

HALLMARK FINANCE COMPANY LIMITED

For CBN Approval

FINANCIAL STATEMENTS
31 DECEMBER 2024

HALLMARK FINANCE COMPANY LIMITED

TABLE OF CONTENTS FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS	PAGE
Corporate Information	1
Financial Highlights	2
Report of the Directors	3
Statement of Directors' Responsibilities	4
Corporate Governance Report	6
Statement of Corporate Responsibilities	14
Certificate of Management Assessment on Internal Control over Financial Reporting	15
Management Annual Assessment of, and Report on, the Entity's Internal Control over Financial Reporting	16
Report of the Independent Auditors	18
Statement of Financial Position	22
Statement of Profit or Loss and other Comprehensive Income	23
Statement of Changes in Equity	24
Statement of Cash Flows	25
Statement of Significant Accounting Policies	26
Notes to the Financial Statements	27
Other National Disclosures	
Statement of Value Added	52
Financial Summary	53

HALLMARK FINANCE COMPANY LIMITED

CORPORATE INFORMATION

Chairman	Mr. Eddie Efekoha	
Managing Director/CEO	Idechi Amucheazu	(Proposed December 4, 2024)
Directors	Mr. Eddie Efekoha Mr. Babatunde Daramola Mrs. Mary Adeyanju Mr. Gboyega Adetoki Mr. Chimezie Ojiabo Mr. Idechi Amucheazi Mr. Friday Ebojoh Mr. Alexander Goma Mr. Bola Temowo Mr Jimalex Orjiako	Chairman Non-Executive Director Non-Executive Director Independent Non-Executive Director Non-Executive Director Proposed Managing Director (December 3, 2024) Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director
Company Secretary/Solicitor -	Mrs. Rukevwe Falana Consolidated Hallmark Holding Plc. 266, Ikorodu Road, Obanikoro, Lagos	
Company Registration	RC 155559	
Change of Name	The company's name was changed from Grand Treasurers Limited to Hallmark Finance Company Limited by CBN approval on 30th December, 2022 and by Special Resolution of 20th January, 2023. The Registrar-General of Corporate Affairs Commission certified the new name (Hallmark Finance Company Limited) on 2nd February, 2023.	
Registered Office	Plot 33D Bishop Aboyade Cole Victoria Island, Lagos	
License Number	1-2360981	
License No. Approval Date	27th April, 2022	
Management Team	Mr. Idechi Amucheazi – Managing Director Mr. Kayode Babatunde - Chief Financial Officer Mrs. Maria Adekola – Head, Internal Audit Tracy Adebayo – Head, HR & Administrative Services	
Auditors	PKF Professional Services PKF House, 205A, Ikorodu Road Obanikoro Bus Stop, Lagos.	
Bankers	First City Monument Bank Plc Zenith Bank Plc Guaranty Trust Bank Limited	

HALLMARK FINANCE COMPANY LIMITED

FINANCIAL HIGHLIGHTS

	2024	2023	Increase/ (Decrease)	Percentage Change
	N'000	N'000	N'000	
Major Statement of Financial Position Items:				
Cash and balances with banks	375,756	588,076	(212,320)	(36)
Loans and advances	3,246,443	2,931,506	314,938	11
Finance lease receivables	619,068	115,833	503,236	434
Other receivables and prepayments	19,806	160,405	(140,600)	(88)
Borrowings	1,957,984	1,638,371	319,613	20
Payables and other provisions	470,203	504,865	(34,662)	(7)
Statutory reserve	178,010	133,137	44,873	34
Retained earnings	784,054	592,196	191,858	32
Major Statement of Profit or Loss Items :	N'000	N'000	N'000	
Interest income	1,232,971	1,102,603	130,368	12
Interest expense	(356,132)	(291,521)	(64,611)	22
Other income	8,626	6,481	2,145	33
Personnel expenses	(154,430)	(133,964)	(20,467)	15
Operating expenses	(349,115)	(274,026)	(75,089)	27
Profit/(loss) before taxation	310,492	373,730	(63,238)	(17)
Profit/(loss) after tax	299,157	279,160	19,997	7

HALLMARK FINANCE COMPANY LIMITED

STATEMENT OF DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors have the pleasure in submitting their report on the affairs of Hallmark Finance Company Limited for the year ended 31st December 2024.

LEGAL FORM

The Company was incorporated on 5th October 1990 as a private limited liability company and commenced operations as a Finance Company in 1993.

CHANGE IN OWNERSHIP

There was no change in the ownership structure of the Company during the period under review.

DIRECTORS AS AT THE DATE OF THIS REPORT

1	Mr. Eddie Efekoha	Chairman	22nd November 2010
2	Idechi Amucheazi	Proposed Managing Director	Awaiting CBN's approval
3	Mr. Babatunde Daramola	Non-Executive Director	22nd November 2010
4	Mrs. Mary Adeyanju	Non-Executive Director	26th October 2016
5	Mr. Gboyega Adetoki	Independent Non-Executive Director	20th October 2020
6	Mr. Friday Ebojoh	Non-Executive Director	Awaiting CBN's approval
7	Mr. Alexander Goma	Independent Non-Executive Director	Awaiting CBN's approval
8	Mr. Chimezie Ojiabo	Non-Executive Director	18th April 2024
9	Mr. Bola Temowo	Non-Executive Director	Awaiting CBN's approval
10	Mr. Jimalex Orjiako	Non-Executive Director	19th February 2024

DIRECTORS AND THEIR INTEREST

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

Directors	Direct 2024	Indirect 2024
Mr. Eddie Efekoha	1000	724,224,000

SUBSTANTIAL INTEREST IN SHARES

Shareholders who held more than 5% of the issued share capital of the company as at 31st December 2024 were as follows:

	Shareholder	Unit Held	%
1	Consolidated Hallmark Holdings Plc	724,224,000	99.9

HALLMARK FINANCE COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2024

The Company's Directors are responsible, in accordance with the provisions of section 377 of the Companies and Allied Matters Act 2020, for the preparation of Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss and cash flows for the year and that the statements comply with the International Financial Reporting Standards, CBN Code of Corporate Governance for Finance Companies and Companies and Allied Matters Act 2020. In doing so they ensure that:

- * Proper accounting records are maintained.
- * Adequate internal control procedures are established which as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularity.
- * Applicable accounting standards are followed.
- * Suitable accounting policies are consistently applied.
- * Judgements and estimates made are reasonable and prudent and consistently applied.
- * The going concern basis is used unless it is inappropriate to presume that the Company shall continue in Business.

	2024	2023	Increase/ (Decrease)	Percentage Change
	N	N	N	%
RESULT OF OPERATIONS				
Interest income	1,232,971,385	1,102,603,238	130,368,147	12%
Interest expense	(356,131,721)	(291,520,619)	(64,611,102)	22%
Other income	8,626,382	6,481,124	2,145,258	33%
Personnel expenses	(154,430,480)	(133,963,762)	(20,466,718)	15%
Operating expenses	(349,114,701)	(274,025,975)	(75,088,726)	27%
Profit/(loss) before taxation	310,492,156	373,729,852	(63,237,697)	-17%
Profit/(loss) after taxation	299,156,541	279,159,819	19,996,722	7%

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

To carry on in the federal republic of Nigeria and in any part of the world the business of funds management and confirming houses in all its branches and departments and to transact and do all matters and the things incidental thereto including discounting, buying, selling and dealing in investment of all kinds, bill of exchange, promissory notes, coupons, drafts, bills of lading, warrants, debentures, certificate, scripts and other instruments, and securities whether transferable or negotiable or otherwise.

DONATIONS AND CHARITABLE GIFTS

No donation was made during the period under review.

PROPERTY AND EQUIPMENT

Movements in Property and Equipment during the year are shown in note thirteen on pages 41 to 42 in the opinion of the Directors the market value of the Company's fixed assets is not lower than the value shown in the Financial Statement.

DIVIDEND

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act (CAMA) 2020, has recommended a dividend of N0.20K per ordinary share of 1 Naira each, amounting to N152,845,000 for the Financial Year Ended 31st December 2024. Withholding tax will be deducted at the time of payment.

EMPLOYMENT AND EMPLOYEES

The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress and in seeking their views whenever practicable on matters which particularly affect them as employees.

Management, professional and technical expertise are the Company's major assets and investments in developing such skills. The Company's expanding skills base has extended the range of training provided and has broadened opportunities for career development within the Company.

HALLMARK FINANCE COMPANY LIMITED


STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2024

ACQUISITION OF OWN SHARES

The Company did not acquire its shares during the period under review.


EVENT AFTER REPORTING DATE

No event worthy of reportage occurred after the reporting date.



Eddie Efekoha
Director
FRC/2013/CIIN/00000002189

Dated: 18 March 2025



Babatunde Daramola
Director
FRC/2012/ICAN/00000000564

Dated: 18 March 2025

HALLMARK FINANCE COMPANY LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

INTRODUCTION

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

THE BOARD

The Board as presently constituted is made of seasoned and accomplished professionals in the Insurance, Banking, Accounting, Strategy, Legal, and Audit. This assemblage of well-bred and accomplished professionals with vast experience who are very conscious of their various professional ethics and the regulated nature of the financial sector services have over the years brought these experiences to bear by their robust, dispassionate, and consistent review of the Company's policies.

COMPOSITION OF THE BOARD

The Board of HFC is made up of 10 Directors. The Board is composed majorly of Non-Executive Directors, which makes it independent of Management and has thus, enabled the Board to carry out its oversight function in an objective and effective manner.

In tandem with the Nigerian Code of Corporate Governance 2018, CBN Code of Corporate Governance for Finance Companies and international best practice, the positions of the Chairman and the Chief Executive Officer/Managing Director are occupied by two different persons.

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

1	Mr. Eddie Efekoha	Chairman	22nd November 2010
2	Mr. Babatunde Daramola	Non-Executive Director	22nd November 2010
3	Mrs. Mary Adeyanju	Non-Executive Director	26th October 2016
4	Mr. Gboyega Adetoki	Independent Non-Executive Director	20th October 2020
5	Mr. Chimezie Ojiabo	Non-Executive Director	18th April 2024
6	Idechi Amucheazi	Proposed Managing Director	Awaiting CBN'S approval
7	Mr. Friday Ebojoh	Non-Executive Director	Awaiting CBN'S approval
8	Mr. Alexander Goma	Independent Non-Executive Director	Awaiting CBN'S approval
9	Mr. Bola Temowo	Non-Executive Director	Awaiting CBN'S approval
10	Mr Jimalex Orjiako	Non-Executive Director	Awaiting CBN'S approval

DUTIES OF THE BOARD

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

MEETINGS OF THE BOARD

The Board meets regularly and ensures that the minimum standards in terms of attendance and frequency of meetings are complied with. The Board met five times in 2024, thus it ensured that the requirement of meeting at least once in every quarter was achieved. Required notices and meeting papers were sent in advance before the meeting to all the Directors.

