CONSOLIDATED HALLMARK INSURANCE PLC
AND SUBSIDIARY COMPANIES

COMPANY RC:168762

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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Corporate Information

Directors	Mr. Obinna Ekezie	Chairman
	Mr. Eddie Efekoha	Managing Director/CEO
	Mr. Babatunde Daramola	Executive Director- Finance, Systems & Investment
	Mrs. Mary Adeyanju	Executive Director-Operations
	Prince Ben Onuora	Non-Executive Director
	Mrs. Adebola F. Odukale	Non-Executive Director
	Mr. Shuaibu Idris	Independent Non-Executive Director
	Dr. Layi Fatona	Non-Executive Director

Company Secretary

Mrs. Rukevwe Falana
Consolidated Hallmark Insurance Plc
266, Ikorodu Road
Obanikoro, Lagos

Registered Office

Consolidated Hallmark Insurance Plc
266, Ikorodu Road
Obanikoro, Lagos

Registration Number

168762

Corporate Head Office

Consolidated Hallmark Insurance Plc
266, Ikorodu Road
Obanikoro, Lagos
Email: info@chiplc.com

Registrars

Meristem Registrars & Probate Services Ltd
213, Herbert Macaulay Road
Adekunle, Yaba Lagos
Tel: +234 (1) 8920491-2
Lagos

Bankers

Fidelity Bank Plc
First Bank of Nigeria Limited
GTBank Limited
United Bank for Africa Plc
Zenith Bank Plc
FCMB

Auditors

SIAO (Chartered Accountants)
18b, Olu Holloway Road
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Ikoyi, Lagos.
Tel: +234 01 463 0871-2
website: www.siao-ng.com
E-mail: enquiries@siao-ng.com

Corporate Information (Cont'd)

Actuary

Ernst & Young
UBA House
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57 Marina
Lagos
Tel: + 234 1 6314 543

Reinsurers

African Reinsurers Corporation
Continental Reinsurance Plc
WAICA Reinsurance Corporation

Subsidiaries

CHI Capital Limited
33D Bishop Aboyade Cole Street
Victoria Island

CHI Microinsurance Limited
5A, Sawyer Close
Obanikoro, Lagos

Hallmark Health Services Limited
264, Ikorodu Road
Obanikoro, Lagos

Grand Treasurers Limited
Plot 33D Bishop Aboyade Cole Street
Victoria Island Lagos

Branch Networks

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1st Floor, Navada Plaza
140/142 Liberty Stadium Road
Tel: 08180001152
ibadan@chiplc.com

Results at a glance	Group			Company			
	31 December 2021	31 December 2020	%	31 December 2021	31 December 2020	%	Change
	N	N		N	N		N
Financial Position							
Cash and cash equivalents	**2,857,075,239**	3,173,916,076	-10%	**2,044,305,295**	2,175,313,539	-6%	(316,840,837)
Financial assets	**5,439,298,024**	865,014,429	529%	**3,926,828,203**	3,472,101,216	13%	4,574,283,595
Trade receivables	**601,620,155**	607,688,316	-1%	**543,897,328**	481,030,540	13%	(6,068,161)
Investments	**6,476,777,385**	5,849,174,939	11%	**7,787,993,711**	7,069,535,780	10%	627,602,446
Other receivables & prepayments	**222,692,503**	129,353,111	72%	**547,376,936**	388,249,870	41%	93,339,392
Intangible Assets	**76,702,920**	36,574,657	110%	**29,482,172**	30,480,413	-3%	40,128,263
Total assets	**15,674,166,225**	10,661,721,528	47%	**14,879,883,645**	13,616,711,358	9%	**5,012,444,698**
Insurance contract liabilities	**5,474,050,401**	5,208,233,152	5%	**5,299,544,811**	5,014,339,773	6%	265,817,250
Total liabilities	**6,662,382,522**	5,989,742,738	11%	**6,210,954,718**	5,701,516,587	9%	672,639,784
Issued and paid up share capital	**5,420,000,000**	5,420,000,000	0%	**5,420,000,000**	5,420,000,000	0%	-
Share premium	**168,933,834**	168,933,834	0%	**168,933,834**	168,933,834	0%	
Contingency reserve	**2,437,638,438**	2,136,621,663	14%	**2,437,343,087**	2,136,621,663	14%	301,016,775
Statutory reserve	**72,039,762**	45,964,378	57%	**-**	-		26,075,385
Regulatory risk reserve	**1,354,214**	-					
Revaluation reserve	**115,793,288**	-		**115,793,288**	-		-
Fair Value Through OCI Reserve	**30,615,728**	-		**30,669,221**	-		
Retained earnings	**765,408,441**	550,078,221	39%	**496,189,498**	400,684,735	24%	215,330,220
Shareholders fund	**9,011,783,704**	8,321,598,096	8%	**8,668,928,927**	8,126,240,232	7%	690,185,609
Comprehensive Income	**31 December 2021**	31 December 2020		**31 December 2021**	31 December 2020		
Gross premium	**10,500,388,477**	9,775,797,397	7%	**10,024,047,477**	9,377,413,707	7%	724,591,081
Net Premium earned	**6,049,535,107**	6,007,134,006	1%	**5,538,171,540**	5,651,908,307	-2%	42,401,101
Net underwriting income	**6,578,552,872**	6,500,507,759	1%	**6,067,189,304**	6,145,282,060	-1%	78,045,113
Other revenue	**1,276,354,804**	1,058,434,847	21%	**697,251,318**	743,705,149	-6%	217,919,957
Total Revenue	**7,854,907,676**	7,558,942,606	4%	**6,764,440,623**	6,888,987,209	-2%	295,965,070
Net Claims paid	**(2,287,962,371)**	(2,565,905,415)	-11%	**(1,923,939,882)**	(2,344,485,928)	-18%	277,943,044
Other expenses	**(4,595,270,504)**	(4,220,472,908)	9%	**(4,076,285,218)**	(3,838,056,104)	6%	(374,797,596)
Total Benefits, Claims and Other Expenses	**(6,883,232,874)**	(6,786,378,323)	1%	**(6,000,225,101)**	(6,182,542,032)	-3%	(96,854,552)
Profit before tax	**971,674,801**	772,564,283	26%	**764,215,522**	706,445,177	8%	199,110,518
Income tax expense	**(181,036,783)**	(94,581,467)	91%	**(122,060,185)**	(91,639,259)	33%	(86,455,316)
Profit for the year	**790,638,018**	677,982,816	17%	**642,155,337**	614,805,918	4%	112,655,202
Basic and diluted earnings per share (Kobo)	**8.52**	6.90		**5.92**	6.26	4%	

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2021

The Directors have the pleasure of submitting their report on the affairs of Consolidated Hallmark Insurance Plc together with the Group Audited Financial Statements for the year ended 31st December 2021

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's shares were listed on the floor of The Nigerian Exchange Limited 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

	GROUP		%	COMPANY		%
	2021	2020	Change	2021	2020	Change
Gross Written Premium	10,500,388,477	9,775,797,397	7%	10,024,047,477	9,377,413,707	6.9%
Gross Premium Earned	10,288,624,511	9,698,993,709	6%	9,777,260,944	9,343,768,010	5%
Net Premium Earned	6,049,535,107	6,007,134,006	1%	5,538,171,540	5,651,908,307	-2%
Net Claim Paid	(2,287,962,371)	(2,565,905,415)	-11%	(1,923,939,882)	(2,344,485,928)	-18%
Management Expenses	(2,219,992,122)	(2,146,624,937)	3%	(1,745,727,614)	(1,794,138,119)	-3%
Underwriting Profit	1,915,312,119	1,860,754,373	3%	1,812,691,817	1,756,878,147	3%
Profit or (Loss) Before Tax	971,674,801	772,564,283	26%	764,215,523	706,445,177	8%
Profit or (Loss) After Tax	790,638,017	677,982,816	17%	642,155,338	614,805,918	4%

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. Eddie Efekoha	Managing Director/CEO	
2.	Mr. Babatunde Daramola	Executive Director	Appointed 1st April 2016
3.	Mrs. Mary Adeyanju	Executive Director	Appointed 27th July 2016
4.	Mr. Obinna Ekezie	Non-Executive Director	Appointed 1st April 2016
5.	Mrs. Adebola Odukale	Non-Executive Director	Appointed 1st April 2016
6.	Prince Ben C. Onuora	Non-Executive Director	Appointed 1st April 2016
7.	Mr. Shuaibu Idris	Independent Director	Appointed 26th Oct 2016
8.	Dr. Layi Fatona	Non-Executive Director	Appointed 25th April 2019

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	Direct	Indirect	Total	December 31, 2020	Direct	Indirect	Total	December 31, 2021
	As at December 2020	As at December 2020	As at December 2020	% of Holding	As at December 2021	As at December 2021	As at December 2021	% of Holding
Mr. Obinna Ekezie	-	526,537,893	526,537,893	4.86%	-	526,537,893	526,537,893	4.86%
Mrs. Adebola Odukale	-	1,151,979,358	1,151,979,358	10.63%		1,151,979,358	1,151,979,358	10.63%
Mr. Eddie Efekoha	1,040,000,000	586,798,809	1,626,798,809	15.01%	1,040,000,000	586,798,809	1,626,798,809	15.01%
Dr. Layi Fatona		2,818,442,750	2,818,442,750	26.00%		2,818,442,750	2,818,442,750	26.00%
Mr. Babatunde Daramola	26,834,481		26,834,481	0.25%	26,834,481		26,834,481	0.25%
Mrs. Mary Adeyanju	33,953,777		33,953,777	0.31%	33,953,777		33,953,777	0.31%
Prince Ben Onuora	43,655,598		43,655,598	0.40%	43,655,598		43,655,598	0.40%
Mr. Shuabu Idries	-	-	-		-	-	-	

Director	Indirect Interest Represented
Mr. Obinna Ekezie	Ugo (Dr.) Obi Ralph Ekezie
Mrs. Adebola Odukale	Capital Express Assurance Company Limited
	Capital Express Securities Limited
	Capital Express Managed Fund
	Capital Express Assets & Trust Ltd
Mr. Eddie Efekoha	Sephine Edefe Nigeria Limited
Dr. Layi Fatona	Niger Delta Exploration & Production Plc
	Nouveau Technologies &Ass Ltd

SUBSTANTIAL INTEREST IN SHARES

Shareholders who held more than 5% of the issued share capital of the Company as at 31st December 2021 were as follows:

Shareholder	Units Held	%
Niger Delta Exploration & Production Plc	2,754,442,750	25.41
Capital Express Assurance Co. Ltd	1,066,666,666	9.84
Mr. Eddie Efekoha	1,040,000,000	9.59
Sephine Edefe Nig Ltd	586,798,809	5.41

SHAREHOLDING ANALYSIS

The range of shareholding as at 31st December 2021 is as follows:

Range of Holding			No of Shareholders	Share Holdings	Share Holdings %
1	-	10,000	3,551	12,525,930	0.12%
10,001	-	100,000	4,080	130,862,096	1.21%
100,001	-	1,000,000	1,488	389,159,756	3.59%
1,000,001	-	10,000,000	288	715,487,684	6.60%
10,000,001	-	100,000,000	44	1,251,134,282	11.54%
100,000,001	-	ABOVE	15	8,340,830,252	76.94%
		8,130,000,000	9,466	10,840,000,000	100%

DIRECTORS RESPONSIBILITIES

The Company's Directors are responsible, in accordance with the provisions of Section 377 of the Companies and Allied Matters Act 2020, 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 Standards, Insurance Act 2003 and Companies and Allied Matters Act 2020. In doing so they ensure that:

a. Proper accounting records are maintained.

b. Adequate internal control procedures are established which as far as 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, 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 note eleven 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 petroleum, 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 eight 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 (Appointed 1st April 2016)
Mr. Eddie Efekoha	Managing Director/Chief Executive Officer
Mrs. Adebola Odukale	Non-Executive Director (Appointed 1st April 2016)
Prince Ben C. Onuora	Non-Executive Director (Appointed 1st April 2016)
Mr. Shuaibu Abubakar Idris	Independent Non-Executive Director (Appointed 26th Oct 2016)
Dr. Layi Fatona	Non-Executive Director (Appointed 25th April 2019)
Mr. Babatunde Daramola	Executive Director (Appointed 1st April 2016)
Mrs. Mary Adeyanju	Executive Director (Appointed 27 July 2016)

DUTIES OF THE BOARD

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

MEETINGS OF THE BOARD

The Board meets regularly and ensures that the minimum standards in terms of attendance and frequency of meetings are complied with. The Board met six times in 2021 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 Exchange Limited 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.

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

    1. Board Finance Investment & General Purpose Committee (FIGPC)
    2. Board Audit, Risk Management & Compliance Committee (ARMCC)
    3. Board Establishment, Governance & Remuneration Committee (EGRC)

1. BOARD FINANCE, INVESTMENT & GENERAL PURPOSE COMMITTEE (FIGPC)

PURPOSE
The Board Finance, Investment & 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.
- To present the investment policies and investment plans to the Board annually for approval and ensure that investments are made in accordance with the policies.
- To consider and advise the Board on strategic policies for the Company's investment programmes.
- To decide on the appropriateness of all investments within the Company that affects the Company's clients, lines of business, management and staff and also IT systems.
- To ensure that guidelines for investment comply with legal and regulatory requirements and that investment activities reflect the goals and strategy of the Company.
- To ensure that the assets of the Company are protected and effective control measures are put in place for sufficient internal checks and balances.

- To present the investment policies and investment plans to the Board annually for approval and ensure that investments are made in accordance with the policies.
- To consider and advise the Board on strategic policies for the Company's investment programmes.
- To approve all investment in excess of the limits delegated to Management Investment Committee.
- To approve provisions for non-performing investments based on presentation by the CEO and in line with existing regulations.
- To review Management Investment Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration.
- To conduct quarterly review of investments granted by the Company to ensure compliance with the Company's internal control systems and investment approval procedures.
- To notify all Directors related investment to the Board.
- To ensure that the investment assets of the company are protected and effective control measures are put in place for sufficient internal checks and balances.
- To monitor and notify the top debtors to the attention of the Board
- 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

Mrs. Bola Odukale	Non-Executive Director	Chairman
Prince Ben Onuora	Non-Executive Director	Member
Dr. Layi Fatona	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director/CEO	Member
Babatunde Daramola	Executive Director	Member
Mrs. Mary Adeyanju	Executive Director	Member

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 Committee also oversees the work carried out in the financial reporting process by Management, Internal Auditor and the External Auditor. The 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.
- Carries 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

Mr. Shuaibu Idris	Independent Non-Executive Director (Chairman)	
Mrs. Bola Odukale	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director/CEO	Member

3. BOARD ESTABLISHMENT, GOVERNANCE & REMUNERATION COMMITTEE (EGRC)

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 responsible for monitoring corporate governance developments, best practices for corporate governance and furthering the effectiveness of the Company's

corporate governance practices. The committee also deals with matters affecting determination of the renumeration policy and its application to Executive Management.

RESPONSIBILITIES

- Reviews from time to time the People Management Policies and makes recommendations to the Board as appropriate;
- Reviews and recommends 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;
- Reviews of staff compensation and welfare packages and makes recommendation to the Board;
- Considers and approves annual training programmes for the Company's staff in order to ensure overall staff development.
- Develop a formal clear and transparent framework for the Company's renumeration policy and procedure.
- Makes recommendation on compensation structure for Executive Directors.

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;
- Oversees the evaluation of the Board;
- Recommends to the Board, Director nominees for each Committee of the Board;
- Coordinates and recommends Board and Committee meeting schedules;
- Advise the Company on the best business practices being followed on corporate governance issues nationally and world–wide;
- To recommend to the Board the governance structure for the management of the affairs of the Company;
- To 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 & Remuneration Committee met six times during the period under review.

MEMBERSHIP/COMPOSITION

Prince Ben Onuora	Non-Executive Director	Chairman
Mr. Shuaibu Idris	Independent Non-Executive Director	Member
Dr. Layi Fatona	Non-Executive Director	Member

ATTENDANCE AT BOARD & ITS COMMITTEES' MEETINGS

	BOARD	FIGPC	ARMCC	BEGRC
Mr. Obinna Ekezie	6	N/A	N/A	N/A
Mr. Eddie A. Efekoha	6	5	5	N/A
Mr. Shuaibu Idris	6	N/A	5	6
Prince Ben Onuora	6	5	N/A	6
Mrs. Adebola Odukale	6	5	5	N/A
Dr. Layi Fatona	6	5	N/A	6
Mrs. Mary Adeyanju	6	5	N/A	N/A
Mr. Babatunde Daramola	6	5	N/A	N/A
	28/01/21	26/01/21	26/01/21	15/01/21
	22/02/21	22/04/21	22/02/21	15/04/21
	28/04/21	26/07/21	22/04/21	30/06/21
	30/07/21	25/10/21	26/07/21	15/07/21
	28/10/21	08/12/21	25/10/21	16/10/21
	15/12/21		-	25/10/21

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.

ATTENDANCE RECORD OF DIRECTOR RETIRING BY ROTATION SUBJECT TO RE-ELECTION

	BOARD	FIGPC	ARMCC	BEGRC
Mr. Shuaibu Idris	6	N/A	5	6

STATUTORY AUDIT COMMITTEE

The constitution and composition of the Statutory Audit Committee is in compliance with Section 404 of the Companies and Allied Matters Act, 2020. The Committee is made of two 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:

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

Responsibilities

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

Meetings of the Committee

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

	Members		12/01/21	22/02/21	09/12/21
	Mr. Tony Anonyai	Shareholder/Chairman	✓	✓	✓
	Chief James Emadoye	Shareholder	✓	✓	✓
	Chief Simon Okiotorhoro	Shareholder	✓	✓	✓
	Mrs. Bola Odukale	Director	✓	✓	✓
	Mr. Shuaibu Idris	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 NGX 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.

DIRECTORS' NOMINATION AND APPPOINTMENT PROCESSES

Appointment to the Board is regulated by an approved Board Appointment Policy which accords with best practice, the requirements of the applicable codes of Corporate Governance and the provisions of the Companies and Allied Matters Act 2020.

TRAINING AND INDUCTION OF NEW DIRECTORS

Training on directors needs to help them perform optimally in their responsibilities are organized on an annual basis. Board Retreat is also an avenue where the Board Members are trained and refreshed on their fiduciary duties to the Company and on emerging trends in the insurance industry and the general business environment. However, no new Director was appointed in the financial year ended 31st December 2021.

Newly appointed Directors are made to undergo induction with the Board and top executives of the Company to aid seamless integration to the responsibilities of the Board. The Board Retreat also serves as an opportunity for integrating new Directors into the Board.

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.

SUSTAINABILITY REPORTING

The following principles and practices are part of the Company's approach towards ensuring a sustainable socio-economic environment:

a. **Corruption**
   Ours is a company that abhors corruption in business practice. To ensure activities in this regard are discouraged, we have put in place an Anti- bribery policy which is included in all Service Level Agreements with vendors.

b. Environmental Protection
The nature of our services is not such that emit hazardous substances to the environment. We nonetheless have in place a robust Enterprise Risk Management framework. This consists of a policy and a set of procedures to identify, assess and manage environmental and other risks.

c. HIV/AIDS
The Company does not discriminate in the employment of persons living with HIV/AIDS and any form of disability. This is explicit in the employment policy.

d. Awareness Creation
We are known as the foremost contributor to tertiary education in insurance through the annual Consolidated Hallmark Insurance Essay Competition. This forms part of our Corporate Social Responsibilities

SPONSORSHIP AND DONATIONS

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

Organisation	Amount
Professional Insurance Ladies Association Building Project	300,000.00
Chartered Insurance Institute of Nigeria Annual Fitness Walk	130,000.00
Nigeria Insurers Association Investiture	750,000.00
CHI Annual Essay Competition Awards	1,050,000.00
Lagos Business School Alumni	500,000.00
The Nigeria Cup Ikoyi Club 1938	250,000.00
The Nigeria Council of Registered Insurance Brokers Investiture	500,000.00
The Nigerian Council of Registered Insurance Brokers Forum	2,500,000.00
National Association of Insurance & Pension Correspondents	200,000.00
Oratory Programme (Cyril Odia)	1,000,000.00
Ikeja Golf Club Corporate Challenge	300,000.00
OBN Basketball Academy	1,500,000.00
African Insurance Organisation Conference	5,000,000.00
Total	**13,980,000.00**

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 2021 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 Exchange Limited 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 Professional Services have indicated their willingness to serve as the Company's External Auditors in accordance with section 401 of the Companies and Allied Matters Act 2020.
A resolution will be proposed at the Annual General Meeting to authorize the Directors to fix their remuneration.

COMPLIANCE STATEMENT

The Board of Directors affirm that it is in substantial compliance with the Nigerian Code of Corporate Governance and requirements of the Securities and Exchange Commission, National Insurance Commission, the Financial Reporting Council, the Nigerian Exchange Limited, the Corporate Affairs Commission and other applicable regulatory requirements of Governments Agencies.

By order of the Board

RUKEVWE FALANA
Company Secretary
FRC/2016/NBA/00000014035

Statement of Directors' Responsibilities
In accordance with the provisions of Section 334 and 335 of the Companies and Allied Matters Act 2020 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 its Subsidiaries 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 Group and to prevent and detect fraud and other irregularities.
- The Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act 2011 and Prudential Guidelines issued by NAICOM.
- The Group 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 Group 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 2020;
- 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 Group 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 Group will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors on February 22, 2022 by:

…………………………….	……………………………………….
Mr. Eddie Efekoha	**Mr. Obinna Ekezie**
Managing Director/CEO	**Chairman, Board of Director**
FRC/2013/CIIN/00000002189	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 period ended December 31, 2021 that:

a. We have reviewed the report;

To the best of our knowledge, the report does not contain:

i. Any untrue statement of a material fact, or
ii. Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

b. 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.

c. 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 subsidiaries 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;

d. We have disclosed to the auditors of the Company and Audit Committee:

i. 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
ii. 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. Babatunde Daramola
E.D. Finance, Systems & Investment
FRC/2012/ICAN/00000000564

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

SIAO

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Fax: 01-463 0870

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Central District Area, FCT, Abuja.
Tel: 09-291 2462-3
Email: enquiries@siao.ng.com
Website: www.siao-ng.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Consolidated Hallmark Insurance Plc

Report on the Audit of the Consolidated Financial Statements for the year ended 31st December, 2021

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, 2021 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, 2021 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, 2020, 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 Insurance Contract Liabilities	How our audit addressed the key Audit Matters
*Refer to **Note 15** in the Group financial statements*	Our procedures in relation to management's valuation of insurance contract liabilities using a firm of Actuaries include:
Management has estimated the value of insurance contract liabilities in the Group financial statements to be N5.474 billion as at the year ended 31st December, 2021 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: - Estimates are subject to uncertainty from various sources including changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation and economic conditions; - The report is subject to terms and limitations including limitations of liability, agreed when commencing the exercise; - 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.	- 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 15 and found them to be appropriate based on the assumptions and test result.

Other information

Management is responsible for the Other Information. The Other Information comprises all the information in the Consolidated Hallmark Insurance Plc 2021 annual report other than the Group financial statements and our auditors' report thereon ("the Other Information").

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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 Standard (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020, Financial Reporting Council Act 2011, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and National Insurance Commission (NAICOM) circulars. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

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

Our Objectives are to obtain reasonable assurance about whether the Group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Companies and Allied Matters Act, 2020 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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.

SIAO

Report on Other Legal and Regulatory Requirements

Contravention of Regulatory Guidelines

The Company did not contravene any regulatory infraction during the year.

Compliance with the FRC guidance for reporting the effects of COVID-19 on business operations

The Group complied with the guidance provided by the Financial Reporting Council (FRC) for reporting the impact of COVID-19 on its operations. Also, we confirm that we have obtained sufficient appropriate audit evidence regarding going concern applicability. We conclude, based on the audit evidence obtained up to the date of our auditor's report that no material uncertainty exists about the Group's ability to continue as a going concern.

Compliance with the requirements of the Companies and Allied Matters Act, 2020 and Nigerian Insurance Act 2003

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

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
1021683

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

Date: 22nd February, 2022

Report of the Audit Committee

REPORT OF THE STATUTORY AUDIT COMMITTEE TO THE MEMBERS OF CONSOLIDATED HALLMARK INSURANCE PLC FOR THE YEAR ENDED 31ST DECEMBER 2021.

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

1. We confirm that we have reviewed the Audit Plan and scope and the Management letter on the audit of the account of the Company and the responses to the said letter.
2. In our opinion, the plan and scope of the audit for the year ended 31st December 2021 are adequate. We have reviewed the Auditor's findings and we are satisfied with the Management responses thereon.
3. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices.
4. The internal control was being constantly and effectively monitored.
5. The Committee reviewed the internal audit programmes and report for the year and is satisfied with the status.
6. Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

Dr. Tony Anonyai
Chairman of the Audit Committee
FRC/2013/ICAN/00000002579
Dated 22nd February 2022

MEMBERS OF THE AUDIT COMMITTEE

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

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

General Information;

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

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

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

These consolidated and separate financial statements have been authorized for issue by the Board of Directors on **February 22, 2022**.

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

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

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

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

Subsidiaries;

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

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

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

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

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

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

Impact of Covid 19 on Financial Statement

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

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

In accordance with the Group's Business Continuity Plans, the IT unit provided Virtual Private Network (VPN) access to staff from different remote locations without compromising security. This enabled us to achieve flexible work arrangements and alternate team split with some of our staff working from their respective homes. As our employees continue to work from home, we monitored staff productivity and continually maintained the confidentiality of all sensitive information.

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

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

The outbreak of Covid 19 (Dental varietant/Omicrom) did not impact on the activities and performance of the Group as at the end of the year 2021.

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

1. Basis of presentation:

1.1 Statement of compliance with IFRS

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

These are the Group's financial statements for the year ended 31 December 2021, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

1.1.2 Application of new and amended standards

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial period.

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

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

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.
This amendment has no impact on the Group.

Amendments to IFRS 4 – Insurance Contract, regarding implementation of IFRS 9
The IASB issued the amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

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

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2021, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. Group did not early adopt any of IFRS 9 in previous periods.
Adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current year.

The Group does not currently apply hedge accounting. The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.
Set out below are disclosures relating to the impact of the adoption of IFRS 9 on FBN Insurance Limited. Further details of the specific IFRS 9 accounting policies applied in the current period are described in the accounting policies section.
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IFRS 9 - Financial instruments

IFRS 9 introduces a new approach for classification and measurement of financial instruments, a more forward looking Impairment methodology and a new general hedge accounting requirement.

