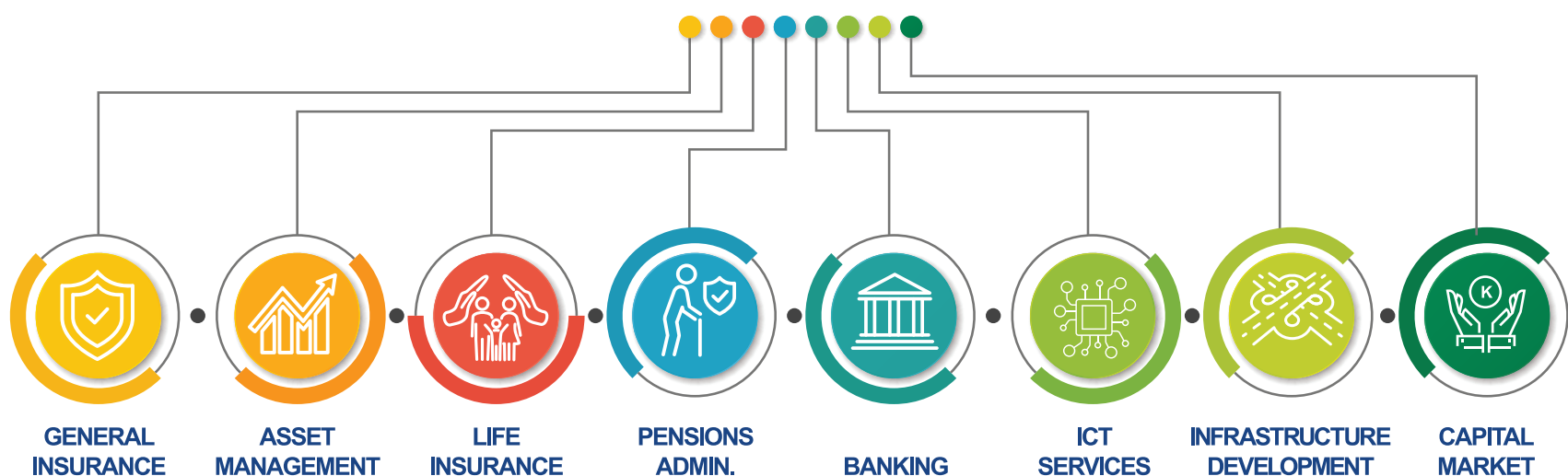


SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ONE NICO

NICO GROUP COMPREHENSIVE FINANCIAL SOLUTIONS



NBS Bank



NICO



General Insurance | Life Insurance | Banking | Asset Management
Corporate Finance | Pensions | Infrastructure Solution | Technology



SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	GROUP		COMPANY	
	31-Dec-21 MK'million	31-Dec-20 Restated MK'million	31-Dec-21 MK'million	31-Dec-20 Restated MK'million
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME				
Revenue	234,796	185,090	2,940	2,261
Dividend income	5,908	3,771	7,111	5,072
Share of profit from associate and Joint Ventures companies	199	231	199	231
Depreciation and amortisation	(5,397)	(4,266)	(71)	(67)
Finance costs	(1,718)	(1,150)	(367)	(369)
Operating expenses	(109,818)	(70,874)	(2,798)	(2,463)
Management expenses	(39,467)	(34,148)	-	-
Long-term policy holders benefits	(58,424)	(52,186)	-	-
Profit before income tax	26,879	26,468	7,014	4,665
Income tax expense	(8,580)	(7,872)	(472)	(373)
Profit for the year	18,299	18,596	6,542	4,292
Attributable to non-controlling interest	8,563	8,592	-	-
Attributable to shareholders of the parent company	9,736	10,004	6,542	4,292
	18,299	18,596	6,542	4,292
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Revaluation of property and equipment	(243)	-	-	-
Profit on available for sale assets	1,652	473	851	421
Translation difference on foreign subsidiary	779	(542)	-	-
Total other comprehensive income for the year net of tax	2,188	(69)	851	421
Total comprehensive income for the year	20,487	18,527	7,393	4,713
Attributable to non-controlling interest	9,213	8,339	-	-
Attributable to shareholders of the parent company	11,274	10,188	7,393	4,713
	20,487	18,527	7,393	4,713
Dividend paid to shareholders of the parent company	(3,004)	(2,055)	(3,004)	(2,055)
Earnings per share (Tambala)	933	959	-	-
Dividend paid per share (Tambala)	288	197	288	197
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041