HALLMARK FINANCE COMPANY LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

BOARD COMMITTEES

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

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

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

- 1 Board Finance & General-Purpose Committee (BFGPC).
- 2 Board Audit, & Compliance Committee (BACC)
- 3 Board Credit & Risk Management Committee (BCRMC)

1 BOARD FINANCE & GENERAL-PURPOSE COMMITTEE (BFGPC) PURPOSE

The Board Finance & General-Purpose Committee is set up by and responsible to the Board of Directors. It shall oversee the company's financial affairs on behalf of the board and to give initial consideration to and advice on any other Board business of particular importance or complexity.

RESPONSIBILITIES

- 1 To review and make recommendations to the Board on the annual budget of the Company.
- 2 To evaluate quarterly financial performance of the company against board approved budget and make appropriate recommendations to the Board on same.
- 3 To recommend strategic initiatives to the board.
- 4 To consider and approve extra budgetary expenditure when and where necessary.
- 5 To consider the dividend policy of the Company and make recommendation to the Board for its approval.
- 6 To give anticipatory approvals on behalf of the board on matters falling within its purview and ensure that such approvals are ratified by the board at its next sitting.
- 7 To consider other matter that may be delegated to the Committee by the Board from time to time.
- 8 To address matters related to management staff, including recruitment, termination, compensation, assessment, promotion, disciplinary actions, and career development and recommend necessary actions to the Board based on the recommendations may by the Group Board.
- 9 To undertake any other assignment that may be given to it by the Board.

MEETINGS AND PROCEDURE

The Committee meets quarterly and where necessary in-between to consider and review issues within its purview. The Committee ensured that attendance and resolutions reached at its meetings were adequately recorded and brought to the attention of the Board for the Board's information or approval as the case may be.

The Company Secretary provides secretarial support to the Committee.

MEMBERSHIP/COMPOSITION

- | | | | |
|---|---------------------|------------------------------------|-------------------------|
| 1 | Mrs. Mary Adeyanju | Non-Executive Director | 26th October 2016 |
| 2 | Mr. Gboyega Adetoki | Independent Non-Executive Director | 20th October 2020 |
| 3 | Mr. Alexander Goma | Independent Non-Executive Director | Awaiting CBN's Approval |
| 4 | Mr. Chimezie Ojiabo | Non-Executive Director | 18th April 2024 |

Quorum for meetings of the Committee shall be two (2) members for now pending when additional Directors are appointed. The Committee met four times during the reporting period.

HALLMARK FINANCE COMPANY LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

S/N	Member	Designation	No of Meetings	Meeting Attendance
1	Mrs. Mary Adeyanju	Non-Executive Director	4	4
2	Mr. Gboyega Adetoki	Independent Non-Executive Director	4	4
3	Mr. Alexander Goma	Independent Non-Executive Director	4	2
4	Mr. Chimezie Ojiabo	Non-Executive Director	4	1

2BOARD AUDIT AND COMPLIANCE COMMITTEE (BACC)

The Board Audit and Compliance Committee is set up by and responsible to the Board of Directors. It shall monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

The Committee also oversees the work carried out in the financial reporting process by the management, including the internal auditor and the external auditor. It shall have the power to investigate any activity within its terms of reference, seek information from any employee and obtain external legal or professional advice from experts when necessary.

RESPONSIBILITIES

- 1 To monitor the integrity of financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant reporting judgments contained in them, assisting the Board's oversight of the Company's compliance with applicable legal and regulatory requirements in this respect.
- 2 To review and recommend for Board's approval the appointment and removal of external auditors, their terms of engagement and remuneration.
- 3 To oversee, monitor and review the functioning and effectiveness of Internal Audit.
- 4 To review findings on management letters in conjunction with the external auditors.
- 5 To review the effectiveness of the company's system of accounting and internal control.
- 6 To instruct the internal auditors to carry out investigations into any of the company's activities which might be of interest or concern to the Committee.
- 7 To oversee the independence and objectivity of the external auditors.
- 8 To seek for explanations and additional information from the external auditors with management present.
- 9 To receive and review quarterly reports of the Internal Auditor.
- 10 To review the company's compliance level with applicable laws and regulatory requirements which may impact the company's risk profile.
- 11 To oversee the independence and objectivity of the external auditors.
- 12 To undertake any other assignment that may be given to it by the Board.

MEETINGS AND PROCEDURE

The Committee meets quarterly and where necessary in-between to consider and review issues within its purview. The Committee ensured that attendance and resolutions reached at its meetings were adequately recorded and brought to the attention of the Board for the Board's information or approval as the case may be.

The Company Secretary provides secretarial support to the Committee.

- | | | | |
|---|------------------------|----------|-------------------------|
| 1 | Mr. Gboyega Adetoki | Chairman | 20th October 2020 |
| 2 | Mr. Babatunde Daramola | Member | 22nd November 2010 |
| 3 | Mr. Friday Ebojoh | Member | Awaiting CBN's approval |

MEMBERSHIP/COMPOSITION

Quorum for meetings of the Committee shall be two (2) members for now pending when an additional Non-Executive Directors is appointed.

HALLMARK FINANCE COMPANY LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

For Board Approval

The Committee met four times during the reporting period.

S/N	Member	No of Meetings	Meeting Attendance
1	Mr. Gboyega Adetoki	4	4
2	Mr. Babatunde Daramola	4	4
3	Mr. Friday Ebojoh	4	2

3BOARD CREDIT AND RISK MANAGEMENT COMMITTEE (BCRMC) PURPOSE

The Board Credit & Risk Management Committee is set up by and responsible to the Board of Directors. It shall oversee the Company's credit exposure and management, lending practices and provide strategic guidance for the development and achievement of the Company's credit and lending objectives. It shall also formulate and advise the Board on the Company's risk strategy, risk appetite and risk culture.

The Committee shall advise the Board on the adequacy and effectiveness of the Company's risk management framework which shall cover principles, policies, methodologies, guidelines, systems, processes, procedures, and people. It shall have the power to investigate any activity within its terms of reference, seek information from any employee and obtain external legal or professional advice from experts when necessary.

RESPONSIBILITIES

- 1 To conduct quarterly review of credits granted by the Company and ensure compliance with the Company's internal control systems and credit approval procedures.
- 2 To exercise general oversight of the Company's credit portfolio and related risk management processes through a periodic review of reports on the following:
 - 3 Credit and assets quality trends and statistics..
 - 4 Any category of credit or specialized credit activity that reflects area of material or rapidly increasing risk.
 - 5 The Company's Collateral Adequacy Assessment.
- 6 To consider and approve specific loans above Management authority limit.
- 7 To approve new credit products and processes.
- 8 To review the Company's internal control procedures in relation to credit risk asset and ensure they are sufficient to safeguard the quality of the Company's risk assets.
- 9 To ensure the promotion, co-ordination and monitoring of risk management activities, including regular review and input to the corporate risk profile.
- 10 To ensure that principal risks of the Company's business are identified using appropriate framework and are effectively managed.
- 11 To ensure that infrastructure, resources, and systems are in place for risk management.
- 12 To carry out the setting of the company's tolerance for risks with management for approval of the Board.
- 13 To instruct the internal auditors to carry out investigations into any of the company's activities which might be of interest or concern to the Committee.
- 14 To review for the approval of the Board the company's risk management policy including risk appetite and risk strategy.
- 15 To review the company's compliance level with applicable laws and regulatory requirements which may impact the company's risk profile.
- 17 To periodically review changes in the economic and business environment including emerging trends and other factors relevant to the company's risk profile.
- 18 To review and recommend for approval of the Board Risk Management procedures and controls for new products and services.
- 19 To undertake any other assignment that may be given to it by the Board.

HALLMARK FINANCE COMPANY LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

MEETINGS AND PROCEDURE

The Committee meets quarterly and where necessary in-between to consider and review issues within its purview. The Committee ensured that attendance and resolutions reached at its meetings were adequately recorded and brought to the attention of the Board for the Board's information or approval as the case may be.

The Company Secretary provides secretarial support to the Committee.

- | | | | |
|---|------------------------|----------|------------------------|
| 1 | Mr. Babatunde Daramola | Chairman | Non-Executive Director |
| 2 | Mrs. Mary Adeyanju | Member | Non-Executive Director |
| 3 | Mr. Jimalex Orjiako | Member | Non-Executive Director |

MEMBERSHIP/COMPOSITION

Quorum for meetings of the Committee shall be two (2) members for now pending when an additional Non-Executive Directors is appointed. The Committee met four times during the reporting period.

S/N	Member	No of Meetings	Meeting Attendance
1	Mr. Babatunde Daramola	4	4
2	Mrs. Mary Adeyanju	4	4
3	Mr. Jimalex Orjiako	4	2

ATTENDANCE AT BOARD & ITS COMMITTEES' MEETINGS

	MEMBER	BOARD	BFGPC	BACC	BCRMC
1	Mr. Eddie Efekoha	5	N/A	N/A	N/A
2	Mr. Idechi Amucheazi	N/A	N/A	N/A	N/A
3	Mr. Babatunde Daramola	5	N/A	4	4
4	Mrs. Mary Adeyanju	5	4	N/A	4
5	Mr. Gboyega Adetoki	5	4	4	N/A
6	Mr. Jimalex Orjiako	4	N/A	N/A	2
7	Mr. Friday Ebojoh	3	N/A	2	N/A
8	Mr. Alexander Goma	4	2	N/A	N/A
9	Mr. Chimezie Ojiabo	2	1	N/A	N/A
10	Mr. Bola Temowo	N/A	N/A	N/A	N/A
		25/01/2024	22/01/2024	18/01/2024	22/01/2024
		14/03/2024	15/04/2024	15/04/2024	16/04/2024
		18/04/2024	18/07/2024	18/07/2024	17/07/2024
		19/07/2024	17/10/2024	17/10/2024	16/10/2024
		18/10/2024			

TENURE OF DIRECTORS

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

SHAREHOLDERS RIGHTS

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

CONFLICT OF INTEREST

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

HALLMARK FINANCE COMPANY LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

THE COMPANY SECRETARY

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

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

MANAGEMENT COMMITTEE MEETINGS AND ATTENDANCE

The Committee meets monthly and where necessary in-between to consider and review issues within its purview. The Committee ensured that attendance and resolutions reached at its meetings were adequately recorded and brought to the attention of the Board for the Board's information or approval as the case may be.

