



# ABRIDGED UNAUDITED GROUP RESULTS

for the year ended 31 December 2024



KEY FEATURES

The directors hereby present the abridged unaudited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the group) for the financial year ended 31 December 2024. These financial results are presented in accordance with IFRS® Accounting Standards (previously International Financial Reporting Standards) requirements.



REVENUE

Net insurance service result ↓ 56% to P127 million	Investment service result ↓ 76% to P76 million	Revenue from contracts with customers ↑ 19% to P351 million	Value of new business ↑ 7% to P150 million
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EARNINGS

Operating profit ↓ 49% to P411 million	Core earnings ↓ 49% to P448 million	Share of profit of associates ↑ 114% to P169 million	Impairment of an associate of P554 million (Dec 2023: Nil)	Profit attributable to equity holders ↓ 114% to a loss of P107 million
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DIVIDENDS

Paid as dividends during the 2024 financial year <b>P518 million</b> (Dec 2023: P754 million)		
Made up as follows:		
Interim dividend <b>P188 million</b>	Final dividend <b>P313 million</b>	Special dividend <b>P17 million</b>
Final dividend proposed not subject to tax <b>P114 million</b> (Dec 2023: P313 million)		



SOLVENCY

Business is well-capitalised; required capital for the group is covered <b>7 times</b> (Dec 2023: 8 times)
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<b>ASSETS UNDER MANAGEMENT (AUM)</b> ↑ 15% to <b>P51 billion</b>
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GROUP EQUITY VALUE

↓ 13% to <b>P4,66 billion</b> (Dec 2023: P5,38 billion)	Return on group equity value ↓ -5.4% (Dec 2023: 8,3%)
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	2024 P'000	Restated 2023 P'000	Restated 2022 P'000
<b>ASSETS</b>			
Property and equipment	169 838	170 052	173 158
Intangible assets	89 784	97 247	101 197
Right-of-use assets	13 799	11 879	14 713
Investment property	26 480	26 480	12 260
Investments in associates and joint ventures	1 457 254	1 758 469	1 910 194
Reinsurance contract assets	16 864	17 874	10 271
Insurance contract assets <sup>1</sup>	219 392	452 771	451 629
Non-current asset held for sale	–	–	99 988
<b>Financial assets at fair value through profit or loss<sup>1</sup></b>	<b>18 043 156</b>	<b>17 176 729</b>	<b>14 934 865</b>
Bonds	9 532 660	8 934 751	8 412 581
Investment in property funds and companies	1 203 577	1 277 154	1 199 357
Equity investments (local and foreign)	3 175 505	2 819 782	2 498 355
Money market instruments	4 131 414	4 145 042	2 824 572
Other receivables	132 974	135 632	186 940
Cash and cash equivalents	210 443	170 583	400 711
<b>Total assets</b>	<b>20 379 984</b>	<b>20 017 716</b>	<b>18 295 926</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	204 936	204 936	154 936
Non-distributable reserves	157 459	106 375	350 208
Retained earnings	2 719 298	3 302 730	3 267 691
<b>Total equity attributable to equity holders of the parent</b>	<b>3 081 693</b>	<b>3 614 041</b>	<b>3 772 835</b>
Non-controlling interests	10 501	23 751	22 428
<b>Total equity</b>	<b>3 092 194</b>	<b>3 637 792</b>	<b>3 795 263</b>
<b>Liabilities</b>			
Insurance contract liabilities <sup>1</sup>	8 397 033	7 961 752	7 535 188
Investment contract liabilities <sup>1</sup>	3 637 385	3 442 868	3 170 110
Reinsurance contract liability	87 034	54 222	55 757
External investors in consolidated funds <sup>1</sup>	4 616 512	4 504 563	3 292 594
Derivatives instrument	44 284	25 429	37 259
Deferred tax liability	101 922	141 908	73 545
Lease liability	14 776	12 707	16 210
Other payables <sup>1</sup>	314 330	210 984	290 565
Tax payable	389	18 624	26 246
Related party balances	13 894	6 867	3 189
Bank overdraft	60 231	–	–
<b>Total equity and liabilities</b>	<b>20 379 984</b>	<b>20 017 716</b>	<b>18 295 926</b>

