

PEOPLE. TECHNOLOGY. PURPOSE.

**2020
HALF YEAR
RESULTS**



ABRIDGED UNAUDITED GROUP RESULTS FOR THE PERIOD

The Directors hereby present the abridged unaudited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the 'Group') for the period ended 30 June 2020.

Key Highlights

Revenue

- Net insurance premium income **decreased by 5% to P 1.21 billion**
- Recurring premium income **increased by 10% to P812 million**
- Value of new business **remained flat at P 66 million**

Assets Under Management

- Assets under management **increased by 8% to P 30.5 billion**

Earnings

- Operating profit **increased by 17% to P 202 million**
- Core earnings **increased by 7% to P 203 million**
- Profit attributable to equity holders **increased by 45% to P 264 million**

Embedded Value

- Embedded value **increased to P4.69 billion.**
(June 2019: P 4.38 billion)
- Return on Group Embedded Value is **12.4%**
(June 2019: 9.5%)

Dividends

- **P 214 million** paid as dividends during the period
(Jun 2019: P 234 million)
- Interim dividend proposed of **57 thebe per share net of tax**
(Jun 2019: 44 thebe per share)

Solvency

- Business is well capitalised, required capital for the group subsidiaries is covered **6.0 times**
(June 2019: 4.2 times)

Group Consolidated Income Statement

For the period ended 30 June 2020

	Period to 30 Jun 2020	Period to 30 Jun 2019	Year to 31 Dec 2019
	P'000	P'000	P'000
Revenue			
Net insurance premium income	1,213,066	1,278,428	2,597,852
Gross premium income – recurring	811,764	736,004	1,510,609
– single	436,063	566,177	1,140,404
Insurance premiums ceded to reinsurers	(34,761)	(23,753)	(53,161)
Investment income	601,957	655,592	1,138,243
Fee revenue	53,026	47,814	98,414
Profit on sale of subsidiary	-	-	3,472
Investment income	13,486	83,421	171,594
Interest income using EIR	1,845	5,630	11,165
Other interest income	501,788	352,953	797,600
Net gains/(losses) on financial assets held at fair value through profit or loss	31,812	165,774	55,998
Total revenue	1,815,023	1,934,020	3,736,095
Net insurance and investment contract benefits and claims	(1,263,645)	(1,388,174)	(2,622,131)
Gross insurance benefits and claims	(762,689)	(794,254)	(1,649,328)
Reinsurance claims	10,155	7,455	34,580
Change in liabilities under investment contracts	(57,377)	(264,972)	(421,258)
Change in policyholder liabilities under insurance contracts	(457,373)	(337,102)	(584,757)
Change in contract liabilities ceded to reinsurers	3,639	699	(1,368)
Expenses	(342,129)	(347,446)	(719,005)
Sales remuneration	(167,111)	(189,210)	(397,221)
Administration expenses	(174,588)	(158,236)	(316,700)
Finance cost on leases (IFRS 16)	(430)	-	(1,110)
Impairment losses	-	-	(3,974)
Profit before share of profit of associates and joint ventures	209,249	198,400	394,959
Share of profit of associates and joint ventures	112,559	22,644	142,233
Profit before tax	321,808	221,044	537,192
Tax expense	(55,418)	(43,046)	(98,919)
Profit for the period from continuing operations	266,390	177,998	438,273
Discontinued operations			
Profit for the period from discontinued operations	-	1,665	2,191
Profit for the period	266,390	179,663	440,464
Profit attributable to:			
- Equity holders of the parent from continuing operations	263,684	177,854	434,720
- Equity holders of the parent from discontinuing operations	-	1,665	2,191
- Non-controlling interests	2,706	144	3,553
Profit for the period	266,390	179,663	440,464
Earnings per share (thebe) attributable to ordinary equity holders of the parent			
- Basic	94	65	158
- Diluted	94	65	158
Earnings per share (thebe) from continuing operations			
- Basic	94	65	157
- Diluted	94	65	157

ABRIDGED UNAUDITED GROUP RESULTS FOR THE PERIOD

The Directors hereby present the abridged unaudited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the 'Group') for the period ended 30 June 2020.

