



NICO
Life

associated with Sanlam group

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

it's
clear

...that everyone wants to
leave a great legacy.

NICO Life has various life policies for
individuals and institutions tailored to
change people's lives.

ONE
NICO

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	COMPANY	
	2022 K'm	2021 K'm
Gross revenue	130,071	121,154
Reinsurance	(471)	(234)
Net revenue	129,600	120,920
Gross insurance benefits	(62,658)	(39,528)
Reinsurance	179	122
Net insurance benefits	(62,479)	(39,406)
Operating profit	67,121	81,514
Commissions payable and stamp duty	(3,192)	(2,055)
Management and investment expenses	(11,487)	(9,311)
Profit before transfer of long term policyholders' benefits	52,442	70,148
Transfer to policyholder's liabilities	(36,554)	(58,423)
Profit before income tax expense	15,888	11,725
Income tax expense	(1,291)	(3,072)
Profit for the year	14,597	8,653
Other comprehensive income	287	(431)
Total comprehensive income	14,884	8,222

SUMMARY STATEMENT OF FINANCIAL POSITION

	2022 K'm	2021 K'm
ASSETS		
Non current assets		
Property and equipment	3,179	3,112
Intangible assets	569	548
Right of use assets	37	71
Deferred tax	3,783	401
Investments	393,588	312,698
Total non-current assets	401,156	316,830
Current assets		
Investments	4,458	52,474
Insurance and other receivables	4,403	6,603
Income tax receivable	6,586	3,437
Cash and cash equivalents	62,074	52,732
Total current assets	77,521	115,246
Total assets	478,677	432,076
EQUITY AND LIABILITIES		
Share capital	33	33
Share premium	1,358	1,358
Revaluation reserves	791	504
Retained earnings	46,319	36,202
Total equity	48,501	38,097
LIABILITIES		
Non current liabilities		
Policyholders benefits	304,101	253,543
Technical reserves	44,722	43,109
Total non current liabilities	348,823	296,652
Current liabilities		
Policyholders benefits	74,111	89,728
Insurance and other payables	2,043	4,381
Trade and other payables	2,851	2,407
Lease liabilities	62	93
Amounts due to group companies	2,286	718
Total current liabilities	81,353	97,327
Total liabilities	430,176	393,979
Total equity and liabilities	478,677	432,076
SUMMARY STATEMENT OF CHANGES IN EQUITY		
At the beginning of the year	38,097	35,225
Total comprehensive income for the year	14,884	8,222
Dividends declared	(4,480)	(5,350)
At the end of the year	48,501	38,097
SUMMARY STATEMENT OF CASH FLOWS		
Net cash flows (used in)/from operating activities	(15,882)	3,085
Net cash flows from investing activities	28,126	13,397
Net cash flows used in financing activities	(2,902)	(4,300)
Net increase in cash and cash equivalents	9,342	12,182
Cash and cash equivalents at the beginning of the year	52,732	40,550
Cash and cash equivalents at the end of the year	62,074	52,732

INTRODUCTION

NICO Life Insurance Company Limited is a life insurance company that offers a comprehensive range of products such as group and individual life insurance, annuity, and deposit administration. The Company is co-owned by NICO Holdings Plc (51%) and Sanlam Emerging Markets of South Africa (49%).

BASIS OF PREPARATION

The Directors have prepared the summary financial statements to meet the requirements of the Financial Services Act, 2010 and believe that the summary statements of comprehensive income, financial position, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary financial statements.

The summary financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards and have been derived from the annual financial statements which were approved by the Board of Directors on 27th March 2023 and are available at the company's registered office.

ECONOMIC HIGHLIGHTS*

The year-on-year average inflation rate for 2022 stood at 21.0%, compared to 9.3% in 2021. During the year in review, the Reserve Bank of Malawi (RBM) devalued the Malawi Kwacha against the United States Dollar by 25.0% and this resulted in closing the year with the exchange rate of K1034.67/US\$1 (2021 at 815.00/US\$1). The all-type Treasury bill yield increased to 14.15% in 2022 from 12.18% recorded in 2021. The stock market was bullish in 2022 as the Malawi All Share Index (MASI) registered a return of 36.74%, compared to 40.05% registered in 2021.

PERFORMANCE

Gross revenue at K130.1 billion was 7% above the K121.2 billion registered in the prior year. This was on account of growth in revenues across all business lines.

Total comprehensive income at K14.9 billion was 81% above prior year. The growth in business together with the significant improvement in death claims experience contributed positively to the bottom line.

The total assets grew by 11% from K432 billion as at 31 December 2021 to K478 billion as at 31 December 2022. Growth was driven by net premiums coupled with the earned investment returns.

OUTLOOK*

The economic outlook for Malawi and the world at large remains uncertain. Downside risks to economic forecasts include rising inflation and interest rates as central banks across the globe try to curb spillover effects emanating from the Russia Ukraine war. Despite this, The Monetary Policy Committee projects a growth in the Malawi economy of 2.7% in 2023 from an outturn of 1.2% in 2022. Downside risks to this outlook include the impact of adverse weather shocks that affects the country's rain-fed agriculture sector, infrastructure, and loss of life. Further, limited concessional financing, an eroding business environment, acute foreign exchange shortages, high inflation, and rising interest rates pose risks to the growth trajectory.

The Monetary Policy Committee projects inflation to remain in double-digits and is expected to average 18.2% in 2023, compared to the outturn of 21.0% in 2022 and against the medium-term target of 3-7%.

Interest rates on short term investments are expected to remain high due to the current stance on the monetary policy rate. Inflationary pressures are expected to continue to have an impact on interest rate decisions throughout the year.

The Company's focus remains on good customer experience by enhancing operational efficiency and effectiveness through the robust systems as well as coming up with innovative products that respond to customer needs.

The Company will continue to leverage synergies that exist within NICO and Sanlam Groups.

* Unaudited

Vizenge M. Kumwenda
Chairman
18 April 2023

John Melrose
Chair of Audit Committee

Eric Chapola
Chief Executive Officer

CERTIFICATE OF THE STATUTORY ACTUARY

I hereby certify that to the best of my knowledge and belief the liabilities under un-matured life, funeral, industrial, deposit administration, group life and sinking fund policies issued by NICO Life Insurance Company Limited do not exceed the amount of the life insurance fund as at 31 December 2022.

Edwin Splinter

FASSA

16th February 2023

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Shareholders of NICO Life Insurance Company Limited

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2022, the summary statement of comprehensive income, the summary statement of changes in equity and the summary statement of cash flows for the year then ended, are derived from the audited financial statements of NICO Life Insurance Company Limited for the year ended 31 December, 2022.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements of NICO Life Insurance Company Limited, and in accordance with the "basis of preparation paragraph."

Summary Financial Statements

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

The Audited Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 6 April 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current year.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial statements in accordance with the basis described on the basis of preparation paragraph.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited 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.

Chartered Accountants
Nkondola Uka
Partner
19 April 2023