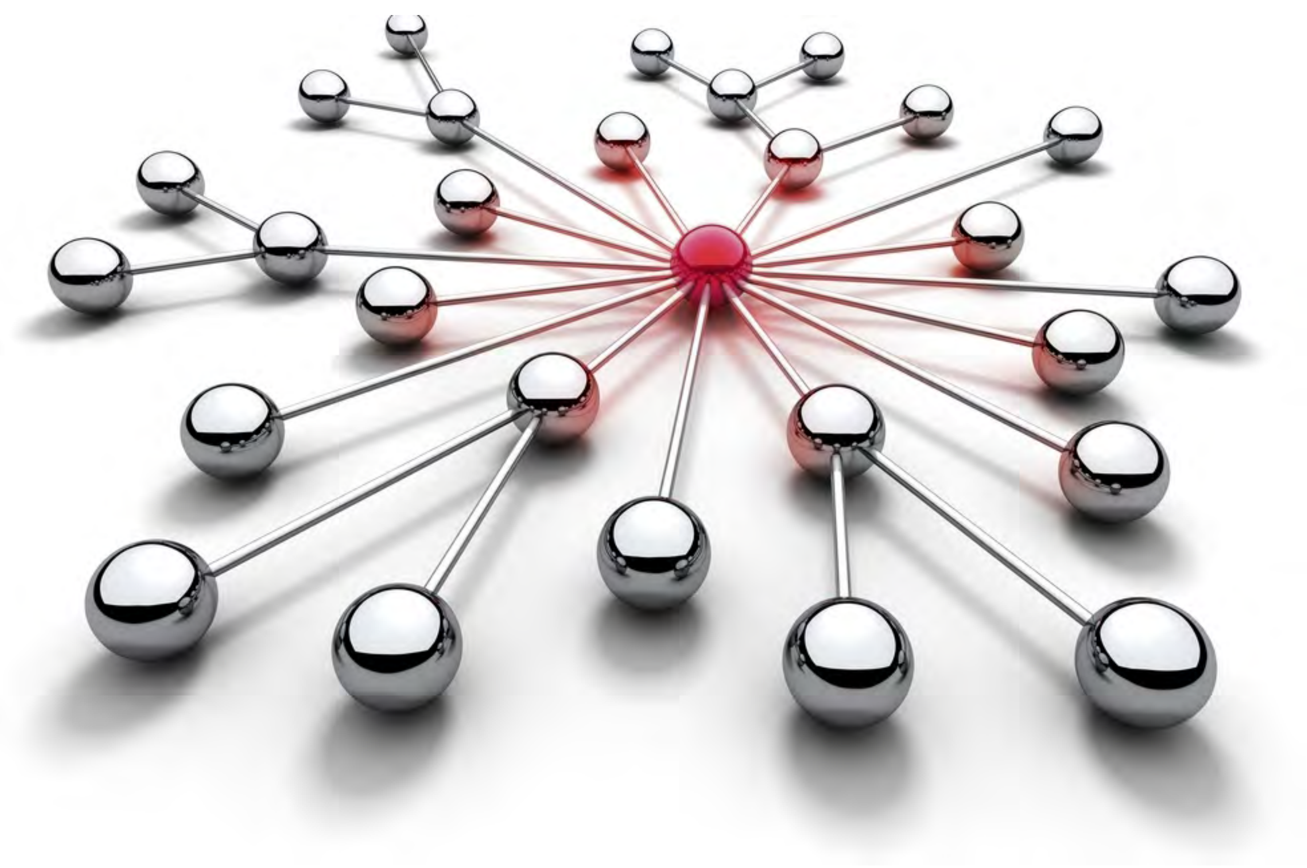
2017 ANNUAL REPORT AND ACCOUNTS



Expanding our possibilities

Consolidated Hallmark Insurance Plc

Expanding
Our Possibilities

The insurance industry in Nigeria is evolving in new ways. The digital revolution is transforming the way insurers and customers do business, thereby transforming the entire value chain.

At CHI Plc, we are Expanding Our Possibilities by leveraging the power of digital transformation in our insurance services.

That is why now, at a click on www.chiplc.com, you can enjoy insurance services-get quotes online, fills forms online, pay premium online, print your insurance certificates online and even lodge claims online!
With expanding innovation and clarity of vision, we are more than ever more focused, faster and more flexible to take advantage of new, greater possibilities for the convenience of our customers.

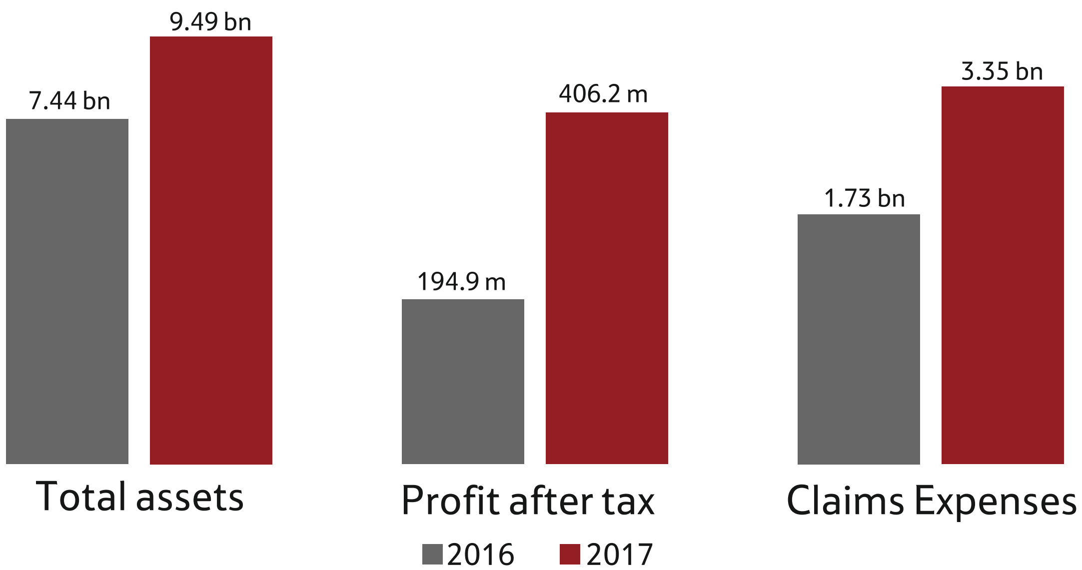
Expanding Our Possibilities

The Company

Consolidated Hallmark Insurance (CHI) Plc is a leading general business insurance company determined to positively change the way Nigerians see insurance. With the help of our people and technology, we ensure we don't break your heart when you need us most because our primary objective is to deliver exceptional service to you, our customer.
We are here to reduce anxiety and cater for your needs. We have got you covered from motor insurance to gadget insurance, home insurance to business insurance and all other insurance protection you need.

Present in 13 markets in Nigeria

Birthed from a strategic merger in 2007, Consolidated Hallmark Insurance Plc has become one of the top ten General Business and Special Risk Insurance underwriters in Nigeria today. In the last ten years, we have carved a niche for ourselves through big-ticket transactions in the Aviation, Oil and Gas, Marine Cargo and Hull Business as well as our motor insurance business. We have built a reputation on Professionalism, Integrity and Excellent Service Delivery. Leveraging on the capabilities and unique skills of the entire group, we provide premium risk management solutions to our clients. Our commitment to serving you better has seen us make key investments in our People, Technology and Processes. We are the second insurance company in Nigeria to obtain the prestigious ISO 9001:2015 (Quality Management Systems)



Why Choose CHI Plc?

CHI is on a mission to preserve wealth, reduce anxiety and create value for our customers. This is a company that preserves your assets through insurance, and when losses occur, reduces the anxiety that usually accompanies such.

We have always been committed to quality. Today, we are the second insurance company in Nigeria that has earned the NIS ISO 9001:2015 certification from the Standards Organization of Nigeria in recognition of our conformity to internationally acceptable operating standards .

We do not take this privilege for granted. So we will continue to provide our customers with the right level of quality service delivery expected of a world-class insurance company. Choose and stick with CHI today because we are committed not only to meeting the expectations of our clients but surpassing them.

▪ Innovative ▪ Dynamic ▪ Continuous Improvement

2017
NIS ISO 9001:2015 Quality Management System Certification

2017
Bbb - Outlook: Stable rating by Agusto & Co.

2012
Web Jurist Award Winner (Insurance category) by Phillips Consulting

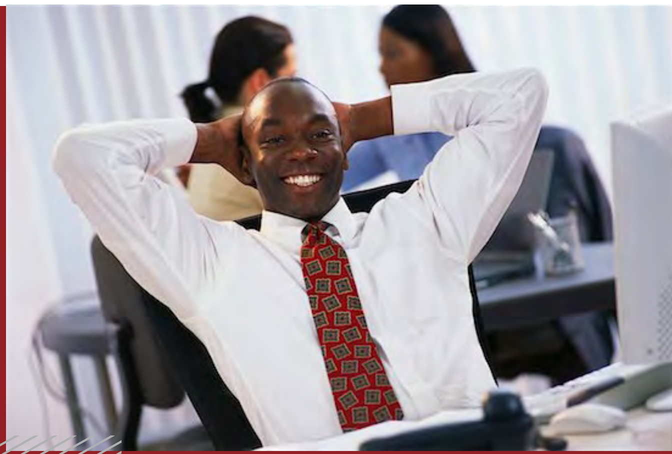
Contents

Financial Statements

Shareholder Information

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 played a leadership role in the underwriting of key transactions in Aviation, Oil and Gas, Marine Cargo and Hull Business and other non-life insurance 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.

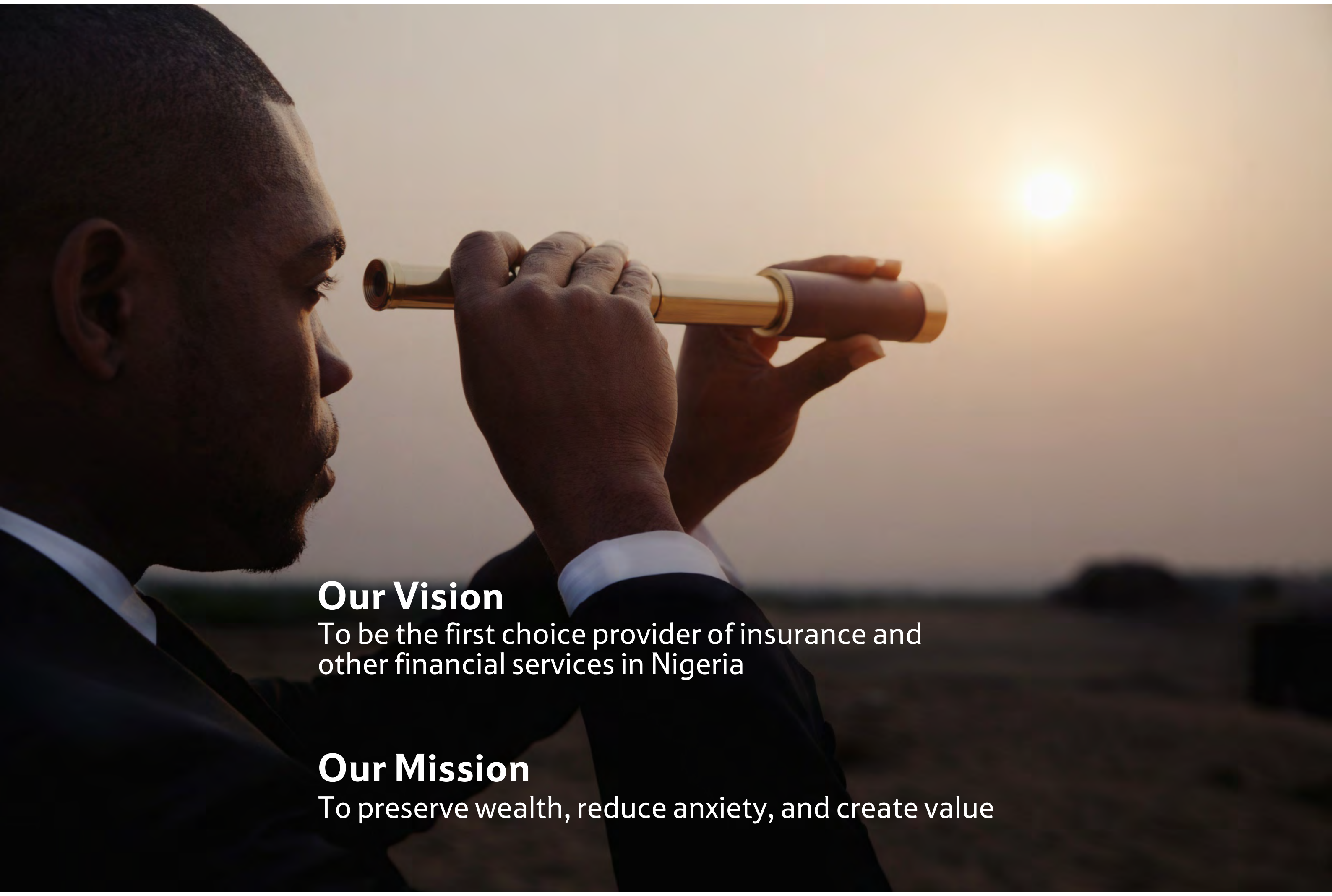
Consolidated Hallmark blazed the trail in the deployment of ICT infrastructure for the on-line transaction of insurance business in the industry through a user friendly platform with the url www.motorthirdpartyonline.com.

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
0700CHINSURANCE
07OO24467872
e-mail:info@chiplc.com
website: www.chiplc.com

facebook: myCHIplc
twitter: @myCHIplc
BBM: C002A41B5

REGISTRATION NUMBER: 168762

REGISTRARS:

Meristem Registrars & Probate Services 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-Finance, Systems & Investment
Mrs. Mary Adeyanju	Executive Director-Operations
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:

Ernst & Young
UBA House
10th Floor
57 Marina
Lagos

BANKERS:

Access Bank Plc
Ecobank Nigeria Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
GT Bank Plc
Keystone Bank Plc
Skye Bank Plc
Stanbic IBTC Bank Plc
Sterling Bank Plc
United Bank for Africa Plc
Zenith Bank Plc

GRAND TREASURERS LIMITED

(A subsidiary of CHI Capital Limited)

Mr. Eddie Efekoha	Chairman
Mr. Olutunji Oladimeji	CEO
Mr. Samuel Adeniyi	Executive Director
Mrs. Eziaku Obidegwu	Non-Executive Director
Mr. Babatunde Daramola	Non-Executive Director
Mrs.Mary Adeyanju	Non-Executive Director

Other Subsidiaries

CHI Capital Ltd
33D Bishop Aboyade Cole
Victoria Island

CHI Support Services Ltd
A subsidiary of CHI Capital Limited

Hallmark Healthcare Ltd
264 Ikorodu Road
Obanikoro, Lagos

CHI Microinsurance Ltd
(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 23rd Annual General Meeting of the Members of Consolidated Hallmark Insurance Plc will be held on 22nd May 2018 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 31st December 2017 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect retiring Directors.
4. To re-appoint the Auditors.
5. To authorize the Directors to determine the remuneration of the Auditors.
6. To elect Members of the Audit Committee.

SPECIAL BUSINESS
To approve the remuneration of the Directors for the year ending 31st December 2018.

Dated this 10th day of April, 2018.

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 7th May to 11th May 2018 (both dates inclusive).

DIVIDEND PAYMENT:
The Board of Directors of the Company has recommended a dividend of N140,000,000.00 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 4th of May 2018 will have their accounts credited immediately after the Annual General Meeting.

E-DIVIDEND
All shareholders are hereby advised to update their records and forward details of such records and account numbers to the Company's Registrars, Meristem Registrars & Probate Services Limited for faster receipt of dividend. Detachable forms in respect of mandate for e-dividend payment, unclaimed/stale dividend payment and shareholder's data update are attached to the Annual Report and Accounts for your completion. Any shareholder who is affected by this notice is advised to complete the form(s) and return same to the Company's Registrars, Meristem Registrars & Probate Services Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos.
Please note that the aforementioned forms can also be downloaded from the Company's website: www.chiplc.com.

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 may be submitted to the Company at 266 Ikorodu Road, Obanikoro, Lagos on or before the 9th May 2018.

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.

Kindly note that the provision of the Code of Corporate Governance issued by the Securities & Exchange Commission (SEC) state that some of the members of the Statutory Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

In view of the above, nominations to the Statutory Audit Committee should be supported by a Curriculum Vitae of the nominees.

RE-ELECTION OF DIRECTORS
In accordance with the Company's Articles of Association, Mr. Obinna Ekezie, Prince Ben Onuora and Mrs. Bola Odukale retire by rotation and being eligible offer themselves for re-election.

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, certified Accountants of UK and a Fellow of the Chartered Institute of Secretaries and Administrations.

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
Managing Director/CEO

Mr. Efekoha, MD/CEO is also the Chairman, Grand Treasurers Ltd, a finance company licensed by CBN and a subsidiary company within the Consolidated Hallmark Insurance Plc Group.

He is the Chairman of the Nigerian Insurers Association (NIA), a council member of the Chartered Insurance Institute of Nigeria since 2005 and currently the Deputy President of the Institute.

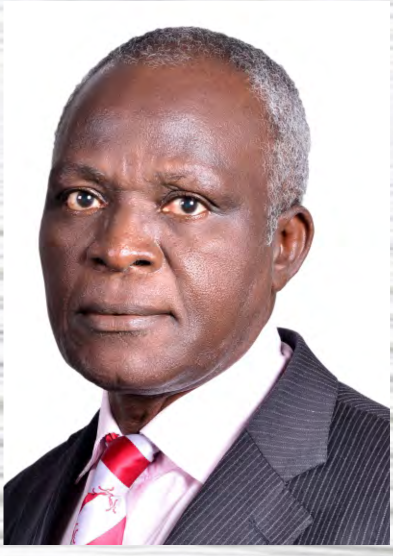
He has also recently assumed the position of Chairman, Governing Council, College of Insurance and Financial Management, a subsidiary of the Chartered Insurance Institute of Nigeria. At the continental level, he is a member, Book Review Committee of the African Insurance Organisation.

He 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.

He holds a B.Sc degree in Insurance and MBA both from the University of Lagos, Nigeria and Fellow of the Chartered Insurance Institutes of London and Nigeria. He is an alumnus of both the Lagos and Harvard Business Schools

Board of Directors

Mr. Joel Botete Avhurhi
Non-Executive 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
Non-Executive 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
Non-Executive 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
Non-Executive 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
Non-Executive 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, Finance, Systems and Investment

Mr Babatunde Daramola 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. He is also a Non-Executive Director on the board of Grand Treasurers Limited.

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.

He is an alumnus of the Lagos Business School and a member of the school's Alumni Governing Council.

Board of Directors

Mrs. Mary Adeyanju
Executive Director, Operations

Mrs Adeyanju 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.

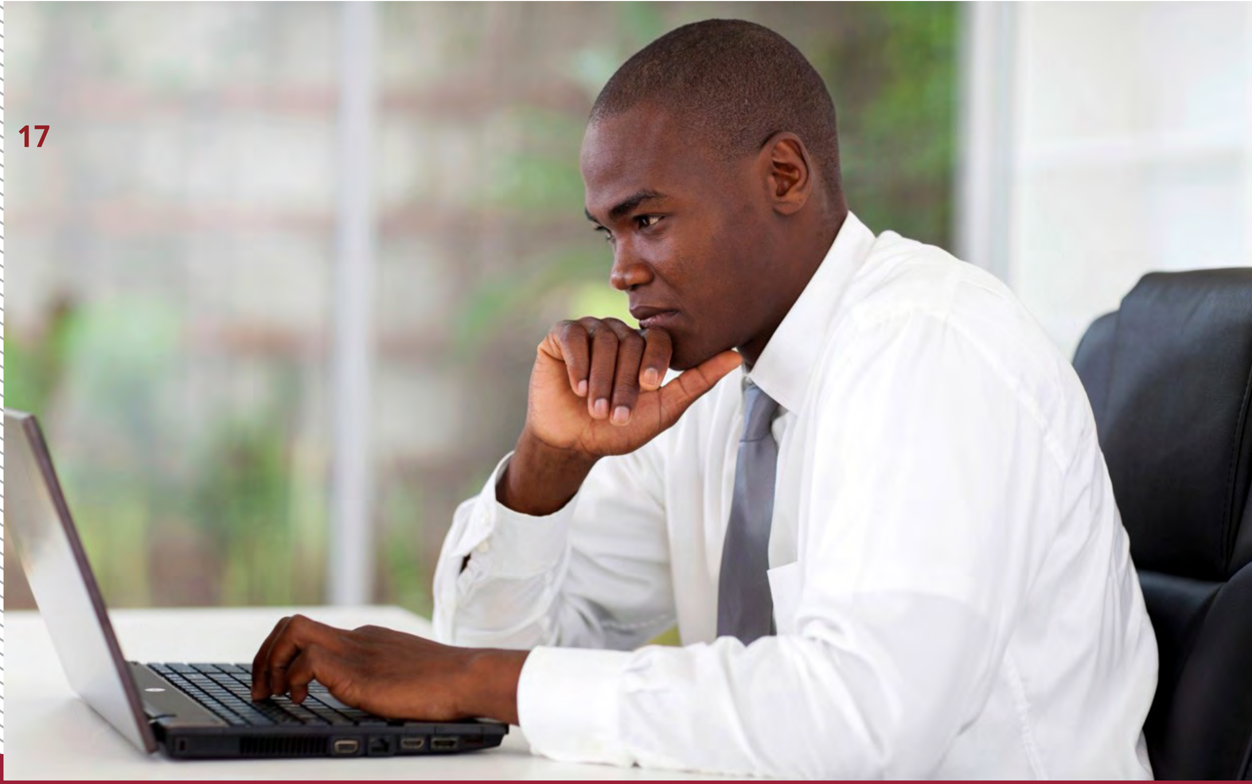
An Associate of the Chartered Insurance Institute of Nigeria, Mrs Adeyanju has over two decades of varied experience in the Insurance industry, having commenced her career in Boof Africa Insurance Brokers. She later held top management positions in Carrier Insurance Brokers, First Chartered Insurance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

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

Mr. Shuaibu Abubakar Idris
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.



Performance

Result at a Glance

	Group			Company			Group
	31 December 2017 N	31 December 2016 N	%	31 December 2017 N	31 December 2016 N	%	Change N
Financial Position							
Cash and cash equivalents	1,921,271,578	1,836,824,537	5%	1,850,386,963	1,587,501,284	17%	84,447,042
Financial assets	3,129,629,708	2,122,441,443	47%	2,732,022,161	2,090,553,934	31%	1,007,188,265
Trade receivables	150,356,282	182,091,091	(-17%)	150,356,282	182,091,091	(-17%)	(31,734,809)
Investments	4,089,806,837	3,106,098,332	32%	3,946,037,484	3,006,453,166	31%	983,708,505
Other receivables & prepayments	174,488,859	177,968,732	(-2%)	166,066,755	213,530,118	(-22%)	(3,479,872)
Inventories	-	3,920,887	(-100%)	-			(3,920,887)
Intangible Assets	24,621,130	13,119,349	88%	18,458,195	12,383,037	49%	11,501,781
Total assets	9,490,174,394	**7,442,464,370**	28%	8,863,327,839	7,392,512,630	20%	**2,047,710,024**
Insurance contract liabilities	3,532,407,618	2,410,701,988	47%	3,532,407,618	2,410,701,988	47%	1,121,705,630
Total liabilities	4,801,168,279	3,039,663,661	58%	4,791,575,832	3,025,511,824	58%	1,761,504,618
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	1,400,446,908	1,230,030,314	14%	1,400,446,908	1,230,030,314	14%	170,416,594
Statutory reserve	16,304,970	9,279,386	76%	-			7,025,584
Retained earnings	272,254,237	163,491,009	67%	201,305,100	136,970,491	47%	108,763,228
Shareholders fund	4,689,006,115	4,402,800,709	7%	4,601,752,008	4,367,000,805	5%	286,205,406
Comprehensive Income							
Gross premium	5,680,553,122	5,826,950,292	(-3%)	5,680,553,122	5,826,950,292	(-3%)	(146,397,170)
Net Premium earned	3,683,192,076	3,508,281,773	5%	3,683,192,076	3,508,281,773	5%	174,910,302
Net underwriting income	4,053,742,495	3,711,989,442	9%	4,053,742,495	3,711,989,442	9%	341,753,053
Other revenue	867,176,335	656,150,468	32%	740,314,559	589,660,996	26%	211,025,867
Total Revenue	4,920,918,830	4,368,139,910	13%	4,794,057,054	4,301,650,438	11%	552,778,920
Claims paid	(1,422,944,099)	(1,387,143,712)	3%	(1,422,944,099)	(1,387,143,712)	3%	(35,800,387)
Other expenses	(2,856,922,709)	(2,612,863,070)	9%	(2,806,433,566)	(2,552,532,618)	10%	(244,059,639)
Total Benefits, Claims and Other Expenses	(4,279,866,808)	(4,000,006,782)	7%	(4,229,377,664)	(3,939,676,330)	7%	(279,860,026)
Profit before tax	641,052,022	368,133,127	74%	564,679,389	361,974,107	56%	272,918,894
Income tax expenses	(234,846,616)	(173,145,284)	36%	(209,928,186)	(163,358,219)	29%	(61,701,332)
Profit for the year	406,205,406	194,987,843	108%	354,751,203	198,615,888	79%	211,217,563
Income tax expenses							
Total comprehensive income for the year net of tax	406,205,406	194,987,843	108%	354,751,203	198,615,888	79%	211,217,563
Basic and diluted earnings per share (Kobo)	6.77	3.25	108%	5.91	3.31	79%	

Chairman's Statement

Mr. Obinna Ekezie
Chairman Board of Directors

Chairman's Statement

Distinguished Shareholders, Fellow Members of the Board Other Key Stakeholders, Members of the Press, Ladies and Gentlemen,

I am once again delighted to welcome you to the Annual General Meeting of our company, the 23rd in the series.

