10th ANNIVERSARY 2007 - 2017

10 YEARS OF SHARED PROGRESS

Consolidated Hallmark Insurance Plc

2016 ANNUAL REPORT + ACCOUNTS

HISTORY

Our Milestones in Shared Progress

2007
We were the first in the Insurance industry in Nigeria to rebrand upon consolidation in 2007.

2008
After being a pioneer in post-consolidation rebranding, we got our shares listed on the floor of NSE in 2008.

2008
We pioneered Online Third Party Motor Insurance transactions in Nigeria, thus making motor insurance easier and faster for customers to get.

2011
Commencement of Annual Essay Competition for Tertiary Institutions. Three of the first prize winners are now members of our staff.

2012
We moved to our own ultra-modern head office building on Ikorodu Road in Lagos for the convenience of our customers.

2012
Our emergence as Web Jurist Award winner by Phillips Consulting in the insurance category in Nigeria.

2015
Growth in Gross Revenue from N1.506bn in 2007 to N6.039bn and Profitability from N230m to N545m.

2016
Bbb - Outlook: Stable rating by Agusto & Co.

2016
Investiture of our CEO as 22nd Chairman of Nigerian Insurers Association.

10 Years of Shared Progress

"Coming together is a beginning; keeping together is progress; working together is success."- *Henry Ford*

At Consolidated Hallmark Insurance, we came together as a company in 2007, drawing great strength from strategic alliances. For the past 10 years, we kept faith with our customers and shared impressive progress through dynamic insurance services. Going forward, our success is assured as we keep working together with our shareholders, employees and customers.

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Overview

Corporate Profile

Consolidated Hallmark Insurance (CHI) Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body - the National Insurance Commission.

The company was incorporated on 2nd August 1991 as a private limited liability company and commenced operations in 1992. It was converted to a public limited company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The company's shares were listed on the floor of the Nigerian Stock Exchange on 22nd February, 2008.

CHI Plc has carved out a niche for itself through big ticket transactions in Aviation, Oil and Gas, Marine Cargo and Hull Business and other non-life insurance underwriting including Motor, Fire and Special Perils, Goods-in-Transit, Engineering Insurance, amongst others.

With a formidable Team of highly experienced professionals, CHI Plc prides itself in providing a robust training and retraining programme to enable the team keep abreast of developments locally and at the global level. This is backed by the deployment of a state-of-the art technology infrastructure that ensures prompt service delivery on-line real-time across all its branch and regional office network nationwide.

Consolidated Hallmark blazed the trail in the deployment of ICT infrastructure for the on-line transaction of insurance business in the industry through a user friendly platform with the url www.motorthirdpartyonline.com .

The company has a board of Directors made up of highly skilled technocrats cutting across various sectors of the economy.

Products & Services

1. Compulsory Insurance Online Payment:
   Motor third party - Individual Registration
   & Fleet Registration
   Occupier Liability Insurance
   Builders Liability (Open) Insurance
   Healthcare Professional Indemnity Insurance
2. Contractors All Risk
3. Oil, Energy And Special Risks:
   Offshore risks
   Onshore risks
4. Bonds:
   Bid/Tender Bond
   Performance Bond
   Advance Payment Bond
5. Householders Comprehensive Insurance
6. Consequential Loss Insurance
7. Professional Indemnity Insurance
8. Aviation Insurance
9. Good-In-Transit
10. Money Insurance
11. Plant Insurance
12. Machinery Breakdown Insurance
13. Motor Insurance
14. Fire Insurance
15. Burglary Insurance
16. Marine Cargo/Hall Insurance

Brand Platform

Our Vision

To be the first choice provider of insurance and other financial services in Nigeria

Our Mission

To preserve wealth, reduce anxiety, and create value

Our Core Values

Professionalism
Relationship
Integrity
Customer Focused
Excellence

Corporate Information

CORPORATE HEAD OFFICE:

266 Ikorodu Road Obanikoro
Lagos.
Tel: +234 1 2912543, 2912532,
0700CHINSURANCE
Email: info@consolidatedhallmark.com
Web:www.consolidatedhallmark.com

facebook.com/conhallmark
twitter:@con_hallmark
BBM: C002A41B5

REGISTRATION NUMBER: 168762

REGISTRARS:

Meristem Registrars Limited
213, Herbert Macaulay Street,
Adekunle, Yaba Lagos.
Tel: +234 (1) 8920491-2

DIRECTORS:

Mr. Obinna Ekezie	Chairman
Chief Andrew D. S. Odigie	Vice Chairman
Mr. Eddie Efekoha	Managing Director/CEO
Mr. Babatunde Daramola	Executive Director
Mrs. Mary Adeyanju	Executive Director
Mr. Joel Botete Avhurhi	Non-Executive Director
Mrs. Ngozi Nkem	Non-Executive Director
Mrs. Eziaku Ethel Obidegwu	Non-Executive Director
Prince Ben Onuora	Non-Executive Director
Mrs. Adebola F. Odukale	Non-Executive Director
Mr. Shuaibu Abubakar Idris	Independent Non-Executive Director

REINSURERS:

African Reinsurers Corporation
Continental Reinsurance Corporation

ACTUARY:

HR Nigeria Limited
AIICO Plaza
Church Gate Street
Victoria Island Lagos.

BANKERS:

Access Bank Plc
EcoBank Plc
Fidelity Bank Plc
First Bank Of Nigeria Ltd
GTBank Plc
Keystone Bank Plc
Skye Bank Plc
Stanbic IBTC
Sterling Bank Plc
UBA Plc
Zenith Bank Plc

GRAND TREASURERS LIMITED

(A subsidiary of CHI Capital Limited)

Mrs.Eziaku Obidegwu	Chairperson
Mr. Samuel Adeniyi	CEO
Mr. Eddie Efekoha	Non-Executive Director
Mr. Tunde Daramola	Non-Executive Director
Mrs. Mary Adeyanju	Non-Executive Director

Other Subsidiaries

CHI Capital Limited
33D Bishop Aboyade Cole
Victoria Island

CHI Microinsurance Limited
(In Formation)
266, Ikorodu Road
Obanikoro, Lagos

COMPANY SECRETARY:

MRS. RUKEVWE FALANA
FRC/2016/NBA/00000014035
Consolidated Hallmark Insurance Plc
266, Ikorodu Road
Obanikoro, Lagos

AUDITORS:

SIAO (Chartered Accountants)
18b, Olu Holloway Road
Off Alfred Rewane Road, Falomo- Ikoyi
P.O.Box 55461, Falomo
Ikoyi, Lagos.
Tel: +234 01 463 0871-2
Website: www.siao-ng.com
E-mail: enquiries@siao-ng.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of the Members of Consolidated Hallmark Insurance Plc will be held on the **11th of May 2017** at **11.00am prompt** at **Agip Recital Hall, Muson Centre, 8/9 Marina, Lagos** to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended December 31st 2016 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To ratify the appointment of new Directors.
5. To re-appoint the Auditors
6. To authorize the Directors to determine the remuneration of the Auditors.
7. To elect Members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit to pass the following resolutions as ordinary resolution:

(a) Approve the remuneration of the Directors for the year ending 31st December 2017.

(b) That the Directors be and are hereby authorized to raise, whether by way of private/special, public offering, rights issue or a combination or any other method(s) they deem fit, additional capital of up to N2.5 Billion or its equivalent whether locally or internationally or a combination of both, through the issuance of shares, convertible securities or depository receipts or any other instrument(s), whether as a standalone transaction, which shall be determined by the directors; subject to obtaining the approvals of relevant regulatory authorities.

© That the Board be and is hereby authorized to appoint such professional advisers and undertake such other acts as may be necessary or incidental to and or required for effecting the objective as set out above.

Dated this 13th day of April, 2017.
BY ORDER OF THE BOARD

RUKEVWE FALANA
Company Secretary
FRC/2016/NBA/00000014035

NOTES:

PROXY:
A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the company. Executed form of proxy should be deposited at the Registered Office of the Company being 266 Ikorodu Road, Obanikoro, Lagos, not less than 48 hours before the time of holding the meeting. To be effective the proxy form should be duly stamped and signed by the Commissioner for Stamp Duties.

CLOSURE OF REGISTER AND TRANSFER BOOKS
The Register of Members and transfer books will be closed from 2nd May to 5th May 2017 (both dates inclusive).

DIVIDEND PAYMENT:
The Board of Directors of the Company has recommended a dividend of N120,000,000.00 that is Two (2) Kobo per ordinary share of 50Kobo, which is payable less withholding tax. If the recommendation is approved at the forthcoming Annual General Meeting, the shareholders whose names appear in the Register of Members as at the close of business on the 2nd of May 2017 will have their accounts credited immediately after the Annual General Meeting.

E-DIVIDEND
All shareholders are hereby advised to open bank accounts and forward details of such accounts to the Company's Registrars for faster receipt of dividend. A detachable e-dividend form is attached to the Annual Report and Accounts for your completion.

UNCLAIMED DIVIDEND WARRANTS
Shareholders are hereby informed that a number of dividend warrants have been returned to the Registrars as unclaimed. Any shareholder who is affected by this notice is advised to contact the Company's Registrars, Meristem Registrars Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos.

RIGHT OF SECURITIES' HOLDERS TO ASK QUESTIONS
"Securities Holders have a right to ask questions not only at the meeting, but also in writing prior to the meeting and such questions must be submitted to the Company at 266 Ikorodu Road, Obanikoro, Lagos on or before the 28th of April 2017.

AUDIT COMMITTEE
In accordance with section 359(5) of the Companies and Allied Matters Act Cap C20, LFN 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty-One) days before the Annual General Meeting.

RE-ELECTION OF DIRECTORS
In accordance with the Company's Articles of Association, Chief A.D.S Odigie, Mr. Joel Avhurhi and Mrs. Eziaku Obidegwu retire by rotation and being eligible offer themselves for re-election.

APPROVAL OF NEW DIRECTORS
Pursuant to section 249 (3) of the Companies and Allied Matters Act Cap C20 LFN 2004, the Board of Directors appointed Mrs. Mary Adeyanju and Mr. Shuaibu Idris as Executive Director and Independent Non-Executive Director on 27th July and 26th October, 2016 respectively to fill the casual vacancies. These appointments are subject to the approval of Members at this meeting.

AGE DECLARATION
Chief A.D.S. Odigie in accordance with section 252 (1) of the Companies and Allied Matters Act Cap C20 LFN 2004, intends to disclose at this meeting that he is over 70 years of age.

RUKEVWE FALANA
Company Secretary

Board of Directors

Mr. Obinna Ekezie
Chairman

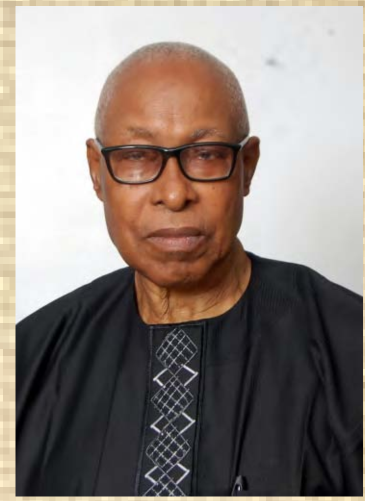
Mr Obinna Ekezie is the Founder & Managing Director of one of the fastest growing and largest Internet travel sites in Africa, Wakanow.com, which was established after an initial experiment with a travel website, Zeeptravel.com.

He is a graduate of Mechanical Engineering from the University of Maryland - Robert H. Smith College of Business, Maryland U.S.A and with a Minor degree in IBM Total Quality Management , Minor from the same institution.

A talented strategist and tactician, his leadership offerings, strategic insights, and advice for market differentiation helped to secure Wakanow as the fifth fastest growing company in Nigeria within a short time.

A professional basketball player, his sojourn in the United States was remarkable with him signing on to attend and play basketball for the University of Maryland at College Park in 1995. He later competed at the highest levels in two continents while contributing to the success of teams including the Vancouver Grizzlies, Washington Wizards, Dallas Mavericks, Los Angeles Clippers, Atlanta Hawks, amongst others.

Mr Ekezie is also the founder/chairman of African Basketball League, established to develop innovative organizational models in African Basketball.



Chief Andrew Stephen Odigie
Vice Chairman

Chief Andrew Dele Stephen Odigie, a chartered accountant of repute, is also an associate member of the Nigerian Institute of Management and a Fellow of the Institute of Chartered Secretaries.

He began his professional career at Union International Company, London, from where he proceeded to Adecentro Nigeria Limited, where he rose through the ranks to the position of Executive Director.

His experience has been greatly enriched by his extensive international trainings in corporate finance and investments. He is an alumni of the renowned Catford College, England where he obtained his qualification and membership of the Association of Chartered Certified Accountants (ACCA). Chief Odigie has put in over three decades of experience in accounting, financial analysis, taxation, and investment.

Prior to his retirement, he served as Director, Group Corporate Finance at Femi Johnson & Co Insurance Brokers. Chief Odigie currently consults for corporate and social organizations on financial matters and asset administration.

Mr. Eddie Efekoha
MD/CEO

Managing Director and CEO of Consolidated Hallmark Insurance Plc,

Chairman, Grand Treasurers Ltd, a finance company licensed by CBN and a subsidiary company within the Consolidated Hallmark Insurance Plc Group.

Chairman, Nigerian Insurers Association

Council member of Chartered Insurance Institute of Nigeria since 2005 to date. Currently the Treasurer of the Institute.

Board member, College of Insurance and Financial Management, a subsidiary of the Chartered a Insurance Institute of Nigeria.

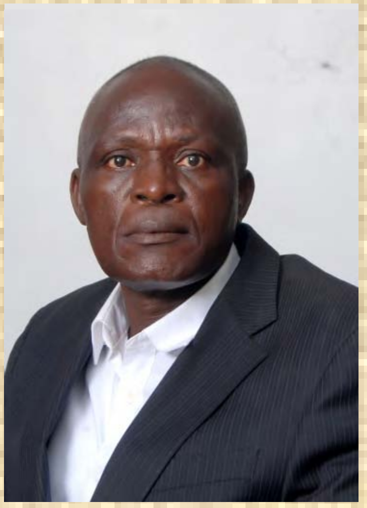
Member, Book Review Committee of the African Insurance Organisation.

Worked previously with leading insurance brokerage firms including Hogg Robinson Nigeria, Glanvill Enthoven & Co. and Fountain Insurance Brokers from 1985 to 2003 during which period he held top executive positions.

Holds a B.Sc degree in Insurance and MBA both from the University of Lagos, Nigeria.

A Fellow of the Chartered Insurance Institutes of London and Nigeria.
Alumnus of both the Lagos and Harvard Business Schools

Board of Directors



Mr. Joel Botete Avhurhi
Director

Mr. Joel Avhurhi is a financial consultant, lawyer and academic of repute.

He is a Fellow of the Institute of Chartered Accountants of Nigeria, Associate Member of the Chartered Institute of Taxation of Nigeria, amongst other professional bodies.

Before retiring into private legal practice and financial consultancy at Straffoss, he was director, finance and supply, commercial and industrial development at the Niger Delta Development Commission, NDDC.

He was also head of internal audit at the Nigerian Shippers Council, and a lecturer at then Bendel State University, Ekpoma.

A graduate of the University of Benin where he studied Microbiology, He obtained a Master of Science Degree in Food Science & Tech from the University of Reading, UK, MBA from the University of Benin, LLB from the University of Abuja and LLM (Rivers State University of Science and Tech, Port Harcourt)

He has about thirty-five years working experience, ten in Academics and Consultancy and twenty-five in Legal, Accounting and Finance, Planning, Internal Control and Investigations.

Mrs. Ngozi Nkem
Director

Mrs Ngozi Nkem is a graduate of Banking & Finance from Abia State University. She worked as a banker for many years and currently manages Zopon Nigeria Ltd, a general merchant company engaged in the import, export and supply of goods and services as well as in the downstream oil & gas distribution.

She is also a Director in the following companies: Transglobe Securities Nigeria Ltd, Zopon Nigeria Ltd, Binez Hotel Ltd and Abia State Hotels Ltd.

Mrs. Nkem brings on Board a strong business acumen gained from diverse business interests.

Mrs Adebola F. Odukale
Director

Mrs Odukale is an Associate of the Chartered Insurance Institute of Nigeria (AIIN). She started her Insurance career with Nigerian Life and Pensions Consultants in 1991 before joining Capital Express Assurance Ltd as a Branch Manager Ikeja.

She rose through the ranks in the company variously as Senior Manager, Technical, Controller Marketing, and Regional Director, South West prior to her appointment as the Managing Director of the company.

Mrs Odukale holds the Bachelor of Science degree in Economics from the Obafemi Awolowo University, Ile-Ife, and an MBA in Human Resource Management from the Lagos State University.

Board of Directors

Mrs. Eziaku Ethel Obidegwu
Director

Mrs Eziaku Ethel Obidegwu is a Professional Banker and Law graduate of the Imo State University, Okigwe. She holds an MBA obtained from ESUT Business School, Enugu. She was called to the Nigerian Bar in 1988 and started her career with the then Nigerian Agricultural and Cooperative Bank as a Legal Officer before proceeding to the Continental Trust Bank and First Bank of Nigeria.

An MBA holder obtained from ESUT Business School, Enugu. She has had an expansive career in the banking industries with experience in key areas including, Retail, Commercial Banking, Credit and Marketing, International Operations, International Treasury and Foreign Exchange, Legal, Admin and Personnel Departments.

Mrs Obidegwu has over 13 years of experience in First Bank Nigeria Limited. She is reputed to have grown the balance sheet sizes of the Lagos Central, Yaba and Coker business offices by several billions of Naira.

Prince Ben Onuora
Director

Prince Ben Onuora is a Barrister, Solicitor, Arbitrator and Notary Public for Nigeria. He attended the University of Lagos where he obtained the Bachelor of Laws (LL.B) and Master of Laws (LL.M) degrees in 1985 and 1991 respectively. He was called to the Nigerian Bar in 1986.

He started his working career with the Ministry of Justice, Minna, later as Counsel with Cosmic Chambers Minna, Akin Akintoye & Company, Lagos before establishing Benon Chambers, a commercial law firm where he currently serves as Managing Partner.

Prince Onuora belongs to several professional bodies including Nigerian Bar Association, (NBA), Capital Market Solicitors Association, Chartered Institute of Arbitrators (UK & Nigeria), Negotiation & Conflict Management Group (Founders of the Lagos Multi-Door Court House, LMDC) and Institute of Directors (IoD) where he is the Legal Adviser and serves in the Executive Committee as well as the Governing Council. He was elected a Fellow of the IoD in 2004. As the Chairman of the Research & Advocacy Committee of the IoD between 2011 and 2013, Prince Onuora organized a number of National Roundtable Conferences on Cashless Economy, Security Votes and Cost of Doing Business in Nigeria.

Mr Babatunde Daramola
Executive Director

Mr Babatunde Daramola, Executive Director, Finance, Systems and Investment. He was appointed to the Board on April 1 2016. He was until this appointment the General Manager, Finance and Investment in Consolidated Hallmark Insurance Plc. He has played strategic roles in a number of Corporate Transformation projects within the Group in addition to his role as the Chief Financial Officer.

Mr. Daramola is a Fellow of the Insitute of Chartered Accountants of Nigeria and an Associate of the Chartered Insurance Institute of Nigeria. He is also a Member of the Nigerian Institute of Management. He graduated from the Lagos State Polytechnic in 1994 with a Higher National Diploma in Insurance and also holds the MBA (Finance and Accounting) of the University of Liverpool (U.K.).

Tunde has vast working experience spanning Insurance Broking, Underwriting and Banking. He also had a stint in the oil industry having worked in Exxon Mobil Nigeria on secondment from Glanvill Enthoven & Co.(Nig.). He also worked at Continental Trust Bank Ltd. (now part of UBA PLC), where he had responsibility for Insurance, Tax Management, Budgets and Regulatory and Audit Management.

Board of Directors

Mary Adeyanju
Executive Director

Mrs Mary Adeyanju is the Executive Director Operations. She possesses a Master's Degree in Business Administration from the Lagos State University as well as a B.A (Theatre Arts) and Diploma in Insurance from the University of Jos and Ahmadu Bello University respectively.

An Associate of the Chartered Insurance Institute of Nigeria, Mrs Adeyanju has over two decades of varied experience in the Insurance industry, having commenced her career in Boof Africa Insurance Brokers. She later held top management positions in Carrier Insurance Brokers, First Chartered Insurance Company and later Consolidated Risks Insurers.

Mary was until recently, the Controller/Head of Lagos/Western Operation of Consolidated Hallmark Insurance Plc. She is an Alumnus of the Lagos Business School having attended the SMP.

Idris Shuaibu Abubakar
Independent
Non-Executive Director

Mr Idris was recently appointed as an Independent Director in line with statutory regulations.
A professional accountant of repute, he holds a B.Sc Degree in Accounting from the Bayero University, Kano and a M.A in Banking and Finance (University of Wales, U.K).
An Associate member of the Association of National Accountants of Nigeria, ANAN, Mr Idris is also a member of several other professional bodies including the Chartered Institute of Personnel Management of Nigeria (CIPM), the Institute of Directors (IOD), Nigerian Institute of Management and Fellow of the Institute of Credit Administration.
His professional career has taken him through several reputable organisations including Liberty Bank, Continental Merchant Bank, amongst others, where he rose through the ranks culminating in his appointment as Deputy Managing Director of Dangote Industries Limited.

He has been a board member of Mainstreet Bank Limited, Navision W.A. Limited, Coronation BDC Limited, and Council Member of the Kaduna State University.
Mr Shuaibu has attended several training programmes which took him to some reputable international training institutions including Havard University, University of Pretoria SA and the Lagos Business School of Pan Atlantic University.

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Performance

Result at a Glance

	Group			Company		
	31 December 2016 N	31 December 2015 N	%	31 December 2016 N	31 December 2015 N	%
Financial Position						
Cash and cash equivalents	1,836,824,537	2,822,735,766	-35%	1,587,501,284	2,780,220,924	-43%
Financial assets	2,122,441,443	803,084,607	164%	2,090,553,934	807,378,071	159%
Trade receivables	182,091,091	81,030,026	125%	182,091,091	81,030,026	125%
Property & equipment, reinsurance asset, deferred acquisition & other investments	3,106,098,331	3,159,604,044	-2%	3,306,453,166	2,894,722,066	4%
Other receivables & prepayments	177,968,732	135,246,867	32%	213,530,118	135,266,048	58%
Inventories	3,920,887	5,146,854	-24%	-	-	
Intangible Assets	13,119,349	16,467,871	-20%	12,383,037	15,592,433	-21%
Total assets	7,442,464,370	7,023,316,035	6%	7,392,512,630	6,964,209,568	6%
Insurance contract liabilities	2,410,701,988	2,218,670,079	9%	2,410,701,988	2,218,670,079	9%
Total liabilities	3,039,663,661	2,755,503,168	10%	3,025,511,825	2,735,131,622	11%
Issued and paid up share capital	3,000,000,000	3,000,000,000	0%	3,000,000,000	3,000,000,000	0%
Contingency reserve	1,230,030,314	1,058,782,003	16%	1,230,030,314	1,058,782,003	16%
Statutory reserve	9,279,386	5,826,986	59%	-	-	
Retained earnings	163,491,009	203,203,878	-20%	136,970,491	170,295,943	-20%
Shareholders fund	4,402,800,709	4,267,812,867	3%	4,367,000,805	4,229,077,946	3%
Comprehensive Income						
Gross premium	5,826,950,292	6,039,451,539	-4%	5,826,950,292	6,039,451,539	-4%
Net Premium earned	3,508,281,773	3,189,789,051	10%	3,508,281,773	3,189,789,051	10%
Net underwriting income	3,711,989,442	3,335,668,384	11%	3,711,989,442	3,335,668,384	11%
Other revenue	656,150,468	624,416,196	5%	595,058,106	572,586,167	4%
Total Revenue	4,368,138,910	3,960,084,580	10%	4,307,047,548	3,908,254,551	10%
Claims paid	(1,387,143,712)	(958,013,626)	45%	(1,387,143,712)	(958,013,626)	45%
Other expenses	(2,612,863,070)	(2,297,158,995)	14%	(3,945,766,470)	(2,263,243,809)	13%
Total Benefits, Claims and Other Expenses	(4,000,006,782)	(3,255,172,621)	23%	(3,946,459,500)	(3,221,257,435)	23%
Profit before tax	368,133,127	704,911,959	-48%	361,281,078	686,997,116	-47%
Income tax expenses	(173,145,284)	(159,100,881)	9%	(163,358,219)	(152,718,047)	7%
Profit for the year	194,987,843	545,811,078	-64%	197,922,859	534,279,069	-63%
Other Comprehensive Income for the year, net of tax						
Total comprehensive income for the year net of tax	194,987,843	545,811,078	-64%	197,922,859	534,279,069	-63%
Basic and diluted earnings per share (Kobo)	3	9	-64%	3	9	-63%

10th ANNIVERSARY 2007 - 2017

Mr. Obinna Ekezie
Chairman Board of Directors

Chairman's Statement

Distinguished Shareholders,
Other key stakeholders,
Members of the Press,
Ladies and Gentlemen,

It is with great pleasure that I welcome you all to the 22nd Annual General Meeting of your company, the first after I and most other colleagues came on board about a year ago.

The journey of the past twelve months has been quite challenging, but we have the firm resolve not only to sustain, but improve upon the laudable achievements of our predecessors. This occasion thus provides us with the opportunity of reviewing the journey, which though very challenging, would not have been successful without the solid support of all stakeholders.

We all entered the financial year 2016 with a lot of expectations arising from the gradual stability in the local political arena and the expectation that the implementation of the first budget authored by the new administration would be impactful on the economy.

However, the performance of the local economy remains intertwined with the global economic environment as the fall in commodity prices continued to have phenomenal impact on mono economies that are largely dependent on primary produce.

As the analysis of our results will show, your company was resilient during the quite difficult financial climate in 2016. While stringent efforts were made to improve on the results of the preceding year, a slight decline was recorded in key fundamentals, although we have maintained our record of profitability.

GLOBAL OUTLOOK:

The massive decline in the global price of crude oil had a serious impact on the economies of most oil producing countries, with price levels hitting record lows of below $27 per barrel.

A major shock in the global business environment came with the unexpected outcome in the United Kingdom Brexit referendum vote to exit the European Union. A dismembered EU is expected to be in a weaker economic position when faced with the intense competition from strong economies like those of the United States, China and Japan.

On the political front, the upset recorded by the victory of Donald Trump in the presidential elections of the United States later in the year rattled global financial markets.

OPERATING ENVIRONMENT

The 2016 financial year was one of the most challenging since the return to democracy in 1999. For an economy like that of Nigeria whose live wire revolves mainly around a single commodity, crude oil, the fall in price to a low of $27

Chairman's Statement

Distinguished Shareholders, additional directors have been appointed into the board of directors since the last Annual General Meeting on 24th May 2016. They are Mrs. Mary Adeyanju and Mr. Shuaibu Abubakar Idris. Mrs. Adeyanju joined the board as Executive Director Operations while Mr. Idris was appointed as an Independent Director in line with regulatory requirements.

per barrel coupled with the restiveness of militants in the Niger Delta region led to daily crude oil production plummeting below 1.3 million barrels a day.

Having based the budget benchmark on $38 per barrel and daily production of 2.2 million barrels a day, the economy was soon plunged into the worst recession in 20 years with the GDP contracting by 0.4% and 2.1% year-on-year in Q1 and Q2 respectively and further contracted by 2.2% in the third quarter.

The drop in foreign exchange revenue earnings and the restrictive policies on forex and imports soon led to several closures of factories with the resultant job losses.

The year also witnessed the implementation of the price modulation regime in the downstream sector of the petroleum industry, a move which led to increase in the price of premium motor spirit (petrol) from N87 per litre to the N135-N145 band, and diesel hitting an all time high of N285 per litre. Meanwhile, the expected relief from a more improved power sector did not materialise, thus impacting negatively on the operating costs of firms that have remained afloat.

Also, inflation rate hit 18.55% year-on-year in December, 2016, the highest since October, 2005. On its part, the Central Bank of Nigeria has continued to tighten its monetary policies in an effort to control inflation. The Monetary Policy Rate was raised from 12% to 14% thus making cost of funds higher.

The Nigerian Equities market on its part was bearish as it closed the year at on a negative note (-6.17%) when compared with the 17.36% loss in 2015. This translates to an average monthly loss of 0.27% (1.34% monthly in 2015).

NIGERIAN INSURANCE ENVIRONMENT
The economic crises occasioned by high inflation and the resultant low disposable income in a recession environment impacted negatively on the insurance industry. The net effect has been a reduction in the revenues of operators as several clients continued to place risks on shorter periods of cover, thus reducing premium payable on their policies.

Insurance penetration remained quite low, with contribution to the Gross Domestic Product at 0.225% according to a Nigerian Re-insurance 2016 Report. It also put the average number of policy holders at 1.5 million from a population of over 170 million Nigerians.

There has also been a reduction in the ability of the Insurers to meet their foreign currency claims obligations as US Dollar-denominated policies were incepted at relatively lower exchange rate before the rapid decline in the value of the naira.

The industry also witnessed partial implementation of the code of corporate governance at the level of membership of the board of directors, with the injection of fresh players with diverse experience.

The regulator -National Insurance Commission (NAICOM) has also commenced the transition to risk based solvency regime with the release of the draft roadmap for transition in October 2016. We expect the full implementation to start soon.

OPERATING RESULTS
Your company intensified efforts to improve on key performance metrics despite the prevailing economic situation in 2016.

During the financial year, the Company generated a Gross Premium Income of N5.83 billion against the N6.04 billion generated in 2015 (approximately 4% decline). However, the Net Premium Income rose to N3.51 billion from N3.19 billion during the corresponding period, representing a 10% growth. The Company's claims payment rose significantly from N1.34 billion in 2015 to N1.73 billion, an increase of 29%. While this sharp rise in claims cost is of concern, I am happy to report that your company met all its

Chairman's Statement

claims obligations to their customers promptly and without a single borrowing.

The Profit Before Tax declined to N368 million from N705 million in 2015 while a Profit After Tax of N195 million was recorded, as against the N546 million in 2015.
The Company was able to grow its Total Assets by 6% from the 2015 figure of N7.02 billion to N7.44 billion.

DIVIDEND
The board is recommending a dividend of N120 million for your approval. This translates to two (2) Kobo per share. This gesture is to further demonstrate the commitment of the Company to reward its shareholders in spite of the tough business climate. The dividend is payable to members whose names appear in the register by close of business on the date earlier publicized.

CHANGES IN THE COMPOSITION OF THE BOARD
Distinguished Shareholders, additional directors have been appointed into the board of directors since the last Annual General Meeting on 24th May 2016. They are Mrs. Mary Adeyanju and Mr. Shuaibu Abubakar Idris. Mrs. Adeyanju joined the board as Executive Director Operations while Mr. Idris was appointed as an Independent Non Executive Director in line with regulatory requirements.

They are both highly experienced professionals in their individual capacities and their profiles have been included in the relevant section of this report.

Their appointments have since been recommended to the regulators for approval. They are both being presented to you, in the course of this meeting for approval.

FUTURE OUTLOOK:
Distinguished Shareholders, although the past twelve months have been quite tough and the reported results not as impressive as we would have desired, however, I wish to assure you, on behalf of my other colleagues on the board that we remain committed to our resolve to improve on the legacies of our predecessors on the board.

We commenced in 2016 the implementation of the 5-year strategic plan which the erstwhile Board had already put in place working with Price Waterhouse Coopers Nigeria. One of the key initiatives of the plan is to raise capital to drive the next growth phase of the business and to enable your company withstand the forces of change that we can foresee happening in the market in no distant time. Thus, a key resolution to be put before you at this AGM is to seek your approval to proceed with the necessary process to raise further capital and I do hope we shall have your unanimous approval.

It is ten years since the emergence of your company post insurance industry consolidation. We are optimistic that as we journey together into the next decade of our existence as a company, better tidings await us.

APPRECIATION
Permit me, in closing to specially appreciate you all - our shareholders, Insurance Brokers, Agents and all our loyal customers for standing by us during this difficult moment. My appreciation also goes to fellow board members and the entire management and staff. The modest success we have achieved would not have been possible without the efforts of all of you.

I believe we can count on you for your continued support as we endeavour, by the Grace of Almighty God, to take the company to greater heights.

Thank you

Mr. Obinna Ekezie
Chairman, Board of Directors
April 2017

Note:
The chairman has the FRC waiver to sign off on the Annual Report & Accounts

From the desk of the Managing Director/CEO

DISTINGUISHED SHAREHOLDERS, Fellow members of the Board, Ladies and Gentlemen,

I am quite delighted to welcome you to the 22nd Annual General Meeting of your company. This meeting is incidentally taking place in the 10th Year of our emergence as Consolidated Hallmark Insurance after the 2007 consolidation exercise.

It has indeed been ten eventful years of piloting the affairs of the company with members of the Board. During the year 2016 we experienced majority of new entrants into the board with their wealth of experience to influence the company.

The financial year 2016 was heralded with high expectations of an early passage of the first full budget by the new government, the successful implementation of which was expected to boost economic activities. However, the economy slipped into a recession after a successive three quarter contraction in Gross Domestic Product rates from the first to the fourth quarters of 2016.

