



# SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



## REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NICO HOLDINGS PLC

### Opinion

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2022, the summary consolidated and separate statements of comprehensive income, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of NICO Holdings plc for the year ended 31 December 2022.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, and the basis described in the Basis of Preparation paragraph.

### Summary Financial Statements

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the consolidated and separate audited financial statements and the auditor's report thereon. The summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the consolidated and separate audited financial statements.

### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 15 April 2023. That report also includes the communication of 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 year.

### Director's Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary consolidated and separate financial statements on the basis described in Basis of Preparation paragraph.

### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) Engagements to Report on Summary Financial Statements.

*Deloitte*

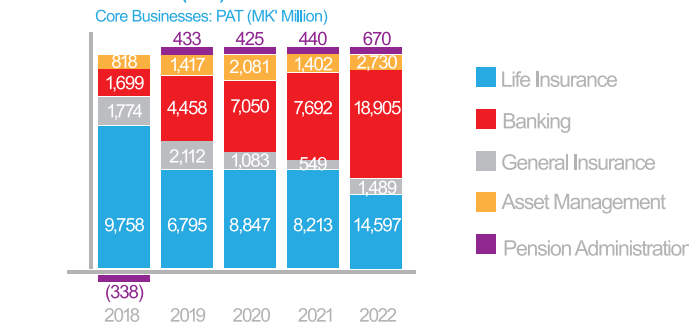
Chartered Accountants  
Nkondola Uka  
Partner  
17 April 2023

**Deloitte**

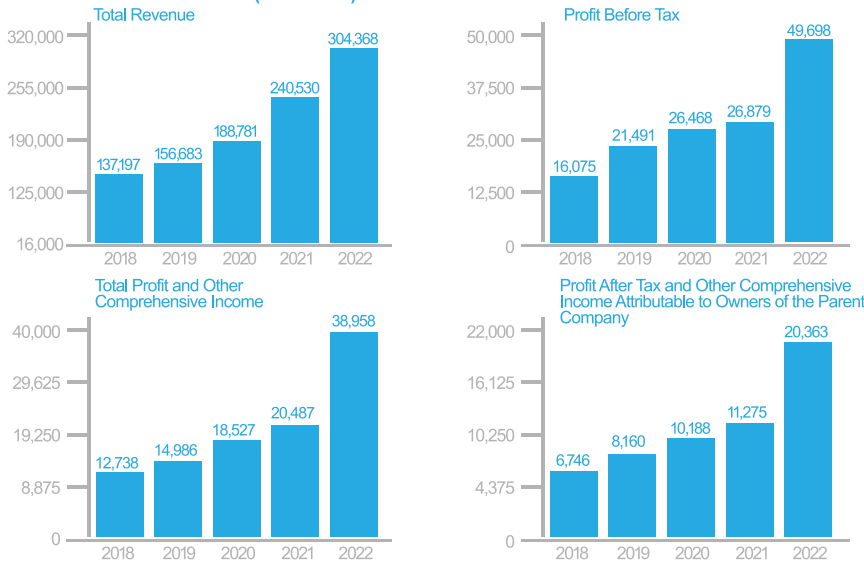
### COMPREHENSIVE INCOME

All in K'million	2022	2021	% Change
Net insurance premiums	119,353	93,563	▲ 27.6%
Investment income	82,586	80,236	▲ 2.9%
Income from banking	91,311	58,820	▲ 55.2%
Fee income	11,119	7,911	▲ 40.6%
<b>Total Revenue</b>	<b>304,368</b>	<b>240,530</b>	<b>▲ 26.5%</b>
Operating expenses	(253,914)	(212,307)	▲ (19.6%)
<b>Operating profit</b>	<b>50,454</b>	<b>28,223</b>	<b>▲ 78.8%</b>
Other income	462	374	▲ 23.5%
Net finance costs	(1,218)	(1,718)	▼ 29.1%
<b>Profit Before Tax</b>	<b>49,698</b>	<b>26,879</b>	<b>▲ 84.9%</b>
Tax	(12,128)	(8,580)	▲ (41.4%)
<b>Profit After Tax</b>	<b>37,569</b>	<b>18,299</b>	<b>▲ 105.3%</b>
Other Comprehensive Income Net of Tax	1,388	2,188	▼ (36.6%)
<b>Total comprehensive income for the year</b>	<b>38,958</b>	<b>20,487</b>	<b>▲ 90.2%</b>
Total comprehensive income for the year attributable to:			
Non-controlling interest	18,595	9,212	▲ 101.8%
Owners of the parent company	20,363	11,274	▲ 80.6%
<b>Total</b>	<b>38,958</b>	<b>20,487</b>	<b>▲ 90.2%</b>

