

FINANCIAL YEAR RESULTS 2020



BIHL GROUP

BOTSWANA INSURANCE HOLDINGS LIMITED

20

Agenda

Welcome Remarks
BIHL Chairman

Operational Overview
BIHL Group Chief Executive Officer

Financial Performance
BIHL Group Chief Financial Officer



BIHL GROUP

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20

The background of the slide is a composite image. On the left, there is a large, semi-transparent image of a bull's head with long, curved horns. The rest of the background is a dark, high-contrast photograph of a savanna landscape. In the foreground, there is a herd of animals, possibly wildebeest or zebra, grazing. In the distance, more animals are visible, and the horizon is silhouetted against a lighter sky.

01

Operational Overview

Catherine Lesetedi
GCEO

Economic highlights



GLOBAL GROWTH

2020 GG; -3.5%

Sub-Sahara estimate -2.6% in 2020

IMF forecast contraction of -4.9% in 2020
and 5.5% growth in 2021

2021 sub-Sahara forecast: 3.2%



LOCAL GDP

2020 Growth estimate: IMF: -9.9%;
MFED: -7.7%

2021 Growth estimate: IMF: 8.6%;
MFED: 8.8%



INFLATION

2.3% Jan 2021 (2.2% Dec 2020)

Average annual inflation 2020: 1.9%; 2019: 2.8%

Inflation is expected to stabilise to the BOB's 3-6% objective range in Q2 2021



BANK RATE

3.75% Oct 2020 and maintained in Feb 2021

The BOB is expected to increase the bank rate by 25bps to 4.00% by the end of 2021 as the economy begins to respond to monetary and fiscal interventions



Purpose driven 45 years unrivalled strength

*Collectively engineering legacies for
our clients, delivering exceptional returns
for our shareholders through service excellence
in wealth and insurance management*

Generating value through combined strength for

- Clients
- Shareholders
- Employees
- Partners
- Communities





Pandemic impact and response

Trading environment

Pandemic measures

- SOE
- Movement restrictions

Investment climate

- Volatility of global investment markets
- Downward pressure on local equities

Business Impact

- All sectors except for the Government have contracted
- Reduced cover for insurance programmes
- Lending institutions expected to see a rise in bad debt provisions

Competitor pressure

Our response



Safety first

HEALTH PROTOCOLS: PROTECTING COLLEAGUES, CUSTOMERS & PARTNERS

Remote working

Safe premises

Awareness campaigns



ACCELERATED DIGITISATION AND AUTOMATION

Customer experience adaptation

Advanced data analytics

Digital enablement - remote access for clients

Customer portals (BLIL & BIFM)



BUSINESS IMPACT MINIMISATION

Rapid response plans

Enhanced risk management

Liquidity management

Premium holiday dispensation

Premium discounts BIC

Financial assistance to distribution partners

Solvency remained strong

Talent management focus

Group wide business development

New ways of engaging



SOCIAL RESPONSIBILITY

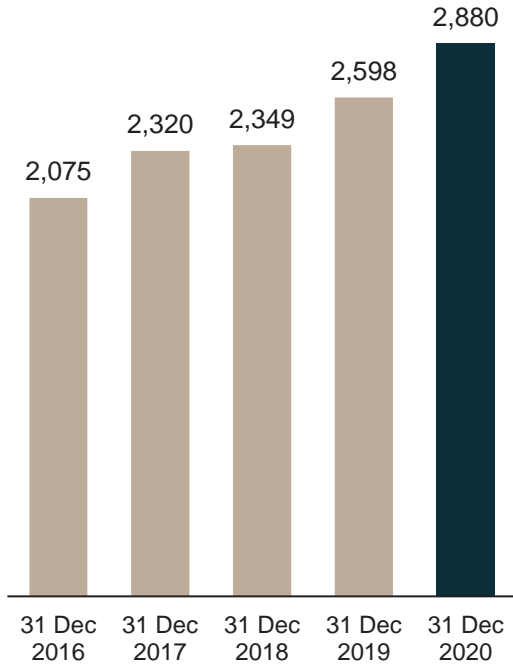
P5.4m Gov donation

A low-angle shot looking up at a massive, ancient tree. The trunk is thick and gnarled, with many large, buttressed roots spreading out from the base. The branches are covered in dense green leaves, creating a canopy that filters the sunlight. The overall impression is one of great age, strength, and resilience.

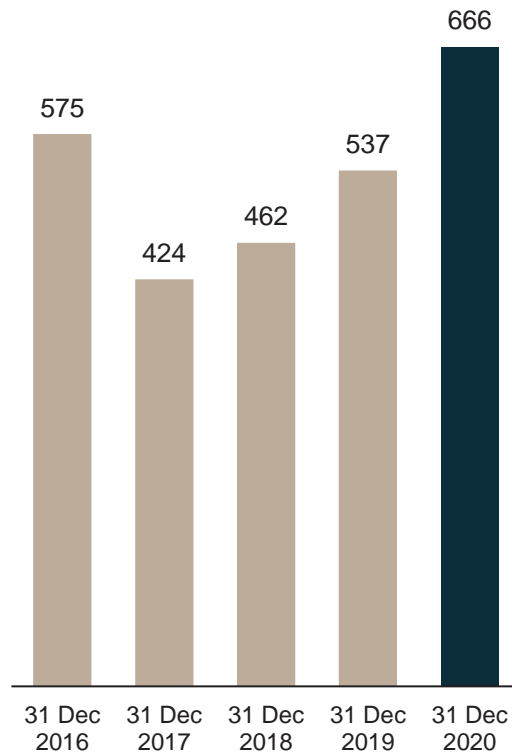
Resilience and
financial strength

In the last 5 years...

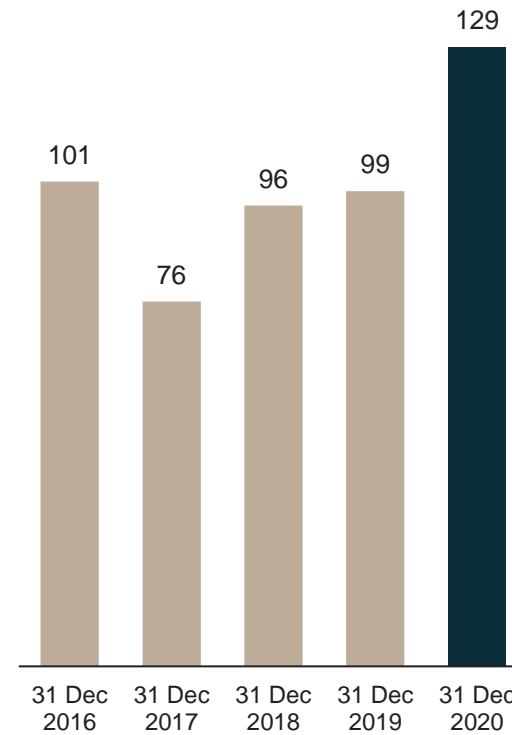
Premium income



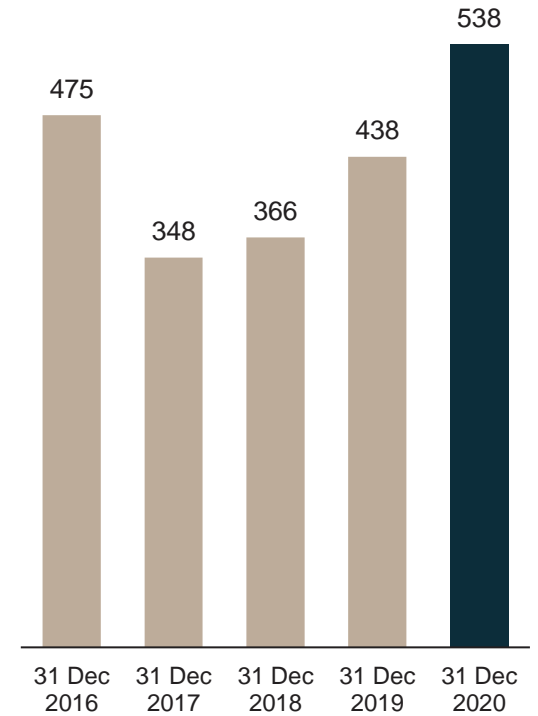
PBT



Taxes paid



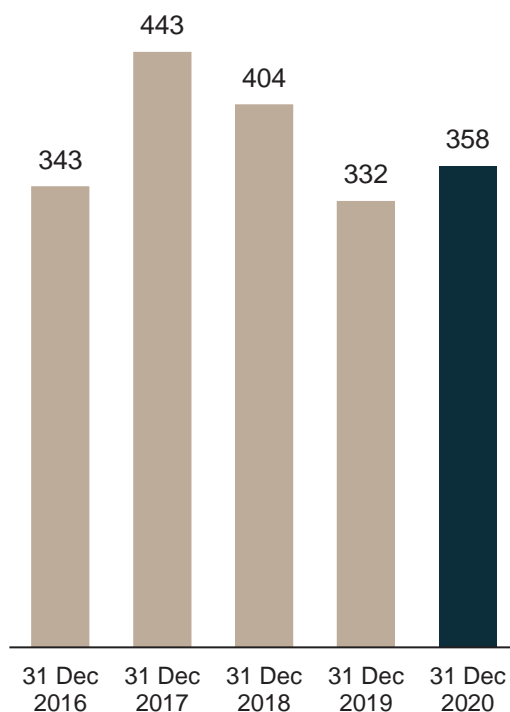
PAT



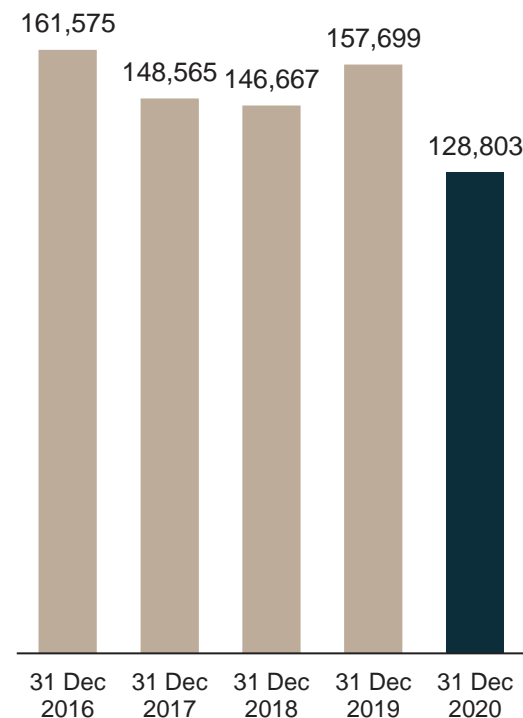
+P30mn
invested by
The BIHL Trust
into Botswana
communities
since 2007

In the last 5 years...