Classification and Measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories:
fair value through profit or loss, fair value through other comprehensive income and amortised cost.

Financial assets will be measured at amortised cost if they are held within a business model with the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. Our assessment revealed that the adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases. IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

Impairment Methodology

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss. IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

The requirement to recognise lifetime ECL for assets which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. The Group has developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic. An assessment of the ECL in the Group's balance sheet reflects an increase in the provisions for credit losses. However, this increase will not have a significant impact on regulatory capital and invariably the Capital adequacy.

Hedge Accounting

The hedge accounting requirements in IFR S 9 are optional . If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains on the risk exposures they hedge. The application of the hedge accounting requirements in IFRS 9 is optional and can only be applied when certain eligibility and qualification criteria are met. A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

1. the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
2. At inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge; and
3. The hedging relationship meets all of the hedge effectiveness requirements.

Hedge accounting allows an entity to reflect its risk management activities in the financial statements by matching gains or losses on hedging instruments (e.g. derivatives) with losses or gains on the risk exposures they hedge (e.g. foreign currency sales).

The Company has fully adopted IFRS 9 in the preparation of this financial statement

IMPACT ANALYSIS - ADOPTION OF IFRS 9 'FINANCIAL INSTRUMENTS'
The Company adopted IFRS 9 from January 1, 2021 using the full retrospective approach of adoption and comparatives have been restated.

The investment classifications Available-for sale financial assets, Held-to-Maturity investments and Loans and receivables are no longer used and financial assets at Fair Value through Other Comprehensive Income and Amortised costs were introduced. The Group had investments held in these categories as at December 31, 2020. However, there is gap in the current classification and measurement of the financial assets and liabilities. This is because Available-for- sale financial assets under IAS 39 were measured at Fair value through Other Comprehensive Income and Held-to- Maturity was not measured at Amortised Costs under IAS 39.

However, impairment charges resulting from the change in the impairment methodology impacted the Company's financial assets and the changes have been reflected retrospectively in the Group's opening Retained Earning as at January 1, 2021.

Under IAS 39, the impairment methodology was Incurred Loss Model where impairment assessment will be carried out only when there was an objective evidence of impairment. IFRS 9 Impairment model are based on an Expected Credit Loss Model which applies 3 -stage approach to measuring expected credit losses (ECL).

The Group has applied the Expected Credit Loss Model which resulted into impairment loss of N30.06Million as at January 1, 2021

The impact of IFRS 9 on the statement of financial position for the group as at January 1, 2021 is as follows:

The impact of IFRS 9 on the statement of financial position for the group as at December 31, 2020 as follows:

Group	Note	December 31, 2020					Balance ast Jan. 1, 2021
		IAS 39 Classification and measurement	Reclassification	Measurement	ECL	Tax	IFRE 9 Classification and measurement
Assets		N	N		N		N
Cash and cash equivalents	iv	3,173,916,076			(4,391,995)		3,169,524,082
Financial assets:							-
-At fair value through profit or loss		778,767,398					778,767,398
-Loans and receivables	i	947,576,589	(947,576,589)				-
-At Ammortised Cost	v		3,577,270,856		(15,912,608)		3,561,358,248
-Available for sale assets	ii	72,348,451	(72,348,451)				-
-Fair Value Through OCI	vi		72,348,451	20,516,631			92,865,082.40
-Held to maturity	iii	2,629,694,266	(2,629,694,266)				-
Deposit for shares		-					-
Finance lease receivables		86,247,031					86,247,031
Trade receivables	vii	607,688,316			(126,130)		607,562,185
Reinsurance assets	viii	3,018,080,617			(9,602,989)		3,008,477,628
Deferred acquisition cost		355,066,148					355,066,148
Other receivables & prepayment	ix	129,353,111			(27,651)		129,325,460
Investment in subsidiaries		-					-
Intangible Assets		36,574,657					36,574,657
Investment properties		1,042,487,470					1,042,487,470
Property and equipment		1,021,572,225					1,021,572,225
Right-of-Use assets		9,968,479					9,968,479
Statutory deposits		402,000,000					402,000,000
							-
Total assets		14,311,340,834	-	20,516,631	(30,061,373)	-	14,301,796,092
Liabilities							
Insurance contract liabilities		5,208,233,152					5,208,233,152
Trade payables		13,972,733					13,972,733
Borrowing		5,013,052					5,013,052
Other payables and provision		221,056,870					221,056,870
Retirement benefit obligations		4,129,526					4,129,526
Deposit for Shares		-					-
Income tax liabilities		359,459,121					359,459,121
Deferred tax liabilities	xii	177,878,284				6,565,322	184,443,606
Total liabilities		5,989,742,738	-	-	-	6,565,322	5,996,308,060
Equity and reserves							
Issued and paid up share capital		5,420,000,000					5,420,000,000
Share Premium		168,933,834					168,933,834
Contingency reserve		2,136,621,663					2,136,621,663
Statutory reserve		45,964,378					45,964,378
OCI Reserve	xi			20,516,631		(6,565,322)	13,951,309
Retained earnings	x	550,078,221			(30,061,373)		520,016,849
Total equity and reserves		8,321,598,096	-	20,516,631	(30,061,373)	(6,565,322)	8,305,488,032
Total liabilities and equity and reserves		14,311,340,834	-	20,516,631	(30,061,373)	-	14,301,796,092

The impact of IFRS 9 on the statement of financial position for the group as at December 31, 2020 as follows:

		December 31,2020					Balance at Jan. 1, 2021
		IAS 39 Classification and measurement	Reclassification	Measurement	ECL	Tax	IFRE 9 Classification and measurement
Company	**Note**	**N**	**N**		**N**		**N**
Assets							
Cash and cash equivalents	iv	2,175,313,539			(3,613,504)		2,171,700,035
Financial assets:							-
-At fair value through profit or loss		772,258,498					772,258,498
-Loans and receivables	i	211,045,461	(211,045,461)				-
-At Ammortised Cost	v		2,840,739,727		(15,912,608)		2,824,827,119
-Available for sale assets	ii	70,148,451	(70,148,451)				-
-Fair Value Through OCI	vi		70,148,451	20,516,631			90,665,082
-Held to maturity	iii	2,629,694,266	(2,629,694,266)				-
Deposit for shares		-					-
Finance lease receivables		-					-
Trade receivables	vii	481,030,540					481,030,540
Reinsurance assets	viii	3,018,080,617			(9,602,989)		3,008,477,628
Deferred acquisition cost		344,817,850					344,817,850
Other receivables & prepayments	ix	388,249,870					388,249,870
Investment in subsidiaries		1,494,225,000					1,494,225,000
Intangible Assets		30,480,413					30,480,413
Investment properties		948,826,470					948,826,470
Property and equipment		963,585,844					963,585,844
Right-of-Use assets		-					-
Statutory deposits		300,000,000					300,000,000
							-
Total assets		13,827,756,819	-	20,516,631	(29,129,100)	-	13,819,144,350
Liabilities							
Insurance contract liabilities		5,014,339,773					5,014,339,773
Trade payables		13,972,733					13,972,733
Borrowing		-					-
Other payables and provision		208,764,373					208,764,373
Retirement benefit obligations		2,253,607					2,253,607
Deposit for Shares		-					-
Income tax liabilities		289,145,971					289,145,971
Deferred tax liabilities	xii	173,040,130				6,565,322	179,605,452
Total liabilities		5,701,516,587	-	-	-	6,565,322	5,708,081,909
Equity and reserves							
Issued and paid up share capital		5,420,000,000					5,420,000,000
Share Premium		168,933,834					168,933,834
Contingency reserve		2,136,621,663					2,136,621,663
Statutory reserve		-					-
OCI Reserve	xi			20,516,631		(6,565,322)	13,951,309
Retained earnings	x	400,684,735			(29,129,100)		371,555,635
Total equity and reserves		8,126,240,232	-	20,516,631	(29,129,100)	(6,565,322)	8,111,062,441
Total liabilities and equity and reserves		13,827,756,819	-	20,516,631	(29,129,100)	-	13,819,144,350

	Key impact analysis of IFRS 9 on the financial poisition as at December 31, 2020:		
		Group	Company
i	Loans and Receivables	N	N
	Balance as per 2020 audited financial statements	947,576,589	211,045,461
	Reclassified to Amortised Cost	(947,576,589)	(211,045,461)
		-	-
ii	Available for sale assets		
	Balance as per 2020 audited financial statements	72,348,451	70,148,451
	Reclassified to fair value through OCI	(72,348,451)	(70,148,451)
		-	-
iii	Held to Maturity		
	Balance as per 2020 audited financial statements	2,629,694,266	2,629,694,266
	Reclassified to Amortised Cost	(2,629,694,266)	(2,629,694,266)
		-	-
iv	Cash and cash equivalent		
	Balance as per 2020 audited financial statements	3,173,916,076	2,175,313,539
	Impairment loss	(4,391,995)	(3,613,504)
		3,169,524,082	2,171,700,035
	Impact on Equity	(4,391,995)	(3,613,504)
v	Assets at Amortised Cost		
	Balance as per 2020 audited financial statements	-	-
	Reclassified from Loans and receivables	947,576,589	211,045,461
	Reclassified from Held to Maturity	2,629,694,266	2,629,694,266
	Impairment loss	(15,912,608)	(15,912,608)
		3,561,358,248	2,824,827,119
	Impact on Equity	(15,912,608)	(15,912,608)
vi	Fair Value Through OCI		
	Balance as per 2020 audited financial statements	-	-
	Reclassified from AFS	72,348,451	70,148,451
	Fair value gain	20,516,631	20,516,631
		92,865,082	90,665,082
	Impact on OCI Reserve	13,951,309	13,951,309
vii	Trade Receivable		
	Balance as per 2020 audited financial statements	607,688,316	481,030,540
	Impairment loss	(126,130)	-
		607,562,185	481,030,540
	Impact on Equity	(126,130)	-
viii	Reinsurance Asset		
	Balance as per 2020 audited financial statements	3,018,080,617	3,018,080,617
	Impairment loss	(9,602,989)	(9,602,989)
		3,008,477,628	3,008,477,628
	Impact on Equity	(9,602,989)	(9,602,989)
ix	Other Receivables		
	Balance as per 2020 audited financial statements	129,353,111	388,249,870
	Impairment loss	(27,651)	-
		129,325,460	388,249,870
	Impact on Equity	(27,651)	-
x	Retained Earnings		
	Balance as per 2020 audited financial statements	550,078,221	400,684,735
	Impairment loss	(30,061,373)	(29,129,100)
		520,016,849	371,555,635
xi	OCI Reserve		
	Balance as per 2020 audited financial statements	-	-
	Fair value gain	13,951,309	13,951,309
		13,951,309	13,951,309
xii	Deferred tax		
	Balance as per 2020 audited financial statements	177,878,284	173,040,130
	Charged on fair value gain	6,565,322	6,565,322
		184,443,606	179,605,452

1. The Group has assessed the classification of its financial instruments and concludes that the business model has not changed significantly compared with the classification under IAS 39. The Group is not likely to be exposed to any significant volatility in assets and capital following the full adoption of IFRS 9 earlier than 2022 when IFRS 17 will be adopted. In line with the Group's business model, all financial assets and financial liabilities are matched through profit or loss.

2. As of 1 January 2021, the Group's analysis highlighted the components of its cash and cash equivalents as including short-term deposit (i.e. call and termed deposits), bank accounts balances held with banks and cash in hand. The balances meet the SPPI criterion and these were classified as financial assets carried at amortised cost.

3. The Group assessed its investment in Quoted stocks measured at fair value through profit or loss under IAS 39 and retained its classification as the financial liabilities are also measured through profit or loss.

4. The Group assessed its Loans and receivables and investment securities (treasury bills and federal government bonds) and measured held to maturity under IAS 39 and are now classified as amortised cost. The balances were assessed for impairment and the ECL impairment recognised amounted to N15,912,608.

5. All AFS Unquoted Equity previously carried at available-for-sale under IAS 39 are measured at fair value through other comprehensive income as the Group expects not only to hold the assets to collect contractual cash flow but also to sell some amount on a relatively basis. The balances were fair valued the fair value gain recognised amounted to N20,516,631.

6. The Group also assessed its Trade and Other receivables balances and concluded that the payments meet the SPPI criterion and based on the Company's business model for holding the balances, concluded that they remain valued at amortised cost as was the case under IAS 39.

1.1.3 Standards and Interpretations Issued but not yet Effective

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

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

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

Amendment to IAS 16 – Property, Plant and Equipment

The IASB issued amendment to IAS 16 – Property, Plant and Equipment which is effective for annual reporting periods beginning on or after 1 January 2022. The amendment prohibits the deduction from the cost to an item of property, plant and equipment proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity should recognize the sale proceeds and related production cost of those items in Profit or loss.
The amendment is not expected to have any impact on the Group.

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

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

The amendment clarifies that the costs that relate to a contract comprise both incremental costs of fulfilling the contract and an allocation of other direct costs related to the contract activities.
The amendment do not have any material impact on the Group.

IFRS 17 – Insurance Contracts

The IASB issued IFRS 17 in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard.
The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.
The impact on the Group and its subsidiary companies will reflect when it is adopted.

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

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

• What is meant by a right to defer settlement.

• That a right to defer must exist at the end of the reporting period.

• That classification is unaffected by the likelihood that an entity will exercise its deferral right.

• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Board also added two new paragraphs (Paragraph 76A and 76B) to IAS1 to clarify what is meant by "settlement" of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.
The amendment does not have any material impact on the Group.

IFRS 8 – Definition of Accounting Estimates
The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendment does not have any material impact on the Group.

IFRS 3 – Reference to the Conceptual Framework

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

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

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.
Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

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

1.2 Basis of measurement
These financial statements are prepared on the historical cost basis except for the following:

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

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

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

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

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

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

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

1.5 Use of estimates and judgments

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

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change
affects that period only, or in the period of change and future period, if the change affects both.

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

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

(b) Impairment of trade receivables
The Group adopted the policy of no premium no cover and the trade receivables outstanding as at the reporting period are premium receivable within 30days that are due from brokers. The trade receivable was further subjected to impairment based on management judgement. Internal models were developed based on company's specific collectability factors and trends to determine amounts to be provided for impairment of trade receivables. Efforts are made to assess significant debtors individually based on information available to

management and where there is objective evidence of impairment they are appropriately impaired. Other trade receivables either significant or otherwise that are not specifically impaired are grouped on a sectorial basis and assessed based on a collective impairment model that reflects the company's debt collection ratio per sector.

(c) Deferred acquisition costs (DAC)

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

(d) Income taxes

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

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

2. Segment reporting

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

3. Cash and cash equivalents

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

3.1 Financial Instruments

Recognition

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

Classification and Measurement

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

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

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

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

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

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

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

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

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

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

I) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows

II) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and

III) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These shall be basically financial assets held with the sole objective to trade and to realize fair value changes.

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

i) Where these sales shall be infrequent even if significant in value. A Sale of financial assets shall be considered infrequent if the sale shall be one-off during the Financial

Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

ii) Where these sales shall be insignificant in value both individually and in aggregate, even if frequent. A sale shall be considered insignificant if the portion of the financial assets sold shall be equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

iii) When these sales shall be made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

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

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

Cash flow characteristics assessment

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

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

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

Classification of Financial Assets

a) Financial assets measured at amortised cost

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

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

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

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

D) **Equity Investments**

Equity instruments shall be measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value shall be recognized in the Consolidated Statement of Income. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election shall be made upon initial recognition, on an instrument-by-instrument basis and once made shall be irrevocable. Gains and losses on these instruments including when derecognized/sold shall be recorded in OCI and shall not be subsequently reclassified to the Consolidated Statement of Income.

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

Financial liabilities shall be classified into one of the following measurement categories:
a) Amortised cost
(b)Fair Value through Profit or Loss (FVTPL)

E) **Financial Liabilities at fair value through profit or loss**
Financial liabilities accounted for at fair value through profit or loss fall into two categories:
financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception
Financial liabilities at fair value through profit or loss shall be financial liabilities held for trading. A financial liability shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which there shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held

for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.
Financial Liabilities shall be designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value shall be recognized in the Consolidated Statement of Income, except for changes in fair value arising from changes in the company's own credit risk which shall be recognized in OCI. Changes in fair value of liabilities due to changes in the company's own credit risk, which are recognized in OCI, shall not be subsequently reclassified to the Consolidated Statement of Income upon derecognition/extinguishment of the liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

Stage 1 – Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss shall be recorded. The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

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

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

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

Measurement of Expected Credit Losses

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

Details of these statistical parameters/inputs are as follows:

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

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

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

EAD – The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

Forward-looking information

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

Macroeconomic factors

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

Multiple forward-looking scenarios

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

Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

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

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

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

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

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

Definition of Default and Credit Impaired Financial Assets

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible.

The Group adopted the policy stated below for Financial Instruments for the year up to December 2020. (IAS 39)

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity 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:

A.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.

A.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.

A.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.

A.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'

A.2 Reclassifications

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

A.3 Impairment of assets

A.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.

A.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.

A.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.

A.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

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

- Company as lessee: Lessees are required to recognize a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.

- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications. Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases. Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

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

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

5. Trade receivables

Trade receivables are recognized when due. These include amounts due from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment using the model that reflects the company’s historical outstanding premium collection ratio per sector.

6. Reinsurance assets and liabilities

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

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

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

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

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

7. Deferred acquisition costs

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

8. Other receivables and prepayments

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

1. Investment in subsidiaries

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

I. Power over the investee
II. Exposure, or rights, to variable returns from its involvement with the investee; and
III. The ability to use its power over the investee to affect the amount of investor's returns.

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

10. Offsetting financial instruments

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

11. Intangible assets

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

Amortization periods and methods are reviewed annually and adjusted if appropriate.
The class of the intangible assets recognised by the company and its amortisation rates are as follows:

	Rate
Computer software	15%

12. Property and equipment

12.1 Recognition and Measurement

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

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

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

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

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement in operating income.

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

12.2 Reclassification to investment property

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

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

13. Statutory Deposit

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

14. Insurance Contract Liabilities

In accordance with IFRS 4, the company has continued to apply the accounting policies it applied in accordance with Pre-changeover Nigerian GAAP subject to issue of Liability adequacy test (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.

14.1 Reserves for unearned premium

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

14.2 Reserves for outstanding claims

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

14.3 Reserves for unexpired risk

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

14.4 Liability adequacy test

At each reporting date, the company performs a liability adequacy test through an Actuary on its insurance contract liabilities less deferred acquisition costs to ensure the carrying amount is adequate, If the estimate shows the carrying amount of liabilities is inadequate, any deficiency is recognized as an expense to the income statement initially by writing off the deferred acquisition expense and subsequently by recognizing an additional claims liability for claims provisions.

15. Investment Contract Liability

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

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

16. Retirement benefits obligations

16.1 Defined contribution plan

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

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

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

17. Share capital

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

18. Share premium

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

19. Contingency reserve

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

20. Statutory reserve

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

21. Regulatory risk reserve

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

22. Dividend distribution

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

23. Revenue recognition

23.1 Premium

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

a) Gross premium

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

b) Gross premium earned

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

a) Unearned premium

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

b) Net premium

Net premium represents gross premium earned less reinsurance costs.

c) Reinsurance premium

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

23.2 Reinsurer's share of unearned premium

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

24. Expenses

a) Reinsurance cost

This represents the outward reinsurance premium paid to reinsurance companies less the unexpired portion as at the end of the current accounting year.
The reinsurance cost is charged to the underwriting revenue account while the unexpired portion is shown as prepaid reinsurance costs, on asset, on the balance sheet.

b) Reinsurance recoveries

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

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

c) Prepaid reinsurance cost

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

d) Gross claims paid

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

e) Gross claims incurred

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

a) Net claims incurred

This is gross claims incurred after adjusting for reinsurance claims recoveries.
All claims paid and incurred are charged against the underwriting revenue account as expense wren Incurred. Reinsurance recoveries are recognized when the company records the liability for the claims.
Anticipated reinsurance recoveries on claims ore disclosed separately as assets.

f) Management expenses

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

Provision for unpaid claims and adjustment expenses

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

25. Salvage and subrogation recoverable

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

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

26. Fees and commission income

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

27. Investment income

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

27.1 Interest income

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

27.2 Other operating income

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

27.3 Realized gains and losses

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

28. Taxation

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

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

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

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

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

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

29. Provisions

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

30. Foreign currency translation

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

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

31. Unclaimed dividend

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

32. Earnings per share

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

33. Borrowings

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

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Group		Company	
		31 December 2021	December 2020	**31 December 2021**	December 2020
		N	N	**N**	N
Assets					
Cash and cash equivalents	2.0	**2,857,075,239**	3,173,916,076	**2,044,305,295**	2,175,313,539
Financial assets	3.0	**5,290,556,583**	4,428,386,704	**3,926,828,203**	3,683,146,676
Finance lease receivables	5	**148,741,442**	86,247,031	**-**	-
Trade receivables	6	**601,620,155**	607,688,316	**543,897,328**	481,030,540
Reinsurance assets	7	**3,410,440,180**	3,018,080,617	**3,410,440,180**	3,018,080,617
Deferred acquisition cost	8	**397,546,015**	355,066,148	**385,296,407**	344,817,850
Other receivables & prepayments	9	**222,692,503**	129,353,111	**547,376,936**	388,249,870
Investment in subsidiaries	10	**-**	-	**1,594,225,000**	1,494,225,000
Intangible Assets	11	**76,702,920**	36,574,657	**29,482,172**	30,480,413
Investment properties	12	**1,098,676,470**	1,042,487,470	**1,008,676,470**	948,826,470
Property and equipment	13	**1,163,708,129**	1,021,572,225	**1,089,355,653**	963,585,844
Right-of-Use of Assets (Leased Assets)	13.3	**6,406,591**	9,968,479	**-**	-
Statutory deposits	14	**400,000,000**	402,000,000	**300,000,000**	300,000,000
Total assets		**15,674,166,226**	14,311,340,834	**14,879,883,645**	13,827,756,819
Liabilities					
Insurance contract liabilities	15	**5,474,050,401**	5,208,233,152	**5,299,544,811**	5,014,339,773
Investment contract liabilities	15.5	**17,660,923**	-	**-**	-
Trade payables	16	**46,805,158**	13,972,733	**46,805,158**	13,972,733
Borrowing	17	**55,800,013**	5,013,052	**-**	-
Other payables and provision	18	**343,540,593**	221,056,870	**275,121,116**	208,764,373
Retirement benefit obligations	19	**2,075,682**	4,129,526	**1,367,928**	2,253,607
Income tax liabilities	21	**462,785,844**	359,459,121	**340,135,901**	289,145,971
Deferred tax liabilities	22	**259,663,907**	177,878,284	**247,979,804**	173,040,130
Total liabilities		**6,662,382,522**	5,989,742,738	**6,210,954,718**	5,701,516,587
Equity and reserves					
Issued and paid up share capital	23.1	**5,420,000,000**	5,420,000,000	**5,420,000,000**	5,420,000,000
Share Premium	24	**168,933,834**	168,933,834	**168,933,834**	168,933,834
Contingency reserve	25.1	**2,437,638,438**	2,136,621,663	**2,437,343,087**	2,136,621,663
Statutory reserve	25.2	**72,039,762**	45,964,378	**-**	-
Fair Value Through OCI Reserve	25.3	**30,615,728**	-	**30,669,221**	-
Revaluation reserve	25.4	**115,793,288**		**115,793,288**	
Requlatory risk reserve	25.5	**1,354,214**	-	**-**	-
Retained earnings	26	**765,408,441**	550,078,221	**496,189,498**	400,684,735
Total equity and reserves		**9,011,783,704**	8,321,598,096	**8,668,928,927**	8,126,240,232
Total liabilities and equity and reserves		**15,674,166,226**	14,311,340,834	**14,879,883,645**	13,827,756,819

The consolidated financial statements were approved by the Board of Directors on February 22, 2022

Obinna Ekezie
Chairman
FRC/2017/IODN/00000017485

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

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

The accompanying notes form an integral part of this financial statements

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Notes	**31 December 2021 N**	31 December 2020 N	**31 December 2021 N**	31 December 2020 N
Gross premium written		**10,500,388,477**	9,775,797,397	**10,024,047,477**	9,377,413,707
					-
Gross premium income	**27**	**10,288,624,511**	9,698,993,709	**9,777,260,944**	9,343,768,010
Reinsurance premium expenses	**28**	**(4,239,089,404)**	(3,691,859,703)	**(4,239,089,404)**	(3,691,859,703)
					-
Net premium income		**6,049,535,107**	6,007,134,006	**5,538,171,540**	5,651,908,307
Fee and commission income	**29**	**529,017,764**	493,373,753	**529,017,764**	493,373,753
					-
Net underwriting income		**6,578,552,872**	6,500,507,759	**6,067,189,304**	6,145,282,060
			-		-
Claims expenses	**30a**	**(3,999,916,445)**	(4,173,175,310)	**(3,635,893,957)**	(3,951,755,823)
Claims recoveries from reinsurers	**30b**	**1,711,954,075**	1,607,269,895	**1,711,954,075**	1,607,269,895
Claims incurred		**(2,287,962,371)**	(2,565,905,415)	**(1,923,939,882)**	(2,344,485,928)
			-		-
Underwriting expenses	**31**	**(2,375,278,382)**	(2,073,847,971)	**(2,330,557,604)**	(2,043,917,985)
Underwriting profit		**1,915,312,119**	1,860,754,373	**1,812,691,817**	1,756,878,147
Investment income	**32**	**1,202,701,967**	940,350,767	**587,842,871**	608,376,462
					-
Other operating income	**33**	**314,676,618**	91,162,556	**274,863,632**	61,797,712
Impairment (charge)	**34**	**(81,565,926)**	(45,399,531)	**(2,219,197)**	-
Net fair value loss on financial assets at fair value through profit or loss	**35**	**(159,457,854)**	72,321,055	**(163,235,988)**	73,530,975
Operating & Administrative expenses	**36**	**(2,219,992,122)**	(2,146,624,937)	**(1,745,727,614)**	(1,794,138,119)
Profit before taxation		**971,674,801**	772,564,283	**764,215,523**	706,445,177
Income tax expense	**20.0**	**(181,036,783)**	(94,581,467)	**(122,060,185)**	(91,639,259)
			-		-
Profit after taxation		**790,638,017**	677,982,816	**642,155,338**	614,805,918
Other comprehensive income/(loss) net of tax					
Items that will be reclassified subsiquently to profit or loss	**33.2**	**132,457,706**	-	**132,511,199**	-
Items that will not be reclassified subsiquently to profit or loss		**-**	-	**-**	-
Total other comprehensive income		**132,457,706**	-	**132,511,199**	-
Total comprehensive income for the year		**923,095,724**	677,982,816	**774,666,537**	614,805,918
Profit attributable to:			-		-
Equity holders of the parents'		**923,095,724**	677,982,816	**774,666,537**	614,805,918
Non-controlling interest interest		**-**	-	**-**	-
Profit attributable to:		**923,095,724**	677,982,816	**774,666,537**	614,805,918
					-
Basic & diluted earnings per share (Kobo)	**37**	**8.52**	6.90	**5.92**	6.26

