

# 2024

## INTEGRATED ANNUAL REPORT

**Leaving No One Behind**  
The NICO Group's  
Commitment to its Stakeholders



**NICO**  
Holdings  
plc





### ABOUT OUR COVER

#### Leaving No One Behind The NICO Group's Commitment to its Stakeholders

The cover photo and design concept of the NICO Group 2024 Integrated Report and Financial Statements outlines how the NICO Group has been instrumental in adding sustainable value to the community, economy, and its stakeholders through various areas of its business, including our overall strategy, finance and risk management, governance, people management, and corporate social responsibility.

#### ● IMAGERY

Photography within the report captures the Group's Commitment to the Community in which it operates and the economy as a whole.

#### ● MESSAGE

The design communicates a powerful message: LeavingNoOneBehind. The report presents the impact of the Group's engagement with the community and staff, grounded in the Group's strategic focus and genuine commitment to its clients and the communities it serves.

NICO Group, which includes NBS Bank Plc and ERIS Properties, has been running programs that promote financial empowerment among individuals across Malawi. The programs are designed to share essential financial knowledge and skills with citizens, enabling them to take control of their finances and make informed decisions that lead to financial freedom.

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# **ZIKUMVEKA KUMBUYOKO?**

Everyone deserves timely and accurate financial knowledge to achieve financial freedom. NICO Group is not leaving anyone behind in this financial journey.

#OneNICO #NoOneLeftBehind



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## ● ABOUT OUR REPORT

### ● Report Overview

NICO Group is pleased to present its 2024 Integrated Report and Financial Statements, in which we present insights into our financial and non-financial performance that guide our long-term success.

### ● Scope and Boundary

This report covers the period 1 January 2024 to 31 December 2024, providing information relating to the Group's strategy, governance, business model, material matters and risks, sustainability efforts, stakeholder engagement, financial performance, and outlook.

Our Group annual financial statements are available from page 72.

### ● Our operating business

The NICO Group includes NICO Holdings and its subsidiaries: NICO General Insurance Company Limited, NICO (Zambia) Insurance Limited, NICO Life Insurance Company Limited, NICO Pension Services Limited, NICO Asset Managers Limited, NBS Bank Plc, NICO Technologies Limited, NICO Capital and a joint venture company, ERIS Properties Mw Limited.

### ● Basis of Preparation

The report has been prepared in reference to the Global Reporting Initiative (GRI). This approach emphasises our commitment to excellence in corporate reporting and corporate governance.

The NICO Group integrated report draws on a mix of internal and external assurance providers that includes our internal audit function and Deloitte Malawi for the financial statements.

### ● Materiality and Approach

Material matters highlighted in this report are those that are both of importance to stakeholders and could have a substantial impact on our business and our ability to create value.

In this report, we applied the principle of double materiality. This approach considers:

- **Financial Materiality:** assesses how sustainability-related issues impact the Group's financial performance and value creation.
- **Impact Materiality:** assesses how the Group's activities impact the society, environment and the macroeconomy.

This process allowed us to prioritise matters that impact the Group, our stakeholders, and the wider society.

Identifying our material matters was a group-wide responsibility and required input from our businesses, an assessment of the risks and opportunities in our operating environment, and input and feedback from our various stakeholders. The process to identify our material matters is outlined below:

- Identification of issues that matter most to internal and external stakeholders;
- Assessment and prioritization of environmental and social issues that may impact the Group;
- Integration of validated material issues into decision-making, strategy and target-setting; and
- Monitoring material issues and their solutions.



## ● ABOUT OUR REPORT (continued)

Our material matters were determined through the four-step process, refer to page 25.



Refer to the stakeholder engagement section for the detailed outcome of our materiality assessment and our material issues from page 25 - 28.

### ● Responsibility Statement and Approval of the Annual Integrated Report

The Board of Directors acknowledges its responsibility to ensure the integrity of this Integrated Report which, in the Board's opinion, addresses the activities, material issues, relationships and performance of the Group. This report, together with the annual financial statements of the Group for the year ended 31 December 2024, were approved by the Board of Directors of NICO Holdings on 17th April 2025 and signed on its behalf by:

**Dr. Elias E. Ngalande**  
NICO Holdings PLC  
Board of Directors Chairperson

**Vizenge Kumwenda**  
NICO Group  
Managing Director

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Call Centre: 323 | WhatsApp: 0991 323 323



# **ZIKUMVEKA KUMBUYOKO?**

Life's unexpected twists and turns can be challenging.  
Are you and your loved ones prepared for the unexpected?

**NICO Life** offers a range of life and funeral cover options to provide peace of mind and financial security.  
Get in touch with us to learn more!

#OneNICO #NoOneLeftBehind



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## ABOUT US

### NICO Group at a Glance

#### NET PROFIT

2024: **MK134.4 billion**  
2023: MK58.7 billion



#### TOTAL ASSETS

2024: **MK2. 4 trillion**  
2023: MK1.57 trillion



#### GROSS OPERATING INCOME

2024: **MK516 billion**  
2023: MK282 billion



#### ROE

2024: **61.4%**  
2023: 42.2%



#### TOTAL TAX CONTRIBUTION

2024: **72.5billion**  
2023: 43.6 billion



#### NO. OF EMPLOYEES

2024: **1 284**  
2023: 1 225



#### EMPLOYEE RETENTION RATE

2024: **96%**  
2023: 95%



#### COMMUNITY INVESTMENTS

2024: **MK1.2 billion**  
2023: MK478 million



With a legacy of over 50 years of offering financial solutions, the NICO Group is the biggest financial services Group in Malawi, in terms of the diversity of products and services offered by its companies.

NICO provides comprehensive financial solutions for a range of challenges for the public and private sectors as well as individuals from all walks of life. Its regional presence underscores its vision of becoming a leading pan-African financial services provider, delivering consistent value across markets and supporting development in the communities it serves. The Group operates in Malawi and Zambia, with a presence in Mozambique and Uganda through its investments in associate companies.

NICO was the first company to be listed on the Malawi Stock Exchange in 1996 and has since listed its subsidiary on the stock market - NBS Bank in 2007.



#### Purpose

We exist to improve people's lives by offering innovative and affordable financial solutions that enable people to achieve their life goals.



#### Mission

To create value for our stakeholders.



#### Vision

To be the preferred financial services provider.

## ● ABOUT US (continued)



### Our Values: Excellence

We are experts in our line of work. We are self-driven, persevering, and disciplined and constantly set personal targets to exceed performance expectations.

### Integrity

We are honest, transparent, and committed to doing what is best for our customers, our people, and our communities. We have zero tolerance for unethical behaviors in business conduct.

### Accountability

We unconditionally take ownership of our responsibilities, decisions, actions, and resultant consequences.

### Collaboration

We are ONE. Our success is driven by our ability to build relationships, break silos and connect across teams, functions, and geographies - Ubuntu is our way.

### Innovation

We are pioneers. We constantly seek new and better ways to solve problems for our customers, our businesses, and our communities.

## ● Our Business Operations

The Group's success in the financial services industry led to investment in the infrastructure development and information technology industries. This has resulted in an enhancement of the groups offerings to clients and provision of holistic solutions that are in line with the company national development initiatives.

The NICO Group offers solutions in general insurance, life insurance, pension administration, banking, asset management, corporate finance, property management and information technology.

The Group delivers its services through its subsidiary companies, which are managed by dynamic professionals who are experts in their line of business.

## ● Our Subsidiaries Shareholding

SUBSIDIARIES			ASSOCIATED COMPANIES		
100% OWNED BY NICO HOLDINGS PLC	NBS BANK PLC	SUBSIDIARIES CO-OWNED WITH SANLAM: NICO: 51% SANLAM: 49%	SANLAM MOZAMBIQUE VIDA COMPANHIA DE SEGUROS, SA	ERIS PROPERTIES LIMITED	SANLAM ALLIANZ INSURANCE (UGANDA) LIMITED
NICO Capital Limited	NICO Holdings Plc <b>50.1%</b>	NICO Insurance (Zambia) Limited	Sanlam Developing Markets Limited <b>51.00%</b>	NICO Holdings Plc <b>50.00%</b>	Sanlam Developing Markets Limited <b>92.2%</b>
NICO Technologies Limited	Public Service Pension Fund <b>8.4%</b>	NICO General Insurance Company Limited	NICO Holdings Plc <b>34.30%</b>	ERIS Properties Group (South Africa) <b>50.00%</b>	NICO Holdings <b>7.4%</b>
NICO Asset Managers Limited	The National Investment Trust Plc <b>1.7%</b>	NICO Life Insurance Company Limited	MOZA Business Corporation Lda <b>13.72%</b>		Other <b>0.4%</b>
	Public <b>39.8%</b>	NICO Pension Services Limited	IPS Holdings, SA <b>0.98%</b>		





## ● ABOUT US (continued)

### Subsidiaries Profile

Subsidiary	Profile
<b>NBS Bank Plc</b>	NBS Bank Plc exists to make banking easy. NBS Bank Plc supports individuals, small to medium-sized enterprises, corporates, and institutions through its provision of superior banking services. NICO Holdings Plc has a 50.1% shareholding in the bank. NBS Bank Plc has been listed on the Malawi Stock Exchange since 2007.
<b>NICO Life Insurance Company Limited</b>	Established in 1971, NICO Life Insurance Company Limited has a history of over 50 years of experience. As an icon in Malawi, NICO Life has become synonymous with life insurance in the country and is a trusted partner to Malawians. NICO Life is 51% owned by NICO Holdings Plc and 49% by Sanlam Developing Markets.
<b>NICO General Insurance Company Limited</b>	NICO General Insurance Company Limited was formed as a short-term division of the National Insurance Company Limited (now NICO Holdings Plc), which was incorporated as a composite insurance company in 1971. NICO General was restructured into a stand-alone general insurance company in 2002. NICO General is 51% owned by NICO Holdings Plc and 49% by Sanlam Developing Markets.
<b>NICO (Zambia) Insurance Limited</b>	NICO Insurance Zambia Limited commenced operations on October 1, 1997, as a short-term insurer. NICO Zambia is 51% owned by NICO Holdings Plc and 49% by Sanlam Developing Markets. Throughout its existence, NICO Insurance Zambia has consistently operated as a strong short-term insurer, delivering high-quality service to both retail and corporate customers.
<b>NICO Pension Services Limited</b>	NICO Pension Services has been managing pension funds since 1971 as a life and pensions department of NICO Holdings Plc. It was registered as a stand-alone company in 2017 as per the Licensing and Registration of Pension Entities (2014). NICO Pension Services is 51% owned by NICO Holdings Plc and 49% owned by Sanlam Developing Markets Limited.
<b>NICO Asset Managers Limited</b>	NICO Asset Managers Limited is a specialist investment management firm. The company commenced operations on 1 January 2009. It is licensed by the Reserve Bank of Malawi (RBM) as a portfolio/Investment Manager and transfer Secretary. The company has twelve licensed securities representatives with the RBM. NICO Asset Managers is 100% owned by NICO Holdings Plc.
<b>NICO Technologies Limited</b>	NICO Technologies Limited is a leading technologies services company offering a wide array of ICT services, including Managed IT Services, Digital Transformation, and IT Security. The company is 100% owned by NICO Holdings Plc, and was incorporated in 2002.

## ● ABOUT US (continued)

Subsidiary	Profile
<b>NICO Capital</b>	NICO Capital Limited is a corporate and project finance advisory firm licensed by the Registrar of Financial Institutions in Malawi to operate as an Investment Advisor. The company commenced operations on 1st July 2021. Before its incorporation as a separate entity, NICO Capital Limited operated as the Corporate Finance and Projects Division of NICO Asset Managers Limited. NICO Holdings Plc owns 100% of NICO Capital.
<b>ERIS Properties Mw Limited</b>	ERIS Properties is a one-stop property services solution provider. It is a joint venture between NICO Holdings Plc and ERIS Property Group (Pty) Ltd. ERIS offers advisory and feasibility analysis to assess the viability of infrastructure, property development, and management. ERIS also offers property valuation services to determine the self-worth of one's investment in infrastructure.

### The 'ONE NICO' Philosophy

The One NICO philosophy, which drives our operations, seeks to ensure that our clients get all their financial services' needs covered through a single point of contact. NICO taps into the products and services provided by our companies to deliver a single but all-encompassing business solution which saves time and money for our clients.



NICO continues to create business and employment opportunities outside the financial services sector, with portfolio investments in areas critical to development, such as the hospitality, healthcare, and infrastructure development industries of Malawi and our markets. This focus on identifying opportunities and partnerships that will positively impact the growth of the Malawian economy and improve the quality of life for Malawians from all walks of life will continue to underpin NICO's growth and investment strategies in the future.



# ONE NICO

**ONE NICO**  
Comprehensive Financial Solutions

ONE NICO PHILOSOPHY

The One NICO philosophy, which seeks to ensure that their financial services needs are met at a single point of contact, NICO is a single, but all-encompassing, business which saves time and money for our clients. We view our relationships with our PARTNERSHIPS with a focus that help them to meet their strategic needs.

**CHAPTER 6**  
**PENSION**

NICO Pension offers innovative solutions that create peace of mind and financial security to ensure that you are prepared for retirement.

- General Insurance
- Life Insurance
- Banking
- Asset Management
- Corporate Finance
- Pensions**
- Infrastructure Solutions
- Technology

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## **ZIKUMVEKA KUMBUYOKO?**

Retirement should be a time of joy. A chance to enjoy freedom and celebrate a lifetime of hard work. Secure your future with **NICO Pension** and make your retirement truly enjoyable.

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## CHAIRMAN'S REFLECTIONS



DR. ELLIAS NGALANDE

### Distinguished Shareholders,

I am pleased to present to you NICO Group's inaugural Annual Integrated Report and Financial Statements. This report covers the year ended 31 December 2024 and underscores our commitment to enhancing socio-economic development across Malawi.

Despite, the significant economic challenges in Malawi underpinned by fiscal slippages, foreign currency shortages, fuel scarcity and drought-like conditions, the NICO Group has shown great resilience.

In 2024, NICO Group began its third year of the 5-year "Growing Higher" strategy for the NICO Group.

The Growing Higher strategy continues to significantly contribute to our exceptional performance as evidenced by the outstanding performance the Group has achieved in 2024. Through our investments in people, technology and customer service, NICO Group continues to create value for our shareholders despite the volatile economic environment.

The Group's strategic direction fully aligns with the Malawi Government's Vision of focusing on Agriculture, Tourism, Mining and Manufacturing. As part of the Group's support for the national vision, the Group made a significant strategic investment in Blantyre Hotels Plc, which is constructing a 5-star Hotel within Lilongwe Golf Club to be called "Lilongwe Ryalls Hotel". This hotel is a strategic national asset that will significantly support the Tourism Sector in the country and the forex generation capabilities of Malawi.

The Group will continue to improve customers' lives by offering innovative, relevant, and affordable financial solutions that will enable our customers to achieve their life goals.



## CHAIRMAN'S REFLECTIONS (continued)

### Financial Performance

The Group delivered exceptional performance for the year ended 31 December 2024 despite the significant economic challenges faced in Malawi. All companies within the Group generated revenues above the prior year.

Group Gross revenue for the year ended 31 December 2024 increased by 83% to MK516.4 billion, compared to MK 282.1 billion in 2023. Profit after tax, excluding other comprehensive income, increased by 130% to MK 134.8 billion, up from MK 58.6 billion in 2023. This exceptional result was attributed to strong performances in all our businesses across the Group.

NICO Holdings Plc total dividend declared to be paid in respect of the 2024 financial year is MK20.00 per share compared to MK10.00 per share that was paid for 2023 financial year. This represents a dividend growth of 100%. This is subject to a final dividend of MK4.00 per share (MK4.1 billion) for the 2024 financial year which will be proposed at the forthcoming AGM.

### Governance and the Board

The business is deeply committed to upholding the highest standards of corporate governance, ensuring transparency, and driving long-term value creation for all stakeholders. Our governance framework is designed to promote ethical decision-making, ensure compliance with legal and regulatory requirements, and implement robust risk management practices. The Board of Directors plays a crucial role in steering the Group's strategic direction while maintaining a strong focus on governance best practices.

In the past year, directors underwent comprehensive training on key compliance and governance areas, including Anti-Money Laundering obligations under the Financial Crimes Act, the requirements outlined in the Outsourcing Guidelines for Financial Institutions, ESG compliance standards, and regulations related to Share Trading.

This ongoing education ensures that the directors remain well-equipped to navigate evolving regulatory landscapes and maintain the Group's commitment to good governance.

### Sustainability: Environmental, Social and Governance (ESG)

As a responsible leader in the financial services sector, the NICO Group is fully committed to integrating Environmental, Social, and Governance (ESG) principles into every aspect of our business operations. We recognize that sustainable growth and long-term value creation are only achievable through a robust approach to ESG that considers opportunities, risks, impact and compliance. The Group continues to make strides in aligning our ESG practices with the Global Reporting Initiative (GRI) standards, ensuring transparency and accountability in our sustainability efforts.

Our focus on ESG compliance is driven by the belief that responsible corporate behaviour is critical for creating lasting value for our stakeholders, including clients, employees, investors, and the communities in which we operate. As we continue to evolve in this area, we remain committed to advancing our ESG agenda, building on the foundation laid through adherence to GRI standards, and striving for continuous improvement in our sustainability performance.

This commitment is not only integral to our business strategy but also essential for contributing positively to the broader global goals of sustainability and social equity.

### Looking Forward: 2025 and Beyond

Growth remains the Group's Strategic Focus area, which is driven by our 5-year strategy themed "Growing Higher". The main objective for the Group is to aggressively grow its revenues.



## CHAIRMAN'S REFLECTIONS (continued)

Looking ahead to 2025, economic growth is projected at 4.0%, driven by increased production and investment in the agriculture, mining, and tourism sectors. Assuming improved weather conditions, agricultural output is expected to recover, aided by anticipated lower fertilizer prices and greater efficiency in the government's input allocation program. Additionally, higher tobacco production and the expected resumption of uranium mining at the Kayelekera mine are set to enhance export earnings. According to the Reserve Bank of Malawi (RBM), inflation is expected to slow down and reach 22.0% by the end of 2025 due to a supportive monetary policy stance.

The Group has put in place a robust risk management framework to effectively deal with the risks implicit in the economic outlook. The Group's risk management strategy is to ensure that all Group risk management practices across its entities mature to the highest levels to effectively deal with the challenging operating environment for the Group and to ensure the Group growth aspirations for 2025 are achieved.

The Group remains well positioned to take advantage of the opportunities in the market, utilizing its extensive ecosystem across various sectors, leveraging on its digitalization strategy and our customer-centric solutions which we keep adapting to the changing market conditions and evolving needs of our clients.

The Group shall continue to leverage on its strong Brand, and strong capabilities to take advantage of the numerous opportunities that lie ahead of us.

In the year just ended, the Board welcomed Directors Ms. Doreen Chanje and Mr. Gavin Downard onto the Board. They both have brought a wealth of experience and knowledge to the Board.

On behalf of the Board, I would like to thank the Group Executive Leadership and staff of NICO Group for their continued commitment to excellence and continued focus to maximize shareholder value in their daily dealings with customers, regulators, and investors. Our people continue to remain the greatest asset. I would also like to thank our loyal and faithful customers who continue to remain with the NICO Group throughout. Finally, to the shareholders, thank you for trusting us to manage the Group. We will keep striving to enhance value and build a resilient Group in the years to come.

**Zikomo!**



**Dr. Elias E. Ngalande**  
NICO Holdings Plc  
Board of Directors  
Chairman





**ONE NICO**

**Comprehensive Financial Solutions**

**ONE NICO PHILOSOPHY**

The One NICO philosophy, which seeks to ensure that their financial services needs cover a single point of contact. NICO taps into the strengths of its partners and services provided by our core single, but all-encompassing, business which saves time and money for its clients. We view our relationships with our clients as PARTNERSHIPS with a focus on solutions that help them to meet their strategic goals.

**CHAPTER 1**

**GENERAL INSURANCE**

NICO General (Malawi) and NICO Insurance (Zambia) secures your motor vehicles, dwelling houses, businesses, household contents and agricultural produce.

- General Insurance
- Life Insurance
- Banking
- Asset Management
- Corporate Finance
- Pensions
- Infrastructure Solutions
- Technology

## **ZIKUMVEKA KUMBUYOKO?**

Are your valuables protected? **NICO General's** comprehensive insurance solutions are tailored to protect your assets in the case of sudden and unforeseeable events.

Safeguard your valuables, secure your future.

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## GROUP MANAGING DIRECTOR'S REFLECTIONS



VIZENGE KUMWENDA

As the Group Managing Director, I am honoured to reflect on a year marked by resilience, innovation, and unwavering commitment to socio-economic development across Malawi.

Despite the challenging economic conditions in Malawi, the NICO Group experienced remarkable growth in 2024 and continues to strengthen its relationships with Sanlam Allianz, AFRICAP LLC, Botswana Insurance Holding Ltd (BIHL), Rabo Bank of the Netherlands and Eris Properties Group of South Africa as its key strategic partners.

### Group Consolidated Results

Despite the challenges, the Group continued to perform beyond expectations in 2024. All companies within the Group exceeded their revenue budget for the current year and above prior year. Gross revenue for the year ended 31 December 2024 increased by 83% to MK516.4 billion, compared to MK 282.1 billion in 2023, primarily driven by the banking and life insurance businesses. Profit after tax, excluding other comprehensive income, increased by 129% to MK 134.4 billion, up from MK 58.6 billion in 2023. The consolidated profit after tax, excluding other comprehensive income, that is attributable to owners of the parent company (NICO Holdings plc), increased by 134% to MK72.0 billion, up from MK30.8 billion. This outstanding result was largely attributed to strong performances in the banking and life insurance businesses. The rest of the businesses also registered significant profit growth in the year.

Consolidated profit after tax, including other comprehensive income, increased by 117% to MK 140.9 billion, compared to MK 64.9 billion in 2023. The consolidated profit after tax, including other comprehensive income, attributable to owners of the parent company increased by 118% to MK76.5 billion, up from MK35.2 billion.



## GROUP MANAGING DIRECTOR'S REFLECTIONS (continued)

### Dividend

The declared and proposed dividend for NICO Holdings plc is as follows.

	Year to December 2024		Year to December 2023	
	MK per share	Total (MK' Billion)	MK per share	Total (MK' Billion)
1st interim dividend	3.00	3.1	2.00	2.1
2nd interim dividend	3.00	3.1	2.00	2.1
3rd interim dividend	10.00	10.4	4.00	4.1
Final dividend	4.00	4.2	2.00	2.1
<b>Total</b>	<b>20.00</b>	<b>20.8</b>	<b>10.00</b>	<b>10.4</b>

The total dividend to be paid in respect of 2024 financial year is MK20.00 per share or MK20.8 billion compared to MK10.00 per share or MK10.4 billion that was paid for the 2023 financial year. This represents a 100% dividend growth.

### Segmental Contribution to Group Profit After Tax

	31-Dec-2024 MK' Million	Restated 31-Dec-2023 MK' Million	Growth %
Banking	72,991	29,378	148%
Life insurance	44,936	25,719	75%
Asset management	7,024	3,452	103%
General insurance- Malawi	5,824	1,142	410%
Pension administration	1,504	870	73%
Information technology services	1,012	357	183%
General insurance- Zambia	719	(1,057)	168%
Other segments	432	(76)	668%
Holding company	16,818	13,699	23%
<b>Total</b>	<b>151,260</b>	<b>73,484</b>	<b>106%</b>
Elimination of dividend income from group companies	(16,866)	(14,921)	-13%
<b>Group profit after tax</b>	<b>134,394</b>	<b>58,563</b>	<b>129%</b>

### Banking

NBS Bank Plc delivered a very strong performance in the year driven by growth in money market investments, loan book and non-interest income. Profit after tax grew by 148% to MK73.0 billion from MK29.4 billion in 2023. The Bank grew its balance sheet size by 82% in 2024 to MK1.2 trillion (2023: MK657.7 billion). The Bank registered a 35% growth in customer deposits to MK726.7 billion (2023: MK538.5 billion). Loans and advances grew by 53% to close at MK 234.9 billion (2023: MK 153.8 billion).

Net interest income grew by 137% to MK 160.3 billion (2023: MK 67.7 billion) due to the growth in money market investments and loan book. Non-interest revenue grew by 30% to MK45.2 billion (2023: MK34.9 billion) mainly due to increase in trade finance, foreign exchange trading income and increased adoption of digital platforms which drove transaction volumes. Impairment charges rose to MK4.7 billion, up by only 2% from MK4.6 billion in 2023.

## ● GROUP MANAGING DIRECTOR'S REFLECTIONS (continued)

### Life Insurance

NICO Life Insurance Company Limited registered total insurance revenue of MK 54.7 billion which represented a 94% growth over 2023 income of MK 28.1 billion. This growth was attributed to organic growth, new business and investment returns. The business registered a 75% growth in profit after tax to MK 44.9 billion from MK 25.7 billion in 2023. The growth in profitability was mainly due to good claims experience in the period and better investment returns from fixed-income instruments and listed equities.

The associate company in Mozambique registered gross insurance revenue of MK30.8 billion which represented 73% growth over 2023 gross revenue of MK17.8 billion. This growth was attributed to organic growth and new business. The business registered a 98% growth in profit after tax to MK2.71 billion from MK 1.37 billion in 2023. The growth in profitability was due to better claims ratio recorded in the year and increase in investment income. NICO Holdings Plc's 34.3% share of the profit after tax was MK931.5 million which represented 98% growth compared to MK469.9 million profit after tax in 2023.

### General Insurance

The general insurance business in Malawi registered insurance revenue growth of 54% to MK 40.9 billion (2023: MK 26.5 billion). The revenue growth was due to both organic growth and new business. The business registered profit after tax of MK5.8 billion, an increase of 410% when compared to MK1.1 billion profit for the prior year. The strong profitability in the year was due to improved loss ratio and increase in investment income.

The business in Zambia registered insurance revenue growth of 43% to MK 37.7 billion (2023: MK26.3 billion). The increase in revenue was due to both organic growth and new business.

The business registered a profit after tax of MK719.2 million which represented 165% improvement in profitability compared to the MK1.1 billion loss after tax registered in the prior year. Management actions in line with a turnaround strategy ensured profitability in the period through improved loss ratio, favourable outcomes from reinsurance arrangements and cost containment measures.

### Asset Management

NICO Asset Managers registered growth in assets under management of 46% in the year to MK 1.8 trillion (2023: MK 1.2 trillion). Total income at MK17.1 billion was 75% above the previous year's income of MK9.7 billion largely due to growth in Assets Under Management (AUM) and improved interest margins realised on the AUM. Profit after tax for the year at MK7.0 billion was 103% higher than the MK3.5 billion profit registered in 2023.

### Pension Administration

NICO Pensions registered 39% growth in revenue in the year to MK7.0 billion (2023: MK 5.0 billion) driven by an increase in administration fees from new business, organic growth, increase in pension funds under management and pension contribution arrears received from various schemes. The business registered profit after tax of MK 1.5 billion in the year which was 73% higher than the MK 870.0 million profit registered in 2023.

### Corporate Finance Advisory

NICO Capital registered gross revenue of MK1.8 billion, which was 484% higher than prior year. Revenue was above prior year due to high value transactions in the current year mainly to do with advisory on capital raising. The business registered PAT of MK379 million which was 296% higher than prior year.





## GROUP MANAGING DIRECTOR'S REFLECTIONS (continued)

### ICT Management

The Company registered a 63% growth in revenue in the year to MK9.8 billion (2023: MK 6.0 billion) driven by the growth of ICT management services, ICT infrastructure services, and sales of software licenses. The business registered a profit after tax of MK 1.0 billion in the year, which was 183% higher than the MK 357.4 million profit registered in 2023.

### Digitization

The year 2024 saw one of our biggest investments in technology by implementing a new core banking system at NBS Bank Plc. This is our way of preparing for a future where banking becomes more seamless and easier for our customers, enabling us to introduce state-of-the-art innovation in banking. We also saw another first from the NICO group through the introduction of a parking management system at the Chichiri shopping mall; this innovation allows stress-free parking for our customers while generating additional revenue for our business.

### Customer Experience

Our commitment to delivering an exceptional customer experience remains at the heart of everything we do. Throughout the year, we have continued to prioritize customer satisfaction, ensuring that we meet and exceed the expectations of our clients across all our subsidiaries. Our customer-centric focus is reflected in our impressive 2024 Customer Satisfaction Index, which stands at an outstanding 85%, with each of our companies maintaining a score above 80%, placing us in an excellent position to further enhance service excellence.

### NICO Group's Sustainability Commitment

The Group recognizes that our environmental impact is a key area of focus in our journey toward sustainability. As part of our commitment to transparency and responsible business practices, we have aligned our environmental reporting with the Global Reporting Initiative (GRI) Standards.

We are currently still in the early stages of defining specific environmental thresholds and long-term goals, however in the coming year, we shall be focused on setting clear, measurable targets for key environmental areas, including energy efficiency, waste reduction and water use. These targets will align with the GRI standards to ensure transparency and accountability. We will also explore opportunities to collaborate with stakeholders to drive further improvements. We will report on our progress in future sustainability reports and look forward to sharing our achievements and learnings with our stakeholders.

### Corporate Citizenship

In 2024, the NICO Group invested MK1.2 billion in Corporate Social Responsibility (CSR) initiatives to empower communities as follows:

- **Disaster Relief:** MK28 million in flood aid for Dwangwa, Chikwawa, and Karonga.
- **Education:** MK401 million for school infrastructure, scholarships, and skills development.
- **Sports:** MK200 million supporting netball, football, digital skills training, and youth sports.
- **Arts & Culture:** MK166 million for creative arts, cultural events, and entertainment.
- **Health & Community Service:** MK40 million for healthcare and social initiatives.
- **Thought Leadership:** MK375 million for economic forums, industry partnerships, and leadership events.

Through these efforts, NICO Group continues to drive meaningful social and economic change in Malawi.

## GROUP MANAGING DIRECTOR'S REFLECTIONS (continued)

### Looking Forward: 2025 and Beyond

Our Group strategy, themed "Growing Higher," is a blueprint for navigating these current uncertain times. Exponential Growth remains the Group's Strategic Focus area. The main objective for the Group is to achieve sustainable business growth by growing revenues aggressively across all sectors of the Group.

I remain confident that the Management teams in our various business sections have the agility to deal with the current challenges and take advantage of opportunities that the economy presents.. We will continue to serve our customers to the best of our abilities and create solutions across our Group entities that are value-adding and enhance the Nation of Malawi and beyond.

### Appreciation

I would like to extend my sincere condolences to the family of late Ellen Chapinduka Nyasulu, our former CEO for ERIS Properties, who passed away during the year. We are forever grateful for her contributions to the property management sector of the NICO Group.

I would also like to express my appreciation to the Chairman of the Board, Directors and all our key stakeholders for the continued guidance and supporting the NICO Group in 2024.

To my colleagues in management together with our teams, we have shown that we are resilient and can deliver beyond expectation. I encourage each one to continue doing their best to make this Group great.



**Vizenge Kumwenda**  
NICO Group  
Managing Director





**ONE NICO**

**Comprehensive Financial Solutions**

**ONE NICO PHILOSOPHY**

The One NICO philosophy, which drives our operations, seeks to ensure that our clients get their financial services needs covered through a single point of contact. NICO taps into the products and services provided by our companies to deliver a single, but all-encompassing, business solution which saves time and money for our clients. View our relationships with our clients as PARTNERSHIPS with a focus on providing solutions that help them to meet their strategic goals.

**CHAPTER 7**

**INFRASTRUCTURE SOLUTIONS**

ERIS Properties Malawi Limited (EPML) is a property development and services company which provides a range of commercial property services in Malawi.

- General Insurance
- Life Insurance
- Banking
- Asset Management
- Corporate Finance
- Pensions
- Infrastructure Solutions
- Technology

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# **ZIKUMVEKA KUMBUYOKO?**

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## OUR STRATEGY

### Business Growth Strategy

In its third year of execution, NICO Group's 'Growing Higher' strategy continues to focus on achieving exponential business growth, market domination and national impact.

#### NICO Group: "Growing Higher"

The "Growing Higher" strategy aims to position NICO Group as the dominant financial services group in Malawi by 2026. The strategy is built around two pillars: "Exponential Growth" and "Domination". It is aligned with Malawi's Vision 2063 and the UN Sustainable Development Goals (SDGs).

The "Growing Higher" strategy has firmly positioned NICO as Malawi's market leader in financial services. As we approach the final two years of this 5-year journey, we remain focused on exponential revenue growth, deeper customer intimacy, people empowerment, and national impact. With strong momentum, clear priorities, and bold execution, 2025 will be another transformative year for the Group.

### Strategic Priorities

Below is an overview of the Group's strategic direction, sectoral progress and performance against key indicators.

Strategic Priority	Key Performance Indicator	Target	2024 Performance
Revenue Growth	Gross Revenue	MK 400B+	MK 516.4B (83% YoY growth)
Profitability	Profit After Tax	MK 100B+	MK 134.4B (129% YoY growth)
Customer Excellence	Group-wide Customer Satisfaction Index	≥80%	85% Group CSI (All subsidiaries ≥80%)
Dividend Growth	Dividend Per Share	100%	MK 20.00 per share (100% growth)
Retail Growth	Retail Contribution to Revenue	21%	15% (below target; room for acceleration)
Talent Retention	Key Talent Retention	≥90%	Achieved 96% retention
Digital Transformation	Platform Adoption Rates	+30% YoY	Exceeded across pensions, banking, insurance






### The Four Strategic Purposes of "Growing Higher"

Based on the Group's 'Growing Higher' strategy, our strategic direction for 2025 focuses on four strategic purposes - **Financial, People, Customer, and Brand**.






## ● OUR STRATEGY (continued)




### Financial Purpose: Build Sustainable Shareholder Value

KPIs	Highlights
 GROUP PAT: <b>MK134.4B</b> (129% GROWTH) 	<ul style="list-style-type: none"> <li>• Dominant contributions from <b>NBS Bank (PAT +148%)</b> and <b>NICO Life (+75%)</b></li> <li>• Every subsidiary exceeded revenue and profit targets</li> <li>• Group balance sheet grew significantly (e.g., NBS grew assets by <b>82%</b>)</li> </ul>
 DIVIDEND PER SHARE: <b>MK20.00</b> (100% INCREASE) 	
 ROE: <b>AMONG TOP 1</b> IN SECTOR	

### People Purpose: Cultivate High-Performing Talent

KPIs	Highlights
 KEY TALENT RETENTION: <b>96%</b>	<ul style="list-style-type: none"> <li>• Comprehensive compliance and leadership upskilling across directors</li> <li>• Strengthened talent bench across advisory, banking, and digital</li> </ul>
 LEADERSHIP DEVELOPMENT: <b>GOVERNANCE AND AML TRAINING FOR BOARD</b>	
 EMPLOYEE ENGAGEMENT: <b>TARGETING 75% SCORE BY 2025</b>	


### Customer Purpose: Deliver Exceptional Client Experience

KPIs	Highlights
 CSI TARGET: <b>≥80%</b> 2024 RESULT: <b>85%</b>	<ul style="list-style-type: none"> <li>• Introduction of new client service technologies</li> <li>• Seamless integration across platforms</li> <li>• Outstanding net promoter scores across subsidiaries</li> </ul>
 DIGITAL ADOPTION RATES: <b>SIGNIFICANT INCREASES ACROSS PENSIONS AND BANKING</b>	
 CLAIMS TURNAROUND AND POLICY FULFILMENT: <b>IMPROVED ACROSS INSURANCE ENTITIES</b>	



## OUR STRATEGY (continued)

### Brand Purpose: Strengthen the NICO Identity

KPIs	Highlights
 <b>TOP 3 FINANCIAL BRAND IN MALAWI (BY RECALL AND ENGAGEMENT)</b>	<ul style="list-style-type: none"> <li>• MK1.2B invested in CSR, supporting disaster relief, education, youth, and health.</li> </ul>
 <b>BRAND EQUITY THROUGH CSR, ESG, SDG ALIGNMENT</b>	<ul style="list-style-type: none"> <li>• Strategic alignment with Malawi 2063: mining, tourism, infrastructure</li> <li>• Enhanced ESG reporting aligned to GRI standards</li> </ul>

### Looking Ahead

Looking ahead to 2025, economic growth is projected at 4.0%, driven by increased production and investment in the agriculture, mining, and tourism sectors. The anticipated stabilization of electricity supply, as new power plants come online, will support the manufacturing and services industries and boost investment in mining. Assuming improved weather conditions, agricultural output is expected to recover, aided by lower fertilizer prices and greater efficiency in the government's input allocation program. Additionally, higher tobacco production and the expected resumption of uranium mining at the decommissioned Kayelekera mine are set to enhance export earnings. According to the RBM, inflation is expected to slow down and reach 22.0% by the end of 2025, due to favourable base effects and a supportive monetary policy stance.

### Key Opportunities

- The government has plans to increase the Mining Sector GDP contribution from 1% currently to 20%. This may create opportunities for the Group. The Group sponsored the National Mining Conference in Malawi as part of positioning the Group to be a key beneficiary of the developing mining sector and value chains.
- 2025 is expected to see the agriculture sector rebound after the 2024 drought.
- Several forestation projects are currently underway in Malawi attracting significant capital investments aimed at generating carbon credits. The group can offer structured financing for these capital-intensive initiatives. The World Bank estimates Malawi's forests have the potential to earn US\$25-74 million per year from carbon credits.
- The Ministry of Agriculture has announced a two-year project, with a budget of MK28 billion, aimed at encouraging 36,000 beneficiaries to adopt organic fertilizers in the country. Agriculture remains a key opportunity for the Group.



# ONE NICO

**ONE NICO**

**Comprehensive Financial Solutions**

**ONE NICO PHILOSOPHY**

The One NICO philosophy, seeks to provide a single point of contact for all financial services and solutions, which saves time and view our relationship PARTNERSHIPS with clients that help them to meet their financial goals.

**CHAPTER 8**

**TECHNOLOGY**

We offer an exclusive set of services that touch directly into your business needs. Each service has been crafted based on specific gaps identified in our clients' businesses as experienced in over the 20 years of technology.

- General Insurance
- Life Insurance
- Banking
- Asset Management
- Corporate Finance
- Pensions
- Infrastructure Solutions
- Technology

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## **ZIKUMVEKA KUMBUYOKO?**

With the ever-evolving world of business, organizations cannot avoid adopting new technological trends. One cannot run away from being directed by technology experts if one is to excel in business.

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## OUR STAKEHOLDERS

### Material Matters Determination Process

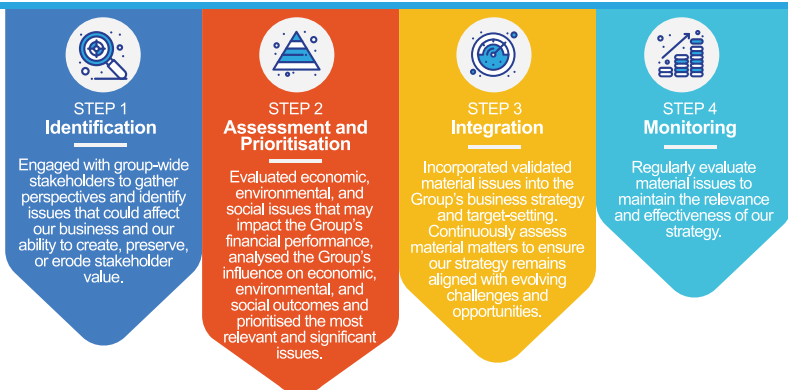
The NICO Group undertook a comprehensive double materiality assessment to identify and prioritise material matters that impact the Group's financial performance, our stakeholders and the society in which we operate.

### Understanding Double Materiality

A Double Materiality Assessment is a comprehensive approach to evaluating sustainability that considers both **Impact Materiality** namely how the group's activities affect the environment and society and **Financial Materiality** that is, how environmental and social factors influence the company's financial performance. This dual perspective ensures that the Group assesses not only the risks and opportunities arising from sustainability issues but also their broader impacts on the world. This approach is essential for transparent ESG (Environmental, Social, and Governance) reporting. The materiality determination process was a groupwide exercise with input from all the NICO group subsidiaries.

### Key Steps in the Double Materiality Process

The process to determine NICO Group's material topics involved the following key steps:



By focusing on the material topics that matter most to the Group, we aim to enhance our long-term value creation, mitigate risks and contribute positively to our society and the environment.

### Our Material Topics

#### Voting Outcome



## OUR STAKEHOLDERS (continued)

Material Topic	Impact Materiality	Financial Materiality
<b>People and Culture</b> Building a diverse, inclusive, and engaged workforce.	A focus on employee well being is a positive organisational culture that fosters employee engagement, productivity, satisfaction and retention.  NICO group seeks to prioritize work-life balance, and professional development hence contributing to a more motivated and productive workforce.	A diverse and engaged workforce enhances productivity and innovation, directly impacting profitability.  Employee well-being not only enhances service quality but also reduces turnover rates, leading to cost savings and improved client interactions.
<b>Governance, Risk and Compliance</b> Ensuring ethical leadership, accountability, and adherence to regulations.	Ensuring ethical leadership and transparency fosters trust among stakeholders, contributing to societal well-being.  <b>Robust governance structures mitigate risks</b> , ensuring regulatory compliance and safeguarding financial stability.	Failing to comply with regulations can result in hefty fines and reputational damage, impacting profitability.  Effective risk management prevents costly operational disruptions and financial losses.
<b>Digital Transformation</b> Integrating technology to improve efficiency and customer experience.	<b>Digital initiatives can bridge financial inclusion gaps</b> , providing underserved communities with access to financial services.  Implementing robust cybersecurity measures ensures the protection of sensitive customer information, fostering trust and compliance with data protection regulations.	Investments in digital technologies streamline operations, reduce costs, and open new revenue streams.  Digital channels can open new revenue streams by reaching a broader customer base.
<b>Operational Excellence</b> Optimizing processes for performance and resilience.	<b>Optimized processes reduce resource consumption</b> and minimize environmental footprints.  <b>Customer Satisfaction is a direct impact of operational excellence</b> resulting in delivery of high-quality services that meet customer needs, fostering trust and community well-being.	<b>Efficient operations lead to cost savings</b> and improved service delivery, enhancing competitiveness.  <b>Risk Mitigation and proactive</b> Identification and addressing operational risks, such as compliance failures or system inefficiencies helps prevent financial losses.
<b>Product Innovation</b> Developing financial solutions tailored to evolving client needs.	Products designed with sustainability in mind can promote responsible consumption and support societal development.  <b>Financial Inclusion:</b> Developing products that cater to underserved populations can promote economic inclusion and reduce inequality.	<b>Revenue Growth</b> - Innovative financial products attract new customers and retain existing ones, driving growth.  <b>Cost Efficiency</b> - Innovative products that streamline operations or reduce resource consumption can lead to significant cost savings.
<b>Customer Centricity</b> Placing clients at the core of business design and service.	<b>Customer-centric approaches ensure that services are accessible</b> and beneficial to all societal segments.  <b>Customer Empowerment:</b> Providing customers with tools and information to make informed financial decisions enhances their financial literacy and well-being.	<b>Customer Loyalty and Retention:</b> Delivering exceptional customer experiences fosters loyalty, reducing churn and increasing lifetime value.  <b>Revenue Growth:</b> Tailoring products and services to meet customer needs leads to increased sales and market share.
<b>Operating Environment</b> Navigating macroeconomic, regulatory, and geopolitical contexts.	<b>Our operations can influence local economies and ecosystems;</b> thus, we aim to minimize negative impacts.  Understanding societal shifts enables the company to address emerging needs and contribute positively to societal well-being.	<b>Economic Fluctuations:</b> Economic cycles affect consumer spending, investment returns, and credit risk, influencing financial outcomes.  <b>Regulatory Changes:</b> New regulations can impose costs or open new revenue streams, impacting profitability.
<b>Responsible Investments</b> Allocating capital to sustainable, ESG-aligned ventures.	Responsible investments contribute to societal well-being and environmental preservation.  <b>Social Equity:</b> Allocating funds to initiatives that support education, healthcare, or affordable housing can enhance social well-being and reduce inequalities.	<b>Investing in sustainable ventures can yield long-term returns and align with regulatory expectations.</b>  <b>Risk Mitigation:</b> Incorporating ESG factors can help identify and manage risks that might affect long-term profitability, such as regulatory changes or environmental liabilities.
<b>Community Empowerment</b> Supporting local communities through education and engagement.	<b>Supporting community development fosters social stability</b> and economic resilience.	<b>Empowered communities are more likely to engage with our services</b> , expanding our customer base.  Demonstrating a commitment to community empowerment can further uplift the groups good public image, attracting customers and investors who prioritize social responsibility.



## OUR STAKEHOLDERS (continued)

Material Topic	Impact Materiality	Financial Materiality
<b>Strategic Partnerships</b> Collaborating across sectors to drive shared value	<b>Partnerships can amplify positive social</b> and environmental impacts through shared initiatives.  Partnerships with non-profits or governmental bodies can amplify efforts in areas like financial literacy, affordable housing, or disaster relief.	<b>Market Expansion</b> - Strategic alliances with international firms can facilitate entry into new markets, diversifying revenue streams.  <b>Cost Efficiency</b> - Partnering with service providers can reduce operational costs through shared infrastructure or economies of scale.
<b>Our Environment</b> Managing environmental risks and carbon footprint.	Financing industries that overconsume natural resources can lead to scarcity and environmental degradation.	<b>Environmental sustainability practices and proactive environmental risk management can lead to cost savings</b> , improved operational efficiency and enhanced long-term profitability.  Environmental considerations present business opportunities such as investing in sustainable projects, green bonds, and renewable energy can open new revenue streams and align with global sustainability goals.

### Creating Value for Our Stakeholders

NICO Group recognizes that forming meaningful partnerships with all stakeholders is key to achieving its goal of creating value. The Group ensures that its engagement with stakeholders is conducted effectively and efficiently.

Having considered the sectors in which we operate, the regulatory environment as well as expectations from stakeholders, the table below sets out NICO Holdings Plc key stakeholders and how we engage with them:

Stakeholder Group	Key Concerns and Expectations	Our Response	Engaging with our Stakeholders
<b>Board of Directors</b> The Board and its Committees meet quarterly and where necessary they may call adhoc meetings to discuss issues of importance. Details on the composition of the NICO Holdings and subsidiary Boards have been provided in the Directors report at page 77-80.	<b>Strategic Oversight</b> The Board expects that the Group's strategy supports sustainable, long-term growth and financial resilience.  <b>Regulatory Compliance</b> The Board expects to receive assurance of full compliance with legal and governance requirements across all jurisdictions.  <b>Board Effectiveness</b> The expectation is that the Board operates efficiently, with the right mix of skills, experience, and independence.  <b>Succession Planning</b> Proactive development and succession planning for executive and non-executive leadership roles.  <b>Transparency &amp; Accountability</b> Management is expected to maintain high standards of reporting, disclosure, and corporate conduct.	<b>Regular Strategy and Risk Reviews</b> Board-level discussions are held throughout the year to assess performance, emerging risks, and ensure strategic alignment.  <b>Annual Board Training</b> Directors participate in continuing professional development on regulatory updates, sector developments, and governance trends.  <b>Board Committees</b> The Board has delegated authority to committees. These support the Board in discharging its duties effectively. (Details on membership and mandates of the committees have been included in the governance section of this report).  <b>Performance and Succession Planning</b> The Group conducts structured performance evaluations and maintains active succession and leadership development pipelines.	<b>Attendance</b> Regular monitoring of attendance in Board and committee meetings.  <b>Board Evaluation Process</b> Annual assessments of Board and Committee performance are conducted.  <b>Skills and Competency assessments</b> Reviews of the Board's skills mix relative to strategic needs and sector complexity are considered when establishing board composition.  <b>Independence &amp; Diversity Metrics</b> Tracking of independent director representation and diversity in experience.
<b>Subsidiaries</b>	<b>Financial support and stability</b> Concern about the holding company's ability to provide financial backing during downturns or periods of loss.  <b>Strategic Direction</b> Concern that the corporate office's strategic priorities may conflict with the subsidiary's market needs.  <b>Autonomy and independence</b> Fear of excessive control or interference from the holding company, which may limit the subsidiary's decision-making power.	<b>Strong Balance Sheet</b> The NICO Group has a sound balance sheet that can support its subsidiaries during downturns.  <b>Strategic Direction</b> The Group provides group strategic direction, but allows the companies to execute their own business plans to meet the market needs in alignment to group strategy.	<b>Companies' Financial Performance Metrics</b> Each subsidiary is responsible for its performance reporting. Some of the key metrics are revenue growth, profitability ratios.  <b>CSAT and TOMA (Top-of-Mind-Awareness)</b> Both the corporate office and subsidiaries assess the customer satisfaction and TOMA performance. This keeps the entities in check on brand and reputation risks.





## OUR STAKEHOLDERS (continued)

Stakeholder Group	Key Concerns and Expectations	Our Response	Engaging with our Stakeholders
<b>Subsidiaries</b>	<p><b>Risk Management</b> Stakeholders expects the NICO Group and subsidiaries to have robust risk management practices in place to mitigate potential risks, including credit, market, and operational risks.</p> <p><b>Brand and reputation risks</b> The subsidiary's reputation could be affected by the holding company's actions.</p>	<p><b>Independent Board and Management</b> Each company has its own Board of Directors and management, who are experts in their respective lines of respective lines of business. This ensures that each subsidiary, while aligning to the corporate office's strategic direction, can implement its plans and initiatives to run its business and meet the market's needs.</p> <p><b>Risk management</b> framework, NICO Group adopts a comprehensive, enterprise-wide risk management (ERM) framework designed to systematically identify, evaluate, manage, and monitor risks to support strategic and operational objectives across its diversified companies.</p>	<p><b>Strategy alignment</b> The Group provides the strategic direction for the Group business, the subsidiaries develop their own strategies and implementation plans aligned to the market needs and In alignment to group strategy.</p>
<b>Employees</b>	<p><b>Career growth and Personal Development</b></p> <p><b>Fair Compensation and benefits</b> The Group regularly review our compensation structure to ensure fairness, equity, and alignment with our business goals, while also recognizing outstanding performance and contribution.</p>	<p><b>Training and development programmes</b> The NICO Group continues to offer training and development programmes, mentorship opportunities and career progression pathways to support employees enhance their professional skills and advance their careers. In 2024 each employee received an average of 32 hours of training to ensure ongoing skills development.</p> <p><b>Work Environment</b> The Group cultivate a work environment that prioritizes open communication, where employees are encouraged to voice concerns and provide feedback. This transparency fosters trust, collaboration, and continuous improvement, ensuring that everyone's voice is heard and valued in shaping our collective success.</p> <p><b>Competitive Compensation and Benefits</b> NICO Group offers competitive salaries and regularly reviews its compensation packages to stay industry leading. In addition to attractive salaries, we provide profit share (bonuses) to reward employee contributions. This comprehensive approach ensures we attract top talent, foster loyalty, and retain skilled professionals.</p>	<p><b>Retention rates</b> The NICO Group tracks employee turnover rates to gauge retention and identify factors contributing to employee turnover.</p> <p><b>Job offers acceptance rates</b> The Group track the job offer acceptance rate to measure how effectively we convert offers into hires this helps in assessing our employer brand strength, identifying issues in the recruitment process, reducing hiring costs and delays, and improving overall talent acquisition strategy.</p> <p><b>Employee feedback mechanisms</b> The NICO Group encourages open communication and feedback from employees through channels such as suggestion boxes, town hall meetings, the intranet and employee engagement surveys.</p> <p><b>Performance reviews</b> The Group conducts quarterly performance reviews and evaluations to proactively assess both individual and team performance, ensuring alignment with our strategic goals. These reviews provide a valuable opportunity to set clear objectives, recognize achievements, and offer constructive feedback, empowering employees to continuously improve and excel in their roles. This approach fosters a culture of growth, accountability, and ongoing development, driving both personal and organisational success.</p>





## OUR STAKEHOLDERS (continued)

Stakeholder Group	Key Concerns and Expectations	Our Response	Engaging with our Stakeholders
<b>Shareholders and Investors</b> Engagement with shareholders	<p><b>Financial performance</b> Our investors and shareholders are concerned about the Group's financial performance, including its financial health, which encompasses profitability, revenue growth, and return on investment.</p> <p><b>Risk Management</b> To offer assurance, our investors expect The NICO Group to have robust risk management practices in place to mitigate potential operational and reputational risks.</p> <p><b>Corporate governance</b> Investors and shareholders expect the Group to have good governance structure which are rooted in transparency, accountability, and adherence to ethical standards.</p> <p><b>Sustainability and ESG factors</b> Investors are increasingly considering environmental, social and governance (ESG) factors in their investment decisions.</p> <p><b>Access and availability of key information</b> Shareholders and investors want to know that they can access key information that impacts the business's performance.</p>	<p><b>Financial reporting and transparency</b> Over the years, The Group has continued to provide timely and accurate financial reporting, including dividend payout updates, annual reports, and investor presentations at Stakeholder Engagement forums to keep investors informed about the Group's financial performance.</p> <p><b>Policy Commitments</b> NICO Holdings and its subsidiary companies have adopted a robust code of ethics and are committed to fair dealing and integrity in the conduct of their businesses. The group has also adopted groupwide fraud, conflict of interest, governance framework and data protection policies that guide in the operations of the businesses.</p> <p><b>External Audit Assurance</b> Our annual financial statements are subject to independent external audit. The auditor provides reasonable assurance that the statements are free from material misstatement and comply with applicable reporting frameworks.</p> <p><b>Risk management framework</b> NICO Group adopted a comprehensive, enterprise-wide risk management (ERM) framework designed to systematically identify, evaluate, manage, and monitor risks to support strategic and operational objectives across its diversified companies.</p> <p><b>Stakeholder Relations and Communications</b> Regular communication is maintained with various stakeholders, including investors, shareholders, and the general public.</p> <p><b>ESG and Climate-related Integration</b> Following the introduction and adoption of the ESG Reporting, we are implementing and integrating ESG and climate-related considerations into our business growth strategy, CSR Policy and strategy.</p>	<p><b>Financial metrics</b> Our financial performance and health is measured using metrics such as revenue growth, profitability ratios (e.g., return on assets, return on equity), earnings per share and dividend payout.</p> <p><b>Risk Management Indicators</b> The Group and Subsidiary Boards receive quarterly risk reports which show Group/Company wide risk profile, high and key risk exposures, emerging risks, compliance and regulatory risks, key mitigation actions and key risk appetite breaches and their strategic implications.</p> <p><b>Corporate Governance Assessments</b> The Group conducts regular assessments of our corporate governance practices, including Board evaluations and compliance audits.</p> <p><b>Publishing of Financial Statements</b> The Group ensures adherence to the regulatory timelines of releasing financial statements to our stakeholders.</p>
<b>Customers</b>	<p><b>Exceptional Service</b> Our customers expect excellent service across all our service offerings, which includes a good relationship with the front office teams, account and business relationship personnel, and a quick response to inquiries.</p> <p><b>Convenience and Accessibility of Service</b> Our customers expect our services to be convenient and accessible, whether through our branches or digital platforms.</p> <p><b>Transparency</b> Our clients expect clear communication and transparency regarding our charges, terms, and conditions, as well as fair treatment in all interactions with our business.</p>	<p><b>Quality Service</b> The NICO Group ensures that clients are treated fairly and provided with quality service across the Group. Building on the services provided at our branches nationwide, we have developed digital solutions that enable our clients to access our services from anywhere. We have an active call centre service with a toll-free number for any additional inquiries and/or complaints our customers may have.</p>	<p><b>Customer Satisfaction Survey</b> We conduct Customer Satisfaction surveys every year to assess how our customers are satisfied with our service. We go beyond to assess how the customers can refer our services to others, by measuring the Net Promoter Score (NPS).</p> <p><b>Customer Complaint Resolution</b> We monitor and track the resolution of customer complaints to ensure timely and satisfactory outcomes, aligning with established key performance indicators (KPIs) and industry best practices.</p>



## OUR STAKEHOLDERS (continued)

Stakeholder Group	Key Concerns and Expectations	Our Response	Engaging with our Stakeholders
<b>Customers</b>	<b>Client Engagement</b> Our clients desire constant engagement through brand communications, personalised communications, client events, and a brand that engages the community by giving back to the people.	<b>Client Engagement</b> The Group continuously engages with our clients through various platforms, including in-person interactions, various social and financial literacy events throughout the year, and our call centre. The Group further engages with clients through community initiatives and sponsorships.  <b>Communication</b> The Group continues to share key communication regarding our services, including transparency on all our charges. Data Protection. The Group adopted a data protection policy that is integral to its handling of client information.  <b>Availability of our services</b> The Group is committed to making our services accessible from anywhere through continuous development of digital Apps that enable clients to access information and services at their convenience.	<b>Top-of-Mind- Awareness (TOMA)</b> We measure our brand awareness and engagement through TOMA.  <b>Churn</b> We continually monitor the number of clients leaving the service for any reason.
<b>Suppliers and Business Partners</b>	<b>Timely payments</b> Receiving timely payments for goods and services provided to us to maintain their own cash flow and operational stability.  <b>Fair treatment</b> Assurance of fair treatment when bidding for tenders, negotiating terms and during performance management. To avoid being asked for kickbacks when bidding.  <b>Communication and transparency</b> Clear communication and transparency regarding expectations, requirements and changes in demand or procurement processes.  <b>Quality and Standards</b> Ability to meet our quality standards and compliance requirements.  <b>Confidentiality</b> Ability to have the suppliers and business partners manage confidentiality of sensitive Group information.	<b>Fair procurement practices</b> The Group ensures fair treatment of suppliers through transparent procurement processes, competitive bidding, and adherence to responsible sourcing principles, which include compliance with our code of conduct stipulated in our Group Procurement Policy and Gifting Policy.  <b>Prompt payments</b> The group actively monitors payment cycle timer.  <b>Effective Communication</b> The Group maintains open channels of communication with our suppliers and business partners, providing clear guidance, feedback and updates on procurement needs and requirements.  <b>Quality Assurance</b> The Group collaborates closely with suppliers to establish quality standards, provide necessary support and resources, and conduct regular quality checks to ensure products or services meet expectations. We further have contracts stipulating service delivery that guides and protects both parties (The Group and suppliers).	<b>Payment timeliness</b> The group actively monitors payment cycle timer.  <b>Quality and Compliance Metrics</b> Performance is evaluated based on quality and compliance metrics, such as contract and business brief KPIs.  <b>Supplier Engagement</b> As our business partners, we aim to have regular engagement with our suppliers to assess supplier satisfaction levels, gather feedback on the procurement process and identify areas for improvement.  <b>Contract Performance</b> The Group monitors supplier performance against contract terms, including delivery schedules, quality standards and cost efficiency, to ensure contractual obligations are met.
<b>Government and Regulatory Authorities</b>	<b>Regulatory Compliance</b> Full adherence to financial, operational, and conduct regulations across all jurisdictions in which we operate.	<b>Group Compliance, Risk and Audit Functions</b> Centralised functions responsible for monitoring regulatory developments, implementing controls, and ensuring adherence to all applicable laws.	<b>Regulatory Compliance</b> Monitoring regulatory breaches, fines, and supervisory findings, with the aim of zero material incidents.



