



Royal Exchange Plc
(RC:6752)

Consolidated and Separate Financial Statements
For the year ended 31st December 2025
Together with Directors' & Independent Auditor's Report

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Corporate Information

Company Registration Number	RC 6752
Tax Identification Number	00067990-0001
Legal Entity	Royal Exchange Plc
Country of Incorporation	Nigeria
Company FRCN Number	FRC/2013/00000000559
Directors	<p>Mr. Odogwu Kenneth Ezenwani (Former Chairman, Resigned 22nd January 2026)</p> <p>Mr. Ikeme Osakwe (Chairman, Appointed as a Director 9th October 2025, Appointed as Chairman on 22nd January 2026)</p> <p>Mr. Hewett Benson (Chief Executive Officer, Resigned 15th August 2025)</p> <p>Mrs. Idu Okeahialam (Chief Executive Officer, Appointed 31st July 2025)</p> <p>Alhaji Rufai Ahmed (Non-Executive Director, Resigned 31st July 2025)</p> <p>Mr. Adeyinka Ojora (Non-Executive Director, Resigned 10th October 2025)</p> <p>Chief Anthony Ikemefuna Idigbe (SAN) (Non-Executive Director)</p> <p>Senator Sanusi M. Daggash (Non-Executive Director, Appointed 9th October 2025)</p> <p>Mr. Ezekiel Onilude (Non-Executive Director, Appointed 9th October 2025)</p> <p>Ms. Pamela Yough (Non-Executive Director, Appointed 9th October 2025)</p> <p>Mr. Afolabi Caxton-Martins (Non-Executive Director, Appointed 9th October 2025)</p>
Group Company Secretary	<p>OOT Nominees Limited</p> <p>Plot 45 Oyibo Adjarho Street</p> <p>Off Ayinde Akinmade Street</p> <p>Off Admiralty Way, Lekki Phase 1</p> <p>Lagos</p>
Registered Office	<p>3B Sir Samuel Manuwa Street</p> <p>Victoria Island</p> <p>Lagos</p>
Tax Consultant	<p>Eni Professional Services</p> <p>5 Ilupeju By-Pass, Ilupeju</p> <p>Lagos</p>
Independent Auditor	<p>Kreston Pedabo Audit Services</p> <p>FRC/2022/COY/861283</p> <p>67 Norman Williams Street</p> <p>Ikoyi, Lagos</p> <p>Nigeria</p> <p>Signing Partner: Ajibade Taofeek Fashina</p> <p>www.krestonpedabo.com</p>
Bankers:	<p>Ecobank Plc</p> <p>FCMB Plc</p> <p>Fidelity Bank Plc</p> <p>FSDH Merchant Bank Limited</p> <p>Heritage Bank Limited</p> <p>Keystone Bank Limited</p> <p>Royal Exchange Microfinance Bank Limited</p> <p>Stanbic IBTC Bank Plc</p> <p>United Bank for Africa Plc</p> <p>Wema Bank Plc</p>
Registrars	<p>Cardinal Stone Registrars Limited,</p> <p>358, Herbert Macauley Street,</p> <p>Yaba, Lagos</p>

Share Dealing Policy Report

1 Purpose

To outline Royal Exchange Plc's ("RE") 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").

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").

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.

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

2 The policy

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

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

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).

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.

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 reference to fluctuations in the price of the shares of the Company;
- (c) the grant, acceptance, acquisition, disposal, exercise or discharge of any option to acquire or dispose of any of the shares of the Company;
- (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;

Share Dealing Policy Report

3 Definitions applicable to this policy (continued)

(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;

(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 employee insiders

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 Group Head of Legal before you Deal.

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.

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).

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

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).

Share Dealing Policy Report

5 Share dealing restrictions on all employee insiders (continued)

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.

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

An Employee Insider who wishes to Deal in any securities of RE must first notify the Director designated by the Board for this purpose and must not Deal without first receiving clearance from him. This is in addition to the requirement that Directors and other insiders must notify SEC not later than 48 hours of sale and purchase of their shares under the SEC Rules. Provided that such notification does not relieve the Employee Insider of the obligation to comply with the provisions of any law or rules relating to insider trading. 6.2 If the Chairman, Chief Executive Officer, Managing Director or the Director designated by the Board for the purposes of paragraph 6.1, wishes to Deal in any securities of RE he must first notify the Board and must not Deal without first receiving clearance from the Board in a Board meeting.

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.

RE 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.

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.

An Employee Insider must not be given clearance to Deal in any securities of RE 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 of a short term nature); or
- (c) at any time when the person responsible for the clearance otherwise has reason to believe that the proposed Dealing is in breach of this Code.

In exceptional circumstances, an Employee Insider who is not in possession of Inside Information in relation to RE 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

Employee Insiders (and any Connected Persons) are prohibited from Dealing in RE'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").

Employee Insiders will be given notice by the Group Head of Legal when RE is about to enter a Close Period.

Share Dealing Policy Report

8 Confidentiality obligations

As you know, every Applicable Person is under an obligation to RE to ensure they do not disclose confidential information concerning RE, 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 RE.

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 RE.

ROYAL EXCHANGE PLC
Shareholding Structure/Free Float Status

Description	31-Dec-25		31-Dec-24	
	Units	Percentage	Units	Percentage
Issued Share Capital	8,266,698,940	100%	8,266,698,940	100%
Details of Substantial Shareholdings (5% and above)				
[Name(s) of Shareholders]				
Spennymoor Limited	2,129,405,249	25.76%	2,129,405,249	25.76%
Nexamont Company Limited	1,770,499,535	21.42%	-	-
Kacio Global Links Limited	1,597,496,268	19.32%	2,097,496,268	25.37%
Far East Finance & Investment Limited.-Trading	453,067,252	5.48%	453,067,252	5.48%
Dantata Investment & Securities Co. Ltd	Shareholding less than 5%		968,186,495	11.71%
Total Substantial Shareholdings	5,950,468,304	71.98%	5,648,155,264	68.32%
Details of Directors Shareholdings (direct and indirect), excluding Directors' holding substantial interests				
[Name(s) of Directors]				
Mr. Kenny Ezenwani Odogwu (Indirect_ Representing Spennymoor Limited)	-	0.00%	-	0.00%
Chief Anthony Ikemefuna Idigbe (SAN) (Indirect_ Representing Punuka Investment Limited)	103,510,716	1.25%	103,510,716	1.25%
Mr. Adeyinka Ojora (Direct)	-	0.00%	7,374,739	0.09%
Mr. Adeyinka Ojora (Indirect_ Representing Phoenix Holdings Limited)	-	0.00%	340,965,679	4.12%
Mr. Hewett Benson	-	0.00%	-	-
Alhaji Ahmed Rufa'i Mohammed	-	0.00%	-	-
Mrs. Idu Okeahialam	-	0.00%	-	0.00%
Mr. Ikeme Osakwe	-	0.00%	-	0.00%
Mr. Ezekiel Ayangbemisola Onilude	-	0.00%	-	0.00%
Ms. Pamela Mimi Yough	-	0.00%	-	0.00%
Mr. Afolabi Caxton-Martins	-	0.00%	-	0.00%
Mr. Mohammed Sanusi Daggash	-	0.00%	-	0.00%
Total Directors' Shareholdings	103,510,716	1.25%	451,851,134	5.47%
Details of Other Influential shareholdings, if any (E.g. Government, Promoters)				
[Name(s) of Entities/ Government]				
Gombe State Government	4,454,404	0.05%	5,637,604	0.07%
Total of Other Influential Shareholdings	4,454,404	0.05%	5,637,604	0.07%
Free Float in Unit and Percentage	2,208,265,516	26.71%	2,161,054,938	26.14%
Free Float in Value	₦4,107,373,859.76		₦2,161,054,938.00	

Declaration:

(A) Royal Exchange Plc with a free float percentage of **26.71%** as at December 31, 2025, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) Royal Exchange Plc with a free float percentage of **26.14%** as at December 31, 2024, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

Note:

* Share Price as at December 31, 2025 ₦1.86
* Share Price as at December 31, 2024 ₦1.00

Results at a Glance

For the year ended 31 December 2025

	Group			Company		
	31-Dec-25 ₦'000	31-Dec-24 ₦'000	% Change	31-Dec-25 ₦'000	31-Dec-24 ₦'000	% Change
Earned income	1,660,808	1,575,142	5	1,410,152	1,375,403	3
Profit before taxation	867,454	1,029,038	16	1,054,379	1,063,203	1
Taxation	(16,027)	(23,135)	31	(13,568)	(21,378)	37
Profit for the year	851,427	1,005,903	(15)	1,040,811	1,041,825	-
Share capital	4,133,349	4,133,349	-	4,133,349	4,133,349	(0)
Shareholders' fund	7,107,373	6,255,946	14	7,452,425	6,411,615	16
Profit per share (Naira) - Basic	0.21	0.24	(15)	0.25	0.25	-
Stock exchange quotation (Naira)	1.86	1.00	86	1.86	1.00	86

Chairman's Statement

On behalf of the Board of Directors, I am delighted to present the Chairman's statement for the 2025 Annual Report of Royal Exchange Plc. This statement provides an overview of the operating environment for the year ended 31st December 2025, the Company's financial statements and a synopsis of our economic expectations for 2025.

Financial Highlights:

The Group delivered positive earnings performance in FY2025 with increased revenue attributable to investment income and share of profit in associate companies contributing to the Groups overall top line. The Group achieved increased revenue across its investee companies with an increase in net Income of 133% from N767m to N1.7bn for FY 2025 and 2024, respectively. Total expenses reduced by 24% from N969 million to N728 million in FY 2025. The Group recorded a profit Tax position of N1.04bn in FY 2025.

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 2025 performance demonstrates a successful turnaround strategy and strong fundamentals that position the Company for continued growth.

2025 Macroeconomic Review

In 2025, Nigeria's macroeconomic environment was shaped by persistent inflation (averaging over 28%) and currency depreciation, which affected consumer spending and investment flows. The Central Bank maintained a tight monetary policy stance, raising the MPR to 24.75%, impacting yields on fixed-income securities and portfolio rebalancing strategies. Exchange rate volatility continued to pose valuation and liquidity risks for naira-denominated investment assets. Real GDP growth remained modest, supported by service sector resilience, with capital markets seeing mixed investor sentiment.

Insurance firms faced rising claims costs and underwriting risks, while asset managers adjusted strategies to hedge against inflation and preserve capital.

Nigeria's economic outlook for 2025 remains cautiously optimistic, with inflation projected to ease slightly as monetary policies stabilize. The Central Bank is expected to gradually lower interest rates if inflation moderates, potentially improving investment appetite. Exchange rate stabilization and improved oil production may enhance foreign reserves and reduce currency pressure. Capital markets are likely to benefit from increased investor confidence, creating opportunities for asset managers to rebalance portfolios. For insurers, regulatory reforms and digital adoption are expected to enhance underwriting efficiency and expand market penetration.

According to the World Bank's Nigeria Development Update (NDU) report series, Nigeria's economy is expected to grow by 3.7% in 2025 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 2025, 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. Nigeria's public debt-to-GDP ratio is projected to be approximately 52.5%, according to the International Monetary Fund (IMF) and other financial analysts. This indicates a slight decrease from the 2024 figure of 53.8% reflecting efforts to stabilize the nation's fiscal position.

Chairman's Statement

Economic Expectations For 2026

Looking Ahead: Building on Transformation and Delivering Value

2024 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.

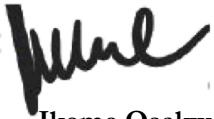
As we embark on the next phase of our journey, Royal Exchange remains focused on two key objectives: consolidating our asset management expertise through driving growth and profitability across our investee companies, and leveraging on our diversified portfolio which we have repositioned strategically,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



Ikeme Osakwe
Group Chairman
Royal Exchange Plc.
FRC/2017/ICAN/00000016455

Sustainability Report

Royal Exchange Plc's sustainability strategy establishes clear priorities by focusing on issues most material to our operations. These priorities are determined through a thorough assessment of the environmental, social and economic impacts of our activities, conducted in close collaboration with our external stakeholders.

Royal Exchange Plc remains firmly committed to conducting business responsibly and sustainably, ensuring the safety of people and the environment, while also safeguarding that our investments support public health and environmental protection.

Climate change and health

Royal Exchange Plc is committed to aligning its investment and portfolio-management practices with global net-zero objectives. Specifically, we aim to achieve net-zero Scope 1 and Scope 2 greenhouse gas (GHG) emissions across all operations where we have direct control or significant influence by 2040.

For areas where such control or influence is limited, such as our managed portfolio of publicly traded securities, we will continue to advance the objectives of the Paris Agreement, in a manner consistent with our fiduciary obligations and regulatory requirements. As part of our net-zero transition plan, we will establish net-zero business plans across all controlled or significantly influenced portfolio companies by the end of 2024.

Our Targets

- Achieve zero workplace injuries across all offices and fleet operations.
- Ensure that our investment portfolios do not support narcotics or any substances that pose public-health or safety risks.

Inclusion and diversity in our workforce:

Royal Exchange Plc is dedicated to fostering a more balanced, equitable, and inclusive culture across the organization. We do not support or tolerate gender stereotyping or any behaviours that undermine individual dignity or personal safety. Our commitment extends to recruiting, developing, and retaining a workforce that reflects diverse backgrounds, experiences, and perspectives.

Our Targets

- Ensure that all employees and individuals connected to our business operations adhere to our Code of Conduct, which outlines best practices for people management and environmental stewardship.

Ethical business conduct and compliance:

Royal Exchange Plc is committed to operating with the highest standards of ethics, responsibility and professionalism. We uphold our obligations with integrity and ensure that all individuals are treated with dignity and respect in every aspect of our business.