MEMBERSHIP/COMPOSITION

- 1 Mr. Idechi Amucheazi Proposed MD (Appointed December 3, 2024)
- 2 Mr. Kayode Babatunde Chief Financial Officer
- 3 Mrs. Maria Adekola Head, Internal Audit
- 4 Mr. Gabriel Amojó Head, HR & Admin (Resigned April 30, 2024)
- 5 Mrs. Tracy Adebayo Head, HR & Admin (Engaged May 1, 2024)

	Name	Mr. Kayode Babatunde	Mrs. Maria Adekola	Mrs. Tracy Adebayo	Mr. Idechi Amucheazi	Mr. Gabriel Amojó	Total
1	26/01/2024	y	y			y	3
2	09/02/2024	y	y			y	3
3	22/03/2024	y	y			y	3
4	04/05/2024	y	y	y			3
5	09/06/2024	y	y	y			3
6	10/07/2024	y	y	y			3
7	22/08/2024	y	y	y			3
8	09/09/2024	y	y	y			3
9	07/11/2024	y	y	y			3
10	11/12/2024	y	y	y			3
11	11/12/2024	y	y	y	y		3
No of Sitting		11	11	8	1	3	

CORPORATE SOCIAL RESPONSIBILITY

In our bid to be good corporate citizens and promote the standards espoused by best corporate governance practices, the Company runs its operation taking into account the impacts it has on the environment particularly the effect on internal stakeholders for instance, focusing and investing in resources that promote the health and safety of workers.

SUSTAINABILITY AND ENVIRONMENTAL ISSUES

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

a Corruption

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

HALLMARK FINANCE COMPANY LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

b Environmental Protection

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

c HIV/AIDS

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

HUMAN RIGHTS

The Company recognizes and respects the fundamental rights of its employees and stakeholders as enshrined under the constitution. It is also an equal-opportunity employer, and this is evidenced by its gender and culturally diverse personnel.

WHISTLEBLOWING POLICY

The Whistleblowing Policy of the Company provides employees with a platform to report misconduct like bribery and corruption. It provides a framework for safeguarding the reputation of the Company. The Policy is underpinned by the Code of Corporate Governance for Finance Companies in Nigeria 2018 (Section 5.3 of the Code) and the Federal Government's stance on whistleblowing. This gives legal protection to employees against being discriminated or penalized by the employer as a result of publicly disclosing illegal or substantial unethical. The company is committed to ensuring that no member of staff should feel at a disadvantage for raising legitimate concerns and the Board recognizes its responsibility to implement the policy. This whistle-blowing policy is made known to employees, stakeholders such as contractors, shareholders, job applicants and the public at large.

BRIBERY AND CORRUPTION POLICY

It is our policy to conduct our businesses in an honest and ethical manner. We maintain a zero-tolerance approach to Bribery and Corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. We also operate, implement, and enforce effective systems to counter bribery and corruption risk in our environment. We will uphold all laws relevant to countering bribery and corruption in all the locations where the Company operates. We remain bound by national, international, and relevant applicable laws concerning bribery and corruption.

COMPLAINTS MANAGEMENT POLICY

In compliance with regulatory requirements and to stay abreast with current best practices, the Company has in place a Complaints Management Policy that provides a framework for the swift resolution of disputes with stakeholders on issues relating to the Company's activities.

BOARD EVALUATION

A Board evaluation is annually conducted to assess how each Director, the committees of the Board and the Board are committed to their roles, work together, and continue to contribute effectively to the achievement of the Company's objectives and values.

REMUNERATION

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

EMPLOYMENT AND EMPLOYEES

a) Employment of Physically Challenged Persons

The Company does not discriminate in considering applications for employment from physically challenged persons. If a physically challenged person meets all recruitment requirements, the Company shall not by reason of disability deny such a person from employment opportunity but would make adequate provision for the accommodation of such person. However, as at 31st December 2024 there was no physically challenged person in the Company employment.

HALLMARK FINANCE COMPANY LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

For CBN Approval

b) Employees' Training and Involvement

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

c) Health, Safety and Welfare of Employees

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

We conduct regular fire training and drill exercises to sensitize all staff and stakeholders of the need to be safety conscious. The Company ensures that all safety measures are observed in all locations.

During the period under consideration, we did not experience any workplace accident or health hazards.

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

AUDITORS

The Auditors PKF Professional Services have indicated their willingness to serve as the Company's External Auditors in accordance with section 401(2) of the Companies and Allied Matters Act 2020. A resolution will be proposed at the annual general meeting to authorize the Directors to fix their remuneration.

By order of the Board



Rukevwe Falana
Company Secretary
FRC/2016/NBA/00000014035

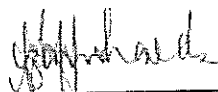
Dated: 18 March 2025

HALLMARK FINANCE COMPANY LIMITED

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE YEAR ENDED 31 DECEMBER 2024

In accordance with section 405 of the Companies and Allied Matters Act of Nigeria, CAMA 2020, the Chief Executive Officer and Financial Controller certify that the Financial Statements have been reviewed and based on our knowledge, the audited Financial Statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made. The audited Financial Statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the period covered by the audited Financial Statements. We state that the Management and Directors:

- * are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to the officers of the Company, particularly during the period in which the audited financial statement report is being prepared;
- * have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements;
- * certify that the Company's internal records are effective as of that date. We have disclosed;
- * all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in the internal control;
- * whether or not there is any fraud that involves management or other employees who have a significant role in the Company's internal controls; and
- * as indicated in the report, whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions to significant deficiencies and material weaknesses.



Eddie Efekoha
Director
FRC/2013/CIIN/00000002189

Dated: 18 March 2025



Babatunde Kayode
Chief Financial Officer
FRC/2012/ICAN/00000000489

Dated: 18 March 2025


HALLMARK FINANCE COMPANY LIMITED

CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2024


To comply with the provision of Section 1.1 of SEC Guidance on implementation of Sections 60-63 of the investments and securities Act No. 29, 2007 for the year ended **31st December, 2024**.

We the undersigned hereby certify the following with regard to Audited Accounts for the year ended **31st December, 2024** that:

- 1 We have reviewed the report and to the best of our knowledge, the report does not contain:
 - a. Any untrue statement of material fact, or
 - b. Any omission of material fact, which would make the statement, misleading in the light of the circumstances under which such statements were made.
- 2 To the best of our knowledge, the consolidated financial statement and the other financial information included in the report fairly present in all material respects the financial state and result company as at and for the periods presented in the report.
- 3 We are responsible for:
 - a. Establishing and maintain internal controls
 - b. The design of such internal controls and to ensure that material information relating to the company is made known to the officers in the company particularly during the period in which the periodic reports are being prepared.
 - c. Evaluating the effectiveness of the company's internal controls within 90 days prior to the report.
 - d. Presenting in the report our conclusions about the effectiveness of the company's internal control based on our evaluation as of that date.
- 4 We have disclosed to the auditors of the company and Audit committee:
 - a. All significant deficiencies in the design or operation of internal controls which would adversely affect the company's and the group's ability to record process, summarize and report financial data and have identified for the company's Auditor any material weakness in internal controls, and
 - b. Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.
- 5 We have identified in the report whether or not there were significant changes in the internal controls or other factors that could significantly affect internal control subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weaknesses.


Babatunde Kayode
Chief Financial Officer
FRC/2012/ICAN/00000000489

Dated: 18 March 2025


Babatunde Daramola
Director
FRC/2012/ICAN/00000000564

Dated: 18 March 2025



PKF Professional Services
PKF House
205A Ikorodu Road, Obanikoro,
Lagos, Nigeria.
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Independent Auditor's Attestation Report on Management's Assessment of Internal Controls over Financial Reporting

To the Shareholders of Hallmark Finance Company Limited.

Attestation

We have performed a limited review assurance engagement on management's assessment of the effectiveness of internal control over financial reporting of **Hallmark Finance Company Limited** ("the Company") as at **31 December 2024**, in compliance with the SEC Guidance on Implementation of Section 60-63 of the Investments and Securities Act 2007 issued by the Securities and Exchange Commission and in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's internal control over financial reporting as of 31 December 2024 is not effective, in compliance with the SEC Guidance on Implementation of Section 60-63 of the Investments and Securities Act 2007 issued by the Securities and Exchange Commission and the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Basis for Attestation

We conducted a limited review assurance engagement on management's assessment of the effectiveness of internal control over financial reporting of **Consolidated Hallmark Insurance Limited** ("the Company") as of 31 December 2024, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Our responsibilities under those sections and the guidance are further described in the Auditor's Responsibilities for the Audit of the internal control procedures over financial reporting section of our report.

We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the internal control procedures over financial reporting in Nigeria.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Internal control procedures over financial reporting in Nigeria.

Responsibilities of the Directors and Those Charged with Governance for maintaining effective internal control over financial reporting

The directors are responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, in accordance with requirement of Section 405 of the Companies and Allied Matters Act, 2020, in connection with Section 1.3 of SEC Guidance on implementation of Sections 60-63 of the Investments and Securities Act, No. 29, 2007 and in compliance with the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Offices In: Abuja, Kano

Partners/ Partner equivalent: TA Akande (Managing), NA Abdus-salaam, OO Ogundeyin, BO Adejayan, AA Agboola, ED Akintola, II Aremu, EA Akapo, FA Akande, SO Olaokun

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Auditor's Responsibilities for the Audit of the internal control procedures over financial reporting

Our responsibility is to express an opinion on the management's assessment of the effectiveness of the Company's internal control over financial reporting based on our limited review.

We conducted our limited review assurance engagement in accordance with "the Guidance", which requires that we planned and performed the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

As prescribed in the Guidance, the procedures we performed included:

- obtaining an understanding of internal control over financial reporting,
- assessed the risks that a material weakness may exist, and
- evaluated the result of the test of design and operating effectiveness of internal control based on the assessed risks.

Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

Definition of Internal Control over Financial Reporting

The Bank's internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles and includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and direction of the Company;
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Limitations of Internal Control over Financial Reporting

Because of such limitations, Internal Control over Financial Reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. The major limitation are:

- a) Internal Control over Financial Reporting cannot provide absolute assurance due to its inherent limitations;
- b) it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures.
- c) It can be circumvented by collusion or improper management override.

Other Information

We have also audited, in accordance with the requirements of International Standards on Auditing, the financial statements of the **Hallmark Finance Company Limited** ("the Company") our report dated **18 March 2025** expressed an unqualified opinion.

Najeeb Abdussalaam
 FRC/2013/PRO/ICAN/002//00000000753
 For: PKF Professional Services
 Chartered Accountants
 FRC/2023/COY/141906
 Lagos, Nigeria

Dated: 18 March 2025



Independent Auditor's Report**To the Shareholders of Hallmark Finance Company Limited****Opinion**

We have audited the financial statements of Hallmark Finance Company Limited ("the Company") which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020, the Companies and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria Act, No 42, 2023 (as amended) and relevant Central Bank of Nigeria Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

Key audit matters

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

For CBN Approval

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment allowance on loans and advances to customers</p> <p>Loans and advances to customers constitute significant portion of the Company's total assets, as a major component of the Company's financial intermediation function revolves round financial assets. The determination of impairment allowance using the Expected Credit Loss (ECL) model requires the application of certain financial indices estimated from historical financial data outside the Company in determining the level of impairment allowance required.</p> <p>The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as:</p> <ul style="list-style-type: none"> • determining criteria for assigning Probability of Default (PD) rates. • assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables. • incorporating forward looking information in the model building process. • factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD). • factors considered in cash flows estimation including timing and amount. <p>Given the level of complexity and judgement involved in determining of the ECL, and also the material nature of the balance. We considered the impairment of the loans and advances to customers' to be a key audit matter in the financial statements.</p> <p>The Company's accounting judgement and estimates, accounting policy on impairment and loans and advances to customers are disclosed in notes 2.4, 4.4.1. and 8 respectively.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We reviewed the ECL model prepared by management for the computation of impairment on loans and advances to customers. • Obtained an understanding of the default definition(s) used in the ECL calculation, and focused on the most significant model assumptions including PD and LGD. • Tested the underlying data behind the determination of the probability of defaults and loss given defaults by agreeing same to underlying supporting documentation. • Critically evaluated the determination of the expected cash flows used in assessing and estimating impairments and the reasonableness of any assumptions. • Evaluated whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9. • Examined the criteria used to allocate loans and advances to customers under stages 1, 2 and 3. • For loans and advances to customers classified under stages 1 and 2, we selected material balances and reviewed the repayment history for possible repayment default. • For loans and advances to customers classified under stage 3, we tested all the assumptions considered in the estimation of recovery cash flows, the discount factor, and timing of realization. • Reviewed the disclosures for reasonableness to ensure conformity with the IFRSs. <p>Based on the work we have performed, we consider the level of impairment allowance acceptable.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report, Audit Committee's Report, Corporate Governance Report, Corporate responsibility report and Company Secretary's report and Other National Disclosures (i.e. statement of value added and five-year financial summary as required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council Act No. 42, 2023 (as amended)) but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated.

If based on the work we have performed on the other information that we obtained prior to the date of this auditors report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We have also performed an assurance engagement, in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, on the Internal control over financial reporting of Hallmark Finance Company Ltd and our report dated 18 March 2025 expressed an unqualified opinion.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020, the Companies and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria Act No 42, 2023 (as amended) and relevant Central Company of Nigeria Guidelines and Circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Concluded on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the fifth schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) Proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
- iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

In compliance with the Banks and Other Financial Institutions Act, 2020 and circulars issued by Central Bank of Nigeria, we confirm that:

- i) As disclosed in Note 35, to the financial statements, no contravention of the provisions of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circulars was brought to our attention.
- ii) Related party transactions and balances are disclosed in Note 31 to the financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.

Najeeb Abdussalaam
FRC/2013/PRO/ICAN/002//00000000753
For: PKF Professional Services
Chartered Accountants
FRC/2023/COY/141906
Lagos, Nigeria

Dated: 18 March 2025

For CBN Approval

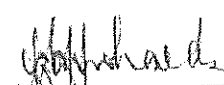



HALLMARK FINANCE COMPANY LIMITED

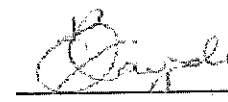
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

		2024	2023
	Notes	N	N
Assets			
Cash and balances with banks	6.	375,756,413	588,076,417
Financial assets classified at fair value through profit or loss	7.	1,545,000	950,000
Loans and advances	8.	3,246,443,393	2,931,505,526
Finance lease receivables	9.	619,068,355	115,832,776
Other assets	11.	19,805,683	160,405,237
Intangible assets	12.	32,637,650	27,280,117
Property and equipment	13.	62,143,108	42,822,386
Total assets		4,357,399,601	3,866,872,459
Liabilities			
Borrowings	14.	1,957,983,968	1,638,370,794
Other payables	15.	470,203,497	504,865,103
Current income tax liabilities	16.2	156,952,747	199,002,646
Deferred tax liabilities	16.3	25,850,530	15,750,652
Retirement benefits obligation	17.	1,538,744	2,031,692
Total liabilities		2,612,529,486	2,360,020,886
Equity and reserves			
Share capital	18.1	764,225,000	764,225,000
Retained earnings	19.	784,053,919	592,195,864
Statutory reserve	20.	178,010,294	133,136,812
Regulatory risk reserve	21	18,580,902	17,293,896
Total equity		1,744,870,114	1,506,851,573
Total liabilities and equity		4,357,399,601	3,866,872,459

The financial statements were approved by the Board of Directors on 18 March 2025 and signed on its behalf by:


Eddie Efekoha
 Director
 FRC/2013/CIIN/00000002189


Babatunde Daramola
 Director
 FRC/2012/ICAN/00000000564


Babatunde Kayode
 Chief Financial Officer
 FRC/2012/ICAN/00000000489

The accompanying explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

HALLMARK FINANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 N	2023 N
Gross earnings	22.	<u>1,261,906,695</u>	<u>1,144,860,022</u>
Interest income	22.1	1,232,971,385	1,102,603,238
Interest expense	23	<u>(356,131,721)</u>	<u>(291,520,619)</u>
Net interest income		<u>876,839,664</u>	<u>811,082,619</u>
Fee and commission income	24.1	19,713,928	35,260,660
Fee and commission expenses	24.2	<u>(51,958,750)</u>	<u>(38,392,967)</u>
Net commission income		<u>(32,244,822)</u>	<u>(3,132,307)</u>
Other income	25	<u>8,626,382</u>	<u>6,481,124</u>
		<u>8,626,382</u>	<u>6,481,124</u>
Net operating income		<u>853,221,224</u>	<u>814,431,436</u>
Net gain from financial assets at fair value through profit or loss	7.	595,000	515,000
Impairment charge	27.	<u>(15,520,643)</u>	<u>(14,804,642)</u>
Personnel expenses	28.1	<u>(154,430,480)</u>	<u>(133,963,762)</u>
Depreciation of property and equipment	13.	<u>(17,915,777)</u>	<u>(12,567,614)</u>
Amortization of intangible assets	12.	<u>(6,342,468)</u>	<u>(5,854,591)</u>
Operating expenses	26	<u>(349,114,701)</u>	<u>(274,025,975)</u>
Profit before taxation		<u>310,492,156</u>	<u>373,729,852</u>
Tax expense	16.1	<u>(11,335,613)</u>	<u>(94,570,033)</u>
Profit for the year		<u>299,156,541</u>	<u>279,159,819</u>
Other comprehensive income			
Other comprehensive income		-	-
Transfer to Statutory Reserve	20.	<u>(44,873,481)</u>	<u>(41,873,973)</u>
Total comprehensive income		<u>254,283,060</u>	<u>237,285,846</u>
Basic earnings per share (kobo)	19.1	<u>39.15</u>	<u>36.53</u>

The accompanying notes on pages 25 to 48 form an integral part of these financial statements.

HALLMARK FINANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Issued share capital N	Retained earnings N	Statutory reserve N	Regulatory reserve N	Total equity N
At 1 January 2023	764,225,000	370,375,725	91,262,839	1,828,189.00	1,227,691,753
Dividend paid - 2022	-	-	-	-	-
Profit for the year	-	279,159,819	-	-	279,159,819
Total other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	279,159,819	-	-	279,159,819
Transfer to statutory reserves	-	(41,873,973)	41,873,973	-	-
Regulatory reserves	-	15,465,707	-	15,465,707	30,931,413.86
Contributions by and to owners of the business	-	(26,408,266)	41,873,973	15,465,707	-
At 31 December 2023	764,225,000	623,127,278	133,136,812	17,293,896	1,506,851,573
At 1 January 2024	764,225,000	623,127,278	133,136,812	17,293,896	1,506,851,573
Dividend paid	-	(61,138,000)	-	-	(61,138,000)
Profit for the year	-	299,156,541	-	-	299,156,541
Total other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	238,018,541	-	-	238,018,541
Issue of share capital	-	-	-	-	-
General reserve	-	-	-	-	-
Transfer to statutory reserves	-	(44,873,481)	44,873,481	-	-
Regulatory reserves	-	(1,287,006)	-	1,287,006	-
Deposit for shares returned to owners	-	-	-	-	-
Contributions by and to owners of the business	-	(46,160,487)	44,873,481	1,287,006	-
At 31 December 2024	764,225,000	814,985,332	178,010,294	18,580,902	1,744,870,114

The accompanying explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

HALLMARK FINANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	Notes	N	N
Cash flows from operating activities			
Interest income	22.1	1,232,971,385	1,102,603,238
Net commission income	24	(32,244,822)	(3,132,307)
Other income	25.	8,626,382	6,481,124
Interest expense	23	(356,131,721)	(291,520,619)
Operating expenses paid		(519,065,823)	(422,794,380)
Dividend paid	19.	(61,138,000)	-
Income tax paid	16.2	(43,285,633)	(9,617,994)
Operating profit before changes in operating assets and liabilities		229,731,768	382,019,062
(Increase)/Decrease in operating assets	29.	(677,573,892)	(686,408,738)
Increase in operating liabilities	30.	(35,154,554)	137,781,228
Net cash used in operating activities		(482,996,678)	(166,608,447)
Cash flows from investing activities			
Purchase of property and equipment	13.	(37,236,500)	(21,639,000)
Purchase of intangible assets	12.	(11,700,000)	-
Net cash used in investing activities		(48,936,500)	(21,639,000)
Cash flows from financing activities			
Borrowings/(Repayment)	14	319,613,173	650,420,380
Net cash/ (used in)/from financing activities		319,613,173	650,420,380
Net increase/(decrease) in cash and cash equivalents		(212,320,005)	462,172,933
Cash and cash equivalents at 1 January		588,076,418	125,903,484
Cash and cash equivalents at 31 December	6.	375,756,413	588,076,418
Cash and cash equivalents represents:			
Cash in hand	6.	89,360	137,000
Balance with banks	6.	268,214,747	67,227,712
Fixed deposits	6.1	107,607,600	522,702,603
Impairment		(155,294)	(1,990,898)
		375,756,413	588,076,417

The accompanying explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information

1.1 The Company

Hallmark Finance Company Limited was incorporated in October 1990 and was then acquired by CHI Capital Limited in November 2010. It commenced operations as a subsidiary of CHI Capital Limited in January 2011. It became a direct subsidiary of Consolidated Hallmark Insurance after receiving approval from the Central Bank of Nigeria on 29th August, 2019.