## OUR STAKEHOLDERS (continued)

Stakeholder Group	Key Concerns and Expectations	Our Response	Engaging with our Stakeholders
<b>Government and Regulatory Authorities</b>	<p><b>Fair Conduct and Consumer Protection</b> Ensuring customers are treated fairly, with transparent communication and ethical product offerings.</p> <p><b>Contribution to National Development</b> Alignment with government priorities such as financial inclusion, economic transformation, job creation, and digital innovation.</p> <p><b>Timely and Transparent Reporting</b> Accurate, timely disclosures, regulatory filings, and open engagement on supervisory issues. Data Protection and Compliance with data protection laws and proactive measures to prevent cyber risks.</p>	<p><b>Public Policy Participation</b> The Group contributes to public consultations, financial sector reform initiatives, and industry task forces where relevant.</p> <p><b>Internal Compliance Training</b> Regular training is conducted across the Group to ensure that employees understand and comply with relevant laws and regulatory standards.</p>	<p><b>Audit and Supervisory Outcomes</b> Positive outcomes from regulatory inspections, internal and external audits.</p> <p><b>Response Timeliness</b> Adherence to deadlines for regulatory reporting and query responses.</p> <p><b>Training Completion Rates</b> Percentage of staff completing mandatory compliance, conduct, and ethics training.</p>
<b>Public and Media</b>	<p><b>Availability of Information</b> The media and the public expect us to provide accurate information about our business operations and contributions to society and the economy.</p> <p><b>Community Engagement</b> Our community expects us to participate in the community development initiatives that enhance the welfare of the people. Furthermore, the community expects us to provide employment opportunities to locals within the communities we operate in, thereby improving their welfare and contributing to the country's overall economy.</p> <p><b>Transparency</b> The public expects us to be transparent in our product offerings, business operations, and financial reporting.</p> <p><b>Access to Financial Services</b> Although the financial penetration in Malawi has been gradually increasing, it remains relatively low compared to more developed economies. The community expects us to advance financial services by making them available across our entire operating scope, which includes rural and underserved areas.</p> <p><b>Business Opportunities</b> The public expects NICO Group to fairly offer business opportunities to the local community.</p>	<p><b>Financial Inclusion</b> The Group offers our services across multiple platforms, including retail shops nationwide, digital services, and our call centre. The Group further provides our services through mobile van banking and agency banking in rural and underserved markets. The Group offers a range of financial solutions to cater to all levels of individuals.</p> <p><b>Citizenship and Community Impact</b> The Group continues to engage in various community sponsorships in education, health, sports, and environmental education, improving the welfare of the people. Additionally, we offer financial literacy programs to empower individuals to understand financial services and how to access them.</p> <p><b>Information Access and Transparency</b> The Group provides ongoing information about our business operations through media engagement and briefings, as well as in local newspapers and on our digital platforms, including websites and social media. Our financial reporting is provided annually for consolidated, audited year-end financial statements and audited mid-year financial statements.</p> <p><b>Recruitment of Local Suppliers</b> The Group continues to support the community by providing various business opportunities across the Group. A significant percentage of our key suppliers are local. The Group is transparent in its sourcing and contracting of suppliers, conducting an open bid process for all required services through The Group's Procurement Committee.</p>	<p><b>Economic Impact</b> The Group measures our local economic impact through metrics such as job creation (the number of employees for the NICO Group and the), the amount and impact towards local community sponsorships, and through our customer base of citizens accessing our services.</p> <p><b>Citizenship and Social Impact</b> The Group monitors and tracks our community sponsorships' impact to evaluate effectiveness in addressing community needs and achieving desired social outcomes.</p> <p><b>Local suppliers Engagement</b> The Group monitors and track our supplier base and the contributions through payment of their services rendered to the Group.</p>



## OUR STAKEHOLDERS (continued)

### Strategic Partnerships

The NICO Group leverages its operations on its key strategic partners which include:



**Sanlam:** brings technical support to our businesses derived from its presence and experience in over 30 Countries in Africa and other regions, including Malaysia and India.



**Botswana Insurance Holdings Limited (BIHL):** continues to offer expertise in our strategic direction in both insurance and our other businesses.



**ERIS Property Group (ERIS):** a fully integrated property development, investment, and services group that provides a range of commercial property services in the South African and sub-Saharan African markets. ERIS Properties Malawi Limited leverages this knowledge and expertise, tailoring it to the specific needs of the Malawi market.



Our partnership with **Rabobank** of the Netherlands has been instrumental in developing digital solutions for NBS bank.



Africap LLC is one of the major shareholders and is domiciled in the United States of America (USA). Africap LLC has supported the NICO Group in facilitating training for management and has also offered global practice exposure to management by facilitating managerial attachments to corporates in the USA. Africap LLC has also partnered the NICO Group in corporate social responsibility activities.

## OUR STAKEHOLDERS (continued)



### Accolades and Awards

NICO Holdings was awarded position number 2 in the Top Employers Award for 2024 by the Employers' Consultative Association of Malawi (ECAM). This recognition is a significant milestone aligned with the NICO Group's strategic intent to be acknowledged among the Top Employers in the Financial Services Industry in 2024. The award reflects NICO Holdings' continued commitment to fostering a positive work environment, promoting employee development, and upholding high standards in human resource practices.





## OUR GOVERNANCE

### NICO Group Corporate Governance

The NICO Group places great emphasis on good corporate governance in its operations. Our commitment to maintaining high standards of governance is reflected in adherence to both local and international principles, including the Malawi Code II and the King Code of Governance Principles. The Group has a Group Governance Framework that is aimed at ensuring effective governance of the NICO Group and the Individual NICO Group companies. This Framework seeks to assist in addressing and effectively managing governance challenges in Group companies arising from the Group structure while ensuring that the Group also effectively leverages on the benefits afforded by the structure, within the applicable laws and governance standards.

### Code of Ethics

NICO Holdings and its subsidiary companies are committed to a policy of fair dealing and integrity in the conduct of their businesses. This commitment is based on the fundamental belief that business should be conducted honestly, fairly and legally. The Board formally adopted a comprehensive code of ethics that is applied throughout the Group in the conduct of its affairs. This code provides a detailed guideline governing the all-important relationships between the various stakeholders and the communities in which the Group operates.

### Stakeholder Relations

Regular communication is maintained with various stakeholders such as investors, shareholders, and society.

The Board encourages shareholders to attend the Annual General Meeting (“AGM”) where it provides full explanation of the implications of proposed resolutions. An opportunity is always presented at the end of each AGMs for informal interaction between shareholders and directors.

### Empowerment and Employment Equity

The NICO Group continues to acknowledge and appreciate the high value of the abilities and contributions made by employees towards achievements of its strategic objectives. NICO Group is an equal opportunities employer and strives to afford all staff members opportunities to realise their full potential and advance their careers. The Group is committed to a working environment that is free from any discrimination.

### Safety, Health, and Environment

Our approach to safety and environmental stewardship is rooted in a strong corporate governance framework, ensuring compliance with all relevant laws, regulations, and industry best practices. We actively promote a culture of safety amongst our employees.

We recognize that sustainable operations go hand in hand with responsible environmental management. By adopting innovative solutions and reducing our environmental impact, we aim to contribute positively to the planet's future while maintaining a safe, healthy, and productive workplace. Through our transparent reporting and continuous improvement efforts, we hold ourselves accountable to our stakeholders and work tirelessly to create an environment where safety, health, and environmental responsibility are a top priority.



## OUR GOVERNANCE (continued)

### Governance Framework and Structure

#### Board of Directors



• **DR. ELLIAS NGALANDE - 70**  
Chairman

**Designation**  
Independent

**Committee Membership**  
Investment



• **ROBERT SCHARAR - 77**  
Director

**Designation**  
Non- Independent

**Committee Membership**  
Group HR & Group Risk



• **CATHERINE LESETEDI - 57**  
Director

**Designation**  
Non- Independent

**Committee Membership**  
Group Risk & Investment



• **DOREEN CHANJE - 60**  
Director

**Designation**  
Independent

**Committee Membership**  
Group HR



• **NATASHA NSAMALA - 49**  
Director

**Designation**  
Independent

**Committee Membership**  
Audit



• **DR. CANDIDA NAKHUMWA - 50**  
Director

**Designation**  
Independent

**Committee Membership**  
Group Risk & Group HR



• **VIZENGE KUMWENDA - 63**  
Executive Director

**Designation**  
Non- independent

**Committee Membership**  
Group HR



• **ROBERT MDEZA - 66**  
Director

**Designation**  
Independent

**Committee Membership**  
Audit and Group HR



• **SANGWANI HARA - 58**  
Director

**Designation**  
Non- Independent

**Committee Membership**  
Investment and Audit



## OUR GOVERNANCE (continued)

### Board of Directors and Governance framework structure (Continued)



**GAVIN DOWNARD - 55**  
Director

#### Designation

Non-independent

#### Committee Membership

Investment



**ANGELA KANDANI - 41**  
Group Head of Compliance  
and Company Secretary

The Board of Directors are responsible for overseeing the strategic direction and overall management of the Company. The Board consists of ten directors nine of whom are non-executive directors. The roles of chairman and managing director are separate.

The Board continues to ensure that effective governance structures and processes are in place to enable proper discharge of its oversight role. The Board considers effective risk management as one of the key drivers to ensure that the Group achieves its objectives. The Company has a well-defined risk-management framework in place to identify, assess and mitigate risks that could affect the company's business. The company has separate functions for Internal Audit and Risk Management. The NICO Group is committed to complying with applicable laws and regulations and has a group compliance function to ensure this is done.

The Board recognizes its responsibility to provide ethical leadership, promote the Company's vision and uphold its values. Board members will therefore act in the best interest of the Company and its stakeholders. Our directors bring a wealth of experience from diverse sectors, ensuring a well-rounded oversight of the institution's activities.

The Board meets quarterly and has full and effective control over the company.

### Board Committees

The Board is supported by several sub-committees that focus on specific areas of governance, including risk management, audit, and human resources as set out below.

The Chairpersons of all Board Committees provide to the Board reports on material matters that were considered in their committees. All Board members receive Board papers and minutes for all Board Committees.

### Audit Committee

This committee plays a vital role in monitoring the effectiveness of the institution's internal controls, financial reporting, and risk management processes. It reviews financial statements, oversees audits (both internal and external), and provides oversight into the management of financial and operational risks. The committee ensures that the financial reporting is accurate, reliable, and transparent. The Committee is also responsible for overseeing sustainability reporting matters. The Committee meets four times in a year and may have ad-hoc meetings as necessary. The membership in the year and the attendance of board meetings is as set out in the Directors report section of the 2024 Audited Financial statements.

## OUR GOVERNANCE (continued)

### The Group Human Resources Committee

The group Human Resources committee is tasked with overseeing the institution's human resources policies, remuneration, talent management, and succession planning. It ensures that the institution attracts, retains, and motivates the best talent while promoting fairness and equality in compensation practices. The Committee has a sub-Committee called the Executive Appointments and Nominations Committee which is tasked with making recommendations on remuneration, succession planning, and performance management of executives across the group. The committee meets four times in a year and may have ad-hoc meetings as necessary. The membership and meeting attendance is as set out in the Directors report section of the 2024 Audited Financial statements.

### Group Risk Committee

The Group Risk Committee is responsible for identifying, assessing, and mitigating risks that could impact the financial institution's performance. This includes market, credit, liquidity, operational, and regulatory risks. The committee works closely with senior management to ensure that the institution's risk exposure is properly managed and aligned with its risk tolerance. The committee meets four times in a year and may have ad-hoc meetings as necessary. The membership and meeting attendance is as set out in the Directors report section of the 2024 Audited Financial statements.

### Investment Committee

This is a committee that was established to ensure that NICO Holdings plc has in place an investment governance framework and policy to guide in the identification of investment opportunities, monitor the implementation of investment projects and the management and monitoring of NICO's investments, to ensure that these support NICO's business objectives and perform. The Committee is required to meet no less than twice in a year and may have more meetings as necessary.

### Company Secretary

The Company Secretary has a key role in governance. All directors have access to the advice and services of the company secretary.

### Management Reporting

The Group has in place management reporting disciplines which include annual Strategy Review meetings attended by the senior management teams across the group. Monthly results and the financial status of operating entities are reported to NICO Holdings against approved budgets. Profit projections and cash flows are reviewed regularly, while working capital and borrowing levels are monitored on an ongoing basis.

### Group Executive Committee

The Group has in place a Group Executive Committee whose membership comprise the Group Managing Director, Group Functional executives and Company Chief Executive Officers. The Committee meets once a quarter and its role is to ensure that where necessary, there is uniformity within the Group in terms of policies and procedures and to ensure that the Group exploits to the full the synergies available to provide the best service to customers, clients, and other stakeholders.



## OUR GOVERNANCE (continued)

### Group Executive Committee



**VIZENGE KUMWENDA**  
Group Managing Director

NICO Holdings PLC  
FCCA, ACII, CA (M),  
MSc (Fn), B Com (Acc)  
Dip. Bus



**CHIFUNDO CHIUNDIRA**  
Group Operations Executive

NICO Holdings PLC  
FCCA, CA (M),  
B Com (Acc), Dip. Bus



**DR. KWANELE NGWENYA**  
Group Chief Operating Officer

NICO Holdings PLC  
MCIBS, MSc (Strategy), MBA  
(Bus. Admin),  
CBMBA (Chartered Banker)  
Dip (Bus Mgt), Dip (Fin Mgt)



**LOUIS SIBANDE**  
Group Chief Finance Officer

NICO Holdings PLC  
ACMA, CGMA,  
AMCT, CA(M), B.Acc.



**THOKOZANI PHOKOSO**  
Group Head of Risk

NICO Holdings PLC  
Bsc (Hons), FCCA, MBA, CA(M)



**DICKENS CHAULA**  
Group Head of  
Human Resources

NICO Holdings PLC  
BSoc. Sc.



**LORRAINE MLENGA**  
Group Head of Marketing  
& Customer Experience

NICO Holdings PLC  
BSoc, Postgrad Cert. Global  
Consumer Marketing Liverpool  
(UK)



**THOKOZILE KUWALI**  
Group Head of Internal Audit

NICO Holdings PLC  
MBA, BACC, FCCA,  
CIA, CFSA, CRMA



**ANGELA KANDANI**  
Group Head of Compliance  
and Company Secretary

NICO Holdings PLC  
LLB(hons), LLM, CAMS,  
Int. Adv. Cert. Compliance

## OUR GOVERNANCE (continued)

### Group Executive Committee



**ZIZWANI KHONJE**  
Group Head of Business Development Executive  
NICO Holdings PLC  
BBA



**FELISTER DOSSI**  
Group Head of Legal  
NICO Holdings PLC  
MBA, LLB (Hons)



**MARSHA MACHIKA**  
Group Head of Governance  
NICO Holdings PLC  
LL.B (Hons), CPG Cert in Laws (Banking and Finance Laws)  
LLM in Commercial Laws



**TEMWANI SIMWAKA**  
Chief Executive Officer  
NBS Bank PLC  
CA (Mw), FCCA, BCom, Dip (Business Studies)



**WISE CHIGUDU**  
Chief Executive Officer  
NICO Life Insurance Company Limited  
BCom (Econ & Stats), MBA, FIA



**DONBELL MANDALA**  
Chief Executive Officer  
NICO General Insurance Company Limited  
ACII, MBA, B.Acc.



**KEITH MUMBA**  
Chief Executive Officer  
NICO Insurance (Zambia) Limited  
BA, MBA, ACII, FIIZA Chartered Insurer



**GERALD CHIMA**  
Chief Executive Officer  
NICO Pension Services Limited  
FCCA, CA (M), MBA (UCT), CII DIPLOMA



**DANIEL DUNGA**  
Chief Executive Officer  
NICO Asset Managers Limited  
FCCA, CA(M), B.Acc.



●

OUR GOVERNANCE (continued)

Group Executive Committee



•
 **WASHINGTON CHIMUZU**  
 Chief Executive Officer

ERIS Properties Malawi  
*PMP, MBA, BSc (Eng)*



•
 **CLARENCE GAMA**  
 Chief Executive Officer

NICO Technologies Limited  
*BSc IT*



•
 **MISHECK ESAU**  
 Chief Executive Officer

NICO Capital Limited  
*B.Acc, CA (Mw), ACMA, CGMA*



## OUR GOVERNANCE (continued)

### Annual performance evaluation

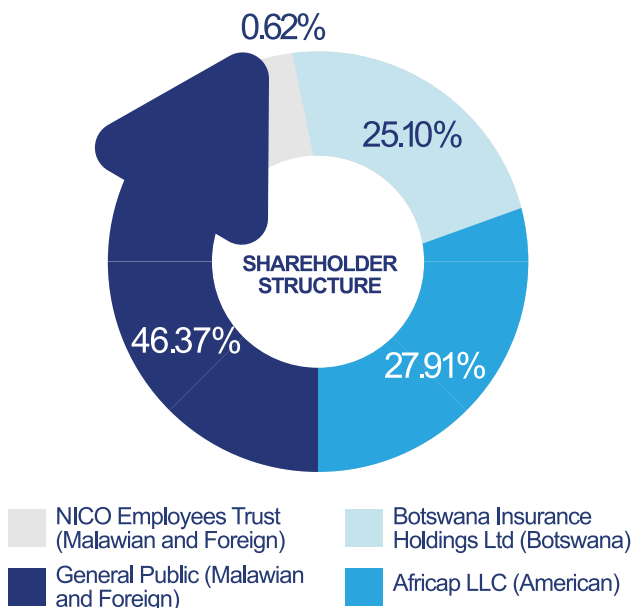
In our ongoing commitment to uphold the highest standards of governance, the Board and its committees undergo an annual evaluation process to assess their performance and effectiveness. This evaluation is conducted through structured questionnaires, allowing members to provide feedback on various aspects of governance, decision-making, and strategic oversight. The questionnaires cover topics such as board composition, meeting effectiveness, risk management, and alignment with organizational goals. The results are analysed to identify areas of strength and opportunities for improvement, informing the development of action plans aimed at enhancing board performance and ensuring effective governance. This process helps maintain a culture of continuous improvement and accountability within the organization.

In the year the Board received trainings on The Anti Money laundering obligations under the Financial Crimes Act, requirements under the Outsourcing Guidelines for Financial Institutions, ESG reporting requirements and Share Trading by Directors.

### Shareholding Structure

We understand that we earn the right to exist by providing appropriate long-term returns to our shareholders. We work to meet our various targets and deliver on our commitments.

As our existing and prospective shareholders are providers of capital to the business, it is our responsibility to provide them with reliable, relevant and timely information to help them make informed investment decisions. Our shareholder base is diverse, including individual and institutional shareholders, both locally and internationally.



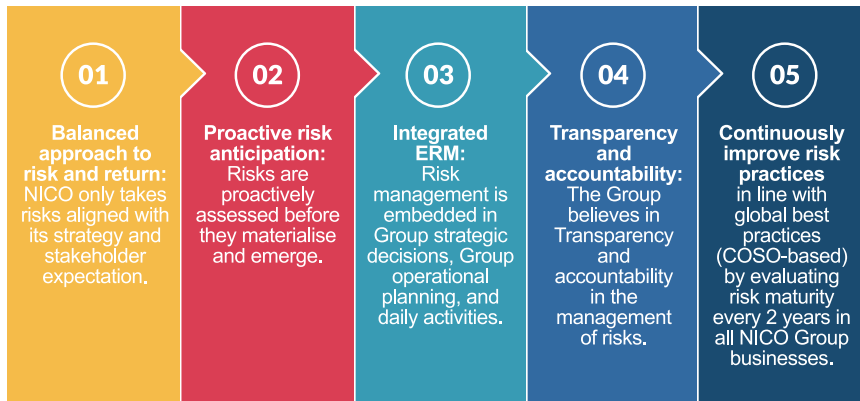
## RISK INTELLIGENCE

### Risk Management Approach

NICO Group adopts a comprehensive, enterprise-wide risk management (ERM) framework designed to systematically identify, evaluate, manage, and monitor risks to support strategic and operational objectives across its diversified companies.

### NICO Group Risk

Management philosophy is as follows:



### Risk Governance and Oversight

#### Group and Subsidiary Board of Directors:

Sets risk appetite, approves policies, and oversees overall risk management. The Group and Subsidiary Boards receive quarterly risk reports which show Group/Companywide risk profile, high and key risk exposures, compliance and regulatory risks, key mitigation actions and key risk appetite breaches and their strategic implications.

#### Group Risk Committees:

The Group Risk Committee meets quarterly to proactively evaluate key Group risks and emerging risks from the NICO subsidiaries. The Group Risk Committee is responsible for escalating key Group risks to various Company Boards and the Group Board.

#### Company Risk Committees:

The Company Risk Committee meets quarterly to proactively evaluate key company risks and emerging risks from the company. The Risk Committee is responsible for escalating key company risks to the Group Risk Committee.

#### Group Head of Risk:

Leads risk vision and strategy, oversees proactive risk reporting, emerging risk reporting, dashboarding, and ensures risk is managed in line with the approved Group Risk Management Register framework. The Group Risk office is responsible for maintaining a Master Risk Register for the Group and ensures emerging risks are proactively addressed, high risk issues are properly treated, and all material risks are duly escalated to the Chairperson of the Group Risk Committee.

#### Risk Owners

The risk owners consist of risk origination companies and functions that own and are accountable for risks. The risk owners are responsible for assuming risk and ensuring that a sound risk and control environment is established as part of their day-to-day operations. Specifically, the risk owners perform the following activities:

## RISK INTELLIGENCE (continued)

- Identify, assess and report new, existing and emerging risks;
- Implement the Group policies and manage risk exposures by adhering to the Groups procedures and internal controls; and
- Identify risk events and losses, report and escalate material risks to Group Risk and ultimately the Board and implement remedial actions to address these risk events.

### Group and Company Risk Champions:

Operate at subsidiary and functional levels, maintaining risk registers and coordinating local risk management.

### Group Internal Audit:

Provides independent assurance on the adequacy and effectiveness of ERM.

## Risk Culture

### Risk Appetite & Tolerance

NICO Group has established Group Risk Appetite and Company Risk Appetite statements which sets out the risk the Group and its companies are willing to accept in pursuit of its strategic objectives and aspirations. The Group and Company risk appetites are set at Strategic level, Tactical level and day to day operating activities. The Risk appetites for Group and company are approved by the Group Board and Company Boards and these are reported quarterly and any key breaches and respective actions approved by the Boards.



## RISK INTELLIGENCE (continued)

### Managing Our Key Risks

Principal Risk	Risk Response/ Mitigation	Link to Material Topic
Cyber Security Risks	<ul style="list-style-type: none"> <li>The Group has established a Security Operations Centre that monitors the Group networks and systems continuously.</li> <li>The Group quarterly trains staff members across their company on Cybersecurity/IT Security to ensure users are well equipped to identify Cyber threats.</li> <li>The Group has implemented a cyber recovery solution that allows the IT security team to scan all critical systems for cyber threats. All critical Group systems are updated timely to ensure cyber vulnerabilities are minimized to the Group.</li> </ul>	Digital Transformation  Customer Centricity  Data Privacy and Protection  Innovation
Increasing Government Debt	<ul style="list-style-type: none"> <li>Management continues to monitor engagements of the Government of Malawi and its key external creditors.</li> <li>The Group continues to enhance its alternative investment strategy to ensure assets are further allocated to key strategic areas of the economy.</li> <li>The Group has established an offshore investment solution that will give access to the Group and its clients to invest offshore.</li> <li>The Group continues to stress test its position, both primary and secondary implications to the government debt.</li> </ul>	Macro – environment  Innovation
Foreign Exchange Shortage	<ul style="list-style-type: none"> <li>The Group continues to monitor key regulatory changes being taken in the Forex regulations and key actions taken by the Reserve Bank of Malawi.</li> <li>The Group actively monitors its Forex positions for its companies to ensure they are in line with approved risk appetites.</li> <li>The Group continues to stress test its position, both primary and secondary implications to foreign currency exposures and shortages and takes proactive actions to minimize loss and take opportunities.</li> </ul>	Macro – environment
Market Risks / Economic Risks	<ul style="list-style-type: none"> <li>The Group continues to review on a quarterly basis its Strategy and approach in all its businesses to ensure key risks and opportunities arising from the current economic/market risks are fully capitalized.</li> <li>Key risk appetites in line with Market risks and economic risks are proactively monitored and key actions taken timely to reduce impact to the Group.</li> </ul>	Macro – environment

## RISK INTELLIGENCE (continued)

### Managing Our Key Risks

Principal Risk	Risk Response/ Mitigation	Link to Material Topic
Climate Change / ESG Risks	<ul style="list-style-type: none"> <li>The Group is in the process of developing an ESG framework that will define policies and procedures to support the implementation of the ESG framework across the Group.</li> </ul>	Our Environment
Operational Risks/ Business Continuity Risks	<ul style="list-style-type: none"> <li>The Group has enhanced its Fraud Risk Management to ensure Fraud risk and operational losses are minimized.</li> <li>The Group continues to enhance its capacity in its core systems and digitalization journey to ensure operational losses are minimized from process and people failures.</li> <li>The Group has implemented a wholistic Risk Management, Governance and Compliance tool that ensures holistic support and incident reporting of all key operational risks.</li> <li>The Group is currently working towards enhancing its Data Centres by considering options to invest in a state-of-the-art NICO Group Data centre that will support Business resilience.</li> </ul>	Governance, Risk and Compliance  Operational Excellence
Credit Risk	<ul style="list-style-type: none"> <li>Adverse Macroeconomic risks and Geopolitical risks continue to put pressure on the ability of most Group customers to service loans, premiums and rentals across the Group.</li> <li>The Group continues to enhance its Credit risk monitoring to ensure the risk is within the approved risk appetites of the Group and its companies.</li> </ul>	Macro – environment  Responsible Investments  Access to Finance/ Financial Inclusion  Community Empowerment
Insurance Risks	<ul style="list-style-type: none"> <li>The Group continues to enhance its actuarial support and business support to ensure insurance risks are within approved risk appetites of the Insurance entities.</li> </ul>	Operational Excellence  Governance, Risk and Compliance  Access to Finance/Financial Inclusion  Community Empowerment



## RISK INTELLIGENCE (continued)

### Managing Our Key Risks

Principal Risk	Risk Response/ Mitigation	Link to Material Topic
Human Capital and Succession Planning Risks	<ul style="list-style-type: none"> <li>• Staff policies undergoing reviews to respond to dynamics on the operating environment.</li> <li>• Action plans for staff satisfaction survey results will be developed and actioned.</li> <li>• Key staff have been exposed to leadership courses to prepare them for higher roles.</li> <li>• The Group continues to enhance the succession plans at company and Group level to ensure all key gaps are closed.</li> </ul>	Talent Strategy  Operational Excellence
Political Risks Arising from the 2025 General Elections	<ul style="list-style-type: none"> <li>• The Group continues to actively monitor events leading to the elections and all key properties exposed to potential riots have been insured adequately to mitigate any potential losses.</li> </ul>	Governance Risk and Compliance



# ONE NICO



## **ZIKUMVEKA KUMBUYOKO?**

Grow your money smartly with **NICO Asset Managers**. Start your investment journey with as little as **MK250,000**.

#OneNICO #NoOneLeftBehind



**NICO**

Asset Managers

Investment Management | Investor Services

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Leaving No One Behind: Sustainable Impact of the Group's Engagement with the Community

# ONE NICO

## SUSTAINABILITY AT NICO

### OPERATIONAL EXCELLENCE

#### STREAMLINING OUR OPERATIONAL EFFICIENCY

At the heart of our service to our customers is a major investment into Digital transformation and cybersecurity to ensure that we provide our customers a seamless and secure digital experience. This has been achieved by investing in new core and supporting systems in all our businesses to enable us to continue adapting to modern technologies. This investment continues to support NICO on its sustainability journey by creating a paperless office environment through the automation of our manual and paper-based processes, making our employees very efficient in serving our customers. Not only do these new systems come with new features they also have advanced security measures to continue keeping our customers' data safe. Finally, we have restructured our Group IT support through NICO Technologies to introduce executive positions in Digital Transformation and Information security, to ensure ownership of these two critical areas at the highest level.

#### Our Digital Infrastructure

With the support of the young and innovative skills we have at NICO, we continue to make the lives of our customers and employees easier through process automation. Our digital innovations are designed and developed at the Group Innovation Hub, where our Research and Development team continues experimenting with more technology-related solutions to improve our customer service. In 2024, utilizing Microsoft Power App skills, we automated our internal procurement processes across four companies to ensure we are efficient in obtaining the resources needed to serve our customers. The journey continues in 2025 with more customer-facing processes and group initial processes.

To ensure that Digital Transformation remains a key agenda item, NICO Technologies recruited a Head of Digital Transformation in December 2024.

The Head of Digital Transformation works closely with NICO Group Companies and supports each company's digital strategy and journey.

As we move forward, the Group will continue on leveraging technology to continuously improve service delivery, ensuring that our clients benefit from faster, more responsive, and highly efficient services. We are committed to maintaining our customer satisfaction at these exceptional levels, while exploring new ways to enhance the customer journey and make our services even more convenient, affordable and accessible.

The Group will continue to innovate and evolve, utilizing digital solutions to not only meet the growing demands of our customers but to set new standards in customer experience across the financial services sector.

#### Automation Initiatives

As part of our commitment to operational efficiency, we have automated and digitized internal procurement processes, a big step towards our paperless office agenda.

For our Banking business, we have replaced the old Temenos core banking system with an Oracle Flexcube core banking system. This will enable product flexibility, allowing the bank to launch and manage a wide range of tailor-made products for our clients, and business agility, enabling quick adaptation to evolving customer needs and regulations.

We have made a similar investment in the Asset Management business, bringing in a new core system to replace the legacy system that had been in operation for about 10 years. This change will massively transform how our clients have access to information about their investments. Finally, the new integrated property management system at ERIS properties creates a seamless experience in managing tenant affairs and addressing the broader needs of our customers.

## ● SUSTAINABILITY AT NICO (continued)

### Information and Cyber Security

Our investment in cybersecurity is an ongoing journey that starts with ensuring that every staff member is aware of how to protect themselves. This is done through a quarterly cybersecurity awareness campaign mandatory for all our 1200 + staff members. In 2024, 99% of our staff took part in the campaigns and were successful in the quizzes that follow. In addition, the company has invested in anti-ransomware backup systems aimed at ensuring quick time to recover our information in the unlikely event of such an attack. The appointment of a Chief Information Security Officer (CISO) who reports quarterly to the Cybersecurity board committee ensures high-level ownership and compliance with information security-related matters.



## ● SUSTAINABILITY AT NICO (continued)

### NICO IN THE COMMUNITY

#### COMMUNITY EMPOWERMENT THROUGH STRATEGIC SOCIAL INVESTMENTS

As Malawi's leading financial services group, we are committed to driving inclusive, sustainable development through targeted investments under our One NICO Corporate Social Responsibility (CSR) framework. Our CSR framework remains focused on empowering people, driving financial inclusion, and contributing to national development in Malawi.

In 2024, NICO Group invested **MK1.2 billion** in community-focused initiatives, guided by our purpose of empowering individuals, businesses, and communities.

#### Disaster Relief: Supporting Communities in Times of Need

Through NBS Bank, we responded to natural disasters that affected communities in Dwangwa, Chikwawa, and Karonga, working with District Councils to deliver **MK28 million** worth of relief supplies to flood victims.

**MK28  
MILLION  
WORTH OF  
RELIEF  
SUPPLIES  
TO FLOOD  
VICTIMS**



## ● SUSTAINABILITY AT NICO (continued)

### Education: Building a Stronger Future

Under the One NICO Knowledge pillar, we directed **MK401 million** towards education and skills development initiatives, aimed at improving access to quality learning. Key projects included:

- **Construction and furnishing of a double-storey, 4-classroom block** at Mbayani Primary School to alleviate congestion of the pupils in classrooms. Mbayani is one of the most congested schools in Malawi with 6,723 learners, 93 teachers, and 33 Classrooms. The new classroom block has not only alleviated congestion at the school, but it has also been designed to set the trend for space maximisation at government schools.
- **School fees support** for visually impaired students through Hope for the Blind.
- **A girls' bursary program** in partnership with the Shaping Our Future Foundation.
- **Initiatives promoting academic excellence and student achievement.**





## SUSTAINABILITY AT NICO (continued)

### Sports Development: Investing in Unity and Opportunity

Through the One NICO GamePLAN initiative, we committed **MK200 million** to sports development as a tool for youth empowerment and social cohesion. Highlights included:

- **One NICO Netball Partnership:** Part of a **MK1 billion**, 3-year investment, with **MK60 million** disbursed in 2024, supporting the Malawi Queens and the One NICO Top 12 Netball Cup.
- **NBS Bank Charity Shield:** A **MK40 million** sponsorship boosting local football.
- **NICO Technologies Digital Skills Sponsorship:** A **MK25 million** program providing laptops and computer training to underprivileged girls.
- **National Schools Chess League:** **MK16 million** invested in promoting strategic thinking among youth.
- **Blantyre City Mayor's Trophy:** **MK35 million** toward grassroots sports.

COMMITTED  
**MK200  
MILLION**  
TO SPORTS  
DEVELOPMENT





## ● SUSTAINABILITY AT NICO (continued)

### Arts & Culture: Fuelling Creative Expression

Through One NICO Xpression, we invested **MK166 million** in initiatives that support creative industries and celebrate cultural identity:

- **Investment School of Creative Arts: A MK45 million**, 3-year commitment to developing artistic talent.
- **Cultural Commemorations: MK65 million** dedicated to preserving Malawi's heritage.
- **Entertainment Business Sponsorships: MK56 million** in support of local creatives.



### Health & Community Service: Promoting Well-being

We allocated **MK40 million** to health and general community service initiatives, reaffirming our commitment to the holistic development of the communities we serve.



## ● SUSTAINABILITY AT NICO (continued)

### Thought Leadership: Shaping Malawi's Future

Recognizing the power of ideas in driving progress, we invested **MK375 million** in platforms that promote national dialogue, strategic partnerships, and professional development:

- **US-Africa Summit (Egypt): MK15 million**
- **Arise-GoM Magwero Industrial Park Partnership: MK25 million**
- **Presidential Charity Golf Tournament: MK180 million**
- **Malawi Defence Force Veterans Golf Tournament: MK60 million**
- **Economic and Professional Symposiums & Conferences: MK95 million**





# **ZIKUMVEKA KUMBUYOKO?**

Need quick cash to resolve an emergency? Do it right. Get an advance from an **NBS Bank** payday loan, which will be repaid on the next salary date. Call 322 for more information.

#OneNICO #NoOneLeftBehind

Deposit protected by Deposit Insurance Corporation

NBS Bank is regulated by the Reserve Bank of Malawi which can be contacted on 01 770 600. The Bank principal office is at Ginnyer Corner Blantyre.

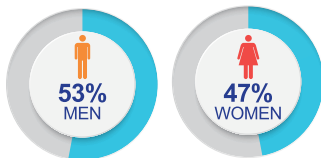
Call Centre: 322 | WhatsApp: 0888 322 322 | [www.nbs.mw](http://www.nbs.mw)      



## OUR PEOPLE AND ORGANISATION

### 2024 milestones and highlights

#### Gender-balanced workforce:



**55 Interns**  
Embedded in different companies



**15 Social wellbeing events** for staff (aerobics, team building activities, family day, Christmas party)



**Zero Reported**  
workplace fatalities



**78 New Hires**



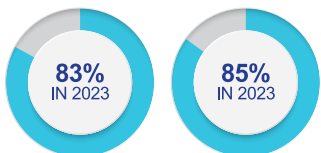
**769 Unionised Staff**



**Employee Engagement Survey Score** maintained at 71%.



**The Group CSI increased from 83% in 2023 to 85% in 2024, representing an increase of 2%, demonstrating an average Zone of Loyalty.**



**4 women at Executive level attended Navigating the Boardroom – Women Leadership Workshop**, which was designed to empower high-potential and current women leaders with the strategic insights, confidence, and capabilities required to thrive in boardroom and executive roles.



In response to shifting workplace dynamics, particularly those driven by changing demographics and evolving skill demands, the Group is making substantial investments to prepare our workforce for the future. We know that agility and responsiveness to emerging trends are critical to shaping the workplace of tomorrow. Our people remain the cornerstone of our strategic ambitions. To achieve our growth objectives, we recognise the need for a diverse blend of skills requiring both the upskilling of current employees and the recruitment of new talent. Since the Group began implementing its new business growth strategy in 2022, our workforce has expanded by nearly 12.3%. In 2024 alone, we recruited 78 new team members as part of a focused talent acquisition drive aimed at bolstering our control functions and enhancing the capabilities of our IT, digital, and business development teams. This expansion has further diversified our talent pool, blending traditional expertise with unconventional skill sets that bring fresh insights and innovative thinking to strengthen our competitive advantage.

## OUR PEOPLE AND ORGANISATION (continued)

In 2024, NICO Group implemented the following three major human capital initiatives in areas of organizational culture, skills development, and employee performance management:

- **Design and roll out of the ONE NICO High-Performance Culture** building project which is built on seven pillars of: (1) accountability; (2) creativity, innovation and entrepreneurship; (3) customer service excellence; (4) integrity; (5) teamwork and collaboration; (6) valuing our people; and (7) performance excellence in line with the Group's corporate values.
- **Subscription for a global online learning platform** known as Coursera with licenses for 1000 employees from all Group companies to access and pursue online courses in leadership, management, business, and various professional or technical specialist fields in their multi-disciplinary roles and occupations to develop skills and earn accreditations from over 1000 respected universities and colleges throughout the world.
- **Introduction of an automated performance management system** for setting employees' annual performance goals and targets and monitoring and evaluating employee performance.

The Group participated in the Employers' Consultative Association of Malawi's Employer of the Year Competition where it won awards in three Top Employer categories, giving it a Position 2 Top Employer in 2024 among companies that participated from the financial services industry.

### Our Talent Strategy

By closely tracking demographic trends, technological progress, and evolving talent needs, we aim to position the Group as a top employer- capable of attracting, developing, and retaining top talent.

Our talent strategy is guided by a clear objective to cultivate a workforce that consistently delivers on the Group's promises to its stakeholders across all areas and in every aspect. We pursue this by placing strong emphasis on leadership development, fostering a purpose-driven culture, supporting overall employee wellbeing, and investing in the growth and advancement of our people.

Our leadership team is dedicated to building an environment where purpose, performance, and people are aligned. We actively cultivate the dynamic relationship between culture and leadership to attract, retain, and develop the talent required to meet our strategic goals and enhance productivity on an ongoing basis.

In 2024, we remained committed to fostering a high-performance culture across all levels of the organization. This culture is defined by a shared commitment to excellence, continuous improvement, and results-driven collaboration. Our employees consistently demonstrate the drive to exceed targets, embrace innovation, and deliver exceptional outcomes. We believe that high performance is cultivated through a strong alignment of values, behaviours, and strategic goals.

By embedding clear expectations, encouraging accountability, and recognizing achievements, we have created an environment where both individuals and teams are empowered to thrive. This performance-driven mindset has not only contributed to improved operational efficiency and enhanced customer satisfaction but also positioned us to navigate challenges with resilience and agility. As we continue to evolve, our focus on building and sustaining a high-performance culture remains central to our long-term success.





## OUR PEOPLE AND ORGANISATION (continued)

NICO Group is committed to being an employer of choice by fostering a work environment that promotes inclusivity, innovation, and personal growth.

### Talent Recruitment

Our recruitment and retention strategies are guided by merit, equal opportunity, and a strong emphasis on values alignment. We prioritise professional development, work-life balance, and a progressive employee value proposition that extends beyond compensation. This creates an environment where employees can thrive, contribute meaningfully, and build long-term careers with purpose.

### Learning and Development

The Group is committed to providing a holistic employee experience, one that fosters meaningful engagement and supports continuous career growth. This commitment is reflected in our comprehensive learning and development initiatives, which empower employees to acquire new skills and explore their interests through both local and international opportunities.

In 2024, we implemented a wide range of learning and development programs designed to enhance the skills and capabilities of our workforce at all levels. These programs were tailored to meet the diverse needs of our employees, ensuring that every individual had access to the resources and opportunities required for continuous growth and career advancement.

As part of our commitment to building a strong, future-ready leadership pipeline, our executives participate in programs that provide them with invaluable international exposure, cutting-edge insights, and strategic leadership tools aligned with global best practices.

Through immersive learning and engagement with thought leaders, executives enhance their ability to navigate complex challenges, drive innovation, and lead high-performing teams in an increasingly dynamic business environment. This investment in top-tier leadership development reflects our belief that strong leadership is central to organizational resilience and sustainable growth.

### Employee Wellness and Well-being

A 2023 study by global professional services firm AON revealed that improving employee wellbeing factors can enhance company performance by at least 11% and up to 55%. This underscores the significant impact that a focus on employee wellbeing can have on organisational success. For NICO, the equation remains both simple and compelling: happy, loyal employees lead to happy, loyal customers. Employee well-being activities are designed to improve the health, safety, and overall quality of life for employees at work. These activities encompassed a wide range of initiatives, from mental health support and fitness programs to team-building exercises. Some of the employee wellbeing activities implemented in 2024 include Aerobics, participation in the Bankers Sports Day, Insurance Sports Day and One NICO Family Day.





## ● OUR PEOPLE AND ORGANISATION (continued)



### Labour Relations

The Group recognises that strong labour-management relations are essential to maintaining organisational stability and ensuring long-term success. We are dedicated to fostering open, respectful, and constructive dialogue with our employees and their representatives. Our approach is built on a foundation of mutual trust, transparency, and a shared commitment to the Group's core values and strategic goals. Through ongoing engagement, inclusive communication channels, and equitable dispute resolution practices, we aim to create a collaborative work environment where all employee voices are heard and valued. This proactive approach has been instrumental in maintaining a stable industrial relations environment, which in turn supports business continuity, enhances employee wellbeing, and drives overall productivity.

### Diversity and Inclusion

The Group is committed to fostering a diverse and inclusive workforce where all employees have the opportunity to thrive, regardless of their background, gender, race, or other personal characteristics. We believe that diversity enriches our organisation, enhances creativity, and drives innovation, contributing to our competitive edge in the marketplace. Our commitment to equal opportunity is reflected in our recruitment practices, employee development programs, and policies, which are designed to ensure fair treatment and access to opportunities for all. We actively work to create an environment where every individual is respected, valued, and empowered to reach their full potential, contributing to the continued success and sustainability of the Group.





## **ZIKUMVEKA KUMBUYOKO?**

**NICO Capital** structures, arranges, and facilitates the delivery of long-term financing solutions to corporations, institutions, and commercial projects.

#OneNICO #NoOneLeftBehind



Capital Raising | Corporate Advisory | Project Finance

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## ADMINISTRATION

### Acronyms and Abbreviations

ABBREVIATION	MEANING	PAGE
LLC	Limited Liability Company	15
BIHL	Botswana insurance limited	15
AUM	Assets Under Management	17
PAT	Profit after Tax	17
CSR	Corporate social responsibility	18
GRI	Global Reporting Initiative	18
SDGS	Sustainable Development Goal	21
UN	United nations	21
CSI	Customer Satisfaction Index	24
GDP	Gross domestic Product	24
ESG	Environmental Social and Governance	28
CSAT	Customer Satisfaction Score	30
TOMA	Top of the mind awareness	30
ERM	Enterprise Risk Management	35
NPS	Net Promotor Scores	35
KPIs	Key Performance Indicators	35
DPOs	Days payable outstanding	36
PAYE	Pay As you Earn	38
ECAM	Employer's Consultative Association of Malawi	40
AGM	Annual General Meeting	42
COSO	Committee of Sponsoring Organizations of the Treadway Commission	50
CISO	Chief Information Security Officer	57



## ● ADMINISTRATION (continued)

### GRI content index

#### Statement of use

NICO HOLDINGS Plc has reported the information cited in this GRI content index for the period starting 1st January 2024 and ending 31st December 2024 with reference to the GRI Standards.

#### GRI 1 used

GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	About Us - P 6
	2-2 Entities included in the organization's sustainability reporting	About Us - P 8
	2-3 Reporting period, frequency and contact point	About our Report - P 4
	2-6 Activities, value chain and other business relationships	Our Stakeholders - P 27-43
	2-7 Employees	Our people- P 61-63
	2-9 Governance structure and composition	Our Governance - P 44-48
	2-10 Nomination and selection of the highest governance body	Our Governance - P 44-48
	2-11 Chair of the highest governance body	Our Governance - P 44-48
	2-12 Role of the highest governance body in overseeing the management of impacts	Our Governance - P 44-48
	2-13 Delegation of responsibility for managing impacts	Our Governance - P 44-48
	2-14 Role of the highest governance body in sustainability reporting	Our Governance - P 44-48
	2-15 Conflicts of interest	Our Governance - P 44-48
	2-16 Communication of critical concerns	Our Governance - P 44-48
	2-17 Collective knowledge of the highest governance body	Our Governance - P 44-48
	2-18 Evaluation of the performance of the highest governance body	Our Governance - P 44-48
	2-19 Remuneration policies	Our Governance - P 44-48
	2-20 Process to determine remuneration	Our people - P 61-63
	2-22 Statement on sustainable development strategy	Sustainability at NICO - P 56-58
	2-23 Policy commitments	Our Stakeholders - P 27-48
	2-24 Embedding policy commitments	Our Stakeholders - P 27-43

## ● ADMINISTRATION (continued)

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 3: Material Topics 2021</b>	2-25 Processes to remediate negative impacts	Our Stakeholders - P 27-43
	2-26 Mechanisms for seeking advice and raising concerns	Our Stakeholders - P 27-43
	2-27 Compliance with laws and regulations	Our Stakeholders - P 27-43
	2-29 Approach to stakeholder engagement	Our Stakeholders - P 27-43
	2-30 Collective bargaining agreements	Our people and Organisation - P 60-63
	3-1 Process to determine material topics	Our Stakeholders - P 27-43
	3-2 List of material topics	Our Stakeholders - P 27-43
	3-3 Management of material topics	Our Stakeholders - P 27-43
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	Chairmans reflection - P 15
	203-2 Significant indirect economic impacts	NICO in the Community - P 56
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	Our stakeholders - P 36
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	
	207-2 Tax governance, control, and risk management	Risk Intelligence - P 49-52
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Our people and Organisation - P 60-63
<b>GRI 402: Labor/ Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	Our people and Organisation - P 60-63
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety Our people and management system	Organisation - P 60-63
	403-3 Occupational health services	Our people and Organisation - P 60-63
	403-4 Worker participation, consultation, and communication on occupational health and safety	Our people and Organisation - P 60-63
	403-6 Promotion of worker health	Our people and Organisation - P 60-63



## ● ADMINISTRATION (continued)

GRI STANDARD	DISCLOSURE	LOCATION
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our people and Organisation - P 60-63
	403-9 Work-related injuries	Our people and Organisation - P 60-63
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	Our people and Organisation - P 60-63
	404-2 Programs for upgrading employee skills and transition assistance programs	Our people and Organisation - P 60-63
	404-3 Percentage of employees receiving regular performance and career development reviews	Our people and Organisation - P 60-63
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our Stakeholders - P 27- 43





# 2024

## INTEGRATED ANNUAL REPORT

Leaving No One Behind  
The NICO Group's  
Commitment to its Stakeholders

**FINANCIAL STATEMENTS**

# DIRECTORS' REPORT

For the year ended 31 December 2024

The directors are pleased to present their report together with the audited consolidated and separate financial statements of NICO Holdings plc (the Group and the Company) for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES OF THE GROUP

The activities of the Group are general insurance, life assurance, pension administration, banking, asset management, corporate finance advisory, and information technology. NICO Holdings plc shareholding structure in subsidiary, associate and joint venture companies is as follows: -

Name of subsidiary	% Holding	Type of business
NICO Insurance (Zambia) Limited	51.00	Short term insurance
NICO General Insurance Company Limited	51.00	Short term insurance
NICO Life Insurance Company Limited	51.00	Life insurance
NICO Pension Services Limited	51.00	Pension administration
NICO Capital Limited	100.00	Corporate finance Advisory
NBS Bank plc	50.10	Banking
NICO Technologies Limited	100.00	Information technology
NICO Asset Managers Limited	100.00	Asset management
Group Fabricators & Manufacturers Limited	100.00	Property holding
Name of Associate	% Holding	Type of business
Sanlam Mozambique Vida Companhia de Seguros, SA	34.30	Life insurance and pension administration
Name of Joint Venture	% Holding	Type of business
Eris Properties (Malawi) Limited	50.00	Property management and development

## REGISTERED OFFICE

The Physical address of NICO Holdings plc's registered office is:

Chibisa House  
19 Glyn Jones Road  
P O Box 501  
Blantyre  
MALAWI

## DIRECTORS' REPORT

For the year ended 31 December 2024

### FINANCIAL PERFORMANCE

The results and state of affairs of the Group and the Company are set out in the accompanying consolidated and separate financial statements which comprise the consolidated and separate statements of financial position, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended and material accounting policies and notes.

### CORPORATE GOVERNANCE

The Group embraces best practices in corporate governance as enshrined in the Malawi Code II: Code of Best Practice in Corporate Governance in Malawi ("the Malawi Code/the Code"). The Board adopted the Malawi Code and periodically assesses compliance with the Code. The Board is also committed to complying with all applicable laws and regulations. The Group has a clearly defined governance framework which is reviewed from time to time to ensure effective oversight by the Board.

The Board and subcommittees have a written charter and terms of references respectively which include the material points as required under the corporate governance instruments. All the subcommittees are chaired by a Non-Executive Director and the Company Secretary has a key role in Corporate Governance. The Board as a whole, the subcommittees and the directors individually have access to the advice and services of the Company Secretary on how their responsibilities can be properly discharged in the best interest of the Group and in compliance with laws, regulations, and corporate governance standards.

### PROFIT

The profit for the year attributable to the owners of the Company of K72.01 billion (2023: K30.91 billion restated) has been added to retained earnings.

### DIVIDEND

During the year, the Company paid a first interim dividend relating to the year 2024 of K3 129 million at K3.00 per share (2023: K2 086 million at K2.00 per share). The Company also paid a second interim dividend relating to 2024 profits of K3 129 million at K3.00 per share (2023: K2 086 million at K2.00 per share). The Board of Directors at its meeting of 27 March 2025 resolved to pay a third interim dividend relating to 2024 profits of K10 430 million at K10.00 per share (2023: K4 172 million at K4.00 per share). The directors will be recommending a final dividend of K4 172 million at K4.00 per share (2023: K2 086 million at K2.00 per share) at the forthcoming Annual General Meeting. The total dividend relating to 2024 profits has been proposed to be K20 860 million at K20.00 per share (2023 Actual: K10 430 million at K10.00 per share). In terms of actual dividend declared the Company declared a total of K12 516 million in the year 2024 (2023: K9 387 million).

### STAFFING

Staff complement for the Group stood at 1 284 as at 31 December 2024 (2023: 1 225). Human resource remains a major and key factor to the success of the Group. The Group, therefore, remains committed to professionalism by developing staff to their full potential. The Group has maintained staff development programs through training both locally and internationally.



## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### BOARD OF DIRECTORS AND SECRETARY

Dr. Elias Ngalande	- Chairman – Independent and Non-executive Director (from 31st July 2024)
Mr. Gaffar Hassam	- Chairman – Non-executive Director (up to 31st July 2024)
Mr. Harold Bijoux	- Non-executive Director (up to 31st July 2024)
Mr. Sangwani Hara	- Non-executive Director
Ms. Catherine Lesetedi	- Non-executive Director
Mr. Robert Mdeza	- Non-executive Director
Dr. Candida Nakhumwa	- Independent and Non-executive Director
Ms. Natasha Nsamala	- Independent and Non-executive Director
Mr. Robert Scharar	- Non-executive Director
Ms Doreen Chanje	- Independent and Non -executive Director (from 4th October 2024)
Mr Gavin Downard	- Non executive director (from 27th August 2024)
Mr. Vizenge Kumwenda	- Group Managing Director
Ms. Angela Kandani	- Company Secretary

In terms of the Memorandum and Articles of Association, any member who holds 10% or more in nominal value of the issued share capital of the company may from time to time appoint one director of the company in respect of every 10% shares held.

At the Annual General Meeting of the company, one third of the directors (excluding executive directors) or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office and can be re-elected if they are available.

### SHAREHOLDING STRUCTURE

Africap LLC (American)  
 Botswana Insurance Holdings Limited (Botswana)  
 NICO Company Employees Share Ownership Scheme (Malawian and Foreign)  
 General Public (Malawian and Foreign)

2024 %	2023 %
27.91	27.91
25.10	25.10
0.62	0.63
46.37	46.36
100.00	100.00

### BOARD MEETINGS

The Board meets quarterly. Ad-hoc meetings are held when necessary. The directors are provided with comprehensive board documentation at least seven days prior to each of the scheduled meetings.

The Board met four times in the year.

#### Main Board meetings - Meeting Attendance

Members	19 Apr 24	6-May-24	23-Aug-24	6- Dec-24
Dr Elias Ngalande (Chairman)	√	√	√	√
Mr. Gaffar Hassam	√	√	N/A	N/A
Mr. Harold Bijoux	√	√	N/A	N/A
Mr. Sangwani Hara	√	√	√	√
Mr. Vizenge Kumwenda	√	√	√	√
Ms. Catherine Lesetedi	√	√	√	A
Mr. Robert Scharar	A	√	√	√
Mr. Robert Mdeza	√	√	√	√
Ms. Natasha Nsamala	√	√	√	√
Ms Doreen Chanje	N/A	N/A	N/A	√
Mr Gavin Downard	N/A	N/A	√	√

Key: √ = Attendance  
 A = Apology

## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### BOARD COMMITTEES

Board committees were established to ensure that the Board discharges its duties effectively in accordance with principles of good corporate governance.

All board committees have terms of reference and report to the main Board.

### AUDIT COMMITTEE

The Audit committee is responsible for reviewing annual reports and Group financial statements. This committee also monitors the adequacy of accounting and internal control systems. The committee oversees the work of both the external and internal auditors. The committee consists of three non-executive directors. The Group Managing Director, internal and external auditors attend by invitation. The committee meets four times in a year. The members of the Finance and Audit Committee were as follows:

Ms. Natasha Nsamala	Chairperson
Mr. Harold Bijoux	Member (up to 31st July 2024)
Mr. Sangwani Hara	Member
Mr. Robert Mdeza	Member

The committee met four times during the year

### Audit Committee- Meeting Attendance

Member	18 Apr 24	28 May 24	20-Aug-24	28-Nov -24
Mr. Harold Bijoux	√	√	N/A	N/A
Mr. Sangwani Hara	√	√	√	√
Ms. Natasha Nsamala	√	√	√	√
Mr. Robert Mdeza	√	√	√	√
Key: √ = Attendance A = Apology				

### GROUP HUMAN RESOURCE COMMITTEE

The Group Human Resources Committee is an independent Board Committee for oversight on Groupwide HR matters. The committee also reviews candidates for Board Appointments at individual Company and Group level. The committee consists of twelve non-executive Directors, the Group Managing Director is also a member of the Committee and the Group Operations Executive sits as a director representing NICO Asset Managers Limited. The committee meets at least four times in a year.

The members of the Group Human Resources Committee are:

Ms. Doreen Chanje*	Chairperson
Mr. Chifundo Chiundira	Member
Mr. Robert Mdeza	Member
Dr. Candida Nakhumwa	Member
Mr. Robert Scharar	Member
Ms. Violette Santhe	Member (from August 2024)
Mr. Isaac Songea	Member (up to September 2024)
Dr. Mathews Mtumbuka*	Member (from March 2024 to September 2024)
Mr. Tayemu Masikini*	Member
Mr. Warren Schultze	Member
Mr. Vizenge Kumwenda	Member
Ms. Phyles Kachingwe	Member (from November 2024)



**DIRECTORS' REPORT (CONTINUED)**

For the year ended 31 December 2024

\*Ms. Doreen Chanje up to 4th October 2024 was a NICO General Company Director and represented the company's interest on the Committee, she is currently a member of the NICO Holdings board. Mr. Isaac Songea is a NICO Life director, Mr. Tayemu Masikini is a NICO Technologies Limited Director and Mr. Warren Schultze is a Director on the Eris properties Board. Each of these sits on the Committee representing the interests of the Companies on which they serve. Dr. Mathews Mtumbuka was a NICO Pensions Services Limited Director and following his resignation from the Board he was replaced by Ms. Phyles Kachingwe. Ms. Violette Santhe represents the interest of NICO General.

The committee met four times during the year.

**Group Human Resources Committee - Meeting Attendance**

Members	21-Mar-24	16-May-24	15-Aug-24	22-Nov-24
Mr. Robert Scharar	√	A	√	√
Ms. Doreen Chanje	√	√	√	√
Mr. Chifundo Chiundira	√	√	√	√
Mr. Robert Mdeza	√	√	√	√
Dr. Candida Nakhumwa	√	√	√	√
Mr. Isaac Songea	√	√	√	√
Dr. Mathews Mtumbuka	√	A	√	N/A
Mr. Vizenge Kumwenda	√	√	√	√
Mr Warren Schultze	A	√	√	√
Mr. Tayemu Masikini	√	√	√	√
Ms. Violette Santhe	N/A	N/A	√	√
Ms. Phyles Kachingwe	N/A	N/A	N/A	√

Key:

√ = Attendance

A= Apology

**GROUP RISK COMMITTEE**

The Group Risk Committee is responsible for overseeing risk management in the Group and providing direction on matters of risk for the Group. It consists of ten Non-Executive Directors. The composition of the committee is as follows:

Ms. Catherine Lesetedi*	Chairperson
Dr. Candida Nakhumwa	Member
Mr. Jonathan Kara*	Member (up to March 2024)
Mr. Robert Scharar	Member
Mr. Chifundo Chiundira	Member
Mr. Tayemu Masikini*	Member
Ms Meg Kajiyanike	Member
Mr Haig Ndzige	Member
Mr Warren Schultze	Member (from March 2024)
Mr Innocent kalua	Member (from May 2024)

The committee met four times during the year.



## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### GROUP RISK COMMITTEE (Continued)

#### Group Risk Committee- Meeting Attendance

Members	11-Mar-24	13-May-24	5 Aug 24	14 Nov 24
Mr. Robert Scharar	√	√	√	√
Dr. Candida Nakhumwa	A	√	√	√
Mr. Jonathan Kara	√	√	N/A	N/A
Ms. Catherine Lesetedi	√	A	√	√
Mr. Chifundo Chiundira	√	√	√	√
Mr. Tayemu Masikini	√	√	√	√
Ms Meg Kajiyanike	N/A	N/A	N/A	√
Mr Haig Ndzinge	√	√	√	√
Mr Innocent Kalua	N/A	√	√	√
Mr Warren Schultze	N/A	√	√	√
Key: √ = Attendance A = Apology				

\* Mr. Jonathan Kara was a NICO General Company Limited Director representing the company's interest on the committee following the end of his tenure in NICO General Company Limited, he was replaced on the Committee by Mr Innocent Kalua. Ms. Catherine Lesetedi is a director on NICO Life Company Limited, Mr. Tayemu Masikini is a director on NICO Technologies, Ms. Meg Kajiyanike is an NBS Bank plc Director, Mr. Haig Ndzinge represents NICO Pensions and Mr. Warren Schultze represents Eris properties.

### EXECUTIVE APPOINTMENTS AND NOMINATIONS COMMITTEE

This is a Sub-committee of the Group HR Committee whose main objectives are to advise the board on the appointments terminations, and succession planning of executive in the Group, to provide oversight and ensure effectiveness of performance reviews for Executives and to review and advise the NICO Holdings Board on the remuneration of Executives, and Executive Directors.

