

**CONSOLIDATED HALLMARK HOLDINGS PLC  
AND SUBSIDIARY COMPANIES**

**COMPANY RC:1901273**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2024**

## Securities Trading Policy

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

Free Float Computation								
Directors	Direct	Indirect	Total	March 31, 2023	Direct	Indirect	Total	March 31, 2024
	As at March 2023	As at March 2023	As at March 2023	% of Holding	As at 31 March 2024	As at 31 March 2024	As at 31 March 2024	% of Holding
Issued Share Capital			10,840,000,000	100%			10,840,000,000	100%
Mr. Obinna Ekezie	-	526,537,893	526,537,893	4.86%	-	526,537,893	526,537,893	4.86%
Mrs. Adebola Odukale		1,151,979,358	1,151,979,358	10.63%		1,151,979,358	1,151,979,358	10.63%
Mr. Eddie Efekoha	1,040,000,000	586,798,809	1,626,798,809	15.01%	1,040,000,000	586,798,809	1,626,798,809	15.01%
Mrs. Ngozi Nkem	277,333,333	659,326,671	936,660,004	8.64%	277,333,333	659,326,671	936,660,004	8.64%
Dr. Layi Fatona		2,818,442,750	2,818,442,750	26.00%		2,818,442,750	2,818,442,750	26.00%
			<b>7,060,418,814</b>	<b>65.13%</b>	<b>1,317,333,333</b>	<b>5,743,085,481</b>	<b>7,060,418,814</b>	<b>65.13%</b>
<b>Directors' Shareholdings (direct and indirect), excluding directors with substantial interests</b>								
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%
Tony Anonyai				0.00%	48,266,604		60,636,720	0.45%
Sunny Obidegwu				0.00%	173,866,666		393,832,555	1.60%
			<b>104,443,856</b>	<b>0.96%</b>			<b>558,913,131</b>	<b>5.16%</b>
<b>Other Influential Shareholdings</b>								
			-				-	
<b>Free Float in Units and Percentage</b>			3,675,137,330	33.90%			3,220,668,055	29.71%
<b>Free Float in Value</b>			1,837,568,665.00				1,610,334,028	
(A) CONSOLIDATED HALLMARK HOLDINGS Plc with a free float percentage of 33.90% as at 31 March 2024, is compliant with The Exchange's free float requirements for companies listed on the Main Board.								
(B) CONSOLIDATED HALLMARK HOLDINGS Plc with a free float value of N1,837,568,665 as at 31 March 2024, is compliant with The Exchange's free float requirements for companies listed on the Main Board.								

*Transformation into Consolidated Hallmark Holdings Plc*

Having considered the long-term strategic goals of the Group and following a comprehensive evaluation of the operating and competitive environment, the Board of Directors of Consolidated hallmark holdings plc (i.e. The Group), made the decision to embark on restructuring the Group under a non-operating Holding Company. This is to align the Group's operations with global best practices, ensure greater flexibility and adapt to the rapidly evolving financial landscape. It is also part of positioning the Group as an investment vehicle that would bring alive new business ventures, enhance its earnings base and deliver greater shareholder value. This led to the Group hitherto called Consolidated hallmark holdings plc transforming to Consolidated Hallmark Holdings Plc in late 2024 but with effective operations commencing on January 1 2024.

Consolidated Hallmark Holdings Plc (CHH Plc) is a non-operating Holdco and has become the parent company for the erstwhile Consolidated hallmark holdings plc (CHI Plc). This restructure was achieved by way of a scheme of arrangement between the Company and its shareholders. The Scheme Shareholders received one (1) HoldCo Share for every Scheme Share transferred.

The benefits of the HOLDCO structure are envisioned to be as follows:

- (1) **Value Maximisation:** The HoldCo structure will improve Consolidated Hallmark's valuation by creating a structure where each subsidiary is able to operate a focused business.
- (2) **Simplified Corporate Structure:** The HoldCo structure will streamline the Group's structure to deliver operational and cost synergies to the business.
- (3) **Stronger Credit Rating:** The effects of an improved valuation and a simplified corporate structure should improve the credit rating of the Group, and enable the Company obtain easier access to financing from the Capital Market.
- (4) **Tax Efficiency:** The HoldCo structure should create effective structures that could create tax efficiencies across the business.
- (5) **Fund Raising:** The transition will lead to standalone entities that are able to raise capital from the market. In addition, the HoldCo structure will result in increased financial strength of the Group, which will improve access and ability to raise capital with benefits including lower costs of funding.
- (6) **Operational Efficiency:** Duplicated roles and functions could be streamlined leading to cost savings and increasing overall profitability.
- (7) **Strategic Positioning:** The HoldCo structure will enable the Company to pursue other value accretive opportunities that could arise in the near term. and achieve cost synergies to the business. This will lead to improved financial performance and reduced risk exposure across all its businesses.

The corporate reorganization was achieved via a Scheme of Arrangement duly approved by the shareholders at its Court Ordered Meeting held in October 13, 2022 and sanctioned by the Court in July 12, 2024.

CHI Plc was subsequently delisted from the floor of the Nigerian Exchange (NGX). Similarly, two of the subsidiaries of the erstwhile CHI Plc, namely Hallmark Finance Company Limited and Hallmark Health Services Limited has also become a direct subsidiary of the Holding Company. Consolidated hallmark

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holdings plc (CHI) has thus become a limited liability company wholly owned by CHH Plc and remains under the primary regulation of the National Insurance Commission (NAICOM).

The new group comprises of Consolidated Hallmark Holdings Plc (The Parent Company) with Consolidated Hallmark Insurance Limited, Hallmark Finance Company Limited and Hallmark Health Services Ltd as its direct subsidiaries. Similarly, CHI Micro-Insurance Ltd, CHI Capital Ltd and CHI Support Services Ltd. remain the direct subsidiaries of Consolidated Hallmark Insurance Limited.

The Group remains steadfast and committed to its core values of Professionalism, Relationship, Integrity, Customer Focus and Excellence and will continue to uphold its time-tested high standard of Corporate Governance.

These consolidated and separate financial statements have been authorized for issue by the Board of Directors on **April 29, 2024**

**Principal Activities**

Consolidated hallmark holdings 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 holdings 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 holdings plc. It carries on the business of corporate support services. CHI Capital Limited incorporated CHI Support Services Limited in 2014 with 100% shareholdings.

**Hallmark Finance Company Limited**

Hallmark Finance Company 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 holdings plc).

Hallmark Finance Company Limited is now a direct subsidiary of the Consolidated hallmark holdings plc. The business of the company is consumer lending, lease financing and other finance company business.

**CHI Support Services Limited** is a company incorporated 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 holdings 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. 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.

In 2021, following medical breakthrough with vaccines for the Covid 19 pandemic, a number of countries, including Nigeria, had relaxed the strict rules around social distancing and other COVID-19 protocol. This has positive impact on our ability to return most of our staff back to the office without necessarily letting go of the flexibility and efficiency that came along with the remote working regime. It also enabled our marketing activities as the nature of our businesses still demand some level of physical engagement with existing and potential customers.

In 2022, most of the general apprehension about COVID 19 had literally disappeared, aside from its resurgence in China towards the third quarter of the year. But, global air travel had resumed in full swing and this impacted positively on our Aviation Insurance class of business. Suffice to mention that COVID 19 had no adverse economic on our business during the period.

The group will continue to closely monitor the national and global developments on the COVID 19 pandemic, and we are confident in our capacity to respond with promptness as may be needed to safeguard the health and safety of our staff and collaborate with all other stakeholders to contain any untoward development in this regard. We will also continue to sustain the Group's Business Continuity

Plans, and our ICT capabilities order to take advantage of the flexible work environment that has come to stay as a measure for efficiency and employee work life balance.

### **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 2024 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 march 2024, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

##### **1.1.2 Application of new and amended standards**

#### **New and amended standards and interpretations**

#### **Standards and interpretation effective and adopted in current year**

##### **6.1 Standards and interpretations effective for the first time for 31 march 2024 year end**

The accounting policies adopted are consistent with those of the previous financial year despite the adoption of IFRS. For the preparation of these Financial Statements, the following new, revised or amended requirements are mandatory for the first time for the financial year beginning 1 January 2024.

#### **IAS 8 Accounting Policies, Change in Accounting Estimates and Errors**

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

Effective January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2024.

#### **Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

**IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Group.

**IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

**IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

1. Level of aggregation
2. Liability Measurement
3. Presentation and disclosure
4. Production Classification
5. Transition Approach

**(1) LEVEL OF AGGREGATION-**

IFRS 17 defines the level of aggregation to be used for measuring insurance contracts and their related profitability. This is a key issue in identifying onerous contracts and in determining the recognition of profit or loss and presentation in the financial statements.

The starting point for aggregating contracts is to identify portfolios of insurance contracts. A portfolio comprises contracts that are subject to similar risks and managed together.

**(1a) Current Product Segmentation;-** Where the current product segmentation meets the requirements of IFRS 17, the current product segmentation option may be adopted.

The Group has adopted the **Current Product Segmentation** because this is what Consolidated hallmark holdings plc does currently and the Naicom grouping meets this requirement as each group has similar risk and can be managed together.

**(1b) DETERMINATION OF COHORTS:-**

**Annual Cohorts:-** Group the contracts into annual time buckets that coincides with an entity's annual reporting period.

The Group has adopted the **contracts into annual cohorts** The Group has adopted the **contracts into annual cohorts** because we group all contracts to the same line of business on annual basis.

**(1c) ASSESSMENT OF PROFITABILITY FOR NON-LIFE:-**

**Expected Combined Ratio:-** The expected combined ratio is very similar to combined ratio, however, under this method, the profitability of contracts is assessed under different scenarios and a weighted ratio is derived.

The Group has adopted the option of **Expected Combined Ratio**. This helps to develop appropriate models to determine possible scenarios and respective scenario weights. However, given that these contracts are one year or less, this approach may be feasible.

**(2) LIABILITY MEASUREMENT**

**(2a) DETERMINATION OF MEASUREMENT MODELS;-**

**Premium Allocation Approach (PAA):-** Premium allocation approach (PAA) is an optional measurement model and a simplification to the GMM but can only be applied if certain criteria are met.

The company has adopted a Premium Allocation Approach (PAA) for the measurement of insurance contract liabilities. Analysis of the portfolios show that 97.8% of the contracts have contract boundaries of one year or less, hence qualified for the use of PAA approach. The general principle is that Long-dated contracts are eligible for the PAA if the liability for remaining coverage (LRC) calculation is comparable to that under the GMM.

The table below shows the summary of the Gross Premium written split by the contract boundary.

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<b>Summary of Gross premium for contracts used for December 2023 LRC calculations</b>			
<b>PORTFOLIO</b>	<b>One year or less</b>	<b>Above one year</b>	<b>Percentage Difference</b>
Aviation	1,474,387,077	39,460,031	2.6%
Bonds	967,450,875	19,408,118	2.0%
Engineering	1,251,525,442	247,106,785	16.5%
Fire	3,799,481,308	63,086,689	1.6%
General Accident	2,710,355,770	63,194,470	2.3%
Marine	1,350,164,364	3,882,187	0.3%
MOTOR	7,027,677,667	89,305,496	1.3%
Oil & Gas	4,581,733,693	7,294,315	0.2%
<b>Total</b>	<b>23,162,776,197</b>	<b>532,738,089</b>	<b>2.2%</b>

We tested the principle on the Engineering portfolio which has 16.5% of the gross premium written with contract boundary of more than one year. Our test indicated that the difference between the Liability for Remaining Coverage using GMM and PAA is 3.4%. We can confirm that this difference is not material, hence we have applied PAA model across all contracts in all portfolios.

The Group has adopted the approach of **Premium Allocation Approach** because its feasible for the group life and non-life contracts because they have a duration of one year or less.

**(2b) ESTIMATION OF FULFILLMENT CASH FLOWS:-**

**Individual Policies Level:-** Estimate fulfillment cash flows at the individual policies/contract level.

The Group has adopted the **Individual policies approach** since the Company currently has the required data for in-force contracts so it will be easy to allocate the estimated fulfilment cash flows to the different Unit of accounts which is consistent with Level of Aggregation.

**(2c) DETERMINATION OF DISCOUNTING APPROACH:-**

**Bottom-Up Approach:-** Under this approach, a liquid risk-free yield curve is adjusted “to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts.”

The Group has adopted the yield curve produced by Nigeria Actuarial Society (NAS) which is based on **bottom-up approach** as yield curve can be generated from government bonds.

**(2d) CALCULATION OF RISK ADJUSTMENT:-**

**Value at risk (VAR) approach:** - Value at risk approach also called the confidence level technique is calculated with reference to a particular confidence level. Choosing a VAR methodology requires an entity to calculate the discounted value of the best estimate future cash flows under a range of different scenarios to produce a risk distribution.

The Group has adopted the option of **Value at risk approach**. This is because we have historical data to determine the confidence level.

### **(3) PRESENTATION AND DISCLOSURES**

#### **(3a) INSURANCE FINANCE AND EXPENSES:-**

**Disaggregate between profit or loss and other comprehensive income:-** Accounting policy choice to disaggregate insurance finance income or expense between profit or loss and other comprehensive income (OCI).

The Group has adopted the **Disaggregate between profit or loss and other comprehensive income** as this may be relatively easy to adopt given that the difference between the change in the cash flows measured at a current rate and the change in the cash flows measured at the locked-in discount rate (i.e. at inception) will be recognised in OCI leading to less volatilities.

#### **(3b) PRESENTATION OF CHANGE IN THE RISK ADJUSTMENT FOR NON-FINANCIAL RISK:-**

**Include as part of insurance service result:-** Entities have an accounting policy choice to include the change in the risk adjustment for non-financial risk as part of insurance service result.

The Group has adopted the 2<sup>nd</sup> option of Include as part of insurance service result. This approach is fairly easy to adopt compared to the alternative.

#### **(3c) PRESENTATION OF REINSURANCE INCOME OR EXPENSES:**

**Present combined as one-line item:-** Entities have an accounting policy choice to present reinsurance income and expense combined in one-line/single item (net presentation) in profit or loss.

The Group has adopted the option of presenting combined as one-line item. This approach may require considerable amount of work (reconciliation, system upgrade, etc) to separate properly as provided by the Standard.

### **(4) PRODUCT CLASSIFICATION**

#### **(4a) PREMIUM ALLOCATION APPROACH ELIGIBILITY:-**

**Contract duration:-** This approach requires the entity to estimate at what time period after 12 months would the liability for remaining coverage be expected to differ significantly between the PAA and GMM.

The Group has adopted the option of Contract duration. This approach is easy to adopt as the analysis would need to be performed on an annual basis and may not necessarily require full computation given that it can be derived intuitively.

#### **(4b) Expense acquisition costs:-**

**Expense acquisition costs:-** Entities have an accounting policy choice to recognise any insurance acquisition cash flows as expenses.

The Group has adopted the option of expense acquisition costs. This approach is easy to adopt considering the current treatment of initial acquisition costs (DAC).

**(5) TRANSITION APPROACH**

**(5a) NON - LIFE:-**

**Full retrospective approach:-** This approach requires IFRS 17 to be applied to all in-force contracts as if the standard has always been applied. It requires day one data and the full history of transactions to date for all groups of contracts.

The Group has adopted the option of Full retrospective approach. This would not require as much data and is relatively easier to adopt because of the simplifications available.

**(5b) FAIR VALUE OR MODIFIED RETROSPECTIVE APPROACH:-**

**Not to include in a group, contracts issued more than one year apart:-** This approach requires an entity not to include contracts issued more than one year apart in the same group.

The Group has adopted option **Not to include in a group, contracts issued more than one year apart**. However, this option is expected to involve a higher complexity.