The accompanying notes form an integral part of this financial statements

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

The Group

	Issued share capital N	Share Premium N	Contingency reserves N	Fair Value Through OCI Reserve N	Revaluation Reserve N	Statutory reserve N	Regulatory risk reserve N	Retained earnings N	Total equity N
At 1 January 2020	4,065,000,000	155,264,167	1,855,299,252			36,863,982	-	501,268,212	6,613,695,613
Changes in equity for 2020:									
Profit for the period	-		-			-	-	677,982,816	677,982,816
Other comprehensive income for the period	-		-			-	-	-	-
Total comprehensive loss for the period	-	-	-			-	-	677,982,816	677,982,816
Transactions with owners:									
Transfer within reserves	-	-	281,322,411			9,100,396	-	(290,422,808)	-
Addition	1,016,250,000	13,669,667						-	1,029,919,667
Bonus issues relating to 2019 paid alloted during the year	338,750,000		-			-	-	(338,750,000)	-
Non-controlling interest arising on business combination	-		-			-	-	-	-
Contribution by and to owners of the business	1,355,000,000	13,669,667	281,322,411			9,100,396	-	(629,172,808)	1,029,919,667
At DECEMBER 2020	5,420,000,000	168,933,834	2,136,621,663			45,964,378	-	550,078,221	8,321,598,096
Impact of IFRS 9 on opening balances				**13,951,309**	**-**		**-**	**(30,061,373)**	**(16,110,063)**
At 1 January 2021	**5,420,000,000**	**168,933,834**	**2,136,621,663**	**13,951,309**	**-**	**45,964,378**	**-**	**520,016,848**	**8,305,488,032**
Changes in equity for 2021:									
Profit for the period	**-**		**-**			**-**	**-**	**790,638,017**	**790,638,017**
Other comprehensive income for the period	**-**		**-**	**16,664,419**	**115,793,288**	**-**	**-**	**-**	**16,664,419**
Total comprehensive income for the period	**-**	**-**	**-**	**16,664,419**	**115,793,288**	**-**	**-**	**790,638,017**	**807,302,436**
Transactions with owners:									
Transfer within reserves	**-**	**-**	**301,016,775**			**26,075,385**	**-**	**(327,092,160)**	**-**
Addition	**-**	**-**					**1,354,214**	**(1,354,214)**	**-**
Dividends relating to prior periods paid during the period	**-**		**-**			**-**	**-**	**(216,800,050)**	**(216,800,050)**
Non-controlling interest arising on business combination	**-**		**-**			**-**	**-**	**-**	**-**
Contribution by and to owners of the business	**-**	**-**	**301,016,775**	**-**	**-**	**26,075,385**	**1,354,214**	**(545,246,424)**	**(216,800,050)**
At December 2021	**5,420,000,000**	**168,933,834**	**2,437,638,438**	**30,615,728**	**115,793,288**	**72,039,762**	**1,354,214**	**765,408,441**	**9,011,783,704**

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

The Company

	Issued share capital N	Share Premium N	Contigency reserves N	Fair Value Through OCI Reserve N	Revaluation Reserve N	Retained earnings N	Total equity N
At 1 January 2020	4,065,000,000	155,264,167	1,855,299,252	-	-	405,951,230	6,481,514,649
Changes in equity for 2020:							
Profit for the period	-	-	-			614,805,918	614,805,918
Other comprehensive income for the period	-		-			-	-
Total comprehensive income for the period	-	-	-	-	-	614,805,918	614,805,918
Transactions with owners:							
Transfer within reserves	-		281,322,411			(281,322,411)	-
Addition	1,016,250,000	13,669,667					1,029,919,667
Bonus issue relating to prior periods alloted durin	338,750,000					(338,750,000)	-
Contribution by and to owners of the business	1,355,000,000	13,669,667	281,322,411			(620,072,411)	1,029,919,667
At DECEMBER 2020	5,420,000,000	168,933,834	2,136,621,663	-	-	400,684,735	8,126,240,232
Impact of IFRS 9 on opening balances				**13,951,309**		**(29,129,100)**	**(15,177,791)**
				-			**-**
At 1 January 2021	**5,420,000,000**	**168,933,834**	**2,136,621,663**	**13,951,309**	**-**	**371,555,635**	**8,111,062,441**
Changes in equity for 2021:							
Profit for the period	**-**	**-**	**-**			**642,155,338**	**642,155,338**
Other comprehensive income for the period	**-**		**-**			**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**642,155,338**	**642,155,338**
Transactions with owners:							
Transfer within reserves	**-**		**300,721,425**			**(300,721,425)**	**-**
Addition		**-**		**16,717,912**	**115,793,288**		**132,511,199**
Dividend paid during the period						**(216,800,050)**	**(216,800,050)**
Contribution by and to owners of the business	**-**	**-**	**300,721,425**	**16,717,912**	**115,793,288**	**(517,521,475)**	**(84,288,851)**
At December 2021	**5,420,000,000**	**168,933,834**	**2,437,343,087**	**30,669,221**	**115,793,288**	**496,189,498**	**8,668,928,927**

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Notes	31 December 2021 N	31 DECEMBER 2020 N	31 December 2021 N	31 DECEMBER 2020 N
Cash flows from operating activities					
Premium received from policy holders	6.1	**10,506,109,202**	9,461,857,077	**9,961,180,689**	9,096,282,475
Reinsurance receipts in respect of claims		**1,528,526,240**	1,099,371,558	**1,528,526,240**	1,099,371,558
Commission received	29	**571,439,345**	402,856,705	**571,439,345**	402,856,705
Other operating receipts	33	**314,676,618**	91,162,556	**274,863,632**	61,797,712
Cash paid to and on behalf of employees	36a	**(847,930,814)**	(745,955,263)	**(570,018,833)**	(630,218,574)
Reinsurance premium paid	16	**(4,425,912,507)**	(3,553,764,554)	**(4,425,912,507)**	(3,553,764,554)
Claims paid	30a	**(3,960,735,941)**	(3,116,308,123)	**(3,597,475,453)**	(2,894,888,636)
Commission expenses	8	**(1,646,141,314)**	(1,335,814,155)	**(1,633,891,705)**	(1,305,884,169)
Maintainance expenses	31	**(737,144,456)**	(733,035,975)	**(737,144,456)**	(733,035,975)
Other operating cash payments		**(1,353,040,353)**	(1,159,366,740)	**(1,216,808,919)**	(1,040,495,683)
Company income tax paid	21.2	**(69,731,872)**	(124,258,062)	**(65,054,114)**	(110,780,655)
Net cash (used in)/ from operating activities		**(386,435,684)**	286,745,023	**89,703,920**	391,240,203
Cash flows from investing activities					
Purchase of property and equipment	13	**(110,129,553)**	(146,173,554)	**(75,884,600)**	(128,628,480)
Purchase of intangible asset	11	**(51,224,666)**	(21,448,064)	**(7,296,908)**	(13,585,913)
Additions to investment properties	12	**(231,850,000)**	(198,721,000)	**(141,850,000)**	(198,721,000)
Proceeds from sale of Investment properties		**142,400,000**	**-**	**90,000,000**	-
Investment in subsidiaries	10.	**-**	-	**(100,000,000)**	(464,225,000)
Proceeds from sale of property and equipment	13	**28,145,393**	4,883,647	**28,145,393**	4,883,648
Purchase of financial assets	3.	**(2,941,522,447)**	(3,621,794,202)	**(1,582,048,547)**	(3,045,233,034)
Proceeds from sale of financial assets	3.	**2,189,231,793**	3,780,713,162	**1,522,762,958**	3,417,441,302
Dividend received	32	**101,095,583**	40,402,530	**101,095,583**	40,402,530
Rental Income received	32	**12,575,667**	9,816,808	**12,575,667**	9,816,808
Interest received	32	**1,102,851,757**	297,139,437	**153,074,513**	69,937,525
Net cash from investing activities		**241,573,527**	144,818,764	**574,058**	(307,911,614)
Cash flows from financing activities					
Proceeds on private placemant	23.1	**-**	1,029,919,667	**-**	1,029,919,667
Proceeds from borrowing	**17**	**142,596,600**	2,000,000	**-**	-
Payment on borrowing (principal & Interest)	**17**	**(91,809,639)**	(7,435,484)	**-**	-
Refund of excess on right issue	20.1	**-**	-	**-**	-
Dividend paid	26	**(216,800,050)**	-	**(216,800,050)**	-
Net cash used in financing activities		**(166,013,089)**	1,024,484,183	**(216,800,050)**	1,029,919,667
Increase in cash and cash equivalents		**(310,875,245)**	1,456,047,968	**(126,522,071)**	1,113,248,256
Cash and cash equivalents at Beginning		**3,266,638,999**	1,810,591,031	**2,268,036,462**	1,154,788,206
Gross Cash and cash equivalent at End	2	**2,955,763,754**	3,266,638,999	**2,141,514,391**	2,268,036,462

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 2021

1. Corporate information

1.1 The Group

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

1.2 The Company

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

1.3 Principal activities

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

		Group		Company	
		31 December 2021 N	December 2020 N	**31 December 2021 N**	December 2020 N
2.	**Cash and cash equivalents**				
	Cash in hand	**17,233,925**	10,950,034	**17,233,925**	10,950,034
	Balance with banks	**1,235,172,472**	830,541,720	**420,923,109**	246,595,444
	Call deposits	**11,267,223**	6,733,226	**11,267,223**	6,733,226
	Fixed deposits (Note 2.1)	**1,692,090,134**	2,418,414,019	**1,692,090,134**	2,003,757,758
		2,955,763,754	3,266,638,999	**2,141,514,391**	2,268,036,462
	Impairment charge (Note 2.2)	**(98,688,515)**	(92,722,923)	**(97,209,096)**	(92,722,923)
		2,857,075,239	3,173,916,076	**2,044,305,295**	2,175,313,539

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

2.2	**Impairment charge**				
	At 1 January	**92,722,923**	92,722,923	**92,722,923**	92,722,923
	Ifrs 9 opening figure adjustment	**4,391,994**	-	**3,613,504**	-
	Credit loss on fixed deposit (IFRS 9)	**1,573,598**	-	**872,669**	-
	At December 2021	**98,688,515**	92,722,923	**97,209,096**	92,722,923

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

3.	**Financial assets**				
	At fair value through profit or loss (Note 3.1)	**988,259,728**	778,767,398	**977,972,694**	772,258,498
	At Amortised cost (Note 3.2)	**4,183,462,523**	-	**2,832,142,512**	-
	At fair value through OCI (Note 3.3)	**118,834,331**	-	**116,712,998**	-
	Loans and Receivables (Note 3.4)	**-**	947,576,589	**-**	211,045,461
	Available for sale (Note 3.6)	**-**	72,348,451	**-**	70,148,451
	Held to maturity (Note 3.5)	**-**	2,629,694,266	**-**	2,629,694,266
		5,290,556,583	4,428,386,704	**3,926,828,203**	3,683,146,676
	Movement in Financial Assets				
	Opening	**4,428,386,704**	4,197,638,009	**3,683,146,676**	3,632,940,135
	Addition	**2,941,522,447**	3,621,794,201	**1,582,048,547**	3,045,233,034
	Disposal	**(2,189,231,793)**	(3,780,713,162)	**(1,522,762,958)**	(3,417,441,302)
	Interest Capitalised	**318,668,456**	348,883,834	**318,668,456**	348,883,834
	Impairment (note 34)	**(67,242,888)**	(31,537,233)	**(225,717)**	-
	Opening impaiment adjustment	**(27,111,619)**		**(15,912,608)**	
	Opening Fair value gains through OCI adjustment	**20,516,631**		**20,516,631**	
	Fair value (loss)/ gains	**(159,457,854)**	72,321,055	**(163,235,988)**	73,530,975
	Fair value gains through OCI	**24,506,497**		**24,585,164**	
	Closing	**5,290,556,583**	4,428,386,704	**3,926,828,203**	3,683,146,676

3.1	**At fair value through profit or loss**				
	At 1 January	**719,660,969**	355,678,006	**711,035,894**	344,852,931
	Additions	**368,950,184**	366,182,963	**368,950,184**	366,182,963
	Disposals	**-**	(2,200,000)	**-**	-
		1,088,611,153	719,660,969	**1,079,986,078**	711,035,894
	Fair value gains/(loss) (Note 35a)	**(100,351,425)**	59,106,429	**(102,013,384)**	61,222,604
	At December 2021	**988,259,728**	778,767,398	**977,972,694**	772,258,498
	Current	**988,259,728**	778,767,398	**977,972,694**	772,258,498
	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.

		Group		Company	
		31 December 2021	December 2020	**31 December 2021**	December 2020
		N	N	**N**	N
3.2	**Amortised Cost**				
	Staff loans (Note 3.2.1a)	**218,854,849**	-	**218,854,849**	-
	Loan issued to corporate individuals (Note 3.2.1b)	**1,351,264,168**	-	**-**	-
	Debts Instrument (Note 3.2.4)	**2,613,343,507**	-	**2,613,287,662**	-
		4,183,462,523	-	**2,832,142,512**	-
	Current	**4,031,547,569**	-	**2,728,942,482**	-
	Non Current	**151,914,955**	-	**103,200,030**	-
3.2.1a	**Staff loans**				
	At 1 January	**211,045,461**	-	**211,045,461**	-
	Addition	**36,212,000**	-	**36,212,000**	-
	Repayment	**(24,177,544)**	-	**(24,177,544)**	-
		223,079,916	-	**223,079,916**	-
	Impairment on Loans & Receivable(Note 3.2.1ai)	**(4,225,067)**	-	**(4,225,067)**	-
	Closing	**218,854,849**	-	**218,854,849**	-
3.2.1ai	**Impairment on Loans & Receivable**				
	Opening	**-**	-	**-**	-
	IFRS 9 opening figure adjustment	**3,997,138**		**3,997,138**	
	Credit loss (IFRS 9)	**227,929**	-	**227,929**	
	Closing	**4,225,067**	**-**	**4,225,067**	-
3.2.1b	**Loan issued to corporate / individuals**				
	At 1 January	**859,784,377**	-	**-**	-
	Addition	**1,359,473,900**	-	**-**	-
	Bad debts written off	**-**	-	**-**	-
	Repayment	**(666,468,834)**	-	**-**	-
		1,552,789,443	-	**-**	-
	Impairment on loans issued to corporate and individuals (Note 3.2.4)	**(201,525,275)**	-	**-**	-
	At the end	**1,351,264,168**	-	**-**	-
3.2.2	**Analysis by performance:**				
	Performing (Note 3.2)	**4,183,462,523**	-	**2,832,142,512**	-
	Non-performing (Note 3.2.4)	**201,525,275**	-	**-**	-
		4,384,987,799	-	**2,832,142,512**	-
3.2.3	**Analysis by maturity:**				
	Due within one year	**4,031,547,569**	-	**2,728,942,482**	-
	Due within one - five years	**353,440,230**	-	**103,200,030**	-
	Due after five years	**-**	-	**-**	-
		4,384,987,799	-	**2,832,142,512**	-

		Group		**Company**	
		31 December 2021	31 December 2020	**31 December 2021**	December 2020
		N	N	**N**	N
3.2.4	**Debts Instrument**				
	At 1 January	**2,629,694,266**	-	**2,629,694,266**	-
	At initial recognition - additions	**1,175,423,612**	-	**1,175,423,612**	-
		3,805,117,878	-	**3,805,117,878**	-
	Disposal	**(1,476,857,811)**	-	**(1,476,857,811)**	-
	Interest received	**(21,727,603)**	-	**(21,727,603)**	-
	Amortised interest	**318,668,456**	-	**318,668,456**	-
		2,625,200,920	-	**2,625,200,920**	-
	Impairment (note 3.2.4a)	**(11,857,413)**	-	**(11,913,258)**	-
	At the end	**2,613,343,507**	-	**2,613,287,662**	-

3.2.4a	**Movement on Impairment**				
	Opening	**-**	-	**-**	-
	IFRS 9 opening figure adjustment	**11,859,625**		**11,915,470**	
	movement	**(2,212)**	-	**(2,212)**	
	Closing	**11,857,413**	-	**11,913,258**	-

a)	**Debts Instruments are analysed as follows:**				
	Debts securities				
	Listed	**2,625,200,920**	-	**2,625,200,920**	-
	Unlisted	**-**	-	**-**	-
	At the end	**2,625,200,920**	-	**2,625,200,920**	-
	Current	**17,421,398**	-	**17,421,398**	-
	Non-current	**2,607,779,522**	-	**2,607,779,522**	-
		2,625,200,920	-	**2,625,200,920**	-

b)	**At the reporting date, no held to maturity assets were past due or impaired**				
	FCMB NGN SERIES 3 BOND 2016/2023	**48,237,816**	56,851,001	**48,237,816**	56,851,001
	C&I LEASING SERIES 1 BOND 2018/2023	**22,487,874**	29,303,395	**22,487,874**	29,303,395
	LAPO MFB SERIES 2 BOND 2020/2025	**206,594,101**	206,594,101	**206,594,101**	206,594,101
	DANGOTE BOND SERIES 1 2020/2025	**108,276,373**	108,270,125	**108,276,373**	108,270,125
	AXXELA SERIES 1 BOND 2020/2027	**101,332,055**	101,332,055	**101,332,055**	101,332,055
	FGN BOND (2020/2050) PLANET CAPITAL	**116,300,127**	215,654,604	**116,300,127**	215,654,604
	FGN BOND (2020/2050) PLANET CAPITAL	**439,880,800**	116,173,128	**439,880,800**	116,173,128
	FGN BOND (2020/2024) MERISTEM	**102,864,580**	425,642,284	**102,864,580**	425,642,284
	FGN BOND (2020/2035) PLANET CAPITAL	**252,739,296**	101,905,302	**252,739,296**	101,905,302
	FGN BOND (2020/2037) PLANET CAPITAL	**343,329,875**	244,616,317	**343,329,875**	244,616,317
	FGN BOND (2020/2049) CORDROS	**215,647,718**	326,192,176	**215,647,718**	326,192,176
	8.625% FBN EUROBOND (2020/2050) FIRST ALLY	**470,106,534**	356,995,844	**470,106,534**	356,995,844
	COMMERCIAL PAPER (Note 4)	**17,421,398**	340,163,934	**17,421,398**	340,163,934
	MERISTEM WEALTH MANAGEMENT LTD - 364 DAYS	**53,355,396**	-	**53,355,396**	-
	TREASURY BILLS 9.75% MAY 17,2021 APEL ASSET LIMITED - 364 DAYS	**126,626,977**	-	**126,626,977**	-
	At the end	**2,625,200,920**	2,629,694,266	**2,625,200,920**	2,629,694,266

3.2.4	**Movement in impairment - loans and receivables :**				
	At 1 January	**123,253,249**	161,119,004	**-**	69,402,988
	IFRS 9 opening figure adjustment	**11,254,856**	-		-
	Addition (Note 34)	**67,017,171**	31,537,233	**-**	-
	Impairment written off	**-**	(69,402,988)	**-**	(69,402,988)
	At the end	**201,525,275**	123,253,249	**-**	-

3.3	**At fair value through OCI**				
	Reclassified from Available for sale	**72,348,451**	-	**70,148,451**	-
	IFRS 9 opening adjustment	**20,516,631**		**20,516,631**	-
	Addition	**1,462,752**	-	**1,462,752**	-
	Fair value gain	**24,506,497**	-	**24,585,164**	
	At the end	**118,834,331**	-	**116,712,998**	**-**
	Current	-	-	-	-
	Non Current	**118,834,331**	-	**116,712,998**	-

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

Fairvalue Through OCI equities is analysed as follows:

3.4	**Loans and receivables**				
	Staff loans (Note 3.4a)	**-**	211,045,461	**-**	211,045,461
	Loan issued to corporate individuals (Note 3.4b)	**-**	736,531,128	**-**	-
		-	947,576,589	**-**	211,045,461

3.4a **Staff loans**

At 1 January	**211,045,461**	253,829,118	**211,045,461**	253,829,118
Addition	**-**	6,944,132	**-**	6,944,132
Repayment	**-**	(49,727,789)	**-**	(49,727,789)
Reclassified to Amortised cost	**(211,045,461)**		**(211,045,461)**	
	-	211,045,461	**-**	211,045,461

3.4b **Loan issued to corporate / individuals**

At 1 January	**859,784,377**	503,095,920	**-**	95,872,269
Addition	**-**	634,718,432	**-**	60,357,265
Bad debts written off	**-**	(69,402,989)	**-**	
Repayment	**-**	(208,626,986)	**-**	(86,826,545)
	859,784,377	859,784,377	**-**	69,402,989
Reclassified to Amortised cost	**(859,784,377)**			
Impairment on loans issued to corporate and individuals (Note 3.2.4)	**-**	(123,253,249)	**-**	(69,402,989)
-	**-**	736,531,128	**-**	-

3.5 **Held to maturity**

At 1 January	**2,629,694,266**	3,189,220,145	**2,629,694,266**	2,949,948,726
At initial recognition - additions	**-**	2,611,748,674	**-**	2,611,748,674
	2,629,694,266	5,800,968,819	**-**	5,561,697,400
Disposal	**-**	(3,268,303,680)	**-**	(3,029,032,261)
Interest received	**-**	(251,854,707)	**-**	(251,854,707)
Amortised interest	**-**	348,883,834	**-**	348,883,834
	2,629,694,266	2,629,694,266	**2,629,694,266**	2,629,694,266
Reclassified to Amortised cost	**(2,629,694,266)**	-	**(2,629,694,266)**	-
At the end	**-**	2,629,694,266	**-**	2,629,694,266

3.6 **Available for sale assets**

At 1 January	**72,348,451**	70,148,451	**70,148,451**	**70,148,451**
Addition		2,200,000		
Reclassified to amortised cost	**(72,348,451)**	-	**(70,148,451)**	**-**
At the end	**-**	72,348,451	**-**	**70,148,451**
Current	-	-	-	-
Non Current	**-**	70,148,451	**-**	**70,148,451**

4.0 **Commercial Paper**

These are commercial papers issued by Institutions with a minimum credit rating of bbb quoted on The Nigerian Exchange Limited or/and FMDQ.

