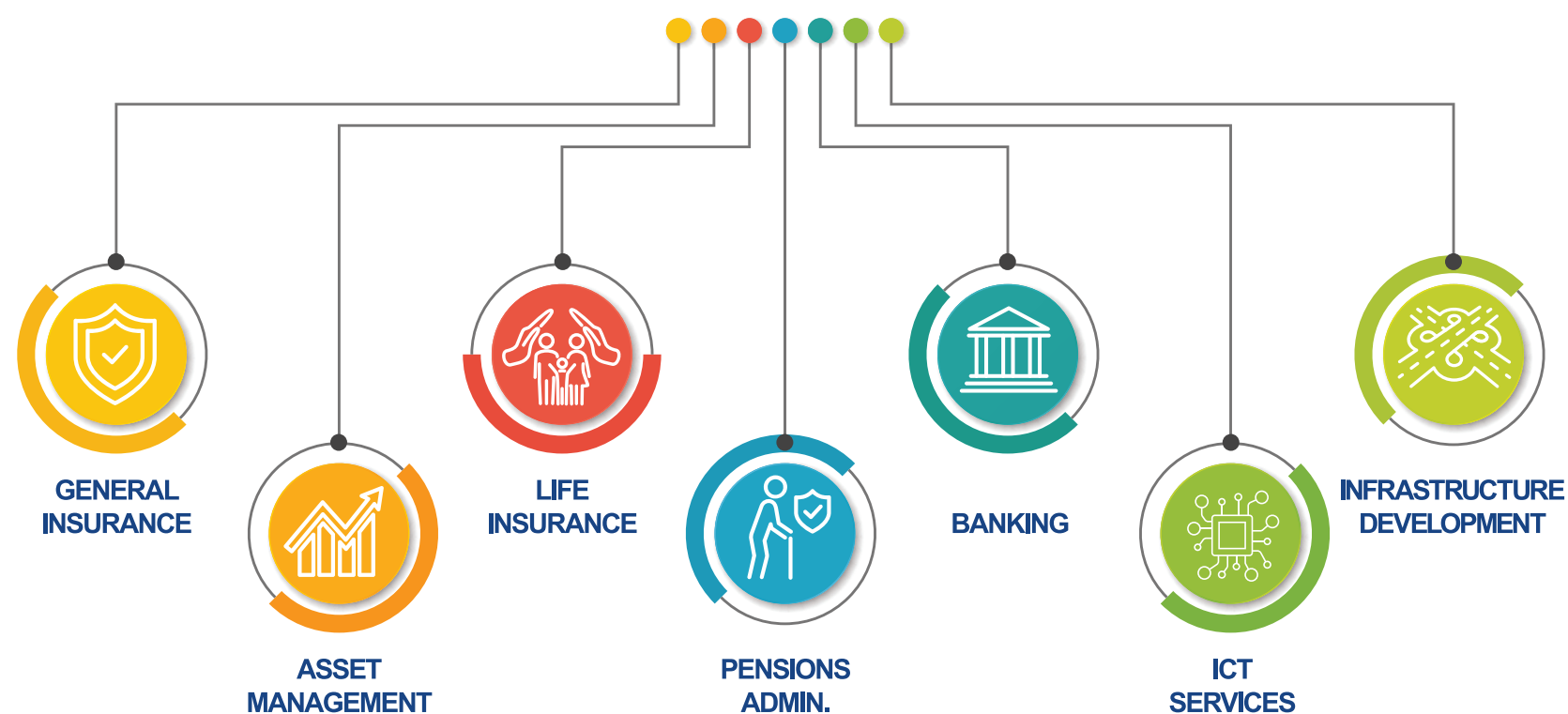


ONE NICO

NICO GROUP
COMPREHENSIVE
FINANCIAL SOLUTIONS



General Insurance | Life Insurance | Banking | Asset Management | Pensions | Properties | Technology

SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

.....★FROM★.....
•DREAMS•
TO REALITY

Mr Vizenge Kumwenda

Group Managing Director
NICO Holdings PLC

The past 4 years were challenging for the NICO Group... But with highly dedicated teams at NICO Holdings and in all our subsidiaries, we are growing stronger together.

