



SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023



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 2023, 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 2023.

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 in accordance with the Listing Requirements of the Malawi Stock Exchange.

Summary Financial Statements

The summary consolidated and separate financial statements do not contain all the disclosures required by IFRS Accounting 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 30 April 2024. 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 in accordance with the Listing Requirements of the Malawi Stock Exchange.

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
30 April 2024
Deloitte



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SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

PROFIT AFTER TAX
INCREASES BY
60%
TO MK59.1 BILLION

REVENUE
INCREASES BY
39%
TO MK282.1 BILLION

DIVIDENDS
INCREASE BY
66.7%
TO MK10.430 BILLION



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SUMMARY STATEMENTS OF COMPREHENSIVE INCOME	GROUP		COMPANY	
	Restated			
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-23 MK'million	31-Dec-22 MK'million
Insurance revenue	81,006	76,158	-	-
Insurance service expenses	(69,907)	(65,635)	-	-
Net (expense)/income from reinsurance contracts held	(2,348)	2,082	-	-
Insurance service result	8,751	12,605	-	-
Net insurance finance income	8,356	2,254	-	-
Revenue from non-insurance operations	201,114	127,063	20,140	11,069
Other income	119	82	19	63
Share of profit from associate and Joint Ventures companies	504	380	504	380
Depreciation and ammortisation	(4,654)	(4,718)	(54)	(52)
Impairment losses on financial assets	(4,564)	(4,011)	-	-
Other finance costs	(1,163)	(1,221)	(483)	(464)
Operating expenses	(124,362)	(83,939)	(5,222)	(4,484)
Profit before income tax	84,101	48,495	14,904	6,512
Income tax expense	(25,024)	(11,490)	(1,205)	(499)
Profit for the year	59,077	37,005	13,699	6,013
Attributable to non-controlling interest	27,981	17,352	-	-
Attributable to shareholders of the parent company	31,096	19,653	13,699	6,013
	59,077	37,005	13,699	6,013
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Revaluation of property and equipment	729	315	-	-
Items that are or may be reclassified to profit or loss				
Financial assets at fair value through profit or loss	3,451	549	653	(591)
Translation difference on foreign subsidiary	456	525	-	-
Total other comprehensive income for the year net of tax	4,636	1,389	653	(591)
Total comprehensive income for the year	63,713	38,394	14,352	5,422
Attributable to non-controlling interest	29,933	18,303	-	-
Attributable to shareholders of the parent company	33,780	20,091	14,352	5,422
	63,713	38,394	14,352	5,422
Dividend paid to shareholders of the parent company	(9,388)	(3,129)	(9,388)	(3,129)
Earnings per share (Tambala)	2,981	1,884	-	-
Dividend paid per share (Tambala)	900	300	900	300
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041

SUMMARY STATEMENTS OF FINANCIAL POSITION	GROUP		COMPANY		
	Restated		Restated		
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-21 MK'million	31-Dec-23 MK'million	31-Dec-22 MK'million
ASSETS	1,567,681	1,133,320	926,642	30,222	25,040
Cash and cash equivalents	182,382	96,525	88,617	14,051	9,642
Trade and other receivables	15,961	15,792	26,060	2,119	2,208
Loans and advances to customers	153,816	137,796	82,183	-	-
Client funds under management	170,614	134,739	95,041	-	-
Reinsurance contract assets	41,873	29,783	10,580	-	-
Other investments and loans receivable	93,377	60,350	39,055	2	2
Inventories	561	212	137	-	-
Investment in associate and joint venture companies	1,857	1,645	1,266	1,857	1,645
Investment in government securities	473,677	396,697	361,032	-	-
Investment in subsidiaries	-	-	-	9,063	9,063
Investment in equity shares	384,573	227,015	194,921	2,804	2,179
Investment properties	4,914	4,454	4,061	206	178
Deferred tax assets	10,009	6,715	2,147	-	-
Right-of-use assets	3,823	3,151	3,940	29	56
Intangible assets	10,781	5,736	6,615	35	11
Property and equipment	19,463	12,710	10,987	56	56
LIABILITIES	1,406,218	1,014,866	838,173	5,916	5,699
Deposits and customer accounts	497,745	355,830	210,665	-	-
Trade and other payables	65,042	47,722	108,944	4,501	3,297
Client funds payable	167,831	134,736	94,806	-	-
Insurance contract liabilities	653,300	458,276	404,317	-	-
Reinsurance contract liabilities	305	5	-	-	-
Interest-bearing loans and borrowings	9,927	9,407	11,019	1,358	2,292
Lease liabilities	6,795	5,063	5,619	57	110
Deferred tax liabilities	5,273	3,827	2,803	-	-
EQUITY	161,463	118,454	88,469	24,306	19,341
Issued share capital	52	52	52	52	52
Reserves	90,991	66,598	49,637	24,254	19,289
Non-controlling interest	70,420	51,804	38,780	-	-
TOTAL EQUITY AND LIABILITIES	1,567,681	1,133,320	926,642	30,222	25,040

