

# NIC HOLDINGS LIMITED

## (FORMERLY NATIONAL INSURANCE CORPORATION LIMITED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020				
	GENERAL INSURANCE BUSINESS USHS'000	LONG-TERM INSURANCE BUSINESS USHS'000	TOTAL GROUP 2020 USHS'000	TOTAL GROUP 2019 USHS'000
<b>INCOME</b>				
GROSS PREMIUMS WRITTEN	20,697,236	1,365,351	22,062,587	20,287,710
REINSURANCE COST	(9,553,851)	(180,638)	(9,734,489)	(9,327,729)
NET WRITTEN PREMIUM	11,143,385	1,184,713	12,328,097	10,959,981
CHANGES IN UNEARNED PREMIUM	(365,809)	-	(365,809)	(193,499)
NET PREMIUM INCOME	10,777,576	1,184,713	11,962,289	10,766,482
INVESTMENT & INTEREST INCOME	2,539,055	721,013	3,260,068	3,615,014
FEES & COMMISSION INCOME	1,306,896	22,698	1,329,594	1,947,683
OTHER INCOME	114,430	124,686	239,116	1,680,959
FAIR VALUE (LOSS)/GAINS THROUGH PROFIT OR LOSS	(21,650)	(246,167)	(267,817)	(1,593,058)
FAIR VALUE GAINS/(LOSSES) ON INVESTMENT & HELD FOR SALE PROPERTIES	2,049,000	1,372,550	3,421,550	2,925,682
<b>TOTAL INCOME</b>	<b>16,765,307</b>	<b>3,179,493</b>	<b>19,944,799</b>	<b>19,342,762</b>
NET CLAIMS INCURRED	(1,093,203)	(699,934)	(1,793,137)	(2,038,363)
COMMISSIONS EXPENSES	(2,474,958)	(151,474)	(2,626,432)	(2,789,312)
MAINTENANCE AND MANAGEMENT EXPENSES	(10,010,008)	(2,057,342)	(12,067,349)	(13,754,235)
GUARANTEED INTEREST ON DAP FUNDS	-	(479,028)	(479,028)	(629,465)
NET MOVEMENT IN LIFE FUNDS	-	493,980	493,980	(1,217,234)
FINANCE COST	(296,539)	(110,717)	(407,256)	(153,369)
IMPAIRMENT AND EXPECTED CREDIT LOSS	(358,936)	2,357	(356,579)	(1,253,937)
<b>TOTAL EXPENSES</b>	<b>(14,233,644)</b>	<b>(3,002,158)</b>	<b>(17,235,802)</b>	<b>(21,835,915)</b>
PROFIT/(LOSS) BEFORE TAXATION	2,531,663	177,335	2,708,998	(2,493,154)
TAXATION CHARGE	(753,266)	(46,759)	(800,025)	(202,681)
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>1,778,397</b>	<b>130,576</b>	<b>1,908,972</b>	<b>(2,695,835)</b>
OTHER COMPREHENSIVE INCOME				
FAIR VALUE GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI	480,126	-	480,126	(41,295)
REVALUATION (LOSS)/GAIN ON PROPERTY AND EQUIPMENT	(50,802)	-	(50,802)	427,700
DEFERRED TAX ON FAIR VALUE AND REVALUATION GAIN	(135,676)	-	(135,676)	(131,525)
	293,648	-	293,648	254,880
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>2,072,045</b>	<b>130,576</b>	<b>2,202,620</b>	<b>(2,440,955)</b>
<b>PROFIT/(LOSS) PER SHARE (USHS) - BASIC</b>			<b>1.35</b>	<b>(1.90)</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020				
	GENERAL INSURANCE BUSINESS USHS'000	LONG-TERM INSURANCE BUSINESS USHS'000	TOTAL GROUP 2020 USHS'000	TOTAL GROUP 2019 USHS'000
<b>ASSETS</b>				
CASH AND BANK BALANCES	1,019,483	142,370	1,161,853	2,584,967
OTHER RECEIVABLES AND PREPAYMENTS	1,934,562	265,975	2,200,537	1,657,871
PREMIUM RECEIVABLES	6,407,632	-	6,407,632	6,013,842
DEFERRED ACQUISITION COSTS	404,851	-	404,851	541,013
FINANCIAL ASSETS:				
AT FAIR VALUE THROUGH PROFIT OR LOSS	724,962	1,344,647	2,069,609	2,337,426
AT FAIR VALUE THROUGH OCI	(50,802)	-	(50,802)	4,675,770
AT AMORTIZED COST	6,996,135	1,120,190	8,116,325	7,618,232
REINSURANCE ASSETS	9,634,357	-	9,634,357	6,283,829
INVESTMENT PROPERTIES HELD FOR SALE	20,150,000	18,551,250	38,701,250	35,899,700
INVESTMENT PROPERTIES	19,144,999	-	19,144,999	19,681,999
PROPERTY AND EQUIPMENT	6,875,337	689,990	7,565,327	6,703,719
INTANGIBLE ASSETS	203,672	-	203,672	214,013
STATUTORY DEPOSITS	440,509	319,879	760,388	774,894
<b>TOTAL ASSETS</b>	<b>79,159,775</b>	<b>22,434,300</b>	<b>101,594,075</b>	<b>94,987,275</b>
<b>EQUITY</b>				
<b>AUTHORIZED</b>				
2,000,000,000 ORDINARY SHARES OF USHS5 EACH.	<b>5,000,000</b>	<b>5,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>
ISSUED AND FULLY PAID SHARES	4,043,899	3,035,000	7,078,899	7,078,899
SHARE PREMIUM	1,820,758	1,786,108	3,606,866	3,606,866
CONTINGENCY RESERVE	5,228,739	197,320	5,426,059	4,895,964
CAPITAL RESERVES	2,282,393	-	2,282,393	2,110,250
RETAINED EARNINGS	15,406,605	784,078	16,190,683	14,931,938
FAIR VALUE RESERVE	504,670	-	504,670	227,471
ASSETS REVALUATION RESERVE	263,829	-	263,829	299,390
SHAREHOLDERS EQUITY	<b>29,550,893</b>	<b>5,802,506</b>	<b>35,353,398</b>	<b>33,150,778</b>
<b>LIABILITIES</b>				
INSURANCE CONTRACT LIABILITIES	15,606,871	2,746,131	18,353,003	14,943,038
INVESTMENT CONTRACT LIABILITIES	-	7,351,680	7,351,680	8,837,852
PAYABLE ARISING FROM REINSURANCE CONTRACTS	6,555,280	210,392	6,765,672	6,976,100
OTHER PAYABLES AND ACCRUALS	19,873,659	4,649,710	24,523,369	22,068,833
INCOME TAX PAYABLE	4,876,064	698,482	5,574,546	5,749,153
DIVIDEND PAYABLE	599,039	-	599,039	599,401
DEFERRED TAX LIABILITIES	2,097,968	975,399	3,073,368	2,662,120
TOTAL LIABILITIES	49,608,882	16,631,795	66,240,677	61,836,497
TOTAL EQUITY AND LIABILITIES	<b>79,159,775</b>	<b>22,434,300</b>	<b>101,594,075</b>	<b>94,987,275</b>