The Committee met three times in the year.

#### COMMITTEE MEMBERSHIP

Mrs. Doreen Chanje	Chairperson
Mr. Robert Scharar	Member
Mr. Robert Mdeza	Member
Dr. Candida Nakhumwa	Member

The Committee met twice in the year.

#### Executive Appointments and Nominations committee - Meeting Attendance

Members	18-Apr-24	9-Aug-24	21- Nov-24
Mrs. Doreen Chanje	√	√	√
Mr. Robert Scharar	√	√	√
Mr. Robert Mdeza	√	√	√
Dr. Candida Nakhumwa	√	√	√
Key: √ = Attendance A = Apology			



## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### NICO HOLDINGS INVESTMENT COMMITTEE

This is a Committee of the NICO Holdings Board established to ensure that NICO Holdings plc has in place an investment governance framework and policy to guide in the identification of investment opportunities, monitor the implementation of investment projects and the management and monitoring of NICO's investments, to ensure that these support NICO's business objectives and perform. The Committee was set up in June 2023.

The Committee met three times in the year.

#### COMMITTEE MEMBERSHIP

Mr. Sangwani Hara	Chairman (from 28th November 2024)
Dr Elias Ngalande	Chairman (up to 31st July 2024)
Ms Catherine Lesetedi	Member
Mr. Harold Bijoux	Member (up to 31st July 2024)
Mt Gavin Downard	Member (from 27th August 2024)

#### NICO Holdings Investment Committee- Meeting Attendance

Members	18-Apr-24	9-Aug-24	21- Nov-24
Dr Elias Ngalande	√	√	√
Ms. Catherine Lesetedi	√	A	√
Mr. Sangwani Hara	√	√	√
Mr. Harold Bijoux	√	√	N/A
Mr Gavin Downard	N/A	N/A	√

Key:  
√ = Attendance  
A = Apology

### BOARD EVALUATION

Board evaluation is a proactive, best practice by Boards that intend to excel to higher levels of performance. The review seeks to identify specific areas in need of improvement or strengthening. Further, under the corporate governance instruments it is a requirement that the evaluation be conducted annually, and the Group discloses it in its Annual Report that it has been done.

### DIRECTORS' INTERESTS IN NICO HOLDINGS PLC

Mr. Sangwani Hara directly held shares in the Company.

Mr. Sangwani Hara also indirectly held shares through Continental Asset Managers (CAM) Nominees, through NICO Asset Managers (NAML) Nominees and through Continental Capital Limited (CCL). Below are tables indicating shares held and details of shares bought during the year. There were no transactions for sell of NICO Holdings pls shares during the year in relation to director Sangwani Hara.

	Number of shares: Opening balance	Number of shares: Closing balance
SANGWANI HARA	9 707	39 707
CAM NOMINEES/ SANGWANI HARA	6 200 000	6 849 889
NAML/ SANGWANI HARA	4 000 000	4 000 000
CCL SANGWANI JUDGE HARA	500 000	900 000
CAM SANGWANI HARA		19 247
CAM SANGWANI HARA		3 000
<b>TOTAL</b>	<b>10 739 707</b>	<b>11 811 843</b>

## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### DIRECTORS' INTERESTS IN NICO HOLDINGS PLC (Continued)

BUY			
Name	Date	Price	Shares bought in 2024
CAM SANGWANI HARA	19/11/2024	229	649 889
CCL SANGWANI JUDGE HARA	25/11/2024	260	400 000
CCL SANGWANI JUDGE HARA	27/11/2024	287	19 247
CCL SANGWANI JUDGE HARA	27/11/2024	287	3 000
<b>TOTAL SHARES BOUGHT</b>			1 072 136

Mrs. Natasha Nsamala directly held shares in the company.

J & J Nsamala Trust indirectly held shares in the company through Continental Asset Managers (CAM) Nominees. J & J Nsamala Trust directly held shares in the company. Mrs. Natasha Nsamala is a Trustee in the Trust.

Ubuntu Limited held shares in the company. Mrs. Natasha Nsamala is a shareholder and Director in Ubuntu Limited.

	Number of shares: Opening balance	Number of shares: Closing balance
J & J Nsamala Trust	125 000	125 000
CAM Nom J & J Nsamala Trust	6 259 686	11 259 686
Ubuntu Limited	377 252	377 252
Natasha Nelia Nsamala	5 000	43 308
CAM Nom J & J Nsamala Trust		1 198 275
<b>TOTAL</b>	6 766 938	13 003 521

BUY			
Name	Date	Price	Shares bought in 2024
Natasha Nelia Nsamala	18/09/2024	198.70	38 308
NAML Ubuntu Limited	04/10/2024	198.70	5 000 000
NAML Ubuntu Limited	04/10/2024	198.70	1 198 275
<b>TOTAL SHARES BOUGHT</b>			6 236 583

WOP VJ Trust indirectly held in the company. The Trust belongs to Mr. V Kumwenda and his family who are also the beneficiaries. 42 346 173 of these shares are on account of Continental Asset Managers Nominees.

	Number of shares: Opening balance	Number of shares: Closing balance
CONTINENTAL ASSET MANAGERS NOMINEES		
A/C WOP V J TRUST	42 346 173	42 346 173
WOP VJ TRUST	7 958 969	7 958 969
		1 000 000
<b>TOTAL</b>	50 305 142	51 305 142

BUY			
Name	Date	Price	Shares bought in 2024
NAML WOP VJ TRUST	15/11/2024	200.01	1 000 000
<b>TOTAL SHARES BOUGHT</b>			1 000 000



**DIRECTORS' REPORT (CONTINUED)**

For the year ended 31 December 2024

**DIRECTORS' INTERESTS IN NICO HOLDINGS PLC (Continued)**

Africap LLC directly held shares in the Company. Mr. Robert Scharar is investment manager for Africap LLC. There were no transactions for buying and selling of NICO Holdings plc shares during the year

	Number of shares: Opening balance	Number of shares: Closing balance
Africap LLC	291 163 843	291 163 843
<b>TOTAL</b>	291 163 843	291 163 843

Mrs. Angela Kandani indirectly held shares through NICO Asset Managers (NAML). There were no transactions for buying and selling of NICO Holdings plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
NAML Angela Kandani	10 000	10 000
<b>TOTAL</b>	10 000	10 000

TEDAA Trust indirectly held shares in the company. The Trust belongs to Mr. Chifundo Chiundira and his family who are also the beneficiaries. There were no transactions for buying and selling of NICO Holdings plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
NAML TEDAA Trust	1 030 837	1 030 837
<b>TOTAL</b>	1 030 837	1 030 837

Mrs. Doreen Isabella Chanje directly held shares in the company. There were no transactions for buying and selling of NICO Holdings plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
Doreen Isabella Chanje	5 000	5 000
<b>TOTAL</b>	5 000	5 000

Mr. Maxwell Chilikhuma directly held shares in the company. There were no transactions for buying and selling of NICO Holdings plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
Maxwell Chilikhuma	8 875	8 875
<b>TOTAL</b>	8 875	8 875

There were no other contracts between the Company and its Directors nor were there any arrangements to enable the Directors of the Company acquire shares in the Company. Further, no contract of significance to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**REGISTER OF INTEREST**

1. Mr. Robert Scharar declared his interest in the discussions relating to Wananchi Group Holdings Limited. This was as a result of his involvement in the parent company of Wananchi Group Holdings Limited.
2. Standing notices of Disclosure for Ms. Catherine Lesetedi for Botswana Insurance Holdings Limited executive position (in which Sanlam Allianz has a shareholding) and for the Directorship of NICO Life and NICO Pensions.
3. Standing Notices of Disclosure for Mr. Gaffar Hassam for executive position in Sanlam-Allianz.

## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### Disclosure on dealings in NICO Holdings plc shares by other key persons in the NICO Group

#### Key persons in NICO Holdings plc

##### Louis Sibande

	Number of shares: Opening balance	Number of shares: Closing balance
NAML Jerandi Trust	1 090 510	1 108 010
<b>TOTAL</b>	1 090 510	1 108 010

#### Transactions during the period:

BUY			
Name	Date	Price	Shares bought in 2024
NAML Jerandi Trust – Louis Sibande	18/10/2024	ESOP – 46.73	17 500
<b>TOTAL SHARES BOUGHT</b>			17 500

##### Thokozile Kuwali Tusalifye Mushani

	Number of shares: Opening balance	Number of shares: Closing balance
Thokozile Kuwali Tusalifye Mushani	1 492	1 492
<b>TOTAL</b>	1 492	1 492

#### Key persons in NICO Asset Managers Limited

##### Paul Mojoo

	Number of shares: Opening balance	Number of shares: Closing balance
Paul Mojoo	96 289	0
<b>TOTAL</b>	96 289	0

SELL			
Name	Date	Price	Shares sold in 2024
Paul Mojoo	8/01/2024	FOP	96 289

##### Harold Ngoma

	Number of shares: Opening balance	Number of shares: Closing balance
Harold Trywell Ngoma	12 668	12 668
NAML Harold Trywell Ngoma	63 370	63 370
Chimwazga Ngoma Trust	69 758	69 758
<b>TOTAL</b>	145 796	145 796

##### Tumusime Msimuko

	Number of shares: Opening balance	Number of shares: Closing balance
Tumusime Msimuko	5 432	50 000
<b>TOTAL</b>	5 432	50 000



## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### Transactions during the period

SELL			
Name	Date	Price	Shares bought in 2024
Tumusime Msimuko	29/04/2024	199.50	14 586
Tumusime Msimuko	27/09/2024	198.70	2 400
Tumusime Msimuko	29/04/2024	198.70	46
Tumusime Msimuko	30/09/2024	198.70	27 536
<b>TOTAL SHARES BOUGHT</b>			<b>44 568</b>

### Key persons in NBS Bank

#### Temwani Simwaka

	Number of shares: Opening balance	Number of shares: Closing balance
Temwani Simwaka	11 986 621	11 986 621
<b>TOTAL</b>	<b>11 986 621</b>	<b>11 986 621</b>

#### Shadrack Chikusilo

	Number of shares: Opening balance	Number of shares: Closing balance
CAM Nominees Shadrack Chikusilo	89 862	89 862
NAML Shadrack Chikusilo	20 000	30 000
<b>TOTAL</b>	<b>109 862</b>	<b>119 862</b>

### Transactions during the period:

BUY			
Name	Date	Price	Shares bought in 2024
CAM Nominees Shadrack Chikusilo	30/01/2024	204.97	10 000
<b>TOTAL SHARES BOUGHT</b>			<b>10 000</b>

#### Chinga Chaguluka

	Number of shares: Opening balance	Number of shares: Closing balance
NAML Chinga Chaguluka	6 335	6 335
<b>TOTAL</b>	<b>6 335</b>	<b>6 335</b>

#### Vitumbiko Gubuduza

	Number of shares: Opening balance	Number of shares: Closing balance
NAML Vitumbiko Gubuduza	10 000	10 000
<b>TOTAL</b>	<b>10 000</b>	<b>10 000</b>

### Key Persons in NICO Life

#### Victoria Zigowa

	Number of shares: Opening balance	Number of shares: Closing balance
Victoria Zigowa	130 000	130 000
<b>TOTAL</b>	<b>130 000</b>	<b>130 000</b>



## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### Key Persons in NICO Pensions

#### Gerald Chima

	Number of shares: Opening balance	Number of shares: Closing balance
Gerald Chima	163 008	188 008
<b>TOTAL</b>	<b>163 008</b>	<b>188 008</b>

### Transactions during the period:

BUY			
Name	Date	Price	Shares bought in 2024
Gerald Chima	5/10/2024	199.01	25 000
<b>TOTAL SHARES BOUGHT</b>			<b>25 000</b>

### Key Persons in NICO General

#### Donbell Mandala

	Number of shares: Opening balance	Number of shares: Closing balance
Donbell Mandala	50 000	50 000
<b>TOTAL</b>	<b>50 000</b>	<b>50 000</b>

## DIRECTORS' REMUNERATION

During the year the total remuneration for executive and non-executive Directors was as analysed below:

	2024 K'000	2023 K'000
Directors' remuneration		
- Executive (note 11.4)	905 142	737 764
- Non- executive (note 11.4)	487 374	430 755

## CONTRACT WITH THE GROUP MANAGING DIRECTOR

The Group engages some of its Executives on a contract basis. Performance is continually reviewed, and renewal of contracts is based on satisfactory performance. In 2022, the Board approved renewal of the contract for the Group Managing Director for a five year period. Six months' notice is required for termination and there is no predetermined compensation on termination.

## EXTERNAL AUDITORS

A resolution is to be proposed at the forthcoming Annual General Meeting to re-appoint Deloitte as auditors in respect of the audit of the consolidated and separate financial statements for the year ending 31 December 2025.

## ADDITIONAL INFORMATION ON INDIVIDUAL COMPANIES

The additional information relating to individual Group Companies is as presented below.



**DIRECTORS' REPORT (CONTINUED)**

For the year ended 31 December 2024

**BOARD OF DIRECTORS**

The Board of Directors of the various Group Companies are as presented below:

**NBS Bank plc**

<b>Name</b>	<b>Position</b>
Mr. Vizenge Kumwenda	Chairman and Non-Executive Director
M. Kudakwashe. Mukushi	Non-Executive Director
Dr Anurag Saxena	Independent Non-Executive Director (from 6th June 2024)
Mr. Chifundo Chiundira	Non-Executive Director
Mr. Harrison. B. Kalua	Independent Non-Executive Director
Dr Matthews Mtumbuka	Independent Non-Executive Director (up to 8th September 2024)
Mr. James. Masumbu	Independent Non-Executive Director
Mr. Emmanuel.M. Banda	Independent Non-Executive Director
Ms. Roselyn Mkweza	Independent Non-Executive Director
Ms. Meg Kajiyani	Independent Non-Executive Director
Mr. Marsha. Machika	Company Secretary

**NICO Life Insurance Company Limited**

Mr. Vizenge M Kumwenda	Board Chairperson and Non-Executive Director
Ms. Catherine Lesetedi	Non-executive Director
Ms. Daisy Kambalame	Independent Non-executive Director
Mr. Ryan Scharar	Non-executive Director
Mr. John Melrose	Independent Non-executive Director
Mr. Isaac Songea	Independent Non-executive Director
Mr. Jarryd Semple	Independent Non-executive Director (from 6th August 2024)
Mr. Mayamiko Tembo	Company Secretary

**NICO General Insurance Limited**

Mr. Chifundo Chiundira	Board Chairperson and Non-Executive Director
Mr. Harold Bijoux	Non-executive Director
Ms. Doreen Chanje	Independent Non-executive Director (up to 6th May 2024)
Mr. Leonard Chikadya	Independent Non-executive Director (up to 6th May 2024)
Mr. Jonathan Kara	Independent Non-executive Director (Up to 6th May 2024)
Mr. Maxwell Chilikhuma	Independent Non-executive Director
Dr. Tobias Doyer	Non-executive Director (up to 23rd February 2024)
Mr. Innocent Kalua	Independent Non-executive Director (from 6th May 2024)
Mrs. Violette Santhe	Independent Non-executive Director (from 6th May 2024)
Mr. Charles Kamoto	Independent Non-executive Director (from 6th May 2024 to 23rd May 2024)
Mr. Samson Mwale	Independent Non-executive Director (from 10th December 2024)
Mr. Mohammed Aalaoui	Non-executive Director (from 10th December 2024)
Mr. Mayamiko Tembo	Company Secretary

**NICO Insurance (Zambia) Limited**

Mr. Felix Mlusu	Chairman and Non-executive Director - from 13th November 2024
Mr. Vizenge Kumwenda	Non-executive Director
Ms. Miriam Chiyaba	Independent Non-executive Director
Mr. Michael M Mundashi	Independent Non-executive Director (Deceased 26th March 2024)
Mr. Eric Chapola	Non-executive Director (up to 16th September 2024)
Dr. Tukiya Kankasa-Mabula	Independent Non-executive Director
Mr. Tinashe Garapo	Non-executive Director (from 3rd June 2024)
Ms. Inutu Zaloumis	Non-executive Director (from 13th November 2024)
Dr. Tobias Doyer	Non-executive Director (up to 26th February 2024)
Wilson & Cornhill Advocates	Company Secretary

## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### BOARD OF DIRECTORS (Continued)

The Board of Directors of the various Group Companies are as presented below:

#### NICO Asset Managers Limited

<b>Name</b>	<b>Position</b>
Mrs. R Petautchere	Chairperson and Independent Non-executive Director (from 21 May 2024)
Mrs. E. Makuta	Chairperson and Non-executive Director - (up to 21 May 2024)
Mr. C. Chiundira	Non-Executive Director
Mr. W. Chirwa	Independent and Non – Executive Director
Mr. R. Scharar	Non-Executive Director
Mr K Mukushi	Non – Executive Director
Mr. C. Chimwaza	Independent and Non – Executive Director - (from 23 January 2024)
Mr. M. Hara	Independent and Non – Executive Director - (from 23 January 2024)
Dr. D. Lanjesi	Independent and Non – Executive Director - (from 23 January 2024)
Mrs. M. Chipembere	Company Secretary

#### NICO Technologies Limited

Mr Wise Chigudu	Chairman and Independent Non-executive Director (from 8th September 2024)
Dr. Matthews Mtumbuka	Chairman and Independent Non-executive Director (up to 8th September 2024)
Mr Tayemu Masikini	Independent and Non-Executive Director
Mr. Kwanele Ngwenya	Non-Executive Director
Mr. Donbell Mandala	Non-Executive Director
Ms. Emily Kwatani	Independent and Non-Executive Director
Mr. Gerald Chima	Non-Executive Director
Ms. Angela Kandani	Company Secretary

#### NICO Pensions Limited

Mr. Chifundo Chiundira	Chairman and Non-executive Director
Dr. Mathews Mtumbuka	Independent and Non-Executive Director (up to 8th September 2024)
Ms. Phyles Kachingwe	Independent and Non-Executive Director
Mr. Haig Ndzingo	Non-Executive Director
Mr Jonathan Kara	Independent and Non-Executive Director (from 26th April 2024)
Mr. Mayamiko Tembo	Company Secretary

#### NICO Capital Limited

Dr. Nyovani Madise	Chairperson and Independent Non-executive Director (from 21st August 2024)
Dr Elias Ngalande	Chairperson and Independent Non-executive Director (up to March 2024)
Mr. Gaffar Hassam	Non-Executive Director (up to 31st July 2024)
Mr. Robert Scharar	Non-Executive Director
Ms. Natasha Nsamala	Independent and Non-Executive Director (up to April 2024)
Dr. Candida Nakhumwa	Independent and Non-Executive Director (up to April 2024)
Mr Fungai Ruwende	independent non – Executive Director (from 21st October 2024)
Ms Zandile Shaba	Independent non- Executive Director (from 21st October 2024)
Ms. Angela Kandani	Company Secretary



**DIRECTORS' REPORT (CONTINUED)**

For the year ended 31 December 2024

**NON-EXECUTIVE DIRECTORS' REMUNERATION**

The remuneration for Non-Executive Directors for the individual Group Companies is as presented below. None of the companies in the Group except NICO Holdings plc has an Executive Director. Remuneration for the Executive Director of NICO Holdings plc is presented in note 11 to the consolidated and separate financial statements.

Name of Company	2024 K 000	2023 K 000
1 NICO Holdings plc	76 558	64 997
2 NBS Bank plc	66 240	38 300
3 NICO Life Insurance Limited	62 659	51 883
4 NICO General Insurance Limited	91 578	80 831
5 NICO General Insurance (Zambia) Limited	52 529	56 790
6 NICO Asset Managers Limited	82 312	46 447
7 NICO Technologies Limited	9 819	10 238
8 NICO Pension Services Limited	32 664	19 950
9 NICO Capital Limited	16 894	18 984
<b>Total</b>	<b>491 253</b>	<b>388 420</b>

**EXTERNAL AUDITOR'S REMUNERATION**

The remuneration of External Auditors for the individual group companies is as presented below.

Name of Company	2024 K 000	2023 K 000
1 NICO Holdings plc	183 343	147 517
2 NBS Bank plc	336 255	207 455
3 NICO Life Insurance Limited	241,813	239 134
4 NICO General Insurance Limited	299 533	76 627
5 NICO General Insurance (Zambia) Limited	187 820	56 790
6 NICO Asset Managers Limited	48 975	39 081
7 NICO Technologies Limited	23 625	15 930
8 NICO Pension Services Limited	17 113	16 478
9 NICO Capital Limited	23 792	17 727
<b>Total</b>	<b>1 362 269</b>	<b>816 739</b>

**DONATIONS**

The donations by the individual Group Companies are as presented below.

Name of Company	2024 K 000	2023 K 0001
1 NICO Holdings plc	-	-
2 NBS Bank plc	961 032	347 459
3 NICO Life Insurance Limited	74 500	70 125
4 NICO Insurance (Zambia) Limited	16 441	8 424
5 NICO Asset Managers Limited	101 998	24 800
6 NICO Technologies Limited	4 850	4 663
7 NICO General Insurance Limited	48 667	23 000
8 NICO Capital Limited	4 097	-
<b>Total</b>	<b>1 211 585</b>	<b>478 471</b>

## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### DIRECTORS' INTERESTS IN NBS BANK PLC

Mr. Sangwani Hara directly held shares in NBS Bank plc. Mr. Sangwani Hara indirectly held shares in NBS Bank plc through Continental Asset Management (CAM) Nominees and also indirectly held shares through NICO Asset Managers (NAML). There were no transactions for sell of NBS Bank plc shares during the year in relation to Mr. Sangwani Hara.

	Number of shares: Opening balance	Number of shares: Closing balance
SANGWANI HARA	105 876	105 876
CAM NOMINEES/ SANGWANI HARA	4 309 885	4 309 885
NAML/ SANGWANI HARA	6 541 705	6 541 705
CAM NOMINEES/ SANGWANI HARA	-	1 000 000
CAM NOMINEES/ SANGWANI HARA	-	101 309
<b>TOTAL</b>	<b>10 957 466</b>	<b>12 058 775</b>

BUY			
Name	Date	Price	Shares bought in 2024
NAML/ SANGWANI HARA	21/11/2024	152.00	1 000 000
NAML/ SANGWANI HARA	29/11/2024	151.98	101 309
<b>TOTAL SHARES BOUGHT</b>			<b>1 101 309</b>

Mr. Robert Mdeza directly held shares in NBS Bank. There were no transactions for buying and selling of NBS plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
Mr. Robert Mdeza	18 895	18 895
<b>TOTAL</b>	<b>18 895</b>	<b>18 895</b>

Mrs. Angela Kandani indirectly held shares in NBS Bank. There were no transactions for buying and selling of NBS plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
NAML Angela Kandani	30 000	30 000
<b>TOTAL</b>	<b>30 000</b>	<b>30 000</b>

Mrs. Natasha Nsamala directly held shares in NBS Bank plc.

J & J Nsamala Trust indirectly held shares in NBS Bank plc through NICO Asset Nominees (NAML). Mrs. Natasha Nsamala is a Trustee in the Trust.

J & J Nsamala Trust indirectly held shares in NBS Bank plc through Continental Asset Managers (CAM) Nominees. Mrs. Natasha Nsamala is a Trustee in the Trust.

Ubuntu Limited held shares in NBS Bank plc. Mrs. Natasha Nsamala is a shareholder and Director in Ubuntu Limited.

Transactions during the period were as follows:



## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### DIRECTORS' INTERESTS IN NBS BANK PLC (Continued)

Transactions during the period were as follows:

	Number of shares: Opening balance	Number of shares: Closing balance
NAML J & J Nsamala Trust	15 443 322	20 443 322
CAM Nom J & J Nsamala Trust	11 545 460	16 590 365
Ubuntu Limited	84 900	94 900
NAML Ubuntu Limited	1 556 275	1 556 275
NAML J & J Nsamala	-	1 507 966
NAML J & J Nsamala	-	1 449 480
NAML J & J Nsamala	-	6 000 000
Natasha Nsamala	-	65 989
CAM Nom J&J Nsamala Trust	-	8 490 820
NAML J & J Nsamala Trust	-	1 509 180
NAML J & J Nsamala Trust	-	3 000 000
NAML J & J Nsamala Trust	-	672 611
<b>TOTAL</b>	<b>28 629 957</b>	<b>61 380 908</b>

BUY			
Name	Date	Price	Shares bought in 2024
CAM Nom Natasha Nsamala	09/04/2024	109.91	10 000
CAM Nom Natasha Nsamala	29/04/2024	108.96	5 000 000
NAML J & J Nsamala	23/05/2024	90.70	1 507 966
NAML J & J Nsamala	27/05/2024	90.71	5 044 905
NAML J & J Nsamala	29/05/2024	90.81	1 449 480
NAML J & J Nsamala	16/09/2024	149.65	6 000 000
Natasha Nsamala	19/09/2024	149.63	65 989
CAM Nom J&J Nsamala Trust	30/09/2024	149.58	8 490 820
NAML J & J Nsamala Trust	04/10/2024	149.58	1 509 180
NAML J & J Nsamala Trust	21/10/2024	149.58	3 000 000
NAML J & J Nsamala Trust	22/10/2024	149.59	672 611
<b>TOTAL SHARES BOUGHT</b>			<b>32 750 951</b>

WOP V J Trust held shares in NBS Bank Plc. The Trust belongs to Mr. V Kumwenda and his family who are also the beneficiaries. 10 000 023 of these shares are on account of Continental Asset Management Nominees.

	Number of shares: Opening balance	Number of shares: Closing balance
CAM NOMINEES A/C WOP V J TRUST	10 000 023	21 219 064
WOP VJ TRUST	-	-
<b>TOTAL</b>	<b>10 000 023</b>	<b>21 219 064</b>

BUY			
Name	Date	Price	Shares bought in 2024
CAM NOMINEES A/C WOP V J TRUST	07/07/2024	152.00	682 828
WOP V J Trust	11/10/2024	149.59	3 462 000
WOP V J Trust	18/10/2024	149.58	1 083 771
WOP V J Trust	07/11/2024	149.61	4 955 300
WOP V J Trust	25/11/2024	152.00	780 384
WOP V J Trust	29/11/2024	151.98	254 758
<b>TOTAL SHARES BOUGHT</b>			<b>11 219 041</b>



## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

### DIRECTORS' INTERESTS IN ICON PLC

Mr. Robert Mdeza directly held shares in Icon Properties plc. There were no transactions for buying and selling of ICON plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
Robert Mdeza	200 000	200 000
<b>TOTAL</b>	<b>200 000</b>	<b>200 000</b>

Dr. Candida Nakhumwa directly held shares in ICON Properties plc. There were no transactions for buying and selling of ICON plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
DR Teddie & Candida Nakhumwa	230 000	230 000
<b>TOTAL</b>	<b>230 000</b>	<b>230 000</b>

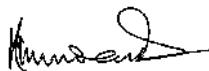
Ubuntu Limited held shares in ICON Properties plc. Mrs. Natasha Nsamala is a shareholder and Director in Ubuntu Limited. There were no transactions for buying and selling of ICON plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
Ubuntu Limited	581 000	581 000
<b>TOTAL</b>	<b>581 000</b>	<b>581 000</b>

WOP VJ Trust indirectly held shares in ICON Properties plc. The Trust belongs to Mr. V Kumwenda and his family who are also the beneficiaries. 22 858 000 of these shares are on account of Continental Asset Management Nominees. There were no transactions for buying and selling of ICON plc shares during the year.

	Number of shares: Opening balance	Number of shares: Closing balance
CAM NOMINEES A/C WOP V J TRUST	22 858 000	22 858 000
WOP VJ TRUST	1 000 000	1 000 000
<b>TOTAL</b>	<b>23 858 000</b>	<b>23 858 000</b>

Further, no contract of significance to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



**DIRECTOR**  
**MR. VIZENGE KUMWENDA**



**DIRECTOR**  
**MRS. NATASHA NSAMALA**

**DIRECTORS' RESPONSIBILITY STATEMENT**

For the year ended 31 December 2024

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of NICO Holdings plc, comprising the consolidated and separate statements of financial position as at 31 December 2024 and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements which include a summary of material accounting policy information and other explanatory notes, in accordance with IFRS Accounting Standards ® as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of Companies Act, 2013. In addition, the directors are responsible for preparing the directors' report.

The Companies Act, 2013 also requires the directors to ensure that the Group and the Company maintain proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensure the consolidated and separate financial statements comply with the Malawi Companies Act, 2013.

In preparing the consolidated and separate financial statements, the directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing consolidated and separate financial statements; and
- Preparation of consolidated and separate financial statements on a going concern basis unless it is inappropriate to presume the Group and the Company will continue in business.

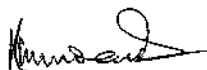
The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Group and its subsidiaries abilities to continue as going concerns and have no reason to believe that the Group and the Company will not be a going concern in the year ahead.

The external auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of Companies Act, 2013.

**Approval of Consolidated and Separate financial statements**

The consolidated and separate financial statements of NICO Holdings plc as identified in the first paragraph, were approved by the Board of Directors on 17 April 2025 and are signed on its behalf by:



**DIRECTOR**  
**MR. VIZENGE KUMWENDA**



**DIRECTOR**  
**MRS. NATASHA NSAMALA**

**CERTIFICATE OF THE ACTUARY**

For the year ended 31 December 2024



INDEPENDENT ACTUARIES &amp; CONSULTANTS

**Certificate of the Actuary**

I hereby certify that to the best of my knowledge and belief and based on the audited financials for the year ended 31 December 2024, that the liabilities under unmaturred individual life, funeral, industrial, deposit administration and group life policies issued by NICO Life Insurance Company Limited do not exceed the amount of the life insurance fund as at 31 December 2024.

A handwritten signature in black ink, appearing to read 'Edwin Splinter'.**Edwin Splinter**

Appointed Actuary

Fellow of the Actuarial Society of South Africa

17 March 2025



## INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2024



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Blantyre  
Malawi

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Registered Auditors  
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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NICO HOLDINGS PLC

### Opinion

We have audited the consolidated and separate financial statements of NICO Holdings plc (the Group and the Company) set out on pages 99 to 282 which comprise the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of NICO Holdings plc as at 31 December 2024, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of Companies Act, 2013.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group in accordance with 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 performing audits of financial statements in Malawi, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

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



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

### Key audit matters (Continued)

Key audit matter	How the matter was addressed during the audit
<p><b>The valuation of life and general insurance contract and liabilities as at 31 December 2024 (Consolidated Financial Statements)</b></p> <p>The Group's insurance contract liabilities as at 31 December 2024 amounting to K902 billion, as disclosed in note 27 to the financial statements, represent a significant portion of its total liabilities.</p> <p><i>Life business</i> Insurance contract liabilities are determined in accordance with IFRS 17 <i>Insurance Contracts</i> (IFRS 17).</p> <p>The insurance contract liabilities are associated with significant uncertainties requiring the use of expert judgment embedded within complex actuarial models relying on subjective assumptions relating to future events. With key areas of judgement being determination of fulfilment cash flows, discounting, risk adjustment for non-financial risk and determination of the contractual service margin.</p> <p>Key assumptions include mortality, persistency and economic assumptions may have a significant impact on the valuation of the present value of future cash flows.</p> <p>The actuarial valuations are based on complex models/methodologies and other computations designed for which inadequate assumptions and or inaccurate input data may be used.</p> <p>The Best Estimate Liability, Risk Adjustment and Contractual Service Margin are impacted by assumption changes to the present value of future cash flows for future coverage that influences the release of the Contractual Service Margin in the current year and future periods.</p> <p><i>General Business</i> The insurance contract liabilities are associated with significant uncertainties requiring the use of expert judgment embedded within complex actuarial models relying on subjective assumptions relating to future events.</p>	<p><i>Life Business</i> Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding and evaluated the design and implementation of management's controls over the significant estimates and assumptions used in the determination of the Group's insurance contract Liabilities including model data inputs; and</li> <li>• We assessed the qualifications, professional competence and independence of management actuary.</li> </ul> <p>With the support of Deloitte actuarial specialists, considered whether the associated disclosures are compliant with IFRS17 and further performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Challenged and assessed the key inputs, judgements and assumptions used in the valuation models, such as estimated cash flows, growth rates, discount rates and significant unobservable inputs, and assessed the valuation methodologies against current market practice and industry standards;</li> <li>• Reviewed management analysis of various liability components which include Best Estimate Liability, Risk Adjustment, and Liability for Remaining Coverage;</li> <li>• Independently recalculated the best estimate liability and risk adjustment for sampled portfolios measured under general measurement model and compared our recalculation to the Group's results within reasonable range;</li> <li>• Performed tests to ensure the complete and accurate transfer of policyholder data from policy administration systems to the actuarial systems, leveraging management's key reconciliation controls where applicable; and</li> <li>• Performed testing of the completeness and accuracy of data used in the calculation of the insurance liabilities balances to underlying source systems on a sample basis.</li> </ul> <p><i>General insurance</i> Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding and evaluated the design and implementation of management's controls over the significant estimates and assumptions used in the determination of the Group's insurance contract</li> </ul>



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

## Key audit matters (Continued)

Key audit matter	How the matter was addressed during the audit
<p><b>The valuation of life and general insurance contract and liabilities as at 31 December 2024 (Consolidated Financial Statements).</b> <i>(Continued)</i></p> <p>Key assumptions include incurred but not reported claims, outstanding losses which may have a significant impact on the valuation of the insurance liabilities.</p> <p>The actuarial valuations are based on complex models/methodologies and other computations designed for which inadequate assumptions and or inaccurate input data may be used.</p> <p>The Best Estimate Liability, which comprises of Incurred But Not Reported Claims Reserve, Outstanding Claims Reserve, Claim Handling Expenses Reserve and Risk of Non-Performance Reserve, is estimated using actuarial techniques and these are subject to highest levels of estimation and judgments.</p> <p>The Best Estimate Liability, Risk Adjustment, Loss Component and Deferred Acquisition Costs (DAC) are impacted by assumption changes that may have an impact on the insurance liability.</p> <p>Accordingly, given the complexity and judgement involved, we have determined the valuation of insurance contract liabilities as a key audit matter.</p>	<p>Liabilities, including model data inputs;</p> <ul style="list-style-type: none"> <li>• With the support of Deloitte actuarial specialists, considered whether the associated disclosures are compliant with IFRS 17;</li> <li>• Reviewed management analysis of various liability components which include Liability for Incurred claims, Risk Adjustment, and Liabilities for Remaining Coverage;</li> <li>• Independently recalculated the Liability for Remaining Coverage, Liability for Incurred Claims and Risk Adjustment for all portfolios which are measured under Premium Allocation Approach model and compared our recalculation to the Group's results for reasonable ranges;</li> <li>• Performed tests to ensure the completeness and accuracy of data used by our specialists in determining these estimates; and</li> <li>• Considered whether the financial statements disclosures are compliant with IFRS 17 insurance contracts accounting policies.</li> </ul> <p>The insurance liabilities are within reasonable range and appropriate disclosures in accordance with the provisions of IFRS17 have been made.</p>
Determination of Expected Credit Losses for Loans and Advances (Consolidated Financial Statements)	How the matter was addressed during the audit
<p><b>NBS Bank plc</b></p> <p>Staging of loans and advances is a significant component in determining the Expected Credit Losses (ECL) as such inaccurate staging would have a significant impact on ECL output. The Bank is exposed to a loans and advances book of K248 billion as at 31 December 2024 as disclosed under note 7 to the financial statements, which is subjected to Expected Credit Loss model to determine estimated provisions.</p>	<ul style="list-style-type: none"> <li>• We tested the design and implementation of controls around ECLs;</li> <li>• We obtained an understanding of the Group's criteria for Significant Increase in Credit Risk (SICR) from the Group's accounting policy and IFRS9 Financial Instruments (IFRS9) Model Methodology documentation;</li> <li>• We assessed management's staging of loans and advances criteria for appropriateness and completeness against the requirements of IFRS9 and other relevant regulatory guidance; and</li> </ul>



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

### Key audit matters (Continued)

Key Audit Matter	How the matter was addressed during the audit
<p><b>Determination of Expected Credit Losses for Loans and Advances (Consolidated Financial Statements) (Continued)</b></p> <p>The following categories of loans and advances were determined to be significant in the Group's staging of loans and advances:</p> <p><b>a) The Bank's large exposure loans and advances</b> The Bank's top 5 large exposure loans and advances contribute 33.9% of the Bank's loans and advances included in note 7 to the financial statements.</p> <p><b>b) Stage 1 loans</b> The Bank's loans are concentrated under stage 1 which contribute 94% of the gross loan amount. The migration of loans and advances from stage 1 to stage 2 or 3 depends on both qualitative and quantitative factors.</p> <p><b>c) Stage 2 and 3 loans</b> Stage 2 and 3 loans contribute 6% of the gross loan amount. The rate of provision in these stages is higher than in Stage 1 and in particular Stage 3 loan provision is mostly at more than 90% of the facility balances.</p> <p>We focused on staging of loans and advances due to the fact that ECL is a significant management estimate based on subjective assumptions and inputs used in the Expected Credit Loss model used to determine the estimated provisions. The Bank has recorded a total Expected Credit Loss of K13.2 billion as at 31 December 2024.</p> <p>We also considered possibilities of contagion risk, which is also referred to as systemic risk whereby the financial difficulties in one or more facilities would spill over to a large number of other facilities in the same group. This would have an effect in the determination of the ECL.</p> <p>We therefore considered this to be a key audit matter.</p>	<p>• We checked accuracy and completeness of data used in staging through the use of Data analytics.</p> <p><b>Large exposure loans and advances</b> We selected all large exposure loans and advances as per Financial Services (Large Exposures and Credit Concentration Limits for Banks) Directive 2015 and checked if they had been correctly staged based on the Group's accounting policy and IFRS9 requirements.</p> <p><b>Stage 1, 2 and 3 loans</b></p> <ul style="list-style-type: none"> <li>• We sampled through the stages of loans and advances; and</li> <li>• Tested whether an exposure currently classified in a particular stage was appropriately classified so and did not meet any SICR criteria to transfer to different Stage.</li> </ul> <p>Our work on staging for large exposure loans and other loans did not identify any significant issues. We found that the staging carried out by the Bank which was used in determining Expected Credit Losses against loans and advances was appropriate and that the impairment loss recognized in the financial statements was reasonable and complied with IFRS9 requirements.</p>



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

## Key audit matters (Continued)

Key Audit Matter	How the matter was addressed during the audit
<p><b>Valuation Of Treasury Notes (Consolidated Financial Statements)</b></p> <p>As included in note 14 to the financial statements, the value of investments in treasury notes (Government securities) amounting to K188 billion has been considered to be an area where significant judgements were applied.</p> <p>In determining the value of investments in treasury notes, management applies judgement and assumptions to calculate the investment's fair value.</p> <p>The determination of the value of investments in treasury notes was considered a matter of utmost significance to our current year audit due to significant judgements and estimates made in determining the risk factors and yield curve.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of management's process to calculate the value of investment in treasury notes;</li> <li>• Checked the design and implementation of controls over the valuation of investment in treasury notes;</li> <li>• Checked the accuracy and completeness of underlying data inputs used in the valuation calculation; and</li> <li>• Involved Deloitte valuation specialists to: <ul style="list-style-type: none"> <li>- review discount rates applicable to Malawi treasury notes;</li> <li>- review the risk factors a reasonable market participant would consider including, changes in credit, liquidity and other risk factors; and</li> <li>- re-perform the computation of the fair value of selected treasury notes based on the projected future cash flows and the discount rate valuation method against the requirements of IFRS13 <i>Fair Value Measurement</i>.</li> </ul> </li> </ul> <p>Based on the work done, the judgements and assertions used in the valuation of investments in Government securities <i>Fair value Measurement</i> were appropriate and the disclosures pertaining to the investments in Government Securities were found to be appropriate in terms of the relevant accounting standards.</p>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

### Other information

The directors are responsible for the other information. The other information comprises the directors' report, the directors' responsibility statement, as required by the Malawi Companies Act 2013, and the certificate of the actuary, all of which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears 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 auditor's 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Directors for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of Companies Act 2013, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

**Auditor's responsibilities for the audit of the consolidated and separate financial statements** *(Continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.



**Chartered Accountants**  
**Christopher Kapenda**

**Partner**

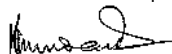
**24 April 2025**

## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2024

	Notes	Group			Company	
		2024 K'000	31 Dec 2023 K'000 Restated	1 Jan 2023 K'000 Restated	2024 K'000	2023 K'000 Restated
<b>ASSETS</b>						
Cash and cash equivalents	5	281 852 965	182 381 842	96 525 115	6 652 443	14 050 559
Short-term investments	6.1	7 541 016	6 201 445	4 820 632	-	-
Placements	6.2	119 975 348	85 328 881	54 316 201	-	-
Loans and advances to customers	7.1	234 941 972	153 816 440	137 796 120	-	-
Income tax recoverable	8.3	-	-	4 298 689	931 480	854 827
Other receivables	9.1	30 131 429	15 961 393	11 492 982	446 514	621 917
Client funds under management	9.2	275 505 701	170 613 700	134 738 817	-	-
Reinsurance contract assets	27	38 582 722	*38 988 420	*27 413 797	-	-
Inventories	10	649 345	560 704	212 169	-	-
Amounts due from related parties	11.10	-	-	-	1 082 889	642 061
Investment in subsidiary companies	11.9	-	-	-	9 211 830	9 063 446
Investment in associate companies	13.1	3 745 612	**3 122 533	1 508 017	3 745 612	**3 122 533
Investment in joint venture	13.2	368 252	296 702	137 211	368 252	296 702
Investment in government securities	14	753 061 480	473 677 446	396 696 998	-	-
Investment in equity shares	15.5	613 786 790	384 573 540	227 015 464	15 863 606	2 804 021
Loans and debentures	16	2 248 700	1 846 362	1 213 370	1 753	1 753
Investment properties	17	6 114 080	4 914 032	4 453 524	246 000	206 000
Deferred tax assets	12.1&12.6	9 813 333	*10 874 475	*7 426 273	536 031	-
Right-of-use asset	18.1	3 775 319	3 822 558	3 151 262	2 298	28 947
Intangible assets	19	17 675 873	10 781 258	5 735 641	23 454	35 478
Property and equipment	20	31 053 140	19 463 185	12 709 758	259 526	56 067
<b>TOTAL ASSETS</b>		<b>2 430 823 077</b>	<b>**1 567 224 916</b>	<b>*1 131 662 040</b>	<b>39 371 688</b>	<b>**31 784 311</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Issued share capital	25.1	52 152	52 152	52 152	52 152	52 152
Share premium	25.2	428 859	428 859	428 859	428 859	428 859
Revaluation reserve	25.3	914 719	776 889	405 278	-	-
Other reserves	25.4	10 664 326	**6 515 050	2 661 043	5 827 504	**3 357 617
Retained earnings		143 544 232	83 802 320	*62 257 107	26 331 007	22 029 796
<b>Total equity attributable to equity holders of the company</b>		<b>155 604 288</b>	<b>**91 575 270</b>	<b>*65 804 439</b>	<b>32 639 522</b>	<b>**25 868 424</b>
Non-controlling interest	26	120 862 033	69 431 216	50 991 586	-	-
<b>Total equity</b>		<b>276 466 321</b>	<b>**161 006 486</b>	<b>*116 796 025</b>	<b>32 639 522</b>	<b>**25 868 424</b>
<b>Liabilities</b>						
Deposits and customer accounts	23	645 470 912	497 745 003	355 830 188	-	-
Trade and other payables	21	305 605 809	63 872 119	47 722 283	6 239 425	4 500 763
Client fund payables	22	236 895 299	167 830 629	134 735 595	-	-
Amounts due to group companies	11.11	-	-	-	15 910	-
Income tax payable	8.3	17 178 581	1 170 213	-	-	-
Insurance contract Liabilities	27	901 701 013	653 300 260	458 276 368	-	-
Reinsurance Contracts liabilities	27	49 358	305 000	5 000	-	-
Interest-bearing loans and borrowings	24	23 470 782	9 927 484	9 406 986	458 333	1 357 746
Lease liabilities	18.3	7 448 057	6 795 155	5 062 540	18 498	57 378
Deferred tax liabilities	12.1	16 536 945	5 272 567	3 827 055	-	-
<b>Total liabilities</b>		<b>2 154 356 756</b>	<b>1 406 218 430</b>	<b>1 014 866 015</b>	<b>6 732 166</b>	<b>5 915 887</b>
<b>TOTAL EQUITY AND LIABILITIES</b>						
		<b>2 430 823 077</b>	<b>**1 567 224 916</b>	<b>1 131 662 040</b>	<b>39 371 688</b>	<b>**31 784 311</b>

These consolidated and separate financial statements were approved and authorized for issue by the Board of Directors on 17 April 2025 and were signed on its behalf by:



**DIRECTOR**  
**MR VIZENGE KUMWENDA**

\*Refer to note 1.1 to the financial statements

\*\*Refer to note 1.2 to the financial statements



**DIRECTOR**  
**MRS NATASHA NSAMALA**



## CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

As at 31 December 2024

	Notes	Group		Company	
		2024 K'000	2023 K'000 Restated	2024 K'000	2023 K'000 Restated
<b>REVENUE</b>					
Insurance revenue	28	133 159 852	81 006 070	-	-
Insurance service expenses	28	(53 297 584)	(69 907 111)	-	-
Net expense from reinsurance contracts held	28	(28 386 946)	(2 348 266)	-	-
<b>Net insurance service results</b>		<b>51 475 322</b>	<b>8 750 693</b>	<b>-</b>	<b>-</b>
Gains and income from investment assets measured at fair value through profit or loss		257 637 000	188 806 419	-	-
Change in investments from underlying items of contracts issued		(275 411 143)	(181 501 460)	-	-
Finance income/(expenses) from insurance contracts issued	31.3	(17 774 143)	7 304 959	-	-
Finance income/(expenses) from reinsurance contracts held	31.3	4 144 494	* 1 232 082	-	-
<b>Net insurance finance (expenses)/ income</b>		<b>(13 629 649)</b>	<b>8 537 041</b>	<b>-</b>	<b>-</b>
Fees and commission income	32	21 209 432	13 783 912	5 434 455	3 742 005
Income from banking operations	33	286 641 798	146 693 636	-	-
Interest income	34.1	59 739 718	29 666 619	1 786 409	1 357 045
Other investment income	34.2	15 694 444	10 274 034	17 112 803	15 040 901
<b>Investment and other revenue</b>		<b>383 285 392</b>	<b>200 418 201</b>	<b>24 333 667</b>	<b>20 139 951</b>
Other income	35	1 055 615	119 676	880 285	18 744
Share of profit from associated companies	13.1	931 543	344 364	931 543	344 364
Share of profit from joint venture	13.2	196 550	159 491	196 550	159 491
<b>Net other income</b>		<b>2 183 708</b>	<b>623 531</b>	<b>2 008 378</b>	<b>522 599</b>
Investment expenses	34.3	(619 392)	(533 214)	(20 063)	(37 084)
Bank interest expense	36	(118 376 491)	(64 493 129)	-	-
Administrative expenses	37.1, 37.2	(98 185 069)	(63 989 959)	(7 926 248)	(5 238 660)
Impairment losses	38	(4 724 575)	(4 563 427)	-	-
Net other operating costs		(221 905 527)	(133 579 729)	(7 946 311)	(5 275 744)
<b>Profit before net other finance costs</b>		<b>201 409 246</b>	<b>84 749 737</b>	<b>18 395 734</b>	<b>15 386 806</b>
Net other finance costs	39	(3 657 855)	(1 162 748)	(326 095)	(483 130)
<b>Profit before income tax expense</b>		<b>197 751 391</b>	<b>83 586 989</b>	<b>18 069 639</b>	<b>14 903 676</b>
Income tax expense	8.1	(63 358 381)	*(24 869 746)	(1 251 935)	(1 204 572)
<b>PROFIT FOR THE YEAR</b>		<b>134 393 010</b>	<b>58 717 243</b>	<b>16 817 704</b>	<b>13 699 104</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Revaluation of land and buildings		270 256	486 650	-	-
Deferred tax on revaluation of land buildings		-	242 000	-	-
		<b>270 256</b>	<b>728 650</b>	<b>-</b>	<b>-</b>
<b>Items that are or may be reclassified to profit or loss</b>					
Gains on financial assets designated at FVTOCI		6 455 545	3 450 535	2 377 768	653 100
Translation difference on foreign operations		(203 339)	** 2 018 519	92 119	** 1 562 168
<b>Total other comprehensive income for the year net of tax</b>		<b>6 522 462</b>	<b>**6 197 704</b>	<b>2 469 887</b>	<b>**2 215 268</b>
<b>Total comprehensive income for the year</b>		<b>140 915 472</b>	<b>** 64 914 947</b>	<b>19 287 591</b>	<b>**15 914 372</b>
Profit for the year attributable to:					
Non-controlling interest		62 384 043	27 805 127	-	-
Owners of the parent company		72 008 967	30 912 116	16 817 704	13 699 104
		<b>134 393 010</b>	<b>58 717 243</b>	<b>16 817 704</b>	<b>13 699 104</b>
Total comprehensive income for the year attributable to:					
Non-controlling interest		64 369 502	29 756 159	-	-
Owners of the parent company		76 545 970	35 158 788	19 287 591	** 15 914 372
		<b>140 915 472</b>	<b>64 914 947</b>	<b>19 287 591</b>	<b>** 15 914 372</b>
<b>Basic and diluted earnings per share (MK)</b>	40	<b>69.04</b>	<b>* 29.64</b>		

\*Refer to note 1.1 to the financial statements

\*\* Refer to note 1.2 to the financial statements

## CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share Capital K'000	Share Premium K'000	Revaluation Reserves K'000	Loan loss Reserve K'000	Translation Reserve K'000	Fair value Reserve K'000	General Reserve K'000	Retained Earnings K'000	Total K'000	Non-controlling Interest K'000	Total K'000
<b>Group</b>											
<b>Balance at 1 January 2024</b>	52 152	428 859	776 889	249 897	1 380 440	4 339 194	545 519	83 802 320	91 575 270	69 431 216	161 006 486
Profit for the year	-	-	-	-	-	-	-	72 008 967	72 008 967	62 384 043	134 393 010
<b>Other comprehensive income for the year</b>											
Gain on property revaluation	-	-	137 830	-	-	-	-	-	137 830	132 426	270 256
Financial assets designated at FVTOCI	-	-	-	-	-	4 457 738	-	-	4 457 738	1 997 807	6 455 545
Translation difference on foreign Subsidiaries	-	-	-	-	(58 565)	-	-	-	(58 565)	(144 774)	(203 339)
Total other comprehensive income	-	-	137 830	-	(58 565)	4 457 738	-	-	4 537 003	1 985 459	6 522 462
Total comprehensive income for the year	-	-	137 830	-	(58 565)	4 457 738	-	72 008 967	76 545 970	64 369 502	140 915 472
<b>Transfers within reserves</b>											
Loss loans reserve transfer	-	-	-	(249 897)	-	-	-	249 897	-	-	-
<b>Transactions with owners of the company</b>											
Dividends to equity holders (Note 41)	-	-	-	-	-	-	-	(12 516 952)	(12 516 952)	(12 938 685)	(25 455 637)
<b>Total transactions with owners of the parent</b>	-	-	-	-	-	-	-	(12 516 952)	(12 516 952)	(12 938 685)	(25 455 637)
<b>Balance at 31 December 2024</b>	52 152	428 859	914 719	-	1 321 875	8 796 932	545 519	143 544 232	155 604 288	120 862 033	276 466 321





## CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

Group	Share Capital K'000	Share Premium K'000	Revaluation Reserves K'000	Loan loss Reserve K'000	Translation Reserve K'000	Fair value Reserve K'000	General Reserve K'000	Retained Earnings K'000	Total K'000	Non-controlling Interest K'000	Total K'000
<b>Balance as previously report at 1 January 2023</b>	52 152	428 859	405 278	270 951	(414 467)	2 259 040	545 519	63 103 019	66 650 351	51 804 325	118 454 676
<b>Prior year adjustment</b>	-	-	-	-	-	-	-	*(845 912)	(845 912)	*(812 739)	(1 658 651)
<b>Balance at 1 January 2023 as restated</b>	52 152	428 859	405 278	270 951	(414 467)	2 259 040	545 519	62 257 107	65 804 439	50 991 586	116 796 025
Profit for the year	-	-	-	-	-	-	-	30 912 116	30 912 116	27 805 127	58 717 243
<b>Other comprehensive income for the year</b>	-	-	371 611	-	-	-	-	-	371 611	357 039	728 650
Gain on property revaluation	-	-	371 611	-	-	-	-	-	371 611	357 039	728 650
Financial assets designated at FVTOCI	-	-	-	-	-	2 080 154	-	-	2 080 154	1 370 381	3 450 535
Translation difference	-	-	-	-	-	-	-	-	-	-	-
on foreign Subsidiaries	-	-	-	-	1 794 907	-	-	-	1 794 907	223 612	2 018 519
Total other comprehensive income	-	-	371 611	-	1 794 907	2 080 154	-	-	4 246 672	1 951 032	6 197 704
Total comprehensive income for the year	-	-	371 611	-	1 794 907	2 080 154	-	30 912 116	35 158 788	29 756 159	64 914 947
<b>Transfers within reserves</b>	-	-	-	-	-	-	-	-	-	-	-
Loss loans reserve transfer	-	-	-	(21 054)	-	-	-	21 054	-	-	-
<b>Transactions with owners of the company</b>	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders (Note 41)	-	-	-	-	-	-	-	(9 387 957)	(9 387 957)	(11 316 529)	(20 704 486)
Total transactions with owners of the parent	-	-	-	-	-	-	-	(9 387 957)	(9 387 957)	(11 316 529)	(20 704 486)
<b>Balance at 31 December 2023</b>	52 152	428 859	776 889	249 897	1 380 440	4 339 194	545 519	83 802 320	91 575 270	69 431 216	161 006 486

\*Refer to note 1.1 to the financial statements.

\*\* Refer to note 1.2 to the financial statements.

## CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

	Share Capital K'000	Share Premium K'000	Transaction Reserve K'000	Fair Value Reserve K'000	Retained Earnings K'000	Total K'000
<b>Company</b>						
<b>Balance at 1 January 2024</b>	52 152	428 859	1 562 168	1 795 449	22 029 796	25 868 424
Profit for the year	-	-	-	-	16 817 704	16 817 704
<b>Other comprehensive income for the year</b>						
Financial assets designated at FVTOCI	-	-	-	2 377 768	-	2 377 768
Translation difference on foreign operation	-	-	92 119	-	-	92 119
Total other comprehensive income	-	-	92 119	2 377 768	16 817 704	2 469 887
Total comprehensive income for the year	-	-	92 119	2 377 768	16 817 704	19 287 591
<b>Transactions with the owners of the Company</b>						
Dividends to equity holders (Note 41)	-	-	-	-	(12 516 493)	(12 516 493)
Total transactions with owners of the parent	-	-	-	-	(12 516 493)	(12 516 493)
<b>Balance at 31 December 2024</b>	52 152	428 859	1 654 287	4 173 217	26 331 007	32 639 522



## CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

	Share Capital K'000	Share Premium K'000	Translation reserve K'000	Fair value reserve K'000	Retained earnings K'000	Total K'000
<b>Company</b>						
<b>Balance as at 1 January 2023</b>	52 152	428 859	-	1 142 349	17 718 062	19 341 422
Profit for the year	-	-	-	-	13 699 104	13 699 104
<b>Other comprehensive income for the year</b>						
Financial assets designated at FVTOCI	-	-	-	653 100	-	653 100
Translation difference on foreign operation	-	-	1 562 168	-	-	1 562 168
Total other comprehensive income	-	-	1 562 168	653 100	13 699 104	2 215 268
Total comprehensive income for the year	-	-	1 562 168	653 100	13 699 104	15 914 372
<b>Transactions with the owners of the Company</b>						
Dividends to equity holders (Note 41)	-	-	-	-	(9 387 370)	(9 387 370)
Total transactions with owners of the parent	-	-	-	-	(9 387 370)	(9 387 370)
<b>Balance at 31 December 2023</b>	52 152	428 859	1 562 168	1 795 449	22 029 796	25 868 424

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS**

For the year ended 31 December 2024

Note	Group		Company	
	2024 K'000	2023 K'000 Restated	2024 K'000	2023 K'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	351 099 597	** 251 432 930	5 226 094	3 633 143
Cash payments to employees and suppliers	(185 180 462)	** (219 939 772)	(6 115 192)	(5 601 755)
Increase in operating assets- banking business	46.1 (460 642 974)	** (108 261 505)	-	-
Increase in operating liabilities- banking business	46.1 423 348 659	** 163 878 322	-	-
Interest paid	(3 889 202)	(2 386 789)	(347 103)	(532 953)
<b>Cash generated from/(used in) operations</b>	<b>124 735 618</b>	<b>**84 723 186</b>	<b>(1 236 201)</b>	<b>(2 501 565)</b>
Tax refund	8 005 070	-	-	-
Income tax paid	8.3 (54 174 268)	(25 152 896)	(1 864 619)	(709 811)
<b>Net cash generated from/(used in) operating activities</b>	<b>78 566 420</b>	<b>**59 570 290</b>	<b>(3 100 820)</b>	<b>(3 211 376)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds disposal of property and equipment	175 067	79 682	51 502	-
Interest received	60 590 616	65 052 977	2 131 522	1 417 177
Dividend received	11 417 640	8 517 950	17 067 353	15 273 500
Additions to property and equipment and intangible assets	19, 20 (24 438 192)	(14 880 998)	(238 847)	(53 903)
Additions to investment properties	17 (55 923)	(103 242)	-	-
Disposal of government securities	46 360 314	30 275 738	-	-
Disposal of loan and debentures	16 1 623 158	736 842	-	-
Additions to government securities	(35 309 975)	** (38 124 036)	-	-
Additions to equity shares	15 (43 299 046)	(15 140 950)	*(10 156 234)	-
Disposal of equity shares	15 8 508 490	2 847 841	-	-
Additions to loans and debentures	16 (2 000 000)	(1 360 000)	-	-
<b>Net cash generated from investing activities</b>	<b>23 572 149</b>	<b>**37 901 804</b>	<b>8 855 296</b>	<b>16 636 774</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Additions to long term borrowings	24 20 512 500	2 858 320	-	-
Repayment of long-term borrowings	24 (7 117 145)	(2 061 225)	(899 412)	(933 921)
Repayment of lease liabilities	18.2 (992 703)	(1 732 056)	(38 880)	(52 681)
Dividend paid	41 (24 502 638)	(14 466 517)	(12 235 309)	(8 101 402)
<b>Net cash used in financing activities</b>	<b>(12 099 986)</b>	<b>(15 401 478)</b>	<b>(13 173 601)</b>	<b>(9 088 004)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>90 038 583</b>	<b>82 070 616</b>	<b>(7 419 125)</b>	<b>4 337 394</b>
Cash and cash equivalents at 1 January	182 381 842	96 525 115	14 050 559	9 642 156
Effects of changes in exchange rates	778 095	3 786 111	21 009	71 009
<b>Cash and cash equivalents at 31 December</b>	<b>5 273 198 520</b>	<b>**182 381 842</b>	<b>6 652 443</b>	<b>14 050 559</b>

\*During the year, the company acquired shares in Blantyre Hotels plc for total consideration of K10.681 billion as disclosed in note 15 to the financial statements. The consideration included K10.156 billion paid in cash and K526 in underwriting commission fees, which were converted into shares of Blantyre Hotels plc.

