

**CONSOLIDATED HALLMARK INSURANCE PLC
AND SUBSIDIARY COMPANIES**

COMPANY RC:168762

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

**CONSOLIDATED HALLMARK INSURANCE PLC AND SUBSIDIARY COMPANIES
REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2022**

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Report of the Audit Committee

REPORT OF THE STATUTORY AUDIT COMMITTEE TO THE MEMBERS OF CONSOLIDATED HALLMARK INSURANCE PLC FOR THE PERIOD ENDED 31 DECEMBER 2022.

In accordance with the provision of section 404(7) of the Companies and Allied Matters Act 2020, we the Members of the Statutory Audit Committee of Consolidated Hallmark Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:

1. We confirm that we have reviewed the Audit Plan and scope and the Management letter on the audit of the account of the Company and the responses to the said letter.
2. In our opinion, the plan and scope of the audit for the year ended 31 December, 2022 are adequate. We have reviewed the Auditor's findings and we are satisfied with the Management responses thereon.
3. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices.
4. The internal control was being constantly and effectively monitored.
5. The Committee reviewed the internal audit programmes and report for the year and is satisfied with the status.
6. Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

Dr. Tony Anonyai
Chairman of the Audit Committee
FRC/2013/ICAN/00000002579
Dated 29 January 2023

MEMBERS OF THE AUDIT COMMITTEE

Dr. Tony Anonyai	Shareholders' Representative	Chairman
Chief Simon Okiatorhoro	Shareholders' Representative	Member
Chief James Emadoye	Shareholders' Representative	Member
Mrs. Bola Odukale	Non-Executive Director	Member
Mr. Shuaibu Idris mni	Independent Non-Executive Director	Member

The Company Secretary/Legal Adviser acted as the Secretary to the Committee

**CONSOLIDATED HALLMARK INSURANCE PLC AND SUBSIDIARY COMPANIES
REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2022**

General Information;

The Group

The group comprises of Consolidated Hallmark Insurance Plc (the company) and its subsidiaries - CHI Capital Limited, Hallmark Health Services Limited, CHI Microinsurance Limited and Grand Treasurers Limited. CHI Capital Limited has one wholly owned subsidiary 'CHI Support Services Limited'.

Company Information:

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991 and domiciled in Nigeria. The address of the company registered office is 266 Ikorodu road Lagos (formerly plot 33d Bishop Aboyade Cole Street, Victoria Island, Lagos).

The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of the National Insurance Commission (NAICOM) announced in 2005. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

These consolidated and separate financial statements have been authorized for issue by the Board of Directors on **29 January, 2023**.

Principal Activities

Consolidated Hallmark Insurance Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body – National Insurance Commission. The company underwrites Aviation, Oil and Gas, Marine Cargo and Hull and other non – life insurance underwriting including Motor, Fire and Special Perils, Goods-in-transit, Engineering Insurance and General Accident insurance businesses.

The Company identifies prompt claims payment as a means to achieving customer satisfaction and therefore emphasizes prompt claims payment in its operations. The company also invests its available funds in interest bearing and highly liquid instruments to generate adequate returns to meet its claims obligations.

The Company is a public limited company incorporated and domiciled in Nigeria. Its shares are listed on the floor of the Nigerian Stock Exchange and have its registered office at Consolidated Hallmark House, 266, Ikorodu Road, Lagos.

Going concern assessment

These consolidated financial statements have been prepared on a going concern basis. The group has neither intention nor need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and there are no going concern threats to the operations of the group.

Subsidiaries;

CHI Microinsurance Limited

CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc, incorporated in 2016 and Licensed by NAICOM to provide Life microinsurance services. Microinsurance is a financial arrangement to protect low-income people against specific perils in exchange for regular premium payment proportionate to the likelihood and cost of risk involved.

CHI Capital Limited

CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing and corporate support services. CHI Capital Limited incorporated CHI Support Services Limited in 2014 with 100% shareholdings.

Grand Treasurers Limited

Grand Treasurers Limited was an indirect subsidiary of Consolidated Hallmark Insurance up to November 2019 before the Board of CHI Capital limited transferred her holding 100% to the Parent (Consolidated Hallmark Insurance Plc).

Grand Treasurers Limited is now a direct subsidiary of the Consolidated Hallmark Insurance Plc. The business of the company is consumer lending, lease financing and other finance company business.

CHI Support Services Limited is a company incorporated under the Companies and Allied Matters Act CAP C20 LFN 2004, as a limited liability company in 2014. CHI Support Services Ltd started as an autotrack business but has now focused on providing corporate support services for the Group. CHI Support Services was incorporated in Nigeria.

Hallmark Health Services Ltd

Hallmark Health Services Ltd is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. Incorporated in 2017. It is envisioned to be a leading health insurance company to meet the need for quality health maintenance services providing affordable and lasting health care plan for all Nigerians. Hallmark Health Services Ltd. Is fully accredited by the National Health Insurance Service as a National HMO.

Impact of Covid 19 on Financial Statement

Following the outbreak of COVID-19 pandemic, the Group instituted various measures to preserve the health and well-being of its employees, clients and communities while minimizing the impact of the pandemic on its Businesses in all the jurisdiction where it operates. The Group activated its Business Continuity Plans and came up with various initiatives to prevent business disruptions while ensuring adequate customer service delivery. Some of the measures adopted include internal awareness campaigns, enforcement of health and safety precautions, wearing of face masks, minimization of physical access to office premises, restriction of access to buildings to non-essential visitors, enforcement of social distancing protocols and virtual working approach to reduce exposure and replacement of face-to-face meeting meetings with video conferences or online meetings. The Group also came up with palliative measures to ease the difficulty encountered by obligors in identified vulnerable segments and partnered with Government on initiatives aimed at alleviating suffering brought by COVID-19.

The containment measures implemented against the COVID-19 pandemic such as lockdowns, travel restrictions, closure of non-essential businesses and skeletal service operations impacted economic activities during the year. The Federal Government and the CBN introduced palliatives to alleviate the sufferings of poor masses and minimize the impact of the pandemic on the economy.

In accordance with the Group's Business Continuity Plans, the IT unit provided Virtual Private Network (VPN) access to staff from different remote locations without compromising security. This enabled us to achieve flexible work arrangements and

alternate team split with some of our staff working from their respective homes. As our employees continue to work from home, we monitored staff productivity and continually maintained the confidentiality of all sensitive information.

The Group will continue to monitor the development of the situation locally and globally and follow recommended measures and guidelines issued by the Nigeria Centre for Disease Control (NCDC) and their Counterparts, World Health Organization (WHO) and other health authorities.

In the light of these recent developments and its underlying impact, the Group, has assessed the impact of COVID-19 on the annual financial statements and considered the potential impairment indicators. As at the date of approving these annual financial statements by the board, management have assessed the impact of covid 19 and reach a conclusion that;

The outbreak of Covid 19 (Dental varietant/Omicrom) did not impact on the activities and performance of the Group as at the end of the period 31 December 2022.

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Consolidated Hallmark Insurance Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's securities. The Policy is periodically reviewed by the Board and updated. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period under review.

**CONSOLIDATED HALLMARK INSURANCE PLC AND SUBSIDIARY COMPANIES
REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2022**

Free Float Computation									
Directors	Direct	Indirect	Total	December 31, 2021	Direct	Indirect	Total	December 30, 2022	
	As at December 2021	As at December 2021	As at December 2021	% of Holding	As at December 2022	As at December 2022	As at December 2022	% of Holding	
Issued Share Capital			10,840,000,000	100%			10,840,000,000	100%	
Mr. Obinna Ekezie	-	526,537,893	526,537,893	4.86%	-	526,537,893	526,537,893	4.86%	
Mrs. Adebola Odukale		1,151,979,358	1,151,979,358	10.63%		1,151,979,358	1,151,979,358	10.63%	
Mr. Eddie Efekoha	1,040,000,000	586,798,809	1,626,798,809	15.01%	1,040,000,000	586,798,809	1,626,798,809	15.01%	
Mrs. Ngozi Nkem	277,333,333	659,326,671	936,660,004	8.64%	277,333,333	659,326,671	936,660,004	8.64%	
Dr. Layi Fatona		2,818,442,750	2,818,442,750	26.00%		2,818,442,750	2,818,442,750	26.00%	
			7,060,418,814	65.13%	1,317,333,333	5,743,085,481	7,060,418,814	65.13%	
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests									
Mr. Babatunde Daramola	26,834,481		26,834,481	0.25%	26,834,481		26,834,481	0.25%	
Mrs. Mary Adeyanju	33,953,777		33,953,777	0.31%	33,953,777		33,953,777	0.31%	
Prince Ben Onuora	43,655,598		43,655,598	0.40%	43,655,598		43,655,598	0.40%	
			104,443,856	0.96%			104,443,856	0.96%	
Other Influential Shareholdings									
			-				-		
Free Float in Units and Percentage									
			3,675,137,330	33.90%			3,675,137,330	33.90%	
Free Float in Value									
			1,837,568,665.00				1,837,568,665		
(A) CONSOLIDATED HALLMARK INSURANCE Plc with a free float percentage of 33.90% as at 31 December 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.									
(B) CONSOLIDATED HALLMARK INSURANCE Plc with a free float value of N1,837,568,665 as at 31 December 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.									

Statement of Significant Accounting Policies

The following are the significant accounting policies adopted by the Group in the preparation of its consolidated financial statements. These policies have been consistently applied to all year's presentations, unless otherwise stated

1. Basis of presentation:

1.1 Statement of compliance with IFRS

These financial statements are the separate and consolidated financial statement of the company and its subsidiaries (together, "the group"). The group's financial statements for the year 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB"), and interpretations issued by IFRS's interpretation committee (IFRIC) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

These are the Group's financial statements for the period ended 31 March 2022, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

1.1.2 Application of new and amended standards

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2021. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

Amendments to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

This amendment has no impact on the Group.

Amendments to IFRS 4 – Insurance Contract, regarding implementation of IFRS 9

The IASB issued the amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

1. An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is called the overlay approach;
2. An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is called the deferral approach.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

1.1.3 Standards and Interpretations Issued but not yet Effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2021:

Standard	Content	Effective Date
IAS 16	Amendment to IAS 16 Property, Plant and Equipment	01-Jan-22
IAS 37	Amendment to IAS 37 Provisions, Contingent liabilities and Contingent assets	01-Jan-22
IFRS 3	Amendment to IFRS 3-Reference to the Conceptual Framework	01-Jan-22
IAS 1	Amendment to IAS 1- Classification of Liabilities as Current or Noncurrent	01-Jan-23
IFRS 17	Insurance Contracts	01-Jan-23
IFRS 8	Amendment to IFRS 8-Definition of Accounting Estimates	01-Jan-23
IAS 12	Amendment to IAS 12-Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01-Jan-23

The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates.

Commentaries on these new standards/amendments are provided below.

Amendment to IAS 16 – Property, Plant and Equipment

The IASB issued amendment to IAS 16 – Property, Plant and Equipment which is effective for annual reporting periods beginning on or after 1 January 2022. The amendment prohibits the deduction from the cost to an item of property, plant and equipment proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity should recognize the sale proceeds and related production cost of those items in Profit or loss.

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

Amendment to IAS 37 – Provisions, Contingent liabilities, and Contingent assets

The IASB published amendment to IAS 37 – Provisions, Contingent liabilities and Contingent assets in May 2020. The amendment which is effective for annual reporting periods beginning on or after 1 January 2022 specifies the costs an entity needs to include when assessing whether a contract is onerous.

The amendment clarifies that the costs that relate to a contract comprise both incremental costs of fulfilling the contract and an allocation of other direct costs related to the contract activities.

The amendment do not have any material impact on the Group.

IFRS 17 – Insurance Contracts

The IASB issued IFRS 17 in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard.

The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The impact on the Group and its subsidiary companies will reflect when it is adopted.

Amendment to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Board also added two new paragraphs (Paragraph 76A and 76B) to IAS1 to clarify what is meant by “settlement” of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

The amendment does not have any material impact on the Group.

IFRS 8 – Definition of Accounting Estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendment does not have any material impact on the Group.

IFRS 3 – Reference to the Conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendment do not have any material impact on the Group.

IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if

the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss. The amendment do not have any material impact on the Group.

1.2 Basis of measurement

These financial statements are prepared on the historical cost basis except for the following:

- Available-for-sale financial assets are measured at fair value.
- Investment property is measured at fair value.
- Assets held for trading are measured at fair value

1.3 Functional and presentation currency

The financial statements are presented in the functional currency, Nigeria naira which is the Group's functional currency.

1.4 Consolidation

The Group financial statements comprise the financial statements of the company and its subsidiaries, CHI Capital Limited, Hallmark Health Services Limited and CHI Microinsurance Limited, all made up to 31 December, each year. The financial statements of subsidiaries are consolidated from the date the group acquires control, up to the date that such effective control ceases.

Subsidiaries are all entities (including structured entities) over which the Group exercise control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

- (1) Power over the investee
- (2) Exposure, or rights, to variable returns from its involvement with the investee, and
- (3) The ability to use its power over the investee to affect the amount of the investor's returns.

The subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Subsidiaries are measured at cost less impairment in the separate financial statement.

1.5 Use of estimates and judgments

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption. The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change

affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of asset and liabilities within the next financial year are discussed below:

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken place and may not take place for some time. Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models.

(b) Impairment of trade receivables

The Group adopted the policy of no premium no cover and the trade receivables outstanding as at the reporting period are premium receivable within 30 days that are due from brokers. The trade receivable was further subjected to impairment based on management judgement. Internal models were developed based on company's specific collectability factors and trends to determine amounts to be provided for impairment of trade receivables. Efforts are made to assess significant debtors individually based on information available to management and where there is objective evidence of impairment they are appropriately impaired. Other trade receivables either significant or otherwise that are not specifically impaired are grouped on a sectorial basis and assessed based on a collective impairment model that reflects the company's debt collection ratio per sector.

(c) Deferred acquisition costs (DAC)

Commissions that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset under Deferred Acquisition Costs (DAC). The amount of commission to be deferred is directly proportional to the time apportionment basis of the underlying premium income to which the acquisition cost is directly related.

(d) Income taxes

The Group periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

2. Segment reporting

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a

manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Executive Management.

3. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash. For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; bank balances, fixed deposits and treasury bills within 90days.

3.1 Financial Instruments

Recognition

The Group on the date of origination or purchase recognizes placements, equity securities and deposits at the fair value of consideration paid. Regular-way purchases and sales of financial assets shall be recognized on the settlement date. All other financial assets and liabilities, including derivatives, shall be initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Classification and Measurement

Initial measurement of a financial asset or liability shall be at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs shall be recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

Financial assets shall be classified into one of the following measurement categories in line with the provisions of IFRS 9:

1. Amortised cost
2. Fair Value through Other Comprehensive Income (FVOCI)
3. Fair Value through Profit or Loss (FVTPL) for trading related assets.

The Group shall classify its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment shall involve determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group shall assess business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Group will take into consideration the following factors:

The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that shall be funding those assets or realizing cash flows through the sale of the assets;

How the performance of assets in a portfolio will be evaluated and reported to the relevant heads of department and other key decision makers within the Company's business lines;

The risks that affect the performance of assets held within a business model and how those risks shall be managed;

How compensation shall be determined for the Company's business lines, management that manages the assets; and
The frequency and volume of sales in prior periods and expectations about future sales activity.

Management shall determine the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

- I) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows
- II) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
- III) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These shall be basically financial assets held with the sole objective to trade and to realize fair value changes.

The Group may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions shall be met:

- i) Where these sales shall be infrequent even if significant in value. A Sale of financial assets shall be considered infrequent if the sale shall be one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- ii) Where these sales shall be insignificant in value both individually and in aggregate, even if frequent. A sale shall be considered insignificant if the portion of the financial assets sold shall be equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- iii) When these sales shall be made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial assets as a result of changes in tax laws (infrequent).
4. Other situations also depends upon the facts and circumstances which need to be judged by the Management

Cash flow characteristics assessment

The company shall assess the contractual features of an instrument to determine if they give rise to cash that shall be consistent with a basic investment arrangement.

Contractual cash flows shall be consistent with a basic deposit arrangement if they represent cash flow that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal shall be defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest shall be defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

Classification of Financial Assets

a) Financial assets measured at amortised cost

Financial assets shall be measured at amortised cost if they are held within a business model whose objective shall be to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category shall be carried at amortized cost using the effective interest rate method. The effective interest rate shall be the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost shall be calculated taking into account any discount or premium on acquisition, transaction costs and fees that shall be an integral part of the effective interest rate.

Amortization shall be included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost shall be calculated using the expected credit loss approach. Financial assets measured at amortized cost shall be presented net of the allowance for credit losses (ACL) in the statement of financial position.

b) Financial assets measured at FVOCI

Financial assets shall be measured at FVOCI if they are to be held within a business model whose objective shall be to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that shall be solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI shall be recorded in Other Comprehensive Income (OCI).

c) Financial assets measured at FVTPL

Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that shall be solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments shall be measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Statement of Income.

D) Equity Investments

Equity instruments shall be measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value shall be recognized in the Consolidated Statement of Income. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election shall

be made upon initial recognition, on an instrument-by-instrument basis and once made shall be irrevocable. Gains and losses on these instruments including when derecognized/sold shall be recorded in OCI and shall not be subsequently reclassified to the Consolidated Statement of Income.

Dividends received shall be recorded in Interest income in the Consolidated Statement of Income. Any transaction costs incurred upon purchase of the security shall be added to the cost basis of the security and shall not be reclassified to the Consolidated Statement of Income on sale of the security.

Financial liabilities shall be classified into one of the following measurement categories:

- a) Amortised cost
- (b) Fair Value through Profit or Loss (FVTPL)

E) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

Financial liabilities at fair value through profit or loss shall be financial liabilities held for trading. A financial liability shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which there shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.