Group Consolidated Income Statement (continued)

	Period to 30 Jun 2020	Period to 30 Jun 2019	Year to 31 Dec 2019
Profit for the period	266,390	179,663	440,464
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations	(25,728)	(3,053)	(6,486)
Total comprehensive income for the period	240,662	176,610	433,978
Total comprehensive income attributable to:			
- Equity holders of the parent	237,956	175,535	428,234
- Equity holders of the parent from discontinuing operations	-	1,665	2,191
- Non-controlling interests	2,706	2,463	3,553
Total comprehensive income for the period	240,662	179,663	433,978

Group Consolidated Statement of Financial Position

	As at 30 Jun 2020	As at 30 Jun 2019	As at 31 Dec 2019
	P'000	P'000	P'000
ASSETS			
Property and equipment	151,157	154,907	154,562
Intangible assets	112,810	96,983	104,226
Right of use assets	18,141	17,095	20,767
Investment property	143,525	117,343	121,615
Investments in associates and joint ventures	1,672,867	1,443,581	1,664,623
Long term reinsurance assets	11,358	7,049	7,718
Non-current assets held for sale	-	55,321	-
Financial assets at fair value through profit or loss	15,308,612	14,086,128	13,955,742
- Bonds (government, public authority, listed and unlisted corporates)	9,275,646	8,080,100	8,608,179
- Investment in property funds and companies	750,702	304,813	729,294
- Equity investments (local and foreign)	1,902,375	3,871,798	1,784,202
- Other loan advances	-	589,659	-
- Money market instruments	3,379,889	1,239,758	2,834,067
Loans at amortised cost	39,256	50,000	50,000
Derivatives instrument	29,035	-	-
Insurance and other receivables	325,486	271,339	247,033
Related party balances	137	-	-
Tax refund due	-	7,266	5,258
Cash, deposits and similar securities	113,625	129,586	162,095
Total assets	17,926,009	16,436,598	16,493,639
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	154,936	154,936	154,936
Non-distributable reserves	278,125	358,945	223,186
Retained earnings	2,506,365	2,236,681	2,525,223
Total equity attributable to equity holders of the parent	2,939,426	2,750,562	2,903,345
Non-controlling interests	19,347	18,034	23,597
Total equity	2,958,773	2,768,596	2,926,942
Liabilities			
Policyholder liabilities under:	11,098,249	13,423,620	10,444,102
- Insurance contracts	11,098,249	10,365,110	10,444,102
- Investment contracts	-	3,058,510	-
External investors in consolidated funds	3,519,610	-	2,667,763
Derivatives instrument	-	-	5,810
Deferred tax liability	19,577	9,934	22,161
Lease Liability	18,902	26,589	21,431
Insurance and other payables	306,607	168,347	389,561
Tax payable	4,291	-	-
Related party balances	-	6,281	15,869
Liabilities classified as held-for-sale	-	33,231	-
Total equity and liabilities	17,926,009	16,436,598	16,493,639

ABRIDGED UNAUDITED GROUP RESULTS FOR THE PERIOD

The Directors hereby present the abridged unaudited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the 'Group') for the period ended 30 June 2020.

Group Consolidated Statement of Changes in Equity

	Stated capital	Non-distributable reserves	Retained earnings	Total equity attributable to equity holders of parent	Non-controlling interests	Total equity
	P'000	P'000	P'000	P'000	P'000	P'000
For the period ended 30 June 2020						
As at 1 January 2020						
Opening balances	154,936	223,186	2,561,131	2,939,253	23,597	2,962,850
Profit for the period	-	-	263,684	263,684	2,706	266,390
FCTR Movement	-	(25,728)	-	(25,728)	-	(25,728)
Dividend paid	-	-	(213,686)	(213,686)	(6,956)	(220,642)
Transfers from non-distributable reserves to retained earnings	-	77,197	(77,197)	-	-	-
Other movement in reserves	-	3,470	(27,567)	(24,097)	-	(24,097)
Balances at 30 June 2020	154,936	278,125	2,506,365	2,939,426	19,347	2,958,773
For the period ended 30 June 2019						
As at 1 January 2019						
Opening balances	154,936	323,449	2,340,180	2,818,565	22,008	2,840,573
Profit for the period	-	-	182,126	182,126	(2,463)	179,663
FCTR Movement	-	(6,127)	-	(6,127)	-	(6,127)
Dividend paid	-	-	(234,368)	(234,368)	(1,724)	(236,092)
Transfers from non-distributable reserves to retained earnings	-	52,771	(52,771)	-	-	-
Change in reserves	-	(11,148)	1,514	(9,634)	213	(9,421)
Balances at 30 June 2019	154,936	358,945	2,236,681	2,750,562	18,034	2,768,596

