,001
Deposit for investment	-	-	-	-
Other receivables	99	140,084	99	882
Other assets	68,724	87,748	68,724	68,724
	150,572	304,248	150,573	146,023

Note:

Other receivables represent Intercompany receivables from related parties, accrued investment income, outstanding WHT Credit notes in relation to transactions executed during the group structure era. Other assets represent a historical balance during the old group structure era.

(d) Impairment allowance on other receivables

The movements in impairment allowance on other receivables is analysed below; *In thousands of Naira*	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	(73,831)	250,462	(73,831)	149,895
Impairement allowance relating to divested subsidiaries	-	-		
Allowance made during the year	-	(49,844)	-	(69,784)
Write off	-	-	-	-
Write back	-	-	-	-
	(73,831)	200,618	(73,831)	80,111

Note:

The impairment allowance on other receivables represents impairment on WHT receivable, Data Centre relocation account and Software. These were historical balances from the group structure era, which are no longer relevant in the current year under review.

(i) Breakdown of Impairment on other receivables				
Impairment on Other assets BS	28,427	-	28,427	-
Impairment on Other assets - WHT Receivable	5,107	-	5,107	
Impairment on Data Centre Relocation account	27,777	-	27,777	
Impairment on Other assets BS - Software Account	12,520	-	12,520	
Impairment on Other assets	-	200,618	-	80,111
	73,831	200,618	73,831	80,111

12 Investment in associates

(a) The movement in balances of investment in associates are as shown below: *In thousands of Naira*	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	5,080,553	4,688,559	5,080,553	4,688,559
Additional investment during the year	56,815	151,669	56,815	151,669
Disposal within the year	-	-	-	-
Share of current year result recognised in OCI	-	-	-	-
	5,137,368	4,840,228	5,137,368	4,840,228
Share of current year result recognised in profit or loss	591,546	240,327	591,546	240,327
	591,546	240,327	591,546	240,327
	5,728,913	5,080,553	5,728,914	5,080,553

(b) This represents the Group's investment in Royal Exchange General Company Limited (REGIC), Royal Exchange Microfinance Bank Limited (REMFB) and Royal Exchange Healthcare Limited (REHL), now known as DotHMO. The Associated companies are registered nigerian companies involved in general insurance business, health insurance and financing of micro and small enterprises, representing 39.21% (December 2022: 39.21%) equity interest in REGIC and 30% (December 2022: 30%) equity interest in REMFB; 29.84% (December 2022: 29.84%) equity interest in DotHMO. REGIC became an associate company of the Group in September of 2021 following the acquisition of a minority stake by AfricInvest, a leading Pan-African asset management platform covering Private Equity, Venture Capital, and Private Credit while DotHMO and REMFB became an associate in December, 2021 following the acquisition of 70% stake in REMFB by Tech Partners a leading technology Company.

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

In thousands of Naira	REGIC	REMFB	REHL/ DOTHMO	31-Dec-23
Percentage ownership interest	**39.21%**	**30%**	**29.84%**	
Non-Current Assets	4,094,444	37,260	276,767	4,408,471
Current Assets	51,946,695	548,792	1,147,927	53,643,415
Total Assets	56,041,140	586,053	1,424,693	58,051,886
Non-Current Liabilities	(284,632)	(137,265)	-	(421,897)
Current Liabilities	(40,045,128)	(359,293)	(1,105,909)	(41,510,331)
Total Liabilities	(40,329,761)	(496,558)	(1,105,909)	(41,932,228)
Net assets	15,711,379	89,495	318,784	16,119,658
Company's share of net assets	6,160,432	26,848	95,125	6,282,405
Revenue	5,598,947	166,967	409,167	6,175,081
Profit/(Loss) after tax from continuing operations	1,482,802	47,250	(13,525)	1,516,527
Other comprehensive income	-	-	-	-
Total comprehensive income	1,482,802	47,250	(13,525)	1,516,527
Company's share of total comprehensive income	581,407	14,175	(4,036)	591,546
Company's share of other comprehensive income	-	-	-	-
Company's share of profit	**581,407**	**14,175**	**(4,036)**	**591,546**

(c) Deposit for shares

Deposit for shares represents cash deposit for additional shares in Royal Exchange Microfinance Bank Ltd., during the year ended 31 December 2023

In thousands of Naira *In thousands of Naira*	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Deposit for shares in Royal Exchange Microfinance Ltd.	39,000	39,000	39,000	39,000
	39,000	**39,000**	**39,000**	**39,000**

13 Property, plant & equipment

(a) Group

In thousands of Naira	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
At 1 January	35,920	65,786	67,547	169,253
Additions	2,415	719	-	3,134
Disposals	-	-	-	-
At 31 December 2023	38,335	66,505	67,547	172,387
At 1 January 2022	18,947	25,893	57,847	102,687
Additions	1,510	-	-	1,510
Disposals	-	-	-	-
At 31st December 2022	**20,457**	**25,893**	**57,847**	**104,197**

Accumulated Depreciation

In thousands of Naira	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
At 1 January	33,263	54,305	65,143	152,711
Charge for the year	1,328	3,073	925	5,326
Disposals	-	-	-	-
At 31 December 2023	**34,591**	**57,378**	**66,068**	**158,037**
At 1 January 2022	18,659	25,809	57,847	102,315
Charge for the year	361	28	-	389
Reclassification/ transfers		-	-	-
Disposals	-	-	-	-
At 31st December 2022	**19,020**	**25,837**	**57,847**	**102,704**
Carrying amounts:				
At 31 December 2023	3,744	9,127	1,479	14,350
At 31st December 2022	1,437	56	-	1,493

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2022: nil).

(ii) The Group had no capital commitments as at the balance sheet date (2022: nil)

(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2022: Nil)

(b) Company

In thousands of Naira	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost				
At 1 January	20,457	25,893	57,847	104,196
Additions	1,426	180	-	1,606
	21,883	**26,073**	**57,847**	**105,802**
Depreciation				
At 1 January 2023	19,020	25,837	57,847	102,703
Charge	775	64	-	839
Reclassification	-	-	-	-
Disposals	-	-	-	-
	19,795	**25,902**	**57,847**	**103,543**
Carrying amounts:				
At 31 December 2023	2,088	172	-	2,259
At 31st December 2022	1,437	56	(0)	1,492

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2022: nil).