SUMMARY STATEMENTS OF CHANGES IN EQUITY	GROUP		COMPANY	
	Restated			
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-23 MK'million	31-Dec-22 MK'million
Balance as at the beginning of the year	118,454	85,668	19,341	17,048
IFRS 17 transition adjustment	-	4,154	-	-
Prior period adjustments-correction of errors	-	(1,354)	-	-
Net profit for the year	59,077	37,005	13,699	6,013
Other comprehensive income	4,636	1,389	653	(591)
Dividends paid	(20,704)	(8,408)	(9,387)	(3,129)
Balance as at the end of the year	161,463	118,454	24,306	19,341
SUMMARY STATEMENTS OF CASH FLOWS	GROUP		COMPANY	
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-23 MK'million	31-Dec-22 MK'million
Operating Activities				
Cash receipts from customers	415,311	301,820	3,633	2,994
Cash payments to clients, employees and suppliers	(265,688)	(282,803)	(5,601)	(3,470)
Interest paid	(2,387)	(1,989)	(533)	(463)
Income taxes paid	(25,153)	(15,686)	(710)	(722)
Cash flows generated from (used in) operating activities	122,083	1,342	(3,211)	(1,661)
Investing Activities				
Interest received	65,053	56,070	1,417	764
Dividends received	8,518	5,384	15,274	7,042
Additions to property and equipment and intangible assets	(14,881)	(4,874)	(54)	(19)
Net (additions) of government securities	(70,361)	(54,262)	-	-
Net disposal/(additions) of equity shares	(12,293)	8,797	-	-
Net (additions)/disposal of loans and debentures	(623)	4,837	-	-
Other investing activities	(24)	49	-	-
Cash flows (used in)/generated from investing activities	(24,611)	16,001	16,637	7,787
Financing Activities				
Net proceeds from long term borrowings	797	(1,711)	(934)	(458)
Dividends paid	(14,466)	(4,758)	(8,101)	(2,013)
Other financing activities	(1,732)	(1,176)	(53)	(13)
Cash flows used in financing activities	(15,401)	(7,645)	(9,088)	(2,484)
Net increase in cash and cash equivalents	82,071	9,698	4,338	3,642
Cash and cash equivalents at 1 January	96,525	88,617	9,642	5,977
Effects of changes in exchange rates	3,786	(1,790)	71	23
Cash and cash equivalents at 31 December	182,382	96,525	14,051	9,642
BASIS OF PREPARATION	GROUP		COMPANY	
	Restated		Restated	
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-21 MK'million	31-Dec-23 MK'million
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 29 April 2024.				
RESTATEMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS				
During the year the Group restated its prior year consolidated financial statements in compliance with new international financial reporting standards and correction of prior period misstatements as summarized below.				
1. Restatement due to adoption of new accounting standards IFRS 17, 'Insurance contracts'				
Effective 1 January 2023 the NICO Group adopted the new international reporting standard for the recognition, measurement and presentation of insurance transactions, IFRS 17 'Insurance Contracts', which replaced the previous standard, IFRS 4. In compliance with the new standard, the relevant Group balances and results for the prior years have been restated.				
2. Prior period adjustments-correction of errors				
2.1 Restatement of correction in relation to a prior period consolidation adjustment				
An adjustment has been made to the prior years in relation to intergroup balance from NBS as a result of an insurance claim to NICO General Insurance which was mis posted and not fully eliminated on consolidation in prior years.				
2.2 Restatement of correction in relation to prior period tax accruals				
The consolidated financial statements include an adjustment to the prior years in respect of an accrual for various taxes claimed by Malawi Revenue Authority following an audit of the tax affairs of the Group's banking business. The matter was under discussion with Malawi Revenue Authority, but the Group did an IFRIC 23 assessment which established that an accrual was required in order to present the tax claims in a true and fair manner.				
OVERVIEW	GROUP		COMPANY	
	Restated		Restated	
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-21 MK'million	31-Dec-23 MK'million
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 2023.				