Group Consolidated Statement of Cash Flows

	Period to 30 Jun 2020	Period to 30 Jun 2019	Year to 31 Dec 2019
	P'000	P'000	P'000
Net cashflows from operating activities	764,207	484,640	541,633
Cash generated from operations	917,971	718,190	696,670
Interest received	788	20,690	133,279
Dividend received from equity investments	49,673	-	108,547
Dividend received from associates and joint ventures	68,714	29,103	73,247
Interest expense on leases (IFRS 16)	(430)	-	(1,110)
Tax paid	(51,867)	(48,975)	(98,139)
Dividend paid	(220,642)	(234,368)	(370,861)
Net cashflows utilised in investing activities	(810,578)	(467,898)	(488,406)
Purchase of property and equipment	-	(4,439)	(8,541)
Purchase of computer software	11,652	(353)	(15,545)
Proceeds from sale of investment in subsidiaries	-	-	25,000
Purchase of investment in associates	(2,661)	(224)	(31,568)
Acquisition of investments	(819,569)	(462,882)	(457,752)
Net cashflows from Financing Activities	(2,099)	-	(3,976)
Payment of principal portion of lease liabilities (IFRS 16)	(2,099)	-	(3,976)
Net (decrease)/increase in cash and cash equivalents	(48,470)	16,742	49,251
Cash and cash equivalents at the beginning of the period	162,095	112,844	112,844
Cash and cash equivalents at the end of the period	113,625	129,586	162,095

Group Embedded Value

Definition of Embedded Value

The embedded value represents an estimate of the economic value of the company excluding the value attributable to future new business and the value attributable to minority interests. The embedded value comprises:

- The value of the shareholders' net assets;
- Fair value adjustments; and
- The value of in-force business.

The value of in-force business is the present value of future after-tax profits arising from business in force at the valuation date, discounted at the risk discount rate, and adjusted for the cost of capital required to support the business.

The value of new business represents the value of projected after-tax profits at the point of sale arising from new policies sold during the period to June 2020, accumulated to the end of the period at the risk discount rate. The value is adjusted for the cost of capital required to support the new business.

Embedded value results for the 6 months ended 30 June 2020

Embedded Value	Period to 30 Jun 2020	Period to 30 Jun 2019	Year to 31 Dec 2019
	P'000	P'000	P'000
Embedded value results			
Shareholders' net assets after fair value adjustments	2,876,436	2,687,571	2,840,992
Shareholders' net assets, excluding goodwill	2,876,436	2,687,571	2,840,992
Value of in-force			
Value before cost of capital	1,815,886	1,689,352	1,810,554
Value before cost of capital	1,791,960	1,654,588	1,775,420
Fair value adjustments	196,842	181,299	183,102
Cost of capital	(172,916)	(146,535)	(147,968)
Embedded value at end of period	4,692,322	4,376,923	4,651,546
Embedded value at beginning of the year	4,651,546	4,419,430	4,419,430
Required Capital	478,355	637,903	401,158
Required Capital Cover	6.0	4.2	7.1
Embedded value per share (Pula)	16.62	15.50	16.47
Embedded value earnings			
Change in embedded value	280,504	204,297	574,919
Change in embedded value	40,777	(42,507)	222,788
Movement in capital	26,041	12,436	(16,553)
Dividends paid	213,686	234,368	368,684
Return on embedded value	12.4%	9.5%	13.0%

ABRIDGED UNAUDITED GROUP RESULTS FOR THE PERIOD

The Directors hereby present the abridged unaudited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the 'Group') for the period ended 30 June 2020.