Turning dreams into reality...

IT'S POSSIBLE



General Insurance | Life Insurance | Banking
Asset Management | Pensions | Properties | Technology



SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

FROM DREAMS TO REALITY
IT'S POSSIBLE
NDIZOTHEKA

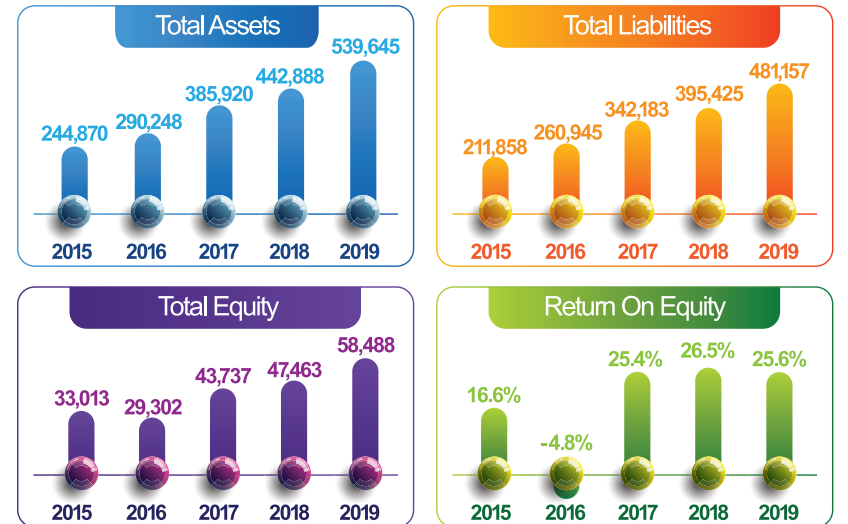


FINANCIAL PERFORMANCE (continued)

All in K'million	2019	2018	% Change
Net insurance premiums	75,959	65,014	16.8%
Investment income	41,402	44,995	-8.0%
Income from banking	34,377	23,326	47.4%
Fee income	4,946	3,863	28.0%
Total Revenue	156,683	137,197	14.2%
Operating expenses	(136,046)	(122,149)	11.4%
Operating profit	20,637	15,048	37.1%
Other income	853	1,028	-17.0%
Profit Before Tax	21,491	16,075	33.7%
Tax	(6,761)	(3,302)	104.7%
Profit After Tax	14,730	12,773	15.3%
Other Comprehensive Income Net of Tax	256	(35)	831.4%
Total comprehensive income for the year	14,986	12,738	17.6%
Total comprehensive income for the year attributable to:			
Non-controlling interest	6,826	5,992	13.9%
Owners of the parent company	8,160	6,746	21.0%
Total	14,986	12,738	17.6%

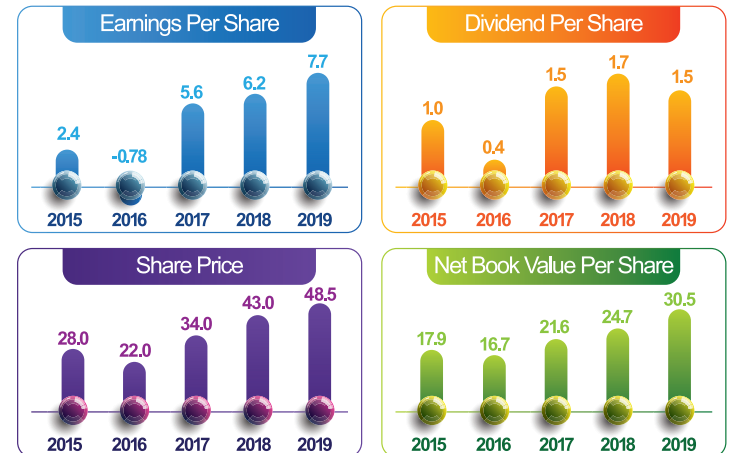
- Consistent growth in revenues year-on-year.
- Group performance in the year was affected by significant decline in interest rates and subdued performance on valuation of listed equities. However, it is pleasing to note that the Group recorded significant growth in profit.
- The strengthening of the Group's financial position is further evidenced by the improved cashflow position at the end of the year compared to prior year.