With your support, we have once again successfully sailed through another twelve months with a determination, not only to sustain, but improve on the laudable achievements of our predecessors.

We are therefore gathered to review the results of our efforts in transforming our company gradually on a journey towards building a group of companies, whilst growing the bottom line, despite the challenging terrain of business operations.

Year in Year, with 2017 not being an exception, there are usually hopes of a more favourable operating environment, especially as the year under review came with the promise that the biting effects of the economic recession of the preceding year will ebb.

Although the anticipated business climate may not have been attained, our company, rather sought ways to improve on earnings as will become evident in the results being presented before you.

GLOBAL OUTLOOK:

There was an upswing in global economic activities in 2017, at least from the low of the previous year. Global growth was projected by the International Monetary Fund to rise to 3.6% during the year. The world economy rallied to its strongest in six years since 2010 as the global GDP rose to 3% in 2017 from the estimated 2.4% in 2016. This was made possible by improved business & consumer confidence coupled with a rebound in global investments.

From the record lows of about $27 per barrel, the global price of the benchmark crude Brent improved incrementally to hit $60 per barrel, the highest level since 2015.

Although the baseline outlook strengthened in 2017, growth remained weak in many countries including the two leading economies of the English-speaking world, the United States and United Kingdom which did not follow the expected trend.

The United States recorded its lowest unemployment rate since the year 2000, the economy grew by 3.3% as at the third quarter, not anywhere near that of China at above 6%.

American President, Donald Trump continued to champion the "America first" policy of his administration. His support for protectionism was displayed further by pulling out the US from the Trans-Pacific Partnership (TPP) trade deal. Meanwhile, the global political terrain continued to be heated with the uncompromising stance of North Korea in its Nuclear armament programme.

OPERATING ENVIRONMENT

There were signs early in the financial year under review that the economy will exit recession as peace gradually returned to the Niger Delta region of Nigeria after a successful cease-fire following negotiations with the Niger Delta militants.

The resultant rise in crude oil output, buoyed by the almost double increase in crude oil price helped significantly to boost foreign exchange revenue.

The economy eventually recovered from the first recession it slipped into in 2016 by the second quarter of 2017 with GDP results from the National Bureau of Statistics indicating a growth of 0.7%. The third quarter GDP further grew marginally to 1.4% in Q3 before full year GDP results settled at 0.82%.

Chairman's Statement

The economy eventually recovered from the first recession it slipped into in 2016 by the second quarter of 2017 with GDP results from the National Bureau of Statistics indicating a growth of 0.7%. The third quarter GDP further grew marginally to 1.4% in Q3 before full year GDP results settled at 0.82%.

Contributions from the non-oil sector of the economy during the last quarter of 2017 assisted in the 0.82% growth recorded in GDP, an improvement over the contraction of -1.58 per cent which was recorded in 2016 during the period of recession.

Measures taken by the Central Bank of Nigeria (CBN) including the introduction of the Investors' and Exporters' window (NAFEX rate) helped to attract inflows in foreign portfolio investments, thus improving foreign exchange liquidity. There was eventually a near convergence between the official exchange rate of the Naira and the parallel market rate with a somewhat stability at N365 to $1 USD.

There was also a move by the Federal Government towards an improved economy with the launch of the Economic Recovery and Growth Plan where improvement in the Ease of Doing Business rankings became a major focus through enactment of some executive orders to ease trade.

In respect of the downstream sector of the petroleum industry, price of diesel remained deregulated and continually hovered around the N200 -N250 per litre mark. The price modulation regime in respect of premium motor spirit (petrol) remained in force, though intermittent scarcity which worsened during the last quarter of the year led to unofficial increase in pump price of the vital commodity in different parts of the country.

Inflation rate in 2017 however improved from a high of 18.7% in January, to 15.4% Year on Year in December after declining for the eleventh consecutive month. The Central Bank of Nigeria continued with its tight monetary policy stance, maintaining a largely unchanged Monetary Policy Rate of 14%. Also, from a negative growth of -6.17% in 2016, the Nigerian Equities market grew by 42 % in 2017, ranking it among the top five after Argentina, Turkey, Hong Kong and the United States.

The NSE Market capitalization closed at N13.61tn as opposed to N9.25tn recorded at the end of 2016.

NIGERIAN INSURANCE ENVIRONMENT

Although the economic fundamentals indicated a marginal improvement from the preceding analysis, inflation rate remained high and did not hit the envisaged single digit leaving the generality of insurance consumers with low disposable income. Revenues of operators remained low during the year as the retail market remains to be fully explored.

Q3 2017 GDP report indicated that the Finance and Insurance Sector contributions to GDP totalled 2.69%, which was lower than the contribution of 2.90% recorded in Q3 of 2016, yet lower than 3.32% recorded in the preceding quarter of 2017. Insurance accounts for 12.91 per cent of the sector while other aspects of Financial Services represent 87.09 per cent. The contribution of insurance sub-sector remains below 1%. The premium income of the entire industry increased from N100.6 billion in 2007 to N 311 billion in 2015 and subsequently moved by 22% in 2016 to N 380 billion. This however falls short of projections by the Regulator - National Insurance Commission (NAICOM) that the sector would grow its overall premium to about N1 trillion based on optimism of positive results from several initiatives.

Chairman's Statement

Our company has also continued to keep its commitments to policy holders through prompt claims settlement. Claims expenses rose significantly by 93% from N1.730 billion in 2016 to N3.354 billion but was cushioned by the robust reinsurance arrangement in place.

CAPITAL RAISE

During our 22nd Annual General Meeting in May last year, dear distinguished shareholders, you approved additional capital raise. I wish to express my appreciation for the support you displayed during the first phase of the exercise by picking up your rights. We were able to successfully add the N500 million we set out to raise to our working capital through your full support.

We have since commenced expansion of our operations with the deployment of the additional capital raised.

The next phase of the exercise shall be carried out shortly.

OPERATING RESULTS

In keeping to our promise of ensuring better returns, our company was able to grow its bottom line. The summary of our trading results for 2017 now before you for approval shows that we generated a Gross Premium Written of N5.680 billion against N5.826 billion in 2016 (a 2.5% decline in the top line). There was however, a 9.2% growth in the Net Underwriting Income from N3,711,989,442 in 2016 to N4,053,742,495. Your company has also continued to keep its commitments to policy holders through prompt claims settlement. Claims expenses rose significantly by 93% from N1.730 billion in 2016 to N3.354 billion but was cushioned by the robust reinsurance arrangement in place.

It is gladdening to note that the Profit Before Tax recorded a 76% leap from N 368.1 million during the preceding year to N641 million in 2017. This trend also impacted positively on the Profit After Tax which grew by 108% from N194.9 million in 2016 to N406.2 million in 2017.

It will interest you to note also, distinguished shareholders, that Investment Income grew from N472.3 million to N796.5 million in 2017 while the Total Assets of the company have now hit an all-time high of N9.49 billion from the N7.44 billion of 2016.

DIVIDEND

The Board of Directors wishes to recommend a total dividend of N140 million for your consideration and approval. This translates to two (2) Kobo per share. It is our firm belief that our distinguished shareholders deserve all the reward they can get via regular dividend payments and more, for their continued faith and firm belief in the company. We shall continue to live up to this expectation as we have done severally in years past.

The dividend is payable to members whose names appear in the register by close of business on the date earlier published in the Notice of Annual General Meeting.

FUTURE OUTLOOK

The operating environment is certainly an improvement over the previous one, albeit marginally in terms of the economy during the past twelve months.

Although we are yet to attain the envisaged target, with inflation still far from single digits and the state of infrastructure leaving us still asking for more, my assurance to you as we embark on the journey to the future together is to continually grow the bottom line.

The year ahead may be full of uncertainties in view of the forthcoming 2019 general elections, but we remain hopeful of better outings ahead through the impact of our subsidiaries i.e. Health Management, Micro Insurance, and Leasing/finance company business.

We are also optimistic on the successful completion of the final phase of our capital raise, full deployment of the funds realised and the eventual emergence of our company as one of the top players in the financial services sector.

APPRECIATION

I wish to appreciate you all once again, our Shareholders, Insurance Brokers, Agents and all our loyal customers for continually standing by us. Your firm belief in our ability to hold forth for you keeps us going.

To my fellow Board members and the entire management and staff, I also say thank you.
I assure you, by the Grace of Almighty God that the journey into the next decade of our company can only get better with your continued support.

Thank you.

Obinna Ekezie
Chairman, Board of Directors

March, 2018.

From the desk of the Managing Director/CEO

Mr. Eddie Efekoha
MD/CEO

From the desk of the Managing Director/CEO

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

It gives me pleasure to welcome you to the 23rd Annual General Meeting of our company and present to you the report of our stewardship for the financial year ended, December 31, 2017.

The financial year 2017 was a challenging year for the Nigerian economy as various sectors struggled to overcome the challenges posed by the lingering effect of the economic recession experienced in 2016. Despite government's efforts at reflating the economy, growth was tepid, and inflationary pressures persisted.

The insurance sector like every other sector of the economy shared in the negative effects of the general lull in the economy as many businesses stagnated and as a result, the purchasing power of the masses was eroded, resulting to decrease in insurance patronage.
The delay in the passage of the National Budget and the subsequent poor execution of the budget also affected payment of insurance premiums as the government remains a major buyer of insurance in Nigeria.

Notwithstanding these challenges, our company remained resolute in accomplishing its long-term strategic objectives. We took a number of steps towards improving our business effectiveness and our ability to serve customers better. Our company was therefore able to deliver modest returns.

PERFORMANCE RATIOS

Our company's performance for the year 2017 was a show of tenacity. Business retention was good, giving us room to focus on our new business initiatives. While our revenue diversification plans are still at its preliminary stages, we are recording good progress in deepening our footprints in the retail market segments which we believe holds significant untapped potential for revenue growth.

A look at our operating results show that despite a slight dip in gross written premiums, our company was able to grow its Net Premium Income by 5% to N3,683,192,076. We were also able to fulfil our claims payment obligations as at when due, successfully settling claims to the tune of N3,354,056,803 an increase of 93% over the N1,730,652,330 paid in 2016. This increase was due to a combination of large one-off losses and the persistent inflationary pressures in the economy.
We ended the 2017 financial year with an underwriting expense ratio of 24%, and an operating expense ratio of 26%. Total assets grew by 27% to N9,490,174,394 from N7,442,464,370 in 2016. Our capacity to undertake larger and more technical transactions have also continued to improve, evidenced in the growth of reserves for insurance contract liabilities from N2.41b in 2016 to N3.53b in 2017.

INDUSTRY DEVELOPMENTS

The National Insurance Commission (NAICOM) released a number of regulations in 2017. The Bancassurance Operational Guidelines was released in April, while the Revised Guidelines for Microinsurance was released later in the year. The circular on bancassurance provided new sets of directives for registration and approval procedures for entering bancassurance relationships between banks and insurance companies, thus opening new opportunities for improved insurance penetration through access to all bank customers.

The guidelines on microinsurance provided guidance on the requirements for setting up a microinsurance institution. The guideline which became effective from 1st January 2018 outlines clear scope, operating procedures, market structure, entry and exit conditions and capital requirements for the various insurance business classifications (unit, state and national operators) for both life and non-life business segments. We have since aligned our microinsurance company registration and product developmental plans with this regulation to ensure we adhere to stipulated guidelines without any violations.

We shall also be strengthening the newly established health maintenance subsidiary, Hallmark HMO which is at the verge of being licensed by the regulator, the National Health Insurance Scheme (NHIS), to deliver exceptional services that caters to the healthcare needs of our existing and potential clients.

NAICOM also released its regulatory priorities for 2018 which includes but is not limited to: Implementation of the Nigerian Industry Development Plan (NIDP), Enforcement of Compulsory Insurance, and the Industry Rebranding Initiative. The industry rebranding initiative which is being jointly funded by industry operators and NAICOM is expected to commence during the first quarter of 2018. We are prepared to take advantage of the opportunities presented by these initiatives in line with our corporate strategic objectives.

BUSINESS OUTLOOK

In 2018, we shall continue the implementation of our corporate strategic plan which will enable us to reposition ourselves as leaders in the insurance industry. Emphasis shall also be placed on stringent cost monitoring measures to improve our efficiency levels.

We shall invest in new product development to adequately exploit the opportunities in the retail market segment. We are at advanced stages in the setting up of a microinsurance subsidiary called CHI Microinsurance Ltd to cater to the retail Life insurance markets. This we believe will improve our margins in the near future.

We shall also be strengthening the newly established health maintenance subsidiary, Hallmark HMO which is also at the verge of being licensed by the regulator, the National Health Insurance Scheme (NHIS), to deliver exceptional services that caters to the healthcare needs of our existing and potential clients. These and many more organic corporate actions are being taken to drive profitable medium-term growth despite uncertain market conditions.

CORPORATE SOCIAL RESPONSIBILITY

During the year, our company kept to its promise of being a socially responsible organization by engaging in insurance education and advocacy through its Annual Essay Competition. The annual essay competition which is in its 7th edition has continued to attract more participants, with the number increasing year on year. In the future, we intend to expand our activities to more actively promote microinsurance and its role for financial inclusion for people at the bottom of the pyramid.

STAFF TRAINING

Consolidated Hallmark Insurance Plc believes that the contribution of staff to the success of the company cannot be over emphasized. Our journey so far would not have been possible without the hard work and loyalty of our dedicated workforce. Consequently, training and development shall continue to receive maximum attention with a view to improving staff productivity as this will ensure the achievement of our corporate goals.

CONCLUSION

While we approach 2018 with renewed optimism, there are still macroeconomic realities that we will have to contend with. We are aware of the bumps ahead and we are determined to face these challenges proactively. We will take actions to mitigate the negative effects the macroeconomic environment may have on the industry.

Once again, I thank you all - distinguished shareholders, our customers, brokers and all who have partnered with us throughout the years. God helping us, 2018 will be a year of remarkable returns. With the backing of our shareholders, the support of our board and the unending commitment of staff, we are positioned to exceed the expectations of all stakeholders.
Finally, I wish to wholeheartedly appreciate Almighty God for keeping us all safe from harm and for His divine direction always.

Thank you.

Eddie A. Efekoha
Managing Director/CEO

March, 2018.

Executive Management Team

Eddie Efekoha
Managing Director/CEO

Babatunde Daramola
Executive Director (Finance, Systems and Investment)

Mary Adeyanju
Executive Director (Operations)

Mac Ekechukwu
Regional Director (North)

Ijeoma Pearl Okoro
Regional Director (East)

Ose Oluyanwo
Regional Director, Lagos Central Operations

Tope Ilesanmi
Regional Director, Retail & Western Region

Katherine Itua
Group Head (Audit & Risk Management)

Orjiako Jimalex
(Group Head, Technical Division)

Dotun Adeogun
Group Head (HR & Communications)

Rukevwe Falana
Group Head (Legal, Compliance & Company Secretary)

Governance

Directors' Report

For the year ended 31 December, 2017

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 2017

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 Company engaged in general insurance business and maintained 13 corporate offices.

OPERATING RESULTS

Operating Results

	2017	2016	Change	%Change
Gross Written Premium	5,680,553,122	5,826,950,292	(146,397,170)	(-3%)
Gross Premium Earned	5,542,732,729	5,708,277,060	(165,544,331)	(-3%)
Net Premium Earned	3,683,192,076	3,508,281,773	174,910,303	5%
Net Claim Paid	(1,422,944,099)	(1,387,143,713)	(35,800,386)	3%
Operating and Administrative Expenses	(1,472,184,057)	(1,340,451,352)	(131,732,705)	10%
Underwriting Profit	1,246,059,744	1,068,527,508	177,532,236	17%
Profit Before Tax	641,052,022	368,133,129	272,918,893	74%
Profit After Tax	406,205,406	194,987,845	211,217,561	108%

Directors as at the date of this report

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. Obinna Ekezie	Non-Executive Director
2. Chief Andrew Dele Stephen Odigie	Non-Executive Director
3. Mr. Eddie Efekoha	Managing Director
4. Mr. Babatunde Daramola	Executive Director
5. Mrs. Mary Adeyanju	Executive Director
6. Mrs. Ngozi Nkem	Non-Executive Director
7. Mrs. Eziaku Ethel Obidegwu	Non-Executive Director
8. Mrs. Adebola Odukale	Non-Executive Director
9. Prince Ben C. Onuora	Non-Executive Director
10. Mr. Joel Botete Avhurhi	Non-Executive Director
11. Mr. Shuaibu Abubakar Idris	Independent Non-Executive Director

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, 2017

Directors	Direct 2018 As at February 2018	Indirect 2018 As at February 2018	Direct 2017	Indirect 2017	Direct 2016	Indirect 2016
Mr. Obinna Ekezie	-	467,283,121		399,285,136	-	399,285,136
Mrs. Adebola Odukale	-	1,079,980,650		1,079,980,650	-	1,079,980,650
Mr. Eddie Efekoha	704,840,451	345,999,075	505,690,000	296,000,000	505,690,000	296,000,000
Mrs. Ngozi Nkem	260,000,000	638,118,755	240,000,000	547,056,649	240,000,000	552,901,628
Mrs. Eziaku Obidegwu	-	188,000,000	-	165,000,000	-	165,000,000
Chief Andrew Odigie	433,274	-	350,000	-	50,000	-
Mr. Joel Avhurhi	98,000	128,213,465	84,000	109,897,257	84,000	109,897,257
Prince Ben Onuora	21,372,259	-	1,200,000	-	1,200,000	-
Mr. Babatunde Daramola	14,375,615	-	8,382,000	-	6,831,000	-
Mrs. Mary Adeyanju	21,731,666	-	1,759,000	-	1,249,000	-

Directors	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
Mr. Joel Avhurhi	Faith & Hope Enterprise

SUBSTANTIAL INTEREST IN SHARES

Shareholders who held more than 5% of the issued share capital of the Company as at the date indicated were as follows:

Shareholder	As at February 2018 Units Held	%	As at 31st December 2017 Units Held	%
Capital Express Assurance Co. Ltd	1,000,000,000	14.29	1,000,000,000	16.7
SPDC West Multipurpose Cooperative Society	500,000,000	7.14	500,000,000	8.3
Ugo (Dr.) Obi Ralph Ekezie	467,283,121	6.68	399,285,136	6.6
Mr. Eddie Efekoha	704,840,451	10.07	505,690,000	8.4
Transglobe Investment & Financial Co Limited	389,200,000	5.56	389,218,021	6.49

Directors' Report

For the year ended 31 December, 2017

SHAREHOLDING ANALYSIS

The range of shareholding as at the date indicated is as follows:

Range of Holding	As at February 2018 No of Shareholders	Share Holdings	%	As at 31st December 2017 No of Shareholders	Share Holdings	%
1 - 10,000	3,756	17,716,553	0.25%	3,769	17,705,239	0.30%
10,001 - 100,000	3,797	153,788,486	2.20%	3,797	154,410,367	2.57%
100,001 - 1,000,000	1,252	425,794,046	6.08%	1,254	429,441,279	7.16%
1,000,001 - 10,000,000	224	635,204,169	9.07%	224	644,501,489	10.74%
10,000,001 - 100,000,000	35	901,928,729	12.88%	32	935,162,611	15.59%
100,000,001 - ABOVE	15	4,865,568,017	69.51%	11	3,818,779,015	63.65%
	9,079	**7,000,000,000**	**100%**	**9,087**	**6,000,000,000**	**100%**

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 and loss and cash flows for the year and that the statements comply with the International Financial Reporting Standard, Insurance Act 2003 and Companies and Allied Matters Act Cap C20 LFN 2004 . 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.

FIXED ASSETS

Movements in fixed assets during the year are shown in Note12.2 on pages 76 to 79 In the opinion of the Directors the market value of the Company's fixed assets 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 technology, legal, travel & tourism, 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
Mr. Babatunde Daramola	Executive Director, Finance Systems & Investments
Mrs. Mary Adeyanju	Executive Director, Operations

Directors' Report

For the year ended 31 December, 2017

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 2017, 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 five times during the period under review.

MEMBERSHIP/COMPOSITION OF THE FGPC

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
Babatunde Daramola	Executive Director	Member
Mrs. Mary Adeyanju	Executive Director	Member

Directors' Report

For the year ended 31 December, 2017

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

PURPOSE

The primary objective of the Audit Risk Management & Compliance 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 five times during the period under review.

MEMBERSHIP/COMPOSITION OF THE ARMCC

Mr. Shuaibu Idris	Independent Non- ExecutiveDirector	Chairman
Mr. Joel Avhurhi	Non-Executive Director	Member
Chief ADS Odigie	Non-Executive Director	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member
Mr. Babatunde Daramola	Executive Director	Member (until May 10, 2017)

Directors' Report

For the year ended 31 December, 2017

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 four times during the period under review.

MEMBERSHIP/COMPOSITION OF THE BIC		
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

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 four times during the period under review.

Directors' Report

For the year ended 31 December, 2017

MEMBERSHIP/COMPOSITION OF THE EGC

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 Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member
Mrs. Mary Adeyanju	Executive Director	Member

ATTENDANCE AT BOARD & ITS COMMITTEES' MEETINGS

	BOARD	FGPC	ARMC	BIC	BEGC
Mr. Obinna Ekezie	5	N/A	N/A	N/A	N/A
Chief ADS Odigie	6	5	5	N/A	N/A
Mr. Eddie A. Efekoha	6	5	5	4	4
Mrs. Eziaku Obidegwu	6	5	N/A	4	N/A
Mr. Joel Avhurhi	6	5	5	N/A	N/A
Mr. Shuaibu Idris	3	N/A	1	N/A	1
Prince Ben Onuora	6	N/A	N/A	4	4
Mrs. Adebola Odukale	6	N/A	N/A	4	4
Mrs. Ngozi Nkem	4	N/A	4	N/A	3
Mrs. Mary Adeyanju	6	4	N/A	N/A	4
Mr. Babatunde Daramola	6	3	3	4	N/A
Dates of Meetings					
	25/01/17	19/01/17	19/01/17	11/01/17	11/01/17
	27/02/17	19/04/17	27/02/17	18/04/17	18/04/17
	10/05/17	20/7/17	19/04/17	5/7/17	05/07/17
	2/08/17	23/10/17	20/07/17	9/10/17	09/10/17
	25/10/17	4/12/17	23/10/17	-	-
	6/12/17	-	-	-	-

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 fueled 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:

Mr. Tony Anonyai	Shareholders' Representative	Chairman
Chief Simon Okiotorhoro	Shareholders' Representative	Member
Chief James Emadoye	Shareholders' Representative	Member
Mr. Joel Avhurhi	Non-Executive Director	Member
Chief ADS Odigie	Non-Executive Director	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member

Directors' Report

For the year ended 31 December, 2017

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		January 19 2017	February 27 2017
Mr. Tony Anonyai	Shareholder/Chairman	✓	✓
Chief James Emadoye	Shareholder	✓	✓
Chief Simon Okiotorhoro	Shareholder		✓
Chief ADS Odigie	Director	✓	✓
Mr. Joel Avhurhi	Director	✓	✓
Mrs. Ngozi Nkem	Director	✓	✓

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 the following sponsorship and donations were made to organisations during the year, including:

Directors' Report

For the year ended 31 December, 2017

ECOWAS Brown Card Scheme	1,055,627
Motherless Babies Home	150,000
Ikeja Golf Club Captain's Day Tournament	250,000
Institute of Software Practitioners of Nigeria	250,000
Food Bank Nigeria	500,000
Nigerian Insurers Association Transformation Project	2,000,000
Chartered Insurance Institute of Nigeria Investiture	500,000
Chartered Insurance Institute of Nigeria National Insurance Conference	500,000
Professional Insurance Ladies Association	100,000
Business Club Ikeja	100,000
Ikoyi Club 1938 The Nigeria Cup	250,000
Institute of Directors Nigeria Fellows Investiture	500,000
Nigerian Council of Registered Insurance Brokers Investiture	500,000
Ondo State Education Summit	100,000

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 2017 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 356(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

NEXTZON

• STRATEGY • TECHNOLOGY • SME DEVELOPMENT • VENTURE CAPITAL

20th April, 2018

Chairman Board of Directors
Consoldaited Hallmark Insurance Plc
266 Ikorodu Road
Obanikoro
Lagos.

