### HALF YEAR RESULTS TO JUNE 2021



### Agenda

Welcome Remarks BIHL Chairman

Operational Overview BIHL Group Chief Executive Officer

Financial Performance BIHL Group Chief Financial Officer



# Operational Overview

Catherine Lesetedi GCEO



## **Economic highlights**



- 2021 GG estimate; 6.0%
   2021 SSA estimate; 3.4%
- Vaccine access has emerged as the principal fault line along which the global recovery splits
- Prospects for Sub-Saharan economies has been marked down due to the resurgent Delta variant



- 2021 Growth estimate; Fitch: 5.1% (revised from 5.5%)
   MFED; 8.8%
- The growth outcome will partly depend on the successful vaccine rollout with the outlook presently tilted towards the downside



#### INFLATION

- 8.9% July 2021: A 9-year high (8.2% June 2021)
- Inflation is expected to remain elevated due to supply constraints and consumer price expectation, before returning to the objective range in Q2 2022
- Household budgets are under increasing stress due to reduced incomes, job losses and healthcare expenses

   the extent of this pressure is yet to be fully determined in the absence of 2021 labour statistics



#### **BANK RATE**

- Reduced to 3.75% in Oct 2020 and maintained in February, June and August 2021 MPS
- The BOB remains resolute that the adverse developments in the domestic economy are temporary and occur against a growth-enhancing environment

SOURCES: Monetary Policy Committee, Aug 2021; World Economic Outlook, July 2021; Statistics Botswana Consumer Price, July 2021; Fitch Solutions Country Forecast, May 2021; Econsult Q2 Review, June 2021

## Purpose driven 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



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100% subsidiaries		Associates						
Botswana Life		🛆 Letshego	28.05%					
BIHL top shareholders		310	50.000/					
Sanlam	58.43%	BOTSWANA Insurance company	50.00%					
BPOPF	20.10%		37.59%					
MVA	3.84%							
Other	17.63%	<b>CIC</b>	25.10%					
			20					



## Pandemic impact and response

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Operational

## Pandemic impacts



Protracted economic contraction



Traditional face-to-face
 models under pressure



• Restricted movement freedom – hybrid work



Increased adoption of digital channels



 Unprecedented excess mortality due to Covid-19 affecting profitability



• Rising unit costs



 Liquidity pressure due to significantly increased claims B

 Well diversified product suite continues to serve client needs



 The Group benefitted from portfolio of businesses



## Pandemic country statistics



SOURCE: "Coronavirus Pandemic (COVID-19)". Published online at OurWorldInData.org. Retrieved from: 'https://ourworldindata.org/coronavirus' [Online Resource]



## Recorded daily deaths

## Pandemic country statistics



No of claims paid since

SOURCE: "Coronavirus Pandemic (COVID-19)". Published online at OurWorldInData.org. Retrieved from: 'https://ourworldindata.org/coronavirus' [Online Resource]

## BIHL GROUP

Precautionary liquidity management is a priority

# Promptly fulfilling our promise to our clients during this time of need







#### HEALTH PROTOCOLS: PROTECTING COLLEAGUES, CUSTOMERS & PARTNERS

Remote working

9,

- Safe premises
- Awareness campaigns

## BUSINESS IMPACT MINIMISATION

- Enhanced risk management
- Liquidity management
- · Solvency remains strong
- Group wide business development



#### ACCELERATED DIGITISATION AND AUTOMATION

- Customer experience adaptation
- Advanced data analytics
- Digital enablement remote access for clients
- Agile execution

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## Launched digital platforms

LAUNCHED



#### **BLIL SALES PLATFORM**

- Launched in 2020
- 277 active sales agents (204 in June 2021)
- 128 active brokers (August, 108 in July 2021)
- Average P5mil monthly API
- P940m Sum Assured value since January 2021



#### SEPTEMBER LAUNCH

#### MOBILE APP AT BOTSWANA LIFE AND BIFM

BLIL Mobile App public launch early September



#### **CUSTOMER PORTAL**

- Launched in 2021
- 33 Claims received since April, 19 paid worth P176k (July-August)
- +8 500 registered clients (August 2021)
- 107 KYC submissions in the last 3 months



#### WHATSAPP FOR BUSINESS

- Basic communication launched in 2020
- Portfolio view, initiate policy acquisition to be launched on **1st September 2021**



#### **BLIL AND BILLER**

- Partnerships with banks and MNOs to enable premium payment online
- Absa and Standard Chartered launched
   **24th August 2021**

Maintaining operational resilience while meeting our obligations



## Growth

#### NET INSURANCE PREMIUM INCOME ▲ 28% to P1.56bn

### ANNUAL PREMIUM EQUIVALENT

**167% to P309m** 

## VALUE OF NEW BUSINESS ▲ by 47% to P91mn

ASSETS UNDER MANAGEMENT 10% to P33.4bn

FEE INCOME ▲ 16% to P62m



## Earnings

OPERATING PROFIT▼ 44% to P112mn

#### CORE EARNINGS ▼ 42% to P118mn

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS ▼ 24% to P200mn



## Focus areas for the second half of 2021

Clie	ent experience and growth	<b>5</b>		Employee experience
Client convenience	Digital adoption growth analytics		Employee wellbeing	Continued stringent workplace safe measures
	Enhance distribution digital capability			Enhance support to employees – covid related
	Expand distribution channels		Talent	Accelerate talent management – leadership and digital capability
Under	served segment penetration while balancing risk		Culture	Build an agile culture
	uring claims is at the heart of ur customer experience			
	Operating Margin			
	Margin management			

Responsibility to maintaining a long termism view to performance

## Financial Performance

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### Revenue



Actual Jun 2021

Actual Jun 2020







Actual Jun 2021

Actual Jun 2020



## Sustainability





## Profitability





### Profit source

3% 35%

Jun 2021



Jun 2020



## Profit after tax (PAT)



Actual Jun 2021

Actual Jun 2020



## Subsidiaries contribution to OP

Actual Jun 2021



Actual Jun 2020







## Associates' contribution to OP

Jun 2021



Jun 2020





Dividends (thebe per share)

## Delivering on our promises





## Value of new business





## Embedded value



## **Financial** position



## Financial position





GEV movement BWP million

#### Opening embedded value Expected return New business Operating variances Assumption changes Economic assumption changes Investment variances Return on SH assets Change in FV adjustments Movement in treasury shares Dividends Closing embedded value



## Embedded value earnings – GEV movement



## Return on embedded value





# Our view of the trading environment during the second half



Pandemic lasting longer than anticipated with emergence of new variants



Persistent challenging trading environment



Vaccine rollout brings hope for COVID-19 containment



Rising unemployment



Inflationary pressure



Continued pressure on household income

## Engineered to deliver, as we engineer legacies