\*\*Prior year cash flows have been restated to correct a reclassification error relating to the banking component's investments in government securities. Refer to note 1.3 to the financial statements for details relating to the restatement.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 1. Reporting entity

NICO Holdings plc (the company) is a public company incorporated in Malawi. The address of the company's registered office is: Chibisa House, 19 Glyn Jones Road, and P.O. Box 501, Blantyre, Malawi. The consolidated and separate financial statements for the year ended 31 December 2024 comprises the company and its subsidiaries, (together referred to as the "Group"). The Company is listed on the Malawi Stock Exchange.

The major activities of the Group are general insurance, life assurance and pension administration, banking, asset management and property management and development and information technology. NICO Holdings plc shareholding structure in subsidiaries and associated companies is as follows:-

Name of subsidiary	% Holding	Type of business
NICO Insurance (Zambia) Limited	51.00	Short term insurance
NICO General Insurance Company Limited	51.00	Short term insurance
NICO Life Insurance Limited	51.00	Life insurance
NICO Pension Services Limited	51.00	Pension administration
NICO Capital Limited	100.00	Corporate Finance advisory
NBS Bank plc	50.10	Banking
NICO Technologies Limited	100.00	Information technology
NICO Asset Managers Limited	100.00	Asset management
Group Fabricators and Manufacturers Limited	100.00	Property holding

Name of Associate	% Holding	Type of business
Sanlam Mozambique Vida Companhia de Seguros, SA	34.30	Life insurance and pension administration

Name of Joint Venture	% Holding	Type of business
Eris Properties Malawi Limited	50.00	Property Management and Development

### 1.1 Restatement of correction in relation to a prior period omission of non-performance risk related reinsurance contracts.

Following adoption in the last financial year of the new IFRS Accounting Standard for insurance contracts, IFRS 17, the Group noted an omission relating to non-performance risk in relation to reinsurance contract assets. Actuaries have computed the relevant amount as follows:

#### 1.1.1 Summary

	K'000
Non-performance risk adjustment relating to the year 2022 and prior periods	2 369 501
Non-performance risk adjustment relating to the year 2023	514 624
Deferred tax on the non-performance risk adjustment relating to the year 2022 and prior periods	(710 820)
Deferred tax on the non-performance risk adjustment relating to the year 2023	(154 387)
Total correction to prior periods net of deferred tax	2 018 888

#### 1.1.2 Adjustments made to the year 2022: Consolidated Statement of Financial Position

Description	Journal	As previously reported 31-Dec-22 K'000	Adjustment K'000	Restated Amount 31-Dec-22 K'000
Retained Earnings	Debit	63 103 019	(845 912)	62 257 107
Non-controlling interest	Debit	51 804 325	(812 739)	50 991 586
Reinsurance contract assets	Credit	29 783 298	(2 369 501)	27 413 797
Deferred tax asset	Debit	6 715 423	710 850	7 426 273

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 1. Reporting entity (Continued)

#### 1.1 Restatement of correction in relation to a prior period omission of non-performance risk related reinsurance contracts (Continued)

##### 1.1.3 Adjustments made to the year 2023: Consolidated Statement of Financial Position

Description	Journal	As previously reported 31-Dec-23 K'000	Adjustment K'000	Adjustment for prior periods as noted above	Restated Amount 31-Dec-23 K'000
Retained Earnings	Debit	84 831 953	(173 721)	(845 912)	83 802 320
Non-controlling interest	Debit	70 420 471	(176 516)	(812 739)	69 431 216
Reinsurance contract assets	Credit	41 872 545	(514 624)	(2 369 501)	38 988 420
Deferred tax asset	Debit	10 009 238	154 387	710 850	10 874 475

##### 1.1.4 Adjustments made to the year 2023: Consolidated Statement of Comprehensive Income

Description	Journal	As previously reported 31-Dec-23 K'000	Adjustment K'000	Restated Amount 31-Dec-23 K'000
Net finance income (expenses) from reinsurance contracts held	Debit	1 746 706	(514 624)	1 232 082
Income tax expense	Credit	25 024 133	(154 387)	24 869 746

##### 1.1.5 Impact of restatement on earnings per share

Description	As previously reported 31-Dec-23 K	Adjustment K	Restated Amount 31-Dec-23 K
Earnings Per Share	29.81	(0.17)	29.64

#### 1.2 Restatement – Correction of Omission in Retranslation of Investment in a Foreign Operation

The Group holds an equity-accounted investment in an associate that qualifies as a foreign operation, Sanlam Mozambique Vida Companhia de Seguros, S.A. In accordance with *IAS 28 Investments in Associates and Joint Ventures*, and *IAS 21 The Effects of Changes in Foreign Exchange Rates*, the carrying amount of such an investment should be adjusted not only for the Group's share of profit after tax, other comprehensive income, and dividends, but also for foreign currency exchange differences arising on translation of the net investment.

In prior periods, the Group and Company accounted for its share of results and other comprehensive income from the associate but omitted to translate the carrying amount of the investment into the Group's and Company's presentation currency and to recognise the related foreign currency translation differences in other comprehensive income.

This omission has been corrected by restating prior period figures to include the foreign currency translation differences arising from this investment. The restatement has been applied retrospectively in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*.

This correction has no impact on the previously reported profit for the year but affects the presentation of other comprehensive income and the carrying amount of the investment in the statement of financial position. Accordingly, the Group has made a restatement for the omitted foreign currency exchange differences as follows:

##### 1.2.1 Summary

Foreign currency exchange differences relating to the year 2023

**K'000**  
1 562 168



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 2. Reporting entity (Continued)

#### 1.2 Restatement of correction in relation to a prior period omission of retranslation of investment in foreign operation (Continued)

##### 1.2.2 Adjustments made to the year 2023

Consolidated Statement of Financial Position

Description	Journal	As previously reported 31-Dec-23 K'000	Adjustment K'000	Restated Amount 31-Dec-23 K'000
Other (translation) reserves	Credit	4 952 882	1 562 168	6 515 050
Investment in associate	Debit	1 560 365	1 562 168	3 122 533

Separate Statement of Financial Position

Description	Journal	As previously reported 31-Dec-23 K'000	Adjustment K'000	Restated Amount 31-Dec-23 K'000
Other (translation) reserves	Credit	1 795 449	1 562 168	3 357 617
Investment in associate	Debit	1 560 365	1 562 168	3 122 533

##### 1.2.3 Adjustments made to the year 2023: Consolidated Statement of Comprehensive Income

Description	Journal	As previously reported 31-Dec-23 K'000	Adjustment K'000	Restated Amount 31-Dec-23 K'000
Translation difference on foreign operations	Credit	456 351	1 562 168	2 018 519

Adjustments made to the year 2023: Separate Statement of Comprehensive Income

Description	Journal	As previously reported 31-Dec-23 K'000	Adjustment K'000	Restated Amount 31-Dec-23 K'000
Translation difference on foreign operations	Credit	-	1 562 168	1 562 168

#### 1.3 Restatement of Prior Year Consolidated Statement of Cash Flows

Reclassification of Cash Flows Relating to Investments in Government Securities and Disclosure of Changes in Working Capital for the Banking Business

During the current year, the Group undertook a review of the classification of cash flows relating to investments in government securities in the consolidated statement of cash flows. This review identified that, although such investments are part of the normal trading activities of the Group's banking subsidiary, similar investments held by other subsidiaries are for investing purposes.

In accordance with the requirements of IAS 7 Statement of Cash Flows, cash flows that arise from trading activities are to be classified within operating activities, whereas those from investing activities are to be presented under investing activities. Previously, all cash flows relating to investments in government securities were classified under investing activities.

To ensure compliance with IAS 7, the Group has reclassified the net cash flows arising from investments in government securities by the banking subsidiary from investing activities to operating activities. This reclassification has been applied retrospectively, and comparative information has been restated accordingly.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 1. Reporting entity (Continued)

#### 1.3 Restatement of Prior Year Consolidated Statement of Cash Flows (Continued)

Furthermore, to comply with the requirements of IAS 7 the Group has amended the presentation of changes in the capital amounts of operating assets and liabilities from the banking subsidiary. Previously, the net movement was presented as part of cash receipts and payments within operating activities. In the current year, and retrospectively for comparatives, these changes have been disclosed separately. The group has also included a note to disclose interest paid and interest received to comply with requirements of IAS 7 (see note 46.2).

The restatement has no impact on the Group's net cash flows or cash and cash equivalents at the end of the reporting periods.

A table summarizing the adjustments to each relevant line item in the comparative cash flow statement has been included below which shows original amounts, adjustments, and restated figures.

Adjustments made to the year 2023: Consolidated Statement of Cashflows

Description	As previously reported 31-Dec-23 K'000	Adjustment to split out Working Capital K'000	Reclassification from investing to operating activities Adjustment K'000	Restated Amount 31-Dec-23 K'000
<b>Cash flows from operating activities</b>				
Cash receipts from customers	415 311 252	(163 878 322)		251 432 930
Cash payments to employees and suppliers	(265 688 442)	108 261 505	(62 512 835)	(219 939 772)
Increase in operating assets - banking business	-	(108 261 505)	-	(108 261 505)
Increase in operating liabilities - banking business	-	163 878 322	-	163 878 322
<b>Cash generated from operations</b>	147 236 021	-	(62 512 835)	84 723 186
<b>Net generated from operating activities</b>	122 083 125	-	(62 512 835)	59 570 290
<b>Cash flows from investing activities</b>				
Additions to government securities (Purchase of government securities)	(100 636 871)	-	62 512 835	(38 124 036)
<b>Net cash generated (used in)/ from investing activities</b>	(24 611 031)	-	62 512 835	37 901 804

### 2. Adoption of new and revised International Financial Reporting Standards

#### 2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the Group and Company has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2024.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 2. Adoption of new and revised International Financial Reporting Standards *(Continued)* 2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements *(Continued)*

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2024	<p>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</p> <p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</p> <p>The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>Non-current Liabilities with Covenants (Amendments to IAS 1)</p> <p>The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)</p> <p>The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</p> <p>IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>IFRS S2 Climate-related Disclosures</p> <p>IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p>

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the Group and Company. The Directors are in the process of drafting a paper on Environmental, Social, and Governance (ESG), that will include sustainability-related financial disclosures and disclosing information about climate-related risks and opportunities.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 2. Adoption of new and revised International Financial Reporting Standards *(Continued)* 2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are issued and effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing of these financial statements. *Those which may be relevant to the Group and Company* are set out below. The *entity* does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2025	Lack of Exchangeability (Amendments to IAS 21)  The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
Annual reporting periods beginning on or after 1 January 2025	Amendments to the SASB standards to enhance their international applicability.  The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.
Annual reporting periods beginning on or after 1 January 2026	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments  The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.
Annual reporting periods beginning on or after 1 January 2026	Annual Improvements to IFRS Accounting Standards — Volume 11 The pronouncement comprises the following amendments: <ul style="list-style-type: none"> <li>• IFRS 1: Hedge accounting by a first-time adopter</li> <li>• IFRS 7: Gain or loss on derecognition</li> <li>• IFRS 7: Disclosure of deferred difference between fair value and transaction price</li> <li>• IFRS 7: Introduction and credit risk disclosures</li> <li>• IFRS 9: Lessee derecognition of lease liabilities</li> <li>• IFRS 9: Transaction price</li> <li>• IFRS 10: Determination of a 'de facto agent'</li> <li>• IAS 7: Cost method</li> </ul>
Annual reporting periods beginning on or after 1 January 2027	IFRS 18 Presentation and Disclosures in Financial Statements  IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.
Annual reporting periods beginning on or after 1 January 2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures  IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2024

## 2. Adoption of new and revised International Financial Reporting Standards *(Continued)*

### 2.2 Standards and Interpretations in issue, not yet effective *(Continued)*

The directors anticipate that other than IFRS 18, these Standards and Interpretations in future periods will have no significant impact on the financial statements of the company. IFRS 18 will impact the presentation and disclosure of information in the financial statements. The directors are unable to quantify the impact that adoption of these Standards and interpretations in future periods will have on the financial statements.

## 3. Basis of preparation

### 3.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in a manner required by the Companies Act, 2013 of Malawi.

### 3.2 Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value;
- investment properties are measured at fair value;
- available-for-sale financial assets are measured at fair value through other comprehensive income; and
- items of property are measured at their revalued amounts.

#### Comparative information

Unless otherwise indicated, comparative information presented at and for the year ended 31 December 2022 within these consolidated annual financial statements has been IFRS 17 Insurance Contracts is effective for annual reporting periods starting 1 January 2023 and has been adopted by the Company. The impact of IFRS 17 has been included in Note 3.

### 3.2.1 Use of estimates and judgements

The preparation of consolidated and separate financial statements in conformity with IFRS 17 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognized in the financial statements can be found in the following notes:

- |                  |   |
|------------------|---|
| • Note 31        | - Valuation Insurance liabilities;                                    |
| • Note 17        | - Valuation of investment properties;                                 |
| • Note 15 and 16 | - Valuation of investments in shares and loans receivables; and       |
| • Note 13.3      | - Non consolidation of investments in which shareholding exceeds 50%. |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation *(Continued)*

#### 3.2 Basis of measurement *(Continued)*

##### 3.2.2 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### 3.3 Functional and presentation currency

These consolidated financial statements are presented in Malawi Kwacha, which is also the Group's functional currency. Except as otherwise indicated, financial information presented in Malawi Kwacha has been rounded to the nearest thousand.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation *(Continued)*

#### 3.4 Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able realise its assets and settle its liabilities in the normal course of business.

#### 3.5 Material accounting policy information

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

##### (a) Basis of consolidation

The consolidated and separate annual financial statements comprise the Group and its entities controlled by the Group. Under the Malawi Companies Act, 2013, control is presumed to exist where a company holds more than one half of the nominal share capital directly or indirectly; or the company can appoint or prevent the appointment of not less than half of the directors of the subsidiary. In general control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policy information (Continued)

##### (a) Basis of consolidation (Continued)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS 17). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

The Group manages and administers assets held in investment vehicles on behalf of investors. These are defined as structure entities. Structured entities are entities that are designed so that their activities are not governed by way of voting rights. In assessing whether the Group has power over such entities in which it has an interest, the Group considers factors such as the purpose and design of the entity; its practical ability to direct the relevant activities of the entity; the nature of the relationship with the entity; and the size of its exposure to the variability of returns of the entity. The financial statements of these entities are not included in the consolidated financial statements except when the Group controls the entity.

##### (b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation** (Continued)  
**3.5 Material accounting policy information** (Continued)

**(b) Business combinations (Continued)**

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income taxes* and IAS 19 *Employee benefits*;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS2 Share based payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable on the basis specified in another IFRS 17.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with IFRS9; *Financial Instruments*, or IAS 37 Provisions, *Contingent Liabilities and Contingent Assets*, as appropriate with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss when such treatment would be appropriate if that interest were disposed of.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (b) Business combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

##### (c) Investments in associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS5.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset,



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation** *(Continued)***3.5 Material accounting policies information** *(Continued)***(c) Investments in associates and Joint Ventures** *(Continued)*

the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

**(d) Interests in joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS 17 applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (d) Interests in joint operations (Continued)

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

##### (e) Revenue

The Group's revenue arises mainly from provision of insurance, banking and asset management services. The Company's main revenue is dividend income.

To determine whether to recognise revenue, the Group follows a 5-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services and excludes any amounts collected on behalf of third parties.

##### (i) Interest income

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and financial liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and other comprehensive income include:

- Interest on financial assets and financial liabilities at amortised cost on an effective interest basis; and
- Interest on held-to-maturity money market investments at amortised cost on an effective interest basis.

##### (ii) Investment income

Investment income comprises interest income on money market financial instruments, dividends from listed and unlisted companies, investments in listed shares and rental income. The financial instruments include local registered stocks, treasury bills and fixed deposits.

Management considers the returns earned (i.e. interest received and dividend received) on investments to be part of investing activities.

##### (iii) Dividends

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are reflected as a component of investment income.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation *(Continued)*

#### 3.5 Material accounting policies information *(Continued)*

##### (e) Revenue *(Continued)*

###### (iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

###### (v) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised in a straight-line basis over the commitment period.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

###### (vi) Other income

Other income includes gains and losses on disposal of an item of equipment which are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognised net within "other income" in profit or loss upon disposal. It also includes commissions and other sundry income are recognised as the related services are performed.

##### (f). Insurance and reinsurance contracts

###### (i) Key types of insurance contracts issued and reinsurance contracts held

The Group issues the following types of contracts that are accounted for in accordance with IFRS17 Insurance Contracts.

###### i) *Life business – non-participating contracts including:*

- Individual life insurance contracts provide level or decreasing sum assured coverage for a limited period of time in exchange for renewable fixed premiums.
- Annuity contracts provide the annuitant with a guaranteed income payout for life.

The Group accounts for these policies applying the General Model.

###### ii) *Life business – discretionary participating contracts including:*

- Deferred variable annuity contracts which provide the annuitant with a guaranteed income payout for life.  
The deferred variable annuity involves an accumulation and a payout phase. Cash flows of deferred variable annuity contracts vary with the return on underlying items in the accumulation phase, but not thereafter. The minimum pre-determined guaranteed annuity rates are specified at the contract's inception.
- Individual life insurance policies which include life insurance coverage and an investment component. The Group has an obligation to pay policyholders an amount equal to the value of the specified underlying items, minus a variable fee for service.
- Investment contracts with Discretionary Participation Features (DPF):  
The deposit administration contract with DPF entitles the policyholder to receive benefits or bonuses in

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (i) Key types of insurance contracts issued and reinsurance contracts held (Continued)

addition to guaranteed benefits that are expected to be a significant proportion of the total contractual benefits, the timing or amount of which are contractually at the discretion of the Group, but which has to be exercised in a reasonable way. The benefits are based on the investment performance of a specified pool of underlying assets.

The Group accounts for these contracts applying the Valuable Fee Approach (VFA).

##### iii) Life insurance policies:

- These comprise of group life and credit life insurance policies with coverage of one year;
- The Group accounts for these contracts applying the Premium Allocation Approach (PAA);
- The Group also holds the following types of reinsurance contracts to mitigate risk exposure; and
- For term life insurance policies, the Group holds reinsurance treaties and accounts for these treaties applying the PAA.
- Life insurance risk business where insurance coverage is provided to members of Corporate schemes, with the premiums payable by the employers (policyholders) renewable at least annually, is measured under the PAA;

##### iv. General insurance business

- The group of contract under general business comprises of fire, motor, accident, engineering, bond and marine insurance contracts;
- The Group accounts for these contracts applying the Premium Allocation Approach (PAA) and ;
- The Group also holds the facultative and treaties reinsurance contracts to mitigate risk exposure.

##### (ii) Definitions and classifications

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

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

The Group issues certain insurance contracts that allow policyholders to participate in investment returns with the Group, in addition to compensation for losses from insured risk. Participating contracts meet the definition of insurance contracts with direct participating features if the following three criteria are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns from the underlying items; and
- A substantial proportion of the cash flows that the Group expects to pay to the policyholder is expected to vary with the change in the fair value of the underlying items.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation** *(Continued)***3.5 Material accounting policies information** *(Continued)***(f). Insurance and reinsurance contracts** *(Continued)***(ii) Definitions and classifications** *(Continued)*

The Group assesses whether the above conditions and criteria are met using its expectations at the issue date of the contracts.

**(iii) Level of aggregation**

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. The Group has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of "IFRS17" are applied.

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

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

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Group determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Group applies significant judgement in determining at what level of granularity the Group has sufficient information to conclude that all contracts within a set will be in the same Group. In the absence of such information, the Group assesses each contract individually.

If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Group performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model. If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognized in profit or loss and the liability for remaining coverage is increased by the same amount.

**(iv) Recognition**

The Group recognises insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received); and
- The date when a group of contracts becomes onerous.

The Group recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period. New contracts are included when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the group have been recognised.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (iv) Recognition (Continued)

Investment contracts with discretionary participation features are initially recognised at the date the group becomes a party to the contract.

##### *Reinsurance contracts held*

The Group recognises reinsurance contracts held at the beginning of the coverage period, but no earlier than the initial recognition date of any underlying insurance contract where the group of reinsurance contracts held provides proportionate coverage (such as quota share reinsurance or surplus reinsurance).

A Group of reinsurance contracts held that provides non-proportionate coverage (such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

##### (v) Contract boundaries

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

Cash flows are within the boundary of an investment contract with DPF if they result from a substantive obligation of the Group to deliver cash at a present or future date.

A substantive obligation to provide services ends when the Group:

- has the practical ability to reassess the risks of a particular policyholder and as a result can change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or
- performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:
  - a) the Group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders; and
  - b) the Group's pricing of the premiums up to the assessment date does not consider any risks beyond this date.

The Group concludes on its practical ability to set a price that fully reflects the insurance and / or financial risks in the individual contract or portfolio at the reassessment / renewal date by considering all the risks (transferred from the policyholder to the Group) that it would assess when underwriting equivalent contracts on the same date for the remaining service. Where the Group provides an option to members of group life insurance business to purchase individual life cover on cessation of employment, all future cash flows related to the individual life cover will form part of a new insurance contract because the Group has the practical ability to charge the prevailing new business rates which fully reflect the new level of risk. Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

##### (vii) Measurement of insurance contracts issued

##### *i. Measurement on initial recognition for contracts other than PAA*

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



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation (Continued)****3.5 Material accounting policies information (Continued)****(f). Insurance and reinsurance contracts (Continued)***Fulfilment cash flows within contract boundary*

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

The Group estimates expected future cash flows for a group of contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

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

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

The Group issues investment contracts with discretionary participation features that result in policyholders in different groups sharing the returns on the same pool of underlying items. The Group determines each group's share of the returns from the underlying items by first determining the overall return at a higher level of aggregation than the groups, and then making an allocation to each group on a systematic and rational basis.

The Group recognises /and measures the liability for the unpaid amounts arising from all groups in aggregate and does not allocate such fulfilment cash flows to specific groups when coverage on contracts has been provided.

The cash flow estimates include both market variables, which are consistent with observable market prices, and nonmarket variables, which are not contradictory with market information and based on

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (vii) Measurement of insurance contracts issued (Continued)

##### i. Measurement on initial recognition for contracts other than PAA (Continued)

##### *Fulfilment cash flows within contract boundary (Continued)*

internally and externally derived data. The Group updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Group determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

##### *Discount rates*

Estimates of future cash flows that do not vary with investment returns on underlying items are discounted using a risk-free yield curve, adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Risk-free rates are determined based on the market observable yield curves for government bonds, with extrapolation between the last available market point and an ultimate forward rate, considering long-term real interest rate and inflation expectations. Long-term inflation expectations are used to construct yield curves for markets where observable market data is not available.

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

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows. The group applies discount rates, that include the effect of inflation, to nominal cash flows (i.e. those cash flows that also include the effect of inflation, where relevant).

The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any); and
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

Cash flows are divided between cash flows that vary based on the returns on underlying items and cash flows that do not vary based on the returns on underlying items. Cash flows that vary based on the returns on underlying items are discounted using rates that reflect that variability.

A bottom-up approach is used to determine the discount rates applied to cash flows that do not vary based on returns with underlying items. A zero-coupon (risk-free) yield curve, adjusted to reflect the illiquidity of the group of insurance contracts where applicable, is applied to cash flows that do not vary based on the returns on underlying items. Insurance contracts issued such as non-participating life annuities that cannot be surrendered or lapsed, are illiquid.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation (Continued)****3.5 Material accounting policies information (Continued)****(f). Insurance and reinsurance contracts (Continued)****(vii) Measurement of insurance contracts issued (Continued)***i. Measurement on initial recognition for contracts other than PAA (Continued)**Discount rates (Continued)*

Risk-free or real-world discount rates can be applied to cash flows that vary based on the returns on underlying items. Risk-free discount rates are consistent with the rates applied to cash flows that do not vary based on returns on underlying items. Real-world discount rates are consistent with a risk-free yield curve plus a risk premium which reflects the variability in the cash flows based on the underlying mix of asset classes other than fixed-interest securities. For the material lines of business in the group, real-world discount rates are applied to cash flows that vary based on the returns on underlying items.

*Risk adjustment for non-financial risk*

The risk adjustment is the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The main sources of non-financial risk are the estimates related to decrement rates for mortality and morbidity, persistency rates and expenses. Adjustments for financial risks are included either in the estimates of future cash flows or in the discount rates and are therefore excluded from the risk adjustment. Operational risk will be excluded from the risk adjustment as it is mainly related to general operational risk that cannot be directly attributed to the fulfilment of the insurance contracts.

The risk adjustment for non-financial risk is included in the fulfilment cash flows and is measured explicitly, as changes in the risk adjustment impact on accounting estimates (including the CSM) and need to be disclosed separately in the liability reconciliations. IFRS17 does not require entities to use a specific technique to estimate the risk adjustment, with the confidence level technique highlighted as a possible approach. However, an entity that uses a technique other than the confidence level technique for determining the risk adjustment, is required to disclose the technique used and the confidence level corresponding to the results of that technique. The life insurance businesses use the margins approach targeting a specified confidence level. The confidence level is determined based on each cluster's level of risk appetite for bearing the non-financial risk arising from the uncertain amount and timing of cash flows.

The confidence level technique is determined with reference to a particular target confidence level. A distribution of fulfilment cash flows is required, from which the risk adjustment is determined based on the standard deviation around the mean for the target confidence level. The standard deviation is estimated assuming the same risk distribution used for solvency purposes. For life insurance businesses the standard deviation is therefore derived based on the solvency capital requirements and assuming that the fulfilment cash flows can be approximated by a normal distribution, with the risk adjustment representing the value at risk in excess of the target confidence level over one year. For the life insurance businesses the risk adjustment has been calibrated and calculated based on a target confidence level at the 80th percentile.

The margins approach requires the calibration of margins based on historic decrement/expense experience and fitting a statistical distribution to the data. Margins are initially calibrated on an independent basis for each risk type based on a specified confidence level. The margins are modelled as percentage changes to the probability weighted best estimate assumptions applied over the relevant duration for each policy. The direction of each margin is tested independently and the direction that increases the best estimate liability (BEL) is adopted. The increase in the BEL resulting from these margins represents the risk adjustment component of the fulfilment cash flows. The confidence levels corresponding to the results of the margins approach vary between the 80th and 90th percentile.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (vii) Measurement of insurance contracts issued (Continued)

##### i. Measurement on initial recognition for contracts other than PAA (Continued)

##### *Risk adjustment for non-financial risk (Continued)*

The risk adjustment allows for the effect of diversification benefits between different risk and product types (where relevant), which is determined based on correlation matrix techniques and other diversification impacts determined for solvency purposes. When using the confidence level technique:

- the allocation of the risk adjustment to portfolios and groups of contracts is estimated using an appropriate measure; and
- the risk adjustment for reinsurance contracts held is determined by applying the technique to both gross and net of reinsurance, and deriving the amount of risk transferred to the reinsurer as the difference between the two results.

The risk adjustment calculations is performed separately for reinsurance contracts held using the margins approach.

##### *Contractual service margin (CSM)*

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

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

- The expected fulfilment cash flows of the group;
- The amount of any derecognised asset for insurance acquisition cash flows allocated to the group;
- Any other asset or liability previously recognised for cash flows related to the group; and
- Any cash flows that have already arisen on the contracts as of that date.

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

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

The Group allocates contracts acquired with claims in the settlement phase into annual groups based on the expected profitability of the contracts at the date of acquisition. The Group uses the consideration received or paid as an approximation of premiums to calculate the CSM on initial recognition. When, on initial recognition, contracts acquired in a portfolio transfer are determined to be onerous, the excess of the fulfilment cash flows over the consideration received is recognised in profit or loss.

##### *Coverage units*

The CSM is recognised as income in insurance revenue over the duration of insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits is typically determined based on the maximum amounts that policyholders can claim in each



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (vii) Measurement of insurance contracts issued (Continued)

##### i. Measurement on initial recognition for contracts other than PAA (Continued)

*Contractual service margin (CSM) (Continued)*

*Coverage units (Continued)*

period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

The following definitions of coverage units are used for the material lines of business\*

		Relative weighting of the benefits provided (**)			Examples of coverage unit definitions
	Measurement model	Insurance coverage	Investment-related services	Investment-return services	
Risk insurance business	General Measurement Model (GMM)	(A)			Guaranteed sum assured (for example term / whole life insurance business, funeral insurance business).
Non-participating life annuities	GMM	(A)		(a)	Annuity benefit payments (***), or guaranteed benefits available on death/surrender/withdrawal during the accumulation phase for deferred life annuities.
DA	VFA	(a)	(A)		Maximum of the underlying items and the guaranteed sum assured (including any vested bonuses).
Other life insurance savings business (****)	VFA	(a)	(A)		Total of the underlying items plus any insurance benefits (for example rider benefits / waivers).

\*Coverage units are defined for each group of contracts and could vary based on the specific features / characteristics of the underlying contracts.

\*\*The insurance contract services with a majority relative weighting of total benefits provided (i.e. greater than 50%) are denoted by (A), whereas the insurance contract services with a minority relative weighting of total benefits provided (i.e. less than 50%) are denoted by (a), where relevant. The actual weighting varies in each current and future period based on the relative differences between the insurance and investment-related benefits payable, which is mainly a function of the terms of each contract and the probability-weighted estimates of future cash flows.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (vii) Measurement of insurance contracts issued (Continued)

##### i. Measurement on initial recognition for contracts other than PAA (Continued)

##### *Contractual service margin (CSM) (Continued)*

##### *Coverage units (Continued)*

For life insurance risk business, the main purpose of the insurance contracts issued is to provide insurance coverage to the policyholders, and therefore a lower weighting of benefits are provided by investment-return services (where relevant), relative to the benefits provided by insurance coverage.

The reinsurance contracts held by the Group do not provide investment-return services.

For insurance contracts meeting the eligibility criteria for measurement under the VFA, there will by definition be a higher weighting of benefits provided by investment-related services, relative to the benefits provided by insurance coverage (refer to note 6 for further details on the judgements applied in assessing VFA eligibility).

\*\*\*Investment-return services are provided on:

- immediate life annuities during guaranteed periods where payments are made on death or survival; and

\*\*\*\*Including smoothed bonus business and participating life annuities.

##### *Premium experience adjustments*

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) that do not vary based on the returns on underlying items, adjust the CSM if related to future service, or such amounts are recognised in insurance revenue in the reporting period if related to current (or past) service.

The Group applies judgement to determine whether these experience adjustments are related to current (or past) or future service. The premium-related experience adjustments typically relate to current (or past) service. Experience adjustments relating to premiums received for future coverage are an exception to this general rule. Such an example is where the premium experience adjustments have a direct impact on the value of future benefits payable to policyholders, resulting in the experience adjustments and the changes in the estimates of the future cash flows to largely offset when adjusting the CSM.

##### *Loss recovery component (LRC)*

The loss component at initial recognition of a group of insurance contracts issued represents the expected losses to be incurred on the group of insurance contracts over the coverage period.

Subsequent to initial recognition, the loss component of a group of insurance contracts issued is adjusted for changes in the estimates of the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) with such increases or reversals of losses recognised in insurance service expenses in profit or loss. For insurance contracts measured under the GMM, the adjustments to the loss component are measured based on locked-in discount rates. For insurance contracts measured under the VFA, the adjustments to the loss component are measured based on current discount rates.

The subsequent changes in the fulfilment cash flows of the liability for remaining coverage are allocated to the loss component on a systematic basis based on the expected incurred claims and administration expenses and expected release of the risk adjustment for risk expired in each reporting period, such





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation (Continued)**  
**3.5 Material accounting policies information (Continued)**

**(f). Insurance and reinsurance contracts (Continued)****(vii) Measurement of insurance contracts issued (Continued)***i. Measurement on initial recognition for contracts other than PAA (Continued)**Contractual service margin (CSM) (Continued)**Loss recovery component (LRC) (Continued)*

that the loss component reduces to zero by the end of the coverage period of a group of insurance contracts. These changes in the fulfilment cash flows allocated to the loss component of a group of insurance contracts issued are excluded from insurance revenue and insurance service expenses, resulting in the recognition of insurance revenue depicting the consideration to which the Group expects to be entitled in exchange for the insurance contract services provided.

*Reinsurance contracts held*

For a Group of reinsurance contracts held, the loss recovery component is adjusted based on the corresponding adjustments to any loss component(s) of the underlying insurance contracts and the reinsured portion of these underlying insurance contracts. The loss recovery component is not adjusted for any material increases in the loss component related to any cash flows that are not reinsured.

**Insurance acquisition cash flows**

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

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

The Group recognises an asset in respect of costs to secure a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are incurred before the recognition of the group of insurance contracts to which these costs relate. The Group recognises such an asset for each existing or future group of insurance contracts to which insurance acquisition cash flows are allocated. The related portion of the asset for insurance acquisition cash flows is derecognised and included in the measurement of the fulfilment cash flows of the associated group of contracts when the group is initially recognised. When only some of the insurance contracts expected to be included within the group are recognised as at the end of the reporting period, the Group determines the related portion of the asset that is derecognised and included in the Group's fulfilment cash flows. The related portion is determined on a systematic and rational allocation method that considers the timing of recognition of the contracts in the Group.

At each reporting date, the Group reviews the carrying amounts of the asset for insurance acquisition cash flows to determine whether there is an indication that the asset has suffered an impairment. If any such indication exists, the Group adjusts the carrying amount of the asset so that the carrying amount of the asset does not exceed the expected net cash inflow for the associated future groups of contracts. An impairment loss is recognised in profit or loss for the difference. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent the impairment conditions no longer exist or have improved and the cumulative amount of impairment loss reversal does not exceed the impairment loss recognised for the asset in prior years.

*ii. Subsequent measurement under the General Model*

In estimating the total future fulfilment cash flows, the Group distinguishes between those relating to already incurred claims and those relating to future service.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

- (f). Insurance and reinsurance contracts (Continued)
- (vii) Measurement of insurance contracts issued (Continued)
- ii. Subsequent measurement under the General Model (Continued)

At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

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

- the fulfilment cash flows relating to future service;
- the CSM yet to be earned; and
- any outstanding premiums for insurance contract services already provided.

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

#### Changes in fulfilment cash flows

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

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

Experience adjustments are the difference between:

- The expected cash flow estimate at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)
- The expected cash flow estimate at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses). Experience adjustments relating to current or past service are recognised in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

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



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation (Continued)****3.5 Material accounting policies information (Continued)****(f). Insurance and reinsurance contracts (Continued)****(vii) Measurement of insurance contracts issued (Continued)****ii. Subsequent measurement under the General Model (Continued)***Changes in fulfilment cash flows (Continued)*

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

*Adjustments to the CSM*

For insurance contracts without direct participating features, the following changes in fulfilment cash flows are considered to be related to future service and adjust (or 'unlock') the CSM of the group of insurance contracts:

- Experience adjustments relating to the premiums received in the period that relate to future service, and any related cash flows such as insurance acquisition cash flows and premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the Group were initially recognised;
- The change in the estimate of the present value of expected future cash flows in the liability for remaining coverage, group were initially recognised. All financial variables are locked in at initial recognition;
- Changes in the risk adjustment for non-financial risk relating to future service. The Group has elected not to disaggregate the change in the risk adjustment for non-financial risk between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money; and
- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. The amount of investment components expected to be payable in the period is measured at the discount rates applicable before it became payable.

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

- Changes in fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof;
- Changes in the fulfilment cash flows relating to the LIC;
- Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows); and
- Any further increases in fulfilment cash flows relating to future coverage are recognised in profit or loss as they occur, increasing the loss component of the group of insurance contracts. Any subsequent decreases in fulfilment cash flows related to future coverage do not adjust the CSM until the loss component of the group is fully reversed through profit or loss.

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

- The effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the CSM measured at the discount rates determined at initial recognition; and
- The changes in fulfilment cash flows related to future service, except:
  - Increases in fulfilment cash flows that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous or more onerous; and
  - Decreases in fulfilment cash flows that reverse a previously recognised loss on a group of onerous contracts.
- The effect of any currency exchange differences on the CSM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

- (f). Insurance and reinsurance contracts (Continued)
- (vii) Measurement of insurance contracts issued (Continued)
- ii. Subsequent measurement under the General Model (Continued)

#### Adjustments to the CSM (Continued)

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

#### Recognition of the CSM in profit or loss

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

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

- Determine the total number of coverage units in the Group. The amount of coverage units in the Group is determined by considering the quantity of benefits provided under the contract and the expected coverage period for each contract;
- Allocate the CSM at the end of the period (before any of it is released to profit or loss to reflect the insurance contract services provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in the future; and
- Recognise in profit or loss the amount of CSM allocated to the coverage units provided during the period.

The number of coverage units change as insurance contract services are provided, contracts expire, lapse or surrender and new contracts are added to the group. The total number of coverage units depends on the expected duration of the obligations that the Group has from its contracts. These can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events.

By determining the number of coverage units, the Group exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods (e.g. policyholder exercising an option and adding an additional coverage for a previously guaranteed price) and the 'quantity of benefits' provided under a contract.

#### Expected recognition of contractual service margin

The amount of CSM allocated to each coverage unit changes over time, as the amount of CSM changes. The allocation of the CSM to coverage units is done at the end of the period, after reflecting all other CSM adjustments (the accretion of interest and the effect of change in assumptions relating to future coverage), but before any of it is released to profit or loss. The amount of CSM remaining at the end of the reporting period is allocated equally to the coverage units provided in the period and the remaining coverage units relating to future periods.

#### iii. Insurance contracts measured under the premium allocation approach

The PAA is applied to all insurance contracts with a coverage period of one year or less. In some scenarios, the PAA is also applied where the group expects that the measurement of groups of insurance contracts issued under the PAA would produce a measurement of the liability for remaining coverage (or asset for remaining coverage component for reinsurance contracts held) that would not differ materially from the one that would be produced by applying the GMM.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation (Continued)**  
**3.5 Material accounting policies information (Continued)**

**(f). Insurance and reinsurance contracts (Continued)****(vii) Measurement of insurance contracts issued (Continued)***iii. Insurance contracts measured under the premium allocation approach (Continued)*

For insurance contracts issued, the liability for remaining coverage represents the portion of the premiums received related to insurance coverage to be provided in future. General business, group life and credit life are measured under PAA and insurance acquisition cash flows have been recognised as expenses in profit or loss when incurred.

For a group of insurance contracts issued on initial recognition, the Group measures the liability for remaining coverage as the amount of premiums received if any, less any insurance acquisition cash flows (if not recognised as an expense in profit or loss) and amounts for the derecognition at that date of any asset for insurance acquisition cash flows recognised before the initial recognition of the group.

The carrying amount of a group of insurance contracts issued under PAA at the end of each reporting date is the sum of:

- a. the liability for remaining coverage; and
- b. the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims not paid.

For a group of insurance contracts issued, at the end of each reporting date, the group measures the liability for remaining coverage as the carrying amount at the start of the reporting period:

- plus the premiums received in the period;
- minus insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- minus the amount recognised as insurance revenue for the services provided in the period; and
- minus any investment component paid or transferred to the liability for incurred claims.

The Group has determined that there is no significant financing component in motor and home insurance contracts with a coverage period of one year or less. The Group does not adjust the liability for remaining coverage for motor, group life and credit insurance contracts issued (or asset for remaining coverage for reinsurance contracts held) for the effect of the time value of money as the premiums are due within one year or less from the date of initial recognition.

***Reinsurance contracts held***

For reinsurance contracts held, the asset for remaining coverage measured under the PAA represents the portion of the ceding premiums paid related to reinsurance coverage to be received in future.

For a group of reinsurance contracts held on initial recognition, the group measures the asset for remaining coverage under the PAA as the amount of ceding premiums paid. The carrying amount of a group of reinsurance contracts held at the end of each reporting date is the sum of:

- c. the asset for remaining coverage (also referred to as the remaining coverage component); and
- d. the incurred claims component, comprising the fulfilment cash flows for past incurred claims not recovered.

**Insurance contract carrying amount*****Separating components from insurance and reinsurance contracts***

In addition to the provision of the insurance coverage service, some insurance contracts issued by the Group have other components such as an investment component, an embedded derivative or the provision of some other distinct goods or non-insurance services.

The Group assesses its products to determine whether some of these components are distinct and

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (vii) Measurement of insurance contracts issued (Continued)

##### iii. Insurance contracts measured under the premium allocation approach (Continued)

##### Insurance contract carrying amount (Continued)

##### Separating components from insurance and reinsurance contracts (Continued)

need to be separated and accounted for applying other IFRS Accounting Standards. When these non-insurance components are non-distinct, they are accounted for together with the insurance component applying IFRS17.

The Group first considers the need to separate distinct embedded derivatives and investment components, before assessing the need to separate any goods and non-insurance services component.

##### iv. Subsequent measurement for direct participating contracts (accounted for under the VFA)

The following changes do not relate to future service and therefore do not adjust the CSM (refer to explanation of recognised insurance amounts in profit or loss for further details on the recognition of these amounts in profit or loss):

1. changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items;
2. changes in the fulfilment cash flows that do not vary with returns on the underlying items:
  - a) changes in the liability for incurred claims related to past service; and
  - b) experience adjustments arising from premiums received including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

The following changes relate to future service and therefore adjust the CSM:

3. changes in the Group's share of the fair value of the underlying items, including any variances in the Group's share of the fair value returns on the underlying items in the reporting period, and changes that relate to the effect of and changes in the time value of money and financial risks;
4. changes in the fulfilment cash flows that do not vary with returns on the underlying items:
  - a) changes related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
  - b) changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM; and
  - c) changes in the risk adjustment for non-financial risk that relate to future service.

The adjustments to the CSM are measured based on the current discount rates. The Group does not apply the risk mitigation option and therefore changes in time value of financial options and guarantees (TVOG) will adjust the CSM.

##### Risk Mitigation

In applying risk mitigation, the changes in the fulfilment cash flows arising from the minimum return guarantees on direct participating contracts do not adjust the CSM and are also reflected in profit or loss.

##### (i) Onerous contracts

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

On initial recognition, the onerous assessment is done on an individual contract level assessing future



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (vii) Measurement of insurance contracts issued (Continued)

##### iv. Subsequent measurement for direct participating contracts (accounted for under the VFA) (Continued)

##### (i) Onerous contracts (Continued)

expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified. On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consists entirely of fulfilment cash flows. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognised at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Group allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component.

For groups of onerous contracts, without direct participating features, the Group uses locked-in discount rates. They are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component).

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

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

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

The Group disaggregates the total finance income or expenses between profit or loss.

For any subsequent changes in the fulfilment cash flows of the LRC, the total of insurance finance income or expenses is disaggregated between profit or loss and allocated on a systematic basis between the loss component and the 'LRC excluding the loss component'.

Any subsequent decreases in fulfilment cash flows relating to future service allocated to the group (arising from changes in estimates of future cash flows and the risk adjustments for non-financial risk) are allocated first to the loss component only. Once it is exhausted, any further decreases in fulfilment cash flows relating to future service results in the establishment of the group's CSM.

For onerous groups of contracts, revenue is calculated as the amount of insurance service expenses expected at the beginning of the period that form part of revenue and reflects only:

- The change in the risk adjustment for non-financial risk due to expected release from risk in the period (excluding the amount systematically allocated to the loss component)

<sup>1</sup>The group does not use derivatives or other investment assets to actively hedge the financial risks related to the changes in TVOG.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (vii) Measurement of insurance contracts issued (Continued)

##### iv. Subsequent measurement for direct participating contracts (accounted for under the VFA) (Continued)

##### (i) Onerous contracts (Continued)

- The estimates of the present value of future cash flows related to claims expected to incur in the period (excluding the systematic allocation to the loss component)
- The allocation, based on the coverage units, of the portion of premiums that relates to the recovery of the insurance acquisition cash flows.

All these amounts are accounted for as a reduction of the LRC excluding the loss component.

The Group recognises amounts in insurance service expenses related to the loss component arising from:

- Changes in fulfilment cash flows arising from changes in estimates related to future service that establish or further increase the loss component;
- Subsequent decreases in fulfilment cash flows that relate to future service and reduce the loss component until it is exhausted;
- For direct participating contracts only, subsequent decreases in the entity's share of the fair value of the underlying items, that result in or further increase the loss component;
- For direct participating contracts only, subsequent increases in the entity's share of the fair value of the underlying items that reduce the loss component until it is exhausted; and
- Systematic allocation to the loss component arising both from changes in the risk adjustment for non-financial risk and from incurred insurance services expenses.

##### (viii) Reinsurance contracts held

##### i. Recognition

The Group uses treaty reinsurance to mitigate some of its risk exposures. Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Group determines portfolios in the same way as it determines portfolios of underlying insurance contracts issued. The Group considers that each product line reinsured at the ceding entity level to be a separate portfolio. The Group disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

- Any remaining reinsurance contracts held in the portfolio.

In determining the timing of initial recognition of a reinsurance contract held, the Group assesses whether the reinsurance contract's terms provide protection on losses on a proportionate basis. The Group recognises a group of reinsurance contracts held that provides proportionate coverage:

- At the start of the coverage period of that group of reinsurance contracts held; and
- At the initial recognition of any of the underlying insurance contracts, whichever is later.

The Group recognises a group of non-proportional reinsurance contracts at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognised.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation *(Continued)*

#### 3.5 Material accounting policies information *(Continued)*

##### (f). Insurance and reinsurance contracts *(Continued)*

##### (viii) Reinsurance contracts held

###### i. Recognition *(Continued)*

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract held. This includes cash flows from insurance contracts that are expected to be issued by the Group in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

Cash flows are within the boundary of a reinsurance contract held, if they arise from the substantive rights and obligations of the cedant that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

The Group measures quota share of corporate business reinsurance contracts by applying the PAA.

Under the PAA, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid. The Group measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held, the allocation is based on the passage of time, where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Group adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

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

##### (ix) Investment contracts with discretionary participation features

The Group issues investment contracts with discretionary participation features (DPF). These provide the investor with the contractual right to receive a non-discretionary amount and, as a supplement to that amount, additional amounts that are expected to be a significant portion of the total contractual benefits based on the return of a specified pool of underlying items.

The Group recognises investment contracts with DPF at the date when the Group becomes a party to the contract.

The investment contracts with DPF are aggregated in the same manner as insurance contracts. The Group identifies portfolios of such investment contracts with DPF. Within that portfolio, the Group aggregates them based on three expected profitability levels (groups of onerous contracts, groups of contracts that have no significant possibility of becoming onerous subsequently, and groups that are neither onerous nor have no significant possibility of becoming onerous subsequently). Groups only comprise of contracts issued not more than a year apart.

At initial recognition, similar to insurance contracts, the Group estimates the fulfilment cash flows based on the present value of expected future cash flows and a risk adjustment for non-financial risk. Any expected net inflows are accounted for as the initial CSM.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (ix) Investment contracts with discretionary participation features (Continued)

In estimating future cash flows, the Group considers the contract boundary which only includes cash flows if they result from a substantive obligation of the Group to deliver cash at a present or future date.

In estimating the risk adjustment for non-financial risk for investment contracts with DPF, the Group considers other non-financial risks, such as the risks arising from the contract holder behaviour, e.g. lapse risk and expense risk. The Group discounts cash flows using discount rates that reflect the characteristics of the fulfilment cash flows, including the extent of their dependency on the fair value of the underlying items.

The Group allocates the CSM over the group's whole duration period in a systematic way reflecting the transfer of investment services under a contract.

The Group measures investment contracts with DPF under the VFA/GMM.

##### (x) Modification and derecognition

The Group did not modify or derecognise any contracts.

##### (xi) Presentation

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

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

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

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non financial portion. It includes the entire change as part of the insurance service result.

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

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non financial portion. It includes the entire change as part of the insurance service result.

##### (xii) Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period for a group of insurance contracts excluding changes in the liability that do not relate to services expected to



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation** *(Continued)*  
**3.5 Material accounting policies information** *(Continued)*

**(f). Insurance and reinsurance contracts** *(Continued)***(xii) Insurance revenue** *(Continued)*

be covered by the consideration received. The consideration received refers to the amount of premiums paid to the Group, adjusted for the discounting effect and excluding any investment components. Investment components are amounts payable to the policyholder in all circumstances. The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, the total consideration for a Group of contracts covers the following:

- expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- amount of the CSM recognised in profit or loss;
- release of the risk adjustment for risk expired (excluding amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- premium experience adjustments relating to current service (including experience adjustments arising from related cash flows such as insurance acquisition cash flows); and
- amortisation of insurance acquisition cash flows.

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

**a. Insurance service expenses**

The main components of insurance profits recognised in insurance service expenses are:

- the actual incurred claims and administration expense cash flows (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- actual incurred acquisition expense cash flows on insurance contracts measured under the PAA (where businesses do not elect to include these cash flows in the liability for remaining coverage);
- expected future losses on onerous groups of contracts;
- the changes in liability for incurred claims relating to past service; and
- the amortisation of insurance acquisition cash flows for contracts not measured under the PAA.

The expense cash flows refer only to expenses which are directly attributable to fulfilling the insurance contracts. Non-attributable expenses will be recognised separately in profit or loss. The combined impact of insurance revenue and insurance service expenses will be presented as the insurance service result in profit or loss.

**b. Income or expenses from reinsurance contracts held**

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

- Amount recovered from reinsurers;
- An allocation of the premiums paid; and
- Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (f). Insurance and reinsurance contracts (Continued)

##### (xii) Insurance revenue (Continued)

##### c. Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held. The Group recognises all insurance finance income or expenses for the reporting period in profit or loss. The Group has therefore elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. Under the GMM and PAA, the effect of and changes in financial risk form part of the insurance finance income and expenses. For groups of insurance contracts measured under the VFA, the fair value returns on the underlying items are recognised in insurance finance income and expenses. The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

##### (xiii). investment income and insurance finance expenses

##### *For PAA contracts*

When applying the PAA, the Group does not discount the liability for remaining coverage to reflect the time value of money and financial risk for life insurance policies with a coverage period of one year or less. For those claims that the Group expects to be paid within one year or less from the date of incurrence, the Group does not adjust future cash flows for the time value of money and the effects of financial risks.

##### *For non-participating contracts*

For non-participating contracts whose cash flows are not affected by underlying items, the Group has elected to present all insurance finance income or expenses in profit or loss.

For quota-share life reinsurance contracts held measured applying the PAA, the Group does not adjust the LRC for the time value of money for quota-share life reinsurance contracts held with a coverage period longer than one year. The Group elects to disaggregate presentation of insurance finance income or expenses. The amounts presented in profit or loss are based on the discount rates relating to nominal cash flows that do not vary based on the returns on any underlying items determined at the date of initial recognition of a group of contracts.

##### (xiv) Taxation

##### *Income tax specifically chargeable to policyholders*

When income tax expenses are specifically chargeable to the policyholder under the terms of the contract, they are measured by applying IAS 12, and the Group includes those amounts in the fulfilment cash flows applying IFRS17. The Group accounts for them as a reduction in the liability for remaining coverage and recognises insurance revenue when incurred.

##### (g) Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated to Malawi Kwacha at the exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into Malawi Kwacha at the exchange rate (middle rate) at the date on which the fair value is determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate (middle rate) at the date of the transaction.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation** *(Continued)***3.5 Material accounting policies information** *(Continued)***(g) Foreign currency** *(Continued)***Foreign currency transactions** *(Continued)*

Monetary items denominated in foreign currencies at the reporting date are translated into Malawi Kwacha using the exchange rate at that date. Foreign currency differences arising on translation are generally recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Malawi Kwacha at exchange rates (mid-rate) ruling at the reporting date. The income and expenses of foreign operations are translated to Malawi Kwacha at average exchange rates during the year.

Exchange difference arising on the translation of the assets and liabilities of foreign operations are recognised directly in other comprehensive income and accumulated in equity in the translation reserve. When a foreign operation is disposed of in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

Foreign exchange gains or losses arising from monetary items receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future and which in substance is considered to form a part of the net investment in foreign operation, are recognised directly in the foreign currency translation reserve.

**(h) Property and equipment***(i) Recognition and measurement*

All property and equipment are initially recognised at cost. Buildings and freehold land are subsequently carried at revalued amount, being their fair value, based on valuations by external independent valuers, less subsequent accumulated depreciation, and subsequent accumulated impairment losses. All other property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

*(ii) Subsequent costs*

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow. Ongoing repairs and maintenance expenses are expensed in profit or loss.

*(iii) Revaluation*

Revaluations of buildings and freehold land is carried out with sufficient regularity such that the carrying amount does not differ materially from that, which would be determined using fair values at the reporting date as economic conditions dictate, by independent valuers. Surpluses on revaluations are recognised in other comprehensive income in the revaluation reserve. On disposal of the asset, the appropriate portion of the reserve is transferred to retained earnings. Revaluation decreases are charged to the profit or loss except to the extent that they relate to revaluation surpluses previously transferred to the revaluation reserve. An amount equivalent to the additional depreciation arising from revaluations is transferred annually, net of deferred tax, from the revaluation reserve to retained earnings. The revaluation reserve is a non-distributable reserve and is not available for distribution as a dividend.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (h) Property and equipment (Continued)

###### (iv) Depreciation recognised

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of items of property and equipment and major components that are accounted for separately. Land is not depreciated.

The estimated useful lives for current and comparative periods are as follows:

• Freehold buildings	40 years
• Leasehold buildings	40 years or over the lease period if less than 40 years
• Motor vehicles	5 years
• Furniture and equipment	3-10 years

The residual value, useful life and method of depreciation are reviewed at each reporting date and adjusted if appropriate.

###### (v) Capital work in progress

Capital work in progress is the gross amount spent in carrying out work of capital nature. It is measured at cost recognised to date. Capital work in progress is presented as part of property and equipment in the statement of financial position. When the relevant project is completed, the expenditure is capitalised to the various items of property and equipment.

###### (i) Leases

A lease is an agreement whereby the lessor conveys to the lessee the right to use an asset for an agreed period in return for a payment or series of payments.

###### (ii) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS16.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee at the lease commencement date, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (those whose value is below the capitalisation threshold). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments);
- Variable lease payments that depend on an index or rate, initially measured using the index





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation** *(Continued)***3.5 Material accounting policies information** *(Continued)***(i) Leases** *(Continued)**i) The Group as lessee (Continued)*

or rate at the commencement date;

- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses (in accordance with IAS 36), if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (i) Leases (Continued)

###### i) The Group as lessee (Continued)

lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in profit or loss.

###### (ii) The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS15 to allocate the consideration under the contract to each component.

##### (j) Intangible assets

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software is capitalised only if it is probable that the expected future economic benefits that are attributable to the asset flow to the Group and the cost of the asset can be measured reliably. All other expenditure is expensed as it is incurred.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software, from the date it is available for use.

The estimated useful life of software is 4-8 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### (k) Financial instruments

###### Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Group's and company's statement of financial position when the Group / Company becomes a party to the contractual provisions of the instrument.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation (Continued)****3.5 Material accounting policies information (Continued)****(k) Financial instruments (Continued)****Financial assets (Continued)****(i) Classification and initial measurement of financial assets**

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS15.

**(ii) Subsequent measurement of financial assets**

Subsequently, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments not held for trading); and
- Financial assets at fair value through profit or loss.

**Financial assets at amortised cost (debt instruments)**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

**Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (k) Financial instruments (Continued)

##### Financial assets (Continued)

##### (ii) Subsequent measurement of financial assets (Continued)

and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

##### Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income calculated using the effective interest method, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3. Basis of preparation (Continued)

## 3.5 Material accounting policies information (Continued)

## (k) Financial instruments (Continued)

## Financial assets (Continued)

## (ii) Subsequent measurement of financial assets (Continued)

## Financial assets at fair value through OCI (debt instruments) (Continued)

On initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Gains and losses arising from changes in fair value of these financial assets are recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS9 except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

## Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial.

## Foreign currency exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (k) Financial instruments (Continued)

###### Financial assets (Continued)

##### (ii) Subsequent measurement of financial assets (Continued)

###### Financial assets at fair value through OCI (debt instruments) (Continued)

###### Foreign currency exchange gains and losses (Continued)

that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

##### (iii) Impairment of financial assets

The Group recognises a loss allowance for Expected Credit Losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, loans and advances and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for its financial instruments unless there has been no significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Both Lifetime ECL and 12-month ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

##### (iv) Significant increase in credit risk

The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation** *(Continued)***3.5 Material accounting policies information** *(Continued)***(k) Financial instruments** *(Continued)***Financial assets** *(Continued)***(iv) Significant increase in credit risk** *(Continued)*

without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk where the borrower has a strong capacity to meet their contractual obligations in the near term and adverse changes in economic and business conditions in the longer term may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. It also considers assets in the investment grade category to be low credit risk assets.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (k) Financial instruments (Continued)

###### Financial assets (Continued)

##### (iv) Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### (v) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (vi) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) Significant financial difficulty of the issuer or the borrower;
- (b) A breach of contract, such as a default or past due event;
- (c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) The disappearance of an active market for that financial asset because of financial difficulties.

##### (vii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (k) Financial instruments (Continued)

###### Financial assets (Continued)

###### (viii) Measurement and recognition of expected credit losses

The measurement of expected credit losses for the group is based on Markov model approach for non-mortgage loan portfolio and rules based model for the mortgage loan portfolio, overdraft and credit cards. The following are major components of measuring the expected credit losses;

- **PD** – The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The 12-month and lifetime PDs of a financial instrument represent the probability of a default occurring over the next 12 months and over its expected lifetime respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.
- **EAD** – The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. As for financial assets, this is represented by the assets' gross carrying amount at the reporting date. For financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

The Group's modelling approach for EAD reflects current contractual terms of principal and interest payments, contractual maturity date and expected utilisation of undrawn limits on revolving facilities and irrevocable off-balance sheet commitments.

- **LGD** – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. LGD estimates are based on historical loss data.

When estimating the ECL, the Group considers the stages in which an asset is and also whether there has been a SICR. Each of the stages and the specific conditions of the assets is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure. The stages considered are as described below;

- **Stage 1:** Stage 1 financial instruments are those whose credit risk is low or has improved hence reclassified from Stage 2. Reclassifications from Stage 2 are however subject to 'cooling off' period of 3 months. The Group calculates 12-months ECL for this stage based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR;
- **Stage 2:** When financial instruments have shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECL. The calculation is done as explained under stage 1 above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR. Stage 2 financial instruments also include those whose credit risk has improved hence has been reclassified from Stage 3. Reclassifications from stage 3 are however subject to a 'cooling off' period of 3 months;
- **Stage 3:** financial instruments under this stage are considered credit-impaired. The Group records an allowance for the Lifetime ECLs.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (k) Financial instruments (Continued)

##### Financial assets (Continued)

##### (viii) Measurement and recognition of expected credit losses (Continued)

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

For overdrafts, revolving facilities that include both a loan and an undrawn commitment and loans commitments, ECLs are calculated and presented together with the loans and advances.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

##### (ix) Forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group uses multiple scenarios to model the non-linear impact of assumptions about macroeconomic factors on ECL. The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period.

##### Low risk assets

In applying the IFRS9 model, the Group identified the following as assets having a low credit risk:

1. Malawi Government Securities;
2. Interbank Placements; and
3. Other trading and non-trading receivables.

The Group evaluated both internal and external factors related to the assets and concluded that as at the reporting date the risk of default for these assets was low, the borrowers had a strong capacity to meet their contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but would not necessarily, reduce the ability of the borrowers to fulfil their contractual cash flow obligations.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation (Continued)****3.5 Material accounting policies information (Continued)****(k) Financial instruments (Continued)****Financial assets (Continued)****(ix) Forward-looking information (Continued)**

The above factors coupled with extensive evaluation of credit histories resulted in classifying these assets in the investment grade.