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TRANSITION FINANCIAL POSITION					
COMPANY		31 Dec 2021	Reclassification	Remeasurement	Balance as at Jan 1st 2022 after reclassification and remeasurement
<b>Assets</b>					
Cash and cash equivalents		2,044,305,295			2,044,305,295
Financial assets		3,926,828,203			3,926,828,203
Finance lease receivables					-
Trade receivables		543,897,328			543,897,328
Reinsurance assets	A	3,410,440,180	(68,805,228)	745,059,261	4,086,694,213
Deferred acquisition cost	B	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		29,482,173			29,482,173
Investment properties		1,008,676,470			1,008,676,470
Property and equipment		1,089,355,653			1,089,355,653
Deferred tax liabilities					-
Right-of-Use of Assets (Leased Assets)					-
Statutory deposits		300,000,000			300,000,000
		<b>14,879,883,645</b>	<b>(454,101,635)</b>	<b>745,059,261</b>	<b>15,170,841,271</b>
<b>Total assets</b>					
<b>Liabilities</b>					
Insurance contract liabilities	C	5,299,544,811	(385,296,407)	734,032,304	5,648,280,708
Investment contract liabilities					-
Trade payables		46,805,158			46,805,158
Borrowing					-
Other payables and provision		275,121,116	(68,805,228)		206,315,888
Retirement benefit obligations		1,367,928			1,367,928
Deposit for Shares					-
Income tax liabilities		340,135,901			340,135,901
Deferred tax liabilities		247,979,804			247,979,804
<b>Total liabilities</b>		<b>6,210,954,718</b>	<b>(454,101,635)</b>	<b>734,032,304</b>	<b>6,490,885,387</b>
<b>Equity and reserves</b>					
Issued and paid up share capital		5,420,000,000			5,420,000,000
Share Premium		168,933,834			168,933,834
Contingency reserve		2,437,343,087			2,437,343,087
Statutory reserve					-
Fair Value Through OCI Reserve		30,669,220			30,669,220
Revaluation reserve		115,793,288			115,793,288
Regulatory risk reserve					-
Retained earnings	A, B, C & D	496,189,498		11,026,957	507,216,455
<b>Total equity and reserves</b>		<b>8,668,928,927</b>	<b>-</b>	<b>11,026,957</b>	<b>8,679,955,884</b>
<b>Total Liabilities and equity and reserves</b>		<b>14,879,883,645</b>	<b>(454,101,635)</b>	<b>745,059,261</b>	<b>15,170,841,271</b>

<b>REINSURANCE ASSETS (COMPANY)</b>	<b>December 31st 2022</b>	<b>January 1st 2022</b>
Reinsurance Asset on IFRS 4	3,285,437,414	3,410,440,180
Amount reclassified to reinsurance contract assets on IFRS 17	(3,285,437,414)	(3,410,440,180)
	-	-
<b>REINSURANCE CONTRACT ASSETS</b>		
Reinsurance assets reclassified under ifrs 4	3,285,437,414	3,410,440,180
Unearned commission income reclassified	(110,594,576)	(68,805,228)
<b>IFRS 17 Reinsurance contracts assets impact:</b>		
(a) Estimates of present value of future cashflows	83,979,236	471,643,823
(b) Risk adjustment	293,554,880	273,415,438
<b>Reinsurance Contract Assets</b>	<b>3,552,376,954</b>	<b>4,086,694,213</b>

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<b>REINSURANCE ASSETS (GROUP)</b>	<b>December 31st 2022</b>	<b>January 1st 2022</b>
Reinsurance Asset on IFRS 4	3,285,437,414	3,410,440,180
Amount reclassified to reinsurance contract assets on IFRS 17	(3,285,437,414)	(3,410,440,180)
	-	-
<b>REINSURANCE CONTRACT ASSETS</b>		
Reinsurance assets reclassified under ifrs 4	3,285,437,414	3,410,440,180
Unearned commission income reclassified	(110,594,576)	(68,805,228)
<b>IFRS 17 Reinsurance contracts assets impact:</b>		
(a) Estimates of present value of future cashflows	83,979,236	471,643,823
(b) Risk adjustment	293,554,880	273,415,438
<b>Reinsurance Contract Assets</b>	<b>3,552,376,954</b>	<b>4,086,694,213</b>

<b>INSURANCE CONTRACT LIABILITY (COMPANY)</b>	<b>December 31st 2022</b>	<b>January 1st 2022</b>
Insurance contract liability on IFRS 4	6,329,021,551	5,299,544,811
Amount reclassified to insurance contract liability on IFRS 17	(6,329,021,551)	(5,299,544,811)
	-	-
<b>INSURANCE CONTRACT LIABILITY</b>		
Insurance contract liability reclassified under ifrs 4	6,329,021,551	5,299,544,811
Deferred acquisition cost reclassified	(551,735,100)	(385,296,407)
<b>IFRS 17 Insurance Contract Liability impact:</b>		
(a) Estimates of present value of future cashflows	501,636,207	430,025,901
(b) Risk adjustment	427,740,512	304,006,403
<b>Insurance Contract Liability</b>	<b>6,706,663,170</b>	<b>5,648,280,708</b>

<b>INSURANCE CONTRACT LIABILITY (GROUP)</b>	<b>December 31st 2022</b>	<b>January 1st 2022</b>
Insurance contract liability on IFRS 4	6,547,611,485	5,474,050,401
Amount reclassified to insurance contract liability on IFRS 17	(6,547,611,485)	(5,474,050,401)
	-	-
<b>INSURANCE CONTRACT LIABILITY</b>		
Insurance contract liability reclassified under ifrs 4	6,547,611,485	5,474,050,401
Deferred acquisition cost reclassified	(565,555,745)	(397,546,015)
<b>IFRS 17 Insurance Contract Liability impact:</b>		
(a) Estimates of present value of future cashflows	517,952,518	448,055,644
(b) Risk adjustment	427,740,512	304,006,403
<b>Insurance Contract Liability</b>	<b>6,927,748,770</b>	<b>5,828,566,433</b>

**CONSOLIDATED HALLMARK HOLDINGS PLC AND SUBSIDIARY COMPANIES  
REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

	COMPANY	31 Dec 2022	Reclassification	Remeasurement	Balance as at December 31 2022 after reclassification and remeasurement
<b>Assets</b>					
Cash and cash equivalents		1,183,948,834			1,183,948,834
Financial assets		6,325,958,061			6,325,958,061
Finance lease receivables		-			-
Trade receivables		773,060,783			773,060,783
Reinsurance assets	A	3,285,437,414	(110,594,576)	377,534,116	3,552,376,954
Deferred acquisition cost	B	551,735,100	(551,735,100)		-
Other receivables & prepayments		652,618,272			652,618,272
Investment in subsidiaries		1,594,225,000			1,594,225,000
Intangible Assets		22,104,164			22,104,164
Investment properties		1,265,226,470			1,265,226,470
Property and equipment		1,088,248,164			1,088,248,164
Deferred tax liabilities		-			-
Right-of-Use of Assets (Leased Assets)		-			-
Statutory deposits		300,000,000			300,000,000
<b>Total assets</b>		<b>17,042,562,262</b>	<b>(662,329,676)</b>	<b>377,534,116</b>	<b>16,757,766,701</b>
<b>Liabilities</b>					
Insurance contract liabilities	C	6,329,021,551	(551,735,100)	929,376,719	6,706,663,170
Investment contract liabilities		-			-
Trade payables		33,472,651			33,472,651
Borrowing		-			-
Other payables and provision	D	350,746,765	(110,594,576)		240,152,189
Retirement benefit obligations		1,181,508			1,181,508
Deposit for Shares		-			-
Income tax liabilities	E	635,139,647		(110,594,578)	524,545,069
Deferred tax liabilities		239,442,368			239,442,368
<b>Total liabilities</b>		<b>7,589,004,490</b>	<b>(662,329,676)</b>	<b>818,782,141</b>	<b>7,745,456,955</b>
<b>Equity and reserves</b>					
Issued and paid up share capital		5,420,000,000			5,420,000,000
Share Premium		168,933,834			168,933,834
Contingency reserve		2,799,201,192			2,799,201,192
Statutory reserve		-			-
Fair Value Through OCI Reserve		39,163,090			39,163,090
Revaluation reserve		128,676,506			128,676,506
Regulatory risk reserve		-			-
Retained earnings		897,583,150	-	(441,248,026)	456,335,124
<b>Total equity and reserves</b>		<b>9,453,557,771</b>	<b>-</b>	<b>(441,248,026)</b>	<b>9,012,309,745</b>
<b>Total Liabilities and equity and reserves</b>		<b>17,042,562,261</b>	<b>(662,329,676)</b>	<b>377,534,116</b>	<b>16,757,766,701</b>

**CONSOLIDATED HALLMARK HOLDINGS PLC AND SUBSIDIARY COMPANIES**  
**REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

GROUP		31 Dec 2021	Reclassify	Remeasurement	Balance as at Jan 1st 2022 after reclassification and remeasurement
<b>Assets</b>					
	Cash and cash equivalents	2,857,075,239			2,857,075,239
	Financial assets	5,290,556,583			5,290,556,583
	Finance lease receivables	148,741,442			148,741,442
	Trade receivables	601,620,155			601,620,155
	Reinsurance assets	3,410,440,180	(68,805,228)	745,059,260	4,086,694,212
	Deferred acquisition cost	397,546,015	(397,546,015)		-
	Other receivables & prepayments	222,692,503			222,692,503
	Investment in subsidiaries	-			-
	Intangible Assets	76,702,920			76,702,920
	Investment properties	1,098,676,470			1,098,676,470
	Property and equipment	1,163,708,129	(237,066)		1,163,471,063
	Deferred tax liabilities				-
	Right-of-Use of Assets (Leased Assets)	6,406,590			6,406,590
	Statutory deposits	400,000,000			400,000,000
	<b>Total assets</b>	<b>15,674,166,226</b>	<b>(466,588,309)</b>	<b>745,059,260</b>	<b>15,952,637,177</b>
<b>Liabilities</b>					
	Insurance contract liabilities	5,474,050,401	(397,546,015)	752,062,047	5,828,566,433
	Investment contract liabilities	17,660,923			17,660,923
	Trade payables	46,805,158			46,805,158
	Borrowing	55,800,014			55,800,014
	Other payables and provision	343,540,593	(68,805,228)		274,735,365
	Retirement benefit obligations	2,075,682			2,075,682
	Deposit for Shares				-
	Income tax liabilities	462,785,844			462,785,844
	Deferred tax liabilities	259,663,907			259,663,907
	<b>Total liabilities</b>	<b>6,662,382,522</b>	<b>(466,351,243)</b>	<b>752,062,047</b>	<b>6,948,093,326</b>
<b>Equity and reserves</b>					
	Issued and paid up share capital	5,420,000,000			5,420,000,000
	Share Premium	168,933,834			168,933,834
	Contingency reserve	2,437,638,438			2,437,638,438
	Statutory reserve	72,039,762			72,039,762
	Fair Value Through OCI Reserve	30,615,728			30,615,728
	Revaluation reserve	115,793,288			115,793,288
	Regulatory risk reserve	1,354,214			1,354,214
	Retained earnings	765,408,440	(237,066)	(7,002,787)	758,168,587
	<b>Total equity and reserves</b>	<b>9,011,783,704</b>	<b>(237,066)</b>	<b>(7,002,787)</b>	<b>9,004,543,851</b>
	<b>Total Liabilities and equity and reserves</b>	<b>15,674,166,226</b>	<b>(466,588,309)</b>	<b>745,059,260</b>	<b>15,952,637,177</b>

**CONSOLIDATED HALLMARK HOLDINGS PLC AND SUBSIDIARY COMPANIES  
REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

	GROUP	31 Dec 2022	Reclassification	Remeasurement	Balance as at December 31 2022 after reclassification and remeasurement
<b>Assets</b>					
Cash and cash equivalents		1,669,476,979	(3,112,779)		1,666,364,200
Financial assets		8,644,183,149			8,644,183,149
Finance lease receivables		210,896,364			210,896,364
Trade receivables		831,493,560			831,493,560
Reinsurance assets	A	3,285,437,414	4,883,900	262,055,640	3,552,376,954
Deferred acquisition cost	B	565,555,745	(565,555,745)		-
Other receivables & prepayments		292,572,354		3,112,779	295,685,133
Investment in subsidiaries		(0)	0		-
Intangible Assets		64,109,633			64,109,633
Investment properties		1,405,226,470			1,405,226,470
Property and equipment		1,168,945,157			1,168,945,157
Right-of-Use of Assets (Leased Assets)		2,844,702			2,844,702
Statutory deposits		400,000,000			400,000,000
		-			-
<b>Total assets</b>		<b>18,540,741,527</b>	<b>(563,784,625)</b>	<b>265,168,420</b>	<b>18,242,125,321</b>
<b>Liabilities</b>					
Insurance contract liabilities	C	6,547,611,485		380,137,285	6,927,748,770
Investment contract liabilities		13,723,775			13,723,775
Trade payables		33,472,651			33,472,651
Borrowing		680,107,894			680,107,894
Other payables and provision	D	429,876,513	(105,710,676)		324,165,837
Retirement benefit obligations		2,925,281			2,925,281
Income tax liabilities	E	766,699,256		(115,478,478)	651,220,778
Deferred tax liabilities		253,908,071			253,908,071
<b>Total liabilities</b>		<b>8,728,324,926</b>	<b>(105,710,676)</b>	<b>264,658,807</b>	<b>8,887,273,057</b>
<b>Equity and reserves</b>					
Issued and paid up share capital		5,420,000,000			5,420,000,000
Share Premium		168,933,834			168,933,834
Contingency reserve		2,800,339,728			2,800,339,728
Statutory reserve		91,262,839			91,262,839
Fair Value Through OCI Reserve		39,180,406			39,180,406
Revaluation reserve		128,676,506			128,676,506
Regulatory risk reserve		1,828,189			1,828,189
Retained earnings		1,162,195,099	(458,073,949)	509,613	704,630,761
<b>Total equity and reserves</b>		<b>9,812,416,601</b>	<b>(458,073,949)</b>	<b>509,613</b>	<b>9,354,852,264</b>
		-			-
<b>Total Liabilities and equity and reserves</b>		<b>18,540,741,527</b>	<b>(563,784,625)</b>	<b>265,168,420</b>	<b>18,242,125,321</b>

**CONSOLIDATED HALLMARK HOLDINGS PLC AND SUBSIDIARY COMPANIES  
REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

Reconciliation of Statements of Comprehensive Income				
	IFRS 4 Statement of profit or loss		IFRS 17 Statement of profit or loss	
	Gross premium written	12,061,936,819	Expected benefits incurred	11,142,727,902
	Change in insurance contract Liabilities	(1,014,037,305)		
	Change in the risk adjustment	-	Change in the risk adjustment	-
27	<b>Gross premium income</b>	<b>11,047,899,514</b>	<b>Insurance revenue</b>	<b>11,142,727,902</b>
	Claims expenses	(3,931,378,376)	Incurred claims	3,915,938,942
	Operating & Administrative expenses	(2,228,062,316)	Incurred Fulfilment expenses	2,017,863,268
	Underwriting expenses	(2,547,528,124)	Amortisation of insurance acquisition cash flows	2,547,528,124
	changes in BEL related to LIC		changes in BEL related to LIC	(57,402,640)
	Change in the risk adjustment	-	Change in the risk adjustment	(123,734,110)
28	<b>Insurance service expense</b>	<b>(8,706,968,816)</b>	<b>Insurance service expense</b>	<b>8,300,193,584</b>
	Reinsurance premium expenses	(4,893,972,775)	Expected recovery for claims	(1,396,202,283)
	Fee and commission income	714,526,206	Fee and commission income	(756,315,553)
	Reinsurance RA allocation	-	Reinsurance RA allocation	4,986,931,692
	Claims recoveries from reinsurers	1,869,608,166	Amounts recoverable for claims	
	changes in BEL related to reinsurance LIC	-	changes in BEL related to reinsurance LIC	(92,958,917)
30	<b>Net gains or loss from reinsurance</b>	<b>(2,309,838,403)</b>	<b>Net income or expense from reinsurance contracts held</b>	<b>2,741,454,939</b>
	<b>Insurance service result</b>	<b>31,092,295</b>	<b>Insurance service result</b>	<b>101,079,380</b>
32	Investment income	752,385,146	Other investment revenue	752,385,146
33	Other operating income	595,355,189	Net foreign exchange income or expense	590,678,251
34	Impairment (charge)	(22,685,769)	Net impairment loss on financial assets	(20,066,075)
35	Net fair value loss on financial assets at fair value through profit or loss	10,163,192	Amounts recognised in OCI	10,163,192
	<b>Total Net Investment Income</b>	<b>1,335,217,758</b>	<b>Total Net Investment Income</b>	<b>1,333,160,515</b>
	Insurance finance expenses	-	Insurance finance expenses	-
	Reinsurance finance income	-	Reinsurance finance income	-
	<b>Financial insurance result</b>	<b>1,335,217,758</b>	<b>Financial insurance result</b>	<b>1,333,160,515</b>
36	<b>Other expenses</b>	<b>-</b>	<b>Other expenses</b>	<b>(500,371,852)</b>
	<b>Profit before Tax</b>	<b>1,366,310,053</b>	<b>Other income</b>	<b>4,676,938</b>
	Income tax	(386,258,245)	<b>Profit before Tax</b>	<b>938,544,980</b>
	<b>Profit after Tax</b>	<b>980,051,808</b>	Income tax	(410,768,155)
	Items that will be reclassified subsequently to profit or loss	21,377,088	<b>Profit after Tax</b>	<b>527,776,825</b>
	<b>Total comprehensive income for the year</b>	<b>1,001,428,896</b>		<b>549,153,913</b>

December 2021 Transition Numbers		
Insurance Contract Liabilities	IFRS 17	IFRS 4
Liability for Remaining Coverage (LRC)		
Present Value of Future Cashflows	2,202,980,829	2,158,251,334
<b>Total Liability for Remaining Coverage (LRC)</b>	<b>2,202,980,829</b>	<b>2,158,251,334</b>
<b>Liability for Incurred Claims (IBNR+Outstanding Claims)</b>	<b>3,141,293,477</b>	<b>3,141,293,477</b>
<b>Risk Adjustment</b>	<b>304,006,403</b>	
<b>Total Insurance Contract Liabilities</b>	<b>5,648,280,708</b>	<b>5,299,544,811</b>

**CONSOLIDATED HALLMARK HOLDINGS PLC AND SUBSIDIARY COMPANIES  
REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

<b>December 2022 Comparatives</b>		
<b>Insurance Contract Liabilities</b>	<b>IFRS 17</b>	<b>IFRS 4</b>
Liability for Remaining Coverage (LRC)		
Present Value of Future Cashflows	2,998,455,636	3,048,554,529
<b>Total Liability for Remaining Coverage (LRC)</b>	<b>2,998,455,636</b>	<b>3,048,554,529</b>
<b>Liability for Incurred Claims (IBNR+Outstanding Claims)</b>	<b>3,280,467,021</b>	<b>3,280,467,021</b>
<b>Risk Adjustment</b>	<b>427,740,512</b>	
<b>Total Insurance Contract Liabilities</b>	<b>6,706,663,170</b>	<b>6,329,021,551</b>

<b>December 2021 Reinsurance Assets Transition Figures</b>		
<b>Reinsurance Contract Assets</b>	<b>IFRS 17</b>	<b>IFRS 4</b>
Liability for Remaining Coverage (LRC)		
Present Value of Future Cashflows	1,189,590,065	782,882,234
<b>Total Liability for Remaining Coverage (LRC)</b>	<b>1,189,590,065</b>	<b>782,882,234</b>
<b>Liability for Incurred Claims (IBNR+Outstanding Claims)</b>	<b>2,627,557,946</b>	<b>2,627,557,946</b>
<b>Risk Adjustment</b>	<b>273,415,438</b>	
<b>Total Reinsurance Contract Assets</b>	<b>4,090,563,449</b>	<b>3,410,440,180</b>

<b>December 2022 Reinsurance Assets Comparatives</b>		
<b>Reinsurance Contract Assets</b>	<b>IFRS 17</b>	<b>IFRS 4</b>
Liability for Remaining Coverage (LRC)		
Present Value of Future Cashflows	830,335,912	851,128,762
<b>Total Liability for Remaining Coverage (LRC)</b>	<b>830,335,912</b>	<b>851,128,762</b>
<b>Liability for Incurred Claims (IBNR+Outstanding Claims)</b>	<b>2,434,308,653</b>	<b>2,434,308,653</b>
<b>Risk Adjustment</b>	<b>293,554,880</b>	
<b>Total Reinsurance Contract Assets</b>	<b>3,558,199,444</b>	<b>3,285,437,414</b>

## 6.2 Standards and interpretations 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 2024:

IAS 1 Presentation of Financial statements

AS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

Effective January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The amendments are effective for reporting periods beginning on or after January 1, 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted.