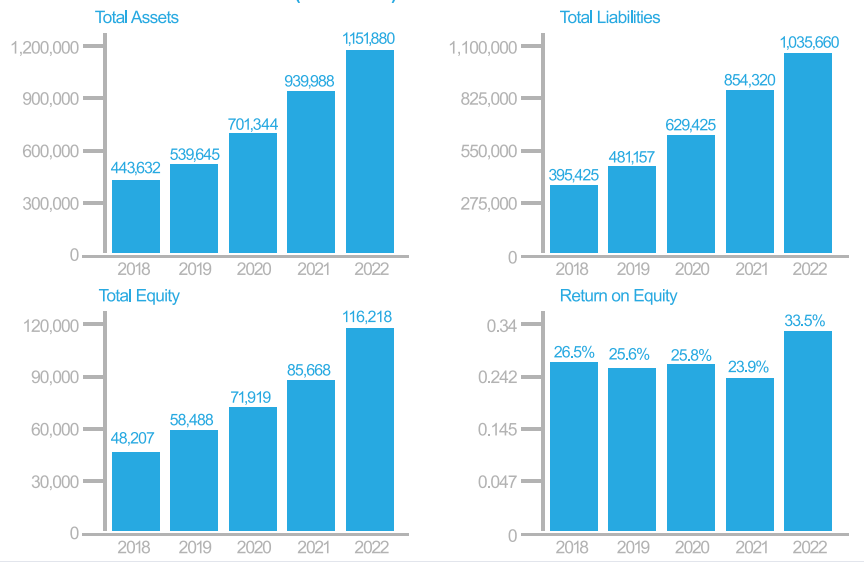
### PROFIT AFTER TAX (PAT)



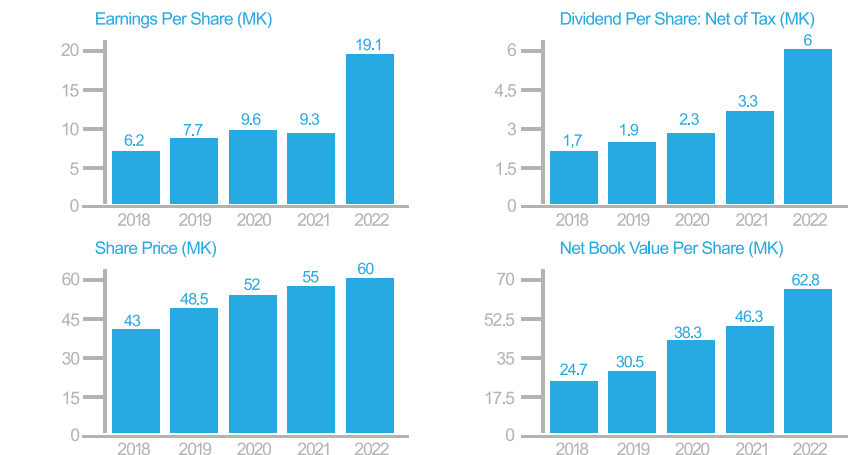
### FINANCIAL PERFORMANCE (MK' Million)



### FINANCIAL POSITION SUMMARY (MK' Million)



### SHAREHOLDER VALUE



...that NICO has the knowledge and expertise to help you achieve your goals.

## SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### HIGHLIGHTS

**PROFIT AFTER TAX**  
INCREASED BY AN  
IMPRESSIVE **105%**  
TO **MK37.6 BILLION**

**REVENUE**  
INCREASED  
BY **27%** TO  
**MK304.5 BILLION**

**DIVIDENDS**  
INCREASED BY  
**85%** TO  
**MK6.258 BILLION**



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# SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