(ii) The Group had no capital commitments as at the balance sheet date (2022: nil)

(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2022: Nil)

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

13(b) Right of Use Asset

(a) Group

Right of Use Asset

In thousands of Naira	31-Dec-23	31-Dec-22
At 1 January	44,963	44,963
Addition	-	-
Prepayments amortisation on long term leases	(44,963)	(44,022)
	-	941
Total Carrying Amount	**-**	**941**

Amounts recognized in profit or loss

Right of use asset- rent prepayment	-	-
	-	-

(b) Company

In thousands of Naira	31-Dec-23	31-Dec-22
Cost		
At 1 January	44,963	44,963
Additions	-	-
Disposals	-	-
	44,963	44,963

Accumulated Depreciation	31-Dec-23	31-Dec-22
In thousands of Naira		
At 1 January	44,022	40,260
Charge for the year	941	3,762
Disposals		
	44,963	44,022
At 31 December 2023	0	941
At 31st December 2022	941	941

14 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.

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

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Defined benefit obligations (see Note 19.1 below)	(4,515)	(974)	(974)	(974)
Employee benefit asset in statement of financial position	(4,515)	(974)	(974)	(974)

14.1 Defined benefit plan:

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

The defined benefit obligations were actuarially determined at the year end by Logic Professional Services under the supervision of Mr. Chidebere Orji with FRC number (FRC/2021/004/00000022718. The actuarial valuation is done based on the "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to other comprehensive income.
The defined benefit obligations used to be relevant during the group structure era. There has not been any significant movement in the defined benefit plan because the policy has been scrapped. Hence, the policy is no longer in place as there was no movement

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

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Pension (net asset)	-	-	-	-
Employee benefit asset in statement of financial position	-	-	-	-
Long service award (outstanding liability)	(4,515)	(974)	(974)	(974)
Employee benefit liability in statement of financial position	**(4,515)**	**(974)**	**(974)**	**(974)**

The outstanding liability of Long service award has been a historical balance from the group structure era, which is no longer relevant in the current year under review

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

15 Other liabilities

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1st January	3,037,411	3,037,411	2,996,833	2,996,833
Loan written off	(1,347,441)	-	(1,373,779)	-
At 31 December 2023	**1,689,970**	**3,037,411**	**1,623,054**	**2,996,833**

Analysis of Other Liabilities				
Due to related parties (see 15(a) below)	262,802	367,802	262,801	420,707
Other liabilities (see 15(b) below)	1,427,168	2,669,609	1,360,252	2,576,126
At 31 December 2023	**1,689,970**	**3,037,411**	**1,623,054**	**2,996,833**
Within one year	175,507	2,962,435	175,507	74,976
More than one year	1,514,463	74,976	1,447,547	2,921,857
	1,689,970	**3,037,411**	**1,623,054**	**2,996,833**

(a) Due to related parties

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Royal Exchange General Insurance Company	245,145	367,802	245,145	367,802
Intercompany Account for Group Shared Services	17,657		17,657	
Royal Exchange Prudential Life Limited	-	-	-	-
Royal Exchange Finance Company Limited	-	-	0	52,906
	262,802	**367,802**	**262,801**	**420,707**

(i) Borrowing Write Off

In the year 2022,, Royal Exchange PLC disposed their shares in Royal Exchange Prudential (REPRU) and on the 31 of August 2022, they entered into agreement with Mediplan Holding Limited to transfer the loan and other associated liabilities to Mediplan Holding Limited amounting to N1.3b (One Billion, Three Million Naira). However, the said sale agreement is yet to be approved by their Regulatory body NAICOM. Hence, REPLC has written off the liabilities in their books prior to NAICOM's approval.

It was also observed from the Payables confirmation received from REPRU, that they have over N3Billion liability standing in REPRU's books against Royal Exchange PLC as at 31 December 2023 subject to the approval of NAICOM.

(b) Analysis of other liabilities is as follows:

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Defferred income	-	(8,894)	-	-
Accruals	(74,001)	62,457	(74,001)	59,457
PAYE and WHT payables	(1,464)	1,527	(1,464)	1,527
VAT Payable	(25,422)	25,422	(25,422)	25,422
intercompany Payable	17,657		(7,466)	
Other Statutory payables	-	3,048	-	-
Provisions for Litigations & claims	(612,544)		(612,544)	
Deposit for shares	-	-	-	-
Staff payables	(3,696)	3,696	(3,696)	3,696
Unpaid Solicitors	(67,289)		(67,289)	
Unpaid Judgement sum	(150)		(150)	
Commission Payable	(79,173)		(79,173)	
Dividend payable held as collateral	(100,531)	-	(100,531)	-
Unclaimed Dividend	(47,240)	47,240	(47,240)	47,240
Trustee Fund	-	-	-	-
Discontinued Liability	(2,314)	2,314	(2,314)	2,314
Other payables	(431,001)	2,532,799	(338,962)	2,436,471
At 31 December 2023	**1,427,168**	**2,669,609**	**1,360,252**	**2,576,126**

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

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

(iii) The analysis of other payables are as follows:

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Sundry creditors	5,602	5,602	5,602	5,602
Other Staff related payables	-	18,184		
Accrued Interest Payable		46,189	-	
Client Deposit Liabilities		3,977	-	
Provision for litigations and claims	-	-	-	-
Judgement sum	-			
Unpaid Legal liabilities	-	67,439		67,439
Other payables	425,399	2,391,408	333,360	2,363,430
	431,001	**2,532,799**	**338,962**	**2,436,471**

Note:

(iv) The Sundry Creditors represents a historical balance from year 2020 till date. There has not been any claim on the amount in the year under review

(v) Other Payables represents historical balances owed to ex-staff, intercompany shared account balance and renovation of 31 Marina registered office address during the group structure era which are no longer relevant in the year under review.

(vi) Included in other liabilities are financial liabilities as follows

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Financial liabilities	**237,011**	**145,704**	**262,135**	**139,656**

(vii) Accruals represent unpaid Professional fees, audit fees, Directors allowances, 90% balance of advisory fees on the disposal of REPRU. It consists of operational expenses that the company has received services but the vendors were not paid due to the liquidity issue in 2023

(viii) The discontinued Liability represents a provision which ought to be paid to REPLC's staff upon retirement based on the company old group structure HR policies which has now been abolished in 2022 after the unbundling of the group structure.