The insurance services sector of the economy had to bear the brunt of the massive slow- down in economic activity as revenues from premium incomes dropped significantly. Insurance patronage by Nigerians, which ironically should be given more priority because of the need to protect already acquired assets during recession, was given less attention. Some policy holders, rather than place risks to run the full course of the year embarked upon short period coverage. Your company was not isolated from these challenges, but continually worked hard to ensure adequate returns are posted.

We were not able to record significant Profit during the year, but we have ensured, through the Grace of God and the continued support of our numerous clients and brokers that we remain profitable howbeit modestly.

PERFORMANCE RATIOS
Your company was able to fulfill its claim payment obligations as at when due, having successfully settled claims to the tune of N1,730,652,329, an increase of 29% over the N1,341,181,328 paid in 2015. The significant increase in claims payment is attributable largely to the inflationary trend, which has seen the cost of replacement parts rising beyond projections, especially in property and motor insurance.

We closed the year with an underwriting expense ratio of 22%, a claims ratio of 21% and were able to grow the Total Assets from the 2015 figure of N7,023,316,035 to N7,442,464,370. Our risk pool is growing as shown by the growth in insurance liabilities from N2.22b in 2015 to N2.43b in 2016. We are improving our channels and distribution structure as we make use of innovative technology to leverage on our robust network and organisational synergies to drive growth.




From the desk of the Managing Director/CEO

Also, our efforts to build a strong financial institution did not go unnoticed as Agusto & Co - Pan African's foremost credit rating agency, upgraded our risk rating to Bbb- for financial strength. In addition to the corporate recognition arising from our improved risk rating, our commitment to excellent service delivery dictated that we continue to invest in the development of our people.

INDUSTRY LEADERSHIP INITIATIVES:
Although several insurance industry initiatives being driven by me and the team at NIA have been widely reported in the media, this meeting provides me with the opportunity to inform you of a few notable actions we have taken since I became the Chairman of the Nigerian Insurers Association (NIA) in August 2016.
These actions, which are geared towards improving insurance patronage and by extension the revenue of the industry and that of your company include the rebranding project, establishment of the insurers' committee, and ongoing efforts to review unfriendly legislation.

A holistic look is also being taken into the issue of rate cutting in the industry, which has led to dropping revenue ironically against the backdrop of rising inflation in other sectors of the economy.

Also, our efforts to build a strong financial institution did not go unnoticed as Agusto & Co - Pan African's foremost credit rating agency, upgraded our risk rating to Bbb- for financial strength.

INDUSTRY DEVELOPMENTS:
Your company remains committed in its adherence to regulations, one of which is the corporate governance code which led to the injection of more experienced professionals into the board in 2016. Also, the National Insurance Commission has adopted a Risk Based supervision model. A draft roadmap for implementation was released in October, 2016. The model will likely necessitate a fresh wave of capital injection which is not going to catch us unawares. Efforts are already being made in this regard to inject fresh capital.

BUSINESS OUTLOOK
Consolidated Hallmark Insurance Plc is currently undergoing a digital transformation exercise which will enable it position itself strategically and to also align with its strategic objectives. It is believed that it would help the company deliver exceptional returns to shareholders, be profitable and increase its market share. This is part of a comprehensive 5 Year Strategic Plan currently being implemented.

The company has also finalized plans to revamp its agency unit to enable it position appropriately for micro insurance, taking advantage of the volume of sales accruable from the low-income class.
Prompt and quality service delivery model will be designed to ensure that all customers are left with long lasting impression.

STAFF TRAINING:
Training and professional development of staff has continued to receive the desired attention in order to improve their productivity. Also, in order to ensure optimum output from members of staff, management is working with

From the desk of the Managing Director/CEO

consultants to ensure optimal deployment of personnel to achieve corporate goals.

CONCLUSION:
Once again, thank you all - distinguished shareholders, our customers and brokers. You have all been a part of our success story. For us, it has been a journey of 10 Years of Shared Progress.

To my colleagues on the board, I say a big thank you. Together, we have weathered the bumpy economic terrain of the past one year. Our special thanks also goes to the Chairman whose invaluable contributions in no small measure have helped to ensure a smooth sail thus far.

To my management and entire staff, the success achieved these ten years would not have been possible without you all. We may not have attained our desired position at the top echelon of the ladder, but with your support and continued sacrifices, the journey into the next decade in the life of our organization will be more rewarding.

Finally, I wish to wholeheartedly appreciate Almighty God for keeping us all safe from harm and for His divine direction always.

Thank you.

Eddie Efekoha
April 2017

Management Team



(L - R)

Eddie Efekoha
Managing Director/CEO

Babatunde Daramola
Executive Director (Finance, Systems and Investment)

Mary Adeyanju
Executive Director (Operations)

(L - R)

Mac Ekechukwu
Regional Director (North)

Ijeoma Pearl Okoro
Regional Director (East)

Katherine Itua
Group Head (Audit & Risk Management)





(L - R)

Orjiako Jimalex
Assistant General Manager (Head, Technical Division)

Dotun Adeogun
Group Head (HR & Communications)

Rukevwe Falana
Group Head (Legal, Compliance & Secretarial)

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Governance

Directors' Report

For the year ended 31 December, 2016

The Directors have the pleasure in submitting their report on the affairs of Consolidated Hallmark Insurance Plc together with the Group Audited Financial Statements for the year ended 31st December 2016.

LEGAL FORM

The Company was incorporated on 2nd August 1991 as a private limited liability Company and commenced operations in 1992. The Company converted to a public limited Company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The Company shares were listed on the floor of The Nigerian Stock Exchange on 22nd February 2008.

PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

During the year under review the group engaged in general insurance business and maintained 13 corporate offices.

OPERATING RESULTS

	2016	2015	Change	% Change
Gross Written Premium	5,826,950	6,039,452	(212,501)	-4
Gross Premium Earned	5,708,277	5,875,522	(167,245)	-3
Premium Earned	3,508,282	3,189,789	318,493	10
Net Claim Paid	(1,387,144)	(958,014)	(429,130)	45
Management Expenses	(1,340,451)	(1,168,001)	(170,450)	15
Underwriting Profit	1,068,528	1,369,753	(301,225)	22
Profit before Tax	368,133	704,912	(336,779)	-48
Profit after Tax	194,988	545,811	(350,823)	-64

RESIGNATION & APPOINTMENT OF DIRECTORS

The names of the Directors at the date of this report and of those who held office during the year are as follows:

1. Mr. Eddie Efekoha	Managing Director	
2. Mr. Babatunde Daramola	Executive Director	Appointed 1 April 2016
3. Mrs. Mary Adeyanju	Executive Director	Appointed 27 July 2016
4. Mrs. Ngozi Nkem	Non-Executive Director	
5. Mr. Obinna Ekezie	Non-Executive Director	Appointed 1 April 2016
6. Mrs. Eziaku Ethel Obidegwu	Non-Executive Director	Appointed 1 April 2016
7. Mrs. Adebola Odukale	Non-Executive Director	Appointed 1 April 2016
8. Prince Ben C. Onuora	Non-Executive Director	Appointed 1 April 2016
9. Mr. Joel Botete Avhurhi	Non-Executive Director	Appointed 1 April 2016
10. Chief Andrew Dele Stephen Odigie	Non-Executive Director	Appointed 1 April 2016
11. Mr. Shuaibu Abubakar Idris	Non-Executive Director	Appointed 26 Oct 2016
12. Ugo (Dr.) Obi Ralph Ekezie	Non-Executive Director	Resigned 31 March 2016
13. Mr. Anthony Aletor	Non-Executive Director	Resigned 31 March 2016
14. Mr. Friday Ebojoh	Non-Executive Director	Resigned 31 March 2016
15. Dr. Layi Fatona	Non-Executive Director	Resigned 31 March 2016
16. Chief Sunny Obidegwu	Non-Executive Director	Resigned 31 March 2016
17. Chief Ben C. Ikejiaku	Non-Executive Director	Resigned 31 March 2016

DIRECTORS AND THEIR INTERESTS

The Directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company were as follows:

Directors' Report

For the year ended 31 December, 2016

Directors	Direct 2016	Indirect 2016	Direct 2015	Indirect 2015
Mr. Obinna Ekezie		399,285,136	-	-
Mrs. Adebola Odukale	-	1,079,980,650	-	-
Mr. Eddie Efekoha	505,690,000	296,000,000	505,690,000	256,318,100
Mrs. Ngozi Nkem	240,000,000	552,901,628	240,000,000	557,820,607
Mrs. Eziaku Obidegwu	-	165,000,000	-	-
Chief Andrew Odigie	50,000	-	-	-
Mr. Joel Avhurhi	84,000	-	-	-
Prince Ben Onuora	1,200,000	-	-	-
Mr. Babatunde Daramola	6,831,000	-	-	-
Mrs. Mary Adeyanju	1,249,000	-	-	-

Director	Indirect Interest Represented
Mr. Obinna Ekezie	Ugo (Dr.) Obi Ralph Ekezie
Mrs. Adebola Odukale	Capital Express Assurance Company Limited
	Capital Express Securities Limited
	Capital Express Managed Fund
	Capital Express Assets & Trust Ltd
Mrs. Ngozi Nkem	Maduako Group Limited
	Transglobe Investment & Financial Co Limited
Mr. Eddie Efekoha	Sephine Edefe Nigeria Limited
Mrs. Eziaku Obidegwu	Sunthel Trust Limited
	Chief Sunny Obidegwu

SUBSTANTIAL INTEREST IN SHARES

Shareholders who held more than 5% of the issued share capital of the Company as at 31st December 2016 were as follows:

Shareholder	Units Held	%
Capital Express Assurance Co. Ltd	1,000,000,000	16.7
SPDC West Multipurpose Cooperative Society	500,000,000	8.3
Ugo (Dr.) Obi Ralph Ekezie	399,285,136	6.6
Mr. Eddie Efekoha	505,690,000	8.4

SHAREHOLDING ANALYSIS

The range of shareholding as at 31st December 2016 is as follows:

Range of Holding	No of Shareholders	Share Holdings	%
1 - 10,000	3,712	17,693,521	0.29%
10,001 - 100,000	3,800	154,630,786	2.58%
100,001 - 1,000,000	1,251	430,455,917	7.17%
1,000,001 - 10,000,000	224	648,408,959	10.81%
10,000,001 - 100,000,000	33	924,231,802	15.40%
100,000,001 - ABOVE	11	3,824,579,015	63.74%
	9,031	**6,000,000,000**	**100%**

Directors' Report

For the year ended 31 December, 2016

DIRECTORS RESPONSIBILITIES

The Company's Directors are responsible, in accordance with the provisions of Section 334 of the Companies and Allied Matters Act Cap C20 LFN 2004, for the preparation of Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss and cash flows for the year and that the statements comply with the International Financial Reporting Standards, Insurance Act 2003 and Companies and Allied Matters Act Cap C20 LFN 2004(as amended). In doing so they ensure that:

a. Proper accounting records are maintained.

b. Adequate internal control procedures are established which as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularity.

c. Applicable accounting standards are followed.

d. Suitable accounting policies are consistently applied.

e. Judgments and estimates made are reasonable and prudent and consistently applied.

f. The going concern basis is used unless it is inappropriate to presume that the Company shall continue in Business.

Property and Equipment's

Movements in property and equipment during the year are shown in note eleven on pages 62 to 65. In the opinion of the Directors the market value of the Company's property and equipment is not lower than the value shown in the Financial Statement.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Consolidated Hallmark Insurance Plc ('CHI') is unswerving in its adherence to the principles of corporate governance as enshrined in the regulators' codes. CHI recognizes the benefits that strict adherence to these codes afford its investors, the Company, the insurance industry and the financial market in Nigeria and beyond. The Company has thus, not reneged in its commitment and efforts toward ensuring full compliance with the various and similar standards required of it by its regulators.

THE BOARD

The Company's Board of Directors is made of seasoned and accomplished professionals in the aviation, legal, insurance, accounting and banking industry. This assemblage of well bred and accomplished professionals with vast experience who are very conscious of their various professional ethics and the regulated nature of the insurance business have over the years brought these experiences to bear by their robust, dispassionate and consistent review of the Company's policies.

COMPOSITION OF THE BOARD

The Board of CHI is made up of eleven Directors. The Board is composed majorly of Non-Executive Directors which makes it independent of Management and has thus, enabled the Board to carry out its oversight function in an objective and effective manner.

In tandem with international best practice, the positions of the Chairman and the Chief Executive Officer/Managing Director are occupied by two different persons.

The details of the composition of the Board are stated below:

Mr. Obinna Ekezie	Non-Executive Director
Chief Andrew Dele Stephen Odigie	Non-Executive Director
Mr. Eddie Efekoha	Managing Director/Chief Executive Officer
Mrs. Ngozi Nkem	Non-Executive Director
Mrs. Eziaku Ethel Obidegwu	Non-Executive Director
Mrs. Adebola Odukale	Non-Executive Director
Prince Ben C. Onuora	Non-Executive Director
Mr. Joel Botete Avhurhi	Non-Executive Director
Mr. Shuaibu Abubakar Idris	Independent Non-Executive Director (Appointed 26 October 2016)
Mr. Babatunde Daramola	Executive Director, Finance, Systems and Investment
Mrs. Mary Adeyanju	Executive Director, Operations (Appointed 27 July 2016)
Ugo (Dr.) Obi Ralph Ekezie	Non-Executive Director (Resigned 31 March 2016)
Mr. Anthony Aletor	Non-Executive Director (Resigned 31 March 2016)
Mr. Friday Ebojoh	Non-Executive Director (Resigned 31 March 2016)
Dr. Layi Fatona	Non-Executive Director (Resigned 31 March 2016)
Chief Sunny Obidegwu	Non-Executive Director (Resigned 31 March 2016)
Chief Ben Ikejiaku	Non-Executive Director (Resigned 31 March 2016)

DUTIES OF THE BOARD

1. Provides strategic direction for the Company.
2. Approves budget of the Company.
3. Oversees the effective performance of Management in running the affairs of the Company.
4. Ensures human and financial resources are effectively deployed.
5. Establishes adequate system of internal control procedures that ensure the safeguard of assets and assist in the prevention and detection of fraud and other irregularities
6. Following applicable accounting standards.
7. Consistently applying suitable accounting policies.
8. Ensures compliance with the code of corporate governance and with other regulatory laws and guidelines.
9. Performance appraisal of Board Members and senior executives.
10. Approves the policies surrounding the Company's communication and information dissemination system.

MEETINGS OF THE BOARD

The Board meets regularly and ensures that the minimum standards in terms of attendance and frequency of meetings are complied with. The Board met six times in 2016, thus it ensured that the requirement of meeting at least once in every quarter was surpassed. Required notices and meeting papers were sent in advance before the meeting to all the Directors while the Nigerian Stock Exchange was equally given prior notice before every meeting of the Board.

BOARD COMMITTEES

To assist in the execution of its responsibilities, the Board discharges its oversight functions through various Committees put in place. The Committees are set up in line with statutory and regulatory requirements and are consistent with global best practices. Membership of the Committees of the Board is intended to make the best use of the skills and experience of non-Executive Directors in particular.

The Committees have well defined terms of reference which set out their roles, responsibilities, functions, scope of authority and procedure for reporting to the Board. The Committees consider matters that fall within their purview to ensure that decisions reached are as objective as possible.

Set out below are the various Committees and the terms of reference of each Board Committee:

1. Board Finance & General Purpose Committee (FGPC)
2. Board Audit, Risk Management & Compliance Committee (ARMCC)
3. Board Investment Committee (BIC)
4. Board Establishment & Governance Committee (EGC)

1. BOARD FINANCE & GENERAL PURPOSE COMMITTEE (FGPC)

PURPOSE

The Board Finance & General Purpose Committee is responsible to the Board of Directors and it is mandated to oversee the Company's financial affairs on behalf of the Board and to give initial consideration to and advice on any other Board business of particular importance or complexity.

RESPONSIBILITIES

- To review and make recommendation to the Board on the annual budget and audited accounts of the Company.
- To recommend strategic initiatives to the Board.
- To review quarterly and annual performance against budget
- To consider and approve extra budgetary expenditure.
- To give anticipatory approvals on behalf of the Board and ensure that such approvals are ratified by the Board at next sitting.
- Any other matter that is not specifically covered by any other Committee.
- Any other matter as may be delegated to the Committee by the Board from time to time.

MEETINGS OF THE COMMITTEE

The Committee meets as often as it considers necessary, but not less than once per quarter. The Committee met four times during the period under review.

Directors' Report

For the year ended 31 December, 2016

MEMBERSHIP/COMPOSITION

Chief ADS Odigie	Non-Executive Director	Chairman
Mr. Joel Avhurhi	Non-Executive Director	Member
Mrs. Eziaku Obidegwu	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member
Chief Ben Ikejiaku	Non-Executive Director	(Resigned 31 March 2016)
Dr. Layi Fatona	Non-Executive Director	(Resigned 31 March 2016)
Mr. Friday Ebojoh	Non-Executive Director	(Resigned 31 March 2016)

2. BOARD AUDIT, RISK MANAGEMENT & COMPLIANCE COMMITTEE (ARMCC)

PURPOSE

The primary objective of the Audit & Risk Management Committee of the Board is to monitor and provide effective supervision of the Management's Financial Reporting Process with a view to ensuring accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

The Audit Committee also oversees the work carried out in the financial reporting process by Management, Internal Auditor and the External Auditor. The Audit Committee has the power to investigate any activity within its terms of reference, seek information from any employee when necessary and obtain external legal or professional advice from experts when necessary.

RESPONSIBILITIES

- Monitors the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant reporting judgments contained in them, assisting the Board's oversight of the Company's compliance with applicable legal and regulatory requirements in this respect.
- Reviews and approves the External Auditors' terms of engagement, propose fees and planned audit scope.
- Oversees, monitors and reviews the functions and effectiveness of Internal Audit.
- It reviews the scope and planning of Internal Audit requirements.
- It reviews findings on management matters in conjunction with the External Auditors.
- The Committee reviews the effectiveness of the Company's system of accounting and internal control.
- The promotion, co-ordination and monitoring of risk management activities, including regular review and input to the corporate risk profile.
- The Committee shall ensure that principal risks of the Company's business are identified and effectively managed.
- To ensure that infrastructure, resources and systems are in place for risk management.
- Carry out review of the risk mitigation programmes for completeness, adequacy, proportionality and optimal allocation of resources.
- Setting the Company's tolerance for risks.
- Ensuring that management establishes a framework for assessing the various risks.
- It makes recommendation to the Board with regard to the appointment, removal and remuneration of the External Auditors, financial and senior management of the Company.
- It has the power to instruct the Internal Auditors to carry out investigations into any of the Company's activities which might be of interest or concern to the Board.
- The Committee is responsible for the review of the integrity of the Company's financial reporting and oversees the independence and objectivity of the External Auditors.
- The Committee may seek explanations and additional information from the External Auditors with management presence.
- It receives quarterly reports of the Internal Auditors.

MEETINGS OF THE COMMITTEE

The Committee meets not less than four times per annum and more frequently as circumstances require. This Committee met three times during the period under review.

MEMBERSHIP/COMPOSITION

Mr. Joel Avhurhi	Non-Executive Director	AG. Chairman
Chief ADS Odigie	Non-Executive Director	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mr. Shuaibu Idris	Ind. Non-Executive Director	Member (Appointed 26 October 2016)
Mr. Eddie Efekoha	Managing Director	Member
Mr. Babatunde Daramola	Executive Director	Member (Appointed 1 April, 2016)
Mr. Tony Aletor	Non-Executive Director	(Resigned 31 March 2016)
Chief Ben Ikejiaku	Non-Executive Director	(Resigned 31 March 2016)
Mr. Friday Ebojoh	Non-Executive Director	(Resigned 31 March 2016)

3. BOARD INVESTMENT COMMITTEE (BIC)

PURPOSE

The purpose of the Board Investment Committee is to assist the Board of Directors in fulfilling its obligation and oversight responsibilities in making investment decisions and formulating and advising the Board on strategic policy for the Company's capital and revenue investment programmes based on professional information/advice and for ensuring that systems are in place to identify, manage, and monitor principal risks that may impact on the Company's investment.

RESPONSIBILITIES

- To consider and advise the Board on strategic policies for the group's investment programmes.
- The Investment Committee has responsibility for deciding on the appropriateness of all investments within the group as it affects its clients, lines of business, Management staff and IT systems.
- The Committee takes full responsibility for investment decisions whether to proceed with change initiatives, and necessary release or withdrawal of funds on behalf of the Board and in line with the Company's strategic objectives.
- Ensuring that the assets of the group are protected and effective control measures are put in place for sufficient internal checks and balances.
- Considers and approves the investment policies of the Company.

MEETINGS AND PROCEDURE

The Committee meets at regular intervals and as necessary to consider and review issues within its purview. The Board Investment Committee met three times during the period under review.

MEMBERSHIP/COMPOSITION

Mrs. Eziaku Obidegwu	Non-Executive Director	Chairperson
Mrs. Adebola Odukale	Non-Executive Director	Member
Prince Ben Onuora	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member
Mr. Babatunde Daramola	Executive Director	Member
Mr. Tony Aletor	Non-Executive Director	(Resigned 31 March 2016)
Chief Sunny Obidegwu	Non-Executive Director	(Resigned 31 March 2016)
Dr. Layi Fatona	Non-Executive Director	(Resigned 31 March 2016)

Directors' Report

For the year ended 31 December, 2016

4. BOARD ESTABLISHMENT & GOVERNANCE COMMITTEE

PURPOSE

The Committee deals with matters affecting executive management staff as it relates to recruitment, assessment, promotion, disciplinary measures, career development among others. The Committee is also responsible for monitoring corporate governance developments, best practices for corporate governance and furthering the effectiveness of the Company's corporate governance practices.

RESPONSIBILITIES

- Review from time to time the People Management Policies and make recommendations to the Board as appropriate;
- Review and recommend recruitment, appointment and promotion of Top Management Staff;
- Consideration and approval of disciplinary matters and exit/severance matters pertaining to Top Management Staff;
- Reviews periodically, reports on productivity/performance of Top Management;
- Review of staff compensation and welfare packages and make recommendation to the Board;
- Consider and approve annual training programmes for the
- Company's staff in order to ensure overall staff development.

In carrying out its Corporate Governance functions, the Committee shall undertake the following duties:

- Evaluate the current composition, organisation and governance of the Board and its Committees, as well as determine future requirements and make recommendations in this regard to the Board for its approval;
- Oversee the evaluation of the Board;
- Recommend to the Board, Director nominees for each Committee of the Board;
- Coordinate and recommend Board and Committee meeting schedules;
- Advise the Company on the best business practices being followed on corporate governance issues nationally and world - wide;
- Recommend to the Board the governance structure for the management of the affairs of the Company;
- Review and re-examine the Board charter annually and make recommendations to the Board for any proposed changes; and
- Annually review and evaluate Board performance.

MEETINGS OF THE COMMITTEE

The Committee meets at least once in each quarter and as necessary. The Board Establishment & Governance Committee met seven times during the period under review.

MEMBERSHIP/COMPOSITION

Prince Ben Onuora	Non-Executive Director	Chairman
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mrs. Adebola Odukale	Non-Executive Director	Member
Mr. Shuaibu Idris	Independent	Member (Appointed October 26 2016)
Mr. Eddie Efekoha	Non-Executive Director Managing Director	Member
Mrs. Mary Adeyanju	Executive Director	Member (Appointed 26 July 2016)
Chief Sunny Obidegwu	Non-Executive Director	(Resigned 31 March 2016)

Directors' Report

For the year ended 31 December, 2016

ATTENDANCE AT BOARD & ITS COMMITTEES' MEETINGS

	BOARD	FGPC	ARMC	BIC	BEGC
Mr. Obinna Ekezie	3	N/A	N/A	N/A	N/A
Chief ADS Odigie	4	3	2	N/A	N/A
Mr. Eddie Efekoha	6	3	5	3	7
Mrs. Eziaku Obidegwu	4	3	N/A	2	N/A
Prince Ben Onuora	4	N/A	N/A	2	3
Mrs. Adebola Odukale	4	N/A	N/A	2	3
Mrs. Ngozi Nkem	4	N/A	5	N/A	5
Mr. Babatunde Daramola	4	N/A	2	2	N/A
Mr. Joel Avhurhi	4	3	2	N/A	N/A
Mrs. Mary Adeyanju (Appointed 27 July 2016)	1	N/A	N/A	N/A	-
Mr. Shuaibu Idris (appointed October 26 2016)	-	N/A	-	N/A	-
Ugo (Dr.) Obi Ralph Ekezie (resigned 31 March 2016)	2	N/A	N/A	N/A	N/A
Mr. Tony Aletor (resigned 31 March 2016)	2	N/A	1	1	N/A
Chief Ben C. Ikejiaku (resigned 31 March 2016)	2	1	3	N/A	N/A
Mr. Friday Ebojoh (resigned 31 March 2016)	2	1	3	N/A	N/A
Dr. Layi Fatona (resigned 31 March 2016)	2	1	N/A	1	N/A
Chief Sunny Obidegwu (resigned 31 March 2016)	2	N/A	N/A	1	4
Dates of Meetings					
	01/03/16 24/03/16 13/04/16 23/05/16 27/07/16 26/10/16	26/01/16 22/07/16 20/10/16 6/12/2016	26/01/16 01/03/16 23/03/16 22/07/16 20/10/2016	09/02/16 22/07/16 18/10/16	03/02/16 29/02/16 16/03/16 23/03/16 20/07/16 4/10/16 18/10/16

TENURE OF DIRECTORS

The tenure of the Non-Executive Directors is limited to three terms of three years each. This is in compliance with CAMA, NAICOM's Code of Good Corporate Governance and also fuelled by the necessity to reinforce the Board by continually injecting new energy, fresh ideas and perspectives.

STATUTORY AUDIT COMMITTEE

The constitution and composition of the statutory audit committee is in compliance with Section 359 of the Companies and Allied Matters Act, Cap C20 LFN 2004. The Committee is made of three Directors and three representatives of Shareholders.
The Statutory Audit Committee amongst other things examines the auditor's report and make recommendations thereon at the annual general meeting as it deems fit. The Committee's composition is set out below:

Directors' Report

For the year ended 31 December, 2016

Mr. Tony Anonyai	Shareholders' Representative	Chairman
Chief Simon Okiotorhoro	Shareholders' Representative	Member
Chief James Emadoye	Shareholders' Representative	Member
Mr. Friday Ebojoh	Non-Executive Director	Member (Resigned 31 March 2016)
Chief Ben Ikejiaku	Non-Executive Director	Member (Resigned 31 March 2016)
Mr. Tony Aletor	Non-Executive Director	Member (Resigned 31 March 2016)
Mr. Joel Avhurhi	Non-Executive Director	Member (Appointed April, 2016)
Chief ADS Odigie	Non-Executive Director	Member (✓ ✓ ✓ ✓)
Mrs. Ngozi Nkem	Non-Executive Director	Member (✓ ✓ ✓ ✓)

RESPONSIBILITIES

1. Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices
2. Review the scope and planning of audit requirements
3. Review the findings on management matters in conjunction with external auditor and departmental responses thereon
4. Keep under review the effectiveness of the company's system of accounting and internal control
5. Make recommendations to the Board in regard to the appointment, removal and remuneration of the external auditors of the company
6. Authorise the internal auditor to carry out investigation into any activities of the company which may be of interest or concern to the Committee.

MEETINGS OF THE COMMITTEE

The Committee meets at regular intervals and as necessary to consider and review issues within its purview. The Statutory Audit Committee met two times during the period under review.

MEMBERS		26 JANUARY 2016	1 MARCH 2016
Mr. Tony Anonyai	Shareholder/Chairman	✓	✓
Chief James Emadoye	Shareholder	✓	✓
Chief Simon Okiotorhoro	Shareholder	✓	✓
Chief ADS Odigie (Appointed 1 April 2016)	Director		
Mr. Joel Avhurhi (Appointed 1 April 2016)	Director		
Mrs. Ngozi Nkem	Director		
Mr. Tony Aletor (resigned 31 March 2016)	Director	✓	✓
Chief Ben C. Ikejiaku (resigned 31 March 2016)	Director	✓	✓
Mr. Friday Ebojoh (resigned 31 March 2016)	Director	✓	✓

Directors' Report

For the year ended 31 December, 2016

SHAREHOLDERS RIGHTS

The Board is continuously committed to the fair treatment of shareholders and ensures that the shareholders are given equal access to information about the Company irrespective of their shareholdings. The general meetings of the Company have always been conducted in an open manner which allows for free discussions on all issues on the agenda. The statutory and general rights of the shareholders are protected at all times.

Representatives of regulatory bodies such as the NAICOM, SEC and the NSE are always in attendance at our annual general meetings. The representatives of the shareholders association also attend the Company's general meetings and they are allowed to make full and fair participation during the meetings.

CONFLICT OF INTEREST

CHI has a policy in place that requires prompt disclosure from Directors of any real or potential conflict of interest that they may have regarding any matter that may come before the Board or its committees. CHI policy requires any Director who has or may have a conflict of interest to abstain from discussions and voting on such matters.

THE COMPANY SECRETARY

The Company Secretary primarily assists the Board and Management in the implementation and development of good corporate governance. The Company Secretary provides guidance and advice to the Board and the Management of the Company on issues of ethics, conflict of interest and good corporate governance.

The Company Secretary also does the following: advice the Directors on their duties, and ensure that they comply with corporate legislation and the Articles of Association of the Company; Arranging meetings of the Directors and the shareholders. This responsibility involves the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record the business transacted at the meetings and the decisions taken.

REMUNERATION

CHI has a comprehensive remuneration policy for Directors and all levels of Management staff. Our remuneration policy is adequate to attract, motivate and retain skilled, qualified and experienced individuals required to manage the Company successfully. The statement of the Directors remuneration is stated in the Audited Financial Statement.

SPONSORSHIP AND DONATIONS

In line with our Corporate Social Responsibility initiatives, sponsorship and donations were made to organisations during the year, including:

College of Insurance Building Project	N3,304,800
Professional Insurance Ladies Association Investiture Programme	N250,000
Consolidated Hallmark Insurance Tertiary Institutions Annual Essay Award	N500,000
Rotary International District 9140	N1,000,000
Obanikoro North Community Association Street Lights Project	N100,000
Clinix Health Limited Cancer Awareness Programme	N100,000
Ikoyi Club 1938 Sponsorship of Golf Tournaments	N200,000
Ibadan Gulf Club, Sponsorship of Insurance Golf Tournament	N300,000

Directors' Report

For the year ended 31 December, 2016

EMPLOYMENT AND EMPLOYEES

a) Employment of disabled persons

The Company does not discriminate in considering applications for employment from disabled persons. If a disabled person meets all recruitment requirements, the Company shall not by reason of disability deny such a person from employment opportunity but would make adequate provision for the accommodation of such person. However, as at 31st December 2015 there was no disabled person in the Company employment.

b) Employees' training and Involvement

The Company ensures that the employees are kept fully informed of the values, goals and performance plans and progress during the year. They are involved in the goal setting at the beginning of the year and meet regularly to review performances. They make recommendations on innovative ideas towards meeting customers' expectations and improving on general operations and relationships within the Company. The Company pays strong importance to the use of our core values in the discharge of duties across the company and acquisition of Technical expertise through extensive internal and external training, on the job skills enhancement and professional development.

c) Health, Safety and welfare of employees

The Company strictly observes all safety and health regulations. Successfully managing HSE issues is an essential component of our business strategy. Through observance and encouragement of this policy, we assist in protecting the environment and the overall well-being of all our stakeholders, specifically, our employees, clients, shareholders, contractors, and host communities.

We conduct regular fire training and drill exercises to sensitize all staff and stakeholders of the need to be safety conscious. The Company ensures that all safety measures are observed in all locations. During the period under consideration we did not experience any workplace accident or health hazards.

Employees are registered with Health Management Organizations of their choice for provision of medical services at the designated hospitals. We equally have arrangement with offsite hospitals to cater for emergency cases that occur during working hours.

SECURITY TRADING POLICY

In compliance with the requirement of section 14 of the Nigerian Stock Exchange amended rules, the company has in place a security trading policy which is designed to prevent insider trading in the company's securities by Board Members, Executive Management and persons that are closely related to them who are privy to price sensitive information.

The policy also prevents them from releasing such price sensitive information to their privies or agent for the purpose of trading in the company's shares.

AUDITORS

The Auditors SIAO have indicated their willingness to continue in office as the Company's External Auditors in accordance with section 357(2) of the Companies and Allied Matters Act Cap C20 LFN 2004.

A resolution will be proposed at the annual general meeting to authorize the Directors to fix their remuneration.

By order of the Board

RUKEVWE FALANA
Company Secretary
FRC/2016/NBA/00000014035

Statement of Directors' Responsibilities

In accordance with the provisions of Section 334 and 335 of the Companies and Allied Matters Act 2004 and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position at the end of the financial year of the Company and of the operating result for the year then ended.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2004, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act 2011 and Prudential Guidelines issued by NAICOM.
- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with;

- Insurance Act 2003
- International Financial Reporting Standards;
- Companies and Allied Matters Act 2004;
- Investment and securities Act, 2007
- Banks and Other
- Financial Institutions Act, 1991; NAICOM Prudential Guidelines; and
- Market conduct and Business Practice Guideline for Insurance Institutions in Nigeria
- Financial Reporting Council Act, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating result for the year ended.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors on 27 February, 2017 by:

Mr. Eddie Efekoha
Managing Director/CEO
FRC/2013/CIIN/00000002189

Chief Andrew D. S. Odigie
Vice Chairman, Board of Directors
FRC/2013/ICAN/00000004421

Certification Pursuant to Section 60 (2) of Investment and Securities Act No. 29 of 2007

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended December 31, 2016 that:

We have reviewed the report;

- To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

- To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.