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 16 Leases**

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

Effective January 1, 2019, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

#### **1.2 Basis of measurement**

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

- 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, Hallmark Finance Company Limited and CHI Microinsurance Limited, all made up to 31 march, each year. The financial statements of subsidiaries are consolidated from the date the group acquires control, up to the date that such effective control ceases.

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

- (1) Power over the investee
- (2) Exposure, or rights, to variable returns from its involvement with the investee, and

- (3) The ability to use its power over the investee to affect the amount of the investor's returns.

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

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

### **1.5 Use of estimates and judgments**

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

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

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

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

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

#### **(b) Impairment of trade receivables**

The Group adopted the policy of no premium no cover and the trade receivables outstanding as at the reporting period are premium receivable within 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) 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**

**Financial Assets  
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 (ECL) 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**

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

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

**a) 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.

**b) 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. 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 adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

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

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

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

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

#### **Measurement of Expected Credit Losses**

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

#### **Details of these statistical parameters/inputs are as follows:**

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

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

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

EAD – The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and

interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

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

#### **Forward-looking information**

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

#### **Macroeconomic factors**

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

#### **Multiple forward-looking scenarios**

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

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

#### **Assessment of significant increase in credit risk (SICR)**

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

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

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the

company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

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

#### **Definition of Default and Credit Impaired Financial Assets**

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

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

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

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

#### **Presentation of allowance for ECL in the statement of financial position**

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

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

#### **Write-off**

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

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

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

#### **4. Leases**

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

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

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

**Sale and leaseback transactions:**

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

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

**5. Trade receivables**

Trade receivables are recognized when due. These include amounts due from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with

similar credit risk characteristics and collectively assesses them for impairment using the model that reflects the company's historical outstanding premium collection ratio per sector.

**6. Reinsurance contract 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. 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.

**8. 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).

**9. 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.

#### **10. 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 Investment property**

Property held for long-term rental yields and (or) capital appreciation that is not occupied by the companies in the Group is classified as investment property.

Investment property comprises freehold land and buildings. It is carried at fair values, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. Gains/losses in the fair value of investment properties are recognised in the income statement.

These valuations are reviewed annually by an independent valuation expert. Investment Property under construction that is being developed for continuing use as investment property are measured at cost.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the companies in the consolidated Group. The initial cost of the property shall be the fair value (where available), when not available the initial cost shall be used. The property is carried at fair value after initial recognition.

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.

## **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**

**A. Key types of insurance contracts issued, and reinsurance contracts held.**

Non-Life Business - The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include motor, property, marine, fire and personal accident. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company accounts for these contracts applying the Premium Allocation Approach (PAA).

The Company also holds the following types of reinsurance contracts to mitigate risk exposure.

For the life business, the Company holds quota share reinsurance treaties and accounts for these treaties applying the PAA.

#### **B. Definition and Classification**

Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Company does not issue any contracts with direct participating features.

#### **C. Separating components from insurance and reinsurance contracts**

The Company assesses its insurance and reinsurance products to determine whether they contain components which must be accounted for under another IFRS rather than IFRS 17 (distinct non- insurance components). After separating any distinct components, an entity must apply IFRS 17 to all remaining components of the (host) insurance contract.

Currently, the Company's products do not include distinct components that require separation.

Some term life contracts issued by the Company include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in IFRS 17. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance expenses. The surrender options are considered non distinct investment components as the Company is unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

#### **D. Level of aggregation**

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts

For short term contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. As IFRS 17 does not define what “facts/circumstances” entail; the following are considered on their impact on expected cashflows and resulting profitability:

Significant changes in external conditions including economic or regulatory changes.

Changes to the organization or processes

Changes in underwriting and pricing strategies

Trends in experience and expected variability in cashflows

This consideration is only required for Liabilities for Remaining Claims (LRC) and not Liabilities for Incurred Claims (LIC) which is already measured at the current fulfillment value. Fulfillment cashflows can be estimated at whichever aggregate level is deemed appropriate and then subsequently allocated into IFRS 17 portfolios and groups. The fact that incurred claims of a particular cohort are loss-making does not mean the LRC will also be onerous. Judgment is applied to determine whether each cohort’s LRC will be similar to this incurred experience and hence onerous. For example, actions taken to improve profitability a historically loss-making cohort may indicate that the cohort will be non-onerous going forward.

All short-term contracts have currently been assessed as having no possibility of becoming onerous. Though the Fire portfolio (non-Life) has historically been loss-making, the portfolio has been showing some improvement post-implementation of PRAN rates and other underwriting strategies such as removal of some toxic accounts etc. The Company expects that improvements will be sustained in future and therefore the cohort will be non-onerous. In subsequent periods, non-onerous contracts are re-assessed based on the likelihood of prevailing facts and circumstances leading to significant possibility of becoming onerous.

Reinsurance contracts held are assessed for aggregation on an individual contract basis and are assessed separately from insurance contracts. The smallest unit of account is a reinsurance contract, even where this contract covers more than one type of insurance product. However, there are cases where a reinsurance contract covers separate and identifiable product lines which are only included in the same legal document for administrative convenience. These contracts have been separated into its different component.

If two or more reinsurance contracts are written on a particular product line, these may be grouped together in the same portfolio as they will be covering risks of the same nature and will be managed together. For example, the Surplus contracts (1&2) on Fire have been grouped together as they cover risks of the same nature and can be measured under the same measurement approach (PAA because they have a contract boundary of 1 year). While, facultative and excess of loss contracts are in separate groups; though they cover the same risks and are even managed together, differing measurement approaches as well as recognition requirements may apply.

#### **E. Recognition**

The Company recognizes groups of insurance contracts issued from the date when the first payment from a policyholder in the group becomes due. As Company adheres to the statutory “no premium no cover”, the date premium is received from the policyholder will always be earlier or on the same date as the coverage period. This premium receipt date would then be used to separate the groups of insurance contracts into yearly cohorts. The contract groupings shall not be reassessed until they are derecognized.

#### **F. Contract Boundaries**

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks Or
- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognized. Such amounts relate to future insurance contracts.

#### **G. Measurement of insurance contracts issued.**

##### **1. General Model - Initial Measurement**

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Fulfilment cash flows within contract boundary

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The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the Company considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future. The Company estimates expected future cash flows for a group of contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

When estimating future cash flows, the Group includes all cash flows within the contract boundary including:

- Premiums and any additional cash flows resulting from those premiums.
- Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing insurance contracts.
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs.
- Claim handling costs.
- Costs of providing contractual benefits in kind, such as home and vehicle repair
- Policy administration and maintenance costs including recurring commissions expected to be paid to intermediaries for policy administration services only (recurring commissions that are insurance acquisition cash flows are treated as such in the estimate of future cash flows)
- Transaction-based taxes
- **An allocation of fixed and variable overheads directly attributable to the fulfilment of insurance contracts including overhead costs such as accounting, human resources, information technology and support, building depreciation, rent, and maintenance and utilities**
- Costs incurred for performing investment activities that enhance insurance coverage benefits for the policyholder.
- Costs incurred for providing investment-related service and investment-return service to policyholders.
- Other costs specifically chargeable to the policyholder under the terms of the contract

The Company does not provide investment-return services in respect of contracts that it issues, nor does it perform investment activities for the benefit of policyholders.

The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows.

The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders
- Other information about the known or estimated characteristics of the insurance contracts
- Historical data about the Company's own experience, supplemented, when necessary, with data from other sources. Historical data is adjusted to reflect current conditions.
- Current pricing information, when available

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time. The Company does not elect to accrete interest on insurance acquisition cash flows to be allocated to profit or loss.

#### Discount Rate

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognized in profit or loss at the end of each reporting period unless the Company has elected the accounting policy to present the time value of money separately in profit or loss and other comprehensive income. The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g., credit risk).

In determining discount rates for cash flows, the Company uses the 'bottom-up approach' to estimate discount rates starting from a risk-free rate with similar characteristics, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid FGN Bonds. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates.

#### Risk adjustment for non-financial risk

The Company measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk

The Company uses the cost of capital method in estimating the risk adjustment. The level of capital and the cost of capital rate that feed this estimation technique are calibrated from the Group economic capital's approach within which the Group estimates the impact of non-financial risks. The economic capital approach includes a quantitative measure of the Group's risk appetite which allows a specific measure of the Company's non-financial risk and the degree of its risk aversion for financial reporting purposes. The Company's economical capital approach, and the risk adjustment calculation derived from it, include the benefits of diversification at the issuing entity level. This is allocated to all the groups of insurance contracts. Diversification benefits are derived from a study of the negative correlation that exists among the different non-financial variables impacting the cash flows from the portfolios of the Company and results in lower economic capital being necessary to absorb the residual level of uncertainty.

#### Contractual Service Margin (CSM)

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit that the Group will recognize as it provides insurance contract services over the coverage period.

At initial recognition, the Group measures the CSM at an amount that, unless a group of insurance contracts is onerous, results in no gains recognized in profit or loss arising from:

- The expected fulfilment cash flows of the group.
- The amount of any derecognized asset for insurance acquisition cash flows allocated to the group

- Any other asset or liability previously recognized for cash flows related to the group.
- Any cash flows that have already arisen on the contracts as of that date.

If a group of contracts is onerous, the Group recognizes a loss on initial recognition. This results in the carrying amount of the liability for the group being equal to the fulfilment cash flows, and the CSM of the group being nil. A loss component is recognized for any loss on initial recognition of the group of insurance contracts.

The Company determines at initial recognition the group's coverage units. The Company then allocates the group's CSM based on the coverage units provided in the period.

The Company allocates contracts acquired with claims in the settlement phase into annual groups based on the expected profitability of the contracts at the date of acquisition. The Group uses the consideration received or paid as an approximation of premiums to calculate the CSM on initial recognition.

#### Insurance acquisition cash flows

The Company includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs.

The Company estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Company then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior years, the Company did not allocate any insurance acquisition cash flows to future groups of insurance contracts, as it did not expect any renewal contracts to arise from new contracts issued in the period.

In the current and prior year, the Company did not identify any facts and circumstances indicating that the assets may be impaired.

#### 2. General Model – Subsequent Measurement

In estimating the total future fulfilment cash flows, the Group distinguishes between those relating to already incurred claims and those relating to future service. At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

The LRC represents the Group's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided (i.e. provision of investment-return and investment-related services) and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC.

The LRC is comprised of:

- (a) the fulfilment cash flows relating to future service,
- (b) the CSM yet to be earned and
- (c) any outstanding premiums for insurance contract services already provided.

The LIC includes the Company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Group's liability to pay amounts the Group is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognized. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

#### Changes in fulfilment cash flows

At the end of each reporting period, the Company updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variable.

The Company has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions. The Company first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions.

Experience adjustments are the difference between:

- The expected cash flow estimates at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)
- The expected cash flow estimates at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

Experience adjustments relating to current or past service are recognized in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

Experience adjustments relating to future service are included in the LRC by adjusting the CSM. The release of the CSM depends on whether the contract does not participate, participates indirectly, or directly participates in the performance of the specified underlying items.

At the end of each reporting period, the Group re-estimates the LRC fulfilment cash flows, updating for changes in assumptions relating to financial and non-financial risks.

#### Adjustments to the CSM

The following changes in fulfilment cash flows are considered to be related to future service and adjust (or 'unlock') the CSM of the group of insurance contracts:

- Experience adjustments relating to the premiums received in the period that relate to future service, and any relate cash flows such as insurance acquisition cash flows and premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognized.
- The change in the estimate of the present value of expected future cash flows in the liability for remaining coverage, related to non-financial variables, measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognized. All financial variables are locked in at initial recognition.

- Changes in the risk adjustment for non-financial risk relating to future service. The Company has elected not to disaggregate the change in the risk adjustment for non-financial risk between:

- o a change related to non-financial risk and

- o the effect of the time value of money and changes in the time value of money.

- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. The amount of investment components expected to be payable in the period is measured at the discount rates applicable before it became payable.

The following adjustments do not relate to future service and thus do not adjust the CSM:

- Changes in fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof.

- Changes in the fulfilment cash flows relating to the LIC.

- Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows)

Any further increases in fulfilment cash flows relating to future coverage are recognized in profit or loss as they occur, increasing the loss component of the group of insurance contracts. Any subsequent decreases in fulfilment cash flows related to future coverage do not adjust the CSM until the loss component of the group is fully reversed through profit or loss.

At the end of the reporting period, the carrying amount of the CSM for a group of insurance contracts without direct participating features is the carrying amount at the beginning of the period adjusted for:

- The effect of any new contracts added to the group.

- Interest accreted on the carrying amount of the CSM measured at the discount rates determined at initial recognition.

- The changes in fulfilment cash flows related to future service, except:

- o Increases in fulfilment cash flows that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous or more onerous.

- o Decreases in fulfilment cash flows that reverse a previously recognized loss on a group of onerous contracts.

- The effect of any currency exchange differences on the CSM

- The amount recognized as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining coverage period.

Recognition of the CSM in profit or loss

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided.

In determining the amount of the CSM to be released in each period, the Company follows three steps:

- Determine the total number of coverage units in the group. The amount of coverage units in the group is determined by considering the quantity of benefits provided under the contract and the expected coverage period for each contract.

- Allocate the CSM at the end of the period (before any of it is released to profit or loss to reflect the insurance contract services provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in the future
- Recognize in profit or loss the amount of CSM allocated to the coverage units provided during the period.

lapse or surrender and new contracts are added to the group. The total number of coverage units depends on the expected duration of the obligations that the Company has from its contracts. These can differ from the legal contract maturity because of the impact of policyholder behavior and the uncertainty surrounding future insured events.

By determining a number of coverage units, the Company exercises judgement in estimating the likelihood of insured events occurring and policyholder behavior to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods and the 'quantity of benefits' provided under a contract.

### **3. Premium Allocation Approach (PAA)**

This is a simplification of the general model. The Company applies the PAA to the measurement of group life and non-life insurance contracts with a coverage period of each contract in the group of one year or less.

Contracts with coverage period above one year which are not immediately eligible for the PAA, will be subjected to a PAA eligibility by assessing the expected LRC cashflows under both the PAA and General Model approaches. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA.

On initial recognition, the Group measures the carrying amount of the Liability for remaining coverage for insurance contracts held as the premiums received - Gross Written premium

At subsequent measurement, the LRC is effectively the unearned premium reserve (UPR) under IFRS 4 less the deferred acquisition costs (DAC). Unlike IFRS 4, DAC will not be presented as an asset under IFRS17. It is instead reflected in the overall insurance contract liability for remaining coverage, without being identified as a separate component in the balance sheet.

Premium Experience Adjustment: Where premium experience adjustments relate to current/ past service and are treated at the end of the period, this will be immediately recognized in the P&L as insurance revenue.

Insurance acquisition cash flows

IFRS 17 defines insurance acquisition cash flows as cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. These include direct and indirect costs incurred in originating insurance contracts, including cashflows related to unsuccessful efforts to obtain new business.