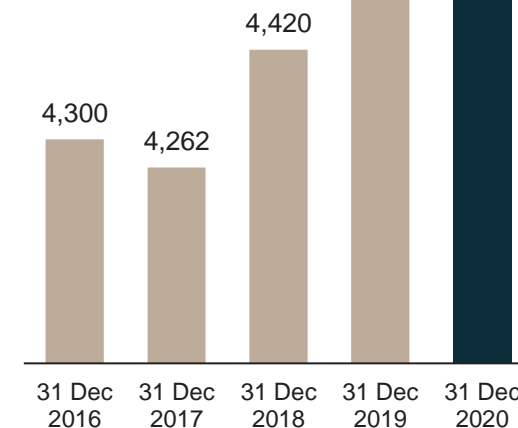
Dividends paid



Value of new business



Embedded value



Growth

NET INSURANCE PREMIUM INCOME

▲ 11% to P2.9bn

VALUE OF NEW BUSINESS

▼ 18% to P129mn

FEE REVENUE

▲ 11% to P109mn

ASSETS UNDER MANAGEMENT

▲ 4% to P30.3bn

Earnings

OPERATING PROFIT

▲ 4% to P393mn

CORE EARNINGS

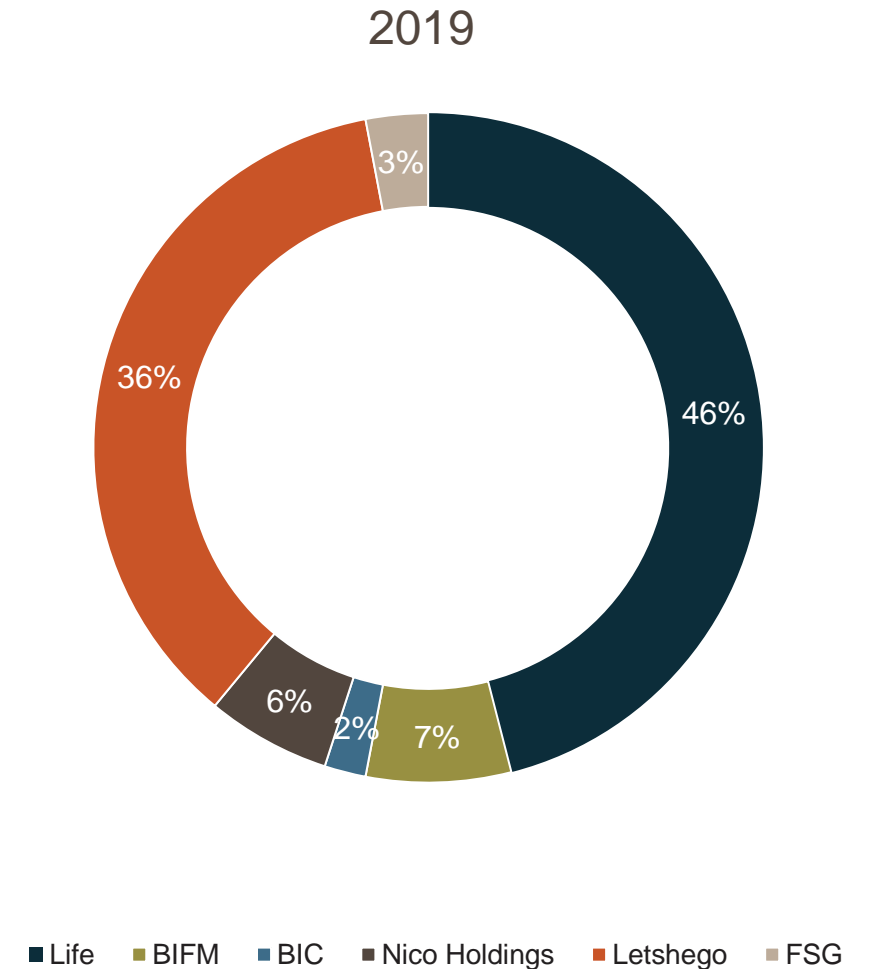
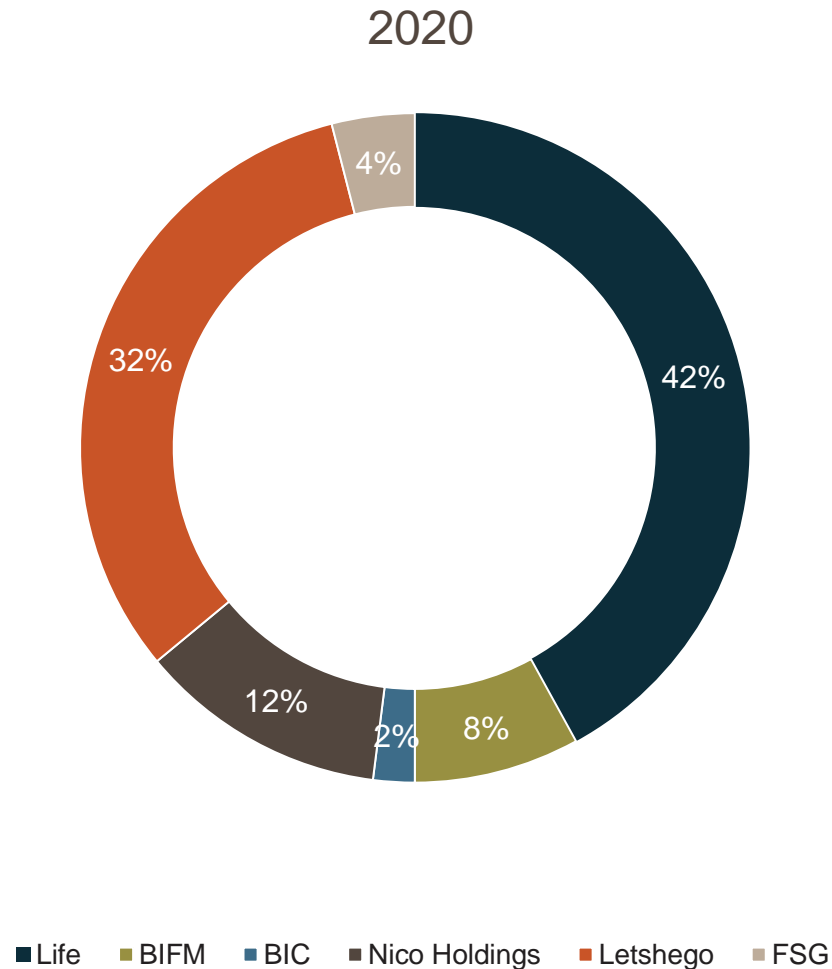
▲ 4% to P426mn


PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

▲ 22% to P532mn

Diversified
revenue across
businesses,
geographies
and channels

Operating profit contributions



A photograph of a slot canyon with layered rock walls and a bright opening at the end, overlaid with a semi-transparent grey rectangle containing text.