Financial Liabilities shall be designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value shall be recognized in the Consolidated Statement of Income, except for changes in fair value arising from changes in the company's own credit risk which shall be recognized in OCI. Changes in fair value of liabilities due to changes in the company's own credit risk, which are recognized in OCI, shall not be subsequently reclassified to the Consolidated Statement of Income upon derecognition/extinguishment of the liabilities.

F) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and shall be measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost shall be debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

Reclassifications

Financial assets shall not be reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. A change in the Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example: an acquisition of a private asset management company that might necessitate transfer and sale of assets to willing buyers, this action will constitute changes in business model and subsequent reclassification of the assets held from BM1 to BM2 Category.

Any other reason that might warrant a change in the Group's business model are determined by management based on facts and circumstances.

The following shall not be considered to be changes in the business model:

- (a) A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- (b) A temporary disappearance of a particular market for financial assets.
- (c) A transfer of financial assets between parts of the Group with different business models.

When reclassification occurs, the Group shall reclassify all affected financial assets in accordance with the new business model. Reclassification shall be applied prospectively from the 'reclassification date'. Reclassification date shall be 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 31st December 2020, the reclassification date will be January 1, 2021 (i.e. the first day of the entity's next reporting period), the Group shall not engage in activities consistent with its former business model after 31st December, 2020. Gains, losses or interest previously recognised shall not be restated when reclassification occurs.

Impairment of Financial Assets

In line with IFRS 9, the Group assess the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

1. Amortized cost financial assets; and
2. Debt securities classified as at FVOCI;

Equity instruments and financial assets measured at FVTPL shall not be subjected to impairment under the standard.

Expected Credit Loss Impairment Model

The Group's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Group shall adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

Stage 1 – Where there has not been a Significant Increase in Credit Risk (SICR) since initial

recognition of a financial instrument, an amount equal to 12 months expected credit loss shall be recorded. The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model shall be to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance shall be based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk) include: Risk free and gilt edged debt investment securities that shall be determined to have low credit risk at the reporting date; and Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD – The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs – This is the estimated probability of default occurring with the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This shall be used to calculate 12-month ECLs.

Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for “stage 2” and stage 3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9

EAD – The exposure at default shall be 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, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due

and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Macroeconomic factors

The Group shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

Multiple forward-looking scenarios

The Group shall determine allowance for credit losses using three probability-weighted forward looking scenarios. The Group shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Group prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

The Group estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn shall be used in the estimation of the multiple scenario ECLs. The ‘normal case’ represents the most likely outcome and shall be aligned with information used by the company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking Macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Group shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the company’s internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure

classification by licensed credit bureau etc.

A backstop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for Default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

- Significant financial difficulty of the Issuer;
- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Group shall consider the following factors.

1. The market's assessment of credit worthiness as reflected in the bond yields
2. The rating agencies' assessments of credit worthiness
3. The country's ability to access the capital markets for new debt issuance
4. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
5. The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required Criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets
- Financial assets measured at FVOCI: no loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

Write-off

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there shall be no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;

- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible.

4. Leases

This is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

- Company as lessee: Lessees are required to recognize a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications. □ Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the

lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases. Company as lessor:
- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset. If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16.

If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds. The buyer-lessor recognizes a financial asset equal to the transfer proceeds. The effective date of the standard is for years beginning on or after January 1, 2019. The company adopted the standard for the first time in the 2019 annual report and financial statements. The impact of this standard is not material on the financial statements.

5. Trade receivables

Trade receivables are recognized when due. These include amounts due from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company first assesses whether objective evidence of impairment exists individually for

receivables that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment using the model that reflects the company's historical outstanding premium collection ratio per sector.

6. Reinsurance assets and liabilities

These are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company, and which also meets the classification requirements for insurance contracts held as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts.

Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortized over the estimated remaining settlement period.

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is calculated following the same method used for these financial assets

7. Deferred acquisition costs

Acquisition costs comprise mainly of agent's commission. These costs are amortized and deferred over the terms of the related policies to the extent that they are considered to be recoverable from unearned premium.

8. Other receivables and prepayments

Receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue receivables is recognized as it accrues.

1. Investment in subsidiaries

Subsidiaries are entities controlled by the parent. In accordance with IAS 10, control exists when the parent has:

- I. Power over the investee
- II. Exposure, or rights, to variable returns from its involvement with the investee; and

III. The ability to use its power over the investee to affect the amount of investor's returns.

Investments in subsidiaries are reported at cost less impairment (if any).

10. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

11. Intangible assets

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses. Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate.

The class of the intangible assets recognised by the company and its amortisation rates are as follows:

	Rate
Computer software	15%

12. Property and equipment

12.1 Recognition and Measurement

All property and equipment are stated at historical cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Land and Building shall be measured using the revaluation model. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	-	2%
Furniture & fittings	-	15%
Computers	-	15%
Motor vehicles	-	20%
Office equipment	-	15%

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its

recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement in operating income.

The Group reviews the estimated useful lives of property and equipment at the end of each reporting period.

12.2 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in income statement to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity.

Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognized immediately in income statement.

13. Statutory Deposit

Statutory deposit represents 10% of the minimum paid-up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

14. Insurance Contract Liabilities

In accordance with IFRS 4, the company has continued to apply the accounting policies it applied in accordance with Pre-changeover Nigerian GAAP subject to issue of Liability adequacy test (note 14.4). Balances arising from insurance contracts primarily includes unearned premium, provisions for outstanding claims and adjustment expenses, re-insurers share of provision for unearned premium and outstanding claims and adjustment expenses, deferred acquisition costs, and salvage and subrogation receivables.

14.1 Reserves for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

14.2 Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test.

14.3 Reserves for unexpired risk

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)".

14.4 Liability adequacy test

At each reporting date, the company performs a liability adequacy test through an Actuary on its insurance contract liabilities less deferred acquisition costs to ensure the carrying

amount is adequate, If the estimate shows the carrying amount of liabilities is inadequate, any deficiency is recognized as an expense to the income statement initially by writing off the deferred acquisition expense and subsequently by recognizing an additional claims liability for claims provisions.

15. Investment Contract Liability

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Group enters into investment contracts with guarantee returns and other businesses of savings nature. Those contracts are termed investment contract liabilities and are initially measured at fair value and subsequently at amortised cost. Finance cost on investment contract liabilities is recognised as an expense in profit or loss using the effective interest rate.

16. Retirement benefits obligations

16.1 Defined contribution plan

The Group runs a defined contribution plan in line with the Pension Reform Act Amended 2014. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The rate of contribution by the Group and its employee is 10% and 8% respectively of basic salary, housing and transport allowance. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

17. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity instruments issued are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

18. Share premium

Share premium is the excess amount over the par value of the shares. This is classified as equity when there is no obligation to transfer cash or other assets. The proceeds received are recorded as net of costs. This reserve is not ordinarily available for distribution.

19. Contingency reserve

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

20. Statutory reserve

In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited, a subsidiary within the group.

21. Regulatory risk reserve

The Subsidiary (Grand Treasurers Ltd) determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under Nigerian Prudential guideline (as prescribed by the Central Bank of Nigeria) is recorded in this reserve. This reserve is non distributable.

22. Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a deduction in the revenue reserve in the year in which the dividend is approved by the Company's shareholders.

23. Revenue recognition

23.1 Premium

Written premium for non-life (general insurance) business comprises the premiums on contract incepting in the financial year. Written premium are stated at gross of commissions payable to intermediaries. Unearned premiums are those portions of the premium, which relates to periods of risks after the balance sheet date. Unearned premiums are prorated evenly over the term of the insurance policy. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in the unearned premium.

a) Gross premium

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance.

b) Gross premium earned

Gross premium earned is the written premium recognized after adjusting for the unearned portion of the premium.

a) Unearned premium

This is the portion of the gross premium on the insurance contract, determined on a contract by contract basis, which is deemed to be relating to the risk for period not falling within the current accounting year. This is carried forward to the next accounting period as unearned premium.

b) Net premium

Net premium represents gross premium earned less reinsurance costs.

c) Reinsurance premium

Reinsurance premium is the ceding to a reinsurance part of a risk or liability accepted in order to ensure greater and reduced liability on the part of the company. The outward reinsurance premium relating to earned premiums are recognized as outflow in accordance with the reinsurance services received.

23.2 Reinsurer's share of unearned premium

Reinsurer's share of unearned premium is recognized as an asset using principles consistent with the company's method for determining the unearned premium liability.

24. Expenses

a) Reinsurance cost

This represents the outward reinsurance premium paid to reinsurance companies less the unexpired portion as at the end of the current accounting year.

The reinsurance cost is charged to the underwriting revenue account while the unexpired portion is shown as prepaid reinsurance costs, on asset, on the balance sheet.

b) Reinsurance recoveries

Reinsurance recoveries represents that portion of claims paid or payable on risks ceded out to reinsurance companies on which recoveries are received or receivable from the reinsurer.

The recoveries are applied to reduce the gross claims incurred on the underwriting revenue account.

c) Prepaid reinsurance cost

This is the unexpired reinsurance cost determined on a time apportionment basis and is reported under other asset on the balance sheet.

d) Gross claims paid

This is the direct claims payments during the year plus reinsurance claims paid, if any.

e) Gross claims incurred

The is made up of claims and claims handling expenses paid during the financial year after adjusting for the movement it the prevision for outstanding claims and claims incurred but not reported (IBNR).

a) Net claims incurred

This is gross claims incurred after adjusting for reinsurance claims recoveries.

All claims paid and incurred are charged against the underwriting revenue account as expense wren Incurred. Reinsurance recoveries are recognized when the company records the liability for the claims.

Anticipated reinsurance recoveries on claims ore disclosed separately as assets.

f) Management expenses

Management expenses are expenses other than claims, investments and underwriting expenses. They include salaries, depreciation charges and other administrative but non-operating expenses. They are accounted for on or accrual basis and are charged to the profit and loss account in the year in which they were incurred.

Provision for unpaid claims and adjustment expenses

Individual loss estimates are provided on each claims reported. In addition, provisions are made for adjustment expenses, changes in reported claims, and for claims incurred but not reported, based on past experience and business in force.

The estimates are regularly reviewed and updated, and any resulting adjustments are included in the current income.

25. Salvage and subrogation recoverable

In the normal course of business, the company obtains ownership of damaged properties, which they resell to various salvage operators. Unsold property is valued at its estimated net realizable value.

Where the company indemnifies policyholders against a liability claim, it acquires the right to subrogate its claims against other parties. These claims are reflected at amounts expected to be received from the subrogated parties net of related costs.

26. Fees and commission income

Fees and commissions consist primarily of reinsurance commission and other contract fees. All other fee and commission income is recognized as services are provided.

27. Investment income

Investment income consists of dividend, interest income. Dividends are recognized only when the group's right to payments is established.

27.1 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount

27.2 Other operating income

Other operating income is made up of rent income, profit on disposal of fixed assets, profit or loss on disposal of investment, exchange gain or loss and other line of income that are not investment income.

27.3 Realized gains and losses

The realized gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and its original or amortized costs as appropriate.

28. Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

29. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

30. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the reporting date, unsettled monetary assets and liabilities are translated into the Group's functional currency by using the exchange rate in effect at the year-end date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the group's functional currency are recognized in the consolidated income statement.

31. Unclaimed dividend

Unclaimed dividend are amounts payable to shareholders in respect of dividend previously declared by the Group which have remained unclaimed by the shareholder in compliance with section 385 of the Companies and Allied Matters Act (Cap C20) laws of the Federation of Nigeria 2004. Unclaimed dividends are transferred to general reserves after twelve years.

32. Earnings per share

The Group presents basic earnings per share (EPS) 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 shares outstanding during the year.

33. Borrowings

These are financial liabilities that mature within 12months of the balance sheet date. Borrowings inclusive of transaction cost are recognize initially at fair value. Borrowings are subsequently stated at amortized cost using the effective interest rate method; any difference between proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

ADDITIONAL NOTES TO THE ACCOUNT

1. Accounting Policy Changes

There was no change in the accounting Policy of the Group during the quarter ended 31 December 2022

2. Seasonality or Cyclicity of Operations

The business of Insurance is not subject to seasonality or cyclicity.

3. Unusual items

There were no unusual or exceptional items during the period.

4. Changes in estimates

The budget estimates for the period and the quarter had not changed.

5. Issuance, Repurchases, and Repayment of debts and equity securities

The Group did not have debt security and did not issue, repurchase or repay equity securities during the period.

6. Segment information

The Accounts of the Group is not affected by IAS 14 on segment accounting.

7. Significant Events after the end of the interim Period

There were no significant events after the end of the interim report materially affecting the report of the period.

8. Business Combination

The Accounts of the Group is not affected by accounting for business combination.

9. Long Term Investment

The Group's long-term investment amounted to N 1,330,730,202.07 as at the quarter ended 31 December 2022.

10. Restructuring and Reversals of Restructuring Provisions

The account for the quarter did not contain restructuring provision or its reversal.

11. Discontinuing Operation

This did not apply to the Group.

12. Correction of Prior Period Errors

This did not apply to the Group.

13. Write Down of Inventory to Net Realizable Value

The Inventory of the Group was not written down to NRV during the period.

14. Impairment loss of Property, Plant, Equipment, Intangible and other assets and reversal of such impairment loss

Depreciation charge on Property, Plant, Equipment during the period was: ₦ 141,159,035.51.

Write off on Recapitalization Cost during the period was Nil

There was no reversal of impairment loss during the period.

15.Litigation Settlement

There were no litigation settlements during the period.

16.Any debt default or any breach of a debt covenant that has not been corrected subsequently

There was no debt default or breach of debt covenant during the period.

17. Acquisitions and disposals of Property, Plant and Equipment

Acquisition of Property, Plant and Equipment during the period was:
₦135,836,290.22

Disposal of Property, Plant and Equipment during the period was: ₦ 9,801,000

18. Commitments to Purchase Property, Plant and Equipment

There are no commitments to Purchase Property, Plant and Equipment during the period.

CONSOLIDATED HALLMARK INSURANCE PLC


CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Group	
		31 DECEMBER 2022 N	31 December 2021 N
Assets			
Cash and cash equivalents	2.0	4,109,439,501	2,857,075,239
Financial assets:	3.0	6,624,546,369	5,290,556,583
Non current assets held for sale	4.	-	-
Finance lease receivables	5.0	247,343,673	148,741,442
Trade receivables	6.0	871,332,300	601,620,155
Reinsurance assets	7.0	2,918,280,142	3,410,440,180
Deferred acquisition cost	8.0	563,826,098	397,546,015
Other receivables & prepayments	9.0	243,996,260	222,692,503
Investment in subsidiaries	10.0	-	-
Intangible Assets	11.0	69,014,106	76,702,920
Investment properties	12.0	1,330,730,202	1,098,676,470
Property and equipment	13.0	1,149,553,934	1,163,708,129
Right-of-Use of Assets (Leased Assets)	13.3	2,844,704	6,406,590
Statutory deposits	14.0	400,000,000	400,000,000
Total assets		18,530,907,289	15,674,166,226
Liabilities			
Insurance contract liabilities	15.0	6,123,468,219	5,474,050,401
Investment contract liabilities	15.5	13,723,775	17,660,923
Trade payables	16.0	32,954,651	46,805,158
Borrowing	17.0	987,550,415	55,800,014
Other payables and provision	18.0	493,123,648	343,540,593
Retirement benefit obligations	19.0	2,925,281	2,075,682
Income tax liabilities	21.0	835,649,042	462,785,844
Deferred tax liabilities	22.0	221,750,191	259,663,907
Total liabilities		8,711,145,223	6,662,382,522
Equity and reserves			
Issued and paid up share capital	23.1	5,420,000,000	5,420,000,000
Share Premium	24.0	168,933,834	168,933,834
Contingency reserve	25.1	2,799,448,078	2,437,638,438
Fair Value Through OCI Reserve	25.3	30,615,728	30,615,728
Statutory reserve	25.2	103,929,605	72,039,762
Revaluation Reserve	25.4	115,793,288	115,793,288
Regulatory risk reserve	25.5		1,354,214
Retained earnings	26.0	1,181,041,534	765,408,440
Total equity and reserves		9,819,762,066	9,011,783,704
Total liabilities and equity and reserves		18,530,907,289	15,674,166,226

The consolidated financial statements were approved by the Board of Directors on January 25, 2023



Obinna Ekezie
Chairman
FRC/2017/IODN/00000017485



Eddie A. Efekoha
Managing Director
FRC/2013/CIIN/00000002189



Babatunde Daramola
Chief Financial Officer
FRC/2012/ICAN/00000000564

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR JAN 1ST - DECEMBER 2022

	Notes	Group			
		31 DECEMBER 2022 N	October- December 2022 N	31 DECEMBER 2021 N	October- December 2021 N
Gross premium written		12,815,006,142	3,060,842,600	10,500,388,477	2,144,331,558
Gross premium income	27.00	11,732,262,524	2,650,230,547	10,288,624,511	2,336,055,448
Reinsurance premium expenses	28.00	(4,914,060,546)	(1,138,437,793)	(4,239,089,404)	(890,149,818)
Net premium income		6,818,201,979	1,511,792,754	6,049,535,107	1,445,905,631
Fee and commission income	29.00	756,315,554	148,546,914	529,017,764	316,303,062
Net underwriting income		7,574,517,532	1,660,339,668	6,578,552,872	1,762,208,693
Claims expenses	30a	(4,103,107,356)	430,987,038	(3,999,916,445)	(1,249,763,562)
Claims recoveries from reinsurers	30b	1,510,511,500	(884,240,088)	1,711,954,075	627,256,166
Claims incurred		(2,592,595,857)	(453,253,050)	(2,287,962,371)	(622,507,396)
Underwriting expenses		(2,597,113,248)	(582,860,413)	(2,375,278,382)	(737,975,627)
Underwriting profit		2,384,808,428	624,226,206	1,915,312,119	401,725,669
Investment income	32.00	1,374,417,553	358,012,632	1,202,701,966	334,413,854
Other operating income	33.00	662,216,761	436,344,402	314,676,618	21,403,503
Impairment (charge)/write back	34.00	(48,735,477)	(151,016,301)	(81,565,926)	(71,070,794)
Net fair value gains on financial assets at fair value through profit or loss	35.00	(2,199,042)	112,212,081	(159,457,854)	(23,884,342)
Management expenses	36.00	(2,883,767,283)	(815,519,871)	(2,219,992,122)	(460,440,499)
Profit before taxation		1,486,740,939	564,259,149	971,674,800	202,147,389
Income tax expense	20.00	(462,939,507)	(208,462,180)	(181,036,783)	54,044,501
Profit after taxation		1,023,801,432	355,796,969	790,638,017	256,191,890
Other comprehensive income/(loss) net of tax					
Items that will be reclassified subsequently to profit or loss		-	-	132,511,199	-
Items that will not be reclassified subsequently to profit or loss		-	-	132,457,706	-
Total other comprehensive income		-	-	264,968,905	-
Total comprehensive income for the year		1,023,801,432	355,796,969	1,055,606,923	521,160,795
Profit attributable to:					
Equity holders of the parents'		1,023,801,432	355,796,969	1,055,606,923	521,160,795
Profit transferred to revenue reserve		1,023,801,432	355,796,969	1,055,606,923	521,160,795
Basic and diluted earnings per share (Kobo)	37.00	9.44		8.52	