<sup>1</sup> Restated for correction of errors in the prior period. Refer to Appendix A.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	31 Dec 2024 P'000	Restated <sup>1</sup> 31 Dec 2023 P'000
Net result from life insurance operations	204 204	585 751
Result from life insurance contracts	203 555	601 726
Net insurance service result	127 199	286 393
Insurance revenue <sup>1</sup>	2 267 063	2 221 787
Insurance service expenses <sup>1</sup>	(2 100 784)	(1 919 919)
Income or expense from reinsurance contracts	(39 080)	(15 475)
Investment service result	76 356	315 333
Insurance finance income or expense	(356 900)	(463 795)
Reinsurance finance income or expense	(15 494)	(26 935)
Investment income on assets held in respect of insurance contracts	448 750	806 063
Other expenses relating to insurance operations	649	(15 975)
Result from other operations	484 899	541 111
Revenue from contracts with customers	350 615	295 546
Investment income	452 599	284 903
Interest income using the effective interest rate (EIR)	4 491	4 395
Other interest income from external investors in consolidated funds <sup>1</sup>	291 581	305 979
Fair value losses from derivative instrument	18 855	(11 830)
Change in fair value of investment contract liabilities	(341 661)	(31 903)
Change in fair value of external investors' liabilities <sup>1</sup>	67 992	143 572
Net changes in external investors in consolidated funds <sup>1</sup>	(359 573)	(449 551)
Other expenses	(252 941)	(252 324)
Administration expenses	(216 061)	(214 495)
Sales remuneration	(36 171)	(37 067)
Finance cost on leases (IFRS 16)	(709)	(762)
Impairments raised	(2 239)	(10 881)
Profit before equity-accounted earnings and other income	433 923	863 657
Profit on sale of associate	–	141 669
Share of profit of associates and joint ventures	168 673	78 934
Impairment of an associate	(553 192)	–
Profit before tax	49 404	1 084 260
Income tax expense	(155 941)	(302 737)
(Loss)/profit for the year	(106 537)	781 523
Profit attributable to:		
– Equity holders of the parent	(106 134)	775 299
– Non-controlling interests	(403)	6 224
(Loss)/profit for the year	(106 537)	781 523
Earnings per share (thebe) (attributable to ordinary equity holders of the parent)		
– Basic	(38)	274
– Diluted	(37)	272

<sup>1</sup> Restated for correction of errors in the prior period. Refer to Appendix A.

CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	31 Dec 2024 P'000	Restated <sup>1</sup> 31 Dec 2023 P'000
(Loss)/profit for the year	(106 537)	781 523
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss (net of tax):		
Exchange differences on translation of foreign operations	(19 642)	(170 662)
Total comprehensive (loss)/income for the year	(126 179)	610 861
Total comprehensive income attributable to:		
– Equity holders of the parent	(125 776)	604 637
– Non-controlling interests	(403)	6 224
Total comprehensive (loss)/income for the year	(126 179)	610 861

<sup>1</sup> Restated for correction of errors in the prior period. Refer to Appendix A.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 P'000	2023 P'000
Cash utilised in operations	(3 275)	(458 823)
Cash generated from operations	73 407	39 389
Interest received	457 090	289 298
Dividend received from equity investments	54 061	56 851
Dividend received from associates and joint ventures	58 031	144 928
Interest paid	(709)	(762)
Tax paid	(126 690)	(228 350)
Dividend paid	(518 465)	(760 177)
Net cash flows (utilised in)/generated from investing activities	(10 662)	235 145
Purchase of property and equipment	(8 211)	(8 953)
Purchase of computer software	(2 451)	(5 902)
Proceeds from sale of investment in associates	–	250 000
Net cash flows utilised in financing activities	(6 434)	(6 450)
Payment of principal portion of lease liabilities (IFRS 16)	(6 434)	(6 450)
Net (decrease)/increase in cash and cash equivalents	(20 371)	(230 128)
Cash and cash equivalents at the beginning of the year	170 583	400 711
Cash and cash equivalents at the end of the year	150 212	170 583