NATURE OF ACTIVITIES	GROUP		COMPANY	
	Restated			
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-23 MK'million	31-Dec-22 MK'million
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	GROUP		COMPANY	
	Restated		Restated	
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-21 MK'million	31-Dec-23 MK'million
The Group performed outstandingly well in 2023, despite facing challenging economic conditions in Malawi. The country's economic growth was hindered by a combination of external factors, such as the global economic slowdown, the Russia-Ukraine conflict, which caused a shock to commodity prices, and internal factors such as Tropical Cyclone Freddy, which caused significant damage to infrastructure and agriculture. Additionally, government spending and investment were limited due to public debt constraints, persistent fiscal imbalances, and foreign exchange shortages, which disrupted imports as gross official import reserves averaged less than three months import coverage. These factors led to a substantial increase in headline inflation, averaging 28.8%, compared to 21.0% recorded in 2022. The Reserve Bank of Malawi devalued the Kwacha by 44.0% in November 2023, bringing the total depreciation of the MWK against the USD to 64.1% in 2023.				
GROUP RESULTS	GROUP		COMPANY	
	Restated		Restated	
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-21 MK'million	31-Dec-23 MK'million
Gross revenue for the year ended 31 December 2023 increased by 39% to MK282.1 billion compared to MK 203.2 billion in 2022, driven by the banking and life insurance businesses. Profit after tax before other comprehensive income increased by 60% to MK 59.1 billion compared to MK 37.0 billion in 2022. This excellent result was mainly due to strong performance from the banking and life insurance businesses. Profit for the year and Other Comprehensive income increased by 66% to MK 63.7 billion from MK 38.4 billion in 2022.				
Effective 1 January 2023 the NICO Group adopted the new international reporting standard for the recognition, measurement and presentation of insurance transactions, IFRS 17 Insurance Contracts, which replaced the previous standard, IFRS 4. In compliance with the new standard, the Group results for the year 2022 have been restated. The impact of the restatement on Group Profit After Tax (PAT) for the year 2022 has been an increase in the PAT by MK1.2 billion, representing 3% of the initially reported 2022 Group PAT of MK37.6 billion. Detailed disclosures relating to adoption of this new standard have been made in the Annual Audited Financial Statements for the year ended 31 December 2023.				
SEGMENTAL PERFORMANCE	GROUP		COMPANY	
	Restated		Restated	
	31-Dec-23 MK'million	31-Dec-22 MK'million	31-Dec-21 MK'million	31-Dec-23 MK'million
Banking				
NBS Bank Plc delivered another strong performance in the year driven by growth in money market investments, loan book and non-interest income. Profit after tax grew by 71% to MK29.4 billion from MK17.2 billion in 2022.				
The Bank grew its balance sheet size by 42% in 2023 to MK657.7 billion (2022: MK462.2 billion). The Bank registered a 43% growth in customer deposits to MK538.5 billion (2022: MK376.5 billion). Loans and advances grew by 12% to close at MK 153.8 billion (2022: MK137.8 billion).				
Net interest income grew by 32% to MK 67.7 billion (2022: MK 51.4 billion) due to the growth in money market investments and loan book. Non-interest revenue grew by 147% to MK35.0 billion (2022: MK14.2 billion) mainly due to increase in trade finance, usage of digital systems and a higher volume of forex trading. Impairment charges rose to MK4.6 billion, up by 53% from MK2.98 billion in 2022 due to defaults by some clients and additional impairments emanating from the growth in loan book in order to comply with financial reporting standards.				
Life Insurance				
NICO Life Insurance Company Limited registered total insurance revenue of MK 28.1 billion which represented a 36% growth over 2022 income of MK 20.6 billion. This growth was attributed to organic growth and new business. The business registered a 66% growth in profit after tax to MK 25.7 billion from MK 15.5 billion in 2022. 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 satisfactory revenue and profit performance.				
General Insurance				
The general insurance business in Malawi registered insurance revenue growth of 13% to MK 26.5 billion (2022: MK 23.5 billion). The revenue growth was due to both organic growth and new business. The business registered a 66% growth in profit after tax to MK 25.7 billion from MK 15.5 billion in 2022. 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 business in Zambia registered insurance revenue of MK 26.3 billion, a 14% decrease from the MK30.7 billion registered in 2022. The reduction in premiums was due to business that was let go because of poor loss ratio especially clients from mining and transport sectors. The business registered a loss after tax of MK1.1 billion compared to prior year loss after tax of MK28.4 million. Profitability was negatively affected by an upward adjustment in claims reserves and depressed revenue levels.				
Asset Management				
NICO Asset Managers Limited ("NAML") is one of the largest portfolio management firms in Malawi. The Company specialises in portfolio management and investment advisory services and has over the years delivered above market returns and financial solutions to a wide range of clients.				
NAML registered growth in assets under management of 43% in the year to MK 1,244 trillion (2022: MK 869.4 billion). Total income at K9.74 billion was 21% above the previous year's income of K8.04 billion largely due to growth in Assets Under Management (AUM). Profit after tax for the year was MK3.5 billion compared to MK2.7 billion registered in 2022.				
Pension Administration				
NICO Pension Services Limited is licenced to offer pension administration services and act as a corporate trustee for pension schemes.				
The Company registered 25% growth in revenue in the year to MK5.0 billion (2022: MK 4.0 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 870.0 million in the year which was 30% higher than the MK 669.9 million profit registered in 2022.				