1.2 Principal activities

The nature of the business involves short term financing, L.P.O financing, consumer Leasing and financial advisory services.

2. Basis of preparation

2.1 Statement of compliance

These financial statements are the separate and financial statement of the company. The company'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 42 2023 (as amended).

2.2 Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Company's functional currency. Except as indicated in these financial statements, financial information presented in Naira has been rounded to the nearest unit.

2.3 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial instruments measured at fair value.

2.4 Use of estimates and judgments

The company 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 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.

2.5 Change of Name

The company's name was changed from **Grand Treasures Limited** to **Hallmark Finance Company Limited** by CBN approval on 30th December, 2022 and by Special Resolution of 20th January, 2023. The Registrar-General of Corporate Affairs Commission certified the new name (**Hallmark Finance Company Limited**) on 2nd February, 2023.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. Application of new and amended standards

Standards and interpretation effective and adopted in current year

3.1. New and amended standards and interpretations

Several standards amendments and interpretations apply for the first time in 2024 but did not have an impact on the financial statements of the Company.

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

3.1.1. Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the consolidated statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The directors of the Company have accessed the application of this amendment above and concluded that it did not have any material impact on the amounts recognised in the Company's financial statements for prior periods and in future periods

3.1.2. Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The directors of the Company have accessed the application of this amendment above and concluded that it did not have any material impact on the amounts recognised in the Company's financial statements for prior periods and in future periods

3.1.4. Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- * The terms and conditions of the arrangements;
- * The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;
- * The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- * Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement;
- * Liquidity risk information.

The directors of the Company have accessed the application of this amendment above and concluded that it did not have any material impact on the amounts recognised in the Company's financial statements for prior periods and in future periods

3.1.5. Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The directors of the Company have accessed the application of this amendment above and concluded that it did not have any material impact on the amounts recognised in the Company's financial statements for prior periods and in future periods

3.2. Interpretations Issued and Effective on or after 1 January 2025

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

3.2.1. Standards issued and effective on or after 1 January 2025

- * Amendments to IAS 21 -- Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025);
- * Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026);
- * IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027);
- * IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027);

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

3.2.2. Amendments to IAS 21 -- Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

3.2.3. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026).

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- * clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- * clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- * add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets);
- * update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

3.2.4. IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

3.2.5. IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The new standard introduces the following key new requirements:

- * Entities are required to classify all income and expenses into five categories in the statement of profit or loss. Namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities net profit will not change.
- * Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- * Enhances guidance is provided on how to Company information in the financial statements.

In addition, all entities are required to use the operating profit sub-total as the starting points for the statement of cash flows when presenting operating cash flows under the indirect method.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Management is currently assessing the detailed implications of applying the new standard on the Company's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- * Although the adoption of IFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Company has performed, the following items might potentially impact operating profit:
- * Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- * IFRS 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the Company currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the Company is currently evaluating the need for change.
- * The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Company will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- * The directors of the Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - * management-defined performance measures;
 - * a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - * for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- * From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows

The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4. Summary of significant accounting policies

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

4.1 Cash and cash equivalents

Cash and cash equivalents are carried at amortised cost in the statement of financial position. Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

4.2 Leases

Recognition and measurement of lease transactions

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate
- As at the commencement date
- Amounts expected to be payable by the company under residual value guarantees
- The exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4.3 Impairment of lease receivable

A provision for impairment is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted based on the effective interest rate implicit at the inception of the contract.

When an amount is uncollectable, it is written off against the related provision for impairment. If no related provision exists, it is charged as an expense to the income statement. Subsequent recoveries are credited to the income statement in the period they are recovered.

4.4 Financial instruments

Statement of Compliance

The financial statements were prepared in compliance with the standards of IFRS 9.

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

Classification and Measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

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

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

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

The hedge accounting requirements in IFRS 9 are optional. If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains. The amendments had no material effect on the Company's Financial Statements.

Impairment Methodology

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss.

IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

The requirement to recognise lifetime ECL for assets which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2. IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. Reporting entities will be required to develop the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight needs to be established around the process.

4.4.1 Impairment

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost and instruments measured at fair value through other comprehensive income. IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39.

Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL approach can be general approach or simplified approach. The general approach is used for impairment of financial assets except financial assets without significant financing component e.g. trade receivables, contract assets while simplified approach is used for trade receivables, contract assets and lease receivables that do not contain significant financing component.

The ECL model has three stages. Entities are required to recognise a 12-month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39. Under simplified approach, the impairment is calculated as Lifetime Impairment at the origination of the assets.

IFRS 9 requires the use of more forward-looking information including reasonable and supportable forecasts of future economic conditions. Appropriate governance and oversight has been established to be able to incorporate the forward looking information in the model.

An assessment of the ECL in the Company's statement of financial positions reflects an increase in the provisions for credit losses.

All individually significant loans and advances are assessed for impairment. In determining whether a specific impairment loss should be recorded in profit or loss, the Company makes judgements as to whether there is any observable data indicating an impairment trigger. In determining the appropriate level of provision and estimating future cash flows, management makes judgements about the level of financial difficulty of the debtor, the net realisable value of any underlying collateral and the probability that the debtor will enter bankruptcy or financial reorganisation. Significant delinquency in payments is also considered. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the credit function.

Measurement of ECL Allowance Of Loans And Finance Lease Receivables

The Company has applied a simplified approach in computing the Expected Credit Loss (ECL) for loan & receivables and finance lease receivables. The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including internal credit ratings, audited financial statements, estimated recoveries and loans collaterals), applying experienced judgement and effective interest rate.

The credit ratings are management's estimation of random possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Determination of Effective Interest Rate		
Weighted Average Cost of Capital (WACC)	27.35%	19.08%
Illiquidity /Marketability Discount (MD)	10.00%	10.00%
Capitalization Rate	<u>37.35%</u>	<u>29.08%</u>

ü Capitalization Rate= WACC+MD

1 Capital Asset Pricing Model (CAPM) Cost of Equity

CAPM Cost of Equity= Risk-free Rate + Beta (Equity Risk Premium)

Equity Risk Premium	10.10%	17.17%
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Beta	1.5	1.5
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Risk-free Rate	18.69%	4.90%
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CAPM- Cost of Equity	<u>33.84%</u>	<u>30.66%</u>
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Weight of Equity	48%	55%
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a	<u>16.1%</u>	<u>16.9%</u>
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2 Total Cost of Debt

Total Weight of Debt	22.0%	4.7%
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b	<u>52%</u>	<u>45%</u>
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	<u>11.51%</u>	<u>2.12%</u>
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Weighted Average Cost of Capital (WACC)(a+b)	<u>27.65%</u>	<u>18.98%</u>
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Sources:

The effective interest rate is determined using a Weighted Average Cost of Capital of 27.65% as at the reporting date. The determinants of this rate include:

1. **Equity Risk Premium:** Nigeria Equity Risk Premium based on Country Default Spreads and Risk Premiums - NYU Stern, Updated 5 January 2025

2. **Beta:** Given the poor financial performance of business in the economy and the current deplorable state of the Nigerian capital market, we have assumed a beta factor of 1.5 for Hallmark Finance Company Limited as it appears more volatile than the market.

3. **Risk-free Rate:** Nigerian Treasury Bill Rate of 31 December 2024.

4. **Marketability Discount:** This discount is applied on an investment that is not publicly traded and also not easily marketable. This is applicable to this valuation because the Hallmark Finance Company Limited is not publicly listed and as such not easily marketable.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4.5 Property, plant and equipment

4.5.1 Recognition and measurement

Property, plant and equipment comprise tangible assets held by the company whose useful lives exceed a year and are held for use in the production of goods and supply of services or for administrative purposes or both.

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.

4.5.2 Subsequent costs

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

Subsequent costs on replacement parts on items of property, plant and equipment are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

4.5.3 Depreciation

Depreciation is calculated on property, plant and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. Depreciation methods, useful lives and residual values are reassessed at each reporting date. No depreciation is charged on property and equipment until they are brought into use.

Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

	Rate
Buildings	2%
Furniture and fittings	15%
Computers	15%
Motor vehicles	20%
Office equipment	15%

4.6. 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:

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4.7 Revenue

4.7.1 Investment income

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income is recognised in the income statement as it accrues and is calculated using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

4.7.2 Dividend income

Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and is stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

4.7.3 Leasing income

Interest income from finance lease is recognized on a time proportion basis, taking into account the principal amount outstanding and effective interest rate implicit in the lease.

4.7.4 Fees and commission income

Commissions are recognized when leased assets are insured with an insurance company, and are credited to the profit and loss account. Where material, commissions and other income are recognized as earned upon completion of the related service.

4.8 Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

4.8.1 Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

4.8.2 Deferred tax

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

4.9 Employee benefits

a) Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Company has a present obligation to pay, as a result of employees' services provided up to the balance sheet date. The accrual is calculated on an undiscounted basis, using current salary rates.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Post employment benefits

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the Company pays contributions of 10% while the employees pay 8% to a separate entity – Pension Fund Administrators. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognized in the income statement.

c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after the reporting date are discounted to present value.

4.10 Dividends

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act (CAMA) 2020, has recommended a dividend of 20 Kobo per ordinary share of 1 Naira each, amounting to N152,845,000 for the Financial Year Ended 31st December 2024. Withholding tax will be deducted at the time of payment.