Under the PAA, an entity can choose to immediately expense insurance acquisition cash flows in the P&L when incurred if and only if each insurance contract in a group has a coverage period of one year or less. CHI Limited has opted not to expense acquisition cash flows immediately when incurred. Alternatively, an entity can recognize insurance acquisition cash flows in the measurement of liability for remaining coverage (LRC) and amortize insurance acquisition cash flows in the P&L (systematically - in line with earning pattern of premium revenue OR passage of time, with the former being the method adopted by the Company).

The exiting IFRS 4 approach is to recognize a separate deferred acquisition cost (DAC) assets for costs associated with writing new insurance contracts (e.g., commissions paid to brokers). Under IFRS 17, if acquisition costs are paid before the related insurance groups are recognized, an entity shall recognize an asset. These assets are derecognized when the group of insurance contracts are recognized. If insurance acquisition cash flows are expected to be paid after the related group is recognized, then they are included as part of the measurement of insurance contracts (LRC).

IFRS 17 allows for the deferral of acquisition costs to smooth out the recognition of profits. Paid acquisition costs are an asset that is amortized (or derecognized) when they are included in the measurement of the related group of insurance contracts. Company has chosen to defer all insurance acquisition cash flows and recognize them over the coverage period of contracts or groups they are attributed to. Therefore, acquisition costs and related revenue are recognized over the same periods and in the same pattern, based on the passage of time.

It must be noted that IFRS 17 requires allocation to future renewals if the acquisition cashflows are judged to support future renewals. Also the expensing acquisition costs policy choice only applies for contracts with coverage period one year or less.

For contracts measured under PAA in the Group, insurance acquisition costs comprise of costs:  
that are directly attributable to individual contracts or groups of contracts in a portfolio

that are not directly attributable to individual contracts but, directly attributable to the portfolio of insurance contracts to which the group belongs; with the costs being allocated to groups on a systematic and rationale method e.g., Activity-Based Costing method or based on GWP proportions or claims cost etc.

#### **4. Onerous contracts**

The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consists entirely of fulfilment cash flows. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognized at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognized, the Group allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component. For groups of onerous contracts, without direct participating features, the Group uses locked-in discount rates. They are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component).

For all issued contracts, other than those accounted for applying the PAA, the subsequent changes in the fulfilment cash flows of the LRC to be allocated are:

- Insurance finance income or expense

- Changes in risk adjustment for non-financial risk recognized in profit or loss representing release from risk in the period.
- Estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses in the period.

The Company determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total fulfilment cash outflows included in the LRC, including the risk adjustment for non- financial risk, excluding any investment component amount.

For contracts that are measured under PAA, the assumption is that there are no onerous contracts at initial recognition, unless facts and circumstances indicate otherwise. If the measurement of the LIC results in a loss-making group, this does not translate to the LRC being onerous. In this case, the group will be assessed as to whether its LRC will be similar to the incurred experience and hence considered to be onerous. For example, actions taken to improve profitability on the fire portfolio which has been historically loss-making may indicate that the LRC will have a different loss experience.

If facts and circumstances indicate that a group of contracts is onerous during the coverage period, the onerous liability is calculated as the difference between:

the carrying amount of the liability for remaining coverage; and

the FCF that relates to remaining coverage similar to what is needed under the GMM.

This difference is recognized as a loss and shall increase the liability for remaining coverage.

I. Measurement of Reinsurance contracts issued.

### **1. Recognition**

Proportional reinsurance contracts held will be first recognized on the later of the beginning of the coverage period of the reinsurance contract or the date that the first underlying insurance contract in the treaty is initially recognized.

For example, if we enter a surplus fire reinsurance contract on 1 January 2022 and the first fire insurance policy in the treaty is written in February 2022, then the date of recognition of the surplus reinsurance contract will be February 2022. Though the contract agreement is in place in January, cashflows on the contract don't start until February.

Non-Proportionate reinsurance coverage will be recognized at the beginning of the coverage period of the contract.

### **2. Reinsurance contracts held measured under the PAA.**

All reinsurance contracts with contract boundaries not exceeding one year are automatically considered to meet PAA eligibility. Most of the Group's Surplus reinsurance contracts are immediately eligible for PAA as they are written on a clean-cut basis. At the end of the period, the reinsurer withdraws from the contract and the reinsurance held portfolio (including outstanding recoveries and ceded portion of unexpired premiums) is transferred to a new reinsurer.

A smaller number of surplus reinsurance contracts and all Facultative contracts are written on an underwriting year basis. This basis extends the contract boundary beyond one year as coverage of contracts ceded to the treaty may continue even after the underwriting year has ended.

For example, if an insurance contract inception in May 2022 and cedes to the Marine Hull Surplus reinsurance treaty (which inception 1 January 2022); the contract boundary extends till May 2024 when the insurance contract will expire. So, the contract boundary for the reinsurance contract is beyond one year i.e.. 1 Jan 2022 – May 2024.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Group adjusts the carrying amount of the asset for remaining coverage and recognizes a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

#### **J. Modification and Derecognition**

The Company derecognizes the original contract and recognizes the modified contract as a new contract, if the terms of insurance contracts are modified and the following are met: conditions

- If the modified terms were included at contract inception and the Group would have concluded that the modified contract:
  - Is outside of the scope of IFRS 17
  - Results in a different insurance contract due to separating components from the host contract
  - Results in a substantially different contract boundary
  - Would be included in a different group of contracts.
- The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition.
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

If the contract modification meets any of the conditions, the Group performs all assessments applicable at initial recognition, derecognizes the original contract and recognizes the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Group treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the General Model, a change in the estimates of fulfilment cash flows results in a revised end of period CSM (before the current period allocation). A portion of the revised end of period CSM is allocated to the current period, as is the revised CSM amount applied from the beginning of the period but reflecting the change in the coverage units due to the modification during the period.

This portion is calculated using updated coverage unit amounts determined at the end of the period and weighted to reflect the fact that the revised coverage existed for only part of the current period.

For insurance contracts accounted for applying the PAA, the Group adjusts insurance revenue prospectively from the time of the contract modification.

The Company derecognizes an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled)
- Modified and the derecognition criteria are met.
  - When the Group derecognizes an insurance contract from within a group of contracts, it:
    - Adjusts the fulfilment cash flows allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognized from the group.

- Adjusts the CSM of the group for the change in the fulfilment cash flows (unless it relates to the increase or reversal of the loss component)
- Adjusts the number of coverage units for expected remaining insurance contract services to reflect the coverage units derecognized from the group and recognizes in profit or loss in the period the amount of CSM based on that adjusted number.

When the Company transfers an insurance contract to a third party and that results in derecognition, the Group adjusts the CSM of the group from which the contract has been derecognized for the difference between the change in the carrying amount of the group caused by the derecognized fulfilment cash flows and the premium charged by the third party for the transfer.

When the Company derecognizes an insurance contract due to modification, it derecognizes the original insurance contract and recognizes a new one. The Group adjusts the CSM of the group from which the modified contract has been derecognized for the difference between the change in the carrying amount of the group as a result of adjustment to fulfilment cash flows due to derecognition and the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium actually charged for the modification.

#### **K. Presentation**

The Company has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The Company disaggregates the amounts recognized in the consolidated statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total. The Group has voluntarily included the net insurance finance income or expenses line in another sub- total: net insurance and investment result, which also includes the income from all the assets backing the Group's insurance liabilities.

The Company includes any assets for insurance acquisition cash flows recognized before the corresponding groups of insurance contracts are recognized in the carrying amount of the related portfolios of insurance contracts issued.

##### **1. Insurance Revenue**

As the Company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognizes insurance revenue, which is measured at the amount of consideration the Company expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the General Model, insurance revenue consists of the sum of the changes in the LRC due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  - o Amounts allocated to the loss component.
  - o Repayments of investment components.
  - o Amounts that relate to transaction-based taxes collected on behalf of third parties.
  - o Insurance acquisition expenses.
  - o Amounts relating to risk adjustment for non-financial risk.
- The change in the risk adjustment for non-financial risk, excluding:
  - o Changes that relate to future service that adjust the CSM.
  - o Amounts allocated to the loss component.

- The amount of CSM for the services provided in the period.
- Other amounts, such as experience adjustments for premium receipts that relate to current or past service, if any Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period.

Both amounts are measured in a systematic way on the basis of the passage of time.

When applying the PAA, the Group recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Group considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

## 2. Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- Other directly attributable insurance service expenses incurred in the period.
  - Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.
  - Loss component of onerous groups of contracts initially recognized in the period.
  - Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts.

## 3. Income or expenses from reinsurance contracts held.

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers.
- An allocation of the premiums paid.

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Company establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognized on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The loss recovery component adjusts the CSM of the group of reinsurance contracts held. The loss recovery component is then adjusted to reflect:

- Changes in the fulfilment cash flows of the underlying insurance contracts that relate to future service and do not adjust the CSM of the respective groups to which the underlying insurance contracts belong to.
- Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held.
- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses.

## 4. Insurance finance income and expenses

**CONSOLIDATED HALLMARK HOLDINGS PLC AND SUBSIDIARY COMPANIES  
REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

The use of OCI presentation for insurance finance income and expenses

The Company has an accounting policy choice to present all the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). When considering the choice of presentation of insurance finance income or expenses, the Group examines the assets held for that portfolio and how they are accounted for.

Currently the Company present all the period's insurance finance income or expenses in the profit or loss.

The Company may reassess its accounting policy choice during the duration of a group of direct participating contracts when there is a change in whether the Company holds the underlying items or no longer holds the underlying items. When such change occurs, the Group includes the amount accumulated in OCI by the date of change as a reclassification adjustment to profit or loss spread across the period of change and future periods based on the method and on assumptions that applied immediately before the date of change.

Comparatives are not restated.

When applying the PAA, the Group does not discount the liability for remaining coverage to reflect the time value of money and financial risk for group life and non-life policies with a coverage period of one year or less. For those claims that the Group expects to be paid within one year or less from the date of incurrence, the Group does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognized.

**L. Contracts existing at transition date.**

On transition date, 1 January 2022, the Group:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied (unless impracticable).
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognized any existing balances that would not exist had IFRS 17 always applied.
- Recognized any resulting net difference in equity.

In determining the appropriate transition approach, the following were considered:

- the coverage period of the in-force policies
- the availability of historical data and assumptions driving measurement and the ability to obtain these without undue cost and effort.

**1. Full Retrospective approach**

On transition to IFRS 17, the Company applied the full retrospective approach unless impracticable to do so.

The Company has applied the full retrospective approach on transition to all short-term contracts in force at the transition date.

To do this, at the transition date, we have identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied; and derecognized any existing balances that would not exist had IFRS 17 always applied; and finally recognized any resulting net difference in equity.

## **2. Fair Value approach**

The Company has applied the fair value approach on transition for individual life contracts as, prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Company has applied the requirements of IFRS 13 Fair Value Measurement, except for the demand deposit floor requirement.

The Company has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

### **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.

**34. Revaluation Reserves**

Revaluation reserve is an accounting term used when a company creates a line item on its balance sheet for the purpose of maintaining a reserve account tied to certain assets. This line item can be used when a revaluation assessment finds that the carrying value of the asset has changed. The Group uses revaluation reserve lines on the financial Position to account for value fluctuations in long-term assets.

**35. Related Party Share Cost-**

As part of efficiently synergising output in order to avoid unnecessary duplication of functions and an efficient harmonisation of resources for optimum performance in the Group, the Company has in place Shared Services Agreement with all its subsidiaries, i.e. Consolidated Hallmark Insurance Limited, Hallmark Finance Company Limited and Hallmark Health Services Limited.

The Shared Services Agreements were approved by the Boards of the Company and the respective subsidiaries.

**ADDITIONAL NOTES TO THE ACCOUNT**

**1. Accounting Policy Changes**

There was no change in the accounting Policy of the Group during the quarter ended 31 March 2024

**2. Seasonality or Cyclicity of Operations**

The business of Insurance and other finance related is not subject to seasonality or cyclicity.

**3. Unusual items**

There were no unusual or exceptional items during the period.

**4. Changes in estimates**

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

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

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

**6. Segment information**

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

**7. Significant Events after the end of the interim Period**

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

**8. Business Combination**

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

**9. Long Term Investment**

The Group's long-term investment amounted to N 1,410,646,470.07 as at the quarter ended 31 March 2023.

**10. Restructuring and Reversals of Restructuring Provisions**

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

**11. Discontinuing Operation**

This did not apply to the Group.

**12. Correction of Prior Period Errors**

This did not apply to the Group.

**13. Write Down of Inventory to Net Realizable Value**

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

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

Depreciation charge on Property, Plant, Equipment during the period was: ~~N~~Nil

Write off on Recapitalization Cost during the period was Nil

There was no reversal of impairment loss during the period.

**15. Litigation Settlement**

There were no litigation settlements during the period.

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

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

**17. Acquisitions and disposals of Property, Plant and Equipment**

Acquisition of Property, Plant and Equipment during the period was: ~~N~~1,500,849,351

Disposal of Property, Plant and Equipment during the period was: ~~N~~ Nil

**18. Commitments to Purchase Property, Plant and Equipment**

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

# CONSOLIDATED HALLMARK HOLDING PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 31 MARCH 2024

	Notes	31 MARCH 2024 N	31 DECEMBER 2023 N	31 MARCH 2024 N	31 DECEMBER 2023 N
<b>Assets</b>					
Cash and cash equivalents	2.0	4,621,533,201	2,985,320,307	137,576,058	168,933,834
Financial assets	3.0	18,397,950,077	14,822,533,183	100,763,542	
Finance lease receivables	5	94,619,366	115,832,776		
Trade receivables	6	1,912,373,429	1,182,794,434		
Reinsurance assets	7	3,714,031,563	3,446,441,321		
Deferred acquisition cost	8	-	-		
Other receivables & prepayments	9	497,018,974	478,478,482	37,968,263	
Investment in subsidiaries	10	0	-	5,420,000,000	5,420,000,000
Intangible Assets	11	56,475,100	49,681,219	2,687,500	
Investment properties	12	1,472,493,924	1,474,449,524		
Property and equipment	13	1,500,849,351	1,279,747,102		
Deferred tax liabilities					
Right-of-Use of Assets (Leased Assets)	13.3	21,707,687	23,035,044		
Statutory deposits	14	320,000,000	320,000,000		
<b>Total assets</b>		<b>32,609,052,672</b>	<b>26,178,313,392</b>	<b>5,698,995,362</b>	<b>5,588,933,834</b>
<b>Liabilities</b>					
Insurance contract liabilities	15	12,942,074,641	9,979,029,159		
Investment contract liabilities	15.5	13,877,442	10,437,775		
Trade payables	16	1,175,015,577	330,749,570		
Borrowing	17	533,832,362	597,302,864		
Other payables and provision	18	1,015,046,806	515,543,558	99,126,210	
Retirement benefit obligations	19	16,589,572	15,709,019		
Deposit for Shares	20.0	-	-		
Income tax liabilities	21	2,247,960,580	1,554,577,042		
Deferred tax liabilities	22	281,619,553	279,460,224		
<b>Total liabilities</b>		<b>18,226,016,533</b>	<b>13,282,809,211</b>	<b>99,126,210</b>	<b>-</b>
<b>Equity and reserves</b>					
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	3,532,796,625	3,301,616,491		
Statutory reserve	25.2	101,721,155	133,136,812		
Fair Value Through OCI Reserve	25.3	127,148,734	126,393,793		
Revaluation reserve	25.4	138,165,551	138,165,551		
Regulatory risk reserve	25.5	17,293,896	17,293,896		
Retained earnings	26	4,876,976,343	3,589,963,805	10,935,316	
<b>Total equity and reserves</b>		<b>14,383,036,139</b>	<b>12,895,504,181</b>	<b>5,599,869,153</b>	<b>5,588,933,834</b>
<b>Total liabilities and equity and reserves</b>		<b>32,609,052,672</b>	<b>26,178,313,392</b>	<b>5,698,995,363</b>	<b>5,588,933,834</b>

The consolidated financial statements were approved by the Board of Directors on -----