Segmental Contribution to Group Profit After Tax			
	31-Dec-2023 MK' Million	Restated 31-Dec-2022 MK' Million	%
Banking	29,378	17,177	71%
Life insurance	25,719	15,479	66%
Asset management	3,452	2,730	26%
Pension administration	870	670	30%
General insurance	599	1,772	(66%)
Other segments	281	(128)	320%
Holding company	13,699	6,013	128%
Total	73,998	43,713	69%
Elimination of dividend income from group companies	(14,921)	(6,708)	(122%)
Group profit after tax	59,077	37,005	60%

STRATEGIC ALLIANCES

The Group continues to benefit from strategic partnerships. Sanlam - Africa's largest non-banking financial services company, and Allianz – a German leading insurer and asset manager, announced their partnership to launch joint operations in Africa (excluding South Africa) in May 2023. The joint venture has paved the way for the creation of the largest African, non-banking financial services entity, comprising the business units of both Sanlam and Allianz across African countries where the two companies already had operations. As such, Sanlam's stake in NICO's insurance and pension administration businesses, which was held under Sanlam Emerging Markets, has been transferred to SanlamAllianz. The partnership will enhance NICO Group's drive to provide innovative solutions to its clientele.

The Group continues to strengthen its relationships with SanlamAllianz, Africap LLC, Botswana Insurance Holding Ltd (BIHL), Rabo Bank of the Netherlands and Eris Properties Group of South Africa.