Based on the assessment per each classification of assets, Probabilities of Default were assigned to these assets and an Expected Credit Loss was computed.

**(x) Reclassification of financial statements**

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

**(xi) Modification of financial assets**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer solely payments of Principal and Interest (SPPI), change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then; and
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (k) Financial instruments (Continued)

##### Financial assets (Continued)

##### (xi) Modification of financial assets (Continued)

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

##### (xii) De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

On de-recognition due to modifications explained under (xi) above, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation *(Continued)*

#### 3.5 Material accounting policies information *(Continued)*

##### (k) Financial instruments *(Continued)*

###### Financial assets *(Continued)*

##### (xii) *De-recognition of financial assets (Continued)*

the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

##### Financial liabilities and equity

##### (i) *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### (ii) *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### (iii) *Financial liabilities*

###### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

###### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not:

- (i) contingent consideration of an acquirer in a business combination;
- (ii) held-for-trading; or
- (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation (Continued)

#### 3.5 Material accounting policies information (Continued)

##### (k) Financial instruments (Continued)

###### Financial liabilities and equity (Continued)

###### Financial liabilities measured subsequently at amortised cost (Continued)

exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

###### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "finance costs" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

###### De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### (l) Offsetting financial instruments

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

##### (m) Non-financial assets

The carrying amount of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset entity that generates cash flows that largely is independent from other assets and entity's. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (entity of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation** *(Continued)***3.5 Material accounting policies information** *(Continued)***(m) Non-financial assets** *(Continued)*

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

**(n) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**(o) Investment property**

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes. Investment property is measured at cost on initial recognition.

Subsequently, investment property is measured at fair value as determined by an independent registered valuer.

Any gain or loss arising from a change in fair value is recognised in profit or loss.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral as an integral part of the total rental income over the term of the lease.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property and equipment is sold, any related amount included in revaluation reserve is transferred to retained earnings.

When the use of property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

**Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognised in other comprehensive income and reduces the revaluation surplus within equity.

**(p) Inventories**

Consumable stock is measured at the lower of cost and net realisable value. Costs are based on the first-in-first out principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation *(Continued)*

#### 3.5 Material accounting policies information *(Continued)*

##### (q) Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

##### Current tax

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

##### Deferred tax

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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 the accounting or taxable profit or loss;
- differences relating to investments in subsidiaries and associates to the extent that it is probable that the Group is able to control the timing of the reversal of the temporary differences and it is probable they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax jurisdiction on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. 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 benefits will be realised.

##### (r) Employee benefits

###### (i) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group 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.

###### (ii) Defined contribution plans

A defined contribution plan is post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**3. Basis of preparation** *(Continued)***3.5 Material accounting policies information** *(Continued)***(r) Employee benefits** *(Continued)***(ii) Defined contribution plans** *(Continued)*

The Group contributes to a number of defined contributions pension schemes on behalf of its employees. The pension cost is recognised in the period it is incurred. Contributions to the funds are based on a percentage of the payroll and are charged against profits as incurred. Obligations for contributions to these plans are recognised as employee benefit expenses in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

**(iii) Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

**(s) Basic and diluted earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Where new equity shares have been issued by way of capitalisation or subdivision, the profit is apportioned over the shares in issue after the capitalisation or subdivision and the corresponding figures for all earlier periods are adjusted accordingly.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the effects of all dilutive potential ordinary shares.

**(t) Finance costs**

Finance costs comprising of interest expense on interest bearing loans, and borrowing is recognised in profit or loss using the effective interest method.

**(u) Loans and advances**

Loans and advances to customers from the banking business are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs. Subsequent to initial recognition, loans and advances are measured at amortised cost using the effective interest method.

**(v) Other receivables**

Other receivables comprise prepayments, cheques in course of collection, accrued income, staff loans and advances. Other receivables that are financial assets are measured at amortised cost using the effective interest method less impairment losses.

**(w) Non-financial assets**

Carrying amounts of non-financial assets, other than investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indications arise, then the asset recoverable amount is estimated. An impairment loss is recognised if the estimated recoverable amount is less than the carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 3. Basis of preparation *(Continued)* 3.5 Material accounting policies information *(Continued)*

#### (w) Non-financial assets *(Continued)*

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that is largely independent of the cash inflows of other assets or cash generating units.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that a loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

#### (x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

#### (y) Investment – linked insurance funds

The Group has elected to carry investments in associated undertakings held by investment insurance funds at fair value through profit or loss. Investment in associated undertakings are valued using appropriate valuation techniques. These techniques may include price earnings multiples, discounted cash flows or the adjusted value of similar completed transactions.

The group has elected to measure its investments in Blantyre Hotels plc and ICON Properties plc at fair value through profit or loss.

### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**4. Critical accounting judgements and key sources of estimation uncertainty** *(Continued)***4.1 Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

**4.1.1 Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

**4.1.2 Significant increase in credit risk**

As explained in note 3, Expected Credit Losses (ECL) are measured as an allowance equal to 12 month ECL for stage 1 assets, or life time ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information as disclosed in Note 42.4.14.

**4.1.3 Establishing groups of assets with similar credit risk characteristics**

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

**4.1.4 Models and assumptions used**

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

**4.1.5 Forward looking information**

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 4. Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

#### 4.1 Critical judgements in applying accounting policies *(Continued)*

##### 4.1.5 Forward looking information *(Continued)*

future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group uses multiple scenarios to model the non-linear impact of assumptions about macroeconomic factors on ECL. The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period.

##### 4.1.6 Determination of life of revolving credit facilities

The Group measures ECL considering the risk of default over the maximum contractual period. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

##### 4.1.7 Assessment of significance of insurance risk

The Group and the Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Group and Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis. The type of contracts where this judgement is required are those that transfer financial and insurance risk and result in the latter being the smaller benefit provided.

##### 4.1.8 Consideration whether there are investment components

The Group and the Company considers all terms of contracts it issues to determine whether there are amounts payable to the policyholder in all circumstances, regardless of contract cancellation, maturity, and the occurrence or non-occurrence of an insured event. Some amounts, once paid by the policyholder, are repayable to the policyholder in all circumstances. The Group considers such payments to meet the definition of an investment component, irrespective of whether the amount repayable varies over the term of the contract as the amount is repayable only after it has first been paid by the policyholder.

##### 4.1.9 Determination of the contract boundary

The determination of the contract boundary of an insurance contract is not an area of significant judgement for the Group. For reinsurance contracts held, the Group's agreements with reinsurers



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**4. Critical accounting judgements and key sources of estimation uncertainty** *(Continued)***4.1 Critical judgements in applying accounting policies** *(Continued)***4.1.9 Determination of the contract boundary** *(Continued)*

include terms for the cancellation of new underlying business with notice periods typically ranging between three and six months. The group has applied judgement to assess that estimates of future cash flows arising from new underlying contracts expected to be issued after the reporting date but within the notice period for the cancellation of this business, are either immaterial for the group or relate to future reinsurance contracts, and are therefore not included in the measurement of the reinsurance contracts held.

**4.1.10 Expenses**

The Group applies judgement by taking a broad view of attributable expenses where it is reasonable and supportable. These costs are determined by using functional cost analysis techniques.

Furthermore, the Group applies judgement to assess whether expected investment management expenses for insurance contracts without underlying items (measured under the GMM) should be included in the fulfilment cash flows and therefore, whether investment activity performed by the businesses enhances benefits from insurance coverage for policyholders.

**4.1.11 Inflation assumptions**

The Group applies judgement to determine whether changes in inflation assumptions are related to financial risk or non-financial risk. Inflation assumptions that are based on market observable rates are related to financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions being presented in insurance finance income or expenses. Inflation assumptions that are based on the Group's expectation of inflation (for example based on analysts or insurance bodies' views of country inflation) are treated as assumptions that are related to non-financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions adjusting the contractual service margin (CSM). In general, changes in inflation assumptions in the group are related to financial risk. Changes in inflation assumptions related to non-financial risk are an exception to this general rule.

**4.1.12 Bonus rate assumptions**

Separate asset portfolios are maintained in support of insurance liabilities for each of the major product lines of life insurance – savings business, each portfolio having an asset mix appropriate for the specific product. Bonus rates are declared for each class of relevant savings business in relation to the funding level of each portfolio and the expected future investment return on the assets of the particular investment portfolio.

The Group considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.

**4.1.13 Identification of portfolios**

The Group defines a portfolio as insurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement.

**4.1.14 Premium experience adjustments**

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) that do not vary based on the returns on underlying items, adjust the CSM if related to future service, or such amounts are recognised in insurance revenue in the reporting period if related to current (or past) service.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 4. Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

#### 4.1 Critical judgements in applying accounting policies *(Continued)*

##### 4.1.14 Premium experience adjustments

The Group applies judgement to determine whether these experience adjustments are related to current (or past) or future service. The premium-related experience adjustments typically relate to current (or past) service. Experience adjustments relating to premiums received for future coverage are an exception to this general rule. Such an example is where the premium experience adjustments have a direct impact on the value of future benefits payable to policyholders, resulting in the experience adjustments and the changes in the estimates of the future cash flows to largely offset when adjusting the CSM.

##### 4.1.15 Premium allocation approach (PAA) eligibility

The Group applies the PAA to measure a group of insurance contracts issued or reinsurance contracts held if, at inception of the group of contracts: the coverage period of each contract in the group of insurance contracts is one year or less; or the group reasonably expects that the PAA would produce a measurement of the liability or asset for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the requirements of the General Measurement Model (GMM). Where the coverage period is greater than one year, the Group will use judgement to assess the appropriateness of the PAA measurement model as follows:

- Project the fulfilment cash flows of the group of insurance contracts and take into account the time value of money where the time between providing each part of the services and the related premium is more than a year.
- Determine the projected liability or asset for remaining coverage under the PAA at each projected time period (initial recognition and subsequent measurement at our external reporting frequency, i.e. half-yearly or annually).
- Determine the liability or asset for remaining coverage under the GMM (including the contractual service margin (CSM)) at initial recognition as well as subsequent measurement. The Group use judgement as described in section below to determine the fulfilment cash flows and CSM at each projection point.
- At each projection point, the difference between the liability or asset for remaining coverage under the PAA and GMM is determined ("the difference").
- The difference is compared to the pre-determined materiality threshold (relative measure) at each point in time.
- Where the difference does not exceed the determined threshold (at any time) then the group passes the PAA eligibility test (for the base scenario).
- The Group will perform scenario testing using the above process to ensure differences remain immaterial. Scenario testing will be performed at least annually, by updating the projected fulfilment cash flows under reasonably expected scenarios, which would affect cash flow variability. The group applies judgement in calibrating these scenarios for changes in market and non-market variables based on management's view of the key changes affecting cash flow and liability variability for each portfolio of insurance contracts.

Judgement will be applied to define relative materiality thresholds for each portfolio based on ensuring that the combined absolute impacts of all groups of insurance contracts with coverage periods longer than a year applying the PAA, falls within an absolute measure of materiality for each future year.

##### 4.1.16 Variable fee approach (VFA) eligibility

The Group applies the VFA to life insurance savings business for insurance contracts with direct participation features that are substantially investment-related. The group applies judgement to assess





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 4. Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

#### 4.1 Critical judgements in applying accounting policies *(Continued)*

##### 4.1.16 Variable fee approach (VFA) eligibility *(Continued)*

on the initial recognition of the contracts, whether:

- (a) a substantial share of the fair value returns on the underlying items is expected to be paid to the policyholders; and
- (b) a substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items.

The assumed threshold for “substantial share” and “substantial proportion” is in excess of 50%. The Group has applied judgement to conclude that assessments can be performed for groups of homogeneous contracts with similar contract features/terms based on readily available qualitative or quantitative information for investment contracts with DPF (with no significant insurance risk), and other market-linked savings contracts where minimum investment guarantees and/or rider benefits create significant insurance risk. The group has performed quantitative assessments on an individual contract level for the material lines of Universal life insurance business where the relative significance of the insurance and investment components can vary based on the benefit selections made by each policyholder.

The assessment of criteria (a) considers the “pass-through” nature of the returns on the underlying item, and therefore excludes any benefits not payable from the underlying, such as fixed insurance benefits in excess of the investment components payable on death. Any deduction of a charge from the underlying item for insurance benefits (including for any waiver of premium) is included in the share of the returns to be paid to the policyholder as it forms part of the policyholder’s share.

The assessment of criteria (b) considers how much of the total benefits payable to the policyholder will vary with changes in underlying items, including benefits that do not vary with the returns on underlying items in all scenarios (such as fixed insurance benefits). The assessment therefore considers whether on average the changes in the total amounts payable to policyholders are substantially related to the changes in the fair value of the underlying items based on testing the impact on this relationship for different scenarios where market/non-market variables are adjusted.

##### 4.1.17 Aggregation

The identification of portfolios of insurance contracts is driven by how the business is managed, with broad product lines being managed together and subject to similar risks. This could result in contracts allocated to a portfolio being measured under the VFA, and other contracts allocated to the same portfolio being measured under GMM. Contracts within a portfolio are subject to “similar risks” if the risks are non-offsetting and respond similarly to changes in key assumptions.

The Group applies judgement to assess whether reasonable and supportable information is available to allocate a set of contracts to the same group of onerous contracts, for example, based on policyholder pricing groups and other internal management information. Where reasonable and supportable information is not available to identify a set of onerous contracts, this assessment is performed at an individual contract level. The individual contract assessments can be performed on an adjusted expense allocation basis for aggregation purposes where it can be justified as a systematic and rationale basis for allocating the expenses included in the fulfilment cash flows to a group of insurance contracts.

Insurance contracts have typically been allocated to annual cohorts which align with annual financial periods (i.e. the group will add more contracts to an annual cohort after the end of an interim reporting period, where relevant), except for non-participating life annuities where insurance contracts have typically been allocated to monthly cohorts due to the sensitivity of pricing to changes in financial risk.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 4. Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

#### 4.1 Critical judgements in applying accounting policies *(Continued)*

##### 4.1.18 Coverage units

The Group selects the appropriate method on a portfolio-by-portfolio basis. In determining the appropriate method, the Group considers the likelihood of insured events occurring to the extent that they affect expected period of coverage in the group, different levels of service across the period and the quantity of benefits expected to be received by the policyholder. For contracts providing both insurance coverage and investment-related services or both insurance coverage and investment-return services, the Group exercises judgement in determining the scaling factor applied in the weighting of benefits determined at initial recognition. The weights are recalculated in each subsequent period, reflecting historical experience and changes in assumptions for future periods that are determined at the reporting date.

##### 4.1.19 Loss recovery component (LRC) for reinsurance contracts held

The group applies judgement in determining the LRC ratio. The LRC ratio is determined as the present value of the future expected claims recovery cash flows of the group of reinsurance contracts held divided by the present value of the future expected claims cash flows of the underlying insurance contracts.

##### 4.1.20 Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised any deferred taxes on changes in fair value of investment properties as the Group is subject to income taxes on the fair value changes of the investment properties on disposal.

##### 4.1.22 Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

#### 4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### 4.2.1 Residual values and useful lives of tangible assets

The estimated residual values and useful lives of property, plant and equipment are reviewed and adjusted, if appropriate, at each reporting date to reflect current thinking on their remaining lives in the light of technological change, prospective economic utilisation and physical conditions of the assets concerned as described in note 3.5 (h).



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 4. Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

#### 4.2 Key sources of estimation uncertainty *(Continued)*

##### 4.2.2 Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data (level 1 inputs) to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs into the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the notes specific to those assets or liabilities.

#### Determination of fair values

##### (i) *Investment property*

An external, independent valuation Group, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment properties every year.

The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

##### (ii) *Financial instruments designated at fair value through profit or loss and/or other comprehensive income*

The financial instruments designated at fair value through profit or loss and/or other comprehensive income are determined with reference to their quoted closing bid prices at the measurement date, or if unquoted, determined using a valuation technique that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Valuation techniques employed include market principles and discounted cash flow analysis using expected future cash flows and a market related discount rate, comparison to similar instruments for which market observable prices exist and other valuation models.

##### 4.2.1 Impairment testing

The Group reviews its loan portfolios to assess impairment, at least, on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Key assumptions used:

- Cash flows arising from repayment agreement are aggregated over yearly intervals and assumed to arise at the end of the period;
- Where there is an agreement but no security in place and cash flows in the subsequent years are doubtful, total future estimated cash flows are assumed to be nil;
- Unsupported guarantees are assumed to result in nil cash flows; and
- No cash flows are assumed to arise where there is no repayment agreement and no security and repayments are erratic or unpredictable.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 4. Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

#### 4.1 Critical judgements in applying accounting policies *(Continued)*

#### 4.2.2 Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

#### 4.2.3 Probability of Default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

#### 4.2.4 Loss Given Default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

#### 4.2.5 Insurance contract assets and liabilities and reinsurance contract assets and liabilities

By applying IFRS17 to measurement of insurance contracts issued (including investment contracts with DPF) and reinsurance contracts held, the Group has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows;
  - Discount rates;
  - Allocation rate for insurance finance income or expenses;
  - Risk adjustment for non-financial risk; and
  - Allocation of asset for insurance acquisition cash flows to current and future groups of contracts.
- Every area, including the Group's estimation methods and assumptions used and other sources of estimation uncertainty are discussed below. At 31/12/2024 the Group's total carrying amount of:
- Insurance contracts issued that are assets was K nil (31/12/2023: Nil);
  - Insurance contracts issued that are liabilities was K901.7 billion (31/12/2023: K653.3 billion);
  - Reinsurance contracts issued that are liabilities was K49. million (31/12/2023 K305.0 million); and
  - Reinsurance contracts held that are assets was K38.5 billion (31/12/2023: K 38.9 million).



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**4. Critical accounting judgements and key sources of estimation uncertainty** *(Continued)***4.2 Key sources of estimation uncertainty** *(Continued)***4.2.6 Insurance contract assets and liabilities and reinsurance contract assets and liabilities**

Sensitivity analysis of carrying amounts to changes in assumptions.

2024				
Description	Insurance Contract Liabilities	Insurance Contract Assets	Reinsurance Contract	Reinsurance Contract Liabilities
Mortality +5%	842 544 000	-	-	49 358
Mortality -5%	843 549 000	-	-	49 358
Expenses +10%	843 201 000	-	-	49 358
Expenses -10%	842 858 000	-	-	49 358
Lapse Rate +10%	842 997 000	-	-	49 358
Lapse Rate -10%	843 061 000	-	-	49 358
Interest Rate +1%	800 846 000	-	-	49 358
Interest Rate -1%	887 945 000	-	-	49 358
2023				
Description	Insurance Contract Liabilities	Insurance Contract Assets	Reinsurance Contract	Reinsurance Contract Liabilities
Mortality +5%	596 298 751	-	-	305 000
Mortality -5%	595 903 199	-	-	305 000
Expenses +10%	596 708 874	-	-	305 000
Expenses -10%	596 460 581	-	-	305 000
Lapse Rate +10%	596 140 972	-	-	305 000
Lapse Rate -10%	596 289 853	-	-	305 000
Interest Rate +1%	596 307 739	-	-	305 000
Interest Rate -1%	554 351 935	-	-	305 000

**4.2.9 Technique for estimation of future cash flows**

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the Group. Estimates of future cash flows incorporate in an unbiased way all reasonable and supportable information that is available without incurring undue cost or effort. This information includes internal and external historical information about claims and other experience, adjusted to allow for expected future changes in experience. Estimates of future cash flows therefore reflect the Group's current view of prevailing conditions. Market variables are consistent with current observable market prices. Changes in legislation that affect estimates of future cash flows are only allowed for once substantively enacted.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 4. Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

#### 4.2 Key sources of estimation uncertainties *(Continued)*

#### 4.2.10 Method of estimating discount rates

The Group applies a bottom-up approach to determine discount rates applied to future cash flows for insurance contracts. Estimates of future cash flows that do not vary with investment returns on underlying items are discounted using a risk-free yield curve, adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Risk-free rates are determined based on the market observable yield curves for government bonds, with extrapolation between the last available market point and an ultimate forward rate, considering long-term real interest rate and inflation expectations. Long-term inflation expectations are used to construct yield curves for markets where observable market data is not available.

The Group applies judgement to determine the point estimate illiquidity premium added to the risk-free yield curve to reflect the liquidity characteristics of the insurance contracts. An illiquidity premium is estimated for each portfolio of insurance contracts where relevant. Insurance contracts such as non-participating life annuities and income protection incurred claims that cannot be surrendered or lapsed, are illiquid. Illiquidity premiums are generally determined by comparing the spread on corporate bonds with the spread on credit default swap (CDSs).

#### 4.2.11 Risk adjustment for non-financial risk

The risk adjustment is the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The main sources of non-financial risk are the estimates related to decrement rates for mortality and morbidity, persistency rates and expenses. Adjustments for financial risks are included either in the estimates of future cash flows or in the discount rates and are therefore excluded from the risk adjustment. Operational risk will be excluded from the risk adjustment as it is mainly related to general operational risk that cannot be directly attributed to the fulfilment of the insurance contracts.

2024	Currency	1 year	5 years	10 years	20 years	30 years
Life	MWK	27.66%	36.25%	47.40%	25.58%	19.06%
Investment Contracts with Discretionary Participating Features	MWK	27.66%	36.25%	47.40%	25.58%	19.06%
2023	Currency	1 year	5 years	10 years	20 years	30 years
Life	MWK	25.40%	33.98%	44.12%	24.18%	18.17%
Investment Contracts with Discretionary Participating Features	MWK	25.40%	33.98%	44.14%	25.92%	20.37%

#### 4.2.12 Uncertainty over income tax treatments (IFRIC 23)

The Group has assessed the uncertainty over the application of Section 28 of the Taxation Act in its Life Insurance business, specifically in relation to the apportionment of expenses when the entity derives both exempt income and income subject to a final tax (i.e., dividend income). Management has applied its understanding of the tax provision, wherein expenses related to exempt income are disallowed. However, management is of the view that the business does not incur expenses to derive dividend income or capital appreciation hence no need to apply the apportionment formula. The Group is engaging with the Malawi Revenue Authority to appreciate Group's position on the matter. Nevertheless, based on management assessment and interpretation, the current approach is therefore appropriate, and no further actions are required.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 5. Cash and cash equivalents

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Cash and bank balances	22 611 837	15 724 881	6 276 327	3 874 121
Balance with the Reserve Bank of Malawi excluding mandatory reserve balance	56 120 935	9 971 733	-	-
Mandatory reserve deposits with the Reserve Bank of Malawi	69 501 278	38 729 539	-	-
Balances with other banks	20 884 650	43 630 468	-	-
Short term deposits	104 079 820	74 325 221	376 116	10 176 438
<b>Cash and cash equivalents as shown in cashflow statement</b>	<b>273 198 520</b>	<b>182 381 842</b>	<b>6 652 443</b>	<b>14 050 559</b>
Fair value movement*	8 654 445	-	-	-
<b>Cash and cash equivalents including fair value movement</b>	<b>281 852 965</b>	<b>182 381 842</b>	<b>6 652 443</b>	<b>14 050 559</b>

Balances with the Reserve Bank of Malawi are held at a zero-interest rate. Balances due from other banks relate to bank balances with correspondent banks on which interest rate of 0.5% per annum is earned (2023: 0.5%). Interest rate on bank balances averaged 2% (2023: 2%) and for short term deposits at an average rate of 22%-26% (2023: 14%-22%).

Cash and bank balances include balances denominated in other currencies as disclosed on note 42.7.

\*Fair value movement represents the change in fair value of short-term deposits in the Group's life insurance business.

## Interest Received and Paid – Banking Activities Restated

Included within cash receipts from customers and cash payments to employees and suppliers in the cashflow are interest received of K234.2 billion (2023: K110.1 billion) and interest paid of K79.4 billion (2023: K44.2 billion), respectively. These amounts relate to the banking operations and are classified as operating activities in accordance with IAS 7, as they represent cash flows arising from the principal revenue-generating activities of the banking component.

## 6. Short term investments

Short term investments have been recognized at net of expected credit loss. Expected credit loss for the investments has been disclosed in note 42.4.1.

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
<b>a. Financial assets carried at amortised cost</b>				
Government securities (note 14)	7 541 016	6 201 445	-	-
	7 541 016	6 201 445	-	-

Interest rates for Government securities ranged from 26 % to 35% per annum (2023: 22% to 31%).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 6. Short term investments (Continued)

#### 6.2 Placements

	Group	
	2024	2023
	K'000	K'000
NICO Asset Managers Limited	-	10 275 271
Reserve Bank of Malawi	99 132 334	51 296 330
First Capital Bank plc	-	7 313 800
First Discount House Limited	-	5 009 452
Centenary Bank Limited	-	3 005 671
Ecobank Malawi Limited	20 843 014	8 428 357
<b>Total placements</b>	<b>119 975 348</b>	<b>85 328 881</b>

Placements earned average interest rate of 17.07% (2023: 22%).

### 7. Loans and advances to customers.

#### 7.1 Net loans and advances

	Group	
	2024	2023
	K'000	K'000
Loans and overdrafts	239 088 091	152 874 239
Lease receivables	2 013 156	2 433 769
Mortgage advances	7 016 970	6 999 193
Total gross loans and advances	248 118 217	162 307 201
Expected credit losses (note 42.4.1)	(13 176 245)	(8 490 761)
<b>Net loans and advances</b>	<b>234 941 972</b>	<b>153 816 440</b>

#### 7.2 Gross loans and advances are due to mature as follows:

	Group	
	2024	2023
	K'000	K'000
Within 1 Year	53 827 939	43 326 037
2-3 Years	26 079 744	38 189 940
3-5 Years	121 020 316	71 981 748
5-10 Years	42 542 005	3 686 725
After 10 Years	4 648 213	5 122 751
<b>Total</b>	<b>248 118 217</b>	<b>162 307 201</b>

#### 7.3 Movement on allowance for impairment:

	Group	
	2024	2023
	K'000	K'000
At beginning of the year	8 490 761	3 398 534
Increase in impairment loss net of recoveries	4 685 484	5 718 988
Previous amounts written off recovered	-	(626 761)
	<b>13 176 245</b>	<b>8 490 761</b>





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**7. Loans and advances to customers (Continued)****7.4 Lease receivables**

The Group is the lessor for leases of property and equipment.

Gross investment in finance lease receivables:

	Group	
	2024	2023
	K'000	K'000
Less than one year	222 243	127 482
Between one and five years	2 299 897	2 880 995
	2 522 140	3 008 477
Unearned finance income	(508 984)	(574 708)
Net investment in finance leases	2 013 156	2 433 769

**7.5 Net investment in finance leases receivable:**

	Group	
	2024	2023
	(K'000)	(K'000)
Less than one year	177 369	103 141
Between one and five years	1 835 787	2 330 628
	2 013 156	2 433 769

General terms

The Group's banking business offers asset finance for both new and used assets the finance period being a minimum of 6 months and maximum of 60 months. The interest rate charges are risk based and the facilities are secured through the financed assets and in some occasions additional security is required.

**8. Income tax expense**

*Recognised in profit or loss*

**8.1 Current tax expense**

	Group		Company	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
Current year tax at 28% (2023: 29%)	61 438 781	24 762 637	364 114	-
Temporary differences	12 226 580	(1 151 965)	(536 031)	-
Dividend tax at 10% (2023: 10%)	2 407 020	1 259 074	1 423 852	1 204 572
Tax in insurance contract liabilities	(12 714 000)	-	-	-
	63 358 381	24 869 746	1 251 935	1 204 572

**8.2 Reconciliation of tax charge**

	Group		Company	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
Profit before income tax expense	197 751 391	83 586 989	18 069 639	14 903 676
Income tax at 30%	59 325 417	25 076 097	5 420 892	4 471 103
Effect of permanent differences **	1 625 944	(1 465 425)	(5 592 809)	(4 471 103)
Dividend tax	2 407 020	1 259 074	1 423 852	1 204 572
	63 358 381	24 869 746	1 251 935	1 204 572

The effective tax rate

32%

30%

\*\*These mainly relate to tax effect of exempt life insurance profits, dividend income and other disallowable income and expenses.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 8. Income tax expense (Continued)

#### 8.3 Tax payable/(recoverable)

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Balance at 1 January	1 170 213	(4 298 689)	(854 827)	(1 349 588)
Prior year adjustment	-	51 638	-	-
Transfer from other receivables: withholding tax recoverable	(2 075 416)	-	-	-
Charge for the year	63 817 635	30 729 160	1 787 966	1 204 572
Tax refund	8 005 070	-	-	-
Tax paid	(54 174 268)	(25 152 896)	(1 864 619)	(709 811)
Exchange rate differences	435 347	(159 000)	-	-
<b>Balance as at 31 December</b>	<b>17 178 581</b>	<b>1 170 213</b>	<b>(931 480)</b>	<b>(854 827)</b>

Under the Malawi Taxation Act it is not possible to transfer tax losses from one subsidiary to another.

### 9. Other receivables and client funds

#### 9.1 Other receivables

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Accrued investment income	1 140 184	2 802 531	13 218	350 504
Staff loans and advances	958 987	824 062	108 357	71 173
Prepayments	6 913 733	2 529 529	117 916	71 784
Sundry receivables	22 902 973	9 538 378	207 023	128 456
Rent receivable	290 968	266 893	-	-
Transfer to tax account: Withholding taxes recoverable	(2 075 416)	-	-	-
<b>Total</b>	<b>30 131 429</b>	<b>15 961 393</b>	<b>446 514</b>	<b>621 917</b>

Sundry receivables include receivables amount of K7.8 billion (2023: K1.5 billion) from local authority of which amount is recoverable through government and K2.1 billion (2023: K800 million) prepayment from mobile money transactions, receivable proceeds from sale of land K297 million (2023: K297 million), and loans to policyholders K449 million (K411 million). Loans to policy holders are given only to policies that qualify for surrender value and the loan is capped at 70% of surrender value.

#### 9.2 Client funds under management

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Client funds under management	275 505 701	170 613 700	-	-

The composition of client funds under management was as follows:

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Treasury notes	188 227 405	100 563 452	-	-
Fixed deposits	-	16 474 820	-	-
Promissory Notes	-	5 713 622	-	-
Listed Shares	55 833 664	29 509 230	-	-
Unlisted Shares	2 167 943	945 605	-	-
Loans	12 472 202	10 746 529	-	-
Accrued interest	16 804 487	6 660 442	-	-
<b>Total</b>	<b>275 505 701</b>	<b>170 613 700</b>	<b>-</b>	<b>-</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 9. Other receivables and client funds (Continued)

## 9.3 Movement in allowance for impairment

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
At the beginning of the year	-	2 151 308	-	-
Net decrease in allowance for credit losses	-	(2 151 308)	-	-
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The directors made an assessment of expected credit losses and policy holder loans and noted that the expected credit losses were immaterial.

Clients funds under management are third party funds invested by NICO Nominees. The related payable balances are included in note 22 to these consolidated and separate financial statements. Client funds under management earned an average interest of 27.28% (2023: 21.18%).

All of other receivables are recoverable within one year. No interest is charged on outstanding other receivables. The directors believe that the carrying amounts of the other receivables approximates their fair values.

## 10. Inventories

	Group	
	2024 K'000	2023 K'000
Consumables	649 345	562 376
Less: provision for obsolete inventories	-	(1 672)
	<b>649 345</b>	<b>560 704</b>

## 11. Amounts due from/(to) related parties

The Group's related parties include directors, executive officers, subsidiaries, associates and immediate and ultimate parent companies.

## Banking business

## Transactions with key management personnel

## 11.1 Directors, management and employees and their immediate relatives have transacted with the Bank during the year as follows:

	Directors and their related parties 2024 K'000	Employees 2024 K'000	Directors and their related parties 2023 K'000	Employees 2023 K'000
Advances*	181 777	8 665 907	222 101	8 026 788
Deposits**	(9 916)	(1 806 425)	(13 392)	(822 917)
Net balances	<b>171 861</b>	<b>6 859 482</b>	<b>208 709</b>	<b>7 203 871</b>

Advances to directors and parties related thereto are conducted at arm's length and deemed to be adequately secured.

\*Advances to directors, their related parties and employees are part of loans and advances as detailed in note 7.

\*\*Deposits are part of customer deposits detailed in note 23.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 11. Amounts due from/(to) related parties (Continued)

#### 11.2 Advances to management and staff are priced different depending on product as follows:

Product	Senior Managers	General Staff
General purpose loan	9%	9%
Other term loans	Reference rate	Reference rate
Car loans	Reference rate	9%
Mortgage	Reference rate	Reference rate

#### Insurance business

#### 11.3 Directors and their related parties transacted with the General insurance business unit during the year as follows:

	Directors and their related parties 2024 K'000	Directors and their related parties 2023 K'000
Insurance premium	27 923	12 394

All outstanding balances with these related parties are priced on an arms' length basis and are to be settled in cash within one month of the reporting date. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

As at 31 December 2024 there were no balances owing from directors and employees (2023: Nil).

#### Key management personnel compensation

#### 11.4 Key management personnel compensation comprised the following:

	Executive Directors 2024 K'000	Executive Directors 2023 K'000	Group Non-executive Directors 2024 K'000	Group Non-executive Directors 2023 K'000
Directors' remuneration	905 142	737 764	-	-
Directors' fees	-	-	487 374	430 755
	905 142	737 764	487 374	430 755

#### 11.5 Value of transactions and year end balances with associated companies are as follows:

Related Party	Relationship	Type of transaction	2024		2023	
			Value of transactions	Balance at year end	Value of transactions	Balance at year end
SanlamAllianz	Common investee	Actuarial fees	(506 502)	-	(63 484)	-
	Common investee	IT Support	(252 071)	-	-	-
	Common investee	Directors fees	(3 783)	-	(8 123)	-
	Common investee	Balance year end	-	*(170 000)	-	** (78 253)
Sanlam Vida Companhia de Seguros,SA	Associate	Directors fees	-	-	11 802	-
	Associate	Balance at year end	-	-	-	*2 237



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 11. Amounts due from/(to) related parties (Continued)

#### 11.5 Value of transactions and year end balances with associated companies are as follows: (Continued)

The amounts in brackets indicate that the goods/services were acquired by the Group from related parties whilst the others indicate services provided to the related parties.

All outstanding balances with related parties are priced on an arm's length basis. These balances are unsecured and approximate their fair value at the reporting date due to their short term nature.

\*The balance outstanding at the year end is part of other payable as detailed in note 21.

\*\*The balance is part of sundry receivables as detailed in note 9.1.

List of significant subsidiaries

#### 11.6 The Composition of the Group at the end of the reporting period is as follows:

Name of entity	Principal Activity	Place of Incorporation	Number of Wholly owned subsidiaries	
			2024	2023
NICO Asset managers Limited	Asset Management	Malawi	1	1
NICO Technologies Limited	Information technology	Malawi	1	1
Group Fabricators and Manufacturers Limited	Property Holding	Malawi	1	1
NICO Capital Limited	Corporate Finance Advisory	Malawi	1	1
			4	4

#### 11.7 The Composition of the Group at the end of the reporting period is as follows:

Name of entity	Principal Activity	Place of Incorporation	Number of Non-Wholly owned subsidiaries	
			2024	2023
NICO General Insurance Company Limited	Short term Insurance	Malawi	1	1
NICO Insurance (Zambia) Limited	Short Term Insurance	Zambia	1	1
NICO Life Insurance	Long term insurance	Malawi	1	1
NBS Bank plc	Banking	Malawi	1	1
NICO Pension Services Limited	Pension Administration	Malawi	1	1
			5	5

#### 11.8 Investment in subsidiary companies (at cost)

Company	Country of Incorporation	Shareholding %	2024		Shareholding %	2023	
			Amount K'000	Dividends received K'000		Amount K'000	Dividends received K'000
NICO General Insurance Company Limited	Malawi	51	61 200	1 479 000	51	61 200	765 000
NICO Life Insurance Company Limited	Malawi	51	74 588	5 814 000	51	74 588	3 459 840
NICO Insurance (Zambia) Limited	Zambia	51	1 336 880	-	51	1 336 880	-
NICO Technologies Limited	Malawi	100	223 749	300 000	100	75 365	-

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 11. Amounts due from/(to) related parties (Continued)

#### 11.8 Investment in subsidiary companies (at cost) (Continued)

Company	Country of Incorporation	Shareholding %	2024		Shareholding %	2023	
			Amount K'000	Dividends received K'000		Amount K'000	Dividends received K'000
NICO Asset Managers Limited	Malawi	100	31 081	3 300 000	100	31 081	3 402 964
Group Fabricators and Manufacturers	Malawi	100	58 500	-	100	58 500	-
NBS Bank plc	Malawi	50.1	6 590 332	5 453 197	50.1	6 590 332	7 071 659
NICO Capital Limited	Malawi	100	300 000	-	100	300 000	-
NICO Pensions Services Company Limited	Malawi	51	535 500	520 200	51	535 500	-
			9 211 830	16 866 397	9 063 446		14 699 463

#### 11.9 2024

##### Subsidiaries movement during the year

NICO General Insurance Company Limited	61 200			61 200
NICO Life Insurance Company Limited	74 588	-	-	74 588
NICO Insurance Zambia Limited	1 336 880	-	-	1 336 880
NICO Technologies Limited	75 365	148 384	-	223 749
NICO Asset Managers Limited	31 081	-	-	31 081
Group Fabricators and Manufacturers Limited	58 500	-	-	58 500
NBS Bank	6 590 332	-	-	6 590 332
NICO Capital Limited	300 000	-	-	300 000
NICO Pension Services Company Limited	535 500	-	-	535 500
	9 063 446	148 384	-	9 211 830

##### 2023

NICO General Insurance Company Limited	61 200	-	-	61 200
NICO Life Insurance Company Limited	74 588	-	-	74 588
NICO Insurance Zambia Limited	1 336 880	-	-	1 336 880
NICO Technologies Limited	75 365	-	-	75 365
NICO Asset Managers Limited	31 081	-	-	31 081
Group Fabricators and Manufacturers Limited	58 500	-	-	58 500
NBS Bank plc	6 590 332	-	-	6 590 332
NICO Capital Limited	300 000	-	-	300 000
NICO Pension Services Company Limited	535 500	-	-	535 500
	9 063 446	-	-	9 063 446

The Directors have performed an impairment assessment of the investments in subsidiaries as at 31 December 2024. An impairment of the investment in NICO Technologies made in the prior years has been reversed as the business is now profitable. For the rest of the companies no impairment has been recognised.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 11. Amounts due from/(to) related parties (Continued)

Amounts due from subsidiaries, associate companies and joint venture companies

## 11.10 Amounts due from subsidiary companies

	Company	
	2024	2023
	K'000	K'000
NICO Insurance (Zambia) Limited	61 093	29 830
Group Fabricators and Manufacturers Limited	-	3 235
NICO Life Insurance Company Limited	984 527	587 181
	1 045 620	620 246
Amounts due from equity accounted companies		

	Company	
	2024	2023
	K'000	K'000
Eris Properties Malawi Limited	37 269	21 815
	37 269	21 815
Total amounts due from related parties	1 082 889	642 061

## 11.11 Amounts due to subsidiary, associate and joint venture companies

	Company	
	2024	2023
	K'000	K'000
Group Fabricators and Manufacturers Limited	15 910	-
	15 910	-

All outstanding balances with these related parties are short-term and are priced on an arms' length basis. None of the balances are secured. No loss allowance has been recognized for amounts due from related parties. An assessment of amounts due from related parties indicated no risk of default as amounts are settled normally within 3 months.

In the opinion of Directors, these balances approximate their fair value at the reporting date due to their short term nature.

## 12. Deferred tax assets and liabilities

## Group

Recognized deferred tax

## 12.1 Deferred tax (assets) and liabilities are attributed to the following:

	Assets		Liabilities	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
<b>Consolidated</b>				
Property and equipment	85 190	242 434	5 412 248	1 274 566
Investment properties and equity shares	-	(2 024 143)	-	-
Accrued interest	-	(1 563 659)	11 622 441	4 581 786
Other assets	(9 898 523)	(7 529 107)	(497 744)	(583 785)
<b>Deferred tax (assets)/liabilities</b>	<b>(9 813 333)</b>	<b>*(10 874 475)</b>	<b>16 536 945</b>	<b>*5 272 567</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 12. Deferred tax assets and liabilities (Continued)

#### 12.2 2024 Movement of deferred tax asset

	Balance as at 1 January K'000	Recognised in profit and loss K'000	Recognised in equity K'000	Recognised in other comprehensive Income K'000	Balance as at 31 December K'000
Property and equipment	242 434	(157 244)	-	-	85 190
Investment properties and equity shares	(2 024 143)	2 024 143	-	-	-
Accrued interest	(1 563 659)	1 563 659	-	-	-
Other assets	(7 529 107)	(2 789 057)	-	419 641	(9 898 523)
	(10 874 475)	641 501	-	419 641	(9 813 333)

#### 12.3 2024 Movement of deferred tax liability

	Balance as at 1 January K'000	Recognised in profit and loss K'000	Recognised in equity K'000	Recognised in other comprehensive Income K'000	Balance as at 31 December K'000
Property and equipment	1 274 566	4 174 454	-	(36 772)	5 412 248
Accrued interest	4 581 786	7 040 655	-	-	11 622 441
Other assets	(583 785)	86 041	-	-	(497 744)
	5 272 567	11 301 150	-	(36 772)	16 536 945

#### 12.4 2023 Movement of deferred tax asset

	Balance as at 1 January K'000	Recognised in profit and loss K'000	Recognised in equity K'000	Recognised in other comprehensive Income K'000	Balance as at 31 December K'000
Property and equipment	230 588	11 846	-	-	242 434
Investment properties and equity shares	(742 441)	(1 281 702)	-	-	(2 024 143)
Accrued interest	(2 931 183)	1 367 524	-	-	(1 563 659)
Other assets	(3 983 237)	(3 792 049)	-	246 179	(7 529 107)
	(7 426 273)	(3 694 381)	-	246 179	(10 874 475)

\* Restated: refer to note 1.1 to the financial statements.

#### 12.5 2023 Movement of deferred tax liability

	Balance as at 1 January K'000	Recognised in profit and loss K'000	Recognised in equity K'000	Recognised in other comprehensive Income K'000	Balance as at 31 December K'000
Property and equipment	885 127	432 638	-	(43 199)	1 274 566
Accrued interest	2 707 709	1 874 077	-	-	4 581 786
Other assets	234 219	(818 004)	-	-	(583 785)
	3 827 055	1 488 711	-	(43 199)	5 272 567





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 12. Deferred tax assets and liabilities (Continued)

The Group's operations are principally in Malawi and Zambia tax jurisdictions, with Zambia having only one subsidiary. For the rest of subsidiaries in Malawi, the tax law does not allow set-off of amounts of income tax recoverable or payable amongst companies, be it related companies. Deferred tax assets have mainly arisen from deductible temporary differences. At the reporting date the Group assessed that each of its subsidiaries with a net deferred tax asset position would be able to generate sufficient future taxable profits against which the deferred tax assets would be utilised.

#### Company

Recognized deferred tax

### 12.6 Deferred tax (assets) and liabilities are attributed to the following:

	2024	2023
Property and equipment	11 772	-
Other assets	(547 803)	-
<b>Net</b>	<b>(536 031)</b>	<b>-</b>
Assets	(547 803)	-
Liabilities	11 772	-

### 12.7 Deferred tax movement analysis:

	Balance as at 1 January K'000	Recognised in profit and loss K'000	Balance as at 31 December K'000
Property and equipment	-	11 772	11 772
Other assets	-	(547 803)	(547 803)
<b>Total</b>	<b>-</b>	<b>(536 031)</b>	<b>(536 031)</b>

### 13. Investment in associates, joint ventures and unconsolidated structured entities

#### 13.1 Investment in associate

The composition of the Group's associate is the following:

Principal Activity	Place of Incorporation	Number of Associates	
		2024	2023
Long term Insurance	Mozambique	1	1
	<b>Total</b>	<b>1</b>	<b>1</b>

	Principle place of business/ country of incorporation	2024	2024	2023	2023
		Shareholding	Amount	Shareholding	Amount
Sanlam Vida	Mozambique	34.30%	2 091 325	34.30%	1 560 365
Companhia de Seguros, SA			2 091 325		1 560 365

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 13. Investment in associates, joint ventures and unconsolidated structured entities (Continued)

#### 13.1 Investment in associate (Continues)

The table below shows the summarised financial statements of the associate:

	Sanlam Vida	
	2024	2023
	K'000	K'000
Non-current Assets	17 517 348	19 568 296
Current Assets	17 159 182	7 137 069
Non-current Liabilities	(4 012 800)	(6 309 383)
Current Liabilities	(19 743 540)	(11 292 340)
Net Assets	10 920 190	9 103 642
Revenue	30 810 762	17 775 126
Profit	2 715 868	1 369 867
Other Comprehensive Income	-	-
<b>Total Comprehensive Income</b>	<b>2 715 868</b>	<b>1 369 867</b>
Percentage Shareholding*	34.3%	34.3%
<b>Share of Associates Profit</b>	<b>931 543</b>	<b>469 864</b>

The investment in Sanlam Vida Companhia de Seguros, SA is operating within the life insurance business. These are strategic to the Group's activities and core lines of business.

	2024	Group/Company
	Sanlam Mozambique	2023
	Vida Companhia de	Sanlam Mozambique
	Serugos Limited	Vida Companhia de
	K'000	Serugos Limited
	K'000	K'000
As at 1 January	3 122 533	1 508 017
Effects of exchange rate	92 119	*1 562 168
Current dividend received	(400 583)	(292 016)
Share of profit	931 543	469 864
<b>Total</b>	<b>3 745 612</b>	<b>3 248 033</b>
Prior year dividend received	-	(125 500)
<b>Balance at 31 December</b>	<b>3 745 612</b>	<b>3 122 533</b>
<i>Net income statement movement</i>		
Share of profit as above	931 543	469 864
Prior year dividend received	-	(125 500)
<b>Balance at 31 December</b>	<b>931 543</b>	<b>344 364</b>

\* Restated: refer to note 1.2 to the financial statements.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**13. Investment in associates, joint ventures and unconsolidated structured entities (Continued)****13.2 Investment in joint venture**

The composition of the Group's associate is the following:

Principal activity	Place of incorporation	Number of joint ventures 2024	2023
		K'000	K'000
Property management and development	Malawi	1	1
	<b>Total</b>	<b>1</b>	<b>1</b>

The table below show the summarised financial statements of the joint venture

**Summarised financial information**

	ERIS Properties Malawi	
	2024 K'000	2023 K'000
Non current assets	148 781	130 236
Current assets	1 168 047	915 284
Non current liabilities	(7 633)	(12 596)
Current liabilities	(582 081)	(451 003)
<b>Net assets</b>	<b>727 114</b>	<b>581 921</b>
Revenue	2 371 989	1 801 377
Profit	393 100	318 982
<b>Total comprehensive income</b>	<b>393 100</b>	<b>318 982</b>
Percentage shareholding	50%	50%
Share of profit	196 550	159 491

**2024**

ERIS Properties Malawi

As at 1 January	Share of Profit/(loss)	Dividend Received	As at 31 December
296 702	196 550	(125 000)	368 252
296 702	196 550	(125 000)	368 252

**2023**

ERIS Properties Malawi Limited

As at 1 January	Share of Profit/(loss)	Dividend Received	As at 31 December
137 211	159 491	-	296 702
137 211	159 491	-	296 702

Eris Properties Malawi Limited is a Joint Venture between NICO Holdings plc and ERIS SA Limited. Its primary activities are property management and development.

**13.3 Unconsolidated Structured entity**

These investments are mainly through the Life and Pensions business. They are mutual investments and the shareholders portion in these investments is very minimal at less than 10%.

The unconsolidated and structured entity in the Group is ICON Properties plc.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 13. Investment in associates, joint ventures and unconsolidated structured entities (Continued)

#### 13.3 Unconsolidated Structured entity (Continued)

The unconsolidated and structured entity in the Group is ICON Properties plc.

	2024 %Holding	2023 % Holding
ICON Properties plc (through NICO Life Insurance Company Limited)	57.14	56.02

The Group owns 57.14% (2023: 56.16%) of the shares in ICON Properties plc. However, the ownership of the investment is shared between shareholder and policyholders at 6.87% and 93.3% respectively. The shares are listed on the Malawi Stock Exchange.

The group does not appoint the majority of the directors to the boards of these entities and does not have the ability to direct their relevant activities.

ICON's business operations consist of 3 principal segments: property letting services, property management and property development.

#### Summarised Financial Information

	ICON Properties plc	
	2024 K'000	2023 K'000
Non-current assets	132 875 095	117 165 423
Current assets	11 985 167	5 396 922
Non-current liabilities	(355 153)	(373 107)
Current liabilities	(1 226 200)	(1 314 565)
Net assets	143 278 909	120 874 673
Revenue	29 016 719	20 924 220
Profit	24 274 636	19 159 350
<b>Total comprehensive income</b>	<b>24 274 636</b>	<b>19 159 350</b>

Details of amounts relating to unconsolidated entity are as follows:

#### Income

	2024 K'000	2023 K'000
Rental income	7 084 380	5 988 388
Interest income	2 905 552	2 365 552
Other income	1228 534	734 858
Fair value gains or losses	1 142 798	11 835 422
Total income	12 361 264	20 924 220

#### Assets

Investments – maximum exposure

	2024 K'000	2023 K'000
Investment in equity shares (maximum exposure)	2 704 316	2 513 542



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 13. Investment in associates, joint ventures and unconsolidated structured entities (Continued)

#### 13.3 Unconsolidated Structured entity (Continued)

The related market values of the shares have been included under note 15 to the financial statements.

The related market values of the shares have been included under note 15 to the financial statements.

#### Nature of risks associated with unconsolidated structured entity

The Group has risks associated with these unconsolidated structured entities through the investments as analyzed below:

Risk exposure associated with these investments include financial risks: liquidity, market, interest default risks and impairment of the properties under the investments.

**Liquidity** - having granted income notes there is a risk that the companies may not have adequate cashflows to fund interest repayment as it falls due and therefore subsequent default of the income notes.

**Market** - having a significant portfolio of the investments in the property, development, management and letting, there is a risk that due to competition rental rates may decline or stagnate thereby reducing income.

**Impairment loss** may arise due to declining values in the invested properties under management due to dynamic changes in market forces.

Overall the positive net asset position as shown in table above indicates that overall exposure is remote and only limited to the assets.

### 14. Investment in government securities

The investments are due to mature as follows:

	2024 K'000	2023 K'000
Within one year (note 6)	7 541 016	6 201 445
After one year	753 061 480	473 677 446
	760 602 496	479 878 891

#### 14.1 Investment in government securities comprised the following:

	2024 K'000	2023 K'000
Financial assets designated at FVTPL*		
Treasury notes	187 774 768	187 815 142
	187 774 768	187 815 142
Financial assets at amortised cost**		
Treasury notes	490 619 567	251 913 473
Treasury bills	81 249 326	39 507 097
Promissory notes	958 835	643 179
	572 827 728	292 063 749
<b>Total</b>	760 602 496	479 878 891

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 14. Investment in government securities (Continued)

#### 14.2 \*Movement in financial assets designated at FVTPL

	2024 K'000	2023 K'000
Balance as at 1 January	187 815 142	172 153 156
Additions during the year	19 509 133	31 922 591
Fair value adjustment	20 887 933	7 147 542
Disposals during the year	(40 437 440)	(23 408 147)
<b>Balance at 31 December</b>	<b>187 774 768</b>	<b>187 815 142</b>

The fair valuation of these treasury notes is done by management in consultation with the consulting actuaries from Sanlam Allianz, who utilise best practice methods based on expertise within the wider Sanlam Group. It involves application of judgement in determining the most appropriate valuation basis and assumptions.

The bootstrapping method was used for the purpose of constructing the discounting curve used to discount expected future cashflows at each respective cashflow date. This method is a statistical technique for estimating quantities about a population by averaging estimates from multiple small data samples. These samples are constructed by drawing observations from a large data sample one at a time and returning to the data sample after they have been chosen.

#### 14.3 \*\* Movement of financial assets at amortized costs

	2024 K'000	2023 K'000
Balance as at 1 January	292 063 749	229 364 474
Effects of exchange rates	(278 572)	714 173
Additions during the year	286 474 165	68 714 280
Movement in accrued interest	528 770	148 005
Expected credit loss	(37 510)	(9 592)
Disposals during the year	(5 922 874)	(6 867 591)
<b>Balance at 31 December</b>	<b>572 827 728</b>	<b>292 063 749</b>

Interest rates for government securities ranged from 26.75% to 35% (2023: 22.75% to 31%).

Treasury bills earned interest at an average rate of 20.5% (2023:21.9%). Treasury bills interest rates represent average yield rates on a 91-day, 182-day and 364-day bills as determined from time to time by Reserve Bank of Malawi, in line with monetary policy rate.

### 15. Investment in equity shares

#### 15.1 Valuation

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Balance at 1 January	384 573 540	227 015 464	2 804 021	2 178 920
Purchases during the year	43 299 046	15 140 950	10 681 817	-
Effects of changes in exchange rates	(1 831)	1 214	-	-
Increase/(decrease) in fair value:				
shareholders	15 219 246	10 080 011	2 377 768	625 101
policyholders	179 205 279	135 183 742	-	-
Disposals during the year	(8 508 490)	(2 847 841)	-	-
<b>Balance as at 31 December</b>	<b>613 786 790</b>	<b>384 573 540</b>	<b>15 863 606</b>	<b>2 804 021</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 15. Investment in equity shares (Continued)

#### 15.2 Group 2024

	Number of shares	% shareholding	Share Price	K' 000
Blantyre Hotels plc**	2 628 309 905	42.51	14.55	38 241 909
Standard Bank plc	39 811 130	16.95	6 483.95	258 133 376
Airtel	111 716 591	1.02	90.00	10 054 493
Illovo Sugar plc	921 292	0.13	1 355.08	1 248 424
Press Corporation plc	8 268 479	6.88	2 499.79	20 669 461
Old Mutual plc	710 191	4.84	1 950.01	1 384 880
National Bank of Malawi plc	31 106 514	6.66	3 462.17	107 696 040
National Investment plc	16 309 069	12.08	440.00	7 175 990
FMB Capital Holding plc	13 904 057	0.57	555.00	7 716 752
Telekom Networks Malawi plc	945 027 537	9.41	24.99	23 616 238
Mpico plc	74 148 315	3.23	18.53	1 373 968
NICO Holdings plc*	42 199 238	4.05	419.02	17 682 325
ICON Properties (note 13c)	3 816 804 960	57.14	18.05	68 893 330
NBS Bank plc	158 289 865	5.44	174.07	27 553 517
FDH Bank plc	87 930 443	1.27	148.23	13 033 930
Sunbird Tourism Limited	689 087	0.26	240.08	165 436
<b>Total listed shares</b>				<b>604 640 069</b>

#### 15.3 Group 2023

	Number of shares	% shareholding	Share Price	K' 000
Blantyre Hotels plc **	264 915 739	31.55	13.00	3 443 905
Standard Bank plc	40 841 220	17.40	3 950.00	161 322 819
Airtel	135 004 884	1.23	60.00	8 100 293
Illovo Sugar plc	921 292	0.13	1 260.00	1 160 828
Press Corporation plc	7 885 059	6.56	2 506.99	19 767 764
Old Mutual plc	710 191	4.84	1 500.00	1 065 287
National Bank of Malawi plc	31 152 004	6.67	2 101.25	65 458 148
National Investment plc	16 237 747	12.03	410.00	6 657 476
FMB Capital Holding plc	7 613 496	0.31	315.00	2 398 251
Telekom Networks Malawi plc	944 795 391	9.41	18.70	17 667 674
Mpico plc	74 148 315	3.23	15.00	1 112 225
Airtel Networks Zambia Plc	12 500	-	-	35 508
NICO Holdings plc *	41 971 513	4.08	150.40	6 312 516
ICON Properties (note 13c)	3 742 364 625	56.02	17.85	66 801 209
NBS Bank plc	98 922 330	3.40	114.90	11 366 176
FDH Bank plc	76 775 571	1.11	70.00	5 374 290
Sunbird Tourism Limited	489 087	0.91	191.07	93 450
<b>Total listed shares</b>				<b>378 137 819</b>

#### Company 2024

	Number of shares	% shareholding	Share Price	K' 000
Blantyre Hotels plc	863 820 248	14.70	14.55	12 568 584
				<b>12 568 584</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 15. Investment in equity shares (Continued)

\*These are shares held by Deposit Administration fund by NICO Pensions on behalf of policyholders.

\*\* Ownership of investments in these shares is between shareholders and policyholders at 17.68% and 82.32% of the holding respectively. Consequently, the group has no significant influence on the investment.

#### Unlisted shares

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Reconciliation of carrying amounts of unlisted investments (level 3 fair value)		-	-	-
Balance at 1 January	6 435 721	5 623 621	2 804 021	2 178 920
Increase in fair value	2 711 000	812 100	491 000	625 101
<b>Balance as at 31 December</b>	<b>9 146 721</b>	<b>6 435 721</b>	<b>3 295 021</b>	<b>2 804 021</b>

#### 15.4 Analysis of unlisted shares

Chibuku Products Limited	5 700 000	3 500 000	-	-
Telecom Holdings Limited (MTL& OCL)	21 000	1 000	-	-
NATSWITCH Limited	111 000	111 000	-	-
Swift	19 700	19 700	-	-
Mwaiwathu Private Hospital	678 000	367 000	678 000	367 000
Fortesa	7 021	7 021	7 021	7 021
Sanlam Uganda	2 610 000	2 430 000	2 610 000	2 430 000
<b>Total unlisted shares</b>	<b>9 146 721</b>	<b>6 435 721</b>	<b>3 295 021</b>	<b>2 804 021</b>

#### 15.5 Total investment in equity shares

<b>Total investment in equity shares</b>	<b>613 786 790</b>	<b>384 573 540</b>	<b>15 863 606</b>	<b>2 804 021</b>
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The fair value gains in listed and unlisted shares attributable to shareholders emanating from the life business are recognised in investment income in profit/loss under note 34 as part of the fair value adjustment of investment properties and shares.

In the current year shares in unlisted companies have been valued as at 31 December 2024 on behalf of the Directors by Ernst and Young using Market Multiples and Net Asset Value (NAV) approaches. Listed shares have been valued using Malawi Stock Exchange prices as at 31 December 2024.

#### Level 1 Fair Value

Listed shares amount to K604.6 billion (2023: K378.1 billion). In measuring fair value the Group has used observable market related data. The fair value is based on quoted prices on the Malawi Stock Exchange. In the prior year the listed shares included shares in Airtel Networks Zambia plc valued at K35.5 million whose prices were quoted on the Lusaka Stock Exchange. The shares in Airtel Networks Zambia plc were disposed of in the current year.

#### Level 3 Fair Value

Unlisted equities for the Group amounted to K9.1 billion (2023: K6.4 billion) while for the Company amounted to K3.2 billion (2023: K2.8 billion). The unlisted shares were valued by Ernst and Young as at 31 December 2024 based on discounted cashflows and adjusted net asset value valuation approach.





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 15. Investment in equity shares (Continued)

#### Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the investment in shares, as well as the significant unobservable inputs used. The valuation expert adopted a Discounted Cash Flow for some of the unlisted investments.