- We:
  - are responsible for establishing and maintaining internal controls.
  - have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
  - have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
  - have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

- We have disclosed to the auditors of the Company and Audit Committee:
  - all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
  - any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr. Eddie Efekoha
Managing Director /CEO
FRC/2013/CIIN/00000002189

Mr. Babatunde Daramola
ED Finance, Systems & Investment
FRC/2013/ICAN/00000000564

Internal Control & Risk Management Report

Mission and objectives of risk management

The mission of risk management at Consolidated Hallmark Insurance group is to promptly identify, measure, manage, report and monitor risks that affect the achievement of strategic, operational and financial objectives. This includes adjusting the risk profile in line with the Consolidated Hallmark Insurance's stated risk tolerance to respond to new threats and opportunities in order to optimize returns.

The Consolidated Hallmark Insurance major risk management objectives are to:

- Protect the capital base by monitoring that risks are not taken beyond its risk tolerance
- Enhance value creation and contribute to an optimal risk-return profile by providing the basis for an efficient capital deployment
- Support Group's decision-making processes by providing consistent, reliable and timely risk information
- Protect the Group's reputation and brand by promoting a sound culture of risk awareness.

Risk management framework

In order to achieve its mission and objectives, Consolidated Hallmark Insurance relies on its risk management framework. At the heart of the risk management framework is a governance process with clear responsibilities for taking, managing, monitoring and reporting risks. Consolidated Hallmark Insurance articulates the roles and responsibilities for risk management throughout the organization, from the Board of Directors and the Chief Executive Officer (CEO) to its businesses and functional areas, thus embedding risk management in the business.

To support the governance process, the company relies on documented policies and guidelines. The Risk Policy is Consolidated Hallmark Insurance's main risk governance document; it specifies our risk tolerance, risk limits and authorities, reporting requirements, procedures to approve any exceptions and procedures for referring risk issues to senior management and the Board of Directors. Limits are specified per risk type, reflecting the group's willingness and ability to take risk, considering earnings stability, economic capital adequacy, financial flexibility and liquidity and reputation, our strategic direction and operational plan, and a reasonable balance between risk and return, aligned with economic and financial objectives.

Consolidated Hallmark Insurance regularly enhances its Risk Policy to reflect new insights and changes in it environment and to reflect changes to the Group's risk tolerance.

As an ongoing process, adherence to requirements stated in the Risk Policy is assessed. One of the key elements of the Group's risk management framework is to foster risk transparency by establishing risk reporting standards throughout the group. The Group regularly reports on its risk profile, current risk issues, adherence to its risk policies and improvement actions to both management and the Board through the Board Audit, Risk Management and Compliance Committee.

Consolidated Hallmark Insurance has procedures in place for the timely referral of risk issues to senior management and the Board of Directors. Various governance and control functions coordinate to help ensure that objectives are being achieved, risks are identified and appropriately managed and internal controls are in place and operating effectively.

Risk management is not only embedded in the Group's businesses but is also aligned with its strategic and operational planning process. Consolidated Hallmark Insurance assesses risks systematically and from a strategic perspective through its Risk Profiling process, which allows the Group to identify and then evaluate the probability of a risk scenario occurring, as well as the severity of the consequences should it occur. The Group then develop, implement and monitors appropriate improvement actions. The Risk Profiling process is integral to how the Group deals with change, and is particularly suited for evaluating strategic risks as well as risks to its reputation. At Consolidated Hallmark Insurance this process is reviewed regularly and tied to the planning process. Through these processes, responsibilities and policies, Consolidated Hallmark Insurance embeds a culture of disciplined risk taking across the Group. We continue to consciously take risks for which we expect an adequate return. This approach requires sound judgment and an acceptance that certain risks can and will materialize in the future.

Governance structure

Strong independent oversight is in place at all levels throughout the Group. The Central Management Committee carries out the oversight function for all risk types through the operations of the Chief Risk Officer. This committee considers and to the extent required, recommends for approval by the relevant board committees:

- Levels of risk appetite and tolerance;
- Risk governance standards for each risk type;
- Actions on the risk profile;
- Risk strategy and key risk controls across the group; and
- Utilization of risk appetite.

These board committees meet at least quarterly, with additional meetings conducted when necessary.

Roles and responsibilities

The Board sets the Group's risk appetite, approves the strategy for managing risk and is ultimately responsible for the organization's system of internal control. The Board carries out these functions through its various Committee: Finance and General Purpose Committee (FGPC), Board Audit, Risk Management and Compliance Committee (BARMCC), Establishment and Governance Committee and Investment Committee. The Board Audit, Risk Management and Compliance Committee perform the oversight functions of the external auditor and regulatory compliance. It also monitors the internal control process and carries out oversight function on the enterprise risk management. Finance and General Purpose Committee of the Board functions carry out the oversight of financial reporting and accounting. The Investment Committee reviews and approves the company's investment policy, and approves investment over and above managements' approval limit.

Management is responsible and accountable for ensuring that risk management policies, framework and procedures are complied with; and also that the risk profiled for areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risks to the Board Committees. Management also ensures that explanations are provided to the Board Committees for any major gaps in the risk profiled and any significant delays in planned treatments for high risk priority matters.

The Board, its Committees (Finance & General Purpose Committee, Audit, Risk Management and Compliance Committee, Establishment & Governance Committee and Investment Committee) and the Central Management have overall responsibility for the Company's risk management. The board committee saddled with the oversight function for risk management is the Audit, Risk Management & Compliance Committee. The Audit, Risk Management & Compliance Committee of the Board is responsible for:

- Reviewing and providing oversight of the adequacy and effectiveness of the Group's risk management control framework;
- Reviewing and recommending for approving risk management governance standards and policies;
- Reviewing and recommending for approving the Group's risk profile and

Internal Control & Risk Management Report

risk tendency against risk appetite for each risk type and
- Ensuring effective communication between internal auditors, external auditors, the board, management and regulators.

Central management has the responsibility to manage all risk types on a daily basis and considers to the extent required and recommends to the Board for approval the following:

- Levels of risk appetite and tolerance;
- Risk governance standards for each risk type;
- Actions on the risk profile;
- Risk strategy and key risk controls across the Group;

Approach and structure

The Group's approach to risk management is based on well established governance processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting. This approach balances strong corporate oversight at Group level, beginning with proactive participation by the Group Chief Executive and the Group Central Management Committee in all significant risk matters, with independent risk management structures within individual business units.

Business unit heads are primarily responsible for managing risk within each of their businesses and for ensuring that appropriate, adequately designed and effective risk management frameworks are in place, and that these frameworks are compliant with the Group's risk governance standards.

To ensure independence and appropriate segregation of responsibilities between business and risk management, business units risk champions report operationally to their respective business unit heads and functionally to the Group Chief Risk Officer.

Risk management philosophy

The key elements of the Consolidated Hallmark's (CHI) risk management philosophy are the following:

- CHI considers sound risk management to be the foundation of a long-lasting financial institution;
- CHI continues to adopt an holistic and integrated approach to risk management and, therefore, brings all risks together under one or a limited number of oversight functions;
- Risk officers are empowered to perform their duties professionally and independently without undue interference;
- Risk management is governed by well-defined policies that are clearly communicated across the Group;
- Risk management is a shared responsibility, therefore the Group aims to build a shared perspective on risks that is grounded in consensus;
- CHI's risk management governance structure is clearly defined;
- There is a clear segregation of duties between market-facing business units and risk management functions;
- Risk-related issues are taken into consideration in all business decisions. The Group shall continue to strive to maintain a conservative balance between risk and revenue considerations;
- Risks are reported openly and fully to the appropriate levels once they are identified; and
- All subsidiaries are guided by the principles enshrined in the risk management policies of the Group.

Risk culture

- The board and management consciously promote a responsible approach to risk and ensure that the long-term survival and reputation of the Group are not jeopardized.
- The responsibility for risk management in CHI is fully vested in the Board of Directors, which in turn delegates such to senior management.
- The management promotes awareness of risk and risk management across the Group.
- The Group avoids markets and businesses where it cannot objectively assess and manage the associated risks.

Risk appetite

Risk appetite is the maximum level of residual risk that the Group is prepared to accept to deliver its business objectives. The Group has developed a robust framework that is used to articulate risk appetite throughout the Group and to external stakeholders.

The board establishes the Group's parameters for risk appetite by:

- Providing strategic leadership and guidance;
- Reviewing and approving annual budgets and forecasts; and
- Regularly reviewing and monitoring the Group's risk performance through quarterly board reports.

CHI's risk appetite framework considers all risks across the Group in an integrated manner, and is aligned with our business and capital strategy. Quantitatively, our risk appetite framework is designed such that we are able to monitor and manage both total risk and fulfillment of our risk appetite within a set of pre-defined set of risk limits. The risk appetite framework is aligned with our risk policies. The Group will not compromise its reputation through unethical, illegal and unprofessional conduct. The Group also maintains zero appetite for association with disreputable individuals and entities.

Internal control

Internal control in the group refers to the overall operating framework of practices, systems, organizational structures, management philosophy, code of conduct, policies, procedures and actions, which exists in the Group and is designed to ensure:

- That essential business objectives are met, including the effectiveness and efficiency of operations and the safeguarding of assets against losses;
- The reliability of financial reporting and compliance with general accounting principles; compliance with applicable laws and regulations including internal policies;
- Systematic and orderly recording of transactions; and
- Provision of reasonable assurance that undesired events will be prevented or detected and corrected.

The Group is committed to creating and maintaining a world-class internal control environment that is capable of sustaining its current drive towards service excellence in the Insurance industry.

Money laundering and terrorist financial risk control

The current regulatory regime places much pressure on financial institutions to identify, assess and understand the money laundering and terrorist financing risks they face in order to ensure that the measures they implement to prevent or mitigate money laundering and terrorist financing are commensurate with risks identified. The risk based approach adopted by the Group is intended to ensure that resources are applied more efficiently. The Group's money laundering and terrorist financial control policies continue to be updated to reflect best practice expectations.

Conclusion

The Group will continue to foster proactive assessment and management of risks in its different business lines and areas of operations to meet its corporate and strategic objectives. Unguarded and uncalculated risk on capital will be avoided based on our commitment to upholding sound corporate governance and best-in-class risk management.

Katherine Itua (Mrs.)
Chief Risk Officer
FRC/2012/ICAN/00000000514

Complaint Policy

Prior to the directive of the Securities and Exchange Commission we have been attending to and resolving legitimate complaints from our shareholders, customers and stakeholders with speed. We are at this juncture conveying our complaints management policy to the public as directed by the Securities and Exchange Commission.

DEFINITION OF TERMS

1. **Complaint** means in the context of this policy any written expression of grievance by or on behalf of a complainant concerning our service delivery in general or as it relates to the actions or negligence of any member of our staff, management, board members, that has not been resolved after the initial steps to resolve the complaint have been taken informally.

2. **Complainant** means any natural person or legal person who files a written complaint. There are also special procedures for complaints made by employees of Consolidated Hallmark Insurance Plc.

3. **Complaint Coordinator (s)** - Depending on the nature of the complaint, the Chairman, Board, Managing Director or a committee made up of the heads or assigned members of the following groups to wit, Finance Group, Corporate Services Group, Technical Group, Business Development Group, Audit and Risk Management and the Legal and Compliance Unit will critically analyse the complaint with a view to resolving any issue or complaint made by the complainant within a reasonable timeframe.

A complaint can be filed by either submitting a letter of complaint or via an email to the Managing Director/Chief Executive Officer of Consolidated Hallmark Insurance Plc at 266 Ikorodu Road, Obanikoro Lagos or to info@consolidatedhallmark.com.
The letter of complaint must be signed by the complainant and should include the following information:

a. Full name
b. Full address
c. GSM number
d. e-mail address
e. Signature of the complainant
f. Date
g. A description and reason for objecting to the act or issue complained about;

Where the complainant chooses to communicate his or her grievance via email, the afore-stated components of a complaint except the signature of the complainant, must be stated.

The Managing Director/Chief Executive Officer or any senior management staff directed by the CEO shall acknowledge the receipt of the letter of complaint within two to five working days either by email or by post for complaints received by email and by post respectively.

The Company will endeavour to resolve all complaints within ten working days of the receipt of the complaint. If any matter or compliant could not be resolved by the company within ten working days, the appropriate regulator depending on the nature of the complaint will be notified within two working days with reason(s) for the delay and/or inability to resolve the complaint and refer such complaints to the regulators in deserving cases that requires the regulators intervention.

The Company shall be guided by the twin pillars of natural justice, audi alteram partem (each party shall be given the opportunity to respond to the evidence against them) and nemo judex in causa sua (no one should be a judge in his own cause) in the resolution of all complaints received.

The Company shall also maintain a compliant register which shall contain the following information:

a. Name of the complainant
b. Date of the complaint
c. Nature of the complaint
d. Complaints details in brief
e. Remarks/Comment.

A quarterly status report of all complaints received by the Company shall be filed with the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE).

Report of The Statutory Audit Committee

To the members of Consolidated Hallmark Insurance Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap 59 of the Laws of the Federation of Nigeria 2004, we the Members of the Audit Committee of Consolidated Hallmark Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended December 31, 2016 and we confirm that they were adequate.
- The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices.
- We are satisfied with the management responses to the External Auditors' findings on management matters for the year ended December 31, 2016

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

Mr. Tony Anonyai
Chairman of the Audit Committee
FRC/2013/ICAN/00000002579

27th February 2017

Members of the Audit Committee

Mr. Tony Anonyai	-	(Shareholders' Representative)-	Chairman
Mr. James Emadoye	-	" "	Member
Mr. Simon Okiotorhoto	-	" "	Member
Mrs. Ngozi Nkem	-	(Non-Executive Director)	Member
Chief Andrew S. Odigie	-	,, ,,	Member
Mr. Joel Botete Avhurhi	-	(Non-Executive Director)	Member

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

SIAO

Lagos: 18b Olu Holloway Road, Ikoyi, Lagos.
Tel: 01 463 0871-2 Fax: 01-463 0870

Abuja: 1st Floor, Bank of Industry Building
Central District Area, FCT, Abuja.
Tel: 09-291 2462-3
E-mail: enquiries@siao-ng.com
Website: www.siao-ng.com

INDEPENDENT AUDITOR'S REPORT

To the Directors of Consolidated Hallmark Insurance Plc

Report on the Audit of the Consolidated Financial Statements for the year ended 31st December, 2016

Opinion

We have audited the consolidated financial statements of Consolidated Hallmark Insurance Plc (**the Company)** and its subsidiary (**altogether, the Group**), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of **Consolidated Hallmark Insurance Plc and its subsidiary** as at December 31, 2016 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) applicable and in the manner required by the Financial Reporting Council Act 2011, Companies and Allied Matters Act, CAP C20 LFN 2004, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and the relevant NAICOM circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

10th ANNIVERSARY 2007 - 2017

SIAO

Key Audit Matters

Valuation and impairment of property, plant and equipment

Reference to note 12.2 in the Group financial statements

The landed property of CHI Capital Limited, a subsidiary of Consolidated Hallmark Insurance Plc was professionally re-valued by a firm of Estate Surveyors and Valuers at N84.7 million on the basis of open market value between a willing seller and buyer. The carrying value of the revalued landed property as at 31st December, 2016 was N84.7 million. The revaluation did not result in any surplus or deficit, and based on the Valuer; the value of this property has reached a ceiling. These conclusions are dependent upon significant judgement including:

- Estimated resale value provided by the independent external valuer; and
- The absence of organised property market, and the effect of inflation on market variables.

How our audit addressed the key Audit Matters

Our procedures in relation to the value placed on thi landed property included:

- Assessing the methodologies used by the externa valuer to establish the market value.
- Evaluating the independent external valuer' competence, capabilities and objectivity;
- Checking the accuracy and relevance of the inpu data provided by management to the externa valuer;
- Considering the appropriateness of the resal value estimated by the external valuer;
- Considering the potential impact of reasonabl possible downside changes in the ke assumptions.

Based on available information, we found the value place on the landed property and the disclosures on note 12. to be appropriate.

Key Audit Matters

Valuation of Investment Properties

Refer to note 12.1 in the Group financial statements

Management has estimated the fair value of the Group's investment properties to be N893,882,395 as at 31st December, 2016.

Independent external valuations were obtained in order to support the value in the Group's financial statements. Our review of the independent estate valuers' report shows that the value of investment properties has reached a ceiling and

How our audit addressed the key Audit Matters

Our procedures in relation to management's valuation o investment properties included:

- Evaluation of the independent external valuers competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions.
- Checking the accuracy and relevance of the input dat used.

We found the disclosures on note 12.1 to be appropriat based on the assumptions and available evidence.

cannot appreciate any further. These valuations are dependent on certain key assumptions and significant judgements including capitalization rates and fair market rents.

Key Audit Matters	How our audit addressed the key Audit Matters
Valuation of Insurance Contract Liabilities *Refer to note 14 in the Group financial statements* Management has estimated the value of insurance contract liabilities in the Group financial statements to be N2.4 billion as at year ended 31st December, 2016 based on a liability adequacy test carried out by an external firm of actuaries. The valuation depended on a set of key assumptions, and significant judgements including supposition that: - Policies are written, and claims occur uniformly throughout the year for each class of business; - Future claims follow a regression pattern; - Weighted past average inflation will remain unchanged into the future; - UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.	Our procedures in relation to management valuation of insurance contract liabilities include: - Evaluate and validate controls over insurance contract liability; - Evaluate the independent external actuary's competence, capability and objectivity; - Assessing the methodologies used and the appropriateness of the key assumptions; - Checking the accuracy and relevance of data provided to the actuary by management; - Reviewing the result based on the assumptions. We assessed the disclosures on note 14 and found them to be appropriate based on the assumptions and test result.

Other information

Management is responsible for the Other Information. The Other Information comprises all the information in the Consolidated Hallmark Insurance Plc 2016 annual report other than the Group financial statements and our auditor's report thereon ("the Other Information").

SIAO

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

In connection with our audit of the Group financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Group Financial Statements

The directors are responsible for the preparation of Group financial statements that give a true and fair view in accordance with International Financial Reporting Standard (IFRSs) and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, Financial Reporting Council Act 2011, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and National Insurance Commission (NAICOM) circulars. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Group Financial Statements

Our Objectives are to obtain reasonable assurance about whether the Group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 359 (1) of the Companies and Allied Matters Act, Cap C20, LFN 2004 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Group financial statements, including the disclosures, and whether the Group financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and

- performance of the group audit. We remain solely responsible for our audit opinion.

SIAO

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence.

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

Report on Other Legal and Regulatory Requirements

Contravention of Regulatory Guidelines

The Group did not contravene any regulatory guideline in the year under consideration.

Compliance with the requirements of the Companies and Allied Matters Act, 2004

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

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

ii) In our opinion, proper books of account have been kept by the Group, so far as appears from our examination of those books;

iii) The Group's statement of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

Joshua Ansa, FCA.................
FRC/2013/ICAN/0000001728
***for*: S I A O**
(Chartered Accountants)
Ikoyi, Lagos
Date: 2/03/2017

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0082549

Statement of Significant Accounting Policies

For the year ended 31 December, 2016

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

Group information and accounting policies

The Group

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

Company Information:

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 the National Insurance Commission (NAICOM) announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

These consolidated financial statements have been authorized for issue by the Board of Directors on **27 February 2017.**

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 undergoing NAICOM licensing process 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 acquired 100% interest in Grand Treasurers Limited in 2010 and also, incorporated CHI Support Services Limited in 2014 with 100% shareholdings.

Grand Treasurers Limited is a subsidiary of CHI Capital Limited. 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 and authorised by the Nigerian Communication Commission to provide the service of tracking vehicles. CHI Support Services was incorporated in Nigeria.

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 2016 have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB") and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.These are the Group's financial statements for the year ended 31 December 2016, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

1.1.2 New and amended standards and interpretations

For the preparation of these financial statements, the following new or amended standards are mandatory for the first time for the financial year beginning 1 January 2016 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS - e.g. IFRS 14 Regulatory Deferral Accounts (issued in January 2014) - since they are not relevant to IFRS Statements).

Amendments to IAS 1 titled Disclosure Initiative (issued in December 2014) -

Statement of Significant Accounting Policies

For the year ended 31 December, 2016

The amendments, applicable to annual periods beginning on or after 1 January 2016, clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments had no material effect on the Company's financial statements.

- Amendments to IAS 16 and IAS 38 titled Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014) - The amendments, prospectively effective for annual periods beginning on or after 1 January 2016, add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances. The amendments had no effect on the Company's financial statements.

- Amendments to IAS 16 and IAS 41 titled Agriculture: Bearer Plants (issued in June 2014) - The amendments, applicable to annual periods beginning on or after 1 January 2016, define bearer plants - i.e living plants which are used solely to grow produce over several periods and usually scrapped at the end of their productive lives - and include them within IAS 16's scope while the produce growing on bearer plants remains within the scope of IAS 41. As the Company does not undertake agricultural activity, this amendment had no effect on the Company's financial statements.

- Amendment to IAS 19 (Annual Improvements to IFRSs 2012-2014 Cycle, issued in September 2014) - The amendment, applicable to annual periods beginning on or after 1 January 2016, clarifies that, in determining the discount rate for post employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. Thus, the assessment of whether there is a deep market in high quality corporate bonds is based on corporate bonds in that currency (not corporate bonds in a particular country), and in the absence of a deep market in high quality corporate bonds in that currency, government bonds in the relevant currency should be used. This amendment had no effect on the Company's financial statements.

- Amendments to IAS 27 titled Equity Method in Separate Financial Statements (issued in August 2014) - The amendments, applicable to annual periods beginning on or after 1 January 2016, reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment has no effect on financial statements.

- Amendment to IFRS 5 (Annual Improvements to IFRSs 2012-2014 Cycle, issued in September 2014) - The amendment, applicable prospectively to annual periods beginning on or after 1 January 2016, adds specific guidance when an entity reclassifies an asset (or a disposal Company) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued. This amendment had no effect on the Company's financial statements.

- Amendment to IFRS 7 (Annual Improvements to IFRSs 2012-2014 Cycle, issued in September 2014) - The amendment, applicable to annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. The amendment had no effect on the Company's financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 28 titled Investment Entities: Applying the Consolidation Exception (issued in December 2014) - The amendments, applicable to annual periods beginning on or after 1 January 2016, clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments had no effect on the Company's financial statements.

- Amendments to IFRS 11 titled Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014) - The amendments, applicable prospectively to annual periods beginning on or after 1 January 2016, require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to apply all of the business combinations accounting principles and disclosure in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). This amendment had no effect on the Company's financial statements.

New and amended standards in issue but not yet effective

The Company has not applied the following new or amended standards that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2016 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to IFRS Statements). The Directors anticipate that the new standards and amendments will be adopted in the Company's financial statements when they become effective. The Group has assessed, where practicable, the potential effect of all these new standards and

Statement of Significant Accounting Policies

For the year ended 31 December, 2016

amendments that will be effective in future periods.

- Amendments to IAS 7 titled Disclosure Initiative (issued in January 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2017, require entities to provide information that enable users of financial statements to evaluate changes in liabilities arising from their financing activities. This is not expected to have a material effect on the Group's financial statements.

- Amendments to IAS 12 titled Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2017, clarify the accounting for deferred tax assets related to unrealised losses on debt instruments measured at fair value, to address diversity in practice. This is not expected to have an effect on the Group's financial statements.

- Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2018, clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments (SBP), the accounting for SBP transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and conditions of a SBP that changes the classification of the transaction from cash-settled to equity-settled. The amendments are not expected to have a material effect on the Group's financial statements.

- Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016) - The amendments give all entities that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before implementing the replacement insurance contracts Standard for IFRS 4 that is under drafting by the Board. Also, entities whose activities are predominantly connected with insurance are given an optional temporary exemption from applying IFRS 9 (until 2021), thus continuing to apply IAS 39 instead. The Group has assessed the potential effect of the new standard and will reflect this in future financial statements when it becomes effective.

- IFRS 9 Financial Instruments (issued in July 2014) - This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

Since the list reflects new and amended standards issued up to 30 September 2016, it should be extended to include all such changes up to the date of authorisation for issue of the 2016 financial statements for the impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognised.

For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures. The derecognition provisions are carried over almost unchanged from IAS 39. The Directors anticipate that IFRS 9 will be adopted in the Group's financial statements when it becomes mandatory and that the application of the new standard might have a significant effect on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

- Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014) - The amendments address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after 1 January 2016, is now deferred indefinitely but earlier application is still permitted. This is not expected to have an effect on the Group's financial statements.

- IFRS 15 Revenue from Contracts with Customers (issued in May 2014 and amended for clarifications in April 2016) - The new standard, effective for annual periods beginning on or after 1 January 2018, replaces IAS 11, IAS 18 and their interpretations. It establishes a single and comprehensive framework for revenue recognition to apply

Statement of Significant Accounting Policies

For the year ended 31 December, 2016

consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.). The Directors anticipate that IFRS 15 will be adopted in the Company's financial statements when it becomes mandatory and that the application of the new standard might have a significant effect on amounts reported in respect of the Company's revenue. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

- IFRS 16 Leases (issued in January 2016) - The new standard, effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 and its interpretations. The biggest change introduced is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The Directors anticipate that IFRS 16 will be adopted in the Company's financial statements when it becomes mandatory and that the application of the new standard will have a significant effect on amounts reported in respect of the Company's leases. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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 subsidiary, CHI Capital 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 seizes. A subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. CHI Capital Limited is a wholly owned subsidiary of the company.

All intercompany transactions, balances, unrealized surplus and deficit on transactions between group companies are eliminated on consolidation. Unrealized losses are also eliminated in the same manner as unrealized gains. The financial statements of the subsidiary has been prepared in accordance with IFRSs and the accounting policies of the subsidiary are consistent with the accounting policies adopted by the group which are in accordance with IFRSs.

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 available-for-sale equity financial assets

The Group determines that available-

Statement of Significant Accounting Policies

For the year ended 31 December, 2016

for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The group adopts costs less impairment to determine the fair value of its available for sale financial assets whenever observable market data exist for this asset.

(c) Impairment of trade receivables

The management adopted the policy of no premium no cover and the trade receivables outstanding as at the reporting period are premium receivable within 30days that are due from brokers. The trades 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.

(d) 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.

(e) 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 assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired. At initial recognition, the Group classifies its financial assets in the following categories:

3.1.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the

Statement of Significant Accounting Policies

For the year ended 31 December, 2016

purpose of selling or repurchasing in the short-term. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term. Assets 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, are trading assets. Assets do not fall under this category merely because there is a market for the asset - the entity must have acquired the asset for short term trading intent.

3.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. The Group's loans and receivables comprise loans issued to corporate entities, individual and/or staff of the Group.
Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment.

3.1.3 Available-for-sale investments

These are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. The Group's available-for-sale assets comprise investments in equity securities (other than those qualifying as cash equivalents).
Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. In cases where the fair value of an unlisted equity cannot be measured reliably, the instruments are carried at cost less impairment. Gains or losses arising from remeasurement are recognized in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognized in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months.

Dividends on available-for-sale equity instruments are recognized in the statement of income as dividend income when the Group's right to receive payment is established.

3.1.4 Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognized at cost and subsequently measured at amortized cost. Interests on held-to-maturity investments are included in the income statement and are reported as 'Interest and similar income. In the event of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on investment securities'

3.2 Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

3.3 Impairment of assets

3.3.1 Financial assets carried at amortized cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial

Statement of Significant Accounting Policies

For the year ended 31 December, 2016

asset or company of financial assets is impaired. A financial asset or company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated. Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a company of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including: adverse changes in the payment status of issuers or debtors in the Group; or national or local economic conditions that correlate with defaults on the assets in the Group.

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

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

3.3.2 Assets classified as available for sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

3.3.3 Impairment of non-financial assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where

Statement of Significant Accounting Policies

For the year ended 31 December, 2016

it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

3.3.4 Impairment of other non-financial assets

Assets that have an indefinite useful life - for example, land - are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4. Leases

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

4.1 *As Lessor*
4.1.1 Finance leases

Assets held under finance leases are recognized as finance lease receivable of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognized immediately in the income statement, unless attributable to qualifying assets, in which case they are capitalized to the cost of those assets. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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For the year ended 31 December, 2016

material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue receivables is recognized as it accrues.

9. Deposit for shares

Where the company invested in the equities of other entities and the necessary allotment of shares or share certificates have not been received by the company, such investment shall be treated as deposit for shares. At initial recognition, it would be treated at cost and at subsequent recognition, it would be recognized at cost less impairment (if any).

10. Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories shall be measured at the lower of cost and net realizable value. The cost of inventories shall comprise all costs of purchase, costs of conversion and other cost incurred in bringing the inventories to their present location and condition.

11. 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).

12. 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.

13. 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%

14. Property and equipment

14.1 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. 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 and equipment	-	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.

14.2 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

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For the year ended 31 December, 2016

previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognized immediately in income statement.

15. Statutory Deposit

Statutory deposit represents 10% of the 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.

16. Insurance Contracts 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 (note14.4).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.

16.1 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.

16.2 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.

16.3 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)".

16.4 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.

19. Retirement benefits obligations

19.1 Defined contribution plan

The Group runs a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. Revenue recognition

24.1 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

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For the year ended 31 December, 2016

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 conducting cost of reinsurance.

a) 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.

24.2 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.

25. 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 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 n 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.

27. 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.

28. 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.

29. Investment income

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

29.1 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

Statement of Significant Accounting Policies

For the year ended 31 December, 2016

the assets carrying amount

29.2 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.

29.3 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

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Financial Statements

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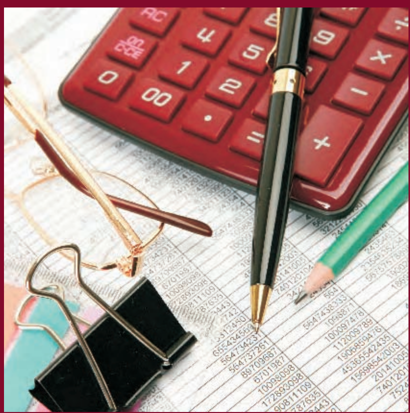

Financial Statements

Shareholder Information

Consolidated Statement Of Financial Position

For the year ended 31 December, 2016

		Group		Company	
	Notes	**31 December 2016 ₦**	31 December 2015 ₦	**31 December 2016 ₦**	31 December 2015 ₦
Assets					
Cash and cash equivalents	2.	**1,836,824,537**	2,822,735,766	**1,587,501,284**	2,780,220,924
Financial assets:					
At fair value through profit or loss	3.1	**170,013,089**	183,200,238	**163,699,494**	177,671,643
Loans and receivables	3.2	**237,335,789**	61,029,203	**211,761,875**	70,851,262
Available for sale assets	3.3	**60,950,000**	60,950,000	**60,950,000**	60,950,000
Held to maturity	3.4	**1,654,142,565**	497,905,166	**1,654,142,565**	497,905,166
Deposit for shares	4.	**-**	-	**180,000,000**	-
Finance lease receivable	5.	**162,290,265**	172,095,986	**-**	-
Trade receivables	6.	**182,091,091**	81,030,026	**182,091,091**	81,030,026
Reinsurance assets	7.	**546,323,978**	691,913,416	**546,323,978**	691,913,416
Deferred acquisition cost	8.	**229,579,067**	190,525,298	**229,579,067**	190,525,298
Other receivables & prepayments	9.	**177,968,732**	135,246,867	**213,530,118**	135,266,048
Investment in subsidiaries	10.	**-**	-	**300,000,000**	250,000,000
Inventories	11.	**3,920,887**	5,146,854	**-**	-
Intangible Assets	12.0	**13,119,349**	16,467,871	**12,383,037**	15,592,433
Investment properties	12.1	**893,882,395**	888,020,000	**809,221,395**	803,359,000
Property and equipment	12.2	**974,022,626**	917,049,344	**941,328,726**	908,924,352
Statutory deposits	13.	**300,000,000**	300,000,000	**300,000,000**	300,000,000
Total assets		**7,442,464,370**	7,023,316,035	**7,392,512,630**	6,964,209,568
Liabilities					
Insurance contract liabilities	14.	**2,410,701,988**	2,218,670,079	**2,410,701,988**	2,218,670,079
Trade payables	15.	**87,511,062**	112,060,913	**87,511,062**	112,060,913
Other payables and provision	16.	**179,731,068**	163,568,360	**195,101,601**	171,540,123
Retirement benefit obligations	17.	**151,314**	184,444	**13,502**	4,430
Income tax liabilities	18.2	**191,465,212**	120,730,104	**162,558,597**	93,162,912
Deferred tax liabilities	18.3	**170,103,017**	140,289,268	**169,625,075**	139,693,165
Total liabilities		**3,039,663,661**	2,755,503,168	**3,025,511,825**	2,735,131,622
Equity and reserves					
Issued and paid up share capital	19.1	**3,000,000,000**	3,000,000,000	**3,000,000,000**	3,000,000,000
Contingency reserve	20.1.	**1,230,030,314**	1,058,782,003	**1,230,030,314**	1,058,782,003
Statutory reserve	20.2	**9,279,386**	5,826,986	**-**	-
Retained earnings	21.	**163,491,009**	203,203,878	**136,970,491**	170,295,943
Total equity and reserves		**4,402,800,709**	4,267,812,867	**4,367,000,805**	4,229,077,946
Total liabilities and equity and reserves		**7,442,464,370**	7,023,316,035	**7,392,512,630**	6,964,209,568

The consolidated financial statements were approved by the Board of Directors on 27 February, 2017

Joel Avhurhi	**Eddie Efekoha**	**Babatunde Daramola**
Director	**Managing Director**	**Chief Financial Officer**
FRC/2015/ICAN/00000011363	**FRC/2013/CIIN/00000002189**	**FRC/2013/ICAN/00000000564**

The accompanying notes form an integral part of this financial statements.