Dear Sir,

RE: CORPORATE GOVERNANCE PERFORMANCE REVIEW 2017.

The above subject matter refers.

This is to certify that we have concluded the 2017 Corporate Governance performance review exercise for Consoldaited Hallmark Insurance Plc, wherein governance and control areas were reviewed and appraised using the National Insurance Commission (NAICOM) Code of Corporate Governance and Securities and Exchange Commission (SEC) Code of Corporate Governance as benchmarks. From our independent assessment, Consoldaited Hallmark Insurance Plc achieved full compliance on 73% and 70% of the principles defined by NAICOM Code of Corporate Governance and SEC Code of Corporate Governance respectively.

Our review identified a few gaps which have been brought to the attention of Management as areas for improvement in subsequent evaluation exercise.

On the basis of the above, we advise that the Board focuses its attention this financial year on implementing all the recommendations contained in our report.

We thank you for the opportunity and privilege of working with you as we look forward to the pleasure of working with you again.

Yours faithfully

For: NEXTZON BUSINESS SERVICES LIMITED

Mac Atasie
Managing Director/CEO

RC. 618427
NEXTZON BUSINESS SERVICES LIMITED
...enterprise builders

1 Racheal Nwangwu Close,
Lekki Phase I, Lekki,
Lagos, Nigeria.
Tel: 234 (1) 461 6466, 461 6765
email: info@nextzon.com
www.nextzon.com

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;
- Banks and Other Financial Institutions Act, 1991;
- NAICOM Prudential Guidelines; and
- 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 28 February, 2018 by:

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

Mr. Obinna Ekezie
Chairman, Board of Director
FRC/2017/IODN/000000017485

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, 2017 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

Introduction

The cornerstone of Enterprise Risk Management is to assist in the achievement of corporate strategies and objectives. Therefore, it is critical that risk management concepts and principles are incorporated into existing processes to develop and manage corporate strategies and objectives.

Objectives are set at the corporate and business unit levels and are aligned with the risk appetite, which drives risk tolerances throughout the organization. Therefore, a properly defined, documented and approved objective is crucial to the success of Consolidated Hallmark ERM process.

Identifying and managing risks are key elements of the group's strategic, financial and operational planning cycle. Embedding risk management into strategic, financial and operational planning processes enabled the group to proactively identify and understand potential barriers to the achievement of corporate strategy and objectives. These risks were considered in the final decision to select the appropriate strategies and related objectives.

Risk management is embedded into ongoing performance measurement activities across the organization. Risk management activities closely align with the organizational balanced scorecard and other mechanisms that are currently in place to monitor, measure, track and report business objectives and supporting metrics.

Effective risk management is fundamental to the business activities of the group. While we remain committed to increasing shareholder value by developing and growing our business within our board-determined risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders.

We seek to achieve an appropriate balance between risk and reward in our business while we continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Risk Management is at the core of the operating structure of the group. We limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses and ensuring the continued adequacy of all our financial resources.

Our risk management processes have continued to prove effective, despite a tough economic environment. Central Management remained closely involved in important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, and effectively managing the risk portfolios.

Responsibility and accountability for risk management resides at all levels within the group, from the board down through the organization to each business manager and risk specialist.

Risks are controlled at the level of individual exposures and at portfolio level, as well as, in aggregate across all businesses and risk types.

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 rely 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, as well as 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, liquidity and reputation, strategic direction and operational plan, maintain a reasonable balance between risk and return, in line with economic and financial objectives.

Consolidated Hallmark Insurance regularly enhances its Risk Policy to reflect new insights and changes in its environment, to reflect such changes in 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, also 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 to the extent required and 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.

Internal Control & Risk Management Report

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, also approves investment over and above managements' approval limit. The Board Establishment and Governance Committee deals with matters affecting executive management staff and is also responsible for monitoring corporate governance developments, best practices for corporate governance and furthering the effectiveness of the corporate governance practices.

Management is responsible and accountable for ensuring that risk management policies, framework and procedures are complied with; and, 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 approval of risk management governance standards and policies;
- Reviewing and recommending for approval of the
- Group's risk profile and 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 daily, considers to the extent required and recommends to the Board for approval of 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 rely 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 in compliance 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 Insurance (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.

Internal Control & Risk Management Report

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 emphasis on financial institutions to identify, assess and understand the money laundering and terrorist financing risks they face 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
Directors' Report

For the year ended 31 December, 2017

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 C20 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 31st December , 2017 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 31st December, 2017

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

Date; February 28, 2018

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.

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 Shareholders of Consolidated Hallmark Insurance Plc

Report on the Audit of the Consolidated Financial Statements for the year ended 31st December, 2017

Opinion

We have audited the consolidated financial statements of Consolidated Hallmark Insurance Plc **(the Company)** and its subsidiaries (**altogether, the Group**), which comprise the consolidated statement of financial position as at December 31, 2017 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 subsidiaries** as at December 31, 2017 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:

Key Audit Matters

Valuation of Investment Properties	**How our audit addressed the key Audit Matters**
Refer to note 12.1 in the Group financial statements	Our procedures in relation to management's valuation of investment properties using external Valuers included:
Management has estimated the fair value of the Group's investment properties to be N899.661 million as at 31st December, 2017.	– Evaluation of the independent external valuers' competence, capabilities and objectivity;

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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 amounts to N899.661 million. These valuations are dependent on certain key assumptions and significant judgements including capitalization rates and fair market rents.

- Assessing the methodologies used and the appropriateness of the key assumptions.

- Checking the accuracy and relevance of the input data used.

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

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 N3.532 billion as at year ended 31st December, 2017 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.

How our audit addressed the key Audit Matters

Our procedures in relation to management's valuation of insurance contract liabilities using a firm of Actuaries 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.

Key Audit Matters

Deposit for Shares, reference Note 17.1

The company disclosed in Note 17.1 a liability of N500,456,779 as Deposit for Ordinary Shares in respect of Rights Issue.

1,000,000,000 Ordinary Shares of the Company was offered to existing shareholders by way of rights issue involving 1 new ordinary share of 50 kobo each at 50 kobo per share on the basis of 1 new ordinary share

How our audit addressed the key audit matters

Our procedures in relation to the disclosure of Deposit for the Ordinary Shares in Note 17.1 include:

- We reviewed the offer documents to confirm the total shares on offer and the price per share.
- Reviewed board of directors' minutes and resolution at the Board Completion Meeting concerning the Rights Issue.

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for every 6 ordinary shares of 50 kobo each held as at the close of business on August 25, 2017. The offer opened on October 16, 2017 and closed on November 22, 2017. The offer was 100.09% subscribed and the proceeds of the issue was domiciled in a special account in the name of the company.

The transaction was material during the year and the disclosure of this transaction involved significant auditor judgment.

- Reviewed the clearance given by Securities and Exchange Commission,
- Reviewed details of the proceeds obtained from the issue, and also the issue expenses.

We found the disclosure in Note 17.1 of a liability in the form of Deposit for Shares as at December 31, 2017 appropriate as this liability will be extinguished by the allotment of agreed number of Ordinary shares to the beneficiary shareholders.

Other information

Management is responsible for the Other Information. The Other Information comprises all the information in the Consolidated Hallmark Insurance Plc 2017 annual report other than the Group financial statements and our auditors' report thereon ("the Other Information").

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.

Based on the work we have performed on the Other information obtained prior to the date of this auditors' report, if we conclude that there is a material misstatement of the Other Information; we are required to report that fact.

We performed our responsibility on the Other information and 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 Standards (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.

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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

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financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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

A penalty of N7,680,300 for late submission of various financial within 2011 - 2013 to the SEC was settled during the year.

Compliance with the requirements of the Companies and Allied Matters Act, 2004 and Nigerian Insurance Act, 2003.

The Companies and Allied Matters Act and Nigerian Insurance Act requires that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

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

ii) In our opinion, proper books of account have been kept by the 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.

....

For: S I A O
Chartered Accountants
Ikoyi, Lagos

Engagement Partner: Joshua Ansa, FCA
FRC/2013/ICAN/00000001728

Date: 21st March, 2018

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Statement of Significant Accounting Policies

For the year ended 31 December, 2017

Statement of Significant Accounting Policies

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

Group information and accounting policies

The Group

The group comprises of Consolidated Hallmark Insurance Plc (the company) and its subsidiaries - CHI Capital Limited, CHI Microinsurance Limited (in-formation) and Hallmark Health Services Limited (in-formation). 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 2005. 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 28 February 2018.

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 (Undergoing Formation)

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.

Hallmark Health Services Ltd

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

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 2017 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 2017, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

1.1.2 Application of new and amended standards

For the preparation of these financial statements, the following amendments to Standards are mandatory for the first time for the financial year beginning 1 January 2017.

- **Amendments to IAS 7 titled Disclosure Initiative (issued in January 2016)**

The amendments require entities to provide information that enables users of financial statements to evaluate changes in liabilities arising from the entity's financing activities. The effect of the amendments on the financial statements has been the inclusion of additional disclosures.

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

- **Amendments to IAS 12 titled Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016)**

The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base (eg deferred tax asset related to unrealised losses on debt instruments measured at fair value), as well as certain other aspects of accounting for deferred tax assets. The amendments had no effect on the financial statements.

- **Amendments to IFRS 12 (Annual Improvements to IFRS Standards 2014-2016 Cycle, issued in December 2016)**

The amendments clarify that the disclosure requirements of the Standard apply to interests in entities within the scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations except for summarised financial information for those interests. The amendments had no effect on the financial statements.

Standards, amendments and interpretations issued but not yet effective

The Group 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 2017 (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 Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

- **Amendments to IAS 28 (Annual Improvements to IFRS Standards 2014-2016 Cycle, issued in December 2016)**

The amendments, applicable to annual periods beginning on or after 1 January 2018 (earlier application permitted), clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, mutual fund, unit trust or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments are not expected to have an effect on the Company's financial statements.

- **Amendments to IAS 40 titled Transfers of Investment Property (issued in December 2016)**

The amendments, applicable to annual periods beginning on or after 1 January 2018 (earlier application permitted), clarify that transfers to, or from, investment property (including assets under construction and development) should be made when, and only when, there is evidence that a change in use of a property has occurred. The amendments are not expected to have a material effect on the Company'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 (earlier application permitted), clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payment (SBP) transactions, 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 consolidated financial statements.

- **Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016)**

The amendments, applicable to annual periods beginning on or after 1 January 2018, give all insurers the option to recognise in other comprehensive income, rather than in profit or loss, the volatility that could arise when IFRS 9 is applied before implementing IFRS 17 ('the overlay approach'). Also, entities whose activities are predominantly connected with insurance are given an optional temporary exemption (until 2021) from applying IFRS 9, thus continuing to apply IAS 39 instead ('the deferral approach') as the Company has opted for the temporary exemption until 2021, the amendments are not expected to have an effect on its financial statements.

- **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 a 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, was deferred indefinitely in December 2015 but earlier application is still permitted. This is not expected to have an effect on the Company's financial statements.

- **IFRS 9 Financial Instruments (issued in July 2014)**

The Standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018 (earlier application permitted). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting, recognition 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.

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

For the impairment of financial assets, IFRS 9 introduces an "expected credit loss (ECL)" model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

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 recognition and derecognition provisions are carried over almost unchanged from IAS 39. Apart from equity investments classified currently as available-for-sale and measured at fair value through other comprehensive income that should be measured at fair value through profit or loss under IFRS 9, all the financial assets and financial liabilities should continue to be measured on the same bases as currently under IAS 39.
Concerning impairment, the Directors expect to apply the simplified approach to recognise lifetime ECL for the trade receivables. Although the Directors are currently assessing the extent of this impact, they anticipate that the application of the ECL model of IFRS 9 will result in earlier recognition of credit losses. However, it is not practicable to provide a reasonable estimate of that effect until the detailed review that is in progress has been completed. In particular, the implementation of the new ECL model proves to be challenging and might involve significant modifications to the company's credit management systems.
As the new hedge accounting requirements will align more closely with the Company's risk management policies, a preliminary assessment of the Company's current hedging relationships indicate that they will qualify as continuing hedging relationships upon application of IFRS 9. The Directors do not anticipate that the application of the IFRS 9 hedge accounting requirements will have a material impact on the Company's financial statements.

- **IFRS 15 Revenue from Contracts with Customers (issued in May 2014 and amended for effective date and clarifications in September 2015 and April 2016 respectively)**

The Standard, effective for annual periods beginning on or after 1 January 2018 (earlier application permitted), replaces IAS 11, IAS 18 and their Interpretations. It establishes a single and comprehensive framework for revenue recognition to apply 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 (eg 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 they intend to use the full retrospective method of transition to the new Standard.
Based on the current accounting treatment of the Company's major sources of revenue the Directors do not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Company, apart from providing more extensive disclosures on the Company's revenue transactions. However, as the Directors are still in the process of assessing the full impact of the application of IFRS 15 on the Company's financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the Directors complete the detailed review.

- **IFRS 16 Leases (issued in January 2016)**

The Standard, effective for annual periods beginning on or after 1 January 2019 (earlier application permitted only if IFRS 15 also applied), 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, with the following effects:

For the Company's non-cancellable operating lease commitments of a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under IFRS 16. Thus, the Company will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases - unless they qualify for low value or short-term leases upon the application of IFRS 16 - which might have a significant impact on the amounts recognised in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of that effect until the Directors complete their review.
For finance leases where the Company is a lessee, as the Company has already recognised an asset and a related finance lease liability for the lease arrangement, the Directors do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Company's financial statements.

- **IFRS 17 Insurance Contracts (issued in May 2017)**

The Standard that replaces IFRS 4, effective for annual periods beginning on or after 1 January 2021 (earlier application permitted only if IFRS 9 and IFRS 15 also applied), requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts, giving a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The Company has opted not to early adapt this standard.

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.

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

1.4 Consolidation

The Group financial statements comprise the financial statements of the company and its subsidiaries, CHI Capital Ltd, CHI Microinsurance Ltd, Hallmark Health Services Ltd, 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, CHI Microinsurance Ltd and Hallmark Health Services Ltd are wholly owned subsidiaries 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-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

(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.

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

(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 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

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

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 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 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.

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

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
Statement of Significant Accounting Policies (Cont'd)
due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortized over the estimated remaining settlement period.
The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is calculated following the same method used for these financial assets

7. Deferred acquisition costs

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

8. Other receivables and prepayments

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

9. Deposit for shares (assets)

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.

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

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 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

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

expense and subsequently by recognizing an additional claims liability for claims provisions.

17. Retirement benefits obligations

17.1 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.

18. Deposit for shares (liability)

Where the shareholders deposited for the equity of the entity and the necessary allotment of shares or share certificates have not been issued by the company due to authorization and approval from regulatory bodies, such deposit shall remain a liability until the allotment is done, when the obligation is converted into equity.

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 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.

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

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

b) Net premium
Net premium represents gross premium earned less reinsurance costs.

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

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.

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

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).

f) **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.

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

Provision for unpaid claims and adjustment expenses

Individual loss estimates are provided on each claims reported. In addition, provisions are made for adjustment expenses, changes in reported claims, and for claims incurred but not reported, based on past experience and business in force. The estimates are regularly reviewed and updated, and any resulting adjustments are included in the current income.

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 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

Statement of Significant Accounting Policies

For the year ended 31 December, 2017

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.

Financial Statements

Consolidated Statement Of Financial Position

For the year ended 31 December, 2017

		Group		Company	
	Notes	31 December 2017 ₦	31 December 2016 ₦	31 December 2017 ₦	31 December 2016 ₦
Assets					
Cash and cash equivalents	2.	1,921,271,578	1,836,824,537	1,850,386,963	1,587,501,284
Financial assets:					
-At fair value through profit or loss	3.1	170,256,830	170,013,089	161,850,795	163,699,494
-Loans and receivables	3.2	408,385,061	237,335,789	248,623,854	211,761,875
-Available for sale assets	3.3	60,950,000	60,950,000	60,950,000	60,950,000
-Held to maturity	3.4	2,260,597,511	1,654,142,565	2,260,597,511	1,654,142,565
Deposit for shares	4.	-	-	-	180,000,000
Finance lease receivables	5.	229,440,306	162,290,265	-	-
Trade receivables	6.	150,356,282	182,091,091	150,356,282	182,091,091
Reinsurance assets	7.	1,655,890,085	546,323,978	1,655,890,085	546,323,978
Deferred acquisition cost	8.	257,664,385	229,579,067	257,664,385	229,579,067
Other receivables & prepayments	9.	174,488,859	177,968,732	166,066,755	213,530,118
Investment in subsidiaries	10.	-	-	530,000,000	300,000,000
Inventories	11.	-	3,920,887	-	-
Intangible Assets	12.0	24,621,130	13,119,349	18,458,195	12,383,037
Investment properties	12.1	899,661,000	893,882,395	806,000,000	809,221,395
Property and equipment	12.2	976,591,367	974,022,626	926,483,015	941,328,726
Statutory deposits	13.	300,000,000	300,000,000	300,000,000	300,000,000
Total assets		9,490,174,394	7,442,464,370	9,393,327,840	7,392,512,630
Liabilities					
Insurance contract liabilities	14.	3,532,407,618	2,410,701,988	3,532,407,618	2,410,701,988
Trade payables	15.	26,482,944	87,511,062	26,482,944	87,511,062
Other payables and provision	16.	207,368,924	179,731,068	244,704,571	195,101,601
Retirement benefit obligations	17.	5,574,664	151,314	5,169,023	13,502
Deposit for Shares	17.1	500,456,779	-	500,456,779	-
Income tax liabilities	18.2	297,205,965	191,465,212	252,351,030	162,558,597
Deferred tax liabilities	18.3	231,671,385	170,103,017	230,003,867	169,625,075
Total liabilities		4,801,168,279	3,039,663,661	4,791,575,832	3,025,511,825
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.	1,400,446,908	1,230,030,314	1,400,446,908	1,230,030,314
Statutory reserve	20.2	16,304,970	9,279,386	-	-
Retained earnings	21.	272,254,237	163,491,009	201,305,100	136,970,491
Total equity and reserves		4,689,006,115	4,402,800,709	4,601,752,008	4,367,000,805
Total liabilities and equity and reserves		9,490,174,394	7,442,464,370	9,393,327,840	7,392,512,630

The consolidated financial statements were approved by the Board of Directors on 28 February, 2018

Obinna Ekezie	Eddie Efekoha	Babatunde Daramola
Chairman	Managing Director	Chief Financial Officer
FRC/2017/IODN/00000017485	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, 2017

		Group		Company	
	Notes	**31 December 2017 ₦**	31 December 2016 ₦	**31 December 2017 ₦**	31 December 2016 ₦
Gross premium written		**5,680,553,122**	5,826,950,292	**5,680,553,122**	5,826,950,292
Gross premium income	23.	**5,542,732,729**	5,708,277,060	**5,542,732,729**	5,708,277,060
Reinsurance premium expenses	24.	**(1,859,540,653)**	(2,199,995,287)	**(1,859,540,653)**	(2,199,995,287)
Net premium income		**3,683,192,076**	3,508,281,773	**3,683,192,076**	3,508,281,773
Fee and commission income	25.	**370,550,419**	203,707,669	**370,550,419**	203,707,669
Net underwriting income		**4,053,742,495**	3,711,989,442	**4,053,742,495**	3,711,989,442
Claims expenses	25a	**(3,354,056,803)**	(1,730,652,330)	**(3,354,056,803)**	(1,730,652,330)
Claims recoveries from reinsurers	25b.	**1,931,112,704**	343,508,617	**1,931,112,704**	343,508,617
Claims incurred		**(1,422,944,099)**	(1,387,143,713)	**(1,422,944,099)**	(1,387,143,713)
Underwriting expenses	26.	**(1,384,738,653)**	(1,256,318,222)	**(1,387,920,776)**	(1,271,473,425)
Underwriting profit		**1,246,059,744**	1,068,527,508	**1,242,877,621**	1,053,372,305
Investment income	27.	**796,219,129**	472,289,663	**672,917,451**	472,289,663
		-			
Other operating income	28.	**74,861,221**	185,234,085	**68,681,215**	122,768,443
Impairment (charge)/write back	29.	**770,516**	(10,683,605)	**3,390,424**	693,030
Net fair value loss on financial assets at fair value through profit or loss	30.	**(4,674,531)**	(6,783,170)	**(4,674,531)**	(6,783,170)
Operating & Administrative expenses	31.	**(1,472,184,057)**	(1,340,451,352)	**(1,418,512,790)**	(1,281,059,193)
Profit before taxation		**641,052,022**	368,133,129	**564,679,389**	361,281,078
Income tax expense	18.1	**(234,846,616)**	(173,145,284)	**(209,928,186)**	(163,358,219)
Profit after taxation		**406,205,406**	194,987,845	**354,751,203**	197,922,859
Other comprehensive income/(loss) net of tax					
Items that will be reclassified subsequently to profit or loss		**-**	-	**-**	-
Items that will not be reclassified subsequently to profit or loss		**-**	-	**-**	-
Total other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year		**406,205,406**	194,987,845	**354,751,203**	197,922,859
Profit attributable to:					
Equity holders of the parents'		**406,205,406**	194,987,845	**354,751,203**	197,922,859
Non-controlling interest interest		**-**	-	**-**	-
		406,205,406	194,987,845	**354,751,203**	197,922,859
Basic and diluted earnings per share (Kobo)	32.	**6.77**	3.25	**5.91**	3.30

The accompanying notes form an integral part of this financial statements

Consolidated Statement Of Changes in Equity

For the year ended 31 December, 2017

The Group

	Issued share capital ₦	Contingency reserves ₦	Statutory reserve ₦	Retained earnings ₦	Total equity ₦
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					
Other comprehensive income for the year	-	-	-	194,987,843	194,987,843
Total comprehensive income 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 declared 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
At 1 January 2017	**3,000,000,000**	**1,230,030,314**	**9,279,386**	**163,491,009**	**4,402,800,709**
Changes in equity for 2017:					
Profit for the year	-	-	-	**406,205,406**	**406,205,406**
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	**406,205,406**	**406,205,406**
Transactions with owners:					
Transfer within reserves	-	**170,416,594**	**7,025,584**	**(177,442,178)**	-
Dividends relating to prior periods paid during the year	-	-	-	**(120,000,000)**	**(120,000,000)**
Non-controlling interest arising on business combination	-	-	-	-	-
Contribution by and to owners of the business	-	**170,416,594**	**7,025,584**	**(297,442,178)**	**(120,000,000)**
At December 2017	**3,000,000,000**	**1,400,446,908**	**16,304,970**	**272,254,237**	**4,689,006,115**