Unlisted Investment	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Sanlam General Insurance Uganda: K2.61 billion (2023: K2.43 billion)	<p>The market multiples (MM) price-to-book valuation methodology was used. A comparable companies approach was performed by identifying companies in similar industries in the open market and determining the earnings multiples or discount rate implied in such transactions.</p> <p>Relevant discounts/premiums were applied to the quoted multiples to adjust for growth differentials between Uganda and the sample countries.</p>	Adjusted peer group market multiples (2023: High multiple of 1.02 and Low multiple of 0.94)	The higher(lower) the adjusted market multiple, the higher (lower) the fair value. If the multiples increased/decreased by 5% while all other variables were held constant, the 2023 carrying amount would increase/decrease by K121 million
Chibuku Products Limited: K5.70 billion (2023: K3.50 billion)	The market multiples (MM) approach valuation methodology was used. Commonly used approaches under the MM method to value manufacturing businesses are the EV/EBITDA and P/E multiple approaches. EV/EBITDA has been used as the primary methodology and the P/E approach as a secondary methodology.	Long-term growth rates, taking into account management's experience and knowledge of market conditions of the beverages industry, ranging from 4% to 5% (2023: 5% to 8%).	The higher the EBITDA growth rate, the higher the fair value. If the EBITDA growth was 5 per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by K259 million (2023: increase/decrease by K182 million).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 15. Investment in equity shares (Continued)

#### Valuation techniques and significant unobservable inputs (Continued)

Unlisted Investment	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Mwaiwathu Private Hospital: K678 million (2023: K367 million)	The Market Multiples Approach EV/EBTDA approach was used. A comparable companies approach was performed by identifying companies in similar industries to the subject company, in the open market and determining the earnings multiples or discount rate implied from such transactions. Appropriate discounts/premiums to the quoted multiples were applied to adjust for growth differentials (risk free rate, GDP and inflation) between Malawi and the sample countries. Adjustments were made to the multiples to compensate for differences between the reasonably similar companies and the subject being valued.	Adjusted peer group market multiples (2024: High multiple of 7.4 and Low multiple of 6.8)	The higher(lower) the adjusted market multiple, the higher (lower) the fair value. If the multiples increased/decreased by 5% while all other variables were held constant, the 2024 carrying amount would increase/decrease by K34 million

### 16. Loans and debentures

Designated at FVTPL

Balance at 1 January

Fair value gain

Additions during the year

Disposals during the year

**Balance at 31 December**

Designated at amortised cost

Balance at 1 January

Balance at 31 December

**Total**

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
	1 846 362	1 213 370	-	-
	25 496	9 834	-	-
	2 000 000	1 360 000	-	-
	(1 623 158)	(736 842)	-	-
	2 248 700	1 846 362	-	-
	-	-	1 753	1 753
	-	-	-	-
<b>Total</b>	<b>2 248 700</b>	<b>1 846 362</b>	<b>1 753</b>	<b>1 753</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 16. Loans and debentures (Continued)

The above disclosed loans and debentures are receivable from Malawi registered companies hence no exposure to exchange rate movement. Expected credit loss has been determined for all loans, refer to note 42.4.2.

In the opinion of the directors, the loans receivable, are expected to be realised in full at maturity date. At the reporting date, the most significant loans (excluding interest) are:

- (a) A 3 year K250 million asset backed floating rate loan was advanced to Pinnacle Financial Services with interest charged at the rate equivalent to the most recent 364-day TB rate as published by the reserve bank of Malawi plus a premium of 1,200 basis points per annum. Interest shall be subject to floor rate of the yield to maturity of the 3 year treasury notes plus 200 basis points. The balance as at December 2024 is K167mln (2023: K250 million)
- (b) A 3-year K2 billion asset backed medium term note was advanced to Select Financial Services Limited with interest charged at the rate equivalent to the simple average of the 364-day TB rate for the immediate 11-months preceding the interest earning period as published by the Reserve Bank of Malawi plus a premium of 1,100 basis points per annum. Interest shall be subject to floor rate of the greater of 18% per annum or an arithmetic average of the national annual consumer price inflation rates for the preceding 11-month period as published by the National Statistical Office of Malawi and ceiling rate of the average maximum lending rate for the four listed banks in Malawi namely; First Capital Bank, National Bank of Malawi, NBS Bank and Standard Bank for the previous 11-month period. The interest applicable for a particular twelve-month period will be fixed once a year and one month before the beginning of such a period. The balance as at December 2024 is K2 billion (2023: Nil).
- (c) A five-year K3.5 billion floating rate loan guaranteed by the Malawi Government was advanced to Electricity Supply Commission of Malawi at 91 days Treasury bill plus 6% or at a floating rate of NBS Bank Plc base lending rate per annum whichever is higher and to be reset quarterly using the rate at the beginning of the quarter. The coupon rate shall be subject to a floor equivalent to the latest available inflation rate plus 2% or 91 days Treasury bill rate plus 1% whichever is higher. The loan has been fully repaid as at 31 Dec 2024.
- (d) A 1 year K1.1 billion asset backed loan was advanced to Blantyre Hotels Limited with interest charged at the rate equivalent to 364-day TB rate. The loan has been converted into shares as at the end of the year 2024.
- (e) A 5 year K20 billion loan was advanced by NICO Life Insurance Company to NBS Bank Plc to augment the banks Tier 2 Capital. The rate of interest on the loan for each interest period is a percentage rate per annum which is the aggregate of:
  - a margin of 400 basis points; and
  - the reference rate as quoted by the Reserve Bank of Malawi, five (5) business days prior to the date of the relevant interest payment date.

An interest period shall be a period of six (6) months and interest is computed from (and including) the first day of each interest period to (but excluding) the last day of such interest period, on the actual number of days elapsed on a 365 day/year basis (actual/365), irrespective of whether the year is a leap year.

Note that the K20 billion loan to NBS Bank Plc was cancelled on preparation of the consolidated financial statements and therefore is not part of the loans and debentures balance above.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 17. Investment properties

#### 17.1 2024

	Group			Company	
	Freehold investment properties K'000	Leasehold investment properties K'000	Total K'000	Freehold investment properties K'000	Total K'000
At valuation					
Balance at 1 January	749 384	4 164 648	4 914 032	206 000	206 000
Effects of exchange rates	(15)	-	(15)	-	-
Additions	-	55 923	55 923	-	-
Disposals	(312)	-	(312)	-	-
Fair Value Adjustment	40 000	1 104 452	1 144 452	40 000	40 000
Balance as at 31 December	789 057	5 325 023	6 114 080	246 000	246 000

#### 17.2 2023

At valuation					
Balance at 1 January	721 341	3 732 183	4 453 524	178 000	178 000
Effects of exchange rates	43	-	43	-	-
Additions	-	103 242	103 242	-	-
Fair Value Adjustment	28 000	329 223	357 223	28 000	28 000
	-	-	-	-	-
Balance as at 31 December	749 384	4 164 648	4 914 032	206 000	206 000

#### 17.3 The amounts recognised in profit or loss in respect of investment properties are:

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Rental income (note 34.2)	473 281	234 698	5 450	5 280
Direct operating expense (maintenance costs)	-	-	-	-

There are no amounts of restrictions on title and investment properties pledged as security for liabilities. There are no contractual commitments for the acquisition of investment properties.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 17. Investment properties (Continued)

#### Valuation basis

Properties were revalued on open market basis by an independent professional valuer Chalunda BSc. Land Econ; MSIM (Registered Valuation Surveyor) with Knight Frank as at 31 December 2024 on behalf of the directors. The valuer is an independent valuer not connected with the Group. Values were determined by reference to observable prices in the property market. There has been no change to the valuation technique during the year. The resultant surplus is taken to profit or loss. The fair value measurements have been categorized as Level 3 for value based on income capitalization technique. The Group has assessed that the highest and best use of his properties does not differ from their current use.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value Measurement
Income Capitalisation Approach	Year's Purchase, taking into account the capitalization of rental income potential, nature of the property, and prevailing market condition, of 9% - 10%.	A slight increase in the Year's Purchase (YP) used would result in a significant decrease in fair value, and vice versa. For instance, an increase or decrease of 1% of the YP will affect the value of the subject property by +9.09 and -7.69 respectively.
	Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property, the Passing Rentals (PR) for office space and ground floor/retail space ranged from K5 000 – K7 000 and K6 000 – K12 000 per square metre ("sqm") per month respectively.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa. For instance, a 10% increase of the monthly rent will positively affect the value of the subject property if investment approach to valuation is taken.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 18. Leases (Group as a lessee)

The Group and the Company have lease contracts for various items of plant, machinery, vehicles, land and buildings used in its operations. Leases of plant and machinery generally have lease terms between 3 and 5 years, land and buildings between 2 and 13 years (largely with options for renewal) while motor vehicles have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has options to purchase certain leased assets at the end of the lease term.

#### 18.1 Right-of-use assets

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Cost			-	-
At 1 January	11 186 960	8 686 445	163 373	163 373
Effects of exchange rate	(108 208)	(123 304)	-	-
Additions	2 612 540	2 412 382	-	-
Disposal	(716 134)	(35 171)	-	-
<b>*Subtotal - At 31 December</b>	<b>12 975 158</b>	<b>11 186 960</b>	<b>163 373</b>	<b>163 373</b>
Accumulated depreciation				
At 1 January	7 364 402	5 535 183	134 426	107 777
Effects of exchange rate	(70 022)	108 910	-	-
Charge for the year	1 905 459	1 720 309	26 649	26 649
Disposals	-	-	-	-
<b>At 31 December</b>	<b>9 199 839</b>	<b>7 364 402</b>	<b>161 075</b>	<b>134 426</b>
<b>Carrying amount</b>	<b>3 775 319</b>	<b>3 822 558</b>	<b>2 298</b>	<b>28 947</b>

#### 18.2 Amounts recognized in profit and loss are as follows:

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Finance charges on lease liabilities	2 095 290	1 374 229	21 186	21 186
Depreciation expense on right-of-use assets	1 905 459	1 720 309	26 649	26 649

The Group leases buildings and the average lease term is 3 years (2023: 3 years).

#### 18.3 Lease liabilities

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Cost				
At 1 January	6 795 155	5 062 540	57 378	110 061
Effects of exchange rate	(892 401)	30 421	-	-
Additions	2 538 006	2 617 784	-	-
Finance charges	2 095 290	1 374 229	21 186	21 186
Repayments of finance charges	(2 095 290)	(557 763)	(21 186)	(21 186)
Repayments of lease liabilities	(992 703)	(1 732 056)	(38 880)	(52 683)
<b>At 31 December</b>	<b>7 448 057</b>	<b>6 795 155</b>	<b>18 498</b>	<b>57 378</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**18 Leases (Group as a lessee) (Continued)****18.4 Maturity analysis**

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Due within 1 year or less	2 154 306	1 935 691	18 498	21 186
Due between 2 and 5 years	5 293 751	4 859 464	-	36 193
At 31 December	7 448 057	6 795 155	18 498	57 379

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group.

All lease obligations are denominated in Malawi Kwacha.

**19. Intangible assets****Group 2024****Cost**

Balance as at 1 January  
Effects of changes in exchange rates  
Additions during the year  
Capitalization

Capital work in progress K'000	Software K'000	Total K'000
6 696 618	13 201 505	19 898 123
-	(68 355)	(68 355)
8 905 664	275 540	9 181 204
(14 224 866)	14 224 866	-
1 377 416	27 633 556	29 010 972

**Balance at 31 December****Group 2023****Cost**

Balance as at 1 January  
Effects of changes in exchange rates  
Additions during the year  
Capitalization  
Disposal during the year

Capital work in progress K'000	Software K'000	Total K'000
1 376 909	12 194 958	13 571 867
-	196 368	196 368
5 466 476	668 162	6 134 638
(142 017)	142 017	-
(4 750)	-	(4 750)
6 696 618	13 201 505	19 898 123

**Balance at 31 December**

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 19. Intangible assets (Continued)

	Capital work in progress K'000	Software K'000	Total K'000
<b>Group 2024</b>			
<b>Amortization</b>			
Balance as at 1 January	-	9 116 865	9 116 865
Effects of changes in exchange rate	-	(39 982)	(39 982)
Charge for the year	-	2 258 216	2 258 216
<b>Balance at 31 December</b>	-	11 335 099	11 335 099
<b>Group 2023</b>			
<b>Amortisation</b>			
Balance as at 1 January	-	7 836 226	7 836 226
Effects of changes in exchange rate	-	166 066	166 066
Charge for the year	-	1 114 573	1 114 573
<b>Balance at 31 December</b>	-	9 116 865	9 116 865
<b>Carrying amount at 31 December 2024</b>	1 377 416	16 298 457	17 675 873
<b>Carrying amount at 31 December 2023</b>	6 696 618	4 084 640	10 781 258

	Capital work in progress K'000	Software K'000	Total K'000
<b>Company 2024</b>			
<b>Cost</b>			
Balance as at 1 January	-	172 452	172 452
Additions during the year	-	-	-
<b>Balance at 31 December</b>	-	172 452	172 452
<b>Company 2023</b>			
<b>Cost</b>			
Balance as at 1 January	-	137 220	137 220
Additions during the year	-	35 232	35 232
<b>Balance at 31 December</b>	-	172 452	172 452





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 19. Intangible assets (Continued)

	Capital work in progress K'000	Software K'000	Total K'000
<b>Company 2024</b>			
<b>Amortization</b>			
Balance as at 1 January	-	136 974	136 974
Charge for the year	-	12 024	12 024
Balance at 31 December	-	148 998	148 998
<b>Company 2023</b>			
<b>Amortisation</b>			
Balance as at 1 January	-	126 660	126 660
Charge for the year	-	10 314	10 314
Balance at 31 December	-	136 974	136 974
Carrying amount at 31 December 2024	-	23 454	23 454
Carrying amount at 31 December 2023	-	35 478	35 478

## 20. Property and equipment

## 20.1 Group - Cost or valuation

	Land and buildings K'000	Motor vehicles K'000	Furniture and equipment K'000	Capital work in progress K'000	Total K'000
<b>2024</b>					
Balance as at 1 January	3 071 568	2 193 283	24 797 848	3 756 272	33 818 971
Effects of changes in exchange rates	(7 736)	(8 613)	(18 696)	-	(35 045)
Additions during the year	61 954	2 898 076	7 162 004	5 134 954	15 256 988
Revaluation surplus	635 620	-	-	-	635 620
Capitalization	-	-	6 994 960	(6 994 960)	-
Disposals during the year	-	(169 188)	(445 210)	-	(614 398)
<b>Balance as at 31 December</b>	<b>3 761 406</b>	<b>4 913 558</b>	<b>38 490 906</b>	<b>1 896 266</b>	<b>49 062 136</b>
Analysed as follows:					
Valuation	2 304 665	-	-	-	2 304 665
Cost	1 456 741	4 913 558	38 490 906	1 896 266	46 757 471
	3 761 406	4 913 558	38 490 906	1 896 266	49 062 136

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 20. Property and equipment (Continued)

#### 20.2 Group - Cost or valuation 2023

	Land and buildings K'000	Motor vehicles K'000	Furniture and equipment K'000	Capital work in progress equipment K'000	Total K'000
Balance as at 1 January	2 659 362	1 943 235	19 871 737	499 331	24 973 665
Effects of changes in exchange rates	22 225	36 054	121 592	-	179 871
Additions during the year	-	351 621	4 937 798	3 456 941	8 746 360
Revaluation surplus	432 000	-	(47 408)	-	384 592
Capitalization	-	-	200 000	(200 000)	-
Transfers within class	(42 019)	-	42 019	-	-
Disposals during the year	-	(137 627)	(327 890)	-	(465 517)
<b>Balance as at 31 December</b>	<b>3 071 568</b>	<b>2 193 283</b>	<b>24 797 848</b>	<b>3 756 272</b>	<b>33 818 971</b>
Analysed as follows:					
Valuation	1 669 045	-	-	-	1 669 045
Cost	1 402 523	2 193 283	24 797 848	3 756 272	32 149 926
	<b>3 071 568</b>	<b>2 193 283</b>	<b>24 797 848</b>	<b>3 756 272</b>	<b>33 818 971</b>

#### 20.3 Group Accumulated depreciation and impairment losses 2024

	Land and buildings K'000	Motor vehicles K'000	Furniture and equipment K'000	Capital work in progress K'000	Total K'000
Balance as at 1 January	28 960	1 247 878	13 078 948	-	14 355 786
Effects of changes in exchange rates	-	(4 613)	(11 158)	-	(15 771)
Charge for the year	75 327	628 688	3 470 563	-	4 174 578
Released on revaluation	(70 967)	-	-	-	(70 967)
Disposals	-	(165 971)	(268 659)	-	(434 630)
<b>Balance as at 31 December</b>	<b>33 320</b>	<b>1 705 982</b>	<b>16 269 694</b>	<b>-</b>	<b>18 008 996</b>

#### Group Accumulated depreciation and impairment losses 2023

Balance as at 1 January	38 045	1 043 349	11 182 513	-	12 263 907
Effects of changes in exchange rates	-	20 118	50 605	-	70 723
Charge for the year	59 252	334 601	2 154 980	-	2 548 833
Released on revaluation	(54 892)	-	-	-	(54 892)
Transfers	(13 445)	-	13 445	-	-
Disposals	-	(150 190)	(322 595)	-	(472 785)
<b>Balance as at 31 December</b>	<b>28 960</b>	<b>1 247 878</b>	<b>13 078 948</b>	<b>-</b>	<b>14 355 786</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**20. Property and equipment** *(Continued)***20.3 Group Accumulated depreciation and impairment losses 2024**

	Land and buildings K'000	Motor vehicles K'000	Furniture and equipment K'000	Capital work in progress equipment K'000	Total K'000
<b>At 31 December 2024</b>	3 728 086	3 207 576	22 221 212	1 896 266	31 053 140
<b>At 31 December 2023</b>	3 042 608	945 405	11 718 900	3 756 272	19 463 185

**Company  
Cost or valuation 2024**

	Motor vehicles K'000	Furniture and equipment K'000	Capital work in progress equipment K'000	Total K'000
Balance as at 1 January	45 730	264 273	-	310 003
Additions during the year	189 000	49 847	-	238 847
<b>Balance as at 31 December</b>	234 730	314 120	-	548 850
<b>2023</b>				
Balance as at 1 January	45 730	245 602	-	291 332
Additions during the year	-	18 671	-	18 671
<b>Balance as at 31 December</b>	45 730	264 273	-	310 003

**Company Accumulated depreciation and impairment losses  
2024**

	Motor vehicles K'000	Furniture and equipment K'000	Capital work in progress equipment K'000	Total K'000
Balance as at 1 January	45 324	208 612	-	253 936
Charge for the year	12 870	22 518	-	35 388
<b>Balance as at 31 December</b>	58 194	231 130	-	289 324
<b>2023</b>				
Balance as at 1 January	45 054	190 608	-	235 662
Charge for the year	270	18 004	-	18 274
<b>Balance as at 31 December</b>	45 324	208 612	-	253 936

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 20. Property and equipment (Continued)

## 20.3 Group Accumulated depreciation and impairment losses 2024

Company Accumulated depreciation and impairment losses (Continued)  
2024

Carrying amounts	Motor vehicles K'000	Furniture and equipment K'000	Capital work in progress equipment K'000	Total K'000
At 31 December 2024	176 536	82 990	-	259 526
At 31 December 2023	406	55 661	-	56 067

If land and buildings were stated on the historical cost basis the carrying amounts would be as follows:

	2024 K'000	2023 K'000
Cost	1 456 741	1 402 523
Accumulated depreciation	(33 320)	(28 960)
	1 423 421	1 373 563

Land and buildings comprise freehold buildings and leasehold buildings whilst furniture and equipment include fixtures and fittings computer hardware and other equipment.

A register giving details of land and buildings as required by the Companies Act, 2013 Schedule 3 Section 16 is maintained at the registered offices of the respective companies and is open for inspection by members or their duly authorised agents.

Land and buildings were independently revalued on the open market value basis by an independent professional valuer Aaron H.Chalunda BSc. Land Econ; MSIM (Registered Valuation Surveyor) with Knight Frank as at 31 December 2024.

The fair value measurements of land and buildings have been categorised as level 3 fair values based on the inputs to the valuation techniques used. The fair values are based on market values, being the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller on an arm's length transaction. In the absence of current prices in active market the valuations are prepared by considering the estimated rental value of property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rent differ materially from the estimated rental values, adjustments are made to reflect actual rent. There has been no change to the valuation technique during the year. The group has assessed that the highest and best use of its property does not differ from its current use.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**20. Property and equipment (Continued)****20.3 Group Accumulated depreciation and impairment losses 2024****Valuation techniques and significant unobservable inputs**

The following table shows the valuation technique used in measuring the fair values of land and buildings, as well as the significant unobservable inputs used. The valuation expert adopted a Market Value approach.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>The residual value is defined as the The valuation approach of Open Market Value was adopted as a result of a consideration of the Comparable approach and the residual value.</p> <p>The Comparable approach relies on recent sales data and all relevant factors pertaining to the property like age of the buildings and remaining lease life for the land.</p> <p>The residual value is defined as the estimated amount an entity would currently obtain from disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful life. In providing the residual values it has been assumed that the entity is not contemplating disposal of any of the properties in the foreseeable future.</p>	Capitalization rates of between 9% to 10% (2023: 10% to 11%)	<p>If the capitalization rate was higher or lower by 1 % the estimated fair value would increase (decrease) by K63 million (2023: K43 million)</p> <p>On the basis of the general economic trends observed so far it appears unlikely that the sales market will improve in the near term unless there is a reduction to the currently high interest rates.</p>

The fair value measurements of land and buildings have been categorised as level 3 fair values based on the inputs to the valuation techniques used.

**21. Trade and other payables**

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Interbank borrowings	107 943 975	26 569 638	-	-
Open market operations	143 275 616	-	-	-
Trade payables	3 279 668	1 759 526	-	-
Accruals	1 691 746	625 879	465 235	140 805
Financial Guarantee liability	54 513	-	54 513	-
Dividend payable	7 316 044	6 363 045	3 014 620	2 733 436
Other payables	42 044 247	28 507 526	2 705 057	1 626 522
<b>Balance 31 December</b>	<b>305 605 809</b>	<b>63 872 119</b>	<b>6 239 425</b>	<b>4 500 763</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 21. Trade and other payables (Continued)

Open market operations (OMOs) constitute reverse repos with Reserve Bank of Malawi (RBM) which are instruments used by RBM to inject liquidity back into the market. The Bank invested the funds in government securities. The instruments are priced within the range of **18% to 24%** per annum (2023: 13%-33%) and have a tenor of 1 to 3 months.

Interbank borrowings are short term funding available from the local banks who have excess liquidity to place onto the market. This is used to cover any short-term liquidity needs of the banks. The average rate was 24.5% per annum (2023: 19.51%). Included in the MK107.9 billion were currency swaps amounting to K42.59 billion. The Groups banking business entered into two currency swap contracts with Reserve Bank of Malawi. The amounts were K25.25 billion and K17.34 billion with interest rates on the local currency of 16% and 12.5% respectively. The interest rates on the US Dollar was 9.5% and 10% respectively. The maturity dates of the swaps were 28th January 2025 and 4th April 2025 respectively.

Included in other payables for the group is staff bonus provision of K12.6 billion (2023: K6.7 billion), deferred bank loan arrangement fees of K3.1 billion (2023: K2.8 billion) and PAYE and other taxes of K2.9 billion (2023: K6.1 billion).

### 22. Client funds payable

Client funds payable

Group	
2024 K'000	2023 K'000
236 895 299	167 830 629
236 895 299	167 830 629

Client funds payable are third party funds invested in NICO Nominees. The fund attracted interest at an average rate of 25.15% (2023: 20.22%) per annum.

### 23. Deposits and customer accounts

Repayable on demand  
Repayable within three months or less

Group	
2024 K'000	2023 K'000
482 885 741	450 093 770
162 585 171	47 651 233
<b>Balance at 31 December</b>	<b>497 745 003</b>

Deposits from customers, on savings investment and term deposit accounts carried an interest rate ranging from **2% to 26%** (2023: 2% to 23.5%) per annum. Current accounts earned interest of **0.1%** per annum on balances above K5 000 000 for the year ended 31 December 2024 (2023: 0.1%). The foreign currency denominated accounts attract an average interest rate of 0.5% (2023: 0.5%) per annum. Customer deposits denominated in foreign currency amounted to K73.36 billion (2023: K71.37 billion) as detailed in note 42.7.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 24. Interest bearing loans and borrowings

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
CDH Investment Bank	-	77 164	-	-
Continental Asset Management Limited	458 333	1 357 746	458 333	1 357 746
NBM Capital Markets Limited	6 168 164	5 009 822	-	-
NICO Asset Managers Limited	-	624 432	-	-
FINES RBM Loan	3 624 250	2 858 320	-	-
IFAD	8 694 459	-	-	-
OIKO Credit	4 377 631	-	-	-
Accrued interest-NICO Life Loan	147 945	-	-	-
	23 470 782	9 927 484	458 333	1 357 746
<b>24.1 Analysed as follows:</b>				
Balance at 1 January	9 927 484	9 406 986	1 357 746	2 291 667
Additions during the year	20 512 500	2 858 320	-	-
Interest charge	1 828 872	2 110 192	325 916	532 953
Interest paid	(1 680 929)	(2 386 789)	(325 917)	(532 953)
Loan repaid	(7 117 145)	(2 061 225)	(899 412)	(933 921)
<b>Balance as at 31 December</b>	<b>23 470 782</b>	<b>9 927 484</b>	<b>458 333</b>	<b>1 357 746</b>
<b>Terms and debt repayment schedule</b>				
Due within 1 year	458 333	6 628 085	458 333	916 667
Due between 2 and 5 years	23 012 449	3 299 399	-	441 079
<b>Balance as at 31 December</b>	<b>23 470 782</b>	<b>9 927 484</b>	<b>458 333</b>	<b>1 357 746</b>

Included in the loans of K23.3 billion (2023: K9.9 billion) are the following loans:-

(i) **Continental Asset Management (CAM) loan**

In June 2019 NICO Holdings plc issued a 3- year floating rate bond to Continental Asset Management of K2.75 billion whose proceeds were used to repay foreign currency denominated loan in order to reduce its foreign currency exposure. Effective 1 July 2022 the bond was rolled over into a Floating Rate Amortizing Facility for the principal amount of K2.75 billion for purposes of cashflow management. The loan is secured by a floating charge over all assets of NICO Holdings plc.

Interest and principal are payable quarterly in arrears and commenced on 30 September 2022. The interest rate for the notes offered on a Floating Rate basis to be repriced quarterly with interest being the published average yield for 91day Treasury Bills in the auction immediately preceding the repricing date plus 350 basis points. NICO Holdings plc has the option of early repayment of the outstanding principal and accrued interest with no less than 60 days notice to Continental Asset Management, with no penalty for early repayment.

(ii) **The NBM Capital Markets Limited loan**

The NBM Capital Markets Limited loan is a 5 year-floating rate note raised in November 2024 to increase the Bank's total capital to enable it to execute its lending strategy. The note

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 24. Interest bearing loans and borrowings (Continued)

#### 24.1 Analysed as follows: (Continued)

##### (ii) The NBM Capital Markets Limited loan (Continued)

is repriced semi-annually at 364 T-bill of the last public auction before the start of the day count plus 500 basis points. The loan raised in November 2024 replaced the loan that was outstanding as at 31 December 2023 which matured in 2024 and was fully repaid.

##### (iii) FINESS RBM Loan

The FINESS RBM loan is a subsidiary agreement entered with RBM in 2021 to finance SMEs. An additional Addendum of K2.8 billion was entered into in May 2023. The loan is priced at 3% and the Bank disburses the loans at a maximum of 9%.

##### (iv) IFAD US Dollar loan

The IFAD US Dollar loan of 5 years was raised in April 2024 (\$2 million) and \$3 million in November 2024 to support the Bank's plans to grow the agribusiness portfolio. The loan is priced at 4.28%. The capital element of the loans is payable at the end of the tenor of the loan while interest is payable quarterly. The amount had been disbursed as at 31 December 2024 and loans to the borrower were in US Dollars, repayable in US Dollars.

##### (v) OIKO US Dollar loan

The OIKO US Dollar loan of 5 years was raised in December 2024 to support the Bank's plans to grow the agribusiness portfolio. The loan is priced at 5 Year USD SOFR plus 300 basis points. The capital element of the loans is payable at the end of the tenor of the loan while interest is payable quarterly. The amount had been disbursed as at 31 December 2024 and loans to the borrower were in US dollars, repayable in US dollars.

### 25. Capital and reserves

#### 25.1 Share capital

##### Authorized:

Number of authorized share capital ('000)

Nominal value (K)

Authorized share capital (K'000)

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Number of authorized share capital ('000)	1 300 000	1 300 000	1 300 000	1 300 000
Nominal value (K)	0.05	0.05	0.05	0.05
Authorized share capital (K'000)	65 000	65 000	65 000	65 000
<u>Issued and fully paid:</u>				
Number of issued and fully paid share capital ('000)	1 043 041	1 043 041	1 043 041	1 043 041
Nominal value (K)	0.05	0.05	0.05	0.05
Issued share capital (K'000)	52 152	52 152	52 152	52 152
	428 859	428 859	428 859	428 859

#### 25.2 Share premium

Share premium arose on issue of 1 043 041 096 ordinary shares above nominal value of K0.05.

#### 25.3 Revaluation reserve

Balance at 31 December

2024 K'000	2023 K'000
914 719	776 889

The revaluation reserve relates to property and comprises the cumulative increase in the fair value at the reporting date.





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**25. Capital and reserves** (Continued)**25.4 Other reserves** (Continued)

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
(i) General reserve	545 519	545 519	-	-
(ii) Fair value reserve	8 796 932	4 339 194	4 173 217	1 795 449
(iii) Translation reserve	1 321 875	1 380 440	1 654 287	1 562 168
(iv) Loan loss reserve	-	249 897	-	-
<b>Total other reserves</b>	<b>10 664 326</b>	<b>6 515 050</b>	<b>5 827 504</b>	<b>3 357 617</b>

General reserve represents transfers from retained earnings, required by statute and other regulators as well as premium on sale of shares in a subsidiary and other reserve arising out of business combination or other transaction with owners of the business and other reserves arising out of business combination.

Fair value reserve represents fair value adjustment on financial assets through other comprehensive income. Translation reserve represents retranslation difference arising on retranslation of foreign investments at the reporting date.

Loan loss reserve represents an appropriation from retained earnings as additional provision above those requires by the IFRS Accounting Standards, to meet the requirements of the Reserve Bank of Malawi.

**26. Non-controlling interest****26.1 Details of subsidiaries of the Group where there is a material non-controlling interest are disclosed below:**

Name of subsidiary	Principal place of business	Proportion of ownership interests		Profit/(loss) allocated to non controlling interests	
		2024 %	2023 %	2024 K'000	2023 K'000
NICO Insurance Zambia Company Limited	Zambia	49	49	352 392	(517 866)
NICO Life Insurance Limited	Malawi	49	49	22 018 762	12 602 390
NICO General Insurance Company Limited	Malawi	49	49	2 853 560	634 629
NBS Bank plc	Malawi	49.9	49.9	36 422 486	14 659 691
NICO Pension Services Company Limited	Malawi	49	49	736 843	426 283
<b>TOTAL</b>				<b>62 384 043</b>	<b>27 805 127</b>

Non-controlling interest represents minority position of the shares and reserves in NBS Bank plc, NICO Life Insurance Company Limited, NICO Pension Services Company Limited, NICO General Insurance Company Limited and NICO Insurance (Zambia) Limited.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 26. Non-controlling interest (Continued)

The composition of non-controlling interest is as follows:

	Group	
	2024	2023
NBS Bank plc	55 935 381	24 961 639
NICO General Insurance Company Limited	9 247 028	5 799 802
NICO Insurance (Zambia) Limited	1 327 961	1 157 870
NICO Life Insurance Company Limited	52 575 997	35 973 281
NICO Pension Services Company Limited	1 775 666	1 538 624
<b>Total</b>	<b>120 862 033</b>	<b>69 431 216</b>

The movement is analyzed as follows:

	Group	
	2024	2023
Balance as at 1 January	69 431 216	51 804 325
Prior year adjustment	-	(812 739)
Profit for the year	62 384 043	27 805 127
Revaluation of land and buildings	132 426	357 039
Fair value on financial assets	1 997 807	1 370 381
Translation difference on foreign subsidiaries	(144 774)	223 612
Dividends paid	(12 938 685)	(11 316 529)
<b>Balance as at 31 December</b>	<b>120 862 033</b>	<b>69 431 216</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**26. Non-controlling interest (Continued)****NCI in subsidiaries**

The following table summarizes the information relating to the Company's subsidiaries that have material non-controlling interest (NCI) before any intra-Group eliminations.

	NICO General Insurance Company Limited	NICO Life Insurance Company Limited	NICO Pension Services Company Limited	NBS Bank Plc	NICO Insurance Zambia Limited	Total
<b>2024</b>						
<b>Location</b>	<b>Malawi</b>	<b>Malawi</b>	<b>Malawi</b>	<b>Malawi</b>	<b>Zambia</b>	
Non-current assets	24 376 731	807 563 192	1 345 252	870 083 425	8 863 137	1 712 231 737
Current Assets	43 854 196	151 944 295	5 397 920	322 760 950	10 482 857	534 440 218
Non current Liabilities	(174 667)	(7 051 934)	(87 215)	(782 994 771)	347 054	(789 961 533)
Current Liabilities	(49 184 775)	(845 157 599)	(3 032 148)	(297 754 652)	(16 982 923)	(1 212 112 097)
<b>Net Assets</b>	<b>18 871 485</b>	<b>107 297 954</b>	<b>3 623 809</b>	<b>112 094 952</b>	<b>2 710 125</b>	<b>244 598 325</b>
Carrying amount of NCI	9 247 028	52 575 997	1 775 666	55 935 381	1 327 961	120 862 033
Revenue	45 508 036	74 181 693	7 293 514	284 869 605	38 846 618	450 699 466
Profit/(loss)	5 823 592	44 936 248	1 503 761	72 990 953	719 167	125 973 721
Other comprehensive income	4 111 563	346 846	-	(33 786)	(76 590)	4 348 033
<b>Total comprehensive income</b>	<b>9 935 155</b>	<b>45 283 094</b>	<b>1 503 761</b>	<b>72 957 167</b>	<b>642 577</b>	<b>130 321 754</b>
<b>2024</b>						
<b>Profit/(loss) allocated to NCI</b>	<b>2 853 560</b>	<b>22 018 762</b>	<b>736 843</b>	<b>36 422 486</b>	<b>352 392</b>	<b>62 384 043</b>
<b>Total comprehensive income allocated to NCI</b>	<b>4 868 226</b>	<b>22 188 716</b>	<b>736 843</b>	<b>36 405 626</b>	<b>314 863</b>	<b>64 514 274</b>
Cashflows from/(utilized in) operating activities	4 384 787	21 217 043	1 167 990	54 611 374	1 024 534	82 405 728
Cashflows from/(utilised in) investing activities	(4 163 096)	43 636 405	206 445	(22 103 121)	(950 752)	16 625 881
Cashflow utilised in financing activities before div to NCI	(1 305 903)	(5 930 503)	(591 193)	28 929 607	(419 443)	20 682 565
Cashflow used in financing activities – cash dividends to NCI	(1 053 647)	(5 624 164)	(499 800)	(5 431 885)	-	(12 609 496)
Net (decrease)/increase in cash and cash equivalents	(2 137 859)	53 298 781	283 442	56 005 975	(345 661)	107 104 678

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 26. Non-controlling interest (Continued)

2023	NICO General Insurance Company Limited	NICO Life Insurance Company Limited	NICO Pension Services Company Limited	NBS Bank Plc	NICO Insurance Zambia Limited	Total
<b>Location</b>	<b>Malawi</b>	<b>Malawi</b>	<b>Malawi</b>	<b>Malawi</b>	<b>Zambia</b>	
Non-current assets	11 725 037	572 701 226	1 319 612	460 270 631	8 194 279	1 054 210 785
Current Assets	40 550 476	94 240 030	3 425 761	197 445 777	9 580 168	345 242 212
Non current Liabilities	1 939 093	11 620	(109 068)	(552 277 974)	(1 024 578)	(551 460 907)
Current Liabilities	(42 378 274)	(593 538 017)	(1 496 256)	(55 415 110)	(14 386 870)	(707 214 527)
<b>Net Assets</b>	<b>11 836 332</b>	<b>73 414 859</b>	<b>3 140 049</b>	<b>50 023 324</b>	<b>2 362 999</b>	<b>140 777 563</b>
Carrying amount of NCI	5 799 802	35 973 281	1 538 624	24 961 639	1 157 870	69 431 216
Revenue	29 248 894	40 655 527	5 183 763	146 820 968	27 065 182	248 974 334
<b>Profit/(loss)</b>	<b>1 295 161</b>	<b>25 719 163</b>	<b>869 966</b>	<b>29 378 138</b>	<b>(1 056 869)</b>	<b>56 205 559</b>
<b>Other comprehensive income</b>	<b>2 819 011</b>	<b>728 650</b>	<b>-</b>	<b>(40 223)</b>	<b>18 647</b>	<b>3 526 085</b>
<b>Total comprehensive income</b>	<b>4 114 172</b>	<b>26 447 813</b>	<b>869 966</b>	<b>29 337 915</b>	<b>(1 038 222)</b>	<b>59 731 644</b>
<b>Profit/(loss) allocated to NCI</b>	<b>634 629</b>	<b>12 602 390</b>	<b>426 283</b>	<b>14 659 691</b>	<b>(517 866)</b>	<b>27 805 127</b>
<b>Total comprehensive income allocated to NCI</b>	<b>2 015 944</b>	<b>12 959 428</b>	<b>426 283</b>	<b>14 639 620</b>	<b>(508 729)</b>	<b>29 532 546</b>
Cashflows from/(utilised in) operating activities	2 274 163	(1 218 932)	454 536	95 534 871	364 733	97 409 371
Cashflows from/(utilised in) investing activities	3 782 544	29 856 793	154 142	(13 793 702)	(57 603)	19 942 174
Cashflow utilised in financing activities before div to NCI	(895 397)	(1 097 093)	(129 653)	(8 305 846)	(381 342)	(10 809 331)
Cashflow used in financing activities – cash dividends to NCI	(735 000)	(1 002 214)	(108 811)	(7 044 024)	-	(8 890 049)
Net (decrease)/increase in cash and cash equivalents	4 426 310	26 538 554	370 214	66 391 299	(74 212)	97 652 165

### 27. Summary of Insurance and Reinsurance Balances

#### 27.1 Summary of Insurance and Reinsurance Balances asset and Liabilities per Measurement Basis

2024	Variable Fee Approach K'000	General Measurement Model K'000	Premium Allocation Approach K'000	Total K'000
Insurance contract liabilities	826 877 000	8 223 357	66 600 656	901 701 013
Reinsurance contract assets	-	-	(38 582 722)	(38 582 722)
Reinsurance contract liabilities	-	-	49 358	49 358



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**27. Summary of Insurance and Reinsurance Balances (Continued)****27.1 Summary of Insurance and Reinsurance Balances asset and Liabilities per Measurement Basis (Continued)**

	<b>Variable Fee Approach K'000</b>	<b>General Measurement Model K'000</b>	<b>Premium Allocation Approach K'000</b>	<b>Total K'000</b>
<b>2023</b>				
Insurance contract liabilities	577 848 000	12 062 000	63 390 260	653 300 260
Reinsurance contract assets	-	-	(38 988 420)	(38 988 420)
Reinsurance contract liabilities	-	-	305 000	305 000

The published valuation of insurance and investment contracts with discretionary participating features was performed as at 31 December 2024 and certified by the Appointed Actuary (Edwin Splinter from Independent Actuaries & Consultants (Pty) Ltd). The valuation was performed in accordance with the Statement of Actuarial Practice (SAP 104) issued by the Actuarial Society of South Africa (ASSA) and with International Financial Reporting Standards (IFRS). Insurance contracts and financial instruments with discretionary participation features (smoothed bonus business) have continued to be valued using the Financial Soundness Valuation (FSV) method.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 27. Summary of Insurance and Reinsurance Balances (Continued)

27.2 Group Insurance/Reinsurance Product balances under the Premium Allocation Approach (PAA) full retrospective approach

2024

	Fire	Motor	Accident & Bond	Marine & Engineering	Corporate Business	Total	Current portion	Non- current portion	Total
Insurance contract liabilities	32 198 791	14 588 509	14 059 629	1 818 851	3 934 876	66 600 656	66 587 881	12 775	66 600 656
Reinsurance contract assets	31 144 038	221 450	6 117 983	1 099 251	-	38 582 722	38 570 135	12 587	38 582 722
Reinsurance contract liabilities	-	-	-	-	49 358	49 358	49 358	-	49 358

2023

	Fire	Motor	Accident & Bond	Marine & Engineering	Corporate Business	Total	Current portion	Non- current portion	Total
Insurance contract liabilities	33 909 087	4 983 247	13 444 092	6 604 834	4 449 000	63 390 260	63 390 260	-	63 390 260
Reinsurance contract assets	30 694 426	74 570	7 534 687	684 737	-	38 988 420	38 988 420	-	38 988 420
Reinsurance contract liabilities	-	-	-	-	(305 000)	(305 000)	(305 000)	-	(305 000)



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 27. Summary of Insurance and Reinsurance Balances (Continued)

27.3 Group Insurance Liabilities balances under the variable fee approach (VFA) and General Measurement fair value approach

2024

	Participating Deposit Administration (VFA)	Individual Life (VFA)	Annuities (VFA)	Non Participating Individual Life (GMM)	Annuities (GMM)	Total	Current portion	Non- current portion	Total
Insurance contracts	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	694 710 145	76 829 269	54 826 295	477 443	7 746 974	834 590 126	108 715 126	725 875 000	834 590 126
Insurance contract assets	-	-	-	-	-	-	-	-	-
<b>Net</b>	694 710 145	76 829 269	54 826 295	477 443	7 746 974	834 590 126	108 715 126	725 875 000	834 590 126

2023

	Participating Deposit Administration (VFA)	Individual Life (VFA)	Annuities (VFA)	Non Participating Individual Life (GMM)	Annuities (GMM)	Total	Current portion	Non- current portion	Total
Insurance contracts	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	489 378 937	53 159 043	35 310 020	889 519	11 172 481	589 910 000	89 846 414	500 063 586	589 910 000
Insurance contract assets	-	-	-	-	-	-	-	-	-
<b>Net</b>	489 378 937	53 159 043	35 310 020	889 519	11 172 481	589 910 000	89 846 414	500 063 586	589 910 000

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 28. Summary of insurance service result

#### 28.1

2023

	Variable Fee Approach	General Measurement Model	Premium Allocation Approach	Total
Insurance revenue from contracts not measured under PAA	19 694 000	15 773 628	-	35 467 628
Insurance revenue from contracts measured under PAA	-	-	97 692 224	97 692 224
<b>Total insurance revenue</b>	19 694 000	15 773 628	97 692 224	133 159 852
Total insurance service expenses	-	-	(53 297 584)	(53 297 584)
<b>Insurance service result excluding re-insurance</b>	19 694 000	15 773 628	44 394 640	79 862 268
Net income/(expenses) from reinsurance contracts held	-	-	(28 386 946)	(28 386 946)
<b>Total insurance service result</b>	19 694 000	15 773 628	16 007 694	51 475 322

#### 28.2

2023

	Variable Fee Approach	General Measurement Model	Premium Allocation Approach	Total
Insurance revenue from contracts not measured under PAA	13 033 000	1 183 000	-	14 216 000
Insurance revenue from contracts measured under PAA	-	-	66 790 070	66 790 070
Total insurance revenue	13 033 000	1 183 000	66 790 070	81 006 070
<b>Total insurance service expenses</b>	-	(13 934 000)	(55 973 111)	(69 907 111)
<b>Insurance service result excluding re-insurance</b>	13 033 000	(12 751 000)	10 816 959	11 098 959
Net income/(expenses) from reinsurance contracts held	-	-	(2 348 266)	(2 348 266)
<b>Total insurance service result</b>	13 033 000	(12 751 000)	8 468 693	8 750 693





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 28. Summary of insurance service result (Continued)

## Insurance revenue and expenses by product under the Premium Allocation Approach

2024

	Fire Insurance	Motor Insurance	Accident and Bond Insurance	Marine and Engineering Insurance	Corporate Business	Total
Insurance revenue from contracts measured under PAA	37 002 514	24 261 437	12 976 440	4 269 082	19 182 751	97 692 224
<b>Total insurance revenue</b>	37 002 514	24 261 437	12 976 440	4 269 082	19 182 751	97 692 224
Insurance service expenses						
Incurred claims and other directly attributable expenses	69 243 129	(38 024 106)	(66 303 628)	(1 981 310)	(7 799 683)	(44 865 598)
Losses on onerous contracts and reversal of those losses	152 824	-	-	-	-	152 824
Changes that relate to past service – changes in the FCF relating to the LIC	333 490	448 442	24 522	8 648	-	815 102
Insurance acquisition cash flows recovery	(2 050 428)	(1 304 548)	(581 286)	(320 650)	(5 143 000)	(9 399 912)
<b>Total insurance service expenses</b>	67 679 015	(38 880 212)	(66 860 392)	(2 293 312)	(12 942 683)	(53 297 585)
Net income (expenses) from reinsurance contracts held						
Reinsurance expenses – contracts measured under the PAA	(36 465 672)	(822 643)	(5 533 114)	(2 099 071)	(1 066 637)	(45 987 137)
Other incurred directly attributable expenses	6 542 718	228 594	8 008 465	380 819	371 000	15 531 596
Incurred claims recovery/(amortisation)	2 887 083	(253 723)	8 843	(30 119)	-	2 612 084
Recoveries of losses on onerous group of underlying contracts and reversal of such losses	(600 707)	52 791	(1 840)	6 267	-	(543 489)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	-	-	-	-
<b>Total net expenses from reinsurance contracts held</b>	(27 636 578)	(794 981)	2 482 354	(1 742 104)	(695 637)	(28 386 946)
Total insurance service result	77 044 951	(15 413 756)	(51 401 598)	233 666	5 544 431	16 007 694

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 28. Summary of insurance service result (Continued)

#### Insurance revenue and expenses by product under the Premium Allocation Approach (Continued)

2023

	Fire Insurance	Motor Insurance	Accident and Bond Insurance	Marine and Engineering Insurance	Corporate Business	Total
Insurance revenue from contracts measured under PAA	21 424 886	18 055 865	9 800 507	3 610 812	13 898 000	66 790 070
<b>Total insurance revenue</b>	21 424 886	18 055 865	9 800 507	3 610 812	13 898 000	66 790 070
Insurance service expenses						
Incurred claims and other directly attributable expenses	(21 720 549)	(14 569 300)	(7 590 705)	(971 384)	(6 237 000)	(51 088 938)
Losses on onerous contracts and reversal of those losses	(152 824)	(175 404)	(134 993)	(28 729)	-	(491 950)
Changes that relate to past service – changes in the FCF relating to the LIC	188 110	334 094	154 937	28 920	-	706 061
Insurance acquisition cash flows recovery	(1 182 519)	(905 889)	(232 043)	(148 833)	(2 629 000)	(5 098 284)
<b>Total insurance service expenses</b>	(22 867 782)	(15 316 499)	(7 802 804)	(1 120 026)	(8 866 000)	(55 973 111)
Net income (expenses) from reinsurance contracts held						
Reinsurance expenses – contracts measured under the PAA	(12 239 022)	(397 116)	(2 192 905)	(608 139)	-	(15 437 182)
Other incurred directly attributable expenses	(3 985 160)	(235 223)	(1 652 788)	(1 082 274)	(741 000)	(7 696 445)
Incurred claims recovery / (amortisation)	17 490 253	(22 179)	2 684 977	156 604	503 000	20 812 655
Recoveries of losses on onerous group of underlying contracts and reversal of such losses	-	(82 213)	346 374	73 715	-	337 876
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(150 935)	(19 010)	(168 466)	(26 759)	-	(365 170)
<b>Total net expenses from reinsurance contracts held</b>	1 115 136	(755 741)	(982 808)	(1 486 853)	(238 000)	(2 348 266)
Total insurance service result	(327 760)	1 983 625	1 014 895	1 003 933	4 794 000	8 468 693



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 28. Summary of insurance service result (Continued)

Insurance revenue and expenses by product under the VFA and GMM approaches

	VFA 2024	GMM 2024	Total 2024	VFA 2023	GMM 2023	Total 2023
<b>Insurance revenue</b>						
Contracts not measured under PAA	-	-	-	-	-	-
Amounts relating to the changes in the LRC	-	-	-	-	-	-
Release of risk adjustment for expired	-	38 000	38 000	-	32 000	32 000
Expected incurred claims and other directly attributable expenses	-	1 427 000	1 427 000	-	1 265 000	1 265 000
Insurance acquisition cash flows recovery	-	7 000	7 000	-	27 000	27 000
<b>Expected acquisition costs</b>						
CSM recognised for the services provided	19 694 000	-	19 694 000	13 033 000	-	13 033 000
Experience adjustments - arising from premiums received in the period other than those that relate to future periods	-	14 301 628	14 301 628	-	(141 000)	(141 000)
<b>Total insurance revenue</b>	19 694 000	15 773 628	35 467 628	13 033 000	1 183 000	14 216 000
<b>Insurance service expenses</b>						
Incurred claims and other directly attributable expenses	-	-	-	-	(850 000)	(850 000)
Changes that relate to future service - Losses on onerous groups of contracts	-	-	-	-	(13 084 000)	(13 084 000)
<b>Total insurance service expenses</b>	-	-	-	-	(13 934 000)	(13 934 000)
<b>Total service result</b>	19 694 000	15 773 628	35 467 628	13 033 000	(12 751 000)	282 000

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 29. Reconciliation of the liability for remaining coverage and the liability for incurred claims Insurance contract held (Continued)

#### 29.1 Premium allocation approach (Continued)

2024

	Excluding loss component	Loss component	LIC	Total
Insurance contract liabilities as at 1 January	8 636 234	364 220	54 389 806	63 390 260
Effects of exchange rates	1 300 643	(30 629)	(999 077)	270 937
<b>Insurance revenue</b>				
Contracts under the full retrospective approach	(97 692 224)	-	-	(97 692 224)
	(97 692 224)	-	-	(97 692 224)
<b>Insurance service expenses</b>				
Incurred claims	12 778 286	-	31 272 709	44 050 995
Other insurance service expenses	-	(152 824)	-	(152 824)
Losses on onerous contracts and reversal of those losses	-	-	-	-
Amortisation insurance acquisition cash flows	9 399 414	-	-	9 399 414
<b>Insurance service expenses</b>	22 177 700	(152 824)	31 272 709	53 297 585
<b>Insurance service result excluding reinsurance</b>	(75 514 524)	(152 824)	31 272 709	(44 394 639)
Insurance finance income or expenses	(1 305 894)	-	5 486 827	4 180 933
<b>Recognised in profit or loss</b>	(76 820 418)	(152 824)	36 759 536	(40 213 706)
<b>Cashflows</b>				
Premium received	103 143 203	-	-	103 143 203
Claims paid	(6 431 895)	-	(38 730 392)	(45 162 287)
Insurance acquisition cashflows	(14 827 751)	-	-	(14 827 751)
Other expenses paid	-	-	-	-
<b>Net cashflows</b>	81 883 557	-	(38 730 392)	43 153 165
<b>Insurance contract liabilities as at 31 December</b>	15 000 016	180 767	51 419 873	66 600 656



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 29. Reconciliation of the liability for remaining coverage and the liability for incurred claims Insurance contract held (Continued)

## 29.1 Premium allocation approach (Continued)

## 2023

	Excluding loss component	Loss component	LIC	Total
<b>Insurance contract liabilities as at 1 January</b>	6 152 444	(154 803)	37 411 727	43 409 368
Effects of exchange rates	506 684	27 072	1 360 842	1 894 598
<b>Insurance revenue</b>				
Contracts under the full retrospective approach	(66 790 081)	-	-	(66 790 081)
	(66 790 081)	-	-	(66 790 081)
Insurance service expenses	-	-	-	-
curred claims	6 888 499	-	41 100 378	47 988 877
Other insurance service expenses	2 394 000	-	-	2 394 000
Losses on onerous contracts and reversal of those losses	-	491 951	-	491 951
Amortisation insurance acquisition cash flows	5 098 294	-	-	5 098 294
<b>Insurance service expenses</b>	14 380 793	491 951	41 100 378	55 973 122
<b>Insurance service result excluding reinsurance</b>	(52 409 288)	491 951	41 100 378	(10 816 959)
Insurance finance income or expenses	(696 000)	-	2 940 983	2 244 983
<b>Recognised in profit or loss</b>	(53 105 288)	491 951	44 041 361	(8 571 976)
<b>Cashflows</b>				
Premium received	70 538 236	-	-	70 538 236
Claims paid	(4 636 041)	-	(28 424 124)	(33 060 165)
Insurance acquisition cashflows	(10 383 801)	-	-	(10 383 801)
Other expenses paid	(436 000)	-	-	(436 000)
<b>Net cashflows</b>	55 082 394	-	(28 424 124)	26 658 270
<b>Insurance contract liabilities as at 31 December</b>	8 636 234	364 220	54 389 806	63 390 260

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 30. Reconciliation of the liability measured under Variable Fee Approach

#### 30.1 Reconciliation of net carrying amount: Life insurance - Risk business - Variable fee approach

2024

	Best estimate of future cash flows	Risk adjustment	Contractual service margins	Total
Opening balance	559 127 000	551 000	18 170 000	577 848 000
Non-onerous contracts recognised during the period	(1 456 132)	71 960	1 384 172	-
Release of risk adjustment for risk expired	-	(533 000)	-	(533 000)
Recognition of contractual service margin	-	-	(19 161 000)	(19 161 000)
<b>Insurance revenue</b>	<b>(1 456 132)</b>	<b>(461 040)</b>	<b>(17 776 828)</b>	<b>(19 694 000)</b>
Insurance service expenses	-	-	-	-
<b>Insurance service result</b>	<b>(1 456 132)</b>	<b>(461 040)</b>	<b>(17 776 828)</b>	<b>(19 694 000)</b>
Changes in estimates recognised in contractual service margin	(31 510 157)	820 530	30 689 627	-
Net Gains and losses from investment excluding recognition of assumption changes in contract services margin at locked-in interest rates	268 936 000	-	-	268 936 000
Tax	(12 512 000)	-	-	(12 512 000)
<b>Total investment result</b>	<b>256 424 000</b>	<b>-</b>	<b>-</b>	<b>256 424 000</b>
<b>Cash flows</b>				
Premiums received during the period	78 297 000	-	-	78 297 000
Incurred claims - investment components	(44 447 000)	-	-	(44 447 000)
Insurance acquisition cash flows	(1 777 000)	-	-	(1 777 000)
Other insurance service expenses	(19 774 000)	-	-	(19 774 000)
<b>Total cashflows</b>	<b>12 299 000</b>	<b>-</b>	<b>-</b>	<b>12 299 000</b>
<b>Closing balance</b>	<b>794 883 711</b>	<b>910 490</b>	<b>31 082 799</b>	<b>826 877 000</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**30. Reconciliation of the liability measured under Variable Fee Approach** *(Continued)***30.2 Reconciliation of net carrying amount: Life insurance - Risk business - Variable fee approach** *(Continued)***2023**

	Best estimate of future cash flows	Risk adjustment	Contractual service margins	Total
Opening balance	389 772 000	322 000	15 633 000	405 727 000
Non-onerous contracts recognised during the period	(1 405 000)	52 000	1 353 000	-
Release of risk adjustment for risk expired	-	(1 080 000)	-	(1 080 000)
Recognition of contractual service margin	-	-	(11 953 000)	(11 953 000)
Insurance revenue	(1 405 000)	(1 028 000)	(10 600 000)	(13 033 000)
Insurance service expenses	-	-	-	-
<b>Insurance service result</b>	<b>(1 405 000)</b>	<b>(1 028 000)</b>	<b>(10 600 000)</b>	<b>(13 033 000)</b>
Changes in estimates recognised in contractual service margin	(14 394 000)	1 257 000	13 137 000	-
Net Gains and losses from investment excluding recognition of assumption changes in contract services margin at locked-in int rates	188 806 000	-	-	188 806 000
Total investment result	188 806 000	-	-	188 806 000
Cash flows				
Premiums received during the period	60 034 000	-	-	60 034 000
Incurred claims - investment components	(45 057 000)	-	-	(45 057 000)
Insurance acquisition cash flows	(3 043 000)	-	-	(3 043 000)
Other insurance service expenses	(15 586 000)	-	-	(15 586 000)
<b>Total cashflows</b>	<b>(3 652 000)</b>	<b>-</b>	<b>-</b>	<b>(3 652 000)</b>
<b>Closing balance</b>	<b>559 127 000</b>	<b>551 000</b>	<b>18 170 000</b>	<b>577 848 000</b>

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 30. Reconciliation of the liability measured under Variable Fee Approach (Continued) 30.3 Reconciliation of the liability for remaining coverage and the liability for incurred claims Insurance contract held: Premium Allocation Approach

2024	Liability for remaining coverage		LIC for contracts under the PAA		
	Excluding total loss component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January	8 636 172	364 225	51 672 747	2 717 116	63 390 260
Effects of exchange rates	1 300 643	8 854	(997 111)	(41 448)	270 938
<b>Insurance revenue</b>					
Contracts under the full retrospective approach	(97 692 224)	-	-	-	(97 692 224)
Insurance service expenses	-	-	-	-	-
Incurred claims	9 717 318	-	31 964 978	(1 506)	41 680 790
Other insurance service expenses	2 590 460	-	-	-	2 590 460
Losses on onerous contracts and reversal of those losses	-	(373 079)	-	-	(373 079)
Losses write back on onerous contracts and reversal of those losses	-	-	-	-	-
Amortisation insurance acquisition cash flows	9 399 413	-	-	-	9 399 413
Net reinsurance acquisition expenses	-	-	-	-	-
Adjustment to liabilities for incurred claims/Changes that relate to past service	-	-	-	-	-
<b>Insurance service expenses</b>	21 707 191	(373 079)	31 964 978	(1 506)	53 297 584
<b>Insurance service result</b>	(75 985 033)	(373 079)	31 964 978	(1 506)	(44 394 640)
Insurance finance income or expenses	(1 305 894)	-	5 486 827	-	4 180 933
<b>Recognised in profit or loss</b>	(77 290 927)	(373 079)	37 451 805	(1 506)	(40 213 707)
<b>Cashflows</b>					
Premium received	103 143 367	-	-	-	103 143 367
Claims paid	(4 178 113)	-	(40 984 357)	-	(45 162 470)
Insurance acquisition cashflows	(14 827 732)	-	-	-	(14 827 732)
Other expenses paid	-	-	-	-	-
<b>Net cashflows</b>	84 137 522	-	(40 984 357)	-	43 153 165
<b>Total</b>	16 783 410	-	47 143 084	2 674 162	66 600 656





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 30. Reconciliation of the liability measured under Variable Fee Approach (Continued)

## 30.3 Reconciliation of the liability for remaining coverage and the liability for incurred claims Insurance contract held: Premium Allocation Approach (Continued)