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

The Group

	Issued share capital N	Share Premium	Contingency reserves N	Fair Value Through OCI Reserve N	Revaluation Reserve N	Statutory reserve N	Regulatory risk reserve N	Retained earnings N	Total equity N
At 1 January 2021	5,420,000,000	168,933,834	2,136,621,663	13,951,309	-	45,964,378	-	520,016,848	8,305,488,032
Changes in equity for 2021:									
Profit for the period	-	-	-	16,664,419	115,793,288	-	-	790,638,017	790,638,017
Other comprehensive income for the period	-	-	-	16,664,419	115,793,288	-	-	-	16,664,419
Total comprehensive loss for the period	-	-	-	16,664,419	115,793,288	-	-	790,638,017	807,302,436
Transactions with owners:									
Transfer within reserves	-	-	301,016,775	-	-	26,075,384	-	(327,092,160)	-
Dividends relating to prior periods paid during the year	-	-	-	-	-	-	1,354,214	(1,354,214)	-
Dividends relating to prior periods paid during the march	-	-	-	-	-	-	-	(216,800,050)	(216,800,050)
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	-	-
Contribution by and to owners of the business	-	-	301,016,775	-	-	26,075,384	1,354,214	(545,246,424)	(216,800,050)
At December 2021	5,420,000,000	168,933,834	2,437,638,438	30,615,728	115,793,288	72,039,762	1,354,214	765,408,441	9,011,783,704
At 1 January 2022	5,420,000,000	168,933,834	2,437,638,438	30,615,728	115,793,288	72,039,762	1,354,214	765,408,441	9,011,783,704
Changes in equity for 2022:									
Profit for the period	-	-	-	-	-	-	-	976,981	976,981
Other comprehensive income for the period	-	-	-	-	-	-	-	1,023,801,432	1,023,801,432
Total comprehensive loss for the period	-	-	-	-	-	-	-	1,024,778,413	1,023,801,432
Transactions with owners:									
Transfer within reserves	-	-	361,809,641	-	-	31,889,843	(1,354,214)	(392,345,269)	1,354,214
Addition	-	-	-	-	-	-	-	-	-
Dividends relating to prior periods paid during the march	-	-	-	-	-	-	-	(216,800,050)	(216,800,050)
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	-	-
Contribution by and to owners of the business	-	-	361,809,641	-	-	31,889,843	(1,354,214)	(609,145,319)	(215,445,836)
AT DECEMBER 2022	5,420,000,000	168,933,834	2,799,448,078	30,615,728	115,793,288	103,929,605	0	1,181,041,534	9,819,762,066

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Group	
		31 DECEMBER 2022 N	31 DECEMBER 2021 N
Cash flows from operating activities			
Premium received from policy holders	6.1	12,545,293,997	10,506,109,202
Reinsurance receipts in respect of claims		2,145,527,671	1,528,526,240
Commission received	29	756,315,554	571,439,345
Other operating receipts	-	1,659,076,368	314,676,618
Cash paid to and on behalf of employees	36a	(822,404,959)	(847,930,814)
Reinsurance premium paid	16	(5,000,782,199)	(4,425,912,507)
Claims paid	30a	(4,559,334,489)	(3,960,735,941)
Commission expenses	8	(1,937,364,256)	(1,680,302,391)
Maintenance expenses	31	(825,443,295)	(737,144,456)
Other operating cash payments		(1,950,789,537)	(1,259,772,847)
Company income tax paid	21.2	(127,990,025)	(69,731,872)
Net cash (used in)/ from operating activities		1,882,104,829	(60,779,422)
Cash flows from investing activities			
Purchase of property and equipment	13	(135,836,290)	(110,129,553)
Purchase of intangible asset	11	(3,267,000)	(51,224,666)
Fair value change and additions to investment properties	12	(182,053,732)	(231,850,000)
Proceeds from sale of Investment properties		-	142,400,000
Proceeds from sale of property and equipment	13	7,165,722	28,145,393
Purchase of financial assets		(2,868,327,928)	(2,941,522,447)
Proceeds from sale of financial assets		959,841,649	2,189,231,793
Dividend received	32	166,158,671	101,095,583
Rental Income received	32	31,569,000	12,575,667
Interest received	32	792,195,206	1,102,851,757
Net cash from investing activities		(1,232,554,701)	241,573,527
Cash flows from financing activities			
Proceeds on private placement		-	-
Proceeds from borrowing	17	915,328,444	142,596,600
Payment on borrowing (principal & Interest)	17	(71,713,122)	(91,809,639)
Dividend paid	26	(216,800,050)	(216,800,050)
Net cash used in financing activities		626,815,272	(166,013,089)
Increase in cash and cash equivalents		1,276,365,400	(310,875,245)
Cash and cash equivalents at beginning		2,955,763,754	3,266,638,999
Cash and cash equivalent at the end	2	4,232,129,154	2,955,763,754

The accompanying notes form an integral part of this statement of cash flows.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Corporate information

1.1 The Group

The group comprises of Consolidated Hallmark Insurance Plc and its subsidiaries - CHI Capital Ltd, CHI Micro-Insurance Ltd, Grand Treasurers Limited and Hallmark Health Services Ltd. CHI Capital Ltd also has a wholly owned subsidiary, CHI Support Services Ltd.

1.2 The Company

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991. The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of NAICOM announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

1.3 Principal activities

During the year under review, the Group engaged in general insurance business and maintained offices in major cities in Nigeria with Corporate headquarters at 266 Moshood Abiola way (formerly Ikorodu Road), Lagos. The principal activities of the subsidiaries are portfolio management, short term lending, equipment leasing, provision of Health management services and microinsurance life business.

	Group		Company	
	31 DECEMBER 2022 N	31 December 2021 N	31 DECEMBER 2022 N	31 December 2021 N
2. Cash and cash equivalents				
Cash in hand	10,332,391	17,233,925	10,332,391	17,233,925
Balance with banks	1,395,264,922	1,235,172,472	585,771,788	420,923,109
Call deposits	25,761,049	11,267,223	25,761,049	11,267,223
Fixed deposits (Note 2.1)	2,794,439,345	1,692,090,134	2,794,439,345	1,692,090,134
	<u>4,225,797,707</u>	<u>2,955,763,754</u>	<u>3,416,304,573</u>	<u>2,141,514,391</u>
Impairment charge (Note 2.2)	(116,358,205)	(98,688,515)	(114,878,786)	(97,209,096)
	<u>4,109,439,502</u>	<u>2,857,075,239</u>	<u>3,301,425,787</u>	<u>2,044,305,295</u>

2.1 The Fixed deposits have a short term maturity of 30-90 days and the effect of discounting is immaterial.

2.2 Impairment charge

At 1 January	98,688,515	92,722,923	97,209,096	92,722,923
IFRS 9 opening figure adjustment	-	4,391,994	-	3,613,504
Credit loss on fixed deposit (IFRS 9)	17,669,690	1,573,598	17,669,690	872,669
AT DECEMBER 2022	<u>116,358,205</u>	<u>98,688,515</u>	<u>114,878,786</u>	<u>97,209,096</u>

The impairment charge of N92,722,593 as at January 1, 2020 resulted from a fixed deposit of N100million with a mortgage bank in 2018 that went into a default in 2019 and had to be impaired in line with standard accounting practice and regulatory requirement. The company has taken necessary steps to recover the fund, including an ongoing court process and there is a positive indication that the fund will be recovered.

3. Financial assets

At fair value through profit or loss (Note 3.1)	827,492,587	988,259,728	805,071,519	977,972,694
At Amortised cost (Note 3.2)	5,677,481,310	4,183,462,524	3,226,787,012	2,832,142,511
At fair value through OCI (Note 3.3)	119,572,472	118,834,331	117,451,139	116,712,998
	<u>6,624,546,369</u>	<u>5,290,556,583</u>	<u>4,149,309,671</u>	<u>3,926,828,203</u>

Movement in Financial Assets

Opening	5,290,556,583	4,428,386,704	3,926,828,203	3,683,146,676
Addition	1,865,455,599	2,941,522,447	475,782,343	1,582,048,547
Disposal	(959,841,649)	(2,189,231,793)	(514,898,761)	(1,522,762,958)
Interest Capitalised	329,570,076	318,668,456	329,570,076	318,668,456
Impairment (note 34)	(20,659,191)	(67,242,888)	(3,639,116)	(225,717)
Opening impairment adjustment	-	(27,111,619)	-	(15,912,608)
Opening Fair value gains through OCI adjustment	-	20,516,631	-	20,516,631
Fair value (loss)/ gains	(52,199,042)	(159,457,854)	(64,333,076)	(163,235,988)
Fair value gains through OCI	-	24,506,497	-	24,585,164
Closing	<u>6,624,546,369</u>	<u>5,290,556,583</u>	<u>4,149,309,671</u>	<u>3,926,828,203</u>

3.1 At fair value through profit or loss

At 1 January	1,088,611,153	719,660,969	1,079,986,078	711,035,894
Additions	-	368,950,184	-	368,950,184
Disposals	(108,568,099)	-	(108,568,099)	-
	<u>980,043,054</u>	<u>1,088,611,153</u>	<u>971,417,979</u>	<u>1,079,986,078</u>
Fair value (loss) (Note 35a)	(152,550,467)	(100,351,425)	(166,346,459)	(102,013,384)
AT DECEMBER 2022	<u>827,492,587</u>	<u>988,259,728</u>	<u>805,071,519</u>	<u>977,972,694</u>
Current	827,492,587	988,259,728	805,071,519	977,972,694
Non Current	-	-	-	-

Financial assets at fair value through profit or loss of the group represents investment where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day. Assets under this category have been acquired by management with the intent of short term trading.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.4a Movement on Impairment

Opening	11,857,413	-	11,913,258	-
IFRS 9 opening figure adjustment	-	11,859,625	-	11,915,470
movement	(361,322)	(2,212)	(361,322)	(2,212)
Closing	11,496,092	11,857,413	11,551,936	11,913,258

a) Debts Instruments are analysed as follows:

Debts securities				
Listed	3,023,434,797	2,625,200,920	3,023,434,797	2,625,200,920
Unlisted	-	-	-	-
At the end	3,023,434,797	2,625,200,920	3,023,434,797	2,625,200,920
Current	168,376,644	17,421,398	168,376,644	17,421,398
Non-current	2,855,058,153	2,607,779,522	2,855,058,153	2,607,779,522
	3,023,434,797	2,625,200,920	3,023,434,797	2,625,200,920

b) At the reporting date, no held to maturity assets were past due or impaired

NIGERIAN AVIATION HANDLING CO FIXED RATE BOND SERIES2 NOV 27,2020	52,992,199	48,237,816	52,992,199	48,237,816
FCMB NGN SERIES 2 BOND 2015/2020	15,943,240	22,487,874	15,943,240	22,487,874
FCMB NGN SERIES 3 BOND 2016/2023	209,194,101	206,594,101	209,194,101	206,594,101
C&I LEASING SERIES 1 BOND 2018/2023	109,369,045	108,276,373	109,369,045	108,276,373
LAPO MFB SERIES 2 BOND 2020/2025	95,414,790	101,332,055	95,414,790	101,332,055
DANGOTE BOND SERIES 1 2020/2025	116,416,991	116,300,127	116,416,991	116,300,127
AXXELA SERIES 1 BOND 2020/2027	476,739,816	439,880,800	476,739,816	439,880,800
FGN BOND (2020/2050) CORDROS	103,815,787	102,864,580	103,815,787	102,864,580
FGN BOND (2020/2050) CORDROS	260,849,583	252,739,296	260,849,583	252,739,296
FGN BOND (2020/2050) PLANET CAPITAL	360,467,574	343,329,875	360,467,574	343,329,875
FGN BOND (2020/2024) MERISTEM	215,750,718	215,647,718	215,750,718	215,647,718
FGN BOND (2020/2035) PLANET CAPITAL	599,417,745	470,106,534	599,417,745	470,106,534
FGN BOND (2020/2037) PLANET CAPITAL	214,971,323	-	214,971,323	-
8.625% FBN EURO BOND (2020/2050) FIRST ALLY	23,715,242	-	23,715,242	-
ACCESS BANK COMMERCIAL PAPER	168,376,644	17,421,398	168,376,644	17,421,398
TREASURY BILLS 9.75% APRIL 28,2021 APEL ASSET LIMITED - 364 DAYS	-	53,355,396	-	53,355,396
	-	126,626,977	-	126,626,977
At the end	3,023,434,797	2,625,200,920	3,023,434,797	2,625,200,920

Movement in impairment - loans and

3.2.4 receivables :

At 1 January	201,525,276	123,253,249	-	-
IFRS 9 opening figure adjustment	-	11,254,856	-	-
Addition (Note 34)	17,020,075	67,017,171	-	-
Impairment written off	(120,000,000)	-	-	-
At the end	98,545,351	201,525,276	-	-

3.3 At fair value through OCI

Opening	118,834,331	72,348,451	116,712,998	70,148,451
IFRS 9 opening adjustment	-	20,516,631	-	20,516,631
Addition	738,141	1,462,752	738,141	1,462,752
Fair value gain	-	24,506,497	-	24,585,164
At the end	119,572,472	118,834,331	117,451,139	116,712,998

Current	-	-	-	-
Non Current	119,572,472	118,834,331	117,451,139	116,712,998

At fairvalue through Other Comprehensive Income (FVTOCI) assets are the unquoted equity securities of the group and are fair valued using net asset method.

Fairvalue Through OCI equities is analysed as follows:

3.4 Loans and receivables

Staff loans (Note 3.4a)	-	-	-	-
Loan issued to corporate individuals (Note 3.4b)	-	-	-	-
	-	-	-	-

Non current assets held for sale represent collateral properties recovered from defaulted loan with aim of covering the properties to cash within the shortest period of time.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Company is exposed to financial risk through its financial assets (investments and loans). The key focus of financial risk management for the Company is to ensure that the proceeds from financial assets are sufficient to fund its obligations arising from its insurance operations. The most important components of financial risk (market risk) arises from open positions in interest rate, fluctuations in stock prices, inflation, all of which are exposed to general and specific market movement and/or conditions. Investments above ninety-one (91) days are classified as part of financial assets of the Company. All financial instruments are initially recorded at transaction price. Subsequent to initial recognition, the fair values of financial instruments are measured at fair values that are quoted in an active market. When quoted prices are not available, fair value are determined by using valuation techniques that refer as far as possible to observable market data. These are compared with similar instruments where market observable prices exist.