	GROUP			COMPANY		
	31-Dec-21 MK'million	31-Dec-20 Restated MK'million	31-Dec-19 Restated MK'million	31-Dec-21 MK'million	31-Dec-20 Restated MK'million	31-Dec-19 Restated MK'million
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION						
ASSETS	939,988	701,345	539,645	21,031	16,461	13,349
Cash and cash equivalents	88,617	76,656	50,331	5,977	4,738	2,551
Trade and other receivables	28,696	13,339	10,527	1,623	878	587
Loans and advances to customers	82,183	59,035	38,562	-	-	-
Client funds under management	95,041	66,198	39,148	-	-	-
Insurance receivables	21,207	20,695	16,694	-	-	-
Assets classified as held for sale	-	232	-	-	232	-
Other investments and loans receivable	39,055	130,971	115,717	2	2	2
Inventories	137	109	178	-	-	-
Investment in associate and joint venture companies	1,266	1,066	836	1,266	1,066	836
Investment in government securities	361,032	143,146	105,796	-	-	-
Investment in subsidiaries	-	-	-	9,063	7,486	7,486
Investment in equity shares	194,921	163,956	141,081	2,790	1,710	1,520
Investment properties	4,061	3,460	3,348	158	145	134
Deferred tax assets	2,230	1,650	1,968	-	-	-
Right-of-use assets	3,940	3,465	2,136	82	108	152
Intangible assets	6,615	5,649	5,273	17	10	11
Property and equipment	10,987	11,718	8,050	53	86	90
LIABILITIES	854,320	629,426	481,157	3,983	3,802	3,347
Deposits and customer accounts	210,665	153,146	106,886	-	-	-
Trade and other payables	109,972	39,181	18,799	1,110	914	426
Client funds payable	94,806	64,341	39,274	-	-	-
Insurance contract payables	18,619	17,151	14,807	-	-	-
Unearned Premium Reserve (UPR)	14,483	11,134	9,424	-	-	-
Interest-bearing loans and borrowings	11,019	10,223	10,613	2,750	2,750	2,750
Long-term policyholders liabilities	386,380	327,956	275,771	-	-	-
Lease liabilities	5,619	4,559	2,743	123	138	171
Deferred tax liabilities	2,757	1,735	2,840	-	-	-
EQUITY	85,668	71,919	58,488	17,048	12,659	10,002
Issued share capital	52	52	52	52	52	52
Reserves	48,196	39,926	31,793	16,996	12,607	9,950
Non-controlling interest	37,420	31,941	26,643	-	-	-
TOTAL EQUITY AND LIABILITIES	939,988	701,345	539,645	21,031	16,461	13,349

	GROUP		COMPANY	
	31-Dec-21 MK'million	31-Dec-20 MK'million	31-Dec-21 MK'million	31-Dec-20 MK'million
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY				
Balance as at the beginning of the year	71,919	58,488	12,659	10,002
Net profit for the year	18,299	18,596	6,542	4,292
Other comprehensive income	2,188	(69)	851	420
Dividends paid	(7,955)	(5,096)	(3,004)	(2,055)
Other transactions with owners of company	1,217	-	-	-
Balance as at the end of the year	85,668	71,919	17,048	12,659