Group Embedded Value (continued)

Embedded Value	Period to 30 Jun 2020 P'000	Period to 30 Jun 2019 P'000	Year to 31 Dec 2019 P'000
These earnings can be analysed as follows:			
Expected return on life business in force	96,162	74,173	146,522
Value of new business	71,631	72,074	170,428
Value at point of sale	66,186	65,722	157,699
Expected return to end of period	5,445	6,352	12,729
Operating experience variances	35,535	26,564	88,659
Mortality/Morbidity	18,817	5,142	27,612
Persistency	6,633	(784)	29,136
Expenses	(3,311)	(1,456)	8,185
Other	13,396	23,662	23,726
Operating assumption changes	(24,558)	(20,245)	(20,085)
Mortality/morbidity	2,027	2,549	(15,851)
Persistency	(13,063)	(3,567)	(61,680)
Expenses	(6,237)	(13,787)	76,521
Other	(7,285)	(5,440)	(19,075)
Embedded value earnings from operations	178,770	152,566	385,524
Investment variances	18,899	34,379	39,440
Economic assumption changes	(48,369)	-	30,543
Embedded value earnings from covered business	149,300	186,945	455,507
Return on shareholders assets	117,318	22,066	122,200
Investment Returns	(9,780)	(5,843)	(19,573)
Net profit non-life operations	127,098	27,909	141,773
Change in shareholders' fund adjustments	13,884	(4,714)	(2,788)
Changes in treasury share adjustments	(2,337)	7,758	(77,531)
Movement in fair value of incentive scheme shares	1,410	12,082	1,410
Movement in present value of holding company expenses	2,598	(12,417)	2,598
Movement in other net worth adjustments	12,213	12,027	85,816
Embedded value earnings	280,502	204,297	574,919
a) Value of new business			
Value of new business at point of sale	66,187	65,721	157,699
Value before cost of capital	68,773	71,300	165,204
Recurring premium	48,895	38,255	106,282
Single premium	19,878	33,045	58,922
Cost of capital	(2,586)	(5,579)	(7,505)
Expected return to end of period	5,445	6,352	12,729
b) Fair value adjustments	196,842	181,299	183,102
Staff share scheme	(27,186)	(34,848)	(28,596)
Non-life operations write-up to fair value	190,867	159,826	178,929
Non-life operations write-up to fair value(other)	141,528	86,833	141,397
Group holding expenses	(145,504)	(155,275)	(148,102)
Reversal of cross holding adjustment	37,137	124,763	39,474
Consisting of:			
Value of In Force adjustments	196,842	181,299	183,102

Commentary

Economic environment

The first quarter of 2020 began on a positive note. Notwithstanding some concerns around slowdown in global manufacturing and US-China trade tensions, capital markets exhibited optimism and global equities continued to rise to all-time highs. Later, the COVID-19 outbreak, a human to human viral infection, which was first reported in December 2019 in Wuhan, China, spread rapidly from Asia to the Middle East, Europe and the United States, prompting World Health Organization (WHO) to declare the disease a global pandemic on 11th March 2020. Governments in affected countries, were quick to implement measures to curb the outbreak, ranging from total lockdowns to extreme social distancing and travel bans. By the end of the quarter, over 750,000 thousand cases and roughly 36,000 deaths were reported worldwide by WHO, with the epicenter of the outbreak shifting from China to Europe and the United States.

The humanitarian cost of the outbreak and its ongoing impact on global supply chain resulted in capital market losses in March. Overall, equities fell across both developed (-21.5%) and emerging markets (-23.9%) in Q1. Benchmark bond yields fell to record lows in extreme risk-off sentiments. Global corporate bonds underperformed government bonds as credit spreads sharply widened prompting credit and liquidity concerns. Investors finding safety in cash, increased flows to US Dollar, Japanese Yen and Swiss Franc. To curb the economic fall-out, global policy makers responded with extraordinary monetary and fiscal measures which consisted of multi trillion-dollar stimulus packages and significant cuts in interest rates.