We will continue to invest in building the resilience and adaptability of our portfolio by enhancing early-risk detection capabilities and implementing proactive measures that minimize downtime across our critical assets.

Furthermore, we will deepen the integration of sustainability principles within our investment activities by:

- Strengthening ESG governance through the establishment of an ESG Oversight Committee responsible for supervising and guiding all ESG-related initiatives across the Group.
- Enhancing transparency through improved disclosures on how our investment funds incorporate ESG considerations.
- Increasing our recorded ESG engagements with investee and subsidiary companies to promote stronger ESG understanding and identify opportunities to reduce business risk.



Idu C. Okeahialam

Managing Director

FRC/2021/003/00000022487

.....³⁰ March 2026

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.

1. 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.

During the period under review, the Board witnessed a restructuring. At the beginning of the 2025 financial year, the Board comprised five (5) Directors. However, there were three resignations as follows: Mr. Hewett Benson resigned in April 2025, Alhaji Rufai in June and Mr. Adeyinka Ojora in October 2025. Five additional Directors were appointed. The newly appointed Directors are: Mr. Ikeme Osakwe, Senator Sanusi Daggash, Ms Pamela Yough, Mr Afolabi Caxton and Mrs Idu Okeahialam.

The Board membership comprises of Seven (7) members. The Chairman and Six (6) Non-Executive Directors.

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 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 Chief Executive Officer of the Company. Note that each of the Company's subsidiaries and associates has its Board of Directors.

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

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 seven times on: January 29 2025, May 6 2025, June 18 and 26 2025, July 24 2025, September 9 2025 and October 9 2025.

Report of Corporate Governance

Expected Meetings: 4

Actual Meetings: 17

Directors	Status	Designation	Attendance	% Attendance
Mr K.E Odogwu	Non-Executive Director	Chairman	7	100%
Chief A.I Idigbe (SAN)	Non-Executive Director	Member	7	100%
Alhaji A.R Mohammed	Non-Executive Director	Member	3	43%
Mr. A.A Ojora	Non-Executive Director	Member	7	100%
Mr . Hewett Benson	Group Coordinator	Member	2	29%
Idu Okeahialam	Executive Director	Member	5	71%
Average attendance				74%

Board Changes During the Period

The Group Coordinator, Mr Hewett Benson, resigned from the Board in April 2025. Following this resignation, Mrs. Idu Okeahialam was appointed as Managing Director in June 2025 to ensure continuity of oversight.

Alhaji Muhammed Rufai and Mr. Adeyinka Ojora subsequently resigned from the Board in June and October 2025, respectively.

At the Board meeting held on October 9, 2025, the Board approved the appointment of four (4) new Non-Executive Directors, thereby strengthening the Board's composition.

Board Committees

The Board is comprised of four committees:

- Statutory Audit Committee
- Finance, Investment and General Purposes Committee
- Governance, Nomination and Establishment 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, Nomination and Establishment 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 (3) non-executive Directors. Members of the committee are Mr. H. Benson, Mr A.A Ojora (Chairman) and Alhaji Rufai Mohammed. The committee met twice (2) times during the year on January 28 and April 29 2025 due to incomplete membership. Alhaji Muhammed Rufai resigned in June 2025 and Mr A.A Ojora resigned in October 2025.

The Committee is currently comprised of four (4) members: Sen. Mohammed Daggash (Chairman), Chief Anthony Idigbe (SAN), Ms. Pamela Yough and Mr. Afolabi Caxton-Martins.

Report of Corporate Governance

Statutory Audit Committee

The Committee assists the Board in overseeing the integrity of the Group's financial statements and financial reporting process. It is responsible for the internal control, including the activities, Plans, standards, Organization and Quality of Internal Audit. The Committee comprised five (5) members made up of two Non-Executive Directors and three shareholders' representatives: Mr. T. Olawuyi (Chairman), Chief Anthony Idigbe (SAN), Mr. A.A. Ojora, Mr. Benkunmi Akinsolu and Prince Adekunle Olodun. The Committee met four (4) times during the year on January 27, 2025, April 30, 2025, July 24, 2025 and October 7, 2025, with 100% attendance. The Committee is currently comprised of five (5) members: made up of two Non-Executive Directors and three shareholders' representatives. Members of the committee include, Mr. T. Olawuyi (Chairman), Mr. Ezekiel Onilude, Sen. Mohammed Daggash, Mr. Benkunmi Akinsolu and Prince Adekunle Olodun.

Finance, Investment and General Purposes Committee

The Board Finance, Investment & General-Purpose Committee assists the Board in overseeing the Group's financial management, including capital structure and financing strategy, budgeting and capital expenditure, treasury and banking activities, investment policies and performance, financial risk and the integrity of financial planning and reporting across the Group. The Committee comprised three (3) members: Chief Anthony Idigbe, SAN (Chairman), Mr. A.A. Ojora and Mr. H. Benson. The Committee met four (4) times during the year, on January 27, 2025, April 30, 2025, July 22, 2025 and October 8, 2025, recording an overall attendance rate of 83%. Mr. H. Benson resigned from the Board in April 2025.

The Committee is currently comprised of four (4) members: Chief Anthony Idigbe, SAN (Chairman), Ms. Pamela Yough, Sen. Mohammed Daggash and Mr. Ezekiel Onilude.

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 comprised of three (3) members: Alhaji A.R. Mohammed (Chairman), Mr. A.A. Ojora and Mr. H. Benson. The Committee met twice during the year, on January 28 and April 29, 2025, due to incomplete membership following the resignations of Mr. H. Benson in April 2025 and Alhaji Muhammed Rufai in June 2025.

The Committee is currently comprised of four (4) members: made up of three Non-Executive Directors and one Executive Director: Mr. Afolabi Caxton-Martins (Chairman), Ms. Pamela Yough, Mr. Ezekiel Onilude and Mrs. Idu Okeahialam (Executive Director)

Board Committee meeting attendance

Directors	Status	GC	SAC	SC	FI&GP
Expected Meetings		4	4	4	4
No. of Committee members		3	5	3	3
Chief A. I Idigbe (SAN)	Non-Executive Director		4		4
Alhaji A.R Mohammed	Non-Executive Director	2		2	
Mr A.A Ojora	Non-Executive Director	2	4	2	4
Mr H. Benson	Group Coordinator	2		2	2
Prince Adekunle Olodun	SH. Rep		4		
Mr. T. Olawuyi	SH. Rep		4		
Mr A. Benkunmi	SH. Rep		4		
Average Attendance		50%	100%	50%	83%

Report of Corporate Governance

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.

Engagements

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

Board code of ethics

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

Board Performance Evaluation

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

2 Group structure and shareholders

Operational Group Structure

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

The Executive Committee (EXCO)

The Executive Committee (EXCO) is headed by the 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.

Report of Corporate Governance

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 <https://www.royalexchangeplc.com/annual-reports/>

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.

Report of Corporate Governance

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

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

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.

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



For OOT Nominees Limited
Company Secretary
Lagos, Nigeria.
FRC/2022/COY/160581
.30 March 2026

Risk Management Statement for Royal Exchange Plc

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

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 include among others, ensuring that quality accounting policies and independent and objective statutory auditors are in place to prevent and detect fraud and material errors in financial reporting.

The Management 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.

Risk Management Statement for Royal Exchange Plc

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.

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

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

Risk Management Statement for Royal Exchange Plc

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.

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.

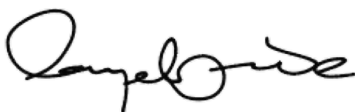
Market Risk

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.



Babtunde Aiyeola

FRC/2025/PRO/ICAN/001/670381

Enterprise Risk Manager

..30..March 2026

Directors' Report

The Directors present their annual report on the affairs of Royal Exchange Plc ("the Company"), and its subsidiary Royal Exchange Finance Company Limited (collectively referred to as "the Group") together with the consolidated and separate financial statements for the year ended 31 December 2025.

1 Legal framework and principal activity

The Company was incorporated on 29 December 1969 under the Companies and Allied Matters Act, 2020 as a privately owned Company, converted to a public limited liability company on July 15, 1989 and was listed on the Nigerian Stock Exchange on 3 December 1990.

The Company has one (1) subsidiary, Royal Exchange Finance Company Limited ("the subsidiary"). Royal Exchange Finance Company Limited was incorporated as a private Company on 11 October 2004 and 99.9% of its shares were acquired immediately.

The principal activities of the Company include financing, asset management and trusteeship services.

2 Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023. Additional information required by national regulations is included where appropriate. The accounting policies have been applied consistently compared to prior year.

The following is a summary of the Group and Company's operating results:

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
Interest income	557,197	441,151	149,095	205,091
Profit before taxation	867,454	1,029,038	1,054,379	1,063,203
Minimum tax	(4,246)	(4,676)	(1,787)	(2,919)
Income taxes	(11,781)	(18,459)	(11,781)	(18,459)
Profit after taxation	851,427	1,005,903	1,040,811	1,041,825

3 Dividends

No dividend has been recommended by the Directors as at year end (2024: Nil).

4 Directorate

The Directors that served during the year and to the date of this report are as follows:

Name of Director	Designation	Appointed	Resigned	Nationality
Mr. Odogwu Kenneth Ezenwani	Former Chairman		22-Jan-2025	Nigerian
Mr. Ikeme Osakwe	Chairman	22-Jan-2025		Nigerian
Mr. Hewett Benson	Chief Executive Officer		15-Aug-2025	Nigerian
Mrs. Idu Okeahialam	Chief Executive Officer	31-Jul-2025		Nigerian
Alhaji Rufai Ahmed	Non-Executive Director		31-Jul-2025	Nigerian
Mr. Adeyinka Ojora	Non-Executive Director		10-Oct-2025	Nigerian
Chief Anthony Ikemefuna Idigbe(SAN)	Non-Executive Director			Nigerian
Senator Sanusi M. Daggash	Non-Executive Director	09-Oct-2025		Nigerian
Mr. Ezekiel Onilude	Non-Executive Director	09-Oct-2025		Nigerian
Ms. Pamela Yough	Non-Executive Director	09-Oct-2025		Nigerian
Mr. Afolabi Caxton-Martins	Non-Executive Director	09-Oct-2025		Nigerian

5 Directors interest in shares

The Directors do not have any other interests required to be disclosed under Section 301 of the Companies and Allied Matters Act 2020 except as disclosed in the shareholding structure of this report.

6 Directors' Interest in Contracts

In accordance with section 303 of the Companies and Allied Matters Act 2020, none of the Directors had direct or indirect interests in contracts or proposed contracts with the Group during the year.

Directors' Report

7 Share Capital

The shareholding structure of the Company is as follows:

Total share capital			2025	2024
			Number of shares ('000)	
9,261,666,134 shares of 50k each			8,266,699	8,266,699
Issued share capital	2025	2025	2024	2024
	Number of	Number of	Number of	Number of
	shares ('000)	shares ('000)	shares ('000)	shares ('000)
<i>Shareholders with 5% holding or more</i>	₦'000	shares ('000)	₦'000	shares ('000)
Spennymoor Limited	3,960,694	2,129,405	2,129,405	2,129,405
Nexamont Company Limited	3,293,129	1,770,500	-	-
Kacio Global Links Limited	2,971,343	1,597,496	2,097,496	2,097,496
Dantata Investment and Sec. Co. Limited	-	-	960,137	960,137
Far East Finance and Investment Ltd	842,705	453,067	453,067	453,067
Others	4,308,189	2,316,231	2,626,594	2,626,594
	15,376,060	8,266,699	8,266,699	8,266,699

8 Charitable Donations

There were no donations during the year (2024: Nil).

9 Property, Plant and Equipment

There was no change in the nature of the property, plant and equipment of the Group and Company or in the policy regarding their use.

Other information relating to changes in property, plant and equipment is disclosed in Note 13 to the financial statements.

10 Events after the Reporting Period

The Directors are not aware of any other events after the reporting period which could have a material effect on the financial position of the Group or Company as at 31 December 2025 and profit attributable to equity holders on that date other than as disclosed in the financial statements.

11 Going concern

The Directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The Directors are not aware of any new material changes that may adversely impact the Group. The Directors are also not aware of any material non compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

12 Employment and Employees

a) Employee consultation and training

The Group places considerable value on the involvement of its employees in major policy matters and keeps them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through regular meetings with employees and consultations with their representatives.

b) Dissemination of information

In order to maintain shared perception of our goals, the Group is committed to communicating information to employees in a fast and effective manner. This is considered critical to the maintenance of team spirit and high employee morale.

Directors' Report

12 Employment and Employees (cont'd)

c) Employment of physically challenged persons

The Group has no physically challenged persons in its employment. However, the Group's employment policy does not discriminate against any individual for reason of his/her infirmity as each employment case is purely treated on merit.

d) Employee health, safety and welfare

The Group has a well established Environmental Health and Safety (EH&S) management system, which formalises EH&S processes, procedures and programmes and provides for integration of EH&S issues into business planning and operations.

13 Independent auditor

In accordance with section 401(2) of the Companies and Allied Matters Act 2020, the auditor Messrs Kreston Pedabo Audit Services have indicated their willingness to continue in office as auditor of the Company.

By Order of the Board



OOT Nominees Limited

Company Secretary

Lagos, Nigeria

FRC/2022/COY/160581

30.... March 2026

Management's Report on Internal Control Over Financial Reporting

To comply with the provisions of Section 1.3 of Securities and Exchange Commission (SEC) Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2025 and the Financial Reporting Council of Nigeria (FRCN) guidelines, we hereby make the following statements regarding the Internal Controls of Royal Exchange Plc for the year ended 31 December 2025.

