UNAUDITED SUMMARY CONSOLIDATED (GROUP) AND SEPARATE FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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ONE NICO

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	GROUP			COMPANY		
	30-Jun-24	30-Jun-23 Restated*	31-Dec-23	30-Jun-24	30-Jun-23	31-Dec-23
	MK'million	MK'million	MK'million	MK'million	MK'million	MK'million
Insurance revenue	47,176	36,387	81,006	-	-	-
Insurance service expenses	(19,264)	(30,520)	(69,907)	-	-	-
Net (expense)/income from reinsurance contracts held	(18,493)	5,242	(2,348)	-	-	-
Insurance service result	**9,419**	**11,109**	**8,751**	**-**	**-**	**-**
Net insurance finance income	**1,737**	**(2,591)**	**8,356**	**-**	**-**	**-**
Fees and commission income	116,700	53,525	13,784	-	-	3,742
Income from banking operations	12,560	13,575	146,693	2,704	1,867	-
Interest income	21,883	13,619	29,667	982	613	1,357
Other investment income	4,276	8,091	10,970	7,163	7,015	15,041
Revenue from non-insurance operations	**155,419**	**88,810**	**201,114**	**10,849**	**9,495**	**20,140**
Other income	117	36	119	21	5	19
Share of profit from associate and Joint Ventures companies	683	199	504	683	199	504
Net other income	**800**	**235**	**623**	**704**	**204**	**523**
Investment expenses	(350)	(227)	(533)	(13)	-	(37)
Bank interest expense	(45,356)	(26,897)	(64,493)	-	-	-
Administrative expenses	(40,408)	(29,786)	(63,990)	(3,086)	(2,513)	(5,239)
Impairment losses	(3,894)	(2,117)	(4,564)	-	-	-
Net other operating costs	**(90,008)**	**(59,027)**	**(133,580)**	**(3,099)**	**(2,513)**	**(5,276)**
Net other finance costs	**(1,066)**	**(917)**	**(1,163)**	**(193)**	**(294)**	**(483)**
Profit before income tax	**76,301**	**37,619**	**84,101**	**8,261**	**6,892**	**14,904**
Income tax expense	(27,017)	(9,176)	(25,024)	(516)	(480)	(1,205)
Profit for the year	**49,284**	**28,443**	**59,077**	**7,745**	**6,412**	**13,699**
Attributable to non-controlling interest	22,852	13,324	27,981	-	-	-
Attributable to shareholders of the parent company	26,432	15,119	31,096	7,745	6,412	13,699
	49,284	**28,443**	**59,077**	**7,745**	**6,412**	**13,699**
Other comprehensive income						
Items that will never be reclassified to profit or loss						
Revaluation of property and equipment	(434)	-	729	-	-	-
Items that are or may be reclassified to profit or loss						
Profit on available for sale assets	865	1,460	3,451	-	-	653
Translation difference on foreign subsidiary	(222)	134	456	-	-	-
Total other comprehensive income for the year	**209**	**1,594**	**4,636**	**-**	**-**	**653**
Deferred tax on other comprehensive income						
Total other comprehensive income for the year after tax	**209**	**1,594**	**4,636**	**-**	**-**	**653**
Total comprehensive income for the year	**49,493**	**30,037**	**63,713**	**7,745**	**6,412**	**14,352**
Attributable to non-controlling interest	22,952	14,040	29,933	-	-	-
Attributable to shareholders of the parent company	26,541	15,997	33,780	7,745	6,412	14,352
	49,493	**30,037**	**63,713**	**7,745**	**6,412**	**14,352**
Dividend paid to shareholders of the parent company	(12,101)	(9,172)	(9,388)	(4,172)	(4,172)	(9,388)
Earnings per share (Tambala)	2,534	1,450	2,981	-	-	-
Dividend paid per share (Tambala)	1,160	879	900	400	400	900
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041