In the second quarter, the extraordinary stimulus packages and easing of lockdowns in some affected countries prompted a return of risk appetite, supporting global equity and credit markets. Global equities had the strongest quarterly rally since 2009. The index exhibited a 38% claw back from its March low with the technology and healthcare sectors taking the lead. By the end of June 2020, over 10 million cases and roughly 500,000 deaths were confirmed worldwide by WHO, and the numbers were continuing to grow rapidly.

In Botswana, the effects of the COVID-19 pandemic were muted in the financial and capital markets during the first half of 2020. However, the rise in COVID-19 infections regionally and in neighboring South Africa, prompted the Government of Botswana to pre-emptively close its borders and declare a State of Emergency eventually leading to a 6-week long lockdown across the country. Non-essential businesses were ordered to shut down while essential services were scaled down to skeletal staff requiring movement permits.

Headline Inflation continued to surprise the market on the downside falling well below the lower band by the end of June when it closed at 0.9% on the back of a significant decrease in fuel prices. At its meeting held on the 30th of April 2020, the Bank of Botswana decided to cut the bank rate by 50 basis points to 4.25% highlighting the ongoing COVID-19 pandemic as having subdued effects on domestic and global economic activity and presenting downside risk to the bank's inflation outlook. Botswana GDP growth for the final quarter of 2019 came in lower at 1.6% compared to 4.2% in the same quarter last year. However, the economic fall-out, as a result of the lockdown and extreme social distancing measures, has been significant. Consensus suggests that the local economy will contract significantly in 2020. The economy experienced significant decline in the mining sector output amidst lower international demand for diamonds. The Botswana Pula depreciated by 10.8% against the US Dollar while it appreciated by 13.7% against the South African Rand over the first quarter: In the second quarter, the local currency appreciated by 0.5% against the US Dollar while depreciating 2.3% against the South African Rand.

Accounting policies and presentation

The accounting policies adopted for the period comply in all material respects with International Financial Reporting Standards (IFRS) and are presented in the manner required by the Insurance Industry Act, 2015 and the Companies Act of (CAP 42:01). These policies are consistent with those applied for the year ended 31 December 2019.

Financial overview

Analysis of earnings	Period to 30 Jun 2020 P'000	Period to 30 Jun 2019 P'000	% change
Operating profit	201,738	172,353	17%
Investment income on shareholders' assets	788	16,212	-95%
Core Earnings	202,526	188,565	7%
Share of profit of associates and joint ventures net of tax	112,559	22,644	397%
Investment surpluses/(losses) on shareholder assets	4,017	12,298	-67%
Profit before tax	319,102	223,507	43%
Tax	(55,418)	(43,046)	29%
Profit after tax	263,684	180,461	46%
Profit for the period from discontinued operations	-	1,665	-100%
Profit attributable to ordinary shareholders	263,684	182,126	45%
Minority shareholders' interest	2,706	(2,463)	-210%
Total Profit	266,390	179,663	48%

Operating profit for the Group improved by 17% over the 6 months to June 2020 compared to the same period last year. Operating profit for the life business increased by 17% over the same period on account of low mortality experience, low new business strain and good investment returns. The

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Commentary (continued)

asset management business operating profit for the period is 87% higher than prior year owing to an improved AUM position from the previous year leading to a higher fee income earned. Share of profits of associates and joint ventures increased by 397% compared to prior year because in June 2019 there was a P106 million impairment due to a drop in fair value of Letshego Holdings Limited which did not recur this year. The other associates, Funeral Services Group, Botswana Insurance Company Limited and NICO reported significantly better results compared to last year.

Embedded value

The Group's embedded value increased to P4.69 billion from the P4.38 billion reported as at 30 June 2019. The embedded value allows for P214 million dividends paid during the first half of the year.

Value of new life business

The value of new business was flat at P66 million compared to prior year. New Business volumes were low, impacted by the COVID-19 lockdowns however this was compensated for by a good product mix on the individual life lines as well as strong performance on group schemes.