Consolidated Statement Of Comprehensive Income

For the year ended 31 December, 2016

		Group		Company	
	Notes	**31 December 2016 ₦**	31 December 2015 ₦	**31 December 2016 ₦**	31 December 2015 ₦
Gross premium written		**5,826,950,292**	6,039,451,539	**5,826,950,292**	6,039,451,539
Gross premium income	23.	**5,708,277,060**	5,875,522,094	**5,708,277,060**	5,875,522,094
Reinsurance premium expenses	24.	**(2,199,995,287)**	(2,685,733,043)	**(2,199,995,287)**	(2,685,733,043)
Net premium income		**3,508,281,773**	3,189,789,051	**3,508,281,773**	3,189,789,051
Fee and commission income	25.	**203,707,669**	145,879,333	**203,707,669**	145,879,333
Net underwriting income		**3,711,989,442**	3,335,668,384	**3,711,989,442**	3,335,668,384
Claims expenses	25a	**(1,730,652,330)**	(1,341,181,328)	**(1,730,652,330)**	(1,341,181,328)
Claims recoveries from reinsurers	25b.	**343,508,618**	383,167,702	**343,508,618**	383,167,702
Claims incurred		**(1,387,143,712)**	(958,013,626)	**(1,387,143,712)**	(958,013,626)
Underwriting expenses	26.	**(1,256,318,222)**	(1,007,902,155)	**(1,271,473,425)**	(1,016,074,857)
Underwriting profit		**1,068,527,508**	1,369,752,603	**1,053,372,305**	1,361,579,901
Investment income	27.	**472,289,663**	447,362,355	**472,289,663**	402,048,193
Other operating income	28.	**183,860,805**	177,053,841	**122,768,443**	170,537,974
Impairment (charge)/write back	29.	**(9,310,327)**	16,935,040	**693,030**	17,402,910
Net fair value gains on financial assets at fair value through profit or loss	30.	**(6,783,170)**	(138,190,791)	**(6,783,170)**	(138,191,291)
Management expenses	31.	**(1,340,451,352)**	(1,168,001,089)	**(1,281,059,193)**	(1,126,380,571)
Profit before taxation	22	**368,133,127**	704,911,959	**361,281,078**	686,997,116
Income tax expense	18.1	**(173,145,284)**	(159,100,881)	**(163,358,219)**	(152,718,047)
Profit after taxation		**194,987,843**	545,811,078	**197,922,859**	534,279,069
Other comprehensive income/(loss) net of tax					
Other comprehensive income/(loss) net of tax		**-**	-	**-**	-
Total other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year		**194,987,843**	545,811,078	**197,922,859**	534,279,069
					-
Profit attributable to:					-
Equity holders of the parents'		**194,987,843**	545,811,078	**197,922,859**	534,279,069
Non-controlling interest interest		**-**	-	**-**	-
		194,987,843	545,811,078	**197,922,859**	534,279,069
Basic and diluted earnings per share (Kobo)	32.	**3.25**	9.10	**3.30**	8.90

The accompanying notes form an integral part of this financial statements

Consolidated Statement Of Changes in Equity

For the year ended 31 December, 2016

The Group	Issued share capital ₦	Contingency reserves ₦	Statutory reserve ₦	Retained earnings ₦	Total equity ₦
At 1 January 2015	3,000,000,000	882,516,340	8,477,548	(48,682,240)	3,842,311,648
Changes in equity for 2015:					
Profit for the year	-		-	545,811,078	545,811,078
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	545,811,078	545,811,078
Transactions with owners:					
Transfer to contigency reserves	-	176,265,663	-	(176,265,663)	-
Transfer to statutory reserves	-	-	(2,650,562)	2,340,703	(309,859)
Dividends declared during the year	-	-	-	(120,000,000)	(120,000,000)
Non-controlling interest arising on business combination	-	-	-	-	-
Contribution by and to owners of the business	-	176,265,663	(2,650,562)	(293,924,960)	(120,309,859)
At 31 December 2015	3,000,000,000	1,058,782,003	5,826,986	203,203,878	4,267,812,867
At 1 January 2016	**3,000,000,000**	**1,058,782,003**	**5,826,986**	**203,203,878**	**4,267,812,867**
Changes in equity for 2016:					
Profit for the year	**-**	**-**	**-**	**194,987,843**	**194,987,843**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**194,987,843**	**194,987,843**
Transactions with owners:					
Transfer within reserves	**-**	**171,248,311**	**3,452,400**	**(174,700,711)**	**-**
Dividends relating to prior periods paid during the year	**-**	**-**	**-**	**(60,000,000)**	**(60,000,000)**
Non-controlling interest arising on business combination	**-**	**-**	**-**	**-**	**-**
Contribution by and to owners of the business	**-**	**171,248,311**	**3,452,400**	**(234,700,711)**	**(60,000,000)**
At 31 December 2016	**3,000,000,000**	**1,230,030,314**	**9,279,386**	**163,491,009**	**4,402,800,709**

Consolidated Statement of Changes in Equity

For the year ended 31 December, 2016

The Company	Issued share capital ₦	Contigency reserves ₦	Retained earnings ₦	Total equity ₦
At 1 January 2015	3,000,000,000	882,516,340	(67,717,463)	3,814,798,877
Changes in equity for 2015:				
Profit for the year	-	-	534,279,069	534,279,069
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	534,279,069	534,279,069
Transactions with owners:				
Transfer within reserves	-	176,265,663	(176,265,663)	-
Dividends relating to prior periods paid during the year			(120,000,000)	(120,000,000)
Contribution by and to owners of the business	-	176,265,663	(296,265,663)	(120,000,000)
At 31 December 2015	3,000,000,000	1,058,782,003	170,295,943	4,229,077,946
At 1 January 2016	**3,000,000,000**	**1,058,782,003**	**170,295,943**	**4,229,077,946**
Changes in equity for 2016:				
Profit for the year	**-**	**-**	**197,922,859**	**197,922,859**
Other comprehensive income for the year	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**197,922,859**	**197,922,859**
Transactions with owners:				
Transfer within reserves	**-**	**171,248,311**	**(171,248,311)**	**-**
Dividends relating to prior periods paid during the year			**(60,000,000)**	**(60,000,000)**
Contribution by and to owners of the business	**-**	**171,248,311**	**(231,248,311)**	**(60,000,000)**
At 31 December 2016	**3,000,000,000**	**1,230,030,314**	**136,970,491**	**4,367,000,805**

Consolidated Statement Of Cash Flows

For the year ended 31 December, 2016

	Notes	Group 31 December 2016 ₦	Group 31 December 2015 ₦	Company 31 December 2016 ₦	Company 31 December 2015 ₦
Cash flows from operating activities					
Premium received from policy holders		5,700,840,079	6,039,256,088	5,700,840,079	6,039,256,088
Reinsurance receipts in respect of claims	25b.	377,127,939	314,780,998	377,127,939	314,780,998
Commission received	25.	214,772,393	150,878,677	214,772,393	150,878,661
Other operating receipts		314,604,224	161,924,867	122,768,443	155,399,462
Cash paid to and on behalf of employees	33.	(513,986,990)	(553,499,753)	(492,007,345)	(532,115,976)
Reinsurance premium paid		(2,112,575,021)	(2,553,260,869)	(2,112,575,021)	(2,553,260,869)
Claims paid	25a	(1,657,293,652)	(1,260,879,778)	(1,657,293,652)	(1,260,879,778)
Underwriting expenses		(1,305,872,268)	(1,007,902,155)	(1,310,527,194)	(1,016,074,857)
Other operating cash payments		(798,539,118)	(508,768,666)	(653,320,688)	(512,036,354)
Company income tax paid	18.2	(64,030,627)	(65,883,457)	(64,030,627)	(63,018,348)
Net cash (used in)/ from operating activities	32a	155,046,960	716,645,952	125,754,327	722,929,027
Cash flows from investing activities					
Purchase of property and equipment	12.2	(149,033,735)	(107,445,819)	(121,549,513)	(99,646,496)
Fair value change and additions to investment properties	12.	(5,862,395)	(9,665,093)	(5,862,395)	(9,504,593)
Increase in investment in subsidiaries	10.	-	-	(230,000,000)	-
Proceeds from sale of property and equipment	12.2	6,708,974	7,469,828	6,708,974	7,927,313
Purchase of financial assets	3.	(1,548,611,151)	(581,298,577)	(1,548,611,151)	(460,044,542)
Proceeds from sale of financial assets		355,580,747	184,874,395	355,580,747	83,096,480
Dividend received	27.	4,585,551	5,963,163	29,585,551	5,963,163
Interest received	27.	255,673,820	426,242,550	255,673,820	380,928,388
Net cash from investing activities		(1,080,958,189)	(73,859,553)	(1,258,473,967)	(91,280,287)
Cash flows from financing activities					
Dividend paid	21.	(60,000,000)	(120,000,000)	(60,000,000)	(120,000,000)
Net cash used in financing activities		(60,000,000)	(120,000,000)	(60,000,000)	(120,000,000)
Increase in cash and cash equivalents		(985,911,230)	522,786,399	(1,192,719,641)	511,648,740
Cash and cash equivalents at Beginning		2,822,735,767	2,299,949,368	2,780,220,925	2,268,572,185
Cash and cash equivalent at End	2	1,836,824,537	2,822,735,767	1,587,501,284	2,780,220,925

The accompanying notes form an integral part of this financial statements.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2016

1. Corporate information

1.1 The Group

The group comprises of Consolidated Hallmark Insurance Plc and its subsidiaries - CHI Capital Limited. CHI Capital Limited also has two wholly owned subsidiaries, Grand Treasurers Limited and CHI Support Services limited.The group incorporated CHI Microinsurance Limited in the year and still in the process of getting NAICOM licence.

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 Company engaged in general insurance business and maintained offices in major cities with Corporate headquarters at 266 Ikorodu Road, Obanikoro, Lagos. The principal activities of the subsidiaries are portfolio management, short term lending, equipment leasing and auto tracking services.

		Group		Company	
		31 December 2016 ₦	31 December 2015 ₦	**31 December 2016 ₦**	31 December 2015 ₦
2.	**Cash and cash equivalents**				
	Cash in hand	**3,045,944**	2,126,570	**3,045,944**	2,126,570
	Balance with banks	**201,753,578**	123,888,545	**141,892,518**	102,987,121
	Call deposits	**10,945,865**	7,725,567	**10,945,865**	7,725,567
	Fixed deposits (Note 2.1)	**1,621,079,150**	2,688,995,084	**1,431,616,957**	2,667,381,666
		1,836,824,537	2,822,735,766	**1,587,501,284**	2,780,220,924

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

		Group		Company	
3.	**Financial assets**				
	At fair value through profit or loss (Note 3.1)	**170,013,089**	183,200,238	**163,699,494**	177,671,643
	Loans and receivables measured at amortised cost (Note 3.2)	**237,335,789**	61,029,203	**211,761,875**	70,851,262
	Available for sale (Note 3.3)	**60,950,000**	60,950,000	**60,950,000**	60,950,000
	Held to maturity (Note 3.4)	**1,654,142,565**	497,905,166	**1,654,142,565**	497,905,166
		2,122,441,443	803,084,607	**2,090,553,934**	807,378,071
3.1	**At fair value through profit or loss**				
	At 1 January	**323,785,254**	343,086,193	**318,256,659**	331,557,775
	Additions	**785,000**	1,032,084	**-**	1,032,084
	Disposals	**(4,282,422)**	(20,333,023)	**(4,282,422)**	(14,333,200)
		320,287,832	323,785,254		318,256,659
	Fair value gains (Note 30a)	**(150,274,743)**	(140,585,016)	**(150,274,743)**	(140,585,016)
	At 31 December	**170,013,089**	183,200,238	**163,699,494**	177,671,643
	Current	**170,013,089**	183,200,238	**163,699,494**	177,671,643
	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.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2016

		Group		Company	
		December 2016 ₦	December 2015 ₦	December 2016 ₦	December 2015 ₦
3.2	**Loans and receivables**				
	Staff loans (Note 3.2.1a)	203,485,300	30,321,897	203,485,300	30,321,897
	Loan issued to corporate individuals (Note 3.2.1b)	33,850,489	30,707,306	8,276,575	40,529,365
		237,335,789	61,029,203	211,761,875	70,851,262
	Current	141,492,415	29,870,483	143,652,919	27,978,291
	Non Current	95,843,374	31,158,720	68,108,956	42,872,971
3.2.1a	**staff Loans**				
	At 1 January	30,321,897	15,466,228	30,321,897	15,466,228
	Addition	190,568,572	26,383,000	190,568,572	26,383,000
	Repayment	(17,405,169)	(11,527,331)	(17,405,169)	(11,527,331)
		203,485,300	30,321,897	203,485,300	30,321,897
3.2.1b	**Loan issued to corporate / individuals**				
	At 1 January	126,402,527	114,520,593	134,408,271	98,291,698
	Addition	210,115,198	52,633,603	130,639,916	109,437,335
	Repayment	(205,390,778)	(40,751,669)	(163,585,736)	-73,320,762
		131,126,947	126,402,527	101,462,451	134,408,271
	Impairment on loans issued to corporate and individuals (Note 3.2.4)	97,276,457)	(95,695,221)	(93,185,875)	(93,878,905)
	At 31 December	33,850,489	30,707,306	8,276,575	40,529,366
3.2.2	**Analysis by performance:**				
	Performing (Note 3.2)	237,335,789	61,029,203	211,761,875	70,851,264
	Non-performing (Note 3.2.1)	97,276,457	95,695,221	93,185,875	93,878,904
		334,612,247	156,724,424	304,947,750	164,730,168
3.2.3	**Analysis by maturity:**				
	Due within one year	323,517,416	126,853,941	293,852,920	136,751,877
	Due within one - five years	8,596,483	29,870,483	8,596,483	27,978,291
	Due after five years	2,498,348	-	2,498,348	-
		334,612,247	156,724,424	304,947,750	164,730,168
3.2.4	**Movement in impairment - loans and receivables :**				
	At 1 January	95,695,221	95,765,592	93,878,905	94,378,905
	Addition (Note 29)	2,274,266	429,629	-	-
	Provision no longer required	(693,030)	(500,000)	(693,030)	(500,000)
	At 31 December	97,276,457	95,695,221	93,185,875	93,878,905
3.3	**Available for sale assets**				
	At 1 January	60,950,000	2,000,000	60,950,000	2,000,000
	Addition	-	50,250,000	-	50,250,000
	Exchange gains	-	8,700,000	-	8,700,000
	Impairment on available for sale	-	-	-	-
	At 31 December	60,950,000	60,950,000	60,950,000	60,950,000
	Current	-	-	-	-
	Non Current	60,950,000	60,950,000	60,950,000	60,950,000

Available for sale assets are the unquoted equity securities of the group and are measured at cost because their fair value could not be reliably measured. At period end there is no indication of impairment.

Available for sale equities is analysed as follows:

	No. of shares	Cost per unit	Total Cost
Planet Capital Limited (Formerly Strategy and Arbitrage Limited)	2,000,000	N1	2,000,000
Energy & Allied Insurance Pool Nigeria limited	-		58,950,000

	Group		Company	
	December 2016 N	December 2015 N	**December 2016 N**	December 2015 N
3.4 Held to maturity assets				
At 1 January	**479,575,123**	130,000,000	**479,575,123**	130,000,000
At initial recognition - additions	**1,227,402,664**	349,575,123	**1,227,402,664**	349,575,123
Value at maturity	**1,706,977,787**	479,575,123	**1,706,977,787**	479,575,123
Disposal	**(170,307,420)**	(29,534,099)	**(170,307,420)**	(29,534,099)
Amortised interest (Note 27)	**117,472,198**	47,864,142	**117,472,198**	47,864,142
		-		
At 31 December	**1,654,142,565**	497,905,166	**1,654,142,565**	497,905,166
			-	-
a) Held to maturity assets are analysed as follows:				
Debts securities				
Listed	**1,654,142,565**	497,905,166	**1,654,142,565**	497,905,166
Unlisted	**-**	-	**-**	-
At 31 December	**1,654,142,565**	497,905,166	**1,654,142,565**	497,905,166
Current	**1,027,712,519**	18,330,043	**1,027,712,519**	47,864,142
Non-current	**626,430,046**	479,575,123	**626,430,046**	479,575,124
	1,654,142,565	497,905,166	**1,654,142,565**	497,905,166

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

15.25% NAHCO Bond series 2 2013/2020	**13,990,993**	20,217,260	**13,990,993**	20,217,260
FCMB NGN SERIES 2 BOND 2015/2020	**51,109,589**	51,130,137	**51,109,589**	51,130,137
FCMB NGN SERIES 2 BOND 2016/2023	**51,016,096**	-	**51,016,096**	-
13.5% Lagos State Government Bond series 2 2013/2020	**41,781,157**	45,565,891	**41,781,157**	45,565,891
13.05% FGN bond 2014/2016	**-**	67,378,055	**-**	67,378,055
LAGOS STATE PROGRAMME 2 SERIES 2 FIXED RATE BOND ISSUANCE (2013/2020)	**99,300,908**	99,303,385	**99,300,908**	99,303,385
Wemabank commercial paper	**486,703,501**	214,310,438	**486,703,501**	214,310,438
Omo 18.45% 24/08/2017 FG TREASURY BILL FCMB	**158,545,821**	-	**158,545,821**	-
Omo 18.45% 10/08/2017 FG TREASURY BILL FCMB	**355,160,541**	-	**355,160,541**	-
Omo 18.25% 27/07/2017 FG TREASURY BILL FCMB	**179,225,644**	-	**179,225,644**	-
Omo 18.25% 27/07/2017 FG TREASURY BILL CAPITAL EXPRESS	**217,308,315**	-	**217,308,315**	-
	-			
At 31 December	**1,654,142,565**	497,905,166	**1,654,142,565**	497,905,166

4. Deposit for shares	**-**	-	**180,000,000**	-

This represents fund deposited by the company for additional shares in Chi Capital Limited.

5. Finance lease receivable				
At 1 January	**181,031,249**	137,320,490	**-**	-
Addition	**177,678,768**	216,625,756	**-**	-
Repayment	**(141,477,667)**	(134,347,008)	**-**	-
Gross investment	**217,232,350**	219,599,238	**-**	-
Unearned income	**(38,277,733)**	(38,567,989)	**-**	-
Net investment (Note 5.1)	**178,954,617**	181,031,249	**-**	-
Impairment on finance lease receivables (Note 5.2)	**(16,664,352)**	(8,935,263)	**-**	-
At 31 December	**162,290,265**	172,095,986	**-**	-
5.1 Current	**148,336,298**	118,784,190	**-**	-
Non-current	**30,618,319**	62,247,059	**-**	-
Analysis by performance				
Performing	**162,290,265**	171,836,446	**-**	-
Non-performing	**16,664,352**	9,194,803	**-**	-
	178,954,617	181,031,249	**-**	-
Analysis by maturity				
Due within one year	**102,963,154**	118,784,189		
Due between one - five years	**94,991,461**	62,247,060	**-**	-
	197,954,615	181,031,249	**-**	-
5.2 Movement in impairment - finance lease receivables:				
At 1 January	**8,935,263**	8,897,021	**-**	-
Charge for the year (Note 29)	**7,729,089**	38,242	**-**	-
At 31 December	**16,664,352**	8,935,263	**-**	-

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

6.	**Trade receivables**				
	Due from insurance companies	**25,015,653**	10,686,478	**25,015,653**	10,686,478
	Due from insurance brokers and agents	**157,075,438**	70,343,548	**157,075,438**	70,343,548
		182,091,091	81,030,026	**182,091,091**	81,030,026
	Impairment allowance (Note 6.1)	**-**	-	**-**	-
		182,091,091	81,030,026	**182,091,091**	81,030,026
	Current	**182,091,091**	81,030,026	**182,091,091**	81,030,026
	Non-current	**-**	-	**-**	-

		Group		Company	
		December 2016 ₦	31 December 2015 ₦	**December 2016 ₦**	31 December 2015 ₦
6.1	**Impairment allowance**				
	At 1 January	**-**	17,402,910	**-**	17,402,910
	Written off in the year	**-**	-	**-**	-
	Charge for the year (Note 29)	**-**	(17,402,910)	**-**	(17,402,910)
	At 31 December	**-**	-	**-**	-

		December 2016 ₦	31 December 2015 ₦	**December 2016 ₦**	31 December 2015 ₦
7.	**Reinsurance assets**				
	Prepaid reinsurance (Note 7.1)	**298,005,373**	409,975,490	**298,005,373**	409,975,490
	Reinsurers share of outstanding claims (Note 7.2a)	**199,249,611**	281,937,926	**199,249,611**	281,937,926
	Reinsurers share of paid claims (Note 7.2b)	**49,068,994**		**49,068,994**	
	At 31 December	**546,323,978**	691,913,416	**546,323,978**	691,913,416
	Current	**546,323,978**	691,913,416	**546,323,978**	691,913,416
	Non-current	**-**	-	**-**	-

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.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

		Group		Company	
		December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
7.1	**Prepaid reinsurance**				
	Fire	75,104,355	137,100,731	75,104,355	137,100,731
	General accident	22,917,137	23,912,990	22,917,137	23,912,990
	Motor	4,816,223	4,565,263	4,816,223	4,565,263
	Marine	40,096,334	30,900,057	40,096,334	30,900,057
	Bond	2,343,515	3,177,107	2,343,515	3,177,107
	Engineering	7,376,020	4,652,158	7,376,020	4,652,158
	Aviation	67,050,489	67,103,737	67,050,489	67,103,737
	Oil & gas	78,301,300	138,563,447	78,301,300	138,563,447
		298,005,373	409,975,490	298,005,373	409,975,490
7.2a	**Reinsurers share of outstanding claims**				
	Fire	141,789,565	143,252,064	141,789,565	143,252,064
	General accident	29,210,186	55,888,491	29,210,186	55,888,491
	Motor	6,247,203	5,929,828	6,247,203	5,929,828
	Marine	45,000,355	17,345,649	45,000,355	17,345,649
	Bond	63,428	750,020	63,428	750,020
	Engineering	14,255,659	9,438,056	14,255,659	9,438,056
	Aviation	6,406,334	31,175,169	6,406,334	31,175,169
	Oil & gas	5,345,875	18,158,649	5,345,875	18,158,649
		199,249,611	281,937,926	199,249,611	281,937,926
7.2b	**Reinsurers share of paid claims**				
	Fire	258,468	-	258,468	-
	General accident	6,018,994	-	6,018,994	-
	Marine	32,012,078	-	32,012,078	-
	Engineering	10,779,454	-	10,779,454	-
		49,068,994	-	49,068,994	-
7.3	**Reinsurance assets:**				
	Movement in prepaid reinsurance:	409,975,490	438,216,646	409,975,490	438,216,646
	At 1 January	2,088,025,170	2,657,491,886	2,088,025,170	2,657,491,886
	Additions during the year (Note 24)	2,498,000,660	3,095,708,532	2,498,000,660	3,095,708,532
		(2,199,995,287)	(2,685,733,042)	(2,199,995,287)	(2,685,733,042)
	Amortization during the year (Note 24)	298,005,373	409,975,490	298,005,373	409,975,490
	At 31 December				
8.	**Deferred acquisition cost**	190,525,298	194,835,265	190,525,298	194,835,265
	At 1 January	843,634,488	661,713,497	843,634,488	661,713,497
	Acquistion cost during the year	(804,580,719)	(666,023,464)	(804,580,719)	(666,023,464)
	Less: Amortisation during the year (Note 26)	229,579,067	190,525,298	229,579,067	190,525,298
	At 31 December				
		229,579,067	190,525,298	229,579,067	190,525,298
	Current	-	-	-	-
	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.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

		Group		Company	
		December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
8.1	**Deferred acquisition cost analysis**				
	Fire	41,961,538	36,914,648	41,961,538	36,914,648
	General accident	55,711,526	34,494,094	55,711,526	34,494,094
	Motor	55,521,601	55,535,274	55,521,601	55,535,274
	Marine	20,902,304	19,947,150	20,902,304	19,947,150
	Bond	2,190,179	1,146,299	2,190,179	1,146,299
	Engineering	9,634,091	9,797,034	9,634,091	9,797,034
	Aviation	13,763,383	9,695,867	13,763,383	9,695,867
	Oil & gas	29,894,445	22,994,932	29,894,445	22,994,932
		229,579,067	190,525,298	229,579,067	190,525,298
9.	**Other receivables and prepayments**				
	Staff advances & prepayment	22,374,467	18,050,009	22,374,467	18,050,009
	Account receivables	67,171,612	34,793,406	102,732,998	34,620,844
	Witholding tax credit	58,105,915	58,554,822	58,105,915	58,399,440
	Prepayments (Note 9.1)	30,316,738	24,195,755	30,316,738	24,195,755
		177,968,732	135,593,992	213,530,118	135,266,048
	Impairment allowance (Note 29)	-	(347,125)	-	-
		177,968,732	135,246,867	213,530,118	135,266,048
	Current	177,968,732	135,246,867	213,530,118	135,266,048
	Non-current	-	-	-	-
9.1	**Prepayments**				
	Prepaid rent	28,284,485	24,195,755	28,284,485	24,195,755
	Other prepayments	2,032,253	-	2,032,253	-
		30,316,738	24,195,755	30,316,738	24,195,755
	Current	30,316,738	24,195,755	30,316,738	24,195,755
	Non-current	-	-	-	-
10.	**Investment in subsidiaries**				
	CHI Capital (Note 10.1)	-	-	300,000,000	250,000,000

10.1 CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of investment activities. CHI Capital Limited acquired 100% interest in Grand Treasurers Limited, a CBN licensed finance company, in December 2010 with the purpose of carrying on financing activities. CHI Capital Limited also owns 100% interest in CHI Support Services Limited which is into the business of vehicle tracking, however this operation ceased during the year redirected into haulage.

10.1a CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc, incorporated in 2016 and undergoing NAICOM licensing process to provide 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.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

		CHI PLC	CHI Capital Limited	CHI Microinsurance	Elimination	Total
		₦	₦	₦	₦	₦
	Condensed result of consolidated entities - 2016					
10.2	**Condensed financial position**					
	Assets					
	Cash and cash equivalents	1,587,501,284	197,938,334	51,384,918		1,836,824,536
	Financial assets	2,090,553,934	31,887,509		-	2,122,441,443
	Deposit for shares	180,000,000	-		(180,000,000)	-
	Finance lease receivables	-	162,290,265			162,290,265
	Trade receivables	182,091,091	-		-	182,091,091
	Reinsurance assets	546,323,978	-		-	546,323,978
	Deferred acquisition cost	229,579,067	-		-	229,579,067
	Other receivables and prepayment	213,530,118	31,952,439		(67,513,825)	177,968,732
	Investment in subsidiaries	300,000,000	-		(300,000,000)	-
	Investment properties	809,221,395	84,661,000		-	893,882,395
	Inventories	-	3,920,887		-	3,920,887
	Intangible Assets	12,383,037	736,312			13,119,349
	Property and equipment	941,328,726	32,693,901		-	974,022,627
	Statutory deposits	300,000,000	-		-	300,000,000
	Total assets	7,392,512,630	546,080,647	51,384,918	(547,513,825)	7,442,464,370
	Liabilities					
	Insurance contract liabilities	2,426,766,048	-		-	2,426,766,048
	Trade payables	87,511,062	-		-	87,511,062
	Provision and other payables	179,037,541	232,143,292		(247,513,825)	163,667,008
	Staff retirement benefit	13,502	137,812		-	151,314
	Tax liabilities	162,558,597	28,906,615		-	191,465,212
	Deffered tax	169,625,075	477,942			170,103,017
	Share capital	3,000,000,000	250,000,000	50,000,000	(300,000,000)	3,000,000,000
	Statutory reserve	1,230,030,314	9,279,386		-	1,239,309,700
	Retained earnings	136,970,491	25,135,600	1,384,918		163,491,009
	Total liabilities and equity	7,392,512,630	546,080,647	51,384,918	(547,513,825)	7,442,464,370

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

		CHI PLC ₦	CHI Capital ₦	CHI Microinsurance ₦	Elimination ₦	Total ₦
10.2	**Condensed result of consolidated entities - 2016**					
	Condensed profit and loss					
	Underwriting profit	1,053,372,305	-		15,155,203	1,068,527,509
	Investment income	472,982,693	-		-	472,982,693
	Other operating income	122,768,443	99,169,617	1,384,918	(40,155,203)	183,167,775
	Total operating income	1,649,123,442	99,169,617	1,384,918	(25,000,000)	1,725,371,006
	Impairment charge	693,630	(10,003,357)		-	8,617,297
	Net fair value gains/(losses) on financial assets					
	at fair value through profit or loss	(6,783,170)	-		-	(6,783,170)
	Management expenses	(1,281,059,193)	(59,392,159)			(1,340,451,352)
	Profit before taxation	361,281,078	30,467,132	1,384,918	(25,000,000)	368,133,128
	Taxation	(163,358,219)	(9,787,065)		-	(173,145,284)
	Profit after taxation	197,922,859	20,680,066	1,384,918	(25,000,000)	194,987,843
10.2	**Condensed result of consolidated entities - 2015**					
	Condensed financial position					
	Cash and cash equivalents	2,780,220,924	42,514,842		-	2,822,735,766
	Financial assets	807,378,071	34,799,377		(39,092,841)	803,084,607
	Finance lease receivables	-	172,095,986		-	172,095,986
	Trade receivables	81,030,026	5,420,000		(5,420,000)	81,030,026
	Reinsurance assets	691,913,416	-		-	691,913,416
	Deferred acquisition costs	190,525,298	-		-	190,525,298
	Other receivables and prepayment	135,266,048	34,056,665		(34,075,846)	135,246,867
	Investment in subsidiaries	250,000,000	-		(250,000,000)	-
	Inventories	-	5,146,854		-	5,146,854
	Intangible assets	15,592,433	875,438		-	16,467,871
	Investment properties	803,359,000	84,661,000		-	888,020,000
	Property and equipment	908,924,352	8,124,992		-	917,049,344
	Statutory deposits	300,000,000	-		-	300,000,000
	Total assets	6,964,209,568	387,695,154		(328,588,687)	7,023,316,035
	Liabilities					
	Insurance contract liabilities	2,218,670,079	-		-	2,218,670,079
	Trade payables	112,060,913	-		-	112,060,913
	Other payables and provision	171,540,123	70,616,924		(78,588,687)	163,568,360
	Retirement benefit obligation	4,430	180,014		-	184,444
	Tax liabilities	232,856,077	28,163,295		-	261,019,372
	Share capital	3,000,000,000	250,000,000		(250,000,000)	3,000,000,000
	Statutory reserve	1,058,782,003	5,826,986		-	1,064,608,989
	Reserves	170,295,943	32,907,935		-	203,203,878
	Total liabilities and equity	6,964,209,568	387,695,154		(328,588,687)	7,023,316,035
10.2	**Condensed result of consolidated entities - 2015**					
	Condensed profit and loss					
	Underwriting profit	1,361,579,901	(15,287,298)		23,460,000	1,369,752,603
	Investment income	402,048,193	45,314,162		-	447,362,355
	Other operating income	170,537,974	29,975,867		(23,460,000)	177,053,841
	Total operating income	1,934,166,068	60,002,731		-	1,994,168,799
	Impairment charge	17,402,910	(467,872)		-	16,935,038
	Net fair value gains on financial assets				-	(138,190,791)
	at fair value through profit or loss	(138,191,291)	500			
	Management expenses	(1,126,380,571)	(41,620,516)		-	(1,168,001,087)
	Profit before taxation	686,997,116	17,914,843		-	704,911,959
	Taxation	(152,718,047)	(6,382,834)		-	(159,100,881)
	Profit after taxation	534,279,069	11,532,009		-	545,811,078

10th ANNIVERSARY 2007 - 2017

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

		Group		Company	
		December 2016 ₦	31 December 2015 ₦	**December 2016 ₦**	31 December 2015 ₦
11.	Inventories				
	At 1 January	**6,520,134**	2,888,332		
	Purchase of tracking device	**-**	4,882,285	**-**	-
	Tracking device used	**(1,225,967)**	(1,250,483)		
		5,294,167	6,520,134		
	Impairment allowance (Note 29)	**(1,373,280)**	(1,373,280)	**-**	-
		3,920,887	5,146,854	**-**	-
12.0	Intangible assets				
	Cost				
	At 1 January	**22,265,000**	16,500,000	**21,337,500**	16,500,000
	Addition	**809,700**	5,765,000	**-**	4,837,500
	At 31 December	**23,074,700**	22,265,000	**21,337,500**	21,337,500
	Accumulated amortization				
	At 1 January	**5,797,129**	2,814,041	**5,745,067**	2,814,041
	Addition	**4,158,222**	2,983,088	**3,209,396**	2,931,026
	At 31 December	**9,955,351**	5,797,129	**8,954,463**	5,745,067
	Carrying amount				
	At 31 December	**13,119,349**	16,467,871	**12,383,037**	15,592,433

intangible assets represents the sum incured in purchasing computer software used for the purpose of delivering efficient and effective services.