	GROUP		COMPANY	
	31-Dec-21 MK'million	31-Dec-20 Restated MK'million	31-Dec-21 MK'million	31-Dec-20 Restated MK'million
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS				
Operating activities	186,805	168,697	2,155	1,918
Cash receipts from customers	(92,531)	(90,625)	(2,924)	(2,339)
Cash payments to clients, employees and suppliers	(1,510)	(1,529)	(363)	(362)
Interest paid	(10,499)	(9,899)	(927)	(319)
Income taxes paid	82,265	66,644	(2,059)	(1,102)
Cash flows generated from (used in) operating activities	(64,124)	(34,319)	5,969	5,344
Cash flows (used in) generated from investing activities	(6,145)	(5,895)	(2,868)	(2,068)
Cash flows used in financing activities	11,996	26,430	1,222	2,174
Net increase in cash and cash equivalents	76,656	50,332	4,738	2,551
Cash and cash equivalents at 1 January	(35)	(106)	17	13
Effects of changes in exchange rates	88,617	76,656	5,977	4,738
Cash and cash equivalents at 31 December				

HIGHLIGHTS →

Revenue increases by 27% to **MK240.7 billion**

MK3.2 billion paid out in COVID 19 related death claims

Profit After Tax was MK18.3 billion compared to MK18.6 billion in prior year

Dividends increase by 41% to MK3.389 billion

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 2021.

NATURE OF ACTIVITIES

The NICO Group proudly marked 50 years of its existence in 2021 and has over the years contributed significantly to national development in Malawi.

The core business of the NICO Group is General Insurance, Life Insurance, Pension, Banking, Corporate Finance Advisory and Asset Management. The NICO Group mainly 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.

As part of the growth and diversification strategy for the NICO Group, a new company, NICO Capital Limited, was established as the ninth subsidiary of the Group. NICO Capital is an investment and financial advisory company licensed by the Reserve Bank of Malawi and became operational on 1st July 2021.

GROUP RESULTS

Gross revenue for the year ended 31 December 2021 increased by 27% to MK 240.7 billion compared to MK 188.8 billion in 2020 driven by the banking, life insurance and Zambian general insurance businesses. Profit after tax before other comprehensive income was MK 18.30 billion compared to MK 18.59 billion in 2020. This is a good result considering the one-off costs that the Group absorbed in the year as follows:

- MK1.7 billion reinsurance claim that the Group failed to recover due to technical challenges faced to recover from a reinsurer.
- MK2.1 billion credit impairments. Recovery from clients is being pursued.
- MK1.1 billion impairment made on a non-performing investment, recovery is being pursued.
- MK3.2 billion COVID 19 related death claims paid during the year.

The Profit After Tax and Other Comprehensive income increased by 11% to MK 20.5 billion from MK 18.5 billion in 2020.

SEGMENTAL PERFORMANCE

General Insurance

The general insurance business in Malawi registered premium growth of 14% to MK 22.9 billion (2020: MK 20.0 billion). The growth was due to both organic growth and new business. The business registered profit after tax of MK787.4 million, down from MK1.7 billion in the prior year due to an underwriting loss of MK1.4 billion (2020: profit of MK1.0 billion). The underwriting performance was mainly affected by an increase in claims and delay to resolve a reinsurance dispute on the MK1.7 billion claim. The business is still pursuing recovery of this amount.

The business in Zambia registered premium growth of 35% to MK18.5 billion (2020: MK13.7 billion). The growth was mainly due to new business. The business registered a loss after tax of MK238.5 million, an improvement from prior year loss after tax of MK618.5 million. The loss after tax in the current year was due to increase in claims and foreign exchange losses on foreign currency business.

In response to an increase in motor claims both general insurance businesses reviewed underwriting of motor business and the impact of the selective underwriting strategy is expected to result in improved profitability going forward. The Malawi business is also setting up new distribution points such as Songwe Border Service centre to target retail business.