**IDRIS SHAUBU**  
Chairman  
FRC/2017/IODN/00000017485

**Eddie Efekoha**  
Group Chief Executive Officer  
FRC/2013/CIIN/00000002189

**Babatunde Daramola**  
Group Chief Financial Officer  
FRC/2012/ICAN/00000000514

The accompanying notes form an integral part of this financial statements

# CONSOLIDATED HALLMARK HOLDING PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2024

	Notes	Group		Company	
		31 MARCH 2024 N	31 MARCH 2023 N	31 MARCH 2024 N	31 MARCH 2023 N
Insurance revenue	27.	6,194,983,895	3,793,290,261		
Insurance service expenses	30	(4,968,436,900)	(2,704,463,900)		
Net expenses from reinsurance contracts held	28	(1,299,965,939)	(683,965,930)		
<b>Insurance service result</b>		<b>(73,418,944)</b>	<b>404,860,432</b>	-	-
Interest revenue calculated using the effective interest method	32.	441,999,159	371,726,770	3,584,482	
Net fair value gains/(losses) on financial assets at fair value through profit or loss	35.	1,854,591,892	4,439,289		
Net fair value gains on derecognition of financial assets measured at fair value through other comprehensive income		-	-		
Net foreign exchange income/(expense)	33.1	522,062,225			
Net credit impairment losses	34	(7,732,898)	(12,134,013)		
Net change in investment contract liabilities		-	-		
<b>Net investment income</b>		<b>2,810,920,378</b>	<b>364,032,045</b>	<b>3,584,482</b>	-
Finance expenses from insurance contracts issued		-	-		
Finance income from reinsurance contracts issued		-	-		
<b>Net insurance finance expenses</b>		<b>-</b>	<b>-</b>		
<b>Net insurance and investment result</b>		<b>2,737,501,434</b>	<b>768,892,477</b>	<b>3,584,482</b>	-
Asset management services revenue		-	-		
Other finance costs		-	-		
Other expenses	36.	(805,361,266)	(346,124,806)	(73,508,343)	
Other income	33.	246,428,172	36,175,263	80,859,177	
Share of profit of associates and joint ventures accounted for using the equity method		-	-		
<b>Profit before income tax</b>		<b>2,178,568,340</b>	<b>458,942,934</b>	<b>10,935,316</b>	-
Tax expense	20	(707,049,874)	(200,805,806)	(3,499,301)	
<b>Profit for the year</b>		<b>1,471,518,466</b>	<b>258,137,128</b>	<b>7,436,015</b>	-
Other comprehensive income		-	-		
Items that may be reclassified subsequently to profit or loss		-	-		
Net finance expenses from insurance contracts		-	-		
Net finance income from reinsurance contracts		-	-		
Income tax relating to these items		-	-		
Items that may not be reclassified subsequently to profit or loss		-	-		
<b>Changes in the fair value on equity instruments at fair value through other comprehensive income</b>		<b>-</b>	<b>-</b>		
Income tax relating to these items		-	-		
<b>Other comprehensive income for the year. Net of tax</b>		<b>-</b>	<b>-</b>		
<b>Total comprehensive income for the year</b>		<b>1,471,518,466</b>	<b>258,137,128</b>	<b>7,436,015</b>	-

EPS

Basic & diluted earnings per share (Kobo)

18.89

The accompanying notes form an integral part of this financial statements

# CONSOLIDATED HALLMARK HOLDING PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2024

In millions of Naira		Group March 2024
Interest income	32	441,999,159
Investment income on financial assets at FVTPL	35	1,854,591,892
Interest expense		
<b>Net interest income</b>		<b>2,296,591,051</b>
Net impairment charge	34	(7,732,898)
<b>Net interest income after impairment charges</b>		<b>2,288,858,153</b>
Income/Loss from Insurance related	10.1	(73,418,944)
Fee and commission income		
Fee and commission expense		
Net fee and commission income		-
Net gains on financial instrument at fair value		
Net foreign exchange gain/(loss)	33.1	522,062,225
Other operating income		246,428,172
Profit/Loss on disposal of subsidiaries		
Bargain purchase from Acquisition		
Personnel expenses		
Depreciation		
Amortization and impairment		
Other operating expenses	36	(805,361,266)
Share of profit of investment in Associate		
<b>Profit before Income tax</b>		<b>2,178,568,340</b>
Income tax	20	(707,049,874)
<b>Profit for the year for continuing Operations</b>		<b><u>1,471,518,466</u></b>

Group March 2023	Company March 2024	Company March 2023
371,726,770	3,584,482	-
4,439,289	-	-
	-	-
<b>376,166,059</b>	<b>3,584,482</b>	-
(12,134,013)	-	-
<b>364,032,045</b>	<b>3,584,482</b>	-
<b>404,860,432</b>		
	80,859,177	-
	-	-
-	80,859,177	-
	-	-
	-	-
36,175,263	-	-
	-	-
	-	-
	-	-
	-	-
(346,124,806)	(73,508,343)	-
	-	-
<b>458,942,934</b>	<b>10,935,316</b>	-
(200,805,806)	(3,499,301)	-
<b>258,137,128.04</b>	<b>7,436,015</b>	-

## CONSOLIDATED HALLMARK HOLDING PLC

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

#### 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
<b>At 1 January 2023</b>	<b>5,420,000,000</b>	<b>168,933,834</b>	<b>2,800,339,728</b>	<b>39,180,405</b>	<b>128,676,506</b>	<b>91,262,839</b>	<b>1,828,189</b>	<b>704,630,762</b>	<b>9,354,852,263</b>
Changes in equity for 2023:									
Profit for the period	-	-	-	(9,489,044)	-	-	-	3,769,149,586	3,759,660,542
Other comprehensive income for the period	-	-	-	96,702,433	9,489,045	-	-	-	106,191,478
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,213,389</b>	<b>9,489,045</b>	<b>-</b>	<b>-</b>	<b>3,769,149,586</b>	<b>3,865,852,020</b>
Transactions with owners:									
Transfer within reserves	-	-	501,276,763	-	-	41,873,973	15,465,706	(558,616,442)	(0)
Addition	-	-	-	-	-	-	-	-	-
Dividends relating to prior periods paid during the period	-	-	-	-	-	-	-	(325,200,100)	(325,200,100)
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	-	-
<b>Contribution by and to owners of the business</b>	<b>-</b>	<b>-</b>	<b>501,276,763</b>	<b>-</b>	<b>-</b>	<b>41,873,973</b>	<b>15,465,706</b>	<b>2,885,333,044</b>	<b>(325,200,100)</b>
At December 2023	<b>5,420,000,000</b>	<b>168,933,834</b>	<b>3,301,616,491</b>	<b>126,393,794</b>	<b>138,165,551</b>	<b>133,136,813</b>	<b>17,293,895</b>	<b>3,589,963,806</b>	<b>12,895,504,183</b>
IFRS 17 implementation adjustment									
<b>At 1 January 2024</b>	<b>5,420,000,000</b>	<b>168,933,834</b>	<b>3,301,616,491</b>	<b>126,393,794</b>	<b>138,165,551</b>	<b>133,136,813</b>	<b>17,293,895</b>	<b>3,589,963,806</b>	<b>12,895,504,183</b>
Changes in equity for 2024:									
Profit for the period	-	-	-	-	-	-	-	1,471,518,466	1,471,518,466
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,471,518,466</b>	<b>1,471,518,466</b>
Transactions with owners:									
Transfer within reserves	-	-	231,180,135	754,940	-	(31,415,657)	-	(184,505,929)	16,013,489
Addition	-	-	-	-	-	-	-	-	-
Dividends relating to prior periods paid during the period	-	-	-	-	-	-	-	-	-
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	-	-
<b>Contribution by and to owners of the business</b>	<b>-</b>	<b>-</b>	<b>231,180,135</b>	<b>754,940</b>	<b>-</b>	<b>(31,415,657)</b>	<b>-</b>	<b>(184,505,929)</b>	<b>16,013,489</b>
AT MARCH 2024	<b>5,420,000,000</b>	<b>168,933,834</b>	<b>3,532,796,625</b>	<b>127,148,734</b>	<b>138,165,551</b>	<b>101,721,156</b>	<b>17,293,895</b>	<b>4,876,976,342</b>	<b>14,383,036,137</b>

# CONSOLIDATED HALLMARK HOLDING PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

### The Company

	Issued share capital N	Share Premium N	Contingency reserves N	Fair Value Through OCI Reserve N	Revaluation Reserve N	Retained earnings N	Total equity N
At 1 January 2024	5,420,000,000	168,933,834	-	-	-	-	5,588,933,834
Changes in equity for 2023:							
Profit for the period	-	-	-	-	-	7,436,015	7,436,015
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	7,436,015	7,436,015
Transactions with owners:							
Transfer within reserves	-	-	-	-	-	-	-
Addition	-	-	-	-	-	-	-
Dividend paid during the period	-	-	-	-	-	-	-
Contribution by and to owners of the business	-	-	-	-	-	-	-
<b>At March 2024</b>	<b>5,420,000,000</b>	<b>168,933,834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,436,015</b>	<b>5,596,369,849</b>

# CONSOLIDATED HALLMARK HOLDING PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2024

	Notes	Group		Company	
		31 MARCH	31 December	31 MARCH	31 December
		2024	2022	2024	2023
		N	N	N	N
<b>Cash flows from operating activities</b>					
Premium received from policy holders	6.1	7,014,900,524	12,595,491,111	6,974,194,164	16,252,507,268
Reinsurance receipts in respect of claims		36,092,447	2,082,996,900	36,092,449	1,507,162,125
Commission received	29	270,045,789	756,315,554	270,045,789	1,074,410,088
Other operating receipts		182,442,245	1,164,282,378	543,941,725	5,117,000
Cash paid to and on behalf of employees	36a	(822,404,959)	(822,404,959)	(169,285,231)	(251,960,032)
Reinsurance premium paid	16	(1,054,654,925)	(5,000,264,199)	(1,054,654,925)	(5,710,639,932)
Claims paid	30a	(1,154,728,207)	(4,453,350,219)	(1,149,144,594)	(3,912,849,180)
Commission expenses	31	(1,342,418,563)	(1,937,950,037)	(1,298,166,381)	(2,533,559,482)
Maintenance expenses	31	(543,527,595)	(837,009,198)	(543,527,594)	(1,308,088,064)
Other operating cash payments		2,479,058,612	(1,880,854,299)	(3,054,354,610)	(3,310,646,708)
Company income tax paid	21.	(24,874,675)	(131,287,476)	0	(122,565,743)
<b>Net cash (used in)/ from operating activities</b>		<b>5,039,930,692</b>	<b>1,535,965,557</b>	<b>820,590,535</b>	<b>1,688,887,340</b>
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	13	(277,307,395)	(135,836,290)	(244,485,315)	(215,176,700)
Purchase of intangible asset	11	(8,775,000)	(3,267,000)	-	-
Additions to investment properties	12	(712,400)	(182,053,732)	(712,400)	(6,555,054)
Proceeds from sale of Investment properties		-	-	-	-
Investment in subsidiaries	10.	-	-	-	-
Proceeds from sale of property and equipment	13	4,561,867	7,165,722	4,561,867	4,936,000
Purchase of financial assets	3.	(7,695,542,244)	(5,523,230,057)	(4,195,091,817)	(4,514,119,840)
Proceeds from sale of financial assets	3.	4,071,468,681	2,317,425,962	2,446,964,917	436,059,999
Dividend received	32	0	105,020,671	-	157,224,481
Rental Income received	32	-	31,569,000	-	43,710,256
Foreign exchange gain		-	-	1,854,547,145	2,958,598,009
Interest received	32	502,588,691	484,721,158	154,273,316	428,837,389
<b>Net cash from investing activities</b>		<b>(3,403,717,799)</b>	<b>(2,898,484,565)</b>	<b>20,057,714</b>	<b>(706,485,459)</b>
<b>Cash flows from financing activities</b>					
Proceeds on private placemant	23.1	-	-	-	-
Proceeds from borrowing	17	1	607,885,923	-	-
Payment on borrowing (principal & Interest)	17	0	(219,882,483)	-	-
Dividend paid	26	0	(216,800,050)	(0)	(325,200,100)
<b>Net cash used in financing activities</b>		<b>2</b>	<b>171,203,390</b>	<b>(0)</b>	<b>(325,200,100)</b>
<b>Increase in cash and cash equivalents</b>		<b>1,636,212,893</b>	<b>(1,191,315,617)</b>	<b>840,648,248</b>	<b>657,201,780</b>
Cash and cash equivalents at Beginning		2,985,320,307	2,955,763,754	1,934,781,753	1,277,579,972
<b>Gross Cash and cash equivalent at End</b>	2	<b>4,621,533,200</b>	<b>1,764,448,137</b>	<b>2,775,430,001</b>	<b>1,934,781,753</b>

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

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

### 1. Corporate information

#### 1.1 The Group

The group comprises of Consolidated Hallmark Holdings Plc and its subsidiaries - CHI Insurance Ltd, Hallmark Finance Company Ltd and Hallmark Health Services Ltd. CHI Insurance Ltd also has a wholly owned subsidiary, CHI Capital Ltd and Support Services Ltd.

#### 1.2 The Company

Consolidated Hallmark Holdings Plc (formerl was incorporated on 1 January 2024.

#### 1.3 Principal activities

During the year under review, the Company 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 MARCH 2024 N	31 December 2023 N	31 MARCH 2024 N	31 December 2023 N
<b>2. Cash and cash equivalents</b>				
Cash in hand	16,713,290	15,441,476		168,933,834
Balance with banks	3,201,500,161	1,257,143,181	137,576,058	
Call deposits	27,325,598	19,919,990		
Fixed deposits (Note 2.1)	1,379,402,479	1,696,223,987		
	<b>4,624,941,527</b>	<b>2,988,728,634</b>	<b>137,576,058</b>	<b>168,933,834</b>
Impairment charge (Note 2.2)	(3,408,326)	(3,408,326)		
	<b>4,621,533,201</b>	<b>2,985,320,307</b>	<b>137,576,058</b>	<b>168,933,834</b>

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	3,408,326	3,408,326		
IFRS 9 opening figure adjustment	-	-		
Charged	-	-		
<b>AT MARCH 2024</b>	<b>3,408,326</b>	<b>3,408,326</b>	<b>-</b>	

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 obtained a court sanction of the settlement reached with the Mortgage Bank to recovered the fund. There is a positive indication that the fund will be recovered.

### 3. Financial assets

At fair value through profit or loss (Note 3.1)	4,582,959,814	2,480,597,163		
At Amortised cost (Note 3.2)	13,553,457,485	12,080,403,243	100,763,542	
At fair value through OCI (Note 3.3)	261,532,777	261,532,777		
	<b>18,397,950,077</b>	<b>14,822,533,183</b>	<b>100,763,542</b>	

#### Movement in Financial Assets

Opening	14,822,533,185	8,644,183,149	-	
Addition	7,695,542,243	5,288,799,316	100,763,542	
Disposal	(4,071,468,681)	(1,092,604,283)		
Interest Capitalised	134,027,467	442,754,407		
Impairment (note 34)	7,732,898	(66,311,212)		
Opening impairment adjustment	-	-		
Opening Fair value gains through OCI adjustment	-	-		
Fair value (loss)/ gains	1,873,847,812	1,476,346,617		
Fair value gains through OCI	-	129,365,189		
Closing	<b>18,397,950,077</b>	<b>14,822,533,183</b>	<b>100,763,542</b>	

#### 3.1 At fair value through profit or loss

At 1 January	1,156,801,014	980,043,054	-	-
Additions	1,640,265,858	176,757,960		
Disposals	(1,411,751,021)	-		
	<b>1,385,315,851</b>	<b>1,156,801,014</b>	<b>-</b>	<b>-</b>
Fair value (loss) (Note 35a)	3,197,643,963	1,323,796,151		
<b>AT MARCH 2024</b>	<b>4,582,959,814</b>	<b>2,480,597,165</b>	<b>-</b>	<b>-</b>

Current	4,582,959,814	2,483,265,163		
Non Current	-	-		

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

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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	140,370,527	280,225,667	-	-
Addition		21,062,412	-	-
Repayment	(11,088,071)	(160,917,552)	-	-
Gross investment	129,282,456	140,370,527	-	-
Unearned income	(7,821,440)	-	-	-
Net investment (Note 5.1)	121,461,016	140,370,527	-	-
Impairment on finance lease receivables (Note 5.2)	(26,841,650)	(24,537,751)	-	-
<b>At the end</b>	<b>94,619,366</b>	<b>115,832,776</b>	<b>-</b>	<b>-</b>

5.1 Current			-	-
Non-current	121,461,016		-	-

#### Analysis by performance

Performing	94,619,366		-	-
Non-performing	26,841,650		-	-
	121,461,016	-	-	-

#### Analysis by maturity

Due within one year			-	-
Due between two - five years	121,461,016	-	-	-

### 5.2 Movement in impairment - finance lease receivables:

At 1 January	24,537,751	31,782,892	-	-
Charge for the year (note 34)	2,303,899	(7,245,141)	-	-
<b>At the end</b>	<b>26,841,650</b>	<b>24,537,751</b>	<b>-</b>	<b>-</b>

### 6. Trade receivables

Due from insurance companies	2,163,152,663	984,232,248		
Due from insurance brokers and agents	(252,990,416)	206,537,028		
Due from others	2,211,182	-		
	1,912,373,429	1,190,769,276		
Impairment allowance	-	-		
	1,912,373,429			
		1,190,769,276		
Total	1,912,373,429	(7,974,842)		
Impairment charge (Note 6.2)				
Closing Balance	1,912,373,429	1,182,794,434		
Current	1,912,373,429	1,182,794,434		
Non-current	-	-		

### 6.1 Movement in Trade receivables

Opening	1,182,794,434	831,493,560		
Gross Premium written	7,744,479,518	17,524,710,892		
Premium received	(7,014,900,523)	(17,173,410,019)		
Closing receivables	1,912,373,429	1,182,794,434		

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

### 6.2 Impairment charge

At 1 January		7,974,842	-	-
IFRS 9 opening balance adjustment	-	-	-	-
Charged for the year (note 34)	-	-	-	-
At December 2022	-	7,974,842	-	-