Consolidated Statement Of Changes in Equity

For the year ended 31 December, 2017

The Company

	Issued share capital N	Contigency reserves N	Retained earnings N	Total equity N
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
At 1 January 2017	**3,000,000,000**	**1,230,030,314**	**136,970,491**	**4,367,000,805**
Changes in equity for 2017:				
Profit for the year	-	-	**354,751,203**	**354,751,203**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	**354,751,203**	**354,751,203**
Transactions with owners:				
Transfer within reserves	-	**170,416,594**	**(170,416,594)**	-
Dividends relating to prior periods paid during the year			**(120,000,000)**	**(120,000,000)**
Contribution by and to owners of the business	-	**170,416,594**	**(290,416,594)**	**(120,000,000)**
At December 2017	**3,000,000,000**	**1,400,446,908**	**201,305,100**	**4,601,752,008**

Consolidated Statement Of Cash Flows

For the year ended 31 December, 2017

	Notes	Group		Company	
		31 December 2017 ₦	31 December 2016 ₦	31 December 2017 ₦	31 December 2016 ₦
Cash flows from operating activities					
Premium received from policy holders		5,691,006,723	5,700,840,079	5,691,006,723	5,700,840,079
Reinsurance receipts in respect of claims	25b.	866,513,195	377,127,939	866,513,195	377,127,939
Commission received		390,586,084	214,772,393	390,586,084	214,772,393
Other operating receipts		184,010,569	314,604,224	68,681,215	122,768,443
Cash paid to and on behalf of employees	33.	(566,188,159)	(513,986,990)	(543,297,321)	(492,007,345)
Reinsurance premium paid		(1,833,404,133)	(2,112,575,021)	(1,833,404,133)	(2,112,575,021)
Claims paid	25a	(2,370,171,567)	(1,657,293,652)	(2,370,171,567)	(1,657,293,652)
Underwriting expenses		(1,416,006,094)	(1,305,872,268)	(1,416,006,094)	(1,310,527,194)
Other operating cash payments		(1,075,514,880)	(798,539,118)	(810,634,613)	(653,320,688)
Company income tax paid	18.2	(67,537,495)	(64,030,627)	(59,756,961)	(64,030,627)
Net cash (used in)/ from operating activities	32a	(196,705,757)	155,046,959	(16,483,472)	125,754,328
Cash flows from investing activities					
Purchase of property and equipment	12.2	(98,434,767)	(149,033,735)	(76,132,132)	(121,549,513)
Purchase of intangible asset		(15,161,690)		(9,632,041)	
Additions to investment properties	12.1	(9,000,000)	(5,862,395)		(5,862,395)
Increase in investment in subsidiaries	10.			(50,000,000)	(230,000,000)
Proceeds from sale of property and equipment	12.2	6,274,442	6,708,974	4,680,457	6,708,974
Purchase of financial assets		(1,091,771,846)	(1,548,611,151)	(819,844,737)	(1,548,611,151)
Proceeds from sale of financial assets	3.	765,023,988	353,613,547	629,376,611	353,613,547
Dividend received	27.	8,499,313	4,585,551	8,499,313	29,585,551
Rental Income received	27.	3,689,257	1,967,200	3,689,257	1,967,200
Interest received	27.	331,577,321	255,673,820	208,275,643	255,673,820
Net cash from investing activities		(99,303,982)	(1,080,958,189)	(101,087,628)	(1,258,473,967)
Cash flows from financing activities					
Proceeds of right issue	17.1	500,456,779		500,456,779	-
Dividend paid	21.	(120,000,000)	(60,000,000)	(120,000,000)	(60,000,000)
Net cash used in financing activities		380,456,779	(60,000,000)	380,456,779	(60,000,000)
Increase in cash and cash equivalents		84,447,041	(985,911,230)	262,885,679	(1,192,719,640)
Cash and cash equivalents at Beginning		1,836,824,537	2,822,735,767	1,587,501,284	2,780,220,925
Cash and cash equivalent at End	2	1,921,271,578	1,836,824,537	1,850,386,963	1,587,501,284

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

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

1. Corporate information

1.1 The Group

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

1.2 The Company

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

1.3 Principal activities

During the year under review, the 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 2017 ₦	31 December 2016 ₦	**31 December 2017 ₦**	31 December 2016 ₦
2.	**Cash and cash equivalents**				
	Cash in hand	**2,250,081**	3,045,944	**2,250,081**	3,045,944
	Balance with banks	**214,653,174**	201,753,578	**174,369,464**	141,892,518
	Call deposits	**19,667,744**	10,945,865	**19,667,744**	10,945,865
	Right issue proceeds (17.1)	**500,456,779**	-	**500,456,779**	-
	Fixed deposits (Note 2.1)	**1,184,243,800**	1,621,079,150	**1,153,642,895**	1,431,616,957
		1,921,271,578	1,836,824,537	**1,850,386,963**	1,587,501,284

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

		31 December 2017 ₦	31 December 2016 ₦	**31 December 2017 ₦**	31 December 2016 ₦
3.	**Financial assets**				
	At fair value through profit or loss (Note 3.1)	**170,256,830**	170,013,089	**161,850,795**	163,699,494
	Loans and receivables measured at amortised cost (Note 3.2)	**408,385,061**	237,335,789	**248,623,854**	211,761,875
	Available for sale (Note 3.3)	**60,950,000**	60,950,000	**60,950,000**	60,950,000
	Held to maturity (Note 3.4)	**2,260,597,511**	1,654,142,565	**2,260,597,511**	1,654,142,565
		2,900,189,402	2,122,441,443	**2,732,022,160**	2,090,553,934
3.1	**At fair value through profit or loss**				
	At 1 January	**320,287,832**	323,785,254	**313,974,237**	318,256,659
	Additions	**26,870,851**	785,000	**23,762,611**	-
	Disposals	**(25,173,974)**	(4,282,422)	**(24,158,174)**	(4,282,422)
		321,984,709	320,287,832	**313,578,674**	313,974,237
	Fair value gains/(loss) (Note 30a)	**(151,727,879)**	(150,274,743)	**(151,727,879)**	(150,274,743)
	At December 2017	**170,256,830**	170,013,089	**161,850,795**	163,699,494
	Current	**170,256,830**	170,013,089	**161,850,795**	163,699,494
	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, 2017

		Group		Company	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
3.2	**Loans and receivables**	₦	₦	₦	₦
	Staff loans (Note 3.2.1a)	186,244,874	203,485,300	186,244,874	203,485,300
	Loan issued to corporate individuals (Note 3.2.1b)	222,140,187	33,850,489	62,378,980	8,276,575
		408,385,061	237,335,789	248,623,854	211,761,875
	Current	259,108,629	141,492,415	157,532,492	143,652,919
	Non Current	149,276,432	95,843,374	91,091,362	68,108,956
3.2.1a	**Staff loans**				
	At 1 January	203,485,300	30,321,897	203,485,300	30,321,897
	Addition	18,946,180	190,568,572	18,946,180	190,568,572
	Repayment	(36,186,606)	(17,405,169)	(36,186,606)	(17,405,169)
		186,244,874	203,485,300	186,244,874	203,485,300
3.2.1b	**Loan issued to corporate / individuals**				
	At 1 January	131,126,947	126,402,527	101,462,451	134,408,271
	Addition	335,158,052	210,115,198	60,614,835	130,639,916
	Repayment	(144,824,762)	(205,390,778)	(10,193,185)	-163,585,736
		321,460,237	131,126,947	151,884,101	101,462,451
	Impairment on loans issued to corporate and individuals (Note 3.2.4)	(99,320,050)	(97,276,457)	(89,505,121)	(93,185,875)
	At the end	222,140,187	33,850,490	62,378,980	8,276,576
3.2.2	**Analysis by performance:**				
	Performing (Note 3.2)	408,385,061	237,335,789	248,623,854	211,761,875
	Non-performing (Note 3.2.4)	99,320,050	97,276,457	89,505,121	93,185,875
		507,705,111	334,612,246	338,128,975	304,947,750
3.2.3	**Analysis by maturity:**				
	Due within one year	259,108,629	323,517,416	157,532,492	293,852,920
	Due within one - five years	158,596,482	8,596,482	90,596,483	8,596,482
	Due after five years	90,000,000	2,498,348	90,000,000	2,498,348
		507,705,111	334,612,246	338,128,975	304,947,750
3.2.4	**Movement in impairment - loans and receivables :**				
	At 1 January	97,276,457	95,695,221	93,185,875	93,878,905
	Addition (Note 29)	5,724,347	2,274,266	-	-
	Provision no longer required (Note 29)	(3,680,754)	(693,030)	(3,680,754)	(693,030)
	At the end	99,320,050	97,276,457	89,505,121	93,185,875
3.3	**Available for sale assets**				
	At 1 January	60,950,000	60,950,000	60,950,000	60,950,000
	Addition				-
	Exchange gains				-
	Impairment on available for sale				-
	At the end	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	₦1	2,000,000
Energy & Allied Insurance Pool Nigeria limited	-		58,950,000
	2,000,000		60,950,000

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
		31 December 2017	31 December 2016	**31 December 2017**	31 December 2016
3.4	**Held to maturity assets**	**₦**	₦	**₦**	₦
	At 1 January	**1,654,142,565**	479,575,123	**1,654,142,565**	479,575,123
	At initial recognition - additions	**716,521,109**	1,227,402,664	**716,521,109**	1,227,402,664
		2,370,663,674	1,706,977,787	**2,370,663,674**	1,706,977,787
	Disposal	**(562,519,400)**	(170,307,420)	**(562,519,400)**	
	Amortised interest (Note 27)	**452,453,237**	117,472,198	**452,453,237**	117,472,198
	At the end	**2,260,597,511**	1,654,142,565	**2,260,597,511**	1,654,142,565
				-	-
a)	**Held to maturity assets are analysed as follows:**				-
	Debts securities				
	Listed	**2,260,597,511**	1,654,142,565	**2,260,597,511**	1,654,142,565
	Unlisted	**-**	-	**-**	-
	At the end	**2,260,597,511**	1,654,142,565	**2,260,597,511**	1,654,142,565
	Current	**2,114,016,284**	1,027,712,519	**2,114,016,284**	1,027,712,519
	Non-current	**146,581,227**	626,430,046	**146,581,227**	626,430,046
		2,260,597,511	1,654,142,565	**2,260,597,511**	1,654,142,565
b)	**At the reporting date, no held to maturity assets were past due or impaired**				
	15.25% NAHCO Bond series 2 2013/2020	**10,222,858**	13,990,993	**10,222,858**	13,990,993
	FCMB NGN SERIES 2 BOND 2015/2020	**54,869,863**	51,109,589	**54,869,863**	51,109,589
	FCMB NGN SERIES 2 BOND 2016/2023	**50,472,603**	51,016,096	**50,472,603**	51,016,096
	13.5% Lagos State Government Bond series 2 2013/2020	**31,015,903**	41,781,157	**31,015,903**	41,781,157
	LAGOS STATE PROGRAMME 2 SERIES 2 FIXED RATE BOND ISSUANCE (2013/2020)	**-**	99,300,908	**-**	99,300,908
	Access bank commercial paper	**413,349,209**	486,703,501	**413,349,209**	486,703,501
	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
	TREASURY BILLS 18.59% JAN. 18 2018 AIICO CAPITAL LTD	**170,929,476**	-	**170,929,476**	-
	TREASURY BILLS 18.50% FEB. 1 2018 AIICO CAPITAL LTD	**416,139**	-	**416,139**	-
	TREASURY BILLS 18.50% FEB. 1 2018 AIICO CAPITAL LTD	**36,150,994**	-	**36,150,994**	-
	TREASURY BILLS 18.4336% FEB. 1 2018 FSDH MERCHANT BANK LIMITED	**229,283,687**	-	**229,283,687**	-
	TREASURY BILLS 18.4336% FEB. 1 2018 FSDH MERCHANT BANK LIMITED	**249,317,258**	-	**249,317,258**	-
	TREASURY BILLS 18.05% FEB. 15 2018 CAPITAL EXPRESS	**208,154,687**	-	**208,154,687**	-
	TREASURY BILLS 18.4336% FEB. 1 2018 CAPITAL EXPRESS	**74,456,181**	-	**74,456,181**	-
	TREASURY BILLS 18.10% MARCH. 2 2017 AIICO Capital Limited- 364 Days	**40,800,809**	-	**40,800,809**	-
	TREASURY BILLS 18.40% MARCH. 2 2017 Planet Capital Limited	**19,488,253**	-	**19,488,253**	-
	TREASURY BILLS 18.25% AUG. 02 2018 FCMB-364 days	**178,600,000**		**178,600,000**	-
	TREASURY BILLS 18.5% JULY. 26 2018 FCMB-353 DAYS	**39,680,784**		**39,680,784**	
	TREASURY BILLS 18.3% JAN 11 2018 CAPITAL EXPRESS- 139 DAYS	**192,342,336**		**192,342,336**	
	TREASURY BILLS 16% JAN 04 2018 CAPITAL EXPRESS- 101 DAYS	**261,046,471**		**261,046,471**	
	At the end	**2,260,597,511**	1,654,142,565	**2,260,597,511**	1,654,142,565

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

4.	Deposit for shares				
	At 1 January	**-**	-	**180,000,000**	-
	Increase	**-**	-	**-**	180,000,000
	Allotment	**-**	-	**(180,000,000)**	-
	At December	**-**	-	**-**	180,000,000

This represents fund deposited by the company for additional shares in CHI Capital Limited in 2016 and allotted in 2017.

5.	Finance lease receivables				
	At 1 January	**178,954,617**	181,031,249	**-**	-
	Addition	**337,946,486**	177,678,768	**-**	-
	Repayment	**(222,803,425)**	(141,477,667)	**-**	-
	Gross investment	**294,097,678**	217,232,350	**-**	-
	Unearned income	**(55,018,345)**	(38,277,733)	**-**	-
	Net investment (Note 5.1)	**239,079,333**	178,954,617	**-**	-
	Impairment on finance lease receivables (Note 5.2)	**(9,639,027)**	(16,664,352)	**-**	-
	At the end	**229,440,306**	162,290,265	**-**	-
5.1	Current	**115,143,061**	148,336,298	**-**	-
	Non-current	**123,936,272**	30,618,319	**-**	-
	Analysis by performance				
	Performing	**229,440,306**	162,290,265	**-**	-
	Non-performing	**9,639,027**	16,664,352	**-**	-
		239,079,333	178,954,617	**-**	-
	Analysis by maturity				
	Due within one year	**115,143,061**	83,963,156		
	Due between one - five years	**123,936,272**	94,991,461	**-**	-
		239,079,333	178,954,617	**-**	-
5.2	Movement in impairment - finance lease receivables:				
	At 1 January	**16,664,352**	8,935,263	**-**	-
	Charge for the year (Note 29)	**(7,025,325)**	7,729,089	**-**	-
	At the end	**9,639,027**	16,664,352	**-**	-

6.	Trade receivables				
	Due from insurance companies	**10,609,758**	25,015,653	**10,609,758**	25,015,653
	Due from insurance brokers and agents	**139,746,524**	157,075,438	**139,746,524**	157,075,438
		150,356,282	182,091,091	**150,356,282**	182,091,091
	Current	**150,356,282**	182,091,091	**150,356,282**	182,091,091
	Non-current	**-**	-	**-**	-

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
7.	Reinsurance assets	₦	₦	₦	₦
	Prepaid reinsurance (Note 7.1a & 7.1b)	342,971,971	298,005,373	342,971,971	298,005,373
	Reinsurers share of outstanding claims (Note 7.2a &7.2b)	1,312,918,114	248,318,605	1,312,918,114	248,318,605
	At the end	1,655,890,085	546,323,978	1,655,890,085	546,323,978
	Current	1,655,890,085	546,323,978	1,655,890,085	546,323,978
	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.

		Group		Company	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		₦	₦	₦	₦
7.1a	Prepaid reinsurance				
	Fire	59,121,560	72,104,355	59,121,560	72,104,355
	General accident	35,663,280	22,067,137	35,663,280	22,067,137
	Motor	9,760,000	4,273,723	9,760,000	4,273,723
	Marine	55,054,184	38,096,334	55,054,184	38,096,334
	Bond	3,056,266	2,343,515	3,056,266	2,343,515
	Engineering	10,948,336	7,376,020	10,948,336	7,376,020
	Aviation	4,321,953	67,050,489	4,321,953	67,050,489
	Oil & gas	154,971,392	78,301,300	154,971,392	78,301,300
		332,896,971	291,612,873	332,896,971	291,612,873
7.1b	Prepaid Minimum Deposit				
	Fire	4,425,000	3,000,000	4,425,000	3,000,000
	General accident	850,000	850,000	850,000	850,000
	Motor	1,200,000	542,500	1,200,000	542,500
	Marine	1,200,000	2,000,000	1,200,000	2,000,000
	Engineering	2,400,000	-	2,400,000	-
		10,075,000	6,392,500	10,075,000	6,392,500
7.2 a	Reinsurers share of outstanding claims				
	Fire	802,220,511	141,789,566	802,220,511	141,789,566
	General accident	153,907,743	29,210,186	153,907,743	29,210,186
	Motor	55,414,766	6,247,203	55,414,766	6,247,203
	Marine	30,584,773	45,000,355	30,584,773	45,000,355
	Bond	1,861,463	63,428	1,861,463	63,428
	Engineering	13,518,762	14,255,659	13,518,762	14,255,659
	Aviation	82,955,448	6,406,334	82,955,448	6,406,334
	Oil & gas	172,454,648	5,345,875	172,454,648	5,345,875
		1,312,918,114	248,318,606	1,312,918,114	248,318,606
7.3	Reinsurance assets:				
	Movement in prepaid reinsurance:				
	At 1 January	298,005,373	409,975,490	298,005,373	409,975,490
	Additions during the year (Note 24)	1,894,432,250	2,088,025,170	1,894,432,250	2,088,025,170
		2,192,437,624	2,498,000,660	2,192,437,624	2,498,000,660
	Amortization during the year (Note 24)	(1,859,540,653)	(2,199,995,287)	(1,859,540,653)	(2,199,995,287)
	At the end	332,896,971	298,005,373	332,896,971	298,005,373
8.	Deferred acquisition cost				
	At 1 January	229,579,067	190,525,298	229,579,067	190,525,298
	Acquistion cost during the year	980,340,178	843,634,488	980,340,178	843,634,488
	Less: Amortisation during the year (Note 26)	(952,254,860)	(804,580,719)	(952,254,860)	(804,580,719)
	At the end	257,664,385	229,579,067	257,664,385	229,579,067
	Current	257,664,385	229,579,067	257,664,385	229,579,067
	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, 2017

	Notes	Group 31 December 2017 ₦	Group 31 December 2016 ₦	Company 31 December 2017 ₦	Company 31 December 2016 ₦
8.1	**Deferred acquisition cost analysis**				
	Fire	46,718,572	41,961,538	46,718,572	41,961,538
	General accident	33,091,821	55,711,526	33,091,821	55,711,526
	Motor	56,625,770	55,521,601	56,625,770	55,521,601
	Marine	34,946,729	20,902,304	34,946,729	20,902,304
	Bond	3,703,083	2,190,179	3,703,083	2,190,179
	Engineering	9,451,388	9,634,091	9,451,388	9,634,091
	Aviation	12,360,072	13,763,383	12,360,072	13,763,383
	Oil & gas	60,766,950	29,894,445	60,766,950	29,894,445
		257,664,385	229,579,067	257,664,385	229,579,067
9.	**Other receivables and prepayments**				
	Staff advances & prepayment	26,109,050	22,374,467	26,109,050	22,374,467
	Account receivables	39,434,326	67,171,613	36,004,307	62,681,514
	Intercompany Receivables	-	-	19,217,915	40,051,485
	Witholding tax credit	62,340,166	58,105,915	62,340,166	58,105,915
	Prepayments (Note 9.1)	46,895,316	30,316,738	22,685,316	30,316,738
		174,778,858	177,968,732	166,356,754	213,530,118
	Impairment allowance (Note 29)	(289,999)	-	(289,999)	-
		174,488,859	177,968,732	166,066,755	213,530,118
	Current	174,488,859	177,968,732	166,066,755	213,530,118
	Non-current	-	-	-	-
9.1	**Prepayments**				
	Prepaid rent	43,402,795	28,284,485	19,192,795	28,284,485
	Other prepayments	3,492,521	2,032,253	3,492,521	2,032,253
		46,895,316	30,316,738	22,685,316	30,316,738
	Current	46,895,316	30,316,738	22,685,316	30,316,738
	Non-current	-	-	-	-
10.	**Investment in subsidiaries**				
	CHI Capital (Note 10.1a)	-	-	430,000,000	250,000,000
	CHI Microinsurance Limited (10.1b)			50,000,000	50,000,000
	Hallmark Health Services Limited (10.1c)			50,000,000	
		-	-	530,000,000	300,000,000

Movement in Investment in subsidiaries	CHI Capital Limited	Chi Microinsurance Limited	Hallmark Health Services Limited	Total
Opening	250,000,000	50,000,000	-	300,000,000
Addition	180,000,000	-	50,000,000	230,000,000
Disposal	-	-	-	-
Closing	430,000,000	50,000,000	50,000,000	530,000,000

N180million worth of shares deposited by the company in the year 2016 (note 4) was alloted by the subsidiary 'CHI Capital limited' at N1/per share to the company during the year. During the year 2017, the Board approved investment into health insurance services with an initial paid up capital of N50million as at the year end.

10.1a CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing. 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.

10.1b CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated CHI Microinsurance Limited in the year 2016 and is still in the process of getting NAICOM licence to further deepen its market share on general insurance business.