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Stated capital P'000	Non- distributable reserves P'000	Retained earnings P'000	Total equity attributable to equity holders of the parent P'000	Non- controlling interest P'000	Total equity P'000
Balance as at 1 January 2023	154 936	350 208	3 267 691	3 772 835	22 428	3 795 263
Profit for the year	–	–	773 953	773 953	7 570	781 523
Foreign currency translation reserve movement	–	(170 662)	–	(170 662)	–	(170 662)
Share-based payment expense	–	5 168	–	5 168	–	5 168
Cost of treasury shares acquired	–	(8 601)	(2 459)	(11 060)	–	(11 060)
New shares issued	50 000	(50 000)	–	–	–	–
Transfer to retained income from share-based reserve	–	(29 199)	29 199	–	–	–
Transfer from retained income to statutory reserve	–	9 461	(9 461)	–	–	–
Dividends paid	–	–	(753 930)	(753 930)	(6 247)	(760 177)
Other movements in reserves <sup>2</sup>	–	–	(2 263)	(2 263)	–	(2 263)
Balance as at 31 December 2023	204 936	106 375	3 302 730	3 614 041	23 751	3 637 792
Loss for the year	–	–	(106 134)	(106 134)	(13 250)	(119 384)
Foreign currency translation reserve movement	–	(19 642)	–	(19 642)	–	(19 642)
Share-based payment expense	–	7 127	–	7 127	–	7 127
Transfer from statutory reserve to retained income	–	(35 566)	35 566	–	–	–
Cost of treasury shares acquired	–	(5 202)	–	(5 202)	–	(5 202)
Hyperinflation adjustment <sup>1</sup>	–	104 367	–	104 367	–	104 367
Dividends paid	–	–	(518 465)	(518 465)	–	(518 465)
Other movements in reserves <sup>2</sup>	–	–	5 601	5 601	–	5 601
Balance as at 31 December 2024	204 936	157 459	2 719 298	3 081 693	10 501	3 092 194

<sup>1</sup> During the year, the group applied IAS 29 Financial Reporting in Hyperinflationary Economies in relation to Nico Group (Malawi associate). The indicated amount represents the group's share of the difference between the closing equity and reserves of the associate for the previous financial year, and the effect of translating these at the closing price index and exchange rate at the reporting date.

<sup>2</sup> Represents movements from other reserves from associates.

# GROUP EQUITY VALUE (UNAUDITED)

For the year ended 31 December 2024

## GROUP EQUITY VALUE (UNAUDITED)

The group equity value is an aggregate of embedded value from the life insurance-covered business and the fair value of all other shareholders’ net assets. It represents an estimate of the economic value of the group, excluding the value attributable to future new business from life insurance and the value attributable to minorities.

The group equity value comprises:

- the value of the shareholders’ net assets
- fair value adjustments
- the value of in-force business including the value of new business written during the year.

## DEFINITION OF EQUITY VALUE

The embedded value represents an estimate of the economic value of the life insurance-covered business excluding the value attributable to future new business. Covered business represents the group’s long-term insurance business for which the value of new and in-force contracts is attributable to shareholders.

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 year ended 31 December 2024, accumulated to the end of the year at the risk discount rate. The value is adjusted for the cost of capital required to support the new business.