Looking through
the lens – 2021

Our view of the trading environment



Persistent challenging trading environment



Pandemic lasting longer than anticipated



Vaccine rollout brings hope for COVID-19 containment



Anticipated relief from Government fiscal restoration measures



Continued pressure on household income



Inflationary pressure due to for e.g. increase in VAT, etc



Rising unemployment

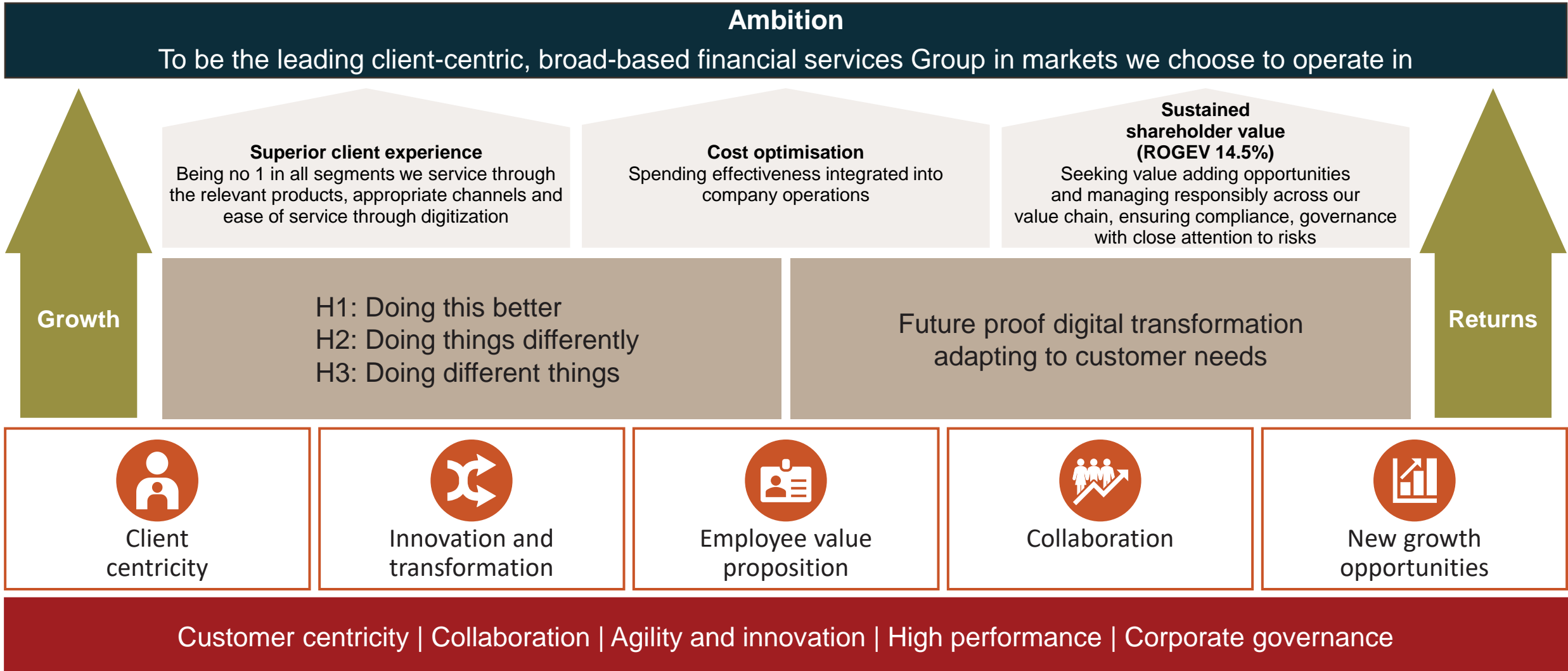


Traditional face to face business model under pressure



Persistent competitor pressure including price wars

Our strategic choices



Key Focus Areas



People

- Talent and future skill development
- Safety of employees remains key




Digitisation

- Execute digital strategy to:
 - unlock growth opportunities
 - introduce more channels (reach and ease of doing business)
 - enable our distribution partners to remotely service clients
 - introduce and accelerate self service channels for our clients



Business

- Expand our offerings and channels
 - Growth
 - offer superior service
 - focus on partnerships and increase solution offerings
 - growth opportunities by leveraging off our echo system
 - enhance capability to reach and increase penetration in selected segments
 - focus on client retention and claim trends
 - Cost efficiencies
 - automate and improve client experience
 - build scalable cost-effective solutions
 - use of analytics for better insights



*Building a digitally enabled
business through agile
execution... maintaining
a long termism view to
performance*

02

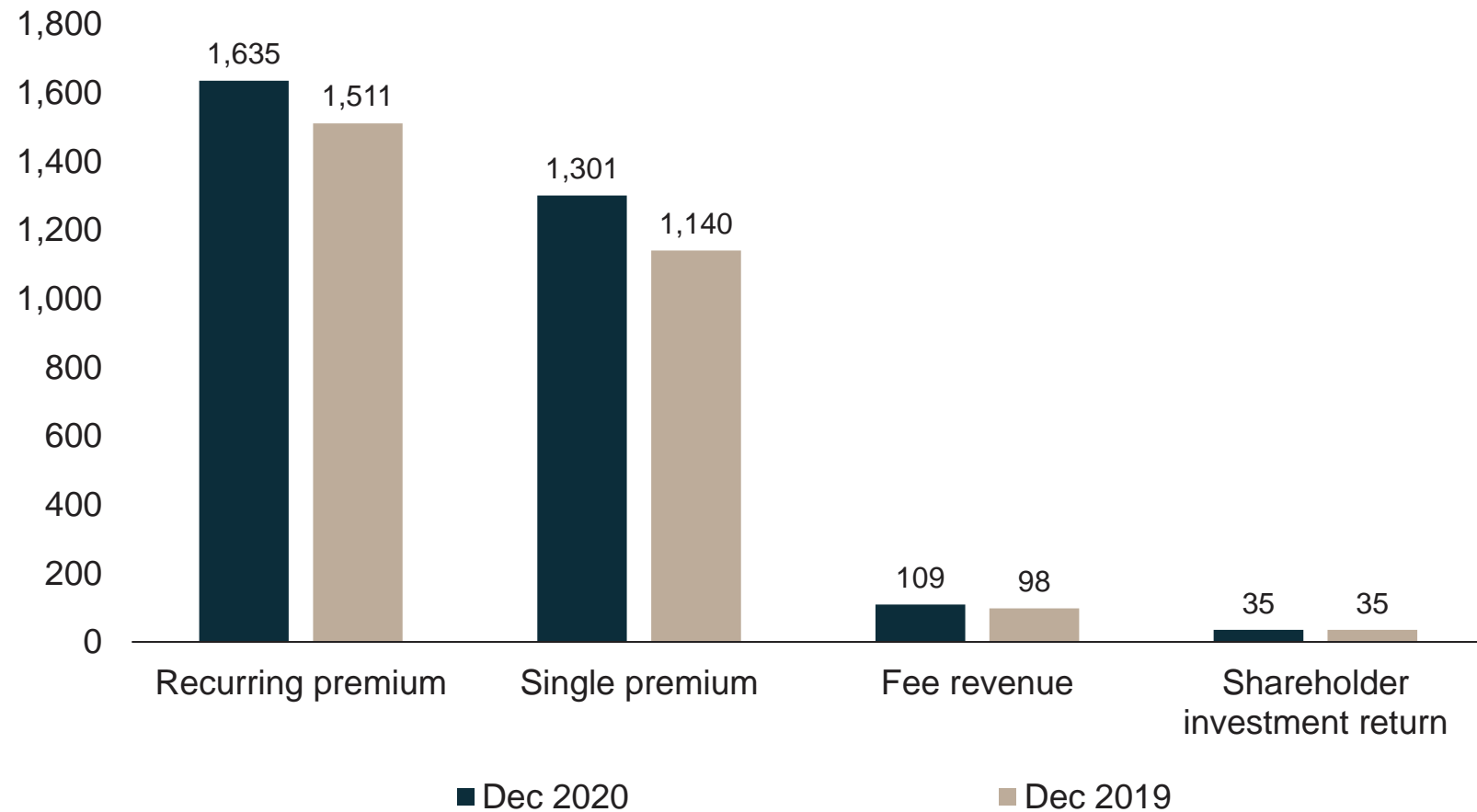
Financial Performance

Kudakwashe Mukushi
Group CFO



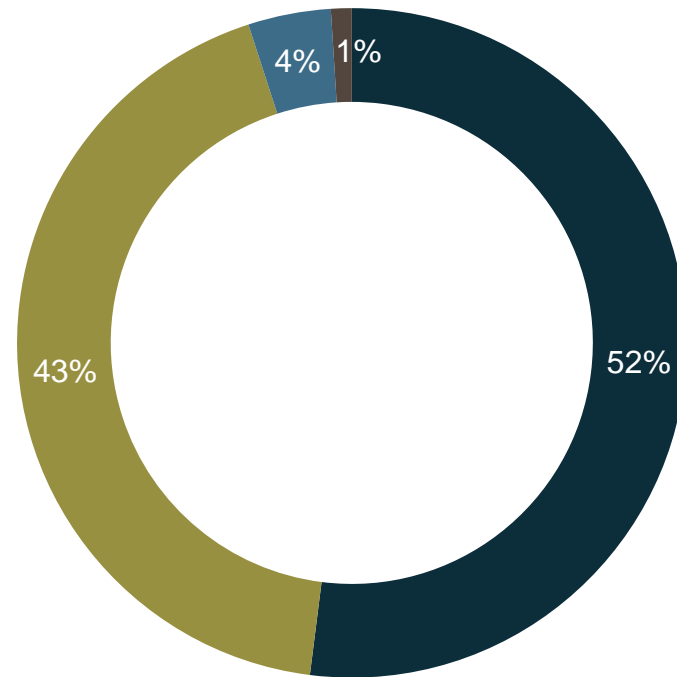
BWP million

Revenue



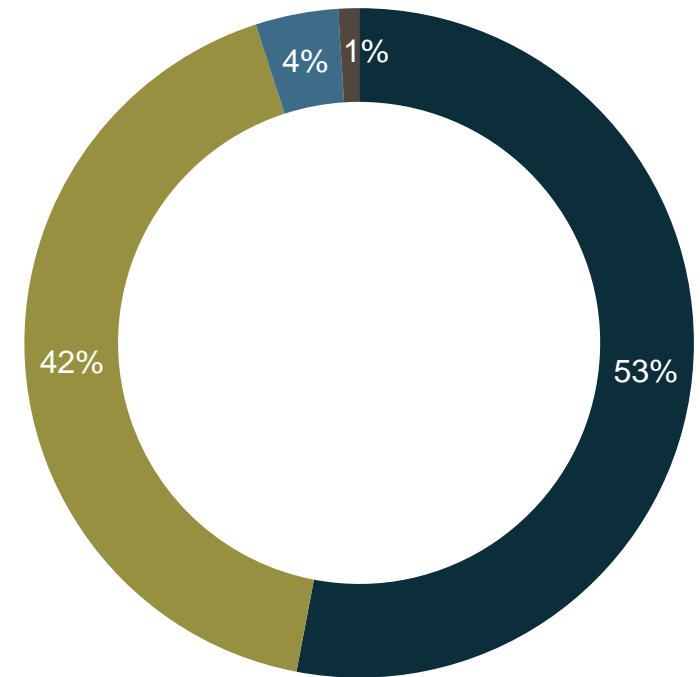
Revenue

Dec 2020



■ Recurring premium
 ■ Single premium
 ■ Fee revenue
 ■ Shareholder investment return