10.1c Hallmark Health Services Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated Hallmark Health Services Limited towards the end of the year 2017 and is in the process of obtaining National Health Insurance Scheme licence to operate in health Insurance sector.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		CHI PLC	CHI Capital Limited	CHI Microinsurance Ltd	Hallmark Health Services Ltd	Elimination	Total
	Condensed result of consolidated entities - 2017	₦	₦	₦	₦	₦	₦
10.2	**Condensed financial position**						
	Assets						
	Cash and cash equivalents	1,850,386,963	47,462,452	9,357,244	14,064,920		1,921,271,578
	Financial assets	2,732,022,160	168,167,242			-	2,900,189,402
	Deposit for shares	-				-	-
	Finance lease receivables	-	247,513,723			(18,073,417)	229,440,306
	Trade receivables	150,356,282				-	150,356,282
	Reinsurance assets	1,655,890,085				-	1,655,890,085
	Deferred acquisition cost	257,664,385				-	257,664,385
	Other receivables and prepayment	166,066,755	5,930,019	50,000,000	24,210,000	(71,717,915)	174,488,859
	Investment in subsidiaries	530,000,000				(530,000,000)	-
	Investment properties	806,000,000	93,661,000		-	-	899,661,000
	Inventories	-				-	-
	Intangible Assets	18,458,195	633,287		5,529,648		24,621,130
	Property and equipment	926,483,015	19,690,857		30,417,495	-	976,591,367
	Statutory deposits	300,000,000				-	300,000,000
	Total assets	9,393,327,840	583,058,580	59,357,244	74,222,063	(619,791,332)	9,490,174,394
	Liabilities						
	Insurance contract liabilities	3,532,407,618	-			-	3,532,407,618
	Trade payables	26,482,944	-			-	26,482,944
	Provision and other payables	244,704,571	24,864,841		27,590,844	(89,791,332)	207,368,924
	Staff retirement benefit	5,169,023	405,641			-	5,574,664
	Tax liabilities	252,351,030	44,854,935			-	297,205,965
	Deffered tax	230,003,867	1,667,518				231,671,385
	Share capital	3,000,000,000	430,000,000	50,000,000	50,000,000	(530,000,000)	3,000,000,000
	Deposit for shares	500,456,779	-	-	-	-	500,456,779
	Statutory reserve	1,400,446,908	16,304,970			-	1,416,751,878
	Retained earnings	201,305,100	64,960,674	9,357,244	(3,368,781)		272,254,237
	Total liabilities and equity	9,393,327,840	583,058,580	59,357,244	74,222,063	(619,791,332)	9,490,174,394

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

10.2 Condensed result of consolidated entities - 2017

	CHI PLC	CHI Capital	CHI Microinsurance Ltd	Hallmark Health Services Ltd	Elimination	Total
	₦	₦	₦	₦	₦	₦
Condensed profit and loss						
Underwriting profit	1,242,877,621	-			3,182,123	1,246,059,744
Investment income	672,917,451	115,329,354	7,972,324		-	796,219,129
Other operating income	68,681,215	9,362,129	-		(3,182,123)	74,861,221
Total operating income	1,984,476,286	124,691,483	7,972,324		-	2,117,140,093
Impairment charge	3,390,424	(2,619,908)			-	770,516
Net fair value gains/(losses) on financial assets at fair value through profit or loss	(4,674,531)	-			-	(4,674,531)
Management expenses	(1,418,512,790)	(50,302,485)		(3,368,781)		(1,472,184,056)
Profit before taxation	564,679,389	71,769,090	7,972,324	(3,368,781)	-	641,052,022
Taxation	(209,928,186)	(24,918,430)			-	(234,846,616)
Profit after taxation	354,751,202	46,850,660	7,972,324	(3,368,781)	-	406,205,406

10.2 Condensed result of consolidated entities - 2016

	CHI PLC	CHI Capital	CHI Microinsurance Ltd	Hallmark Health Services Ltd	Elimination	Total
Condensed financial position						
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
	229,579,067	-			-	229,579,067
Deferred acquisition costs	213,530,118	31,952,439			(67,513,825)	177,968,732
Other receivables and prepayment	300,000,000	-			(300,000,000)	-
Investment in subsidiaries	809,221,395	84,661,000			-	893,882,395
Investment properties	-	3,920,887			-	3,920,887
Property and equipment	12,383,037	736,312				13,119,349
Inventories	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	2,410,701,988	-			-	2,410,701,988
Trade payables	87,511,062	-			-	87,511,062
Other payables and provision	195,101,601	232,143,292			(247,513,825)	179,731,068
Retirement benefit obligation	13,502	137,812			-	151,314
Income tax liabilities	162,558,597	28,906,615			-	191,465,212
Deferred tax liabilities	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

10.2 Condensed result of consolidated entities - 2016

	CHI PLC	CHI Capital	CHI Microinsurance Ltd	Hallmark Health Services Ltd	Elimination	Total
Condensed profit and loss						
Underwriting profit	1,053,372,305	-			15,155,203	1,068,527,509
Investment income	472,289,663	-			-	472,289,663
Other operating income	122,768,443	99,169,617	1,384,918		(40,155,203)	183,167,775
Total operating income	1,648,430,411	99,169,617	1,384,918		(25,000,000)	1,723,984,946
Impairment charge	693,030	(9,310,327)			-	(8,617,297)
Net fair value gains 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	30,467,131	1,384,918		(25,000,000)	368,133,127
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

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Notes	Group 31 December 2017 ₦	Group 31 December 2016 ₦	Company 31 December 2017 ₦	Company 31 December 2016 ₦
11.	**Inventories**					
	At 1 January		5,294,167	6,520,134		
	Auto track devices		-	-	-	-
	Used		-	(1,225,967)		
			5,294,167	5,294,167		
	Impairment allowance (Note 11.1)		5,294,167	(1,373,280)	-	-
			-	3,920,887	-	-
11.1	**Movement in impairment - Inventories :**					
	At 1 January		1,373,280	-	-	-
	Addition (Note 29)		3,920,887	1,373,280	-	-
	December		5,294,167	1,373,280	-	-

In the 2016 financial statement, note 28, Other income of N61,092,362 was stated net of impairment charge on inventory of N1,373,280. With the reinstatement of the comparative figure in the 2017 financial statement, other operating income is N62,465,642 while the impairment charge on inventory of N1,373,280 is shown as a line item (note 11.1).

		Group 31 December 2017 ₦	Group 31 December 2016 ₦	Company 31 December 2017 ₦	Company 31 December 2016 ₦
12.0	**Intangible assets**				
	Cost				
	At 1 January	23,074,700	22,265,000	21,337,500	21,337,500
	Addition	15,161,690	809,700	9,632,041	-
	December	38,236,390	23,074,700	30,969,541	21,337,500
	Accumulated amortization				
	At 1 January	9,955,351	5,797,129	8,954,463	5,745,067
	Addition	3,659,909	4,158,222	3,556,883	3,209,396
	December	13,615,260	9,955,351	12,511,346	8,954,463
	Carrying amount				
	At December	24,621,130	13,119,349	18,458,195	12,383,037
12.1	**Investment properties**				
	At 1 January	893,882,395	888,020,000	809,221,395	803,359,000
	Addition	9,000,000	5,862,395	-	5,862,395
	Fair value change	(3,221,395)	-	(3,221,395)	-
	December	899,661,000	893,882,395	806,000,000	809,221,395

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.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

S/N	TYPE OF ASSET	ADDRESS	AMOUNT ₦	CURRENT TITLE HOLDER	STATUS ON CHANGE OF TITLE
	Company				
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	230,000,000	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	106,000,000	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.	140,000,000	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.	48,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
6	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	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.	23,000,000	Hallmark Assurance Plc (Legacy Company)	The Company made payments to the Federal Housing Authority during the year and is awaiting final approval from them.
8	Shops	Trade Fair Shopping Complex	5,000,000	Consolidated Hallmark Insurance Plc.	Already exist in the name of Consolidated Hallmark Insurance Plc.
			806,000,000		
	CHI Capital Limited				
	Land	Thomas estate Ajah Lagos	**84,661,000**	CHI Capital Limited	Already exist in the name of CHI Capital Limited
	Total		**899,661,000**		

Movement on investment properties

12.1a

S/N	TYPE OF ASSET	ADDRESS	Opening	Addition	Disposal	Increase (decrease) in Fairvalue	Total
	Company						
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	207,680,000	-	-	(1,680,000)	206,000,000
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	240,270,000	-	-	(10,270,000)	230,000,000
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	109,580,000	-	-	(3,580,000)	106,000,000
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	130,314,000	-	-	9,686,000	140,000,000
5	Land	Plot 3, Sea Gate Estate, Phase 1, Lekki Peninsula, Eti-Osa.	47,020,000	-	-	980,000	48,000,000
6	Building	Rivers State Housing Estate, Abuloma PH	48,012,395	-	-	(12,395)	48,000,000
7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,275,000	-	-	(275,000)	23,000,000
8	Shops	Trade Fair Shopping Complex	3,070,000	-	-	1,930,000	5,000,000
			809,221,395	-	-	**(3,221,395)**	**806,000,000**
	CHI Capital Limited						
	Land		**84,661,000**	**9,000,000**			**93,661,000**
	Total		**893,882,395**	-	-	**(3,221,395)**	**899,661,000**

12.2 Property and equipment
2017

12.2a The group

	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
Costs							
At 1 January	286,099,948	536,339,722	101,370,202	118,714,084	419,230,497	213,960,444	1,675,714,897
Additions in the year	-	-	2,762,496	8,282,430	75,972,140	11,417,701	98,434,767
Disposals in the year	-	-	-	-	(12,847,001)	-	(12,847,001)
December	**286,099,948**	**536,339,722**	**104,132,698**	**126,996,514**	**482,355,636**	**225,378,145**	**1,761,302,663**
Accumulated depreciation							
At 1 January 2017	-	107,326,721	72,538,148	97,720,403	231,268,023	192,838,976	701,692,271
Depreciation charge for the period	-	10,726,794	7,419,135	6,632,609	58,602,181	7,490,059	90,870,778
Disposals in the period	-	-	-	-	(7,851,753)	-	(7,851,753)
December	-	**118,053,515**	**79,957,283**	**104,353,012**	**282,018,451**	**200,329,035**	**784,711,296**
Accummulated impairment losses	-	-	-	-	-	-	-
Carrying value							
December	**286,099,948**	**418,286,207**	**24,175,415**	**22,643,502**	**200,337,185**	**25,049,110**	**976,591,367**
At 1 January 2017	286,099,948	429,013,001	28,832,054	20,993,681	187,962,474	21,121,468	974,022,626

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.

In the year ended 31 December 2011, the landed property of CHI Capital Limited were professionally re-valued at ₦84 million by Messrs Adegboyega Sanusi & Co. Estate Surveyors & Valuers on the basis of open market value between a willing seller and buyer. The sum of ₦65,495,775 was then recognised as revaluation reserve in the financial statements.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Property and equipment

12.2a The group

2016

	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
Costs							
At 1 January	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)
At 31 December 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 1 January	-	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	6,505,795	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)
At 31 December 2016	-	107,326,721	72,538,148	97,720,403	231,268,023	192,838,976	701,692,271
Accummulated impairment losses	-	-	-	-	-	-	-
Carrying value							
At 31 December 2016	286,099,948	429,013,001	28,832,054	20,993,681	187,962,474	21,121,468	974,022,626
At 31 December 2015	286,099,948	439,769,184	17,494,133	14,623,143	138,906,131	20,156,805	917,049,344

12.2b Property and equipment
2017
The company

	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
Costs							
At 1 January	286,099,948	536,339,722	101,200,378	118,714,084	382,284,189	213,129,620	1,637,767,941
Additions			1,691,523	8,282,430	56,014,178	10,144,001	76,132,132
Disposals					(10,630,000)		(10,630,000)
December	**286,099,948**	**536,339,722**	**102,891,901**	**126,996,514**	**427,668,367**	**223,273,621**	**1,703,270,073**
Accumulated depreciation							
At 1 January	-	107,326,721	72,484,689	97,720,404	225,479,102	193,428,299	696,439,215
Depreciation charge for the period	-	10,726,794	7,335,577	6,632,609	55,580,279	7,301,324	87,576,583
Disposals	-				(7,228,740)		(7,228,740)
December	-	**118,053,515**	**79,820,266**	**104,353,013**	**273,830,641**	**200,729,623**	**776,787,058**
Carrying value							
December	**286,099,948**	**418,286,207**	**23,071,635**	**22,643,501**	**153,837,726**	**22,543,998**	**926,483,015**
At 31 December 2016	286,099,948	429,013,001	28,715,690	20,993,680	156,805,087	19,701,321	941,328,726

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.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Property and equipment (Cont'd)

2016

The company

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	₦	₦	₦	₦	₦	₦	₦
Costs							
At 1 January	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)
At 31 December 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 1 January	-	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)
At 31 December 2016	**-**	**107,326,721**	**72,484,689**	**97,720,404**	**225,479,102**	**193,428,299**	**696,439,215**
Carrying value							
At 31 December 2016	**286,099,948**	**429,013,001**	**28,715,689**	**20,993,680**	**156,805,087**	**19,701,321**	**941,328,726**
At 31 December 2015	286,099,948	439,769,184	17,408,671	14,623,142	131,308,067	19,715,340	908,924,352

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
		31 December 2017 ₦	31 December 2016 ₦	31 December 2017 ₦	31 December 2016 ₦
13.	**Statutory deposits**	300,000,000	300,000,000	300,000,000	300,000,000
	This represents the amount deposited with the Central Bank				
14.	**Insurance contract liabilities**				
	Reserve for outstanding claims (Note 14.1)	1,952,794,716	968,909,480	1,952,794,716	968,909,480
	Unearned premium reserve (Note 14.2)	1,579,612,902	1,441,792,508	1,579,612,902	1,441,792,508
		3,532,407,618	2,410,701,988	3,532,407,618	2,410,701,988

14.1 Reserve for outstanding claims - 2017

	Group			Company		
	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦
Fire	758,420,483	152,489,777	910,910,260	758,420,483	152,489,777	910,910,260
General accident	142,843,096	154,624,829	297,467,925	142,843,096	154,624,829	297,467,925
Motor	109,579,825	97,745,913	207,325,738	109,579,825	97,745,913	207,325,738
Marine	21,979,522	106,253,908	128,233,430	21,979,522	106,253,908	128,233,430
Bond	4,715,994	11,634,041	16,350,035	4,715,994	11,634,041	16,350,035
Engineering	5,730,000	23,717,666	29,447,666	5,730,000	23,717,666	29,447,666
Aviation	78,951,000	39,815,166	118,766,166	78,951,000	39,815,166	118,766,166
Oil & gas	170,308,335	73,985,161	244,293,496	170,308,335	73,985,161	244,293,496
	1,292,528,255	660,266,461	1,952,794,716	1,292,528,255	660,266,461	1,952,794,716

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	80,902,057	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
	410,343,576	558,565,905	968,909,480	410,343,575	558,565,905	968,909,480

		Group		Company	
		31 December 2017 ₦	31 December 2016 ₦	31 December 2017 ₦	31 December 2016 ₦
14.2	**Unearned premium reserve**				
	Fire	244,970,890	222,411,236	244,970,890	222,411,236
	General accident	176,614,407	286,553,511	176,614,407	286,553,511
	Motor	508,033,376	506,744,947	508,033,376	506,744,947
	Marine	178,289,759	106,613,671	178,289,759	106,613,671
	Oil & Gas	333,958,274	179,991,537	333,958,274	179,991,537
	Engineering	53,414,236	58,263,594	53,414,236	58,263,594
	Aviation	60,309,767	69,557,327	60,309,767	69,557,327
	Bond	24,022,193	11,656,685	24,022,193	11,656,685
		1,579,612,902	1,441,792,508	1,579,612,902	1,441,792,508

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

14.3 AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31ST DECEMBER, 2017

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	32,523,055	24,430,298	17,061,468	16,762,150	36,937,962	127,714,932
250,001-500,000	12,878,218	5,751,974	-	-	-	18,630,193
500,001-1,500,000	27,501,554	9,571,186	1,045,000	1,487,120	4,530,000	44,134,860
1,500,001-2,500,000	7,113,347	-	-	1,750,000	1,600,000	10,463,347
2,500,001-5,000,000	13,863,516	-	-	-	7,750,000	21,613,516
ABOVE 5,000,000	73,498,395	177,661,312	-	742,461,701	76,350,000	1,069,971,408
TOTAL	**167,378,084**	**217,414,770**	**18,106,468**	**762,460,971**	**127,167,962**	**1,292,528,255**

AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31ST DECEMBER, 2016

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	25,361,232	18,157,247	20,086,098	18,828,679	47,935,334	130,368,591
250,001-500,000	4,382,978	3,300,000	2,800,000	7,491,354	19,166,219	37,140,550
500,001-1,500,000	9,186,960	9,619,405	15,719,419	8,364,634	18,287,345	61,177,764
1,500,001-2,500,000	4,255,653	2,300,000	4,000,000.00	6,200,000	5,652,300	22,407,953
2,500,001-5,000,000	-	2,590,217	7,158,500	3,500,000	19,500,000	32,748,717
ABOVE 5,000,000	16,000,000	-	50,000,000	50,000,000	10,500,000	126,500,000
TOTAL	**59,186,824**	**35,966,869**	**99,764,017**	**94,384,667**	**121,041,198**	**410,343,575**

Number of claimants in each category

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
At December 2017	646	461	345	364	2,079	3,895
At December 2016	254	282	283	213	1,047	2,079

Further Analysis of Outstanding Claims

OUTSTANDING CLAIMS (AWAITING EXECUTED DISCHARGE VOUCHER)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	-	-	125,000	40,000		165,000
250,001-500,000	-					-
500,001-1,500,000	-					-
1,500,001-2,500,000	-					-
2,500,001-5,000,000	-					-
ABOVE 5,000,000	27,750,000	-	-	242,556,689	-	270,306,689
TOTAL	**27,750,000**	**-**	**125,000**	**242,596,689**	**-**	**270,471,689**

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

OUTSTANDING CLAIMS (AWAITING SETTLEMENT DECISION)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	911,008	117,750	275,000	260,000	222,500	1,786,258
250,001-500,000	394,256	-	-	-	-	394,256
500,001-1,500,000	877,000	2,315,532	-	-	-	3,192,532
1,500,001-2,500,000	-					-
2,500,001-5,000,000	-					-
ABOVE 5,000,000	-	152,575,000	-	-	76,350,000	228,925,000
TOTAL	**2,182,264**	**155,008,282**	**275,000**	**260,000**	**76,572,500**	**234,298,046**

OUTSTANDING CLAIMS (AWAITING SUPPORTING DOCUMENT)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	29,127,506	23,289,548	16,261,468	15,747,150	35,605,462	120,031,133
250,001-500,000	11,888,959	3,966,011	-	-	-	15,854,970
500,001-1,500,000	24,820,979	4,460,654	1,045,000	1,487,120	4,530,000	36,343,753
1,500,001-2,500,000	5,508,370	-	-	1,750,000	1,600,000	8,858,370
2,500,001-5,000,000	13,863,516	-	-	-	7,750,000	21,613,516
ABOVE 5,000,000	45,748,395	25,086,312	-	-	-	70,834,706
TOTAL	**130,957,724**	**56,802,525**	**17,306,468**	**18,984,270**	**49,485,462**	**273,536,449**

OUTSTANDING CLAIMS (BEING ADJUSTED)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	2,495,834	2,808,963	125,000	435,000	930,000	6,794,797
250,001-500,000	-	-	-	-	-	-
500,001-1,500,000	644,675	2,795,000	-	-	-	3,439,675
1,500,001-2,500,000	1,604,977	-	-	-	-	1,604,977
2,500,001-5,000,000	-	-	-	-	-	-
ABOVE 5,000,000	-	-	-	499,905,012	-	499,905,012
TOTAL	**4,745,485**	**5,603,963**	**125,000**	**500,340,012**	**930,000**	**511,744,461**

OUTSTANDING CLAIMS (SIGNED DISCHARGE VOUCHER UNPAID)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	1,038,708	-	-	-	-	1,038,708
250,001-500,000	280,003	-	-	-	-	280,003
500,001-1,500,000	1,158,900	-	-	-	-	1,158,900
1,500,001-2,500,000	-	-	-	-	-	-
2,500,001-5,000,000	-	-	-	-	-	-
ABOVE 5,000,000	-	-	-	-	-	-
TOTAL	**2,477,610**	**-**	**-**	**-**	**-**	**2,477,610**

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

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
		31 December 2017 ₦	31 December 2016 ₦	**31 December 2017 ₦**	31 December 2016 ₦
14.4	**Funds representing insurance contract liabilities**				
	Balance with banks	**-**	10,945,865	**-**	10,945,865
	Fixed placement	**1,153,642,895**	1,341,626,500	**1,153,642,895**	1,341,626,500
	Treasury bill & Bonds	**2,163,303,364**	1,179,635,507	**2,163,303,364**	1,179,635,507
	Available for sale assets	**60,950,000**	-	**60,950,000**	-
	At fair value through profit or loss	**161,850,795**		**161,850,795**	-
		3,539,747,054	2,532,207,872	**3,539,747,054**	2,532,207,872
15.	**Trade payables**				
	Due to insurance companies	**26,482,944**	66,438,027	**26,482,944**	66,438,027
	Due to reinsurance companies - local	**-**	21,073,035	**-**	21,073,035
	Other trade payables	**-**	-	**-**	-
		26,482,944	87,511,062	**26,482,944**	87,511,062
	Current	**26,482,944**	87,511,062	**26,482,944**	87,511,062
	Non-current	**-**	-	**-**	-
16.	**Other payables and provision**				
	Audit fees	**7,500,000**	7,500,000	**5,500,000**	5,500,000
	VAT payable	**6,166,311**	11,666,311	**6,166,311**	11,666,311
	Witholding tax payable	**841,255**	635,340	**841,255**	635,340
	Unclaimed dividend payable (Note 16.1)	**81,511,521**	72,747,541	**81,511,521**	72,747,541
	Due to CHI Capital	**-**	-	**52,500,000**	27,462,340
	Accrued expenses	**16,106,929**	23,933,656	**16,106,929**	23,933,656
	Unearned Commission received(Note 16.2)	**36,099,725**	16,064,060	**36,099,725**	16,064,060
	Staff Cooperative	**33,919,511**	31,257,531	**33,919,511**	31,257,531
	Sundry creditors	**25,223,672**	15,926,629	**12,059,318**	5,834,823
		207,368,924	179,731,068	**244,704,571**	195,101,602
	Current	**207,368,924**	179,731,068	**244,704,571**	195,101,602
	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.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
16.2	**Unearned Commission Reserve**	**31 December 2017 ₦**	31 December 2016 ₦	**31 December 2017 ₦**	31 December 2016 ₦
	Fire	**11,937,265**	941,301	**11,937,265**	941,301
	General accident	**3,079,203**	661,870	**3,079,203**	661,870
	Motor	**1,420,281**	652,800	**1,420,281**	652,800
	Marine	**14,063,547**	1,617,958	**14,063,547**	1,617,958
	Oil & Gas	**1,943,900**	7,428,580	**1,943,900**	7,428,580
	Engineering	**2,357,765**	-	**2,357,765**	-
	Aviation	**610,104**	4,761,551	**610,104**	4,761,551
	Bond	**687,660**	-	**687,660**	-
		36,099,725	16,064,060	**36,099,725**	16,064,060

		Group		Company	
	Unearned Commission Reserve	**31 December 2017 ₦**	31 December 2016 ₦	**31 December 2017 ₦**	31 December 2016 ₦
17.	**Retirement benefit obligation**				
	Defined contribution pension plan				
	At 1 January	**151,314**	184,444	**13,502**	4,430
	Provision during the period (Note 33)	**34,317,773**	35,657,920	**34,317,773**	35,048,320
	Payment during the period	**(28,894,423)**	(35,691,050)	**(29,162,252)**	(35,039,248)
	December	**5,574,664**	151,314	**5,169,023**	13,502
17.1	**Deposit for shares:**	**500,456,779**	-	**500,456,779**	-

This represent deposit made in respect of right issue invoiving 1 new ordinary share of 50kobo per value at 50kobo per share on the basis of 1new ordinary share for every 6ordinary shares of 50kobo per value held as at the close of business on August 25, 2017. The offer opened on October 16,2017 and closed November 17, 2017. The basis of allotmrent was subsequently filed with SEC for approval.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
18.	**Taxation**	**31 December 2017 ₦**	31 December 2016 ₦	**31 December 2017 ₦**	31 December 2016 ₦
18.1	**Income tax expense**				
	Income tax	**163,931,411**	103,944,290	**140,202,557**	94,757,836
	Education tax	**9,346,837**	7,035,961	**9,346,837**	6,317,189
	Under/(over)provision in previous year	**-**	32,351,284	**-**	32,351,284
		173,278,248	143,331,535	**149,549,394**	133,426,309
	Deferred tax (Note 18.3)	**61,568,368**	29,813,749	**60,378,792**	29,931,910
		234,846,616	173,145,284	**209,928,186**	163,358,219

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.

		Notes	Group		Company	
			31 December 2017 ₦	31 December 2016 ₦	**31 December 2017 ₦**	31 December 2016 ₦
18.2	**Current income tax liabilities**					
	Income tax expense		**191,465,212**	120,730,104	**162,558,597**	93,162,912
	Payments during the period		**(67,537,495)**	(72,478,265)	**(59,756,961)**	(64,030,625)
			123,927,717	48,251,839	**102,801,636**	29,132,287
	Charge for the period		**173,278,248**	143,213,373	**149,549,394**	133,426,309
	December		**297,205,965**	191,465,212	**252,351,030**	162,558,597
18.3	**Deferred tax liabilities**					
	At 1 January		**170,103,017**	140,289,268	**169,625,075**	139,693,165
	Charge for the period (Note 18.1)		**61,568,368**	29,813,749	**60,378,792**	29,931,910
	December		**231,671,385**	170,103,017	**230,003,867**	169,625,075

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	**406,205,406**	194,987,843	**354,751,203**	197,922,859
	Total income tax expense				
	Income	**163,931,411**	103,944,290	**140,202,557**	94,757,836
	Education	**9,346,837**	7,035,961	**9,346,837**	6,317,189
	(Over)/under-provision	**-**	32,351,284	**-**	32,351,284
	Deferred tax (Note 18.3)	**61,568,368**	29,813,749	**60,378,792**	29,931,910
		234,846,616	173,145,284	**209,928,186**	163,358,219
	Profit for the period before income tax	**641,052,022**	368,133,127	**564,679,389**	361,281,078
	Effective tax rate	**37%**	47%	**37%**	45%

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
		2017	2016	2017	2016
		₦	₦	₦	₦
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				
	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.

20. Other reserves

		Group 2017 ₦	Group 2016 ₦	Company 2017 ₦	Company 2016 ₦
20.1.	Contingency reserve				
	At 1 January	1,230,030,314	1,058,782,003	1,230,030,314	1,058,782,003
	Transfer from income statement (Note 21)	170,416,594	171,248,311	170,416,594	171,248,311
	December	1,400,446,908	1,230,030,314	1,400,446,908	1,230,030,314

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.