### Age Analysis of Trade receivable

> =1Day <= 30 Days	1,661,494,422	931,915,429		
> =31Days <= 90 Days	250,879,007	250,879,005		
Above 90 Days	-	-		
	<b>1,912,373,429</b>	<b>1,182,794,434</b>		

Group		Company	
31 MARCH 2024 N	December 2023 N	31 MARCH 2024 N	December 2023 N

### 7. Reinsurance Contract Assets

Liability for Remaining Coverage (LRC) (Note 7.1a & 7.1)	1,039,964,261	867,277,934		
Liability for Incurred claims (LIC) (Note 7.2a & 7.2b)	2,379,929,298	2,209,343,429		
	<b>3,419,893,559</b>	<b>3,076,621,363</b>		
Reinsurance receivable on claims paid (note 7.2b)	229,784,021	305,465,976		
Prepaid Minimum & Deposit Premium	66,859,500	66,859,500		
<b>Impairment</b>	<b>(2,505,518)</b>	<b>(2,505,518)</b>		
<b>At the end</b>	<b>3,714,031,563</b>	<b>3,446,441,321</b>		
Current	3,714,031,563	3,446,441,321		
Non-current	-	-		

### Movement in Impairment( Credit Loss IFRS 9)

Opening Balance	2,505,518	2,505,518		
IFRS 9 opening balance adjustment	-	-		
Charged during the year	-	-		
<b>At the end</b>	<b>2,505,518</b>	<b>2,505,518</b>		

Liability for Remaining Coverage (LRC) (7.1a)	1,039,964,261	800,418,433		
Liability for Incurred Claims (LIC)(7.1a)	468,821,562	348,137,098		
Liability for Incurred Claims (IBNR and Risk Adjustment)(7.1a)	1,911,107,736	1,928,065,833		
Prepaid Minimum & Deposit Premium	66,859,500			
Reinsurance receivable on claims paid (note 7.2b)	229,784,021	66,859,500		
<b>Total</b>	<b>3,716,537,080</b>	<b>3,143,480,864</b>		
<b>Impairment (IFRS 9)</b>	<b>(2,505,518)</b>	<b>(2,505,517)</b>		
	<b>3,714,031,563</b>	<b>3,140,975,346</b>		

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE PERIOD ENDED 31 MARCH 2024**

	CHH	CHI LIMITED
	N	N
10		
<b>Assets</b>		
Cash and cash equivalents	137,576,058	3,028,490,229
Financial assets	100,763,542	16,268,370,344
Finance lease receivables		-
Trade receivables	2,211,181	1,914,325,085
Reinsurance assets		3,714,031,563
Other receivables & prepayments	35,757,082	774,693,466
Investment in subsidiaries	5,420,000,000	-
Intangible Assets	2,687,500	18,201,549
Investment properties		1,272,493,924
Property and equipment		1,412,857,344
Deferred tax liabilities		-
Right-of-Use of Assets (Leased Assets)		0
Statutory deposits		320,000,000
<b>Total assets</b>	<b>5,698,995,363</b>	<b>28,723,463,504</b>
<b>Liabilities</b>		
Insurance contract liabilities		12,750,527,431
Investment contract liabilities		13,877,442
Trade payables		1,175,015,577
Borrowing		-
Other payables and provision	99,126,210	401,895,503
Retirement benefit obligations		14,785,387
Deposit for Shares		-
Income tax liabilities	3,499,301	1,951,644,868
Deferred tax liabilities		264,056,690
<b>Total liabilities</b>	<b>102,625,511</b>	<b>16,571,802,898</b>
<b>Equity and reserves</b>		
Issued and paid up share capital	5,420,000,000	4,155,774,999
Share Premium	168,933,836	-
Contingency reserve		3,532,796,625
Statutory reserve		-
Fair Value Through OCI Reserve		127,148,734
Revaluation reserve		138,165,551
Regulatory risk reserve		-
Retained earnings	7,436,015	4,197,774,697
<b>Total equity and reserves</b>	<b>5,596,369,852</b>	<b>12,151,660,606</b>
<b>Total liabilities and equity and reserves</b>	<b>5,698,995,362</b>	<b>28,723,463,504</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2024**

	CHH	CHI LIMITED
	N	N
10.1		
Insurance revenue		5,781,055,595
Insurance service expenses		(4,750,710,113)
Net expenses from reinsurance contracts held		(1,299,965,939)
<b>Insurance service result</b>	-	<b>(269,620,457)</b>
		-
Interest revenue calculated using the effective interest method	3,584,482	289,071,830
Net fair value gains/(losses) on financial assets at fair value through profit or loss		1,854,471,892
Net fair value gains on derecognition of financial assets measured at fair value through other comprehensive income		-
		-
Net foreign exchange income/(expense)		522,062,225
Net credit impairment losses		-
		-
Net change in investment contract liabilities		-
<b>Net investment income</b>	<b>3,584,482</b>	<b>2,665,605,947</b>
Finance expenses from insurance contracts issued		-
Finance income from reinsurance contracts issued		-
<b>Net insurance finance expenses</b>		-
<b>Net insurance and investment result</b>	<b>3,584,482</b>	<b>2,665,605,947</b>
		-
Asset management services revenue		-
Other finance costs		-
Other expenses	(73,508,343)	(480,440,660)
Other income	80,859,177	12,585,490
Share of profit of associates and joint ventures accounted for using the equity method		-
<b>Profit before income tax</b>	<b>10,935,316</b>	<b>1,928,130,320</b>
Tax expense	(3,499,301)	(627,754,734)
<b>Profit for the year</b>	<b>7,436,015</b>	<b>1,300,375,586</b>

HFC LIMITED	HHS LIMITED	ELIMINATION	CHH PLC
N	N	N	N
898,002,154	557,464,761		4,621,533,201
3,341,617,948		(1,312,801,757)	18,397,950,077
102,440,806		(7,821,440)	94,619,366
-	(4,162,837)		1,912,373,429
			3,714,031,563
29,114,269	65,758,920	(408,304,764)	497,018,974
		(5,420,000,000)	1
34,591,470	994,583		56,475,100
	200,000,000		1,472,493,924
47,217,546	40,774,461		1,500,849,351
			-
	21,707,687		21,707,687
			320,000,000
			-
<b>4,452,984,192</b>	<b>882,537,575</b>	<b>(7,148,927,960)</b>	<b>32,609,052,672</b>
	191,547,210		12,942,074,641
			13,877,442
			1,175,015,577
1,846,634,119		(1,312,801,757)	533,832,362
781,347,120	148,804,178	(416,126,204)	1,015,046,806
1,804,185			16,589,572
			-
228,883,547	63,932,864		2,247,960,580
15,750,652	1,812,212		281,619,553
<b>2,874,419,623</b>	<b>406,096,464</b>	<b>(1,728,927,961)</b>	<b>18,226,016,533</b>
764,225,000	500,000,000	(5,420,000,000)	5,420,000,000
			168,933,836
			3,532,796,625
101,721,155			101,721,155
			127,148,734
			138,165,551
17,293,896			17,293,896
695,324,520	(23,558,889)		4,876,976,343
<b>1,578,564,570</b>	<b>476,441,111</b>	<b>(5,420,000,000)</b>	<b>14,383,036,141</b>
<b>4,452,984,194</b>	<b>882,537,575</b>	<b>(7,148,927,960)</b>	<b>32,609,052,674</b>
1	(0)	-	2

HFC LIMITED	HHS LIMITED	ELIMINATION	CHH PLC
N	N	N	N
	413,928,300		6,194,983,895
	(217,726,787)		(4,968,436,900)
			(1,299,965,939)
-	<b>196,201,513</b>	-	<b>(73,418,944)</b>
132,499,529	16,843,318		441,999,159
120,000			1,854,591,892
			-
			-
			522,062,225
(7,732,898)			(7,732,898)
			-
			-
<b>124,886,631</b>	<b>16,843,318</b>	-	<b>2,810,920,378</b>
			-
			-
<b>124,886,631</b>	<b>16,843,318</b>	-	<b>2,810,920,378</b>
			-
			-
(97,314,334)	(80,589,586)	(73,508,343)	(805,361,266)
72,030,706	93,622	80,859,177	246,428,172
			-
<b>99,603,003</b>	<b>132,548,867</b>	<b>7,350,834</b>	<b>2,178,568,340</b>
(29,880,901)	(42,415,637)	(3,499,301)	(707,049,874)
<b>69,722,102</b>	<b>90,133,229</b>	<b>3,851,533</b>	<b>1,471,518,466</b>

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	Group		Company	
	31 MARCH 2024 N	December 2023 N	31 MARCH 2024 N	December 2023 N
<b>7.1a Prepaid Reinsurance Premium</b>				
Fire	123,273,279	1,157,243,175		
General accident	62,416,909	765,158,388		
Motor	378,245,122	119,043,806		
Marine	71,874,730	260,718,753		
Bond	31,684,132	31,726,727		
Engineering	58,087,464	619,818,210		
Aviation	5,185,273	10,955,190		
Oil & gas	309,197,352	176,350,013		
Agric	-	-		
	<b>1,039,964,261</b>	<b>3,141,014,261</b>		
<b>7.1b Prepaid Minimum &amp; Deposit Premium</b>				
Fire	15,876,000	13,995,000		
General accident	1,500,000	2,430,000		
Motor	5,280,000	4,275,000		
Marine	24,106,500	13,770,000		
Engineering	20,097,000	17,298,000		
	-	-		
	-	-		
	<b>66,859,500</b>	<b>51,768,000</b>		
Prepaid reinsurance	<b>1,106,823,761</b>	<b>3,812,600,472</b>		
<b>7.2 a Reinsurers Share of Claims</b>				
Fire	348,268,739	184,299,353		
General accident	1,081,363,326	501,345,893		
Motor	20,573,158	22,648,925		
Marine	88,048,755	187,509,093		
Bond	2,179,663	60,177,854		
Engineering	74,939,200	13,118,302		
Aviation	95,222,156	54,932,441		
Oil & gas	569,334,301	517,363,167		
Agric	-	-		
	<b>2,279,929,299</b>	<b>1,541,395,029</b>		
<b>7.2b Reinsurers share of paid claims</b>				
Fire	28,255,652	(300,682,283)		
General accident	184,107,406	129,175,765		
Motor	(9,786,630)	14,318,166		
Marine	16,078,857	57,549,590		
Bond	-	-		
Engineering	11,128,736	34,421,301		
Aviation	-	-		
Oil & gas	-	25,011,302		
Agric	-	(55,578,699)		
	<b>229,784,021</b>	<b>(95,784,857)</b>		

### 7.3 Reinsurance Contract Assets:

#### Movement in prepaid reinsurance:

At 1 January	<b>867,277,933</b>	1,159,980,388		
Additions during the period (Note 28)	<b>1,904,419,078</b>	6,080,274,496		
	<b>2,771,697,011</b>	7,240,254,884		
Amortization during the period (Note 28)	<b>(1,320,903,970)</b>	(1,515,936,329)		
At the end	<b>1,450,793,041</b>	5,724,318,555		

#### Movement in claims recoverable:

At 1 January	2,209,343,429	2,140,753,774		
Additions during the period	210,394,584	1,457,170,068		
	2,419,738,013	3,597,923,842		
Amortization during the period	(36,092,449)	(964,724,452)		
At the end	<b>2,383,645,564</b>	2,633,199,391		

## CONSOLIDATED HALLMARK INSURANCE PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

#### 9. Other Receivables and Prepayments

Staff advances & prepayment	<b>118,137,688</b>	59,906,912		
Account receivables **	<b>279,144,550</b>	307,147,652	<b>2,211,181</b>	
Intercompany Receivables	-	-		
Withholding tax credit	-	30,300,846		
Prepayments (Note 9.1)	<b>129,219,913</b>	110,606,249	<b>35,757,082</b>	
	<b>526,502,151</b>	507,961,659	<b>37,968,263</b>	
Impairment allowance (Note 34)	<b>(29,483,178)</b>	(29,483,178)		
	<b>497,018,974</b>	478,478,482	<b>37,968,263</b>	
Current	<b>497,018,974</b>	478,478,482		
Non-current	-	-		
<b>Impairment allowance on other receivables</b>				
As at 1 January	<b>29,483,178</b>	21,062,031		
IFRS 9 opening balance adjustment	-	-		
Charged/(reversed)	-	8,421,146		
<b>As at 30 September</b>	<b>29,483,178</b>	29,483,178		

\*\* Included in Account receivable is =N=83.9m 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=27.4 million is the balance as at 31st March 2024.

#### 9.1 Prepayments

Prepaid rent	<b>86,015,594</b>	101,956,483		
Other prepayments	<b>43,204,319</b>	7,447,237	<b>35,757,082</b>	
	<b>129,219,913</b>	109,403,720	<b>35,757,082</b>	
Current	<b>129,219,913</b>	109,403,720		
Non-current	-	-		

#### 10. Investment in Subsidiaries

CHI INSURANCE LTD (Note 10.1a)	-	-	<b>4,155,775,000</b>	4,155,775,000
Hallmark Finance Company Limited	-	-	<b>764,225,000</b>	764,225,000
Hallmark Health Services Limited (10.1c)	-	-	<b>500,000,000</b>	500,000,000
	-	-	<b>5,420,000,000</b>	5,420,000,000

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	Group		Company	
	31 MARCH 2024 N	31 December 2023 N	31 MARCH 2024 N	31 December 2023 N
<b>11.0 Intangible assets</b>				
Cost				
At 1 January	128,609,605	128,609,605		
Addition	8,775,000	-	2,687,500	
Reclassification	-	-		
31 MARCH	<u>137,384,605</u>	<u>128,609,605</u>	<u>2,687,500</u>	<u>-</u>
Accumulated amortization				
At 1 January	78,928,386	64,499,973		
Charge	1,981,119	14,428,413		
31 MARCH	<u>80,909,505</u>	<u>78,928,386</u>	<u>-</u>	<u>-</u>
Carrying amount				
31 MARCH	<u>56,475,100</u>	49,681,219	<u>2,687,500</u>	

## 12 Investment Properties

At 1 January	1,471,781,524	1,405,226,470
Addition	712,400	66,555,054
Disposal/transfer (Note 12.1b)	-	-
Fair value change	-	-
31 MARCH	<u>1,472,493,924</u>	<u>1,471,781,524</u>

### 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 25 November 2022, by Messrs Adegboyega Sanusi & Co (FRC/2013/NIESV/00000001757) on the basis of open market values.

S/N	TYPE OF ASSET	ADDRESS	AMOUNT N	CURRENT TITLE	STATUS ON CHANGE OF TITLE
<b>Company</b>					
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	229,000,000	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance Plc.
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	104,105,470	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	144,221,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
5	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
6	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	Hallmark Assurance Plc (Legacy Company)	The Company had paid all required fees to the Federal Housing Authority
7	Building	Romax Homes Estate by Harris drivet beside VGCI Ikota, Lekki Lagos	199,919,777	Consolidated Hallmark Insurance Plc.	The deed of assignment is in the name of Consolidated Hallmark Insurance
8	Building	3Units of 4 Bedroom Terrace At Westend Ikota, Lagos	135,225,228	Consolidated Hallmark Insurance Plc.	The deed of assignment is in the name of Consolidated Hallmark Insurance Plc. Perfection of title in progress
9	Building	Semi detached duplex at Osapa London, Lekki Lagos.	180,000,000	Consolidated Hallmark Insurance Plc.	The deed of assignment is in the name of Consolidated Hallmark Insurance Plc. Perfection of title in progress
<b>Company's Total</b>			<b>1,269,471,475</b>		
<b>Hallmark Health Services Limited</b>					
	Building	Romax Homes Estate by Harris drivet beside VGCI Ikota, Lekki Lagos	142,168,000	Hallmark Health Services Ltd	The deed of assignment is in the name of Hallmark Health Services Ltd.
<b>Group Total</b>			<b>1,472,493,924</b>		

## CONSOLIDATED HALLMARK HOLDING PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

#### Movement on Investment Properties

12.1b	S/N	TYPE OF ASSET	ADDRESS	Opening	Addition	Disposal/transfer	Increase (decrease) in Fairvalue	Total
		<b>Company</b>						
	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	577,150.00	-	-	104,682,620
	4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	144,221,000	-	-	-	144,221,000
	5	Building	Jacob's Arena Plot 4, close4, road 4, Westend EstateIkota.,	135,900,000	1,975,903.96	-	-	137,875,904
			Semi detached duplex at Osapa London, Lekki Lagos.	180,000,000	-	-	-	180,000,000
	6	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	712,400.00	-	-	48,712,400
	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	195,000,000	4,002,000	-	-	199,002,000
		<b>Company Total</b>		<b>1,265,226,470</b>	<b>7,267,454</b>	<b>-</b>	<b>-</b>	<b>1,272,493,924</b>
		<b>Subsidiary</b>						
	9	Building	Romax Homes Estate by Harris drivet beside					
			Thomas estate Ajah Lagos			-	-	-
		<b>Group Total</b>		<b>1,405,226,470</b>	<b>7,267,454</b>	<b>-</b>	<b>-</b>	<b>1,272,493,924</b>

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

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

### 13.0 Property and Equipment 2024

#### 13.1a The group

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
<b>Costs</b>							
At 1 January	300,000,000	730,624,303	166,705,700	189,812,258	871,388,401	306,423,900	2,564,954,560
Additions during the period	-	-	1,192,400	2,989,000	227,939,855	45,186,140	277,307,395
Revaluation	-	-	-	-	-	-	-
Disposals during the period	-	-	-	-	-	-	-
<b>31 MARCH</b>	<b>300,000,000</b>	<b>730,624,303</b>	<b>167,898,100</b>	<b>192,801,258</b>	<b>1,099,328,256</b>	<b>351,610,041</b>	<b>2,842,261,955</b>
<b>Accumulated depreciation</b>							
At 1 January 2024	-	189,274,304	111,364,400	148,236,014	591,674,779	244,657,966	1,285,207,462
Depreciation charge for the period	-	3,479,062	4,219,093	4,732,125	35,347,748	8,427,113	56,205,141
Disposals in the period	-	-	-	-	-	-	-
<b>31 MARCH</b>	<b>-</b>	<b>192,753,365</b>	<b>115,583,493</b>	<b>152,968,139</b>	<b>627,022,527</b>	<b>253,085,079</b>	<b>1,341,412,603</b>
<b>Accumulated impairment losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value</b>							
<b>31 MARCH</b>	<b>300,000,000</b>	<b>537,870,938</b>	<b>52,314,608</b>	<b>39,833,120</b>	<b>472,305,730</b>	<b>98,524,961</b>	<b>1,500,849,351</b>
At 1 January 2024	300,000,000	541,350,000	55,341,300	41,576,244	279,713,622	61,765,936	1,279,747,102

The properties were professionally re-valued as at 25 November 2022, 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 2022. The surplus arising on the revaluation over the written down values was treated as revaluation surplus.