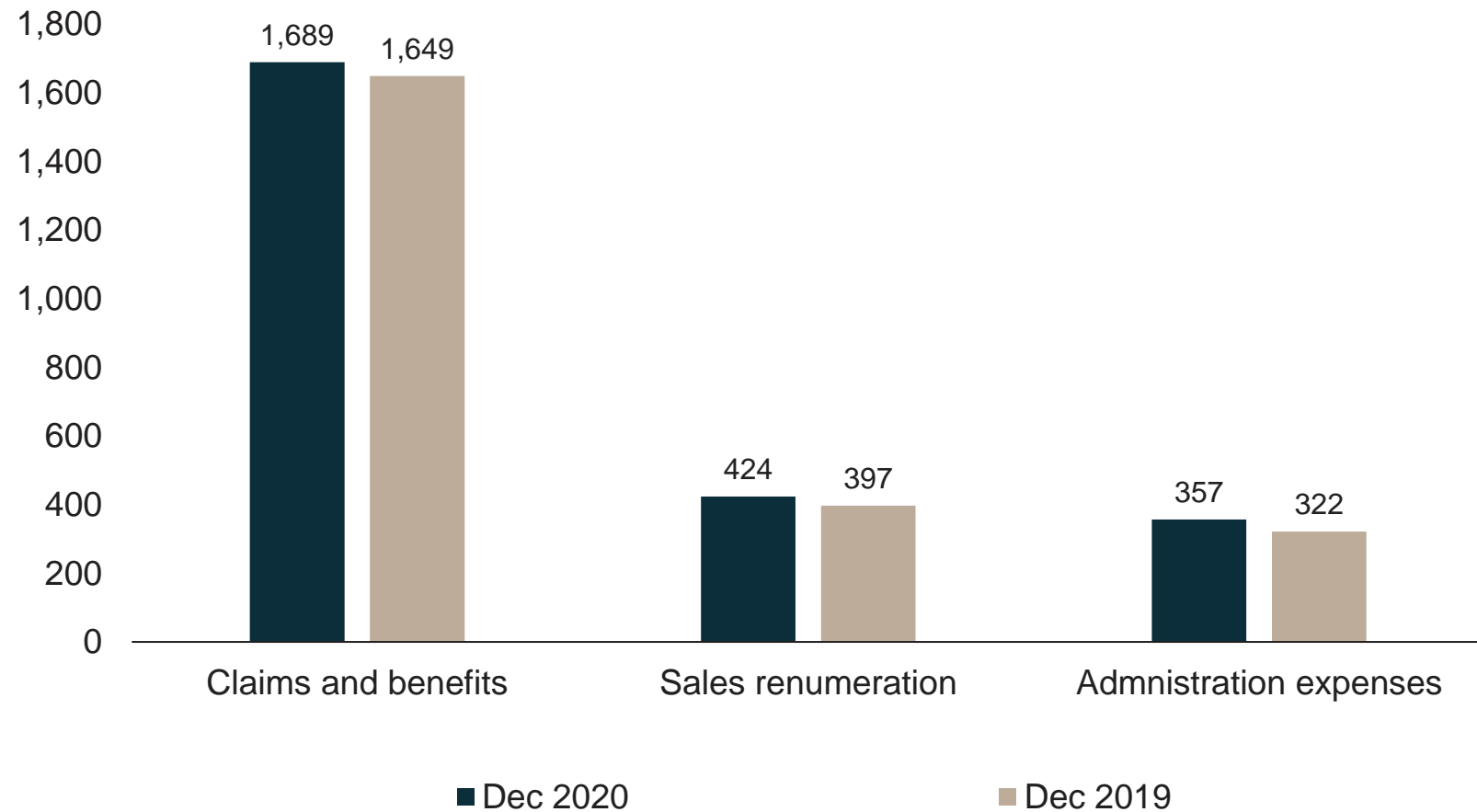
Dec 2019



■ Recurring premium
 ■ Single premium
 ■ Fee revenue
 ■ Shareholder investment return