		Group 2017 ₦	Group 2016 ₦	Company 2017 ₦	Company 2016 ₦
20.2	Statutory reserve				
	At 1 January	9,279,386	5,826,986	-	-
	Transfer from income statement (Note 21)	7,025,584	3,452,400	-	-
	December	16,304,970	9,279,386	-	-

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.

		Group 2017 ₦	Group 2016 ₦	Company 2017 ₦	Company 2016 ₦
21.	**Retained earnings**				
	At 1 January	163,491,009	203,203,878	136,970,491	170,295,943
	Dividend declared and paid in the year based	-	-	-	-
	on the previous year published accounts	(120,000,000)	(60,000,000)	(120,000,000)	(60,000,000)
	Transfer to contigency reserve (Note 20.1)	(170,416,594)	(171,248,311)	(170,416,594)	(171,248,311)
	Transfer from income statement	406,205,406	194,987,843	354,751,203	197,922,859
	Transfer to statutory reserve (Note 20.2)	(7,025,584)	(3,452,400)	-	-
	December	272,254,237	163,491,009	201,305,100	136,970,491

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

		Group 2017 ₦	Group 2016 ₦	Company 2017 ₦	Company 2016 ₦
22.	**Profit before taxation**				
	Profit before taxation is stated after				
	charging/crediting:				
	Depreciation of property and equipment	96,512,239	92,663,502	91,133,467	89,840,853
	Auditors' remuneration	7,500,000	7,500,000	5,500,000	5,500,000
	Directors' remuneration:				
	- Fees	5,712,500	5,250,000	5,712,500	5,250,000
	Profit on disposal of property and equipment	-	(4,195,293)	-	(4,195,293)
	Foreign exchange (gains)/loss	(65,091,769)	(110,125,307)	(65,091,769)	(110,125,307)

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

23. Gross premium earned analysed as follows:

	<------------------ 2017	-------------->		
	Direct premium	Inward reinsurance premium	Increase/ decrease in unearned premium	Gross premium earned
	N	N	N	N
Fire	825,955,965	21,946,808	(22,559,654)	825,343,119
General accident	775,455,152	12,334,220	109,939,104	897,728,476
Motor	1,379,195,359	10,700,307	(1,288,429)	1,388,607,237
Aviation	570,864,033	428,951	9,247,560	580,540,544
Oil & Gas	1,289,679,745	14,607,624	(153,966,736)	1,150,320,633
Marine	543,393,810	1,953,011	(71,676,088)	473,670,733
Engineering	158,920,021	4,743,654	4,849,358	168,513,033
Bond	70,374,462	-	(12,365,508)	58,008,954
	5,613,838,547	66,714,575	(137,820,393)	5,542,732,729

Gross premium earned analysed as follows:

	<-------------------- 2016	------------------->		
	Direct premium	Inward reinsurance premium	Increase/ decrease in unearned premium	Gross premium earned
	N	N	N	N
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

	Group		Company	
	2017	2016	2017	2016
	N	N	N	N
24. Reinsurance expense				
The reinsurance expense is analysed as follows:				
Reinsurance premium cost (Note 7.3)	1,894,432,250	2,088,025,170	1,894,432,250	2,088,025,170
(Increase)/decrease in prepaid reinsurance	(34,891,598)	111,970,117	(34,891,598)	111,970,117
Reinsurance expense (Note 7.3)	1,859,540,653	2,199,995,287	1,859,540,653	2,199,995,287
25. Fee and commission				
Fire	105,313,451	50,459,667	105,313,451	50,459,667
General accident	52,740,009	5,785,252	52,740,009	5,785,252
Motor	4,225,013	1,952,367	4,225,013	1,952,367
Aviation	120,923,884	42,104,391	120,923,884	42,104,391
Oil & Gas	51,856,689	50,135,875	51,856,689	50,135,875
Marine	4,921,625	25,872,424	4,921,625	25,872,424
Engineering	25,963,414	26,521,595	25,963,414	26,521,595
Bond	4,606,334	876,098	4,606,334	876,098
	370,550,419	203,707,669	370,550,419	203,707,669

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
		Claims expenses December 2017 ₦	Claims expenses December 2016 ₦	Claims expenses December 2017 ₦	Claims expenses December 2016 ₦
25a	**Claims expenses**				
	Claims paid during the year	2,370,171,567	1,657,293,652	2,370,171,567	1,657,293,652
	Opening IBNR and outstanding claims	(968,909,480)	(895,550,802)	(968,909,480)	(895,550,802)
	Closing IBNR and outstanding claims (Note 14.1)	1,952,794,716	968,909,480	1,952,794,716	968,909,480
	Gross claims expenses	3,354,056,803	1,730,652,330	3,354,056,803	1,730,652,330
25b.	**Claims recoverable**				
	Opening claims recoverable	(248,318,604)	(281,937,926)	(248,318,604)	(281,937,926)
	Claims recovered	866,513,195	377,127,939	866,513,195	377,127,939
	Closing claims recoverable	1,312,918,114	248,318,604	1,312,918,114	248,318,604
	Net recoverable	1,931,112,704	343,508,617	1,931,112,704	343,508,617
	Net claims expenses	1,422,944,099	1,387,143,713	1,422,944,099	1,387,143,713

26. Underwriting expenses

	Group		Company	
Underwriting expenses- 2017	Acquisition expenses ₦	Maintenance expenses ₦	Acquisition expenses ₦	Maintenance expenses ₦
Fire	162,272,932	49,745,951	162,272,932	49,745,951
General accident	180,353,264	89,804,028	180,353,264	89,804,028
Motor	159,855,684	163,484,914	159,855,684	166,667,037
Aviation	105,698,118	21,640,550	105,698,118	21,640,550
Oil & Gas	205,803,726	61,779,268	205,803,726	61,779,268
Marine	95,013,407	31,066,999	95,013,407	31,066,999
Engineering	33,413,575	10,939,414	33,413,575	10,939,414
Bond	9,844,154	4,022,669	9,844,154	4,022,669
	952,254,860	432,483,793	952,254,860	435,665,916

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	168,781,423	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	451,737,503	804,580,719	466,892,706

	Group		Company	
Underwriting expenses	December 2017 ₦	December 2016 ₦	December 2017 ₦	December 2016 ₦
Acquisition Expenses	952,254,860	804,580,719	952,254,860	804,580,719
Maintenance Expenses	432,483,793	451,737,503	435,665,916	466,892,706
	1,384,738,653	1,256,318,222	1,387,920,776	1,271,473,425

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
		December 2017	December 2016	**December 2017**	December 2016
		₦	₦	**₦**	₦
27.	**Investment income**				
	Interest received	**331,577,321**	198,201,635	**208,275,643**	198,201,635
	Interest received on corporate loan	**-**	8,915,013	**-**	8,915,013
	Interest accrued	**213,313,255**	118,115,266	**213,313,255**	118,115,266
	Amortised gain(loss) on held to maturity (Note 3.4)	**239,139,982**	117,472,198	**239,139,982**	117,472,198
	Rent income on investment properties	**3,689,257**	1,967,200	**3,689,257**	1,967,200
	Dividend received	**8,499,313**	29,585,551	**8,499,313**	29,585,551
		796,219,129	472,289,663	**672,917,451**	472,289,663
27.1	**Investment income**				
	Investment income attributable to policyholders' fund	**452,453,237**	284,574,662	**452,453,237**	284,574,662
	Investment income attributable to shareholders' fund	**343,765,892**	187,715,001	**220,464,214**	187,715,001
		796,219,129	472,289,663	**672,917,451**	472,289,663
28.	**Other operating income**				
	Profit on disposal of property and equipment	**1,279,197**	4,195,293	**1,279,197**	4,195,293
	Interest on staff receivables	**2,211,020**	6,468,643	**2,211,020**	6,468,643
	Recoveries in the year	**30,000**	12,000	**30,000**	12,000
	Exchange gain (Note 28.1)	**65,091,769**	110,125,307	**65,091,769**	110,125,307
	Other income	**6,249,235**	62,465,642	**69,229**	-
		74,861,221	185,234,085	**68,681,215**	122,768,443
28.1	**Exchange gain**				
	Gain on disposal of foreign currency	**51,727,500**	85,632,760	**51,727,500**	85,632,760
	Gain as a result of flunctuation in exchange rate - December 31, 2015 (N195/$) & December 31, 2016 (N305/$)	**-**	23,140,537	**-**	23,140,537
	Gain from valuation of closing balance	**13,364,269**	1,352,010	**13,364,269**	1,352,010
		65,091,769	110,125,307	**65,091,769**	110,125,307
29.	**Impairment charged**				
	Cash and cash equivalent (Note 2.2)	**(330)**	-	**(330)**	-
	Loans and receivables (Note 3.2)	**(5,724,347)**	(2,274,266)	**-**	-
	Finance Lease receivable (Note 5.1)	**-**	(7,729,089)	**-**	-
	Trade receivables (Note 6.1)	**-**	-	**-**	-
	Other receivables (Note 9)	**(289,999)**	-	**(289,999)**	-
	Inventories (Note 11)	**(3,920,887)**	(1,373,280)	**-**	-
		(9,935,563)	(11,376,635)	**(290,329)**	-
					-
	Impairment no longer required				
	Loans and receivables (Note 3.2.4)	**3,680,753**	693,030	**3,680,753**	693,030
	Trade receivables (Note 6.1)	**-**	-	**-**	-
	Finance Lease receivable (Note 5.2)	**7,025,325**			
		10,706,078	693,030	**3,680,753**	693,030
		770,516	(10,683,605)	**3,390,424**	693,030

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
		December 2017 ₦	December 2016 ₦	December 2017 ₦	December 2016 ₦
30.	**Net fair value loss at fair value through profit or loss**				
	Fair value through profit or loss (Note 3.1)	**(1,453,136)**	(6,783,170)	**(1,453,136)**	(6,783,170)
	Investment property (Note 12.1)	**(3,221,395)**	-	**(3,221,395)**	-
	Others	**-**	-	**-**	-
	Fair value gains/(loss)	**(4,674,531)**	(6,783,170)	**(4,674,531)**	(6,783,170)

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.

		Group December 2017 ₦	Group December 2016 ₦	Company December 2017 ₦	Company December 2016 ₦
30a	**Fair value through profit or loss (Note 3.1)**				
	Openning balance	**(150,274,743)**	(140,585,016)	**(150,274,743)**	(140,585,016)
	Addition charged to profit or loss	**(1,453,136)**	(6,783,170)	**(1,453,136)**	(6,783,170)
	Disposal	**-**	(2,906,557)	**-**	(2,906,557)
	Closing balance	**(151,727,879)**	(150,274,743)	**(151,727,879)**	(150,274,743)

		Group December 2017 ₦	Group December 2016 ₦	Company December 2017 ₦	Company December 2016 ₦
31.	**Operating & Administrative expenses**				
	Employee cost (Note 33)	**566,188,159**	513,986,990	**543,297,321**	492,007,345
	Rent, insurance and maintenance	**109,950,217**	127,609,344	**106,956,928**	125,757,550
	Depreciation of property and equipment	**96,512,239**	92,663,502	**91,133,467**	89,840,853
	Auditors' remuneration	**7,500,000**	7,500,000	**5,500,000**	5,500,000
	Directors' remuneration:	**-**	-		
	- Fees (Note 45)	**5,712,500**	5,250,000	**5,712,500**	5,250,000
	- Allowance & Expenses	**49,975,632**	30,364,477	**49,139,882**	30,364,477
	Professional charges	**44,105,374**	58,028,933	**44,105,374**	55,383,383
	Printing and telecommunication	**40,309,049**	47,566,025	**35,627,953**	44,911,793
	Advertising	**170,264,046**	144,240,696	**169,556,113**	144,085,731
	Travelling and motor vehicle expenses	**116,744,095**	89,323,289	**104,891,426**	82,293,702
	Rates, Insurance levy and utilities	**53,314,139**	43,931,234	**53,314,139**	37,111,098
	Office running and bank charges	**47,640,752**	54,352,974	**46,700,967**	53,442,443
	Donation	**19,691,609**	7,684,809	**19,691,609**	7,684,809
	Office security expenses	**15,642,610**	22,109,152	**14,425,027**	20,981,052
	Brand management	**77,638,061**	47,125,520	**77,638,061**	45,621,500
	Legal and Filing fees	**23,450,113**	15,425,020	**23,450,113**	15,425,020
	Others	**27,545,460**	33,289,386	**27,371,910**	25,398,437
		1,472,184,057	1,340,451,352	**1,418,512,790**	1,281,059,193

Basic/diluted earnings per share

		Group December 2017 ₦	Group December 2016 ₦	Company December 2017 ₦	Company December 2016 ₦
32.	**Profit/(loss) after taxation**	**406,205,406**	194,987,845	**354,751,203**	197,922,859
	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	**6.77**	3.25	**5.91**	3.31
	Diluted	**6.77**	3.25	**5.91**	3.31

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.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

32a	Reconciliation of net cashflow from operating activities	Group		Company	
		December 2017	December 2016	December 2017	December 2016
	Profit before tax	641,052,022	368,133,129	564,679,389	361,281,079
	Adjustment for the following;				
	Add, Depreciation & amortisation	94,530,689	92,663,502	91,133,467	89,840,853
	other non cash transaction		39,673,305		93,382,572
	Net fair value loss on financial assets at fair value through profit or loss	4,674,531	-	4,674,531	-
	Less :				
	Profit on disposal	(1,279,197)		(1,279,197)	
	Investment income	(796,219,129)	(443,397,142)	(672,917,451)	(443,397,142)
	Dividend received	-	(4,585,551)	-	(29,585,551)
		(57,241,084)	52,487,243	(13,709,261)	71,521,811
	Changes in working capital:				
	Increase(deccrease) in trade receivable	31,734,809	(101,061,065)	31,734,809	(101,061,065)
	Increase(deccrease) in reinsurance assets	(1,109,566,106)	145,589,438	(1,109,566,106)	145,589,438
	Increase(deccrease) in deferred acquisition	(28,085,318)	(39,053,769)	(28,085,318)	(39,053,769)
	Increase(deccrease) in other receivable	3,479,872	(42,721,865)	47,463,362	(78,264,070)
	Increase(deccrease) in finance lease receivable	(67,150,041)	-	-	-
	Increase(deccrease) in inventory	3,920,887	1,225,967	-	-
	Increase(deccrease) in trade payable	(61,028,117)	(24,549,851)	(61,028,117)	(24,549,851)
	Increase(deccrease) in insurance contract liabilities	1,121,705,630	203,096,633	1,121,705,630	203,096,633
	Increase(deccrease) in provision & other payable	27,637,856	24,097,986	49,602,969	12,496,754
	Increase(deccrease) in retirement benefits	5,423,350	(33,131)	5,155,521	9,072
	Tax paid	(67,537,495)	(64,030,627)	(59,756,961)	(64,030,627)
		(196,705,757)	155,046,960	(16,483,472)	125,754,326

		Group		Company	
		December 2017 N	December 2016 N	December 2017 N	December 2016 N
	Employee cost				
33.	Wages and salaries	453,054,091	414,262,200	430,163,391	392,892,293
	Medical	26,857,711	22,064,831	26,857,711	22,064,831
	Staff training	51,958,584	42,002,039	51,958,446	42,001,901
	Defined contribution pension plan (Note 17)	34,317,773	35,657,920	34,317,773	35,048,320
		566,188,159	513,986,990	543,297,321	492,007,345
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	4,962,500	4,500,000	4,962,500	4,500,000
	Other emolument of executives	16,320,000	16,320,000	16,320,000	16,320,000
	Emolument of highest paid Director	12,000,000	12,000,000	12,000,000	12,000,000

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

		Group		Company	
		2017 Number	2016 Number	2017 Number	2016 Number
35.	**Staff** Average number of persons employed in the financial year and staff costs were as follows:				
	Managerial	**26**	31	**24**	30
	Senior staff	**111**	110	**105**	104
	Junior staff	**108**	103	**104**	98
		245	244	**233**	232

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

₦		₦	Group 2017	Group 2016	Company 2017	Company 2016
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**	9	**10**	9

	Group 2017	Group 2016	Company 2017	Company 2016
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:

₦		₦	Group 2017	Group 2016	Company 2017	Company 2016
200,001	-	300,000	**7**	7	**6**	6
300,001	-	400,000	**30**	30	**30**	30
400,001		500,000	**29**	26	**29**	26
500,001	-	600,000	**14**	14	**14**	14
600,001	-	700,000	**2**	1	**2**	1
700,001	-	800,000	**11**	11	**11**	10
800,001		900,000	**14**	15	**13**	14
900,001	-	1,000,000	**5**	3	**5**	3
1,000,001	and above		**133**	137	**123**	128
			245	244	**233**	232

38. Capital commitments
There were no capital commitments as at 31 December 2017.

39. Contingent liabilities
This occurs in a case SUIT NO. NIC/LA/101/2011 instituted against Consolidated Hallmark Insurance Plc and the contingent liability amounts to N 13,225,050.00 and interest at 21% per annum. The Directors are of the opinion that the Company has a favourable edge in the suit and it is immaterial.

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, 2017

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, 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.

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 on financial assets at fair value through profit and loss.

Segment information by company and subsidiaries:

	General Insurance	Finance and support services	Elimination	Total
	₦	₦	₦	₦
At December 2017				
Operating income	1,991,164,503	124,691,483	-	2,115,855,986
Operating expenses	(1,418,512,790)	(56,291,174)	-	(1,474,803,964)
Operating profit	572,651,713	68,400,309	-	641,052,022
Taxation	(209,928,186)	(24,918,430)	-	(234,846,616)
Profit for the period	362,723,527	43,481,879	-	406,205,406
Total assets	9,393,327,840	716,637,887	(619,791,332)	9,490,174,395
Total liabilities	4,791,575,832	99,383,780	(89,791,332)	4,801,168,279
Share capital and reserves	4,601,752,008	617,254,107	(530,000,000)	4,689,006,115
Depreciation	91,133,467	5,378,772	-	96,512,239
ROCE	12%	10%	-	13%
At 31 December 2016				
Underwriting profit	1,053,372,305	-	-	1,053,372,305
Investment income	472,289,663	-	-	472,289,663
Other income	118,063,222	99,169,617	(25,000,000)	192,232,839
Operating expenses	(1,281,059,193)	(68,702,486)	-	(1,349,761,679)
Operating profit	362,665,996	30,467,132	(25,000,000)	368,133,128
Taxation	(163,358,219)	(9,787,065)	-	(173,145,284)
Profit for the period	199,307,777	20,680,066	(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	(247,513,824)	3,039,663,661
Share capital and reserves	4,367,000,805	335,799,904	(300,000,000)	4,402,800,709
Depreciation	89,840,853	2,822,649	-	92,663,502
ROCE	8.30%	9.07%	0%	8.36%

42. Contraventions
A penalty of =N=7,680,300 for late submission of various financials between 2011 - 2013 to SEC were settled during the year.

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
There are no significant business dealings with its related parties during the year under review.

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

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

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

		2017	2016
	Entity	**December**	**December**
Income from Auto-insurance support services	CHI Capital Limited	-	6,274,336
Auto-insurance support services expenses	CHI PLC	-	6,274,336
	Grand Treasurers Ltd	3,182,123	

	Group		Company	
	December	**31 December**	**December**	**31 December**
	2017	2016	**2017**	2016
	₦	**₦**	**₦**	**₦**
45. Compensation of key management personnel:				
Directors fees	**5,250,000**	5,250,000	**5,250,000**	5,250,000

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 and 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.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Compliance with statutory solvency margin requirement:
The company at the end of the 2017 financial year maintained admisible assets of N9,369,871,060 which exceeded the total admissible liabilities of N4,561,571,963 . 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 N1,668.798,170 in excess of the minimum requirement of N3billion for General Insurance Business by 56.39%. Thus, the solvency margin above satisfies the requirement of the regulatory requirement.

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.

Group 2017

	Insurance fund	Shareholders funds	December 2017
	₦	₦	₦
ASSETS			
Cash and cash equivalents	1,153,642,895	767,628,684	1,921,271,578
Financial assets	-		
- At fair value through profit or loss	161,850,795	8,406,035	170,256,830
- Loans and receivables	-	408,385,061	408,385,061
- Available for sale	60,950,000	-	60,950,000
-Held -to-maturity	2,163,303,364	97,294,146	2,260,597,511
Deposit for shares		-	-
Finance lease receivables		229,440,306	229,440,306
Trade receivables		150,356,282	150,356,282
Reinsurance assets		1,655,890,085	1,655,890,085
Deferred acquisition cost		257,664,385	257,664,385
Other receivables and prepayments		174,488,859	174,488,859
Investment in subsidiaries		-	-
Intangible Asset		24,621,130	24,621,130
Inventories		-	-
Investment properties		899,661,000	899,661,000
Property and equipment		976,591,367	976,591,367
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**3,539,747,054**	**5,950,427,339**	**9,490,174,394**
LIABILITIES			
Insurance contract liabilities	3,532,407,618	-	3,532,407,618
Trade payable		26,482,944	26,482,944
Other payables and Provision		207,368,924	207,368,924
Retirement benefit obligations		5,574,664	5,574,664
Income tax liabilities		297,205,965	297,205,965
Deferred income tax		231,671,385	231,671,385
TOTAL LIABILITIES	**3,532,407,618**	**768,303,882**	**4,300,711,500**
SURPLUS	**7,339,436.21**	**5,182,123,457**	**5,189,462,894**

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Group 2016

	Insurance fund	Shareholders funds	Dec 2016
	₦	₦	₦
ASSETS			
Cash and cash equivalents	1,784,325,749	52,498,788	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	626,376,239	1,027,766,326	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	**2,410,701,988**	**5,031,762,382**	**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**	**628,961,673**	**3,039,663,661**
SURPLUS	**-**	**4,402,800,710**	**4,402,800,709**

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Company 2017

	Insurance fund	Shareholders funds	December 2017
ASSETS			
Cash and cash equivalents	1,153,642,895	696,744,068	1,850,386,963
Financial assets			
– At fair value through profit or loss	161,850,795	-	161,850,795
- Loans and receivables	-	248,623,854	248,623,854
– Available for sale	60,950,000	-	60,950,000
-Held-to-maturity	2,163,303,364	97,294,147	2,260,597,511
Deposit for shares		-	-
Trade receivables		150,356,282	150,356,282
Reinsurance assets		1,655,890,085	1,655,890,085
Deferred acquisition cost		257,664,385	257,664,385
Other receivables and prepayments		166,066,755	166,066,755
Intangible Asset		18,458,195	18,458,195
Investment in subsidiaries		530,000,000	530,000,000
Investment properties		806,000,000	806,000,000
Property, plant and equipment		926,483,015	926,483,015
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**3,539,747,053**	**5,853,580,785**	**9,393,327,839**
LIABILITIES			
Insurance contract liabilities	3,532,407,618	-	3,532,407,618
Trade payable		26,482,944	26,482,944
Provision and Other payables		244,704,571	244,704,571
Retirement benefit obligations		5,169,023	5,169,023
Income tax liabilities		252,351,030	252,351,030
Deferred income tax		230,003,867	230,003,867
TOTAL LIABILITIES	**3,532,407,618**	**758,711,434**	**4,291,119,052**
SURPLUS	**7,339,435**	**5,094,869,351**	**5,102,208,788**

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Company 2016

	Insurance fund	Shareholders funds	Dec 2016
ASSETS			
Cash and cash equivalents	1,974,439,083	294,133,108	1,587,501,284
Financial assets			-
– At fair value through profit or loss		331,557,775	163,699,494
- Loans and receivables		19,379,021	211,761,875
– Available for sale		2,000,000	60,950,000
-Held-to-maturity		133,173,401	1,654,142,565
Deposit for shares		50,250,000	180,000,000
Trade receivables		69,245,808	182,091,091
Reinsurance assets		651,767,868	546,323,978
Deferred acquisition cost		194,835,265	229,579,067
Other receivables and prepayments		141,704,560	213,530,118
Intangible Asset		15,592,433	12,383,037
Investment in subsidiaries		250,000,000	300,000,000
Investment properties		793,460,682	809,221,395
Property, plant and equipment		905,899,680	941,328,726
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**1,974,439,083**	**4,137,407,168**	**7,392,512,630**
LIABILITIES			
Insurance contract liabilities	2,218,670,079	192,031,909	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	**2,218,670,079**	**806,841,745**	**3,025,511,825**
SURPLUS	**-**	**3,330,565,423**	**4,367,000,805**

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, 2017

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 2017

Asset Types	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Financial assets at fair value through profit and loss	170,256,830	-	-	170,256,830
Held to maturity	-	2,260,597,511	-	2,260,597,511
Available for sale	-	-	60,950,000	60,950,000

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

Company 31 December 2017

Asset Types	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Financial assets at fair value through profit and loss	161,850,795	-	-	161,850,795
Held to maturity	-	2,260,597,511	-	2,260,597,511
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

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.