5. Finance lease receivables

At 1 January	180,521,835	109,262,041	-	-
Addition	128,303,218	87,786,343	-	-
Repayment	(28,601,886)	(16,526,549)	-	-
Gross investment	280,223,168	180,521,835	-	-
Unearned income	-	-	-	-
Net investment (Note 5.1)	280,223,168	180,521,835	-	-
Impairment on finance lease receivables (Note 5.2)	(32,879,494)	(31,780,393)	-	-
At the end	247,343,673	148,741,442	-	-

5.1 Current	124,877,616	84,360,741	-	-
Non-current	155,345,551	96,161,094	-	-

Analysis by performance

Performing	247,343,673	148,741,442	-	-
Non-performing	32,879,494	31,780,393	-	-
	280,223,168	180,521,835	-	-

Analysis by maturity

Due within one year	124,877,616	84,360,741	-	-
Due between one - five years	155,345,551	96,161,094	-	-
	280,223,168	180,521,835	-	-

5.2 Movement in impairment - finance lease receivables:

At 1 January	31,780,393	23,015,010	-	-
Charge for the year (note 34)	1,099,101	8,765,383	-	-
At the end	32,879,494	31,780,393	-	-

6. Trade receivables

Due from insurance companies	774,583,507	274,358,188	774,583,507	274,358,188
Due from insurance brokers and agents	50,352,893	269,539,140	44,668,820	269,539,140
Due from others	-	-	-	-
	824,936,401	543,897,328	819,252,327	543,897,328
Impairment allowance (Note 6.1)	(18,745)	-	(18,745)	-
	824,917,656	543,897,328	819,233,582	543,897,328
Hmo receivable	51,500,706	62,808,889	-	-
Total	876,418,362	606,706,217	819,233,582	543,897,328
Impairment charge (Note 6.2)	(5,086,062)	(5,086,062)	-	-
Closing Balance	871,332,300	601,620,155	819,233,582	543,897,328
Current	876,418,362	606,706,217	819,233,582	543,897,328
Non-current	-	-	-	-

6.1 Movement in Trade receivables

Opening	606,706,217	612,426,941	543,897,328	481,030,540
Gross Premium written	12,815,006,142	10,500,388,477	12,061,936,819	10,024,047,477
Premium received	(12,545,293,997)	(10,506,109,202)	(11,786,600,564)	(9,961,180,689)
Closing receivables	876,418,362	606,706,217	819,233,582	543,897,328

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6.2 Impairment charge

At 1 January	5,086,062	4,738,626	-	-
IFRS 9 opening balance adjustment	-	126,130	-	-
Charged for the year (note 34)	-	221,306	-	-
At June 2022	<u>5,086,062</u>	<u>5,086,062</u>	<u>-</u>	<u>-</u>

Age Analysis of Trade receivable

> =1Day <= 30 Days	855,539,357	580,827,212	798,354,577	518,018,323
> =31Days <= 90 Days	20,879,005	25,879,005	20,879,005	25,879,005
Above 90 Days	-	-	-	-
	<u>876,418,362</u>	<u>606,706,217</u>	<u>819,233,582</u>	<u>543,897,328</u>

Group		Company	
31 DECEMBER 2022 N	December 2021 N	31 DECEMBER 2022 N	December 2021 N

7. Reinsurance Assets

Prepaid reinsurance (Note 7.1a & 7.1b)	1,153,079,214	1,067,021,471	1,153,079,214	1,067,021,471
Reinsurers share of claims (Note 7.3)	1,773,968,655	2,354,142,508	1,773,968,655	2,354,142,508
	<u>2,927,047,869</u>	<u>3,421,163,979</u>	<u>2,927,047,869</u>	<u>3,421,163,979</u>

Impairment	(8,767,727)	(10,723,799)	(8,767,728)	(10,723,799)
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At the end	<u>2,918,280,141</u>	<u>3,410,440,180</u>	<u>2,918,280,141</u>	<u>3,410,440,180</u>
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Current	2,927,047,869	3,421,163,979	2,927,047,869	3,421,163,979
Non-current	-	-	-	-

Movement in Impairment(Credit Loss IFRS 9)

Opening Balance	10,723,799	-	10,723,799	-
IFRS 9 opening balance adjustment	-	9,602,989	-	9,602,989
Charged during the year	(1,956,072)	1,120,810	(1,956,072)	1,120,810
At the end	<u>8,767,727</u>	<u>10,723,799</u>	<u>8,767,728</u>	<u>10,723,799</u>

Prepaid reinsurance premium(note 7.1a)	1,106,387,839	1,020,330,096	1,106,387,839	1,020,330,096
Prepaid minimum and deposit premium (note 7.1b)	46,691,375	46,691,375	46,691,375	46,691,375
Reinsurance share of outstanding claims	648,159,158	1,073,320,986	648,159,158	1,073,320,986
Reinsurance share of IBNR	651,521,485	718,521,485	651,521,485	718,521,485
Reinsurance receivable on claims paid (note 7.2b)	474,288,011	562,300,037	474,288,011	562,300,037
Total	<u>2,927,047,869</u>	<u>3,421,163,979</u>	<u>2,927,047,869</u>	<u>3,421,163,979</u>
Impairment (IFRS 9)	<u>(8,767,727)</u>	<u>(10,723,799)</u>	<u>(8,767,728)</u>	<u>(10,723,799)</u>
	<u>2,918,280,142</u>	<u>3,410,440,180</u>	<u>2,918,280,141</u>	<u>3,410,440,180</u>

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes that impairment loss in the income statement. The Company has a reinsurance agreement with African Reinsurance Corporation, and Continental Reinsurance Plc. Based on the financial position and performance during the period under review, they are solvent and had never defaulted on their obligations. Consequently, there are no indications of impairment as at the reporting date.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	31 DECEMBER 2022 N	December 2021 N	31 DECEMBER 2022 N	December 2021 N
7.1a Prepaid Reinsurance Premium				
Fire	208,205,552	149,140,952	208,205,552	149,140,952
General accident	146,926,206	141,909,274	146,926,206	141,909,274
Motor	7,256,409	4,932,150	7,256,409	4,932,150
Marine	51,707,670	95,539,565	51,707,670	95,539,565
Bond	36,408,292	15,421,170	36,408,292	15,421,170
Engineering	179,336,490	72,269,543	179,336,490	72,269,543
Aviation	77,031,921	97,680,810	77,031,921	97,680,810
Oil & gas	399,515,300	443,436,632	399,515,300	443,436,632
	<u>1,106,387,839</u>	<u>1,020,330,096</u>	<u>1,106,387,839</u>	<u>1,020,330,096</u>
7.1b Prepaid Minimum & Deposit Premium				
Fire	17,372,250	17,372,250	17,372,250	17,372,250
General accident	1,983,500	1,983,500	1,983,500	1,983,500
Motor	4,275,000	4,275,000	4,275,000	4,275,000
Marine	8,767,500	8,767,500	8,767,500	8,767,500
Engineering	14,293,125	14,293,125	14,293,125	14,293,125
	<u>46,691,375</u>	<u>46,691,375</u>	<u>46,691,375</u>	<u>46,691,375</u>
Prepaid reinsurance	<u>1,153,079,214</u>	<u>1,067,021,471</u>	<u>1,153,079,214</u>	<u>1,067,021,471</u>
7.2 a Reinsurers Share of Claims				
Fire	395,447,485	672,248,809	395,447,485	672,248,809
General accident	590,080,586	345,534,621	590,080,586	345,534,621
Motor	35,028,200	39,128,200	35,028,200	39,128,200
Marine	69,331,753	436,116,410	69,331,753	436,116,410
Bond	4,094,897	6,094,897	4,094,897	6,094,897
Engineering	91,913,235	74,635,046	91,913,235	74,635,046
Aviation	20,785,776	80,785,776	20,785,776	80,785,776
Oil & gas	92,998,712	137,298,712	92,998,712	137,298,712
	<u>1,299,680,643</u>	<u>1,791,842,471</u>	<u>1,299,680,643</u>	<u>1,791,842,471</u>
7.2b Reinsurers share of paid claims				
Fire	249,748,669	8,719,519	249,748,669	8,719,519
General accident	66,010,627	200,907,030	66,010,627	200,907,030
Motor	25,649,642	70,625,744	25,649,642	70,625,744
Marine	7,685,000	16,443,442	7,685,000	16,443,442
Bond	-	-	-	-
Engineering	10,182,772	4,920,359	10,182,772	4,920,359
Aviation	-	55,317,458	-	55,317,458
Oil & gas	115,011,302	205,366,485	115,011,302	205,366,485
	<u>474,288,012</u>	<u>562,300,037</u>	<u>474,288,011</u>	<u>562,300,037</u>
7.3 Reinsurance Assets:				
Movement in prepaid reinsurance:				
At 1 January	1,067,021,471	847,365,944	1,067,021,471	847,365,944
Additions during the period (Note 28)	4,986,931,691	4,458,744,931	4,986,931,691	4,458,744,931
	<u>6,053,953,162</u>	<u>5,306,110,875</u>	<u>6,053,953,162</u>	<u>5,306,110,875</u>
Amortization during the period (Note 28)	(4,908,562,400)	(4,239,089,404)	(4,908,562,400)	(4,239,089,404)
At the end	<u>1,145,390,763</u>	<u>1,067,021,471</u>	<u>1,145,390,763</u>	<u>1,067,021,471</u>
Movement in claims recoverable:				
At 1 January	2,354,142,508	2,170,714,673	2,354,142,508	2,170,714,673
Additions during the period	1,510,511,500	1,711,954,074	1,510,511,500	1,711,954,074
	<u>3,864,654,008</u>	<u>3,882,668,747</u>	<u>3,864,654,008</u>	<u>3,882,668,747</u>
Amortization during the period	(2,090,685,353)	(1,528,526,239)	(2,090,685,353)	(1,528,526,239)
At the end	<u>1,773,968,655</u>	<u>2,354,142,508</u>	<u>1,773,968,655</u>	<u>2,354,142,508</u>
8. Deferred Acquisition Cost				
At 1 January	397,546,015	355,066,148	385,296,407	344,817,850
Acquisition cost during the period	1,937,364,256	1,680,613,794	1,876,957,619	1,633,891,706
Less: Amortisation during the period (Note 31)	(1,771,669,953)	(1,638,133,927)	(1,712,248,574)	(1,593,413,149)
At the end	<u>563,240,318</u>	<u>397,546,015</u>	<u>550,005,452</u>	<u>385,296,407</u>
Current	563,240,318	397,546,015	550,005,452	385,296,407
Non-current	-	-	-	-

Deferred acquisition cost represent commissions on unearned premium relating to the unexpired risk. The movement in the deferred acquisition cost during the year is as shown above.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	31 DECEMBER 2022 N	December 2021 N	31 DECEMBER 2022 N	December 2021 N
8.1 Deferred Acquisition Cost Analysis				
Fire	106,287,069	75,189,179	106,287,069	75,189,179
General accident	78,720,611	65,331,213	78,720,611	65,331,213
Motor	128,457,293	91,453,591	128,457,293	91,453,591
Marine	25,596,786	27,278,926	25,596,786	27,278,926
Bond	28,136,753	9,710,496	28,136,753	9,710,496
Engineering	91,077,820	32,741,876	91,077,820	32,741,876
Aviation	14,881,204	20,298,332	14,881,204	20,298,332
Oil & gas	76,847,917	63,292,794	76,847,917	63,292,794
Company Total	550,005,453	385,296,407	550,005,453	385,296,407
HMO Deferred acquisition	13,820,645	12,249,608	-	-
Group Total	563,826,098	397,546,015	550,005,453	385,296,407
9. Other Receivables and Prepayments				
Staff advances & prepayment	52,156,444	38,223,806	37,540,977	38,223,806
Account receivables **	72,680,070	17,283,848	77,414,902	30,933,113
Intercompany Receivables	-	-	293,112,246	316,785,801
Withholding tax credit	24,406,770	33,550,342	24,406,770	33,550,343
Prepayments (Note 9.1)	104,032,197	136,409,435	99,573,725	127,883,874
	253,275,481	225,467,431	532,048,620	547,376,937
Impairment allowance (Note 34)	(9,279,221)	(2,774,928)	(4,548,221)	-
	243,996,260	222,692,503	527,500,398	547,376,937
Current	253,275,481	225,467,431	527,500,398	547,376,937
Non-current	-	-	-	-
Impairment allowance on other receivables				
As at 1 January	2,774,928	-	-	-
IFRS 9 opening balance adjustment	-	132,986	-	-
Charged/(reversed)	6,504,293	2,641,942	4,548,221	-
As at 30 September	9,279,221	2,774,928	4,548,221	-
** Included in Account receivable is =N=39.8m being the balance of the amount deposited with lead underwriters for the purpose of settling claims based on MOU signed at the inception of the policies. The amount =N=15.5 million is the balance as at 31st December 2021.				
9.1 Prepayments				
Prepaid rent	96,584,961	116,662,920	92,126,488	108,137,359
Other prepayments	7,447,237	19,746,515	7,447,237	19,746,515
	104,032,197	136,409,435	99,573,725	127,883,874
Current	104,032,197	136,409,435	99,573,725	127,883,874
Non-current	-	-	-	-
10. Investment in Subsidiaries				
CHI Capital (Note 10.1a)	-	-	130,000,000	130,000,000
Chi Microinsurance Limited (10.1b)	-	-	200,000,000	200,000,000
Grand Treasurers Limited	-	-	764,225,000	764,225,000
Hallmark Health Services Limited (10.1c)	-	-	500,000,000	500,000,000
	-	-	1,594,225,000	1,594,225,000
Grand Treasurers Limited		CHI Capital Limited	Hallmark Health Services Limited	Chi Microinsurance Limited
Movement in Investment in subsidiaries				
Opening	764,225,000	130,000,000	500,000,000	200,000,000
Addition	-	-	-	-
Disposal	-	-	-	-
Closing	764,225,000	130,000,000	500,000,000	200,000,000

In the year 2021, the Board approved and invested additional Capital of N100m into Hallmark Health Services Ltd by increasing the paid up capital to N500million.

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- 10.1a** CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing. In 2019, CHI Capital Limited transferred its 100% interest in Grand Treasurers Limited to Consolidated Hallmark Insurance Plc. Grand Treasurers Ltd is a CBN licensed finance company, acquired by CHI Capital Ltd in December 2010 with the purpose of carrying on financing activities. CHI Capital Limited also owns 100% interest in CHI Support Services Limited started as a vehicle tracking Company, but now focused on corporate support services for the Group.
- 10.1b** CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated CHI Microinsurance Limited in the year 2016 and licensed by NAICOM to carryout micro life assurance business to further deepen its market share on general insurance business.
- 10.1c** Hallmark Health Services Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated Hallmark Health Services Limited towards the end of the year 2017 and fully accredited by National Health Insurance Scheme to operate in health Insurance sector.

	CHI PLC	CHI Capital Limited	CHI Microinsurance	Hallmark Health Ltd	Grand Treasurers Ltd	Elimination	Total
	N	N	N	N		N	N
Condensed result of consolidated entities - 2022							
10.2 Condensed Financial Position							
Assets							
Cash and cash equivalents	3,301,425,786	167,902,205	167,157,743	346,901,392	126,052,375	-	4,109,439,501
Financial assets	4,149,309,670	24,107,402	-	-	2,451,129,297	-	6,624,546,369
Non-current Assets held for sale	-	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	247,343,673	-	247,343,673
Trade receivables	819,233,582	-	5,684,073	46,414,644	-	-	871,332,300
Reinsurance assets	2,918,280,142	-	-	-	-	-	2,918,280,142
Deferred acquisition cost	550,005,453	-	-	13,820,645	-	-	563,826,098
Other receivables and prepayment	527,500,397	27,048,526	508,506	19,073,940	17,769,171	(347,904,279)	243,996,261
Investment in subsidiaries	1,594,225,000	-	-	-	-	(1,594,225,000)	-
Investment properties	1,190,730,202	-	-	140,000,000	-	-	1,330,730,202
Leasehold properties	-	-	-	2,844,704	-	-	2,844,704
Intangible Assets	22,104,165	-	8,079,405	5,695,829	33,134,707	-	69,014,107
Property and equipment	1,069,302,255	-	6,223,562	41,083,627	32,944,491	-	1,149,553,934
Deferred tax asset	-	-	-	-	-	-	-
Statutory deposits	300,000,000	-	100,000,000	-	-	-	400,000,000
Total assets	16,442,116,652	219,058,133	287,653,289	615,834,780	2,908,373,714	(1,942,129,279)	18,530,907,290
Liabilities							
Insurance contract liabilities	5,850,641,342	-	25,018,463	247,808,414	-	-	6,123,468,219
Investment Contract liabilities	-	-	13,723,775	-	-	-	13,723,775
Trade payables	32,954,651	-	-	-	-	-	32,954,651
Borrowing	-	-	-	-	987,550,415	-	987,550,415
Provision and other payables	292,668,394	3,333,808	32,064,685	103,278,889	409,682,151	(347,904,279)	493,123,648
Staff retirement benefit	1,181,508	-	-	-	1,743,774	-	2,925,282
Tax liabilities	635,139,647	7,829,347	-	2,244,905	190,435,143	-	835,649,042
Deferred tax	214,949,988	(25,173)	-	-	6,825,376	-	221,750,191
Share capital	5,420,000,000	130,000,000	200,000,000	500,000,000	764,225,000	(1,594,225,000)	5,420,000,000
Share Premium	168,933,834	-	-	-	-	-	168,933,834
Statutory reserve	2,799,152,728	-	295,351	-	103,929,605	-	2,903,377,683
Fair Value Through OCI Reserve	30,669,220	(53,493)	-	-	-	-	30,615,727
Revaluation reserve	115,793,288	-	-	-	-	-	115,793,288
Regulatory risk reserve	-	-	-	-	-	-	-
Retained earnings	880,032,053	77,973,643	16,551,016	(237,497,427)	443,982,250	-	1,181,041,534
Total liabilities and equity	16,442,116,653	219,058,132	287,653,289	615,834,781	2,908,373,713	(1,942,129,279)	18,530,907,289

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	CHI PLC N	CHI Capital N	CHI Microinsurance N	Hallmark Health Services LTD N	Grand Treasurers Limited N	Elimination N	Total N
10.2 Condensed result of consolidated entities - 2022							
Condensed profit and loss							
Underwriting profit	2,381,108,227	-	8,576,780	37,117,741	-	(41,994,321)	2,384,808,427
Investment income	749,599,724	19,162,957	12,984,617	41,054,385	612,753,869	(61,138,000)	1,374,417,553
Other operating income	598,573,919	-	164,182	8,014,344	55,464,316	-	662,216,761
Total operating income	3,729,281,870	19,162,957	21,725,579	86,186,469	668,218,186	(103,132,321)	4,421,442,740
Impairment no longer required	(25,857,028)	-	-	-	(22,878,449)	-	(48,735,477)
Net fair value gains/(losses) on financial assets at fair value through profit or loss	(64,333,076)	12,214,033	-	50,000,000	(80,000)	-	(2,199,042)
Management expenses	(2,304,813,850)	(315,758)	(33,701,565)	(245,383,478)	(341,546,952)	41,994,321	(2,883,767,283)
Profit before taxation	1,334,277,916	31,061,232	(11,975,987)	(109,197,009)	303,712,786	(61,138,000)	1,486,740,936
Taxation	(371,825,671)	-	-	-	(91,113,836)	-	(462,939,507)
Profit after taxation	962,452,245	31,061,232	(11,975,987)	(109,197,009)	212,598,950	(61,138,000)	1,023,801,430

	CHI PLC N	CHI Capital Limited N	CHI Microinsurance N	Hallmark Health Ltd N	Grand Treasurers Ltd N	Elimination N	Total N
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Condensed result of consolidated entities - 2021