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

5.	**Finance lease receivables**				
	At 1 January	**109,262,041**	123,967,520	-	-
	Addition	**87,786,343**	158,460,731	-	-
	Repayment	**(16,526,549)**	(173,166,210)	-	-
	Gross investment	**180,521,835**	109,262,041	-	-
	Unearned income	**-**	-	-	-
	Net investment (Note 5.1)	**180,521,835**	109,262,041	-	-
	Impairment on finance lease receivables (Note 5.2)	**(31,780,393)**	(23,015,010)	-	-
	At the end	**148,741,442**	86,247,031	**-**	**-**
5.1	Current	**84,360,741**	109,262,041	-	-
	Non-current	**96,161,094**	-	-	-
	Analysis by performance				
	Performing	**148,741,442**	86,247,031	-	-
	Non-performing	**31,780,393**	23,015,010	-	-
		180,521,835	109,262,041	-	-
	Analysis by maturity				
	Due within one year	**84,360,741**	109,262,041		
	Due between one - five years	**96,161,094**	-	-	-
		180,521,835	109,262,041	-	-

5.2 Movement in impairment - finance lease receivables:

At 1 January	**23,015,010**	13,969,021	-	-
Charge for the year (note 34)	**8,765,383**	9,045,989	-	-
At the end	**31,780,393**	23,015,010	-	-

6.	**Trade receivables**				
	Due from insurance companies	**274,358,188**	251,473,770	**274,358,188**	251,473,770
	Due from insurance brokers and agents	**269,539,140**	229,556,770	**269,539,140**	229,556,770
		543,897,328	481,030,540	**543,897,328**	481,030,540
	Hmo receivable	**62,808,889**	131,396,401	**-**	**-**
	Total	**606,706,217**	612,426,941	**543,897,328**	481,030,540
	Impairment charge (Note 6.2)	(5,086,062)	(4,738,626)	-	-
	Closing Balance	**601,620,154**	607,688,315	**543,897,328**	481,030,540
	Current	**606,706,217**	612,426,941	**543,897,328**	481,030,540
	Non-current	**-**	-	**-**	-
6.1	**Movement in Trade receivables**				
	Opening	**612,426,941**	293,747,996	**481,030,540**	199,899,308
	Gross Premium written	**10,500,388,477**	9,775,797,397	**10,024,047,477**	9,377,413,707
	Premium received	**(10,506,109,202)**	(9,457,118,452)	**(9,961,180,689)**	(9,096,282,475)
	Closing receivables	**606,706,217**	612,426,941	**543,897,328**	481,030,540

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6.2	**Impairment charge**				
	At 1 January	**4,738,626**	-	**-**	**-**
	IFRS 9 opening balance adjustment	**126,130**			
	Charged for the year (note 34)	**221,306**	4,738,626	**-**	**-**
	At December 2021	**5,086,062**	4,738,626	**-**	**-**
	Age Analysis of Trade receivable				
	> =1Day <= 30 Days	**580,827,212**	592,723,810	**518,018,323**	451,327,409
	> =31Days <= 90 Days	**25,879,005**	14,055,081	**25,879,005**	14,055,081
	Above 90 Days	**-**	5,648,050	**-**	15,648,050
		606,706,217	612,426,941	**543,897,328**	481,030,540
		Group		Company	
		31 December 2021 N	December 2020 N	**31 December 2021 N**	December 2020 N
7.	**Reinsurance Assets**				
	Prepaid reinsurance (Note 7.1a & 7.1b)	**1,067,021,471**	847,365,944	**1,067,021,471**	847,365,944
	Reinsurers share of claims (Note 7.3)	**2,354,142,508**	2,170,714,673	**2,354,142,508**	2,170,714,673
		3,421,163,979	3,018,080,617	**3,421,163,979**	3,018,080,617
	Impairment	**(10,723,799)**	-	**(10,723,799)**	-
	At the end	**3,410,440,180**	3,018,080,617	**3,410,440,180**	3,018,080,617
	Current	**3,421,163,979**	3,018,080,617	**3,421,163,979**	3,018,080,617
	Non-current	**-**	-	**-**	-
	Movement in Impairment(Credit Loss IFRS 9)				
	Opening Balance	**-**	-	**-**	-
	IFRS 9 opening balance adjustment	**9,602,989**		**9,602,989**	
	Charged during the year	**1,120,810**	-	**1,120,810**	
	At the end	**10,723,799**	-	**10,723,799**	-
	Prepaid reinsurance premium(note 7.1a)	**1,020,330,096**	820,193,994	**1,020,330,096**	820,193,994
	Prepaid minimum and deposit premium (note 7.1b)	**46,691,375**	27,171,950	**46,691,375**	27,171,950
	Reinsurance share of outstanding claims	**1,073,320,986**	1,200,949,611	**1,073,320,986**	1,200,949,611
	Reinsurance share of IBNR	**718,521,485**	515,552,274	**718,521,485**	515,552,274
	Reinsurance receivable on claims paid (note 7.2b)	**562,300,037**	454,212,788	**562,300,037**	454,212,788
	Total	**3,421,163,979**	3,018,080,617	**3,421,163,979**	3,018,080,617
	Impairment (IFRS 9)	**(10,723,799)**	-	**(10,723,799)**	-
		3,410,440,180	3,018,080,617	**3,410,440,180**	3,018,080,617

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 2021	December 2020	31 December 2021	December 2020
		N	N	N	N
7.1a	**Prepaid Reinsurance Premium**				
	Fire	**149,140,952**	138,349,104	**149,140,952**	138,349,104
	General accident	**141,909,274**	155,645,178	**141,909,274**	155,645,178
	Motor	**4,932,150**	1,040,668	**4,932,150**	1,040,668
	Marine	**95,539,565**	65,065,507	**95,539,565**	65,065,507
	Bond	**15,421,170**	11,502,581	**15,421,170**	11,502,581
	Engineering	**72,269,543**	76,407,923	**72,269,543**	76,407,923
	Aviation	**97,680,810**	83,508,704	**97,680,810**	83,508,704
	Oil & gas	**443,436,632**	288,674,329	**443,436,632**	288,674,329
		1,020,330,096	820,193,994	**1,020,330,096**	820,193,994
7.1b	**Prepaid Minimum & Deposit Premium**				
	Fire	**17,372,250**	11,542,500	**17,372,250**	11,542,500
	General accident	**1,983,500**	1,540,000	**1,983,500**	1,540,000
	Motor	**4,275,000**	4,275,000	**4,275,000**	4,275,000
	Marine	**8,767,500**	2,451,000	**8,767,500**	2,451,000
	Engineering	**14,293,125**	7,363,450	**14,293,125**	7,363,450
		46,691,375	27,171,950	**46,691,375**	27,171,950
					-
	Prepaid reinsurance	**1,067,021,471**	847,365,944	**1,067,021,471**	847,365,944
7.2 a	**Reinsurers Share of Claims**				
	Fire	**672,248,809**	910,744,124	**672,248,809**	910,744,124
	General accident	**345,534,621**	203,317,452	**345,534,621**	203,317,452
	Motor	**39,128,200**	34,043,019	**39,128,200**	34,043,019
	Marine	**436,116,410**	116,697,364	**436,116,410**	116,697,364
	Bond	**6,094,897**	6,544,397	**6,094,897**	6,544,397
	Engineering	**74,635,046**	159,001,803	**74,635,046**	159,001,803
	Aviation	**80,785,776**	70,071,266	**80,785,776**	70,071,266
	Oil & gas	**137,298,712**	216,082,460	**137,298,712**	216,082,460
		1,791,842,471	1,716,501,885	**1,791,842,471**	1,716,501,885
7.2b	**Reinsurers share of paid claims**				
	Fire	**8,719,519**	17,206,125	**8,719,519**	17,206,125
	General accident	**200,907,030**	226,494,440	**200,907,030**	226,494,440
	Motor	**70,625,744**	7,060,000	**70,625,744**	7,060,000
	Marine	**16,443,442**	9,505,771	**16,443,442**	9,505,771
	Bond	**-**	225,563	**-**	225,563
	Engineering	**4,920,359**	33,295,889	**4,920,359**	33,295,889
	Aviation	**55,317,458**	160,425,000	**55,317,458**	160,425,000
	Oil & gas	**205,366,485**	-	**205,366,485**	-
		562,300,037	454,212,788	**562,300,037**	454,212,788
7.3	**Reinsurance Assets:**				
	Movement in prepaid reinsurance:				
	At 1 January	**847,365,944**	1,025,729,471	**847,365,944**	1,025,729,471
	Additions during the year (Note 28)	**4,458,744,931**	3,513,496,175	**4,458,744,931**	3,513,496,175
		5,306,110,875	4,539,225,646	**5,306,110,875**	4,539,225,646
	Amortization during the year (Note 28)	**(4,239,089,404)**	(3,691,859,703)	**(4,239,089,404)**	(3,691,859,703)
	At the end	**1,067,021,471**	847,365,943	**1,067,021,471**	847,365,943
	Movement in claims recoverable:				
	At 1 January	2,170,714,673	1,662,816,336	**2,170,714,673**	1,662,816,336
	Additions during the period	1,711,954,075	1,778,804,248	**1,711,954,075**	1,778,804,248
		3,882,668,748	3,441,620,584	**3,882,668,748**	3,441,620,584
	Amortization during the period	(1,528,526,239)	(1,270,905,911)	**(1,528,526,239)**	(1,270,905,911)
	At the end	**2,354,142,508**	2,170,714,673	**2,354,142,508**	2,170,714,673
8.	**Deferred Acquisition Cost**				
	At 1 January	**355,066,148**	360,563,251	**344,817,850**	349,815,691
	Acquistion cost during the period	**1,646,141,314**	1,316,132,467	**1,633,891,705**	1,305,884,169
	Less: Amortisation during the period (Note 31)	**(1,603,661,447)**	(1,321,629,570)	**(1,593,413,149)**	(1,310,882,010)
	At the end	**397,546,015**	355,066,148	**385,296,407**	344,817,850
	Current	**397,546,015**	355,066,148	**385,296,407**	344,817,850
	Non-current	**-**	-	**-**	-

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

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		Group		Company	
		31 December 2021	December 2020	**31 December 2021**	December 2020
		N	N	**N**	N
8.1	**Deferred Acquisition Cost Analysis**				
	Fire	**75,189,179**	62,614,809	**75,189,179**	62,614,809
	General accident	**65,331,213**	61,969,599	**65,331,213**	61,969,599
	Motor	**91,453,591**	75,784,856	**91,453,591**	75,784,856
	Marine	**27,278,926**	25,614,150	**27,278,926**	25,614,150
	Bond	**9,710,496**	12,967,736	**9,710,496**	12,967,736
	Engineering	**32,741,876**	26,363,758	**32,741,876**	26,363,758
	Aviation	**20,298,332**	16,853,998	**20,298,332**	16,853,998
	Oil & gas	**63,292,794**	62,648,944	**63,292,794**	62,648,944
	Company Total	**385,296,407**	344,817,850	**385,296,407**	344,817,850
	HMO Deferred acquisition	**12,249,608**	10,248,299		
	Group Total	**397,546,015**	355,066,149	**385,296,407**	344,817,850
9.	**Other Receivables and Prepayments**				
	Staff advances & prepayment	**38,223,806**	35,554,032	**38,223,806**	35,554,032
	Account receivables **	**17,283,848**	17,638,265	**30,933,113**	72,117,239
	Intercompany Receivables	**-**	-	**316,785,802**	213,683,342
	Witholding tax credit	**33,550,342**	26,361,774	**33,550,342**	26,361,774
	Prepayments (Note 9.1)	**136,409,435**	49,799,040	**127,883,874**	40,533,483
		225,467,430	129,353,111	**547,376,936**	388,249,870
	Impairment allowance (Note 34)	**(2,774,927)**	-	**-**	-
		222,692,503	129,353,111	**547,376,936**	388,249,870
	Current	**225,467,430**	129,353,111	**547,376,936**	388,249,870
	Non-current	**-**	-	**-**	-
	Impairment allowance on other receivables				
	As at 1 January	**-**	-		
	IFRS 9 opening balance adjustment	**132,986**			
	Charged/(reversed)	**2,641,941**	-		
	As at 31 December	**2,774,927**	-		

** Included in Account receivable is =N=15.5m being the balance of the amount deposited with lead underwriters for the purpose of settling claims based on MOU signed at the inception of the policies. The amount =N=15.5 million is the balance as at 31st December 2021.

9.1	**Prepayments**				
	Prepaid rent	**116,662,920**	39,356,857	**108,137,359**	30,091,300
	Other prepayments	**19,746,515**	10,442,183	**19,746,515**	10,442,183
		136,409,435	49,799,040	**127,883,874**	40,533,483
	Current	**136,409,435**	49,799,040	**127,883,874**	40,533,483
	Non-current	**-**	-	**-**	-
10.	**Investment in Subsidiaries**				
	CHI Capital (Note 10.1a)	**-**	-	**130,000,000**	130,000,000
	Chi Microinsurance Limited (10.1b)	**-**	-	**200,000,000**	200,000,000
	Grand Treasurers Limited	**-**	-	**764,225,000**	764,225,000
	Hallmark Health Services Limited (10.1c)	**-**	-	**500,000,000**	400,000,000
		-	**-**	**1,594,225,000**	1,494,225,000

Movement in Investment in subsidiaries	**Grand Treasurers Limited**	**CHI Capital Limited**	**Hallmark Health Services Limited**	**Chi Microinsurance Limited**
Opening	**764,225,000**	**130,000,000**	400,000,000	**200,000,000**
Addition	**-**	**-**	**100,000,000**	**-**
Disposal	**-**	**-**	-	**-**
Closing	**764,225,000**	**130,000,000**	**500,000,000**	**200,000,000**

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

10.1a CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing. In 2019, CHI Capital Limited transferred its 100% interest in Grand Treasurers Limited to Consolidated Hallmark Insurance Plc .Grand Treasurers Ltd is a CBN licensed finance company, acquired by CHI Capital Ltd in December 2010 with the purpose of carrying on financing activities. CHI Capital Limited also owns 100% interest in CHI Support Services Limited started as a vehicle tracking Company, but now focused on corporate support services for the Group.

10.1b CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated CHI Microinsurance Limited in the year 2016 and licensed by NAICOM to carryout micro life assurance business to further deepen its market share on general insurance business.

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

		CHI PLC	CHI Capital Limited	CHI Microinsurance	Hallmark Health Ltd	Grand Treasurers Ltd	Elimination	Total
		N	N	N	N		N	N
	Condensed result of consolidated entities - 2021							
10.2	**Condensed Financial Position**							
	Assets							
	Cash and cash equivalents	2,044,305,295	156,237,257	173,494,407	422,344,464	60,693,817	-	2,857,075,239
	Financial assets	3,926,828,204	11,893,367	-	-	1,351,835,012	-	5,290,556,583
	Deposit for shares	-	-				-	-
	Finance lease receivables	-	-		-	148,741,442	-	148,741,442
	Trade receivables	543,897,328	-		57,722,827		-	601,620,154
	Reinsurance assets	3,410,440,180	-				-	3,410,440,180
	Deferred acquisition cost	385,296,407	-		12,249,609		-	397,546,015
	Other receivables and prepayment	547,376,936	24,977,294	225,200	17,002,413	14,947,391	(381,836,730)	222,692,504
	Investment in subsidiaries	1,594,225,000	-			-	(1,594,225,000)	-
	Investment properties	1,008,676,470	-		90,000,000		-	1,098,676,470
	Leasehold properties	-	-		6,406,591		-	6,406,591
	Intangible Assets	29,482,172	-	10,347,330	307,003	36,566,414		76,702,920
	Property and equipment	1,089,355,653	-	8,504,716	30,913,856	34,933,903	-	1,163,708,129
	Deffered tax asset	-	-	-	-	-	-	-
	Statutory deposits	300,000,000	-	100,000,000			-	400,000,000
	Total assets	14,879,883,645	193,107,918	292,571,653	636,946,763	1,647,717,979	(1,976,061,730)	15,674,166,226
	Liabilities							
	Insurance contract liabilities	5,299,544,811	-	3,764,797	170,740,793		-	5,474,050,401
	Investment Contract liabilities		-	17,660,923				17,660,923
	Trade payables	46,805,158	-				-	46,805,158
	Borrowing	-	-			55,800,013	-	55,800,013
	Provision and other payables	275,121,116	4,774,970	42,323,580	92,024,414	311,133,243	(381,836,730)	343,540,594
	Staff retirement benefit	1,367,928	-			707,754	-	2,075,682
	Tax liabilities	340,135,901	7,829,349		2,244,905	112,575,689	-	462,785,844
	Deffered tax	247,979,804	4,858,727			6,825,376		259,663,907
	Share capital	5,420,000,000	130,000,000	200,000,000	500,000,000	764,225,000	(1,594,225,000)	5,420,000,000
	Share Premium	168,933,834	-	-			-	168,933,834
	Statutory reserve	2,437,343,087	-	295,351		72,039,762	-	2,509,678,200
	Fair Value Through OCI Reserve	30,669,221	(53,493)					30,615,728
	Revaluation reserve	115,793,288						115,793,288
	Requlatory risk reserve	-				1,354,214		1,354,214
	Retained earnings	496,189,498	45,698,365	28,527,002	(128,063,349)	323,056,926		765,408,441
	Total liabilities and equity	14,879,883,645	193,107,918	292,571,653	636,946,763	1,647,717,979	(1,976,061,730)	15,674,166,226

10.2 Condensed result of consolidated entities - 2021

	CHI PLC	CHI Capital	CHI Microinsurance	Hallmark Health Services LTD	Grand Treasurers Limited	Elimination	Total
	N	N	N	N		N	N
Condensed profit and loss							
Underwriting profit	**1,812,691,817**	**-**	**9,929,326**	111,906,277		**(19,215,301)**	**1,915,312,120**
Investment income	**587,842,871**	**51,056,047**	10,920,324	40,491,832	**527,390,893**	**(15,000,000)**	**1,202,701,967**
Other operating income	**274,863,632**	**1,386,591**	358,802	**7,610,843**	**30,456,751**	**-**	**314,676,618**
Total operating income	**2,675,398,321**	**52,442,638**	**21,208,452**	**160,008,952**	**557,847,644**	**(34,215,301)**	**3,432,690,704**
Impairment charge	**(2,219,197)**	**(1,698,564)**	**(441,135)**	**(1,424,477)**	**(75,782,553)**	**-**	**(81,565,926)**
value gains/(los	**(163,235,988)**	**3,963,134**			**(185,000)**	**-**	**(159,457,854)**
Management expenses	**(1,745,727,614)**	**(6,511,790)**	**(35,128,732)**	**(201,790,030)**	**(250,049,257)**	**19,215,301**	**(2,219,992,122)**
Profit before taxation	**764,215,523**	**48,195,417**	**(14,361,416)**	**(43,205,556)**	**231,830,835**	**(15,000,000)**	**971,674,800**
Taxation	**(122,060,185)**	**-**		**(1,149,134)**	**(57,827,465)**	**-**	**(181,036,783)**
Profit after taxation	**642,155,338**	**48,195,417**	**(14,361,416)**	**(44,354,689)**	**174,003,370**	**(15,000,000)**	**790,638,017**

Condensed result of consolidated entities - 2020

10.2 Condensed Financial Position

	CHI PLC	CHI Capital Limited	**CHI** Microinsurance	**Hallmark Health Ltd**	**Grand Treasurers Ltd**	Elimination	**Total**
	N	N	**N**	**N**		N	**N**
Assets							
Cash and cash equivalents	2,175,313,539	11,799,075	185,566,976	391,874,843	409,361,644	-	3,173,916,076
Financial assets	3,683,146,676	8,008,900	-	-	737,231,128	-	4,428,386,705
Finance lease receivables	-	-		-	93,848,888	(7,601,857)	86,247,031
Trade receivables	481,030,540	-		126,657,775		-	607,688,316
Reinsurance assets	3,018,080,617	-				-	3,018,080,617
Deferred acquisition cost	344,817,850	-		10,248,299		-	355,066,149
Other receivables and prepayment	388,249,870	(156,701)	-	17,742,409	10,405,345	(286,887,812)	129,353,111
Investment in subsidiaries	1,494,225,000	26,398,930			-	(1,520,623,930)	-
Investment properties	948,826,470	93,661,000		-		-	1,042,487,470
Inventories	-	-		9,968,479		-	9,968,479
Intangible Assets	30,480,413	-		2,158,239	3,936,004		36,574,657
Property and equipment	963,585,844	-	6,229,591	17,203,611	34,553,179	-	1,021,572,225
Statutory deposits	300,000,000	-	102,000,000			-	402,000,000
Total assets	13,827,756,819	139,711,204	293,796,567	575,853,654	1,289,336,188	(1,815,113,599)	14,311,340,834
Liabilities							
Insurance contract liabilities	5,014,339,773	-	-	193,893,379		-	5,208,233,152
Trade payables	13,972,733	-				-	13,972,733
Borrowing	-	-			5,013,052	-	5,013,052
Provision and other payables	208,764,373	4,546,385	50,346,958	63,906,732	478,606,022	(585,113,599)	221,056,870
Staff retirement benefit	2,253,607	-			1,875,919	-	4,129,526
Tax liabilities	289,145,971	7,829,346		1,095,771	61,388,032	-	359,459,121
Deffered tax	173,040,130	-			4,838,155		177,878,285
Share capital	5,420,000,000	130,000,000	200,000,000	400,000,000	500,000,000	(1,230,000,000)	5,420,000,000
Share Premium	168,933,834	-	-			-	168,933,834
Fair Value Through OCI Reserve	-						-
Statutory reserve	2,136,621,663	-			45,964,378	-	2,182,586,041
Retained earnings	400,684,735	(2,664,527)	43,449,610	(83,042,228)	191,650,631	-	550,078,221
Total liabilities and equity	13,827,756,819	139,711,204	293,796,568	575,853,654	1,289,336,188	(1,815,113,599)	14,311,340,834

10.2 Condensed result of consolidated entities - 2020

	CHI PLC	CHI Capital	CHI Microinsurance	Hallmark Health	Grand Treasurers	Elimination	Total
Condensed profit and loss							
Underwriting profit	1,756,878,147	-	-	117,152,252		(13,276,026)	1,860,754,373
Investment income	608,376,462	-	14,171,472	20,870,266	296,932,568	-	940,350,767
Other operating income	61,797,712	181,385	4,372,733	54,136	24,756,590	-	91,162,556
Total operating income	2,427,052,321	181,385	18,544,205	138,076,653	321,689,158	(13,276,026)	2,892,267,696
Impairment charge	-	-		(4,738,626)	(40,660,905)	-	(45,399,531)
Net fair	73,530,975	(1,409,920)			200,000	-	72,321,055
Management expenses	(1,794,138,119)	(1,120,693)	(18,531,204)	(125,551,990)	(220,558,956)	13,276,026	(2,146,624,937)
Profit before taxation	706,445,177	(2,349,228)	13,001	7,786,037	60,669,297	-	772,564,284
Taxation	(91,639,259)	-		(2,942,208)	-	-	(94,581,467)
Profit after taxation	614,805,918	(2,349,228)	13,001	4,843,829	60,669,297	-	677,982,817

		Group		Company	
		31 December 2021 N	31 December 2020 N	**31 December 2021 N**	31 December 2020 N
11.0	**Intangible assets**				
	Cost				
	At 1 January	**74,117,939**	52,669,875	**62,487,520**	48,901,607
	Addition	**51,224,666**	21,448,064	**7,296,908**	13,585,913
	Reclassification	**-**	-		
	31 December	**125,342,605**	74,117,939	**69,784,428**	62,487,520
	Accumulated amortization				
	At 1 January	**37,543,282**	26,582,849	**32,007,107**	24,281,248
	Charge	**11,096,403**	10,960,433	**8,295,148**	7,725,859
	31 December	**48,639,685**	37,543,282	**40,302,255**	32,007,107
	Carrying amount				
	31 December	**76,702,920**	36,574,657	**29,482,173**	30,480,413
12	**Investment Properties**				
	At 1 January	**1,042,487,470**	843,766,470	**948,826,470**	750,105,470
	Addition	**231,850,000**	198,721,000	**141,850,000**	198,721,000
	Disposal/transfer (Note 12.1b)	**(175,661,000)**	-	**(82,000,000)**	-
	Fair value change	**-**	-	**-**	-
	31 December	**1,098,676,470**	1,042,487,470	**1,008,676,470**	948,826,470

Investment Properties

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

The properties were professionally re-valued as at 15 November 2021, by Messrs Adegboyega Sanusi & Co (FRC/2013/NIESV/00000001757) on the basis of open market values.

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

S/N	TYPE OF ASSET	ADDRESS	AMOUNT N	CURRENT TITLE	STATUS ON CHANGE OF TITLE
	Company				
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	229,000,000	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance Plc.
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	104,105,470	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	141,921,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
5	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
6	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	Hallmark Assurance Plc (Legacy Company)	The Company had paid all required fees to the Federal Housing Authority
7	Building	Romax Homes Estate by Harris drivet beside VGCI Ikota, Lekki Lagos	120,750,000	Consolidated Hallmark Insurance Plc.	The deed of assigment is in the name of Consolidated Hallmark Insurance Plc. Perfection of title in progress
8	Building	3Units of 4 Bedroom Terrace At Westend Ikota, Lagos	135,900,000	Consolidated Hallmark Insurance Plc.	The deed of assigment is in the name of Consolidated Hallmark Insurance Plc. Perfection of title in progress
		Company's Total	**1,008,676,470**		
	Hallmark Health Services Limited				
	Land	Romax Homes Estate by Harris drivet beside VGCI Ikota, Lekki Lagos	**90,000,000**	Hallmark Health Services Ltd	The deed of assigment is in the name of Hallmark Health Services Ltd.
		Group Total	**1,098,676,470**		

CONSOLIDATED HALLMARK INSURANCE PLC

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Movement on Investment Properties

12.1b	S/N	TYPE OF ASSET	ADDRESS	Opening	Addition	Disposal/transfer	Increase (decrease) in Fairvalue	Total
		Company						
	1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	-	-	-	206,000,000
	2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo	229,000,000	-	-	-	229,000,000
	3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	104,105,470		-	-	104,105,470
	4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	141,921,000	-	-	-	141,921,000
	5	Building	Jacob's Arena Plot 4, close4, road 4, Westend EstateIkota., Lagos		135,900,000			135,900,000
	6	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	-	-	-	48,000,000
	7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	-	-	-	23,000,000
	8	Building	Romax Homes Estate by Harris drivet beside	196,800,000	5,950,000	(82,000,000)	-	120,750,000
	Company Total			**948,826,470**	**141,850,000**	**(82,000,000)**	**-**	**1,008,676,470**
		Subsidiary						
	9	Building	Romax Homes Estate by Harris drivet beside	-	90,000,000	-	-	90,000,000
			Thomas estate Ajah Lagos	**93,661,000**		(93,661,000)		-
	Group Total			**1,042,487,470**	**90,000,000**	**(175,661,000)**	**-**	**1,098,676,470**

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

-

13.0 Property and Equipment
2021

13.1a The group

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
Costs							
At 1 January	286,099,948	541,339,722	109,826,225	150,813,178	597,564,001	249,252,148	1,934,895,222
Additions during the period	-	-	7,458,717	5,181,424	82,780,332	14,709,080	110,129,553
Revaluation	13,900,052	156,384,194					170,284,246
Disposals during the period	-	-	(638,380)	(5,177,364)	(48,573,978)	(7,168,609)	(61,558,331)
31 December	**300,000,000**	**697,723,916**	**116,646,562**	**150,817,238**	**631,770,354**	**256,792,619**	**2,153,750,690**
Accumulated depreciation							
At 1 January 2021	-	150,547,122	88,279,356	122,568,164	341,805,022	210,123,333	913,322,997
Depreciation charge for the period	-	10,826,794	8,705,145	8,162,629	79,096,343	11,405,970	118,196,881
Disposals in the period	-	-	(638,380)	(5,177,364)	(28,826,175)	(6,835,396)	(41,477,316)
31 December	**-**	**161,373,916**	**96,346,121**	**125,553,428**	**392,075,190**	**214,693,908**	**990,042,562**
Accummulated impairment losses	-	-	-	-	-	-	**-**
Carrying value							
31 December	**300,000,000**	**536,350,000**	**20,300,441**	**25,263,810**	**239,695,165**	**42,098,711**	**1,163,708,129**
At 1 January 2021	286,099,948	390,792,600	21,546,869	28,245,014	255,758,979	39,128,815	1,021,572,225

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

Property and Equipment

13.1b The group

2020	Land	Building	Office **Equipment**	Furniture & **Fittings**	Motor **Vehicles**	Computer **Equipment**	**Total**
	N	**N**	**N**	**N**	**N**	**N**	**N**
At 1 January	286,099,948	541,339,722	104,916,000	142,158,254	524,541,736	230,159,488	1,829,215,148
Additions in the year	-	-	-	9,237,855	112,594,698	19,430,776	146,173,554
Disposals in the year	-	-	-	(582,931)	(39,572,433)	(338,116)	(40,493,480)
December	286,099,948	541,339,722	109,826,225	150,813,178	597,564,001	249,252,148	1,934,895,222
Accumulated depreciation							
At 1 January 2020	-	139,690,665	81,808,948	115,302,649	309,424,673	201,977,509	848,204,444
Depreciation charge for the period	-	10,856,457	6,470,408	7,848,445	71,950,001	8,170,557	105,295,867
Disposals in the period	-	-	-	(582,930)	(39,569,652)	(24,733)	(40,177,315)
December	-	150,547,122	88,279,356	122,568,164	341,805,022	210,123,333	913,322,997
Accummulated impairment losses	-	-	-	-	-	-	-
Carrying value							
December	286,099,948	390,792,600	21,546,869	28,245,014	255,758,979	39,128,815	1,021,572,225
At 1 January 2020	286,099,948	401,649,057	23,107,052	26,855,605	215,117,063	28,181,979	981,010,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13.2a Property and Equipment
2021
The company

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
Costs							
At 1 January	286,099,948	541,339,722	108,926,630	154,710,665	524,028,579	244,588,152	1,859,693,696
Additions	-	-	2,440,698	5,127,424	58,500,000	9,816,478	75,884,600
Revaluation	13,900,052	156,384,194					170,284,246
Disposals	-	-	(638,380)	(5,177,364)	(48,573,978)	(7,168,609)	(61,558,331)
31 December	**300,000,000**	**697,723,916**	**110,728,948**	**154,660,725**	**533,954,601**	**247,236,021**	**2,044,304,211**
Accumulated depreciation							
At 1 January	-	150,547,122	88,370,298	124,394,753	322,858,963	209,936,715	896,107,852
Depreciation charge for the period	-	10,826,794	6,708,174	8,152,879	65,244,226	9,385,948	100,318,022
Disposals			(638,380)	(5,177,364)	(28,826,175)	(6,835,396)	(41,477,316)
31 December	**-**	**161,373,916**	**94,440,092**	**127,370,268**	**359,277,014**	**212,487,267**	**954,948,558**
Carrying value							
31 December	**300,000,000**	**536,350,000**	**16,288,856**	**27,290,458**	**174,677,587**	**34,748,754**	**1,089,355,653**
At 31 December 2020	286,099,948	390,792,600	20,556,332	30,315,913	201,169,615	34,651,437	963,585,844

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

Property and Equipment (Cont'd)
2020
The company

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	N	N	N	N	N	N	N
At 1 January	286,099,948	541,339,722	106,016,405	149,071,996	462,251,011	226,779,614	1,771,558,696
Additions			2,910,225	6,221,600	101,350,000	18,146,654	128,628,479
Transfer from Investment Property(12.1a)	-	-	-	-	-	-	-
Disposals	-	-	-	(582,931)	(39,572,433)	(338,116)	(40,493,480)
December	286,099,948	541,339,722	108,926,630	154,710,665	524,028,578	244,588,152	1,859,693,695
Accumulated depreciation							
At 1 January	-	139,690,665	81,911,134	117,080,520	291,704,211	201,849,191	832,235,721
Depreciation charge for the period	-	10,856,457	6,459,163	7,897,164	70,724,410	8,112,257	104,049,451
Disposals				(582,930)	(39,569,652)	(24,733)	(40,177,313)
December	-	150,547,122	88,370,298	124,394,753	322,858,969	209,936,715	896,107,851
Carrying value							
December	286,099,948	390,792,600	20,556,332	30,315,913	201,169,615	34,651,437	963,585,844
At 31 December 2019	286,099,948	401,649,057	24,105,271	31,991,476	170,546,800	24,930,423	939,322,975

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

	Furniture & Fittings ₦	Motor Vehicles ₦	Office Equipment ₦	Computer Equipment ₦	Total ₦
Cost					
Costs					
At 1 January	3,912,175	6,913,742	9,300,000	520,000	20,645,917
Additions	-	-	-	-	-
Disposals/movement	-	-	-	-	-
	3,912,175	**6,913,742**	**9,300,000**	**520,000**	**20,645,917**
Accumulated depreciation					
At 1 January	1,758,871	3,108,343	5,576,438	233,786	10,677,438
Depreciation charge as at 31st January 2021	586,826	1,037,062	1,860,000	78,000	3,561,887
Disposals	-	-	-	-	-
	2,345,697	4,145,405	7,436,438	311,786	14,239,326
Carrying value					
As At 31 December 2021	**1,566,478**	**2,768,337**	**1,863,562**	**208,214**	**6,406,591**
At 31 December 2020	2,153,304	3,805,399	3,723,562	286,214	9,968,479

		Group		Company	
		2021	2020	**2021**	2020
		N	N	**N**	**N**
14.	**Statutory deposits**	**300,000,000**	300,000,000	**300,000,000**	300,000,000
	Microinsurance	**100,000,000**	102,000,000		
		400,000,000	402,000,000	**300,000,000**	300,000,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2021.