SUMMARY STATEMENTS OF FINANCIAL POSITION

	GROUP			COMPANY		
	30-Jun-24	30-Jun-23 Restated*	31-Dec-23	30-Jun-24	30-Jun-23	31-Dec-23
	MK'million	MK'million	MK'million	MK'million	MK'million	MK'million
ASSETS	**2,020,658**	**1,348,935**	**1,567,681**	**31,482**	**27,450**	**30,222**
Cash and cash equivalents	289,533	108,975	182,382	14,170	10,222	14,051
Trade and other receivables	22,944	29,981	15,961	3,046	3,825	2,119
Loans and advances to customers	185,231	132,226	153,816	-	-	-
Client funds under management	208,619	164,661	170,614	-	-	-
Reinsurance contract assets	38,411	30,185	41,873	-	-	-
Other investments and loans receivable	119,268	49,558	93,377	2	2	2
Inventories	537	255	561	-	-	-
Investment in associate and joint venture companies	2,139	1,844	1,857	2,139	1,844	1,857
Investment in government securities	682,902	464,245	473,677	-	-	-
Investment in subsidiaries	-	-	-	9,063	9,063	9,063
Investment in equity shares	414,520	325,195	384,573	2,736	2,179	2,804
Investment properties	4,914	4,454	4,914	206	178	206
Deferred tax assets	7,614	6,953	10,009	-	-	-
Right-of-use assets	4,614	4,933	3,823	16	42	29
Intangible assets	13,912	9,336	10,781	29	42	35
Property and equipment	25,500	16,134	19,463	75	53	56
LIABILITIES	**1,821,803**	**1,209,616**	**1,406,218**	**3,603**	**5,869**	**5,916**
Deposits and customer accounts	632,011	394,114	497,745	-	-	-
Trade and other payables	244,024	60,640	65,042	2,643	3,942	4,501
Client funds payable	203,638	159,788	167,831	-	-	-
Insurance contract liabilities	720,340	575,997	653,300	-	-	-
Reinsurance contract liabilities	-	67	305	-	-	-
Interest-bearing loans and borrowings	8,993	8,203	9,927	917	1,833	1,358
Lease liabilities	7,686	7,159	6,795	43	94	57
Deferred tax liabilities	5,111	3,648	5,273	-	-	-
EQUITY	**198,855**	**139,319**	**161,463**	**27,879**	**21,581**	**24,306**
Issued share capital	52	52	52	52	52	52
Reserves	112,388	78,385	90,991	27,827	21,529	24,254
Non-controlling interest	86,415	60,882	70,420	-	-	-
TOTAL EQUITY AND LIABILITIES	**2,020,658**	**1,348,935**	**1,567,681**	**31,482**	**27,450**	**30,222**

SUMMARY STATEMENTS OF CHANGES IN EQUITY

	GROUP			COMPANY		
	30-Jun-24	30-Jun-23 Restated*	31-Dec-23	30-Jun-24	30-Jun-23	31-Dec-23
	MK'million	MK'million	MK'million	MK'million	MK'million	MK'million
Balance as at the beginning of the year	161,463	118,454	118,454	24,306	19,341	19,341
IFRS 17 transition adjustment	-	-	-	-	-	-
Prior period adjustments-correction of errors	-	-	-	-	-	-
Net profit for the year	49,284	28,443	59,077	7,745	6,412	13,699
Other comprehensive income	209	1,594	4,636	-	-	653
Dividends paid	(12,101)	(9,172)	(20,704)	(4,172)	(4,172)	(9,387)
Other transactions with owners of company	-	-	-	-	-	-
Balance as at the end of the year	**198,855**	**139,319**	**161,463**	**27,879**	**21,581**	**24,306**

SUMMARY STATEMENTS OF CASH FLOWS

	GROUP			COMPANY		
	30-Jun-24	30-Jun-23 Restated*	31-Dec-23	30-Jun-24	30-Jun-23	31-Dec-23
	MK'million	MK'million	MK'million	MK'million	MK'million	MK'million
Operating Activities						
Interest received	45,984	31,537	65,053	1,204	(262)	1,417
Dividends received	3,733	1,649	8,518	7,160	7,012	15,274
Additions to property and equipment and intangible assets	(11,773)	(8,823)	(14,881)	(30)	(42)	(54)
Net (additions)/disposal of government securities	3,498	(17,775)	(70,361)	-	-	-
Net disposal/(additions) of equity shares	(3,231)	(3,755)	(12,293)	-	-	-
Net (additions)/disposal of loans and debentures	40	368	(623)	-	-	-
Other investing activities	73	33	(24)	-	-	-
Cash flows generated from/ (used in) investing activities	**38,324**	**3,234**	**(24,611)**	**8,334**	**6,708**	**16,637**
Financing Activities						
Net proceeds from long term borrowings	(4,241)	(1,101)	797	(441)	(458)	(934)
Dividends paid	(8,667)	(6,192)	(14,466)	(5,238)	(3,054)	(8,101)
Other financing activities	(1,693)	(1,740)	(1,732)	(14)	(16)	(53)
Cash flows used in financing activities	**(14,601)**	**(9,033)**	**(15,401)**	**(5,693)**	**(3,528)**	**(9,088)**
Net increase in cash and cash equivalents	**106,952**	**9,133**	**82,071**	**108**	**577**	**4,338**
Cash and cash equivalents at beginning of the year	**182,382**	**96,525**	**96,525**	**14,051**	**9,642**	**9,642**
Effects of changes in exchange rates	199	3,317	3,786	11	3	71
Cash and cash equivalents at end of the period	**289,533**	**108,975**	**182,382**	**14,170**	**10,222**	**14,051**

*** Restatement:** The financial statements for the six months ended 30 June 2023 have been restated to comply with the new international reporting standard for recognition, measurement, and presentation of insurance transactions, "IFRS 17 Insurance Contracts" which replaced the previous standard, "IFRS 4 Insurance Contracts"

OVERVIEW

The Directors are pleased to report on the unaudited consolidated results of NICO Holdings PLC, its subsidiaries, joint venture, and associate company for the half year ended 30 June 2024.

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.