10.2 Condensed Financial Position

Assets

Cash and cash equivalents	2,044,305,295	156,237,257	173,494,407	422,344,464	60,693,817	-	2,857,075,239
Financial assets	3,926,828,204	11,893,367	-	-	1,351,835,012	-	5,290,556,583
Finance lease receivables	-	-	-	-	148,741,442	-	148,741,442
Trade receivables	543,897,328	-	-	57,722,827	-	-	601,620,154
Reinsurance assets	3,410,440,180	-	-	-	-	-	3,410,440,180
Deferred acquisition cost	385,296,407	-	-	12,249,609	-	-	397,546,015
Other receivables and prepayment	547,376,936	24,977,294	225,200	17,002,413	14,947,391	(381,836,730)	222,692,504
Investment in subsidiaries	1,594,225,000	-	-	-	-	(1,594,225,000)	-
Investment properties	1,008,676,470	-	-	90,000,000	-	-	1,098,676,470
Leasehold properties	-	-	-	6,406,591	-	-	6,406,591
Intangible Assets	29,482,172	-	10,347,330	307,003	36,566,414	-	76,702,920
Property and equipment	1,089,355,653	-	8,504,716	30,913,856	34,933,903	-	1,163,708,129
Deferred tax asset	-	-	-	-	-	-	-
Statutory deposits	300,000,000	-	100,000,000	-	-	-	400,000,000
Total assets	14,879,883,645	193,107,918	292,571,653	636,946,763	1,647,717,979	(1,976,061,730)	15,674,166,226

Liabilities

Insurance contract liabilities	5,299,544,811	-	3,764,797	170,740,793	-	-	5,474,050,401
Investment Contract liabilities	-	-	17,660,923	-	-	-	17,660,923
Trade payables	46,805,158	-	-	-	-	-	46,805,158
Borrowing	-	-	-	-	55,800,013	-	55,800,013
Provision and other payables	275,121,116	4,774,970	42,323,580	92,024,414	311,133,243	(381,836,730)	343,540,594
Staff retirement benefit	1,367,928	-	-	-	707,754	-	2,075,682
Tax liabilities	340,135,901	7,829,349	-	2,244,905	112,575,689	-	462,785,844
Deferred tax	247,979,804	4,858,727	-	-	6,825,376	-	259,663,907
Share capital	5,420,000,000	130,000,000	200,000,000	500,000,000	764,225,000	(1,594,225,000)	5,420,000,000
Share Premium	168,933,834	-	-	-	-	-	168,933,834
Statutory reserve	2,437,343,087	-	295,351	-	72,039,762	-	2,509,678,200
Fair Value Through OCI Reserve	30,669,221	(53,493)	-	-	-	-	30,615,728
Revaluation reserve	115,793,288	-	-	-	-	-	115,793,288
Regulatory risk reserve	-	-	-	-	1,354,214	-	1,354,214
Retained earnings	496,189,498	45,698,365	28,527,002	(128,063,349)	323,056,926	-	765,408,441
Total liabilities and equity	14,879,883,645	193,107,918	292,571,653	636,946,763	1,647,717,979	(1,976,061,730)	15,674,166,226

10.2 Condensed result of consolidated entities - 2021

Condensed profit and loss

Underwriting profit	1,436,350,040	-	1,310,688	75,925,722	-	-	1,513,586,450
Investment income	451,866,000	4,195,834	8,350,920	30,655,259	373,220,100	-	868,288,113
Other operating income	269,308,787	1,012,528	-	165,257	22,786,544	-	293,273,115
Total operating income	2,157,524,827	5,208,362	9,661,608	106,746,238	396,006,644	-	2,675,147,679
Impairment charge	-	-	-	-	(10,495,132)	-	(10,495,132)
Net fair	(135,468,512)	-	-	-	(105,000)	-	(135,573,512)
Management expenses	(1,455,944,234)	(855,422)	(8,279,211)	(133,880,475)	(160,592,281)	-	(1,759,551,623)
Profit before taxation	566,112,081	4,352,940	1,382,397	(27,134,237)	224,814,230	-	769,527,411
Taxation	(160,892,588)	-	-	0	(74,188,696)	-	(235,081,284)
Profit after taxation	405,219,493	4,352,940	1,382,397	(27,134,237)	150,625,534	-	534,446,127

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	31 DECEMBER 2022 N	31 December 2021 N	31 DECEMBER 2022 N	31 December 2021 N
11.0 Intangible assets				
Cost				
At 1 January	125,342,605	74,117,939	69,784,428	62,487,520
Addition	3,267,000	51,224,666	-	7,296,908
Reclassification	-	-	-	-
31 DECEMBER	128,609,605	125,342,605	69,784,428	69,784,428
Accumulated amortization				
At 1 January	48,639,685	37,543,282	40,302,256	32,007,107
Charge	10,955,814	11,096,403	7,378,008	8,295,149
31 DECEMBER	59,595,499	48,639,685	47,680,264	40,302,256
Carrying amount				
31 DECEMBER	69,014,106	76,702,920	22,104,165	29,482,172
12 Investment Properties				
At 1 January	1,098,676,470	1,042,487,470	1,008,676,470	948,826,470
Addition	182,053,732	231,850,000	182,053,732	141,850,000
Disposal/transfer (Note 12.1b)	-	(175,661,000)	-	(82,000,000)
Fair value change	50,000,000	-	-	-
31 DECEMBER	1,330,730,202	1,098,676,470	1,190,730,202	1,008,676,470

Investment Properties

Investment properties are made up of buildings and properties held by the company to earn rentals or for capital appreciation or both and are accounted for in line with International Accounting Standard (IAS) 40. Some of these properties retained the title of one of the legacy companies making up Consolidated Hallmark Insurance Plc. There is no dispute as to the title of Consolidated Hallmark Insurance Plc to these properties. However, in line with NAICOM requirement, provided below is the list of these properties and status of efforts to change their name to Consolidated Hallmark Insurance Plc.

The properties were professionally re-valued as at 15 November 2021, by Messrs Adegboyega Sanusi & Co (FRC/2013/NIESV/0000001757) on the basis of open market values.

- 12.1 Part of the Company property at Romax Homes Estate by Harris drivet beside VGCI Ikota Lekki Lagos valued N82,000,000 as at December 2020 was disposed during the year for N90million net of commission and CHI Capital equally sold the Land in Thomas estate Ajah Lagos valued at N93.7million as at December 2020 for N142.4million net of commission.

S/N	TYPE OF ASSET	ADDRESS	AMOUNT N	CURRENT TITLE	STATUS ON CHANGE OF TITLE
Company					
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	229,000,000	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance Plc.
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	104,105,470	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	144,221,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
5	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
6	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	Hallmark Assurance Plc (Legacy Company)	The Company had paid all required fees to the Federal Housing Authority since
7	Building	Romax Homes Estate by Harris drivet beside VGCI Ikota, Lekki Lagos	122,150,000	Consolidated Hallmark Insurance Plc.	The deed of assignment is in the name of Consolidated Hallmark Insurance Plc. Perfection of title in progress
8	Building	3Units of 4 Bedroom Terrace At Westend Ikota, Lagos	135,900,000	Consolidated Hallmark Insurance Plc.	The deed of assignment is in the name of Consolidated Hallmark Insurance Plc. Perfection of title in progress
9	Building	Semi detached duplex at Osapa London, Lekki Lagos.	178,000,000	Consolidated Hallmark Insurance Plc.	The deed of assignment is in the name of Consolidated Hallmark Insurance Plc. Perfection of title in progress
Company's Total			1,190,376,470		
Hallmark Health Services Limited					
	Land	Romax Homes Estate by Harris drivet beside VGCI Ikota, Lekki Lagos	140,353,732	Hallmark Health Services Ltd	The deed of assignment is in the name of Hallmark Health Services Ltd.
Group Total			1,330,730,202		

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Movement on Investment Properties

12.1b	S/N	TYPE OF ASSET	ADDRESS	Opening	Addition	Disposal/transfer	Increase (decrease) in Fairvalue	Total
		Company						
	1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	-	-	-	206,000,000
	2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo	229,000,000	-	-	-	229,000,000
	3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	104,105,470		-	-	104,105,470
	4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	141,921,000	2,300,000	-	-	144,221,000
	5	Building	Jacob's Arena Plot 4, close4, road 4, Westend EstateIkota., Lagos	135,900,000				135,900,000
			Semi detached duplex at Osapa London, Lekki Lagos.		179,753,732			179,753,732
	6	Building	Rivers State Housing Estate, Abuloma PH	48,000,000		-	-	48,000,000
	7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	-	-	-	23,000,000
	8	Building	Romax Homes Estate by Harris drivet beside	120,750,000	-	-	-	120,750,000
		Company Total		1,008,676,470	182,053,732	-	-	1,190,730,202
		Subsidiary						
	9	Building	Romax Homes Estate by Harris drivet beside	90,000,000	-	-	50,000,000	140,000,000
			Thomas estate Ajah Lagos	-		-		-
		Group Total		1,098,676,470	-	-	-	1,330,730,202

Addition to item no 8 as stated on the table above represents amount paid for electrification and processing charges to the estate management.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13.0 Property and Equipment 2022

13.1a The group

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
Costs							
At 1 January	300,000,000	697,723,916	116,646,562	150,817,238	631,770,355	256,792,619	2,153,750,690
Additions during the period	-	-	6,014,366	10,824,030	95,856,478	23,141,416	135,836,290
Revaluation	-	-	-	-	-	-	-
Disposals during the period	-	-	-	-	(9,801,000)	-	(9,801,000)
31 DECEMBER	300,000,000	697,723,916	122,660,928	161,641,268	717,825,833	279,934,035	2,279,785,980
Accumulated depreciation							
At 1 January 2022	-	161,373,916	96,346,121	125,553,429	392,075,190	214,693,907	990,042,562
Depreciation charge for the period	-	13,945,909	7,067,451	10,072,446	101,811,484	14,593,193	147,490,484
Disposals in the period	-	-	-	-	(7,301,000)	-	(7,301,000)
31 DECEMBER	-	175,319,825	103,413,572	135,625,875	486,585,674	229,287,100	1,130,232,046
Accumulated impairment losses	-	-	-	-	-	-	-
Carrying value							
31 DECEMBER	300,000,000	522,404,091	19,247,355	26,015,394	231,240,159	50,646,935	1,149,553,934
At 1 January 2022	300,000,000	536,350,000	20,300,441	25,263,809	239,695,165	42,098,712	1,163,708,129

The properties were professionally re-valued as at 15 November 2021, by Messrs Adegboyega Sanusi & Co (FRC/2013/NIESV/00000001757) on the basis of open market values. These values were incorporated in the books at end of the year 2021. The surplus arising on the revaluation over the written down values was treated as revaluation surplus.

CONSOLIDATED HALLMARK INSURANCE PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Property and Equipment								
13.1b	The group							
	2021	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
	At 1 January	286,099,948	541,339,722	109,826,225	150,813,178	597,564,001	249,252,148	1,934,895,222
	Additions during the period	-	-	7,458,717	5,181,424	82,780,332	14,709,080	110,129,553
	Revaluation	13,900,052	156,384,194					170,284,246
	Disposals during the period	-	-	(638,380)	(5,177,364)	(48,573,978)	(7,168,609)	(61,558,331)
	31 December	<u>300,000,000</u>	<u>697,723,916</u>	<u>116,646,562</u>	<u>150,817,238</u>	<u>631,770,355</u>	<u>256,792,619</u>	<u>2,153,750,690</u>
	Accumulated depreciation							
	At 1 January 2021	-	150,547,122	88,279,356	122,568,164	341,805,022	210,123,333	913,322,997
	Depreciation charge for the period	-	10,826,794	8,705,145	8,162,629	79,096,343	11,405,970	118,196,881
	Disposals in the period	-	-	(638,380)	(5,177,364)	(28,826,175)	(6,835,396)	(41,477,316)
	31 December	<u>-</u>	<u>161,373,916</u>	<u>96,346,121</u>	<u>125,553,429</u>	<u>392,075,190</u>	<u>214,693,907</u>	<u>990,042,562</u>
	Accumulated impairment losses	-	-	-	-	-	-	-
	Carrying value							
	31 December	<u>300,000,000</u>	<u>536,350,000</u>	<u>20,300,441</u>	<u>25,263,809</u>	<u>239,695,165</u>	<u>42,098,712</u>	<u>1,163,708,129</u>
	At 1 January 2021	<u>286,099,948</u>	<u>390,792,600</u>	<u>21,546,869</u>	<u>28,245,014</u>	<u>255,758,979</u>	<u>39,128,815</u>	<u>1,021,572,225</u>

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13.2a Property and Equipment 2022 The company

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
Costs							
At 1 January	300,000,000	697,723,916	110,728,948	154,660,725	533,954,601	247,236,021	2,044,304,211
Additions	-	-	3,271,545	8,555,250	74,866,478	9,810,390	96,503,663
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	-	(9,801,000)	-	(9,801,000)
31 DECEMBER	300,000,000	697,723,916	114,000,493	163,215,975	599,020,079	257,046,411	2,131,006,873
Accumulated depreciation							
At 1 January	-	161,373,916	94,440,092	127,370,268	359,277,014	212,487,267	954,948,557
Depreciation charge for the period	-	13,945,909	5,979,893	8,815,752	75,433,966	9,881,541	114,057,061
Disposals	-	-	-	-	(7,301,000)	-	(7,301,000)
31 DECEMBER	-	175,319,826	100,419,985	136,186,020	427,409,980	222,368,808	1,061,704,618
Carrying value							
31 DECEMBER	300,000,000	522,404,091	13,580,508	27,029,956	171,610,099	34,677,602	1,069,302,255
At 31 December 2021	300,000,000	536,350,000	16,288,856	27,290,457	174,677,587	34,748,754	1,089,355,653

The properties were professionally re-valued as at 15 November 2021, by Messrs Adegboyega Sanusi & Co (FRC/2013/NIESV/00000001757) on the basis of open market values. These values were incorporated in the books at end of the year 2021. The surplus arising on the revaluation over the written down values was treated as revaluation surplus.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Property and Equipment (Cont'd)

2021

The company

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
At 1 January	286,099,948	541,339,722	108,926,630	154,710,665	524,028,579	244,588,152	1,859,693,696
Additions	-	-	2,440,698	5,127,424	58,500,000	9,816,478	75,884,600
Transfer from Investment Property(12.1a)	-	-	-	-	-	-	-
Revaluation	13,900,052.00	156,384,194	-	-	-	-	170,284,246
Disposals	-	-	(638,380)	(5,177,364)	(48,573,978)	(7,168,609)	(61,558,331)
31 December	<u>300,000,000</u>	<u>697,723,916</u>	<u>110,728,948</u>	<u>154,660,725</u>	<u>533,954,601</u>	<u>247,236,021</u>	<u>2,044,304,211</u>
Accumulated depreciation							
At 1 January	-	150,547,122	88,370,298	124,394,753	322,858,963	209,936,715	896,107,852
Depreciation charge for the period	-	10,826,794	6,708,174	8,152,879	65,244,226	9,385,948	100,318,022
Disposals	-	-	(638,380)	(5,177,364)	(28,826,175)	(6,835,396)	(41,477,316)
31 December	<u>-</u>	<u>161,373,916</u>	<u>94,440,092</u>	<u>127,370,268</u>	<u>359,277,014</u>	<u>212,487,267</u>	<u>954,948,558</u>
Carrying value							
31 December	<u>300,000,000</u>	<u>536,350,000</u>	<u>16,288,856</u>	<u>27,290,457</u>	<u>174,677,587</u>	<u>34,748,754</u>	<u>1,089,355,653</u>
At 31 December 2020	<u>286,099,948</u>	<u>390,792,600</u>	<u>20,556,332</u>	<u>30,315,913</u>	<u>201,169,615</u>	<u>34,651,437</u>	<u>963,585,844</u>

CONSOLIDATED HALLMARK INSURANCE PLC
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FOR THE YEAR ENDED 31 DECEMBER 2022

13.3 Right-of-Use of Assets (Leased Assets)

	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	N	Total
Costs						
At 1 January	3,912,175	6,913,742	9,300,000	520,000		20,645,917
Additions						-
Disposals/movement						-
31 DECEMBER	3,912,175	6,913,742	9,300,000	520,000		20,645,917
Accumulated depreciation						
At 1 January	2,345,697	4,145,404	7,436,438	311,786		14,239,326
Depreciation charge for the period	586,826	1,037,061	1,860,000	78,000		3,561,888
Disposals						
31 DECEMBER	2,932,524	5,182,465	9,296,438	389,786		17,801,213
Carrying value						
31 DECEMBER	979,651	1,731,277	3,562	130,214		2,844,704
At 31 December 2021	1,566,478	2,768,338	1,863,562	208,214		6,406,591

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 N	2021 N	2022 N	2021 N
14. Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000
Microinsurance	100,000,000	100,000,000	300,000,000	300,000,000
	400,000,000	400,000,000	300,000,000	300,000,000

This represents the amount deposited with the Central Bank of Nigeria as at 30 September, 2022.