15. Insurance contract liabilities

	Group 2021	Group 2020	Company 2021	Company 2020
Reserve for outstanding claims (Note 15.1)	**2,841,412,777**	2,802,994,272	**2,837,287,074**	2,798,868,569
Unearned premium reserve (Note 15.2)	**2,632,637,624**	2,405,238,880	**2,462,257,737**	2,215,471,204
	5,474,050,401	5,208,233,152	**5,299,544,811**	5,014,339,773

15.1 Reserve for outstanding claims - 2021

	Group			Company		
	Outstanding Claim	**Provision for IBNR**	**Gross Reserve**	**Outstanding Claim**	**Provision for IBNR**	**Gross Reserve**
	N	**N**	**N**	**N**	**N**	**N**
Fire	**599,775,359**	**267,981,796**	**867,757,155**	**599,775,359**	**267,981,796**	**867,757,155**
General accident	**190,713,367**	**373,465,978**	**564,179,345**	**190,713,367**	**373,465,978**	**564,179,345**
Motor	**84,811,671**	**197,025,575**	**281,837,246**	**84,811,671**	**197,025,575**	**281,837,246**
Marine	**492,740,643**	**154,690,222**	**647,430,865**	**492,740,643**	**154,690,222**	**647,430,865**
Bond	**-**	**18,759,856**	**18,759,856**	**-**	**18,759,856**	**18,759,856**
Engineering	**9,648,186**	**109,225,751**	**118,873,937**	**9,648,186**	**109,225,751**	**118,873,937**
Aviation	**70,125,475**	**26,051,197**	**96,176,672**	**70,125,475**	**26,051,197**	**96,176,672**
Oil & gas	**91,719,064**	**150,552,934**	**242,271,998**	**91,719,064**	**150,552,934**	**242,271,998**
	1,539,533,765	**1,297,753,308**	**2,837,287,073**	**1,539,533,765**	**1,297,753,308**	**2,837,287,074**
HMO - Outstanding claims	**4,125,704**		**4,125,704**			
	1,543,659,469	**1,297,753,308**	**2,841,412,777**	**1,539,533,765**	**1,297,753,308**	**2,837,287,074**

Reserve for outstanding claims - 2020

	Outstanding Claim	Provision for IBNR	Gross Reserve	Outstanding Claim	Provision for IBNR	Gross Reserve
	N	N	N	N	N	N
Fire	842,395,557	219,244,654	1,061,640,211	842,395,557	219,244,654	1,061,640,211
General accident	226,545,391	197,289,820	423,835,211	226,545,391	197,289,820	423,835,211
Motor	90,318,483	125,287,692	215,606,175	90,318,483	125,287,692	215,606,175
Marine	182,375,802	27,325,765	209,701,566	182,375,802	27,325,765	209,701,566
Bond	8,780,635	13,692,867	22,473,502	8,780,635	13,692,867	22,473,502
Engineering	165,469,298	83,597,519	249,066,817	165,469,298	83,597,519	249,066,817
Aviation	51,053,614	72,846,999	-	51,053,614	72,846,999	123,900,613
Oil & gas	329,185,170	163,459,305	492,644,475	329,185,170	163,459,305	492,644,475
	1,896,123,948	902,744,621	2,798,868,569	1,896,123,948	902,744,621	2,798,868,569
HMO - Outstanding c	4,125,703		4,125,703			
	1,900,249,651	902,744,621	2,802,994,272	1,896,123,948	902,744,621	2,798,868,569

	Group		Company	
	2021	2020	**2021**	2020
	N	**N**	**N**	**N**
15.2 Unearned premium reserve				
Fire	**383,027,502**	322,981,528	**383,027,502**	322,981,528
General accident	**339,151,136**	360,220,432	**339,151,136**	360,220,432
Motor	**814,032,695**	679,007,369	**814,032,695**	679,007,369
Marine	**138,115,979**	130,494,659	**138,115,979**	130,494,659
Oil & Gas	**471,558,371**	411,555,319	**471,558,371**	411,555,319
Engineering	**163,976,093**	136,111,708	**163,976,093**	136,111,708
Aviation	**101,476,097**	108,010,647	**101,476,097**	108,010,647
Bond	**50,919,864**	67,089,542	**50,919,864**	67,089,542
	2,462,257,737	2,215,471,204	**2,462,257,737**	2,215,471,204
HMO - Unearned premium reserve	**166,615,090**	189,767,676	**-**	-
Microinsurance - Unearned premium reserve	**3,764,797**			
	2,632,637,624	2,405,238,880	**2,462,257,737**	2,215,471,204

Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the Management of the Company with the use of a professional actuary (Ernst & Young), certified firm of actuaries with FRC registration number FRC/2012/NAS/00000000738

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

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

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	30,585,445	19,942,921	13,183,113	12,871,840	49,077,655	125,660,973
250,001-500,000	34,712,117	17,327,000	12,110,210	10,348,971	20,675,150	95,173,448
500,001-1,500,000	31,258,796	36,725,415	15,950,000	11,500,000	23,452,299	118,886,510
1,500,001-2,500,000	4,900,287	7,586,331	3,919,000		16,005,950	32,411,567
2,500,001-5,000,000	19,102,500	4,102,500	8,693,710	4,000,000	27,422,610	63,321,320
ABOVE 5,000,000	58,027,938	400,000,000	460,000,000	26,613,194	159,438,814	1,104,079,946
TOTAL	**178,587,083**	**485,684,167**	**513,856,033**	**65,334,005**	**296,072,477**	**1,539,533,765**

AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31 DECEMBER, 2020

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	32,047,974	18,209,023	16,306,287	12,664,130	52,716,781	131,944,195
250,001-500,000	12,963,432	13,079,363	5,048,325	6,606,350	13,136,014	50,833,484
500,001-1,500,000	14,927,979	15,351,299	12,086,101	2,529,387	10,896,858	55,791,624
1,500,001-2,500,000	9,226,813	7,624,526	5,564,500	3,532,000	8,600,104	34,547,942
2,500,001-5,000,000	24,270,140	8,064,500	11,465,000	10,703,000	10,587,917	65,090,557
ABOVE 5,000,000	50,641,250	150,333,500	17,961,897	8,500,000	59,840,613	287,277,260
TOTAL	**144,077,588**	**212,662,211**	**68,432,110**	**44,534,867**	**155,778,286**	**625,485,063**

Number of claimants in each category

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

Further Analysis of Outstanding Claims

OUTSTANDING CLAIMS (AWAITING EDV)

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

OUTSTANDING CLAIMS (AWAITING SETTLEMENT DECISION)

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

OUTSTANDING CLAIMS (AWAITING SUPPORTING DOCUMENT)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	27,322,208	18,960,921	12,964,133	12,125,414	47,072,995	118,445,671
250,001-500,000	33,372,717	17,327,000	12,110,210	10,348,971	20,675,150	93,834,048
500,001-1,500,000	30,258,796	35,725,415	15,950,000	11,500,000	21,402,299	114,836,510
1,500,001-2,500,000	4,900,287	7,586,331	3,919,000		16,005,950	32,411,567
2,500,001-5,000,000	19,102,500	4,102,500	4,102,500	4,000,000	23,879,000	55,186,500
ABOVE 5,000,000	38,027,938	400,000,000	10,000,000	26,613,194	159,438,814	634,079,946
TOTAL	**152,984,447**	**483,702,167**	**59,045,843**	**64,587,579**	**288,474,207**	**1,048,794,244**

OUTSTANDING CLAIMS (BEING ADJUSTED)

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

OUTSTANDING CLAIMS (SIGNED DISCHARGE VOUCHER UNPAID)

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

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

		Group 2021 N	Group 2020 N	Company 2021 N	Company 2020 N
15.4	**Funds representing insurance contract liabilities**				
	Balance with banks	**-**	246,595,445	**-**	246,595,445
	Fixed placement	**1,594,881,038**	1,892,159,984	**1,594,881,038**	1,892,159,984
	Treasury bill & Bonds	**-**	2,629,694,266	**-**	2,629,694,266
	Recoverable from reinsurance company	**3,410,440,180**	2,170,714,673	**3,410,440,180**	2,170,714,673
	Investment property	**1,008,676,470**		**1,008,676,470**	-
	At fair value through profit or loss	**-**	772,258,498	**-**	772,258,498
		6,013,997,688	7,711,422,866	**6,013,997,688**	7,711,422,866
15.5	**Investment contract liabilities**				
	Opening	**-**	-	-	-
	movement	**17,660,923**	-	-	-
	Closing	**17,660,923**	-	-	-
16.	**Trade payables**				
	Due to insurance companies	**-**	-	**-**	-
	Due to reinsurance companies - local	**46,805,158**	13,972,733	**46,805,158**	13,972,733
	Other trade payables	**-**	-	**-**	-
		46,805,158	13,972,733	**46,805,158**	13,972,733
	Current	**46,805,158**	13,972,733	**46,805,158**	13,972,733
	Non-current	**-**	-	**-**	-
	Movement in Trade payables				
	Opening	**13,972,733**	54,241,112	**13,972,733**	54,241,112
	Reinsurance during the year	**4,458,744,932**	3,513,496,175	**4,458,744,932**	3,513,496,175
	Payment	**(4,425,912,507)**	(3,553,764,554)	**(4,425,912,507)**	(3,553,764,554)
	Closing	**46,805,158**	13,972,733	**46,805,158**	13,972,733
17	**Borrowing**				
	At 1 January	**5,013,052**	10,448,536	-	-
	Addition	**142,596,600**	2,000,000	-	-
	Repayment	**(96,655,552)**	(15,048,403)	-	-
	Interest capitalised	**4,845,913**	7,612,919	-	-
	As At 31 December	**55,800,013**	5,013,052	**-**	**-**

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

		Group 2021 N	Group 2020 N	Company 2021 N	Company 2020 N
18.	**Other payables and provision**				
	Audit fees	**11,500,000**	9,037,500	**7,000,000**	7,037,500
	VAT payable	**100,000**	100,000	**100,000**	100,000
	Witholding tax payable	**5,320,984**	5,813,998	**5,320,984**	5,813,998
	Unclaimed dividend payable (Note 18.1)	**80,662,912**	80,662,912	**80,662,912**	80,662,912
	Accrued expenses	**68,193,685**	58,483,667	**45,799,518**	36,089,500
	Unearned Commission received(Note 18.2)	**68,805,228**	26,383,647	**68,805,228**	26,383,647
	Staff Cooperative	**46,672,519**	34,923,889	**46,672,519**	34,923,889
	Sundry creditors	**62,285,265**	5,651,257	**20,759,955**	17,752,927
		343,540,593	221,056,870	**275,121,116**	208,764,373
	Current	**343,540,593**	221,056,870	**275,121,116**	208,764,373
	Non-current	**-**	-	**-**	-

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

		Group 2021 N	Group 2020 N	Company 2021 N	Company 2020 N
18.2	**Unearned Commission Reserve**				
	Fire	**13,596,991**	303,286	**13,596,991**	303,286
	General accident	**16,729,758**	232,744	**16,729,758**	232,744
	Motor	**866,998**	182,117	**866,998**	182,117
	Marine	**12,242,178**	22,865,491	**12,242,178**	22,865,491
	Oil & Gas	**-**	-	**-**	-
	Engineering	**20,738,926**	2,730,195	**20,738,926**	2,730,195
	Aviation	**-**	-	**-**	-
	Bond	**4,630,377**	69,814	**4,630,377**	69,814
		68,805,228	26,383,647	**68,805,228**	26,383,647

			Group 2021 N	Group 2020 N	Company 2021 N	Company 2020 N
19.	**Retirement benefit obligation**					
	Defined contribution pension plan					
	At 1 January		**4,129,526**	7,290,620	**2,253,607**	6,690,086
	Provision during the period (Note 36b)		**51,461,849**	46,692,927	**47,593,611**	42,824,690
	Payment during the period		**(53,515,693)**	(49,854,021)	**(48,479,290)**	(47,261,169)
	31 December		**2,075,682**	4,129,526	**1,367,928**	2,253,607
19.a	Employer contribution	10%	**1,153,157**	2,294,181	**391,282**	936,712
	Employees contribution	8%	**922,525**	1,835,345	**976,646**	1,316,895
			2,075,682	4,129,526	**1,367,928**	2,253,607

		Group		Company	
		2021	2020	**2021**	2020
		N	N	**N**	N
20	**Taxation**				
20	**Income tax expense**				
	Income tax	**225,748,745**	137,577,543	**173,259,733**	134,635,334
	Education tax	**19,814,649**	39,510,636	**15,284,310**	39,510,636
	Under/(over)provision in previous year	**(77,388,702)**	(129,797,807)	**(72,500,000)**	(129,797,807)
		168,174,692	47,290,372	**116,044,044**	44,348,163
	Deferred tax (Note 22)	**12,862,091**	47,291,095	**6,016,141**	47,291,095
		181,036,783	94,581,467	**122,060,185**	91,639,258

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

		Group		Company	
		2021	2020	**2021**	2020
		N	N	**N**	N
21.	**Current income tax liabilities**				
	At 1 January	**359,459,121**	436,426,811	**289,145,971**	355,578,462
	Payments during the period	**(69,731,872)**	(124,258,062)	**(65,054,114)**	(110,780,655)
		289,727,250	312,168,749	**224,091,857**	244,797,807
	Charge for the period (note 20)	**168,174,692**	47,290,372	**116,044,044**	44,348,164
	31 December	**457,901,942**	359,459,121	**340,135,901**	289,145,971
21.1	**Reconciliation of effective tax rate**		-		
	Profit after tax	**790,638,017**	456,265,214	**642,155,338**	404,031,900
	Total income tax expense				
	Income	**225,748,745**	137,577,543	**173,259,733**	134,635,334
	Education	**19,814,649**	39,510,636	**15,284,310**	39,510,636
	(Over)/under-provision	**(77,388,702)**	(129,797,807)	**(72,500,000)**	(129,797,806)
	Deferred tax (Note 22)	**12,862,091**	47,291,095	**6,016,141**	47,291,095
		181,036,783	94,581,467	**122,060,185**	91,639,259
	Profit for the period before income tax	**971,674,801**	772,564,284	**764,215,522**	706,445,176
	Effective tax rate	**19%**	12%	**16%**	13%
22	**Deferred tax liabilities**				
	At 1 January	**177,878,284**	130,587,189	**173,040,130**	125,749,035
	IFRS 9 opening balance adjustment	**6,565,322**	-	**6,565,322**	-
	Charge for the period (Note 21.1)	**12,862,091**	47,291,095	**6,016,141**	47,291,095
	Deffered tax on Revalued Land & Building (PPE)	**54,490,959**		**54,490,959**	
	Deffered tax on FVTOCI instruments	**7,867,252**	-	**7,867,252**	
	31 December	**259,663,908**	177,878,284	**247,979,804**	173,040,130

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

		Group		Company	
		2021	2020	**2021**	2020
		N	**N**	**N**	**N**
23.	**Share capital**				
	Authorised:				
	20 billion ordinary shares of 50k each	**10,000,000,000**	10,000,000,000	**10,000,000,000**	10,000,000,000
23.1	***Issued and fully paid:***				
	8.130 billion ordinary shares of 50k each				
	31 December	**5,420,000,000**	5,420,000,000	**5,420,000,000**	5,420,000,000
	Opening	**5,420,000,000**	4,065,000,000	**5,420,000,000**	4,065,000,000
	Addition: Right issue	**-**	1,016,250,000	**-**	1,016,250,000
	Bonus Issue	**-**	338,750,000	**-**	338,750,000
	Closing	**5,420,000,000**	5,420,000,000	**5,420,000,000**	5,420,000,000

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group.
The Company issued a bonus share of 1 for every 15 shares from 2019 financials in 2020.

		Group		Company	
24	**Share Premium**	**2021**	2020	**2021**	2020
	Number (units) of shares issued	**-**	-	**-**	-
	Issue price	**-**	-	-	-
	Opening	**168,933,834**	155,264,167	**168,933,834**	155,264,167
	Addition	**-**	40,650,000	**-**	40,650,000
	Issue expenses	**-**	(26,980,333)	**-**	(26,980,333)
	Share Premium	**168,933,834**	**168,933,834**	**168,933,834**	**168,933,834**

The share premium arises from the right issue of 2,032,500,000 shares @ the price of 52kobo which is above the nominal value of 50kobo.The excess amount after deducting all charges is stated as share premium

25. Other reserves

25.1.	**Contingency reserve**				
	At 1 January	**2,136,621,663**	1,855,299,252	**2,136,621,663**	1,855,299,252
	Transfer from income statement (Note 26)	**301,016,775**	281,322,411	**300,721,425**	281,322,411
	31 December	**2,437,638,438**	2,136,621,663	**2,437,343,088**	2,136,621,663

In line with sections 21(1) and (2) and 22(16) of the Insurance Act 2003, Insurance companies in Nigeria are required to transfer to the statutory contingency reserve, the higher of 20% of net profits and 3% of total Premium. The current year transfer of =N=300,721,425 is based on 3% of total Premium.

25.2	**Statutory reserve**				
	At 1 January	**45,964,378**	36,863,982	**-**	-
	Transfer from income statement (Note 26)	**26,075,385**	9,100,396	**-**	-
				-	
	31 December	**72,039,762**	45,964,378	**-**	-

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

25.3	**Fair Value Through OCI Reserve**				
	At 1 January	**-**	-	**-**	-
	Prior year adjustment	**-**	-		
	Gain on financial Assets meansured through OCI	**30,615,728**	-	**30,669,221**	-
				-	
	At December	**30,615,728**	-	**30,669,221**	**-**

25.4 Revaluation Reserve

At 1 January	**-**	-	**-**	-
Revaluation gain on PPE (Land & Building)	**115,793,288**	-	**115,793,288**	-
			-	
At December	**115,793,288**	-	**115,793,288**	**-**

25.5 Regulatory Risk Reserve

At 1 January	**-**	-	**-**	-
Transfer to/(from) Retained earnings **(Note:26**).	**1,354,214**	-	**-**	-
			-	
At December	**1,354,214**	-	**-**	**-**

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

26. Retained earnings

At 1 January	**550,078,221**	501,268,211	**400,684,735**	405,951,229
Changes on initial application of IFRS 9	**(30,061,373)**	-	**(29,129,100)**	-
Interim Dividend declared and paid in the year**	**(216,800,050)**	(338,750,000)	**(216,800,050)**	(338,750,000)
Transfer to contigency reserve (Note 25.1)	**(301,016,775)**	(281,322,411)	**(300,721,425)**	(281,322,411)
Transfer from income statement	**790,638,017**	677,982,816	**642,155,338**	614,805,917
Regulatory Risk Reserve	**(1,354,214)**		**-**	-
Transfer to statutory reserve (Note 25.2)	**(26,075,385)**	(9,100,396)	**-**	-
31 December	**765,408,441**	550,078,221	**496,189,498**	400,684,735

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

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

26.1. Profit before taxation

Profit before taxation is stated after charging/crediting:				
Depreciation of property and equipment	**118,196,881**	105,295,867	**100,318,021**	104,049,451
Auditors' remuneration	**11,500,000**	11,326,808	**7,000,000**	7,326,808
Directors' remuneration:				
- Fees	**8,000,000**	650,000	**8,000,000**	650,000
Profit on disposal of property and equipment	**-**	-	**-**	-
Foreign exchange (gains)/loss	**(266,543,572)**	(56,648,517)	**(266,543,572)**	(56,648,517)

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

27. Gross premium earned analysed as follows:

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

Gross premium earned analysed as follows:

	<-------------------- 2020	------------------->		
	Direct premium	Inward reinsurance premium	Increase/ decrease in unearned premium	Gross premium earned
	N	**N**	**N**	**N**
Fire	1,095,317,994	23,067,680	(110,946,172)	1,007,439,502
General accident	1,282,145,424	5,051,994	(76,180,117)	1,211,017,301
Motor	2,095,582,855	24,126,933	15,553,842	2,135,263,630
Aviation	928,319,008	276,251	22,637,980	951,233,240
Oil & Gas	2,585,171,145	41,921,129	18,767,397	2,645,859,671
Marine	597,581,298	5,261,502	(17,391,263)	585,451,537
Engineering	508,274,182	5,998,574	89,777,613	604,050,369
Bond	179,317,737	-	24,135,023	203,452,760
Company Total	9,271,709,643	105,704,063	(33,645,697)	9,343,768,010
Medical Premium	385,107,664	-	(29,881,965)	355,225,699
GroupTotal	9,656,817,307	105,704,063	(63,527,662)	9,698,993,709

	Group		**Company**	
	2021	2020	**2021**	2020
	N	**N**	**N**	**N**
28. Reinsurance expense				
The reinsurance expense is analysed as follows:				
Reinsurance premium cost (Note 7.3)	**4,458,744,931**	3,513,496,175	**4,458,744,931**	3,513,496,175
(Increase)/decrease in prepaid reinsurance	**(219,655,527)**	178,363,528	**(219,655,527)**	178,363,528
Reinsurance expense (Note 7.3)	**4,239,089,404**	3,691,859,703	**4,239,089,404**	3,691,859,703
29. Fee and commission				
Fire	**136,560,727**	167,369,503	**136,560,727**	167,369,503
General accident	**171,406,246**	141,960,976	**171,406,246**	141,960,976
Motor	**2,511,888**	1,646,597	**2,511,888**	1,646,597
Aviation	**-**	32,955,008	**-**	32,955,008
Oil & Gas	**-**	2,713,202	**-**	2,713,202
Marine	**124,659,046**	70,316,076	**124,659,046**	70,316,076
Engineering	**74,410,511**	68,063,419	**74,410,511**	68,063,419
Bond	**19,469,346**	8,348,972	**19,469,346**	8,348,972
	529,017,764	493,373,753	**529,017,764**	493,373,753
Movement - Fee and commission				
Opening Unearned commission (Note 18.2)	**26,383,647**	116,900,695	**26,383,647**	116,900,695
Commission received	**571,439,345**	402,856,705	**571,439,345**	402,856,705
Commission earned	**(529,017,764)**	(493,373,753)	**(529,017,764)**	(493,373,753)
Closing Unearned commission (Note 18.2)	**68,805,228**	26,383,647	**68,805,228**	26,383,647

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		Claims expenses 31 December 2021 N	Claims expenses 31 December 2020 N	Claims expenses 31 December 2021 N	Claims expenses 31 December 2020 N
30a	**Claims expenses**				
	Claims paid during the year	**3,961,497,940**	3,116,308,122	**3,597,475,453**	2,894,888,636
	Opening IBNR and outstanding claims(Note 15.1)	**(2,798,868,569)**	(1,742,001,381)	**(2,798,868,569)**	(1,742,001,381)
	Closing IBNR and outstanding claims (Note 15.1)	**2,837,287,074**	2,798,868,569	**2,837,287,074**	2,798,868,569
	Gross claims expenses	**3,999,916,445**	4,173,175,310	**3,635,893,957**	3,951,755,824
30b.	**Claims & IBNR recoverable**				
	Claims recoverable				
	Claims recovered	**1,528,526,240**	1,099,371,558	**1,528,526,240**	1,099,371,558
	Opening claims recoverable (Note 7.3)	**(2,170,714,673)**	(1,662,816,336)	**(2,170,714,673)**	(1,662,816,336)
	Closing claims recoverable	**2,354,142,508**	2,170,714,673	**2,354,142,508**	2,170,714,673
	Net recoverable	**1,711,954,075**	1,607,269,895	**1,711,954,075**	1,607,269,895