(ix) **Breakdown of Discontinued Gratuity**
It is a historical yearly opening balances of N2,314,107.13 from year 2017 till date

(x) The statutory payables represents a historical tax liability majorly from year 2016 Audited Financial Statements that was still being carried forward till date in the company's book. However, the company has paid its tax liabilities for 2016 to 2020 years of assessment taking advantage of the VAIDS Assessment in the year 2020.

16 Trustee Liabilities

(a) The movements in Trustee Liabilities is analyzed below;

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	478,908	478,908	478,908	478,908
Additions	27,875	-	27,875	-
Impairment allowance recognised during the year	-	-	-	-
At 31 December	**506,783**	**478,908**	**506,783**	**478,908**
Within one year	27,875	-	**27,875**	**-**
More than one year	478,908	478,908	**478,908**	**478,908**
	506,783	**478,908**	**506,783**	**478,908**

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

(i) Trustee Liabilities represents the company's borrowings from the funds under management held in trust on behalf of Royal Exchange PLC - Trustees. The funds were borrowed and utilised for the operation of the company in 2017 at 5%p.a interest rate through issuance of commercial papers renewable every 90days.

(ii) The commercial papers are still running till date as no payment has been made. The movement on the trustee liabilities represents interest amount payable to the trust funds under management at 5%p.a

17 Contingent Liabilities

The company has some pending litigations at the appeal court which have not crystalised into liabilities but they are worthy of disclosure for the year under review

a There are Judgement Debts of about N112m from 3 Ex-Staff cases in Court as of 31st December 2023, which the company appealed pending result of Appeal Court judgement with Suit Nos: (1) NICN/LA/12/2019; (2) NICN/LA/499/2020; (3) NICN/LA/500/2020

b There is a Judgement debt of N500m on security holding trust account in respect of Royal Exchange PLC vs DECANON NIG LTD & FCMB IN SUIT NO FHC/L/CS/5479/08

18 Depositors' funds

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Royal Exchange investment notes (see note 25(a) below)	-	225,245	-	-
High yield investment papers (see note 25(b) below)	-	969,057	-	-
Savings	-	-	-	-
Demand deposit	-	-	-	-
Term deposit and call deposits	-	7,581	-	-
Interest Payable	-	24,545		
	-	1,226,428	-	-

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

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

19 Taxation

(a) Charge for the year

Recognised in profit or loss ***In thousands of Naira***	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Income tax	(1,267)	(6,062)	-	-
(Over)/under provision in prior years	-	-	-	-
Police Trust Fund Levy	-	-	-	-
Education tax	-	-	-	-
Technology tax	-	-	-	-
	(1,267)	(6,062)	-	-
WHT expense	-	-	-	-
Deferred tax charge/(credit)	-	-	-	-
Income taxes	(1,267)	(6,062)	-	-
Minimum tax	(2,963)	-	(2,963)	-

(b) Current income tax liabilities

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	232,595	232,560	232,595	232,836
Prior year adjustment	-	-	-	-
Charge for the year	4,831	3,955	-	-
Payment during the year	-	-	-	(241)
Withholding Tax Credit Note Utilized	-	-	-	-
Minimum Tax	2,963	-	2,963	-
Education tax	-	-	-	-
Capital Gains Tax	-	-	-	-
At 31 December 2023	**240,389**	**236,517**	**235,558**	**232,595**

20 Borrowings

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	544,777	2,523,850	544,777	2,523,850
Additions	1,290,266	1,836,376	205,271	609,949
Repayments	-	(2,589,022)	-	(2,589,022)
Reclassification	-	-	-	-
At 31 December 2023	**1,835,043**	**1,771,204**	**750,048**	**544,777**

Note:

(i) There was no repayment of borrowings during the period under review due to liquidity issue

(a)

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Borrowings from Funds under management (see note 18(i) below)	(750,048)	(544,777)	(750,048)	(544,777)
Royal Exchange Finance Company Limited	(168)	(168)	(15,229)	(13,699)
Overdraft with banks	-	-	-	-
	(750,216)	**(544,945)**	**(765,277)**	**(558,477)**
Current	-	-	-	-
Non-current	(750,216)	(544,945)	(765,277)	(558,477)
	(750,216)	**(544,945)**	**(765,277)**	**(558,477)**

(i) 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 2023

(b) Lease liabilities

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	-	-	12,867	12,867
Additions	-	-	-	-
Repayments	-	-	-	-
At 31 December 2023	**-**	**-**	**12,867**	**12,867**

21 Share capital and premium

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Share capital comprises				
Authorized share capital				
10,000,000,000 ordinary share of 50k each	5,000,000	5,000,000	5,000,000	5,000,000
Issued share capital	2,572,685	2,572,685	2,572,685	2,572,685

22 Share premium

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 31 December 2023	2,690,936	2,690,936	2,690,936	2,690,936

23 Contingency reserve

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Beginning of the year	484,801	452,005	-	-
Transfer from profit or loss account	114,735	32,796	-	-
Adjustment to derecognise NCI in REGIC	-	-	-	-
NCI adjustment	-	-	-	-
As at year end	599,536	484,801	-	-

24 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.

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At the beginning of the year	(3,786,120)	(3,323,541)	(3,124,903)	(3,314,642)
Restatement in quoted equities				
Prior year adjustment	1,894,703	-	1,894,703	-
Prior year adjustment - IFRS 9 adjustment	-	-		
Transfer from profit and loss	(206,217)	(288,472)	(178,771)	189,739
Transfer to contingency reserve	-	-	-	-
Transfer to regulatory reserve	-	-	-	-
Deferred tax effects	-	-	-	-
WithHolding on Dividend paid	-	-	-	-
Reclassification adjustment	-	-	-	-
Share of post-acquisition retained earnings in REHL	-	-		
	-	-		
At the end of the year	**(2,026,044)**	**(3,612,013)**	**(1,408,971)**	**(3,124,903)**
25 Other Component of Equity	(45,524)	453,173	(45,524)	(45,524)

(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.

The policy on Employee Benefit Obligation has been abolished in 2022. Hence, there was no movement in the year under

(b) Fair value reserves

Fair value reserves represent unrealized gains/losses resulted from the valuation of available-for-sale and held for trading financial assets based on current market prices at the reporting date.