Life Insurance

NICO Life Insurance registered total premium income of MK 54.5 billion which represented a 1% growth over 2020 income of MK 54.1 billion. Notwithstanding the minimal growth on total premiums, the business registered impressive growth of 63% in credit life premiums and 58% growth in funeral cover premiums. The business registered MK 8.7 billion in profits compared to MK 9.3 billion registered in 2020. Profitability was affected by a significant increase of death claims largely driven by the COVID 19 pandemic. Death claims of MK5.4 billion were 184% higher than prior year. About 60% of these deaths were related to COVID 19. NICO is pleased to have been able to fulfill its mission to provide economic relief to its clients and their families when they lost their loved ones due to COVID 19. This was possible because of NICO's solid financial base to absorb such high level of claims. The business also successfully migrated to a new core operating system in July 2021. As is expected with new system implementations, management is working tirelessly to bed down the new system while addressing teething problems. It is expected that the new system will lead to enhanced operational efficiency and improved service delivery to customers and all other stakeholders.

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

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 the NICO Ufulu Pension Fund. The NICO Ufulu Pension Fund is a pooled retirement plan for individuals, self-employed persons, and employers where they can invest collectively.

The NICO Ufulu Pension Fund registered 19% growth in assets to MK304 billion (2020: MK255 billion). The fund registered 9% growth in pension premiums to MK 39.9 billion (2020: MK36.5 billion) and growth in investment income of 62% to MK38.3 billion (2020: MK23.7 billion).

The Company registered 20% growth in revenue in the year to MK3.2 billion (2020: MK 2.7 billion) driven by an increase in administration fees from new business, organic growth and an increase in pension funds under management. The business registered profit after tax of MK 440.0 million in the year which was 4% higher than the MK 424.8 million profit registered in 2020.

The business rolled out a new core system in June 2021. The new system, which is also customer interactive, has brought about operational efficiencies that have led to significant improvements in customer service experience and will also enable the business to introduce other innovative products on the market.

Banking

NBS Bank has performed well on its 2017 to 2021 strategy. The Bank grew its balance sheet size by MK145 billion from MK218 billion in 2020 to MK363 billion in 2021. The Bank's deposits grew by 46% (2020: 28%) while loans and advances grew by 39% (2020: 53%). The tier 2 capital adequacy ratio was 18.97% comfortably above the regulatory requirements. The Bank's net interest income grew by 16% against prior year performance. Non-interest income which is made up of transaction fees and forex trading income increased by 28% from prior year. During the year the quality of credit improved, and the non-performing loan ratio closed at 2.9% (2020: 5.3%). The Bank registered 9% growth in profit after tax to MK 7.7 billion (2020: MK 7.1 billion).

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 and has over the years delivered above market returns and financial solutions to a wide range of clients. During the year, the corporate finance division of the company was hived off into a stand-alone corporate finance company called NICO Capital Limited. We expect this business to contribute to the growth of the Group.

NAML registered growth in assets under management of 17% in the year to MK 799.6 billion (31 December 2020: MK 680.6 billion). The business also registered a 29% growth in revenue during the year to MK 15.6 billion (2020: MK 12.0 billion) driven by increase in interest income on invested funds. However, profit decreased by 32% to MK 1.4 billion (2020: MK2.1 billion) due to a MK1.1 billion impairment expense made on non-performing investment.

Segmental Contribution to Group Profit After Tax

	31-Dec-2021 MK' Million	31-Dec-2020 MK' Million	%
Life insurance	8,653	8,845	-2%
Pension administration	440	425	4%
General insurance	549	1,083	-49%
Banking	7,692	7,050	9%
Asset management	1,403	2,053	-32%
Holding company	6,542	4,292	52%
Other segments	(97)	88	-210%
Total	25,182	23,836	6%
Elimination of dividend income from group companies	(6,883)	(5,240)	31%
Group profit after tax	18,299	18,596	-2%

INVESTMENT PERFORMANCE

Investment income grew by 59% in 2021 (2020: 15%) representing an average return of 18% on assets (2020: 12%). Performance of the investment portfolio was satisfactory and was mainly driven by good returns from government securities and the capital market. The Stock Market was particularly bullish and hence delivered a strong return. Investment performance was also influenced by the size and diversified nature of the investment portfolio.