CORPORATE SOCIAL RESPONSIBILITY

As a leading financial services Group in Malawi and responsible corporate citizen, NICO steadfastly champions initiatives aimed at uplifting underprivileged communities across diverse sectors such as education, healthcare, sports, and fostering strategic partnerships for sustainable economic growth. In 2023, we allocated a total of MK835 million towards various CSR endeavours.

Despite ongoing challenges posed by natural disasters, NICO recognizes the imperative for collaborative action between governmental and private sector entities to alleviate the hardships faced by affected communities. In response to the devastation brought by Cyclone Freddy, which displaced thousands and claimed lives, we dedicated MK221 million towards relief efforts. Furthermore, we allocated MK305 million towards initiatives in the education sector. This includes the construction of a double-storey 4-classroom block for a highly congested primary school in a densely populated area of Mbayani, in Blantyre. The building is designed to set the trend of space maximization in school expansion projects. MK45 million was committed to bolster healthcare services.

Additionally, we remain committed to fostering transformative leadership dialogues to drive positive economic change. To this end, we allocated MK134.5 million to support institutions facilitating crucial conversations and initiatives. This included MK30 million towards the Export Development Fund to bolster Malawi's participation in The Intra African Trade Fair, MK25 million towards the Energy Symposium, a platform where experts from various industries came together to discuss how the energy sector can be improved in the country, and MK15 million to support the inaugural Malawi Investment Forum organized by the Malawi Consulate General in South Africa.

Recognizing the potential of youth and sports in nation-building, we allocated MK92.5 million towards initiatives supporting these areas. Furthermore, MK37 million was directed towards broader community service projects, reflecting our enduring commitment to holistic societal advancement.

DIVIDEND

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

	Year to December 2023		Year to December 2022	
	MK per share	Total MK' Billion	MK per share	Total MK' Billion
1st interim dividend	2.00	2,086	1.00	1,043
2nd interim dividend	2.00	2,086	4.00	4,172
3rd interim dividend	4.00	4,172	0.00	0
Final dividend	2.00	2,086	1.00	1,043
Total	10.00	10,430	6.00	6,258

After taking consideration of future investments and capital requirements, the Board of directors resolved to pay a third interim dividend of MK4.00 per share (MK4.172 billion), (2022: MK' Nil) during the Board meeting held on 19th April 2024.

Shareholders recorded in the members register of the company at the close of business on Friday 17th May 2024 will be eligible for the dividend payable on 24th May 2024. The Register will be closed from 18th May 2024 to 20th May 2024 and no transfers will be registered during that time. Shareholders are advised that the ex-dividend date is Wednesday the 15th of May 2024, (the ex-dividend date is the date on which the shares begin trading without the subsequent dividend value). Therefore, for a shareholder to receive the 3rd interim dividend they must own the shares before Wednesday 15th May 2024


At the forthcoming AGM scheduled for June 2024, the Board of directors will be recommending a final dividend of MK2.00 per share (MK2.086 billion) for 2023 financial year.


Subject to the approvals outlined above and including the first interim dividend which was paid on 6th October 2023 and second interim dividend which was paid on 28th December 2023, the total dividend to be paid in respect of 2023 financial year is MK10.00 per share or MK10.430 billion compared to MK6.00 per share or MK6.258 billion that was paid for the 2022 financial year. This represents a dividend growth of 66.7%.

OUTLOOK*

The World Bank projects that the growth rate for Malawi for 2024 is 2.8%, increasing from an estimated 1.6% in 2023. Influential factors in these projections include continued direct budgetary support by the World Bank, successful debt restructuring and continued agricultural investment to bolster productivity and food security. Persistent challenges and risks include weather shocks that affect the country's rain-fed agriculture sector and limited concessional financing. The Kwacha will likely remain under pressure against other currencies throughout 2024, owing to the substantial current-account deficit and high public debt. Hence the group expects the high inflation and high interest rate environment to persist throughout 2024.

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 goals and objectives for 2024.


Gaffar Hassam


Vizenze Kumwenda