- (i) Royal Exchange Plc Board of Directors are responsible for establishing and maintaining a system of internal control over financial reporting ("ICFR") that provides reasonable assurance regarding the reliability of the financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.
- (ii) Royal Exchange Plc Board of Directors used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Control Objectives for Related Technologies (COBIT) Framework to conduct the required evaluation of the effectiveness of the Information and entity's ICFR;
- (iii) Royal Exchange Plc Board of Directors have assessed that the Group's ICFR as of the end of 31 December 2025 is effective and that there are no material weaknesses in the internal control system of the Group.
- (iv) Royal Exchange Plc's external auditor Kreston Pedabo that audited the financial statements, included in the annual report, has issued an attestation report on Board of Directors' assessment of the entity's internal control over financial reporting.

The attestation report of Kreston Pedabo that audited its financial statements will be filed as part of Royal Exchange Plc's annual report.

Yours faithfully,
for: Royal Exchange Plc



Olusanya Idowu
Chief Financial Officer
FRC/2026/PRO/ICAN/001/337949

30.....March 2026



Idu Okeahialam
Managing Director
FRC/2021/003/00000022487

30.....March 2026

Certification by the Managing Director

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, FRCN Guidance on Implementation of Sections 28(3) of Financial Reporting Council of Nigeria (Amendment) Act, 2023 I hereby make the following statements regarding the Internal Controls of Royal Exchange Plc for the year ended 31 December 2025.

I, Idu Okeihialam certify that:

- (i) I have reviewed this management assessment on internal control over financial reporting of Royal Exchange PLC.
- (ii) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- (iii) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company and as of, for the period presented in this report.
- (iv) The Company's other certifying officer(s) and I:
 - are responsible for establishing and maintaining internal controls.
 - have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity is made known to us by others within the entity, particularly during the period in which this report is being prepared.
 - have designed such internal control system, or caused such internal control system to be designed under our supervision, 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.
 - and have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- (v) The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of Directors (or persons performing equivalent functions):
 - All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information.
 - Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.



Idu Okeahialam
Chief Executive Officer
FRC/2021/003/00000022487
30...March 2026

Certification by the Chief Financial Officer

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, FRCN Guidance on Implementation of Sections 28(3) of Financial Reporting Council of Nigeria (Amendment) Act, 2023 I hereby make the following statements regarding the Internal Controls of Royal Exchange Plc for the year ended 31 December 2025.

I, Olusanya Idowu certify that:

- (i) I have reviewed this management assessment on internal control over financial reporting of Royal Exchange PLC.
- (ii) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- (iii) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company and as of, for the period presented in this report.
- (iv) The Company's other certifying officer(s) and I:
 - are responsible for establishing and maintaining internal controls.
 - have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity is made known to us by others within the entity, particularly during the period in which this report is being prepared.
 - have designed such internal control system, or caused such internal control system to be designed under our supervision, 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.
 - and have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- (v) The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of Directors (or persons performing equivalent functions):
 - All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information.
 - Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.



Olusanya Idowu
Chief Financial Officer
FRC/2026/PRO/ICAN/001/337949

.....March 2026

Management Report on Certification of Financial Statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Managing Director 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.
- (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.
- (iii) We state that management and Directors:
 - (a) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the Company ,particularly during the period in which the audited financial statement report is being prepared.
 - (b) has evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements.
 - (c) certifies that Company's internal controls are effective as of that date.
- (iv) We have disclosed:
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data, and has identified for the Company's operations.
 - (b) whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control.
 - (c) 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 action with regard to significant deficiencies and material weaknesses.



Olusanya Idowu
Chief Financial Officer
FRC/2026/PRO/ICAN/001/337949
30.....March 2026



Idu Okeahialam
Managing Director
FRC/2021/003/00000022487
30.....March 2026

Report of the Audit Committee

For the Year Ended 31 December 2025

In compliance with Section 404(7) of the Companies and Allied Matters Act 2020 (“The Act”), we, the Members of the Statutory Audit and Compliance Committee have reviewed and considered the financial statements of the Company for the year ended December 31, 2025 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, 2025 were satisfactory and reinforce the Group's internal control systems.
- c. We have reviewed the findings on management matters, in conjunction with the external auditors and are satisfied with the response of management thereon.
- d. The Company's systems of accounting and internal controls were adequate.
- e. After due considerations, the committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and International Financial Reporting Standard (IFRS). The Committee therefore recommends that the financial statements for year ended 31 December 2025 and the Auditors' report thereon be presented for adoption by the Company at the Annual General Meeting.

Dated this **30** March 2026



Mr. Tajudeen Olawuyi

FRC/2014/02MNG/00000005688

Chairman, Audit Committee

Other members

Mr. B. Akinsolu	Member	(Shareholders' representative)
Prince A. Olodun	Member	(Shareholders' representative)
Senator Sanusi Daggash	Member	
Mr. Ezekiel Onilude	Member	

Independent Auditor's Limited Assurance Report

To the members of Royal Exchange PLC

Assurance Report on Management's Assessment of Controls over Financial Reporting

We have performed a limited assurance engagement on whether the internal control over financial reporting of Royal Exchange PLC ("the Company") and its subsidiaries ("the Group") as of 31 December, 2025, in accordance with the criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("the ICFR framework"), and the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007 and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and based on criteria established in the FRC Guidance on Management report on Internal Control over Financial Reporting.

Conclusion

Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the Company and the Group did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on the requirements of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("the ICFR framework"), SEC Guidance on Management Report on Internal Control Over Financial Reporting and FRC Guidance on Management report on Internal Control over Financial Reporting.

Definition of internal control over financial reporting

Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of Directors, management, and other personnel 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:

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and group.
- ii. 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 group.
- iii. 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.

Inherent limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all 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.

Other Matters

We have also audited, in accordance with the International Standards on Auditing, the Consolidated and Separate financial statements of Royal Exchange PLC and our report dated 31 March 2026, expressed an unmodified opinion.

Independent Auditor's Limited Assurance Report

Management's Responsibilities For Internal Control Over Financial Reporting

The Management of Royal Exchange PLC ("the Company" and the "group") is responsible for establishing and maintaining a system of internal control over financial reporting and for its assessment of the effectiveness of the internal control over financial reporting, included in the accompanying management's assessment of the internal control over financial reporting as of 31 December 2025 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards and the ICFR framework.

Section 7(2f) of the Financial Reporting Act 2011 (As amended) further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

Our Responsibilities

Our responsibility is to express a limited assurance opinion on the Company's and Group's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, revised. Those Standards require that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the Company and the Group did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

Our Independence and Quality Control

That Guidance requires that we plan and perform the Assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the Company and Group established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, 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.



Ajibade Taofeek Fashina (Mr.), FCA

FRC/2013/PRO/ICAN/004/00000000904

For: Kreston Pedabo Audit Services

Lagos, Nigeria



31 March, 2026

Independent Auditor's Report

To the members of Royal Exchange PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Royal Exchange PLC and its subsidiaries (together "the Group") set out on pages 34 to 88, which comprise the consolidated and separate statement of financial position as at 31 December 2025 and the consolidated and separate statement of 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 financial statements, including a summary of material accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 31 December 2025 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act 2020, the Investment and Securities Act 2007 and the Financial Reporting Council of Nigeria (Amendment) Act 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and other independent requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the Other information. The Other information comprises the Directors' Report and Management's Report on the Certification of Financial Statements as required by the Companies and Allied Matters Act 2020, Statement of Directors' Responsibilities, Value Added Statement and Five Year Financial Summary but does not include the Consolidated and Separate Financial Statements and our Auditor's report thereon.

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

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

Independent Auditor's Report

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act 2020, the Investment and Securities Act 2007 and the Financial Reporting Council of Nigeria Act 2023 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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 circumstances, 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 the Directors.
- (iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to 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 transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

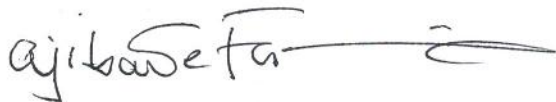
Report on Other Legal and Regulatory Requirements

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) the Group has kept proper books of account so far as it appears from our examination of those books and we have received proper returns from branches, adequate for the purpose of our audit.
- iii) the Group's Statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account.

In accordance with the requirements of the Financial Reporting Council, 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, 2025. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria and we have issued an unqualified opinion in our report dated ³¹ March 2026. That report is included on page 29 of the financial statements.



Ajibade Taofeek Fashina (Mr.), FCA

FRC/2013/PRO/ICAN/004/0000000904

For: Kreston Pedabo Audit Services

Lagos, Nigeria



31 March, 2026

Consolidated and Separate Statements of Financial Position

<i>In thousands of Naira</i>	Note	Group		Company	
		2025	2024	2025	2024
ASSETS					
Cash and cash equivalents	5	2,067,347	1,157,687	906,484	717,817
Loans and advances to customers	6	611,341	823,470	-	-
Advances under finance lease	7	16,121	31,912	-	-
Trustee Assets	8	135,000	203,828	135,000	203,828
<i>Investment securities:</i>					
At Fair Value Through Profit or Loss	9(a)	74,215	56,724	8,158	1,638
Amortized Cost	9(b)	731,432	143,544	600,000	-
Investment in subsidiaries	10(a)	-	-	591,501	551,048
Investment in associates	10(b)	7,549,412	6,616,939	7,549,412	6,616,939
Other receivables and prepayments	11	595,543	111,515	534,039	44,348
Deposit for shares	12(c)	39,000	39,000	39,000	39,000
Property and equipment	13	184,310	20,455	156,084	1,771
Total assets		12,003,721	9,205,074	10,519,678	8,176,389
LIABILITIES					
Trustee Liabilities	15	2,125,967	541,967	2,125,967	541,967
Borrowings	16	1,691,477	1,121,787	-	-
Other liabilities	17	1,043,167	1,254,379	912,735	1,198,298
Current income tax liabilities	19(b)	35,737	30,827	28,551	24,342
Finance Lease Obligation	20	-	168	-	168
Total liabilities		4,896,348	2,949,128	3,067,253	1,764,775
EQUITY					
Share capital	21	4,133,349	4,133,349	4,133,349	4,133,349
Share premium	22	2,690,936	2,690,936	2,690,936	2,690,936
Regulatory risk reserves	23	416,481	416,481	-	-
Retained earnings	24	(87,869)	(939,296)	673,664	(367,146)
Other component of equity	25	(45,524)	(45,524)	(45,524)	(45,524)
Capital and reserves attributable to owners		7,107,373	6,255,946	7,452,425	6,411,615
Non-controlling interests		-	-	-	-
Total equity		7,107,373	6,255,946	7,452,425	6,411,615
Total equity & liabilities		12,003,721	9,205,074	10,519,678	8,176,390

The annual report and financial statements on pages 34 to 92 was approved by the Board of Directors on ^{30th} March, 2026 and signed on its behalf by:



Ikeme Osakwe

Chairman

FRC/2017/ICAN/00000016455



Olusanya Idowu

Chief Financial Officer

FRC/2026/PRO/ICAN/001/337949



Idu Okeahialam

Managing Director

FRC/2021/003/00000022487

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

<i>In thousands of Naira</i>	Note	Group		Company	
		2025	2024	2025	2024
Interest Income	26	557,197	441,151	149,095	205,091
Interest Expense	26	(259,791)	(206,254)	-	(42,700)
Net Interest Income		297,406	234,897	149,095	162,391
Fee and Commission	26	6,767	11,162	-	-
Investment and other income	27	289,154	492,457	222,219	385,644
Share of profit on investment in associate	12(a)	1,038,348	828,025	1,038,348	828,025
Net fair value gain or loss on financial assets	28	28,643	7,529	-	(1,729)
Other operating income	30	490	1,072	490	1,072
Operating income		1,660,808	1,575,142	1,410,152	1,375,403
(Charge)/write-back of impairment allowance	29	(154,594)	38,687	6,667	(24,495)
Net operating income after credit loss expense on financial assets		1,506,214	1,613,829	1,416,819	1,350,908
Personnel expenses	33	(221,079)	(179,077)	(113,574)	(78,527)
Operating expenses	31	(417,681)	(405,714)	(248,866)	(209,178)
Profit before tax		867,454	1,029,038	1,054,379	1,063,203
Minimum tax	19(a)	(4,246)	(4,676)	(1,787)	(2,919)
Income taxes	19(a)	(11,781)	(18,459)	(11,781)	(18,459)
Profit for the year		851,427	1,005,903	1,040,811	1,041,825
Profit is attributable to:					
Owners of Royal Exchange Plc		851,427	1,005,903	1,040,811	1,041,825
Non-controlling interest		-	-	-	-
		851,427	1,005,903	1,040,811	1,041,825
Other comprehensive income, net of tax					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Changes in fair value of FVOCI investments		-	-	-	-
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		851,427	1,005,903	1,040,811	1,041,825
Total comprehensive income attributable to:					
Owners of Royal Exchange Plc		851,427	1,005,903	1,040,811	1,041,825
Non-controlling interest		-	-	-	-
		851,427	1,005,903	1,040,811	1,041,825
Profit/(Loss) per share - Basic and diluted (kobo)		21	13	25	12

Consolidated and Separate Statements of Changes in Equity - Group

	Other components of equity						Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Retained Earnings	Regulatory risk reserve	Other Component of Equity	Total			
<i>In thousands of Naira</i>									
At 1 January 2025	4,133,349	2,690,936	(939,296)	416,481	(45,524)	6,255,946	6,255,946	-	6,255,946
Other comprehensive income in the year	-	-	-	-	-	-	-	-	-
Transfers within equity	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	851,427	-	-	851,427	851,427	-	851,427
Total Shareholder's Funds	4,133,349	2,690,936	(87,869)	416,481	(45,524)	7,107,373	7,107,373	-	7,107,373
Balance as at December 2025	4,133,349	2,690,936	(87,869)	416,481	(45,524)	7,107,373	7,107,373	-	7,107,373