CONSOLIDATED HALLMARK HOLDING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2024

Property and Equipment								
13.1b	The group							
	2023	Land	Building	Office	Furniture &	Motor	Computer	Total
		N	N	Equipment	Fittings	Vehicles	Equipment	N
		N	N	N	N	N	N	N
	At 1 January	300,000,000	716,669,825	122,660,928	161,641,268	717,825,832	279,934,035	2,298,731,887
	Additions during the period	-	-	44,044,772	28,170,990	153,562,569	26,489,865	252,268,196
	Revaluation	-	13,954,478	-	-	-	-	13,954,478
	Disposals during the period	-	-	-	-	-	-	-
	31 December	<u>300,000,000</u>	<u>730,624,303</u>	<u>166,705,700</u>	<u>189,812,258</u>	<u>871,388,401</u>	<u>306,423,900</u>	<u>2,564,954,561</u>
Accumulated depreciation								
	At 1 January 2023	-	175,319,825	103,413,572	135,625,874	487,471,808	227,955,653	1,129,786,732
	Depreciation charge for the period	-	13,954,478	7,950,828	12,610,140	104,202,971	16,702,313	155,420,730
	Disposals in the period	-	-	-	-	-	-	-
	31 December	<u>-</u>	<u>189,274,304</u>	<u>111,364,400</u>	<u>148,236,014</u>	<u>591,674,779</u>	<u>244,657,966</u>	<u>1,285,207,462</u>
Accumulated impairment losses								
		-	-	-	-	-	-	-
Carrying value								
	31 December	<u>300,000,000</u>	<u>541,350,000</u>	<u>55,341,301</u>	<u>41,576,244</u>	<u>279,713,623</u>	<u>61,765,934</u>	<u>1,279,747,102</u>
	At 1 January 2023	<u>300,000,000</u>	<u>541,350,000</u>	<u>19,247,355</u>	<u>26,015,394</u>	<u>230,354,024</u>	<u>51,978,382</u>	<u>1,168,945,157</u>







# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	Group		Company	
	2024	2023	2024	2023
	N	N	N	N
<b>14. Statutory deposits</b>	<b>300,000,000</b>	300,000,000		
<b>Microinsurance</b>	<b>20,000,000</b>	20,000,000		
	<b>320,000,000</b>	320,000,000		

This represents the amount deposited with the Central Bank of Nigeria as at 31 March, 2024.

### 15. Insurance contract liabilities

Liability for Incurred Claim (LIC) (Note 15.1)	<b>5,498,308,216</b>	4,533,328,446
Liability for Remaining Coverage(LRC)(Note 15.2)	<b>7,443,766,425</b>	5,445,700,713

**12,942,074,641**      **9,979,029,159**

### 15.1 Reserve for outstanding claims - 2024

	Group		
	Outstanding	Provision for	Liability for
	Claim	IBNR/Risk	Incurred Claim
	N	Adjustment	(LIC)
	N	N	N
Fire	197,025,714	424,779,934	621,805,648
General accident	386,510,196	1,455,484,550	1,841,994,746
Motor	171,274,825	476,446,216	647,721,042
Marine	34,308,260	117,307,080	151,615,339
Bond	5,436,082	29,687,405	35,123,487
Engineering	34,657,304	198,106,277	232,763,581
Aviation	111,546,840	186,944,497	298,491,337
Oil & gas	764,366,311	904,426,725	1,668,793,036
Agric	-	-	-
	<b>1,705,125,532</b>	<b>3,793,182,684</b>	<b>5,498,308,216</b>
	<b>1,705,125,532</b>	<b>3,793,182,684</b>	<b>5,498,308,216</b>

### Reserve for outstanding claims - 2023

	Group		
	Outstanding	Provision for	Liability for
	Claim	IBNR/Risk	Incurred Claim
	N	Adjustment	(LIC)
	N	N	N
Fire	76,232,568	439,324,587	515,557,156
General accident	58,168,190	163,310,374	221,478,564
Motor	109,242,852	387,314,723	496,557,575
Marine	253,557,870	1,493,260,453	1,746,818,323
Bond	25,324,086	114,261,306	139,585,392
Engineering	2,836,082	29,520,205	32,356,287
Aviation	40,719,811	1,026,694,254	1,067,414,065
Oil & gas	37,111,463	204,100,925	241,212,388
	-	-	-
HMO - Outstanding c	603,192,922	3,857,786,827	4,460,979,750
	72,348,697	-	72,348,697
	<b>675,541,619</b>	<b>3,857,786,827</b>	<b>4,533,328,447</b>

	Group	
	2024	2023
	N	N
<b>15.2 Liability for Remaining Coverage(LRC)(Note 15.2)</b>		
Fire	<b>1,056,556,556</b>	823,039,604
General accident	<b>844,507,966</b>	1,192,636,335
Motor	<b>2,638,775,085</b>	2,227,377,208
Marine	<b>453,109,055</b>	936,100,727
Oil & Gas	<b>1,292,860,779</b>	912,966,316
Engineering	<b>423,080,826</b>	964,700,007
Aviation	<b>184,635,469</b>	51,606,512
Bond	<b>292,109,986</b>	688,605,566
Agric	-	-
	<b>7,185,635,722</b>	<b>7,797,032,275</b>
HHSL - Liability for Remaining Coverage(LRC)	<b>191,547,211</b>	
Microinsurance - Liability for Remaining Coverage(LRC)	<b>66,583,492</b>	56,825,180
	<b>7,443,766,424</b>	<b>8,013,372,216</b>

Estimates of incurred but not reported (IBNR) claims liability and calculation of liability for remaining coverage was developed by the Management of the use of a professional actuary (Becoda Consulting Ltd), certified firm of actuaries with FRC registration number FRC/2015/NAS/00000012946

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	Group		Company	
	2024	2023	2024	2023
	N	N	N	N
<b>15.4 Funds representing insurance contract liabilities</b>				
Insurance Contract Liabilities	12,750,527,431	9,701,037,803	12,683,943,939	9,701,037,803
Recoverable from reinsurance company	(3,714,031,563)	(3,446,441,321)	(3,714,031,563)	(3,446,441,321)
	<u>9,036,495,869</u>	<u>6,254,596,482</u>	<u>8,969,912,376</u>	<u>6,254,596,482</u>
Balance with banks	-	-	-	-
Fixed placement	856,653,373	832,664,454	856,653,373	832,664,454
Fixed placement (above 90days)	6,235,727,582	5,022,222,500	6,235,727,582	5,022,222,500
Investment property	1,269,471,475	1,271,781,524	1,269,471,475	1,271,781,524
At fair value through profit or loss	<u>4,533,590,746</u>	<u>2,450,528,763</u>	<u>4,533,590,746</u>	<u>2,450,528,763</u>
	<u>12,895,443,175</u>	<u>9,577,197,242</u>	<u>12,895,443,175</u>	<u>9,577,197,242</u>
Surplus	<u>3,858,947,307</u>	<u>3,322,600,760</u>	<u>3,925,530,799</u>	<u>3,322,600,760</u>
<b>15.5 Investment contract liabilities</b>				
Opening movement	10,437,775	13,723,775	-	-
Closing	<u>3,439,667</u>	<u>(3,286,000)</u>	<u>-</u>	<u>-</u>
	<u>13,877,442</u>	<u>10,437,775</u>	<u>-</u>	<u>-</u>
<b>16. Trade payables</b>				
Due to insurance companies	-	-	-	-
Due to reinsurance companies - local	1,175,015,577	330,749,570	-	-
Other trade payables	-	-	-	-
	<u>1,175,015,577</u>	<u>330,749,570</u>	<u>-</u>	<u>-</u>
Current	1,175,015,577	330,749,570	-	-
Non-current	-	-	-	-
<b>Movement in Trade payables</b>				
Opening	330,749,570	33,472,651	-	-
Reinsurance during the year	1,898,920,933	6,074,776,352	-	-
Payment	(1,054,654,925)	(5,777,499,433)	-	-
Closing	<u>1,175,015,577</u>	<u>330,749,570</u>	<u>-</u>	<u>-</u>
<b>17 Borrowing</b>				
At 1 January	597,302,864	680,107,895	-	-
Addition	1,511,937,088	1,506,337,088	-	-
Repayment	(1,867,928,210)	(1,880,662,738)	-	-
Interest capitalised	292,520,620	291,520,620	-	-
As At 31st December	<u>533,832,362</u>	<u>597,302,864</u>	<u>-</u>	<u>-</u>
			(0)	
These are financial liabilities that mature within 12months of the balance sheet date. It is measure at fair value at initial recognition.				
<b>18. Other payables and provision</b>				
Audit fees	8,019,999	14,520,000	-	-
VAT payable	100,000	100,000	-	-
Withholding tax payable	78,161,134	64,333,855	-	-
Unclaimed dividend payable (Note 18.1)	82,423,287	82,423,287	-	-
Accrued expenses	42,035,642	45,012,420	-	-
Unearned Commission received(Note 18.2)	514,025,093	-	-	-
Staff Cooperative	45,052,666	41,870,700	-	-
Sundry creditors	245,228,987	267,283,296	99,126,210	-
	<u>1,015,046,806</u>	<u>515,543,558</u>	<u>99,126,210</u>	<u>-</u>
Current	1,015,046,806	515,543,558	99,126,210	-
Non-current	-	-	-	-
			(0)	
<b>18.1</b>	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 2022 was N82,423,287 and N8,662,515 respectively.			

	Group		Company	
	2024	2023	2024	2023
	N	N	N	N
<b>19. Retirement benefit obligation</b>				
<b>Defined contribution pension plan</b>				
At 1 January	15,709,019	2,925,281	-	-
Provision during the period (Note 36b)	13,556,872	60,223,992	-	-
Payment during the period	(12,676,319)	(47,440,254)	-	-
<b>31 MARCH</b>	<u>16,589,572</u>	<u>15,709,019</u>	<u>-</u>	<u>-</u>
<b>19.a</b>				
Employer contribution	10%	10,018,289	8,727,233	-
Employees contribution	8%	6,571,283	6,981,786	-
		<u>16,589,572</u>	<u>15,709,019</u>	<u>-</u>

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	Group		Company	
	2024	2023	2024	2023
	N	N	N	N
<b>20 Taxation</b>				
<b>20 Income tax expense</b>				
Income tax	689,373,628	196,017,295		
Education tax	17,676,247	4,788,511		
Under/(over)provision in previous year	-			707,049,874
	<b>707,049,874</b>	200,805,806		
Deferred tax (Note 22)				
	<b>707,049,874</b>	200,805,806		

- 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	
	2024	2023	2024	2023
	N	N	N	N
<b>21. Current income tax liabilities</b>				
At 1 January	1,554,577,042	651,220,777		
Payments during the period	(13,666,336)	(134,769,937)		
	<b>1,540,910,706</b>	649,330,974		
Charge for the period (note 20)	707,049,874	905,246,069		
	<b>2,247,960,580</b>	1,554,577,042		
31 MARCH				
<b>21.1 Reconciliation of effective tax rate</b>				
Profit after tax	1,471,518,466	258,137,128		
<b>Total income tax expense</b>				
Income	689,373,628	196,017,295		
Education	17,676,247	4,788,511		
(Over)/under-provision	-	-		
Deferred tax (Note 22)	-	(21,256,122)		
	<b>707,049,874</b>	179,549,684		
<b>Profit for the period before income tax</b>	<b>1,471,518,466</b>	258,137,128		
Effective tax rate	<b>48%</b>	70%		
<b>22 Deferred tax liabilities</b>				
At 1 January	279,460,224	253,908,071		
IFRS 9 opening balance adjustment	-	-		
Charge for the period (Note 21.1)	2,159,329	22,541,069		
Deferred tax on Revalued Land & Building (PPE)	-	3,011,084		
Deferred tax on FVTOCI instruments	-	-		
31 MARCH	<b>281,619,553</b>	279,460,224		

The  
Company

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	Group		Company	
	2024	2023	2024	2023
	N	N	N	N
<b>23. Share capital</b>				
<b>Authorised:</b>				
10.84 billion ordinary shares of 50k each	<b>5,420,000,000</b>	10,000,000,000	<b>5,420,000,000</b>	5,420,000,000

In 2022 CAC came up with a regulation that compelled all Companies that have unpaid Authorised shares capital to delete them from the book. In line with this CAC requirement, the remaining Authorised shares that are yet to be issued and paid for has been dealt with.

<b>23.1 Issued and fully paid:</b>				
8.130 billion ordinary shares of 50k each				
31 MARCH	<b>5,420,000,000</b>	5,420,000,000	<b>5,420,000,000</b>	5,420,000,000
Opening	<b>5,420,000,000</b>	5,420,000,000	<b>5,420,000,000</b>	5,420,000,000
Addition: Right issue	-	-	-	-
Bonus Issue	-	-	-	-
Closing	<b>5,420,000,000</b>	5,420,000,000	<b>5,420,000,000</b>	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.

24 Share Premium	Group		Company	
	2024	2023	2024	2023
Number (units) of shares issued	-	-	-	-
Issue price	-	-	-	-
Opening	<b>168,933,834</b>	168,933,834	<b>168,933,834</b>	168,933,834
Addition	-	-	-	-
Issue expenses	-	-	-	-
Share Premium	<b>168,933,834</b>	<b>168,933,834</b>	<b>168,933,834</b>	<b>168,933,834</b>

### 25. Other reserves

#### 25.1. Contingency reserve

At 1 January	<b>3,298,093,021</b>	2,800,339,728		
Transfer from income statement (Note 26)	<b>231,565,937</b>	498,891,829		
Chi Microinsurance Limited	<b>3,137,668</b>	2,384,934		
31 MARCH	<b>3,532,796,626</b>	3,301,616,491		

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. In the year, the Company transferred the sum of ₦=361,809,641 based on 3% of total Premium.