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020				
	GENERAL INSURANCE BUSINESS USHS'000	LONG-TERM INSURANCE BUSINESS USHS'000	TOTAL GROUP 2020 USHS'000	TOTAL GROUP 2019 USHS'000
<b>OPERATING ACTIVITIES:</b>				
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	(179,052)	(1,786,516)	(1,965,568)	1,061,985
INVESTING ACTIVITIES:				
NET CASH FLOWS FROM INVESTING ACTIVITIES	509,350	334,749	844,100	718,205
FINANCIAL ACTIVITIES:				
NET CASH FLOWS FROM FINANCING ACTIVITIES	(264,462)	(33,017)	(297,479)	(374,170)
NET INCREASE IN CASH AND CASH EQUIVALENTS	65,836	(1,484,783)	(1,418,947)	1,406,021
MOVEMENT IN CASH AND CASH EQUIVALENTS:				
AT START OF THE YEAR	955,990	1,628,978	2,584,968	1,179,328
NET INCREASE IN CASH AND CASH EQUIVALENTS	65,836	(1,484,783)	(1,418,947)	1,406,021
FOREIGN EXCHANGE DIFFERENCE	(2,344)	(1,825)	(4,168)	(381)
<b>AT END OF THE YEAR</b>	<b>1,019,483</b>	<b>142,370</b>	<b>1,161,853</b>	<b>2,584,968</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020								
	SHARE CAPITAL USHS '000	SHARE PREMIUM USHS '000	CAPITAL RESERVE USHS '000	RETAINED EARNINGS USHS '000	FAIR VALUE RESERVE USHS '000	REVALUATION RESERVE USHS '000	CONTINGENCY RESERVE USHS '000	TOTAL USHS '000
AT 1 JANUARY 2020	7,078,899	3,606,866	2,110,250	14,983,948	175,461	299,390	4,895,964	33,150,778
PROFIT FOR THE YEAR	-	-	-	1,908,972	-	-	-	1,908,972
TRANSFER TO CONTINGENCY RESERVE	-	-	-	(530,095)	-	-	530,095	-
TRANSFER TO CAPITAL RESERVE	-	-	172,143	(172,143)	-	-	-	-
OTHER COMPREHENSIVE INCOME	-	-	-	-	329,209	(35,561)	-	293,648
AT 31 DECEMBER 2020	7,078,899	3,606,866	2,282,393	16,190,683	504,670	263,829	5,426,059	35,353,398
Ratios					2020	2019		
Solvency ratio					1489%	1701%		
Claims ratio					15%	19%		
Management expense ratio					55%	68%		
The summary of key audit matters raised by the auditors were on:								
(i) Valuation of technical liabilities								
(ii) Recoverability of premium debtors								