	Other components of equity						Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Retained Earnings	Regulatory risk reserve	Other Component of Equity	Total			
<i>In thousands of Naira</i>									
At 1 January 2024	2,572,685	2,690,936	(2,026,045)	599,536	(45,524)	3,791,588	3,791,588	-	3,791,588
Additions during the year	1,560,664	-	-	(183,055)	-	1,377,609	1,377,609	-	1,377,609
Other comprehensive income in the year	-	-	-	-	-	-	-	-	-
Transfers within equity	-	-	80,846	-	-	80,846	80,846	-	80,846
Profit for the year	-	-	1,005,903	-	-	1,005,903	1,005,903	-	1,005,903
Total comprehensive income	4,133,349	2,690,936	(939,296)	416,481	(45,524)	6,255,946	6,255,946	-	6,255,946
Balance as at December 2024	4,133,349	2,690,936	(939,296)	416,481	(45,524)	6,255,946	6,255,946	-	6,255,946

Consolidated and Separate Statements of Changes in Equity - Parent

				Other Component of Equity		Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/Loss Reserve	Other Component of Equity (Total)			
<i>In thousands of Naira</i>								
At 1 January 2025	4,133,349	2,690,936	(367,146)	(45,524)	(45,524)	6,411,615	-	6,411,615
Other comprehensive income in the year	-	-	-	-	-	-	-	-
Profit for the year	-	-	1,040,811	-	-	1,040,811	-	1,040,811
Total comprehensive income	4,133,349	2,690,936	673,665	(45,524)	(45,524)	7,452,426	-	7,452,426
Balance as at 31 December 2025	4,133,349	2,690,936	673,665	(45,524)	(45,524)	7,452,426	-	7,452,426

				Other Component of Equity		Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/Loss Reserve	Other Component of Equity (Total)			
<i>In thousands of Naira</i>								
At 1 January 2024	2,572,685	2,690,936	(1,408,971)	(45,524)	(45,524)	3,809,126	-	3,809,126
Additions during the year	1,560,664	-	-	-	-	1,560,664	-	1,560,664
Profit for the year	-	-	1,041,825	-	-	1,041,825	-	1,041,825
Total comprehensive income	4,133,349	2,690,936	(367,146)	(45,524)	(45,524)	6,411,615	-	6,411,615
Balance as at 31 December 2024	4,133,349	2,690,936	(367,146)	(45,524)	(45,524)	6,411,615	-	6,411,615

Consolidated and Separate Statements of Cash Flows

<i>In thousands of Naira</i>	Note	Group		Company	
		2025	2024	2025	2024
<i>Cash flows from operating activities:</i>					
Profit for the year		851,427	1,029,038	1,040,811	1,063,203
Add: Minimum tax	19(a)	4,246	4,676	1,787	2,919
Add: Income tax	19(a)	11,781	18,459	11,781	18,459
Profit before taxes		867,454	1,052,173	1,054,379	1,084,581
<i>Adjustments for:</i>					
Transfer within equity		-	-	-	-
Charge/(write-back) of impairment allowance		(6,667)	(38,687)	(6,667)	24,495
Depreciation on property and equipment		14,421	6,287	8,545	673
Fair value gain/(loss) on FVTPL Investment securities		(28,643)	(7,529)	-	1,729
Share of profit of associate		(1,038,348)	(828,025)	(1,038,348)	(828,025)
		(191,783)	184,219	17,909	283,453
<i>Changes in working capital:</i>					
Loans and advances to customers	5(ix)	212,129	(41,555)	-	-
Advance under finance lease	6(ix)	15,791	19,598	-	-
Other receivables and prepayment	34(ii)	(492,510)	53,038	(483,024)	104,376
Other liabilities	17	(211,212)	(357,212)	(285,562)	(831,465)
		(667,585)	(141,912)	(750,677)	(443,636)
Income tax paid	19(b)	(11,117)	(232,700)	(9,359)	(232,700)
Net cash used by operating activities		(678,702)	(374,612)	(760,036)	(676,336)
<i>Cash flows from investing activities:</i>					
Purchases of property and equipment	13	(163,127)	(12,392)	(162,858)	(185)
Additional investment in associates	12a	105,875	60,000	105,875	(60,000)
Additional investment in subsidiary	10(a)	-	-	(40,453)	(41,659)
Purchase of investment securities	34(iii)	(576,735)	-	(606,520)	-
Trustee Assets	15	68,827	(35,184)	68,827	(35,184)
Net interest received	26	-	246,229	-	-
Net cash (used by)/generated from investing activities		(565,160)	258,653	(635,129)	(137,028)
<i>Cash flows from financing activities:</i>					
Proceeds from borrowings		569,690	(713,253)	-	-
Repayment of finance lease		(168)	-	(168)	-
Right issues		-	1,560,665	-	1,560,665
Trustee liabilities		1,584,000	35,185	1,584,000	35,185
Unclaimed dividend paid		-	(79,662)	-	(79,662)
Net cash generated from financing activities		2,153,522	802,935	1,583,832	1,516,188
Cash and cash equivalent at beginning of year		1,157,687	470,711	717,817	14,992
Net increase in cash and cash equivalent		909,660	686,976	188,667	702,825
Cash and cash equivalent at end of the year	5	2,067,347	1,157,687	906,484	717,817

Notes to the Consolidated and Separate Financial Statements

1 Reporting entity

The Company was incorporated on 29 December 1969 under the Companies and Allied Matters Act, 2020 as a privately owned Company, converted to a public limited liability company on July 15, 1989 and was listed on the Nigerian Stock Exchange on 3 December 1990.

The Company has one (1) subsidiary, Royal Exchange Finance Company Limited ("the subsidiary"). Royal Exchange Finance Company Limited was incorporated as a private Company on 11 October 2004 and 99.9% of its shares were acquired immediately.

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

The registered office address of the Company is stated on Page 2.

2 Basis of preparation

- 2.1** These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements also comply with the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria (Amendment) Act, the Insurance Act of Nigeria and the National Insurance Commission of Nigeria (NAICOM) circulars.

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Naira, which is the Group and Company's functional currency. All figures are rounded to the nearest thousand except where stated otherwise

2.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the separate financial statements of the parent Company and the subsidiary companies. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.3 Presentation

The consolidated and separate financial statements are prepared using the going concern basis of accounting. The statement of financial position is presented on illiquidity basis. The income statement is presented on the function of expense method with sub classification by nature provided in the notes.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimate is made if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

3 Material accounting policies

The material accounting policies applied in the preparation of these financial statements are as set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

Notes to the Consolidated and Separate Financial Statements

3.1 Consolidation

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements:

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the portion of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC - 12 Consolidation - Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

(a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. While the disclosure implications have been day effected, IFRS 10 had no impact on the consolidation of investment held by the group.

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent Company's reporting date.

i Subsidiaries

Subsidiaries are entities controlled by the parent. Control exists when the parent has:

- a** power over the investee.
- b** exposure, or rights, to variable returns from its involvement with the investee.
- c** the ability to use its power over the investee to affect the amount of the investor's returns.

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 parent.

ii Accounting method of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The results of the subsidiaries acquired or disposed of during the period are included in the consolidated financial statements from the effective acquisition date up to the effective date on which control ceases, as appropriate.

iii Transactions eliminated on consolidation

Intra-group balances, income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with subsidiaries, associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Profits and losses resulting from intra-group transactions are also eliminated.

iv Non-controlling interest

The Group applies IFRS 10 Consolidated Financial Statements in accounting for acquisitions of non-controlling interests. Under this accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments of non-controlling interests are based on the proportionate amount of net assets of the subsidiary.

v 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.

Notes to the Consolidated and Separate Financial Statements

v Associates (continued)

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.

3.2 Fair value measurement

The Group measures certain financial instruments at fair value at each reporting date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or the most advantageous market must be accessible to/by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.3 Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with other financial institutions, other short-term, highly liquid investments with original terms to maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

3.4 Financial instruments

Financial assets and liabilities with the exception of trade and other receivables and trade and other payables, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Trade and other receivables are recognised when the Group is yet to receive cash for services rendered to its customers. The Group recognizes trade and other payables when it is yet to pay for goods or services rendered by its suppliers.

Notes to the Consolidated and Separate Financial Statements

(i) Initial measurements of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, financial instruments are initially measured at their fair value (as defined in Note 3.2, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount). Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

(ii) Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVPL)

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVPL when they are held for trading.

(iii) Debt instruments at Fair Value through Other Comprehensive Income

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortized cost. The ECL calculation for Debt instruments at FVOCI is explained in Note 3.4(xi). Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

(iv) Equity instruments at Fair Value through Other Comprehensive income

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the criteria of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

(v) Trade and other payables at amortised cost

After initial measurement, trade and other payables are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds and costs that are an integral part of the effective interest rate (EIR).

(vi) Trade and other receivables at amortised cost

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Notes to the Consolidated and Separate Financial Statements

(vii) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.
- The liabilities are part of a group of financial liabilities (or financial assets, or both under IAS 39), which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the credit reserve through OCI and do not get recycled to the profit or loss.

Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

(viii) Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

(ix) Derecognition of financial assets and liabilities

- Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be FVOCI.

When assessing whether to derecognise a loan, amongst others, the Group considers the following factors:

- Change in currency of the loan.
- Introduction of an equity feature.
- Change in counterparty.
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

- Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Notes to the Consolidated and Separate Financial Statements

(ix) Derecognition of financial assets and liabilities (continued)

The Group can transfer the financial asset if and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(x) Impairment of financial instruments

At each reporting date, each financial asset or portfolio of advances measured at amortized cost or at fair value through other comprehensive income, issued financial guarantee and loan commitment is assessed for impairment. Loss allowances are forward-looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses. The Group applies the impairment methodology of either the simplified approach or the three-stage general approach based on the nature of the receivables.

- Financial asset that are not credit impaired on initial recognition are classified in "stage 1" with credit risk continuously monitored. The Group's assets with significant low credit risk falls into this bucket.

Notes to the Consolidated and Separate Financial Statements

(x) Impairment of financial instruments (continued)

- If a significant increase in credit risk since initial recognition is identified, the financial asset is moved to “stage 2” but is not yet deemed to be credit impaired.
- If the financial asset is credit impaired, the financial instrument is then moved to stage 3.
- The Group recognises a loss allowance for such losses at each reporting date.
- Financial assets classified as stage 1, have their ECL measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. Assets in stage 2 or 3 have their ECL measured on a lifetime basis.
- For Group’s financial assets that are already in default, these financial assets should be classified into stage 3. Also if the counterparty is already in significant financial difficulty, such assets should be moved to stage 3.

Expected credit losses are a probability-weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. On a significant increase in credit risk, credit losses are rebased from 12 month to lifetime expectations. A change in credit risk is typically but not necessarily associated with a change in the expected cash flows.

Allowances in respect of financial guarantees and loan commitments are presented as other liabilities and charges recorded within impairments. Financial assets held at amortized cost are presented net of allowances except where the asset has been wholly or partially written off.

The expected credit loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss.

The 12 month ECL is the portion of life time expected credit loss that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both life time expected credit loss and 12 month expected credit loss are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group classifies its loans into Stage 1, Stage 2 and Stage 3 as described below.

- Stage 1: When financial assets are first recognised, the Group recognises an allowance based on 12 month ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the Life time ECLs. Stage 2 financial assets also include facilities, where the credit risk has improved and the financial assets has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit-impaired. The Group records an allowance for the life time ECLs.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Consolidated and Separate Financial Statements

(x) Impairment of financial instruments (continued)

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

For loans to related parties, amounts due to related parties, staff loans & advances and other debt instruments, the Group applies the three-stage general model.

(xi) The calculation of ECLs

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **Probability at Default (PD):** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **Exposure at Default (EAD):** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise and accrued interest from missed payments.
- **Loss Given Default (LGD):** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, an upturn and downturn). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that the Group can received from selling the asset.

The mechanics of the ECL method are summarized below:

- **Stage 1:** The 12-month ECL (12m ECL) is calculated as the portion of Life Time ECLs (LTECLs) that represent the ECLs that result from default, events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Notes to the Consolidated and Separate Financial Statements

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- Inflation rate
- Unemployment rate
- Crude oil prices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

(xii) Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

For the purpose of a collective evaluation of impairment, financial assets are analysed on the basis of the Group's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Notes to the Consolidated and Separate Financial Statements

(xii) Financial assets carried at amortized cost (continued)

Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.5 Revenue recognition

Gross Written Premium

Gross written premium 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 bodies respectively.

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

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

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

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

Reinsurance expenses

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

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.

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.

Notes to the Consolidated and Separate Financial Statements

3.6 Cash flow statement

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received or paid are classified as operating cash flows.

The cash flows from investing and financing activities are determined by using the indirect method. The Group's assignment of the cash flows to operating, investing and financing category depends on the Group's business model (management approach).

For the purposes of the cash flow statement, cash and cash equivalents include cash, treasury bills and Group overdrafts. In the statement of financial position, Group overdrafts are shown as Group borrowings-overdraft in current liabilities.

3.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. 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.

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.

3.8 Insurance contract liabilities

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.

Notes to the Consolidated and Separate Financial Statements

Reserve for unexpired risk

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

Reserve for outstanding claims

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

Reserve for incurred but not reported claims (IBNR)

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

Liability Adequacy Test

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

Insurance contract with discretionary participating features (DPF)

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

- Likely to be a significant portion of the total contractual benefits
- The amount or timing is contractually at the discretion of the insurer
- Contractually based on the performance of a specified pool of contracts or a specified type of contract, realized or unrealised investment returns on a specified pool of assets held by the issuer and the profit or loss of the Company.