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	GROUP		COMPANY	
	31-Dec-22 MK'million	31-Dec-21 MK'million	31-Dec-22 MK'million	31-Dec-21 MK'million
<b>SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME</b>				
Revenue	299,066	234,796	4,090	2,940
Dividend income	5,384	5,908	7,042	7,111
Share of profit from associate and Joint ventures companies				
Depreciation and ammortisation	(5,305)	(5,397)	(52)	(71)
Impairment losses on financial assets	(4,011)	(3,219)	-	-
Finance costs	(1,218)	(1,718)	(464)	(367)
Operating expenses	(158,821)	(109,018)	(91)	-
Management expenses	(53,235)	(39,467)	(4,393)	(2,798)
Long-term policy holders benefits	(36,554)	(58,424)	-	-
<b>Profit before income tax</b>	<b>49,697</b>	<b>26,879</b>	<b>6,512</b>	<b>7,014</b>
Income tax expense	(12,128)	(8,580)	(499)	(472)
<b>Profit for the year</b>	<b>37,569</b>	<b>18,299</b>	<b>6,013</b>	<b>6,542</b>
Attributable to non-controlling interest	17,644	8,563	-	-
Attributable to shareholders of the parent company	19,925	9,736	6,013	6,542
	<b>37,569</b>	<b>18,299</b>	<b>6,013</b>	<b>6,542</b>
<b>Other comprehensive income</b>				
<b>Items that will never be reclassified to profit or loss</b>				
Revaluation of property and equipment	315	(243)	-	-
<b>Items that are or may be reclassified to profit or loss</b>				
Profit on available for sale assets	549	1,652	(591)	851
Translation difference on foreign subsidiary	525	779	-	-
<b>Total other comprehensive income for the year</b>	<b>1,389</b>	<b>2,188</b>	<b>(591)</b>	<b>851</b>
<b>Total other comprehensive income for the year after tax</b>	<b>1,389</b>	<b>2,188</b>	<b>(591)</b>	<b>851</b>
<b>Total comprehensive income for the year</b>	<b>38,958</b>	<b>20,487</b>	<b>5,422</b>	<b>7,393</b>
Attributable to non-controlling interest	18,595	9,213	-	-
Attributable to shareholders of the parent company	20,363	11,274	5,422	7,393
	<b>38,958</b>	<b>20,487</b>	<b>5,422</b>	<b>7,393</b>
Dividend paid to shareholders of the parent company	(3,129)	(3,004)	(3,129)	(3,004)
Earnings per share (Tambala)	1,910	933	-	-
Dividend paid per share (Tambala)	300	288	300	288
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041
<b>SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION</b>				
<b>ASSETS</b>	<b>1,151,879</b>	<b>939,988</b>	<b>25,040</b>	<b>21,031</b>
Cash and cash equivalents	96,525	88,617	9,642	5,977
Trade and other receivables	18,670	28,696	2,208	1,623
Loans and advances to customers	137,796	82,183	-	-
Client funds under management	134,739	95,041	-	-
Insurance receivables	45,589	21,207	-	-
Other investments and loans receivable	60,350	39,055	2	2
Inventories	212	137	-	-
Investment in associate and joint venture companies	1,645	1,266	1,645	1,266
Investment in government securities	396,697	361,032	-	-
Investment in subsidiaries	-	-	9,063	9,063
Investment in equity shares	227,015	194,921	2,179	2,790
Investment properties	4,454	4,061	178	158
Deferred tax assets	6,590	2,230	-	-
Right-of-use assets	3,151	3,940	56	82
Intangible assets	5,736	6,615	11	17
Property and equipment	12,710	10,987	56	53
<b>LIABILITIES</b>	<b>1,035,661</b>	<b>854,320</b>	<b>5,699</b>	<b>3,983</b>
Deposits and customer accounts	355,830	210,665	-	-
Trade and other payables	46,179	109,972	3,297	1,110
Client funds payable	134,736	94,806	-	-
Insurance contract payables	43,182	18,619	-	-
Unearned Premium Reserve (UPR)	15,078	14,483	-	-
Interest-bearing loans and borrowings	9,407	11,019	2,292	2,750
Long-term policyholders liabilities	422,934	386,380	-	-
Lease liabilities	5,063	5,619	110	123
Deferred tax liabilities	3,252	2,757	-	-
<b>EQUITY</b>	<b>116,218</b>	<b>85,668</b>	<b>19,341</b>	<b>17,048</b>
Issued share capital	52	52	52	52
Reserves	65,430	48,196	19,289	16,996
Non-controlling interest	50,736	37,420	-	-
<b>Total equity and liabilities</b>	<b>1,151,879</b>	<b>939,988</b>	<b>25,040</b>	<b>21,031</b>