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 leading financial services Group of companies in Malawi and a responsible corporate citizen, NICO continues to support initiatives that uplift underprivileged communities in the areas of education, health, and environmental conservation. A total of MK144.5 million was deployed to support various CSR initiatives.

The COVID-19 pandemic once again required joint efforts between government and the private sector to mitigate the effects of the disease. MK100 million was committed towards the construction of four classroom blocks at Mbayani Full Primary School in Blantyre. The school is one of the most congested in Malawi, with 7,400 pupils. This was in response to Ministry of Health COVID-19 response plan which identified congestion in schools as a conduit for the spread of contagious diseases. A further MK8 million went towards procuring gadgets for underprivileged students in various tertiary institutions to help them access online learning, while MK10 million was donated to Malawi Liverpool Welcome Trust to support purchase of PPE materials. In addition, MK10 million was donated to the Private Citizens Covid Response initiative as well as MK14 million towards setting up of a Government Covid Call Centre.

DIVIDEND

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

	Year to December 2021		Year to December 2020	
	Tambala per share	Total MK' billion	Tambala per share	Total MK' billion
1st interim dividend	75	782	67	699
Special 50th Anniversary dividend	50	521	-	-
2nd interim dividend	140	1,460	113	1,179
Final dividend	60	626	50	521
Total	325	3,389	230	2,399

After taking consideration of future investments and capital requirements, the Board of directors resolved to pay a second interim dividend of MK1.40 per share (MK1,460 million), (2020: MK1:13 per share, MK1,179 million). The interim dividend will be paid on 30 June 2022 and the register of members will be closed on 24 June to 27 June 2022, both days inclusive.

At the forthcoming AGM scheduled for July 2022, the Board of directors will be recommending a final dividend of MK0.60 per share (MK626 million) for 2021 financial year.

DIRECTORSHIP CHANGES

We are pleased to announce the appointment of Dr. Elias Ngalande as a director on the NICO Holdings Board. He returns to the Board after a two-year absence due to other commitments. We look forward to benefiting from the vast experience he brings to the board.

OUTLOOK

Global economic growth prospects are quite uncertain due to the war in Ukraine. Europe is likely to face disrupted

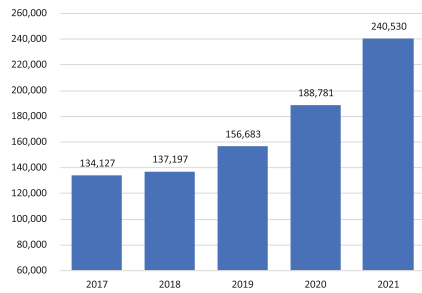
energy and commodities supplies as sanctions on Russia take shape. Notwithstanding the uncertainty, the World economy is expected to grow due to the lifting of COVID-19 restrictions in many countries. World GDP growth is estimated at 3.1%, down from 5.9%. The issue for Africa is likely to be imported inflation, primarily because of rising oil prices. Malawi, the home country of our major operations, was hit by Cyclone Ana leading to extensive damage to power stations, crops and infrastructure.

Group remains the Group's strategic focus area. The Group has invested in unique capabilities to be able to compete effectively in Malawi and other markets where we have operations. The year 2022 is likely to come with further currency depreciation and a rise in inflation driven by rising oil and fertilizer prices. Malawi Gross Domestic Product (GDP) growth is estimated at 2.7% in 2022, down from 3.9% in 2021