Overview of operations

For management purposes, the group is organised into four principal business areas based on their products and services and these make up the four reportable operating segments as follows;

- The life insurance segment which provides life insurance services to its customers through Botswana Life Insurance Limited, Botswana's leading life insurance company, a full subsidiary of the Group
- The asset management segment which provides asset management services to its customers through Botswana Insurance Fund Management Limited, a subsidiary of the Group
- The general insurance segment which provides legal insurance and short-term insurance to its customers through Botswana Insurance Company Limited (BIC) and BIHL Insurance Company Limited (BIHLIC) respectively – the Group holds a 50% interest in BIC which in turn holds 100% of BIHLIC.
- BIHL also has associate holdings of 28.05% in Letshego Holdings Limited, 37.59% in Funeral Services Group (FSG) and 25.1% in Nico Holdings Limited (Malawi)

Inter-segment transactions that occurred during 2020 and 2019 between business segments took place on an arm's length basis in a manner similar to transactions with third parties. Segmental income, segment expenses and segment results include those transfers between business segments, which are eliminated on consolidation. The sources of revenue for segments included under "Other" segments are, Holding Company and the Corporate Social Investment Trust.

Segment Results

For the period ended 30 June 2020

Continuing operations	Life Business	Asset Management	General Insurance	Associates and joint ventures	Other	Inter Segmental	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Premium revenue	1,213,066	-	-	-	-	-	1,213,066
Fee revenue	-	-	-	-	-	-	-
- Internal	-	981	-	-	-	(981)	-
- External	-	54,007	-	-	(981)	-	53,026
Investment income	22,088	(8,275)	-	-	235,126	(235,453)	13,486
Interest income using EIR	707	-	-	-	1,138	-	1,845
Other interest income	470,856	30,932	-	-	-	-	501,788
Net gain/(loss) from financial assets held at fair value through profit and loss	(8,728)	40,540	-	-	-	-	31,812
Total net income	1,697,989	118,185	-	-	235,283	(236,434)	1,815,023
Net Insurance benefits and claims	(752,534)	-	-	-	-	-	(752,534)
Change in policyholder liabilities under insurance contracts	(453,734)	-	-	-	-	-	(453,734)
Change in liabilities under investment contracts	-	(57,377)	-	-	-	-	(57,377)
Administration expenses	(128,901)	(29,846)	-	-	(19,539)	3,698	(174,588)
Finance costs	-	-	-	-	(430)	-	(430)
Selling expenses	(167,111)	-	-	-	-	-	(167,111)
Profit before share of profit of associates and joint ventures	195,709	30,962	-	-	215,315	(232,736)	209,250
Share of profit of associates and joint ventures	-	-	10,032	102,527	-	-	112,559
Tax expense	(47,636)	(8,682)	-	-	(595)	1,494	(55,419)
Profit for the period	148,073	22,280	10,032	102,527	214,720	(231,242)	266,390

Segment Results (continued)

For the period ended 30 June 2019

Continuing operations	Life Business	Asset Management	General insurance	Associates and joint ventures	Other	Inter Segmental	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Premium revenue	1,278,428	-	-	-	-	-	1,278,428
Fee revenue							-
- Internal	-	916	-	-	-	(916)	-
- External	-	46,898	-	-	-	-	46,898
Investment income	329,206	106,970	-	-	225,264	(219,436)	442,004
Fair value gains and losses	(4,956)	170,730	-	-	-	-	165,774
Total net income	1,602,678	325,514	-	-	225,264	(220,352)	1,933,104
Policyholder benefits paid	(786,799)	-	-	-	-	-	(786,799)
Change in liabilities under investment contracts	-	(264,972)	-	-	-	-	(264,972)
Change in policyholder liabilities under insurance contracts	(336,403)	-	-	-	-	-	(336,403)
Administration expenses	(105,656)	(33,959)	-	-	(18,621)	916	(157,320)
Selling expenses	(189,210)	-	-	-	-	-	(189,210)
Profit before share of profit of associates and joint ventures	184,610	26,583	-	-	206,643	(219,436)	198,400
Share of profit of associates and joint ventures	-	-	5,280	17,364	-	-	22,644
Income tax expense	(40,214)	(7,651)	-	-	4,819	-	(43,046)
Profit for the period from continuing operations	144,396	18,932	5,280	17,364	211,462	(219,436)	177,998
Profit for the period from discontinued operation	-	-	1,665	-	-	-	1,665
Profit for the period	144,396	18,932	6,945	17,364	211,462	(219,436)	179,663

