



10TH SEPTEMBER, 2021

Royal Exchange Plc
(RC: 6752)

4TH QUARTER 2021 EARNINGS FORECAST

ROYAL EXCHANGE Plc RC: 6752

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

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

| Forecast Statement of Comprehensive Income | 4TH QUARTER 2021 FORECAST |
|---|------------------------------|
| INCOME | N'000 |
| GROSS WRITTEN PREMIUM | 448,257 |
| Gross Premium Revenue (Net of UPR) | 413,291 |
| Insurance Premium Ceded to Reinsurance | (44,826) |
| NET PREMIUM | 368,465 |
| Fees and Commission Income- Insurance | 4,483 |
| UNDERWRITING INCOME | 372,948 |
| Gross Benefits and Claims Paid Net of Recoveries | 125,430 |
| Gross Changes in Insurance Liabilities(including investment contracts with DPF) | 103,380 |
| Underwriting expenses | 117,909 |
| TOTAL UNDERWRITING EXPENSES | 346,719 |
| TOTAL UNDERWRITING PROFIT | 26,229 |
| Investment income | 38,448 |
| Earned interest less expenses | 96,853 |
| Interest income | - |
| Fee and Commission Income- Finance | 28,606 |
| Investment in Associate | 145,727 |
| Fair Value Changes in Financial assets- FVTPL | 19,801 |
| ECL Impairment Allowance | - |
| Allowance for impairment | (21,104) |
| Other income | 55,000 |
| NET INCOME | 389,559 |
| Exchange (Loss)/gain | - |
| Management expenses | 244,583 |
| Finance cost | 41,804 |
| TOTAL OPERATING EXPENSES | 286,387 |
| Profit before taxation and exceptional income | 103,172 |
| Income Tax Expense | (33,015) |
| PROFIT AFTER TAX | 70,157 |



NGOZI ONU
FOR: MAZARS OJIKE & PARTNERS
COMPANY SECRETARY

FORECAST ASSUMPTIONS

- 1 The projected premium income for the 4th quarter 2021 is based on the 2021 annual budget of the Group.
- 2 Reinsurance for the quarter is projected at 10% of Gross Written Premium.
- 3 Fees and Commission income was forecasted at 10% of reinsurance expense.
- 4 Claims expense of N125million is estimated not to exceed 35% of Net Premium Income.
- 5 Underwriting expenses of N118Million is forecasted not to exceed 35% of Net Premium Income
- 6 Management expenses of N245Million is estimated not to exceed 70% of Net Premium Income.
- 7 The Inflation rate was projected at 17% as the worst case scenerio.
- 8 The exchange rate of N410 to a dollar was assumed

| ROYAL EXCHANGE PLC FORECAST STATEMENT OF CASHFLOW | 3RD QTR 2021 |
|--|---------------------|
| INFLOWS | N'000 |
| PREMIUM | 448,257 |
| FEES & COMMISSION | 4,483 |
| INVESTMENT INCOME | 363,330 |
| TOTAL INFLOWS | 816,070 |
| OUTFLOWS | |
| RE-INSURANCE | 44,826 |
| CLAIMS | 125,430 |
| GROSS CHANGES IN INSURANCE LIABILITIES | 103,380 |
| UNDERWRITING EXPENSES - | 59,635 |
| UNDERWRITING EXPENSES - COMMISSION INCURED | 58,273 |
| MANAGEMENT EXPS | 286,387 |
| TOTAL OUTFLOWS | 677,932 |
| OPERATING CASHFLOW BEFORE WORKING CAPITAL CHANGES | 138,138 |
| WORKING CAPITAL CHANGES | (71,832) |
| TAX | (33,015) |
| NET CASHFLOW FROM OPERATING ACTIVITIES | 33,291 |
| CASHFLOW FROM INVESTING ACTIVITIES | 34,479 |
| NET INCREASE/(DECREASE) IN NET CASH & CASH EQUIVALENTS | (1,188) |
| CASH & CASH EQUIVALENT AT THE BEGINNING OF PERIOD | 7,109,357 |
| CASH & CASH EQUIVALENT AT THE END OF PERIOD | 7,108,168 |