12.1	Investment properties				
	At 1 January	**888,020,000**	877,960,682	**803,359,000**	793,460,682
	Addition	**5,862,395**	9,665,093	**5,862,395**	9,504,593
	Fair value change	**-**	394,225	**-**	393,725
	At 31 December	**893,882,395**	888,020,000	**809,221,395**	803,359,000

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

12.1 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.

S/N	TYPE OF ASSET	ADDRESS	AMOUNT ₦	CURRENT TITLE HOLDER	STATUS ON CHANGE OF TITLE
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	207,680,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	240,270,000	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.	109,580,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	130,314,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
5	Land	Plot 3, Sea Gate Estate, Phase 1, Lekki Peninsula, Eti-Osa.	47,020,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
6	Building	Rivers State Housing Estate, Abuloma PH	48,012,395	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,275,000	Hallmark Assurance Plc (Legacy Company)	The Company had made payments to the Federal Housing Authority and is awaiting final approval from them.
8	Shops	Trade Fair Shopping Complex	3,070,000	Consolidated Hallmark Insurance Plc.	Already exist in the name of Consolidated Hallmark Insurance Plc.
			809,221,395		
	CHI Capital Limited	Thomas Estate, Orile Ibamo, Ajah, Lagos	84,661,000	CHI Capital Limited	Already exist in the name of Consolidated Hallmark Insurance Plc.
	Total		893,882,395		

The investment properties were professionally valued by Messrs Adegboyega Sanusi & Co.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

12.2 Property and equipment
2016

12.2a The group

Costs	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
At January 1, 2016	286,099,948	536,339,722	83,679,352	107,872,857	338,825,681	208,436,224	1,561,253,784
Additions in the year	-	-	17,853,350	11,982,227	111,310,500	7,397,336	148,543,413
Disposals in the year	-	-	(162,500)	(1,141,000)	(30,905,684)	(1,873,116)	(34,082,300)
December 31, 2016	286,099,948	536,339,722	101,370,202	118,714,084	419,230,497	213,960,444	1,675,714,897
Accumulated depreciation							
At January 1, 2016	-	96,570,538	66,185,219	93,249,714	199,919,550	188,279,419	644,204,440
Depreciation charge for the year	-	10,756,183	6,505,796	5,611,689	59,216,084	6,415,528	88,505,280
Disposals in the year	-	-	(152,866)	(1,141,000)	(27,867,611)	(1,855,972)	(31,017,449)
December 31, 2016	-	107,326,721	72,538,148	97,720,403	231,268,023	192,838,976	701,692,271
Accummulated impairment losses	-	-	-	-	-	-	-
Carrying value							
December 31, 2016	286,099,948	429,013,001	28,832,054	20,993,681	187,962,474	21,121,468	974,022,626
At January 1, 2016	286,099,948	439,769,184	17,494,133	14,623,143	138,906,131	20,156,805	917,049,344

Some fixed assets were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co. on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as fixed assets revaluation reserve. However, in compliance with IFRS (i.e. IAS 16) the revalued amount was taken as deemed cost at transition date and the revaluation reserve was transferred to revenue reserve.

Property and equipment

12.2a The group

2015

	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
Costs							
At January 1, 2015	286,099,948	536,339,722	78,041,943	105,157,160	274,518,389	208,533,277	1,488,690,439
Additions in the year	-	-	6,328,448	3,540,697	89,448,174	2,363,500	101,680,819
Disposals in the year	-	-	(691,039)	(825,000)	(25,140,882)	(2,460,553)	(29,117,474)
At December 31, 2015	286,099,948	536,339,722	83,679,352	107,872,857	338,825,681	208,436,224	1,561,253,784
Accumulated depreciation							
At January 1, 2015	-	80,162,865	62,144,799	89,066,570	179,808,113	182,045,504	593,227,851
Depreciation charge for the year	-	16,407,673	4,727,459	5,008,144	41,152,831	8,264,557	75,560,664
Disposals in the year	-	-	(687,039)	(825,000)	(21,041,394)	(2,030,642)	(24,584,075)
At December 31, 2015	-	96,570,538	66,185,219	93,249,714	199,919,550	188,279,419	644,204,440
Accummulated impairment losses	-	-	-	-	-	-	-
Carrying value							
At December 31, 2015	286,099,948	439,769,184	17,494,133	14,623,143	138,906,131	20,156,805	917,049,344
At December 31, 2014	286,099,948	456,176,857	15,897,144	16,090,590	94,710,276	26,487,773	895,462,588

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

12.2b **Property and equipment**

The company 2016	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
Costs							
At January 1, 2016	286,099,948	536,339,722	83,564,528	107,872,857	327,710,680	207,661,473	1,549,249,208
Additions			17,798,350	11,982,227	84,945,000	6,823,936	121,549,513
Disposals	-	-	(162,500)	(1,141,000)	(30,371,491)	(1,355,789)	(33,030,780)
December 31, 2016	286,099,948	536,339,722	101,200,378	118,714,084	382,284,189	213,129,620	1,637,767,941
Accumulated depreciation							
At January 1, 2016	-	96,570,538	66,155,857	93,249,715	196,402,613	187,946,133	640,324,856
Depreciation charge for the year	-	10,756,183	6,481,698	5,611,689	56,944,100	6,837,787	86,631,457
Disposals	-	-	(152,866)	(1,141,000)	(27,867,611)	(1,355,621)	(30,517,098)
December 31, 2016	-	107,326,721	72,484,689	97,720,404	225,479,102	193,428,299	696,439,215
Carrying value							
At December 31, 2016	286,099,948	429,013,001	28,715,689	20,993,680	156,805,087	19,701,321	941,328,726
At December 31, 2015	286,099,948	439,769,184	17,408,672	14,623,142	131,308,067	19,715,340	908,924,352

Some items of property and equipment were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co. on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as revaluation surplus. However, in compliance with IFRS (i.e IAS 16) the revalued amount was taken as deemed cost at transition date and the surplus on revaluation was transferred to retained earnings.

Property and equipment (Cont'd)

The company 2015	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
Costs							
At January 1, 2015	286,099,948	536,339,722	77,986,942	105,157,160	270,068,388	207,905,526	1,483,557,686
Additions	-	-	6,268,625	3,540,697	82,783,174	2,216,500	94,808,996
Disposals	-	-	(691,039)	(825,000)	(25,140,882)	(2,460,553)	(29,117,474)
At December 31, 2015	286,099,948	536,339,722	83,564,528	107,872,857	327,710,680	207,661,473	1,549,249,208
Accumulated depreciation							
At January 1, 2015	-	80,162,865	62,129,675	89,066,571	178,176,446	181,808,408	591,343,965
Depreciation charge for the year	-	16,407,673	4,713,221	5,008,144	39,267,561	8,168,367	73,564,966
Disposals	-	-	(687,039)	(825,000)	(21,041,394)	(2,030,642)	(24,584,075)
At December 31, 2015	-	96,570,538	66,155,857	93,249,715	196,402,613	187,946,133	640,324,856
Carrying value							
At December 31, 2015	286,099,948	439,769,184	17,408,671	14,623,142	131,308,067	19,715,340	908,924,352
At December 31, 2014	286,099,948	456,176,857	15,857,267	16,090,589	91,891,942	26,097,118	892,213,721

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

	Group		Company	
	December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
13. Statutory deposits	**300,000,000**	300,000,000	**300,000,000**	300,000,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2016.

14. Insurance contract liabilities

	Group 2016 ₦	Group 2015 ₦	Company 2016 ₦	Company 2015 ₦
Reserve for outstanding claims (Note 14.1)	**968,909,480**	895,550,802	**968,909,480**	895,550,802
Unearned premium reserve (Note 14.2)	**1,441,792,508**	1,323,119,277	**1,441,792,508**	1,323,119,277
	2,410,701,988	2,218,670,079	**2,410,701,988**	2,218,670,079

14.1

Reserve for outstanding claims - 2016

	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦
Fire	84,369,661	147,207,500	231,577,161	84,369,661	147,207,500	231,577,161
General accident	189,071,074	80,327,608	269,398,682	189,071,074	80,327,608	269,398,682
Motor	80,902,056	185,546,098	266,448,154	80,902,056	185,546,098	266,448,154
Marine	8,379,859	52,434,352	60,814,211	8,379,859	52,434,352	60,814,211
Bond	30,000	2,480,898	2,510,898	30,000	2,480,898	2,510,898
Engineering	25,120,925	9,586,420	34,707,345	25,120,925	9,586,420	34,707,345
Aviation	8,400,000	33,044,377	41,444,377	8,400,000	33,044,377	41,444,377
Oil & gas	14,070,000	47,938,652	62,008,652	14,070,000	47,938,652	62,008,652
	410,343,575	558,565,905	968,909,480	410,343,575	558,565,905	968,909,480

Reserve for outstanding claims - 2015

	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦
Fire	81,379,156	168,797,842	250,176,998	81,379,156	168,797,842	250,176,998
General accident	141,109,259	68,837,677	209,946,936	141,109,259	68,837,677	209,946,936
Motor	71,889,477	92,686,257	164,575,734	71,889,477	92,686,257	164,575,734
Marine	7,531,131	27,293,489	34,824,620	7,531,131	27,293,489	34,824,620
Bond	706,800	6,374,014	7,080,814	706,800	6,374,014	7,080,814
Engineering	6,804,722	26,963,770	33,768,492	6,804,722	26,963,770	33,768,492
Aviation	6,770,000	76,131,277	82,901,277	6,770,000	76,131,277	82,901,277
Oil & gas	12,345,000	99,930,931	112,275,931	12,345,000	99,930,931	112,275,931
	328,535,545	567,015,257	895,550,802	328,535,545	567,015,257	895,550,802

	Group		Company	
	December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
14.2 Unearned premium reserve				
Fire	**222,411,236**	181,680,772	**222,411,236**	181,680,772
General accident	**286,553,511**	173,968,966	**286,553,511**	173,968,966
Motor	**506,744,947**	462,932,271	**506,744,947**	462,932,271
Marine	**106,613,671**	98,518,877	**106,613,671**	98,518,877
Oil & Gas	**179,991,537**	250,900,679	**179,991,537**	250,900,679
Engineering	**58,263,594**	46,918,726	**58,263,594**	46,918,726
Aviation	**69,557,327**	101,429,847	**69,557,327**	101,429,847
Bond	**11,656,685**	6,769,139	**11,656,685**	6,769,139
	1,441,792,508	1,323,119,277	**1,441,792,508**	1,323,119,277

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

	Group		Company	
	December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
14.2a Unearned premium reserve				
Fire	941,301	1,299,048	941,301	1,299,048
General accident	661,870	560,930	661,870	560,930
Motor	652,800	706,043	652,800	706,043
Marine	1,617,958	2,921	1,617,958	2,921
Oil & Gas	7,428,580	271,449	7,428,580	271,449
Engineering	-	1,282,848	-	1,282,848
Aviation	4,761,551	-	4,761,551	-
Bond	-	876,098	-	876,098
	16,064,060	4,999,337	16,064,060	4,999,337

	Group		Company	
	December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
14.3 Funds representing insurance contract liabilities				
Balance with banks	10,945,865	102,987,121	10,945,865	102,987,121
Fixed deposits	1,341,626,500	2,667,381,666	1,341,626,500	2,667,381,666
Held to maturity	1,179,635,507	-	1,179,635,507	-
Note 48	2,532,207,872	2,770,368,787	2,532,207,872	2,770,368,787
15 Trade payables				
Due to insurance companies	66,438,027	-	66,438,027	-
Due to reinsurance companies	21,073,035	112,060,913	21,073,035	112,060,913
	87,511,062	112,060,913	87,511,062	112,060,913
Current	87,511,062	112,060,913	87,511,062	112,060,913
Non-current	-	-	-	-
16. Other payables and provision				
Audit fees	7,500,000	12,132,500	5,500,000	6,970,000
VAT payable	11,666,311	7,543,934	11,666,311	7,543,934
Witholding tax payable	635,340	740,082	635,340	740,082
Unclaimed dividend payable (Note 16.1)	72,747,541	72,747,541	72,747,541	72,747,541
Accrued expenses	23,933,656	47,201,405	23,933,656	29,512,688
Deffered commission income (14.2a)	16,064,060	4,999,337	16,064,060	4,999,337
Sundry creditors	47,184,159	23,202,898	37,092,353	18,203,561
	179,731,068	168,567,697	195,101,601	171,540,123
Current	179,731,068	168,567,697	195,101,601	171,540,123
Non-current	-	-	-	-

16.1 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. The balance in the fund is N72,747,540.97.

	Group		Company	
	December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
17. Retirement benefit obligation				
17.1 Defined contribution pension plan				
At 1 January	184,444	137,815	4,430	-
Provision during the year (Note 33)	35,657,920	54,019,284	35,048,320	51,916,751
Payment during the year	(35,691,050)	(53,972,655)	(35,039,248)	(51,912,321)
At December 31	151,314	184,444	13,502	4,430

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

		Group		Company	
		December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
18.	**Taxation**				
18.1	**Income tax expense**				
	Income tax	103,944,290	107,573,617	94,757,836	102,134,442
	Education tax	7,035,961	6,698,520	6,317,189	6,350,964
	Under/(over)provision in previous year	32,351,284	-	32,351,284	-
		143,331,535	114,272,137	133,426,309	108,485,406
	Deferred tax (Note 18.3)	29,813,749	44,828,744	29,931,910	44,232,641
		173,145,284	159,100,881	163,358,219	152,718,047

18.1.1 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	
		December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
18.2	**Current income tax liabilities**				
	At 1 January	120,730,104	72,341,424	93,162,912	47,695,854
	Transfer from VAT and WHT payable	-	-	-	-
	Payments during the period	(72,478,265)	(65,883,457)	(64,030,625)	(63,018,348)
		48,251,839	6,457,967	29,132,287	(15,322,494)
	Charge for the period	143,213,373	114,272,137	133,426,309	108,485,406
	At 31 December	191,465,212	120,730,104	162,558,597	93,162,912
18.3	**Deferred tax liabilities**				
	At 1 January	140,289,268	95,460,524	139,693,165	95,460,524
	Charge for the period (Note 18.1)	29,813,749	44,828,744	29,931,910	44,232,641
	At 31 December	170,103,017	140,289,268	169,625,075	139,693,165
	The Company has adopted the International Accounting Standards (IAS 12) on accounting for taxation, which is now computed using liability method.				
18.4	**Reconciliation of effective tax rate**				
	Profit after tax	194,987,843	545,811,078	197,922,859	534,279,069
	Total income tax expense				
	Income	103,944,290	107,573,617	94,757,836	102,134,442
	Education	7,035,961	6,698,520	6,317,189	6,350,964
	(Over)/under-provision	32,351,284	-	32,351,284	-
	Deferred tax (Note 18.3)	29,813,749	44,828,744	29,931,910	44,232,641
		173,145,284	159,100,881	163,358,219	152,718,047
	Profit for the period before excluding income tax	368,133,127	704,911,959	361,281,078	686,997,116
	Effective tax rate	47%	23%	45%	22%

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

		Group		Company	
		December 2016 ₦	31 December 2015 ₦	**December 2016 ₦**	31 December 2015 ₦
19.	**Share capital**				
	Authorised:				
	10 billion ordinary shares of 50k each	**5,000,000,000**	5,000,000,000	**5,000,000,000**	5,000,000,000
19.1	**Issued and fully paid:**				
	6 billion ordinary shares of 50k each				
	At 31 December	**3,000,000,000**	3,000,000,000	**3,000,000,000**	3,000,000,000

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.

		December 2016 ₦	31 December 2015 ₦	**December 2016 ₦**	31 December 2015 ₦
20.	**Other reserves**				
20.1.	**Contingency reserve**				
	At 1 January	**1,058,782,003**	882,516,340	**1,058,782,003**	882,516,340
	Transfer from income statement (Note 21)	**171,248,311**	176,265,663	**171,248,311**	176,265,663
	At 31 December	**1,230,030,314**	1,058,782,003	**1,230,030,314**	1,058,782,003

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.

20.2	**Statutory reserve**				
	At 1 January	**5,826,986**	8,477,548	**-**	-
	Transfer from income statement (Note 21)	**3,452,400**	(2,650,562)	**-**	-
	At 31 December	**9,279,386**	5,826,986	**-**	-

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 sub-subsidiary within the group.

21.	**Retained earnings**				
	At 1 January	**203,203,878**	(48,682,240)	**170,295,943**	(67,717,463)
	Dividend declared and paid in the year based on the previous year published accounts	**-**	(120,000,000)	**-**	(120,000,000)
		(60,000,000)	(309,859)	**(60,000,000)**	-
	Transfer to contigency reserve (Note 20.1)	**(171,248,311)**	(176,265,663)	**(171,248,311)**	(176,265,663)
	Transfer from income statement	**194,987,843**	545,811,078	**197,922,859**	534,279,069
	Transfer to statutory reserve (Note 20.2)	**(3,452,400)**	2,650,562	**-**	-
	At 31 December	**163,491,009**	203,203,878	**136,970,491**	170,295,943

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

22.	**Profit before taxation**				
	Profit before taxation is stated after charging /crediting:				
	Depreciation & amortisation of property and equipment	**92,663,502**	78,543,747	**89,840,853**	76,495,992
	Auditors' remuneration	**7,500,000**	11,300,000	**5,500,000**	6,800,000
	Directors' remuneration:				
	- Fees	**5,250,000**	4,250,000	**5,250,000**	4,250,000
	Profit on disposal of property and equipment	**(4,195,293)**	(2,936,429)	**(4,195,293)**	(3,393,914)
	Foreign exchange (gains)/loss	**(110,125,307)**	(166,383,629)	**(110,125,307)**	(166,383,629)

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

23. Gross premium earned analysed as follows:

	2016			
	Direct premium ₦	Inward reinsurance premium ₦	Increase/ decrease in unearned premium ₦	Gross premium earned ₦
Fire	**775,565,927**	**16,667,520**	**(40,730,464)**	**751,502,983**
General accident	**842,981,087**	**5,863,005**	**(112,584,546)**	**736,259,546**
Motor	**1,334,588,146**	**13,520,384**	**(43,812,676)**	**1,304,295,854**
Aviation	**1,404,312,165**	**6,535,284**	**31,872,520**	**1,442,719,969**
Oil & Gas	**797,012,474**	**17,285,724**	**70,909,142**	**885,207,340**
Marine	**435,888,698**	**2,425,097**	**(8,094,794)**	**430,219,001**
Engineering	**138,032,403**	**4,804,282**	**(11,344,868)**	**131,491,817**
Bond	**31,468,096**	**-**	**(4,887,546)**	**26,580,550**
	5,759,848,996	**67,101,296**	**(118,673,232)**	**5,708,277,060**

Gross premium earned analysed as follows:

	2015			
	Direct premium ₦	Inward reinsurance premium ₦	Increase/ decrease in unearned premium ₦	Gross premium earned ₦
Fire	653,720,777	24,512,056	(18,923,778)	659,309,055
General accident	667,606,144	4,534,769	(36,467,734)	635,673,179
Motor	1,235,352,608	18,659,396	(47,895,073)	1,206,116,931
Aviation	1,553,766,955	68,706,226	(67,631,072)	1,554,842,109
Oil & Gas	1,289,548,901	17,488,223	55,278,292	1,362,315,416
Marine	333,621,892	10,158,646	(42,251,339)	301,529,199
Engineering	136,629,069	5,505,538	(6,792,621)	135,341,986
Bond	19,640,339	-	753,880	20,394,219
	5,889,886,685	149,564,854	(163,929,445)	5,875,522,094

	Group		Company	
	December 2016 ₦	31 December 2015 ₦	**December 2016 ₦**	31 December 2015 ₦
24. Reinsurance expense				
The reinsurance expense is analysed as follows:				
Reinsurance premium cost	**2,088,025,170**	2,657,491,887	**2,088,025,170**	2,657,491,887
(Increase)/decrease in prepaid reinsurance (Note 7.3)	**111,970,117**	28,241,156	**111,970,117**	28,241,156
Reinsurance expense	**2,199,995,287**	2,685,733,043	**2,199,995,287**	2,685,733,043
25. Fee and commission				
Fire	**50,459,667**	67,305,191	**50,459,667**	67,305,191
General accident	**5,785,252**	8,034,450	**5,785,252**	8,034,450
Motor	**1,952,367**	1,528,160	**1,952,367**	1,528,160
Aviation	**42,104,391**	17,423,429	**42,104,391**	17,423,429
Oil & Gas	**50,135,875**	21,543,175	**50,135,875**	21,543,175
Marine	**25,872,424**	12,878,241	**25,872,424**	12,878,241
Engineering	**26,521,595**	18,042,785	**26,521,595**	18,042,785
Bond	**876,098**	(876,098)	**876,098**	(876,098)
	203,707,669	145,879,333	**203,707,669**	145,879,333

Notes To The Consolidated Financial Statements

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		Group		Company	
		Claims expenses	Claims expenses	Claims expenses	Claims expenses
		31 December 2016 ₦	31 December 2015 ₦	31 December 2016 ₦	31 December 2015 ₦
25a	**Claims expenses**				
	Claims paid during the year	1,657,293,652	1,260,879,778	1,657,293,652	1,260,879,778
	Opening IBNR and outstanding claims	(895,550,802)	(815,249,252)	(895,550,802)	(815,249,252)
	Closing IBNR and outstanding claims (Note 14.1)	968,909,480	895,550,802	968,909,480	895,550,802
	Gross claims expenses	1,730,652,330	1,341,181,328	1,730,652,330	1,341,181,328
25b.	**Claims recoverable**				
	Opening claims recoverable	(281,937,926)	(213,551,222)	(281,937,926)	(213,551,222)
	Claims recovered	377,127,939	314,780,998	377,127,939	314,780,998
	Closing claims recoverable	248,318,604	281,937,926	248,318,604	281,937,926
	Net recoverable	343,508,617	383,167,702	343,508,617	383,167,702
	Net claims expenses	1,387,143,713	958,013,626	1,387,143,713	958,013,626

26. Underwriting expenses

Underwriting expenses- 2016	Acquisition expenses ₦	Maintenance expenses ₦	Acquisition expenses ₦	Maintenance expenses ₦
Fire	151,692,977	56,636,109	151,692,977	56,636,109
General accident	147,370,390	87,312,449	147,370,390	87,312,449
Motor	154,931,013	143,781,423	154,931,013	183,936,626
Aviation	96,591,936	47,565,201	96,591,936	47,565,201
Oil & Gas	132,594,749	41,637,847	132,594,749	41,637,847
Marine	87,555,384	37,530,996	87,555,384	37,530,996
Engineering	29,063,987	10,202,860	29,063,987	10,202,860
Bond	4,780,283	2,070,618	4,780,283	2,070,618
	804,580,719	426,737,503	804,580,719	466,892,706

Underwriting expenses- 2015	Acquisition expenses ₦	Maintenance expenses ₦	Acquisition expenses ₦	Maintenance expenses ₦
Fire	132,405,803	29,420,635	132,405,803	29,420,635
General accident	130,553,606	89,167,398	130,553,606	73,880,100
Motor	148,256,706	58,527,669	148,256,706	81,987,669
Aviation	37,357,369	50,619,716	37,357,369	50,619,716
Oil & Gas	119,346,570	90,419,144	119,346,570	90,419,144
Marine	65,348,908	15,720,657	65,348,908	15,720,657
Engineering	28,454,517	6,697,483	28,454,517	6,697,483
Bond	4,299,985	1,305,989	4,299,985	1,305,989
	666,023,464	341,878,691	666,023,464	350,051,393

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

	Group		Company	
	December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
27. Investment income				
Interest received	198,201,635	386,658,320	198,201,635	341,344,158
Interest received on corporate loan	8,915,013	6,876,730	8,915,013	6,876,730
Interest accrued on placement	118,115,266	-	118,115,266	-
Amortised gain(loss) on held to maturity (Note 3.4)	117,472,198	47,864,142	117,472,198	47,864,142
Dividend received	29,585,551	5,963,163	29,585,551	5,963,163
	472,289,663	447,362,355	472,289,663	447,362,355
27.1 Investment income				
Investment income attributable to policyholders' fund	285,267,690	302,889,917	285,267,690	302,889,917
Investment income attributable to shareholders' fund	187,715,003	144,472,438	187,715,003	99,158,276
	472,982,693	447,362,355	472,982,693	402,048,193
28. Other operating income				
Profit on disposal of property and equipment	4,195,293	2,936,429	4,195,293	3,393,914
Interest on staff receivables	6,468,643	-	6,468,643	-
Rent income on investment properties	1,967,200	595,833	1,967,200	595,833
Recoveries in the year	12,000	2,000	12,000	2,000
Exchange gain (Note 28.1)	110,125,307	166,383,629	110,125,307	166,383,629
Other income	61,092,362	7,135,950	-	162,598
	183,860,805	177,053,841	122,768,443	170,537,974
28. Exchange gain				
Gain on disposal of foreign currency	85,632,760	140,130,000	85,632,760	140,130,000
Gain as a result of flunctuation in exchange rate - December 31, 2015 (₦195/$) & December 31, 2016 (₦305/$)	23,140,537	22,803,124	23,140,537	22,803,124
Gain from valuation of closing balancing	1,352,010		1,352,010	3,450,505
	110,125,307	162,933,124	110,125,307	166,383,629
29. Impairment charged				
Loans and receivables (Note 3.2.4)	2,274,266	429,629	-	-
Finance Lease receivable (Note 5.2)	7,729,089	38,242	-	-
	10,003,357	467,871	-	-
Impairment no longer required				
Loans and receivables (Note 3.2.4)	(693,030)	-	(693,030)	-
Trade receivables (Note 6.1)	-	(17,402,910)	-	(17,402,910)
	(693,030)	(17,402,910)	(693,030)	(17,402,910)

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For the year ended 31 December 2016

		Group		Company	
		December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
30.	**Net fair value gains on financial assets at fair value through profit or loss**				
	Fair value through profit or loss	(6,783,170)	(140,585,016)	(6,783,170)	(140,585,016)
	Investment property (Note 12)	-	394,225	-	393,725
	Others	-	2,000,000	-	2,000,000
	Fair value gains/loss	(6,783,170)	(138,190,791)	(6,783,170)	(138,191,291)

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

		Group December 2016 ₦	Group 31 December 2015 ₦	Company December 2016 ₦	Company 31 December 2015 ₦
30a	**Fair value through profit or loss (Note 3.1)**				
	Openning balance	(140,585,016)	32,912,259	(140,585,016)	32,912,259
	Addition charged to profit or loss	(6,783,170)	(140,585,016)	(6,783,170)	(140,585,016)
	Disposal	(2,906,557)	(32,912,259)	(2,906,557)	(32,912,259)
	Closing balance	(150,274,743)	(140,585,016)	(150,274,743)	(140,585,016)
31.	**Management expenses**				
	Employee cost (Note 33)	513,986,990	553,499,753	492,007,345	532,115,976
	Rent, insurance and maintenance	127,609,344	116,246,215	125,757,550	114,136,495
	Depreciation & amortisation	92,663,502	78,543,747	89,840,853	76,495,992
	Auditors' remuneration	7,500,000	11,300,000	5,500,000	6,800,000
	Directors' remuneration:	-			
	- Fees (Note 45)	5,250,000	4,250,000	5,250,000	4,250,000
	-Expense	45,789,497	31,853,326	45,789,497	31,363,326
	Professional charges	58,028,933	47,022,556	55,383,383	47,022,556
	Printing and telecommunication	47,566,025	23,249,360	44,911,793	20,667,140
	Advertising & Entertainment	144,240,696	108,845,295	144,085,731	108,845,295
	Travelling and motor vehicle expenses	89,323,289	75,120,965	82,293,702	69,485,731
	Rates and utilities	43,931,234	22,984,616	37,111,098	22,984,616
	Office running,bank charges,AGM expenses	54,352,974	50,364,586	53,442,443	37,609,133
	Office security exp & Donation	29,793,961	21,467,695	28,665,861	21,467,695
	Others	80,414,906	23,252,975	71,019,937	33,136,616
		1,340,451,352	1,168,001,089	1,281,059,193	1,126,380,571
32.	**Basic/diluted earnings per share**				
	Profit/(loss) after taxation	194,987,843	545,811,078	197,922,859	534,279,069
	Number of shares	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
	Earnings/(loss) per share (kobo)				
	Basic	3.25	6.03	3.30	8.90
	Diluted	3.25	6.03	3.30	8.90

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.

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For the year ended 31 December 2016

		Group		Company	
32a	**Reconciliation of net cashflow from operating activities**	December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
	Profit before tax	368,133,127	704,911,959	361,281,078	686,997,116
	Adjustment for the following;				
	Add, Depreciation & amortisation	92,663,502	78,543,747	89,840,853	76,495,992
	other non cash transaction	39,673,305	139,165,825	93,382,572	101,978,768
	Less :				
	Interest received	(443,397,142)	(426,242,550)	(443,397,142)	(380,928,388)
	Dividend received	(4,585,551)	(5,963,163)	(29,585,551)	(5,963,163)
		52,487,242	490,415,818	71,521,810	478,580,325
	Changes in working capital:				
	Increase(deccrease) in trade receivable	(101,061,065)	(11,784,218)	(101,061,065)	(11,784,218)
	Increase(deccrease) in reinsurance assets	145,589,438	(40,145,548)	145,589,438	(40,145,548)
	Increase(deccrease) in deferred acquisition	(39,053,769)	4,309,967	(39,053,769)	4,309,967
	Increase(deccrease) in other receivable	(42,721,865)	6,428,974	(78,264,070)	6,438,512
	Increase(deccrease) in inventory	1,225,967	2,258,522	-	-
	Increase(deccrease) in trade payable	(24,549,851)	104,231,017	(24,549,851)	104,231,017
	Increase(deccrease) in insurance contract liabilities	203,096,633	244,230,996	203,096,633	244,230,996
	Increase(deccrease) in provision & other payable	5,097,985	(17,462,748)	12,496,755	81,894
	Increase(deccrease) in retirement benefits	(33,130)	46,629	9,072	4,430
	Tax paid	(64,030,627)	(65,883,457)	(64,030,627)	(63,018,348)
		136,046,958	716,645,952	125,754,326	722,929,027

		Group		Company	
		December 2016 ₦	31 December 2015 ₦	December 2016 ₦	31 December 2015 ₦
33.	**Employee costs**				
	Wages and salaries	414,262,200	394,861,736	392,892,293	375,899,632
	Medical	22,064,831	36,955,027	22,064,831	36,895,027
	Staff training	42,002,039	67,663,706	42,001,901	67,404,566
	Defined contribution pension plan (Note 17.1)	35,657,920	54,019,284	35,048,320	51,916,751
		513,986,990	553,499,753	492,007,345	532,115,976

34. Chairman's and Directors' emoluments, pensions and compensation for loss of office

Emoluments:				
Chairman	750,000	750,000	750,000	750,000
Other Directors	4,500,000	4,500,000	4,500,000	4,500,000
Other emolument of executives	16,320,000	8,160,000	16,320,000	8,160,000
Emolument of highest paid Director	12,000,000	12,000,000	12,000,000	12,000,000

Notes To The Consolidated Financial Statements

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	Group		Company	
35. Staff	**2016 Number**	2015 Number	**2016 Number**	2015 Number
Average number of persons employed in the financial year and staff costs were as follows:				
Managerial	**30**	29	**29**	28
Senior staff	**115**	108	**108**	101
Junior staff	**96**	106	**93**	100
	241	243	**230**	229

36. The number of Directors excluding the Chairman whose emoluments were within the following ranges were:

N		N	Group 2016	Group 2015	Company 2016	Company 2015
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	**10**	8	**10**	8

Emolument

Number of Directors who have waived their rights to receive emoluments	**Nil**	Nil	**Nil**	Nil

37. Employees remunerated at higher rates
The number of employees in respect of emoluments within the following ranges were:

N		N	Group 2016	Group 2015	Company 2016	Company 2015
200,001	-	300,000	**30**	7	**29**	6
300,001	-	400,000	**13**	30	**13**	30
400,001		500,000	**6**	26	**6**	26
500,001	-	600,000	**26**	14	**26**	14
600,001	-	700,000	**21**	1	**21**	1
700,001	-	800,000	**14**	11	**14**	10
800,001	-	900,000	**3**	15	**3**	14
900,001	-	1,000,000	**17**	-	**17**	-
1,000,001		and above	**101**	139	**101**	128
			241	243	**230**	229

38. Capital commitments
There were no capital commitments at 31 December 2016.

39. Contingent liabilities
There were no material contingent liabilities at 31 December 2016.

40. 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).

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

41. 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, which 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 Insurance Business: 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. The group incorporated CHI Micro insurance Limited in the year and still in the process of getting NAICOM licence to further deepen its market share on general insurance business.

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 who 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 onfinancial assets at fair value through profit and loss.

