

14<sup>th</sup> August 2019

Dear Shareholder,

**UPDATE ON NAICOM'S RECAPITALIZATION DIRECTIVE**

As you may have become aware, the National Insurance Commission (NAICOM), on May 20, 2019 announced an increase in the minimum capital for insurance company business in Nigeria, with an effective date of June 30, 2020.

The new capital required for General Business, which is where we operate, has been increased from the erstwhile N3billion to N10billion. Based on our last audited financial report as at December 31, 2018, we have a capital base of approximately N6.1 billion, and therefore will require an additional N3.9billion to meet the new capital threshold of N10billion.

It is therefore imperative that we share with you our plans to attain this new capital threshold within the shortest possible time, and to enlist your support, our esteemed stakeholders, to realise this new target. Our first line of action is to issue additional shares by way of a rights issue. This will give to you as an existing shareholder the opportunity to increase your stake in the company and take benefit of a lower offer price than that of a public offer.

The company in the recent past made a number of positive strides, some of which are worth mentioning here. The company recorded 19% growth in its gross premium income in 2018. It achieved a 330% growth in its income line from retail segment of its portfolio, a result of the implementation of its retail expansion strategy. On the governance side, CHI achieved 87% and 84% full compliance with corporate governance principles of NAICOM and SEC respectively. The company, in addition, improved on its latest credit rating by Augusto & Co. from a Bbb- to a Bbb. This reflects a stable outlook and potential for growth.

The additional capital will not only enable your company to meet the regulatory requirement, it will also be deployed to specific initiatives that will help CHI accelerate its growth and consolidate its leadership position in the industry while delivering exceptional returns to you as a shareholder. Other options available to the company to achieve the additional capital required are private placement, public offer and Merger and Acquisition. We shall be communicating with you in due course on definite and concrete arrangements to implement any of the options viable to the company.

Be rest assured that the Management and the Board are working tirelessly to meet up with the recapitalization directive. Please, do not hesitate to contact us for any additional information that you may require or suggestions that you may have in this regard.

Thank you.

Yours faithfully  
**CONSOLIDATED HALLMARK INSURANCE PLC**



**Eddie A. Efekoha**  
Managing Director/CEO

**DIRECTORS**

Obinna Ekezie (Chairman), Andrew D.S. Odigie (Vice Chairman), Eddie A. Efekoha (Managing Director/CEO),  
Babatunde Daramola (Executive Director, Finance, Systems & Investment), Mary Adeyanju (Executive Director, Operations),  
Ngozi Nkeme, Ben C. Onuora, Eziaku E. Obidegwu, Joel B. Avhurhi, Adebola Oluokale, Idris S. Abubakar.