4.11 Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4.12 Earnings per share

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or (loss) attributable to ordinary shareholders of the Company by the weighted average number of shares in issues during the year.

Diluted earnings/(losses) per share amounts are calculated by dividing the profit/(loss) attributable to owners of the company by the weighted average number of Ordinary shares in issue during the financial year adjusted for the effects of potentially dilutive options or increase in issued of share capital.

4.13 Share capital & reserves

4.13.1 Share capital

The company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

4.13.2 Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

4.13.3 Statutory reserve

In line with Central Bank of Nigeria guideline, financial institutions in Nigeria are required to transfer a minimum of 15% of its profit after tax to statutory reserve until the reserve fund equals the paid-up capital and a minimum of 10% thereafter.

4.13.4 Regulatory risk reserve

The company 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.

4.14 Statement Of Prudential Adjustment

The regulatory body Central Bank of Nigeria stipulates that impairment charges recognized in the profit or loss account shall be determined based on the requirements of IFRS. The IFRS impairment should be compared with impairment determined under the prudential guidelines and the expected impact/changes in general reserve should be treated as follow:

- (i) Prudential provision is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.
- (ii) Prudential provision is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable.

	2024 N	2023 N
Total Prudential provision	414,348,450	352,200,651
IFRS provision	415,635,456	367,666,358
Difference in impairment provision balances	(1,287,006)	(15,465,707)
Transfer to/(from) Regulatory Risk Reserve (Note 21)	<u>(1,287,006)</u>	<u>(15,465,707)</u>

4.15 Foreign currency transactions

The Nigerian Naira is the Company's functional and reporting currency. Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date; the resulting foreign exchange gain or loss is recognized in the income statement.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.16 Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest.

4.17 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

4.18 Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

4.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid.

Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

4.20 Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

4.21 Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

4.22 Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected loss rate for each group. These assumptions include recent sales experience and historical collection rates.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4.23 Restatement of comparatives - adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'

Adoption of IFRS 9 'Financial Instruments' IAS8(36)

The company has adopted IFRS 9 from 1 January 2018, using the full retrospective approach of adoption and comparatives have been restated.

The investment classifications 'Available-for-sale financial assets' and 'Held-to-maturity investments' are no longer used.

Financial assets at fair value through other comprehensive income' was introduced.

5 Assessment of Impact of COVID-19 on Going Concern

The impact of COVID-19 on the company's future performance, measurement of some assets, liabilities or on liquidity might be significant and will require disclosure in the financial statements, however, management will ensure that they do not create a material uncertainty that will casts significant doubt upon the entity's ability to continue as a going concern.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 N	2023 N
6. Cash and cash equivalents		
Cash in hand	89,360	137,000
Balance with banks	268,214,747	67,227,712
Fixed deposits (Note 6.1)	107,607,600	522,702,603
Impairment (Note 26)	(155,294)	(1,990,898)
	<u>375,756,413</u>	<u>588,076,417</u>
6.1 Fixed deposits		
At 1 January	522,702,603	-
(Withdrawals)/Additions	(415,095,003)	522,702,603
At 31 December	<u>107,607,600</u>	<u>522,702,603</u>
The fixed deposits have a short term maturity of 30 - 90 days and the effect of discounting is immaterial.		
7. Financial assets classified as fair value through profit or loss		
Listed equities	N	N
At 1 January	950,000	435,000
Fair value gain as at year end	595,000	970,000
Diminution as at year end	-	(455,000)
	<u>1,545,000</u>	<u>950,000</u>
Fair value gain as at year end	595,000	970,000
Diminution as at year end	-	(455,000)
Fair value movements	<u>595,000</u>	<u>515,000</u>
7.1 The fair value of publicly traded financial instruments are generally based on quoted market prices, with realised/unrealised gains recognised in a separate component of equity at the end of the reporting year. As at the reporting date, Hallmark Finance Company Limited has 500,000 units in LASACO Insurance Plc shares at =N=3.09 (2023 : =N=1.90) per share.		
8. Loans and advances	N	N
At 1 January	3,303,959,978	2,612,537,173
Additions	2,101,234,020	1,347,967,089
Repayments	(1,769,261,498)	(656,544,284)
	<u>3,635,932,500</u>	<u>3,303,959,978</u>
Impairment allowance (Note 8.1)	(389,489,108)	(372,454,452)
At 31 December	<u>3,246,443,393</u>	<u>2,931,505,526</u>
8.1 Impairment allowance		
At 1 January	372,454,452	318,958,616
Charge for the year (Note 26)	17,034,655	53,495,836
Write back of impairment allowance	-	-
At 31 December	<u>389,489,108</u>	<u>372,454,452</u>
Analysis by performance		
Performing	3,392,018,203	3,024,471,295
Non-performing	243,914,298	279,488,683
	<u>3,635,932,500</u>	<u>3,303,959,978</u>

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 N	2023 N
Analysis by maturity		
Due within one year	2,807,315,374	3,104,471,295
Due within one - five years	828,617,127	199,488,683
Due after five years	-	-
	<u>3,635,932,500</u>	<u>3,303,959,978</u>
Individual impairment	35,200,277	89,557,548
Collective impairment	354,288,831	282,896,904
	<u>389,489,108</u>	<u>372,454,452</u>
9. Finance lease receivables		
At 1 January	140,370,527	280,225,667
Addition	915,633,687	21,062,412
Repayment	(412,076,517)	(160,917,552)
Gross investment	643,927,697	140,370,527
Unearned income	-	-
Net investment	643,927,697	140,370,527
Impairment allowance (Note 9.1)	(24,859,343)	(24,537,751)
At 31 December	<u>619,068,355</u>	<u>115,832,776</u>
9.1 Impairment allowance		
At 1 January	24,537,751	69,329,303
Charge/(recovery) for the year (Note 26)	321,592	2,448,361
Write back (Note 26)	-	(47,239,913)
At 31 December	<u>24,859,343</u>	<u>24,537,751</u>
Analysis by performance		
Performing	643,927,697	140,370,527
Non-performing	-	-
	<u>643,927,697</u>	<u>140,370,527</u>
Analysis by maturity		
Due within one year	36,225,242	91,082,799
Due between one - five years	607,702,455	49,287,728
Due after five years	-	-
	<u>643,927,697</u>	<u>140,370,527</u>
Individual impairment	24,859,343	21,801,499
Collective impairment	-	2,736,252
	<u>24,859,343</u>	<u>24,537,751</u>

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	Gross Amount	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total Impairment	Carrying Amount
	N	N	N	N	N	N
10. Impairment						
2024						
Loans	3,635,932,500	23,369,346	7,449,089	358,670,672	389,489,108	3,246,443,393
Financial Lease	643,927,697	1,491,561	-	23,367,782	24,859,343	619,068,355
Total	<u>4,279,860,198</u>	<u>24,860,907</u>	<u>7,449,089</u>	<u>382,038,454</u>	<u>414,348,450</u>	<u>3,865,511,747</u>
2023						
Loans	3,303,959,978	22,347,267	7,449,089	342,658,096	372,454,452	2,931,505,526
Financial Lease	140,370,527	1,472,265	-	23,065,486	24,537,751	115,832,776
Total	<u>3,444,330,506</u>	<u>23,819,532</u>	<u>7,449,089</u>	<u>365,723,582</u>	<u>396,992,203</u>	<u>3,047,338,302</u>

	Loans N	Finance Lease N	Total N
10.2 Analysis of movement in impairment -CBN Prudential Provisions			
2024	389,489,108	24,859,343	414,348,450
2023	(372,454,452)	(24,537,751)	(396,992,203)
Movement in impairment (Note 26)	<u>17,034,655</u>	<u>321,592</u>	<u>17,356,247</u>

Analysis of movement in impairment -CBN Prudential Provisions 2024 Loan Analysis based on CBN Prudential Guidelines

2024 Loan Analysis based on CBN Prudential Guidelines				
		2024	2023	Movement
		<u>3,635,932,500</u>	<u>3,303,959,978</u>	<u>331,972,522</u>
Carrying amount		<u>3,021,965,017</u>	<u>2,837,900,376</u>	<u>184,064,641</u>
Performing		141,056,375	-	
Pass & watch		154,580,235	95,662,316	58,917,919
Substandard		121,327,103	90,908,603	30,418,500
Doubtful		226,003,773	279,488,683	(53,484,910)
Lost				
Impairment				Charged to P or L
Performing	1%	30,219,650	28,379,004	1,840,646
Pass & watch	5%	7,052,819	-	7,052,819
Substandard	20%	30,916,047	19,132,463	11,783,584
Doubtful	50%	60,663,551	45,454,302	15,209,250
Lost	100%	226,003,773	279,488,683	(53,484,910)
		<u>354,855,840</u>	<u>372,454,451</u>	<u>(17,598,611)</u>

10.3 Analysis of movement in impairment - IFRS 9 Expected Credit Loss

	Loans N	Finance Lease N	Total N
2024	389,489,108	24,859,343	414,348,450
2023	(372,454,452)	(25,824,757)	(398,279,209)
	<u>17,034,656</u>	<u>(965,414)</u>	<u>16,069,240</u>

10.4 Analysis of differences in CBN Provisions and ECL

CBN Prudential Provision (Note 10.2)	17,356,247
IFRS 9 ECL (Note 10.3)	(16,069,240)
Impairment Loss B/F recognised in Regulatory Risk Reserve (Note 21)	<u>1,287,006</u>

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 N	2023 N
11. Other receivables and prepayments		
Due from Consolidated Hallmark Insurance Plc	4,853,300	5,661,002
Prepayments	20,318,258	160,110,110
Other receivables (Note 11.2)	25,171,558	165,771,112
	(5,365,875)	(5,365,875)
Impairment allowance (Note 11.1)	19,805,683	160,405,237
11.1 Impairment allowance		
At 1 January	5,365,875	1,256,415
Charge for the year (Note 26)	-	4,109,460
At 31 December	5,365,875	5,365,875
Current	19,805,683	160,405,237
Non-current	-	-

11.2 Included in other receivables figure for 2023 was the value of vehicles repossessed from one of our customer who failed to honour the obligation. The total book value principal and accrued interest to the date of repossession was N90,639,624.3 while the default charges not included in the book was N96million. The vehicles are 11 Rav4, 1 Coaster, 1 Toyota Haise Bus, 2 Toyota Prado and one Lexus 570 jeep repossessed as at the date of reporting and valued at N147.1million and recognised in the book. The valuation was carried out using market- rate through open bidding invitation.