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 Committe 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.

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, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer.

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.

In deciding the assumption used, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods used are the Basic Chain Ladder and the Loss Ratio methods adjusted for assumed experience to date.

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.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

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.

Executive Summary
Recommendation
Following the completion of the reserving exercise, it is EY's recommendation that the following Gross Incurred But Not Reported ("IBNR") Reserve be held.This analysis relies on information and reasonability checks as provided by Consolidated Hallmark Insurance Plc.

We have calculated the IBNR reserve for each class of business and summarise our results below .The IBNR reserve is shown as a percentage of Gross Earned Premium ("GEP").

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Class of Business	Gross Earned Premium ₦	Gross IBNR ₦	Percentage of GEP ₦
31 December,2017	5,543,047,068	666,762,545	12%
31 December,2016	5,708,277,060	558,565,906	10%

The Gross IBNR decreased by 13% from last year to a total of N848.65million. This decrease is supported by a 3% decline in Gross Earned Premium from 2016 to 2017.

On a Net Basis it is recommended that the following Net IBNR reserve be held. The comparable figures as at the last valuation are included. The IBNR reserve is shown as the percentage of Net Earned Premium ("NEP") in the table below.

Class of Business	Net Earned Premium ₦	Net IBNR ₦	Percentage of NEP ₦
31 December,2017	3,673,432,031	392,326,836	11%
31 December,2016	3,508,281,773	379,162,512	11%

Results summary

We recommend a gross reserve of N3.53 billion with a corresponding reinsurance asset of N1.65 billion. Compared to our previous valuation as at 31st December, our gross reserve increased by 47%.The results, including a detailed breakdown by line of business are shown below:

Reserves	Gross (₦)	Reinsurance Assets (₦)	Net (₦)
Claims	1,952,794,715	(1,312,918,113)	639,876,602
UPR	1,579,612,902	(332,897,587)	1,246,715,316
Total	3,532,407,617	(1,645,815,700)	1,886,591,917
31 December,2016	2,410,701,990	(497,254,986)	1,913,447,004

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	297,467,925	(153,907,743)	143,560,182
Engineering	29,447,666	(13,518,762)	15,928,904
Fire	910,910,260	(802,220,511)	108,689,749
Marine Hull	83,115,456	(20,776,773)	62,338,684
Marine Cargo	45,117,973	(9,808,000)	35,309,973
Motor	207,325,738	(55,414,766)	151,910,972
Aviation	118,766,166	(82,955,448)	35,810,718
Bond	16,350,035	(1,861,463)	14,488,572
Oil & Gas	244,293,496	(172,454,648)	71,838,848
TOTAL	1,952,794,715	(1,312,918,113)	**639,876,602**
31 December,2016	968,909,482	(199,249,612)	769,659,870

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Valuation Methodology

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

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

We adopted the 365th (time apportionment) method.Each policy's unexpired insurance period (UP) was calculated as the exact number of days of insurance cover available after the valuation date.The UPR is calculated as the premium *(UP)/ full policy duration.

Each policy's URR =UP*Assumed loss Ratio.

Typically, the Unearned Risk 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.

The Claims Reserves
The claim reserves is the sum of:• Outstanding Claims Reported (OCR)• Incurred But Not Reported (IBNR)

Reserving method

To ensure the estimates calculated are not biased by the underlying assumptions of the model chosen, four different deterministic methods were considered;

Chain Ladder Method (BCL)
Loss Ratio Method
Bornhuetter-Ferguson Method
Frequency and Severity Method
Stochastic Reserving Method (Bootstrap)

In estimating the Gross Claim Reserves under the Chainladder method, we used four(4) approaches namely:(i) Basic Chain Ladder Method (BCL)(ii) Inflation Adjusted Basic Chain Ladder Method (IABCL)(iii)Discounted Basic Chain Ladder and Inflation Adjusted Basic Chain Ladder (iv)Bornhuetter-Ferguson Method - This method was used to estimate reserves for the most recent accident year.

The following section describes each of these approches under the chainladder method in turn;

The Basic Chain Ladder Method (BCL)"
The Basic Chain Ladder method forms the basis to the deterministic reserving methods explained below. For each class of business, historical paid claims were grouped into accident year cohorts–representing when they were paid after their accident year. These cohorts form the development triangles.

Each accident years, paid claims were accumulated to the valuation date and projected into the future to attain the expected ultimate claim arising in the year.This assumes the trends observed in the historical data will continue. The gross claim reserve is calculated as the difference between the cumulated paid claims and the estimated ultimate claims.

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 estimating the BF ultimate claim was the average of fully developed historical years.
The Inflation Adjusted Basic Chain Ladder Method (IABCL):

Under this method, the historical paid losses were adjusted to allow for inflation to the valuation date using the corresponding inflation index in each of the accident years.

The inflation adjusted claims were then treated similarly to the Basic Chain Ladder described above. The projected incremental paid claims are then inflated based on our future inflation assumption to the expected future payment date.

Discounted BCL and IABCL

This is the discounted form of the BCL and IABCL. In determining the value, the future expected cash flow for claim payments is discounted to present day terms using our assumed discount rate.

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.
In 2016, reserves derived using ELR method were discounted assuming a development pattern. The available information is not sufficient to justify the assumed development pattern, hence we did not allow for discounting in 2017.

Bornhuetter-Ferguson Method

This method essentially combines the estimates attained from the above two methods.The BF method takes a weighted average of the two estimates, where the weights are related to the number of claims already reported. Therefore, the more past information there is available, the higher the weighting given to the chain ladder estimate.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Frequency and Severity Method
Large losses distorting the claims payment trend was excluded from all our chain ladder projections and analyzed separately using the Average Cost per claim method. This is illustrated in Appendix 1.

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 distorting the claims payment trend was excluded from all our chain ladder projections and analyzed separately using the Average Cost per claim method. This is illustrated in Appendix 1.

Large Losses
Large losses distorting the claims payment trend was excluded from all our chain ladder projections and analyzed separately using the Average Cost per claim method. This is illustrated in Appendix 1.

We have adopted the official inflation indices below in our calculations:

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

Stochastic Reserving Method (Bootstrap)

This method is a further extension of the chain ladder method.It provides a distribution of possible result rather than producing a single deterministic estimate. The approach starts with calculating the age-to-age ratios of loss development table. Unlike the chain ladder, the method takes randomly from the age-to-age ratios with replacement to produce a reserve estimate. Simulating this step 10,000 times results in a selection of 10,000 loss development factors and each time it makes a selection, it computes our estimated gross claim reserve. Running this 10,000 times therefore results in 10,000 possible estimated claim estimates. The final results is then a statistics (a mean or percentile) of the distribution. We at least recommend the mean of the gross claim reserve as our best estimate and the difference between 90, 95 or 99.5 percentile and our mean will serve as the capital required to cover any reserving risk.

Net of Reinsurance Claim reserves
Reinsurance recoveries were calculated using the same methodology as the gross reserves. However, the reinsurance recoveries for Aviation line of business was based on recovery rate approach due to significant changes to Aviation treaty programme in 2016. About 1% of the portfolio was based on excess of loss arrangement and the remaining 99% was based on 99.94% quota share. For the excess of loss component, we derived our recovery rate assumption as average of reinsurance share to gross outstanding reported claims for 2016 and 2017. This ratio was applied to 2017 gross claims reserve to determine the reinsurance recovery.

Valuation Results
We summarise 4 sets of results in this section under the following methods:
§ Basic Chain Ladder– **with claims discounted and undiscounted**

Basic Chain Ladder – Result Table

We present Gross claims technical reserves under Basic Chain Ladder, Inflation Adjusted Chain Ladder. We have also assumed a discounted approach of the methods used and results presented in table 5.1b and 5.2b.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

***Table 5.1a**: Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	297,467,925	(153,907,743)	143,560,182
Engineering	29,447,666	(13,518,762)	15,928,904
Fire	910,910,260	(802,220,511)	108,689,749
Marine Hull	83,115,456	(20,776,773)	62,338,684
Motor	207,325,738	(55,414,766)	151,910,972
Aviation	118,766,166	(82,955,448)	35,810,718
Oil & Gas**	244,293,496	(172,454,648)	71,838,848
			-
			-
			-
TOTAL	**1,891,326,707**	**(1,301,248,651)**	**590,078,057**
Accounts (Outstanding Claims)	**1,286,032,170**	**(1,038,482,404)**	**247,549,766**
Difference	605,294,537	(262,766,247)	342,528,290

**Estimated using Expected loss ratio method*
***Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery*

***Table 5.1b**: Discounted Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	250,221,755	(138,042,172)	112,179,583
Engineering	25,138,502	(11,988,733)	13,149,769
Fire	822,502,826	(726,104,061)	96,398,764
Marine Hull	75,939,684	(18,842,875)	57,096,809
Motor	189,091,027	(51,042,433)	138,048,593
Aviation	118,766,166	(82,955,448)	35,810,718
Oil & Gas**	189,791,552	(133,979,970)	55,811,582
			-
			-
			-
TOTAL	**1,671,451,511**	**(1,162,955,693)**	**508,495,818**
Accounts (Outstanding Claims)	**1,286,032,170**	**(1,038,482,404)**	**247,549,766**
Difference	385,419,341	(124,473,289)	260,946,051

**Estimated using Expected loss ratio method and discounted*
***Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery*

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Basic Chain Ladder Method – Result Table

***Table 5.2a**: Inflation Adjusted Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	332,884,619	(106,187,837)	226,696,782
Engineering	33,406,860	(14,954,292)	18,452,568
Fire	925,363,984	(869,979,706)	55,384,279
Marine Hull	80,026,350	(22,599,805)	57,426,546
Motor	224,067,451	(58,209,459)	165,857,992
Aviation	118,766,166	(82,955,448)	35,810,718
Oil & Gas**	244,293,496	(172,454,648)	71,838,848
			-
			-
			-
TOTAL	**1,958,808,926**	**(1,327,341,195)**	**631,467,732**
Accounts (Outstanding Claims)	**1,286,032,170**	**(1,038,482,404)**	**247,549,766**
Difference	672,776,756	(288,858,791)	383,917,965

**Estimated using Expected loss ratio method*
***Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery*

***Table 6.1:** Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	297,467,925	(153,907,743)	143,560,182
Engineering	29,447,666	(13,518,762)	15,928,904
Fire	910,910,260	(802,220,511)	108,689,749
Marine Hull	83,115,456	(20,776,773)	62,338,684
Marine Cargo	45,117,973	(9,808,000)	35,309,973
Motor	207,325,738	(55,414,766)	151,910,972
Aviation*	118,766,166	(82,955,448)	35,810,718
Bond*	16,350,035	(1,861,463)	14,488,572
Oil & Gas*	244,293,496	(172,454,648)	71,838,848
-			-
-			-
TOTAL	**1,952,794,715**	**(1,312,918,113)**	**639,876,602**
Accounts (Outstanding Claims)	**1,286,032,170**	**(1,038,482,404)**	**247,549,766**
Difference	666,762,545	(274,435,709)	392,326,836

**Estimated using Expected Loss Ratio method and discounted*

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Incurred But Not Reported (IBNR) Table

Table 6.2: IBNR Table

Class of Business	Outstanding Claim Reserves ₦	Outstanding Reported Claim Reserves ₦	IBNR ₦
General Accident	297,467,925	142,843,096	154,624,829
Engineering	29,447,666	5,730,000	23,717,666
Fire	910,910,260	758,470,483	152,439,777
Marine Hull	83,115,456	12,593,464	70,521,992
Marine Cargo	45,117,973	9,336,057	35,781,915
Motor	207,325,738	109,579,826	97,745,913
Aviation	118,766,166	78,951,000	39,815,166
Bond	16,350,035	4,715,994	11,634,041
Oil & Gas	244,293,496	163,812,250	80,481,246
TOTAL	**1,952,794,715**	**1,286,032,170**	**666,762,545**

Reinsurance IBNR Table

Table 6.3: Reinsurance IBNR Table

Class of Business	Total Outstanding Reinsurance Recoveries ₦	Outstanding Reported Reinsurance Recoveries ₦	Reinsurance IBNR ₦
General Accident	153,907,743	71,247,141	82,660,602
Engineering	13,518,762	4,784,212	8,734,550
Fire	802,220,511	700,932,093	101,288,418
Marine Hull	20,776,773	11,010,362	9,766,411
Marine Cargo	9,808,000	5,914,455	3,893,545
Motor	55,414,766	44,093,026	11,321,740
Aviation	82,955,448	70,114,740	12,840,708
Bond	1,861,463	697,626	1,163,836
Oil & Gas	172,454,648	129,688,750	42,765,898
TOTAL	**1,312,918,113**	**1,038,482,404**	**274,435,709**

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

UPR (Gross and Reinsurance UPR) – Result Table

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

Class of Business	Gross UPR ₦	Reinsurance UPR ₦	NET UPR ₦
General Accident	176,614,407	(35,663,280)	140,951,127
Engineering	53,414,236	(10,948,336)	42,465,900
Fire	244,970,890	(59,121,560)	185,849,330
Marine Hull	160,877,860	(42,853,443)	118,024,417
Marine Cargo	17,411,899	(12,200,741)	5,211,157
Motor	508,033,376	(9,760,614)	498,272,762
Aviation	60,309,767	(4,321,953)	55,987,814
Bond	24,022,193	(3,056,266)	20,965,927
Oil & Gas	333,958,274	(154,971,392)	178,986,882
Total	**1,579,612,902**	**(332,897,587)**	**1,246,715,316**

DAC – Result Table

We summarise our DAC and DAR calculated using the 365th method in

Table 6.5: *Estimated DAC*

Class of Business	DAC ₦	DAR ₦
General Accident	33,385,558	3,059,356
Engineering	9,997,164	2,353,892
Fire	47,070,759	11,654,497
Marine Hull	31,858,438	7,237,831
Marine Cargo	2,999,379	2,684,163
Motor	57,297,115	405,671
Aviation	11,710,075	332,477
Bond	3,770,374	687,660
Oil & Gas	59,894,137	1,134,043
Total	**257,982,999**	**29,549,592**

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

Additional Unexpired Risk Reserve (AURR)

We illustrate below that our Assumed Ultimate Loss Ratios are less

Table 6.5: *Loss Ratio Table*

Class of Business	Assumed Combined Loss Ratio	AURR ₦
General Accident	95%	-
Engineering	88%	-
Fire	98%	-
Marine	79%	-
Motor	90%	-
Aviation	68%	-
Bond	68%	-
Oil & Gas	71%	-
		-
		-
		-
Total		-

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

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 xxx.

Technical Reserve Using Basic Chain Ladder Method

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	297,467,925	(153,907,743)	143,560,182
Engineering	29,447,666	(13,518,762)	15,928,904
Fire	910,910,260	(802,220,511)	108,689,749
Marine Hull	83,115,456	(20,776,773)	62,338,684
Marine Cargo	45,117,973	(9,808,000)	35,309,973
Motor	207,325,738	(55,414,766)	151,910,972
Aviation	118,766,166	(82,955,448)	35,810,718
Bond	16,350,035	(1,861,463)	14,488,572
Oil & Gas	244,293,496	(172,454,648)	71,838,848
TOTAL	1,952,794,715	(1,312,918,113)	**639,876,602**
31 December,2016	968,909,482	(199,249,612)	769,659,870

Reserves for Aviation, engineering, 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.

Appendix 1. Illustration of Gross Claim Reserving

Basic Chain Ladder Method - Gross General Accident Claims

The claims paid are allocated to claim development years as illustrated below. Of the claims that arose in 2008, N19.22 million was paid in 2009 (development year 1), N40.48 million in 2008 (development year 2) etc.

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

a(vi) Expected Loss Ratio Method:

This model was adopted because 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 by assuming loss ratio. Paid claims already emerged is then allowed for from the estimated Ultimate claim.

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:			
		2017(M)	2016(M)
Gross Premium Earned		5,543	5,708
Reinsurance cost		1,860	2,200
Gross Claim incurred		3,354	1,731
Claims ratio		61%	30%
5% increase in claims		3,522	1,817
Claims ratio		64%	32%
5% reduction in claims		3,186	1,644
Claims ratio	Claims ratio	57%	29%

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 occurrence.

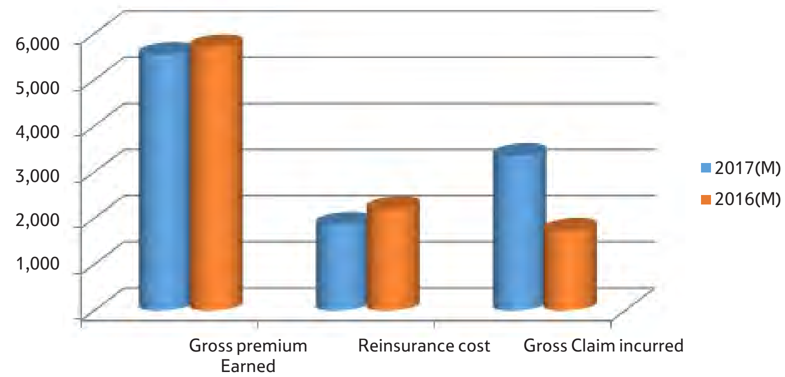


Figure 1 : Gross Premium earned vs Reinsurance Cost vs Gross Claim incured. (2017 & 2016)

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, 2017

Product	Gross Premium Earned (M)	Reinsurance Cost (M)	Net Premium Earned(M)
Fire	825	358	467
General Accident	898	223	675
Motor	1,389	24	1,365
Aviation	581	414	166
Oil & Gas	1,150	558	592
Marine	474	200	274
Engineering	169	65	103
Bond	58	17	41
	5,543	1,860	**3,683**

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

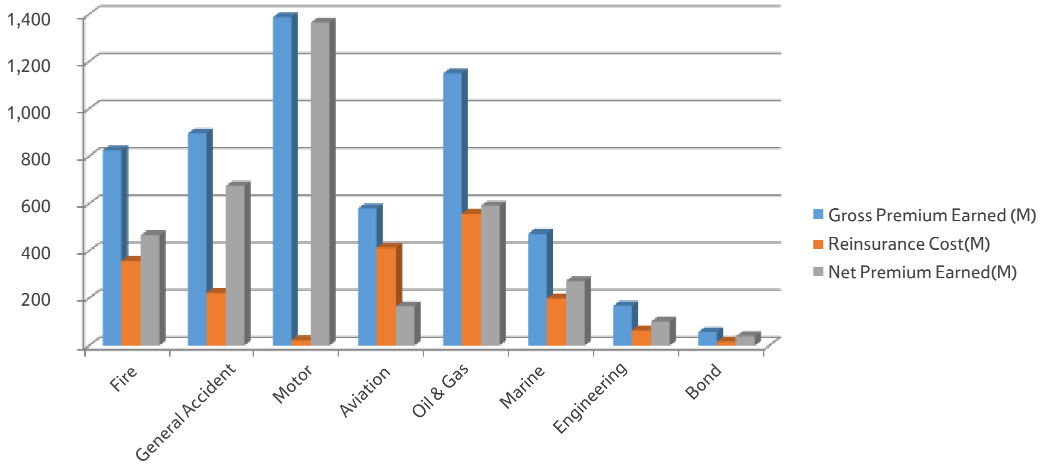


Figure 2 : Gross premium earned vs Reinsurance Cost per class . (2017)

Year ended 31st December, 2016

Product	Gross Premium Earned	Reinsurance Cost	Net Premium Earned
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		77
Bond	27		18
	5,708	**2,200**	**3,508**

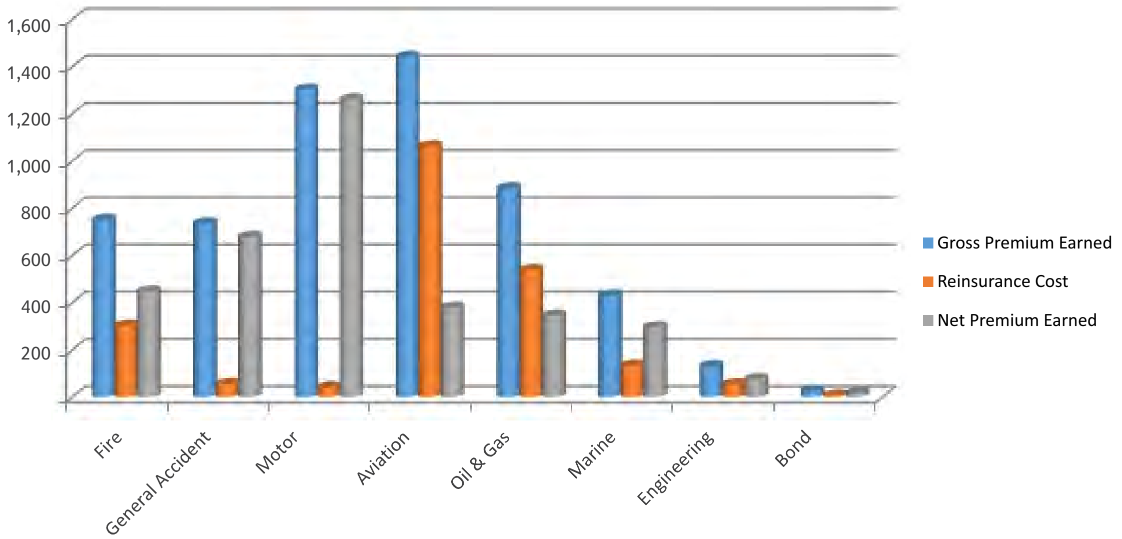


Figure 3 : Gross premium earned vs Reinsurance Cost per class. (2016)

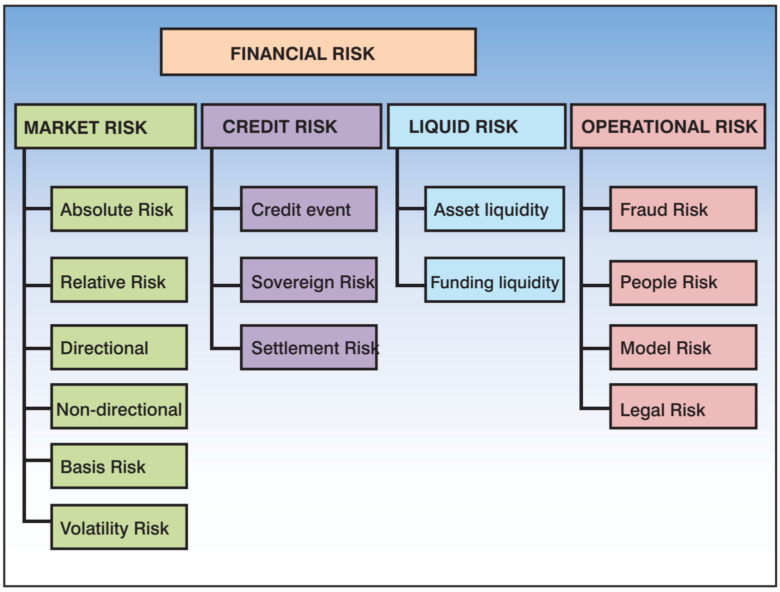
Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

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, Reputational 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

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

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.