2023	Liability for remaining coverage		LIC for contracts under the PAA		Total
	Excluding total loss component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities as at 1 January	6 152 427	(154 799)	35 640 933	1 770 807	43 409 368
Effects of exchange rates	506 639	27 073	1 319 894	40 992	1 894 598
<b>Insurance revenue</b>					
Contracts under the full retrospective approach	(66 790 081)	-	-	-	(66 790 081)
Insurance service expenses	-	-	-	-	-
Incurred claims	6 888 509	-	40 195 061	905 317	47 988 887
Other insurance service expenses	2 394 000	-	-	-	2 394 000
Losses on onerous contracts and reversal of those losses	-	491 951	-	-	491 951
Losses write back on onerous contracts and reversal of those losses	-	-	-	-	-
Amortisation insurance acquisition cash flows	5 098 284	-	-	-	5 098 284
Net reinsurance acquisition expenses	-	-	-	-	-
Adjustment to liabilities for incurred claims/Changes that relate to past service	-	-	-	-	-
<b>Insurance service expenses</b>	14 380 793	491 951	40 195 061	905 317	55 973 122
<b>Insurance service result</b>	(52 409 288)	491 951	40 195 061	905 317	(10 816 959)
Insurance finance income or expenses	(696 000)	-	2 940 983	-	2 244 983
<b>Recognised in profit or loss</b>	(53 105 288)	491 951	43 136 044	905 317	(8 571 976)
<b>Cashflows</b>					
Premium received	70 538 236	-	-	-	70 538 236
Claims paid	(4 636 041)	-	(28 424 124)	-	(33 060 165)
Insurance acquisition cashflows	(10 383 801)	-	-	-	(10 383 801)
Other expenses paid	(436 000)	-	-	-	(436 000)
<b>Net cashflows</b>	55 082 394	-	(28 424 124)	-	26 658 270
<b>Total</b>	8 636 172	364 225	51 672 747	2 717 116	63 390 260

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 30. Reconciliation of the liability measured under Variable Fee Approach (Continued)

### 30.4 Reconciliation of the liability measured under General Measurement Model

	Best estimate of future cash flows	Risk adjustment	Total	Liability for remaining coverage excluding loss component	Loss component	Total
	(1 010 000)	-	(1 010 000)	141 000	(1 151 000)	(1 010 000)
	(417 000)	-	(417 000)	93 000	(510 000)	(417 000)
	-	(38 000)	(38 000)	6 000	(44 000)	(38 000)
	(7 000)	-	(7 000)	(7 000)	-	(7 000)
	(1 434 000)	(38 000)	(1 472 000)	233 000	(1 705 000)	(1 472 000)
	1 000		1 000	-	1 000	1 000
	(10 958 000)	(3 344 000)	(14 302 000)	-	(14 302 000)	(14 302 000)
	(10 957 000)	(3 344 000)	(14 301 000)	-	(14 301 000)	(14 301 000)
	(12 391 000)	(3 382 000)	(15 773 000)	233 000	(16 006 000)	(15 773 000)
	1 673 000	137 000	1 810 000	(316 000)	2 126 000	1 810 000
	8 078 000	2 601 000	10 679 000	3 930 000	6 749 000	10 679 000
	(202 000)	-	(202 000)	(202 000)	-	(202 000)
	9 549 000	2 738 000	12 287 000	3 412 000	8 875 000	12 287 000
	(2 842 000)	(644 000)	(3 486 000)	3 645 000	(7 131 000)	(3 486 000)
	657 000	-	657 000	657 000	-	657 000
	(1 009 643)	-	(1 009 000)	-	(1 009 643)	(1 009 643)
	(352 643)	-	(352 643)	657 000	(1 009 643)	(352 643)
	(3 194 643)	(644 000)	(3 838 643)	4 302 000	(8 140 643)	(3 838 643)
	10 807 000	1 255 000	12 062 000	1 064 000	10 998 000	12 062 000
	7 612 357	611 000	8 223 357	5 366 000	2 857 357	8 223 357

2024

Expected incurred claims excluding investment components  
Expected administration and other expenses  
Release of risk adjustment for risk expired  
Premium experience adjustments relating to current service

#### Recognised in insurance revenue

Initial loss on onerous contracts recognised during the period  
Increase and reversal of losses on onerous contracts

#### Recognised in insurance service expenses

Recognition of assumption changes in contractual service margin at locked-in interest rates  
Excluding recognition of assumption changes in contractual service margin at locked-in interest rates  
Tax

#### Insurance finance income or expenses

#### Recognised in statement of comprehensive income

Changes in estimates recognised in contractual service margin

#### Cashflows

Premiums received  
Claims and other expenses paid

#### Net cashflows

#### Net movement for the period

Balance at beginning of the period

#### Balance at end of the period



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 30. Reconciliation of the liability measured under Variable Fee Approach (Continued)

## 30.5

2023	Best estimate of future cash flows	Risk adjustment	Total	Liability for remaining coverage excluding loss component	Loss component	Total
Expected incurred claims excluding investment components	(934 000)	-	(934 000)	(487 000)	(447 000)	(934 000)
Expected administration and other expenses	(190 000)	-	(190 000)	(64 000)	(126 000)	(190 000)
Release of risk adjustment for risk expired	-	(32 000)	(32 000)	(17 000)	(15 000)	(32 000)
Premium experience adjustments relating to current service	(27 000)	-	(27 000)	(27 000)	-	(27 000)
<b>Recognised in insurance revenue</b>	<b>(1 151 000)</b>	<b>(32 000)</b>	<b>(1 183 000)</b>	<b>(595 000)</b>	<b>(588 000)</b>	<b>(1 183 000)</b>
Initial loss on onerous contracts recognised during the period	67 000	-	67 000	-	67 000	67 000
Increase and reversal of losses on onerous contracts	10 730 000	3 137 000	13 867 000	-	13 867 000	13 867 000
<b>Recognised in insurance service expenses</b>	<b>10 797 000</b>	<b>3 137 000</b>	<b>13 934 000</b>	<b>-</b>	<b>13 934 000</b>	<b>13 934 000</b>
<b>Insurance service result</b>	<b>9 646 000</b>	<b>3 105 000</b>	<b>12 751 000</b>	<b>(595 000)</b>	<b>13 346 000</b>	<b>12 751 000</b>
Recognition of assumption changes in contractual service margin at locked-in interest rates	(486 000)	91 000	(395 000)	(327 000)	(68 000)	(395 000)
Excluding recognition of assumption changes in contractual service margin at locked-in interest rates	(6 693 000)	(2 461 000)	(9 154 000)	(4 245 000)	(4 909 000)	(9 154 000)
<b>Insurance finance income or expenses</b>	<b>(7 179 000)</b>	<b>(2 370 000)</b>	<b>(9 549 000)</b>	<b>(4 572 000)</b>	<b>(4 977 000)</b>	<b>(9 549 000)</b>
<b>Recognised in statement of comprehensive income</b>	<b>2 467 000</b>	<b>735 000</b>	<b>3 202 000</b>	<b>(5 167 000)</b>	<b>8 369 000</b>	<b>3 202 000</b>
Changes in estimates recognised in contractual service margin	127 000	(127 000)	-	-	-	-
<b>Cashflows</b>						
Premiums received	570 000	-	570 000	570 000	-	570 000
Claims and other expenses paid	(850 000)	-	(850 000)	-	(850 000)	(850 000)
<b>Net cashflows</b>	<b>(280 000)</b>	<b>-</b>	<b>(280 000)</b>	<b>570 000</b>	<b>(850 000)</b>	<b>(280 000)</b>
<b>Net movement for the period</b>	<b>2 314 000</b>	<b>608 000</b>	<b>2 922 000</b>	<b>(4 597 000)</b>	<b>7 519 000</b>	<b>2 922 000</b>
Balance at beginning of the period	8 493 000	647 000	9 140 000	5 661 000	3 479 000	9 140 000
<b>Balance at end of the period</b>	<b>10 807 000</b>	<b>1 255 000</b>	<b>12 062 000</b>	<b>1 064 000</b>	<b>10 998 000</b>	<b>12 062 000</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 30. Reconciliation of the liability measured under Variable Fee Approach (Continued)

#### 30.6 Expected recognition of contractual service margin - CSM maturity Analysis

K'million	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10 to 20 years	>20 years
<b>Life insurance</b>												
Closing Balance	31 082	23 381	13 425	8 454	10 258	12 521	16 612	22 123	32 550	48 135	68 228	47 264
Allocation of investment return to contracts under the variable fee approach												
Recognised in Statement of Comprehensive Income	5 612	5 486	2 788	3 039	3 785	5 748	7 641	12 768	19 040	28 175	55 661	60 884
	(13 313)	(15 442)	(7 759)	(1 235)	(1 522)	(1 657)	(2 130)	(2 341)	(3 455)	(8 082)	(76 625)	(108 148)
<b>Opening Balance</b>	23 381	13 425	8 454	10 258	12 521	16 612	22 123	32 550	48 135	68 228	47 264	-

2023

K'million	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10 to 20 years	>20 years
<b>Life insurance</b>												
Closing Balance	18 169	13 540	7 972	5 323	6 196	7 268	9 174	11 633	16 056	22 489	31 677	21 310
Allocation of investment return to contracts under the variable fee approach												
Recognised in Statement of Comprehensive Income	3 266	3 192	1 729	1 876	2 237	3 260	4 120	6 486	9 143	12 840	25 463	36 908
	(7 895)	(8 760)	(4 378)	(1 003)	(1 165)	(1 354)	(1 661)	(2 063)	(2 710)	(3 652)	(35 830)	(58 216)
<b>Opening Balance</b>	13 540	7 972	5 323	6 196	7 268	9 174	11 633	16 056	22 489	31 677	21 310	-



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 30. Reconciliation of the liability measured under Variable Fee Approach (Continued)

#### Effect of contracts initially recognised in the year

The following table summarises the effect on the measurement components of insurance contracts arising from the initial recognition of contracts not measured under the PAA that were initially recognised during the year:

#### 30.7 Year ended 31 December 2024 K million

Insurance contracts: not measured under the PAA s  
Insurance acquisition cash flows  
Claims and other insurance service expenses payable  
Estimate of present value of cash outflows  
Estimate of present value of cash inflows  
Risk adjustment for non-financial risk  
Contractual service margin  
Losses recognised on initial recognition

Profitable contracts issued	Onerous contracts issued	Total Insurance contracts issued
-	-	-
(16)	(19)	(35)
(13 300)	1	(13 301)
-	-	-
14 733	-	14 733
(52)	(20)	(72)
(1 346)	-	(1 346)
-	(1)	(1)

#### 30.8 Year ended 31 December 2023 K million

Insurance contracts: not measured under the PAA s  
Insurance acquisition cash flows  
Claims and other insurance service expenses payable  
Estimate of present value of cash outflows  
Estimate of present value of cash inflows  
Risk adjustment for non-financial risk  
Contractual service margin  
Losses recognised on initial recognition

Profitable contracts issued	Onerous contracts issued	Total Insurance contracts issued
-	-	-
(11)	(19)	(30)
(30 366)	-	(30 366)
-	(48)	(48)
31 782	-	31 782
(52)	-	(52)
(1 353)	-	(1 353)
-	(67)	(67)

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 31. Fire, Motor, Accident, Engineering, and Marine Insurance contracts issued - Reinsurance contracts

#### Reconciliation of the remaining coverage and incurred claims components

##### 31.1 Reinsurance contract

	2024					2023				
	Excluding Total loss component	Loss recovery component	Present Value of future cash flows	Risk adjustment for non- financial risk	Total	Excluding Total Loss component	Loss recovery component	Present Value of future cash flows	Risk adjustment for non- financial risk	Total
Reinsurance contract assets as at 1 January	8 013 739	361 639	28 537 062	2 075 980	38 988 420	3 347 855	(87 577)	24 887 858	1 635 162	29 783 298
Effects of exchange rates	576 672	(1 743)	(308 781)	(5 707)	260 441	1 201 377	37 396	(200 187)	(6 904)	1 031 682
Opening balance adjustment					-	(2 369 501)				(2 369 501)
Net income (expenses) from reinsurance contracts held	(45 415 168)	(73 944)	-	-	(45 489 112)	(25 119 343)	73 944	-	-	(25 045 399)
Other incurred directly attributable expenses	4 264 331	(203 414)	-	-	4 060 917	4 669 398	337 876	-	-	5 007 274
Incurred claims recovery	-	-	13 320 514	(279 265)	13 041 249	-	-	17 242 136	447 722	17 689 858
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(41 150 837)</b>	<b>(277 358)</b>	<b>13 320 514</b>	<b>(279 265)</b>	<b>(28 386 946)</b>	<b>(20 449 945)</b>	<b>411 820</b>	<b>17 242 136</b>	<b>447 722</b>	<b>(2 348 267)</b>
Finance income from insurance contract held	-	-	3 173 340	-	3 173 340	-	-	1 746 706	-	1 746 706
Effect of changes in non-performance risk	173 233	-	-	-	173 233	(514 624)	-	-	-	(514 624)
<b>Total amounts recognised in comprehensive income</b>	<b>(40 977 604)</b>	<b>(277 358)</b>	<b>16 493 854</b>	<b>(279 265)</b>	<b>(25 040 373)</b>	<b>(20 964 569)</b>	<b>411 820</b>	<b>18 988 842</b>	<b>447 722</b>	<b>(1 116 185)</b>
Cash flows	-	-	-	-	-	-	-	-	-	-
Premiums paid net of ceding commissions and other directly attributable expenses paid	45 129 572	(82 538)	(20 876 158)	203 358	24 374 234	26 798 577	-	(15 139 451)	-	11 659 126
<b>Total cash flows</b>	<b>45 129 572</b>	<b>(82 538)</b>	<b>(20 876 158)</b>	<b>203 358</b>	<b>24 374 234</b>	<b>26 798 577</b>	<b>-</b>	<b>(15 139 451)</b>	<b>-</b>	<b>11 659 126</b>
<b>Reinsurance contract assets as at 31 December</b>	<b>12 742 379</b>	<b>-</b>	<b>23 845 977</b>	<b>1 994 366</b>	<b>38 582 722</b>	<b>8 013 739</b>	<b>361 639</b>	<b>28 537 062</b>	<b>2 075 980</b>	<b>38 988 420</b>
<b>Reinsurance Liabilities</b>	<b>-</b>	<b>-</b>	<b>49 358</b>	<b>-</b>	<b>49 358</b>	<b>-</b>	<b>-</b>	<b>305 000</b>	<b>-</b>	<b>305 000</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 31. Fire, Motor, Accident, Engineering, and Marine Insurance contracts issued - Reinsurance contracts (Continued)

#### 31.2 Fire, Motor, Accident, Engineering, Marine Insurance and Corporate Business contracts

The following table presents information on how reasonably possible changes in assumptions made by the Group with regard to underwriting risk variables impact Fire, motor, accident, engineering, marine and Corporate business insurance liabilities, excluding the run-off business and profit or loss and equity before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA and, thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

	2024			2023		
	LIC as at 31 December	Impact on LIC	Impact on profit before income tax	Impact on equity	LIC as at 31 December	Impact on profit before income tax
Insurance contract liabilities	(72 043 885)	-	-	-	(54 389 806)	-
Reinsurance contract assets	38 582 723	-	-	-	28 537 062	-
Net insurance contract liabilities	(33 461 162)	-	-	-	(25 852 744)	-
Unpaid claims and expenses – 5% increase						
Insurance contract liabilities	-	(3 602 194)	(3 602 194)	(3 602 194)	-	(2 719 490)
Reinsurance contract assets	-	1 929 136	1 929 136	1 929 136	-	1 426 853
	-	(1 673 058)	(1 673 058)	(1 673 058)	-	(1 292 637)
Expenses – 5% increase						
Insurance contract liabilities	-	(3 602 194)	(3 602 194)	(3 602 194)	-	(2 719 490)
Reinsurance contract assets	-	1 929 136	1 929 136	1 929 136	-	1 426 853
	-	(1 673 058)	(1 673 058)	(1 673 058)	-	(1 292 637)

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 31. Fire, Motor, Accident, Engineering, and Marine Insurance contracts issued - Reinsurance contracts (Continued)

#### 31.3 Net insurance finance (income)/expenses

##### 2024

#### Finance income/(expenses) from insurance contracts issued/Reinsurance Contracts held

Effects of changes in assumptions 8 692 763 790 - 772 482  
Effect of changes in FCF at current rates when CSM is unlocked at locked in rates (11 583) (10 465 408) - (10 476 991)  
Risk adjustment unwind (4 180) (284 443) - (288 623)  
Best estimate liability unwind (124 883) (2 169 301) - (2 294 184)  
Contractual service margin unwind - - - -  
Liability for Incurred Claims finance expenses for contracts measured under PAA approach - - (5 486 827) (5 486 827)

#### Finance expenses from insurance contracts issued

#### Finance expenses from reinsurance contracts held

Individual life	Annuities	Contracts under PAA approach	Total
8 692	763 790	-	772 482
(11 583)	(10 465 408)	-	(10 476 991)
(4 180)	(284 443)	-	(288 623)
(124 883)	(2 169 301)	-	(2 294 184)
-	-	-	-
-	-	(5 486 827)	(5 486 827)
(131 954)	(12 155 362)	(5 486 827)	(17 774 143)
-	-	4 144 494	4 144 494

##### 2023

#### Finance income (expenses) from insurance contracts issued/Reinsurance Contracts held

Effects of changes in assumptions 945 958 867 000 - 1 812 958  
Effect of changes in FCF at current rates when CSM is unlocked at locked in rates 43 686 9 111 105 - 9 154 791  
Risk adjustment unwind (599) (85 443) - (86 042)  
Best estimate liability unwind (68 925) (1 239 194) - (1 308 119)  
Contractual service margin unwind (23 267) - - (23 267)  
Liability for Incurred Claims net finance income / (expenses) for contracts measured under PAA approach - - (2 244 983) (2 244 983)

#### Finance income (expenses) from insurance contracts issued

#### Finance income (expenses) from reinsurance contracts held

Individual life	Annuities	Contracts under PAA approach	Total
945 958	867 000	-	1 812 958
43 686	9 111 105	-	9 154 791
(599)	(85 443)	-	(86 042)
(68 925)	(1 239 194)	-	(1 308 119)
(23 267)	-	-	(23 267)
-	-	(2 244 983)	(2 244 983)
896 853	8 653 468	(2 244 983)	7 305 338
-	-	1 232 082	1 232 082





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**31. Fire, Motor, Accident, Engineering, and Marine Insurance contracts issued - Reinsurance contracts**  
(Continued)**31.4 Insurance Investments results**

	2024	2023
Gains and other income from investments measured at fair value through profit or loss	246 946 000	181 096 419
Dividend income from investments at fair value through profit or loss	10 304 000	7 520 000
Rent received from investment properties	290 000	156 000
Income from other activities	97 000	34 000
<b>Total</b>	<b>257 637 000</b>	<b>188 806 419</b>
Change in investments of underlying items from the insurance contracts issued	(275 411 143)	(181 501 460)
<b>Net Finance income</b>	<b>(17 774 143)</b>	<b>7 304 959</b>

	Group		Company	
	2024	2023	2024	2023
<b>32. Fees and commission income</b>				
Fund management based fees	16 257 976	11 591 970	-	-
Information technology fees	2 615 378	1 421 758	-	-
Other fee income	2 336 078	770 184	5 434 455	3 742 005
	21 209 432	13 783 912	5 434 455	3 742 005
<b>33. Income from banking operations</b>				
Interest income on loans	82 304 005	48 411 846	-	-
Interest from government stocks	157 490 403	63 484 264	-	-
Gross interest from banking	239 794 408	111 896 110	-	-
Fees and commission income	10 570 097	7 197 786	-	-
Profit on foreign exchange transactions	36 277 293	27 599 740	-	-
	286 641 798	146 693 636	-	-
<b>34. Investment income</b>				
<b>34.1 Interest income</b>				
Bank deposits	7 441 535	3 014 908	-	33 069
Treasury bills	42 374 977	21 148 756	1 786 409	1 323 976
Local registered stocks	5 991 434	2 651 171	-	-
Loans and debentures	3 958 804	2 797 278	-	-
Other interest income from other investments	(27 032)	54 506	-	-
<b>Total interest income from investments</b>	<b>59 739 718</b>	<b>29 666 619</b>	<b>1 786 409</b>	<b>1 357 045</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 34. Investment income (Continued)

#### 34.2 Other investment income

	Group		Company	
	2024	2023	2024	2023
Dividends from equity shares	1 073 795	706 121	17 067 353	14 981 483
Fair value adjustment of shares	8 848 915	5 918 475	-	-
Fair value adjustment of investment properties	115 000	64 000	40 000	-
Gain on term deposits designated at FVPTL	5 183 453	3 350 740	-	54 138
Rental income	473 281	234 698	5 450	5 280
<b>Total other investment income</b>	<b>15 694 444</b>	<b>10 274 034</b>	<b>17 112 803</b>	<b>15 040 901</b>
<b>34.3 Investment expenses</b>				
Investment expenses	(619 392)	(533 214)	(20 063)	(37 084)

### 35. Other income

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Profit on disposal of property and equipment	157 392	76 128	51 502	-
Reversal impairment of subsidiary (note 11.9)	148 385	-	148 385	-
Other sundry income	749 838	43 548	680 398	18 744
	<b>1 055 615</b>	<b>119 676</b>	<b>880 285</b>	<b>18 744</b>

### 36. Interest expense

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Fixed deposits	(42 786 195)	(26 482 141)	-	-
Interest expense on managed funds	(42 445 608)	(22 731 667)	-	-
Investment deposits	(882 691)	(391 309)	-	-
Savings deposits	(32 261 997)	(14 888 012)	-	-
	<b>(118 376 491)</b>	<b>(64 493 129)</b>	<b>-</b>	<b>-</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**37. Administrative expenses****37.1 Company**

	Company	
	2024 K'000	2023 K'000
Auditors' remuneration -Audit fees	(289 384)	(160 065)
Non - assurance services fees*	(14 543)	(7 365)
Directors' remuneration: Executive	(905 142)	(737 764)
Directors' remuneration: Non-executive	(141 345)	(107 332)
Staff costs	(4 430 184)	(2 848 858)
Communication and accommodation expenses	(461 351)	(277 480)
Depreciation and amortisation	(47 413)	(27 724)
Amortisation of right of use asset	(26 649)	(26 649)
Sundry business charges	(878 274)	(576 571)
Repairs and maintenance	(731 963)	(468 852)
	<u>(7 926 248)</u>	<u>(5 238 660)</u>

\*Non-assurance services fees relate to the following;

	Company	
	2024 K'000	2023 K'000
ESG related services	(10 092)	-
Tax services Pricing Documentation	-	(3 656)
Other non – audit services	(4 451)	(3 709)
	<u>(14 543)</u>	<u>(7 365)</u>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 37. Administrative expenses (Continued)

#### 37.2 Group

	Group - 2024			Group - 2024		
	Attributable expenses K'000	Other operating expenses K'000	Total K'000	Attributable expenses K'000	Other operating expenses K'000	Total K'000
Auditors' remuneration - Audit fees - Deloitte	(684 362)	(470 879)	(1 155 241)	(295 741)	(404 570)	(700 311)
Auditors' remuneration - audit fees - other audit firms	-	(482 965)	(482 965)	-	(194 083)	(194 083)
Other audit expenses and disbursements	(3 000)	(73 309)	(76 309)	(84 946)	(21 618)	(106 564)
Non - assurance services fee*	-	(53 698)	(53 698)	-	(29 254)	(29 254)
Directors' remuneration - Executive	-	(905 142)	(905 142)	-	(737 764)	(737 764)
Directors' remuneration - Non executive	(71 653)	(415 721)	(487 374)	(111 699)	(319 056)	(430 755)
Staff costs	(9 460 038)	(45 477 279)	(54 937 317)	(6 815 704)	(32 315 839)	(39 131 543)
Communication and accommodation expenses	(2 495 485)	(13 727 883)	(16 223 368)	(2 051 534)	(10 906 225)	(12 957 759)
Depreciation and amortisation	(541 439)	(5 959 986)	(6 501 425)	(546 985)	(3 071 111)	(3 618 096)
Depreciation of ROU Asset	(53 397)	(1 829 224)	(1 882 621)	(82 612)	(1 582 439)	(1 665 051)
Sundry business charges	(10 726 483)	(22 096 689)	(32 823 172)	(2 479 996)	(10 499 643)	(12 979 639)
Repairs and maintenance (office equipment costs)	(2 756 495)	(6 692 294)	(9 448 789)	(2 185 583)	(3 908 357)	(6 093 940)
<b>Totals</b>	<b>(26 792 352)</b>	<b>(98 185 069)</b>	<b>(124 977 421)</b>	<b>(14 654 800)</b>	<b>(63 989 959)</b>	<b>(78 644 759)</b>

\*Non-assurance services expense relates to the following:

	Group - 2024			Group - 2024		
	Attributable expenses K'000	Other operating expenses K'000	Total K'000	Attributable expenses K'000	Other operating expenses K'000	Total K'000
ESG related services	-	(10 092)	(10 092)	-	-	-
Tax services	-	(21 012)	(21 012)	-	(10 721)	(10 721)
Other non-audit services	-	(22 594)	(22 594)	-	(18 533)	(18 533)
<b>Total</b>	<b>-</b>	<b>(53 698)</b>	<b>(53 698)</b>	<b>-</b>	<b>(29 254)</b>	<b>(29 254)</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**38. Impairment losses on financial assets**

	Group		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Loans and advances	(4 723 925)	(4 561 096)	-	-
Client funds under management	-	-	-	-
Insurance receivables	-	-	-	-
Other receivables	(650)	(2 331)	-	-
<b>Total impairment losses on financial assets</b>	<b>(4 724 575)</b>	<b>(4 563 427)</b>	<b>-</b>	<b>-</b>

**39. Net other finance costs**

Interest on loans	(1 828 875)	(576 761)	(325 917)	(532 953)
Interest on lease liabilities	(2 045 975)	(1 328 758)	(21 186)	(21 186)
Exchange gains	216 995	742 771	21 008	71 009
	<b>(3 657 855)</b>	<b>(1 162 748)</b>	<b>(326 095)</b>	<b>(483 130)</b>

**40. Basic and diluted earnings per share**

The calculation of basic earnings per share at 31 December 2024 was based on profit attributable to ordinary shareholders of K72 008 967 (2023: K30 912 116 000) and a weighted average number of ordinary shares outstanding of 1 043 041 thousand (2023: 1 043 041 thousand) calculated as follows:

	Group	
	2024	2023
Profit for the year (K'000)	134 393 010	58 717 243
Non-controlling interest (K'000)	(62 384 043)	(27 805 127)
<b>Profit attributable to owners of the parent</b>	<b>72 008 967</b>	<b>30 912 116</b>
Weighted average number of ordinary shares in issue throughout the year	1 043 041	1 043 041
<b>Basic and diluted earnings per share</b>	<b>69.04</b>	<b>29.64</b>

**41. Dividends**

	Group		Company	
	2024	2023	2024	2023
Unpaid dividends at the beginning of the year	6 363 045	3 981 082	2 733 436	1 447 468
Dividends declared in the year	25 455 637	20 704 486	12 516 493	9 387 370
Dividends paid	(24 502 638)	(18 322 523)	(12 235 309)	(8 101 402)
<b>Unpaid dividend at the end of the year</b>	<b>7 316 044</b>	<b>6 363 045</b>	<b>3 014 620</b>	<b>2 733 436</b>

The unpaid dividends related to dividend payable to Sanlam Emerging Markets (Pty) Limited, Africap LLC and Botswana Insurance Holdings Limited. The dividends were unpaid due to unavailability of foreign currency in the market. The amount is included in note 21 to these consolidated and separate financial statements.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management

#### 42.1 Risk governance structure

The Board of Directors has the overall responsibility for the Group's risk management framework and policies as well as monitoring the effectiveness and disclosure thereof in accordance with best practice.

The Group operates a decentralized business model environment, and all individual businesses take responsibility for all operational and risk related matters on a business level, within the set limits of the risk management framework.

The Board has established a number of risk management and monitoring mechanisms operating within the Group as part of the overall risk management structure.

The key ones are illustrated below:

- **Group Risk Committee**  
Develops Group risk management framework, policies and provides overall oversight across the Group, coordinates reporting and improves risk management across the Group.
- **Group Investment Committee**  
Determines and monitors appropriate investment strategies for the Group.
- **Finance and Audit Committee**  
Assists the Board in providing assurance on the policies and procedures and the financial reporting processes.
- **Credit Committee and Asset Liability Committee**  
Identifies, measures and controls credit risk exposure in the banking operations.

The Group's Asset and Liability Management Committee (ALCO) is responsible for ensuring that there is an equitable balance between the Group's assets and liabilities. This is a management committee that meets regularly, and reports to the Finance and Audit Committee.

- **Actuarial Committee**  
Monitors and reports on key risks affecting life insurance operations. Determines capital requirements of the life operations and the potential impact of strategic decisions, by using appropriate modelling technics.
- **Treasury function**  
Manages the liquidity risks for banking operations, and reports to management and the board regularly.
- **Internal Audit**  
Monitors adequacy and effectiveness of internal controls and risk management practices across the Group. Also provides assurance on all aspects of the business.
- **Group Risk Management and Compliance Function**  
Coordinates the risk management processes and assisting the Group Risk Committee in aiding identification of risks.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.2 Risk management framework**

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all stakeholders understand their roles and obligations.

The main components of the Group Risk and Policy are as follows:

- The Broad objectives and Philosophy of Risk Management in the Group;
- The roles and responsibilities of the various functionaries in the Group tasked with risk management; and
- Standards on implementing risk management within the Group's businesses.

The Group Risk Committee provides an oversight role of ensuring compliance with the Group's risk management policies and procedures, and for ensuring the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Risk Committee is assisted in these functions by the Risk Management and Compliance Services functions.

**42.3 Capital Risk Management**

Effective capital management is an essential component of meeting the NICO Group's strategic objective of maximizing shareholder value. The management of the Group's capital base requires a continuous review of optimal capital levels,

The NICO Group has an integrated capital management approach. The amount of capital required by the various businesses is directly linked to their exposure to financial and operational risks. Risk management is accordingly an important component of effective capital management.

**42.3.1 Capital Allocation**

The NICO Group businesses are each allocated an optimal level of capital and are measured against appropriate return hurdles.

The level and nature of the supporting capital is determined by regulatory capital requirements as well as business risks and growth considerations.

The NICO Group's approach to ensure appropriate working capital levels are as follows:

- The Group's internal dividend policy is based on the annual declaration of all discretionary capital that is not required for normal operations or expansion; and
- Performance targets are set for other Group operations based on an expected return of the businesses, equal to their internal hurdle rates. This ensures that all non-productive working capital is declared as a dividend to the Group.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.2 Risk management framework

##### 42.3.2 Discretionary Capital

Any capital in excess of requirements, and not optimally utilized, is identified on a continuous basis. The pursuit of structural growth initiatives has been set as the preferred application of the Group capital, subject to such initiatives yielding the applicable hurdle rate and being complementary to or in support of Group strategy.

Any discretionary capital not being efficiently redeployed will be returned to shareholders in the most effective form.

##### 42.3.3 Capital Risk Management - Life Business

Life insurance operations require significantly higher levels of allocated capital than the pension administration business. The optimization of long term required capital is a primary focus area of the business while maintaining appropriate solvency levels.

The following main strategies are used to achieve this objective:

- Appropriate matching of assets and liabilities for the policy holder;
- Due regard is given to liquidity risk
- management, where funds are managed in line with the investment strategy;
- The asset mix of the long-term required capital. The balance sheet represents the overall risk and expected return on assets;
- The company ensures efficient selection of reinsurance exposure; and
- Internal controls and other operational risk management processes are used to reduce operational risk.

##### NICO Life Insurance Company Limited

The Reserve Bank of Malawi Directive on Minimum Capital and Solvency prescribes a minimum capital of K1 billion and a minimum solvency ratio of 100% for life fund and Shareholders funds and 120% for the company as a whole. Below is the company's compliance positions:

	2024 K'm	2023 K'm
Minimum capital		
Share capital	33	33
Share premium	1 358	1 358
Total	1 391	1 391

##### Solvency margin

	With waiver		Without waiver	
	IFRS17 2024	IFRS4 2023	IFRS17 2024	IFRS4 2023
	%	%	%	%
Life fund	145	108	121	100
Whole company	228	194	191	147





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.3 Capital Risk Management (Continued)****42.3.3 Capital Risk Management - Life Business (Continued)**

Nico Life Insurance has been granted a final extension to comply with the Minimum Capital and Solvency Directive by 31 December 2025 or at the time this directive is reviewed whichever comes first. The waiver allows for reduced risk charges on equity investments of more than 30% in listed and unlisted companies, and on investments in unlisted securities and collective investment schemes and other assets. The Company has met the minimum capital for life insurers and solvency ratio for life fund, shareholders fund and for the whole Company, with and without the waiver, in the year. The Company set aside funds from the shareholders fund to meet the minimum capital requirement of the life fund without the waiver. This is in line with the Company's non-distributable reserve policy.

**42.3.4 Capital Risk Management – Banking Business****Regulatory capital**

The Reserve Bank of Malawi sets and monitors capital requirements for the banking operations.

In implementing current capital requirements, Reserve Bank of Malawi requires the banking business to maintain a prescribed ratio of total capital to total risk-weighted assets as below.

The Group's banking business regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, translation reserve intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.; and
- Tier 2 capital, which includes qualifying liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments such as available-for-sale.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and exposures not recognized in the statement of financial position.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group's banking operations have complied with all externally imposed capital requirements throughout the year.

There has been no material changes in the Group's management of capital during the year.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.3 Capital Risk Management (Continued)

##### 42.3.4 Capital Risk Management – Banking Business (Continued)

The Group's banking operations regulatory capital position as at 31 December 2024 was as follows: -

##### Capital Adequacy Requirement

	Consolidated and Separate	
	2024	2023
	K'000	K'000
<b>Tier 1 capital</b>		
Share capital and share premium	13 559 474	13 559 474
Retained earnings and other reserves	97 835 602	35 793 864
<b>Total tier 1 capital</b>	<b>111 395 076</b>	<b>49 353 338</b>
<b>Tier 2 capital</b>		
Revaluation reserve on property, loan loss reserve less 50% of investment in a subsidiary	26 100 760	5 293 268
<b>Total tier 2 capital</b>	<b>26 100 760</b>	<b>5 293 268</b>
<b>Total regulatory capital</b>	<b>137 495 836</b>	<b>54 646 606</b>
<b>Risk weighted assets</b>	<b>484 940 604</b>	<b>301 892 754</b>
<b>Capital ratios</b>		
Total regulatory capital expressed as a percentage of total risk weighted assets	28.35%	18.10%
Total Tier 1 capital expressed as a percentage of total risk weighted assets	22.97%	16.35%

##### Prudential Aspects of Bank's Liquidity

The Reserve Bank of Malawi issued the following guidelines on the management of liquidity:

Liquidity Ratio 1 : Net liquidity (total liquid assets less suspense account in foreign currency) divided by total deposits must be at least 30%.

As at 31 December 2024 the Bank's liquidity Ratio 1 was 40.49% (2023: 33.06%)

Liquidity Ratio 2 : Net liquidity (total liquid assets less suspense account in foreign currency and cheques in the course of collection) divided by total deposits must be at least 20%.

As at 31 December 2023 the Bank's Liquidity Ratio 2 was 40.50% (2023: 33.06%)



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.3 Capital Risk Management (Continued)****42.3.4 Capital Risk Management – Banking Business (Continued)**

In accordance with the Banking Act, the Reserve Bank of Malawi in its supervisory role has established the following requirement as at the reporting date:

The Bank will be required to implement Basel 3 effective 1 January 2025. Basel 3 introduces two new significant liquidity ratios, namely : Liquidity Coverage Ratio and Net Stable funding ratio. The Bank participated in a pilot run from 1 June 2024 to 31 December 2024. The results of the pilot indicated that the Bank would be in a position to comply with the new requirements.

**Liquidity Reserve Requirement**

The Bank is required to maintain a liquidity reserve amount with Reserve Bank of Malawi for both local currency deposits and foreign currency deposits calculated on a weekly basis of not less than 10% of local and 3.75% of foreign currency for 2024 and (2023: 7.75% and 3.75%) of the preceding month's average total deposit liabilities. The Bank complied with this directive throughout the year.

**42.3.5 Capital management – Short-term Insurance Business**

The Group aims to maintain capital balances that are sufficient to meet operating and strategic obligations. The objectives are to maintain the Group's ability to continue as a going concern, while supporting the optimisation of returns relative to risks. The major objective to be achieved when managing short term capital are as follows;

- To comply with the statutory capital requirements required by regulators of the insurance market where the Group operates;
- To provide adequate return shareholders & benefits of other stakeholders;
- To protect policyholders against adverse results that may affect the solvency of the Group and therefore its ability to meet its financial obligations; and
- To ensure sufficient capital is available to fund the Group's capital and strategic requirements.

**Regulatory solvency position**

In each country in which the Group operates, the local insurance regulator specifies the minimum amount and the type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The minimum required capital must be maintained at all times throughout the year.

Management regard share capital, share premium, perpetual preference shares, retained earnings, Long term debt and other reserves as capital.

**(a) NICO General Insurance Company Limited****Solvency Margin and minimum capital**

The Reserve Bank of Malawi Directive on Minimum Capital and Solvency prescribes a minimum capital of K750 million and a minimum solvency ratio of 20% defined as being a percentage of adjusted net assets the insurer bears to the net written premium for the corresponding period. Below are the entity's compliance position:

	2024 K'000	2023 K'000
<b>Solvency margin</b>		
Net assets available to meet solvency	11 665 402	7 360 449
Net premium	20 622 465	16 375 966
Solvency margin (%)	57	45
Minimum requirement by regulator (Reserve Bank of Malawi) (%)	20	20

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.3 Capital Risk Management (Continued)

##### 42.3.5 Capital management – Short-term Insurance Business (Continued)

	2024 K'000	2023 K'000
<b>Paid up capital</b>		
Share capital	9 000	9 000
Share premium	1 195 618	1 195 618
Total paid up capital	1 204 618	1 204 618
Minimum requirement by regulator (Reserve Bank of Malawi): As at 31 December	750 000	750 000

##### (a) NICO Insurance (Zambia) Limited

The Group manages the capital in NICO Insurance (Zambia) Limited with the following objectives;

To comply with the insurance capital requirements that the regulator has set for the insurance market. In this respect the Group manages its capital on a basis of not less than 100% of its minimum capital position presented in the table below. Management considers the quantitative threshold of 100% sufficient to maximise shareholders' return and to support the capital required to write its businesses in Zambia;

To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

##### Minimum capital

The defined Group capital includes equity and the share premium.

##### Group

	2024 K'000	2023 K'000
Total shareholder funds	2 683 299	2 746 109
Minimum required share capital	623 681	653 012
Company issued share capital	885 689	927 341
Excess	262 008	274 329
Excess as % of minimum capital	42%	42%

The Company is compliant with the externally imposed capital requirement in accordance with Section 41 of the Insurance Act of Zambia, which is currently K10 million. However, the statutory instrument No 105 of 2022, which brought into operation the Insurance Act No 38 of 2021 from 30 December 2022, contains new rules on minimum capital requirements. The Company is required to provide a roadmap covering the three year transition period to demonstrate how it will be fully compliant with the new provisions. This roadmap was provided to the Regulator.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 42. Risk Management (Continued)

### 42.4 Credit Risk Management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk arises principally from its holding position of cash and cash equivalents, loans and advances to customers and banks, insurance receivables and investment securities.

#### 42.4.1 Exposure of credit risk

The carrying amount of financial assets represents the maximum credit exposure without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Summary	Note	31 December 2024		31 December 2023	
		Gross Amount	Impairment	Net Amount	Net Amount
Balance with central bank	5	125 622 213	111 804	125 510 409	48 657 928
Short term deposits	6a	104 079 820	18 587	104 061 233	74 286 390
Placements with the banks	6b	119 975 348	126 064	119 849 284	85 252 938
Treasury notes	16	678 394 335	560 221	677 834 114	439 255 671
Promissory notes	16	958 835	1	958 834	642 997
Treasury bills	16	81 249 326	8 900	81 240 426	39 505 786
Loans and advances to customers - loans and overdrafts	7	238 268 962	13 011 170	225 257 792	144 455 660
Loans and advances to customers - finance lease	7	2 013 156	97 283	1 915 873	2 348 857
Loans and advances to customers - mortgage advances	7	7 903 891	135 584	7 768 307	6 622 811
Reinsurance contract assets	27	38 582 722	-	38 582 722	41 872 545
Loans and debentures	16	2 248 700	-	2 248 700	1 846 362
Client Funds Under Management	19b	275 505 701	-	275 505 701	170 613 700
Other receivables	9a	23 217 696	35 191	23 182 505	13 431 864
<b>Total recognised</b>		<b>1 698 020 705</b>	<b>14 104 805</b>	<b>1 683 915 900</b>	<b>1 068 866 161</b>
<b>Summary</b>					
Loan commitments		2 195 975	1 954	2 194 021	3 793 234
Letters of credit and guarantee		98 361 926	87 542	98 274 384	25 423 875
<b>TOTAL UNRECOGNISED</b>		<b>100 557 901</b>	<b>89 496</b>	<b>100 468 405</b>	<b>29 217 109</b>
<b>Summary</b>					
<b>TOTAL</b>		<b>1 798 578 606</b>	<b>14 194 301</b>	<b>1 784 384 305</b>	<b>1 098 083 270</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.4 Credit Risk Management (Continued)

##### 42.4.1 Exposure of credit risk (Continued)

##### Stage 1: 12 Month ECL

	31 December 2024		31 December 2023	
	Gross Amount	Impairment	*Subtotal Net Amount	Net Amount
Balance with central bank	125 622 213	111 804	125 510 409	48 657 928
Short term deposits	104 079 820	18 587	104 061 233	74 286 390
Placements with the banks	119 975 348	126 064	119 849 284	85 252 938
Treasury notes	678 394 335	560 221	677 834 114	439 255 671
Promissory notes	958 835	1	958 834	642 997
Treasury Bills	81 249 326	8 900	81 240 426	39 505 786
Loans and advances to customers - loans and overdrafts	223 697 826	1 208 666	222 489 160	137 292 989
Loans and advances to customers - finance lease	1 924 109	30 930	1 893 179	2 277 300
Loans and advances to customers - mortgage advances	6 616 886	-	6 616 886	6 717 588
Reinsurance contract assets	38 582 722	-	38 582 722	41 872 545
Loans and debentures	2 248 700	-	2 248 700	1 846 362
Client Funds Under Management	275 505 701	-	275 505 701	170 613 700
Other receivables	23 217 696	35 191	23 182 505	13 431 864
<b>TOTAL RECOGNISED</b>	<b>1 682 073 517</b>	<b>2 100 364</b>	<b>1 679 973 153</b>	<b>1 061 713 980</b>
Loan commitments	2 195 975	1 954	2 194 021	3 793 234
Letters of credit and guarantee	98 361 926	87 542	98 274 384	25 423 875
<b>TOTAL UNRECOGNISED</b>	<b>100 557 901</b>	<b>89 496</b>	<b>100 468 405</b>	<b>29 217 109</b>
<b>TOTAL</b>	<b>1 782 631 418</b>	<b>2 189 860</b>	<b>1 780 441 558</b>	<b>1 090 931 089</b>

##### Stage 2: Lifetime ECL

	31 December 2024		31 December 2023	
	Gross Amount	Impairment	Net Amount	Net Amount
Loans and advances to customers - loans and overdrafts	2 994 081	185 048	2 809 033	3 396 491
Loans and advances to customers - finance lease	5 645	235	5 410	63 726
Loans and advances to customers - mortgage advances	377 096	67 792	309 304	161 534
<b>TOTAL RECOGNISED</b>	<b>3 376 822</b>	<b>253 075</b>	<b>3 123 747</b>	<b>3 621 751</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.4 Credit Risk Management (Continued)****42.4.1 Exposure of credit risk (Continued)**

	31 December 2024		31 December 2023	
Stage 3: Lifetime ECL	Gross Amount	Impairment	Net Amount	Net Amount
Loans and advances to customers - loans & overdrafts	11 577 055	11 617 456	(40 401)	3 766 180
Loans and advances to customers - finance lease	83 402	66 118	17 284	7 831
Loans and advances to customers - mortgage advances	909 909	67 792	842 117	(243 581)
<b>TOTAL RECOGNISED</b>	<b>12 570 366</b>	<b>11 751 366</b>	<b>819 000</b>	<b>3 530 430</b>

**42.4.2 Allowances for impairment**

The Group establishes an allowance for impairment losses that represents its estimate of expected loss on both impaired and non-impaired loans. The group had made an assessment and concluded that the impairment for reinsurance contracts, funds under management and loans and debentures are immaterial.

Analysis of the movement of the loss allowance for each portfolio is included in the tables below.

	Loss allowance 31 December 2023	Net movement during the year	Loss allowance 31 December 2024
Balance with central bank	43 344	68 460	111 804
Short term deposits	38 831	(20 244)	18 587
Placements with the banks	75 943	50 121	126 064
Treasury notes	410 297	149 924	560 221
Promissory notes	182	(181)	1
Treasury bills	1 311	7 589	8 900
Loans and advances to customers - loans and overdrafts	8 405 847	4 605 323	13 011 170
Loans and advances to customers - finance lease	84 913	12 370	97 283
Loans and advances to customers - mortgage advances	376 382	(240 798)	135 584
Client Funds Under Management	-	-	-
Other receivables	29 961	5 230	35 191
<b>TOTAL RECOGNISED</b>	<b>9 467 011</b>	<b>4 637 794</b>	<b>14 104 805</b>
Loan commitments	3 379	(1 425)	1 954
Letters of credit and guarantee	22 647	64 895	87 542
<b>TOTAL UNRECOGNISED</b>	<b>26 026</b>	<b>63 470</b>	<b>89 496</b>
<b>TOTAL</b>	<b>9 493 037</b>	<b>4 701 264</b>	<b>14 194 301</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.4 Credit Risk Management (Continued)

##### 42.4.2 Allowances for impairment (Continued)

###### Stage 1: 12 Month ECL

	Loss allowance 31 December 2023	Net movement during the year	Loss allowance 31 December 2024
Balance with central bank	43 344	68 460	111 804
Short term deposits	38 831	(20 244)	18 587
Placements with the banks	75 943	50 121	126 064
Treasury notes	410 297	149 924	560 221
Promissory notes	182	(181)	1
Treasury Bills	1 311	7 589	8 900
Loans and advances to customers - loans and overdrafts	3 787 826	(2 579 160)	1 208 666
Loans and advances to customers - finance lease	14 629	16 301	30 930
Client Funds under management	-	-	-
Other receivables	29 961	5 230	35 191
<b>TOTAL RECOGNISED</b>	<b>4 402 324</b>	<b>(2 301 960)</b>	<b>2 100 364</b>
Loan commitments	3 379	(1 425)	1 954
Letters of credit and guarantee	22 647	64 895	87 542
<b>TOTAL UNRECOGNISED</b>	<b>26 026</b>	<b>63 470</b>	<b>89 496</b>
<b>TOTAL</b>	<b>4 428 350</b>	<b>(2 238 490)</b>	<b>2 189 860</b>

###### Stage 2: Lifetime ECL

Loans and advances to customers - loans and overdrafts	591 540	(406 492)	185 048
Loans and advances to customers - finance lease	2 576	(2 341)	235
Loans and advances to customers – mortgage advances	-	67 792	67 792
<b>TOTAL RECOGNISED</b>	<b>594 116</b>	<b>(341 041)</b>	<b>253 075</b>

###### Stage 3: Lifetime ECL

	Loss allowance	Net movement during the year	Loss allowance
Loans and advances to customers - loans and overdrafts	4 026 481	7 590 975	11 617 456
Loans and advances to customers - finance lease	67 708	(1 590)	66 118
Loans and advances to customers- mortgage advances	376 382	(308 590)	67 792
<b>TOTAL RECOGNISED</b>	<b>4 470 571</b>	<b>7 280 795</b>	<b>11 751 366</b>





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

42. Risk Management (Continued)

42.4 Credit Risk Management (Continued)

## 42.4.3 Credit risk profiling

The Group primarily uses ageing analysis to identify an increase in significant risk. This is the case mainly for loans and advances to customers. The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

## Credit risk profiling - 2024

	0-29 days	30-59 days	60-89 days	90-180 days	More than 181 days	Gross carrying amount	Loss allowance	Total
Balance with central bank	125 622 213	-	-	-	-	125 622 213	(111 804)	125 510 409
Short term deposits	95 731 199	8 348 621	-	-	-	104 079 820	(18 587)	104 061 233
Placements with the banks	119 975 348	-	-	-	-	119 975 348	(126 064)	119 849 284
Treasury notes	666 095 873	-	-	-	12 298 462	678 394 335	(560 221)	677 834 114
Promissory notes	958 835	-	-	-	-	958 835	(1)	958 834
Treasury bills	81 249 326	-	-	-	-	81 249 326	(8 900)	81 240 426
Loans and advances to customers - loans and overdrafts	223 697 826	-	2 994 081	-	11 577 055	238 268 962	(13 011 170)	225 257 792
Loans and advances to customers - finance lease	1 924 109	-	5 645	-	83 402	2 013 156	(97 283)	1 915 873
Loans and advances to customers - mortgage advances	6 684 678	-	309 304	-	909 909	7 903 891	(135 584)	7 768 307
Reinsurance contract assets	-	-	-	-	38 582 722	38 582 722	-	38 582 722
Loans and debentures	2 301 270	33 887	16 960	11 135	33 394	2 248 700	-	2 248 700
Client Funds under management	275 505 701	-	-	-	-	275 505 701	-	275 505 701
Other receivables	23 122 320	33 887	16 960	11 135	33 394	23 217 696	(35 191)	23 182 505
<b>TOTAL RECOGNISED</b>	1 622 720 752	8 416 395	3 342 950	22 270	63 518 338	1 698 020 705	(14 104 805)	1 683 915 900
Loan commitments	2 195 975	-	-	-	-	2 195 975	(1 954)	2 194 021
Letters of credit and guarantee	98 361 926	-	-	-	-	98 361 926	(87 542)	98 274 384
<b>TOTAL UNRECOGNISED</b>	100 557 901	-	-	-	-	100 557 901	(89 496)	100 468 405
<b>TOTAL</b>	1 723 278 653	8 416 395	3 342 950	22 270	63 518 338	1 798 578 606	(14 194 301)	1 784 384 305

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.4 Credit Risk Management (Continued)

##### 42.4.3 Credit risk profiling (Continued)

##### Credit risk profiling - 2023

	0-29 days	30-59 days	60-89 days	90-180 days	More than 181 days	*Subtotal - Gross carrying amount	Loss allowance	*Subtotal - Total
Balance with central bank	48 701 272	-	-	-	-	48 701 272	(43 344)	48 657 928
Short term deposits	61 773 042	12 552 179	-	-	-	74 325 221	(38 831)	74 286 390
Placements with the banks	85 328 881	-	-	-	-	85 328 881	(75 943)	85 252 938
Treasury notes	436 094 347	-	-	-	3 571 622	439 665 969	(410 297)	439 255 672
Promissory notes	643 179	-	-	-	-	643 179	(182)	642 997
Treasury bills	39 507 097	-	-	-	-	39 507 097	(1 311)	39 505 786
Loans and advances to customers - loans and overdrafts	141 080 815	-	3 988 031	-	7 792 661	152 861 507	(8 405 847)	144 455 660
Loans and advances to customers - finance lease	2 291 929	-	66 302	-	75 538	2 433 769	(84 913)	2 348 856
Loans and advances to customers - mortgage advances	6 717 588	-	161 534	-	132 801	7 011 923	(376 382)	6 635 541
Reinsurance contract assets	-	-	-	-	41 872 545	41 872 545	-	41 872 545
Loans and debentures	1 846 362	-	-	-	-	1 846 362	-	1 846 362
Client Funds under management	170 613 700	-	-	-	-	170 613 700	-	170 613 700
Other receivables	13 344 455	67 647	10 726	6 939	32 058	13 461 825	(29 961)	13 431 864
<b>TOTAL RECOGNISED</b>	<b>1 007 942 667</b>	<b>12 619 826</b>	<b>4 226 593</b>	<b>6 939</b>	<b>53 477 225</b>	<b>1 078 273 250</b>	<b>(9 467 011)</b>	<b>1 068 806 239</b>
Loan commitments	3 796 613	-	-	-	-	3 796 613	(3 379)	3 793 234
Letters of credit and guarantee	25 446 522	-	-	-	-	25 446 522	(22 647)	25 423 875
<b>TOTAL UNRECOGNISED</b>	<b>29 243 135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29 243 135</b>	<b>(26 026)</b>	<b>29 217 109</b>
<b>TOTAL</b>	<b>1 037 185 802</b>	<b>12 619 826</b>	<b>4 226 593</b>	<b>6 939</b>	<b>53 477 225</b>	<b>1 107 516 385</b>	<b>(9 493 037)</b>	<b>1 098 023 348</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 42. Risk Management (Continued)

## 42.4 Credit Risk Management (Continued)

## 42.4.4 Distribution of credit exposures by sector

The table below provides an analysis of the gross carrying amount of loans and advances to customers by sector.

	Balance with central bank	Short term deposits	Placements with the banks	Treasury Notes	Promissory Notes	Treasury Bills	Loans and advances to customers - overdrafts	Insurance Receivables	Loans and debentures	Client Funds Under Management	Other receivables	Loan commitments	Letters of credit and guarantee	Total
<b>2024</b>														
Agriculture, forestry, fishing and hunting	-	-	-	-	-	-	17 115 216	-	-	-	-	-	-	17 115 216
Mining and quarrying	-	-	-	-	-	-	3 271	-	-	-	191	-	-	3 462
Manufacturing	-	-	-	-	-	-	14 839 593	-	-	-	1 162	-	-	14 839 595
Electricity, gas, water and energy	-	-	-	-	-	-	35 795 676	-	-	-	1 644	-	-	35 797 320
Construction	-	-	-	-	-	-	5 193 335	-	-	-	122	-	-	5 193 457
Wholesale and retail trade	-	-	-	-	-	-	15 601 273	-	-	-	779	-	-	15 601 152
Restaurants and hotels	-	-	-	-	-	-	9 674 654	-	-	-	122	-	-	9 674 776
Transport, storage and communications	-	-	-	-	-	-	1 958 056	-	-	-	115 166	-	-	2 083 282
Financial services	125 622 213	104 079 820	119 975 348	678 894 335	958 835	81 249 326	3 831 233	38 592 722	2 248 700	275 505 701	28 736	-	-	1 430 476 959
Community, social and personal services	-	-	-	-	-	-	143 498 235	-	-	-	8	-	-	143 498 244
Real estate	-	-	-	-	-	-	663 406	-	-	-	79 951	-	-	743 357
Other sectors	-	-	-	-	-	-	-	-	-	-	22 989 915	2 195 975	98 361 026	127 686 007
<b>Carrying amount</b>	125 622 213	104 079 820	119 975 348	678 894 335	958 835	81 249 326	246 156 009	38 592 722	2 248 700	275 505 701	23 271 666	2 195 975	98 361 126	1 798 578 606
<b>2023</b>														
Agriculture, forestry, fishing and hunting	-	-	-	-	-	-	2 025 781	-	-	-	3 412	-	-	2 029 193
Mining and quarrying	-	-	-	-	-	-	8 088 019	-	-	-	18	-	-	8 096 035
Manufacturing	-	-	-	-	-	-	8 076 315	-	486 362	-	1 073	-	-	8 563 750
Electricity, gas, water and energy	-	-	-	-	-	-	2 407 806	-	-	-	2 538	-	-	2 410 344
Construction	-	-	-	-	-	-	18 711 794	-	-	-	2 294	-	-	18 714 088
Wholesale and retail trade	-	-	-	-	-	-	566 278	-	1 110 000	-	1 463	-	-	1 677 742
Restaurants and hotels	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport, storage and communications	-	-	-	-	-	-	1 675 810	-	-	-	3 920	-	-	1 679 730
Financial services	48 701 272	74 325 221	85 328 881	439 728 615	643 179	39 307 097	7 106 551	41 872 545	250 000	770 613 700	635 463	-	-	908 711 624
Community, social and personal services	-	-	-	-	-	-	113 625 739	-	-	-	28 314	-	-	113 654 053
Real estate	-	-	-	-	-	-	24 007	-	-	-	68	-	-	24 075
Other sectors	-	-	-	-	-	-	-	-	-	-	12 780 596	3 795 613	25 446 522	42 023 731
<b>Carrying amount</b>	48 701 273	74 325 221	85 328 881	439 728 615	643 179	39 307 097	162 307 200	41 872 545	1 846 362	770 613 700	13 461 625	3 795 613	25 446 522	1 107 579 033

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.4 Credit Risk Management (Continued)

##### 42.4.5 Cash and cash equivalents

The Group's cash and cash equivalents are held with financial institution counterparties that have high credit ratings.

##### 42.4.6 Government securities

The Group's investments in government securities are issued by the Malawi government and are considered secure. Reputable financial institutions are used for investing and cash handling purposes within the group's strict guidelines on investments and institution exposure limits.

##### 42.4.7 Placements

The Group invested in liquid short term assets. These do not pause a risk of default due to the high credit rating of the counterparties. For 2024 the placements were done by the group's banking business with the Reserve Bank of Malawi, financial institutions and a Malawi Government agency.

##### 42.4.8 Loans and advances to customers

For its banking business, the Group uses an internal credit risk rating system called Credit Quest and risk categories range from PN1 to PN9, PN1 representing the lowest credit risk whilst PN9 the highest credit risk. The system utilizes a combination of numerical data and qualitative information to assign a rating to each counterparty.

All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are tailored to the type of exposure. The following data are typically used to monitor the Group's exposures:

- Ageing analysis;
- Extent of utilization of granted limit especially excess over limits;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures: internally generated data of customer behavior, employment history; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review, management accounts, changes in the financial sector the customer operates in.

The Group uses ageing as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analyzed by type of product and borrower. The information used is both internal and external depending on the portfolio assessed.

##### 42.4.9 Clients funds under management

These are fixed income investments on behalf of various clients, principally in fixed deposits. The counter parties are banks with good credit rating.

##### 42.4.10 Insurance receivables

The Group determines counter-party credit quality by performing an internal analysis, and seeks to avoid unacceptable concentration of credit risk to Groups of counter-parties, to business sectors, product types, and geographical segments.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.4 Credit Risk Management (Continued)****42.4.10 Insurance receivables (Continued)**

Amounts receivable in terms of short-term insurance business are secured by the underlying value of unpaid policy benefits in terms of the policy contract. An appropriate level of allowances for credit losses is maintained. Granting of credit is based on laid down approved guidelines and procedures; there is an arrangement allowing for payment over a longer period, provided that failure to pay within the said agreed period should result in cancellation of the unexpired insurance period. In preparing these financial statements, the Directors have considered the recoverability of these amounts and are of the opinion that the amounts are recoverable in full.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of re-insurers is considered annually by reviewing their financial strength prior to finalisation of any contract. The Group ensures that there is no significant concentration of risk within a single re-insurer.

**42.4.11 Investments in equity shares**

Investments are allowed only in liquid securities and only with counterparties that have a good credit rating and business ventures that are profitable. Given their good credit ratings, the Group does not expect any counterparty to fail to meet its obligations.

**42.2.12 Investment in shares**

These investment in shares and income notes have been made with counterparties of good credit rating. As a consequence the Group does not expect the counterparties to fail to meet their obligations.