15. Insurance contract liabilities

Reserve for outstanding claims (Note 15.1)	2,384,824,739	2,841,412,777	2,381,059,942	2,837,287,074
Unearned premium reserve (Note 15.2)	3,738,643,480	2,632,637,624	3,469,581,401	2,462,257,737
	6,123,468,219	5,474,050,401	5,850,641,342	5,299,544,811

15.1 Reserve for outstanding claims - 2022

	Group			Company		
	Outstanding Claim N	Provision for IBNR N	Gross Reserve N	Outstanding Claim N	Provision for IBNR N	Gross Reserve N
Fire	168,853,860	370,383,831	539,237,690	168,853,860	370,383,831	539,237,691
General accident	632,373,254	123,263,973	755,637,227	632,373,254	123,263,973	755,637,227
Motor	174,209,322	172,025,555	346,234,877	174,209,322	172,025,555	346,234,877
Marine	169,435,744	118,689,722	288,125,466	169,435,744	118,689,722	288,125,466
Bond	5,909,416	13,754,856	19,664,272	5,909,416	13,754,856	19,664,272
Engineering	44,471,880	64,223,251	108,695,131	44,471,880	64,223,251	108,695,131
Aviation	75,759,462	42,651,397	118,410,859	75,759,462	42,651,397	118,410,859
Oil & gas	65,001,485	140,052,934	205,054,419	65,001,485	140,052,934	205,054,419
	1,336,014,422	1,045,045,519	2,381,059,941	1,336,014,423	1,045,045,518	2,381,059,942
HMO - Outstanding claims	3,764,798		3,764,798			
	1,339,779,220	1,045,045,519	2,384,824,739	1,336,014,423	1,045,045,518	2,381,059,942

Reserve for outstanding claims - 2021

	Outstanding Claim N	Provision for IBNR N	Gross Reserve N	Outstanding Claim N	Provision for IBNR N	Gross Reserve N
Fire	599,775,359	267,981,796	867,757,155	599,775,359	267,981,796	867,757,155
General accident	190,713,367	373,465,978	564,179,345	190,713,367	373,465,978	564,179,345
Motor	84,811,671	197,025,575	281,837,246	84,811,671	197,025,575	281,837,246
Marine	492,740,643	154,690,222	647,430,865	492,740,643	154,690,222	647,430,865
Bond	-	18,759,856	18,759,856	-	18,759,856	18,759,856
Engineering	9,648,186	109,225,751	118,873,937	9,648,186	109,225,751	118,873,937
Aviation	70,125,475	26,051,197	96,176,672	70,125,475	26,051,197	96,176,672
Oil & gas	91,719,064	150,552,934	242,271,998	91,719,064	150,552,934	242,271,998
	1,539,533,765	1,297,753,308	2,837,287,074	1,539,533,765	1,297,753,308	2,837,287,074
HMO - Outstanding c	4,125,704		4,125,704			
	1,543,659,469	1,297,753,308	2,841,412,778	1,539,533,765	1,297,753,308	2,837,287,074

	Group		Company	
	2022 N	2021 N	2022 N	2021 N
15.2 Unearned premium reserve				
Fire	556,236,927	383,027,502	556,236,927	383,027,502
General accident	425,575,864	339,151,136	425,575,864	339,151,136
Motor	1,141,103,414	814,032,695	1,141,103,414	814,032,695
Marine	127,411,557	138,115,979	127,411,557	138,115,979
Oil & Gas	532,570,859	471,558,371	532,570,859	471,558,371
Engineering	461,459,939	163,976,093	461,459,939	163,976,093
Aviation	79,229,999	101,476,097	79,229,999	101,476,097
Bond	145,992,842	50,919,864	145,992,842	50,919,864
	3,469,581,401	2,462,257,737	3,469,581,401	2,462,257,737
HMO - Unearned premium reserve	247,808,414	166,615,090	-	-
Microinsurance - Unearned premium reserve	21,253,665	3,764,797		
	3,738,643,480	2,632,637,624	3,469,581,401	2,462,257,737

Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the Management of the Company with the use of a professional actuary (Ernst & Young), certified firm of actuaries with FRC registration number FRC/2012/NAS/0000000738

Management believes that the carrying amount of insurance liabilities represents a reasonable approximation of fair value.

CONSOLIDATED HALLMARK INSURANCE PLC

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15.3 AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31 DECEMBER, 2021

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	30,585,445	19,942,921	13,183,113	12,871,840	49,077,655	125,660,974
250,001-500,000	34,712,117	17,327,000	12,110,210	10,348,971	20,675,150	95,173,448
500,001-1,500,000	31,258,796	36,725,415	15,950,000	11,500,000	23,452,299	118,886,510
1,500,001-2,500,000	4,900,287	7,586,331	3,919,000		16,005,950	32,411,568
2,500,001-5,000,000	19,102,500	4,102,500	8,693,710	4,000,000	27,422,610	63,321,320
ABOVE 5,000,000	58,027,938	400,000,000	460,000,000	26,613,194	159,438,814	1,104,079,946
TOTAL	178,587,083	485,684,167	513,856,033	65,334,005	296,072,478	1,539,533,766

AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31 DECEMBER, 2020

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	32,047,974	18,209,023	16,306,287	12,664,130	52,716,781	131,944,195
250,001-500,000	12,963,432	13,079,363	5,048,325	6,606,350	13,136,014	50,833,484
500,001-1,500,000	14,927,979	15,351,299	12,086,101	2,529,387	10,896,858	55,791,624
1,500,001-2,500,000	9,226,813	7,624,526	5,564,500	3,532,000	8,600,104	34,547,943
2,500,001-5,000,000	24,270,140	8,064,500	11,465,000	10,703,000	10,587,917	65,090,557
ABOVE 5,000,000	50,641,250	150,333,500	17,961,897	8,500,000	59,840,613	287,277,260
TOTAL	144,077,588	212,662,211	68,432,110	44,534,867	155,778,287	625,485,063

Number of claimants in each category

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
At December 2021	637	397	301	271	1,011	2,617
At December 2020	525	327	315	253	1,218	2,638

Further Analysis of Outstanding Claims

OUTSTANDING CLAIMS (AWAITING EDV)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	-	-		50,000		50,000
250,001-500,000	-					-
500,001-1,500,000	-					-
1,500,001-2,500,000	-					-
2,500,001-5,000,000	-					-
ABOVE 5,000,000	-	-	-	-	-	-
TOTAL	-	-	-	50,000	-	50,000

CONSOLIDATED HALLMARK INSURANCE PLC

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OUTSTANDING CLAIMS (AWAITING SETTLEMENT DECISION)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	770,156	232,000		18,000	973,600	1,993,756
250,001-500,000	339,400	-				339,400
500,001-1,500,000	1,000,000				1,350,000	2,350,000
1,500,001-2,500,000	-					-
2,500,001-5,000,000	-					-
ABOVE 5,000,000	-		450,000,000			450,000,000
TOTAL	2,109,556	232,000	450,000,000	18,000	2,323,600	454,683,156

OUTSTANDING CLAIMS (AWAITING SUPPORTING DOCUMENT)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	27,322,208	18,960,921	12,964,133	12,125,414	47,072,995	118,445,671
250,001-500,000	33,372,717	17,327,000	12,110,210	10,348,971	20,675,150	93,834,048
500,001-1,500,000	30,258,796	35,725,415	15,950,000	11,500,000	21,402,299	114,836,510
1,500,001-2,500,000	4,900,287	7,586,331	3,919,000		16,005,950	32,411,567
2,500,001-5,000,000	19,102,500	4,102,500	4,102,500	4,000,000	23,879,000	55,186,500
ABOVE 5,000,000	38,027,938	400,000,000	10,000,000	26,613,194	159,438,814	634,079,946
TOTAL	152,984,446	483,702,167	59,045,843	64,587,579	288,474,208	1,048,794,245

OUTSTANDING CLAIMS (BEING ADJUSTED)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	1,910,080	580,000	211,780	728,426	786,060	4,216,346
250,001-500,000	1,000,000					1,000,000
500,001-1,500,000						-
1,500,001-2,500,000		1,000,000			700,000	1,700,000
2,500,001-5,000,000						-
ABOVE 5,000,000	20,000,000		4,591,210			24,591,210
TOTAL	22,910,080	1,580,000	4,802,990	728,426	1,486,060	31,507,556

OUTSTANDING CLAIMS (SIGNED DISCHARGE VOUCHER UNPAID)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	491,637	-	-	-	-	491,637
250,001-500,000	350,000	-	-	-	-	350,000
500,001-1,500,000	3,379,702	-	-	-	-	3,379,702
1,500,001-2,500,000	-	-	-	-	-	-
2,500,001-5,000,000	-	-	-	-	-	-
ABOVE 5,000,000	-	-	-	-	-	-
TOTAL	4,221,339	-	-	-	-	4,221,339

Please note that, the group do not have any outstanding claim with executed discharge voucher that is more than 90 days in accordance with Section 70 (1a) of the Insurance Act 2003

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 N	2021 N	2022 N	2021 N
15.4 Funds representing insurance contract liabilities				
Insurance Contract Liabilities	6,123,468,219	5,474,050,401	5,850,641,342	5,299,544,811
Recoverable from reinsurance company	(2,918,280,142)	(3,410,440,180)	(2,918,280,142)	(3,410,440,180)
	3,205,188,077	2,063,610,221	2,932,361,200	1,889,104,631
Balance with banks	-	-	-	-
Fixed placement	2,679,560,559	1,594,881,038	2,679,560,559	1,594,881,038
Treasury bill & Bonds	-	-	-	-
Investment property	1,190,376,470	1,008,676,470	1,190,376,470	1,008,676,470
At fair value through profit or loss	-	-	-	-
	3,869,937,029	2,603,557,508	3,869,937,029	2,603,557,508
15.5 Investment contract liabilities				
Opening	17,660,923	-	-	-
movement	(3,937,148)	17,660,923	-	-
Closing	13,723,775	17,660,923	-	-
16. Trade payables				
Due to insurance companies	-	-	-	-
Due to reinsurance companies - local	32,954,651	46,805,158	32,954,651	46,805,158
Other trade payables	-	-	-	-
	32,954,651	46,805,158	32,954,651	46,805,158
Current	32,954,651	46,805,158	32,954,651	46,805,158
Non-current	-	-	-	-
Movement in Trade payables				
Opening	46,805,158	13,972,733	46,805,158	13,972,733
Reinsurance during the year	4,986,931,692	4,458,744,932	4,986,931,692	4,458,744,932
Payment	(5,000,782,199)	(4,425,912,507)	(5,000,782,199)	(4,425,912,507)
Closing	32,954,651	46,805,158	32,954,651	46,805,158
17 Borrowing				
At 1 January	55,800,014	5,013,053	-	-
Addition	915,328,444	142,596,600	-	-
Repayment	(71,713,122)	(96,655,552)	-	-
Interest capitalised	88,135,079	4,845,913	-	-
As At 31 December	987,550,415	55,800,014	-	-

These are financial liabilities that mature within 12months of the balance sheet date. It is measure at fair value at initial recognition.

18. Other payables and provision				
Audit fees	7,307,500	11,500,000	2,807,500	7,000,000
VAT payable	100,000	100,000	100,000	100,000
Withholding tax payable	26,383,471	5,320,984	26,383,471	5,320,984
Unclaimed dividend payable (Note 18.1)	82,423,287	80,662,912	82,423,287	80,662,912
Accrued expenses	84,318,946	68,193,685	61,924,778	45,799,518
Unearned Commission received(Note 18.2)	68,805,228	68,805,228	68,805,228	68,805,228
Staff Cooperative	39,569,085	46,672,519	39,569,085	46,672,519
Sundry creditors	184,216,131	62,285,265	10,655,044	20,759,955
	493,123,649	343,540,593	292,668,394	275,121,116
Current	493,123,649	343,540,593	292,668,394	275,121,116
Non-current	-	-	-	-

18.1 Unclaimed dividend payable represents amount of dividend which shareholders are yet to collect from the company's registrars and which, in line with the relevant rules of the Securities and Exchange Commission, have been returned to the Company to be held in a separate investment trust account, it was invested in money market, the Fund and the interest earned at the end of the year 2021 was N80,662,912 and N8,662,515 respectively.

	Group		Company	
	2022 N	2021 N	2022 N	2021 N
18.2 Unearned Commission Reserve				
Fire	13,596,991	13,596,991	13,596,991	13,596,991
General accident	16,729,758	16,729,758	16,729,758	16,729,758
Motor	866,998	866,998	866,998	866,998
Marine	12,242,178	12,242,178	12,242,178	12,242,178
Oil & Gas	-	-	-	-
Engineering	20,738,926	20,738,926	20,738,926	20,738,926
Aviation	-	-	-	-
Bond	4,630,377	4,630,377	4,630,377	4,630,377
	68,805,228	68,805,228	68,805,228	68,805,228

	Group		Company	
	2022 N	2021 N	2022 N	2021 N
19. Retirement benefit obligation				
Defined contribution pension plan				
At 1 January	2,075,682	4,129,526	1,367,928	2,253,607
Provision during the period (Note 36b)	67,071,825	51,461,849	46,565,279	47,593,611
Payment during the period	(66,222,226)	(53,515,693)	(46,751,700)	(48,479,290)
31 DECEMBER	2,925,281	2,075,682	1,181,507	1,367,928
19.a				
Employer contribution	10%	1,625,156	1,153,157	20,943
Employees contribution	8%	1,300,125	922,525	391,282
		2,925,281	2,075,682	1,181,507

CONSOLIDATED HALLMARK INSURANCE PLC

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	Group		Company	
	2022	2021	2022	2021
	N	N	N	N
20 Taxation				
20 Income tax expense				
Income tax	576,167,665	225,748,745	480,169,929	173,259,733
Education tax	26,685,558	19,814,649	26,685,558	15,284,310
Under/(over)provision in previous year	(102,000,000)	(77,388,702)	(102,000,000)	(72,500,000)
	500,853,223	168,174,692	404,855,487	116,044,044
Deferred tax (Note 22)	(37,913,716)	12,862,091	(33,029,816)	6,016,141
	462,939,507	181,036,783	371,825,671	122,060,185

20.1 The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April 2007. Section 12(2a) of the Act demands that, 1% of profit before tax should be paid to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

	Group		Company	
	2022	2021	2022	2021
	N	N	N	N
21. Current income tax liabilities				
At 1 January	462,785,844	359,459,121	340,135,901	289,145,971
Payments during the period	(127,990,025)	(64,847,969)	(109,851,740)	(65,054,114)
	334,795,819	294,611,152	230,284,161	224,091,857
Charge for the period (note 20)	500,853,223	168,174,692	404,855,487	116,044,044
31 DECEMBER	835,649,042	462,785,844	635,139,647	340,135,901
21.1 Reconciliation of effective tax rate				
Profit after tax	1,023,801,432	790,638,018	962,452,246	642,155,338
Total income tax expense				
Income	576,167,665	225,748,745	480,169,929	173,259,733
Education	26,685,558	19,814,649	26,685,558	15,284,310
(Over)/under-provision	(102,000,000)	(77,388,702)	(102,000,000)	(72,500,000)
Deferred tax (Note 22)	(37,913,716)	12,862,091	(33,029,816)	6,016,141
	462,939,507	181,036,783	371,825,671	122,060,184
Profit for the period before income tax	1,486,740,939	971,674,801	1,334,277,916	764,215,522
Effective tax rate	31%	19%	28%	16%
22 Deferred tax liabilities				
At 1 January	259,663,907	177,878,284	247,979,804	173,040,130
IFRS 9 opening balance adjustment	-	6,565,322	-	6,565,322
Charge for the period (Note 21.1)	(37,913,716)	12,862,090	(33,029,816)	6,016,141
Deffered tax on Revalued Land & Building (PPE)	-	54,490,959	-	54,490,959
Deffered tax on FVTOCI instruments	-	7,867,252	-	7,867,252
31 DECEMBER	221,750,191	259,663,907	214,949,988	247,979,804

The Company has adopted the International Accounting Standards (IAS 12) on accounting for taxation, which is now computed using liability method.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022	2021	2022	2021
	N	N	N	N
23. Share capital				
Authorised:				
20 billion ordinary shares of 50k each	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
23.1 Issued and fully paid:				
8.130 billion ordinary shares of 50k each				
31 DECEMBER	5,420,000,000	5,420,000,000	5,420,000,000	5,420,000,000
Opening	5,420,000,000	5,420,000,000	5,420,000,000	5,420,000,000
Addition: Right issue	-	-	-	-
Bonus Issue	-	-	-	-
Closing	5,420,000,000	5,420,000,000	5,420,000,000	5,420,000,000

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group.

The Company issued a bonus share of 1 for every 15 shares from 2019 financials in 2020.

	Group		Company	
	2022	2021	2022	2021
24 Share Premium				
Number (units) of shares issued	-	-	-	-
Issue price	-	-	-	-
Opening	168,933,834	168,933,834	168,933,834	168,933,834
Addition	-	-	-	-
Issue expenses	-	-	-	-
Share Premium	168,933,834	168,933,834	168,933,834	168,933,834

25. Other reserves

25.1. Contingency reserve

At 1 January	2,437,638,438	2,136,621,663	2,437,343,087	2,136,621,662
Transfer from income statement (Note 26)	361,809,640	301,016,775	361,809,641	300,721,425
31 DECEMBER	2,799,448,078	2,437,638,438	2,799,152,728	2,437,343,087

In line with sections 21(1) and (2) and 22(16) of the Insurance Act 2003, Insurance companies in Nigeria are required to transfer to the statutory contingency reserve, the higher of 20% of net profits and 3% of total Premium. The current year transfer of ₦=361,811,372 is based on 3% of total Premium.

25.2 Statutory reserve

At 1 January	72,039,762	45,964,378	-	-
Transfer from income statement (Note 26)	31,889,843	26,075,384	-	-
31 DECEMBER	103,929,605	72,039,762	-	-

In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited a subsidiary within the group.

25.3 Fair Value Through OCI Reserve

At 1 January	30,615,728	-	30,669,220	-
Prior year adjustment	-	-	-	-
Gain on financial Assets measured through OCI	-	30,615,728	-	30,669,220
31 DECEMBER	30,615,728	30,615,728	30,669,220	30,669,220

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

25.4 Revaluation Reserve

At 1 January	115,793,288	-	115,793,288	-
Revaluation gain on PPE (Land & Building)	-	115,793,288	-	115,793,288
		-	-	-
31 DECEMBER	<u>115,793,288</u>	<u>115,793,288</u>	<u>115,793,288</u>	<u>115,793,288</u>

25.5 Regulatory Risk Reserve

At 1 January	1,354,214	-	-	-
Transfer to/(from) Retained earnings (Note:26).	(1,354,214)	1,354,214	-	-
		-	-	-
31 DECEMBER	<u>-</u>	<u>1,354,214</u>	<u>-</u>	<u>-</u>

This is the difference between Expected Credit Loss (ECL) and CBN Prudential Guidelines Computations on Loans & Receivables and Finance Lease Receivables.