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	
	2017	2016	**2017**	2016
Analysis by Performance:				
Performing	**408,385,061**	237,335,789	**248,623,854**	211,761,875
Non - Performing	**99,320,050**	97,276,457	**89,505,121**	93,185,875
Total	**507,705,111**	334,612,247	**338,128,975**	304,947,750
Analysis by Maturity:				
0 - 30 days	**101,502,884**	6,926,020	**101,502,884**	5,425,000
1 - 3 months	**9,376,669**	21,022,740	**9,376,669**	17,482,228
3 - 6 months	**10,805,935**	10,139,969	**10,141,859**	3,619,569
6 - 12 months	**6,977,154**	32,852,447	**6,977,154**	3,717,096
Beyond 12 Months	**379,042,469**	263,671,071	**210,130,409**	133,620,178
Total	**507,705,111**	334,612,247	**338,128,975**	304,947,750

Fixed deposits with banks

	Group		Company	
Analysis by maturity	**2017**	2016	**2017**	2016
0 - 30 days	**605,415,625**	1,026,132,943	**947,644,846**	976,132,943
30 - 90 days	**1,516,868,720**	594,946,207	**1,163,491,419**	455,484,014
Above 90 days	**-**	-	**-**	-
Grand Total	**2,122,284,345**	1,621,079,150	**2,111,136,265**	1,431,616,957

Notes To The Consolidated Financial Statements

For the year ended 31 December, 2017

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.

The Group's principal transactions are carried out in Naira and its financial assets are primarily denominated in the Naira and its exposure to foreign exchange risk is minimal.

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 governance 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, Zeal and Excellence (PRIZE) 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, 2017

	2017 ₦	%	2016 ₦	%
Gross premium income	5,542,732,729		5,708,277,060	
Reinsurance, claims and Commissions & Others - local	(4,238,980,309)		(4,733,493,441)	
Reinsurance, claims and Commissions & Others - foreign	-		-	
Value added	1,303,752,420	100	974,783,619	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	566,188,159	43	513,986,990	53
To pay government				
Company income taxation	234,846,616	18	173,145,284	18
To pay providers of capital				
Shareholders as dividend	140,000,000	9	60,000,000	6
Retained for future maintenance of assets and future expansion of business:				
- Contingency & Statutory reserve	177,442,178	14	174,700,711	18
- Depreciation of fixed assets	96,512,239	7	92,663,502	10
- Retained earnings for the year	108,763,228	8	(39,712,868)	(4)
Value added	1,303,752,420	100	974,783,619	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, 2017

	2017		2016	
	₦	%	₦	%
Gross premium income	5,542,732,729		5,708,277,060	
Reinsurance, claims and Commissions & Others - local	(4,238,980,309)		(4,733,493,441)	
Reinsurance, claims and Commissions & Others - foreign	-		-	
Value added	1,303,752,420	100	974,783,619	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	566,188,159	43	513,986,990	53
To pay government				
Company income taxation	234,846,616	18	173,145,284	18
To pay providers of capital				
Shareholders as dividend	140,000,000	9	60,000,000	6
Retained for future maintenance of assets and future expansion of business				
Contingency reserve	177,442,178	14	174,700,711	18
Depreciation of property and equipment	96,512,239	7	92,663,502	10
Retained earnings for the year	108,763,228	8	(39,712,868)	(4)
Value added	1,199,110,177	100	974,783,619	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
Statement of Financial Position

For the year ended 31 December, 2017

	December 2017 ₦	31 December 2016 ₦	31 December 2015 ₦	31 December 2014 ₦	31 December 2013 ₦
Assets					
Cash and cash equivalent	**1,921,271,578**	1,836,824,537	2,822,735,766	2,299,949,368	2,275,501,790
Financial assets:					
- At fair value through profit or loss	**170,256,830**	170,013,089	183,200,238	343,086,193	174,453,485
- Loans and receivables	**408,385,061**	237,335,789	61,029,203	34,221,228	68,342,353
- Available for sale	**60,950,000**	60,950,000	60,950,000	2,000,000	2,000,000
- Held-to-maturity	**2,260,597,511**	1,654,142,565	497,905,166	133,173,401	65,783,151
Deposit for shares	**-**	-	-	50,250,000	-
Finance lease receivables	**229,440,306**	162,290,265	172,095,986	128,423,469	82,093,614
Trade receivables	**150,356,282**	182,091,091	81,030,026	69,245,808	51,398,191
Reinsurance assets	**1,655,890,085**	546,323,978	691,913,416	651,767,868	981,521,496
Deferred acquisition cost	**257,664,385**	229,579,067	190,525,298	194,835,265	204,941,728
Other receivables and prepayments	**174,488,859**	177,968,732	135,246,867	141,675,841	125,024,460
Investment in subsidiaries	**-**	-	-	-	-
Inventories	**-**	3,920,887	5,146,854	2,888,332	-
Intangible Assets	**24,621,130**	13,119,349	16,467,871		
Investment properties	**899,661,000**	893,882,395	888,020,000	877,960,682	874,278,599
Property and equipment	**976,591,367**	974,022,626	917,049,344	909,148,547	964,104,610
Statutory deposits	**300,000,000**	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**9,490,174,394**	7,442,464,370	7,023,316,035	6,138,626,002	6,169,443,477
Liabilities					
Insurance contract liabilities	**3,532,407,618**	2,410,701,988	2,218,670,079	1,974,439,083	2,124,258,117
Trade payables	**26,482,944**	87,511,062	112,060,913	7,829,896	26,056,310
Other payables and provision	**207,368,924**	179,731,068	163,568,360	146,105,612	67,042,956
Deposit for shares	**500,456,779**				
Retirement benefit obligations	**5,574,664**	151,314	184,444	137,815	4,104,327
Current income tax liabilities	**297,205,965**	191,465,212	120,730,104	72,341,424	145,018,810
Deferred tax liabilities	**231,671,385**	170,103,017	140,289,268	95,460,524	153,728,094
Total liabilities	**4,801,168,279**	3,039,663,660	2,755,503,168	2,296,314,354	2,520,208,614
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	**1,400,446,908**	1,230,030,314	1,058,782,003	882,516,340	742,159,645
Statutory reserves	**16,304,970**	9,279,386	5,826,986	8,477,548	6,690,382
Retained earnings	**272,254,237**	163,491,009	203,203,878	(48,682,240)	(99,615,164)
Total equity	**4,689,006,115**	4,402,800,709	4,267,812,867	3,842,311,648	3,649,234,863
Total liabilities and equity & reserves	**9,490,174,394**	7,442,464,370	7,023,316,035	6,138,626,002	6,169,443,477

Five Year Financial Summary - Group Statement of Comprehensive Income

For the year ended 31 December, 2017

	December 2017 ₦	31 December 2016 ₦	31 December 2015 ₦	31 December 2014 ₦	31 December 2013 ₦
Gross premium written	**5,680,553,122**	5,826,950,292	6,039,451,539	4,614,438,484	4,153,820,829
Gross premium income	**5,542,732,729**	5,708,277,060	5,875,522,094	4,678,556,495	4,151,298,704
Reinsurance premium expenses	**(1,859,540,653)**	(2,199,995,287)	(2,685,733,043)	(2,148,244,817)	(1,582,605,604)
Net premium income	**3,683,192,076**	3,508,281,773	3,189,789,051	2,530,311,668	2,568,693,100
Fee and commission income	**370,550,419**	203,707,669	145,879,333	253,197,455	203,633,369
Net underwriting income	**4,053,742,495**	3,711,989,442	3,335,668,384	2,783,509,123	2,772,326,469
Claims expenses	**(3,354,056,803)**	(1,730,652,330)	(1,341,181,328)	(1,234,297,773)	(965,106,416)
Claims recoveries from reinsurers	**1,931,112,704**	343,508,618	383,167,702	267,243,023	314,751,829
Claims incurred	**(1,422,944,099)**	(1,387,143,712)	(958,013,626)	(967,054,765)	(650,354,587)
Underwriting expenses	**(1,384,738,653)**	(1,256,318,222)	(1,007,902,155)	(953,210,372)	(1,064,854,654)
Underwriting profit	**1,246,059,744**	1,068,527,508	1,369,752,603	863,244,006	1,057,117,228
Investment income	**796,219,129**	473,662,943	447,362,355	329,369,607	299,470,300
Other operating income	**74,861,221**	183,860,805	177,053,841	36,973,619	21,756,652
Impairment charge	**770,516**	(10,683,607)	16,935,040	(20,767,457)	(550,641,729)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	**(4,674,531)**	(6,783,170)	(138,190,791)	32,307,258	16,100,005
Management expenses	**(1,472,184,057)**	(1,340,451,352)	(1,168,001,089)	(1,035,505,853)	(1,024,904,284)
Profit/(loss) before taxation	**641,052,022**	368,133,127	704,911,959	205,621,179	(181,101,828)
Income tax (expense)/credit	**(234,846,616)**	(173,145,284)	(159,100,881)	(12,544,394)	(19,453,205)
Profit/(loss) after taxation	**406,205,406**	194,987,845	545,811,078	193,076,785	(200,555,033)
Other comprehensive income net of tax	**-**	-	-	-	-
Total comprehensive income/(loss) for the year	**406,205,406**	194,987,845	545,811,078	193,076,785	(200,555,033)
Profit/(loss) attributable to:					
Equity holders of the parent	**406,205,406**	194,987,845	545,811,078	193,076,785	(200,555,033)
	406,205,406	194,987,845	545,811,078	193,076,785	(200,555,033)
Basic and diluted earnings/(loss) per share (kobo)	**6.77**	3.25	9.10	3.22	(3.34)
	-	-	-	-	

Financial Summary - Company

For the year ended 31 December, 2017

	December 2017 ₦	31 December 2016 ₦	31 December 2015 ₦	31 December 2014 ₦	31 December 2013 ₦
Assets					
Cash and cash equivalent	1,850,386,963	1,587,501,284	2,780,220,924	2,268,572,191	2,232,194,170
Financial assets:					
- At fair value through profit or loss	161,850,795	163,699,494	177,671,643	331,557,775	156,076,888
- Loans and receivables	248,623,854	211,761,875	70,851,262	19,379,021	42,254,825
- Available for sale	60,950,000	60,950,000	60,950,000	2,000,000	2,000,000
- Held-to-maturity	2,260,597,511	1,654,142,565	497,905,166	133,173,401	65,783,151
Deposit for shares	-	180,000,000	-	50,250,000	-
Trade receivables	150,356,282	182,091,091	81,030,026	69,245,808	51,398,191
Reinsurance assets	1,655,890,085	546,323,978	691,913,416	651,767,868	981,521,496
Deferred acquisition cost	257,664,385	229,579,067	190,525,298	194,835,265	204,941,728
Other receivables and prepayments	166,066,755	213,530,118	135,266,048	141,704,560	118,125,647
Investment in subsidiaries	530,000,000	300,000,000	250,000,000	250,000,000	226,407,681
Intangible Assets	18,458,195	12,383,037	15,592,433	-	-
Investment properties	806,000,000	809,221,395	803,359,000	793,460,682	789,778,600
Property and equipment	926,483,015	941,328,726	908,924,352	905,899,680	959,875,241
Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	9393,327,840	7,392,512,630	6,964,209,568	**6,111,846,251**	**6,130,357,618**
Liabilities					
Insurance contract liabilities	3,532,407,618	2,410,701,988	2,218,670,079	1,974,439,083	2,124,258,117
Trade payables	26,482,944	87,511,062	112,060,913	7,829,896	26,056,310
Other payables and provision	244,704,571	195,101,601	171,540,123	171,622,017	62,509,494
Deposit for share	500,456,779				
Retirement benefit obligations	5,169,023	13,502	4,430	-	3,920,473
Current income tax liabilities	252,351,030	162,558,597	93,162,912	47,695,854	130,138,788
Deferred tax liabilities	230,003,867	169,625,075	139,693,165	95,460,524	153,728,093
Total liabilities	4,791,575,832	3,025,511,825	2,735,131,622	2,297,047,374	**2,500,611,275**
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	1,400,446,908	1,230,030,314	1,058,782,003	882,516,340	742,159,645
Statutory reserves	-	-	-	-	-
Retained earnings	201,305,100	136,970,491	170,295,943	(67,717,462)	(112,413,302)
Shareholders' fund	4,601,752,008	4,367,000,805	4,229,077,946	**3,814,798,877**	**3,629,746,343**
Total liabilities and equity & reserves	9,393,327,840	7,392,512,630	6,964,209,568	**6,111,846,251**	**6,130,357,618**

Financial Summary - Company

For the year ended 31 December, 2017

	December 2017 ₦	31 December 2016 ₦	31 December 2015 ₦	31 December 2014 ₦	31 December 2013 ₦
Gross premium written	**5,680,553,122**	5,826,950,292	6,039,451,539	4,614,438,482	4,153,820,829
Gross premium income	**5,542,732,729**	5,708,277,060	5,875,522,094	4,678,556,495	4,151,298,704
Reinsurance premium expenses	**(1,859,540,653)**	(2,199,995,287)	2,685,733,043	(2,148,244,818)	(1,582,605,604)
Net premium income	**3,683,192,076**	3,508,281,773	3,189,789,051	2,530,311,677	**2,568,693,100**
Fee and commission income	**370,550,419**	203,707,669	145,879,333	207,872,455	203,633,369
Net underwriting income	**4,053,742,495**	3,711,989,442	3,335,668,384	2,738,184,132	2,772,326,469
Claims expenses	**(3,354,056,803)**	(1,730,652,330)	(1,341,181,328)	(1,234,297,773)	(965,106,417)
Claims recoveries from reinsurers	**1,931,112,704**	343,508,617	383,167,702	267,243,023	**314,751,829**
Claims incurred	**(1,422,944,099)**	(1,387,143,713)	(958,013,626)	(967,054,749)	**(650,354,588)**
Underwriting expenses	**(1,387,920,776)**	(1,271,473,425)	(1,016,074,857)	(946,945,133)	(1,082,304,654)
Underwriting profit	**1,242,877,621**	1,053,372,304	1,361,579,901	824,184,249	1,039,667,227
Investment income	**672,917,451**	472,289,663	402,048,193	299,595,699	270,979,045
Other operating income	**68,681,215**	122,768,443	170,537,974	32,848,146	24,256,702
Impairment charge	**3,390,424**	693,030	17,402,910	(17,402,910)	(544,652,983)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	**(4,674,531)**	(6,783,170)	(138,191,291)	32,912,258	12,856,767
Management expenses	**(1,418,512,790)**	(1,281,059,193)	(1,126,380,571)	(984,089,677)	(996,255,297)
Profit/(loss) before taxation	**564,679,389**	361,281,077	686,997,116	188,047,766	(193,148,539)
Income tax (expenses)/credit	**(209,928,186)**	(163,358,219)	(152,718,047)	(2,995,231)	(13,963,167)
Profit/(loss) after taxation	**354,751,203**	197,922,859	534,279,069	185,052,535	(207,111,706)
Other comprehensive income net of tax	**-**	-	-	-	-
Total comprehensive (loss)/income for the year	**354,751,203**	197,922,859	185,052,535	185,052,535	(207,111,706)
Profit/(loss) attributable to:					
Equity holders of the parent	**354,751,203**	197,922,859	185,052,535	185,052,535	(207,111,706)
	354,751,203	197,922,859	185,052,535	185,052,535	(207,111,706)
Basic and diluted earnings/(loss) per share (kobo)	**5.91**	**3.30**	**8.90**	**3.08**	**(3.45)**

Appendix 1
Revenue Account

For the year ended 31 December, 2017

	Motor	Fire	Bond	Gen. Accident	Marine	Aviation	Oil & Gas	Engineering	2017 Total	2016 Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Income										
Direct premium	1,379,195,359	825,955,965	70,374,462	775,455,152	543,393,810	570,864,033	1,289,679,745	158,920,021	5,613,838,547	5,759,848,998
Inward reinsurance premium	10,700,307	21,946,808	-	12,334,220	1,953,011	428,951	14,607,624	4,743,654	66,714,575	67,101,294
										-
Gross written premium	1,389,895,666	847,902,773	70,374,462	787,789,372	545,346,821	571,292,984	1,304,287,369	163,663,675	5,680,553,122	5,826,950,292
(Increase)/decrease in unexpired premium reserve	(1,288,429)	(22,559,654)	(12,365,508)	109,939,104	(71,676,088)	9,247,560	(153,966,736)	4,849,358	(137,820,393)	(118,673,232)
Gross premium earned	1,388,607,237	825,343,119	58,008,954	897,728,476	473,670,733	580,540,544	1,150,320,633	168,513,033	5,542,732,729	5,708,277,060
Deduct:										-
Outward reinsurance premiums	(28,478,110)	(342,329,117)	(17,646,645)	(235,704,736)	(214,931,254)	(351,708,944)	(634,878,293)	(68,755,151)	(1,894,432,250)	(2,088,025,170)
(Increase)/decrease in prepaid reinsurance	4,943,777	(15,982,795)	712,751	12,746,143	14,957,850	(62,728,536)	76,670,092	3,572,316	34,891,598	(111,970,117)
Reinsurance cost	(23,534,333)	(358,311,912)	(16,933,894)	(222,958,593)	(199,973,404)	(414,437,480)	(558,208,201)	(65,182,835)	(1,859,540,652)	(2,199,995,287)
										-
Net premium earned	1,365,072,904	467,031,207	41,075,060	674,769,883	273,697,329	166,103,064	592,112,432	103,330,198	3,683,192,076	3,508,281,773
Commission received	4,992,494	116,309,416	5,293,994	55,157,342	17,367,215	116,772,436	46,372,009	28,321,178	390,586,084	214,772,393
(Increase)/decrease in unearned commission	(767,481)	(10,995,964)	(687,660)	(2,417,333)	(12,445,590)	4,151,448	5,484,680	(2,357,765)	(20,035,665)	(11,064,724)
Total Income	1,369,297,917	572,344,658	45,681,394	727,509,892	278,618,954	287,026,948	643,969,121	129,293,611	4,053,742,496	3,711,989,442
										-
Gross Claims Paid	(616,243,926)	(834,439,208)	(7,081,212)	(363,926,543)	(83,564,361)	(280,004,782)	(136,109,894)	(48,801,641)	(2,370,171,567)	(1,657,293,652)
(Increase)/decrease in outstanding claims provision	59,122,416	(679,333,099)	(13,839,137)	(28,069,243)	(67,419,218)	(77,321,789)	(182,284,844)	5,259,679	(983,885,235)	(73,358,678)
Gross claims incurred	(557,121,510)	(1,513,772,307)	(20,920,349)	(391,995,786)	(150,983,579)	(357,326,571)	(318,394,738)	(43,541,962)	(3,354,056,802)	(1,730,652,330)
Reinsurance claims recovery	84,388,667	446,781,467	3,093,138	75,539,487	41,034,154	208,726,336	14,000	6,935,946	866,513,195	377,127,939
(Increase)/decrease in reinsurance recoveries	48,686,363	617,127,534	1,798,035	124,697,557	11,418,614	76,549,114	167,108,773	17,213,520	1,064,599,509	(33,619,321)
										-
Net claims incurred	(424,046,481)	(449,863,306)	(16,029,177)	(191,758,742)	(98,530,811)	(72,051,121)	(151,271,965)	(19,392,496)	(1,422,944,098)	(1,387,143,712)
										-
Acquisition expenses	(160,959,853)	(167,029,966)	(11,357,058)	(157,733,559)	(109,057,832)	(104,294,807)	(236,676,230)	(33,230,872)	(980,340,178)	(843,634,488)
(Increase)/decrease in commission expenses	1,104,169	4,757,034	1,512,904	(22,619,705)	14,044,425	(1,403,311)	30,872,504	(182,703)	28,085,317	39,053,769
Maintenance/operating expenses	(166,667,037)	(49,745,951)	(4,022,669)	(89,804,028)	(31,066,999)	(21,640,550)	(61,779,268)	(10,939,414)	(435,665,916)	(466,892,706)
										-
Total expenses	(750,569,201)	(661,882,188)	(29,896,000)	(461,916,035)	(224,611,218)	(199,389,789)	(418,854,958)	(63,745,485)	(2,810,864,874)	(2,658,617,137)
										-
Underwriting profit	618,728,716	(89,537,532)	15,785,393	265,593,857	54,007,736	87,637,158	225,114,163	65,548,127	1,242,877,621	1,053,372,305

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
2017	-	5,000,000,000	-	3,500,000,000	Rights Issue

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

Flashback to 22nd AGM

From left, Managing Director/CEO Mr. Eddie Efekoha with Sir Sunny Nwosu (President Emeritus, Independent Shareholders Association), and Chairman of the company, Mr. Obinna Ekezie.

Rights Issue Signing Ceremony

Managing Director of Consolidated Hallmark Insurance Plc, Mr Eddie Efekoha (left), Chairman, Obinna Ekezie, and

Mr. Chidozie Agbapu of Planet Capital Limited (Issuing House) at the signing ceremony of the 1,000,000,000 units Rights Issue of the company.

ISO Certificate Presentation

Mr. Eddie Efekoha, Managing Director/CEO Consolidated Hallmark Insurance being presented with the ISO 9001:2015 Standards Organisation of Nigeria (SON) Management Systems Certification by Engineer Mrs Oluremi Ayeni, Director, SON. With them is Engineer Olugbenga Awobote, Auditor, Standards Organisation of Nigeria (SON)

Essay Award Winners

Winners of the Consolidated Hallmark Insurance Annual Essay Competition for Tertiary Institutions at the 2017 Awards Ceremony in MUSON Centre, Lagos. From Left, Arigbede T. Julius of Joseph Ayo Babalola University (1st Prize), Olagoke Olamide, The Polytechnic Ibadan (2nd), Akan Esther, University of Uyo (3rd)

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WARRI OFFICE
179, Jakpa Road, Effurun
Tel: 08180001157
warri@chiplc.com

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 2017 Annual Report & Accounts and subsequent editions via e-mail, kindly send an e-mail to the following addresses:

1. info@chiplc.com
2.info@meristemregistrars.com
3. Investorrelations@chiplc.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

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 And Probate Services 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

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

TICK	NAME OF COMPANY	SHARE A/C NO
	ACAP INCOME FUND	
	AFRINVEST EQUITY FUND	
	BERGER PAINTS NIG PLC	
	CEAT FIXED INCOME FUND	
	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	
	INTERNATIONAL ENERGY INSURANCE 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	
	THOMAS WYATT PLC	
	VITAFOAM NIGERIA PLC	
	ZENITH EQUITY FUND	
	ZENITH ETHICAL FUND	
	ZENITH INCOME FUND	

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

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Proxy Form

23rd Annual General Meeting to be held at Agip Recital Hall, Munson Centre, 8/9 Marina, Lagos State, on 22nd May, 2018, 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 2018 and any adjournment thereof.

Dated this ....day of..2018

Shareholder's Signature...

	ORDINARY BUSINESS	FOR	AGAINST
1	To receive and consider the Audited Financial Statements for the year ended 31st December 2017 together with the reports of the Directors, Auditors and Audit Committee thereon.		
2	To declare a dividend.		
3	To re-elect retiring Directors.		
	Mr. Obinna Ekezie		
	Prince Ben Onuora		
	Mrs. Bola Odukale		
4	To re- appoint the Auditors		
5	To authorize the Directors to determine the remuneration of the Auditors		
6	To elect members of the Audit Committee		
	SPECIAL BUSINESS		
	To approve the remuneration of the Directors		
	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.		

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, Mr. Obina Ekezie, Prince Ben Onuora and Mrs. Bola Odukale retire by rotation and being eligible offer themselves for re-election.

✂---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.

Name & Address of Shareholders ....

Number of Shares held ....

Notes

Notes

Notes

ROOTED IN EXCELLENCE...
ISO CERTIFIED.


STANDARDS ORGANISATION OF NIGERIA

Certificate

This is to certify conformity of

CONSOLIDATED HALLMARK INSURANCE PLC

LAGOS, KADUNA, ABUJA, IBADAN AND PORT-HARCOURT

Quality Management System

With NIS ISO 9001 : 2015

For GENERAL INSURANCE, ENERGY AND SPECIAL RISK (OIL&GAS AND AVIATION) INSURANCE

Issued on 04.05.2017

Expires on 05.05.2020

DIRECTOR GENERAL/CHIEF EXECUTIVE
STANDARDS ORGANISATION OF NIGERIA

NIS ISO 9001:2015

Your insurer of choice, Consolidated Hallmark Insurance,earned the NIS ISO 9001:2015 certification from the Standards Organisation of Nigeria in recognition of our conformity to internationally acceptable standard requirements.

We are indeed motivated to keep up the high standards in our management systems and services to our loyal customers.

Consolidated Hallmark Insurance Plc

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Email: info@chiplc.com Website:www.chiplc.com
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xstrata

aaan/am/0036

Acknowledgments
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www.xstrataconsulting.com
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