	GROUP		COMPANY	
	31-Dec-22 MK'million	31-Dec-21 MK'million	31-Dec-22 MK'million	31-Dec-21 MK'million
<b>SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY</b>				
<b>Balance as at the beginning of the year</b>	<b>85,668</b>	<b>71,919</b>	<b>17,048</b>	<b>12,659</b>
Net profit for the year	37,569	18,299	6,013	6,542
Other comprehensive income	1,389	2,188	(591)	851
Dividends declared in the year	(8,408)	(7,955)	(3,129)	(3,004)
<b>Other transactions with owners of company</b>	<b>-</b>	<b>1,217</b>	<b>-</b>	<b>-</b>
<b>Balance as at the end of the year</b>	<b>116,218</b>	<b>85,668</b>	<b>19,341</b>	<b>17,048</b>
<b>SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS</b>				
<b>Operating activities</b>				
Cash receipts from customers	301,820	186,805	2,994	2,155
Cash payments to clients, employees and suppliers	(282,803)	(92,531)	(3,470)	(2,924)
Interest paid	(1,989)	(1,510)	(463)	(363)
Income taxes paid	(15,686)	(10,499)	(722)	(927)
<b>Cash flows generated from/(used in) operating activities</b>	<b>1,342</b>	<b>82,265</b>	<b>(1,661)</b>	<b>(2,059)</b>
<b>Investing Activities</b>				
Interest received	56,070	39,954	764	456
Dividends received	5,384	5,908	7,042	6,575
Additions to property and equipment and intangible assets	(4,874)	(5,152)	(19)	(20)
Net additions of government securities	(54,262)	(115,315)	-	-
Net disposal/(additions) of equity shares	8,797	2,722	-	(1,042)
Disposal of loans and debentures	4,837	7,737	-	-
Other investing activities	49	22	-	-
<b>Cash flows generated from/(used in) investing activities</b>	<b>16,001</b>	<b>(64,124)</b>	<b>7,787</b>	<b>5,969</b>
<b>Financing Activities</b>				
Net proceeds from long term borrowings	(1,711)	741	(458)	-
Dividends paid	(4,758)	(7,109)	(2,013)	(2,673)
Other financing activities	(1,176)	223	(13)	(15)
<b>Cash flows used in financing activities</b>	<b>(7,645)</b>	<b>(6,145)</b>	<b>(2,484)</b>	<b>(2,688)</b>
Net increase in cash and cash equivalents	9,698	11,996	3,642	1,222
Cash and cash equivalents at 1 January	88,617	76,656	5,977	4,738
Effects of changes in exchange rates	(1,790)	(35)	23	17
<b>Cash and cash equivalents at 31 December</b>	<b>96,525</b>	<b>88,617</b>	<b>9,642</b>	<b>5,977</b>

## BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements to meet the listing requirements of the Malawi Stock Exchange. The Directors believe that the summary consolidated and separate statements of financial position, summary consolidated and separate statements of comprehensive income, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows are sufficient to meet the requirements of the users of the summary financial statements. The amounts in the summary financial statements are prepared in accordance with the framework, concepts and the measurements and recognition requirements of International Financial Reporting Standards.

The summary financial statements have been derived from the Annual Financial Statements which were approved by the Board of Directors on 12 April 2023.

## OVERVIEW

The Directors are pleased to report on the audited consolidated results of NICO Holdings PLC and its subsidiaries, joint venture, and associate companies ("NICO Group") for the year ended 31 December 2022.

## NATURE OF ACTIVITIES

The core business of the NICO Group is General Insurance, Life Insurance, Pension Services, Banking, Corporate Finance Advisory and Asset Management. The NICO Group through its portfolio investments also owns substantial investments in property, listed and unlisted equity investments across various industries in the Malawi economy. The Group carries out its business through subsidiaries in Malawi and Zambia, a joint venture company in Malawi and an associate company in Mozambique.

## ECONOMIC OVERVIEW

The Group's outstanding performance in 2022 was achieved in difficult economic circumstances. Firstly, the Malawi Economy was badly affected by Cyclone Ana which damaged power plants and caused loss of one third of the country's power generation capacity. Reduced power generation negatively impacted output in the wider economy. Further, infrastructure such as roads, schools and hospitals were damaged. Secondly, the Kwacha was devalued by 25% in May 2022. As a consequence, annual inflation rate rose from single digits to 25.4% and the policy rate was raised from 14% to 18%. Costs of all goods and services shifted largely in line with inflation. Thirdly, the market experienced acute shortage of forex which negatively impacted the import of raw materials and finished goods. The Russian war in Ukraine disrupted international supply chain and logistics. These developments contributed to a slowing down of real output to an estimated growth rate of 1.7% in 2022 compared to 3.9% in 2021.