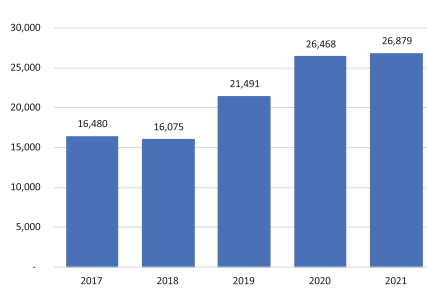
Gaffar Hassam
CHAIRMAN

FINANCIAL PERFORMANCE

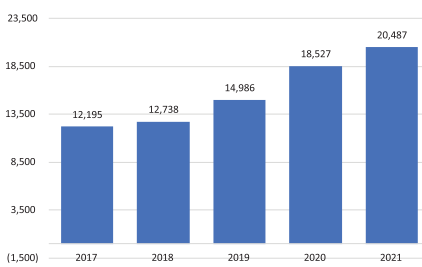
Total Revenue



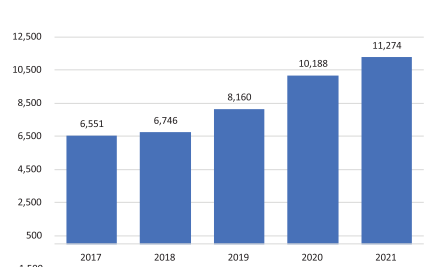
Profit Before Tax



Total Profit and Other Comprehensive Income

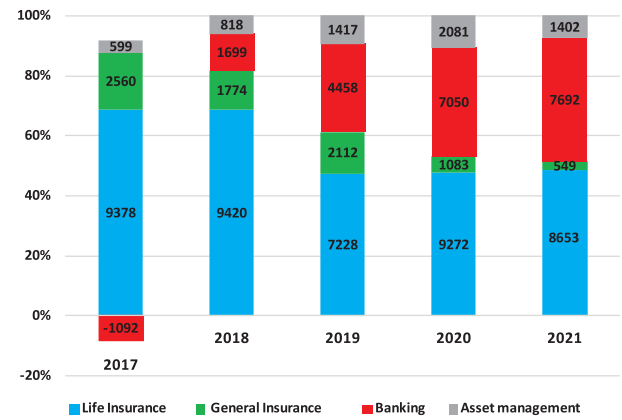


Profit After Tax and Other Comprehensive Income Attributable to Owners of the Parent Company



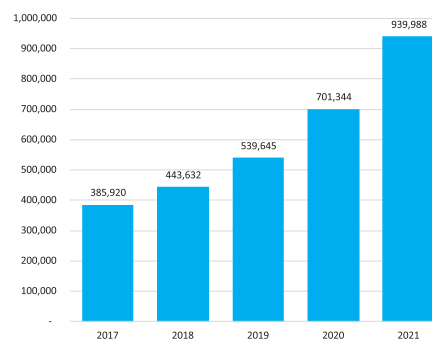
COMPREHENSIVE INCOME			
All in K'million	2021	2020	% Change
Net insurance premiums	93,563	84,714	▲ 10.4%
Investment income	80,236	50,630	▲ 58.5%
Income from banking	58,820	47,041	▲ 25.0%
Fee income	7,911	6,396	▲ 23.7%
Total Revenue	240,530	188,781	▲ 27.4%
Operating expenses	(212,307)	(161,475)	▲ 31.5%
Operating profit	28,223	27,306	▲ 3.4%
Other income	(1,344)	(838)	▲ 60.4%
Profit Before Tax	26,879	26,468	▲ 1.6%
Tax	(8,580)	(7,872)	▲ 9.0%
Profit After Tax	18,299	18,596	▼ -1.6%
Other Comprehensive Income Net of Tax	2,188	(69)	▲ 3261.9%
Total comprehensive income for the year	20,487	18,527	▲ 10.6%
Total comprehensive income for the year attributable to:			
Non-controlling interest	9,213	8,339	▲ 10.5%
Owners of the parent company	11,274	10,188	▲ 10.7%
Total	20,487	18,527	▲ 10.6%