STATEMENT OF COMPREHENSIVE INCOME



- The Group has a strong and consistently growing balance sheet.

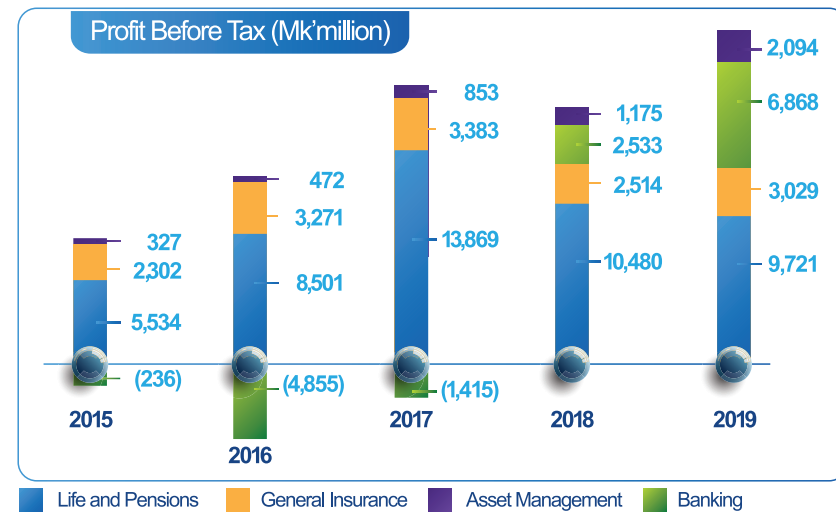
SHAREHOLDER VALUE



- Consistent growth in shareholder value year on year.
- Dividend per share for 2019 does not include final dividend hence it is currently lower than 2018.
- Declaration of 2019 final dividend will be made after assessing the Covid-19 impact on NICO businesses.
- Investor confidence in the NICO brand continues to grow, represented by positive movements of the share price.

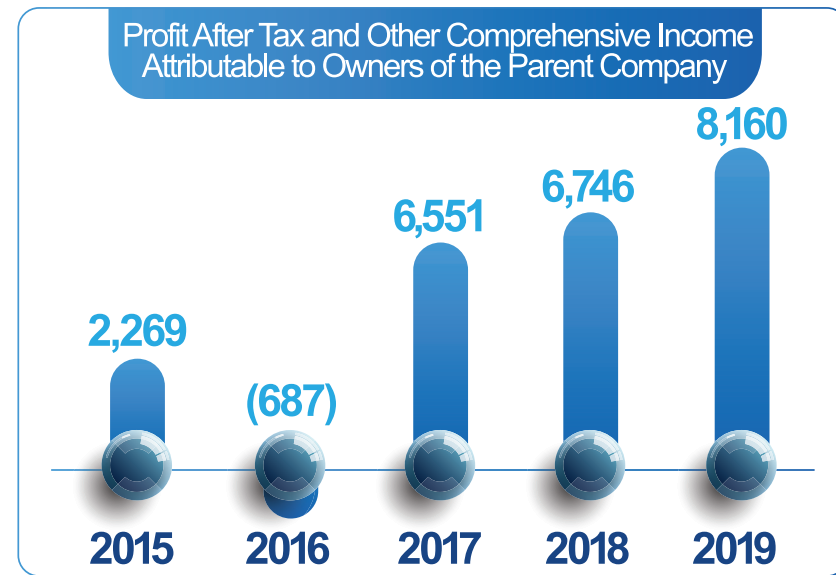
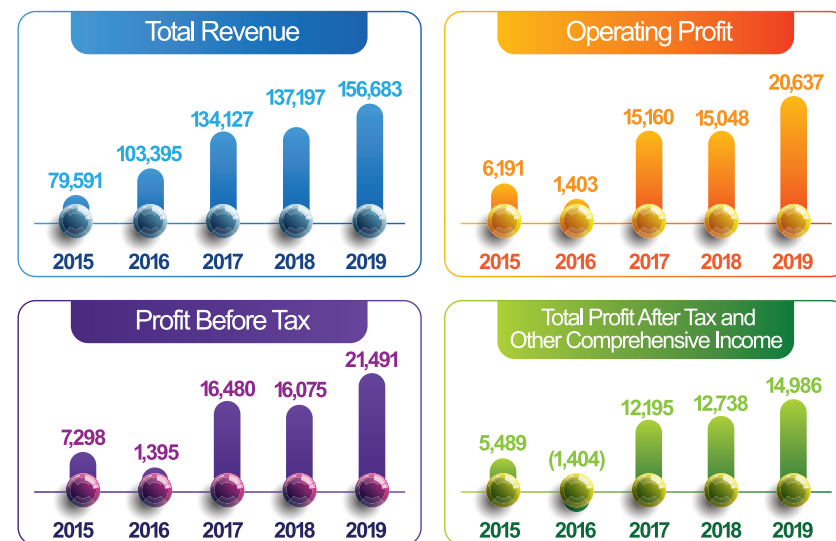
The NICO Group achieved a satisfactory Financial Performance in 2019 despite operating in a challenging business environment.