	Year ended 31 Dec 2024 P’000	Year ended 31 Dec 2023 P’000
Group equity value results		
Shareholders’ net assets after fair value adjustments	2 589 438	3 212 601
Shareholders’ net assets, excluding goodwill	3 018 703	3 638 614
Asset mismatch reserve	(429 265)	(426 013)
Value of in-force	2 066 244	2 166 084
Value before cost of capital	1 819 349	1 986 011
Fair value adjustments	302 549	314 080
Cost of capital	(55 654)	(134 007)
Group equity value at the beginning of the year	5 378 685	5 759 291
IFRS 17 transition adjustment	–	75 539
Asset mismatch reserve	–	(44 080)
Modelling change	76 294	–
Group equity value at the beginning of the year – with opening adjustment	5 454 979	5 834 830
Group equity value at the end of the year	4 655 682	5 378 685
Required capital	421 846	457 412
Required capital cover	7,2	8,00
Group equity value per share (Pula)	16,31	18,88
Group equity value earnings	(294 170)	477 022
Change in group equity value	(808 316)	(412 066)
Movement in capital	(4 319)	135 158
Dividends paid	518 465	753 930
Return on group equity value (%)	(5,4)	8,3

	Year ended 31 Dec 2024 P’000	Year ended 31 Dec 2023 P’000
Group equity value results		
These earnings can be analysed as follows:		
Embedded value earnings from covered business		
Expected return on life business in force	185 455	203 811
Value of new business	149 961	140 347
Operating experience variances	59 531	179 931
Mortality/morbidity	6 468	(10 557)
Persistency	7 314	12 225
Expenses	(7 159)	20 951
Working capital	52 797	126 787
Other	111	30 525
Operating assumption changes	(347 592)	(253 274)
Mortality/morbidity	(65 660)	(64 230)
Persistency	(28 726)	(166 069)
Expenses	(146 113)	(78 200)
Other	(107 093)	55 225
Group equity value earnings from operations	47 355	270 815
Investment variances	9 992	143 974
Economic assumption changes	(5 099)	109 209
Investment return	114 601	(70 720)
Risk discount rate	(119 700)	179 929
Embedded value earnings from covered business	52 248	523 998
Return on shareholders’ assets	(325 867)	158 718
Investment returns	28 223	14 760
Net profit non-life operations	(354 090)	143 958
Bifm	151 492	118 219
Letshego	(590 974)	(77 185)
FSG	–	110 501
BIC	30 746	21 398
Nico	127 464	90 080
Other	(72 818)	(119 055)
Change in shareholders’ fund adjustments	(20 551)	(205 693)
Changes in treasury share adjustments	2 902	2 627
Movement in fair value of incentive scheme shares	(42 799)	(47)
Movement in present value of holding company expenses	8 044	(28 560)
Movement in other net worth adjustments	11 302	(179 713)
Group equity value earnings	(294 170)	477 023

GROUP EQUITY VALUE (UNAUDITED) continued

	Year ended 31 Dec 2024 P'000	Year ended 31 Dec 2023 P'000
a) Value of new business		
Value of new business at point of sale	149 961	140 347
Value before cost of capital	154 768	149 715
Recurring premium	49 225	79 139
Single premium	105 496	70 576
Cost of capital	(4 807)	(9 368)
b) Fair value adjustments		
Staff share scheme	(65 805)	(23 006)
Non-life operations write-up to fair value (Bifm)	451 462	389 923
Non-life operations write-up to fair value (other)	50 058	100 295
Nico write-down to fair value	(47 619)	28 244
BIC write-up to fair value	97 677	72 051
Group holding expenses	(186 883)	(194 927)
Reversal of cross-holding adjustment	44 697	41 795
Total	293 529	314 080
Consisting of:		
Value of in-force adjustments	293 529	314 080
c) Assumptions		
The main assumptions used are as follows:		
1. Economic assumptions	% p.a.	% p.a.
Risk discount rate	11,30	10,15
Expense inflation rate	4,68	4,19
Discount rate for liabilities	Risk-free curve	Risk-free curve

COMMENTARY

For the year ended 31 December 2024

ECONOMIC ENVIRONMENT

In October 2024, Botswana experienced a change in Government as the opposition coalition, the Umbrella for Democratic Change, won the general elections. The new Government assumed office at a particularly challenging time, facing challenges such as low mineral revenues, large fiscal deficits, public sector inefficiencies, high unemployment and the urgent need for structural reforms and policy shifts to foster higher growth and job creation.