31. Underwriting expenses

	Group		Company	
Underwriting expenses- 2021	**Acquisition expenses N**	**Maintenance expenses N**	**Acquisition expenses N**	**Maintenance expenses N**
Fire	**226,943,344**	**54,778,239**	**226,943,344**	**54,778,239**
General accident	**244,701,993**	**86,699,534**	**244,701,993**	**86,699,534**
Motor	**238,859,002**	**300,650,151**	**238,859,002**	**300,650,151**
Aviation	**193,871,062**	**100,834,014**	**193,871,062**	**100,834,014**
Oil & Gas	**396,917,165**	**111,905,299**	**396,917,165**	**111,905,299**
Marine	**152,512,246**	**51,100,285**	**152,512,246**	**51,100,285**
Engineering	**87,824,781**	**12,892,497**	**87,824,781**	**12,892,497**
Bond	**51,783,555**	**18,284,437**	**51,783,555**	**18,284,437**
	1,593,413,149	**737,144,456**	**1,593,413,149**	**737,144,456**
HMO Acquisition expenses	**44,409,375**		**-**	**-**
Microinsurance Acquisition expenses	**311,403**			
	1,638,133,926	**737,144,456**	**1,593,413,149**	**737,144,456**

Underwriting expenses- 2020	Acquisition expenses N	Maintenance expenses N	Acquisition expenses N	Maintenance expenses N
.				
Fire	172,392,396	58,067,801	172,392,396	58,067,801
General accident	202,697,733	81,166,475	202,697,733	81,166,475
Motor	239,001,995	273,926,124	239,001,995	273,926,124
Aviation	118,857,334	120,024,950	118,857,334	120,024,950
Oil & Gas	352,156,569	110,100,223	352,156,569	110,100,223
Marine	87,277,355	42,844,782	87,277,355	42,844,782
Engineering	108,042,201	32,864,186	108,042,201	32,864,186
Bond	30,456,427	14,041,434	30,456,428	14,041,434
	1,310,882,010	733,035,975	1,310,882,010	733,035,975
HMO Acquisition expenses	29,929,986		-	-
	1,340,811,996	733,035,975	1,310,882,010	733,035,975

	Group		Company	
Underwriting expenses	**31 December 2021 N**	**31 December** 2020 **N**	**31 December 2021 N**	**31 December** 2020 **N**
Acquisition Expenses	**1,638,133,926**	1,340,811,996	**1,593,413,149**	1,310,882,010
Maintenance Expenses	**737,144,456**	733,035,975	**737,144,456**	733,035,975
	2,375,278,382	2,073,847,971	**2,330,557,605**	2,043,917,985

		Group		Company	
		31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
		N	**N**	**N**	**N**
32.	**Investment income**				
	Interest received	**661,442,316**	406,406,610	**95,422,221**	139,520,998
	Interest received on corporate loan	**6,178,205**	18,278,204	**6,178,205**	18,278,204
	Interest accrued	**371,559,002**	116,562,781	**45,902,740**	51,474,088
	Rent income on investment properties	**12,575,666**	9,816,808	**12,575,666**	9,816,808
	Profit on Disposal of investment property	**56,839,000**	-	**8,000,000**	-
	Dividend received	**101,095,583**	40,402,530	**101,095,583**	40,402,530
		1,209,689,772	591,466,933	**269,174,415**	259,492,628
	Amortised gain on Debts Security (Note 3.2.4)	**318,668,456**	348,883,834	**318,668,456**	348,883,834
		1,528,358,228	940,350,767	**587,842,871**	608,376,462
32.1	**Investment income**				
	Investment income attributable to policyholders' fund	**318,668,456**	348,883,834	**318,668,456**	348,883,834
	Investment income attributable to shareholders' fund	**1,209,689,772**	591,466,933	**269,174,415**	259,492,628
		1,528,358,228	940,350,767	**587,842,871**	608,376,462
33.	**Other operating income**				
	Profit (Loss) on disposal of property and equipment	**8,064,378**	4,567,482	**8,064,378**	4,567,482
	Interest on staff receivables	**252,682**	-	**252,682**	-
	Exchange gain (Note 33.1)	**266,543,572**	56,648,516	**266,543,572**	56,648,516
	Other income	**39,815,986**	29,946,558	**3,000**	581,714
		314,676,618	91,162,556	**274,863,632**	61,797,712
33.1	**Exchange gain**				
	Gain on disposal of foreign currency	**91,590,500**	-	**91,590,500**	-
	Gain/ (loss) from valuation of closing foreign currency balances	**174,953,072**	56,648,517	**174,953,072**	56,648,517
		266,543,572	56,648,517	**266,543,572**	56,648,517
33.2	**Fair Value Through OCI**				
	Items that will be reclassified subsiquently to profit or loss				
	Revaluation of Land & Building (PPE)	**115,793,288**	**-**	**115,793,288**	-
	Gain on Fair value through OCI	**16,664,419**	**-**	**16,717,912**	-
		132,457,706	**-**	**132,511,199**	-
	Deffered tax on Fair value through OCI	**7,867,252**		**7,867,252**	
	Deffered tax on revaluation surplus Land & Building	**54,490,959**		**54,490,959**	
		62,358,211		**62,358,211**	
34.	**Impairment charged**				
	Cash and cash equivalent (Note 2.2)	**(1,573,598)**	-	**(872,669)**	
	Loans and receivables (Note 3.2)	**(67,242,888)**	(31,537,233)	**(225,717)**	
	Finance Lease receivable (Note 5.1)	**(8,765,383)**	(9,045,989)	**-**	-
	Reinsurance Assets (Note 7)	**(1,120,810)**	-	**(1,120,810)**	
	Trade receivables (Note 6.1)	**(221,306)**	(4,738,626)	**-**	
	Other receivables (Note 9)	**(2,641,941)**	(77,683)	**-**	
	IFRS 9 Adjustment	**-**		**-**	-
		(81,565,926)	(45,399,531)	**(2,219,196)**	-
	Impairment (charge)/write back	**(81,565,926)**	**(45,399,531)**	**(2,219,196)**	-

	Group		Company	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
	N	N	**N**	N
35. Net fair value gain (loss) at fair value through profit or loss				
**Financial assets at fair value through profit or loss	**(159,457,854)**	72,321,055	**(163,235,988)**	73,530,975
Fair value gains/(loss)	**(159,457,854)**	72,321,055	**(163,235,988)**	73,530,975

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

**Financial assets at fair value through profit or loss were measured using The Nigeria Stock Exchange and NASD price list at the close of business on the 31st December 2021.

35a Financial Assest at fair value through profit or loss (Note 3.1)				
Openning balance	**59,106,429**	(13,214,626)	**61,222,604**	(12,308,371)
Addition charged to profit or loss	**(159,457,854)**	72,321,055	**(163,235,988)**	73,530,975
Closing balance	**(100,351,425)**	59,106,429	**(102,013,384)**	61,222,604

36. Operating & Administrative expenses				
Employee cost (Note 36)	**847,930,814**	745,955,263	**570,018,833**	630,218,574
Rent, insurance and maintenance	**159,080,680**	149,112,359	**131,063,773**	138,155,691
Depreciation of property and equipment	**118,196,881**	105,295,867	**100,318,021**	104,049,451
Amortisation of intangible assets	**11,096,403**	10,960,433	**8,295,149**	7,725,859
Auditors' remuneration	**11,500,000**	**11,326,808**	**7,000,000**	7,326,808
Directors' remuneration:	**-**	-		
- Fees	**8,000,000**	9,000,000	**8,000,000**	9,000,000
- Allowance & Expenses	**83,981,707**	27,675,983	**48,296,908**	27,035,833
Professional charges	**192,429,947**	126,392,277	**175,405,925**	100,901,278
Printing and telecommunication	**32,544,502**	71,710,478	**28,380,526**	49,133,134
Advertising	**313,851,096**	367,996,547	**301,016,411**	317,944,007
Travelling and motor vehicle expenses	**127,810,230**	101,777,316	**77,863,822**	62,280,806
Rates, Insurance levy and utilities	**100,852,909**	106,148,322	**92,684,957**	92,567,260
Information Technology (note 20)	**7,642,155**	7,064,452	**7,642,155**	7,064,452
Office running expenses	**19,975,844**	27,856,044	**19,497,073**	11,474,520
Bank charges	**25,506,876**	23,021,253	**23,406,676**	20,568,253
Donation	**21,550,394**	46,231,024	**21,550,394**	46,221,024
Office security expenses	**16,032,412**	35,523,082	**14,832,412**	33,379,590
Brand management	**114,062,691**	154,098,048	**105,518,623**	113,314,236
Legal and Filing fees	**6,946,580**	18,460,419	**4,687,038**	14,758,382
Penalty	**1,000,000**	1,018,961	**-**	1,018,961
	2,219,992,122	2,146,624,937	**1,745,478,694**	1,794,138,119

	Group		Company	
	31 December 2021	31 December 2020	**31 December** 2021	31 December 2020
	N	N	**N**	N
36a Employee cost				
Wages and salaries	**687,600,623**	587,489,952	**460,611,447**	481,107,666
Medical	**34,783,773**	6,228,212	**19,215,301**	18,314,046
Staff training	**74,084,569**	105,544,172	**42,598,474**	87,972,172
Defined contribution pension plan (Note 19)	**51,461,849**	46,692,927	**47,593,611**	42,824,690
	847,930,814	745,955,263	**570,018,833**	630,218,574

36b Chairman's and Directors' emoluments, pensions and compensation for loss of office				
Emoluments:				
Chairman	**2,000,000**	750,000	**2,000,000**	750,000
Other Directors	**6,000,000**	4,962,500	**6,000,000**	4,962,500
Other emolument of executives	**18,760,000**	16,320,000	**18,760,000**	16,320,000
Emolument of highest paid Director	**12,000,000**	12,000,000	**14,500,000**	12,000,000

37. Basic/diluted earnings per share

Profit/(loss) after taxation	**923,095,724**	456,265,214	**642,155,338**	614,805,918
Number of shares	**10,840,000,000**	8,130,000,000	**10,840,000,000**	10,840,000,000
Movement in Numbers of Share Capital				
Opening	**10,840,000,000**	8,130,000,000	**10,840,000,000**	8,130,000,000
Right issue	**-**	2,032,500,000	**-**	2,032,500,000
Bonus Issue		677,500,000		677,500,000
Private placement	**-**	-	**-**	-
Closing	**10,840,000,000**	10,840,000,000	**10,840,000,000**	10,840,000,000
Weighted Average nos of share				
Opening	**10,840,000,000**	8,130,000,000	**10,840,000,000**	8,130,000,000
Right issue (half year)	**-**	1,016,250,000	**-**	1,016,250,000
Bonus Issue		677,500,000		677,500,000
Private placement	**-**	-	**-**	-
Weighted Average nos of share	**10,840,000,000**	9,823,750,000	**10,840,000,000**	9,823,750,000
Basic/diluted earnings per share (kobo)	**8.52**	6.90	**5.92**	**6.26**

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

38 Reconciliation of net cashflow from operating

	Group		Company	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
Profit before tax	**971,674,801**	772,564,284	**764,215,523**	706,445,177
Adjustment for the following;				
Add, Depreciation & amortisation	**118,196,881**	105,295,867	**100,318,021**	104,049,451
other non cash transaction				
Net fair value loss on financial assets at fair value	**159,457,854**	72,321,055	**163,235,988**	73,530,975
Less :				
Profit /Loss on disposal	**(8,064,378)**	(4,567,482)	**(8,064,378)**	(4,567,482)
Gain on sale of investment property		-	**(8,000,000)**	-
Investment income	**(1,427,262,645)**	(899,948,237)	**(486,747,288)**	(567,973,932)
Dividend received	**(101,095,583)**	(40,402,530)	**(101,095,583)**	(40,402,530)
Impairment	**81,565,926**	45,399,531	**2,219,197**	-
	(205,527,144)	50,662,488	**426,081,480**	271,081,659
Changes in working capital:				
Increase(deccrease) in trade receivable	**6,068,161**	(313,940,320.0)	**(62,866,788)**	(281,131,232)
Increase(deccrease) in reinsurance assets	**(392,359,563)**	(329,534,810)	**(392,359,563)**	(329,534,810)
Increase(deccrease) in deferred acquisition	**(42,479,867)**	5,497,103	**(40,478,557)**	4,997,841
Increase(deccrease) in other receivable	**(93,339,392)**	79,703,855	**(159,127,066)**	(74,558,285)
Increase(deccrease) in finance lease receivable	**(62,494,410)**	23,751,468	**-**	-
Increase(deccrease) in inventory	**3,561,887**	3,571,645	**-**	-
Increase(deccrease) in trade payable	**32,832,425**	(40,268,378)	**32,832,425**	(40,268,378)
Increase(deccrease) in Borrowing	**50,786,962**	(5,435,485)	**-**	-
Increase(deccrease) in insurance contract liabilities	**265,817,250**	1,103,149,393	**285,205,038**	1,090,512,885
Increase(deccrease) in provision & other payable	**122,483,724**	(162,992,780)	**66,356,744**	(134,642,340)
Increase(deccrease) in retirement benefits	**(2,053,844)**	(3,161,094)	**(885,679)**	(4,436,479)
Tax paid	**(69,731,872)**	(124,258,062)	**(65,054,114)**	(110,780,655)
	(386,435,684)	286,745,023	**89,703,920**	391,240,206

		Group		Company	
		2021	2020	**2021**	2020
		Number	Number	**Number**	Number
39.	**Staff**				
	Average number of persons employed in the financial year were as follows:				
	Managerial	**38**	31	**29**	26
	Senior staff	**152**	124	**114**	110
	Junior staff	**17**	23	**15**	16
		207	178	**158**	152
39a.	The number of Directors excluding the Chairman whose emoluments were within the following ranges were:				
	N - N				
	Nil - 100,000	**Nil**	Nil	**Nil**	Nil
	100,001 - 200,000	**Nil**	Nil	**Nil**	Nil
	200,001 - 300,000	**Nil**	Nil	**Nil**	Nil
	Above - 300,000	**10**	**10**	**10**	**10**
	Emolument				
	Number of Directors who have waived their rights to receive emoluments	**Nil**	Nil	**Nil**	Nil
39b.	**Employees remunerated at higher rates**				
	The number of employees in respect of emoluments within the following ranges were:				
	N - N				
	200,001 - 300,000	**7**	7	**6**	6
	300,001 - 400,000	**7**	30	**5**	26
	400,001 500,000	**4**	29	**4**	29
	500,001 - 600,000	**2**	14	**2**	14
	600,001 - 700,000	**2**	2	**2**	2
	700,001 - 800,000	**8**	11	**4**	11
	800,001 - 900,000	**15**	15	**13**	13
	900,001 - 1,000,000	**5**	7	**5**	5
	1,000,001 and above	**157**	63	**117**	46
		207	178	**158**	152

40a. Capital commitments

There were no capital commitments as at 31 December 2021.

40b. Contingent liabilities

There were no contigent liabilities against the Group as at 31 December 2021.

41. Comparative figures -

Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1).

42. Segment Information

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

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

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

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

Segment information by company and subsidiaries:

	General Insurance, HMO & Life N	Finance and support services N	Elimination N	Total N
At December 2021				
Operating income	**2,689,294,927**	**536,587,298**	**(34,215,301)**	**3,191,666,925**
Operating expenses	**(1,982,646,375)**	**(256,561,047)**	**19,215,301**	**(2,219,992,122)**
Operating profit	**706,648,551**	**280,026,251**	**(15,000,000)**	**971,674,801**
Taxation	**(123,209,319)**	**(57,827,465)**	**-**	**(181,036,784)**
Profit for the period	**583,439,232**	**222,198,786**	**(15,000,000)**	**790,638,018**
Total assets	**15,809,402,061**	**1,840,825,895**	**(1,976,061,730)**	**15,674,166,225**
Total liabilities	**6,539,714,131**	**504,505,122**	**(381,836,730)**	**6,662,382,523**
Share capital and reserves	**9,269,687,931**	**1,336,320,774**	**(1,594,225,000)**	**9,011,783,705**
Depreciation	**100,318,020**	**17,878,860**	**-**	**118,196,881**
ROCE	**8%**	**21%**	**-**	**11%**
At 31 December 2020				
Operating income	2,652,465,528	279,999,718	(13,276,026)	2,919,189,220
Operating expenses	(1,938,221,313)	(221,679,650)	13,276,026	(2,146,624,936)
Operating profit	714,244,215	58,320,068	-	772,564,284
Taxation	(94,581,467)	-	-	(94,581,467)
Profit for the period	619,662,748	58,320,068	-	677,982,817
Total assets	14,697,407,041	1,429,047,392	(1,815,113,599)	14,311,340,834
Total liabilities	6,010,759,427	564,096,909	(585,113,599)	5,989,742,737
Share capital and reserves	8,686,647,614	864,950,482	(1,230,000,000)	8,321,598,096
Depreciation	111,775,310	4,480,990	-	116,256,300
ROCE	8%	7%	0%	9%

43. Contraventions

The Company do not contravened rules or regulation during the period of reporting. However, a subsidiary "Grand Treasurers Limited" of the Group contravened section 8 subsection 1D & section 58 sub-section 3 of the FRC Act NO.6 2011 and council's rule6-failure to file Annual Report and Audited Financial Statement for the year 2019. The subsidiary paid a penalty of N1million.

44. Reinsurance treaty

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

45. Related party transactions

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

Parent:

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

Subsidiaries:

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

Key management personnel:

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

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

		2021	2020
	Entity	**31 December**	**31 December**
Due from Grand Treasurers Limited	Consolidated Hallmark Insurance PLC	166,916,799	121,013,028
Due from Hallmark Health Services Limited	Consolidated Hallmark Insurance PLC	112,907,600	17,250,000
Due from Hallmark Health Services Limited	Grand Treasurers Limited	-	7,601,857
Medical Expenses paid to Hallmark Health Services Limit	Consolidated Hallmark Insurance PLC	19,215,301	13,276,026
Due from Microinsurance Limited	Consolidated Hallmark Insurance PLC	36,961,403	49,413,172
Due from CHI Capital Limited	Consolidated Hallmark Insurance PLC	-	26,007,142

	Group		Company	
	31 December 2021	31 December 2019	**31 December 2021**	31 December 2019
	N	**N**	**N**	**N**
46. Compensation of key management personnel:				
Salaries and other benefits of key management personnel	**49,074,864**	49,074,864	**39,408,000**	39,408,000

47. Events after the reporting period:

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

48. Capital management

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

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

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

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

Compliance with statutory solvency margin requirement:

The company at the end of financial period ended December 2021 maintained admisible assets of N14,370,730,515 which exceeded the total admissible liabilities of N5,962,974,915. 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 N8,407,755,600.78. The minimum requirement for General Insurance Business is N3billion. Thus, the solvency margin above satisfies the requirement of the Regulator.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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SOLVENCY MARGIN COMPUTATION FOR 2021

CONSOLIDATED HALLMARK INSURANCE LIMITED

	TOTAL	**INADMISSIBLE ASSETS**	**ADMISSIBLE ASSETS**
ASSETS			
Cash and Cash Equivalents	2,044,305,295	-	2,044,305,295
Financial Assets	3,926,828,203	-	3,926,828,203
Deferred Acquisition Cost	385,296,407	-	385,296,407
Other receivables and prepayments	547,376,936	509,153,130	38,223,806
Reinsurance asset	3,410,440,180	-	3,410,440,180
Trade Receivable	543,897,328	-	543,897,328
Deposit for Shares	-	-	-
Intangible Assets	29,482,172	-	29,482,172
Investment in Subsidiaries	1,594,225,000	-	1,594,225,000
Investment Properties	1,008,676,470	-	1,008,676,470
Property & Equipment - Land & Building	836,350,000	-	836,350,000
Property & Equipment	253,005,653	-	253,005,653
Statutory Deposit	300,000,000	-	300,000,000
Total Assets	14,879,883,645	509,153,130	14,370,730,515
LIABILITIES			
Insurance Contract Liabilities	5,299,544,811	-	5,299,544,811
Trade payables	46,805,158	-	46,805,158
Provision and Other payables	275,121,116	-	275,121,116
Current Income Tax Liabilities	340,135,901	-	340,135,901
Deposit for Shares	-	-	-
Deffered Tax Liability	247,979,804	247,979,804	-
Retirement Benefit Obligation	1,367,928	-	1,367,928
TOTAL LIABILITIES	6,210,954,719	247,979,804	5,962,974,915
			8,407,755,601
SOLVENCY MARGIN (ADMISSIBLE ASSETS MINUS ADMISSIBLE LIABILITIES)			-
Subject to higher of:			
15% OF NET PREMIUM: 15% X ₦5,538,171,539.92	830,725,731		
OR	or		
Minimum paid-up capital	3,000,000,000.00		
EXCESS SOLVENCY MARGIN			

49. 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 2021

	Insurance fund	Shareholders funds	December 2021
	N	N	N
ASSETS			
Cash and cash equivalents	1,594,881,038	1,262,194,201	2,857,075,239
Financial assets	-		
-At fair value through profit or loss	-	988,259,728	988,259,728
-At Ammortised Cost	-	4,183,462,523	4,183,462,523
-Fair Value Through OCI	-	118,834,331	118,834,331
Finance lease receivables		148,741,442	148,741,442
Trade receivables		601,620,155	601,620,155
Reinsurance assets	3,410,440,180	-	3,410,440,180
Deferred acquisition cost		397,546,015	397,546,015
Other receivables and prepayments		222,692,503	222,692,503
Investment in subsidiaries		-	-
Intangible Asset		76,702,920	76,702,920
Inventories		6,406,591	6,406,591
Investment properties	1,008,676,470	90,000,000	1,098,676,470
Property and equipment		1,163,708,129	1,163,708,129
Statutory deposit		400,000,000	400,000,000
TOTAL ASSETS	**6,013,997,688**	**9,660,168,538**	**15,674,166,226**
LIABILITIES			
Insurance contract liabilities	5,474,050,401	-	5,474,050,401
Trade payable		46,805,158	46,805,158
Other payables and Provision		343,540,593	343,540,593
Retirement benefit obligations		2,075,682	2,075,682
Income tax liabilities		462,785,844	462,785,844
Deferred income tax		259,663,907	259,663,907
TOTAL LIABILITIES	**5,474,050,401**	**1,114,871,185**	**6,588,921,586**
SURPLUS	**539,947,287**	**8,545,297,353**	**9,085,244,639**

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Group 2020

	Insurance fund	Shareholders funds	December 2020
	N	**N**	**N**
ASSETS			
Cash and cash equivalents	2,138,755,429	1,035,160,647	3,173,916,076
Financial assets	-	-	
-At fair value through profit or loss	772,258,498	6,508,900	778,767,398
-At Ammortised Cost	2,629,694,266	(2,629,694,266)	-
-Fair Value Through OCI	-	-	-
Finance lease receivables		86,247,031	86,247,031
Trade receivables		607,688,316	607,688,316
Reinsurance assets	2,170,714,673	847,365,944	3,018,080,617
Deferred acquisition cost		355,066,148	355,066,148
Other receivables and prepayments		129,353,111	129,353,111
Investment in subsidiaries		-	-
Intangible Asset		36,574,657	36,574,657
Inventories		1,042,487,470	1,042,487,470
Investment properties		1,021,572,225	1,021,572,225
Property and equipment		9,968,479	9,968,479
Statutory deposit		402,000,000	402,000,000
TOTAL ASSETS	7,711,422,866	2,950,298,662	10,661,721,528
LIABILITIES			
Insurance contract liabilities	5,208,233,152	-	5,208,233,152
Trade payable		13,972,733	13,972,733
Borrowing		5,013,052	5,013,052
Other payables and provision		221,056,870	221,056,870
Retirement benefit obligations		4,129,526	4,129,526
Income tax liabilities		359,459,121	359,459,121
Deferred tax liabilities		177,878,284	177,878,284
TOTAL LIABILITIES	**5,208,233,152**	**781,509,585**	**5,989,742,737**
SURPLUS	**2,030,682,422**	**4,212,828,667**	**6,243,511,089**

CONSOLIDATED HALLMARK INSURANCE PLC

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FOR THE YEAR ENDED 31 DECEMBER 2021

Company 2021

	Insurance fund	Shareholders funds	December 2021
ASSETS			
Cash and cash equivalents	1,594,881,038	449,424,257	2,044,305,295
Financial assets:			
-At fair value through profit or loss	-	-	977,972,694
-At Ammortised Cost	-	2,832,142,512	2,832,142,512
-Fair Value Through OCI	-	116,712,997	116,712,997
Finance lease receivables	-	-	-
Trade receivables		543,897,328	543,897,328
Reinsurance assets	3,410,440,180	0.00	3,410,440,180
Deferred acquisition cost	-	385,296,407	385,296,407
Other receivables & prepayments	-	547,376,936	547,376,936
Investment in subsidiaries		1,594,225,000	1,594,225,000
Intangible Assets		29,482,172	29,482,172
Investment properties	1,008,676,470	-	1,008,676,470
Property and equipment		1,089,355,653	1,089,355,653
Right-of-Use of Assets (Leased Assets)		-	-
Statutory deposits		300,000,000	300,000,000
TOTAL ASSETS	**6,013,997,688**	**7,887,913,263**	**14,879,883,645**
LIABILITIES			
Insurance contract liabilities	**5,299,544,811**	-	5,299,544,811
Trade payable		46,805,158	46,805,158
Provision and Other payables		275,121,116	275,121,116
Retirement benefit obligations		1,367,928	1,367,928
Income tax liabilities		340,135,901	340,135,901
Deferred income tax		247,979,804	247,979,804
TOTAL LIABILITIES	**5,299,544,811**	**911,409,908**	**6,210,954,719**
SURPLUS	**714,452,877**	**6,976,503,355**	**8,668,928,926**

Company 2020

	Insurance fund	Shareholders funds	December 2020
ASSETS			
Cash and cash equivalents	2,138,755,429	36,558,110	2,175,313,539
Financial assets:		3,683,146,676	3,683,146,676
-At fair value through profit or loss	772,258,498	0	772,258,498
-At Ammortised Cost	2,629,694,266	0	2,629,694,266
-Fair Value Through OCI	-	70,148,451	70,148,451
Finance lease receivables	-	-	-
Trade receivables		481,030,540	481,030,540
Reinsurance assets	2,170,714,673	847,365,944	3,018,080,617
Deferred acquisition cost	-	344,817,850	344,817,850
Other receivables & prepayments	-	388,249,870	388,249,870
Investment in subsidiaries		1,494,225,000	1,494,225,000
Intangible Assets		30,480,413	30,480,413
Investment properties		948,826,470	948,826,470
Property and equipment		963,585,844	963,585,844
Right-of-Use of Assets (Leased Assets)		-	-
Statutory deposits		300,000,000	300,000,000
TOTAL ASSETS	7,711,422,866	9,588,435,169	17,299,858,035
LIABILITIES			
Insurance contract liabilities	5,014,339,773	-	5,014,339,773
Trade payable		13,972,733	13,972,733
Provision and Other payables		208,764,373	208,764,373
Retirement benefit obligations		2,253,607	2,253,607
Income tax liabilities		289,145,971	289,145,971
Deferred income tax		173,040,130	173,040,130
TOTAL LIABILITIES	5,014,339,773	687,176,814	5,701,516,586
SURPLUS	2,697,083,093	8,901,258,355	11,598,341,448

50. Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

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 classified as Level 1 include exchange-traded prices of fixed 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 classified 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.