(c) Regulatory risk reserve

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

26 Net Interest Income

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Gross Interest Income:				
Interest income on placement with local banks	64,878	(57,324)	3,900	3,892
Interest income on placement with others	12,681	-	-	-
Interest income on treasury bills	-	-	-	-
Interest income on bonds	-	4,072	-	-
Interest income on loans and receivables	150,146	(201,538)	-	-
Interest income on advances under finance lease	21,536	(8,543)	-	-
Total Interest Income	249,241	(263,333)	3,900	3,892
Interest expense:				
Interest expense on placement with local banks	-	-	-	-
Interest expense on lease obligation	-	-	-	-
Interest expense on borrowings	(258,747)	234,982	(80,140)	(53,425)
Total Interest Expense	(258,747)	234,982	(80,140)	(53,425)
Net interest income	**(9,506)**	**(28,351)**	**(76,239)**	**(49,533)**

Fees and Commission Income

Fees and Commission Income	**18,812**	**-**	**-**	**-**

27 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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Equity securities:				
Dividend from Investment securities	-	67,015	-	
Dividend from Investment in Associates	97,872		97,872	3,668
Dividend from Investment in subsidiaires	-		-	
Income on disposal of equities (FVTPL & FVTOCI)	-		-	
Loss on disposal of Investment in Subsidiary	-		-	
Income on disposal of Investment in Associates	-			
Sundry income	-		-	
Investment management income	-		-	-
Cash and cash equivalents	-		-	-
Income on annuity	-		-	-
Finance income	-		-	-
	97,872	**67,015**	**97,872**	**3,668**

Note:

The investment and other income represents the share of dividend income received from Royal Exchange General Insurance for 2022 year of assessment, but received during the year under review

28 Net fair value gain on financial assets

In thousands of Naira	Group 31-Dec-23 Changes in fair value	Group 31-Dec-22 Changes in fair value	Company 31-Dec-23 Changes in fair value	Company 31-Dec-22 Changes in fair value
Equity securities:				
*At fair value through profit/loss	39,877	-	15,071	-
Investment properties	-	-	-	-
	39,877	-	15,071	-

29 Charge/(write-back) of impairment allowance

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Impairment allowance on premium receivables	-	-	-	-
Impairment allowance on reinsurance receivables	-	-	-	-
Impairment allowance on loans and advance	-	-	-	-
Allowance on advance under lease	-	-	-	-
Write back of impairment on other receivables	(17,047)	(90,877)	-	(117,708)
	(17,047)	**(90,877)**	**-**	**(117,708)**

Note

The impairment allowance represents an impairment on other assets - Commercial Paper investment and provision for contingent litigations and claims

(a) **Impairment Schedule**

Impairment on other assets BS - Commercial Paper Investment Note	(61)	-	(61)	-
Provision for Contingent Litigations/claims- See 27 (i) & (ii)	612,544	-	612,544	117,708
Impairment on other receivables - REFCO	17,047	90,877	-	-
	629,530	**90,877**	**612,483**	**117,708**

The company has some pending litigations at the appeal court which have not crystalised into liabilities but they are worthy of disclosure for the year under review

(i) There are Judgement Debts of about N112m from 3 Ex-Staff cases in Court as of 31st December 2023, which the company appealed pending result of Appeal Court judgement with Suit Nos: (1) NICN/LA/12/2019; (2) NICN/LA/499/2020; (3) NICN/LA/500/2020

(ii) There is a Judgement debt of N500m on security holding trust account in respect of Royal Exchange PLC vs DECANON NIG LTD & FCMB IN SUIT NO FHC/L/CS/5479/08

30 Other operating income

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Rental income	-	-	-	-
Profit on disposal of property & equipment	-	-	-	-
(Loss)/profit on disposal of Investment in equities/securities	-	-	-	-
Management fee income from subsidiaries	-	-	-	-
Trustee fee income	1,034	196	1,034	196
Other income	44,812	-	10	-
Insurace Brokerage Commission	-	-	-	-
Fees for services rendered	-	-	-	-
	45,846	**196**	**1,044**	**196**

a Other Operating Income represent the Net Proceeds from the sale of Royal Exchange PLC's First Bank shares of 1,445,107units in September 2023 and income from the management of Trustees asset with ARM Asset Management Limited.

b The breakdown of other income majorly from our subsidiary company - Royal Exchange Finance Company Limited are stated below:

Breakdown of Other Income		
Dividend Income	6,915	-
Insurance Agency Commission	1,259	-
Income on Treasury Bills	141	-
Sundry Income	36,497	10
	44,812	

31 Foreign exchange gains/(losses)

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Gains/(Loss) on translation of foreign currency transactions	-	-	-	-

There are no foreign exchange transactions during the year under review that could result to gains or losses

32 Administrative expenses

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Salaries and allowances of other employees	146,587	98,410	53,561	-
Post employment defined benefit expenses	18,271	-	14,292	-
Audit fees expenses	8,526	11,941	5,026	8,500
Audit fees Payable	10,000	-	10,000	-
Amortization and impairment charges	-	1,618	-	-
Depreciation on property and equipment	6,127	6,501	839	-
Depreciation on Right of use (Motor Vehicle)	941	-	941	-
Promotional and advert expenes	1,161	816	679	-
Rent and rates	2,791	3,379	-	-
Directors' fees	9,845	-	9,845	-
Directors' Sitting allowances	21,004	-	21,004	-
Directors' Other allowances	5,209	-	-	-
Bank charges	522	303	237	-
Legal fee	12,746	737	10,122	-
Provision for contingent Liabilities on Legal cases	612,544	-	612,544	-
Insurance premium	742	698	-	-
Sec Fee	2,224	-	2,224	-
Finance cost	-	-	-	-
Entertainment	1,942	1,000	-	1,000
Power charges	6,538	7,621	-	-
Internet Access	3,819	-	-	-
Stationeries	698	1,419	-	-
Printing external	1,119	-	101	-
Repairs and maintenance	6,738	10,274	90	-
Transport expenses	8,752	4,394	74	-
Software expenses	3,378	2,635	-	-
Subscription and journals	38	2,374	38	-
Marketing expenses	-	1,124	126	-
Fine paid (contravention)	14,585	-	14,585	-
Other administrative expenses	62,541	242,701	48,774	230,076
At 31 December	**969,388**	**397,945**	**805,101**	**239,576**

Other administration expenses represents 2023 AGM expenses, Rights Issue expenses, and other expenses incurred for the day to day running of the company during the year 2023. All administrative expenses were expensed during the financial year 2023.