Recognition and measurement

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

Short-term insurance contracts

Short-duration life insurance contracts (Group Life) protect the Group's clients from the consequences of events. The proportion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as unearned premium liability. Premiums are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

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

Long-term insurance contracts with fixed and guaranteed terms

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

Notes to the Consolidated and Separate Financial Statements

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

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.

3.9 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of the relevant property, plant and equipment includes and is made up of expenditures that are directly attributable to the acquisition of the assets. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit or loss statement during the period in which they were incurred.

(ii) Subsequent costs

The cost of replacing a part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is provided on the depreciable number of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its useful economic life.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	Over the lease period
Buildings	50 years
Generators	7 years
Furniture and fittings	5 years
Computer equipment	4 years
Motor vehicle	4 years

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for and the expected pattern of usage of the assets. When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

(iv) De-recognition

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognised in the income statement during the period in which they were incurred.

(v) Gain or loss on sale of property, plant and equipment

The gain or loss on the disposal of property, plant and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal and is recognized as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

Notes to the Consolidated and Separate Financial Statements

3.10 Intangible assets

i Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. When the excess is negative, it is recognised immediately in profit or loss; Goodwill on acquisition of subsidiaries is included in intangible assets.

ii Subsequent measurement

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash-generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.11 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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. In determining fair value less costs to sell, an appropriate valuation model is used. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.12 Provisions

Provision are recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group. present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

Notes to the Consolidated and Separate Financial Statements

3.13 Tax

(i) Current income tax

Current tax is the expected tax payable on taxable income for the year determined in accordance with the Companies Income tax Act (CITA), using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

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 or subsequently enacted by the end of the reporting period.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

The Group offsets the tax assets arising from withholding tax credits and current tax liabilities if and only if, the entity has a legally enforceable right to set off the recognised amounts and it intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit will be realised.

In line with the Nigeria tax laws, current taxes include: Group Income Tax at 30% of taxable profit; Education Tax at 3% of assessable profit; Capital Gain Tax at 10% of chargeable gains Information Technology development levy at 1% accounting profit.

(ii) Deferred tax assets and liabilities

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 is not recognised for the following temporary differences:

- differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and
- differences arising on the initial recognition of goodwill.

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 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.

Deferred tax asset and liabilities are offset when the entity has a legally enforceable right to offset current tax liabilities against current tax assets and the deferred tax asset and liabilities relate to income taxes levied by the same tax authority on the Group. on different taxable entities but they intend to settle current tax liabilities and current tax assets on a net basis. the tax assets and liabilities will be realized simultaneously.

Notes to the Consolidated and Separate Financial Statements

(iii) Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income,
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

3.14 Employee benefits

(i) Defined contribution plan

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as expense in profit or loss when they are due in respect of service rendered before the end of the reporting period.

The Group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014 (as amended), with contributions based on the sum of the employee's basic salary, housing and transport allowance in the ratio of 8% by the employee and 10% by the employer. The Group's contribution to this scheme is charged to the profit or loss account in the period they relate. Contributions to the scheme are managed by appointed pension managers on behalf of the beneficiary in line with the provisions of the Pension Reform Act.

(ii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term employee benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.15 Share capital and reserves

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Dividend 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 declared after the reporting date are dealt with in the subsequent period.

(iii) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss 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 attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Notes to the Consolidated and Separate Financial Statements

3.16 Foreign currency translation

The Group's financial statements are presented in Naira and items included in the financial statements are measured using Naira as the functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All exchange differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4 New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Lack of Exchangeability - Amendments to IAS 21

In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

These new requirements will apply for annual reporting periods beginning on or after 1 January 2025.

The Group has adopted the amendment for the first time in the 2025 financial statements.

The impact of the amendment is not material.

4.2 Standards and interpretations issued but not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2026 or later periods

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets)
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The Group does not expect these amendments to have a material impact on its operations or financial statements.

Notes to the Consolidated and Separate Financial Statements

4.2 Standards and interpretations issued but not yet effective (continued)

Presentation and Disclosure in Financial Statements - IFRS 18

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present newly-defined operating profit subtotal. Entities' net profit will not change.
- disclosures about management-defined performance measures (MPMs) in the financial statements. MPMs are subtotals of income and expenses used in public communications to communicate management's view of the Company's financial performance.
- disclosures of information based on enhanced general requirements on aggregation and disaggregation. In addition, specific requirements to disaggregate certain expenses, in the notes, will be required for companies that present operating expenses by function in the income statement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2027. Upon adoption, the Company will change the extent of information disclosed in the notes to the financial statements to include management defined performance measures. The Group and Company will also change the aggregation and disaggregation of certain expenses in the note to the financial statements. However, the standard is not expected to impact on the measurement of items reported in the financial statements. The Company does not plan to adopt the standard earlier than the effective date.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

IFRS 19, which permits eligible subsidiaries to apply reduced disclosure requirements while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards.

The eligibility criteria are:

- the entity is a subsidiary (as defined in Appendix A of IFRS 10 Consolidated Financial Statements);
- the entity does not have public accountability
- the entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

An intermediate parent that does not have public accountability and meets the above eligibility conditions is permitted to apply IFRS 19 in its separate financial statements even if it does not apply IFRS 19 in its consolidated financial statements.

An entity has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market.
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The standard is effective for annual reporting periods beginning on or after 1 January 2027. The standard is not expected to have impact on the Company's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

This contains amendments to five standards as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2026.

Amendments to:

IFRS 1 First-time Adoption of International Financial Reporting Standards;

IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;

IFRS 9 Financial Instruments;

IFRS 10 Consolidated Financial Statements;

IAS 7 Statement of Cash flows

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
5 Cash and cash equivalents				
Cash	15	11	-	-
Bank balances	37,182	63,477	12,371	10,444
Short-term deposits (including demand and time deposits)	2,030,150	1,094,199	894,113	707,373
	2,067,347	1,157,687	906,484	717,817
(i) Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisitions, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months.				
(ii) The carrying amounts disclosed above reasonably approximate fair value at the reporting date.				
(iii) All bank balances and money market placements are assessed to have low credit risk at each reporting date as they are held with reputable financial institutions.				
6 Loans and advances to customers				
Term loan	941,624	1,010,318	-	-
Impairment Allowance	(330,282)	(186,848)	-	-
	611,342	823,470	-	-
(a) Sectorial Analysis of loans and advances to customers				
Agriculture	-	2,027	-	-
Finance	261,641	154,161	-	-
Trade and commerce	317,531	544,881	-	-
Real estate and construction	19,520	19,520	-	-
Health and Hospitality	90,608	90,608	-	-
Technology and Communication	65,872	65,872	-	-
Education	116,843	116,843	-	-
Others	16,406	16,406	-	-
	888,421	1,010,318	-	-
(b) Analysis of loans and advances to customers by maturity				
1-30 days	91,993	344,248	-	-
31-60 days	1,166	54,902	-	-
61-90 days	-	30,785	-	-
91-180 days	114,317	26,860	-	-
181-360 days	22,180	156,406	-	-
Over 360 days	658,765	397,117	-	-
	888,421	1,010,318	-	-
(c) Analysis of loans and advances to customers by collateral				
Otherwise secured	888,421	897,771	-	-
Not secured	-	112,547	-	-
	888,421	1,010,318	-	-

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
6 Loans and advances to customers (continued)				
(d) The movements in impairment allowance on loans and advances to customers is analyzed below;				
At 1 January	186,848	-	-	-
Impairment charge recognised during the year	143,434	186,848	-	-
	<u>330,282</u>	<u>186,848</u>	-	-
Within one year	611,342	823,470		
More than one year	-	-		
	<u>611,342</u>	<u>823,470</u>	-	-
7 Advances under finance lease				
Gross investment in finance lease	70,861	75,828	-	-
Impairment allowance (see note 7(a) below)	(54,740)	(43,916)	-	-
	<u>16,121</u>	<u>31,912</u>	-	-
Analysis of advances under finance lease by maturity				
1-30 days	18,036	18,636	-	-
31-60 days	2,113	2,313	-	-
61-90 days	9,707	-	-	-
91-180 days	2,000	5,194	-	-
181-360 days	-	-	-	-
Over 360 days	39,005	49,685	-	-
	<u>70,861</u>	<u>75,828</u>	-	-
(a) The movements in impairment allowance on advance under lease is analyzed below;				
At 1 January	43,916	15,560	-	-
Impairment charge recognised during the year	10,824	28,356	-	-
	<u>54,740</u>	<u>43,916</u>	-	-
Within one year	70,861	75,828		
More than one year	-	-		
	<u>70,861</u>	<u>75,828</u>	-	-
8 Trustee Assets				
(a) The movements in trustee assets is analyzed below;				
At 1 January	203,828	506,783	203,828	506,783
Additions	-	35,183	-	35,183
Impairment allowance provision	(68,828)	(338,138)	(68,828)	(338,138)
At 31st December	<u>135,000</u>	<u>203,828</u>	<u>135,000</u>	<u>203,828</u>
Within one year	-	35,183	-	35,183
More than one year	135,000	168,645	135,000	168,645
	<u>135,000</u>	<u>203,828</u>	<u>135,000</u>	<u>203,828</u>

Trustee Assets represents funds under management held in trust by Royal Exchange PLC (Trustees) on behalf of beneficiaries.

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
9 Investment securities				
Fair value through profit or loss (FVTPL) (see note 9(a) below)	74,215	56,724	8,158	1,638
Amortised cost (see note 9(b) below)	731,432	143,544	600,000	-
At 31 December	805,647	200,268	608,158	1,638
Within one year	120,074	52,004	8,158	-
More than one year	685,573	148,264	600,000	1,638
	805,647	200,268	608,158	1,638
(a) Fair value through profit or loss (FVTPL)				
Listed equities	74,215	56,724	8,158	1,638
	74,215	56,724	8,158	1,638
(b) Amortised cost				
Treasury bills	120,074	52,004	-	-
Commercial Papers	11,358	91,540	-	-
Investment in real estate	600,000	-	600,000	-
	731,432	143,544	600,000	-
10 Investment in subsidiaries				
Royal Exchange Finance Company Limited	-	-	591,501	551,048
	-	-	591,501	551,048
(a) Movement in gross investment in subsidiaries				
At 1 January	-	-	551,048	509,389
Additional Investment in Subsidiaries	-	-	40,453	41,659
At 31 December	-	-	591,501	551,048
(b) Investment in Associate				
At 1 January	6,616,939	5,728,914	6,616,939	5,728,914
Additional investment during the year (note 12)	-	60,000	-	60,000
Disposal within the year (note 12)	(105,875)	-	(105,875)	-
Share of current year result recognised in profit or loss (note 12)	1,038,348	828,025	1,038,348	828,025
	7,549,412	6,616,939	7,549,412	6,616,939

This represents the Group's investment in Royal Exchange General Company Limited (REGIC) now REX insurance, Royal Exchange Microfinance Bank Limited (REMFB) and Dot HMO Limited. The Associated companies are registered Nigerian companies involved in general insurance business, health insurance and financing of micro and small enterprises, representing 39.21% (2024: 39.21%) equity interest in REGIC and 30% (2024: 30%) equity interest in REMFB; 29.84% (2024: 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 Afrinvest, 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.

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024

(i) The subsidiary companies comprise of the following:

Name of Entity	Nature of business	31-Dec-25
Royal Exchange Finance Company Limited (ii)	Credit Financing	99.90

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

(ii) This represents the Company's 99.9% (2024: 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.

Notes to the Consolidated and Separate Financial Statements

10(b) The condensed financial data of the consolidated entities as at 31st December 2025, are as follows:

(i) Condensed statement of profit or loss for period ended 31st December 2025

<i>In thousands of Naira</i>	Group balances	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange Finance Company Ltd.
Share of Profit/(loss) on investment in associate	1,038,348	-	1,038,348	1,038,348	-
Write-back/(charge) of impairment allowance	(154,594)	-	(154,594)	6,667	(161,261)
Investment and other income	295,921	-	295,921	222,219	73,702
Net Interest Income	297,406	-	297,406	149,095	148,311
Net fair value gain or loss on financial assets	28,643	-	28,643	-	28,643
Other operating income	490	-	490	490	-
Net income	1,506,214	-	1,506,214	1,416,819	89,395
Total expenses	(638,760)	-	(638,760)	(362,440)	(276,320)
Profit/(loss) before tax	867,454	-	867,454	1,054,379	(186,925)
Income tax expense	(16,027)	-	(16,027)	(13,568)	(2,459)
Profit/(loss) after taxation	851,427	-	849,640	1,040,811	(189,384)

Condensed Statement of financial position as at 31st December 2025

<i>In thousands of Naira</i>	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange Finance Company Ltd.
ASSETS					
Cash and cash equivalents	2,067,347	-	2,067,347	906,484	1,160,863
Loans and advances to customers	611,342	-	611,342	-	611,342
Advances under finance lease	16,121	-	16,121	-	16,121
Financial assets	805,647	-	805,647	608,158	197,489
Investment in subsidiaries	-	(591,501)	591,501	591,501	-
Other receivables and prepayments	595,543	-	595,543	534,039	61,504
Investment in associates	7,549,412	-	7,549,412	7,549,412	-

Notes to the Consolidated and Separate Financial Statements

Property and equipment	184,310		184,310	156,084	28,226
Trustee Assets	135,000	-	135,000	135,000	-
Deposit for shares	39,000		39,000	39,000	-
Total assets	12,003,722	(591,501)	12,595,223	10,519,678	2,075,545
LIABILITIES					
Other liabilities	2,734,644		2,734,644	912,735	1,821,909
Trustee Liabilities	2,125,967	-	2,125,967	2,125,967	-
Current income tax liabilities	35,737	-	35,737	28,551	7,186
Total liabilities	4,896,348	-	4,896,348	3,067,253	1,829,095
EQUITY					
Share capital	4,133,349	(300,000)	4,433,349	4,133,349	300,000
Share premium	2,690,936	(559,914)	3,250,850	2,690,936	559,914
Risk asset reserve	416,481	-	416,481	-	416,481
Retained earnings	(87,869)	(268,412)	(356,281)	673,664	(1,029,945)
Other component of equity	(45,524)	-	(45,524)	(45,524)	-
Capital and reserves attributable to owners	7,107,373	(1,128,326)	7,698,875	7,452,425	246,450
Non-controlling interests	-	-	-	-	-
Total Equity	7,107,373	(1,128,326)	7,698,875	7,452,425	246,450
Total equity & liabilities	12,003,721	(1,128,326)	12,595,222	10,519,678	2,075,544