Segment information by company and subsidiaries:

	General Insurance	Finance and support services	Elimination	Total
	N	N	N	N
At 31 December 2016				
Underwriting profit	**1,053,372,305**	**-**	**-**	**1,053,372,305**
Investment income	**472,289,663**	**-**	**-**	**472,289,663**
Other income	116,678,303	91,244,208	(25,000,000)	182,922,511
Operating expenses	**(1,281,059,193)**	**(59,392,159)**	**-**	**(1,340,451,352)**
Operating profit	**361,281,078**	**31,852,050**	**(25,000,000)**	**368,133,127**
Taxation	**(163,358,219)**	**(9,787,065)**	**-**	**(173,145,284)**
Profit for the period	**197,922,859**	**22,064,984**	**(25,000,000)**	**194,987,843**
Total assets	**7,392,512,630**	**597,465,565**	**(547,513,825)**	**7,442,464,370**
Total liabilities	**3,025,511,825**	**261,665,660**	**(247,513,825)**	**3,039,663,661**
Share capital and reserves	**4,367,000,805**	**335,799,905**	**(300,000,000)**	**4,402,800,709**
Depreciation	**89,840,853**	**2,822,649**	**-**	**92,663,502**
ROCE	**5%**	**6%**	**-**	**4%**
As at 31 December 2015				
Operating income	1,795,974,777	60,003,231	(23,460,000)	1,832,518,008
Operating expenses	(1,108,977,661)	(42,088,388)	-	(1,151,066,049)
Operating profit	686,997,116	17,914,843	(23,460,000)	681,451,959
Taxation	(152,718,047)	(6,382,834)	-	(159,100,881)
Profit for the year	534,279,069	11,532,009	(23,460,000)	522,351,078
Total assets	6,964,209,568	387,695,154	328,588,687	7,680,493,409
Total liabilities	2,735,131,622	98,960,233	(78,588,687)	2,755,503,168
Share capital and reserves	4,229,077,946	288,734,921	(250,000,000)	4,267,812,867
Depreciation	76,495,992	2,047,755	-	78,543,747
ROCE	13%	4%	-	12%

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

42. Contraventions

The company did not contravened any provisions or guidelines of any regulator during the period under review.

43. Reinsurance treaty

The Company has a reinsurance agreement with African Reinsurance Corporation, and Continental Reinsurance 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 2016.

44. Related party transactions

During the year, the company had some business dealings with its related parties.

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 100% interest in CHI Capital Limited. Transactions between Consolidated Hallmark Plc and this subsidiary is eliminated on consolidation and already disclosed in Note 10.2

The significant related party transaction in the course of the reporting period are as stated below with the subsidiary company, CHI Capital Limited.

Transactions/ Balances	**Relationship**	**Entity**	**31-Dec-16**	**31-Dec-15**
Loans and receivables	Indirect subsidiary	Grand Treasurers Limited	-	39,092,841
Other receivables	Indirect subsidiary	CHI Support Services Limited	-	10,727,624
Other receivables	Indirect subsidiary	Grand Treasurers Limited		4,215,300
Other payables and provision	Indirect subsidiary	CHI Capital Limited	11,548,371	23,592,340
Other payables and provision	Indirect subsidiary	CHI Support Services Limited	-	5,420,000
Fair value through profit or loss	Key mgt personnel	Niger Delta Exploration & Prod Plc	109,771,200	118,809,600
Underwriting expenses	Indirect subsidiary	CHI Support Services Limited	-	23,460,000
Underwriting expenses	Indirect subsidiary	Grand Treasurers Limited	-	3,012,136
Gross premium income	Key mgt personnel	Niger Delta Exploration & Prod Plc	11,642,389	13,189,443
Gross premium income	Key mgt personnel	Drillog Petrodynamics Limited	12,771,015	23,430,904
Gross premium income	Key mgt personnel	Niger Delta Petroleum Resources (Ogbelle Oil Field)	30,594,062	27,363,552
Gross premium income	Key mgt personnel	Dr. Layi Fatona	460,820	748,490
Gross premium income	Key mgt personnel	Dr. Clement Nze Maduakor	65,000	367,800
Gross premium income	Close family members	Mrs O. F. Fatona		156,875

45. 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.

	Group		Company	
	December 2016	**31 December** 2015	**December 2016**	**31 December** 2015
	N	**N**	**N**	**N**
Compensation of key management personnel:				
Directors fees	**5,250,000**	4,250,000	**5,250,000**	4,250,000

Notes To The Consolidated Financial Statements

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46. 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.

47. 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 neccesary.

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 the 2016 financial year maintained admisible assets of N7,178,081,979 which exceeded the total admissible liabilities of N2,855,886,749 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 N1,322,195,230 in excess of the minimum requirement of N3billion for General Insurance Business by 44%. Thus, the solvency margin above satisfies the requirement of the regulatory.

48. Asset & liability Management

Asset & liability Management (ALM) is the practice of managing an insurer's financial position so that actions taken with respect to assets and liabilities are designed to address the broad set of financial risks inherent in their joint behavior.

Asset & Liability management (ALM) attempts to address financial risks the group is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts.

ALM ensures that specific assets of the group is allocated to cover reinsurance and other liabilities of the group.

The following tables reconcile the consolidated balance sheet to the classes and portfolios used in the Group's ALM framework.

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Group 2016

	Insurance fund	Shareholders funds	December 2016
	N	N	N
ASSETS			
Cash and cash equivalents	1,352,572,365	484,252,172	1,836,824,537
Financial assets			
- At fair value through profit or loss		170,013,089	170,013,089
- Loans and receivables		237,335,789	237,335,789
- Available for sale		60,950,000	60,950,000
-Held -to-maturity	1,179,635,507	474,507,058	1,654,142,565
Deposit for shares		-	-
Finance lease receivables		162,290,265	162,290,265
Trade receivables		182,091,091	182,091,091
Reinsurance assets		546,323,978	546,323,978
Deferred acquisition cost		229,579,067	229,579,067
Other receivables and prepayments		177,968,732	177,968,732
Investment in subsidiaries		-	-
Intangible Asset		13,119,349	13,119,349
Inventories		3,920,887	3,920,887
Investment properties		893,882,395	893,882,395
Property and equipment		974,022,626	974,022,626
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	2,532,207,872	4,910,256,498	7,442,464,370
LIABILITIES			
Insurance contract liabilities	2,410,701,988	-	2,410,701,988
Trade payable		87,511,062	87,511,062
Other payables and Provision		179,731,068	179,731,068
Retirement benefit obligations		151,314	151,314
Income tax liabilities		191,465,212	191,465,212
Deferred income tax		170,103,017	170,103,017
TOTAL LIABILITIES	2,410,701,988	628,961,672	3,039,663,660
SURPLUS	121,505,884	4,281,294,826	4,402,800,710

Group 2015

	Insurance fund	Shareholders funds	December 2015
	N	N	N
ASSETS			
Cash and cash equivalents	2,218,670,079	604,065,687	2,822,735,766
Financial assets		-	
- At fair value through profit or loss		183,200,238	183,200,238
- Loans and receivables		61,029,203	61,029,203
- Available for sale		60,950,000	60,950,000
-Held -to-maturity		497,905,166	497,905,166
Deposit for shares		-	-
Finance lease receivables		172,095,986	172,095,986
Trade receivables		81,030,026	81,030,026
Reinsurance assets		691,913,416	691,913,416
Deferred acquisition cost		190,525,298	190,525,298
Other receivables and prepayments		135,246,867	135,246,867
Investment in subsidiaries		-	-
Intangible Asset		16,467,871	16,467,871
Inventories		5,146,854	5,146,854
Investment properties		888,020,000	888,020,000
Property and equipment		917,049,344	917,049,344
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	2,218,670,079	4,804,645,956	7,023,316,035

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For the year ended 31 December 2016

LIABILITIES			
Insurance contract liabilities	2,218,670,079	-	2,218,670,079
Trade payable		112,060,913	112,060,913
Other payables and Provision		163,568,360	163,568,360
Retirement benefit obligations		184,444	184,444
Income tax liabilities		120,730,104	120,730,104
Deferred income tax		140,289,268	140,289,268
TOTAL LIABILITIES	2,218,670,079	536,833,089	2,755,503,168
SURPLUS	-	4,267,812,867	4,267,812,867

Company 2016

	Insurance fund	Shareholders funds	December 2016
ASSETS			
Cash and cash equivalents	1,352,572,365	234,928,920	1,587,501,284
Financial assets			
– At fair value through profit or loss		163,699,494	163,699,494
- Loans and receivables		211,761,875	211,761,875
– Available for sale		60,950,000	60,950,000
-Held-to-maturity	1,179,635,507	474,507,058	1,654,142,565
Deposit for shares		180,000,000	180,000,000
Trade receivables		182,091,091	182,091,091
Reinsurance assets		546,323,978	546,323,978
Deferred acquisition cost		229,579,067	229,579,067
Other receivables and prepayments		213,530,118	213,530,118
Intangible Asset		12,383,037	12,383,037
Investment in subsidiaries		300,000,000	300,000,000
Investment properties		809,221,395	809,221,395
Property, plant and equipment		941,328,726	941,328,726
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	2,532,207,872	4,860,304,758	7,392,512,630
LIABILITIES			
Insurance contract liabilities	2,410,701,988	-	2,410,701,988
Trade payable		87,511,062	87,511,062
Provision and Other payables		195,101,601	195,101,601
Retirement benefit obligations		13,502	13,502
Income tax liabilities		162,558,597	162,558,597
Deferred income tax		169,625,075	169,625,075
TOTAL LIABILITIES	2,410,701,988	614,809,836	3,025,511,825
SURPLUS	121,505,884	4,245,494,922	4,367,000,805

Notes To The Consolidated Financial Statements

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Company 2015

	Insurance fund	Shareholders funds	December 2015
ASSETS			
Cash and cash equivalents	2,218,670,079	561,550,845	2,780,220,924
Financial assets			-
– At fair value through profit or loss		331,557,775	177,671,643
- Loans and receivables		19,379,021	70,851,262
– Available for sale		2,000,000	60,950,000
-Held-to-maturity		133,173,401	497,905,166
Deposit for shares		50,250,000	-
Trade receivables		69,245,808	81,030,026
Reinsurance assets		651,767,868	691,913,416
Deferred acquisition cost		194,835,265	190,525,298
Other receivables and prepayments		141,704,560	135,266,048
Intangible Asset		15,592,433	15,592,433
Investment in subsidiaries		250,000,000	250,000,000
Investment properties		793,460,682	803,359,000
Property, plant and equipment		905,899,680	908,924,352
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	2,218,670,079	4,420,417,338	6,964,209,568
LIABILITIES			
Insurance contract liabilities	2,218,670,079	-	2,218,670,079
Trade payable		112,060,913	112,060,913
Provision and Other payables		171,540,123	171,540,123
Retirement benefit obligations		4,430	4,430
Income tax liabilities		93,162,912	93,162,912
Deferred income tax		139,693,165	139,693,165
TOTAL LIABILITIES	2,218,670,079	516,461,543	2,735,131,622
	-	3,903,955,795	4,229,077,946

49. Fair value hierarchy

The determination of fair value for each class of financial instruments was based on the particular characteristics of the instruments. Group's accounting policy on fair value measurements is discussed under the statement of significant accounting policies.

Level 1: Fair value measurements classi?ed as Level 1 include exchange-traded prices of ?xed maturities and equity securities unadjusted in active market for identical assets and liabilities.

Level 2: valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Observable inputs generally used to measure the fair value of securities classi?ed as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

Group 31 December 2016

Asset Types	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Financial assets at fair value through profit and loss	170,013,089	-	-	170,013,089
Held to maturity	1,654,142,565	-	-	1,654,142,565
Available for sale	-	-	60,950,000	60,950,000

Group 31 December 2015

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	183,200,238	-	-	183,200,238
Held to maturity	497,905,166	-	-	497,905,166
Available for sale	-	-	60,950,000	60,950,000

Company 31 December 2016

Asset Types	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Financial assets at fair value through profit and loss	163,699,494	-	-	163,699,494
Held to maturity	1,654,142,565	-	-	1,654,142,565
Available for sale	-	-	60,950,000	60,950,000

Company 31 December 2015

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	177,671,643	-	-	177,671,643
Held to maturity	497,905,166	-	-	497,905,166
Available for sale	-	-	60,950,000	60,950,000

50. Management of Insurance and Financial risks

Risk Management framework:

Consolidated Hallmark Insurance Plc has a robust and functional Risk Management System that is responsible for identifying and managing the inherent and residual risks facing the Group. As an insurance company, the management of risk is at the core of the operating structure of Consolidated Hallmark Insurance Plc. As a result, the best risk management practices are deployed to identify, measure, monitor, control and report every material risk prevalent in the business operation. "

The Company's Risk Management System is in line with the guidelines as approved by the insurance industry regulator, National Insurance Commission (NAICOM), to identify, assess, manage and monitor the risks inherent in the operations. The risk structure includes ourapproach to management of risks inherent in the business and the appetite for these risk exposures. Under this approach, we continuously assess the Company's top risks and monitor the risk profile against approved limits. The main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

The Company is guided by the following principles to ensure effective integration and to maximize value to stakeholders through an approach that balances the risk and reward in the business. The Company only accepts risks that fall within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response at all times. It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and are required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

The Board sets the organization's risk appetite, approves the strategy for managing risk and is ultimately responsible for the organization's system of internal control. The Board carries out these function by setting Finance and General purpose Committee (FGPC), Board Audit and Risk Management Committee (BARM), Establishment and Governance Committee and Investment Committee. The Board Audit and Risk Management Committee performs the oversight functions of the external auditor and regulatory compliance. It also monitors the internal control process and oversight of enterprise risk management. Finance and General Purpose Committee of the Board functions on oversight of financial reporting and accounting. The Investment Committee reviews and approves the company's investment policy, and approves investment over and above managements' approval limit.

Management is responsible and accountable for ensuring that Risk management policies, framework and procedures are complied with; and Also that the risk profiled for areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risks to the Board Committees. Management also ensures that explanations are provided to the Board Committees for any major gaps in the risk profiled and any significant delays in planned treatments for high risk priority matters.

The internal audit function that provides independent and objective assurance of the effectiveness of the Company's systems of internal control is established by the organization in the management of enterprise risks across the organization. The internal audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, the adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

The Chief Risk Officer (a member of the Management) is responsible for the risk policies, risk methodologies and risk infrastructure. The Chief Risk Office (CRO) informs the Board, as well as the Management about the risk profile of the Company and also communicates the views of the Board and Senior Management down the Company. The CRO is also responsible for independently monitoring the broad risk limits set by the Board throughout the year.

(a) Insurance risk management

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Frequency and severity of claims can be affected by several factors. The most significant are the increasing level of damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Group has the right to reject the payment of a fraudulent claim, and is entitled to pursue third parties for paymentof some or all costs.

The above risk exposure is mitigated by diversification across a large portfolio of insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group also has special claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable development.

The Group purchases reinsurance as part of its risks mitigation program. Retention limits for the excess-of-loss reinsurance vary by product line.

Notes To The Consolidated Financial Statements

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b) Sensitivity analysis:- Claims

Sensitivity analysis attempts to estimate likely amount of reserves at rare/worst case scenarios. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts vary could provide valuable information for business planning and risk appetite considerations. Results of sensitivity testing based on expected loss ratios are as follows, shown gross and net of reinsurance as impact on pre-tax income:

Sensitivity Analysis - Claims:			
		2016(M)	2015(M)
Gross Premium Earned		5,827	6,039
Reinsurance cost		2,200	2,686
Gross Claim incurred		1,731	1,341
Claims ratio		30%	22%
5% increase in claims		1,818	1,408
Claims ratio		31%	23%
5% reduction in claims		1,644	1,274
Claims ratio	Claims ratio	28%	21%

A 5% increase or decrease in general Gross Claim experience translates to less than 10% impact on the operating performance of the group. The possibility of a 5% decline in claims experience is considered a rare occurence.

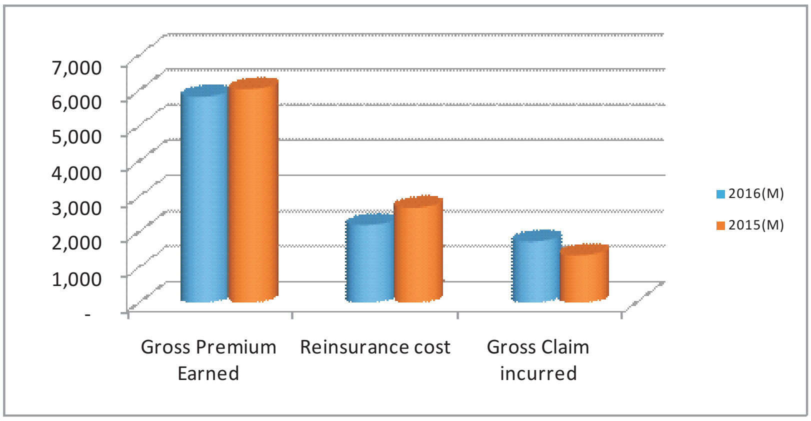


Figure 1 : Gross Premium earned vs Reinsurance Cost vs Gross Claim incured. (2016 & 2015)

c)Risk Concentration

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the amount of gross and net premium earned before and after reinsurance respectively:

Year ended 31st December, 2016

Product	Gross Premium Earned (M)	Reinsurance Cost (M)	Net Premium Earned(M)
Fire	752	304	448
General Accident	736	56	680
Motor	1,304	42	1,262
Aviation	1,443	1,063	380
Oil & Gas	885	539	346
Marine	430	133	297
Engineering	131	54	77
Bond	27	9	18
	5,708	2,200	3,508

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

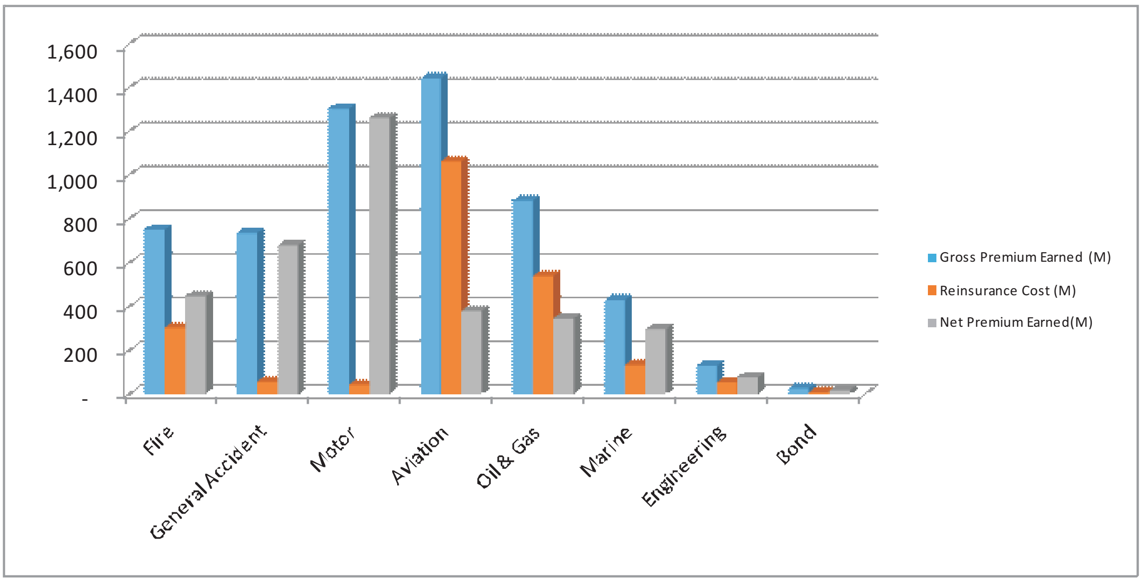


Figure 2 : Gross premium earned vs Reinsurance Cost per class . (2016)

Year ended 31st December, 2015

Product	Gross Premium Earned	Reinsurance Cost	Net Premium Earned
Fire	659	219	440
General Accident	636	157	478
Motor	1,206	17	1,189
Aviation	1,555	1,303	252
Oil & Gas	1,362	791	571
Marine	302	119	182
Engineering	135	72	64
Bond	20	7	13
	5,875	2,685	3,189

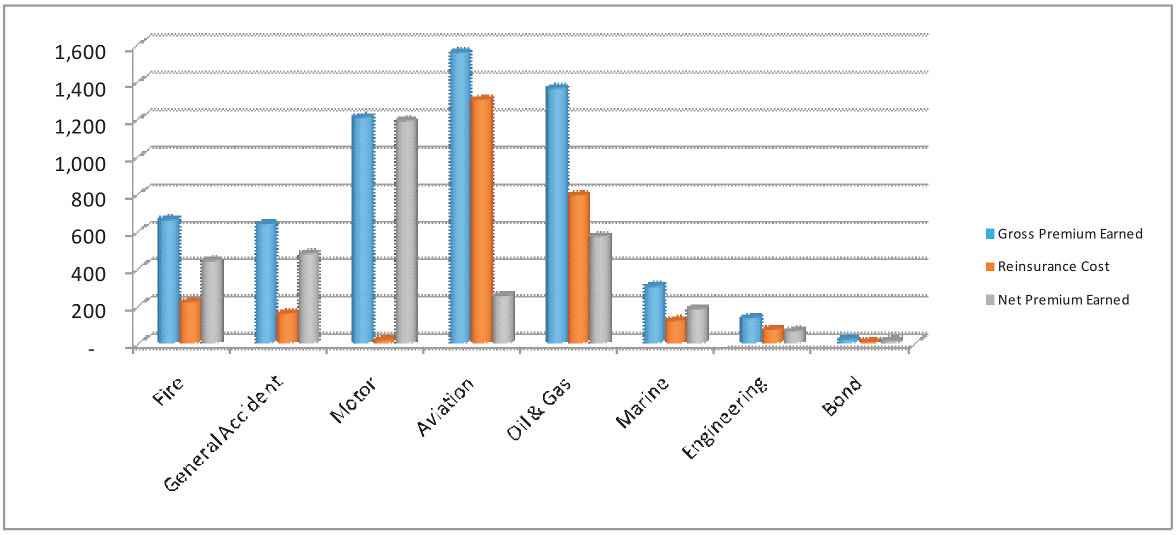


Figure 3 : Gross premium earned vs Reinsurance Cost per class. (2015)

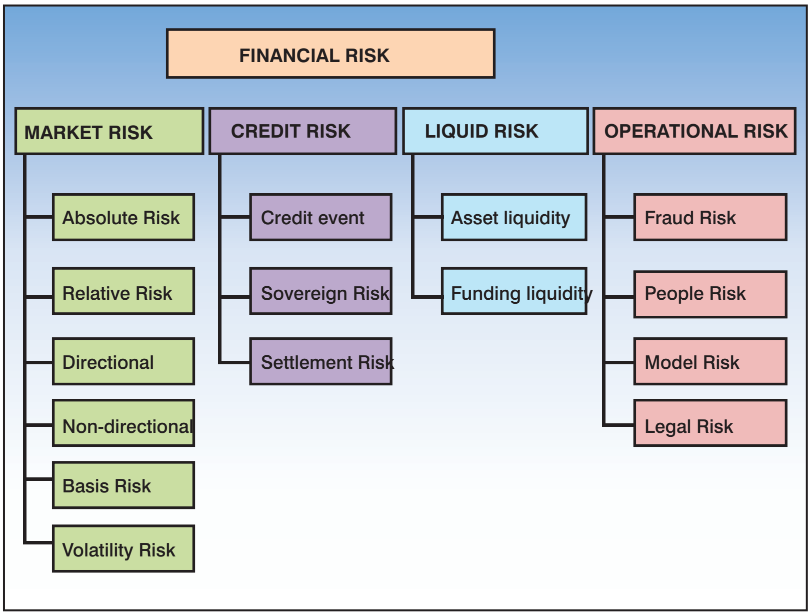
Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

d.Financial Risks Management (FRM)

Risk Classification: Most financial risk can be categorized as either systematic or non-systematic. Systematic risk affects an entire economy and all of the businesses within it; an example of systematic risk would be losses due to a recession. Non-systematic risks are those that vary between companies or industries; these risks can be avoided completely through careful planning. There are several types of systematic risk. Interest risk is the risk that changing interest rates will make your current investment's rate look unfavorable. Inflation risk is the risk that inflation will increase, making your current investment's return smaller in relation. Liquidity risk is associated with "tying up" your money in long-term assets that cannot be sold easily. There are also different types of non-systematic risk. Management risk is the risk that bad management decisions will hurt a company in which you're invested. Credit risk is the risk that a debt instrument issuer (such as a bond issuer) will default on their repayments to you. Consolidated Hallmark Insurance Plc is exposed to an array of risks through its operations. the Company has identified and categorized its exposure to these broad risks listed below: Market Risk, Credit Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Reputaional Risk, Foreign Currency Risk, Equity risk.

d(i) Financial risk is an umbrella term for multiple types of risk associated with financing, including financial transactions that include group loans in risk of default. Financial risk is one of the high-priority risk types for every business. Financial risk is caused due to market movements and market movements can include host of factors. Based on this, financial risk can be classified into various types such as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The Group has exposure to the following risks and their management approach are disclosed in the accompanying explanatory notes:



d(ii)**Operational risks**

Operational risks are the risks of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.
- adequate insurance and reinsurance protection purchased

Reinsurance is placed with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer. Management monitors the creditworthiness of the Reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

d(iii)Credit risks

Credit risk is the risk of financial loss to the Group if a debtor fails to make payments of interest and principal when due. The Group is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

Sources of credit risk identified are Direct Default Risk that the Group will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations. Downgrade Risk that changes the possibility of future default by an obligor will adversely present value of the contract with the obligor today and Settlement risk arising from lag between the value and settlement dates of transactions. All these risks are closely monitored and measures are put in place to minimise the Groups exposure to them.

d(iv)Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made. The Group does not have material liabilities that can be called unexpectedly at the demand of a lender or client. It has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income. Short-term investments include treasury bills, commercial paper and term deposits with an original maturity of less than one year. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

FINANCIAL ASSETS MATURITY PROFILE

The maturity profile Group's financial assets is as listed below:

Loans And Receivables

	Group		Company	
	2016	2015	2016	2015
Analysis by Performance:				
Performing	**237,335,789**	61,029,203	211,761,875	70,851,264
Non - Performing	**97,276,457**	95,695,221	93,185,875	93,878,904
Total	**334,612,247**	156,724,424	304,947,750	164,730,168
Analysis by Maturity:				
0 - 30 days	**1,501,020**	1,501,020	542,5000	5,425,000
1 - 3 months	**3,540,512**	3,540,512	17,482,228	17,482,228
3 - 6 months	**6,520,400**	6,520,400	3,619,569	3,619,569
6 - 12 months	**29,135,351**	29,135,351	3,717,096	3,717,096
Beyond 12 Months	**89,289,538**	89,289,538	133,620,178	134,486,275
Total	**334,612,247**	156,724,424	304,947,750	164,730,168

Fixed deposits with banks

	Group		Company	
Analysis by maturity	**2016**	2015	2016	2015
0 - 30 days	1026132943	947,644,846	976,132,943	947,644,846
30 - 90 days	594,946,207	1,741,350,238	455,484,104	1,163,491,419
Above 90 days	-	-	-	-
Grand Total	**1,621,079,150**	2688995084	1,431,616,957	2,667,381,666

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group writes insurance primarily over a twelve month duration. The most significant risks arise through high severity, low frequency events such as natural disasters or catastrophes. A concentration of risk may arise from insurance contracts issued in a specific geographic location since all insurance contracts are written in Nigeria.

The Group manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. Pricing of property and liability policies are based on assumptions in regard to trends and past experience, in an attempt to correctly match policy revenue with exposed risk. Reinsurance is purchased to mitigate the effect of the potential loss to the Company. Reinsurance is placed with African Reinsurance Corporation and Continental Reinsurance Plc, these are Nigerian registered reinsurers.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

a(i)Insurance risk associated with uncertainty in the estimation of future claim payments

Claims insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Although, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Certains reserves are held for these contracts which are provision for IBNR, a provision for reported claims not yet paid and a provision for uneared premium at the end of the reporting period.

Claims paid data were grouped into classes of business and Large claims were projected separately as they can significantly distort patterns. The Company also ensure prompt payment of claims as it's the main purpose of the business and also to avoid possible reputational risk.

The Basic Chain Ladder method was adopted in the calculations. Historical claims paid are grouped into years cohorts representing when they were paid after their underwriting year. These cohorts are called claim development years.

The historical paid losses are projected to their ultimate values for each underwriting year. This is done by projecting the latest paid losses in the BCL method, loss development factors (LDF) were calculated for each development year, and also the Ultimate claims are then derived using the LDF and the latest paid historical claims.

a(ii)Expected loss ratio method

This method is used where the volume of data available is too small to be relied upon when using a statistical approach. The reserve for Oil & Gas, Bond, Aviation and engineering was estimated based on this method. Under this method, we obtained the Ultimate claims was derived by assuming a loss ratio of 30%. Paid claims already emerged is then allowed for the estimated Ultimate claim.

a(iii)Claims development tables

The risks associated with insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company's various techniques based on past claims development experience to quantify these sensitivities. This includes indicators such as average claim cost, amount of claims occurrence, expected loss ratios and claims development.

The claims development table shows how the claims develop over time to provide a scientific basis to estimate the value of claims that could arise from the policies already written by the company. The tables below illustrates the claims development for General Accident, Marine Hull, Marine Cargo, Motor and Fire class of business. The Bond, Engineering, Aviation and Oil and Gas classes were based on the estimated loss basis as stated in item a(vi) on pg 95 to 96.

Class of Business		Gross Outstanding Claims N	Estimated Reinsurance Recoveries N	Net Outstanding Claims N
General Accident		269,398,682	(23,191,192)	246,207,490
Engineering		34,707,345	(3,476,204)	31,231,141
Fire		231,577,161	(141,531,098)	90,046,063
Marine Hull		11,878,692	(6,576,763)	5,301,929
Marine Cargo		48,935,519	(6,411,514)	42,524,005
Motor		266,448,154	(6,247,203)	260,200,951
Bond		2,510,898	(63,428)	2,447,470
Aviation		41,444,377	(6,406,334)	35,038,044
Oil & Gas		62,008,652	(5,345,875)	56,662,777
TOTAL		**968,909,480**	**(199,249,612)**	**769,659,870**

The total gross technical liability to be recognized is N2.41 billion with a reinsurance asset of N497.25 million as shown below:

7.1We are adopting the reserves from the Basic Chain Ladder method as being representative of the liability.

7.2Technical Reserves

We are reporting Gross Reserves of N2.41 billion and Reinsurance Assets of N497.25 million as shown in the table below. Our estimates meet the Liability Adequacy Test.

Reserves		Gross (N)	Reinsurance Assets (N)	Net (N)
Claims		968,909,480	(199,249,612)	769,659,870
UPR		1,441,792,508	(298,005,374)	1,143,787,134
Total		2410701988	(497,254,986)	1,913,447,004

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

Technical Reserve Using Basic Chain Ladder Method

Class of Business		Gross Outstanding Claims N	Estimated Reinsurance Recoveries N	Net Outstanding Claims N
General Accident		269,398,682	(23,191,192)	246,207,490
Engineering		34,707,345	(3,476,204)	31,231,141
Fire		231,577,161	(141,531,098)	90,046,063
Marine Hull		11,878,692	(6,576,763)	5,301,929
Marine Cargo		48,935,519	(6,411,514)	42,524,005
Motor		266,448,154	(6,247,203)	260,200,951
Bond		2,510,898	(63,428)	2,447,470
Aviation		41,444,377	(6,406,334)	35,038,044
Oil & Gas		62,008,652	(5,345,875)	56,662,777
TOTAL		968,909,480	(199,249,612)	769,659,870
Accounts (Outstanding Claims)		410,343,575	(19,846,218)	390,497,357
Difference		558,565,905	(179,403,394)	379,162,512

**Estimated using Expected loss ratio method and discounted*
Reserves for Aviation, Oil and Gas & Bond were based on Expected Loss Ratio Approach

Technical Reserves
We estimate the claims reserve net of reinsurance asset as N636.41 million and net UPR as N720.83 million, leading to a total Net Liability of N1.36 billion as shown in Table 7.2, and this estimate meets the Liability Adequacy Test.

Valuation Methodology

We describe in this section the methods used for calculating Premium and Claim Reserve.
Premium Reserves

Our reserves consist of Unearned Premium Risk (“UPR”), Unexpired Risk Reserve (“URR”) and Additional Unexpired Risk Reserve (“AURR”), which are all described in section 3.

We used the 365th (time apportionment) method each policy's unexpired insurance period UP as the exact number of days of insurance cover available after the valuation date and estimate the UPR as the Premium
*(UP)/ policy duration.

We then calculate the expected future claims cost for all the unexpired policy called the Unexpired risk reserve (URR) as the product of our assumed Loss Ratio and the Unexpired Premium (UP)

Typically, the Uearned Premium Reserve is expected to cover the unexpired risk. Where the unexpired risk exceeds the unearned premium we have held , an additiional reserve called Additional Unexpired Risk Reserve (AURR) as described in section 3.

Claims Reserves

The claim reserves comprise of:
• Outstanding Claims Reported (OCR)
• Incurred But Not Reported (IBNR)

The Gross Claim Reserve is the sum of the OCR and the IBNR.
The OCR is obtained from the annual financial statements and is the figure reported by the Loss Claim Adjustors.

In estimating the Gross Claim Reserves, we used four (4) approaches namely:
a) Basic Chain Ladder Method (BCL)
b) Inflation Adjusted Basic Chain Ladder Method (IABCL)
c) Boot Strap simulation (Stochastic approach)
d) Discounted Basic Chain Ladder and Inflation Adjusted Basic Chain Ladder

However, based on the risk nature and claims distribution, we have as our reserve estimate adopted the BCL Method.
The following section describes each of the methods in turn;

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

The Basic Chain Ladder Method (BCL)

The Basic Chain Ladder method forms the basis to the reserving methods explained below. Historical paid claims were grouped into accident year cohorts by class of business–representing when they were paid after their accident year e.g. a claim paid 3 years after accident year 2007 etc. These cohorts form the development triangles.