PERFORMANCE OF CORE BUSINESSES



- Group performance was spurred by tremendous improvement in the performance of our Banking and Asset Management businesses.
- General Insurance business was affected by rate undercutting, reinsurance costs and high claims expenses. Regardless, the performance of the business was satisfactory.
- Life Insurance and Pension Administration businesses were negatively impacted by the transformation that took place in the monetary policy space, where interest rates were dropped by 1,000 basis points. The businesses were also affected by subdued performance on valuation of listed equities.

FINANCIAL PERFORMANCE



OVERVIEW

The Board is pleased to report on the audited consolidated results of NICO Holdings plc and its subsidiary, joint venture and associate companies for the year ended 31 December 2019. Despite the challenging trading environment, the Board is pleased to report on a good set of results.

NATURE OF ACTIVITIES

The core business of NICO Group is General Insurance, Life Insurance and Pensions, Banking and Asset Management. NICO Group also owns substantial investments in real property, listed and unlisted equity investments across various industries in the Malawi economy. The Group carries out its business through subsidiary companies in Malawi and Zambia, a joint venture company in Malawi and associate companies in Tanzania and Mozambique.

GROUP RESULTS

Gross revenue for the year ended 31 December 2019 increased by 14% to MK 158.16 billion compared to gross revenue of MK 138.78 billion for 2018. Total Profit after tax and other comprehensive income increased by 18% to MK 14.98 billion compared to profit of MK 12.73 billion for 2018. The growth in profitability is due to better and improved performance of our General Insurance, Banking and Asset Management businesses in the year.

SEGMENTAL PERFORMANCE

General Insurance

The general insurance business registered 7% growth in gross written premiums during the year to MK32.95 billion for the year ended 31 December 2019 (2018: MK30.79). The profit for the year was MK2.1 billion (2018: MK1.7 billion) representing an increase of 24%.

The performance of the associate company in Tanzania was negatively affected by low gross and net premium written.

Life Insurance and Pensions

NICO Life and Pensions registered 24% growth in premium income to MK45.03 billion in the current year from MK36.17 billion in 2018. Despite the significant growth in premium income, the business registered MK7.23 billion in profit, 23% lower than the MK9.42 billion registered in 2018.

The decline in profit was due to decline in investment income because of low interest rates prevailing on the money market and lower valuation surpluses arising from equity investments listed on the Malawi Stock Exchange.

The associate company in Mozambique registered satisfactory growth in revenue and profit.