The condensed financial data of the consolidated entities for the period ended December 2024, are as follows

(ii) Condensed statement of profit or loss for the period ended 31st December 2024

<i>In thousands of Naira</i>	Group balances	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange Finance Company Ltd.
Share of (loss) on investment in associate	828,025	-	828,025	828,025	-
Write-back/(charge) of impairment allowance	36,687	-	36,687	(24,495)	63,182
Investment and other income	492,458	-	492,458	385,645	106,813
Net interest Income	246,058	-	246,058	162,391	83,667
Net fair value gain or loss on financial assets	7,529	-	7,529	(1,729)	9,258

Notes to the Consolidated and Separate Financial Statements

Other operating gain	1,072		1,072	1,072	-
Net income	1,613,829	-	1,613,829	1,350,908	262,921
Total expenses	(584,791)	-	(584,791)	(287,705)	(297,086)
Profit/(Loss) before tax	1,029,038	-	1,029,038	1,063,203	(34,165)
Minimum tax	(4,676)	-	(4,676)	(2,919)	(1,757)
Income tax expense	(18,459)	-	(18,459)	(18,459)	-
Profit/(Loss) after taxation	1,005,903	-	1,005,903	1,041,825	(35,922)

Condensed Statement of financial position as at 31st December 2024

<i>In thousands of Naira</i>	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange Finance Company Ltd.
ASSETS					
Cash and cash equivalents	1,157,687	-	770,863	717,818	53,045
Due from other financial institutions	-	-	386,824	-	386,824
Loans and advances to customers	823,470	-	823,470	-	823,470
Advances under finance lease	31,912	-	31,912	-	31,912
Financial assets	200,268	-	200,268	1,638	198,630
Investment in subsidiaries	-	(551,048)	551,048	551,048	-
Other receivables and prepayments	111,515	-	111,515	44,348	67,166
Investment in associates	6,616,938	-	6,619,938	6,619,938	-
Property and equipment	20,455	-	20,455	1,772	18,684
Intangible assets	1	-	1	-	1
Trustee Assets	203,828	-	203,828	203,828	-
Deposit for shares	39,000	-	39,000	39,000	-
Total assets	9,205,074	(551,048)	9,759,122	8,179,390	1,579,732
LIABILITIES					
Borrowings	1,121,787	-	1,121,787	-	1,121,787
Other liabilities	1,254,378	-	1,254,378	1,198,298	56,081
Finance Lease Obligations	168	-	168	168	-
Trustee Liabilities	541,967	-	541,967	541,967	-

Notes to the Consolidated and Separate Financial Statements

Current income tax liabilities	30,827	-	30,827	24,342	6,485
Total liabilities	2,949,127	-	2,949,127	1,764,775	1,184,353
EQUITY					
Share capital	4,133,349	(259,547)	4,392,896	4,133,349	259,547
Share premium	2,690,936	(559,914)	3,250,850	2,690,936	559,914
Contingency reserve	416,482	-	416,482	-	416,482
Retained earnings	(939,296)	268,413	(1,207,709)	(367,146)	(840,564)
Other component of equity	(45,524)	-	(45,524)	(45,524)	-
Capital and reserves attributable to owners	6,255,947	(551,048)	6,806,995	6,411,615	395,379
Non-controlling interests	-	-	-	-	-
Total equity	6,255,947	(551,048)	6,806,995	6,411,615	395,379
Total equity & liabilities	9,205,074	(551,048)	9,756,122	8,176,390	1,579,732

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
11 Other receivables and prepayment				
Intercompany receivables (see note 11(a))	177,440	2,050	177,475	2,042
Accrued investment income (see note 11(b))	39,979	33,845	39,911	33,732
Prepayments and other assets (see note 11(c))	418,730	138,660	357,259	56,328
	<u>636,149</u>	<u>174,555</u>	<u>574,645</u>	<u>92,102</u>
Impairment on other receivables (see note 11(d))	(40,606)	(63,040)	(40,606)	(47,754)
	<u>595,543</u>	<u>111,515</u>	<u>534,039</u>	<u>44,348</u>
Within one year	548,015	63,987	524,557	34,866
More than one year	47,528	47,528	9,482	9,482
	<u>595,543</u>	<u>111,515</u>	<u>534,039</u>	<u>44,348</u>
(a) Due from related parties				
Royal Exchange Microfinance Bank Limited	-	1,260	-	1,260
Dot HMO Limited	177,440	790	177,475	783
	<u>177,440</u>	<u>2,050</u>	<u>177,475</u>	<u>2,043</u>
(b) Accrued investment income				
Investment income	39,979	33,845	39,911	33,732
	<u>39,979</u>	<u>33,845</u>	<u>39,911</u>	<u>33,732</u>

Accrued investment income represents interest income earned but not yet received as at the reporting date. This mainly relates to interest on fixed deposits, treasury bills, and other interest-bearing financial instruments held by the company as part of its investment portfolio. The accrued investment income is recognized on a time-proportion basis, using the effective interest method in accordance with IFRS 9 – Financial Instruments. The amount reflects income that has been earned up to the reporting date but will be received in subsequent periods.

(c) Other receivables

Prepayment	103,832	52,414	60,177	6,000
Unearned income	14,486	14,486	-	-
Other fees receivable	984	16,910	-	-
Withholding tax receivables	297,082	8,090	297,082	6,642
Trustee fees receivable	512	1,001	-	1,001
Total Interest receivables	-	99	-	99
Other assets	1,834	45,660	-	42,586
	<u>418,730</u>	<u>138,660</u>	<u>357,259</u>	<u>56,328</u>

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;

At 1 January	(63,040)	(73,831)	(47,754)	(73,831)
Allowance made during the year	22,434	10,791	7,148	26,077
	<u>(40,606)</u>	<u>(63,040)</u>	<u>(40,606)</u>	<u>(47,754)</u>

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.

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
(d) Impairment allowance on other receivables (continued)				
Breakdown of Impairment on other receivables				
Impairment on receivables	40,606	-	40,606	-
Impairment on Other assets BS	-	2,350	-	2,350
Impairment on Other assets - WHT Receivable	-	5,107	-	5,107
Impairment on Data Centre Relocation account	-	27,777	-	27,777
Impairment on Other assets - Software Account	-	12,520	-	12,520
	40,606	47,754	40,606	47,754

12 Additional disclosures on investment in associates

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

At 1 January	6,616,939	5,728,914	6,616,939	5,728,914
Additional investment during the year	-	60,000	-	60,000
Disposal within the year	(105,875)	-	(105,875)	-
	6,511,064	5,788,914	6,511,064	5,788,914
Share of current year result recognised in profit or loss (see note 12(b))	1,038,348	828,025	1,038,348	828,025
	1,038,348	828,025	1,038,348	828,025
	7,549,412	6,616,939	7,549,412	6,616,939

(b) This represents the Group's investment in Royal Exchange General Company Limited (REGIC) now REX insurance, 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% (2024: 39.21%) equity interest in REGIC and 30% (2024: 30%) equity interest in REMFB; 29.84% (2024: 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 REX, REMFB & DOTHMO are as set out below:

<i>In thousands of Naira</i>	REX	REMFB	REHL/ DOTHMO	31-Dec-25
Percentage ownership interest	39.21%	30%	29.84%	
Non-Current Assets	4,199,773	13,927	459,317	4,673,017
Current Assets	37,471,183	585,282	267,936	38,324,401
<i>Total Assets</i>	41,670,956	599,209	727,253	42,997,418
Non-Current Liabilities	(263,637)	-	-	(263,637)
Current Liabilities	(21,229,743)	(206,038)	(787,534)	(22,223,315)
<i>Total Liabilities</i>	(21,493,380)	(206,038)	(787,534)	(22,486,952)
Net assets	20,177,576	393,171	(60,281)	20,510,466
Company's share of net assets	7,911,628	117,951	(17,988)	8,011,591

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
<i>In thousands of Naira</i>	REX	REMF	DOTHMO	31-Dec-25
Percentage ownership interest	39.21%	30%	29.84%	
Revenue	5,831,107	109,603	498,865	6,439,575
Profit/(Loss) after tax from continuing operations	2,842,780	34,128	(74,470)	2,802,438
Other comprehensive income	(164,048)	-	-	(164,048)
Total comprehensive income	2,678,732	34,128	(74,470)	2,638,390
Company's share of total comprehensive income	1,050,332	10,238	(22,222)	1,038,348
Company's share of other comprehensive income	(64,323)	-	-	(64,323)
Company's share of profit (note 12(a))	1,050,332	10,238	(22,222)	1,038,348

(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 2025

Deposit for shares in Royal Exchange Microfinance Ltd.

39,000	39,000	39,000	39,000
39,000	39,000	39,000	39,000

Notes to the Consolidated and Separate Financial Statements

13 Property and equipment

(a) Group

<i>In thousands of Naira</i>	Plant & Machinery	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost					
At 1 January 2025	11,306	42,054	75,178	54,663	183,201
Additions	-	22,553	-	140,574	163,127
Disposals	-	(12,540)	(33,569)	(30,557)	(76,666)
At 31 December 2025	11,306	52,067	41,609	164,680	269,662
At 1 January 2024	11,306	38,335	66,505	67,548	183,694
Additions	-	3,719	8,673	-	12,392
Disposals	-	-	-	(12,885)	(12,885)
At 31st December 2024	11,306	42,054	75,178	54,663	183,201
Accumulated Depreciation					
At 1 January 2025	11,306	35,703	61,574	54,163	162,746
Charge for the year	-	5,492	2,536	6,393	14,421
Disposals	-	(12,540)	(48,718)	(30,557)	(91,815)
At 31 December 2025	11,306	28,655	15,392	29,999	85,352
At 1 January 2024	11,306	34,591	57,378	66,069	169,344
Charge for the year	-	1,112	4,196	979	6,287
Disposals	-	-	-	(12,885)	(12,885)
At 31st December 2024	11,306	35,703	61,574	54,163	162,746
Carrying amounts:					
At 31 December 2025	-	23,412	26,217	134,681	184,310
At 31st December 2024	-	6,351	13,604	500	20,455

- (i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2024: nil).
- (ii) The Group had no capital commitments as at the balance sheet date (2024: nil)
- (iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2024: Nil)

(b) Company

<i>In thousands of Naira</i>	Plant & Machinery	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost					
At 1 January 2025	-	22,068	26,073	57,847	105,987
Additions	-	13,771	7,969	141,118	162,858
Disposals	-	-	-	(57,615)	(57,615)
At 31 December 2025	-	35,839	34,042	141,350	211,230
At 1 January 2024	-	21,883	26,073	57,847	105,802
Additions	-	185	-	-	185
At 31 December 2024	-	22,068	26,073	57,847	105,987

Notes to the Consolidated and Separate Financial Statements

13 Property and equipment

Accumulated Depreciation

At 1 January 2025	-	20,424	25,946	57,847	104,216
Charge for the year	-	1,815	837	5,893	8,545
Disposals	-	-	-	(57,615)	(57,615)
At 31 December 2025	-	22,239	26,783	6,125	55,146
At 1 January 2024	-	19,795	25,902	57,847	103,543
Charge for the year	-	629	44	-	673
At 31 December 2024	-	20,424	25,946	57,847	104,216
Carrying amounts:					
At 31 December 2025	-	13,600	7,259	135,225	156,084
At 31st December 2024	-	1,644	128	-	1,771

- (i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2024: nil).
- (ii) The Group had no capital commitments as at the balance sheet date (2024: nil)
- (iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2024: Nil)

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. This has no balance as at 31 December 2025 (2024: Nil)

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 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 within the year under review.

15 Trustee Liabilities

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

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
At 1 January	541,967	506,783	541,967	506,783
Additions	1,584,000	35,184	1,584,000	35,184
At 31 December	2,125,967	541,967	2,125,967	541,967
Within one year	1,584,000	35,184	1,584,000	35,184
More than one year	541,967	506,783	541,967	506,783
	2,125,967	541,967	2,125,967	541,967

- (i) Trustee Liabilities represents the company's borrowings from the funds under management held in trust on behalf of Royal Exchange PLC - Trustees.
- (ii) The movement on the trustee liabilities represents interest amount payable to the trust funds under management at 5%p.a

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
16 Borrowings from customers				
Loans and advances	1,691,477	1,121,787	-	-
	1,691,477	1,121,787	-	-
17 Other liabilities				
At 1st January	1,517,267	(145,072)	1,461,186	1,623,054
Movement during the year (Net)	(474,100)	1,662,339	(548,451)	(161,868)
At 31 December 2025	1,043,167	1,517,267	912,735	1,461,186
Analysis of borrowings and other liabilities				
Due to related parties (see 17(a) below)	17,743	262,888	17,743	262,888
Other liabilities (see 17(b) below)	1,025,424	1,254,379	894,992	1,198,298
	1,043,167	1,517,267	912,735	1,461,186
Within one year	17,743	(85,408)	17,743	13,640
More than one year	1,025,424	1,602,675	894,992	1,447,546
	1,043,167	1,517,267	912,735	1,461,186
(a) Due to related parties				
Royal Exchange General Insurance Company	-	245,145	-	245,145
Intercompany Account for Shared Services	17,743	17,743	17,743	17,743
	17,743	262,888	17,743	262,888
(b) Analysis of other liabilities is as follows:				
Deffered income	35,896	96,730	35,896	44,533
Accruals	7,712	7,536	7,712	7,020
PAYE and WHT payables	12,263	26,530	32,374	26,654
ITF payable	26,403	262,888	738	262,888
Intercompany Payable (note 17(ii))	612,544	612,544	612,544	612,544
Provisions for Litigations & claims	-	7,188	-	3,696
Staff payables	5,608	-	3,696	-
Commission Payable	79,173	79,173	79,173	79,173
Discontinued Liability	2,316	2,316	2,316	2,316
Unclaimed Dividend Funds (note 17(i))	73,879	42,692	73,879	42,692
Other Liabilities (note 17(iii))	169,630	116,782	46,664	116,782
	1,025,424	1,254,379	894,992	1,198,298
(i) 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.				
(ii) The analysis of other payables are as follows:				
Sundry creditors	49,051	49,051	1,964	1,964
Intercompany payables	612,544	612,544	612,544	612,544
	661,595	661,595	614,508	614,508
(iii) Included in other liabilities is sundry creditors which has a historical balance from year 2020 till date. There has not been any claim on the amount in the year under review.				