Segment assets and liabilities

	Life Business	Asset Management	General Insurance	Other	Inter Segmental	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000
At 30 Jun 2020						
Total Assets	13,578,752	6,152,367	-	1,836,125	(3,641,235)	17,926,009
Total Liabilities	11,509,086	5,710,449	-	1,226,799	(3,479,098)	14,967,236
At 30 Jun 2019						
Total Assets	12,494,572	6,826,403	55,321	1,822,363	(4,762,061)	16,436,598
Total Liabilities	10,585,281	6,377,214	33,232	1,274,382	(4,602,107)	13,668,002

Life insurance business

Net Premium Income for the first half of 2020 declined by 5% from P1.28 billion in 2019 to P1.21 billion. The decline is due to low new business volumes on single premium income lines while recurring premium income grew by 10% from P712 million in June 2019 to P781 million in June 2020 underpinned by growth in group lines. Recurring Premium income line represents a sustainable source of profits in the long term. The effects of the COVID-19 pandemic have been felt on new business as a result of travel restrictions and lockdown. Total New Business written declined by 12% on both individual life recurring and single premium income – this was however compensated for by a good product mix with the proportion of risk products increasing compared to prior periods. The value of new business, which represents the present value of future profits from new business premiums written during the period was flat compared to prior year despite the challenging operating environment.

Operating profit increased by 17% from P166 million in June 2019 to P195 million in June 2020. The growth is mainly as a result of good business volumes on group schemes, low claims experience and low new business strain on our retail products.

As a result of COVID-19 impact, the business accelerated its digitisation projects; these will enable digital and remote selling by agents and brokers, enhanced customer experience by giving customers online capability to access policy information, as well as several options including payment of premiums.

The economic performance is expected to decline significantly this year due to the COVID-19 pandemic. Strict social distancing measures and travel restrictions are expected to negatively impact private consumption, and this is likely to continue to be felt in our operations and new business

ABRIDGED UNAUDITED GROUP RESULTS FOR THE PERIOD

The Directors hereby present the abridged unaudited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the 'Group') for the period ended 30 June 2020.

Commentary (cont'd)

performance.

Asset management business

BIFM group's overall Operating Profit in the first half year showed a decline of 12% year on year. The Botswana business performed well with an 87% increase in Operating Profit before Tax driven by higher management fees and lower Administration expenses. The higher management fees are largely as a result of higher Assets Under Management which stood at a total of P30.5 billion including P4.2 billion managed by the Zambia group. The Zambia business however had a poor first half due to a combination of the Kwacha depreciation and lower investment management fee rates. Bifm UT continued with a resilient performance under difficult circumstances posting a 15% growth in operating profit compared to prior year.

Capital management and solvency

The Group remains well positioned in terms of capital management and solvency. This was taken into consideration by the board when resolving an interim dividend. The board has confidence in the Group's ability to maintain dividends at this level while ensuring that its capital position remains solid and aligned with future capital requirements whilst sustaining healthy levels of Return on Group Equity Value.

Looking ahead

The focus going forward is to ramp up and execute our digital strategy during this COVID-19 era to assist in maintaining the Group's position as a market leader and focus on looking for opportunities to expand the offerings of the Group. The focus on collaboration has yielded results in the past and management will continue to drive internal synergies as well as mutually beneficial partnerships with key clients.

We would like to thank all our Clients, Brokers, Agents, Staff and other Stakeholders for the on-going partnerships and support and look forward to serving them in the future.

Dividend Declaration

The Directors have resolved to award an interim dividend of 57 thebe per share (net of tax).

The important dates pertaining to the dividends are:

Declaration date	19 August 2020
Ex-dividend date	02 October 2020
Payment of dividend	16 October 2020

For and on behalf of the Board

B Dambe-Groth (Chairperson)

C Lesetedi (Group CEO)

19 August 2020

Directors:

Batsho Dambe-Groth
(Chairperson)
Catherine Lesetedi (Group CEO)
Kudakwashe Mukushi ***
Kobas Vlok **
Chandra Chauhan
Andrew Cartwright**
John Hinchliffe *
Mahube Mpugwa
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