#### AUDIT OPINION:

#### "REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS OF NIC HOLDINGS LIMITED

##### Opinion

The summary consolidated financial statements of NIC Holdings Limited, which comprise the summary consolidated statement of financial position as at 31 December 2020, the summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of NIC Holdings Limited for the year ended 31 December 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards, Insurance Act, 2017 laws of Uganda and the Companies Act, 2012 laws of Uganda.

##### Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Insurance Act, 2017 laws of Uganda and the Companies Act, 2012 laws of Uganda. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the complete audited consolidated financial statements.

##### The Audited Consolidated Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 21 May 2021. The report also includes the communication of key auditor matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

##### Directors' Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with International Financial Reporting Standards, the Insurance Act, 2017 laws of Uganda and the Companies Act, 2012 laws of Uganda.

##### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

  
21 May, 2021

Ernst & Young, Uganda  
Certified Public Accountants of Uganda"

#### NOTICE OF THE 20TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 20th (virtual) Annual General Meeting of NIC Holdings Limited ("the Company") will be held on Thursday, 24th June, 2021 at 2.00 pm prompt to transact the following businesses:

##### ORDINARY BUSINESS

1. To lay before the members the financial statements for the year ended 31st December 2020 together with the reports of the Directors thereon.
2. To re-elect or elect Directors in place of the Directors who shall be retiring.
3. To re-appoint Ernst & Young as external auditors of the Company for the year ending 31st December, 2021 and to authorize Directors to determine their remuneration.

##### SPECIAL BUSINESS

4. To approve the remuneration of Directors.
5. To consider and if thought fit, pass the following as Special Resolution:

##### INCREASE IN AUTHORIZED SHARE CAPITAL

That the Company's authorized share capital be hereby increased from UShs10,000,000,000/- (Ten Billion Uganda Shillings) to UShs13,000,000,000/- (Thirteen Billion Uganda Shillings) by creation of 600,000,000 (Six Hundred Million) new Ordinary shares of UShs5/- (Five Uganda Shillings) per share, such new shares to rank pari passu in all respects with the existing shares in the capital of the Company. "

6. To consider and if thought fit, approve by Special Resolution, the consequential amendment of clause 5 of the Memorandum of Association as follows:

##### CONSEQUENTIAL AMENDMENT OF MEMORANDUM OF ASSOCIATION (UNDERLINED)

"5. That the share capital of the Company is UShs.13,000,000,000/-

(Thirteen Billion Uganda Shillings) divided into 2,600,000,000 (Two Billion, Six Hundred Million) ordinary shares of UShs.5/- (Five Uganda Shillings) with power to increase or reduce the capital with or without any priority or special privileges or subject to any postponement of rights or restrictions or conditions and to consolidate or sub-divide the shares into shares of larger or smaller amounts and also from time to time alter, modify, commute, abrogate, or deal with any such rights, privileges and conditions in accordance with the regulations for the time being of the company and statutes."

7. To consider and if thought fit, pass the following as Ordinary Resolution:

##### "BONUS ISSUE

That the sum of UShs3,539,449,295/- (Three Billion, Five Hundred and Thirty Nine Million, Four Hundred and Forty Nine Thousand, Two Hundred and Ninety Five Uganda Shillings) be transferred from the reserves after adjustment for applicable tax and be applied to pay for 707,889,859 (Seven Hundred and Seven Million, Eight Hundred and Eighty Nine Thousand, Eight Hundred and Fifty Nine) units of ordinary shares of UShs5/- (Five Uganda Shillings) each to be allotted as Bonus shares and credited as fully paid shares to shareholders registered in the books of the Company as at 17th June, 2021 in the ratio of 1 (One) new share for every 2 (Two) shares held by them respectively on that day, and such new shares shall rank pari passu for all purposes with existing issued shares of the Company.