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
18 Contingent Liabilities				
The company has some pending litigations at the appeal court which have not crystallised 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.				
19 Taxation				
(a) Charge for the year				
Income tax	4,246	2,919	1,787	2,919
Police Trust Fund Levy	53	51	53	51
Education tax	1,184	8,219	1,184	8,219
Technology tax	10,544	10,190	10,544	10,190
	<u>16,027</u>	<u>21,379</u>	<u>13,568</u>	<u>21,379</u>
Income taxes	11,781	18,459	11,781	18,459
Minimum tax	4,246	4,676	1,787	2,919
Total income tax	<u>16,027</u>	<u>23,136</u>	<u>13,568</u>	<u>21,379</u>
(b) Current income tax liabilities				
At 1 January	30,827	240,392	24,342	235,664
Charge for the year	11,781	18,459	11,781	18,459
Payment during the year	(11,117)	(232,700)	(9,359)	(232,700)
Minimum Tax	4,246	4,676	1,787	2,919
At 31 December 2025	<u>35,737</u>	<u>30,827</u>	<u>28,551</u>	<u>24,342</u>
20 Finance lease obligation				
At 1 January	168	168	168	15,228
Additions	(168)	-	(168)	(15,060)
At 31 December 2025	<u>-</u>	<u>168</u>	<u>-</u>	<u>168</u>
21 Share capital				
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				
Opening	4,133,349	2,572,685	4,133,349	2,572,685
Addition	-	1,560,664	-	1,560,664
	<u>4,133,349</u>	<u>4,133,349</u>	<u>4,133,349</u>	<u>4,133,349</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company'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 members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act of Nigeria.

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	2025	Group 2024	2025	Company 2024
22 Share premium				
At 31 December 2025	2,690,936	2,690,936	2,690,936	2,690,936
23 Risk assets regulatory reserve				
Beginning of the year	416,481	599,536	-	-
Transfer from retained earnings	-	(66,222)	-	-
Adjustment to prior period balance	-	(116,833)	-	-
	416,481	416,481	-	-
<p>This represents the CBN's (Central Bank of Nigeria) directive that where the impairment allowance computed for loans and advances in line with the CBN prudential guidelines is higher than the IFRS impairment computed for the loans, the excess should be transferred to (regulatory reserve). Where prudential provision is less than IFRS impairment, the difference should be transferred from regulatory reserve to the extent of the non - distributable reserve previously recognised.</p>				
24 Retained Earnings				
<p>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.</p>				
At the beginning of the year	(939,296)	(2,026,044)	(367,146)	(1,408,971)
Transfer from profit and loss	851,427	1,005,902	1,040,811	1,041,825
Transfer to regulatory reserve	-	66,222	-	-
Actuarial valuation reserve	-	14,624	-	-
At the end of the year	(87,869)	(939,296)	673,665	(367,146)
25 Other Component of Equity	(45,524)	(45,524)	(45,524)	(45,524)
(a) Fair value reserves				
<p>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.</p>				
26 Net Interest Income				
Gross Interest Income:				
Interest income on placement with local banks	143,337	201,837	131,390	201,837
Interest income on placement with others	151,695	82,237	5,967	-
Interest income on treasury bills	34,686	1,004	8,488	-
Interest income on bonds	-	3,254	3,250	3,254
Interest income on loans and receivables	227,407	151,134	-	-
Interest income on advances on finance lease	72	1,685	-	-
<i>Total Interest Income</i>	557,197	441,151	149,095	205,091
Interest expense:				
Interest expense on borrowings	(259,791)	(206,254)	-	(42,700)
Net interest income	297,406	234,897	149,095	162,391
Fees and Commission Income				
Fees and Commission Income	6,767	11,162	-	-

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group	2024	Company	2024
	2025		2025	
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 balance as at period end is as follows:				
<i>Equity securities:</i>				
Dividend from Investment securities	8,736	2,886	-	-
Sundry income	40,901	75,798	-	552
Investment management income	5,967	466	-	466
Other income	233,551	413,307	222,219	384,626
	<u>289,155</u>	<u>492,457</u>	<u>222,219</u>	<u>385,644</u>
28 Net fair value gain on financial assets				
Changes in Fair Value of Equity securities:				
*At fair value through profit/loss	28,643	7,529	-	(1,729)
	<u>28,643</u>	<u>7,529</u>	<u>-</u>	<u>(1,729)</u>
29 (Charge)/write-back of impairment allowance				
Impairment allowance on loans and advance	(151,341)	64,710	-	-
Allowance on advance under lease	(9,919)	(31,527)	-	-
Write back of impairment on other receivables	6,667	5,505	6,667	(24,495)
	<u>(154,594)</u>	<u>38,688</u>	<u>6,667</u>	<u>(24,495)</u>
30 Other operating income				
Trustee fee income	490	1,072	490	1,072
	<u>490</u>	<u>1,072</u>	<u>490</u>	<u>1,072</u>
31 Operating expenses				
Other administrative expenses	5,448	34,297	7,027	28,483
Right issue expenses	-	46,376	-	46,376
Other taxes	31,050	523	7,698	523
Training expenses	5,890	-	3,733	-
Gift and donations	3,041	-	3,041	-
Depreciation - Property and equipment	14,421	5,797	8,545	-
Loan written off	-	85,592	-	-
Other expenses	59,231	83,770	49,376	83,770
Asset written off (note 31(b))	14,080	-	14,080	-
Directors sitting allowances	-	7,148	-	-
Board meeting/other Directors expenses	51,799	27,867	31,701	19,583
Office equipment maintenance	4,403	2,691	2,226	-
Furniture maintenance	-	212	-	-
Cleaning service	694	222	694	-
Maintenance computer consumables	1,218	1,734	-	-
Motor vehicle repairs & services	1,425	7,064	891	2,018
Fuel- motor vehicle	5,118	4,102	-	-
Other motor running expenses	695	479	-	-
Audit fees (note 31(a))	11,825	2,473	8,063	5,000
Internal audit fees	-	2,593	-	-
Legal fees expense	19,390	1,670	7,931	-
Tax consultancy fee	3,820	764	3,156	-

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
Professional consultancy fees	67,118	11,434	62,524	9,107
Software maintenance fees	8,185	3,260	-	-
Office rent	23,906	7,232	11,324	-
Office electricity expense- diesel	4,349	6,763	2,398	-
Residential electricity expense	4,141	1,537	-	-
Electricity	1,560	3,922	-	-
Insurance cost-fidelity guarantee	670	437	-	-
Insurance cost-motor vehicles	-	1,291	-	-
Insurance cost - all risks	-	94	-	-
Insurance cost - office equipment	124	39	-	-
Office repair and renewal	-	9	-	-
Printing & stationery	3,339	2,246	2,557	1,500
Office maintenance	2,010	872	-	-
Advertising & publicity expenses	3,299	7,556	3,299	4,561
Commission and market development	2,548	1,248	-	-
Business promotions	3,544	625	-	-
Trade & professional membership	3,512	778	-	-
Transportation expenses - local	8,061	13,010	5,266	5,490
Fines & penalties	5,212	40	-	-
General office expenses	22,512	4,233	-	-
Internet access charge	4,468	7,289	1,091	2,283
Security expenses	474	1,279	474	-
Entertainment	5,244	1,434	3,929	40
Recruitment & relocation expense	-	10,120	-	-
Telephone expenses	1,696	443	-	444
Sundry expenses	5,348	94	-	-
Trade & professional subscription	1,153	707	6,617	-
Bank charges	1,660	568	1,225	-
	<u>417,681</u>	<u>405,714</u>	<u>248,866</u>	<u>209,178</u>

(a) Provision of non-audit services

Messrs Kreston Pedabo Audit Services did not provide any non-audit services to the Company during the year (2024: Nil).

-) Assets written off represent the carrying amount of items derecognized during the year following management's assessment that they no longer provide future economic benefits. The write-off has been recognized in profit or loss in the period.

32 Earnings per share

Basic and diluted earnings per share(kobo)	21	24	25	20
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The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Profit for the year attributable to owners of the company	851,427	1,005,902	1,040,811	1,041,824
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Unit in thousands

Number of ordinary shares for the purpose of basic and diluted earnings per share	4,133,349	4,133,349	4,133,349	4,133,349
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Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group	2024	Company	2024
	2025		2025	
33 Personnel costs				
Key management personnel of the Company includes all Directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the year is as follows:				
(a) Chairman and Directors' emoluments:				
Non-executive Directors:				
Directors' fees	8,813	8,813	8,813	8,813
Other allowances	10,770	10,770	10,770	10,770
	19,583	19,583	19,583	19,583
Chairman	1,868	1,868	1,868	1,868
Other Directors	17,715	17,715	17,715	17,715
	19,583	19,583	19,583	19,583
The highest paid Director	14,280	14,280	14,280	14,280
(i) Number of Directors (excluding the chairman) within the following emolument range				
N400,000 - N1,000,000	3	3	1	1
N2,000,001 - N5,000,000	13	13	-	-
Above N5,000,000	6	6	4	4
	22	22	5	5
b) Staff				
Average number of persons employed in the financial year and the related staff cost were as follows:				
Managerial	5	3	3	1
Senior staff	14	11	4	1
Junior staff	13	8	6	1
	32	22	13	3
(i) Staff costs				
Salaries , wages and allowances	192,737	175,455	102,963	68,044
Pension cost	28,342	3,622	10,611	10,483
	221,079	179,077	113,574	78,527
ii) Pension scheme				
At January	-	-	-	-
Provision in the year	4,524	4,367	4,524	2,554
Remittance to pension fund administrators	(5,052)	(4,367)	(5,052)	(2,554)
At December 31	(528)	-	(528)	-
(iii) The number of employees in receipt of emoluments including allowances within the following ranges were:				
N				
500,001 - 600,000	2	3	-	1
1,000,001 - 2,000,000	4	3	2	-
2,000,001 - 3,000,000	6	5	2	-
3,000,001 - 4,000,000	6	5	2	-
5,000,001 - 6,000,000	3	-	3	2
7,000,001 - 8,000,000	2	2	1	1
8,000,001 - 9,000,000	1	1	-	-
12,000,001 - 20,000,000	6	2	2	-
Above 20,000,000	2	1	1	1
	32	22	13	5

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
34 Reconciliation notes to consolidated and separate statement of cashflows				
(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.				
Cash (see note 5)	15	11	-	-
Bank balances (see note 5)	37,182	63,477	12,371	10,444
Short-term deposits (see note 5)	2,030,150	1,094,199	894,113	707,373
	2,067,347	1,157,687	906,484	717,817
(ii) Other receivables and prepayments				
Net changes in other receivable and prepayments	(499,177)	53,038	(489,691)	104,376
Write-backs recognised in profit or loss	6,667	(38,686)	6,667	24,495
	(492,510)	14,352	(483,024)	128,871
(iii) Changes in financial assets				
At 31 December	(605,378)	(150,282)	(606,520)	6,886
Fair value changes recognised in profit or loss	28,643	(7,529)	-	(1,729)
	(576,735)	(157,811)	(606,520)	5,157
(iv) Changes in loans and advances to customers				
Net changes in loans and advances to customers	212,129	(41,555)	-	-
Interest income received	-	246,229	-	-
	212,129	204,674	-	-
(v) Changes in advances under finance lease				
Net changes in advances under finance lease	15,791	19,599	-	-
	15,791	19,599	-	-
(vi) Changes in depositors fund				
Net changes in depositors fund	-	(713,253)	-	-
	-	(713,253)	-	-
(vii) Proceed from sale of property and equipment				
Cost of property and equipment	-	(12,392)	-	(185)
	-	(12,392)	-	(185)

35 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 N100 million.

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

	Group 2025	Group 2024
Shareholders' fund as per financial position	7,107,373	6,255,946
Capital resources on a regulatory basis	7,107,373	6,255,946
Shareholders' funds upon approval for deposit for shares	7,107,373	6,255,946

Notes to the Consolidated and Separate Financial Statements

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 sensitivity to market changes (e.g., interest rate and foreign exchange rate);
- Asset/Liability management;
- Periodic Internal Audit and Control.

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.

Notes to the Consolidated and Separate Financial Statements

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 the complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, analyzed into Levels 1 to 3 based on the degree to which the fair value is observable.