## GROUP RESULTS

Gross revenue for the year ended 31 December 2022 increased by 27% to MK304.5 billion compared to MK240.7 billion in 2021, driven by the the banking and life insurance businesses. Profit after tax before other comprehensive income increased by 105% to MK37.6 billion compared to MK18.3 billion in 2021. This excellent result was mainly due to strong performance from the banking, life insurance and asset management businesses. Profit After Tax and Other Comprehensive income increased by 90% to MK38.96 billion from MK20.49 billion in 2021.

## SEGMENTAL PERFORMANCE

### Life Insurance

NICO Life Insurance registered total premium income of MK67.5 billion which represented a 24% growth over 2021 income of MK54.5 billion. This growth was attributed to acquisition of new business. The business registered a 69% growth in profit after tax to MK14.6 billion from MK8.7 billion in 2021. The growth in profitability was due to better claims experience in current year compared to prior year. In 2021 the business was heavily affected by significant increase in death claims largely driven by the COVID 19 pandemic.

The associate company in Mozambique registered satisfactory performance. Revenue and profit after tax grew by 33% and 73%, respectively.

### Banking

The bank delivered a very strong performance in the year driven by growth of all income lines, including the customer deposits, loan book, money market investments, coupled with a reduction in cost of funding. The bank grew its balance sheet size by 27% in 2022 to MK462.2 billion. The Bank registered a 67% growth in customer deposits to MK376.5 billion (2021: MK224.9 billion). Loans and advances grew by 68% to close at MK137.8 billion (2021: MK82.2 billion). Net interest income grew by 67% to MK51.4 billion (2021: MK30.8 billion) while non-interest revenue grew by 27% to MK14.2 billion (2021: MK11.1 billion). Impairment charges improved to MK2.98 billion, down by 7% from MK3.19 billion in 2021 due to enhanced portfolio management. Profit after tax grew by an impressive 146% to MK18.9 billion from MK7.7 in 2021.

### General Insurance

The general insurance business in Malawi registered premium growth of 3% to MK 23.6 billion (2021: MK 22.9 billion). The modest premium growth was due to reduction in insurance covers and policy extensions by some clients in the year. The business registered profit after tax of MK1.7 billion, an increase of 111% from MK787.4 million in the prior year due to an improved underwriting performance emanating from lower loss ratio. The business registered an underwriting profit of MK533 million compared to a loss of MK1.4 billion in 2021. In the prior year the business was affected by a very high loss ratio. It is especially pleasing to report that the general insurance business in Malawi facilitated payments in excess of MK13 billion towards restoration of power plants and sugar irrigation infrastructure that was damaged by Cyclone Ana. Upon full assessment, total payments are expected to be at least MK25 billion.

The business in Zambia registered gross premiums growth of 5% to ZMW515.7 million (Malawi Kwacha equivalent of MK 29.0 billion). The business registered a loss after tax of ZMW5.79 million compared to a loss after tax of ZMW5.85 million in 2021. The loss in current year was due to increase in loss ratio especially from motor class and higher operating costs.

### Asset Management

NICO Asset Managers Limited ("NAML") manages a significant portion of funds under management in Malawi. The Company specialises in portfolio management and investment advisory and has, over the years, delivered competitive returns and measurable value to its clients.

During the year under review, the business registered a 50% growth in revenue at MK23.3 billion (2021: MK15.6 billion). Revenue growth was mainly driven by increases in interest income, securities trading income, and fees from managed funds. Profit after tax for the year was MK2.7 billion compared to MK1.4 billion registered in 2021. NAML registered growth in assets under management of 22.5% in the year to MK869.4 billion (2021: MK709.6 billion).

### Pension Administration

NICO Pension Services Limited is licenced to offer pension administration services and act as a corporate trustee for pension schemes. The company currently offers pension administration services to several schemes and is also a corporate trustee for various pension funds.

The Company registered 25% growth in revenue in the year to MK4.0 billion (2021: MK3.2 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 MK669.9 million in the year which was 52% higher than the MK440.0 million profit registered in 2021.