PROFIT AFTER TAX

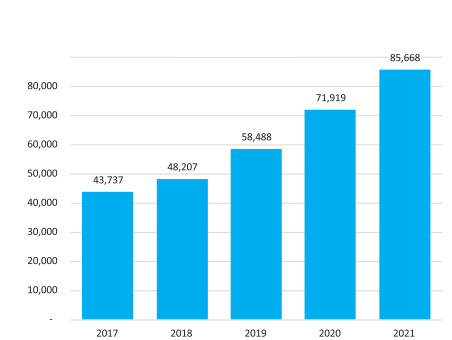


FINANCIAL POSITION SUMMARY

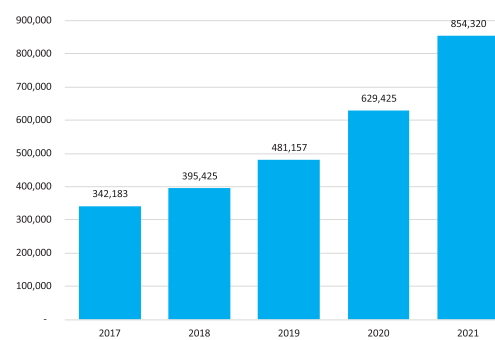
Total Assets



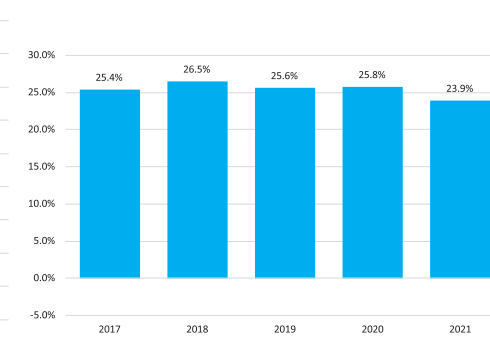
Total Equity



Total Liabilities

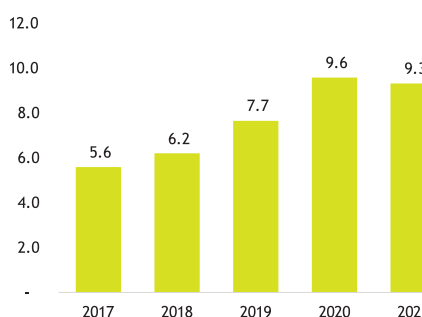


Return on Equity

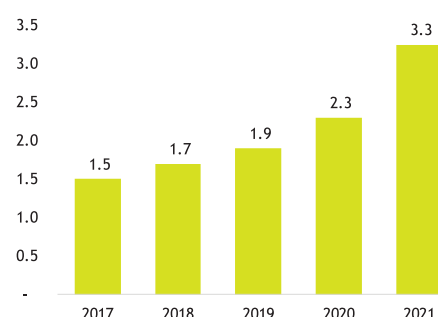


SHAREHOLDER VALUE

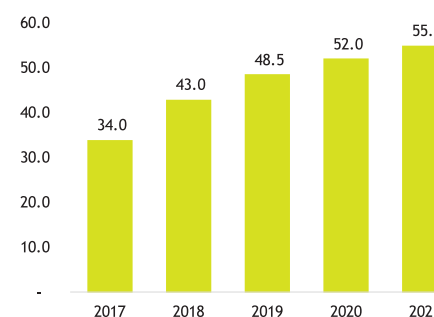
Earnings Per Share



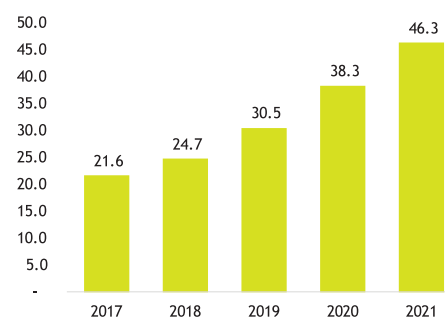
Dividend Per Share (Net of Tax)



Share Price



Net Book Value Per Share



General Insurance | Life Insurance | Banking | Asset Management
Corporate Finance | Pensions | Infrastructure Solution | Technology