Banking

The bank's deposits grew by 21% to MK120.74 billion as at 31 December 2019 (2018: MK99.51 billion). Net interest income grew by 104% to MK19.82 billion in 2019 from MK9.70 billion in 2018, while non-funded income declined by 13% to MK9.03 billion in the current year (2018: MK10.40 billion). It is pleasing to note that the bank registered 164% growth in profit at MK4.46 billion (2018: MK1.69 billion).

Asset Management

NICO Asset Managers Limited registered growth in assets under management of 25% to MK551.82 billion as at 31 December 2019 (2018: MK442.52). The business also registered 56% growth in revenue during the year to MK8.33 billion (2018: MK5.33 billion) and profit grew by 67% during the year to MK1.32 billion (2018: MK0.79 billion).

INVESTMENT INCOME AND SURPLUSES

The investment portfolio registered a strong performance despite a decline in interest rates on the money market in Malawi. There were lower revaluation surpluses on investments listed on the Malawi Stock Exchange. However, the Group was able to register a strong performance due to the size, nature and structure of the investment portfolio.

STRATEGIC ALLIANCES

The Group continued to benefit from the strategic partnerships with Sanlam Emerging Markets (SEM), Botswana Insurance Holding Ltd (BIHL) and Rabo Bank of the Netherlands. Our partners continue to provide technical expertise in insurance, banking and other services including training of our staff. Eris Properties of South Africa our joint partner in Eris Properties (Malawi) Limited continued to provide support to Eris Properties (Malawi) Limited on our property management and development activities.

DIRECTORSHIP CHANGES

Dr. Elias Ngalande resigned as a Director of the company during the year due to other commitments. We wish to thank him for his dedication and experience he brought to the Board.

We are pleased to announce the appointment of two new Directors, Dr. Candida Nakhumwa and Mrs. Natasha Nsamala. We look forward to benefiting from their vast experience and the diversity they bring to the Board.

OUTLOOK

The world economies are experiencing unprecedented economic turmoil as a result of the policies put in place to combat the Covid-19 pandemic which has in turn created uncertainties in the economies we are operating in. This destabilizing effect of the pandemic coupled with unstable world oil prices and the political uncertainty in the country will pose a challenge to doing business in 2020. It is currently not possible to reasonably assess the financial impact of the Covid-19 pandemic. We are aware of the challenges that we will face, and we will ensure that we manage the risks appropriately.

DIVIDEND

After taking consideration of future investment and capital requirements, the Board of Directors has resolved to pay a second interim dividend of MK 0.85 per share (MK 887 Million), (2018: MK 0.80 per share, MK 834 Million). The second interim dividend will be paid on 29 May 2020 and the register of members will be closed on 15 May 2020 to 18 May 2020, both days inclusive.

A determination on payment of a final dividend for the year will be made after assessing the impact of the Covid-19 pandemic on our businesses.


Gaffar Hassam
INTERIM CHAIRMAN

14 April 2020


Vazenge Kumwenda
GROUP MANAGING DIRECTOR

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 2019, 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 2019.

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 22 April 2020. 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 describe 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
Nikondola Uka
Partner

24 April 2020

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	GROUP 31-Dec-19 MK'million	31-Dec-18 MK'million	COMPANY 31-Dec-19 MK'million	31-Dec-18 MK'million
Revenue	154,756	136,817	2,066	1,540
Dividend Income	3,402	1,964	3,607	3,667
Share of profit from associate and Joint Ventures companies	318	6	318	6
Depreciation and amortisation	(3,492)	(1,973)	(69)	(34)
Finance costs	(939)	(562)	(574)	(492)
Operating expenses	(55,408)	(50,032)	(2,094)	(1,759)
Management expenses	(28,603)	(26,930)	-	-
Long-term policy holders benefits	(48,543)	(43,214)	-	-
Profit before income tax	21,491	16,076	3,254	2,928
Income tax expense	(6,761)	(3,302)	(229)	(281)
Profit for the year	14,730	12,774	3,025	2,647