#### 25.2 Statutory reserve

At 1 January	<b>133,136,812</b>	91,262,839	-	-
Transfer from income statement (Note 26)	<b>(31,415,657)</b>	41,873,973	-	-
31 MARCH	<b>101,721,155</b>	133,136,812	-	-

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	<b>126,393,793</b>	39,180,405		
Gain on financial Assets measured through OCI	<b>754,941</b>	87,213,388		
31 MARCH	<b>127,148,734</b>	126,393,793		

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

### 25.4 Revaluation Reserve

At 1 January	138,165,551	<u>138,165,551</u>
Revaluation gain on PPE (Land & Building)	-	

31 MARCH	<u>138,165,551</u>	<u>138,165,551</u>
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### 25.5 Regulatory Risk Reserve

At 1 January	17,293,896	1,828,189
Transfer to/(from) Retained earnings (Note:26).	-	15,465,707

31 MARCH	<u>17,293,896</u>	<u>17,293,896</u>
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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	3,589,963,805	704,630,761	
Changes on initial application of IFRS 17	-	-	
Dividend declared and paid in the year		(325,200,100)	<b>10,935,316</b>
Transfer to contingency reserve (Note 25.1)	<b>(231,180,135)</b>	(501,276,763)	
Transfer from income statement	<b>1,471,518,466</b>	3,769,149,587	
Regulatory Risk Reserve	<b>31,415,657</b>	(15,465,707)	
Transfer to statutory reserve	<b>15,258,551</b>	(41,873,973)	
<b>31 MARCH</b>	<u><b>4,876,976,343</b></u>	<u>3,589,963,805</u>	<u><b>10,935,316</b></u>

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

### 26.1. Profit before taxation

Profit before taxation is stated after charging/crediting:		
Depreciation of property and equipment	56,205,141	72,817,812
Auditors' remuneration	6,282,500	2,880,000
Directors' remuneration:		
- Fees	-	17,000,000
Profit on disposal of property and equipment	-	-
Foreign exchange (gains)/loss	<b>(521,511,408)</b>	<b>(2,958,598,009)</b>

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

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

### 27. Insurance Revenue analysed as follows:

	←----- 2024 ----->			
	Direct Premium	Inward Reinsurance Premium	increase/ decrease in Unearned Premium & Risk	Insurance Revenue
	N	N	N	N
Fire	1,104,212,607	2,765,365	(256,718,986)	850,258,985
General accident	766,715,008	17,773,771	(259,462,710)	525,026,069
Motor	2,331,448,454	11,885,329	(710,384,134)	1,632,949,649
Aviation	554,787,167	-	(18,421,856)	536,365,311
Oil & Gas	2,002,991,104	2,190,160	(600,747,089)	1,404,434,175
Marine	432,432,021	4,668,922	(54,777,798)	382,323,146
Engineering	246,925,430	7,752,423	(15,622,282)	239,055,572
Bond	225,179,990	651,397	(29,442,815)	196,388,572
Agric	-	6,485,422	-	6,485,422
<b>Company Total</b>	<b>7,664,691,782</b>	<b>54,172,789</b>	<b>(1,945,577,670)</b>	<b>5,773,286,901</b>
	<b>413,928,300</b>	<b>-</b>	<b>-</b>	<b>413,928,300</b>
Microinsurance Premium	15,428,926	-	(7,660,231)	7,768,694
<b>GroupTotal</b>	<b>8,094,049,007</b>	<b>54,172,789</b>	<b>(1,953,237,901)</b>	<b>6,194,983,895</b>

### Insurance Revenue analysed as follows:

	←----- 2023 ----->			
	Direct Premium	Inward Reinsurance Premium	Increase/ decrease in Liability for remaining coverage	Insurance Revenue
	N	N	N	N
Fire	882,365,039	490,566	(126,939,703)	755,915,901
General accident	619,056,010	1,263,615	(94,585,764)	525,733,860
Motor	1,210,311,319	28,343,436	(228,549,020)	1,010,105,735
Aviation	381,418,701	-	(300,605,298)	80,813,403
Oil & Gas	835,321,650	82,550,294	(87,923,849)	829,948,095
Marine	275,173,371	1,748,799	(96,866,689)	180,055,480
Engineering	184,191,737	10,242,131	(60,991,240)	133,442,629
Bond	171,633,053	-	(53,838,937)	117,794,116
<b>Company Total</b>	<b>4,559,470,879</b>	<b>124,638,841</b>	<b>(840,300,500)</b>	<b>3,633,809,219</b>
Medical Premium	170,818,843	-	(18,306,249)	152,512,593
Microinsurance Premium	14,687,819	-	(7,719,370)	6,968,449
<b>GroupTotal</b>	<b>4,744,977,541</b>	<b>124,638,841</b>	<b>(866,326,120)</b>	<b>3,793,290,261</b>

Group		Company	
2023	2022	2023	2022
N	N	N	N

### 28. Net Reinsurance deficit/(surplus)

The reinsurance expense is analysed as follows:

Reinsurance premium cost (Note 7.3)	1,901,970,782	1,202,865,727
(Increase)/decrease in prepaid reinsurance	(239,545,828)	1,132,783,810
Fee and commission (Note 29)	(270,045,789)	(194,513,538)
Net recoverable	(73,923,492)	(1,457,170,069)
<b>Reinsurance expense (Note 7.3)</b>	<b>1,318,455,672</b>	<b>683,965,930</b>

### 29. Fee and commission

Fire	2,560,337	38,875,105
General accident	6,047,655	47,579,790
Motor	251,116,179	609,608
Aviation	-	-
Oil & Gas	-	-
Marine	6,994,705	61,208,756
Engineering	3,326,913	21,928,659
Bond	-	24,311,621
Agric	6,485,422	-
	<b>270,045,789</b>	<b>194,513,538</b>

### Movement - Fee and commission

Opening Unearned commission (Note 18.2)	-	110,594,576
Commission received	270,045,789	1,074,410,088
Commission earned	(270,045,789)	(1,074,410,088)
<b>Closing Unearned commission (Note 18.2)</b>	<b>0</b>	<b>110,594,576</b>

# CONSOLIDATED HALLMARK HOLDING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	Group		Company	
	Insurance Service expenses 31 MARCH 2024 N	Insurance Service expenses 31 MARCH 2023 N	Insurance Service expenses 31 MARCH 2024 N	Insurance Service expenses 31 MARCH 2023 N
<b>30 Insurance Expenses</b>				
Incurred Claims during the year	1,379,340,782	1,074,905,173		
Liability for incurred claim (Opening) (Note 15)	(4,460,979,749)	(2,852,726,508)		
Liability for incurred claims (Closing) (Note 15)	5,498,308,216	3,045,651,872		
Amortisation of Insurance Acquisition Cash flows (I	1,300,007,517	709,395,288		
Amortisation of Insurance Acquisition Cash flows (I	543,527,595	206,402,534		
Incurred Fullfillment Expenses (Note 36)	700,341,032			
<b>Gross claims expenses</b>	<b>4,960,545,393</b>	<b>2,183,628,359</b>		
<b>30b. Claims &amp; IBNR recoverable</b>				
<b>Claims recoverable</b>				
Claims recovered (Note 7.3)	36,092,449	1,507,162,125		
Opening claims recoverable (Note 7.3)	(2,209,343,429)	(2,140,753,774)		
Closing claims recoverable	2,383,645,564	2,090,761,717		
<b>Net recoverable</b>	<b>210,394,584</b>	<b>1,457,170,068</b>		
<b>31. Underwriting expenses</b>				
<b>Underwriting expenses- 2024</b>				
	Acquisition expenses N	Maintenance expenses N	Acquisition expenses N	Maintenance expenses N
Fire	215,902,283	36,574,820		
General accident	174,736,925	21,110,933		
Motor	285,947,340	63,777,782		
Aviation	108,023,101	350,894,966		
Oil & Gas	326,482,108	41,469,317		
Marine	93,503,534	16,864,059		
Engineering	52,023,074	4,520,656		
Bond	39,926,659	7,987,822		
Agric	1,621,356	327,240		
	1,298,166,381	543,527,595		
HMO Acquisition expenses	-			
Microinsurance Acquisition expenses	1,841,136			
	1,300,007,517	543,527,595		
<b>Underwriting expenses- 2023</b>				
	Acquisition expenses N	Maintenance expenses N		
Fire	477,812,744	189,651,416		
General accident	344,535,740	76,649,068		
Motor	573,199,412	381,378,711		
Aviation	235,458,306	545,600,163		
Oil & Gas	406,005,457	115,965,688		
Marine	225,067,764	(9,994,013)		
Engineering	151,587,372	26,172,562		
Bond	119,741,174	(17,274,825)		
	151,513	(60,707)		
HMO Acquisition expenses	2,533,559,482	1,308,088,064		
Microinsurance Acquisition expenses	69,410,497			
	(534,352)			
	2,602,435,626	1,308,088,064		
<b>Underwriting expenses</b>				
	31 MARCH 2024 N	31 MARCH 2023 N		
Acquisition Expenses	1,300,007,517	2,602,435,626		
Maintenance Expenses	543,527,595	1,308,088,064		
	1,843,535,112	3,910,523,690		

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	Group		Company	
	31 MARCH 2024 N	31 MARCH 2023 N	31 MARCH 2024 N	31 MARCH 2023 N
<b>32. Investment income</b>				
Interest received	249,180,934	52,174,377	3,584,482	
Interest received on corporate loan	9,188,784	1,883,701		
Interest accrued	49,601,975	234,159,933		
Rent income on investment properties	-	600,000		
Profit on Disposal of financial	-	-		
Dividend received	-	-		
	<u>307,971,693</u>	<u>288,818,010</u>		
Amortised gain on Debts Security (Note 3.2.4)	<u>134,027,467</u>	<u>82,908,760</u>		
	<u><u>441,999,160</u></u>	<u><u>371,726,769</u></u>		
<b>32.1 Investment income</b>				
Investment income attributable to policyholders' fund	134,027,467	442,754,408		
Investment income attributable to shareholders' fund	318,030,733	1,362,740,578		
	<u>452,058,200</u>	<u>1,805,494,986</u>		
<b>33. Other operating income</b>				
Profit (Loss) on disposal of property and equipment	6,338,367	2,439,000		
Interest on staff receivables		120,000		
Exchange gain		14,348,304		
Other income	240,089,805	19,267,959		
	<u>246,428,172</u>	<u>36,175,263</u>		
<b>33.1 Exchange gain</b>				
Gain on disposal of foreign currency		-		
Gain/(loss) from fair valuation of capital market and closing foreign currency balances		522,062,225		
		<u>522,062,225</u>		
<b>33.2 Fair Value Through OCI</b>				
Items that will be reclassified subsequently to profit or loss				
Revaluation of Land & Building (PPE)	-	-		
Gain on Fair value through OCI	-	-		
	<u>-</u>	<u>-</u>		
<b>34. Impairment charged</b>				
Cash and cash equivalent (Note 2.2)				
Loans and receivables (Note 3.2)	7,732,898	12,134,013		
Fixed Deposits (90Days above) Note 3.2.4	-	-		
Finance Lease receivable (Note 5.1)	-	-		
Reinsurance Assets (Note 7)	-	-		
Trade receivables (Note 6.1)	-	-		
Other receivables (Note 9)	-	-		
IFRS 9 Adjustment	-	-		
	<u>7,732,898</u>	<u>12,134,013</u>		
<b>Impairment no longer required</b>				
Loans and receivables (Note 3.2.4)	-	-		
Trade receivables (Note 6.1)	-	-		
Other receivables (Note 9)	-	-		
Inventories (Note 11)	-	-		
Finance Lease receivable (Note 5.2)	-	-		
	<u>-</u>	<u>-</u>		
Impairment (charge)/write back	<u>7,732,898</u>	<u>12,134,013</u>		

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	Group		Company	
	31 MARCH 2024 N	31 MARCH 2023 N	31 MARCH 2024 N	31 MARCH 2023 N
<b>35. Net fair value gain (loss) at fair value through profit or loss</b>				
**Financial assets at fair value through profit or loss	1,854,547,145	4,439,289		
Investment property (Note 12.0)				
Fair value gains/(loss)	<u>1,854,547,145</u>	<u>4,439,289</u>		

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

\*\*Financial assets at fair value through profit or loss were measured using The Nigeria Stock Exchange and NASD price list at the close of business on the 31 March 2024.

<b>35a Financial Asset at fair value through profit or loss (Note 3.1)</b>				
Opening balance	1,323,796,151	(152,550,467)		
Addition charged to profit or loss	1,873,847,812	1,476,346,618		
<b>Closing balance</b>	<u>3,197,643,963</u>	<u>1,323,796,151</u>		

<b>36. Operating &amp; Administrative expenses</b>				
Employee cost (Note 36a)	124,410,120	86,557,007	53,912,945	
Rent, insurance and maintenance	45,070,946	34,945,598		
Depreciation of property and equipment	14,489,917	12,623,854		
Amortisation of intangible assets	924,714	1,073,396		
Auditors' remuneration	2,275,500	422,000		
Directors' remuneration:			1,156,530	
- Fees	-	-		
- Allowance & Expenses	2,330,000	6,840,954		
Professional charges	27,839,433	29,951,155		
Printing and telecommunication	91,776,353	4,046,202		
Advertising	95,691,944	51,696,967		
Travelling and motor vehicle expenses	124,876,497	28,541,653	13,224,021	
Rates, Insurance levy and utilities	79,294,910	48,316,154		
Information Technology (note 20)	-	-		
Office running expenses	6,917,320	4,725,002		
Bank charges	6,563,579	4,368,606	280,395	
Subscription, Clubs & Donation	8,048,103	11,126,124	384,452	
Office security expenses	74,531,970	3,413,355		
Brand management	81,029,007	14,975,702		
Legal and Filing fees	19,282,953	2,501,078	4,550,000	
Penalty	8,000	-		
	<u>805,361,266</u>	<u>346,124,806</u>	<u>73,508,343</u>	

	<b>Group</b>		<b>Company</b>	
	<b>31 MARCH 2024 N</b>	<b>31 MARCH 2023 N</b>	<b>31 MARCH 2024 N</b>	<b>31 MARCH 2023 N</b>
<b>36a. Employee cost</b>				
Wages and salaries	<b>618,936,472</b>	1,120,954,114		
Medical	<b>44,984,613</b>	54,022,881		
Staff training	<b>91,737,296</b>	107,285,754		
Defined contribution pension plan (Note 19)	<b>66,746,578</b>	62,255,684		
	<b>822,404,959</b>	1,344,518,434		
<b>36b. Chairman's and Directors' emoluments, pensions and compensation for loss of office</b>				
<b>Emoluments:</b>				
Chairman	<b>2,000,000</b>	2,000,000	<b>2,000,000</b>	2,000,000
Other Directors	<b>6,000,000</b>	6,000,000	<b>6,000,000</b>	6,000,000
Other emolument of executives	<b>18,760,000</b>	18,760,000	<b>18,760,000</b>	18,760,000
Emolument of highest paid Director	<b>14,500,000</b>	14,500,000	<b>14,500,000</b>	14,500,000

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

### 37. Basic/diluted earnings per share

Profit/(loss) after taxation	1,493,728,998	2,047,257,287	7,436,015	-
Number of shares	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000
<b>Movement in Numbers of Share Capital</b>				
Opening	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000
Right issue	-	-	-	-
Bonus Issue	-	-	-	-
Private placement	-	-	-	-
Closing	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000
<b>Weighted Average nos of share</b>				
Opening	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000
Right issue ( half year)	-	-	-	-
Bonus Issue	-	-	-	-
Private placement	-	-	-	-
<b>Weighted Average nos of share</b>	10,840,000,000	10,840,000,000	10,840,000,000	10,840,000,000
Basic/diluted earnings per share (kobo)	13.78	18.89	0.07	0.00

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 MARCH 2024	31 DECEMBER 2023	31 MARCH 2024	31 DECEMBER 2023
Profit before tax	1,968,959,777	4,651,854,582		
Adjustment for the following:				
Add, Depreciation & amortisation	56,205,141	72,817,812		
Fair value gain on Investment Property	(19,300,667)	(62,668,000)		
Net fair value loss on financial assets at fair value	(1,873,847,812)	(1,476,346,618)		
Less :				
Profit /Loss on disposal	(4,561,868)	(4,936,000)		
Gain on sale of investment property		(2,958,598,009)		
Investment income	(452,058,200)	(1,745,977,560)		
Dividend received	-	(157,224,481)		
Impairment	(1)	26,849,335		
	(324,603,629)	(1,654,228,939)		
Changes in working capital:				
Increase(decrease) in trade receivable	312,039,833	351,300,874		
Increase(decrease) in reinsurance assets	1,551,501,795	(105,935,633)		
Increase(decrease) in deferred acquisition	13,601,929	-		
Increase(decrease) in other receivable	(313,203,520)	182,793,348		
Increase(decrease) in finance lease receivable	68,567,882	(95,063,588)		
Increase(decrease) in trade payable	844,266,008	297,276,919		
Increase(decrease) in Borrowing	(1,330,528,274)	(82,805,031)		
Increase(decrease) in insurance contract liabilities	1,521,694,841	3,051,280,390		
Increase(decrease) in provision & other payable	1,150,915,966	418,230,740		
Increase(decrease) in retirement benefits	(923,633)	12,783,737		
Increase(decrease) in other Assets	-	-		
Tax paid	(24,874,675)	(134,769,937)		
	3,468,454,522	2,240,862,877		

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
<b>39. Staff</b>				
Average number of persons employed in the financial year were as follows:				
Managerial	36	39	4	
Senior staff	149	161	3	
Junior staff	17	18		
	<u>202</u>	<u>218</u>	<u>7</u>	
<b>39a.</b> The number of Directors excluding the Chairman whose emoluments were within the following ranges were:				
	<b>N</b>	<b>N</b>		
Nil - 100,000	Nil	Nil	Nil	Nil
100,001 - 200,000	Nil	Nil	Nil	Nil
200,001 - 300,000	Nil	Nil	Nil	Nil
Above - 300,000	7	7	7	7
<b>Emolument</b>				
Number of Directors who have waived their rights to receive emoluments	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<b>39b. Employees remunerated at higher rates</b>				
The number of employees in respect of emoluments within the following ranges were:				
	<b>N</b>	<b>N</b>		
200,001 - 300,000	7	7		
300,001 - 400,000	7	7		
400,001 - 500,000	4	4		
500,001 - 600,000	2	2		
600,001 - 700,000	2	2		
700,001 - 800,000	8	8		
800,001 - 900,000	15	15		
900,001 - 1,000,000	5	5		
1,000,001 and above	152	168	7	
	<u>202</u>	<u>218</u>	<u>7</u>	<u>-</u>
<b>40a. Capital commitments</b>				
There were no capital commitments as at 31 March 2024.				
<b>40b. Contingent liabilities</b>				
There were no contingent liabilities against the Group as at 31 March 2024.				
<b>41. Comparative figures</b>				
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).				