33 **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-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Non-executive directors:				
Directors' fees	9,845	1,020	9,845	1,020
	-	-	-	-
Other allowances	21,004	18,424	21,004	18,424
	30,849	**19,444**	**30,849**	**19,444**
Executive Directors:				
Executive Compensation	-	-	-	-
Post employment benefits	-	-	-	-
	-	-	-	-
Chairman	1,868	1,868	1,868	1,868
Other directors	28,981	17,576	28,981	17,576
	30,849	**19,444**	**30,849**	**19,444**
The highest paid director	**14,280**	**14,280**	**14,280**	**14,280**

(i) **There was no emoluments waived by the Directors in the year under review.**

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

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
400,000 - 1000,000	3	-	1	-
1,000,001 - 2,000,000	-	-	-	-
2,000,001 - 5,000,000	13	4	0	4
Above 5,000,000	6	1	4	1

(b) **Staff**

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

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Managerial	3	6	1	1
Senior staff	11	88	3	9
Junior staff	8	14	1	-
	22	108	5	10

(i) Staff costs

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Salaries , wages and allowances	146,587	68,598	53,561	20,274
Pension cost	4,367	29,812	2,554	5,700
	150,954	98,410	56,115	25,974

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
(ii) Pension scheme				
At January	-		-	-
Provision in the year	4,367	29,490	**2,554**	5,700
Remittance to pension fund administrators	(4,367)	(27,395)	(2,554)	(5,700)
At December 31	-	2,096	-	-

(iii) Employees remunerated at higher rates

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

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Below 400,000	-	-	-	-
400,001 - 500,000	-	-	-	-
500,001 - 600,000	3	1	1	-
600,001 - 700,000	-	-	-	-
700,001 - 800,000	-	1	-	1
800,001 - 900,000	-	2	-	-
900,001 - 1,000,000	-	21	-	-
1,000,001 - 2,000,000	3	22	-	-
2,000,001 - 3,000,000	5	27	-	1
3,000,001 - 4,000,000	5	23	-	4
4,000,001 - 5,000,000		4	-	2
5,000,001 - 6,000,000		2	2	-
6,000,001 - 7,000,000	-	1	-	1
7,000,001 - 8,000,000	2	1	1	-
8,000,001 - 9,000,000	1	-	-	-
9,000,001 - 10,000,000	-	-	-	-
10,000,001 - 12,000,000	-	1	-	-
12,000,001 - 20,000,000	2	1	-	-
20,000,001 - 30,000,000	-	-	-	-
Above 30,000,000	1	1	1	1
	22	108	5	10

34 Earnings per share

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Basic and diluted earnings per share(kobo)	(4)	(6)	(3.5)	3.7

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Profit/(Loss) for the year attributable to owners of the company	(206,218)	(289,205)	(178,770)	189,740

Unit in thousands	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
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

34(i) 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.

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Cash (see note 5)	18,972	800	4	36
Bank balances (see note 5)	15,051	51,321	15,051	45,382
Short-term deposits (see note 5)	436,749	556,452	0	82,472
	470,772	**608,573**	**15,055**	**127,890**

35 Reconciliation notes to consolidated and separate statement of cashflows

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Changes in employee retirement benefit asset	-	-	-	-
Changes in employee retirement benefit liability	3,541	(8,395)	-	-
Net changes	3,541	(8,395)	-	-
Contibutions to plan asset	-	-	-	-
Cash payment to employees	-	-	-	-
Net actuarial gains recognised in OCI	-	-	-	-
Total changes recognised in statement of cashflows	3,541	(8,395)	-	-

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Net changes in other receivable and prepayments	(14,881)	63,347	(43,363)	16,999
Dividend received	-	-	-	-
Dividend income	32,832	-	-	-
Available for sale property reclassified	-	-	-	-
Write-backs recognised in profit or loss	-	-		
Impairments recognised in profit or loss	-	4,507	-	-
Total changes recognised in statement of cash flows	**17,951**	**67,854**	**(43,363)**	**16,999**

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Net changes in trade receivable	-	19,014	-	-
Impairment allowance on reinsurance receivables (see note 10(b)(i))	-	-	-	-
Write back of impairment on premium receivables(see note 10(a)(i)	-	-	-	-
Total changes recognised in statement of cash flows	**-**	**19,014**	**-**	**-**

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Net changes in reinsurance asset	-	234,017	-	-
Write-backs recognised in profit or loss	-	-	-	-
Total changes recognised in statement of cash flows	-	234,017	-	-

(v) Changes in financial assets

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 31 December	(19,165)	861,202	(5,641)	(59)
Impairment recognised in profit or loss	-	-	-	-
Foreign exchange gain recognised in OCI	-	-	-	-
Foreign exchange gain recognised in profit or loss	-	-	-	-
Fair value changes recognised in profit or loss	(39,877)	1,037	-	-
Redemptions/disposals		5,263,531	-	-
Interest received	-	-	-	-
Purchases	-	-		
At 31 December	**(39,877)**	**5,264,569**	**-**	**-**

(vi) Changes in provision for outstanding claims:

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Changes in outstanding claims on group-life insurance	0	0	-	-
Changes in outstanding claims on individual-life insurance	-	-	-	-
Changes in outstanding claims on non-life general insurance (including IBNR)	-	-	-	-
Cash paid for claims settled in the year			-	-
– Arising from current-year claims	-	-	-	-
– Arising from prior year claims	-	-	-	-
Increase/(decrease) in insurance contract liabilities on life insurance	-	-	-	-
Repayment of annuity	-	-	-	-
Total changes recognised in statement of cash flows	**-**	**-**	**-**	**-**

(vii) Changes in unearned premium:

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Changes in unexpired risk on non-life general insurance	-	-	-	-
Changes in provisions for unearned premiums and unexpired short term insurance risks	-	-	-	-
– Increase in period	-	-	-	-
– Release in the period	-	-	-	-
Changes in unearned premium on life insurance contract liability	-	-	-	-
Total changes recognised in statement of cash flows	**-**	**-**	**-**	**-**

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

(viii) Changes in loans and advances to customers

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Net changes in loans and advances to customers	(355,927)	(60,963)	-	-
Interest income	-	-	-	-
Interest income received	-	-	-	-
Impairment allowance recognised in profit or loss	-	-	-	-
Total changes recognised in statement of cash flows	(355,927)	(60,963)	-	-