	2024 N	2023 N
12. Intangible assets		
Cost		
At 1 January	39,030,600	39,030,600
Additions	11,700,000	-
At 31 December	50,730,600	39,030,600
Accumulated amortisation		
At 1 January	11,750,483	5,895,892
Charge in the year	6,342,468	5,854,591
At 31 December	18,092,951	11,750,483
Carrying amount		
At 31 December	32,637,650	27,280,117

Intangible assets relate to existing Sage and Xorch purchased in prior periods and Appzone purchased in 2021. Amortization is calculated and recognised in the income statement..

	Furniture & Fittings N	Office Equipment N	Motor Vehicles N	Computer Equipment N	Total N
13. Property and equipment					
2024					
Cost					
At 1 January	10,480,464	5,412,394	69,165,978	22,572,030	107,630,866
Additions	1,060,000	250,000	28,159,500	7,767,000	37,236,500
At 31 December	11,540,464	5,662,394	97,325,478	30,339,030	144,867,366
Accumulated depreciation					
At 1 January	5,287,094	2,209,095	48,560,920	8,751,371	64,808,480
Charge in the year	1,684,706	810,521	11,665,733	3,754,817	17,915,777
At 31 December	6,971,800	3,019,616	60,226,653	12,506,188	82,724,257
Carrying amount					
At 31 December 2024	4,568,663	2,642,778	37,098,825	17,832,841	62,143,108
At 31 December 2024	5,193,370	3,203,298	20,605,058	13,820,660	42,822,386

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

13.1 Property and equipment

2023	Furniture & Fittings N	Office Equipment N	Motor Vehicles N	Computer Equipment N	Total N
Cost					
At 1 January	9,561,464	4,583,394	54,365,978	17,481,030	85,991,866
Additions	919,000	829,000	14,800,000	5,091,000	21,639,000
At 31 December	<u>10,480,464</u>	<u>5,412,394</u>	<u>69,165,978</u>	<u>22,572,030</u>	<u>107,630,866</u>
Accumulated depreciation					
At 1 January	3,878,348	1,448,160	41,285,048	5,629,310	52,240,866
Charge in the year	1,408,746	760,935	7,275,872	3,122,061	12,567,614
At 31 December	<u>5,287,094</u>	<u>2,209,095</u>	<u>48,560,920</u>	<u>8,751,371</u>	<u>64,808,480</u>
Carrying amount					
At 31 December 2023	<u>5,193,370</u>	<u>3,203,298</u>	<u>20,605,058</u>	<u>13,820,660</u>	<u>42,822,386</u>
At 31 December 2022	<u>5,683,116</u>	<u>3,135,234</u>	<u>13,080,930</u>	<u>11,851,720</u>	<u>33,751,000</u>

There is no indication of impairment of property plant and equipment at the reporting date and the directors are of the opinion that no allowance for impairment is required.

13.2 Assets pledged as securities

The Company has not pledged any of its property and equipment as security for financial liabilities.

	2024 N	2023 N
14 Borrowings		
At 1 January	1,638,370,794	987,950,415
Addition	1,852,564,157	1,198,494,568
Repayment	(1,889,082,705)	(839,594,808)
Interest capitalised	356,131,721	291,520,619
As at 31 December	<u>1,957,983,968</u>	<u>1,638,370,794</u>
15. Other payables		
Account payables	126,357,845	198,689,993
Due to Related Party	230,743,306	238,722,338
Accruals	62,535,733	32,874,996
Other provisions	50,566,614	34,577,776
	<u>470,203,497</u>	<u>504,865,103</u>
Current	470,203,497	504,865,103
Non-current	-	-
16. Taxation		
16.1 Tax expense		
Income tax	72,931,560	112,073,864
Education tax	4,862,104	11,207,386
Police Trust Fund	15,416	18,686
Information technology tax	3,083,152	3,737,299
Reversal of previous over-provision	(79,656,498)	(33,760,300)
	<u>1,235,734.34</u>	<u>93,276,935</u>
Deferred tax expense (Note.16.3)	10,099,879	1,293,098
	<u>11,335,613</u>	<u>94,570,033</u>
16.2 Current income tax liability		
At 1 January	199,002,646	115,343,705
Charge for the year (Note 16.1)	1,235,734	93,276,935
	<u>200,238,380</u>	<u>208,620,640</u>
Payments during the year	(43,285,633)	(9,617,994)
At 31 December	<u>156,952,747</u>	<u>199,002,646</u>

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 N	2023 N
16.3 Deferred tax liability		
At 1 January	15,750,652	14,457,554
Charge for the year (Note 16.1)	10,099,878	1,293,098
At 31 December	<u>25,850,530</u>	<u>15,750,652</u>
16.4 Reconciliation of company income tax		
Profit before tax	310,492,156	373,729,852
Applied 30% on profit before tax	<u>93,147,647</u>	<u>112,118,957</u>
Adjust for:		
Education tax	4,862,104	11,207,386
Police Trust Fund	15,416	18,686
Depreciation	7,277,474	5,526,662
Capital allowance	(9,207,975)	(5,571,754)
Specific Provision on Loan	(17,734,902)	-
Deferred tax adjustment	10,099,878	1,293,098
Information technology tax	3,083,152	3,737,299
Reversal of previous over-provision	(79,656,498)	(33,760,300)
Tax charged for the year	<u>11,886,295</u>	<u>94,570,033</u>
Effective tax rate	3.83%	25.30%
16.5 Profit before taxation is stated after charging/(crediting):		
Auditor's remuneration	3,225,000	3,225,000
Directors remuneration	2,250,000	2,250,000
Depreciation and amortisation	24,258,245	18,422,205
17. Retirement benefits obligation		
Defined contribution pension plan		
At 1 January	2,031,692	1,743,774
Contributions during the year	12,496,347	10,913,165
Remittance in the year	(12,989,295)	(10,625,248)
At 31 December	<u>1,538,744</u>	<u>2,031,692</u>
18. Share capital		
18.1 Issued and fully paid: Ordinary Shares		
At 1 January	764,225,000	764,225,000
Addition	-	-
At 31 December	<u>764,225,000</u>	<u>764,225,000</u>
764.225 million ordinary shares of N1.00 each		
19. Retained earnings		
At 1 January	592,195,864	370,375,725
Dividend paid	(61,138,000)	-
Transfer from income statement	254,283,060	237,285,846
Transfer to statutory reserve	-	-
Transfer to regulatory risk reserve	(1,287,006)	(15,465,707)
At 31 December	<u>784,053,919</u>	<u>592,195,864</u>
19.1 Earnings Per Share		
Profit after tax	<u>299,156,541</u>	<u>279,159,819</u>
Number of shares issued		
At beginning	764,225,000	764,225,000
During the year	-	-
At the end	<u>764,225,000</u>	<u>764,225,000</u>
Basic earnings per share in kobo	<u>39.15</u>	<u>36.53</u>

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	N	N
20. Statutory reserve		
At 1 January	133,136,812	91,262,839
Transfer from retained earnings	44,873,481	41,873,973
At 31 December	<u>178,010,294</u>	<u>133,136,812</u>

20.1. In line with Central Bank of Nigeria guideline, financial institutions in Nigeria are required to transfer a minimum of 15% of its profit after tax to statutory reserve until the reserve fund equals the paid-up capital and a minimum of 10% thereafter.

	2024	2023
	N	N
21 Regulatory Risk Reserve		
At 1 January	17,293,896	1,828,189
Transfer to/(from) Retained earnings (Note:19).	1,287,006	15,465,707
At 31 December	<u>18,580,902</u>	<u>17,293,896</u>

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

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 N	2023 N
22. Gross earnings	<u>1,261,906,695</u>	<u>1,144,860,022</u>
Gross earnings represents total income recognised by the company during the year. It comprises both interest income and other income.		
22.1 Interest income		
22.1.1 Loans and advances		
Interest on loan -private sector	849,828,122	819,910,853
Interest on Lease	263,227,269	184,829,023
Interest on loan-public sector	1,144,340	6,576,950
Interest on educational loan	35,311,933	59,195,770
22.1.2 Placement with other financial institutions		
Interest on fixed deposit	<u>83,459,720</u>	<u>32,090,642</u>
	<u>1,232,971,385</u>	<u>1,102,603,238</u>
23 Interest expense		
Interest on fixed deposit	<u>356,131,721</u>	<u>291,520,619</u>
	<u>356,131,721</u>	<u>291,520,619</u>
24 Net commission income		
24.1 Fee and commission income		
Fee income	-	-
Commission received	<u>19,713,928</u>	<u>35,260,660</u>
	<u>19,713,928</u>	<u>35,260,660</u>
24.2 Fee and commission expenses		
Commissions	<u>51,958,750</u>	<u>38,392,967</u>
	<u>51,958,750</u>	<u>38,392,967</u>
25. Other Operating Income		
Other Income	<u>8,626,382</u>	<u>6,481,124</u>
	<u>8,626,382</u>	<u>6,481,124.00</u>
26 Operating expenses		
Bank charges/stamp duty	6,439,731	7,322,743
Printing and stationeries	3,689,550	6,015,020
Vehicle repairs and maintenance	33,904,162	35,326,339
Entertainment	9,258,816	1,436,190
Subscription and levy	1,311,984	8,238,721
Insurance premium	7,492,384	14,610,515
Audit fee (Note 25.1)	2,000,000	3,225,000
Rent	66,254,688	57,775,191
Professional fees	29,260,020	7,044,162
Directors' expenses	30,825,000	7,775,000
Transport expenses	56,737,330	39,379,077
Telecommunication	629,470	30,504,973
Advertisement	30,764,500	35,266,950
Oil and diesel	35,000,000	-
Office Running Expenses	32,022,538	16,922,038
BVN enquiry expenses	497,500	585,000
Recovery cost	<u>3,027,028</u>	<u>2,599,056</u>
	<u>349,114,701</u>	<u>274,025,975</u>

- 26.1 The auditor has not offered any other professional services. The only services being offered is Statutory Audit engagement.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	N	N
27. Impairment charge/(recovery)		
Loans and receivables (Note 8.1)	17,034,655	53,495,836
Finance lease receivables - Charge (Note 9.1)	321,592	2,448,361
Finance lease recovery (Note 9.1)	-	(47,239,913)
Other receivables	-	4,109,460
Impairment on placement with bank (Note 6)	(1,835,604)	1,990,898
Loans and Finance lease receivables - Write back (Note 9.1)	-	-
	<u>15,520,643</u>	<u>14,804,642</u>

28. Staff

Average number of persons employed in the financial year and staff costs were as follows:

	3	3
	24	24
Managerial	-	-
Senior Staff	-	-
Junior Staff	<u>27</u>	<u>27</u>

28.1 Employee costs

Wages and salaries (Note 28.3)	105,554,150	89,760,347
Staff training	31,438,877	29,192,267
Defined contribution pension plan	6,483,504	5,966,510
Other benefits	10,953,949	9,044,638
	<u>154,430,480</u>	<u>133,963,762</u>

28.2 The number of employees, excluding directors, who received emoluments were within the bands stated:

N	N		
400,001 - 500,000	-	-	-
500,001 - 600,000	-	-	-
600,001 - 700,000	-	-	-
700,001 - 800,000	-	-	-
800,000 and above	27	27	27
	<u>27</u>	<u>27</u>	<u>27</u>

28.3 Comparative figures for Commission included in Wages and Salaries have been adjusted to conform with changes in presentation of the International Accounting Standards (IAS 1).