GROUP RESULTS

Gross revenue for the half year ended 30 June 2024 increased by 62% to MK202.6 billion compared to MK125.2 billion for the same period in 2023. Profit after tax before other comprehensive income increased by 73% to MK49.3 billion compared to MK28.4 billion for the same period in 2023. The growth in the Group's profitability was mainly driven by good performance of the banking business. Profit after tax and other comprehensive income of MK49.5 billion was 65% above the MK30.0 billion recorded for same period in 2023.

The results for six months ended 30 June 2023 have been restated to align with requirements of IFRS 17 Insurance contracts. This has impacted the Group, Life and General Insurance results.

SEGMENTAL PERFORMANCE

Banking

NBS Bank Plc delivered an impressive performance in the six months to 30 June 2024, driven by growth of loan book and money market instruments, a rise in interest rates, acquisition of new clients which contributed to a higher volume of transactions on digital platforms, and an increase in the volume and value of forex transactions and guarantees. The Bank's consolidated profit after tax grew by 168.5% to MK32.65 billion (June 2023: MK12.16 billion).

The Bank grew its balance sheet size by 84% in 2024 to MK972.9 billion (June 2023: MK527.6 billion). The Bank registered a 55% growth in customer deposits to MK648.6 billion (June 2023: MK417.5 billion). Loans and advances grew by 40% to close at MK185.2 billion (June 2023: MK132.2 billion).

Net interest income grew by 109% to MK67.9 billion (June 2023: MK32.5 billion). Non-interest revenue grew by 122% to MK22.6 billion (June 2023: MK10.2 billion). Impairment provisions rose to MK3.9 billion, up by 86% from MK2.1 billion in the same period last year due to the growth of the loan book which triggered additional provisions under International Financial Reporting Standards, and the downgrade of exposures within the SME segment.

Life Insurance

NICO Life Insurance Company Limited registered total insurance revenue of MK10.8 billion in the six months to 30 June 2024, which represented a decrease of 16% when compared to insurance revenue of MK12.9 billion registered in the same period last year. The business registered MK11.0 billion in profit after tax, a 22% decrease compared from MK14.1 billion profit for a similar period in 2023. The reduction in profitability was mainly due to impact of lower investment returns from 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 57% to MK19.6 billion (June 2023: MK12.5 billion). The revenue growth was due to both organic growth and new business. The business registered profit after tax of MK1.2 billion, a 14% decrease from MK1.4 billion profit after tax for the same period in 2023. The reduction in profit after tax was due to increase in technical reserves.

The business in Zambia registered insurance revenue of MK16.8 billion, a 53% increase from the MK10.96 billion registered in the same period last year. The growth in premiums was due to both organic growth and new business. The business registered a profit after tax of MK631.8 million compared to prior year loss after tax of MK1.7 billion for the same period in 2023. The profitability in the first half of the year was attributable to lower net claims, favourable reinsurance results and higher investment income.

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 by 20% to MK1.380 trillion (June 2023: MK1.147 trillion). Total income at MK6.0 billion was 46% above income of MK4.1 billion registered during same period last year largely due to growth in Assets Under Management (AUM). Profit after tax for the period of MK2.2 billion represented an increase of 23% compared to MK1.8 billion registered in same period of the prior year.

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 revenue of MK3.0 billion in the six months to 30 June 2024 which represented 25% growth over 2023 revenue of MK2.4 billion. The growth in revenue was driven by new business and pension contribution arrears received from various schemes. The business registered profit after tax of MK504.1 million in the six months period which was 15% higher than MK439.5 million recorded in the same period last year.

Segmental Contribution to Group Profit After Tax

	30-Jun-2024 MK' Million (6 Months)	Restated 30-Jun-2023 MK' Million (6 Months)	31-Dec-2023 MK' Million (12 Months)
Banking	32,645	12,156	29,378
Life insurance	11,032	14,066	25,719
Asset management	2,227	1,815	3,452
General insurance	1,857	369	599
Pension administration	504	440	870
Other segments	461	164	281
Holding company	7,745	6,413	13,699
Total	**56,471**	**35,423**	**73,998**
Elimination of dividend income from group companies on consolidation	(7,187)	(6,980)	(14,921)
Group profit after tax	**49,284**	**28,443**	**59,077**

DIVIDEND

After taking consideration of future investments and capital requirements, the Board of directors resolved to pay a first interim dividend of MK3.00 per share (MK3,129 billion), (2023: MK2.00 per share, MK2,086 billion), a 50% increase. The first interim dividend will be paid on 11 October 2024 to the shareholders appearing on the Register of Members as at close of business on 27 September 2024. The Register of Members will be closed on 28 September 2024 to 30 September 2024 and no transfers will be registered during that time.

OUTLOOK

The Reserve Bank of Malawi forecast that the Malawi economy will grow by 2.3% in 2024 higher than 1.9% in 2023. Low foreign exchange reserves, high inflation rate and interest rates which characterized the first half of 2024 are expected to continue in the second half. From these highlighted challenges, it is likely that the business operating environment will remain challenging. The Group continues to adapt its strategy and operations to deliver superior shareholder value despite the challenging economic environment.

Dr. Ellias Ngalande
Chairman

Mr. Vizenge Kumwenda
Group Managing Director