(ix) Changes in advances under finance lease

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Net changes in advances under finance lease	16,921	35,826	-	-
Write back of impairment allowance	-	-	-	-
Total changes recognised in statement of cash flows	**16,921**	**35,826**	-	-

(x) Changes in depositors fund

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Net changes in depositors fund	(1,226,428)	(1,366,634)	-	-
Total changes recognised in statement of cash flows	**52,180**	**(1,366,634)**	-	-

(xi) Proceed from sale of property and equipment

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Cost of property and equipment	-	-	-	-
Accumulated depreciation	-	-	-	-
Profit on disposal	-	-	-	-
Proceed from sale of property and equipment	-	-	-	-

36 Capital management

The group manages its capital to ensure that it will be able to continue as a going concern and comply with the regulators' capital and solvency requirements for every of its subsidiaries whose capital is regulated, while maximizing return to stakeholders through the optimisation of the equity balance

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

The regulatory capital of the subsidiary in asset management has been maintained and preserved over the reporting periods. The regulatory capital for finance house business in Nigeria, in which the entity's subsidiary operates is N20 million.

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22
Shareholders' fund as per financial position	3,791,597	2,831,907
Less: Intangible assets	(1)	(1)
Capital resources on a regulatory basis	**3,791,596**	**2,831,905**
Shareholders' funds upon approval for deposit for shares	**3,791,596**	**2,831,905**

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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

37 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
- Asset/Liability management;
- Periodic Internal Audit

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.

38 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.

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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-23

In thousands of Naira		Leve l	Level 2	Level 3	Total
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	49,985	-	-	49,985
		49,985	-	-	49,985
Fair value through Other Comprehensive Income:-					
Federal government bonds	8(b)	-			-
Treasury bills	8(b)	-			-
Unlisted equities	8(b)		-		-
Bonds: Annuity fund	8(b)	-			-
Specific impairment allowance	8(b)	-			-
		-	-	-	-

Group
31-Dec-22

In thousands of Naira		Leve l	Level 2	Level 3	Total
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	30,820	-	-	30,820
		30,820	**-**	**-**	**30,820**
Fair value through Other Comprehensive Income:-					
Federal government bonds	8(b)	-			-
Treasury bills	8(b)	-			-
Unlisted equities	8(b)		-		-
Bonds: Annuity fund	8(b)	-			-
Specific impairment allowance	8(b)	-			-
		-	-	-	-
Total financial assets measured at fair value		30,820	-	-	30,820

Company
31-Dec-23

Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	11,800	-	-	11,800
		11,800	**-**	**-**	**11,800**
Total financial assets measured at fair value		**11,800**	**-**	**-**	**11,800**

Company
31-Dec-22

Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	8(a)	17,440	-	-	17,440
		17,440	**-**	**-**	**17,440**
Total financial assets measured at fair value		**17,440**	**-**	**-**	**17,440**

38(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

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and current balances with banks.

The carrying amounts of current balances with banks is a reasonable approximation of fair value which is the amount receivable on demand.

Amortized Cost

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

Trade receivables and other receivables

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

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

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

38(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

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

Group 31-Dec-23 *In thousands of Naira*	Pounds sterling	Euro	US Dollars	Total
Assets (cash & cash equivalent)	-	-	-	-
Quoted equities	-	-	-	-
Loans and receivables	-	-	-	-
Liabilities	-	-	-	-
	-	-	-	-

31-Dec-22 *In thousands of Naira*	Pounds sterling	Euro	US Dollars	Total
Assets (cash & cash equivalent)	-	-	-	-
Quoted equities	-	-	-	-
Loans and receivables	-	-	-	-
Liabilities	-	-	-	-
	-	-	-	-

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in foreign currency rates against the Naira. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

31-Dec-23 *In thousands of Naira*	Pounds sterling	Euro	US Dollars	Total
10% increase	-	-	-	-
10% decrease	-	-	-	-
Impact of increase on:				
Pre-tax profit	-	-	-	(201,988)
Shareholders' equity	-	-	-	3,791,589
Impact of decrease on:				
Pre-tax profit	-	-	-	(201,988)
Shareholders' equity	-	-	-	3,791,589

The tax impact of foreign exchange results is generally 30% of the result. This is not included in the impact on shareholders equity as the final impact will depend on the tax status of the Company when it realises the impact of the foreign exchange results for tax.

31-Dec-22 *In thousands of Naira*	Pounds sterling	Euro	US Dollars	Total
10% increase				-
10% decrease				-
Impact of increase on:				-
Pre-tax profit	-	-	-	-
Shareholders' equity	-	-	-	-
Impact of decrease on:				-
Pre-tax profit	-	-	-	-
Shareholders' equity	-	-	-	-

38(e) 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-23**	**31-Dec-22**
Fixed Interest rate instructions			
Cash and cash equivalents	5	436,749	473,980
Loans and advances	6	1,051,873	1,140,139
Advances under finance lease	7	51,510	68,752
		1,540,132	**1,682,871**
Finance lease obligations	20	-	-
Borrowings	20	(2,413,039)	(1,771,204)
Depositors Fund	18	-	(1,226,428)
Bank overdrafts	5	-	-
		(872,907)	**(1,314,761)**

In addition to the financial instruments listed above, the Group has borrowings amounting to ₦2.4billion (2022:₦1.7billion) and depositors funds amounting to ₦1.2m (2022: ₦1.2m).

Company Financial instruments *In thousands of Naira*	31-Dec-23	31-Dec-22
Fixed Interest rate instructions		
Cash and cash equivalents	0	82,533
	0	82,533
Finance lease obligations	(12,867)	(16,833)
Borrowings	(2,523,850)	(544,777)
Bank overdrafts		
	(2,536,717)	**(479,078)**

In addition to the financial instruments listed above, the Company has borrowings amounting to N2.5billion (2022: N479m).

38 (f) *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.