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 2021

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	2,857,075,239	2,857,075,239			2,857,075,239
Financial assets at fair value through profit and loss	988,259,728	988,259,728	-	-	988,259,728
At Ammortised Cost	4,183,462,523	-	4,183,462,523	-	4,183,462,523
Fair Value Through OCI	118,834,331	-	-	118,834,331	118,834,331
Finance lease receivables	148,741,442			148,741,442	148,741,442
Trade receivables	601,620,155			601,620,155	601,620,155
Reinsurance assets	3,410,440,180			3,410,440,180	3,410,440,180

Group 31 December 2020

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	3,173,916,076	3,173,916,076			3,173,916,076
Financial assets at fair value through profit and loss	778,767,398	778,767,398	-	-	778,767,398
At Ammortised Cost	-	-	-	-	0
Fair Value Through OCI	-	-	-	-	0
Finance lease receivables	86,247,031			86,247,031	86,247,031
Trade receivables	607,688,316			607,688,316	607,688,316
Reinsurance assets	3,018,080,617			3,018,080,617	3,018,080,617

Company 31 December 2021

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	2,044,305,295	2,044,305,295			2,044,305,295
Financial assets at fair value through profit and loss	977,972,694	977,972,694	-	-	977,972,694
At Ammortised Cost	2,832,142,512	-	2,832,142,512	-	2,832,142,512
Fair Value Through OCI	116,712,997	-	-	116,712,997	116,712,997
Trade receivables	543,897,328			543,897,328	543,897,328
Reinsurance assets	3,410,440,180			3,410,440,180	3,410,440,180

Company 31 December 2020

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	2,175,313,539	2,175,313,539			2,175,313,539
Financial assets at fair value through profit and loss	772,258,498	772,258,498	-	-	772,258,498
At Ammortised Cost	2,629,694,266	-	2,629,694,266	-	2,629,694,266
Fair Value Through OCI	70,148,451	-	-	70,148,451	70,148,451
Trade receivables	481,030,540			481,030,540	481,030,540
Reinsurance assets	3,018,080,617			3,018,080,617	3,018,080,617

51. 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 our approach 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.

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”).

Class of Business	Premium ₦	Gross IBNR ₦	GEP ₦
31 December,2021	9,777,260,944	1,297,753,308	**13%**
31 December,2020	9,343,768,010	902,744,621	**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,2021	5,538,171,540	522,400,667	**9%**
31 December,2020	5,651,908,307	392,326,836	**11%**

Results summary

We estimate that the total Gross Technical Liability is N5.299 billion, comprising N2.837 billion for Gross Claims Reserves and N2.462 billion for Unearned Premium Reserve. Similarly, we estimate that the total Reinsurance Asset is N2.858 billion comprising N1.791 billion for Reinsurance Recoveries and N1067 billion for Reinsurance UPR including a detailed breakdown by line of business are shown below:

Reserves	Gross (₦)	Reinsurance Assets (₦)	Net (₦)
Claims	2,837,287,074	(1,791,842,471)	1,045,444,603
UPR	2,462,257,737	(1,067,021,471)	1,297,753,309
Total	5,299,544,811	(2,858,863,942)	2,343,197,912
31 December,2018	5,014,339,773	(1,603,819,225)	**1,475,520,132**

Table 6.1: *Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	564,179,345	(345,534,621)	218,644,724
Engineering	118,873,937	(74,635,046)	44,238,891
Fire	867,757,155	(672,248,809)	195,508,346
Marine	647,430,865	(436,116,410)	211,314,455
Motor	281,837,246	(39,128,200)	242,709,046
Aviation*	96,176,672	(80,785,776)	15,390,896
Bond*	18,759,856	(6,094,897)	12,664,959
Oil & Gas*	242,271,998	(137,298,712)	104,973,286
31 December,2021	**2,837,287,074**	**(1,791,842,471)**	**1,045,444,603**
31 December,2020	**2,798,868,568**	**(1,716,501,885)**	**1,082,366,683**

**Estimated using Expected Loss Ratio method and discounted*

Incurred But Not Reported (IBNR) Table

Table 6.2: IBNR Table

Class of Business	Outstanding Claim Reserves ₦	Outstanding Reported Claim Reserves ₦	IBNR ₦
General Accident	564,179,345	190,713,367	373,465,978
Engineering	118,873,937	9,648,186	109,225,751
Fire	867,757,155	599,775,359	267,981,796
Marine	647,430,865	492,740,643	154,690,222
Motor	281,837,246	84,811,671	197,025,575
Aviation	96,176,672	70,125,475	26,051,197
Bond	18,759,856	-	18,759,856
Oil & Gas	242,271,998	91,719,064	150,552,934
TOTAL	**2,837,287,074**	**1,539,533,765**	**1,297,753,309**

Reinsurance IBNR Table

Table 6.3: Reinsurance IBNR Table

Class of Business	Total Outstanding Reinsurance Recoveries ₦	Outstanding Reported Reinsurance Recoveries ₦	Reinsurance IBNR ₦
General Accident	345,534,621	80,533,028	265,001,593
Engineering	74,635,046	5,318,497	69,316,549
Fire	672,248,809	466,306,680	205,942,129
Marine	436,116,410	424,762,782	11,353,628
Motor	39,128,200	2,100,000	37,028,200
Aviation	80,785,776	50,000,000	30,785,776
Bond	6,094,897	-	6,094,897
Oil & Gas	137,298,712	44,300,000	92,998,712
TOTAL	**1,791,842,471**	**1,073,320,987**	**718,521,484**

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	339,151,136	143,892,774	195,258,362
Engineering	163,976,093	86,562,668	77,413,425
Fire	383,027,502	166,513,202	216,514,300
Marine	138,115,979	104,307,065	33,808,914
Motor	814,032,695	9,207,150	804,825,545
Aviation	101,476,097	97,680,810	3,795,287
Bond	50,919,864	15,421,170	35,498,694
Oil & Gas	471,558,371	443,436,632	28,121,739
Total	**2,462,257,736**	**1,067,021,471**	**1,395,236,265**

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	65,331,213	16,683,948
Engineering	32,741,876	20,778,881
Fire	75,189,179	13,559,840
Marine	27,278,926	12,189,934
Motor	91,453,591	863,126
Aviation	20,298,332	-
Bond	9,710,496	4,617,720
Oil & Gas	63,292,794	-
Total	**385,296,407**	**68,693,449**

Additional Unexpired Risk Reserve (AURR)

We derived our expense ratio as the management expense ratio for the current year using the information provided by Consolidated Hallmark Insurance Plc.The current expense ratio was calculated to be about 40%. We do not have breakdown of management expenses by line of business and hence expense ratio has been estimated on a pooled basis and not per line of business.

The Claims Ratio was estimated as the average of the projected ultimate loss ratio in the last three years.

We have illustrated the combined ratio for each line of business with a maximum combined ratio of 97% for Fire in the table below. The resulting AURR as at the valuation date is Nil due to lower than 100% combined ratio for all the lines of business.

Table 6.6: *Loss Ratio Table*

Class of Business	Claims Ratio	Combined Ratio	AURR N
General Accident	53%	86%	-
Engineering	22%	56%	-
Fire	18%	51%	-
Marine	27%	61%	-
Motor	34%	68%	-
Aviation	50%	83%	-
Bond	6%	40%	-
Oil & Gas	33%	67%	-
Total			

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:

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:

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

In 2018, 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 2019.

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.

Frequency and Severity Method

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

Large Losses

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
Motor	10,000,000	10m assumed
General Accident	10,000,000	10m assumed
Engineering	10,000,000	10m assumed
Fire	27,340,640	Mean + 3SD
Marine	15,742,698	Mean + 3SD
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,

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

Class of Business	Gross Outstanding Claims N	Estimated Reinsurance Recoveries N	Net Outstanding Claims N
General Accident	564,179,345	(345,534,621)	218,644,724
Engineering	118,873,937	(74,635,046)	44,238,891
Fire	867,757,155	(672,248,809)	195,508,346
Marine	647,430,865	(436,116,410)	211,314,455
Motor	281,837,246	(39,128,200)	242,709,046
Aviation*	96,176,672	(80,785,776)	15,390,896
Bond*	18,759,856	(6,094,897)	12,664,959
Oil & Gas*	242,271,998	(137,298,712)	104,973,286
		-	-
			-
TOTAL	**2,837,287,074**	**(1,791,842,471)**	**1,045,444,603**
Accounts (Outstanding Claims)	**1,539,533,765**	**(1,073,320,987)**	**466,212,779**
Difference	1,297,753,309	(718,521,484)	579,231,824

**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	499,065,739	(319,387,656)	179,678,083
Engineering	109,981,543	(66,869,024)	43,112,519
Fire	830,331,523	(623,774,911)	206,556,612
Marine Hull	612,154,658	(420,446,829)	191,707,829
Motor	268,191,890	(37,652,310)	230,539,580
Aviation	89,706,533	(78,135,078)	11,571,455
Bond**	17,910,088	(5,818,815)	12,091,273
Oil & Gas**	220,865,949	(136,054,855)	84,811,094
			-
TOTAL	**2,648,207,923**	**(1,688,139,478)**	**960,068,445**
Accounts (Outstanding Claims)	**1,539,533,765**	**(1,073,320,987)**	**466,212,779**
Difference	1,108,674,158	(614,818,491)	493,855,666

**Estimated using Expected loss ratio method and discounted*

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

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	668,590,717	(439,943,842)	228,646,875
Engineering	130,803,002	(57,826,072)	72,976,930
Fire	1,058,272,437	(895,040,941)	163,231,496
Marine Hull	686,376,286	(480,718,273)	205,658,013
Motor	383,774,013	(54,424,825)	329,349,188
Aviation	96,176,672	(80,785,776)	15,390,896
Bond**	18,759,856	(6,094,897)	12,664,959
Oil & Gas**	242,271,998	(137,298,712)	104,973,286
			-
TOTAL	**3,285,024,981**	**(2,152,133,338)**	**1,132,891,643**
Accounts (Outstanding Claims)	**1,539,533,765**	**(1,073,320,987)**	**466,212,779**
Difference	1,745,491,216	(1,078,812,351)	666,678,864

**Estimated using Expected loss ratio method*

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

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:		
	2021(M)	**2020(M)**
Gross Premium Earned	9,777	9,344
Reinsurance cost	4,239	3,692
Gross Claim incurred	3,636	3,952
Claims ratio	**37%**	**42%**
5% increase in claims	3,818	4,149
Claims ratio	**39%**	**44%**
5% reduction in claims	3,454	3,754
Claims ratio	**35%**	**40%**
PBT	**764**	**706**
5% increase in claims	**(182)**	**(198)**
PBT	**582**	**509**
SHF	**8,669**	**8,126**
5% increase in claims	**(182)**	**(198)**
SHF	**8,487**	**7,929**

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

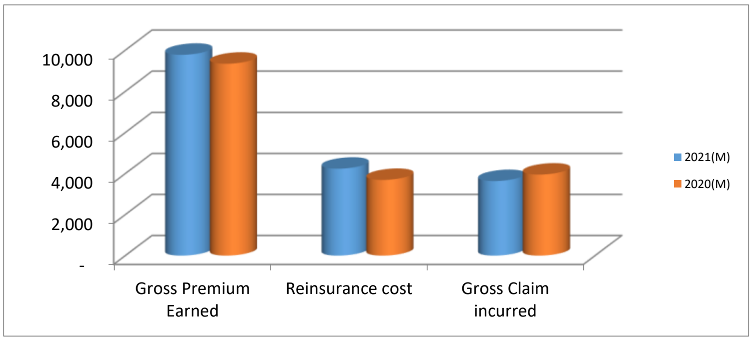


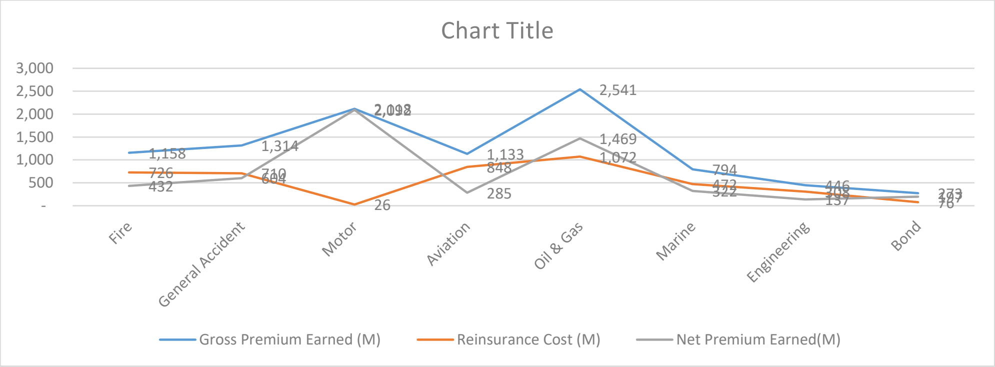
Figure 1 : Gross Premium earned vs Reinsurance Cost vs Gross Claim incured. (2021 & 2020)

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, 2021

Product	**Gross Premium Earned (M)**	**Reinsurance Cost (M)**	**Net Premium Earned(M)**
Fire	1,158	726	432
General Accident	1,314	710	604
Motor	2,118	26	2,092
Aviation	1,133	848	285
Oil & Gas	2,541	1,072	1,469
Marine	794	472	322
Engineering	446	308	137
Bond	273	76	197
	9,777	4,239	**5,538**



. Figure 2 : Gross premium earned vs Reinsurance Cost per class . (2020)

Year ended 31st December, 2020

Product	Gross Premium Earned	Reinsurance Cost	Net Premium Earned
Fire	1,007	531	477
General Accident	1,211	595	616
Motor	2,135	21	2,115
Aviation	951	421	530
Oil & Gas	2,646	1,532	1,114
Marine	585	230	355
Engineering	604	285	319
Bond	203	78	125
	9,344	**3,692**	**5,652**

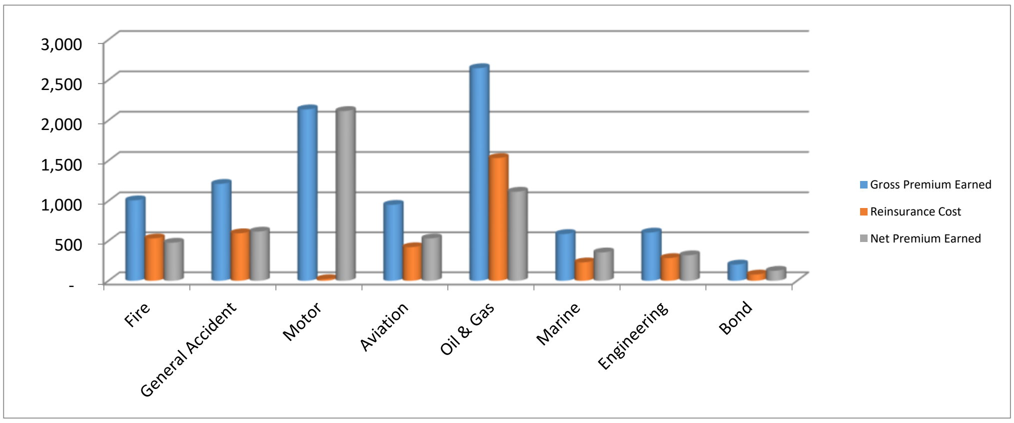
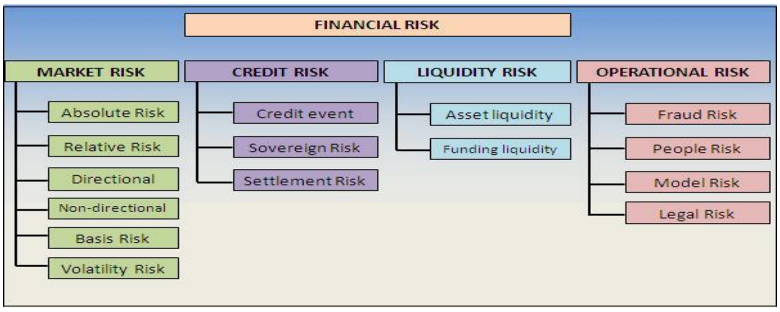


Figure 3 : Gross premium earned vs Reinsurance Cost per class. (2020)

d. Financial Risks Management (FRM)

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

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



d(ii) Operational risks

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

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:
- requirements for appropriate segregation of duties, including independent authorisation of
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.
- adequate insurance and reinsurance protection purchased

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

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.

On insurance receivables, the Group has a credit control policy which is enforced by a credit control unit and which forms part of the underwriting process. In addition, the Maximum exposure to credit risk before collateral held or other credit enhancements:

	Group		Company	
Overall credit risk	**2021**	2020	**2021**	2020
Reinsurance contracts	**3,410,440,180**	3,018,080,617	**3,410,440,180**	3,018,080,617
Amortised cost	**4,183,462,523**	-	**2,832,142,512**	2,629,694,266
Trade receivables	**601,620,155**	607,688,316	**543,897,328**	481,030,540
Short-term funds treated as investment	**1,692,090,134**	2,418,414,019	**1,692,090,134**	2,003,757,758
Treasury bills	**-**	-	**-**	-
Equity investment	**988,259,728**	778,767,398	**977,972,694**	772,258,498
Cash and bank	**1,263,673,620**	848,224,980	**449,424,257**	264,278,704

The table below analyses end of the year values of the above exposures:

	Fair value as at 2021	Fair value as at 2020	**Fair value as at 2021**	Fair value as at 2021
Reinsurance contracts	**3,410,440,180**	3,018,080,617	**3,410,440,180**	3,018,080,617
Amortised cost	**4,183,462,523**	-	**2,832,142,512**	2,629,694,266
Trade receivables	**601,620,155**	607,688,316	**543,897,328**	481,030,540
Short-term funds treated as investment	**1,692,090,134**	2,418,414,019	**1,692,090,134**	2,003,757,758
Treasury bills	**-**	-	**-**	-
Equity investment	**988,259,728**	778,767,398	**977,972,694**	772,258,498
Cash and bank	**1,263,673,620**	848,224,980	**449,424,257**	264,278,704
	12,139,546,340	7,671,175,329	**9,905,967,105**	9,169,100,383

For credit risk purpose, the trade debtors are grouped into three categories:
Group A – the maximum trade credits allowed per participant under this group is N10m.
Group B – the maximum trade credits allowed per participant under this group is N7m.
Group C – the maximum trade credits allowed per participant under this group is N5m.
Past experience is used in grouping the debtors since most of the clients are not rated.
The profit before tax of the Group will be reduced by N389m if the overall credit is impaired by 5%

Loan issued to corporate / individuals				
Balance as at 31st December	**1,552,789,443**	-	**-**	-
Impairment on loans issued to corporate and individuals (Note 3.2.4)	**(201,525,275)**	-	**-**	-
	1,351,264,168	-	**-**	-

Maximum exposure to credit risk before collateral held or other credit enhancements:

	Group		**Company**	
	2021	2020	**2021**	2020
	=N='000	=N='000	**=N='000**	=N='000
Neither past due nor impaired	5,275,351	812,788	4,040,130	3,480,614
Past due but not impaired	0	10,500	-	88,509
Impaired	201525	123,253	-	-
Gross	5,476,876	946,542	4,040,130	3,569,123
Impairment allowance - collective	(273,844)	(47,327)	(202,006)	(178,456)
Net	5,203,032	899,215	3,838,123	3,390,667

Credit quality of financial assets per asset class-Group

31-Dec-21	**Cash and cash equivalents**	**Trade receivables**	**Amortised cost**
Neither past due nor impaired	**2,857,075,239**	**601,620,155**	**4,554,896,468**
Past due but not impaired		**-**	**-**
Impaired	**98,688,515**	**-**	**201,525,275**
Gross	**2,955,763,754**	**601,620,155**	**4,756,421,743**
Impairment allowance - collective	**(147,788,188)**	**(30,081,008)**	**(237,821,087)**
Net	**2,807,975,566**	**571,539,147**	**4,518,600,656**

Credit quality of financial assets per asset class-Group

31-Dec-20	Cash and cash equivalents	Trade receivables	Loans and other receivables	Debt securities
Neither past due nor impaired	3,173,916,076	607,688,316	912,633,132	2,629,694,266
Past due but not impaired		-	250,543,600	-
Impaired		-	123,253,249	-
Gross	3,173,916,076	607,688,316	1,286,429,981	2,629,694,266
Impairment allowance - collective	-	(30,384,416)	(64,321,499)	-
Net	3,173,916,076	577,303,900	1,222,108,482	2,629,694,266

Credit quality of financial assets per asset class-Company

31-Dec-21	**Cash and cash equivalents**	**Trade receivables**	**Amortised Cost**
Neither past due nor impaired	**2,044,305,295**	**543,897,328**	**3,229,518,948**
Past due but not impaired		**-**	**150,000,500**
Impaired		**-**	**-**
Gross	**2,044,305,295**	**543,897,328**	**3,379,519,448**
Impairment allowance - collective	**-**	**(27,194,866)**	**(168,975,972)**
Net	**2,044,305,295**	**516,702,462**	**3,210,543,476**

Credit quality of financial assets per asset class-Company

31-Dec-20	Cash and cash equivalents	Trade receivables	Loans and other receivables	Debt securities
Neither past due nor impaired	2,175,313,539	481,030,540	508,794,831	2,629,694,266
Past due but not impaired		-	90,500,500	-
Impaired		-	-	-
Gross	2,175,313,539	481,030,540	599,295,331	2,629,694,266
Impairment allowance - collective	-	(24,051,527)	(29,964,767)	-
Net	2,175,313,539	456,979,013	569,330,565	2,629,694,266

(a) Financial assets neither past due nor impaired
The credit quality of the portfolio of insurance receivables and other loans and receivables, debt securities and other financial asset exposed to credit risk that were neither past due nor impaired can be assessed by reference to the capacity of the business to pay on written businesses. The Group does not rate any of its financial assets measured at amortised cost.

The assets above are analysed in the table below either using Standard & Poors or GCR rating agencies. Government securities are rated using soveregn rate.

Group	**A+**	**AA-**	**BBB-**	**Below BBB**	**Not rated**
31-Dec-21					
Cash and cash equivalents	**833,298,552**	**761,604,573**	**931,929,162**	**306,768,594**	**23,474,359**
Trade receivables					**601,620,155**
Amortised cost		**2,217,065,778**	**282,437,371**		**1,683,959,375**
Other assets		**-**			**222,692,503**
Reinsurance assets				**3,410,440,180**	**-**
Debt securities				**-**	
	833,298,552	**2,978,670,350**	**1,214,366,533**	**3,717,208,774**	**2,531,746,391**

Group	A+	A	BBB-	Below BBB	Not rated
31-Dec-20					
Cash and cash equivalents	780,627,676	407,784,388	1,223,940,670	238,088,984	523,474,359
Trade receivables					607,688,316
Loans and other receivables					947,576,589
Other assets		-			129,353,111
Reinsurance assets				3,018,080,617	-
Debt securities				2,629,694,266	
	780,627,676	407,784,388	1,223,940,670	3,256,169,601	2,208,092,375

Company	**A+**	**A**	**BBB-**	**Below BBB**	**Not rated**
31-Dec-21					
Cash and cash equivalents	**833,298,552**	**761,604,573**	**331,929,162**	**93,998,649**	**23,474,359**
Trade receivables					**543,897,328**
Loans and other receivables					**2,832,142,512**
Other assets		**-**			**547,376,936**
Reinsurance assets				**3,410,440,180**	**-**
Debt securities				**-**	
	833,298,552	**761,604,573**	**331,929,162**	**3,504,438,829**	**3,946,891,135**

Company	A+	A	BBB-	Below BBB	Not rated
31-Dec-20					
Cash and cash equivalents	315,361,707	407,784,388	1,223,940,670	14,114,520	214,112,254
Trade receivables					481,030,540
Loans and other receivables					211,045,461
Other assets		-			388,249,870
Reinsurance assets				3,018,080,617	-
Debt securities				2,629,694,266	
	315,361,707	407,784,388	1,223,940,670	3,032,195,137	1,294,438,125

(b) Age Analysis financial assets past due but not impaired

Group **31-Dec-21**	**< 90 days**	**91-180 days**	**181-270 days**	**271-365 days**	**Above 365days**
Trade receivables	**606,706,217**	**0**			
Total	**606,706,217**	**0**	**0**	**-**	**-**
Profile	**101%**	**0%**	**0%**	**0%**	**0%**

Group

31-Dec-20	< 90 days	91-180 days	181-270 days	271-365 days	1-2 yr
Trade receivables	602,040,266	5,648,050.00			
Total	602,040,266	5,648,050.00	-	-	-
Profile	99%	1%	0%	0%	0%

Company

31-Dec-21	**< 90 days**	**91-180 days**	**181-270 days**	**271-365 days**	**Above 365days**
Trade receivables	**543,897,328**	**0**			
Total	**543,897,328**	**-**	**-**	**-**	**-**
Profile	**100%**	**0%**	**0%**	**0%**	**0%**

Company

31-Dec-20	< 90 days	91-180 days	181-270 days	271-365 days	1-2 yr
Trade receivables	475,382,490	5,648,050.00			
Total	475,382,490	5,648,050.00	-	-	-
Profile	99%	1%	0%	0%	0%

IMPAIRMENT MODEL

Premium debtors are measured at amortised cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. IAS 39 favours the use of the incurred loss model in estimating the impairment of its receivables. However, with the inception of IFRS 9, which became effective for annual periods beginning on/after 1 January 2018, the Expected Credit Losses (ECL) method of impairment calculation will be in force.