26. Retained earnings

At 1 January	765,408,440	550,078,221	496,189,498	400,684,735
Changes on initial application of IFRS 9	976,981	(30,061,373)	-	(29,129,100.07)
Interim Dividend declared and paid in the year**	(216,800,050)	(216,800,050)	(216,800,050)	(216,800,050)
Transfer to contingency reserve (Note 25.1)	(361,809,641)	(301,016,775)	(361,809,641)	(300,721,425)
Transfer from income statement	1,023,801,432	790,638,017	962,452,246	642,155,338
Regulatory Risk Reserve	1,354,214	(1,354,214)	-	-
Transfer to statutory reserve (Note 25.2)	(31,889,843)	(26,075,385)	-	-
31 DECEMBER	<u>1,181,041,534</u>	<u>765,408,440</u>	<u>880,032,053</u>	<u>496,189,498</u>

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

**The Group declared and paid an interim dividend of 2kobo/share on 2021 financials report during the year. The Board is hereby proposing a final dividend of 2kobo/share as final dividend for the year 2021. If approved by the Shareholders at the AGM, the total Dividend paid on 2021 financial report will be 4kobo/share.

26.1. Profit before taxation

Profit before taxation is stated after

charging/crediting:

Depreciation of property and equipment	147,490,484	101,815,136	114,057,061	84,585,788
Auditors' remuneration	4,930,000	10,000	3,875,000	10,000
Directors' remuneration:				
- Fees	8,000,000	8,000,000	8,000,000	8,000,000
Profit on disposal of property and equipment	-	-	-	-
Foreign exchange (gains)/loss	(593,896,981)	(265,246,176)	(593,896,981)	(265,246,176)

The Auditors, Messrs SIAO Partners did not render any other services to the Group besides Auditing services.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

27. Gross premium earned analysed as follows:

	←----- 2022 -----→			Gross Premium Earned N
	Direct Premium N	Inward Reinsurance Premium N	increase/ decrease in Unearned Premium N	
Fire	1,759,694,709	14,611,278	(173,209,425)	1,601,096,562
General accident	1,551,151,095	14,401,414	(86,424,728)	1,479,127,780
Motor	2,726,143,993	41,390,988	(327,070,719)	2,440,464,262
Aviation	1,093,006,282	-	22,246,098	1,115,252,380
Oil & Gas	2,429,440,943	218,257,600	(61,012,488)	2,586,686,056
Marine	789,118,482	10,489,877	10,704,422	810,312,781
Engineering	925,726,865	4,136,890	(297,483,846)	632,379,909
Bond	483,966,713	399,691	(95,072,978)	389,293,425
Company Total	11,758,249,081	303,687,737	(1,007,323,664)	11,054,613,155
Medical Premium	669,391,353	-	(12,171,968)	657,219,385
Microinsurance Premium	41,683,649	-	(21,253,665)	20,429,984
GroupTotal	12,469,324,084	303,687,737	(1,040,749,297)	11,732,262,524

Gross premium earned analysed as follows:

	←----- 2021 -----→			Gross premium earned N
	Direct premium N	Inward reinsurance premium N	Increase/ decrease in unearned premium N	
Fire	1,204,762,676	13,243,949	(60,045,974)	1,157,960,651
General accident	1,287,973,757	4,573,664	21,069,296	1,313,616,717
Motor	2,224,194,518	28,680,349	(135,025,326)	2,117,849,541
Aviation	1,126,657,231	-	6,534,550	1,133,191,781
Oil & Gas	2,597,575,432	3,772,813	(60,003,052)	2,541,345,193
Marine	795,306,547	6,284,696	(7,621,320)	793,969,923
Engineering	466,934,382	6,818,013	(27,864,385)	445,888,010
Bond	256,578,658	690,792	16,169,678	273,439,128
Company Total	9,959,983,201	64,064,276	(246,786,533)	9,777,260,944
Medical Premium	442,358,174	-	58,002,665	500,360,839
Microinsurance Premium	14,767,526	-	(3,764,797)	11,002,728
GroupTotal	10,417,108,901	64,064,276	(192,548,665)	10,288,624,511

Group	Company
2022 N	2021 N

28. Reinsurance expense

The reinsurance expense is analysed as follows:

Reinsurance premium cost (Note 7.3)	4,992,429,837	4,458,744,931	4,986,931,691	4,458,744,931
(Increase)/decrease in prepaid reinsurance	(78,369,291)	(219,655,527)	(78,369,291)	(219,655,527)
Reinsurance expense (Note 7.3)	4,914,060,546	4,239,089,404	4,908,562,400	4,239,089,404

29. Fee and commission

Fire	207,089,854	136,560,727	207,089,854	136,560,727
General accident	204,008,665	171,406,246	204,008,665	171,406,246
Motor	29,635,317	2,511,888	29,635,317	2,511,888
Aviation	-	-	-	-
Oil & Gas	802,558	-	802,558	-
Marine	135,966,340	124,659,046	135,966,340	124,659,046
Engineering	111,077,106	74,410,511	111,077,106	74,410,511
Bond	67,735,714	19,469,346	67,735,714	19,469,346
	756,315,554	529,017,764	756,315,554	529,017,764

Movement - Fee and commission

Opening Unearned commission (Note 18.2)	68,805,228	26,383,647	68,805,228	26,383,647
Commission received	756,315,554	571,439,345	756,315,554	571,439,345
Commission earned	(756,315,554)	(529,017,764)	(756,315,554)	(529,017,764)
Closing Unearned commission (Note 18.2)	68,805,228	68,805,228	68,805,228	68,805,228

CONSOLIDATED HALLMARK INSURANCE PLC

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	Group		Company	
	Claims expenses	Claims expenses	Claims expenses	Claims expenses
	31 DECEMBER 2022	31 DECEMBER 2021	31 DECEMBER 2022	31 DECEMBER 2021
	N	N	N	N
30a Claims expenses				
Claims paid during the year	4,559,334,489	3,961,497,940	3,950,304,845	3,597,475,453
Opening IBNR and outstanding claims (Note 15.1)	(2,837,287,074)	(2,798,868,569)	(2,837,287,074)	(2,798,868,569)
Closing IBNR and outstanding claims (Note 15.1)	2,381,059,942	2,837,287,074	2,381,059,942	2,837,287,074
Gross claims expenses	4,103,107,357	3,999,916,445	3,494,077,713	3,635,893,957
30b. Claims & IBNR recoverable				
Claims recoverable				
Claims recovered (Note 7.3)	2,090,685,353	1,528,526,240	2,090,685,353	1,528,526,240
Opening claims recoverable (Note 7.3)	(2,354,142,508)	(2,170,714,673)	(2,354,142,508)	(2,170,714,673)
Closing claims recoverable	1,773,968,655	2,354,142,508	1,773,968,655	2,354,142,508
Net recoverable	1,510,511,500	1,711,954,075	1,510,511,500	1,711,954,075
31. Underwriting expenses				
Underwriting expenses- 2022				
	Acquisition expenses	Maintenance expenses	Acquisition expenses	Maintenance expenses
	N	N	N	N
Fire	312,064,982	67,911,894	312,064,982	67,911,894
General accident	276,695,246	73,328,024	276,695,246	73,328,024
Motor	279,223,765	284,719,017	279,223,765	284,719,017
Aviation	157,033,709	229,918,060	157,033,709	229,918,060
Oil & Gas	339,470,570	91,618,899	339,470,570	91,618,899
Marine	153,114,706	25,137,566	153,114,706	25,137,566
Engineering	123,771,364	33,966,164	123,771,364	33,966,164
Bond	70,874,232	18,843,671	70,874,232	18,843,671
	1,712,248,573	825,443,295	1,712,248,573	825,443,295
HMO Acquisition expenses	58,167,049	-	-	-
Microinsurance Acquisition expenses	1,254,331	-	-	-
	1,771,669,953	825,443,295	1,712,248,573	825,443,295
Underwriting expenses- 2021				
	Acquisition expenses	Maintenance expenses	Acquisition expenses	Maintenance expenses
	N	N	N	N
Fire	226,943,344	54,778,239	226,943,344	54,778,239
General accident	244,701,993	86,699,534	244,701,993	86,699,534
Motor	238,859,002	300,650,151	238,859,002	300,650,151
Aviation	193,871,062	100,834,014	193,871,062	100,834,014
Oil & Gas	396,917,165	111,905,299	396,917,165	111,905,299
Marine	152,512,246	51,100,285	152,512,246	51,100,285
Engineering	87,824,781	12,892,497	87,824,781	12,892,497
Bond	51,783,555	18,284,437	51,783,555	18,284,437
	1,593,413,149	737,144,456	1,593,413,149	737,144,456
HMO Acquisition expenses	44,409,375	-	-	-
Microinsurance Acquisition expenses	311,403	-	-	-
	1,638,133,926	737,144,456	1,593,413,149	737,144,456
Underwriting expenses				
	31 DECEMBER 2022	31 DECEMBER 2021	31 DECEMBER 2022	31 DECEMBER 2021
	N	N	N	N
Acquisition Expenses	1,771,669,953	1,638,133,926	1,712,248,573	1,593,413,149
Maintenance Expenses	825,443,295	737,144,456	825,443,295	737,144,456
	2,597,113,248	2,375,278,382	2,537,691,868	2,330,557,605

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	Group		Company	
	31 DECEMBER 2022 N	31 DECEMBER 2021 N	31 DECEMBER 2022 N	31 DECEMBER 2021 N
32. Investment income				
Interest received	83,890,293	661,442,316	207,942,886	95,422,221
Interest received on corporate loan	7,175,836	6,178,205	7,175,836	6,178,205
Interest accrued	756,053,677	371,559,002	7,183,255	45,902,740
Rent income on investment properties	31,569,000	12,575,666	31,569,000	12,575,666
Profit on Disposal of financial	-	56,839,000	-	8,000,000
Dividend received	166,158,671	101,095,583	166,158,671	101,095,583
	1,044,847,477	1,209,689,772	420,029,648	269,174,415
Amortised gain on Debts Security (Note 3.2.4)	329,570,076	318,668,456	329,570,076	318,668,456
	1,374,417,553	1,528,358,228	749,599,724	587,842,871
32.1 Investment income				
Investment income attributable to policyholders' fund	329,570,076	318,668,456	329,570,076	318,668,456
Investment income attributable to shareholders' fund	1,044,847,477	1,209,689,772	420,029,648	269,174,415
	1,374,417,553	1,528,358,228	749,599,724	587,842,871
33. Other operating income				
Profit (Loss) on disposal of property and equipment	4,665,722	8,064,378	4,665,722	8,064,378
Exchange gain (Note 33.1)	593,896,981	266,543,572	593,896,981	266,543,572
Other income	63,644,057	39,815,986	11,216	3,000
	662,206,761	314,676,618	598,573,919	274,863,632
33.1 Exchange gain				
Gain on disposal of foreign currency	322,842,500	91,590,500	322,842,500	91,590,500
Gain/ (loss) from valuation of closing foreign currency balances	271,054,481	174,953,072	271,054,481	174,953,072
	593,896,981	266,543,572	593,896,981	266,543,572
33.2 Fair Value Through OCI				
Items that will be reclassified subsequently to profit or loss				
Revaluation of Land & Building (PPE)	-	115,793,288	-	115,793,288
Gain on Fair value through OCI	-	16,664,419	-	16,717,912
	-	132,457,706	-	132,511,199
Deffered tax on Fair value through OCI	-	7,867,252	-	7,867,252
Deffered tax on revaluation surplus Land & Building	-	54,490,959	-	54,490,959
	-	62,358,211	-	62,358,211
34. Impairment charged				
Cash and cash equivalent (Note 2.2)	(17,669,690)	(1,573,598)	(17,669,690)	(872,669)
Loans and receivables (Note 3.2)	(20,659,191)	(67,242,888)	(3,639,116)	(225,717)
Finance Lease receivable (Note 5.1)	(5,858,374)	(8,765,383)	-	-
Reinsurance Assets (Note 7)	1,956,072	(1,120,810)	1,956,072	(1,120,810)
Trade receivables (Note 6.1)	-	(221,306)	-	-
Other receivables (Note 9)	(6,504,293)	(2,641,941)	(6,504,293)	-
IFRS 9 Adjustment	-	-	-	-
	(48,735,477)	(81,565,926)	(25,857,028)	(2,219,196)
Impairment no longer required				
Loans and receivables (Note 3.2.4)	-	-	-	-
Trade receivables (Note 6.1)	-	-	-	-
Other receivables (Note 9)	-	-	-	-
Inventories (Note 11)	-	-	-	-
Finance Lease receivable (Note 5.2)	-	-	-	-
	-	-	-	-
Impairment (charge)/write back	(48,735,477)	(81,565,926)	(25,857,028)	(2,219,196)

CONSOLIDATED HALLMARK INSURANCE PLC

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	Group		Company	
	31 DECEMBER 2022 N	31 DECEMBER 2021 N	31 DECEMBER 2022 N	31 DECEMBER 2021 N
35. Net fair value gain (loss) at fair value through profit or loss				
**Financial assets at fair value through profit or loss	(52,199,042)	(135,573,512)	(64,333,076)	(135,573,512)
Investment property (Note 12.0)	50,000,000	-	-	-
Fair value gains/(loss)	<u>(2,199,042)</u>	<u>(135,573,512)</u>	<u>(64,333,076)</u>	<u>(135,573,512)</u>

This represents increase/(decrease) in the value of financial assets and investment properties at fair value through profit or loss during the year.

**Financial assets at fair value through profit or loss were measured using The Nigeria Stock Exchange and NASD price list at the close of business on the 31 December 2022.

35a Financial Asset at fair value through profit or loss (Note 3.1)				
Opening balance	(100,351,425)	59,106,429	(102,013,384)	61,222,604
Addition charged to profit or loss	(52,199,042)	(159,457,854)	(64,333,076)	(163,235,988)
Closing balance	<u>(152,550,467)</u>	<u>(100,351,425)</u>	<u>(166,346,459)</u>	<u>(102,013,384)</u>

36. Operating & Administrative expenses

Employee cost (Note 36)	822,404,959	847,930,814	673,461,944	570,018,833
Rent, insurance and maintenance	268,804,298	159,080,680	260,182,137	131,063,773
Depreciation of property and equipment	147,490,484	118,196,881	114,057,061	100,318,021
Amortisation of intangible assets	10,955,814	11,096,403	7,378,008	8,295,149
Auditors' remuneration	4,930,000	11,500,000	3,875,000	7,000,000
Directors' remuneration:	-	-	-	-
- Fees	8,000,000	8,000,000	8,000,000	8,000,000
- Allowance & Expenses	86,653,586	83,981,707	43,537,200	48,296,908
Professional charges	226,631,012	192,429,947	206,166,386	175,405,925
Printing and telecommunication	43,132,601	32,544,502	36,141,257	28,380,526
Advertising	496,031,489	313,851,096	468,187,194	301,016,411
Travelling and motor vehicle expenses	177,602,930	127,810,230	158,049,957	77,863,822
Rates, Insurance levy and utilities	108,225,005	100,852,909	100,174,445	92,684,957
Information Technology (note 20)	-	7,642,155	-	7,642,155
Office running expenses	41,333,356	19,975,844	28,645,970	19,497,073
Bank charges	87,837,993	25,506,876	29,410,136	23,406,676
Donation	43,286,833	21,550,394	38,426,419	21,550,394
Office security expenses	43,019,588	16,032,412	42,082,801	14,832,412
Brand management	74,685,095	114,062,691	67,758,239	105,518,623
Legal and Filing fees	31,413,494	6,946,580	19,279,698	4,687,038
Penalty	-	1,000,000	-	-
	<u>2,722,438,537</u>	<u>2,219,992,122</u>	<u>2,304,813,851</u>	<u>1,745,478,694</u>

	Group		Company	
	31 DECEMBER 2022 N	31 DECEMBER 2021 N	31 DECEMBER 2022 N	31 DECEMBER 2021 N
36a Employee cost				
Wages and salaries	618,936,472	687,600,623	495,300,328	460,611,447
Medical	44,984,613	34,783,773	41,994,321	19,215,301
Staff training	91,737,296	74,084,569	89,602,015	42,598,474
Defined contribution pension plan (Note 19)	66,746,578	51,461,849	46,565,279	47,593,611
	<u>822,404,959</u>	<u>847,930,814</u>	<u>673,461,944</u>	<u>570,018,833</u>

36b Chairman's and Directors' emoluments, pensions and compensation for loss of office

Emoluments:				
Chairman	2,000,000	2,000,000	2,000,000	2,000,000
Other Directors	6,000,000	6,000,000	6,000,000	6,000,000
Other emolument of executives	18,760,000	18,760,000	18,760,000	18,760,000
Emolument of highest paid Director	12,000,000	12,000,000	14,500,000	14,500,000

CONSOLIDATED HALLMARK INSURANCE PLC

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37. Basic/diluted earnings per share

Profit/(loss) after taxation	1,023,801,432	923,095,724	962,452,246	642,155,338
Number of shares	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000
Movement in Numbers of Share Capital				
Opening	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000
Right issue	-	-	-	-
Bonus Issue	-	-	-	-
Private placement	-	-	-	-
Closing	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000
Weighted Average nos of share				
Opening	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000
Right issue (half year)	-	-	-	-
Bonus Issue	-	-	-	-
Private placement	-	-	-	-
Weighted Average nos of share	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000

Basic/diluted earnings per share (kobo)	9.44	8.52	8.88	5.92
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Earnings/(loss) per share have been computed on profit/(loss) after taxation attributable to ordinary shareholders and divided by the number of shares at 50k ordinary shares in issue at year end.

