

**NIC HOLDINGS LIMITED**  
(Formerly National Insurance Corporation Limited)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2021

	General Insurance Business Ushs'000	Long-term Insurance Business Ushs'000	Total Group 2021 Ushs'000	Total Group 2020 Ushs'000
<b>Income</b>				
Gross premiums written	23,544,298	2,698,679	26,242,976	22,062,587
Reinsurance cost	(11,560,210)	(389,898)	(11,950,108)	(9,734,489)
Net written premium	11,984,028	2,308,780	14,292,808	12,328,097
Changes in gross unearned premium*	(1,566,763)	-	(1,566,763)	(2,020,993)
Changes in reinsurance unearned premium*	1,289,044	-	1,289,044	1,655,185
Net premium income	11,706,309	2,308,780	14,015,089	11,962,289
Investment & Interest Income	2,844,411	979,051	3,823,462	3,260,668
Fees & Commission Income	1,693,672	58,086	1,751,758	1,329,594
Other Income	1,577,071	1,309,768	2,886,839	239,116
Fair value (loss)/gains through profit or loss	(87,349)	800,595	713,246	(267,817)
Fair value gains/(loss) on investments or items for sale properties	250,000	1,583,750	1,833,750	3,421,550
<b>Total income</b>	<b>17,884,315</b>	<b>7,040,000</b>	<b>25,024,345</b>	<b>19,944,800</b>
Net claims incurred	(2,213,312)	(1,026,619)	(3,239,931)	(1,793,137)
Commissions expenses	(2,649,752)	(357,441)	(3,007,193)	(2,626,432)
Maintenance and management expenses	(10,289,840)	(2,148,783)	(12,438,623)	(12,067,349)
Guaranteed interest on DAP Funds	-	(199,624)	(199,624)	(479,028)
Net movement in Life Funds	-	(1,626,298)	(1,626,298)	493,980
Finance cost	(72,299)	(105,104)	(177,403)	(407,256)
Impairment and expected credit loss	(356,042)	(17,539)	(373,581)	(356,579)
<b>Total expenses</b>	<b>(14,869,161)</b>	<b>(5,481,408)</b>	<b>(20,350,569)</b>	<b>(17,235,802)</b>
<b>Profit/(Loss) before taxation</b>	<b>3,115,154</b>	<b>1,558,622</b>	<b>4,673,776</b>	<b>2,708,999</b>
Taxation charge	(1,012,638)	(476,252)	(1,488,890)	(800,025)
<b>Profit/(Loss) after taxation</b>	<b>2,102,516</b>	<b>1,082,370</b>	<b>3,184,886</b>	<b>1,908,973</b>
<b>Other comprehensive income</b>				
Fair value gains/(loss) on financial assets at fair value through OCI	88,392	-	88,392	480,126
Revaluation (loss)/gain on property and equipment	95,160	-	95,160	(50,802)
	(55,969)	-	(55,969)	(135,678)
	128,486	-	128,486	283,648
<b>Total comprehensive income/(loss)</b>	<b>2,230,602</b>	<b>1,082,370</b>	<b>3,312,972</b>	<b>2,202,621</b>
<b>Profit/(Loss) Per Share (Ushs) - Basic</b>			<b>2.25</b>	<b>1.35</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2021