Dated this **21 day of May, 2021**

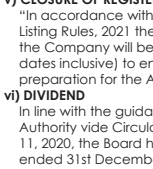
#### BY ORDER OF THE BOARD

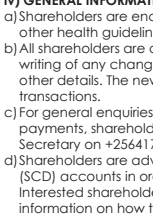
  
ELIAS EDU, ESQ.  
COMPANY SECRETARY

##### NOTES:

- i) In view of the restrictions on public gathering due to the COVID-19 pandemic, the Board of Directors have approved that the 20th Annual General Meeting of the Company shall be convened virtually by means of video conferencing facility allowing members to participate in the meeting electronically in line with Article 33, Articles of Association of the Company.
- ii) Any shareholder wishing to participate in the meeting should register for the Annual General Meeting (AGM) by dialing \*284\*31# (Uganda networks) and \*483\*811# (Kenya networks) on their mobile telephone and following the various prompts until they are registered to attend. To be registered for the AGM, shareholders may also send email to nicagm@image.co.ke. A shareholder/proxy will require the ID/Passport number which was used to purchase shares and/or their SCD Account number. A link to the registration portal shall also be emailed to every shareholder using the email addresses or sent by sms to the telephone numbers already registered in the data base of the Company and/or its Registrars. For assistance, shareholders should call the following helplines (+256417119900/+256417119947) between 9.00 am and 5.00pm EAT Monday to Friday or send email to [nicagm@image.co.ke](mailto:nicagm@image.co.ke); [eedu@nic.co.ug](mailto:eedu@nic.co.ug).
- iii) Registration for the AGM opens on 1st June, 2021 and will close on 22nd June, 2021 at 5.00pm EAT.
- iv) **PROXY**  
(a) A Member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not also be a Member. For the appointment to be valid, a completed proxy form must be deposited or emailed to the Company Secretary, NIC Holdings Limited, Plot 3 Pilkington Road, P. O. Box 7134, Kampala, Uganda (**Email: [eedu@nic.co.ug](mailto:eedu@nic.co.ug)**), not less than 48 hours before the time fixed for holding the meeting.
- (b) The Proxy form and other documents for the AGM may be downloaded from the Company's website **[www.nic.co.ug](http://www.nic.co.ug)**.
- v) **CLOSURE OF REGISTER OF MEMBERS**  
"In accordance with Rule 36(2)(b) Uganda Securities Exchange Listing Rules, 2021 the Register of Members and Transfer Books of the Company will be closed from 17th – 18th June, 2021 (both dates inclusive) to enable the Registrars update the records in preparation for the AGM.
- vi) **DIVIDEND**  
In line with the guidance issued by the Insurance Regulatory Authority vide Circular Ref. IRA/CIR/12/20/630 dated December 11, 2020, the Board has not recommended dividend for the year ended 31st December, 2020.
- iv) **GENERAL INFORMATION**  
a) Shareholders are encouraged to always observe the COVID-19 and other health guidelines issued by the authorities in their jurisdiction.  
b) All shareholders are advised to notify the Company Secretary in writing of any changes in their Postal addresses, Bank accounts and other details. The new information supplied will be used in future transactions.  
c) For general enquiries including any question regarding dividend payments, shareholders are please requested to call the Company Secretary on +256417119900 or send email to [eedu@nic.co.ug](mailto:eedu@nic.co.ug).  
d) Shareholders are advised to open Securities Central Depository (SCD) accounts in order to fully participate in share transactions. Interested shareholders may contact any registered stockbroker for information on how to open SCD accounts.

The financial statements were approved by the Board of Directors on 20th May, 2021 and were signed on behalf of the Board by:

  
Bayo Folayan  
Director

  
Dr. Alan Shonubi  
Chairman

This is an extract of the consolidated financial statements that were audited by Messrs Ernst & Young Certified Public Accountants who issued an unqualified opinion.

A copy of the 2020 annual report can be obtained from the office of the Company Secretary, NIC Holdings Limited, Plot 3 Pilkington Road, P. O. Box 7134, Kampala or at [www.nic.co.ug](http://www.nic.co.ug)