Attributable to non-controlling interest

Attributable to shareholders of the parent company

Other comprehensive income	6,719	6,264	-	-
Items that will never be reclassified to profit or loss	8,011	6,510	3,025	2,647
Revaluation of property and equipment	14,730	12,774	3,025	2,647
Items that are or may be reclassified to profit or loss				
Profit on available for sale assets	382	(290)	-	-
Translation difference on foreign subsidiary	49	739	(185)	337
Total other comprehensive income for the year	(175)	(417)	-	-
Deferred tax on other comprehensive income	256	(35)	(185)	337
Total other comprehensive income for the year after tax	14,986	12,739	2,840	2,984

Attributable to non-controlling interest

Attributable to shareholders of the parent company

Dividend paid to shareholders of the parent company	6,826	5,992	-	-
Earnings per share (Tambala)	8,160	6,747	2,840	2,984
Dividend paid per share (Tambala)	14,986	12,739	2,840	2,984
Number of shares in issue ('000)	(1,773)	(1,669)	(1,773)	(1,669)
	768	624	-	-
	170	160	170	160
	1,043,041	1,043,041	1,043,041	1,043,041

SUMMARY STATEMENTS OF FINANCIAL POSITION

ASSETS	539,645	442,887	13,349	13,038
Property and equipment	8,050	7,346	90	76
Intangible assets	5,273	4,372	11	14
Right-of-use assets	2,136	-	152	-
Investment in associate companies	757	1,225	757	1,225
Investment in joint venture companies	79	64	79	64
Investment in government securities	105,796	101,284	-	-
Investment in subsidiaries	-	-	7,486	8,342
Investment in equity shares	141,081	123,304	1,520	1,072
Investment properties	3,348	3,031	134	121
Inventories	178	157	-	-
Other investments and loans receivable	115,717	77,177	2	2
Trade and other receivables	104,931	70,325	567	316
Deferred tax assets	1,968	4,423	-	-
Cash and cash equivalents	50,331	50,177	2,551	1,806

EQUITY AND LIABILITIES

EQUITY	539,645	442,887	13,349	13,038
Issued share capital	58,488	47,463	10,002	8,934
Reserves	52	52	52	52
Non-controlling interest	31,793	25,291	9,950	8,882
	26,643	22,120	-	-

LIABILITIES	481,157	395,424	3,347	4,104
Trade and other payables	72,880	56,706	426	406
Deposits and customer accounts	106,886	95,501	-	-
Unearned Premium Reserve (UPR)	9,424	9,401	-	-
Lease liabilities	2,743	-	171	-
Interest-bearing loans and borrowings	10,613	3,718	2,750	3,698
Deferred tax liabilities	2,840	2,870	-	-
Long-term policyholders liabilities	275,771	227,228	-	-

SUMMARY STATEMENTS OF CHANGES IN EQUITY

Balance as at the beginning of the year	47,463	43,737	8,934	7,619
IFRS 9 Transitional adjustment	-	(3,634)	-	-
IFRS 16 Transitional adjustment	(301)	-	-	-
Net profit for the year	14,730	12,774	3,025	2,647
Other comprehensive income	256	(35)	(184)	337
Dividends paid	(4,517)	(4,522)	(1,773)	(1,669)
Other transactions with owners of the company	857	(857)	-	-
Balance as at the end of the year	58,488	47,463	10,002	8,934

SUMMARY STATEMENTS OF CASH FLOWS

Cash receipts from customers	151,626	101,144	1,472	1,226
Cash payments to clients, employees and suppliers	(114,209)	(83,573)	(2,138)	(1,617)
Income taxes paid	(3,812)	(4,822)	(122)	(195)
Cash flows from operating activities	33,605	12,749	(788)	(586)
Cash flows from investing activities	(34,235)	(1,179)	5,117	2,878
Cash flows from financing activities	596	(6,068)	(3,628)	(2,149)
Net increase in cash and cash equivalents	(34)	5,503	701	143
Cash and cash equivalents at 1 January	50,177	44,651	1,806	1,650
Effects of changes in exchange rates	188	24	44	13
Cash and cash equivalents at 31 December	50,331	50,177	2,551	1,806

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.