Group

31-Dec-25

<i>In thousands of Naira</i>		Level 1	Level 2	Level 3	Total
Financial Assets:					
<i>Fair value through profit or loss:-</i>					
Quoted equity shares	9(a)	805,647	-	-	805,647
		805,647	-	-	805,647
<i>Fair value through Other Comprehensive Income:-</i>					
Specific impairment allowance	9(b)	-	-	-	-
		-	-	-	-
Total financial assets measured at Fair value		805,647	-	-	805,647

Group

31-Dec-24

<i>In thousands of Naira</i>		Level 1	Level 2	Level 3	Total
Financial Assets:					
<i>Fair value through profit or loss:-</i>					
Quoted equity shares	9(a)	200,268	-	-	200,268
		200,268	-	-	200,268
<i>Fair value through Other Comprehensive Income:-</i>					
Specific impairment allowance	9(b)	-	-	-	-
		-	-	-	-
Total financial assets measured at fair value		200,268	-	-	200,268

Company

31-Dec-25

Financial Assets:

Fair value through profit or loss:-

Quoted equity shares	9(a)	8,158	-	-	8,158
Total financial assets measured at fair value		8,158	-	-	8,158

Company

31-Dec-24

Financial Assets:

Fair value through profit or loss:-

Quoted equity shares	9(a)	9,576	-	-	9,576
Total financial assets measured at fair value		9,576	-	-	9,576

Notes to the Consolidated and Separate Financial Statements

(b) Financial instruments not measured at fair value

The fair value information for financial assets and financial liabilities not measured at fair value has not been disclosed because the carrying amount is a reasonable approximation of its fair value. These financial instruments include:

Cash and cash equivalents

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

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

Amortized Cost

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

Trade receivables and other receivables

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

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

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

(c) Financial risks

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

i Market risk

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

Currency risk

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

Foreign Currency risk

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

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

(d) 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.

Notes to the Consolidated and Separate Financial Statements

38 Fair value of financial instruments (continued)

(d) Interest rates risk (continued)

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

<i>In thousands of Naira</i>	Notes	31-Dec-25	31-Dec-24
Fixed Interest rate instructions			
Cash and cash equivalents	5	2,067,347	1,157,687
Loans and advances	6	611,342	823,470
Advances under finance lease	7	16,121	31,912
		2,694,810	2,013,069
Finance lease obligations	20	-	-
Borrowings	20	(1,691,477)	(1,121,787)
Depositors Fund	18	(1,043,167)	(1,254,379)
Bank overdrafts	5	-	-
		(2,734,644)	(2,376,166)
		(39,834)	(363,097)

In addition to the financial instruments listed above, the Group has borrowings amounting to ₦91.6million (2024: ₦305 million) and depositors funds amounting to ₦1.8m .

Company

Financial instruments

<i>In thousands of Naira</i>	31-Dec-25	31-Dec-24
Fixed Interest rate instructions		
Cash and cash equivalents	906,484	717,818
	906,484	717,818
Finance lease obligations	-	168
Borrowings	-	245,145
	906,484	963,131

In addition to the financial instruments listed above, the Company has borrowings amounting to N17.7 million (2024: N422,000).

Notes to the Consolidated and Separate Financial Statements

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024

38 Fair value of financial instruments (continued)

(e) 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.

Increase in interest rate by 50 basis points (+0.5%)	(4,365)	(4,365)	0	0
Decrease in interest rate by 50 basis point (-0.5%)	4,365	4,365	(0)	(0)

Equity and profit after adjustments

Pre-tax profit	867,454	1,029,037	1,054,379	1,063,203
Shareholders' equity	7,107,373	6,255,946	7,452,425	6,411,615

Equity and profit after adjustments

Pre-tax profit	867,454	1,029,037	1,054,379	1,063,203
Shareholders' equity	7,107,373	6,255,946	7,452,425	6,411,615

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:

Equity Securities; - quoted (fair value through profit or loss)	8(a)	805,647	200,268	8,158	1,638
Equity Securities; - unquoted (fair value through Other Comprehensive Income)	8(b)	-	-	-	-
		805,647	200,268	8,158	1,638

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:

10% increase	80,565	20,027	816	164
10% decrease	(80,565)	(20,027)	(816)	(164)

Equity and profit after adjustments

Pre-tax (Loss)/Profit	948,018	1,049,064	1,055,195	1,063,366
Shareholders' equity	7,187,938	6,275,973	7,453,241	6,411,779

Equity and profit after adjustments

Pre-tax (Loss)/Profit	786,889	1,009,010	1,053,563	1,063,039
Shareholders' equity	7,026,808	6,235,919	7,451,609	6,411,451

Notes to the Consolidated and Separate Financial Statements

38 Fair value of financial instruments (continued)

(f) 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

(g) 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).

Notes to the Consolidated and Separate Financial Statements

38 Fair value of financial instruments (continued)

(g) Expected credit loss measurement (continued)

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

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

i Quantitative criteria:

Where the days past due is greater than 30 days past due, the instrument is classified as stage 2.

Credit risk grades

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

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

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

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

ii Qualitative criteria:

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

- In short-term forbearance.
- Direct debit cancellation.
- Extension to the terms granted.
- Previous arrears within the last 12 months.
- Significant increase in credit spread.
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates.

Notes to the Consolidated and Separate Financial Statements

38 Fair value of financial instruments (continued)

- Actual or expected forbearance or restructuring.
- Actual or expected significant adverse change in operating results of the borrower.
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default.
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans.

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

iii Backstop

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

iv Definition of default

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

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments .

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

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

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

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

h) 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.

Notes to the Consolidated and Separate Financial Statements

38 Fair value of financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 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.

Notes to the Consolidated and Separate Financial Statements

38 Fair value of financial instruments (continued)

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.

Notes to the Consolidated and Separate Financial Statements

38 Fair value of financial instruments (continued)

(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

<i>In thousands of Naira</i>	Notes	AAA	AA	A+	A	BBB	B	Not Rated	Carrying Amount
Fair value through profit or loss (FVTPL)									
- Loans and advances to customers	6							888,421	888,421
-Advance under finance lease	7							16,121	16,121
									904,542
Cash and cash equivalents:									
Bank balances	5				15			37,182	37,197
									37,197
									941,739
<hr/>									
<i>In thousands of Naira</i>		AAA	AA	A+	A	BBB	B	Not Rated	Carrying Amount
Fair value through profit or loss (FVTPL)									
- Loans and advances to customers	6	-	-	-	-	-	-	1,010,317	1,010,317
-Advance under finance lease	7	-	-	-	-	-	-	67,015	67,015
									1,077,332
Cash and cash equivalents:									
Bank balances	5	-	-	-	15	-	-	37,182	37,197
									37,197
									1,114,529

Notes to the Consolidated and Separate Financial Statements

38 Fair value of financial instruments (continued)

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.

39 Comparative Figures

Certain prior year comparative figures have been reclassified where necessary to align with the presentation adopted in the current year. These reclassifications were made to improve presentation and comparability and do not affect previously reported profit before tax, total comprehensive income or shareholders' equity.

Consolidated and Separate Statement of Value Added

<i>In thousands of Naira</i>	Group			Company		
	2025	2024	%	2025	2024	%
<p>“Value added” is the measure of wealth the Group and Company have created in its operations by “adding value” to the cost of products and services. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and reinvested in the Group and Company for the replacement of assets and the further development of operations.</p>						
Investment and other income	1,327,502	1,320,482		1,260,567	1,213,669	
Interest income	557,197	441,151		149,095	205,091	
Net fair value gain or loss on financial asset	28,643	7,529		-	(1,729)	
Other operating income	490	1,072		490	1,072	
Bought in goods and services	(826,905)	(559,145)		(247,222)	(275,572)	
Value Added	1,086,927	1,211,090	100	1,162,930	1,142,531	100
Applied as follows:						
In payment of employees:						
-Salaries, wages and other benefits	221,079	175,455	20	113,574	78,527	27
In payment to government:						
-Taxation	-	23,135	-	-	21,378	1
For future replacement of assets and expansion of business:						
Depreciation	14,421	6,597	1	8,545	801	6
Profit for the year	851,427	1,005,903	77	1,040,811	1,041,825	(134)
	1,086,927	1,211,090	100	1,162,930	1,142,531	100

Value added represents the additional wealth which the Company has been able to create by its own and employees efforts.

Five year Financial Summary

Group

<i>In thousands of Naira</i>	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21
Assets					
Cash and cash equivalents	2,067,347	1,157,687	470,711	608,573	2,896,828
Loans and advances to customers	611,341	823,470	1,051,873	1,140,139	1,079,176
Advances under finance lease	16,121	31,912	51,510	68,431	104,578
Financial assets	74,215	56,724	49,985	30,820	892,022
Trade receivables	-	-	-	-	19,014
Reinsurance assets	731,432	143,544	-	-	234,017
Deferred acquisition cost	-	-	-	-	54,636
Other receivables and prepayments	595,543	111,515	178,223	163,342	228,978
Investment in associates	7,549,412	6,616,939	5,728,913	5,080,551	3,710,291
Investment properties	-	-	-	-	1,821,018
Property and equipment	184,310	20,455	14,531	17,440	142,522
Right of Use Asset	-	-	-	942	597
Intangible assets	-	-	1	-	53,798
Statutory deposits	-	-	-	-	215,000
Deferred tax assets	-	-	-	-	201,592
Assets classified as held for sale	-	-	-	-	1,016,069
Trustee Assets	135,000	203,828	485,695	478,908	-
Deposit for shares	39,000	39,000	39,000	39,000	27,000
Total assets	12,003,721	9,205,074	8,070,442	7,628,149	12,697,139
Liabilities					
Bank borrowing	1,691,477	1,121,787	1,835,043	544,777	2,413,039
Trade payables	-	-	-	-	387,752
Other liabilities	1,043,167	1,254,379	1,689,970	3,037,411	1,088,216
Depositors' funds	-	-	-	1,226,428	1,366,634
Insurance contract liabilities	-	-	-	-	5,793,044
Investment contract liabilities	-	-	-	-	281,448
Finance Lease Obligation	-	168	168	168	-
Trustee Liabilities	2,125,967	541,967	506,783	478,908	-
Current income tax liabilities	35,737	30,827	240,389	234,702	240,393
Employees retirement benefit liability	-	-	4,515	974	9,369
Deferred tax liabilities	-	-	-	-	85,825
Deposit for Shares	-	-	1,985	-	-
Total liabilities	4,896,348	2,949,128	4,278,853	5,523,368	11,665,720

Five year Financial Summary

Group

<i>In thousands of Naira</i>	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21
Equity					
Share capital	4,133,349	4,133,349	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
Regulatory risk reserves	416,481	416,481	599,536	-	312,656
Retained earnings	(87,869)	(939,296)	(2,026,044)	(3,612,013)	(5,000,716)
Other component of equity	(45,524)	(45,524)	(45,524)	453,173	276,575
Capital and reserves attributable to owners	7,107,373	6,255,946	3,791,589	2,104,781	852,136
Non-controlling interests	-	-	-	-	179,283
Total Equity	7,107,373	6,255,946	3,791,589	2,104,781	1,031,419
Total equity and liabilities	12,003,721	9,205,074	8,070,442	7,628,149	12,697,139

Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Naira</i>	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21
Gross premium		-	-	-	2,855,818
Net income	1,660,808	1,613,829	767,400	249,612	(543,854)
Profit/(loss) before taxation	867,454	1,029,038	(201,988)	(148,333)	(1,421,842)
Income tax expense	-	(23,135)	(4,230)	(2,141)	27
Profit/(loss) after taxation	867,454	1,005,903	(206,218)	(150,474)	(1,421,815)
Earnings/(loss) per share (kobo)	21	13	(4)	(6)	(8)

Five year Financial Summary

Company

<i>In thousands of Naira</i>	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21
Assets					
Cash and cash equivalents	906,484	717,817	14,994	112,326	112,326
Financial assets	608,158	1,638	11,800	17,499	17,499
Investment in Subsidiaries	591,501	551,048	509,389	4,714,381	4,714,381
Investment in Associates	7,549,412	6,616,939	5,728,914	3,710,291	3,710,291
Other receivables and prepayments	534,039	44,348	148,724	115,057	115,056
Property and equipment	156,084	1,771	2,260	5,078	5,079
Trustee Assets	135,000	203,828	485,695	-	275,399
Deposit for shares	39,000	39,000	39,000	27,000	27,000
Total assets	10,519,678	8,176,389	6,940,776	8,701,632	8,977,031
Liabilities					
Bank borrowing	-	-	750,048	544,777	2,523,850
Other liabilities	912,735	1,198,298	1,623,054	2,996,833	1,787,291
Finance Lease Obligation	-	168	15,229	13,699	12,867
Trustee Liabilities	2,125,967	541,967	506,783	768,940	102,056
Current income tax liabilities	28,551	24,342	235,561	232,595	232,836
Employees retirement benefit liability	-	-	974	974	974
Total liabilities	3,067,253	1,764,775	3,131,649	4,557,818	4,659,874
Equity					
Share capital	4,133,349	4,133,349	2,572,686	2,572,685	2,572,685
Share premium account	2,690,936	2,690,936	2,690,936	2,690,936	2,690,936
Retained earnings	673,664	(367,146)	(1,408,971)	(1,074,283)	(755,581)
Other component of equity	(45,524)	(45,524)	(45,524)	(45,524)	(190,883)
Shareholders' funds	7,452,425	6,411,615	3,809,127	4,143,814	4,317,157
Total equity and liabilities	10,519,678	8,176,390	6,940,776	8,701,632	8,977,031

Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Naira</i>	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21
Net income	1,410,152	1,375,403	629,294	76,450	131,848
Profit/(loss) before taxation	1,054,379	1,063,203	(175,807)	(163,126)	20,252
Income tax expense	(13,568)	(21,378)	(2,963)	(34)	(832)
Profit/(loss) after taxation	1,040,811	1,041,825	(178,770)	(163,160)	19,420