	General Insurance Business Ushs'000	Long-term Insurance Business Ushs'000	Total Group 2021 Ushs'000	Total Group 2020 Ushs'000	Total Group 2020 Ushs'000
<b>ASSETS</b>					
Cash and bank balances	565,526	42,669	608,195	1,161,853	2,584,967
Other receivables and prepayments	1,522,280	392,547	1,914,827	2,200,537	1,657,871
Premium receivables	9,294,639	156,742	9,451,381	6,407,632	6,013,842
Gross deferred acquisition costs*	1,881,552	-	1,881,552	1,528,675	1,404,209
<b>Financial Assets:</b>					
At fair value through Profit or loss	637,613	2,145,242	2,782,855	2,069,609	2,337,426
At fair value through OCI	5,502,620	-	5,502,620	5,223,276	4,675,770
At amortized cost	8,599,364	1,217,297	9,776,661	8,116,325	7,618,232
Reinsurance Assets	9,138,257	-	9,138,257	9,634,357	6,283,829
Investment Properties Held for sale	-	-	-	38,701,250	35,899,700
Investment Properties	34,944,999	17,225,000	52,149,999	19,144,999	19,681,999
Property and equipment	11,477,445	605,551	12,082,996	7,565,327	6,703,719
Intangible assets	126,624	-	126,624	203,672	214,013
Statutory deposits	739,383	469,904	1,209,287	760,388	774,894
<b>Total Assets</b>	<b>84,370,303</b>	<b>22,254,451</b>	<b>106,624,754</b>	<b>102,717,899</b>	<b>95,850,471</b>
<b>EQUITY</b>					
Authorized each:	5,000,000	5,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid shares	4,043,899	3,035,000	7,078,899	7,078,899	7,078,899
Share premium	1,820,758	1,786,108	3,606,866	3,606,866	3,606,866
Contingency reserve	5,699,623	224,307	5,923,929	5,428,059	4,895,564
Capital Reserves	2,401,829	-	2,401,829	2,282,393	2,110,250
Retained earnings	16,918,602	1,839,461	18,758,063	16,190,683	14,931,938
Fair value reserve	566,544	-	566,544	504,670	227,471
Assets revaluation reserve	330,441	-	330,441	263,829	299,390
<b>Shareholders equity</b>	<b>31,781,695</b>	<b>6,884,875</b>	<b>38,666,570</b>	<b>35,353,398</b>	<b>33,150,778</b>
<b>LIABILITIES</b>					
Insurance Contract Liabilities	16,290,955	4,337,636	20,628,591	18,353,003	14,943,038
Investment Contract Liabilities	-	5,466,329	5,466,329	7,351,680	8,837,852
Payable arising from Reinsurance Contracts	7,307,053	377,517	7,684,570	6,765,672	6,976,100
Deferred reinsurance commission income*	1,300,312	-	1,300,312	1,123,824	863,197
Other payables and Accruals	19,488,328	3,062,961	22,551,289	24,523,369	22,068,833
Income tax payable	4,866,283	822,606	5,688,889	5,574,546	5,749,153
Dividend payable	596,364	-	596,364	599,039	599,401
Deferred tax liabilities	2,739,313	1,302,527	4,041,840	3,073,368	2,662,120
<b>Total liabilities</b>	<b>52,288,608</b>	<b>15,969,576</b>	<b>67,958,184</b>	<b>67,364,501</b>	<b>62,699,693</b>
<b>Total equity and liabilities</b>	<b>84,370,303</b>	<b>22,254,451</b>	<b>106,624,754</b>	<b>102,717,899</b>	<b>95,850,471</b>

\* Certain amounts shown here do not correspond to the 2020 audited financial statements and reflect restatements. Please refer to Note (4n) for details of restatements processed to the 2020 comparatives.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 DECEMBER 2021

	General Insurance Business Ushs'000	Long-term Insurance Business Ushs'000	Total Group 2021 Ushs'000	Total Group 2020 Ushs'000
<b>Operating activities:</b>				
Net cash flows generated from operating activities	1,266,682	(3,712,713)	(2,446,031)	(6,158,744)
<b>Investing activities:</b>				
Net cash flows from investing activities	(1,440,612)	3,650,952	2,171,713	982,314
<b>Financial activities:</b>				
Net cash flows from financing activities	(287,232)	(38,627)	(325,859)	(297,479)
Net increase in cash and cash equivalents	(461,161)	(100,388)	(561,549)	(1,441,831)
At start of the year	1,019,483	142,370	1,161,853	2,584,967
Net increase in cash and cash equivalents	(461,161)	(100,388)	(561,549)	(1,441,831)
Foreign exchange difference	1,890	240	2,130	1,897
Decrease in ECL- cash and cash equivalent*	5,315	447	5,762	16,819
At end of the year	565,526	42,669	608,195	1,161,853

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 31 DECEMBER 2021

	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
<b>At 1 January 2021</b>	7,078,899	3,606,866	2,282,393	16,190,683	504,670	263,829	5,428,059	35,353,398
Profit for the year	-	-	-	3,184,686	-	-	-	3,184,686
Transfer to contingency reserve	-	-	-	(487,871)	-	-	497,871	-
Transfer to capital reserve	-	-	119,436	(119,436)	-	-	-	-
Other comprehensive income	-	-	-	-	61,874	66,612	-	128,486
<b>At 31 December 2021</b>	<b>7,078,899</b>	<b>3,606,866</b>	<b>2,401,829</b>	<b>18,758,062</b>	<b>566,544</b>	<b>330,441</b>	<b>5,923,929</b>	<b>38,666,570</b>

	2021	2020
Ratios	2021	2020
Solvency ratio	147%	149%
Claims ratio	23%	15%
Management expense ratio	47%	55%

**The summary of key audit matters raised by the auditors were on:**

- (i) Valuation of technical liabilities
- (ii) Recoverability of premium debtor

**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 2021, 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 2021.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the Insurance Act, 2017 of Uganda and the Uganda Securities Exchange Listing Rules.