Each accident years, paid claims were accumulated to the valuation date and projected into future their expected ultimate claim amount using the trends observed in the historical data. The gross claim reserve was then derived from the difference between the cumulated paid claims and the estimated ultimate claim.

For the later years where the cohorts are underdeveloped or has less than expected claims, the Bornheutter Ferguson (BF) method was used to estimate the ultimate claims. The appropriate loss ratio used in estimated the BF ultimate claim was the average of fully developed historical years

Loss Ratio Method

This method is simple and gives an approximate estimate. We adopted this method as a check on our ultimate projections and also where there was insufficient data to be credible to use for the statistical approaches. Under this method, we obtained the Ultimate claims by studying the historical loss ratios, investigating any differences and using judgments to derive a loss ratio. Paid claims already emerged were then deducted from the estimated Ultimate claims to obtain our reserves.

Frequency and Severity Method

This method investigates the trend of the claim frequency and average cost per claim for each accident year. An Average of the fully run off accident years was used as a guide on the ultimate claim frequency and ultimate average cost which was then adopted for the accident years that are not fully run off.

Large Losses

Assumptions underlying the Valuation Methods

Our calculation assumes:

Policies are written uniformly throughout the year for each class of business.

Claims occur uniformly throughout the year for each class of business. This implies that claims occur on average halfway throug

Future claims follow a regression pattern from the historical data. Hence payment patterns will be broadly similar in each acci proportionate increase in the known cumulative payments from one development year to the next is used to calculate the expec payments for the future development periods.

An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future.

We assume gross claim amount includes all related claim expenses. If this is not the case, we will hold a separate reserve to cov expenses.

The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.

Under the Average Cost per claim method used in estimating large losses, we assumed the early years (e.g. accident years 2007 fully developed

Large Losses

The table below shows the large loss cut off level assumed for each class of business. SD below means Standard Deviation of the distribution.

Class of Business	Large Loss	Comment on Derivation
General Accident	10,000,000	10m adopted
Engineering	19,476,305	Mean + 3SD
Fire	7,735,527	Mean + 3SD
General Accident	10,000,000	10m adopted
Marine Cargo	15,742,698	Mean + 3SD
Marine Hull	12,013,435	Mean + 3SD
Motor	10,000,000	10m adopted
Oil & Gas	N/A	Not Applicable
Aviation	N/A	Not Applicable
Bond	N/A	Not Applicable

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

6 **Valuation Results**

6.1**Basic Chain Ladder Method - Result Table**

Table 6.1: Basic Chain Ladder Method

Class of Business	Gross Outstanding Claims N	Estimated Reinsurance Recoveries N	Net Outstanding Claims N
General Accident	269,398,682	(23,191,192)	246,207,490
Engineering	34,707,345	(3,476,204)	31,231,141
Fire	231,577,161	(141,531,098)	90,046,063
Marine Hull	11,878,692	(6,576,763)	5,301,929
Marine Cargo	48,935,519	(6,411,514)	42,524,005
Motor	266,448,154	(6,247,203)	260,200,951
Bond	2,510,898	(63,428)	2,447,470
Aviation	41,444,377	(6,406,334)	35,038,044
Oil & Gas	62,008,652	(5,345,875)	56,662,777
TOTAL	968,909,480	(199,249,612)	769,659,870
Accounts (Outstanding Claims)	410,343,575	(19,846,218)	390,497,357
Difference	558,565,905	(179,403,394)	379,162,512

**Estimated using Expected loss ratio method and discounted*

6.2 **Incurred But Not Reported (IBNR) Table**

Table 6.2: IBNR Table

Class of Business	Outstanding Claim Reserves N	Outstanding Reported Claim Reserves N	IBNR N
General Accident	269,398,682	189,071,074	80,327,608
Engineering	34,707,345	25,120,925	9,586,421
Fire	231,577,161	84,369,661	147,207,500
Marine Hull	11,878,692	2,283,848	9,594,844
Marine Cargo	48,935,519	6,096,011	42,839,509
Motor	266,448,154	80,902,057	185,546,097
Bond	2,510,898	30,000	2,480,898
Aviation	41,444,377	8,400,000	33,044,377
Oil & Gas	62,008,652	14,070,000	47,938,652
TOTAL	**968,909,480**	**410,343,576**	**558,565,906**

6.3 Reinsurance IBNR Table

Table 6.3: Reinsurance IBNR Table

Class of Business	Total Outstanding Reinsurance Recoveries N	Outstanding Reported Reinsurance Recoveries N	Reinsurance IBNR N
General Accident	23,191,192	162,119	23,029,073
Engineering	3,476,204	1,412,922	2,063,282
Fire	141,531,098	16,877,605	124,653,493
Marine Hull	6,576,763	584,720	5,992,043
Marine Cargo	6,411,514	796,852	5,614,663
Motor	6,247,203	0	6,247,203
Bond	63,428	12,000	51,428
Aviation	6,406,334	0	6,406,334
Oil & Gas	5,345,875	0	5,345,875
TOTAL	**199,249,612**	**19,846,218**	**179,403,394**

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For the year ended 31 December 2016

6.4 **UPR (Gross and Reinsurance UPR) - Result Table**

Table 6.4: *Estimated UPR (net of reinsurance)*

Class of Business	Gross UPR N	Reinsurance UPR N	NET UPR N
General Accident	286,553,511	(22,917,137)	263,636,374
Engineering	58,263,594	(7,376,020)	50,887,574
Fire	222,411,236	(75,104,355)	147,306,881
Marine Hull	91,780,212	(39,511,997)	52,268,215
Marine Cargo	14,833,459	(584,337)	14,249,122
Motor	506,744,947	(4,816,223)	501,928,724
Bond	11,656,685	(2,343,515)	9,313,170
Aviation	69,557,327	(67,050,489)	2,506,838
Oil & Gas*	179,991,537	(78,301,300)	101,690,237
Total	**1,441,792,508**	**(298,005,374)**	**1,143,787,134**

6.5 Additional Unexpired Risk Reserve (AURR)

We illustrate below that our assumed Ultimate Loss Ratios are less 100% Earned Premiums for every class of business written. Accordingly we estimate a nil AURR for the business.

Table 6.5: Loss Ratio Table

Class of Business	Assumed Loss Ratio
General Accident	37%
Engineering	43%
Fire	53%
Marine Hull	16%
Motor	42%
Bond	5%
Aviation	5%
Oil and Gas	8%

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Appendix 1 : Illustration of Gross Claim Reserving - General Accident

The tables shown are the step by step output of the IABCL Method in estimating Gross Claim Reserve:

1.1 The claims paid are allocated to claim development years as illustrated below. Of the claims that arose in 2008, N72.38 million was paid in 2008 (development year 1), N40.48 million in 2009 (development year 2) etc.**Incremental Chain Ladder** (Table of claims paid excluding large claims (Attritional Table))

	Incremental Chain ladder-Yearly Projections (N'000)									
Accident year	1	2	3	4	5	6	7	8	9	10
2007	-	23,805	5,065	703	8	1,107	-	2,435	-	-
2008	72,379	40,482	7,472	5,007	2,131	1,328	804	316	-	-
2009	47,434	54,006	16,522	6,145	5,804	55	1,596	-	-	-
2010	41,698	70,177	8,718	7,157	5,044	687	1,052	-	-	-
2011	90,710	82,807	22,331	3,847	1,590	1,117	-	-	-	-
2012	55,014	128,612	65,073	16,213	2,505	-	-	-	-	-
2013	39,421	76,186	12,988	10,531	-	-	-	-	-	-
2014	53,634	70,108	9,367	-	-	-	-	-	-	-
2015	73,429	98,521	-	-	-	-	-	-	-	-
2016	113,444	-	-	-	-	-	-	-	-	-

Projected Table

	Cumulative Chain ladder-Annual Projections (N'000)									
Accident year	1	2	3	4	5	6	7	8	9	10
2007	-	56,878	67,502	68,821	68,834	70,516	70,516	73,677	73,677	73,677
2008	172,933	257,851	271,870	280,388	283,625	285,493	286,537	286,912	286,912	286,912
2009	99,502	200,834	228,938	238,272	246,435	246,506	248,397	248,397	248,500	248,500
2010	78,237	197,614	210,854	220,919	227,468	228,282	229,334	229,679	229,679	229,679
2011	154,306	280,076	311,480	316,475	318,359	319,475	331,496	332,067	332,067	332,067
2012	83,557	264,427	348,926	368,135	370,640	373,913	375,880	376,626	376,626	376,626
2013	55,439	154,370	169,759	180,289	183,344	185,202	186,319	186,742	186,742	186,742
2014	69,646	152,710	162,077	169,332	172,613	174,609	175,808	176,263	176,263	176,263
2015	86,999	185,520	213,276	224,070	228,951	231,919	233,703	234,380	234,380	234,380
2016	113,444	194,885	226,588	238,916	244,491	247,882	249,920	250,693	250,693	250,693

1.5 Assuming claims are paid halfway through the year, the discounted incremental claim amounts are as shown below.

	Non-Cumulative Chain ladder-Annual Projections (N'000)									
Accident year	1	2	3	4	5	6	7	8	9	10
2007										
2008										-
2009									96	-
2010								320	-	-
2011							11,161	457	-	-
2012						3,039	1,575	515	-	-
2013					2,836	1,487	771	252	-	-
2014				6,737	2,626	1,377	714	233	-	-
2015			25,771	8,639	3,368	1,766	915	299	-	-
2016		75,616	25,376	8,507	3,316	1,738	901	294	-	-

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1.6 We illustrate our reserves for General Accident large loss as follows

Accident Year	Exposure / Earned Premium (N'000)	Total Paid Amounts (N'000)	O/s Reported LG Reserve	No. of Large Losses	Claim Frequency	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amounts (N'000)	Large Loss Reserves (N'000)
2007	366,399	-	-	-	0.00000%	-	-	0.00000%	-	-
2008	366,399	16,611	-	1	0.00027%	16,611	16,611	0.00027%	16,611	-
2009	366,399	29,420	-	2	0.00055%	14,710	14,710	0.00055%	29,420	-
2010	637,972	18,226	-	1	0.00016%	18,226	18,226	0.00016%	18,226	-
2011	960,118	-	-	-	0.00000%	-	-	0.00000%	-	-
2012	884,718	33,534	-	2	0.00023%	16,767	16,767	0.00023%	33,534	-
2013	792,299	-	-	-	0.00000%	-	-	0.00000%	-	-
2014	605,896	30,969	-	4	0.00066%	7,742	7,742	0.00066%	30,969	-
2015	635,687	70,245	-	7	0.00110%	10,035	10,035	0.00110%	70,245	-
2016	736,961	11,254	50,000	1	0.00027%	30,627	30,627	0.00033%	74,306	63,053
Average Paid						12,013				63,053

Note
Claim Frequency column is calculated thus: (No of Large Losses/Exposure) * 1000
Average Paid Column is calculated thus: Total Paid Amounts/ No of Large Losses
The Ult Average Cost and Ultimate Frequency are informed selections from Claim Frequency and Average Paid columns
The Ultimate Paid amounts is calculated thus Ultimate Frequency * Ult Avg Cost * Exposure * 1000
The Large Loss Reserves is calculated by subtracting the Total Paid amounts from the Ultimate Paid Amounts

We have assumed that the pre 2016 claims are fully developed. For 2016 accident year, we derived the Ultimate Frequency as average of claim frequencies from 2008 to 2015 and Ultimate Cost as average of Average Claims cost over the same period.

1.7 From the above tables, we illustrate the total expected payment for each future year as follows

Accident Year	Incremental Amounts N
2017	125,576
2018	40,160
2019	14,537
2020	6,047
2021	2,887
2022	1,200
2023	294
Attritional Losses	190,701
Large Loss	63,053
Total	253,753

Appendix 2 : Illustration of Gross Claim Reserving - Fire

The tables shown are the step by step output of the IABCL Method in estimating Gross Claim Reserve:

2.1 Table of claims paid excluding large claims (Attritional Table)

	Incremental Chain ladder-Yearly Projections (N'000)									
Accident year	1	2	3	4	5	6	7	8	9	10
2007	-	6,397	46	-	17	-	-	-	-	-
2008	9,472	6,889	-	226	150	28	-	334	-	-
2009	10,509	10,492	4,757	275	-	-	-	-	-	-
2010	5,641	3,829	6,750	1,729	1,192	363	-	-	-	-
2011	7,434	51,673	8,303	4,102	1,384	19	-	-	-	-
2012	33,469	40,237	11,647	1,269	55	-	-	-	-	-
2013	20,822	34,439	11,256	3,208	-	-	-	-	-	-
2014	86,495	58,065	11,077	-	-	-	-	-	-	-
2015	75,855	74,119	-	-	-	-	-	-	-	-
2016	111,326	-	-	-	-	-	-	-	-	-

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2.5 Reserve for Large losses

Accident Year	Exposure / Earned Premium	Total Paid Amounts	O/s Reported LG Reserve	No. of Large Losses	Claim Frequency	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amounts	Large Loss Reserves (N'000)
2007	(N'000)	(N'000)	-	1	0.0006%	12,932	12,932	0.0006%	(N'000)	-
2008	163,709	12,932	-	2	0.0012%	9,520	9,520	0.0012%	12,932	-
2009	163,709	19,041	-	-	0.0000%	-	-	0.0000%	19,041	-
2010	163,709	-	-	2	0.0013%	13,455	13,455	0.0013%	-	-
2011	159,692	26,909	-	1	0.0005%	15,924	15,924	0.0005%	26,909	-
2012	204,842	15,924	-	5	0.0014%	10,281	10,281	0.0014%	15,924	-
2013	358,272	51,407	-	2	0.0004%	17,735	17,735	0.0004%	51,407	-
2014	482,031	35,470	-	12	0.0021%	12,407	12,407	0.0021%	35,470	-
2015	580,859	148,886	-	17	0.0026%	18,333	18,333	0.0026%	148,886	-
2016	659,156	311,664	60,000	5	0.0009%	5,729	12,207	0.0014%	311,664	96,442
Total	750,140	28,643	60,000						125,085	96,442

We have assumed that the pre 2016 claims are fully developed. For 2016 accident year, we derived the Ultimate Frequency as average claim frequency between 2010 and 2015 accident years and Ultimate Average Claim cost over the same period.

2.6 Combined results table (Attritional and Large Losses)

Summary of Results

Accident Year	Paid to date (N,000)	Latest Paid Large Loss (N'000)	Total Ultimate	Gross Claims Reserve	Gross Earned Premium	Ultimate Loss Ratio
2007	15,411	12,932	28,343	-	163,709	17%
2008	38,129	19,041	57,170	-	163,709	35%
2009	50,241	-	50,241	-	163,709	31%
2010	31,758	26,909	58,667	-	159,692	37%
2011	109,790	15,924	126,224	510	204,842	62%
2012	124,103	51,407	175,880	370	358,272	49%
2013	90,545	35,470	127,429	1,414	482,031	26%
2014	192,190	148,886	349,890	8,814	580,859	60%
2015	163,991	311,664	505,057	29,401	659,156	77%
2016	111,326	28,643	313,064	173,095	750,140	42%
Total				213,606		

Appendix 3 : Illustration of Gross Claim Reserving - Engineering

The tables shown are the step by step output of the IABCL Method in estimating Gross Claim Reserve:

3.1 Table of claims paid excluding large claims (Attritional Table)

	Incremental Chain ladder-Yearly Projections (N'000)									
Accident year	1	2	3	4	5	6	7	8	9	10
2007	-	-	108	-	-	-	-	-	-	-
2008	-	33	-	-	-	-	-	-	-	-
2009	1,413	-	350	128	-	-	-	-	-	-
2010	-	1,089	1,853	27	-	-	-	-	-	-
2011	2	11,870	-	-	-	-	-	-	-	-
2012	1,786	11,084	229	-	2,080	-	-	-	-	-
2013	3,029	3,508	1,194	-	-	-	-	-	-	-
2014	17,033	14,207	4,016	-	-	-	-	-	-	-
2015	11,238	30,955	-	-	-	-	-	-	-	-
2016	11,042	-	-	-	-	-	-	-	-	-

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3.5 Reserve for Large losses

Accident Year	Exposure / Earned Premium	Total Paid Amounts	O/s Reported LG Reserve	No. of Large Losses	Claim Frequency	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amounts	Large Loss Reserves (N'000)
2008	63,198	-	-	-	0.00000%	-	-	0.00000%	-	-
2009	74,766	-	-	-	0.00000%	-	-	0.00000%	-	-
2010	121,543	-	-	-	0.00000%	-	-	0.00000%	-	-
2011	111,030	-	-	-	0.00000%	-	-	0.00000%	-	-
2012	112,881	-	-	2	0.00177%	41,429	41,429	0.00177%	82,858	-
2013	185,452	82,858	-	-	0.00000%	-	-	0.00000%	-	-
2014	142,463	-	-	-	0.00000%	-	-	0.00000%	-	-
2015	135,342	-	-	-	0.00000%	-	-	0.00000%	-	-
2016	131,135	-	-	-	0.00000%	-	-	0.00044%	-	-
Total			-							-

We have assumed that the pre 2016 claims are fully developed. For 2016 accident year, we derived the Ultimate Frequency as average of claim frequency between 2012 and 2015 accident years and Ultimate Average Cost as average claims cost over the same period.

3.6 Combined results table (Attritional and Large Losses)

Accident Year	Paid to date (N,000)	Latest Paid Large Loss (N'000)	Total Ultimate	Gross Claims Reserve	Gross Earned Premium	Ultimate Loss Ratio
2007	226	-	226	-	63,198	0%
2008	70	-	70	-	63,198	0%
2009	3,754	-	3,754	-	74,766	5%
2010	4,705	-	4,705	-	121,543	4%
2011	18,032	-	18,187	155	111,030	16%
2012	20,677	82,858	103,534	-	112,881	92%
2013	10,231	-	10,245	14	185,452	6%
2014	42,966	-	53,867	10,901	142,463	38%
2015	44,270	-	48,598	4,327	135,342	36%
2016	11,042	-	28,912	17,869	131,135	22%
Total				33,266		

4.5 Reserve for Large losses

Accident Year	Exposure / Earned Premium	Total Paid Amounts	O/s Reported LG Reserve	No. of Large Losses	Claim Frequency	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amounts	Large Loss Reserves (N'000)
2007	1,297,206	-	-	-	0.0000%	-	-	0.0000%	-	-
2008	1,297,206	-	-	-	0.0000%	-	-	0.0000%	-	-
2009	1,297,206	10,971.45	-	1	0.0001%	10,971	10,971	0.0001%	10,971	-
2010	854,484	-	-	-	0.0000%	-	-	0.0000%	-	-
2011	1,109,467	-	-	-	0.0000%	-	-	0.0000%	-	-
2012	1,248,871	94,487.98	-	6	0.0005%	15,748	15,748	0.0005%	94,488	-
2013	1,161,583	-	-	-	0.0000%	-	-	0.0000%	-	-
2014	1,118,694	-	-	-	0.0000%	-	-	0.0000%	-	-
2015	1,204,996	41,319.88	-	2	0.0002%	20,660	20,660	0.0002%	41,320	-
2016	1,301,387	-	-	-	0.0000%	-	6,768	0.0001%	9,104	9,104
			-						Total Reserves	9,104

We have assumed that the pre 2016 claims are fully developed. For 2016 accident year, we derived the Ultimate Frequency as average of claim frequency between 2009 and 2015 accident years and Ultimate Average Cost as average claims cost over the same period.

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4.6 Combined results table (Attritional and Large Losses)

Summary of Results

Accident Year	Paid to date (N,000)	Latest Paid Large Loss (N'000)	Total Ultimate	Gross Claims Reserve	Gross Earned Premium	Ultimate Loss Ratio
2007	149,319	-	149,319	-	1,297,206	12%
2008	554,673	-	554,673	-	1,297,206	43%
2009	506,119	10,971	517,090	-	1,297,206	40%
2010	445,221	-	445,221	-	854,484	52%
2011	436,889	-	440,762	3,873	1,109,467	40%
2012	424,670	94,488	519,187	30	1,248,871	42%
2013	271,304	-	271,607	303	1,161,583	23%
2014	539,557	-	546,709	7,152	1,118,694	49%
2015	501,241	41,320	558,037	15,476	1,204,996	46%
2016	343,032	-	553,846	210,815	1,301,387	43%
Total				237,649		

Appendix 4 : Illustration of Gross Claim Reserving - Marine Hull

The tables shown are the step by step output of the IABCL Method in estimating Gross Claim Reserve:

5.1 Table of claims paid excluding large claims (Attritional Table)

	Incremental Chain ladder-Yearly Projections **(N'000)**									
Accident year	1	2	3	4	5	6	7	8	9	10
2007	-	5,899	80	33	-	-	-	-	-	-
2008	4,620	2,699	2,497	221	-	-	-	-	-	-
2009	15,579	11,649	284	-	-	-	-	-	-	-
2010	10,733	8,575	289	-	-	-	-	-	-	-
2011	10,674	7,264	-	-	-	-	-	-	-	-
2012	6,798	1,537	-	-	-	-	-	-	-	-
2013	3,732	696	-	-	-	-	-	-	-	-
2014	-	-	6,573	-	-	-	-	-	-	-
2015	13,368	9,051	-	-	-	-	-	-	-	-
2016	21,012	-	-	-	-	-	-	-	-	-

5.5 Reserve for Large losses

Accident Year	Exposure / Earned Premium	Total Paid Amounts	O/s Reported LG Reserve	No. of Large Losses	Claim Frequency	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amounts	Large Loss Reserves (N'000)
2007	160,217	-	-	-	0.0000%	-	-	0.00000%	-	-
2008	160,217	-	-	-	0.0000%	-	-	0.00000%	-	-
2009	160,217	38,273	-	1	0.0006%	38,273	38,273	0.00062%	38,273	-
2010	155,827	-	-	-	0.0000%	-	-	0.00000%	-	-
2011	238,119	-	-	-	0.0000%	-	-	0.00000%	-	-
2012	188,718	-	-	-	0.0000%	-	-	0.00000%	-	-
2013	138,688	-	-	-	0.0000%	-	-	0.00000%	-	-
2014	109,897	-	-	-	0.0000%	-	-	0.00000%	-	-
2015	236,591	44,074	-	2	0.0008%	22,037	22,037	0.00085%	44,074	-
2016	234,028	396	-	-	0.0000%	-	7,539	0.00021%	3,704	3,308
Total			-							3,308

We have assumed that the pre 2016 claims are fully developed. For 2016 accident year, we derived the Ultimate Frequency as average of claim frequency between 2009 and 2015 accident years and Ultimate Average Cost as average claims cost over the same period.

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5.6 Combined results table (Attritional and Large Losses)
Summary of Results

Accident Year	Paid to date (N,000)	Latest Paid Large Loss (N'000)	Total Ultimate	Gross Claims Reserve	Gross Earned Premium	Ultimate Loss Ratio
2007	14,323	-	14,323	-	160,217	9%
2008	21,761	-	21,761	-	160,217	14%
2009	55,022	38,273	93,294	-	160,217	58%
2010	35,163	-	35,163	-	155,827	23%
2011	29,190	-	29,190	-	238,119	12%
2012	12,486	-	12,486	-	188,718	7%
2013	6,152	-	6,152	-	138,688	4%
2014	6,573	-	6,594	21	109,897	6%
2015	24,890	44,074	70,161	1,198	236,591	30%
2016	21,012	396	31,873	10,465	234,028	14%
Total				11,683		

6.5 Reserve for Large losses

Accident Year	Exposure / Earned Premium	Total Paid Amounts	O/s Reported LG Reserve	No. of Large Losses	Claim Frequency	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amounts	Large Loss Reserves (N'000)
2007	155,108	-	-	-	0.0000%	-	-	0.0000%	-	-
2008	155,108	-	-	-	0.0000%	-	-	0.0000%	-	-
2009	155,108	-	-	-	0.0000%	-	-	0.0000%	-	-
2010	77,914	-	-	-	0.0000%	-	-	0.0000%	-	-
2011	59,530	-	-	-	0.0000%	-	-	0.0000%	-	-
2012	62,906	-	-	-	0.0000%	-	-	0.0000%	-	-
2013	79,489	-	-	-	0.0000%	-	-	0.0000%	-	-
2014	30,043	173,351	-	2	0.0067%	86,675	86,675	0.0067%	173,351	-
2015	64,799	-	-	-	0.0000%	-	-	0.0000%	-	-
2016	193,251	-	-	-	0.0000%	-	-	0.0033%	-	-
Total			-	-						-

We have assumed that the pre 2016 claims are fully developed. For 2016 accident year, we derived the Ultimate Frequency as average of claim frequency between 2010 and 2013 accident years and Ultimate Average Cost as average claims cost over the same period.

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6.6 **Combined results table (Attritional and Large Losses)**
Summary of Results

Accident Year	Paid to date (N,000)	Latest Paid Large Loss (N'000)	Total Ultimate	Gross Claims Reserve	Gross Earned Premium	Ultimate Loss Ratio
2007	6,508	-	6,508	-	155,108	4%
2008	30,713	-	30,713	-	155,108	20%
2009	18,224	-	18,224	-	155,108	12%
2010	41,481	-	41,481	-	77,914	53%
2011	9,360	-	10,010	650	59,530	17%
2012	44,572	-	44,697	125	62,906	71%
2013	3,307	-	3,357	50	79,489	4%
2014	26,239	173,351	200,101	511	30,043	666%
2015	30,411	-	33,780	3,369	64,799	52%
2016	29,777	-	69,904	40,128	193,251	36%
Total				44,833		

Appendix 7 : Illustration of Gross Claim Reserving - Oil & Gas

The table shown is the output of the Expected Loss Ratio Method used in estimating Gross Claim Reserve for Oil & Gas:

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/s as at 31 Dec 2016 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/s Claim Reserves (N'000)
2008	-	335	-	335	0%	0%	-	-
2009	-	18,374	-	18,374	0%	0%	-	-
2010	-	29,474	-	29,474	0%	0%	-	-
2011	427,491	369,106	1,400	370,506	87%	87%	370,506	1,400
2012	600,874	121,066	-	121,066	20%	20%	121,066	-
2013	809,852	46,331	-	46,331	6%	6%	46,331	-
2014	1,042,272	13,985	-	13,985	1%	1%	13,985	-
2015	1,362,315	44,060	-	44,060	3%	4%	54,493	10,433
2016	890,208	19,285	12,670	31,955	4%	8%	69,461	50,176
Total			14,070					62,009
							Discounted	52,918

*Earned premiums for 2008 - 2010 were not available so we adopted 2011 Earned Premiums

We are assuming that the pre 2015 claims losses are fully developed. We used an average of 2008 and 2014 Ultimate Loss Ratios to calculate the Ultimate Loss Ratio for 2015 and 2016 Accident years.

Appendix 8 : Illustration of Gross Claim Reserving - Bond

The table shown is the output of the Expected Loss Ratio Method used in estimating Gross Claim Reserve for Bond:

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/s as at 31 Dec 2016(N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/s Claim Reserves (N'000)
2007	-	-	-	-	0%	0%	-	-
2008	-	7,000	-	7,000	0%	0%	-	-
2009	-	4,272	-	4,272	0%	0%	-	-
2010	-	96	-	96	0%	0%	-	-
2011	43,966	14,224	-	14,224	32%	32%	14,224	-
2012	8,954	1,584	-	1,584	18%	18%	1,584	-
2013	18,489	6,712	-	6,712	36%	36%	6,712	-
2014	19,632	-	-	-	0%	0%	-	-
2015	20,394	-	-	-	0%	0%	-	-
2016	23,264	-	30	30	0%	11%	2,511	2,511
Total			30					2,511

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

*Earned premiums for 2008 - 2010 were not available so we adopted 2011 Earned Premiums

We assumed that the pre 2016 claims are fully developed. For the 2016 accident year, we used an average Ultimate Loss Ratios between the 2009 and 2015 accident years to derive the Ultimate Loss Ratio.

Appendix 9 : Illustration of Gross Claim Reserving - Aviation

The table shown is the output of the Expected Loss Ratio Method used in estimating Gross Claim Reserve for Aviation:

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/s as at 31 Dec 2016 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/s Claim Reserves (N'000)
2007	-	-	-	-	0%	0%	-	-
2008	-	1,096	-	1,096	0%	0%	-	-
2009	-	26,881	-	26,881	0%	0%	-	-
2010	-	2,876	-	2,876	0%	0%	-	-
2011	728,154	41,219	-	41,219	6%	6%	41,219	-
2012	369,802	21,017	-	21,017	6%	6%	21,017	-
2013	496,837	31,880	-	31,880	6%	6%	31,880	-
2014	891,181	68,539	-	68,539	8%	8%	68,539	-
2015	1,554,809	24,584	30	24,614	2%	2%	24,614	30
2016	1,439,402	157,223	8,370	165,593	12%	14%	198,638	41,414
Total			8,400					41,444
							Discounted	35,369

We assumed that the pre 2016 claims are fully developed. For the 2016 accident year, an additional prudent of 3.5% was held on top of the Current Loss Ratio for 2016 accident year.

11.6 **Illustration of Reinsurance Recoveries Reserving - Oil & Gas**

The table shown is the output of the Expected Loss Ratio Method used in estimating Reinsurance Recoveries Reserve for Oil & Gas:

Expected Loss Ratio Method Table

Accident Year	RI Earned Premium (N' 000)	Recoveries till date (N' 000)	Total O/s RI as at 31 Dec 2016 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	Outstanding RI Claim Reserves (N'000)
2008	427,491	-	-	-	0.0%	0.0%	-	-
2009	427,491	-	-	-	0.0%	0.0%	-	-
2010	427,491	-	-	-	0.0%	0.0%	-	-
2011	427,491	11,822	-	11,822	2.8%	2.8%	11,822	-
2012	600,874	-	-	-	0.0%	0.0%	-	-
2013	837,360	492	-	492	0.1%	0.1%	492	-
2014	498,308	-	-	-	0.0%	0.0%	-	-
2015	787,667	-	-	-	0.0%	0.4%	3,178	3,178
2016	537,394	-	-	-	0.0%	0.4%	2,168	2,168
Total	7,070,964							5,346
							Total Discounted	4,562

We assumed that the pre 2015 claims are fully developed. For the 2015 accident year, we used an average Ultimate Loss Ratios between the 2008 and 2014 accident years to derive the Ultimate Loss Ratio, and the same average was used for 2016 accident year.

11.7 **Illustration of Reinsurance Recoveries Reserving - Bond**

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

The table shown is the output of the Expected Loss Ratio Method used in estimating Reinsurance Recoveries Reserve for Bond:

Expected Loss Ratio Method Table

Accident Year	RI Earned Premium (N' 000)	Recoveries till date (N' 000)	Total O/s RI as at 31 Dec 2016 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	Outstanding RI Claim Reserves (N'000)
2008	43,966	-	-	-	0.0%	0.0%	-	-
2009	43,966	416	-	416	0.9%	0.9%	416	-
2010	43,966	20	-	20	0.0%	0.0%	20	-
2011	43,966	-	-	-	0.0%	0.0%	-	-
2012	8,954	-	-	-	0.0%	0.0%	-	-
2013	18,489	-	-	-	0.0%	0.0%	-	-
2014	7,699	-	-	-	0.0%	0.0%	-	-
2015	7,302	-	-	-	0.0%	0.0%	-	-
2016	6,343	-	12	12	0.2%	1.0%	63	63
Total	224,651							63
						Total Discounted		54

We assumed that the pre 2016 claims are fully developed. For the 2016 accident year, an additional prudent of 0.81% was held on top of the Current Loss Ratio for 2016 accident year.

11.8 **Illustration of Reinsurance Recoveries Reserving - Aviation**

The table shown is the output of the Expected Loss Ratio Method used in estimating Reinsurance Recoveries Reserve for Aviation:

Expected Loss Ratio Method Table

Accident Year	RI Earned Premium (N' 000)	Recoveries till date (N' 000)	Total O/s RI as at 31 Dec 2016 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	Outstanding RI Claim Reserves (N'000)
2008	528,555	-	-	-	0.0%	0.0%	-	-
2009	528,555	-	-	-	0.0%	0.0%	-	-
2010	528,555	-	-	-	0.0%	0.0%	-	-
2011	528,555	-	-	-	0.0%	0.0%	-	-
2012	348,194	10,464	-	10,464	3.0%	3.0%	10,464	-
2013	326,913	-	-	-	0.0%	0.0%	-	-
2014	776,629	-	-	-	0.0%	0.0%	-	-
2015	1,301,715	111	-	111	0.0%	0.0%	111	-
2016	1,062,865	-	-	-	0.0%	0.6%	6,406	6,406
Total	5,930,536	-	-	-	0.0%	0.0%	-	6,406
						Total Discounted		5,467

We assumed that the pre 2015 claims are fully developed. For the 2015 accident year, we used an Ultimate Loss Ratio equal to the Current Ultimate Loss Ratio, and an average Ultimate Loss Ratios between 2011 and 2015 accident years to derive the Ultimate Loss Ratio 2016 accident year.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2016

d(v) **Equity risk**

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Group is exposed to this risk through its equity holdings within its investment portfolio. The Group's management of equity price risk is guided by Investment Quality and Limit Analysis, Stop Loss Limit Analysis and Stock to Total Loss Limit Analysis.

d(vi) **Currency risks**

Currency risks are the risks that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Investors and multinational businesses exporting or importing goods and services or making foreign investments throughout the global economy are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately

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d(vii) **Business Risks**

Business risk relates to the potential erosion of our market position or revenue shortfall compared to the cost base due to strategic and/or reputational reasons. The corporate governacnce structure of the group is effective. Each level of leadership has limits of authority and approval to ensure business decisions are properly considered, relevant risks exposures evaluated and necessary measures implemented to mitigate such risks.