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Increase in interest rate by 50 basis points (+0.5%)	(4,365)	(3,651)	0	0
Decrease in interest rate by 50 basis point (-0.5%)	4,365	3,651	(0)	(0)
Equity and profit after adjustments				
Pre-tax profit	(206,353)	1,166,711	(175,807)	(1,137,539)
Shareholders' equity	3,787,224	2,828,256	3,809,127	3,003,515
Equity and profit after adjustments				
Pre-tax profit	(197,624)	1,174,012	(175,807)	(1,137,539)
Shareholders' equity	3,795,954	2,835,558	3,809,127	3,003,515

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-23 ₦'000	Group 31-Dec-22 ₦'000	Company 31-Dec-23 ₦'000	Company 31-Dec-22 ₦'000
Equity Securities; - quoted (fair value through profit or loss)	8(a)	49,985	30,820	11,800	17,440
	8(b)	-	-	-	-
		49,985	**30,820**	**11,800**	**17,440**

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-23 ₦'000	Group 31-Dec-22 ₦'000	Company 31-Dec-23 ₦'000	Company 31-Dec-22 ₦'000
10% increase	4,999	3,082	1,180	1,744
10% decrease	(4,999)	(3,082)	(1,180)	(1,744)
Equity and profit after adjustments				
Pre-tax (Loss)/Profit	(143,335)	(141,609)	(174,627)	(381,882)
Shareholders' equity	3,796,588	2,107,863	3,810,307	2,094,937
Equity and profit after adjustments				
Pre-tax (Loss)/Profit	(153,332)	(147,773)	(176,987)	(385,370)
Shareholders' equity	3,786,591	2,101,699	3,807,947	2,091,449

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

38 (g) *Credit risk*

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The key areas of exposure to credit risk for the Group are in relation to its investment portfolio, reinsurance program and receivables from reinsurers and other intermediaries.

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letters of credit, endorsements and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets.

The Group has adopted a policy of dealing with only creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with only entities that have an investment grade rating and above.

This information is supplied by independent rating agencies, where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties. Concentration of credit, otherwise known as single obligor credit, did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and other near cash financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.
The Group is exposed to credit risk via

- Debt securities
- Cash and cash equivalents
- Trade receivables
- Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 36(c)(ii)(b) for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 36(c)(ii)(b)(v) for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 36(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 36(c)(ii)(d) includes an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(initial recognition)	(Significant increase in credit risk since 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 Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

i **Quantitative criteria:**
Where the days past due is greater than 30 days past due, the instrument is classified as stage 2.

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

Credit risk grades

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

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

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

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

ii Qualitative criteria:

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

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a counterparty level for financial instruments held by the Company.The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

iii Backsop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

iv Definition of default

The Group considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or

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.

GROUP INFORMATION AND STATEMENT OF ACCOUNTING POLICIES (Cont'd)

* 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 36(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 36(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

38 (i) Analysis of financial assets based on credit risk grades

The majority of debt securities are investment grade and the Group has very limited exposure to sub-standard credits.

Reinsurance assets are reinsurers' share of outstanding claims and reinsurance receivables. They are allocated below on the basis of ratings for claims paying ability.

Loans and receivables from policyholders, agents and intermediaries generally do not have a credit rating. The following table shows aggregated credit risk exposure for assets with external credit ratings:-

Group

In thousands of Naira		AAA	AA	A+	A	BBB	B	Not Rated	Carrying Amount
Fair value through profit or loss carried at fair value (FVTPL)									
-FGN bonds								-	-
- Treasury bills (> 90 days)								-	-
									-
Loans and receivables:									
- Staff personal loans								-	-
- Staff mortgage loans								-	-
- Policy holders loan								-	-
- Placement								-	-
- Loans and advances to customers	6							1,051,873	1,051,873
-Advance under finance lease	7							51,510	51,510
									1,103,383
Cash and cash equivalents:									-
Bank balances	5				15,051			436,749	451,800
									451,800
Trade/insurance receivables						-			-
									1,555,183

In thousands of Naira		AAA	AA	A+	A	BBB	B	Not Rated	Carrying Amount
Fair value through profit or loss carried at fair value (FVTPL)									
-FGN bonds		-	-	-	-	-	-	-	-
- Treasury bills (> 90 days)		-	-	-	-	-	-	-	-
									-
Loans and receivables:									
- Loans and advances to customers	6	-	-	-	-	-	-	1,267,305	1,267,305
-Advance under finance lease	7	-	-	-	-	-	-	66,579	66,579
									1,333,884
Cash and cash equivalents:									
Bank balances	5	-	-	-	15,051	-	-	436,749	451,800
Short term deposit	5	-	-	-	-	-	-	-	-
									451,800
Trade/insurance receivables		-	-	-	-	-	-	-	-
									1,785,684

NOTE:

A credit rating is not an assurance of repayment of obligations under the rated instrument. Rather, it is an opinion on the relative degree of risk associated with such repayment.

AAA	The S&P and Fitch AAA ratings are the highest assigned to any debt issuer. An AAA rating is the equivalent of the Aaa rating issued by Moody's. AAA ratings are issued to investment-grade debt that has a high level of creditworthiness with the strongest capacity to repay investors.
AA	'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A+	A+ and A1 fall in the middle of the investment-grade category, indicating some but low credit risk. Credit ratings are used by investors to gauge the creditworthiness of issuers, with better credit ratings corresponding to lower interest rates.
A	A credit rating measures the ability of a business or government to repay its financial obligations by looking at its history of borrowing and repaying loans. A credit score does the same, but measures individuals (and in some cases, small businesses).
BBB	'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity
B	'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
NOT RATED	Non-rated credits present additional uncertainty because of the difficulties in determining their comparability to rated credits. Non-rated credits are often comparable to below rating grade credits.

STATEMENT OF VALUE ADDED

Statement of Value Added
At 31 December 2023

In thousands of Naira	Group 2023	%	Group 2022	%	Company 2023	%	Company 2022	%
	₦'000		₦'000		₦'000		₦'000	
Net premium income	-		-			-	-	
Investment and other income	80,825		(1,524)		97,872		(61)	
Interest income	268,053		69,545		3,900		59	
Net fair value gain or loss on financial assets	39,877		310		15,071		(1,157)	
Other operating income	45,846				1,044		561	
Bought in goods and services	(473,123)		(105,286)		(10,773)		66,630	
Value Added	**38,522**	**100**	**36,955**	**100**	**107,115**	**100**	**66,032**	**100**
Applied as follows:								
In payment of employees:								
-Salaries, wages and other benefits	164,858	(428)	29,248	341	67,853	63	4,506	27
In payment to government:								
-Taxation	(4,230)	11	805	52	2,963	1	(805)	1
For future replacement of assets and expansion of business:								
Deffered Tax	-		-	94				
Depreciation	7,068	(18)	3,023	82	839	1	203	6
Contingency reserve	-		-	174		-	-	
General reserve	(206,218)	535	(70,030)	(643)	(178,770)	(167)	(69,935)	(134)
	38,522	**100**	**36,955**	**100**	**107,115**	**102**	**66,032**	**100**