38 Reconciliation of net cashflow from operating

	Group		Company	
	31 DECEMBER 2022	31 DECEMBER 2021	31 DECEMBER 2022	31 DECEMBER 2021
Profit before tax	1,486,740,939	971,674,801	1,334,277,916	764,215,523
Adjustment for the following:				
Add, Depreciation & amortisation	147,490,484	118,196,881	114,057,061	100,318,021
other non cash transaction				
Net fair value loss on financial assets at fair value	52,199,042	159,457,854	64,333,076	163,235,988
Less :				
Profit /Loss on disposal	(4,665,722)	(8,064,378)	(4,665,722)	(8,064,378)
Gain on sale of investment property			(8,000,000)	(8,000,000)
Investment income	(1,208,258,883)	(1,427,262,645)	(583,441,054)	(486,747,288)
Dividend received	(166,158,671)	(101,095,583)	(166,158,671)	(101,095,583)
Impairment	48,735,477	81,565,926	25,857,028	2,219,197
	356,082,665	(205,527,144)	776,259,635	426,081,480
Changes in working capital:				
Increase(decrease) in trade receivable	(269,712,145)	6,068,161	(275,336,254)	(62,866,788)
Increase(decrease) in reinsurance assets	492,160,038	(392,359,563)	492,160,038	(392,359,563)
Increase(decrease) in deferred acquisition	(166,280,083)	(42,479,867)	(164,709,046)	(40,478,557)
Increase(decrease) in other receivable	(21,303,757)	(93,339,392)	19,876,540	(159,127,066)
Increase(decrease) in finance lease receivable	(98,602,231)	(62,494,410)	-	-
Increase(decrease) in trade payable	(13,850,507)	32,832,425	(13,850,507)	32,832,425
Increase(decrease) in Borrowing	931,750,401	50,786,962	-	-
Increase(decrease) in insurance contract liabilities	649,417,818	265,817,250	551,096,531	285,205,038
Increase(decrease) in provision & other payable	149,583,055	122,483,724	17,547,278	66,356,744
Increase(decrease) in retirement benefits	849,599	(2,053,844)	(186,420)	(885,679)
Increase(decrease) in other Assets	-	-	-	-
Tax paid	(127,990,025)	(69,731,872)	(109,851,740)	(65,054,114)
	1,882,104,829	(386,435,684)	1,293,006,055	89,703,920

CONSOLIDATED HALLMARK INSURANCE PLC

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	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
39. Staff				
Average number of persons employed in the financial year were as follows:				
Managerial	36	31	28	26
Senior staff	155	124	117	109
Junior staff	17	23	15	16
	208	178	160	151
39a. The number of Directors excluding the Chairman whose emoluments were within the following ranges were:				
	N	N		
Nil - 100,000	Nil	Nil	Nil	Nil
100,001 - 200,000	Nil	Nil	Nil	Nil
200,001 - 300,000	Nil	Nil	Nil	Nil
Above - 300,000	7	7	7	7
Emolument				
Number of Directors who have waived their rights to receive emoluments	Nil	Nil	Nil	Nil
39b. Employees remunerated at higher rates				
The number of employees in respect of emoluments within the following ranges were:				
	N	N		
200,001 - 300,000	7	7	6	6
300,001 - 400,000	7	30	5	26
400,001 - 500,000	4	29	4	29
500,001 - 600,000	2	14	2	14
600,001 - 700,000	2	2	2	2
700,001 - 800,000	8	11	4	11
800,001 - 900,000	15	15	13	13
900,001 - 1,000,000	5	7	5	5
1,000,001 and above	158	63	119	45
	208	178	160	151
40a. Capital commitments				
There were no capital commitments as at 31 December 2022.				
40b. Contingent liabilities				
There were no contingent liabilities against the Group as at 31 December 2022.				
41. Comparative figures				
Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1).				

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

42. Segment Information

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Management.

The Group is organized into two operating segments, these segments and their respective operations are as follows:

General & Micro Life Insurance Business & HMO: This segment provides cover for indemnifying customers' properties, and compensation for other parties that have suffered damage as a result of customers' accidents. Major sources of revenue in this segment are mainly from insurance premium, investment income, commission received, net fair value gains on financial assets at fair value through profit or loss.

CHI Capital Ltd: This is a subsidiary of Consolidated Hallmark Insurance Plc. The company is registered by CAC to offer consumer leasing and support services to Consolidated Hallmark Insurance Plc (the parent company). In addition, it owns Grand Treasurers Ltd. In 2019, CHI Capital Ltd transferred 100% of its interest in Grand Treasurers Ltd to Consolidated Hallmark Insurance Plc. Grand Treasurers Ltd is registered by CBN to offer wide range financial services and products domestically to suit customer's long- and short-term financial needs. These products include L.P.O financing, Consumer Lease, Working Capital financing, Auto lease, Project financing and intermediation and Financial Management Consultancy Services. Revenue from this segment is derived primarily from interest income, fee income, investment income and net fair value gains on financial assets at fair value through profit and loss.

Segment information by company and subsidiaries:

	General Insurance, HMO & Life N	Finance and support services N	Elimination N	Total N
AT DECEMBER 2022				
Operating income	3,797,003,814	676,636,727	(103,132,321)	4,370,508,221
Operating expenses	(2,583,898,894)	(341,862,710)	41,994,321	(2,883,767,283)
Operating profit	<u>1,213,104,920</u>	<u>334,774,017</u>	<u>(61,138,000)</u>	<u>1,486,740,938</u>
Taxation	(371,825,671)	(91,113,836)	-	(462,939,507)
Profit for the period	<u><u>841,279,249</u></u>	<u><u>243,660,182</u></u>	<u><u>(61,138,000)</u></u>	<u><u>1,023,801,431</u></u>
Total assets	<u><u>17,345,604,722</u></u>	<u><u>3,127,431,847</u></u>	<u><u>(1,942,129,279)</u></u>	<u><u>18,530,907,290</u></u>
Total liabilities	<u><u>7,451,674,661</u></u>	<u><u>1,607,374,841</u></u>	<u><u>(347,904,279)</u></u>	<u><u>8,711,145,224</u></u>
Share capital and reserves	<u><u>9,893,930,061</u></u>	<u><u>1,520,057,003</u></u>	<u><u>(1,594,225,000)</u></u>	<u><u>9,819,762,064</u></u>
Depreciation	114,057,061	33,433,422	-	147,490,483
ROCE	12%	22%	-	15%
At 31 December 2021				
Operating income	2,689,294,927	536,587,298	(34,215,301)	3,191,666,925
Operating expenses	(1,982,646,375)	(256,561,047)	19,215,301	(2,219,992,122)
Operating profit	<u>706,648,551</u>	<u>280,026,251</u>	<u>(15,000,000)</u>	<u>971,674,801</u>
Taxation	(123,209,319)	(57,827,465)	-	(181,036,784)
Profit for the period	<u><u>583,439,232</u></u>	<u><u>222,198,786</u></u>	<u><u>(15,000,000)</u></u>	<u><u>790,638,018</u></u>
Total assets	<u><u>15,809,402,061</u></u>	<u><u>1,840,825,895</u></u>	<u><u>(1,976,061,730)</u></u>	<u><u>15,674,166,225</u></u>
Total liabilities	<u><u>6,539,714,131</u></u>	<u><u>504,505,122</u></u>	<u><u>(381,836,730)</u></u>	<u><u>6,662,382,523</u></u>
Share capital and reserves	<u><u>9,269,687,931</u></u>	<u><u>1,336,320,774</u></u>	<u><u>(1,594,225,000)</u></u>	<u><u>9,011,783,705</u></u>
Depreciation	100,318,020	17,878,860	-	118,196,881
ROCE	8%	21%	0%	11%

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

43. Contraventions

The Group do not contravened rules or regulation during the period of reporting.

44. Reinsurance treaty

The Company has a reinsurance agreement with African Reinsurance Corporation, Continental Reinsurance Plc and WAICA Reinsurance Corporation Plc to reinsure the risks associated with fire and consequential loss, General accident, Marine cargo, motor, aviation and special risks etc. according to agreed quota share, surplus treaty or excess of loss treaty. This agreement was last modified 31 December 2021.

45. Related party transactions

There are no significant business dealings with its related parties during the period under review. All transactions were at arms length.

Parent:

The Group is controlled by Consolidated Hallmark Insurance Plc. which is the parent company, whose shares are widely held. Consolidated Hallmark Insurance Plc, is a General Business Insurance Company licensed by the National Insurance Commission.

Subsidiaries:

Consolidated Hallmark Insurance Plc holds 99.99% interest in CHI Capital Limited, 100% in Micro Insurance Limited and 100% in HMO Service Limited. Transactions between Consolidated Hallmark Insurance Plc and all the subsidiaries are eliminated on consolidation and already disclosed in Note 10.2

Key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group or Company, directly or indirectly, including any director (whether executive or otherwise). It includes close members of their families who may be expected to influence or be influenced by that individual in their dealings with the Group.

The significant related party transaction in the course of the reporting year with the subsidiaries are as stated below;

	Entity	2022 31 DECEMBER	2021 31 DECEMBER
Due from Grand Treasurers Limited	Consolidated Hallmark Insurance PLC	166,916,799	121,013,028
Due from Hallmark Health Services Limited	Consolidated Hallmark Insurance PLC	103,984,044	17,250,000
Due from Hallmark Health Services Limited	Grand Treasurers Limited	-	7,601,857
Medical Expenses paid to Hallmark Health Services Limit	Consolidated Hallmark Insurance PLC	41,994,321	13,276,026
Due from Microinsurance Limited	Consolidated Hallmark Insurance PLC	36,961,403	49,413,172
Due from CHI Capital Limited	Consolidated Hallmark Insurance PLC	-	26,007,142

	Group		Company	
	31 DECEMBER 2022	31 December 2021	31 DECEMBER 2022	31 December 2021
46. Compensation of key management personnel:	N	N	N	N
Salaries and other benefits of key management personnel	<u>49,074,864</u>	<u>49,074,864</u>	<u>39,408,000</u>	<u>39,408,000</u>

47. Events after the reporting period:

No event or transaction has occurred since the reporting date, which would have had a material effect on the financial statements as at that date or which needs to be mentioned in the financial statement in the interests of fair presentation of the Group's financial position as at the reporting date or its result for the year then ended.

48. Capital management

The Group's objectives with respect to capital management are to maintain a capital base that adequately meets regulatory requirements and to utilize capital allocations efficiently and effectively. Capital levels are determined either based on internal assessment or regulatory requirements.

The Nigerian Insurance Act 2003 stipulates the minimum capital requirement for a non life insurance company as an amount not less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital whichever is greater. The Act defines what constitutes admissible assets liabilities. The regulators generally expect companies to comply with capital adequacy requirements and the Company has consistently exceeded this minimum over the years. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

All of the Groups capital is Tier 1 (core capital) which consists of share capital and reserves created by appropriation of retained earnings. The following sources of funds are available to the group to meet its capital growth requirements:

1. Profits from operations: The group had regularly appropriated from its profit to grow its capital.
2. Issue of shares: The Group can successfully access the capital market to raise the desired funds for its operations and needs.
3. Loans (long term/short term): this remains a source of capital even though the group had never had cause to access this source for funding its operations.

Compliance with statutory solvency margin requirement:

The company at the end of financial period ended 31 December 2022, maintained admissible assets of N15,952,157,232 which exceeded the total admissible liabilities of N6,812,585,542. The solvency margin was computed in line with the requirements of Section 24 of the insurance Act 2003, latest NAICOM guidelines. This showed a solvency margin of N9,139,571,689.72. The minimum requirement for General Insurance Business is N3billion. Thus, the solvency margin above satisfies the requirement of the Regulator.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SOLVENCY MARGIN COMPUTATION AS AT DECEMBER 31, 2022

CONSOLIDATED HALLMARK INSURANCE LIMITED

	TOTAL	INADMISSIBLE ASSETS	ADMISSIBLE ASSETS
ASSETS			
Cash and Cash Equivalents	3,301,425,786	-	3,301,425,786
Financial Assets	4,149,309,671	-	4,149,309,671
Deferred Acquisition Cost	550,005,453	-	550,005,453
Other receivables and prepayments	527,500,397	489,959,421	37,540,977
Reinsurance asset	2,918,280,142	-	2,918,280,142
Trade Receivable	819,233,582	-	819,233,582
Deposit for Shares	-	-	-
Intangible Assets	22,104,165	-	22,104,165
Investment in Subsidiaries	1,594,225,000	-	1,594,225,000
Investment Properties	1,190,730,202	-	1,190,730,202
Property & Equipment - Land & Building	822,404,091	-	822,404,091
Property & Equipment	246,898,164	-	246,898,164
Statutory Deposit	300,000,000	-	300,000,000
Total Assets	16,442,116,653	489,959,421	15,952,157,232
LIABILITIES			
Insurance Contract Liabilities	5,850,641,342	-	5,850,641,342
Trade payables	32,954,651	-	32,954,651
Provision and Other payables	292,668,394	-	292,668,394
Current Income Tax Liabilities	635,139,647	-	635,139,647
Deferred Tax Liability	214,949,988	214,949,988	-
Retirement Benefit Obligation	1,181,508	-	1,181,508
TOTAL LIABILITIES	7,027,535,530	214,949,988	6,812,585,542
			9,139,571,690
SOLVENCY MARGIN (ADMISSIBLE ASSETS MINUS ADMISSIBLE LIABILITIES)			-
Subject to higher of:			
15% OF NET PREMIUM: 15% X ₦4,809,049,208.46	921,907,613		
OR			
Minimum paid-up capital	3,000,000,000.00		
EXCESS SOLVENCY MARGIN			

CONSOLIDATED HALLMARK INSURANCE PLC
APPENDIX 1
REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor N	Fire N	Bond N	Gen. Accident N	Marine N	Aviation N	Oil & Gas N	Engineering N	Total N	Total N
Income										
Direct premium	2,726,143,993	1,759,694,709	483,966,712	1,551,151,095	789,118,482	1,093,006,282	2,429,440,943	925,726,865	11,758,249,081	9,959,983,201
Inward reinsurance premium	41,390,988	14,611,278	399,691	14,401,414	10,489,877	-	218,257,600	4,136,890	303,687,738	64,064,276
Gross written premium	2,767,534,981	1,774,305,986	484,366,403	1,565,552,509	799,608,359	1,093,006,282	2,647,698,543	929,863,755	12,061,936,819	10,024,047,478
(Increase)/decrease in unexpired premium reserve	(327,070,719)	(173,209,425)	(95,072,978)	(86,424,728)	10,704,422	22,246,098	(61,012,488)	(297,483,846)	(1,007,323,664)	(246,786,534)
Gross premium earned	2,440,464,262	1,601,096,562	389,293,425	1,479,127,780	810,312,780	1,115,252,380	2,586,686,056	632,379,910	11,054,613,155	9,777,260,944
Deduct:										
Outward reinsurance premiums	(29,953,171)	(923,524,163)	(192,251,380)	(753,828,440)	(523,516,937)	(653,663,821)	(1,549,981,373)	(360,212,405)	(4,986,931,692)	(4,458,744,932)
(Increase)/decrease in prepaid reinsurance	2,324,259	59,064,600	20,987,122	(2,671,520)	(43,831,895)	(20,648,889)	(43,921,332)	107,066,947	78,369,291	219,655,527
Reinsurance cost	(27,628,912)	(864,459,563)	(171,264,259)	(756,499,960)	(567,348,833)	(674,312,710)	(1,593,902,704)	(253,145,459)	(4,908,562,400)	(4,239,089,404)
Net premium earned	2,412,835,350	736,636,999	218,029,166	722,627,820	242,963,948	440,939,669	992,783,352	379,234,451	6,146,050,755	5,538,171,540
Commission received	29,635,317	207,089,854	67,735,714	204,008,665	135,966,340	-	802,558	111,077,106	756,315,554	801,229,606
(Increase)/decrease in unearned commission	-	-	-	-	-	-	-	-	-	(42,421,581)
Total Income	2,442,470,667	943,726,853	285,764,879	926,636,485	378,930,287	440,939,669	993,585,910	490,311,557	6,902,366,308	6,296,979,565
Gross Claims Paid	(1,077,347,373)	(222,352,906)	(12,119,745)	(2,146,786,466)	(256,836,001)	(96,950,356)	(36,724,930)	(101,187,069)	(3,950,304,845)	(3,597,475,453)
(Increase)/decrease in outstanding claims provision	(64,397,631)	328,519,465	(26,574,850)	(191,457,882)	359,305,399	(22,234,187)	37,217,579	35,849,240	456,227,132	(38,418,505)
Gross claims incurred	(1,141,745,004)	106,166,559	(38,694,595)	(2,338,244,349)	102,469,398	(119,184,543)	492,649	(65,337,829)	(3,494,077,712)	(3,635,893,958)
Reinsurance claims recovery	104,073,933	1,059,696,616	-	529,139,003	143,466,219	-	245,837,202	63,314,698	2,145,527,671	1,528,526,240
(Increase)/decrease in reinsurance recoveries	(56,206,676)	(362,333,108)	(2,000,000)	434,684,469	(375,543,098)	(115,317,458)	(179,555,515)	21,255,216	(635,016,171)	183,427,835
Net claims incurred	(1,093,877,747)	803,530,066	(40,694,595)	(1,374,420,876)	(129,607,480)	(234,502,001)	66,774,335	19,232,085	(1,983,566,213)	(1,923,939,883)
Acquisition expenses	(316,227,467)	(343,162,872)	(89,300,489)	(290,084,645)	(151,432,566)	(151,616,581)	(353,025,692)	(182,107,308)	(1,876,957,619)	(1,863,681,966)
(Increase)/decrease in commission expenses	37,003,702	31,097,890	18,426,257	13,389,398	(1,682,140)	(5,417,128)	13,555,123	58,335,944	164,709,046	40,478,557
Maintenance/operating expenses	(284,719,017)	(67,911,894)	(18,843,671)	(73,328,024)	(25,137,567)	(229,918,060)	(91,618,899)	(33,966,164)	(825,443,295)	(737,144,456)
Total expenses	(1,657,820,529)	423,553,191	(130,412,497)	(1,724,444,147)	(307,859,753)	(621,453,770)	(364,315,133)	(138,505,444)	(4,521,258,082)	(6,814,845,353)
Underwriting profit/(loss)	784,650,138	1,367,280,045	155,352,382	(797,807,662)	71,070,535	(180,514,101)	629,270,777	351,806,113	2,381,108,226	1,812,691,816