### Segmental Contribution to Group Profit After Tax

	31-Dec-2022 MK' Million	31-Dec-2021 MK' Million	%
Banking	18,905	7,692	146%
Life insurance	14,597	8,653	69%
Asset management	2,730	1,403	95%
General insurance	1,489	549	171%
Pension administration	670	440	52%
Other segments	(127)	(97)	(31%)
Holding company	6,013	6,542	(8%)
<b>Total</b>	<b>44,277</b>	<b>25,182</b>	<b>76%</b>
Elimination of dividend income from group companies	(6,708)	(6,883)	3%
<b>Group profit after tax</b>	<b>37,569</b>	<b>18,299</b>	<b>105%</b>

## STRATEGIC ALLIANCES

The Group continued to benefit from the strategic partnerships with Sanlam Emerging Markets (SEM), Africap LLC, Botswana Insurance Holding Ltd (BIHL), Rabo Bank of the Netherlands and Eris Properties Group of South Africa. Our partners continue to provide technical expertise in insurance, banking, corporate finance, staff training, property management and development.

## COMMUNITY RESPONSIBILITIES

As a responsible and responsive corporate citizen, NICO continues to support initiatives that uplift underprivileged communities in the areas of education, health, and the environmental preservation. A total of MK308 million was deployed to support the various CSR initiatives.

MK162 million was committed towards education sector, where MK100 million was channelled to the renovation of student's hostels at LUANAR, MK40 million towards a fundraising cause for underprivileged students at various colleges in the country, and MK22 million for tuition fees and mentorship programs for college students, secondary school girls, and for visually impaired students through Hope for the Blind organization, MK6.5 million was donated to the health sector for purchase of medical equipment and other items. MK30.5 million was channelled to various institutions that call for transformative leadership conversations aimed to bring positive economic impact for the country. MK60 million sponsorship to the SADC Regional Games held in the country in the year. MK6 million was channelled towards other sporting activities.

The country continues to be affected by natural disasters and other national emergencies that require joint efforts between government and the private sector to reach out to the affected communities. NICO has been in the forefront of supporting underprivileged communities in such situations and continues to do so when need arises.

## DIVIDEND

The declared and proposed dividends for NICO Holdings plc are as follows;

	Year to Dec 2022		Year to Dec 2021	
	Tambala per share	Total MK' Million	Tambala per share	Total MK' Million
1st interim dividend	100	1,043	75	782
Special 50th Anniversary dividend	0	0	50	521
2nd interim dividend	400	4,172	140	1,460
Final dividend	100	1,043	60	626
<b>Total</b>	<b>600</b>	<b>6,258</b>	<b>325</b>	<b>3,389</b>

After taking consideration of future investments and capital requirements, the Board of directors resolved to pay a second interim dividend of MK4.00 per share (MK4,172 million), (2021: MK1.40 per share, MK1,460 million) during the Board meeting held on 31<sup>st</sup> March 2023. The interim dividend will be paid on 12 May 2023 and the register of members will be closed on 5 May to 8 May 2023, both days inclusive.

At the forthcoming AGM scheduled for June 2023, the Board of directors will be recommending a final dividend of MK1.00 per share (MK1,043 million) for 2022 financial year.

Subject to the approvals outlined above and including the first interim dividend that was paid on 19th October 2022, total dividend to be paid in respect of 2022 financial year is MK6.00 per share or MK6.258 billion compared to MK3.25 per share or MK3.389 billion that was paid for 2021 financial year. This represents a dividend growth of 85%

## OUTLOOK\*

The business environment in the year ahead is likely to be more challenging than 2022. The Malawi economy was projected to register gross domestic product (GDP) growth rate of 2.7% in 2023 prior to the occurrence of Cyclone Freddy. Achievement of this growth rate will be difficult due to the social and economic impact of the Cyclone. Average annual inflation rate for 2023 estimated at 18.2% by Reserve Bank Malawi may rise even further on the back of loss of agricultural output in the flooded or drought affected districts. Pressure on the Kwacha is likely to persist. Interest rates will remain high in the medium-term, resulting in reduced appetite for new capital investments and a potential increase in credit impairments in the banking sector. Russia's war in Ukraine will continue to create uncertainty in world markets and the local economy.

The Group has strategies to effectively deal with the risks implicit in the economic outlook and is determined to grow the business in line with its strategic goals and objectives for 2023.

*\*Unaudited*

Gaffar Hassam  
Chairman

Vizenge Kumwenda  
Group Managing Director