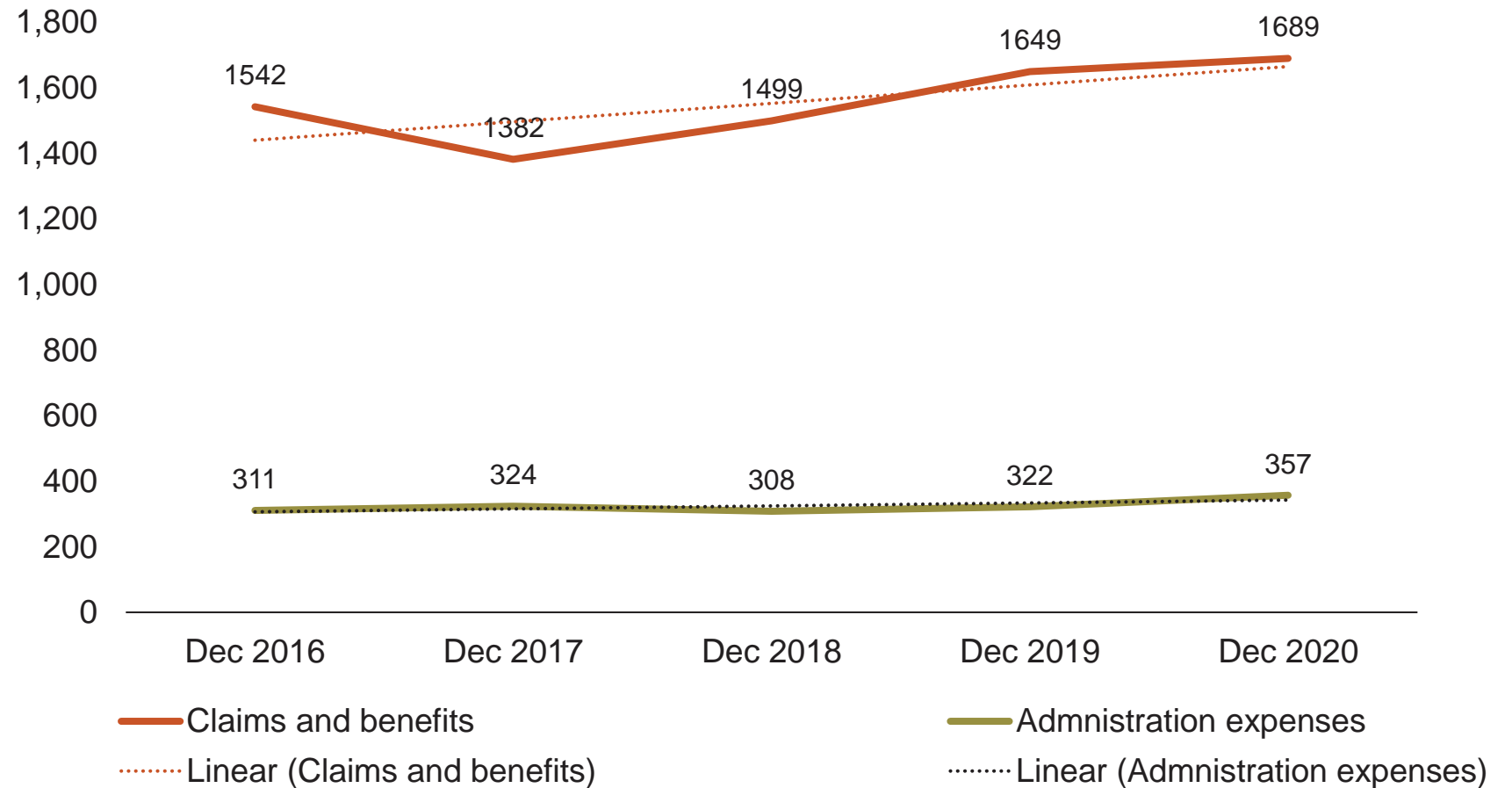
BWP million

Expenses



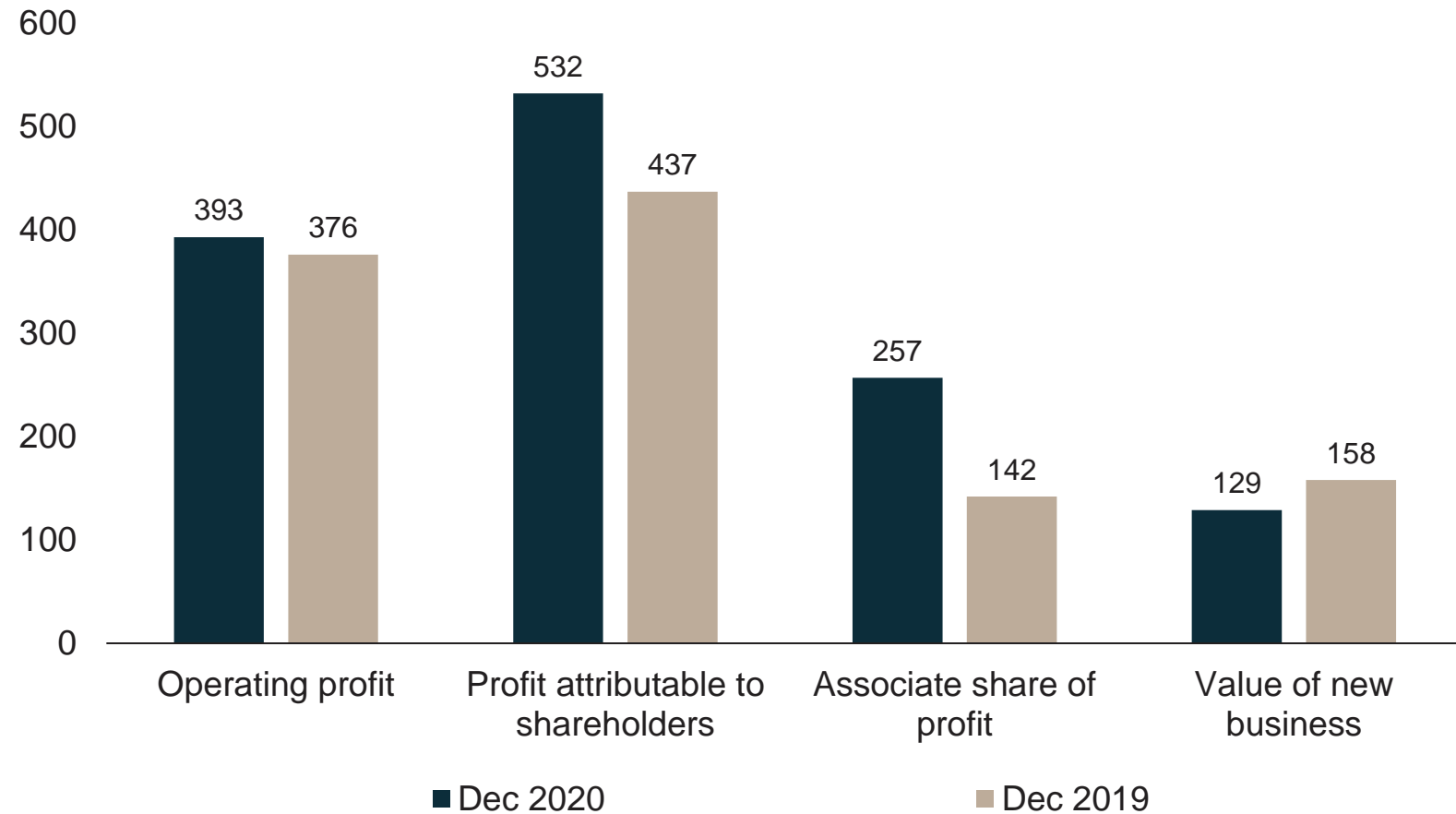
BWP million

Sustainability

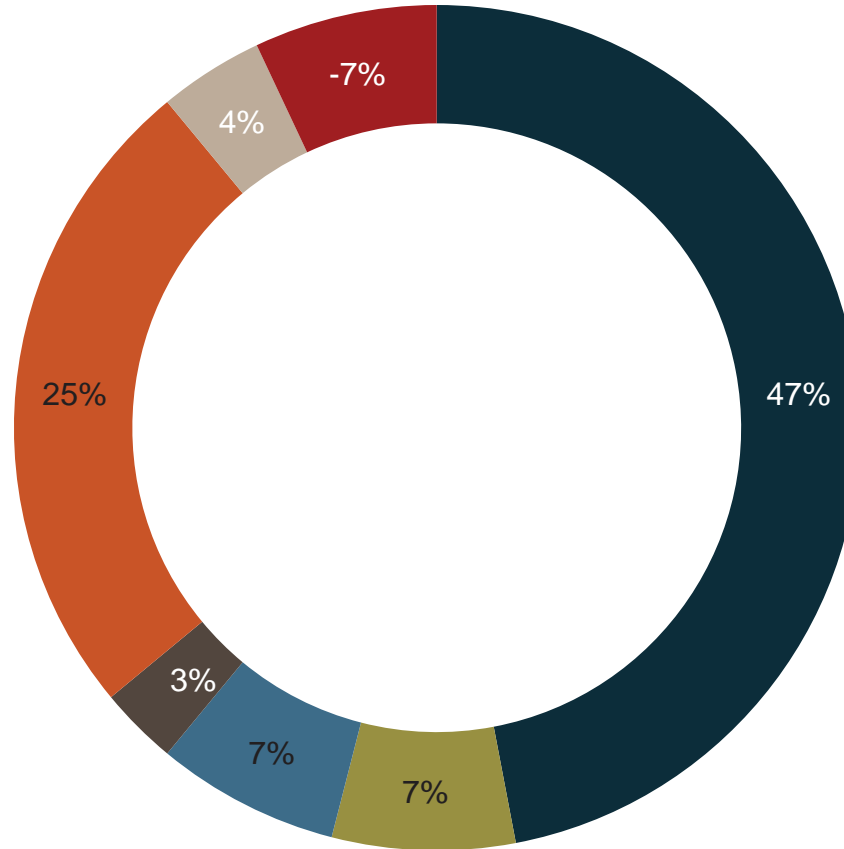


BWP million

Profitability



Profit after Tax (PAT)