FIVE YEARS FINANCIAL SUMMARY

Financial Summary

For the Period Ended 31 December

GROUP In thousands of Naira	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19
Assets					
Cash and cash equivalents	470,711	608,573	2,896,828	12,807,056	13,834,940
Loans and advances to customers	1,051,873	1,140,139	1,079,176	1,044,098	906,558
Advances under finance lease	51,510	68,431	104,578	88,201	217,571
Financial assets	49,985	30,820	892,022	6,111,276	3,644,585
Trade receivables	-	-	19,014	136,091	118,393
Reinsurance assets	-	-	234,017	2,195,157	2,887,473
Deferred acquisition cost	-	-	54,636	281,416	209,395
Other receivables and prepayments	178,223	163,342	228,978	471,549	564,586
Investment in associates	5,728,913	5,080,554	3,710,291	226,343	227,220
Investment properties	-	-	1,821,018	5,635,991	6,040,461
Property and equipment	14,531	17,440	142,522	1,381,742	1,437,131
Right of Use Asset	-	942	597	10,089	15,764
Intangible assets	1	-	53,798	5,133	9,830
Employees retirement benefit asset (Net)	-	-	-	257,168	295,649
Statutory deposits	-	-	215,000	555,000	555,000
Deferred tax assets	-	-	201,592	193,968	168,810
Assets classified as held for sale	-	-	1,016,069	973,639	973,639
Trustee Assets	485,695	478,908	-	-	-
Deposit for shares	39,000	39,000	27,000	-	-
	8,070,442	**7,628,149**	**12,697,139**	**32,373,917**	**32,107,005**
Liabilities					
Bank borrowing	1,835,043	544,777	2,413,039	2,184,877	2,276,717
Deferred income	-	-	-	138,244	109,332
Trade payables	-	-	387,752	7,909,847	6,157,185
Other liabilities	1,689,970	3,037,411	1,088,216	1,864,278	1,735,444
Depositors' funds	-	1,226,428	1,366,634	1,364,220	1,784,150
Insurance contract liabilities	-	-	5,793,044	9,798,691	10,969,033
Investment contract liabilities	-	-	281,448	276,979	265,521
Finance Lease Obligation	168	168	-	-	-
Trustee Liabilities	506,783	478,908	-	-	-
Current income tax liabilities	240,389	234,702	240,393	650,203	588,690
Employees retirement benefit liability	4,515	974	9,369	41,335	39,252
Deferred tax liabilities	-	-	85,825	610,101	565,092
Deposit for Shares	1,985	-	-	-	-
Total liabilities	**4,278,853**	**5,523,368**	**11,665,720**	**24,838,776**	**24,490,416**
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	599,536	-	312,656	2,291,372	1,899,998
Treasury shares	-	-	-	(500,000)	(500,000)
Retained earnings	(2,026,044)	(3,612,013)	(5,000,716)	(4,051,382)	(3,240,315)
Other component of equity	(45,524)	453,173	276,575	658,821	560,112
Capital and reserves attributable to owners	**3,791,593**	**2,104,781**	**852,136**	**3,662,432**	**3,983,416**
Non-controlling interests	**-**	**-**	**179,283**	**3,872,709**	**3,633,174**
	3,791,593	**2,104,781**	**1,031,419**	**7,535,141**	**7,616,590**
Total equity and liabilities	**8,070,442**	**7,628,149**	**12,697,139**	**32,373,917**	**32,107,005**

FIVE YEARS FINANCIAL SUMMARY (cont'd)

Statement of Profit or Loss and Other Comprehensive Income

In thousands of Naira	31 Dec 23	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19
Gross premium	-	-	2,855,818	15,292,757	14,207,878
Net income	767,400	249,612	(543,854)	2,400,452	1,342,287
(Loss)/Profit before taxation	(201,988)	(148,333)	(1,421,842)	130,040	(1,013,011)
Income tax expense	(4,230)	(2,141)	27	(207,156)	(299,805)
(loss)/Profit after taxation	(206,218)	(150,474)	(1,421,815)	(77,116)	(1,312,816)
loss/Earnings per share (kobo)	(4)	(6)	(8)	(8)	(26)

PROXY FORM

The 55^{th} **Annual General Meeting of Royal Exchange Plc** will be held virtually **on Thursday, November 14, 2024**, 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 behalf at the **55^{th} Annual General Meeting** of the Company to be held on **Thursday, November 14, 2024** and at every adjournment thereof.

Dated this --------------- day of ------------------ 2024

Signature --

Nos.	RESOLUTIONS	FOR	AGAINST
1.	**ORDINARY BUSINESS** To lay before the meeting the Consolidated Financial Statements of the Group for the year ended December 31, 2023, together with the Reports of the Directors, the Audit Committee, and the Auditors thereon		
2.	To re-elect the following Non-Executive Directors, who being eligible now offer themselves for re-election: a) Mr. Kenneth Ezenwa Odogwu b) Chief Anthony Idigbe (SAN)		
3.	To appoint Independent Auditors.		
4.	To authorize the Directors to fix the remuneration of the Auditors		
5.	To disclose the remuneration of the Managers		
6.	To elect members of Statutory Audit Committee		

NOTES:

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

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

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

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

PROXY FORM (Cont'd)

Please Affix
Postage Stamp Here

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

PLEASE TEAR OFF THIS PART AND RETAIN IT

AUTHORITY TO ADMIT

Please admit .... **at the 55th Annual General Meeting of Royal Exchange Plc to be Held Virtually** on Thursday, November 14, 2024, at 10.00 AM in the forenoon.

NOTES:

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

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

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

Signature of the person attending

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

CAUTION: TO BE VALID THIS FORM MUST BE STAMPED ACCORDINGLY

MANDATE FOR E-DIVIDEND PAYMENT

Affix
Current
Passport
(To be stamped by Bankers)

Write your name at the back of your passport photograph

CARDINALSTONE REGISTRARS

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

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

The Registrar,
Cardinal Stone Registrars, Limited
335/337Herbert Macualay 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

ROYAL EXCHANGE
RC NO.6752

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