**Summary Consolidated Financial Statements**

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the Insurance Act, 2017 of Uganda and the Companies Act, 2012 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 and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the 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 30 May 2022. 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 the requirements of the Insurance Act, 2017 of Uganda and the Uganda Securities Exchange Listing Rules.

**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.

30 May, 2022

Ernst & Young, Uganda

Certified Public Accountants of Uganda

The financial statements were approved by the Board of Directors on 27<sup>th</sup> May, 2022 and were signed on behalf of the Board by:

Bayo Foleyan

Director

Alan Shorubji

Chairman

**NOTICE OF THE 21ST ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 21st (Hybrid: virtual/Physical) Annual General Meeting of NIC Holdings Limited ("the Company") will be held at the Imperial Royale Hotel, Kampala, Uganda and also virtually on Thursday, 14th July, 2022 at 2:00 pm prompt to transact the following businesses:

**ORDINARY BUSINESS**

- To lay before the members the financial statements for the year ended 31st December 2021 together with the reports of the Directors thereon.
- To re-elect or elect Directors in place of the Directors who shall be retiring.
- To appoint KPMG, Certified Public Accountants, 3rd Floor, Rwenzori Courts, Plot 2 & 4, Nakasero, Kampala as external auditors of the Company for the year ending 31st December, 2022 and to authorize Directors to determine their remuneration.

**SPECIAL BUSINESS**

- To approve the remuneration of Directors.
- To consider and if thought fit, pass the following as Ordinary Resolution:

**INCREASE IN AUTHORIZED SHARE CAPITAL**

That the Company's authorized share capital be hereby increased from Ushs'13,000,000,000/- (Thirteen Billion Uganda Shillings) to Ushs'31,000,000,000/- (Thirty-One Billion Uganda Shillings) by creation of 6,000,000,000 (Six Billion) new Ordinary shares of Ushs'5/- (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'31,000,000,000/- (Thirty-One Billion Uganda Shillings) divided into 6,000,000,000 (Six Billion, Two Hundred Million) ordinary shares of Ushs'5/- (Five Uganda Shillings) per share 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:

**Increase in paid-up share**

(i) That the directors be authorized to increase the Company's paid-up share capital from Ushs'10,618,347,885/- to any amount up to Ushs'30,226,191,025/- by creation of new Ordinary shares of Ushs'5/- (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; and

(ii) That the new shares issued shall be offered concurrently to the existing shareholders of the Company and to any interested member of the public at a price as shall be determined by the directors and by methods approved by the Board of Directors, subject to the Memorandum and Articles of Association of the Company and further subject to the required consent or authorization, including but not limited to the approval of the Capital Markets Authority and Uganda Securities Exchange upon such terms as the directors shall think fit PROVIDED that the existing shareholders on the date of the issue shall have renunciation rights on the new ordinary shares created.

Dated this 27<sup>th</sup> day of May, 2022

**BY ORDER OF THE BOARD**

ELIAS EDU, EQO.

COMPANY SECRETARY

**NOTES:**

(i) In view of the lingering public health concerns due to the COVID-19 pandemic, the Board of Directors has approved that the 21st Annual General Meeting of the Company shall be convened both physically (for those who are able to come to the venue and maintain the strict public health rules in place) and virtually 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\*314 (Uganda networks) and \*483\*828 (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.ug. A shareholder/proxy will require the ID/Passport number which was used to purchase shares and/or their SCID 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 helpline (+256417119900/+256417119947) between 9:00 am and 5:00pm EAT Monday to Friday or send email to nicagm@image.co.ug; eed@nic.co.ug.

(iii) Registration for the AGM opens on 20th June, 2022 and will close on 12th July, 2022 at 5:00pm (Kampala time).

**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: edu@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.

**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 7th – 8th July, 2022 (both dates inclusive) to enable the Registrars update the records in preparation for the AGM.

**DIVIDEND**

Regulation 6(8) of the Insurance (Capital Adequacy and Prudential Requirements) Regulations, 2020 (the Regulation) prohibits insurance companies which have not met the minimum Capital Adequacy Ratio (CAR) of 200% from paying dividend. The Insurance Regulatory Authority of Uganda has set a deadline of 30th September, 2022 for all insurance companies to meet the minimum CAR. In line with the provisions of the Regulation, the Board has not recommended dividend in the