■ BLIL

■ BIFM

■ NICO

■ BIC

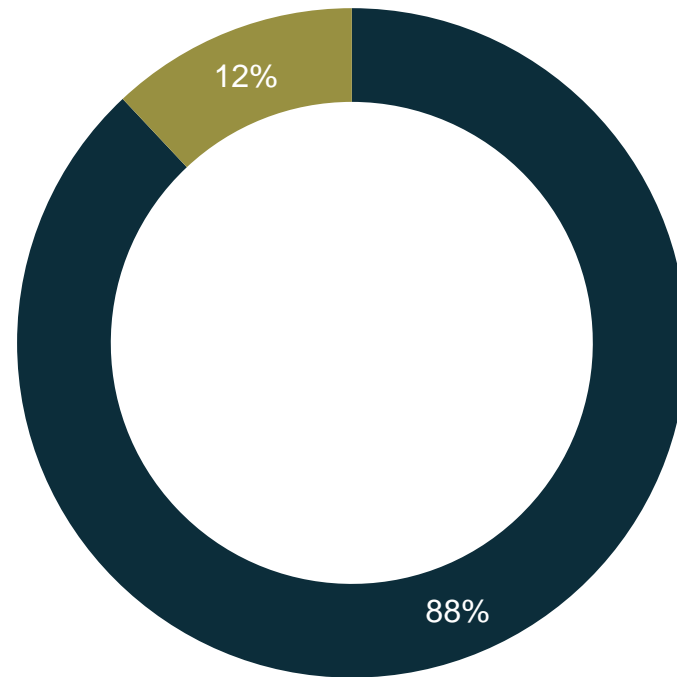
■ LHL

■ FSG

■ BIHL group expense

Subsidiaries contribution to OP

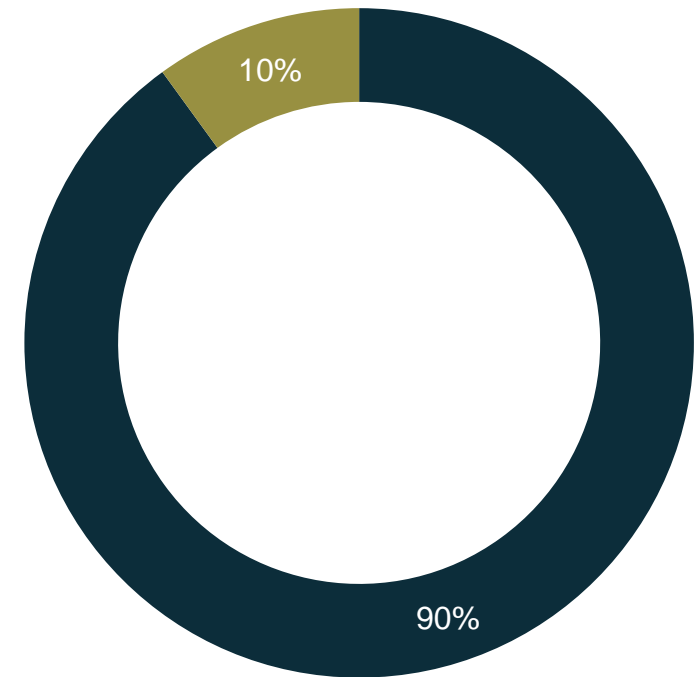
Dec 2020



■ BLIL

■ BIFM

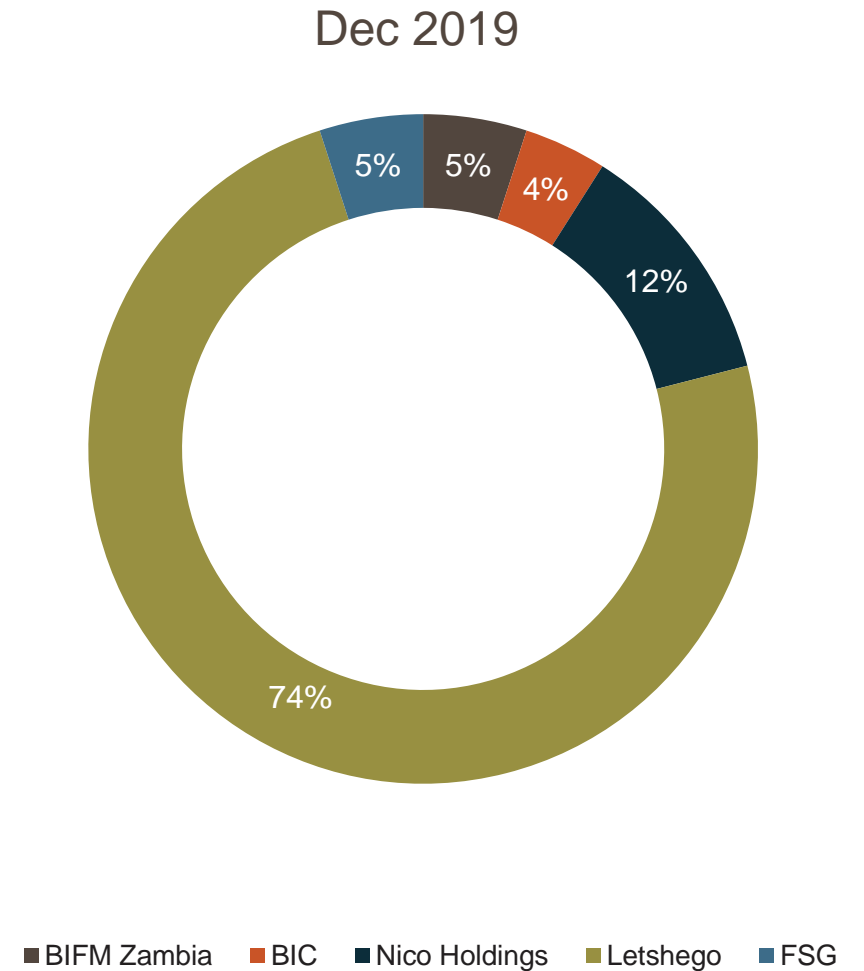
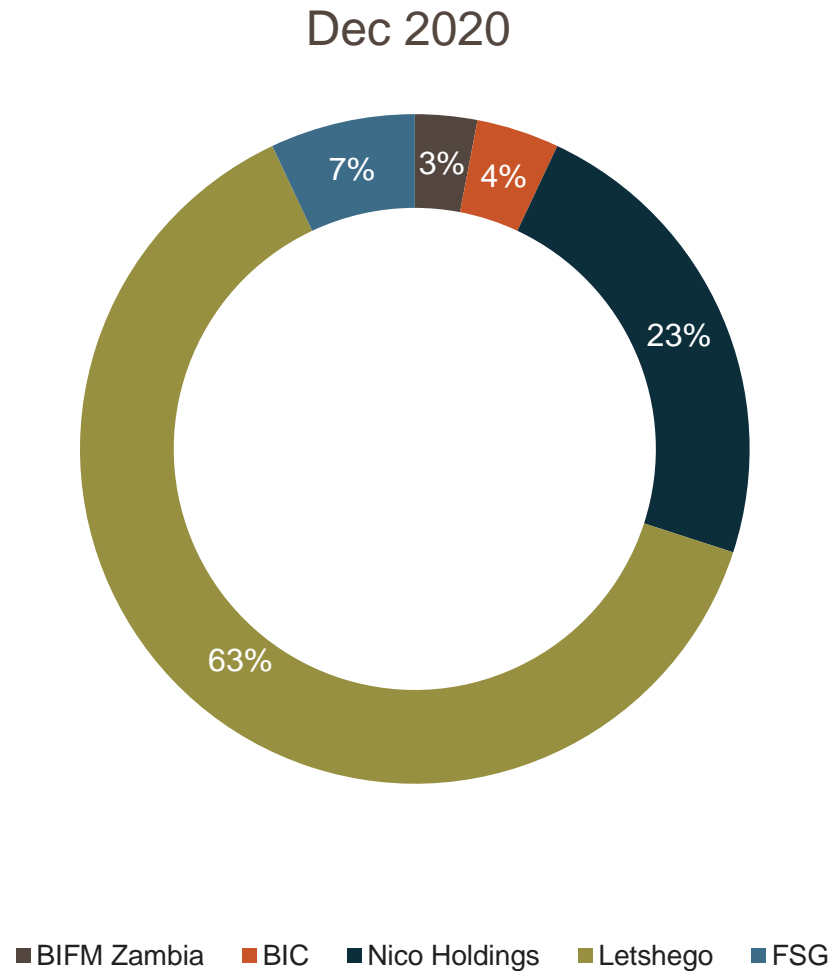
Dec 2019