29. Reconciliation of (Increase)/decrease in operating assets In Statement of Cash Flows

operating assets	N	N
Loans and receivables (Note: 8)	(314,937,867)	(637,926,969)
Finance lease receivables (Note 9)	(503,235,579)	95,063,588
Other receivables (Note 11)	140,599,555	(143,545,357)
	<u>(677,573,892)</u>	<u>(686,408,738)</u>

The profit/(loss) for the year of N305,867,280 (2023: N279,159,820) has been arrived at after charging:

	N	N
Depreciation of property, plant and equipment	17,915,777	12,567,614
Amortisation of intangible assets	6,342,468	5,854,591
Audit fee	2,000,000	3,225,000
Consultancy fee	-	-
Director fee	-	-

30. (Decrease)/Increase in operating liabilities

Payables and provision (Note: 15)	(34,661,606)	137,493,311
Defined contribution pension plan (Note:17)	(492,948)	287,917
	<u>(35,154,554)</u>	<u>137,781,228</u>

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

31 Related parties

A number of transactions are entered into with related parties in the normal course of business. These include balance on clients' account, placements and interest income. The balances at the year-end are as follows:

			2024	2023	
			N	N	
31.1 Related party balances	Relationship	Type of facility			
Due to Consolidated Hallmark Insurance Plc	Co-Subsidiary	Borrowings	<u>915,578,099</u>	<u>238,722,338</u>	
Due to Consolidated Hallmark Insurance Plc	Co-Subsidiary	Shared Costs	<u>230,743,306</u>	<u>574,901,251.98</u>	
Hallmark Health Services Ltd	Co-Subsidiary	Borrowings	<u>484,962,411</u>	<u>364,198,678</u>	
Due to Chi Micro Insurance Ltd	Co-Subsidiary	Borrowings	<u>144,616,908</u>	<u>114,856,530</u>	
Due from Consolidated Hallmark Insurance Plc	Co-Subsidiary	NIL	<u>-</u>	<u>-</u>	
Loans obtained from Consolidated Hallmark Insurance Plc	Ultimate parent	NIL	<u>-</u>	<u>-</u>	
31.2	Due to Hallmark Health Services Ltd -	Co-Subsidiary	Lease	8,265,953	8,265,953.00
	Due to Hallmark Health Services Ltd -	Co-Subsidiary	Loan	<u>-</u>	<u>-</u>
31.3	Income from related party				
Consolidated Hallmark Insurance Plc	Co-Subsidiary	Lease	<u>-</u>	<u>-</u>	
CHI Micro Insurance Limited	Co-Subsidiary	Loan	<u>-</u>	<u>452,713</u>	
This relates to commission earned on policies bought from Consolidated Hallmark Insurance Plc and CHI Micro Insurance Limited for vehicles leased and loans during the year.					
31.4	Interest expenses to related party				
CHI Micro Insurance Limited	Co-Subsidiary	Borrowings	<u>7,730,186</u>	<u>19,288,256.82</u>	
Consolidated Hallmark Insurance Plc	Co-Subsidiary	Borrowings	<u>51,653,713</u>	<u>49,828,779.48</u>	
Hallmark Health Services Ltd -	Co-Subsidiary	Borrowings	<u>23,564,810</u>	<u>5,088,803.43</u>	

This relates to interest expenses paid to the related party on borrowings during the year under review.

32. Guarantees and other capital commitments

The Directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of these financial statements. The liabilities are relevant in assessing the Company's financial position. At the statement of financial position date contingent liabilities and capital commitments is nil (31 December 2023 : Nil).

33. Events after reporting date

There was no event after the reporting date that will affect the Financial Report.

Notes on Going Concern and Impact Assessment

a. Events after the Reporting Date

The Board of Directors have assessed the immediate and future impacts of the present economic conditions on the Company's business and assets as disclosed in note 5. Adequate measures have been taken to address the immediate impacts while the emerging impacts are continuously being monitored to enable the Board to take necessary actions when required.

The Board Committee responsible for corporate governance have performed a line-by-line analysis of its statement of financial position as well as other comprehensive income to assess whether the current economic uncertainty may impact any of the amounts presented as at 31 December, 2024. The result of this analysis shows that none of the balances are materially impacted by the current challenges economic condition is presenting.

b. Assessment of Impact of COVID-19 on Going Concern

In view of the above, there are no significant events after the reporting date that could have had material effect on the state of affairs of the Company as at 31 December, 2024 and on the result for the year ended on that date, that has not been taken into account in this financial statements or disclosed as may be appropriate.

HALLMARK FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors have been and are continually reviewing the impact of COVID-19 on the Company's business and assets. Adequate measure have been taken to address immediate impact while necessary measures have been implored to confront the future effects.

The company has developed remote policy which enables its staff to work both of offside and on-site.

34. Comparative figures

Where necessary, comparative figures have been reclassified to ensure proper disclosure and uniformity with current year's presentation (IAS 1).

35. Contraventions

There was no penalty paid in the current year and no other contravention occurred during the year of such regulatory bodies like Banks and Other Financial Institutions Act, CAP B3, LFN 2020, and Central Bank of Nigeria circulars (2023: Nil).

36. Segment Information

All of the Company's revenues are derived from short term financing, L.P.O financing, consumer leasing and financial advisory services at the reporting date. Additionally, all of the Company's business and revenues were generated in Nigeria, which is primary geographical segment. Accordingly, no further business and geographical segment information is reported.

36. Approval of the Financial Statements

The financial statements were approved by Board of Directors on March 18, 2025.

HALLMARK FINANCE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

For CBA Approval

Other National Disclosures

HALLMARK FINANCE COMPANY LIMITED

STATEMENT OF VALUE ADDED - GROUP

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 N	%	2023 N	%
Gross income	1,241,597,767		1,109,084,362	
Interest expense	(356,131,721)		(291,520,619)	
	885,466,046		817,563,743	
Administrative overheads:				
Local	(441,158,647)		(333,321,896)	
Foreign	-		-	
Value added	444,307,399	100	484,241,847	100
Distribution:				
Payment to employees:				
Salaries and other benefits	154,430,480	35	133,963,762	28
To pay Government:				
Current income tax	11,335,613	3	94,570,033	20
Retained for future replacement of assets and expansion of business:				
- Depreciation and amortisation	24,258,245	6	18,422,205	3
- Profit for the year	254,283,060	56	237,285,847	49
	444,307,399	100	484,241,847	100

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act 2020 requirement.

Value added is the additional wealth created by the efforts of the Company and its employees. This statement shows the allocation of that wealth between the employees, government, shareholders and that re-invested for the future creation of more wealth.

HALLMARK FINANCE COMPANY LIMITED

FINANCIAL SUMMARY FOR THE YEAR ENDED 31 DECEMBER

Statement of financial position	2024	2023	2022	2021	2020
	N	N	N	N	N
Assets					
Cash and bank balances	375,756,413	588,076,417	125,903,484	125,903,484	60,693,817
Financial assets classified as fair value through profit or loss	1,545,000	950,000	435,000	435,000	515,000
Loans and receivables	3,246,443,393	2,931,505,526	2,293,578,557	2,293,578,557	1,351,320,012
Finance lease receivables	619,068,355	115,832,776	210,896,364	210,896,364	148,741,442
Other receivables and prepayments	19,805,683	160,405,237	16,859,880	16,859,880	14,947,391
Property and equipment	32,637,650	42,822,386	33,751,000	33,751,000	34,933,903
Intangible assets	62,143,108	27,280,117	33,134,708	33,134,708	36,566,413.89
Deferred tax asset					
Total assets	4,357,399,601	3,866,872,459	2,714,558,992	2,714,558,993	1,647,717,979
Liabilities					
Other liabilities	470,203,497	504,865,103	367,371,792	311,133,243	214,381,022
Current income tax liability	156,952,747	199,002,646	115,343,705	112,575,689	61,388,032
Deferred tax liability	25,850,530	15,750,652	14,457,554	6,825,376	4,838,154
Retirement benefits obligation	1,538,744	2,031,692	1,743,774	707,753	1,875,919
Borrowings	1,957,983,968	1,638,370,794	987,950,415	55,800,013	5,013,052
Total liabilities	2,612,529,486	2,360,020,886	1,486,867,240	487,042,073	287,496,177
Equity					
Share capital	764,225,000	764,225,000	764,225,000	764,225,000	764,225,000
Retained earnings	784,053,919	592,195,864	370,375,725	324,411,143	190,701,630
Statutory reserve	178,010,294	133,136,812	91,262,839	72,039,762	45,796,907
Regulatory risk reserve	18,580,902	17,293,896	1,828,189	0	
Total equity	1,744,870,114	1,506,851,573	1,227,691,753	1,160,675,905	1,000,723,537
Total liabilities and equity	4,357,399,601	3,866,872,460	2,714,558,993	1,647,717,979	1,288,219,716
Statement of comprehensive income					
Gross earnings	1,241,597,767	1,109,084,362	802,063,249	591,357,562	329,055,180
Profit before taxation	310,492,156	373,729,852	151,808,425	232,779,833	59,552,826
Tax expense	(11,335,613)	(94,570,033)	(23,654,577)	(57,827,465)	-
Profit for the year	299,156,542	279,159,819	128,153,848	174,952,369	59,552,826
Basic earnings per share (kobo)	39.15	36.53	16.77	0.00	19.85
Diluted earnings per share (kobo)	-	-	-	0.00	7.79