The Group holds regular strategic sessions both at the Board, Management and Operational Unit basis to review the corporate and the unit strategies and ensure the group market share is effectively defended against competition.

d(viii) Reputational Risks

Reputational risk, often called reputation risk, is a type of risk related to the trustworthiness of business. Damage to a firm's reputation can result in lost revenue or destruction of shareholder value, even if the company is not found guilty of a crime. Reputational risk can be a matter of corporate trust, but serves also as a tool in crisis prevention. This type of risk can be informational in nature or even financial. Extreme cases may even lead to bankruptcy.

The composition of the Board and leadership of the group are made up of reputable and experienced practitioners. The group also holds it core values of Professionalism, Relationship, Integrity, Customer focus and Excellence (PRICE) which is regularly communicated to every member and compliance monitored on an ongoing basis.

Statement of Value Added - Group

For the year ended 31 December 2016

	2016 N	%	2015 N	%
Gross premium income	5,708,277,060		5,875,522,094	
Reinsurance, claims and Commissions & Others - local	(4,733,493,441)		(4,418,566,635)	
Reinsurance, claims and Commissions & Others - foreign	-		-	
Value added	974,783,619	100	1,456,955,459	100

Applied as follows:

	2016 N	%	2015 N	%
To pay employees				
Salaries, pension and welfare	513,986,990	52.72	553,499,753	37.99
To pay government				
Company income taxation	173,145,284	17.76	159,100,881	10.92
To pay providers of capital				
Shareholders as dividend	60,000,000	6.16	120,000,000	8.24
Retained for future maintenance of assets and future expansion of business:				
- Contingency & statutory reserve	174,700,711	17.92	176,265,663	12.10
- Depreciation of fixed assets	92,663,502	9.51	78,543,747	5.39
'- (Loss)/profit for the year	(39,712,868)	(4.07)	369,545,415	25.36
Value added	974,783,619	100	1,456,955,459	100

Value added represents the wealth created by the Group during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

Statement of Value Added - Company

For the year ended 31 December 2016

	2016 N	%	2015 N	%
Gross premium income	**5,708,277,060**		5,875,522,094	
Reinsurance, claims and Commissions & Others - local	**(4,765,147,784)**		(4,459,913,010)	
Reinsurance, claims and Commissions & Others - foreign	**-**		-	
Value added	**943,129,276**	**100**	1,415,609,084	100
Gross premium income				
Applied as follows:				
To pay employees				
Salaries, pension and welfare	**492,007,345**	**52.16**	532,115,976	37.59
To pay government				
Company income taxation	**163,358,219**	**17.32**	152,718,047	10.79
To pay providers of capital				
Shareholders as dividend	**60,000,000**	**6.36**	120,000,000	8.48
Retained for future maintenance of assets and future expansion of business				
Contingency reserve	**171,248,311**	**18.16**	176,265,663	12.45
Depreciation of property and equipment	**89,840,853**	**9.53**	76,495,992	5.40
Profit/(loss) for the year	**(33,325,452)**	**(3.53)**	358,013,406	25.29
Value added	**943,129,276**	**100**	1,415,609,084	100

Value added represents the wealth created by the Company during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

Five Year Financial Summary - Group

For the year ended 31 December, 2016

	December 2016 N	31 December 2015 N	31 December 2014 N	31 December 2013 N	Restated 31 December 2012 N
Assets					
Cash and cash equivalent	**1,836,824,537**	2,822,735,766	2,299,949,368	2,275,501,790	1,857,303,251
Financial assets:					
- At fair value through profit or loss	**170,013,089**	183,200,238	343,086,193	174,453,485	182,451,560
- Loans and receivables	**237,335,789**	61,029,203	34,221,228	68,342,353	41,082,638
- Available for sale	**60,950,000**	60,950,000	2,000,000	2,000,000	2,000,000
- Held-to-maturity	**1,654,142,565**	497,905,166	133,173,401	65,783,151	-
Deposit for shares	**-**	-	50,250,000	-	-
Finance lease receivables	**162,290,265**	172,095,986	128,423,469	82,093,614	24,731,816
Trade receivables	**182,091,091**	81,030,026	69,245,808	51,398,191	1,138,068,666
Reinsurance assets	**546,323,978**	691,913,416	651,767,868	981,521,496	1,068,907,833
Deferred acquisition cost	**229,579,067**	190,525,298	194,835,265	204,941,728	195,734,475
Other receivables and prepayments	**177,968,732**	135,246,867	141,675,841	125,024,460	50,413,486
Investment in subsidiaries	**-**	-	-	-	-
Inventories	**3,920,887**	5,146,854	2,888,332	-	
Intangible Assets	**13,119,349**	16,467,871	13,685,959		
Investment properties	**893,882,395**	888,020,000	877,960,682	874,278,599	870,331,600
Property and equipment	**974,022,626**	917,049,344	895,462,588	964,104,610	946,746,285
Statutory deposits	**300,000,000**	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**7,442,464,370**	7,023,316,035	6,138,626,002	6,169,443,477	6,677,771,610
Liabilities					
Insurance contract liabilities	**2,410,701,988**	2,218,670,079	1,974,439,083	2,124,258,117	2,044,293,984
Trade payables	**87,511,062**	112,060,913	7,829,896	26,056,310	218,963,082
Other payables and provision	**179,731,068**	163,568,360	146,105,612	67,042,956	78,514,068
Retirement benefit obligations	**151,314**	184,444	137,815	4,104,327	8,507,055
Current income tax liabilities	**191,465,212**	120,730,104	72,341,424	145,018,810	170,767,513
Deferred tax liabilities	**170,103,017**	140,289,268	95,460,524	153,728,094	126,936,011
Total liabilities	**3,039,663,661**	2,755,503,168	2,296,314,354	2,520,208,614	2,647,981,713
Equity & reserves					
Issued and paid up share capital	**3,000,000,000**	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Contingency reserves	**1,230,030,314**	1,058,782,003	882,516,340	742,159,645	617,545,019
Statutory reserves	**9,279,386**	5,826,986	8,477,548	6,690,382	5,826,986
Retained earnings	**163,491,009**	203,203,878	(48,682,240)	(99,615,164)	406,417,892
Total equity	**4,402,800,709**	4,267,812,867	3,842,311,648	3,649,234,863	4,029,789,897
Total liabilities and equity & reserves	**7,442,464,370**	7,023,316,035	6,138,626,002	6,169,443,477	6,677,771,610

Five Year Financial Summary - Group

For the year ended 31 December, 2016

	31 December 2016 N	31 December 2015	31 December 2014 N	31 December 2013 N	Restated 31 December 2012 N
Gross premium written	**5,826,950,292**	6,039,451,539	4,614,438,474	4,153,820,829	4,142,126,782
Gross premium income	**5,708,277,060**	5,875,522,094	4,678,556,485	4,151,298,704	3,835,996,495
Reinsurance premium expenses	**(2,199,995,287)**	(2,685,733,043)	(2,148,244,817)	(1,582,605,604)	(925,237,855)
Net premium income	**3,508,281,773**	3,189,789,051	2,530,311,668	2,568,693,100	2,910,758,640
Fee and commission income	**203,707,669**	145,879,333	207,872,453	203,633,369	237,243,585
Net underwriting income	**3,711,989,442**	3,335,668,384	2,738,184,121	2,772,326,469	3,148,002,225
Claims expenses	**(1,730,652,330)**	(1,341,181,328)	(1,234,297,773)	(965,106,416)	(846,618,408)
Claims recoveries from reinsurers	**343,508,618**	383,167,702	267,243,023	314,751,829	123,875,046
Claims incurred	**(1,387,143,712)**	(958,013,626)	(967,054,750)	(650,354,587)	(722,743,362)
Underwriting expenses	**(1,256,318,222)**	(1,007,902,155)	(907,885,365)	(1,064,854,654)	(904,686,101)
Underwriting profit	**1,068,527,508**	1,369,752,603	863,244,006	1,057,117,228	1,520,572,762
Investment income	**472,289,663**	447,362,355	329,369,607	299,470,300	246,691,774
Other operating income	**183,860,805**	177,053,841	36,973,619	21,756,652	10,803,367
Impairment charge/write back	**(9,310,327)**	16,935,040	(20,767,457)	(550,641,729)	(422,184,651)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	**(6,783,170)**	(138,190,791)	32,307,258	16,100,005	(19,468,439)
Management expenses	**(1,340,451,352)**	(1,168,001,089)	(1,035,505,853)	(1,024,904,284)	(940,275,018)
Profit/(loss) before taxation	**368,133,127**	704,911,959	205,621,179	(181,101,828)	396,139,795
Income tax (expense)/credit	**(173,145,284)**	(159,100,881)	(12,544,394)	(19,453,205)	(156,642,418)
Profit/(loss) after taxation	**194,987,843**	545,811,078	193,076,785	(200,555,033)	239,497,377
Other comprehensive income net of tax	**-**	-	-	-	-
Total comprehensive income/(loss) for the year	**194,987,843**	545,811,078	193,076,785	(200,555,033)	239,497,377
Profit/(loss) attributable to:					
Equity holders of the parent	**194,987,843**	545,811,078	193,076,785	(200,555,033)	239,497,377
Non-controlling interest			-	-	-
	194,987,843	545,811,078	193,076,785	(200,555,033)	239,497,377
Basic and diluted earnings/(loss) per share (kobo)	**3.25**	9.10	3.22	(3.34)	3.99
	-	-	-		-

Five Year Financial Summary - Company

For the year ended 31 December, 2016

	31 December 2016 N	31 December 2015 N	31 December 2014 N	31 December 2013 N	31 December 2012 N
Assets					
Cash and cash equivalent	**1,587,501,284**	2,780,220,924	2,268,572,191	2,232,194,170	1,746,507,954
Financial assets:					
- At fair value through profit or loss	**163,699,494**	177,671,643	331,557,775	156,076,888	167,695,232
- Loans and receivables	**211,761,875**	70,851,262	19,379,021	42,254,825	25,122,448
- Available for sale	**60,950,000**	60,950,000	2,000,000	2,000,000	2,000,000
- Held-to-maturity	**1,654,142,565**	497,905,166	133,173,401	65,783,151	-
Deposit for shares	**180,000,000**	-	50,250,000	-	-
Trade receivables	**182,091,091**	81,030,026	69,245,808	51,398,191	1,138,068,666
Reinsurance assets	**546,323,978**	691,913,416	651,767,868	981,521,496	1,068,907,833
Deferred acquisition cost	**229,579,067**	190,525,298	194,835,265	204,941,728	195,734,475
Other receivables and prepayments	**213,530,118**	135,266,048	141,704,560	118,125,647	61,710,099
Investment in subsidiaries	**300,000,000**	250,000,000	250,000,000	226,407,681	226,407,680
Intangible Assets	**12,383,037**	15,592,433	13,685,959	-	-
Investment properties	**809,221,395**	803,359,000	793,460,682	789,778,600	785,831,600
Property and equipment	**941,328,726**	908,924,352	892,213,721	959,875,241	946,346,035
Statutory deposits	**300,000,000**	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**7,392,512,630**	6,964,209,568	6,111,846,251	6,130,357,618	6,664,332,022
Liabilities					
Insurance contract liabilities	**2,410,701,988**	2,218,670,079	1,974,439,083	2,124,258,117	2,044,293,984
Trade payables	**87,511,062**	112,060,913	7,829,896	26,056,310	218,963,082
Other payables and provision	**195,101,601**	171,540,123	171,622,017	62,509,494	87,474,075
Retirement benefit obligations	**13,502**	4,430	-	3,920,473	8,429,295
Current income tax liabilities	**162,558,597**	93,162,912	47,695,854	130,138,788	161,377,528
Deferred tax liabilities	**169,625,075**	139,693,165	95,460,524	153,728,093	126,936,011
Total liabilities	**3,025,511,825**	2,735,131,622	2,297,047,374	2,500,611,275	2,647,473,975
Equity & reserves					
Issued and paid share capital	**3,000,000,000**	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Contingency reserves	**1,230,030,314**	1,058,782,003	882,516,340	742,159,645	617,545,019
Statutory reserves	**-**	-	-	-	-
Retained earnings	**136,970,491**	170,295,943	(67,717,463)	(112,413,302)	399,313,028
Shareholders' fund	**4,367,000,805**	4,229,077,946	3,814,798,877	3,629,746,343	4,016,858,047
Total liabilities and equity & reserves	**7,392,512,630**	6,964,209,568	6,111,846,251	6,130,357,618	6,664,332,022

Five Year Financial Summary - Company

For the year ended 31 December, 2016

	31 December 2016 N	31 December 2015 N	31 December 2014 N	31 December 2013 N	Restated 31 December 2012 N
Gross premium written	**5,826,950,292**	6,039,451,539	4,614,438,474	4,153,820,829	4,142,126,782
	-	-	-		
Gross premium income	**5,708,277,060**	5,875,522,094	4,678,556,485	4,151,298,704	3,835,996,495
Reinsurance premium expenses	**(2,199,995,287)**	(2,685,733,043)	(2,148,244,817)	(1,582,605,604)	(925,237,855)
Net premium income	**3,508,281,773**	3,189,789,051	2,530,311,668	2,568,693,100	2,910,758,640
Fee and commission income	**203,707,669**	145,879,333	207,872,453	203,633,369	237,243,585
Net underwriting income	**3,711,989,442**	3,335,668,384	2,738,184,121	2,772,326,469	3,148,002,225
Claims expenses	**(1,730,652,330)**	(1,341,181,328)	(1,234,297,773)	(965,106,417)	(846,618,408)
Claims recoveries from reinsurers	**343,508,618**	383,167,702	267,243,023	314,751,829	123,875,046
Claims incurred	**(1,387,143,712)**	(958,013,626)	(967,054,750)	(650,354,588)	(722,743,362)
Underwriting expenses	**(1,271,473,425)**	(1,016,074,857)	(946,945,120)	(1,082,304,654)	(930,996,101)
Underwriting profit	**1,053,372,305**	1,361,579,901	824,184,245	1,039,667,227	1,494,262,762
Investment income	**472,289,663**	402,048,193	299,595,699	270,979,045	230,811,905
Other operating income	**122,768,443**	170,537,974	32,848,143	24,256,702	7,650,497
Impairment charge/write back	**693,030**	17,402,910	(17,402,910)	(544,652,983)	(419,336,868)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	**(6,783,170)**	(138,191,291)	32,912,258	12,856,767	(20,313,928)
Management expenses	**(1,281,059,193)**	(1,126,380,571)	(984,089,670)	(996,255,297)	(916,641,303)
Profit/(loss) before taxation	**361,281,078**	686,997,116	188,047,765	(193,148,539)	376,433,065
Income tax (expenses)/credit	**(163,358,219)**	(152,718,047)	(2,995,231)	(13,963,167)	(149,653,904)
Profit/(loss) after taxation	**197,922,859**	534,279,069	185,052,534	(207,111,706)	226,779,161
Other comprehensive income net of tax	**-**	-	-	-	-
Total comprehensive (loss)/income for the year	**197,922,859**	534,279,069	185,052,534	(207,111,706)	226,779,161
Profit/(loss) attributable to:					
Equity holders of the parent	**197,922,859**	534,279,069	185,052,534	(207,111,706)	226,779,161
Non-controlling interest interest	**-**	-	-	-	-
	197,922,859	534,279,069	185,052,534	(207,111,706)	226,779,161
Basic and diluted earnings/(loss) per share (kobo)	**3.30**	8.90	3.08	(3.45)	3.78

Revenue Account

For the year ended 31 December, 2016

	Motor N	Fire N	Bond N	Gen. Accident N	Marine N	Aviation N	Oil & Gas N	Engineering N	2016 Total N	2015 Total N
Income										
Direct premium	1,334,588,146	775,565,927	31,468,096	842,981,087	435,888,698	1,404,312,165	797,012,474	138,032,403	5,759,848,998	5,889,886,685
Inward reinsurance premium	13,520,384	16,667,520	-	5,863,005	2,425,097	6,535,284	17,285,724	4,804,282	67,101,294	149,564,854
Gross written premium	1,348,108,530	792,233,447	31,468,096	848,844,092	438,313,795	1,410,847,449	814,298,198	142,836,685	5,826,950,292	6,039,451,539
(Increase)/decrease in unexpired premium reserve	(43,812,676)	(40,730,464)	(4,887,546)	(112,584,546)	(8,094,794)	31,872,520	70,909,142	(11,344,868)	(118,673,232)	(163,929,445)
Gross premium earned	1,304,295,854	751,502,983	26,580,551	736,259,546	430,219,002	1,442,719,969	885,207,340	131,491,817	5,708,277,060	5,875,522,094
Deduct:										
Outward reinsurance premiums	(42,427,551)	(241,762,999)	(8,174,316)	(55,556,378)	(141,869,418)	(1,062,673,849)	(478,581,547)	(56,979,111)	(2,088,025,170)	(2,657,491,886)
(Increase)/decrease in prepaid reinsurance	250,960	(61,996,376)	(833,592)	(995,853)	9,196,277	(53,248)	(60,262,147)	2,723,862	(111,970,117)	(28,241,156)
Reinsurance cost	(42,176,591)	(303,759,375)	(9,007,908)	(56,552,231)	(132,673,141)	(1,062,727,097)	(538,843,694)	(54,255,249)	(2,199,995,287)	(2,685,733,042)
Net premium earned	1,262,119,262	447,743,608	17,572,643	679,707,315	297,545,861	379,992,872	346,363,646	77,236,568	3,508,281,773	3,189,789,052
Commission received	1,899,124	50,101,920	-	5,886,192	27,487,461	46,865,942	57,293,007	25,238,747	214,772,393	150,878,670
(Increase)/decrease in unearned commission	53,243	357,747	876,098	(100,940)	(1,615,037)	(4,761,551)	(7,157,132)	1,282,848	(11,064,724)	(4,999,337)
Total Income	1,264,071,629	498,203,275	18,448,741	685,492,567	323,418,285	422,097,262	396,499,522	103,758,163	3,711,989,442	3,335,668,385
Gross Claims Paid	(510,818,759)	(480,708,569)	-	(290,686,127)	(129,240,591)	(162,402,523)	(35,343,841)	(48,093,242)	(1,657,293,652)	(1,260,879,778)
(Increase)/decrease in outstanding claims provision	(101,872,420)	18,599,837	4,569,916	(59,451,746)	(25,989,591)	41,456,900	50,267,279	(938,853)	(73,358,678)	(80,301,550)
Gross claims incurred	(612,691,179)	(462,108,732)	4,569,916	(350,137,873)	(155,230,181)	(120,945,623)	14,923,438	(49,032,096)	(1,730,652,330)	(1,341,181,328)
Reinsurance claims recovery	34,165,718	216,402,911	-	45,240,662	51,254,595	110,881	1,243,664	28,709,508	377,127,939	314,780,998
(Increase)/decrease in reinsurance recoveries	317,375	839,633	(686,592)	(26,678,305)	27,654,706	(24,768,835)	(12,812,774)	2,515,471	(33,619,321)	68,386,704
Net claims incurred	(578,208,087)	(244,866,188)	3,883,324	(331,575,516)	(76,320,881)	(145,603,577)	3,354,328	(17,807,116)	(1,387,143,712)	(958,013,626)
Acquisition expenses	(154,917,340)	(156,739,867)	(5,824,163)	(168,587,822)	(88,510,538)	(100,659,451)	(139,494,262)	(28,901,045)	(843,634,488)	(666,023,464)
(Increase)/decrease in commission expenses	(13,673)	5,046,890	1,043,880	21,217,432	955,154	4,067,515	6,899,513	(162,942)	39,053,769	(4,309,967)
Maintenance/operating expenses	(183,936,626)	(56,636,109)	(2,070,618)	(87,312,449)	(37,530,996)	(47,565,201)	(41,637,847)	(10,202,860)	(466,892,706)	(350,051,393)
Total expenses	(917,075,726)	(453,195,274)	(2,967,577)	(566,258,355)	(201,407,261)	(289,760,713)	(170,878,268)	(57,073,964)	(2,658,617,137)	(1,974,088,483)
Underwriting profit/(loss)	346,995,903	45,008,001	15,481,164	119,234,212	122,011,024	132,336,549	225,621,254	46,684,199	1,053,372,305	1,361,579,901

Shareholder Information

Share Capital History

Year	Authorized		Issued and Fully Paid		Consideration
	Increase	Cumulative	Increase	Cumulative	
1991	5,000,000	5,000,000			
1992	10,000,000	15,000,000	3,611,881	3,611,881	Cash
1993	-	15,000,000	1,500,000	5,111,881	Cash
1994	-	15,000,000	-	5,111,881	No Change
1995	15,000,000	30,000,000	14,888,119	20,000,000	Cash
1996	-	30,000,000	-	20,000,000	No Change
1997	-	30,000,000	-	20,000,000	No Change
1998	-	30,000,000	5,601,651	25,601,651	Bonus
1999	-	30,000,000	239,500	25,841,151	Cash
2000	-	30,000,000	259,632	26,100,783	Cash
2001	-	30,000,000	-	26,100,783	No Change
2002	-	30,000,000	-	26,100,783	No Change
2003	320,000,000	350,000,000	223,899,217	250,000,000	Cash
2004	150,000,000	500,000,000	50,000,000	300,000,000	No Change
2005	500,000,000	1,000,000,000	-	300,000,000	No Change
2006	-	1,000,000,000	365,155,330	665,155,330	cash
2007	4,000,000,000	5,000,000,000	2,334,844,670	3,000,000,000	Acquisition/Bonus
2008	-	5,000,000,000	-	3,000,000,000	No Change
2009	-	5,000,000,000	-	3,000,000,000	No Change
2010	-	5,000,000,000	-	3,000,000,000	No Change
2011	-	5,000,000,000	-	3,000,000,000	No Change
2012	-	5,000,000,000	-	3,000,000,000	No Change
2013	-	5,000,000,000	-	3,000,000,000	No Change
2014	-	5,000,000,000	-	3,000,000,000	No Change
2015	-	5,000,000,000	-	3,000,000,000	No Change
2016	-	5,000,000,000	-	3,000,000,000	No Change

Dividend History

Financial Year	Year Paid	Amount Paid Per Share(Kobo)	Total Amount Paid(=N=)
2007	2008	Nil	Nil
2008	2009	3Kobo	300,000,000
2009	2010	Nil	Nil
2010	2011	3Kobo	180,000,000
2011	2012	2Kobo	120,000,000
2012	2013	3Kobo	180,000,000
2013	2014	Nil	Nil
2014	2015	Nil	Nil
2015	2015	2Kobo (Interim)	120,000,000 (Interim)
2016	2016	1 kobo (final)	60,000,000 (final)

Photo News

Echoes from 21st AGM – Immediate past Chairman, Ugo Dr Obi Ralph Ekezie with President Emeritus of Independent Shareholders Association, Sir Sunny Nwosu.

Team Player of The Year, Bola Obembe (3rd from right), with the Managing Director, Mr Eddie Efekoha and other members of the Executive Management Team.

Recently retired DGM and Head of Technical Group, Mr Gbolaga Adeyanju, with the Managing Director and Executive Director Operations, Mrs Mary Adeyanju, during his send forth Dinner.

Managing Director, Mr Eddie Efekoha with his wife, and Commissioner for Insurance, Alhaji Mohammed Kari, with other directors of the Company during the Investiture of the Managing Director as 22nd Chairman of the Nigerian Insurers' Association, NIA.

Corporate Social Responsibility – Giving back to the needy on behalf of the company by its representatives at the Hearts of Gold Children's Hospice, Surulere in Lagos.

Management Team

Eddie Efekoha	Managing Director / Chief Executive Officer
Babatunde Daramola	Executive Director Finance, Systems and Investment Eff: 1 Apr 2016
Mary Adeyanju	Executive Director, Operations Eff: 27 July 2016
Mac Ekechukwu	General Manager
Ijeoma Pearl Okoro	General Manager
Gbolaga Adeyanju	Deputy General Manager Retd: 22nd August 2016
Katherine Itua	Deputy General Manager
Jimalex Orjiako	Assistant General Manager Eff: 1 Apr 2016
Promise Anyim	Controller
Ose Oluyanwo	Controller
Tope Ilesanmi	Controller
Gboyega Adetoki	Controller
Oladotun Adeogun	Controller Eff: 1 Apr 2016
Olu Adeoye	Senior Manager
Chukwuma Uwajeh	Senior Manager
Gloria Edemcord	Senior Manager
Ayo Fanibe	Senior Manager
Charles Nwanze	Senior Manager
Goddy Ezeala	Manager
Tope Adefehinti	Manager
Maria Adekola	Manager
Kehinde Abdulkareem	Manager
Yusuf Salihu	Manager
Folaranmi Adedeji	Manager
Rukevwe Falana	Manager Eff: 1 Jan 2016
Kayode Babatunde	Manager Eff: 1 Apr 2016

Branch Network

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Notice to shareholders on e-copy of Annual Report & Accounts

Dear Shareholder,

In view of regular postal delays, your company is desirous of taking advantage of technological advancement to ensure prompt delivery of e-copies of the Annual Report & Accounts to you via e-mail, in addition to the postage of hard copies.

If you wish to receive an e-copy of the 2016 Annual Report & Accounts and subsequent editions via e-mail, kindly send an e-mail to the following addresses:

1. info@consolidatedhallmark.com
2. info@meristemregistrars.com

Your e-mail will be used solely for the purpose stated above.

Affix Current Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

MERISTEM REGISTRARS LIMITED

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Only Clearing Banks are acceptable

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

The Registrar
Meristem Registrars Limited
213, Herbert Macaulay Way
Adekunle-Yaba
Lagos State

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

Bank Verification Number
Bank Name
Bank Account Number
Account Opening Date
Shareholder Account Information

Shareholder Account Information

Surname/Company's Name First Name Other Names

Address:

City State Country

Previous Address (If address has changed)

CHN CSCS A/c No

Name of Stockbroker

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-2809250-4

TICK	NAME OF COMPANY	SHARE A/C NO
	ACAP INCOME FUND	
	AFRINVEST EQUITY FUND	
	BERGER PAINTS NIG PLC	
	CHELLARAMS BOND	
	CONOIL PLC	
	CONSOLIDATED HALLMARK INS. PLC	
	CUSTODIAN & ALLIED PLC	
	COVENANT SALT NIGERIA LIMITED	
	EMPLOYEE ENERGY LIMITED	
	ENERGY COMPANY OF NIGERIA PLC [ENCON]	
	eTRANZACT INTERNATIONAL PLC	
	FIDSON HEALTHCARE PLC	
	FOOD CONCEPTS PLC	
	FREE RANGE FARMS PLC	
	FTN COCOA PROCESSORS PLC	
	GEO-FLUIDS PLC	
	JUBILEE LIFE MORTGAGE BANK LTD	
	MAMA CASS RESTAURANTS LIMITED	
	MCN DIOCESE OF REMO	
	MCN LAGOS CENTRAL	
	MCN TAILORING FACTORY [NIGERIA] LIMITED	
	MULTI-TREX INTEGRATED FOODS PLC	
	MUTUAL BENEFITS ASSURANCE PLC	
	NASSARAWA STATE GOVT BOND	
	NASCON ALLIED INDUSTRIES PLC	
	NEIMETH INT'L PHARMS PLC	
	NEWREST ASL NIGERIA PLC	
	NIGER INSURANCE PLC	
	NIGERIA MORTGAGE REFINANCE	
	COMPANY [NMRC] PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY PLC	
	[NMRC] BOND	
	ONWARD PAPER MILLS PLC	
	PACAM BALANCED FUND	
	PAINTS & COATINGS MANUFACTURERS NIG PLC	
	PROPERTYGATE DEVT. & INVEST. PLC	
	R.T. BRISCOE NIGERIA PLC	
	REGENCY ALLIANCE INSURANCE PLC	
	SMART PRODUCTS NIGERIA PLC	
	SOVEREIGN TRUST INSURANCE PLC	
	TANTALIZERS PLC	
	THE BGL SAPPHIRE FUND	
	THOMAS WYATT PLC	
	VITAFOAM NIGERIA PLC	
	ZENITH EQUITY FUND	
	ZENITH ETHICAL FUND	
	ZENITH INCOME FUND	

Proxy Form

22nd Annual General Meeting to be held at Agip Recital Hall, Munson Centre, 8/9 Marina, Lagos State, on 11th May, 2017, at 11.00 a.m.

I / We ....

of...

....

Being a member / members of Consolidated Hallmark

Insurance Plc hereby appoint**

....

of ....
or failing the Chairman of the Company as my / our proxy to act and vote for me / us on my/ our behalf at the Annual General Meeting of the Company to be held on the 11th of May 2017 and any adjournment thereof.

Dated this ....day of 2017

Shareholder's Signature ....

NOTE

(i) A Member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy instead of him. All proxy forms should be deposited at the Company Secretary's Office not later than 48 hours before the time of holding the meeting.

(ii) In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholders must be stated.

(iii) If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.

(iv) Provision has been made on this form for the Chairman of the Company to act as proxy. But if you wish, you may insert in the blank space on the form (marked **) the name of any person weather a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.

(v) The proxy must produce the Admission Slip with the notice of Meeting to obtain entrance to the meeting.

RE-ELECTION OF DIRECTORS
In accordance with the Company's Articles of Association, Chief ADS Odigie, Mr. Joel Avhurhi and Mrs. Eziaku Obidegwu retire by rotation and being eligible offer themselves for re-election.

	ORDINARY BUSINESS	FOR	AGAINST
1	To receive the Reports and Financial Statements.		
2	To declare a dividend.		
3	To re-elect Directors.		
4	To ratify the appointment of Mr. Idris Abubakar Shuaibu as an Independent Non-Executive Director.		
5	To ratify the appointment of Mrs. Mary Adeyanju as an Executive Director		
6	To re- appoint the Auditors		
7	To authorize the Directors to determine the remuneration of the Auditors		
8	To elect members of the Audit Committee		
	SPECIAL BUSINESS		
a	To approve the remuneration of the Directors		
b	That the Directors be and are hereby authorized to raise, whether by way of private/special, public offering, rights issue or a combination or any other method(s) they deem fit, additional capital of up to N2.5 Billion or its equivalent whether locallyor internationally or a combination of both, through the issuance of shares, convertible securities or depository receipts or any other instrument(s), whether as a standalone transaction, which shall be determined by the directors; subject to obtaining the approvals of relevant regulatory authorities.		
c	That the Board be and is hereby authorized to appoint such professional advisers and undertake such other acts as may be necessary or incidental to and or required for effecting the objective as set out above.		
	Please indicate with "X" in the appropriate square how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		

✂--Tear off from here--

ADMISSION SLIP

Please admit .... to the Annual General Meeting of Consolidated Hallmark Insurance Plc which will hold at Agip Recital Hall, Munson Centre, 8/9 Marina, Lagos State.

Admission Slip must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Foundation Chambers
(Secretaries)

Name & Address of Shareholders ....

Number of Shares held ....

Notes

Notes

Notes

Notes

Notes

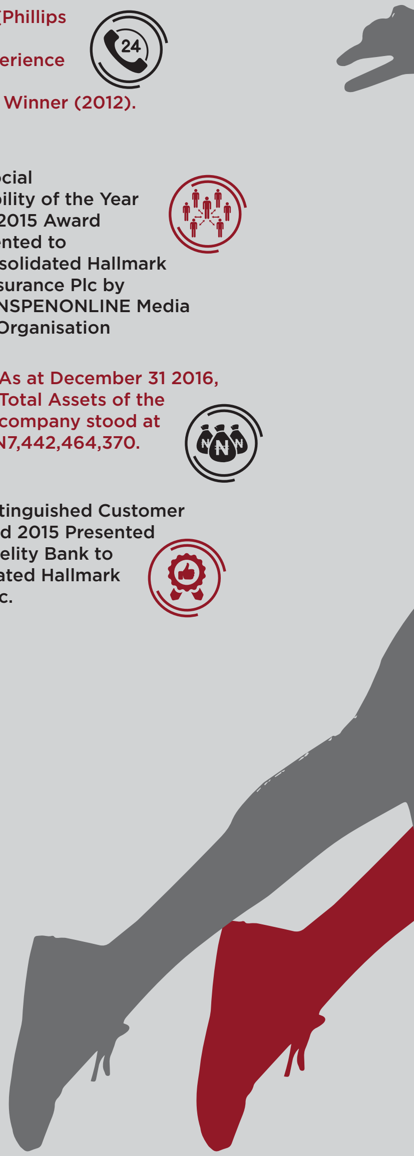
Notes

Web-Jurist Award (Phillips Consulting).
Best Customer Experience (2012).
Overall 1st position Winner (2012).

Corporate Social Responsibility of the Year 2013 & 2015 Award Presented to Consolidated Hallmark Insurance Plc by INSPENONLINE Media Organisation

As at December 31 2016, Total Assets of the company stood at N7,442,464,370.

Distinguished Customer Award 2015 Presented by Fidelity Bank to Consolidated Hallmark Insurance Plc.



Acknowledgments

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