■ BLIL

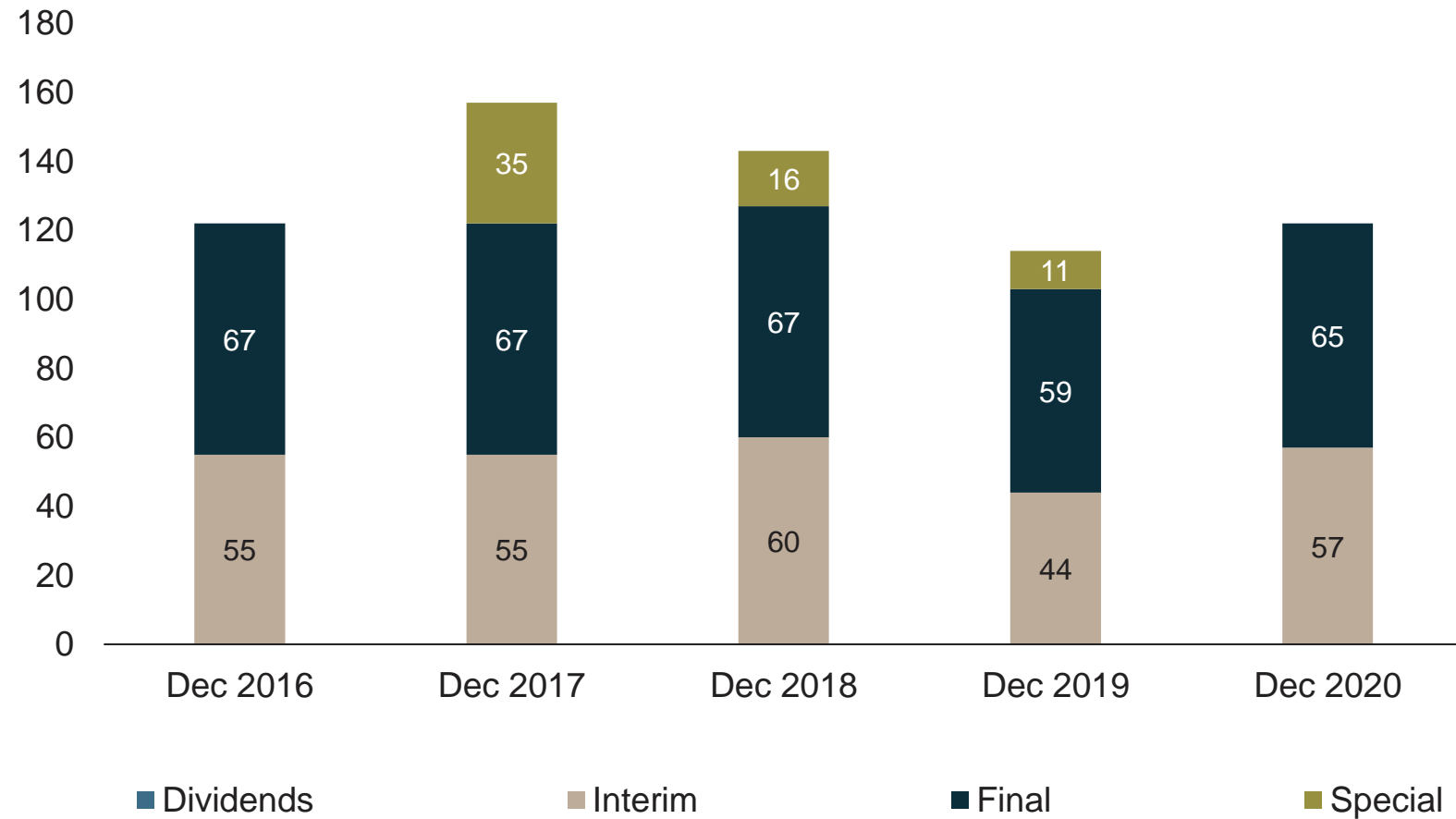
■ BIFM

Associates' contribution to OP



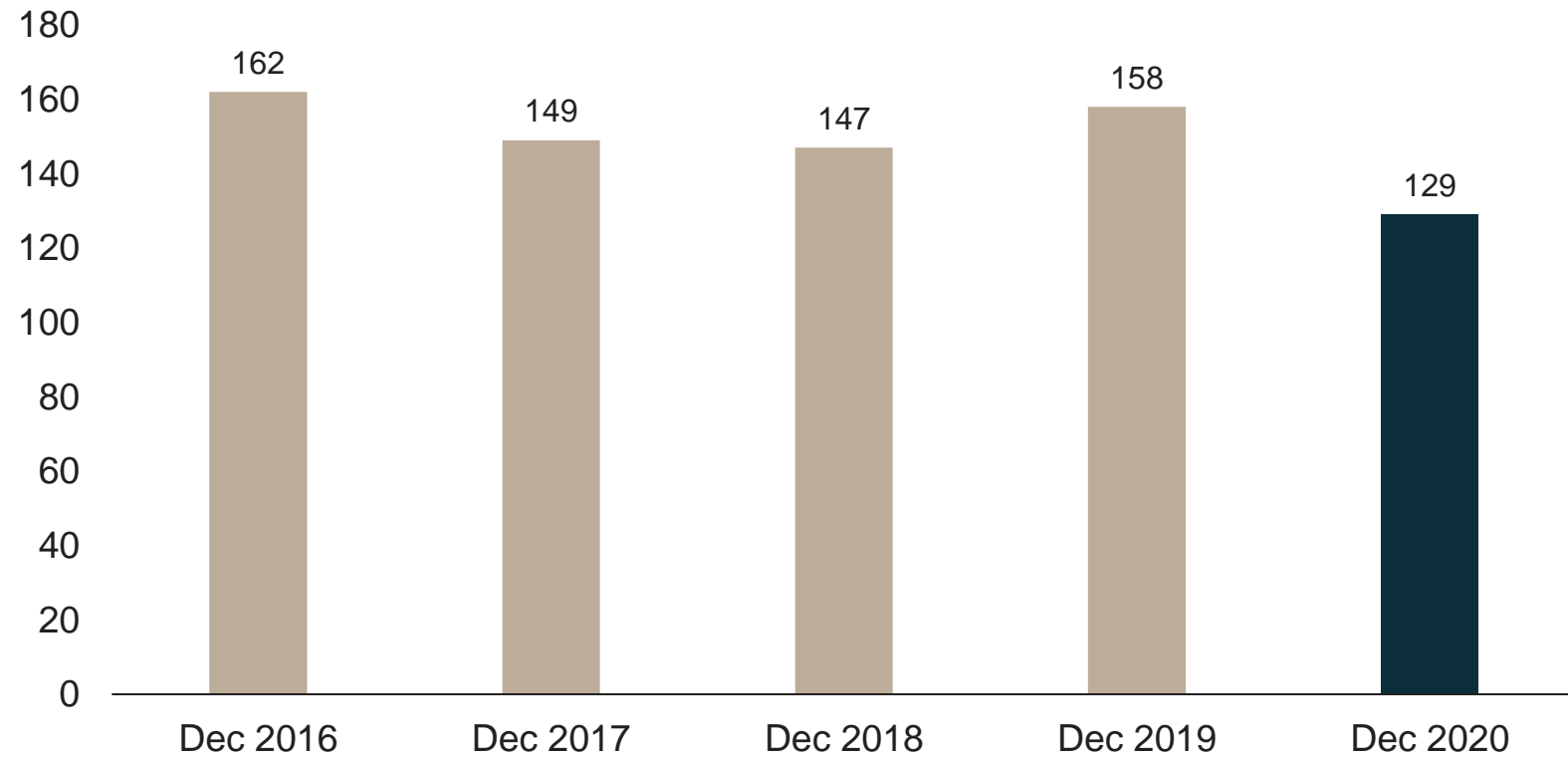
Dividends (thebe per share)