**42.4.13 Loans and debentures**

The loans and debentures have been entered into with counterparties of good credit rating. As a consequence the Group does not expect the counterparties to fail to meet its obligations. In the opinion of the directors, the loans receivables, all of which, are due from Malawi registered companies are expected to be realised in full at maturity date.

**42.4.14 Forward-looking information**

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group's ALCO is supplied with external information on critical macroeconomic variables that may have a material impact on the performance of various credit portfolios. The typical sources include the European Investment Unit (EIU), the World Bank and International Monetary Fund country reports, National Statistical Office and Reserve Bank of Malawi reports.

The Group's approach to forward-looking information is to develop scenarios for the next 12 months. ALCO then approves one scenario that best captures likely movements in key variables that may have an impact on the performance of various credit portfolios. The scenarios are fed into IFRS9 models.

The table below summarises the principal macro-economic indicators included in the economic scenarios used at 31 December 2024, for the year 2024 for Malawi which is the country here the Group operates and therefore is the country that has a material impact on ECLs.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.4 Credit Risk Management (Continued)

##### 42.4.14 Forward-looking information (Continued)

List of macro-economic variables used	Definition	Scenario	2024	2023
<b>Nominal GDP</b>	(US\$ at PPP)	Base	40.07	26.00
		Favourable	40.47	25.75
		Worst	39.28	25.49
		Weighted	39.94	25.93
<b>Real GDP</b>	(US\$)	Base	11 942 491.09	1 607 528.00
		Favourable	12 897 890.38	1 591 611.80
		Worst	11 708 234.53	1 575 538.00
		Weighted	12 182 872.00	1 602 705.40
<b>Real private consumption</b>	(US\$)	Base	1 591 159.00	1 519 732.00
		Favourable	1 718 451.72	1 504 685.10
		Worst	1 559 947.80	1 489 489.30
		Weighted	1 623 186.17	1 515 172.80
<b>Exchange rate</b>	Malawi kwacha per USD (average)	Base	1 751.00	1 683.33
		Favourable	3 000.00	2 020.00
		Worst	3 500.00	2 104.20
		Weighted	3 250.00	2 205.20
<b>Lending interest rate</b>	Average borrowing rate on loans	Base	26.00	26.00
		Favourable	24.90	26.31
		Worst	36.00	26.50
		Weighted	30.50	26.10
<b>Public debt</b>	USD value of sovereign debt	Base	8 750 000.00	9 400 000.00
		Favourable	8 925 000.00	9 591 836.80
		Worst	9 187 500.00	9 588 939.40
		Weighted	8 975 000.00	9 409 400.00
<b>Deposit interest rate</b>	Average interest rate on deposits	Base	4.27	6.50
		Favourable	12.00	8.20
		Worst	4.27	7.80
		Weighted	6.85	8.00
<b>GDP per head</b>	(\$ at PPP)	Base	1 700.00	1 876.60
		Favourable	1 566.68	1 244.70
		Worst	850.49	1 273.80
		Weighted	1 372.39	1 876.60



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 42. Risk Management (Continued)

## 42.4 Credit Risk Management (Continued)

## 42.4.14 Forward-looking information (Continued)

List of macro-economic variables used	Definition	Scenario	2024	2023
Goods: exports	USD value of good exported	Base	0.94	1.05
		Favourable	0.98	0.93
		Worst	0.75	0.95
		Weighted	0.89	1.05
Goods: imports	USD value of good imported	Base	(3.19)	(2.28)
		Favourable	(3.51)	(2.75)
		Worst	(2.59)	(2.82)
		Weighted	(3.10)	(2.28)
Effective interest rate	Percentage	Base	0.75	0.75
		Favourable	0.75	0.75
		Worst	0.75	0.75
		Weighted	0.75	0.75

Predicted relationships between the key indicators and default rates on various portfolios of financial assets have been developed based on analysing historical data of more than five years. Probabilities of the three scenarios occurring in 2024 and beyond have been attached to the three forecast scenarios based on management view of the future economic outlook. A weighted average ECL for the three scenarios has been derived as follows; Base case 30%; Worse case 50% and Favourable case 30%; (2023: Base case 30%; Worse case 50% and Favourable case 30%).

## 42.4.15 Modified financial assets

As a result of the Group's forbearance activities financial assets might be modified with the aim of arriving at a repayment plan that enables the counterparty to settle the outstanding liability without significant difficulty. Such modified or restructured facilities are flagged in the bank's core banking system to enable ease of identification. The following tables refer to modified financial assets where modification does not result in derecognition.

## Financial assets (with loss allowance based on lifetime ECL) modified during the period

	Year ended 2024	Year ended 2023
Gross carrying amount before modification	7 875 738	3 263 503
New restructures	2 129 086	2 463 907
Loss allowance before modification	(197 752)	(20 199)
Net amortised cost before modification	9 807 072	5 707 211
Repayment post modification	(509 046)	(275 181)
Net amortised cost after modification	9 298 026	5 432 030

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.5 Liquidity Risk Management

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations arising from its financial liabilities. Liquidity risk arises when there is mismatching between the maturities of liabilities and assets.

##### Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid Money market investments, loans and advances to banks and other inter-company facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The liquidity requirements of business units are met through Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

The Group's banking business has an Asset and Liability Management Committee (ALCO) which is responsible for ensuring that there is an equitable balance between assets and liabilities. Daily liquidity position is monitored and liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of operating units. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

For the Life Risk and Savings contracts, uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of long-term changes in the mortality rates, the variability in the policyholders behaviour and uncertainties regarding future inflation rates and expenses growth. Due to the long-term nature of the contracts issued in these product lines, IFRS 17 insurance contract carrying values are subject to interest rate risk variability.

##### Maturity Analysis

##### Investment assets and insurance liabilities

The following table shows a maturity analysis of cash flows for participating insurance contracts and risk insurance contracts which reflects the dates on which the cash flows are expected to occur, for portfolios which are in a liability position.

This analysis does not include the liability for remaining coverage for contracts measured under the PAA.

The maturity analysis for investment contracts reflects the contractual maturity dates. The majority of investment contracts are open ended and have no fixed maturity date. These contracts are included in the one year or less category.





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.5 Liquidity Risk Management (Continued)

##### Management of liquidity risk (Continued)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
<b>Year ended 31 December 2024 K'm</b>							
Net policyholder cash flows	18 693	23 082	19 706	17 440	12 957	45 087	136 965
<b>Insurance contract cash flows</b>	18 693	23 082	19706	17 440	12 957	45 087	136 965
Life risk and annuities	-	-	-	-	-	-	-
Life savings	-	-	-	-	-	-	-
<b>Reinsurance contract cash flows</b>							
Life risk and annuities	-	-	-	-	-	-	-
<b>Investment contract cash flows</b>	665 020	-	-	-	-	-	-
Deposit administration contracts	665 020	-	-	-	-	-	-
Other contracts	-	-	-	-	-	-	665 020
Net policyholder cash flows	683 713	23 082	19 706	17 440	12 957	45 087	801 985
<b>Year ended 31 December 2023 K'm</b>							
Net policyholder cash flows							
Insurance contract cash flows	10 041	20 834	26 926	32 838	39 010	1 527 395	1 657 043
Life risk and annuities	10 041	20 834	26 926	32 838	39 010	1 527 395	1 657 043
Life savings							
Reinsurance contract cash flows	-	-	-	-	-	-	-
Life risk and annuities	-	-	-	-	-	-	-
Investment contract cash flows	647 983	-	-	-	-	-	647 983
Deposit administration contracts	647 983	-	-	-	-	-	647 983
Other contracts							
Net policyholder cash flows	658 023	20 834	26 926	32 838	39 010	1 527 395	2 305 026

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.5 Liquidity Risk Management (Continued)

##### Maturity profiles

The table below shows maturity profiles of financial assets and liabilities. It shows some periodic mismatches between financial and assets and liabilities. From time to time management manages this mismatch by setting guidelines and limits for anticipated liquidity gaps. The Board sets limits on the minimum proportion of maturing funds available to meet any calls. The Group has significant liquid resources to cover its obligations.

##### 2024

	Up to 1 month	1 – 3 month	3 – 12 months	Over 1 year	Total	Carrying amount
<b>Assets</b>						
Cash and cash equivalents	137 179 740	144 673 225	-	-	281 852 965	281 852 965
Short term investments	-	7 541 016	-	-	7 541 016	7 541 016
Government securities	536 301	32 102 980	79 224 516	654 326 846	766 190 643	753 061 480
Placements with other banks	-	-	137 826 560	-	137 826 560	119 975 348
Loans and advances	6 075 226	4 119 144	28 999 198	357 223 953	396 417 521	234 941 972
Reinsurance contract assets	-	-	38 582 722	-	38 582 722	38 582 722
Investment in equity shares	-	-	-	613 786 790	613 786 790	613 786 790
Loans and debentures	-	-	-	2 248 700	2 248 700	2 248 700
Client fund under management	28 836 458	10 189 348	178 478 288	58 001 607	275 505 701	275 505 701
Other receivables	35 887 200	341 050	816 912	-	37 045 162	30 131 429
<b>Total assets</b>	<b>208 514 925</b>	<b>198 966 763</b>	<b>463 928 196</b>	<b>1 685 587 896</b>	<b>2 556 997 780</b>	<b>2 357 628 123</b>
<b>Liabilities</b>						
Trade and other payables	296 882 196	2 444 665	6 278 948	-	305 605 809	305 605 809
Client fund payable	36 652 214	76 944 203	59 119 213	64 179 669	236 895 299	236 895 299
Domestic deposits (current & savings)	566 022 501	80 474 264	4 683 317	7 827 367	659 007 449	645 470 912
Insurance contract liabilities	-	-	62 665 778	839 035 235	901 701 013	901 701 013
Reinsurance contract liabilities	-	-	-	49 358	49 358	49 358
Interest bearing loan	-	458 333	3 732 978	43 130 531	47 321 842	23 470 782
<b>Total liabilities</b>	<b>899 556 911</b>	<b>160 321 465</b>	<b>136 480 234</b>	<b>954 222 160</b>	<b>2 150 580 770</b>	<b>2 113 193 173</b>
<b>Net liquidity gap</b>	<b>(691 041 986)</b>	<b>38 645 298</b>	<b>351 531 018</b>	<b>1 570 450 329</b>	<b>1 269 584 659</b>	
<b>Cumulative liquidity gap</b>	<b>(691 041 986)</b>	<b>(625 396 688)</b>	<b>(300 865 670)</b>	<b>1 269 584 659</b>		



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.5 Liquidity Risk Management (Continued)****Maturity profiles (Continued)****2023**

	Up to 1 month	1 – 3 month	3 – 12 months	Over 1 year	Total	Carrying amount
<b>Assets</b>						
Cash and cash equivalents	99 154 829	83 227 013		-	182 381 842	182 381 842
Short term investments	-	6 201 445	-	-	6 201 445	6 201 445
Government securities	536 301	38 853 111	44 235 835	756 308 286	839 933 533	473 677 446
Placements with other banks	85 328 881	-	-	-	85 328 881	85 328 881
Loans and advances	6 967 445	4 078 821	32 279 772	200 920 401	244 246 439	153 816 440
Reinsurance contract assets	-	-	40 058 676	-	40 058 676	40 058 676
Investment in equity shares	-	-	-	384 573 540	384 573 540	384 573 540
Loans and debentures	-	-	-	1 846 362	1 846 362	1 846 362
Client fund under management	22 977 353	37 228 602	80 952 795	30 454 833	171 613 583	170 613 700
Other receivables	12 094 656	150 521	2 266 827	-	14 512 004	17 041 533
<b>Total assets</b>	<b>227 059 465</b>	<b>169 739 513</b>	<b>199 793 905</b>	<b>1 374 103 422</b>	<b>1 970 696 305</b>	<b>1 515 539 865</b>
<b>Liabilities</b>						
Trade and other payables	50 573 342	46 974	7 248 720	-	57 869 036	57 869 036
Client fund payable	38 750 913	51 212 646	39 270 974	38 596 096	167 830 629	167 830 629
Domestic deposits (current & savings)	453 535 827	39 180 588	5 693 577	446 215	498 856 207	497 745 003
Insurance contract liabilities	-	-	-	653 300 260	653 300 260	653 300 260
Reinsurance contract liabilities	-	-	-	305 000	305 000	305 000
Interest bearing loan	2 217 357	781 086	3 211 902	5 952 724	12 163 069	9 927 484
<b>Total liabilities</b>	<b>545 077 439</b>	<b>91 221 294</b>	<b>55 425 173</b>	<b>698 600 295</b>	<b>1 390 324 201</b>	<b>1 386 977 412</b>
<b>Net liquidity gap</b>	<b>(318 017 974)</b>	<b>78 518 219</b>	<b>144 368 732</b>	<b>675 503 127</b>	<b>582 185 977</b>	
<b>Cumulative liquidity gap</b>	<b>(318 017 974)</b>	<b>(239 499 755)</b>	<b>(95 131 023)</b>	<b>580 372 104</b>		

**42.6 Market Risk Management**

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.6 Market Risk Management (Continued)

##### 42.6.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate owing to changes in foreign exchange rates. The Group is exposed to currency risk through transactions denominated in foreign currencies, its foreign investments, and through the foreign exchange trading book of its banking business.

##### Management of currency risk

The Group ensures that the net exposure is kept to an acceptable level by transacting in foreign currencies at spot rates where necessary to address short term imbalances.

The Group's banking business has a foreign exchange business policy and a foreign exchange risk management policy. The policies have exposure limits, limits for investments, trading limits and levels of authorization of foreign currency transactions. Forex exposure positions are regularly monitored by Treasury department and senior management. The policy for trading book exposure is that the position should be almost square. In the banking book, assets and liabilities mismatch is minimised. Most of the foreign currency borrowings by the Group are hedged by foreign currency loans to customers, to minimize risk exposure.

##### Currency risk exposure

The Group had the following significant foreign currency denominated monetary assets and liabilities.

##### Group - At 31 December 2024

	USD	GBP	EURO	ZAR	TOTAL
<b>Assets</b>					
Balances with banks	10 623 489	4 021 088	2 433 147	246 712	17 324 436
Cash balances	2 092 545	7 268	27 458	3 867	2 131 138
Loans and advances to customers	25 956 557	61	64	-	25 956 682
Other receivables	62 775 880	-	5 223 043	-	67 998 923
<b>Total assets</b>	<b>101 448 471</b>	<b>4 028 417</b>	<b>7 683 712</b>	<b>250 579</b>	<b>113 411 179</b>
<b>Liabilities</b>					
Customer deposits	66 346 950	2 746 030	4 260 535	12 124	73 365 639
Other liabilities	38 034 022	15 179	-	192 543	38 241 744
<b>Total liabilities</b>	<b>104 380 972</b>	<b>2 761 209</b>	<b>4 260 535</b>	<b>204 667</b>	<b>111 607 383</b>
<b>Net position</b>	<b>(2 932 501)</b>	<b>1 267 208</b>	<b>3 423 177</b>	<b>45 912</b>	<b>1 803 796</b>
<b>Movement in foreign currency rates</b>	<b>(1 000)</b>	<b>(2 000)</b>	<b>1 000</b>	<b>2 000</b>	
Change in income (K'000)	(180 380)	(360 759)	180 380	360 759	
Change in equity (K'000)	(126 266)	(252 531)	126 266	252 531	



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.6 Market Risk Management (Continued)****42.6.1 Currency risk (Continued)****Currency risk exposure (Continued)****Group - At 31 December 2023**

	USD	GBP	EURO	ZAR	TOTAL
<b>Assets</b>					
Balances with banks	37 120 765	1 935 550	3 623 468	(13 825)	42 665 958
Cash balances	1 865 366	10 724	88 128	8 559	1 972 777
Loans and advances to customers	1 349 885	-	-	-	1 349 885
Other receivables	36 124 280	-	-	-	36 124 280
<b>Total assets</b>	<b>76 460 296</b>	<b>1 946 274</b>	<b>3 711 596</b>	<b>(5 266)</b>	<b>82 112 900</b>
<b>Liabilities</b>					
Customer deposits	65 792 900	1 906 028	3 652 794	21 665	71 373 387
Other liabilities	8 684 932	22 835	85	3	8 707 855
<b>Total liabilities</b>	<b>74 477 832</b>	<b>1 928 863</b>	<b>3 652 879</b>	<b>21 668</b>	<b>80 081 242</b>
Net position	1 982 464	17 411	58 717	(26 934)	2 031 658
Movement in foreign currency rates	1 000bp	2 000bp	(1 000bp)	(2 000bp)	
Change in income (K'000)	203 162	406 324	(203 162)	(406 324)	
Change in equity (K'000)	142 213	284 427	(142 213)	(284 427)	

Management compiled the sensitivity analysis based on the assumption that the market moves in the directions indicated above which are movements that management deems reasonable based on the volatility of the relevant economic climate and the Malawi Kwacha.

**Company - At 31 December 2024**

	USD	GBP	EURO	ZAR	TOTAL
<b>Assets</b>					
Balances with banks	150 770	-	-	-	150 770
<b>Total assets</b>	<b>150 770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150 770</b>
<b>Liabilities</b>					
Other liabilities	66 349	-	-	-	66 349
<b>Total liabilities</b>	<b>66 349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66 349</b>
<b>Net position</b>	<b>84 421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84 421</b>
Movement in foreign currency rates	1 000bp	2 000bp	(1 000bp)	(2 000bp)	
Change in income (K'000)	8 442	16 884	(8 442)	(16 884)	
Change in equity (K'000)	5 909	11 819	(5 909)	(11 819)	

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.6 Market Risk Management (Continued)

##### 42.6.1 Currency risk (Continued)

##### Currency risk exposure (Continued)

Company - At 31 December 2023

	USD	GBP	EURO	ZAR	TOTAL
<b>Assets</b>					
Balances with banks	98 176	-	-	-	98 176
<b>Total assets</b>	98 176	-	-	-	98 176
<b>Liabilities</b>					
Other liabilities	-	-	-	-	-
<b>Total liabilities</b>	-	-	-	-	-
<b>Net position</b>	98 176	-	-	-	98 176
Movement in foreign currency rates	1000bp	2000bp	(1000bp)	(2000bp)	
Change in income (K'000)	9 818	19 635	(9 818)	(19 635)	
Change in equity (K'000)	6 872	13 745	(6 872)	(13 745)	

##### 42.6.2 Other price risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Group is exposed to price risk as it maintains equity shares traded on the Malawi Stock Exchange and Zambia Stock Exchange.

##### Management of other price risk

The Group manages price risk by constructing a diversified portfolio of equity shares. The Group will therefore ensure that its portfolio is well diversified so as to minimise any risk of loss resulting from a concentration of investments in one asset, asset class or sector. Although price risk specific to a stock can be minimized through diversification, market risk cannot be diversified away.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.6 Market Risk Management (Continued)****42.6.2 Other price risk (Continued)****Exposure to equity price risk**

As at 31 December 2024 the Group had the following financial assets that are exposed to equity risk.

	2024	2023
<b>Financial assets</b>		
Blantyre Hotels plc	38 241 909	3 443 905
Standard Bank Malawi plc	258 133 376	161 322 819
Airtel Malawi plc	10 054 493	8 100 293
Illovo Sugar Malawi plc	1 248 424	1 160 828
Press Corporation plc	20 669 461	19 767 764
Old Mutual plc	1 384 880	1 065 287
National Bank of Malawi plc	107 696 040	65 458 148
National Investment Trust plc	7 175 990	6 657 476
FMB Capital Holdings plc	7 716 752	2 398 251
Telekom Networks Malawi plc	23 616 238	17 667 674
Mpico plc	1 373 968	1 112 225
Airtel Networks Zambia plc	-	35 508
ICON Properties plc	68 893 330	66 801 209
NICO Holdings plc (held by Administration Fund)	17 682 325	6 312 516
NBS Bank plc	27 553 517	11 366 176
FDH Bank plc	13 033 930	5 374 290
Sunbird Tourism plc	165 436	93 450
<b>Total listed shares</b>	<b>604 640 069</b>	<b>378 137 819</b>

**Equity price sensitivity analysis**

A sensitivity analysis in relation to the exposure for a plus or minus 10% movement in price will be as follows:

	2024	2023
Increase/decrease in equity	60 464 007	37 813 782
Increase/decrease in profit or loss	60 464 007	37 813 782

The movement used in the sensitivity analysis is based on a history of price movements on the various counters over the past year with current months receiving more weight.

Management also consider the current and projected performance of individual counters in line with market conditions.

**42.6.3 Interest rate risk management**

The Group holds significant interest-bearing financial assets and is therefore subjected to significant exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Group are invested in short-term repurchase agreements with maturity of up to one month.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.6 Market Risk Management (Continued)

##### 42.6.3 Interest rate risk management (Continued)

The Group's interest rate risk is managed on a daily basis by the Asset Manager in accordance with policies and procedures set up by the Board. The Group's overall interest rate risks are monitored on a quarterly basis by the Board of Directors. Where the interest rate risks are not in accordance with the investment policy or guidelines of the Group, the Asset Manager will rebalance the portfolio.

##### Exposure to interest rate risk

The following table details the Group's exposure to interest rate risks. It includes the Group's assets and trading liabilities sensitive to interest rates at fair values, categorised by the earlier of contractual pricing or maturity date, measured by carrying value of the assets and liabilities:

##### Group 31 December 2024

	Less than 1 month	1 – 3 months	3 months above	Non- interest bearing	Total	Carrying amount
<b>Financial assets</b>						
Cash and cash equivalents	269 510 562	9 121 307	376 116	2 844 980	281 852 965	281 852 965
Short-term investments	-	7 541 016	-	-	7 541 016	7 541 016
Placements	-	-	119 975 348	-	119 975 348	119 975 348
Loans and advances to Customers	6 075 226	4 119 144	224 747 602	-	234 941 972	234 941 972
Re-insurance contract asset	-	-	-	38 582 722	38 582 722	38 582 722
Government securities	31 222 091	-	721 839 389	-	753 061 480	753 061 480
Investment in equity shares	-	-	-	613 786 790	613 786 790	613 786 790
Loans and debentures	-	-	2 248 700	-	2 248 700	2 248 700
Client funds under management	28 836 458	10 189 348	178 478 288	58 001 607	275 505 701	275 505 701
Other Receivables	1 970 209	-	-	28 161 220	30 131 429	30 131 429
<b>Total financial assets</b>	<b>337 614 546</b>	<b>30 970 815</b>	<b>1 247 665 443</b>	<b>741 377 319</b>	<b>2 357 628 123</b>	<b>2 357 628 123</b>





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 42. Risk Management (Continued)

## 42.6 Market Risk Management (Continued)

## 42.6.3 Interest rate risk management (Continued)

## Exposure to interest rate risk (Continued)

	Less than 1 month	1 – 3 months	3 months above	Non- interest bearing	Total	Carrying amount
<b>Financial liabilities</b>						
Trade and other payables	-	251 191 899	-	54 413 910	305 605 809	305 605 809
Client funds payables	36 652 214	76 944 203	59 119 213	64 179 669	236 895 299	236 895 299
Domestic deposits (current & savings)	552 485 964	80 474 264	12 510 684	-	645 470 912	645 470 912
Insurance contract liabilities	-	-	-	901 701 013	901 701 013	901 701 013
Re-insurance contract liabilities	-	-	-	49 358	49 358	49 358
Interest bearing loans and borrowings	-	458 333	23 012 449	-	23 470 782	23 470 782
<b>Total financial liabilities</b>	<b>589 138 178</b>	<b>409 068 699</b>	<b>94 642 346</b>	<b>1 020 343 950</b>	<b>2 113 193 173</b>	<b>2 113 193 173</b>
Interest sensitivity gap	(251 523 632)	(378 097 884)	1 153 023 097	(278 966 631)	244 434 950	244 434 950

## Group - 31 December 2023

	Less than 1 month	1 – 3 months	3 months above	Non- interest bearing	Total	Carrying amount
<b>Financial assets</b>						
Cash and cash equivalents	174 262 389	4 366 952	3 752 500	-	182 381 842	182 381 842
Short-term investments	-	6 201 445	-	-	6 201 445	6 201 445
Placements	85 328 881	-	-	-	85 328 881	85 328 881
Loans and advances to Customers	6 967 445	4 078 836	142 770 174	-	153 816 440	153 816 440
Re-insurance contract asset	-	-	-	38 988 420	38 988 420	38 988 420
Government securities	85 328 881	2 236 712	386 111 853	-	473 677 446	473 677 446
Investment in equity shares	-	-	-	384 573 540	384 573 540	384 573 540
Loans and debentures	-	-	1 846 362	-	1 846 362	1 846 362
Client funds under management	21 977 469	37 228 602	80 952 795	30 454 834	170 613 700	170 613 700
Other Receivables	-	-	-	17 041 533	17 041 533	17 041 533
<b>Total financial assets</b>	<b>373 865 066</b>	<b>54 112 532</b>	<b>615 433 684</b>	<b>471 058 327</b>	<b>1 514 469 609</b>	<b>1 514 469 609</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 42. Risk Management (Continued)

## 42.6 Market Risk Management (Continued)

## 42.6.3 Interest rate risk management (Continued)

## Exposure to interest rate risk (Continued)

	Less than 1 month	1 – 3 months	3 months above	Non- interest bearing	Total	Carrying amount
<b>Financial liabilities</b>						
Trade and other payables	-	26 569 638	-	37 403 450	63 973 088	63 973 088
Client funds payables	38 750 913	51 212 646	39 270 974	38 596 096	167 830 629	167 830 629
Domestic deposits (current & savings)	429 500 689	39 180 588	6 139 792	-	474 821 069	497 745 003
Insurance contract liabilities	-	-	-	649 731 282	649 731 282	649 731 282
Re-insurance contract liabilities	-	-	-	305 000	305 000	305 000
Interest bearing loans and borrowings	2 217 357	781 086	6 929 041	-	9 927 484	9 927 484
<b>Total financial liabilities</b>	<b>470 468 959</b>	<b>117 743 958</b>	<b>52 339 807</b>	<b>726 035 828</b>	<b>1 366 588 552</b>	<b>1 389 512 486</b>
<b>Interest sensitivity gap</b>	<b>(96 603 893)</b>	<b>(63 631 426)</b>	<b>563 093 877</b>	<b>(254 977 501)</b>	<b>147 881 057</b>	<b>124 957 123</b>

## Company 31 December 2024

	Less than 1 month	1 – 3 months	3 months above	Non- interest bearing	Total	Carrying amount
<b>Financial assets</b>						
Cash and cash equivalents	6 276 327		376 116	-	6 652 443	6 652 443
<b>Total financial assets</b>	<b>6 276 327</b>	<b>-</b>	<b>376 116</b>	<b>-</b>	<b>6 652 443</b>	<b>6 652 443</b>
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	-	-
Interest bearing loans and borrowings	-	-	458 333	-	458 333	458 333
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>458 333</b>	<b>-</b>	<b>458 333</b>	<b>458 333</b>
<b>Interest sensitivity gap</b>	<b>6 276 327</b>	<b>-</b>	<b>(82 217)</b>	<b>-</b>	<b>6 194 110</b>	



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.6 Market Risk Management (Continued)****42.6.3 Interest rate risk management (Continued)****Exposure to interest rate risk (Continued)**

Company - 31 December 2023

	Less than 1 month	1 – 3 months	3 months above	Non- interest bearing	Total	Carrying amount
<b>Financial assets</b>						
Cash and cash equivalents	4 050 080	-	3 752,500	-	7 802 580	7 802 580
Short-term investments	-	-	-	-	-	-
Placements	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
<b>Total financial assets</b>	<b>4 050 080</b>	<b>-</b>	<b>3 752 500</b>	<b>-</b>	<b>7 802 580</b>	<b>7 802 580</b>
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	-	-
Interest bearing loans and borrowings	-	-	2 291 667	-	2 291 667	2 291 667
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2 291 667</b>	<b>-</b>	<b>2 291 667</b>	<b>2 291 667</b>
<b>Interest sensitivity gap</b>	<b>4 050 080</b>	<b>-</b>	<b>1 460 833</b>	<b>-</b>	<b>5 510 913</b>	

**42.7 Accounting classifications and fair values****Fair value hierarchy**

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described below under the heading Level 3. For financial assets that are traded infrequently and have little price transparency fair value is less objective and requires varying degrees of judgement depending on liquidity concentration uncertainty of market factors pricing assumptions and other risks affecting the specific instrument. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1. Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2. Valuation techniques based on observable inputs either directly i.e. as process or indirectly i.e. derived from prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3. Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.7 Accounting classifications and fair values (Continued)

**Financial instruments measured at fair value**  
The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Group - 2024		Note	Financial instruments designated at FVTPL	Financial instruments designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
Financial Assets									
	Investment in government securities		14187 774 769	-	187 774 769	-	187 774 769	-	187 774 769
	Investment in equity shares	15	589 150 866	24 635 924	613 786 790	604 640 069	-	9 146 721	613 786 790
	Loan and debentures	16	2 248 700	-	2 248 700	-	-	2 248 700	2 248 700
Total			779 174 335	24 635 924	803 810 259	604 640 069	187 774 769	11 395 421	803 810 259
Group - 2023									
Financial Assets									
	Investment in government securities	14	187 815 142	-	187 815 142	-	187 815 142	-	187 815 142
	Investment in equity shares	15	374 848 461	9 725 079	384 573 540	378 137 819	-	6 435 721	384 573 540
	Loan and debentures	16	1 846 362	-	1 846 362	-	-	1 846 362	1 846 362
Total			564 509 965	9 725 079	574 235 044	378 137 819	187 815 142	8 282 083	574 235 044



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.7 Accounting classifications and fair values (Continued)

##### Financial instruments measured at fair value (Continued)

Company - 2024	Note	Financial instruments designated at FVTPL	Financial instruments designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Shares	15	-	15 860 606	15 860 606	12 568 585	-	3 295 021	15 863 606
<b>Total</b>		-	15 860 606	15 860 606	12 568 585	-	3 295 021	15 863 606
<b>Company - 2023</b>								
<b>Financial Assets</b>								
Shares	15	2 804 021	206 000	3 010 021	-	-	3 010 021	3 010 021
<b>Total</b>		2 804 021	206 000	3 010 021	-	-	3 010 021	3 010 021

##### Measurement of fair values

The following table shows the valuation techniques used in measuring level 3 fair values as well as the significant unobservable inputs used.

##### Financial instruments measured at fair value.

Type	Valuation technique	Significant unobservable inputs
Unlisted equity securities	refer to note 15	refer to note 15
Government Treasury notes	refer to note 14	refer to note 14

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.7 Accounting classifications and fair values (Continued)

##### Financial instruments not measured at fair value

The following table provides the categories of financial instruments. It does not provide fair value information where the carrying amounts approximate their fair values.

Group - 2024	Note	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
<b>Financial assets</b>					
Cash and cash equivalent	5	-	-	281 852 965	281 852 965
Short-term investments	6.1	-	-	7 541 016	7 541 016
Placements with other banks	6.2	-	-	119 975 348	119 975 348
Loans and advances to customers	7.1	-	-	234 941 972	234 941 972
Client funds under management	9.2	-	-	275 505 701	275 505 701
Other receivables	9.1	-	-	30 131 429	30 131 429
Reinsurance contract assets	27.1	-	-	38 582 722	38 582 722
Loans and debentures	16	2 248 700	-	-	2 248 700
Government securities	14	187 774 768	-	565 286 712	753 061 480
Shares	15	589 150 866	24 635 924	-	613 786 790
<b>Financial liabilities</b>					
Trade and other payables	21	-	-	305 605 809	305 605 809
Client funds payable	22	-	236 895 299	-	236 895 299
Deposits and customer accounts	23	-	645 470 912	-	645 470 912
Insurance contract liabilities	27.1	901 701 013	-	-	901 701 013
Reinsurance contract liabilities	27.1	49 358	-	-	49 358
Interest bearing loans and borrowings	24	-	23 470 782	-	23 470 782

Group - 2023	Note	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
<b>Financial assets</b>					
Cash and cash equivalent	5	-	-	182 381 842	182 381 842
Short-term investments	6.1	-	-	6 201 445	6 201 445
Placements with other banks	6.2	-	-	85 328 881	85 328 881
Loans and advances to customers	7.1	-	-	153 816 440	153 816 440
Client funds under management	9.2	-	-	170 613 700	170 613 700
Other receivables	9.1	-	-	15 961 393	15 961 393
Loans and debentures	16	1 846 362	-	-	1 846 362
Government securities	14	187 815 142	-	285 862 304	473 677 446
Shares	15	374 484 461	9 725 079	-	384 573 540
<b>Financial liabilities</b>					
Trade and other payables	21	-	-	63 872 119	63 872 119
Client funds payable	22	-	-	167 830 629	167 830 629
Deposits and customer accounts	23	-	-	497 745 003	497 745 003
Interest bearing loans and borrowings	24	-	-	9 927 484	9 927 484



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.8 Other Risk Management

##### 42.8.1 Operational risks

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

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group's standards for the management of operational risk in the following areas:

- Requirement for appropriate segregation of duties, including independent authorisation of transactions designed to ensure the correctness, completeness and validity of all transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

##### 42.8.2 Risk management objectives and mitigating insurance risk

The primary insurance activity carried out by the Group assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, accident, financial or other perils that may arise from an insurable event. As such the Group is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Group also has exposure to market risk through its insurance and investment activities.

The Group manages its insurance risk through underwriting limits; approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The Group uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses and scenario analyses.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.8 Other Risk Management (Continued)

##### 42.8.3 Underwriting strategy

The underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. Most general insurance contracts are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal. The Group has the right to re-price and change the risks on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Only extensive expertise, well maintained data resources, and selective underwriting based on this information can produce risk adequate prices and conditions. Through selective underwriting, client focused claims handling and good reserving methods, the Group endeavours to minimise risks.

##### 42.8.4 Reinsurance strategy

The Group obtains reinsurance cover to reduce risks from single events or accumulation of risk that could have a significant impact on the current year earnings or the Group's capital. This cover is placed on the local and international reinsurance market. The Group uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of the reinsurance programme and the net exposure of the Group.

The core components of the reinsurance programme comprise:

- A surplus treaty which covers fire, accident, engineering and marine risks. The cover ranges from material damage and business interruption arising from fire and allied perils and any other physical accidental loss (All risks policies).
- An excess of loss cover for fire, accident, engineering and marine. It also includes all risks policies, and catastrophe, which provides protection to limit losses on each and every loss and every risk or series of losses or occurrence of one event.
- A motor, accident and liabilities excess of loss which covers motor (own damage and property damage and third liabilities arising there from), and general public and products liability, miscellaneous accident, fidelity guarantee and professional indemnity cases.
- A bonds and guarantees quota share treaty covering performance, advance payment, maintenance, bid, customs and transit bonds.

##### 42.8.5 Reinsurance risk

The Group cedes insurance risk to limit exposure to underwriting losses under various agreements. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Group's evaluation of the specified risk, subject in certain circumstances to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the re-insurer agrees to reimburse the ceded proportion in the event the claim is paid. However, the Group remains liable to its policyholders with respect to ceded insurance if any re-insurer fails to meet the obligations it assumes.

##### 42.8.6 Claims development

The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term, subject to pre-determined time scales dependent on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund historic claims (run-off risk). To manage run-off risk the Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices.

Consequently, the Group has a history of positive claims development, i.e. the reserves created over time proved to be sufficient to fund the actual claims paid.







## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.8 Other Risk Management (Continued)

##### 42.8.7 Concentration of insurance risks and policies mitigating the concentrations

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration of risk by geographical segment and class of business.

The Group has exposure to all major lines of insurance business with very limited exposure to specialised areas of insurance. This exposure is consistent with the market and the Group's reinsurance policy limits the losses in any one class of business.

##### 42.9 Long term insurance risks

The primary insurance activity carried out by the Group assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to life, financial or other perils that may arise from an insurable event. As such the Group is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Group also has exposure to market risk through its insurance and investment activities.

The Group manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The Group uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses and scenario analyses.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

##### 42.9.1 Underwriting strategy

The underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome.

##### 42.9.2 Reinsurance strategy

The Group reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. It buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Group. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances.

##### 42.9.3 Reinsurance risk

Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Group remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

##### 42.9.4 Long-term insurance contracts – Immediate annuities

This type of annuity is purchased with a single premium at outset and is paid to the policyholder for the remainder of his/her lifetime. Annuities may be level, or escalate at a fixed rate, or be in line with a suitable price index.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management (Continued)****42.9 Long term insurance risks (Continued)****42.9.4 Long-term insurance contracts – Immediate annuities (Continued)**

Payments are often guaranteed to be paid for a minimum term regardless of survival (e.g. 5 or 10 years).

Profit arises when mortality and investment experience are better than expected. All risks and rewards associated with this type of product accrue to shareholders.

*Management of risks:* The main risks associated with this product are longevity and investment risks. Longevity risks arise as the annuities are paid for the lifetime of the policyholder, and this risk is managed through the initial pricing of the annuity. Investment risk depends on the extent to which the annuity payments under the contracts have been matched by suitable assets.

The key risks are managed through sensible pricing and product design. Reinsurance underwriting is not used for this product.

*Mortality risk:* The pricing assumption is based on both historic in-house and industry available information on mortality experience for the population of policyholders including allowance for future mortality improvements. The mortality will differ between the retirement, voluntary and joint life annuitant.

*Investment risk:* With this type of product the lump sum premium is available for the Group to invest at the start of the contract. The asset mix will consist of corporate bonds and gilts with varying redemption dates. The income earned on the investment will not usually be sufficient to cover the annuity and the expense outgo, so each year part of the lump sum will be disinvested, which should coincide with (match) the redemption dates, in order to balance the fund. If annuitants die as expected then the fund will decline to zero just as the last annuitant dies (perfect matching). However, in most cases annuitants will not die as expected therefore the Group will need to buy and sell assets as necessary throughout the term of the policy to minimise the risk of mismatch.

Asset/liability modelling is used to monitor this position on a regular basis. Details of default risk have been covered under the credit risk section.

**42.9.5 Long-Term Insurance Contracts – Individual Life**

The Group writes individual life business. The policies are designed so as to distribute benefits to the policyholder.

**Management of Risk**

The Group uses properly developed rates as far as advised by the Actuary on life cover, and in the event of death covers, reinsurance arrangements are in place to protect the Group.

**42.9.6 Short-term Insurance – Group Life**

The Group writes short-term Group life business. The policies are designed to indemnify the insured in the event of death.

**Management of Risk**

The Group uses rates that take cognisance of the mortality/claims experience of the Group as well as the market. Reinsurance arrangements are also in place to protect the Group on large claims.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 42. Risk Management (Continued)

#### 42.9 Long term insurance risks (Continued)

##### 42.9.7 Concentration of risk

The Group's risk analysis is largely driven by the classes of business written;

Business Class	Risk Rating
Immediate Annuity	High
Group Life	High
Individual Life	Medium
Deposit Admin	Low

##### 42.9.8 Major assumptions

A brief summary of the main assumption changes has been included below:

###### i) Inflation, investment return, risk discount rate

The unit cost inflation assumption and risk-free investment return assumption have been set at 33.2% and 36.2%, respectively. The risk-free investment return assumption is consistent with the 5-year point on the risk-free yield curve at the end of December 2024. The risk discount rate has been increased from 41.0% to 43.2% to maintain a 700-basis point gap to the risk-free investment return assumption.

###### ii) Expenses

The Individual Life (IL) unit maintenance cost assumption (IFRS4) was increased to K 90,599 (FY2023: K 69,482). The IL unit acquisition cost assumption was increased to K 117,141 (FY2023: K 88,608). The Annuity unit maintenance cost assumption was increased to K 53,294 (FY2023: K 40,000). The Annuity unit acquisition cost assumption was increased to K 46,171 (FY2023: K 38,844). The assumed year 1 and year 2+ Group Life and Group Funeral expense ratio assumptions (as % gross earned premium) decreased from 20.3% to 19.6%. The Credit Life expense ratio assumption (as % gross earned premium) has increased from 16.3% to 18.9%.

###### iii) Mortality and loss ratios

The assumed year 1 and year 2+ Claim Ratio's for Group Life and Group Funeral business was increased from 30% to 38.4%. The assumed year 1 and year 2+ Loss Ratios for Credit Life business were maintained at 30%.

The Individual mortality assumption was maintained at 100% of SA85-90 Heavy mortality table and the AIDS mortality assumption at 100% of HA2M/HA2F AIDS adjustment. The Annuity mortality assumption was maintained at 100% of a (55) mortality table.

###### iv) Bonus rates

The assumed future reserving terminal and reversionary bonus rates on participating IL business have been set at 50% and 3% p.a. respectively.

###### v) IFRS 17 Risk Adjustment Margins

Under the IFRS 17 General Measurement Model and Variable Fee Approach, Risk Adjustment margins are added to the best-estimate assumptions to provide a cushion against possible future adverse experiences. IFRS17 requires an entity to calculate a risk adjustment for non-financial risk (RA), which forms part of the fulfilment cash flows.

The Group follows a margins approach that applies risk adjustment to non-financial assumptions on mortality.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**42. Risk Management** *(Continued)***42.8 Other Risk Management** *(Continued)*

Assumption	Margin
Mortality	7.5% increase in risk business
Lapse	25% (e.g. if the best estimate is 10%, the margin is 2.5%), (increase or decrease, depending on which alternative increases liabilities). (e.g. If the best estimate is 10% the margin is $\pm 0.5\%$ )
Expense inflation	4.6% increase

For Group business, an Unexpired Premium Reserve ("UPR") and Incurred but Not Reported ("IBNR") reserve is calculated. The UPR is calculated as the unearned premiums for unexpired risk based on the period of cover paid for.

*vi) IFRS 4 Compulsory and Discretionary Margins*

For the IFRS 4 valuation, margins for prudence are added to the best estimate assumptions on products where a prospective reserve is held (i.e. where asset share is not held). Some of these margins are compulsory under SAP 104 (Standard of Actuarial Practice 104) as set out in the table below.

Assumption	Margin
Mortality	7.5% increase in risk business
Lapse	25% (e.g. if the best estimate is 10%, the margin is 2.5%), (increase or decrease, depending on which alternative increases liabilities).
Surrenders	10% (increase or decrease, depending on which alternative increases liabilities).
Expense inflation	10% (of estimated escalation rate).
Charges against investment return	25 basis points in the management fee or an equivalent asset-based or investment performance-based margin.

*Reinsurance risk*

Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

*Reinsurance strategy*

The Company reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. It buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the company. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances.

**43. Operating segments**

Segment results that are reported to the Group's CEO (being the Chief Operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

An operating segment is a component of the Group that engages in business activities from which it

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 43. Operating segments (Continued)

may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Executive Committee to make decisions about resource allocation to the segment and assess its performance and for which discrete information is available.

Inter-segment pricing is determined on an arms' length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

#### *Reportable segments*

The Group comprises the following main reportable segments:

- Life Insurance and Pension business;
- General Insurance business;
- Banking business;
- Investment Holding;
- Asset Management; and
- Information Technology.

General Insurance segment operate in Malawi and Zambia

Investment Holding, Life Insurance and Pension segments operate in Malawi and Mozambique. Information Technology, Asset Management and Banking segments are only operated in Malawi.

The Banking sector monitors concentration of credit risk by sector and by geographic location:

#### Concentration by Sector

- Retail
- Corporate
- Banks

#### Concentration by location

- Northern Region
- Central Region
- Southern Region

#### *Geographical segments*

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 43. Operating segments (Continued)

Operating segments - 2024										
	Long term insurance	Pension administration	Short term insurance	Banking	Investment	Asset management	Information technology	Total before eliminations	Eliminated on consolidation	Total
Gross revenue	74 181 693	7 293 514	84 354 654	284 869 605	26 310 121	59 509 504	9 770 875	546 289 966	(29 844 722)	516 445 244
Insurance service result	41 012 059	-	12 263 263	-	-	-	-	53 275 322	(1 800 000)	51 475 322
Net other operating costs	(632 136)	(5 123 384)	(7 002 899)	(156 825 143)	(9 154 988)	(49 419 193)	(8 377 724)	(236 535 467)	14 629 940	(221 905 527)
Profit before tax	47 623 921	2 147 890	9 697 013	124 939 901	18 689 221	10 069 405	1 450 437	214 617 786	(16 866 397)	197 751 391
Profit after tax	44 936 248	1 503 761	6 542 761	72 990 953	17 249 988	7 023 766	1 011 930	151 259 407	(16 866 397)	134 393 010
Other Information										
Segment/Assets	959 509 705	6 743 170	87 513 217	1 192 844 287	43 051 698	306 371 955	3 089 256	2 599 123 288	(168 300 211)	2 430 823 077
Segment/Liabilities	852 209 533	3 119 363	65 995 311	1 080 749 423	6 959 419	300 085 989	1 618 954	2 310 747 992	(156 391 236)	2 154 356 756
Capital Expenditure	746 630	135 912	253 647	22 222 350	251 101	154 012	674 540	24 438 192	-	24 438 192
Segment Cashflows										
From Operating Activities	21 217 043	1 167 990	5 409 321	54 759 320	(2 560 491)	1 404 279	1 892 654	83 290 116	(4 723 696)	78 566 420
From Investing Activities	43 636 405	206 445	(5 113 848)	(22 103 121)	8 326 377	5 719 873	(668 939)	30 003 192	(6 431 043)	23 572 149
From Financing Activities	(11 554 667)	(1 090 993)	(2 778 993)	23 349 776	(13 177 962)	(3 324 343)	(389 201)	(8 966 363)	(3 133 603)	(12 099 986)
Composition of										
gross revenue										
Insurance revenue	54 650 379	-	78 509 473	-	-	-	-	133 159 852	-	133 159 852
Income from banking operations	-	-	-	284 869 605	-	-	-	284 869 605	1 772 193	286 641 798
Fees and commission income	-	6 951 157	-	-	7 198 222	9 966 050	9 769 002	33 884 431	(12 674 999)	21 209 432
Interest income	4 485 515	342 357	5 631 451	-	1 786 409	49 543 454	1 873	61 791 059	(2 051 341)	59 739 718
Other investment income	15 045 799	-	213 730	-	17 325 490	-	-	32 585 019	(16 890 575)	15 694 444
<b>Gross revenue</b>	<b>74 181 693</b>	<b>7 293 514</b>	<b>84 354 654</b>	<b>284 869 605</b>	<b>26 310 121</b>	<b>59 509 504</b>	<b>9 770 875</b>	<b>546 289 966</b>	<b>(29 844 722)</b>	<b>516 445 244</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 43. Operating segments (Continued)

Operating segments - 2023										
	Long term insurance	Pension administration	Short term insurance	Banking	Investment	Asset management	Information technology	Total before eliminations	Eliminated on consolidation	Total
Gross revenue	40 655 527	5 183 763	56 314 076	146 820 968	20 609 955	32 476 365	5 994 569	308 055 223	(25 934 952)	282 120 271
Insurance service result	5 076 307	-	3 674 386	-	-	-	-	8 750 693	-	8 750 693
Net other operating costs	(493 341)	(3 909 054)	(5 202 210)	(96 098 786)	(5 946 236)	(27 515 791)	(5 427 736)	(144 593 154)	11 013 425	(133 579 729)
Profit before tax	26 674 446	1 257 521	671 279	49 720 703	14 703 312	4 943 427	537 828	98 508 516	(14 921 527)	83 586 989
Profit after tax	25 719 163	869 966	238 292	29 378 138	13 623 369	3 452 476	357 366	73 638 770	(14 921 527)	58 717 243
Other Information										
Segment Assets	666 941 256	4 745 373	70 049 960	657 716 408	32 357 421	171 894 118	1 614 635	1 605 319 171	(38 094 255)	1 567 224 916
Segment Liabilities	593 526 398	1 605 324	55 850 629	608 019 396	5 353 503	169 341 918	855 764	1 434 552 931	(28 334 501)	1 406 218 430
Capital Expenditure	109 326	18 261	184 533	13 819 264	289 270	98 477	349 764	14 868 896	-	14 868 896
Segment Cashflows										
From Operating Activities	(1 218 932)	454 536	2 638 896	95 534 871	(3 260 724)	(21 011 980)	822 547	73 959 214	(14 504 268)	59 454 946
From Investing Activities	29 856 793	154 142	3 724 941	(13 793 702)	16 687 457	22 302 766	(334 130)	58 598 267	(20 581 119)	38 017 148
From Financing Activities	(2 099 307)	(221 276)	(2 068 590)	(13 164 492)	(9 090 307)	(3 424 455)	(254 578)	(30 323 005)	14 921 527	(15 401 478)
Composition of gross revenue	28 113 989	-	52 892 081	-	-	-	-	81 006 070	-	81 006 070
Insurance revenue	-	-	-	-	-	-	-	146 820 968	(127 337)	146 693 636
Income from banking operations	-	-	-	-	-	-	-	22 117 274	(8 333 362)	13 783 912
Fees and commission income	-	5 012 780	-	146 820 968	4 044 139	7 066 154	5 994 201	32 107 430	2 440 811	29 666 619
Interest income	1 823 527	170 983	3 292 158	-	1 411 183	25 410 211	368	-	-	-
Other investment income	10 718 011	-	130 837	-	15 154 633	-	-	26 003 481	(1 503 447)	10 970 034
Gross revenue	40 655 527	5 183 763	56 315 076	146 820 968	20 609 955	32 476 365	5 994 569	308 055 223	(7 523 335)	282 120 271





## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 43. Operating segments (Continued)

## Geographical segments

	Malawi 2024	Malawi 2023	Zambia 2024	Zambia 2023	Eliminated on consolidation 2024	Eliminated on consolidation 2023	Total 2024	Total
Gross revenue	507 443 348	280 990 041	38 846 618	27 065 182	(29 844 722)	(25 934 952)	516 445 244	282 120 271
Insurance service result	47 705 685	7 031 594	45 569 637	1 719 101	(1 800 000)	-	51 475 322	8 750 693
Net other operating costs	(231 466 528)	(140 864 046)	(5 068 939)	(3 729 108)	14 629 940	11 013 425	(221 905 527)	(133 579 729)
Profit before tax	213 359 592	99 668 336	1 258 196	1 159 820	(16 866 397)	(14 921 527)	197 751 391	83 586 989
Profit after tax	150 540 238	74 695 639	719 169	1 056 869	(16 866 397)	(14 921 527)	134 393 010	58 717 243
Other Information								
Segment Assets	2 579 841 000	1 587 590 095	19 282 288	17 729 579	(168 300 211)	(39 150 290)	2 430 823 077	1 564 797 511
Segment Liabilities	2 294 112 123	1 419 141 482	16 635 869	15 411 448	(156 391 236)	(28 334 501)	2 154 356 756	1 406 560 088
Capital Expenditure	24 197 049	14 827 279	241 143	41 617	-	-	24 438 192	14 868 896
Segment Cashflows								
From Operating Activities	88 103 896	73 594 481	1 024 534	364 733	(4 723 696)	(14 504 268)	84 404 734	59 454 946
From Investing Activities	25 080 667	58 655 870	(950 752)	(57 603)	(6 431 043)	(20 581 119)	17 698 872	38 017 148
From Financing Activities	(8 511 977)	(29 884 812)	(419 443)	(438 193)	(3 133 603)	14 921 527	(12 065 023)	(15 401 478)
Composition of gross revenue								
Insurance revenue	95 501 654	54 663 988	37 658 198	26 342 082	-	-	133 159 852	81 006 070
Income from banking operations	284 869 605	146 820 968	-	26 342 082	1 772 193	(127 332)	286 641 798	146 693 636
Fees and commission income	33 884 431	22 117 274	-	-	(12 674 999)	(8 333 362)	21 209 432	13 783 912
Interest income	60 602 639	31 384 330	1 188 420	723 100	(2 051 341)	(2 440 811)	59 739 718	29 666 619
Other investment income	32 585 019	26 003 481	-	-	(16 890 575)	(15 033 447)	15 694 444	10 970 034
<b>Gross revenue</b>	<b>507 443 348</b>	<b>280 990 041</b>	<b>38 846 618</b>	<b>53 407 264</b>	<b>(29 844 722)</b>	<b>(25 934 952)</b>	<b>516 445 244</b>	<b>282 120 271</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 44. Employee benefits liabilities

	Group		Company	
	2024	2023	2024	2023
Expense recognised in the profit or loss				
Pension costs	3 775 700	2 164 677	209 864	172 864

The Pension Fund is a defined contribution plan. Under this plan, employer's liability is limited to the pension contributions.

#### Employee Share Ownership Scheme

On 16 August 1996, the shareholders approved establishment of a Trust for an employee share ownership scheme. In terms of Malawi Stock Exchange rules, a maximum of up to 4% of the equity in the company may be held by the Trust. However, upon listing, arrangements were made for the Trust to acquire 2% of the equity. Options have been granted to employees of the Group based on length of service and positions of employees exercisable at a determined price. Option holders are only entitled to exercise their options if they are in the employment of the NICO Group and in accordance with the trust deed and rules. Employees are eligible if they have served for at least two years and occupy an established position in the Group.

The objective of the scheme is to motivate and encourage employees to identify themselves with the interests and aspirations of the NICO Group.

The periods in which the option shares may be acquired up to the maximum percentage specified after the expiry of minimum period computed from the date of grant and set out against the relevant percentages.

Maximum %	Minimum Period
25%	12 months
50%	24 months
75%	36 months
100%	48 months

#### Movement in employee Share Ownership

	31-Dec-24 Number of shares	31-Dec-23 Number of shares
Outstanding at the beginning of the year	6 593 533	6 818 708
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	105 375	225 175
Expired during the year	-	-
Outstanding at the end of the year	6 4 88 158	6 593 533

3 148 200 shares were allotted to qualifying employees in 2022. The shares will be vested over a four year period as noted above. No Shares were allotted in 2024.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

**45. Contingent liabilities and commitments****(a) Capital commitments**

As at 31 December 2024, the authorised but not yet contracted for capital commitments for property and equipment were K33.1 billion (2023: K18.3 billion). These capital commitments are to be funded from internal resources.

**(b) Contingent liabilities**

- (i) In common with other banks, the Group conducts business involving acceptances, guarantees, performance bonds and indemnities.
- (ii) The Company issued a financial guarantee to its subsidiary, NBS Bank, in the amount of K3.4 billion which would crystallise into a liability only in the event of default on the part of the relevant counterparty.
- (iii) The Group is a defendant to several cases which are outstanding. The cases include those relating to tax claims and claims from civil proceedings which are in courts. While liability is not admitted, if the defense against the actions is unsuccessful, then the Group would pay the claims estimated at K3.5 billion (2023: K7.8 billion). Included in the K3.5 billion are the following cases and claims:
- (iv) The banking business is a defendant/respondent to several cases which are outstanding in the courts of Malawi. Significant is a claim for K3.0 billion which had arisen from a dispute over a forex forward contract several years ago. The Bank won the case in the High Court of Malawi, Commercial Division. The case is now subject of an appeal before the Supreme Court of Malawi. The appeal is far from ready to be heard as there is an application pending on security of costs. Directors are accordingly satisfied that the legal proceedings currently pending against the Group will not have a material adverse effect on the Group's consolidated financial position and the Directors are satisfied that the Group has adequate provisions in place to meet claims that may arise.

The contractual amounts of the Group's off-balance sheet position financial instruments that commit it to extend credit to customers are as follows:

	Group		Company	
	2024	2023	2024	Restated 2023
	K'000	K'000	K'000	K'000
Acceptances and letters of credit	37 867 899	7 813 086	-	-
Currency swaps	-	-	-	-
Performance and financial guarantees*	58 298 052	10 667 578	3 405 840	1 702 920
Undrawn formal stand-by facilities credit lines and other commitments to lend	2 195 975	3 560 018	-	-
<b>Total unrecognized financial assets</b>	<b>98 361 926</b>	<b>22 040 682</b>	<b>3 405 840</b>	<b>3 405 840</b>
<b>Other Commitments</b>				
Authorized but not yet contracted capital commitments on property and equipment	32 139 605	17 237 137	-	-
<b>Total other commitments</b>	<b>32 139 605</b>	<b>17 237 137</b>	<b>-</b>	<b>-</b>

\*During the current year, the Company identified an omission in the disclosure of a performance guarantee issued to NBS Bank Plc amounting to K1.7 billion. This guarantee, which was outstanding as of 31 December 2023, was erroneously omitted from the prior year's financial statements.

As a result, the comparative figures for guarantees and performance bonds have been restated to accurately reflect this obligation. This restatement has no impact on the Company's financial position or performance but ensures proper disclosure of contingent liabilities.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 46. Cashflow information

#### 46.1 Increase in operating assets- banking business

	Group	
	2024 K'000	2023 K'000
Changes in loans and advances	(81 125 533)	** (16 157 286)
Changes in equity instruments	-	** (42 024)
Changes in placements with other institutions	(56 316 604)	** (26 520 008)
Changes in other assets	(13 396 811)	** (2 359 541)
Changes in money market investments	(309 804 026)	** (63 182 646)
<b>Change in operating assets</b>	<b>(460 642 974)</b>	<b>(108 261 505)</b>

#### 46.1 Increase in operating liabilities- banking business

	Group	
	2024 K'000	2023 K'000
Changes in customer deposits	188 206 656	** 153 079 656
Changes in liabilities to financial institutions	224 649 953	** 1 017 596
Changes in other liabilities	10 492 050	** 9 781 070
<b>Change in operating liabilities</b>	<b>423 348 659</b>	<b>** 163 878 322</b>

#### 46.2 Interest Received and Paid – Banking Activities Restated

Included within cash receipts from customers and cash payments to employees and suppliers in the cashflow are interest received of K234.2 billion (2023: K110.1 billion) and interest paid of K79.4 billion (2023: K44.2 billion), respectively. These amounts relate to the banking operations and are classified as operating activities in accordance with IAS 7, as they represent cash flows arising from the principal revenue-generating activities of the banking component.

\*\*Refer to note 1.3 to the financial statements for details relating to the restatement.

### 47. Subsequent Events

There were no subsequent events after the reporting date.

### 48. Exchange and inflation rates

The average of selling and buying exchange rates at year end of major foreign currencies affecting the performance of the group and company are stated below, together with the increase in the National Consumer Price Index which represents an official measure of inflation.

	Group	
	2024	2023
United States Dollar (USD) to Malawian Kwacha (MWK)	1 733.83	1 683.33
United States Dollar (USD) to Zambian Kwacha (ZMW)	27.80	25.78
United States Dollar (USD) to Ugandan Shilling (USH)	3 673	3 815.00
United States Dollar (USD) to Mozambique Metical (MT)	63.90	63.89
South Africa Rand (ZAR) to Malawian Kwacha (MK)	95.16	94.49
British Pound (GBP) to Malawian Kwacha (MK)	2 244.67	2 222.26
Inflation rates as at 31 December (%)	28.10	27



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 48. Exchange and inflation rates *(Continued)*

At the date of approval of these financial statements, the above noted exchange and inflation rates had moved as follows:

United States Dollar (USD) to Malawian Kwacha (MWK)	1 733.83
United States Dollar (USD) to Zambian Kwacha (ZMW)	28.81
United States Dollar (USD) to Ugandan Shilling (USH)	3 665.00
United States Dollar (USD) to Mozambique Metical (MT)	63.88
South Africa Rand (ZAR) to Malawian Kwacha (MK)	98.08
British Pound (GBP) to Malawian Kwacha (MK)	2 309.10
Inflation (February) (%)	30.7

### 49. Environmental, Social and Governance (ESG)

#### Climate Change and impact on the Group

The Group will for the year ended 31 December 2024 prepare a separate sustainability report which will detail ESG matters in relation to the NICO Group.