Based on NAICOM's "No Premium No Cover" guidelines which state that "all insurance covers shall be provided on a strict 'no premium no cover' basis", only cover for which payment has been received shall be booked. However, brokers have a 30 day period to make payments from the date of the credit notes.

After analysing this financial instrument based on NAICOM "No Premium No Cover" guidelines, a nil impairment standpoint was taken.

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost or FVOCI, and to off-balance sheet lending commitments such as loan commitments and financial guarantees (hereafter collectively referred to as financial assets). This contrast to the IAS 39 impairment model which was not applicable to loan commitments and financial guarantee contracts, as there were instead covered by International Accounting standards 37: "Provisions, contingent liabilities and contingent assets (IAS 37)".

The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where provisions are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition. Under IFRS 9, The Company first evaluates individually whether objective evidence of impairment exists for loans that are individually significant and then collectively assess the loan and other receivables that are not significant and those which are significant but for which there is no objective evidence of impairment available under the individual assessment

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

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

• Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

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

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

Impairment Methodology
Calculation of Expected Credit Losses
Calculation of the expected credit loss is based on the key risk parameters of PD, LGD and ED. The calculation of ECL incorporates forward-looking information in all the ECL components. This forward-looking information will impact the various ECL components as follows:

Probability of default – The PDs will vary during various stages of an economic cycle. It is based on the likelihood that a borrower will default within one year (PD), assessment of the creditworthiness of the counterparty and transformation of 1 Year horizon into lifetime of the asset.

Loss Given Default – Collateral values will vary based on the stage of an economic cycle.

Exposure at default – Change in interest rates may affect the EAD, e.g. higher interest rates may result in longer terms for loans causing a change in the EAD.

Loss Given Default

The Company applies historical experience to determine the expected loss given default ratios for each class of financial instruments. Where internal historical experience is not available, other sources, e.g. data available from rating companies as well as professional judgements are used to determine the LGD ratios that will apply. Collateral that is held against the financial assets is also considered in determining the LGD

The Company Management has resolved to use the recovery rates as published by Moodys credit analytics for all credit exposures to sovereign denominated in foreign currencies and all corporate exposures.

For sovereign exposures denominated in Naira which are assessed as low credit risk exposures, we have resolved to use LGDs within the rage of 5-10% based on the Central Banks of Nigeria's Revised Guidance Notes on Credit risk. Section 3.1 of the document addresses exposure to sovereigns and Central banks and states that financial institutions should assign a risk weight of 0% to the following:

Exposures to Federal Government of Nigeria (FGN) and Central Bank of Nigeria (CBN);

Instruments issued by other entities backed by express guarantee of the FGN;

Inter-bank transactions guaranteed by the FGN or CBN; and

Inter-bank transactions among supervised institutions collateralized by FGN Bonds, Treasury Bills or other similar sovereign bills.

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

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

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

Assessment of significant increase in credit risk (SICR)

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

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

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Group's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

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

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cashflows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

(i) Significant financial difficulty of the borrower or issuer;

(ii) A breach of contract such as a default or past due event;

(iii) It is becoming probable that the issuer will enter bankruptcy or other financial reorganisation; or

(iv)The disappearance of an active market for a security because of financial difficulties.

(v)The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

An asset that has been renegotiated due to a deterioration in the issuer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

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

Presentation of allowance for ECL in the statement of financial position Loan allowances for ECL are presented in the statement of financial position as follows:

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

Concentration of credit risk

Concentration risk (including geographical risk) includes identification of the concentration of risks insured by Consolidated Hallmark Insurance Plc utilize data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk are consistent with the overall risk appetite as established by the Group.

Consolidated Hallmark Insurance Plc monitors concentration of credit risk by geographical and nature of business. An analysis of concentrations of credit risk for trade receivables are set out below:

(a) Geographical sectors

At 31 December	Group		Company	
	2021	2020	2021	2020
Lagos & Western region (Nigeria)	**183,040,500**	457,600,589	**454,367,890**	354,809,820
Eastern region (Nigeria)	**31,050,230**	40,567,500	**23,879,028**	35,680,950
Northern region (Nigeria)	**393,597,586**	109,520,227	**65,650,410**	90,539,770
Total	**607,688,316**	607,688,316	**543,897,328**	481,030,540

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:

	Group		Company	
Loans And Receivables				
	2021	2020	**2021**	2020
Analysis by Performance:				
Performing	**4,183,462,523**	947,576,589	**2,832,142,512**	211,045,461
Non - Performing	**201,525,275**	123,253,249	**-**	-
Total	**4,384,987,799**	1,070,829,838	**2,832,142,512**	211,045,461
Analysis by Maturity:				
0 - 30 days	**373,055,200**	50,258,181	**360,000,200**	103,313,181
1 - 3 months	**620,050,500**	101,227,169	**530,000,000**	11,176,669
3 - 6 months	**476,840,838**	150,333,246	**340,000,000**	13,492,409
6 - 12 months	**555,000,000**	327,585,740	**240,000,000**	12,585,740
Beyond 12 Months	**2,360,041,261**	441,425,503	**1,362,142,312**	70,477,463
Total	**4,384,987,799**	1,070,829,838	**2,832,142,512**	211,045,461

Fixed deposits with banks	Group		Company	
Analysis by maturity	**2021**	2020	**2021**	2020
0 - 30 days	**1,246,439,695**	837,274,946	**432,190,332**	253,328,670
30 - 90 days	**1,692,090,134**	2,418,414,019	**1,692,090,134**	2,003,757,758
Above 90 days	-	-	-	-
Grand Total	**2,938,529,829**	3,255,688,965	**2,124,280,466**	2,257,086,428

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 governacnce structure of the group is effective. Each level of leadership has limits of authority and approval to ensure business decisions are properly considered, relevant risks exposures evaluated and necessary measures implemented to mitigate such risks.

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

d(viii) Reputational Risks

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

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

CONSOLIDATED HALLMARK INSURANCE PLC

STATEMENT OF VALUE ADDED - GROUP
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	N	%	N	%
Gross premium income	**10,288,624,511**		9,698,993,709	
Reinsurance, claims and Commissions & Others - local	**(8,350,822,016)**		(8,075,178,295)	
Reinsurance, claims and Commissions & Others - foreign	**-**		-	
Value added	**1,937,802,495**	**100**	1,623,815,414	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	**847,930,814**	**44**	745,955,263	46
To pay government				
Company income taxation	**181,036,783**	**9**	94,581,467	6
To pay providers of capital				
Shareholders as dividend	**216,800,050**	**11**	338,750,000	21
Retained for future maintenance of assets and future expansion of business:				
- Contingency & Statutory reserve	**327,092,160**	**17**	290,422,808	18
- Depreciation of fixed assets	**118,196,881**	**6**	105,295,867	6
'- Retained earnings for the year	**246,745,808**	**13**	48,810,009	3
Value added	**1,937,802,495**	**100**	1,623,815,414	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.

CONSOLIDATED HALLMARK INSURANCE PLC

STATEMENT OF VALUE ADDED - COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	N	%	N	%
Gross premium income	**9,777,260,944**		9,343,768,010	
Reinsurance, claims and Commissions & Others - local	**(8,342,708,568)**		(7,903,054,808)	
Reinsurance, claims and Commissions & Others - foreign	**-**		-	
Value added	**1,434,552,376**	**100**	1,440,713,202	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	**570,018,833**	**39**	630,218,574	43
To pay government				
Company income taxation	**122,060,185**	**9**	91,639,259	6
To pay providers of capital				
Shareholders as dividend	**216,800,050**	**15**	338,750,000	24
Retained for future maintenance of assets and future expansion of business				
Contingency reserve	**300,721,425**	**21**	281,322,411	20
Depreciation of property and equipment	**100,318,021**	**7**	104,049,451	7
Retained earnings for the year	**124,633,863**	**9**	(5,266,494)	(0)
Value added	**1,434,552,376**	**100**	1,440,713,202	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.

CONSOLIDATED HALLMARK INSURANCE PLC

FIVE YEAR FINANCIAL SUMMARY - GROUP
STATEMENT OF FINANCIAL POSITION

	31 December 2021 N	31 December 2020 N	31 December 2019 N	31 December 2018 N	31 December 2017 N
Assets					
Cash and cash equivalent	**2,857,075,239**	3,173,916,076	1,717,868,438	2,948,826,686	1,921,271,578
Financial assets:	**5,290,556,583**	4,428,386,704	4,197,638,009	2,626,123,540	2,900,189,403
Finance lease receivables	**148,741,442**	86,247,031	109,998,499	249,994,807	229,440,306
Trade receivables	**601,620,155**	607,688,316	293,747,996	234,852,324	150,356,282
Reinsurance assets	**3,410,440,180**	3,018,080,617	2,688,545,807	2,031,727,218	1,655,890,085
Deferred acquisition cost	**397,546,015**	355,066,148	360,563,251	307,344,920	257,664,385
Other receivables and prepayments	**222,692,503**	129,353,111	209,056,966	195,161,111	174,488,859
Intangible Assets	**76,702,920**	36,574,657	26,087,026	22,362,991	24,621,130
Investment properties	**1,098,676,470**	1,042,487,470	843,766,470	899,211,000	899,661,000
Deffered Tax	**-**	**-**			
Property and equipment	**1,163,708,129**	1,021,572,225	981,010,704	1,006,001,531	976,591,367
	6,406,591	9,968,479	13,540,124	-	-
Statutory deposits	**400,000,000**	402,000,000	300,000,000	300,000,000	300,000,000
Total assets	**15,674,166,226**	14,311,340,834	11,741,823,290	10,821,606,128	9,490,174,394
Liabilities					
Insurance contract liabilities	**5,474,050,401**	5,208,233,152	4,105,083,759	3,803,576,977	3,532,407,618
Trade payables	**46,805,158**	13,972,733	54,241,112	10,777,564	26,482,944
Borowing	**55,800,013**	5,013,052	10,448,536	67,530,064	-
Other payables and provision	**343,540,593**	221,056,870	384,049,650	217,647,746	207,368,924
Deposit for shares	**-**	-	-	-	500,456,779
Retirement benefit obligations	**2,075,682**	4,129,526	7,290,620	6,403,628	5,574,664
Current income tax liabilities	**462,785,844**	359,459,121	436,426,812	368,204,246	297,205,965
Deferred tax liabilities	**259,663,907**	177,878,284	130,587,188	171,484,879	231,671,385
Total liabilities	**6,644,721,600**	5,989,742,738	5,128,127,677	4,645,625,104	4,801,168,279
Equity & reserves					
Issued and paid up share capital	**5,420,000,000**	5,420,000,000	4,065,000,000	4,065,000,000	3,000,000,000
Share Premium	**168,933,834**	168,933,834	155,264,167	155,264,167	-
Contingency reserves	**2,437,638,438**	2,136,621,663	1,855,299,252	1,603,720,833	1,400,446,908
Fair Value Through OCI Reserve	**30,615,728**	-			
Statutory reserves	**72,039,762**	45,964,378	36,863,982	27,726,056	16,304,970
Retained earnings	**765,408,441**	550,078,221	501,268,212	324,269,968	272,254,237
Total equity	**8,894,636,202**	8,321,598,096	6,613,695,613	6,175,981,024	4,689,006,115
Total liabilities and equity & reserves	**15,674,166,226**	14,311,340,834	11,741,823,290	10,821,606,128	9,490,174,394

CONSOLIDATED HALLMARK INSURANCE PLC

FIVE YEAR FINANCIAL SUMMARY - GROUP
STATEMENT OF COMPREHENSIVE INCOME

	31 December 2021 N	31 December 2020 N	31 December 2019 N	31 December 2018 N	31 December 2018 N
Gross premium written	**10,500,388,477**	9,775,797,397	8,691,234,590	6,864,879,525	5,680,553,122
Gross premium income	**10,288,624,511**	9,698,993,709	8,302,808,423	6,512,335,014	5,542,732,729
Reinsurance premium expenses	**(4,239,089,404)**	(3,691,859,703)	(3,357,536,001)	(2,239,421,340)	(1,859,540,653)
			-	-	-
Net premium income	**6,049,535,107**	6,007,134,005	4,945,272,421	4,272,913,674	3,683,192,076
Fee and commission income	**529,017,764**	493,373,753	519,638,029	356,385,052	370,550,419
			-	-	-
Net underwriting income	**6,578,552,872**	6,500,507,758	5,464,910,450	4,629,298,727	4,053,742,495
			-	-	-
Claims expenses	**(3,999,916,445)**	(4,173,175,310)	(3,448,090,659)	(4,787,135,023)	(3,354,056,803)
Claims recoveries from reinsurers	**1,711,954,075**	1,607,269,895	1,768,819,617	2,987,313,881	1,931,112,704
Claims incurred	**(2,287,962,371)**	(2,565,905,415)	(1,679,271,042)	(1,799,821,142)	(1,422,944,099)
			-	-	-
Underwriting expenses	**(2,375,278,382)**	(2,073,847,971)	(1,957,228,763)	(1,622,040,692)	(1,384,738,653)
			-	-	-
Underwriting profit	**1,915,312,119**	1,860,754,372	1,828,410,645	1,207,436,893	1,246,059,744
Investment income	**1,202,701,967**	940,350,767	1,080,354,125	939,953,832	796,219,129
Other operating income	**314,676,618**	91,162,556	29,560,781	25,923,716	74,861,221
Impairment charge	**(81,565,926)**	(45,399,531)	(147,122,129)	(11,745,127)	770,516
Net fair value gains/(loss) on financial assets at fair value through profit or loss	**(159,457,854)**	72,321,055	(11,848,771)	151,362,024	(4,674,531)
Management expenses	**(2,219,992,122)**	(2,146,624,937)	(2,067,880,186)	(1,778,493,631)	(1,472,184,057)
			-	-	-
Profit/(loss) before taxation	**971,674,802**	772,564,283	711,474,464	534,437,706	641,052,022
Income tax (expense)/credit	**(181,036,783)**	(94,581,467)	(111,159,875)	(127,726,964)	(234,846,616)
			-	-	-
Profit/(loss) after taxation	**790,638,019**	677,982,816	600,314,589	406,710,742	406,205,405
			-	-	-
Other comprehensive income net of tax	**-**	-	-	-	-
			-	-	-
Total comprehensive income/(loss) for the year	**790,638,019**	677,982,816	600,314,589	406,710,742	406,205,405
Profit/(loss) attributable to:			-	-	-
Equity holders of the parent	**790,638,019**	677,982,816	600,314,589	406,710,742	406,205,405
Non-controlling interest	**-**	-	-	-	-
			-	-	-
	790,638,019	677,982,816	600,314,589	406,710,742	406,205,405
			-	-	-
			-	-	-
Basic and diluted earnings/(loss) per share (kobo)	**8.52**	6.90	7.38	5.79	6.77
	-	-	-	-	-

CONSOLIDATED HALLMARK INSURANCE PLC

FINANCIAL SUMMARY - COMPANY

31 December	2021	2020	2019	2018	2017
	N	N	N	N	N
Assets					
Cash and cash equivalent	**2,044,305,295**	2,175,313,539	1,062,065,613	1,850,386,963	1,587,501,284
Financial assets	**3,926,828,203**	3,683,146,676	3,632,940,135	2,732,022,161	2,090,553,934
Deposit for shares	**-**	-	-	-	180,000,000
Trade receivables	**543,897,328**	481,030,540	199,899,308	150,356,282	182,091,091
Reinsurance assets	**3,410,440,180**	3,018,080,617	2,688,545,807	1,655,890,085	546,323,978
Deferred acquisition cost	**385,296,407**	344,817,850	349,815,691	257,664,385	229,579,067
Other receivables and prepayments	**547,376,936**	388,249,870	313,691,585	166,066,755	213,530,118
Investment in subsidiaries	**1,594,225,000**	1,494,225,000	1,030,000,000	530,000,000	300,000,000
Intangible Assets	**29,482,172**	30,480,413	24,620,360	18,458,195	12,383,037
Investment properties	**1,008,676,470**	948,826,470	750,105,470	806,000,000	809,221,395
Property and equipment	**1,089,355,653**	963,585,844	939,322,976	926,483,015	941,328,726
Statutory deposits	**300,000,000**	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**14,879,883,645**	13,827,756,819	11,291,006,944	9,393,327,840	7,392,512,630
Liabilities					
Insurance contract liabilities	**5,299,544,811**	5,014,339,773	3,923,826,888	3,532,407,618	2,410,701,988
Trade payables	**46,805,158**	13,972,733	54,241,112	26,482,944	87,511,062
Other payables and provision	**275,121,116**	208,764,373	343,406,713	244,704,571	195,101,601
Deposit for share	**-**	-	-	500,456,779	-
Retirement benefit obligations	**1,367,928**	2,253,607	6,690,086	5,169,023	13,502
Current income tax liabilities	**340,135,901**	289,145,971	355,578,462	252,351,030	162,558,597
Deferred tax liabilities	**247,979,804**	173,040,130	125,749,035	230,003,867	169,625,075
Total liabilities	**6,210,954,719**	5,701,516,587	4,809,492,296	4,791,575,832	3,025,511,825
Equity & reserves					
Issued and paid share capital	**5,420,000,000**	5,420,000,000	4,065,000,000	3,000,000,000	3,000,000,000
Share Premium	**168,933,834**	168,933,834	155,264,167	-	-
Contingency reserves	**2,437,343,087**	2,136,621,663	1,855,299,252	1,400,446,908	1,230,030,314
Fair Value Through OCI Reserve	**30,669,221**	-			
Statutory reserves	**-**	-	-	-	-
Retained earnings	**496,189,498**	400,684,735	405,951,229	201,305,100	136,970,491
Shareholders' fund	**8,553,135,640**	8,126,240,232	6,481,514,648	4,601,752,008	4,367,000,805
Total liabilities and equity & reserves	**14,879,883,645**	13,827,756,819	11,291,006,944	9,393,327,840	7,392,512,630

CONSOLIDATED HALLMARK INSURANCE PLC

FINANCIAL SUMMARY - COMPANY

31 December	2021	2020	2019	2018	2017
	N	N	N	N	N
Gross premium written	**10,024,047,477**	9,377,413,707	8,385,947,285	6,775,797,496	5,680,553,122
	-	-	-	-	-
Gross premium income	**9,777,260,944**	9,343,768,010	8,077,895,958	6,481,636,218	5,542,732,729
Reinsurance premium expenses	**(4,239,089,404)**	(3,691,859,703)	(3,357,536,001)	(2,239,421,340)	(1,859,540,653)
Net premium income	**5,538,171,540**	5,651,908,307	4,720,359,957	4,242,214,878	3,683,192,076
Fee and commission income	**529,017,764**	493,373,753	519,638,029	356,385,052	370,550,419
Net underwriting income	**6,067,189,304**	6,145,282,060	5,239,997,985	4,598,599,931	4,053,742,495
Claims expenses	**(3,635,893,957)**	(3,951,755,823)	(3,316,118,494)	(4,770,447,651)	(3,354,056,803)
Claims recoveries from reinsurers	**1,711,954,075**	1,607,269,895	1,768,819,617	2,987,313,881	1,931,112,704
Claims incurred	**(1,923,939,883)**	(2,344,485,928)	(1,547,298,877)	(1,783,133,770)	(1,422,944,099)
Underwriting expenses	**(2,330,557,604)**	(2,043,917,985)	(1,939,548,370)	(1,620,609,007)	(1,387,920,776)
Underwriting profit	**1,812,691,816**	1,756,878,147	1,753,150,739	1,194,857,154	1,242,877,621
Investment income	**587,842,871**	608,376,462	696,105,599	617,407,797	672,917,451
Other operating income	**274,863,632**	61,797,712	18,176,973	25,487,990	68,681,215
Impairment charge	**(2,219,197)**	-	(72,636,175)	-	3,390,424
Net fair value gains/(loss) on financial assets at fair value through profit or loss	**(163,235,988)**	73,530,975	(10,942,516)	151,362,024	(4,674,531)
Management expenses	**(1,745,727,614)**	(1,794,138,119)	(1,716,472,888)	(1,529,426,707)	(1,418,512,790)
Profit/(loss) before taxation	**764,215,522**	706,445,177	667,381,732	459,688,259	564,679,389
Income tax (expenses)/credit	**(122,060,185)**	(91,639,259)	(81,307,778)	(83,663,738)	(209,928,186)
Profit/(loss) after taxation	**642,155,336**	614,805,918	586,073,954	376,024,521	354,751,203
Other comprehensive income net of tax	**-**	-	-	-	-
Total comprehensive (loss)/income for the year	**642,155,336**	614,805,918	586,073,954	376,024,521	354,751,203
Profit/(loss) attributable to:					
Equity holders of the parent	**642,155,336**	614,805,918	586,073,954	376,024,521	354,751,203
Contingency reserve	**(300,721,425)**	(281,322,411)	(251,578,419)	(203,273,925)	(170,416,594)
	341,433,912	333,483,506	334,495,535	172,750,596	184,334,609
			-	-	-
Basic and diluted earnings/(loss) per share (	**7.90**	**10.25**	**9.77**	**6.27**	**5.91**

CONSOLIDATED HALLMARK INSURANCE PLC

APPENDIX 1
REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Motor	Fire	Bond	Gen. Accident	Marine	Aviation	Oil & Gas	Engineering	2021 Total	2020 Total
	N	N	N	N	N	N	N	N	N	N
Income										
Direct premium	2,224,194,518	1,204,762,676	256,578,658	1,287,973,757	795,306,547	1,126,657,231	2,597,575,432	466,934,382	9,959,983,201	9,271,709,644
Inward reinsurance premium	28,680,349	13,243,949	690,792	4,573,664	6,284,696	-	3,772,813	6,818,013	64,064,276	105,704,063
										-
Gross written premium	2,252,874,867	1,218,006,625	257,269,450	1,292,547,421	801,591,243	1,126,657,231	2,601,348,245	473,752,395	10,024,047,478	9,377,413,707
(Increase)/decrease in unexpired premium reserve	(135,025,326)	(60,045,974)	16,169,678	21,069,296	(7,621,320)	6,534,550	(60,003,052)	(27,864,385)	(246,786,534)	(33,645,697)
Gross premium earned	2,117,849,541	1,157,960,651	273,439,127	1,313,616,717	793,969,923	1,133,191,781	2,541,345,193	445,888,011	9,777,260,944	9,343,768,010
Deduct:										
Outward reinsurance premiums	(30,030,743)	(742,740,015)	(80,099,694)	(696,808,901)	(508,531,417)	(862,368,783)	(1,226,907,651)	(311,257,726)	(4,458,744,932)	(3,513,496,175)
(Increase)/decrease in prepaid reinsurance	3,891,482	16,621,598	3,918,589	(13,292,404)	36,790,558	14,172,106	154,762,303	2,791,295	219,655,527	(178,363,528)
Reinsurance cost	(26,139,261)	(726,118,417)	(76,181,105)	(710,101,305)	(471,740,859)	(848,196,677)	(1,072,145,348)	(308,466,431)	(4,239,089,404)	(3,691,859,703)
Net premium earned	2,091,710,280	431,842,234	197,258,022	603,515,412	322,229,064	284,995,104	1,469,199,845	137,421,579	5,538,171,540	5,651,908,307
Commission received	3,196,769	149,854,432	24,029,908	187,903,261	114,035,733	-	-	92,419,242	571,439,345	402,856,705
(Increase)/decrease in unearned commission	(684,881)	(13,293,705)	(4,560,563)	(16,497,014)	10,623,313	-	-	(18,008,731)	(42,421,581)	90,517,048
Total Income	2,094,222,168	568,402,961	216,727,367	774,921,658	446,888,111	284,995,104	1,469,199,845	211,832,090	6,067,189,304	6,145,282,060
										-
Gross Claims Paid	(1,164,186,359)	(123,125,637)	(10,035,000)	(1,518,492,138)	(74,431,127)	(32,942,726)	(593,373,834)	(80,888,632)	(3,597,475,453)	(2,894,888,636)
(Increase)/decrease in outstanding claims provision	(66,231,071)	193,883,056	3,713,646	(140,344,134)	(437,729,299)	27,723,941	250,372,477	130,192,880	(38,418,505)	(1,056,867,188)
Gross claims incurred	(1,230,417,430)	70,757,419	(6,321,354)	(1,658,836,273)	(512,160,426)	(5,218,785)	(343,001,357)	49,304,248	(3,635,893,958)	(3,951,755,824)
Reinsurance claims recovery	65,017,397	569,547,481	7,250,063	538,838,424	58,740,779	225,119,264	-	64,012,832	1,528,526,240	1,099,371,558
(Increase)/decrease in reinsurance recoveries	68,650,925	(246,981,921)	(675,063)	116,629,759	326,356,717	(94,393,032)	126,582,737	(112,742,288)	183,427,835	507,898,338
										-
Net claims incurred	(1,096,749,108)	393,322,979	253,646	(1,003,368,089)	(127,062,930)	125,507,446	(216,418,619)	574,792	(1,923,939,883)	(2,344,485,928)
Acquisition expenses	(254,527,737)	(239,517,714)	(48,526,315)	(248,063,607)	(154,177,022)	(197,315,396)	(397,561,015)	(94,202,899)	(1,633,891,705)	(1,305,884,169)
(Increase)/decrease in commission expenses	15,668,735	12,574,370	(3,257,240)	3,361,614	1,664,776	3,444,334	643,850	6,378,118	40,478,557	(4,997,841)
Maintenance/operating expenses	(300,650,151)	(54,778,239)	(18,284,437)	(86,699,534)	(51,100,286)	(100,834,014)	(111,905,299)	(12,892,497)	(737,144,456)	(733,035,975)
										-
Total expenses	(1,636,258,260)	111,601,395	(69,814,346)	(1,334,769,616)	(330,675,462)	(169,197,629)	(725,241,082)	(100,142,487)	(4,254,497,488)	(4,388,403,913)
										-
Underwriting profit/(loss)	457,963,908	680,004,356	146,913,021	(559,847,957)	116,212,649	115,797,475	743,958,763	111,689,603	1,812,691,816	1,756,878,147