Delivering on our promises



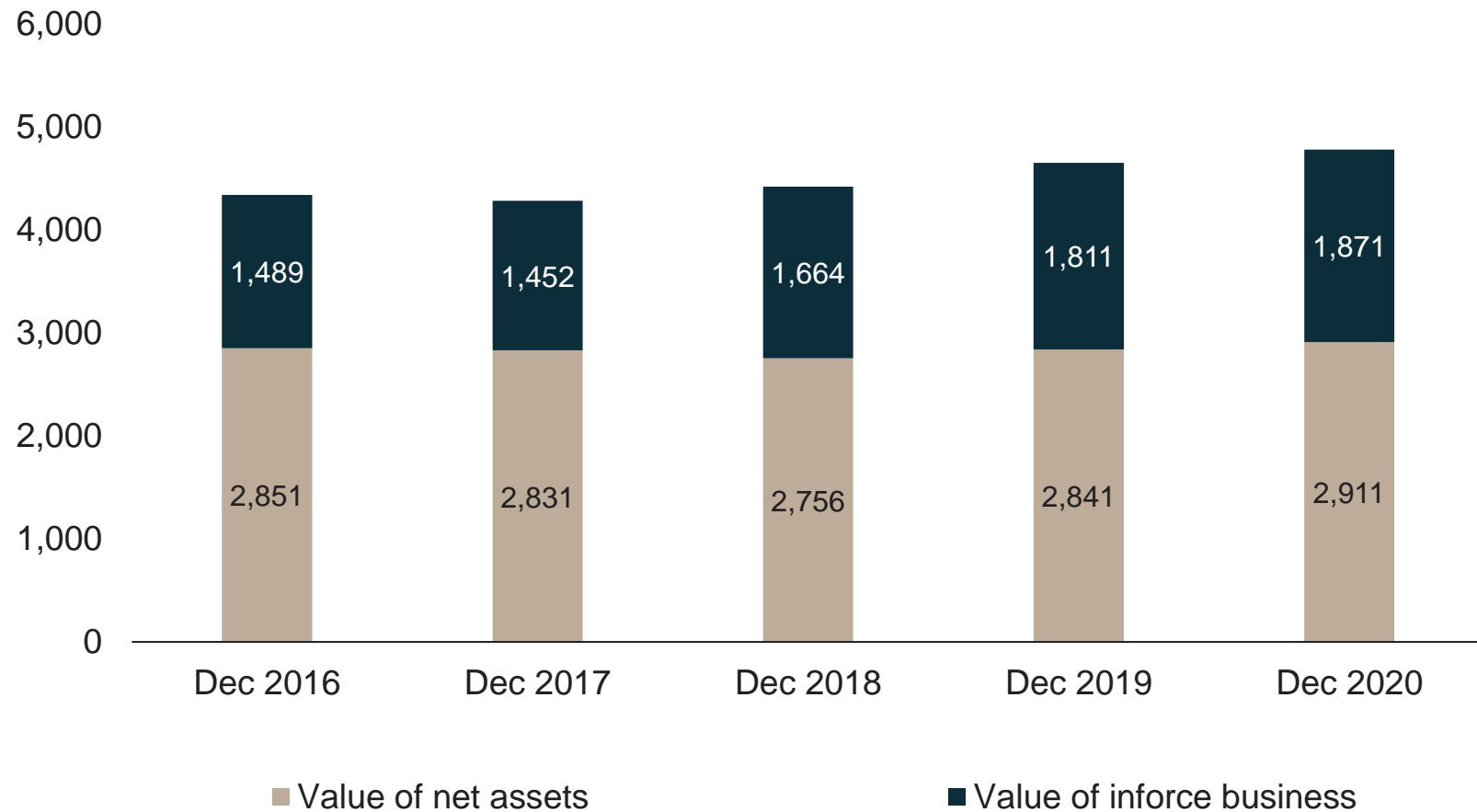
BWP million

Value of new business



BWP million

Embedded value

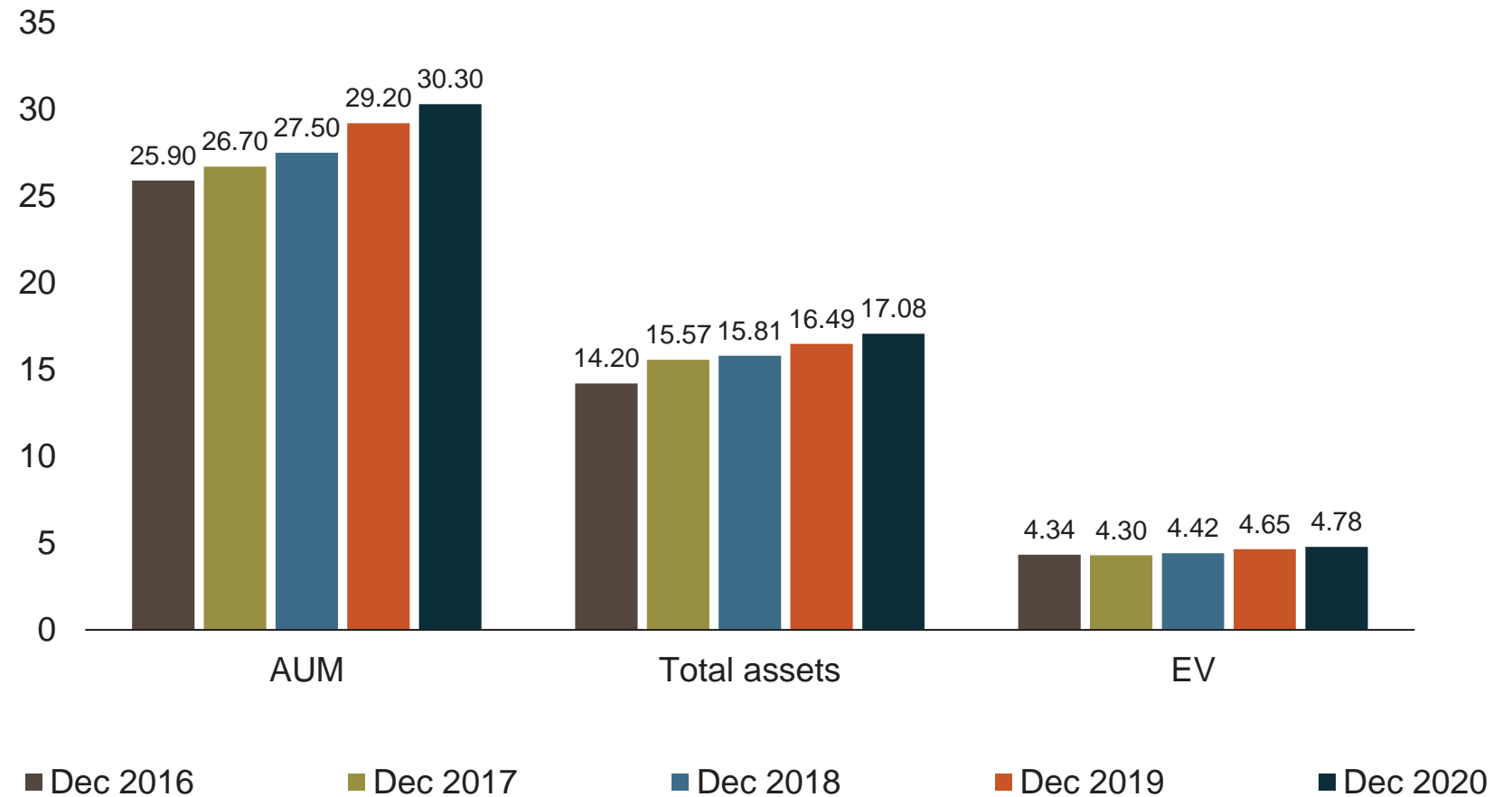




Financial position

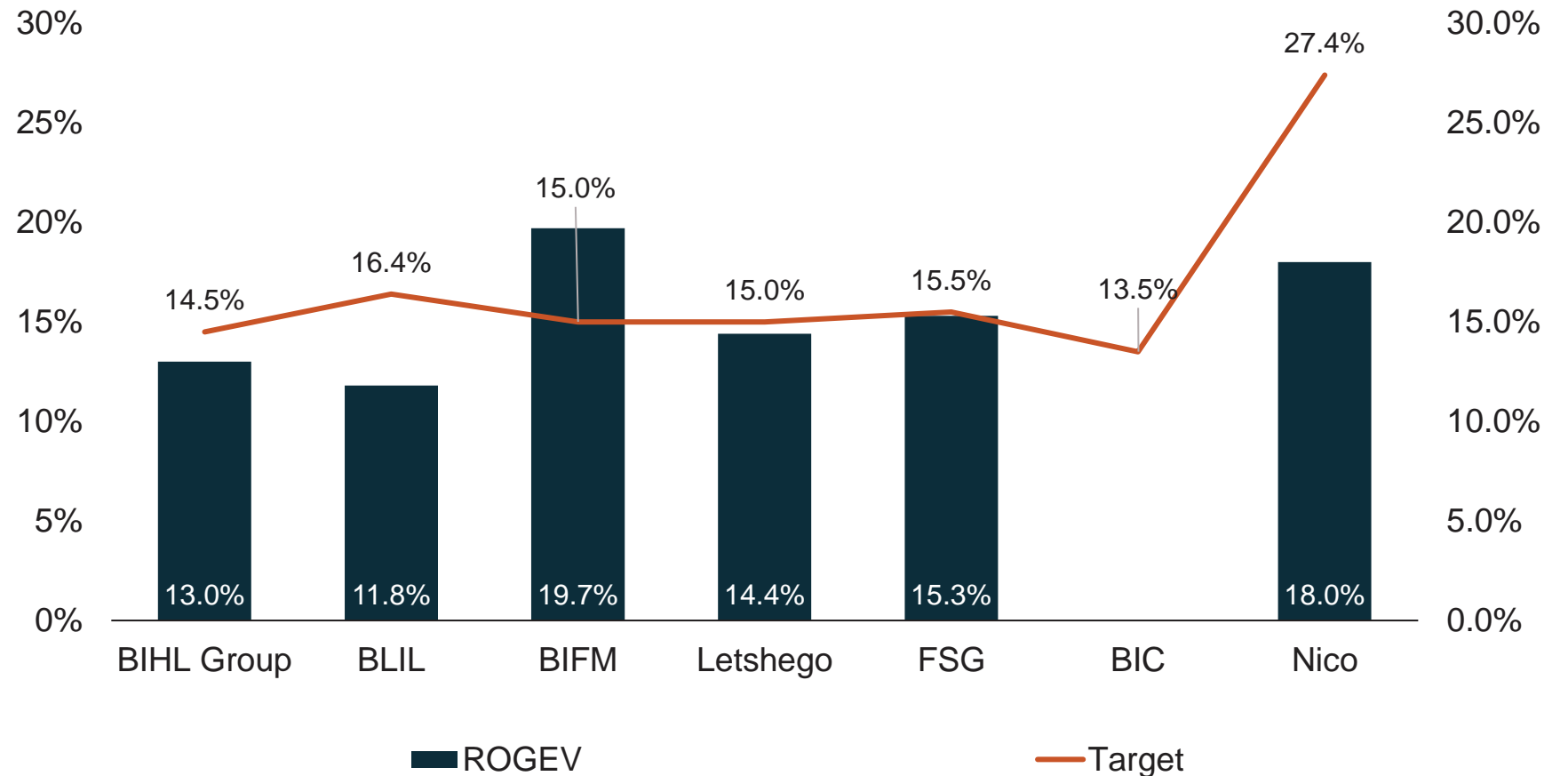
BWP million


Strong Financial Position



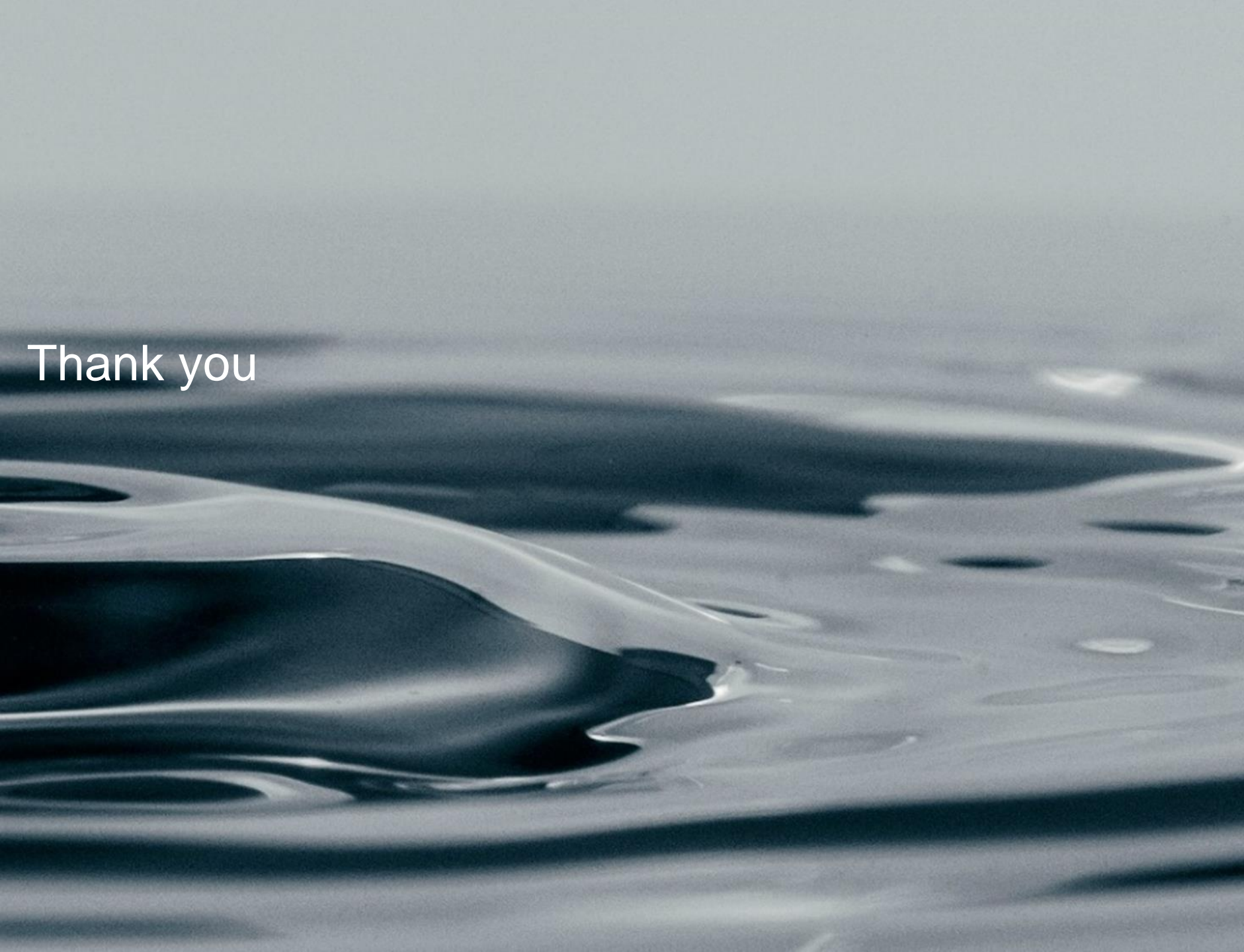
Category	Value
Opening embedded value	4,652
Expected return	176
New business	139
Operating variances	56
Assumption changes	(6)
Economic assumption changes	(74)
Investment variances	27
Return on SH assets	236
Change in FV adjustments	53
Movement in treasury shares	(49)
Dividends	(424)
Closing embedded value	4,782

Return on group equity value



A photograph of a lone tree with yellow-green foliage growing from a mossy rock in a lake. The tree's reflection is visible in the water. A semi-transparent white box is overlaid on the right side of the image, containing the text.

*Engineered to deliver,
as we engineer legacies*



Thank you



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20