The new administration inherited an economy in a recession, mainly due to a drop in diamond production and sales. De Beers reported a 28% year-on-year fall in diamond sales volume in 2024, with an estimated diamond inventory worth USD2 billion at year-end, despite production cuts. The non-mining sector on the other hand continued to be resilient posting positive gross domestic product (GDP) year-on-year growth. Quarterly GDP data from Statistics Botswana revealed contractions of -5,3%, 0,5% and -4,3% for the first three quarters of the year, indicating a likely contraction for the full year. This is in contrast to the 1% GDP growth earlier projected by the International Monetary Fund and 4,2% projected by the Ministry of Finance.

Inflation closed the year at 1,7%, well below the Bank of Botswana's target range of 3% to 6%. The average inflation rate for 2024 was 2,8%, a marked decrease from the 5,2% average in 2023. This decline was largely due to reductions in domestic fuel prices, which influenced the transport category within the Consumer Price Index Basket, where it has a 23,4% weighting.

In response to these economic challenges, the Bank of Botswana reduced its main monetary policy rate from 2,40% to 1,90% during the year in a bid to stimulate lending and support economic activity. However, Government borrowing increased sharply during the year, which in turn caused yields to increase across the curve. At the budget speech in February 2025, the Ministry of Finance projected a budget deficit of P22,1 billion, or 7,6% of GDP, in the 2025/26 financial year. Further significant borrowing through the bond market is anticipated. The influx of PFR2 financial inflows may have helped to meet Government's borrowing needs to some extent, and mitigated borrowing costs, but these inflows also carry the risk of contributing to asset price bubbles.

Despite the challenging economic environment, both S&P Global and Moody's published surveillance reports during the year, resulting in no credit rating changes. Their continued positive assessment was bolstered by Botswana's relatively low debt-to-GDP ratio compared to its peers (with most of the debt being denominated in Pula), an expected benefit from an increase in diamond demand over the medium term and Botswana's ongoing efforts to improve economic activity in various sectors.

Accounting policies and presentation

The accounting policies adopted for the year comply in all material respects with IFRS Accounting Standards (formerly International Financial Reporting Standards) and are presented in the manner required by the Insurance Industry Act, 2015. These policies are consistent with those applied for the year ended 31 December 2023.



COMMENTARY continued

FINANCIAL OVERVIEW

Analysis of earnings

	31 Dec 2024 P'000	31 Dec 2023 P'000	% change
Operating profit	410 558	801 148	(49)
Investment income on shareholders' assets	37 242	72 205	(48)
Core earnings	447 779	873 353	(49)
Profit on sale of associate	–	141 669	(100)
Share of profit of associates and joint ventures net of tax	168 673	78 934	114
Impairment of an associate	(553 192)	–	(100)
Investment losses on shareholders' assets	(13 876)	(9 696)	(43)
Profit before tax	49 404	1 084 260	(95)
Tax	(155 941)	(302 737)	48
(Loss)/profit after tax	(106 537)	781 523	(114)
Profit attributable to:			
– Equity holders of the parent	(106 134)	775 299	(114)
– Minority interest	(403)	6 224	(106)
Total (loss)/profit for the year	(106 537)	781 523	(114)

Group operating profit decreased by 49% to P411 million for the year ended 31 December 2024 compared to the prior year profit of P801 million. Life operating profit decreased significantly compared to the prior year due to lower net insurance service results from life insurance contracts arising primarily from revisions to the best estimate assumptions which negatively impacted the release of contractual service margins to profits and lower investment service results driven by adverse changes in interest rates impacting the annuity portfolio resulting in lower fair value gains compared to the prior year. The asset management business operating profit for the year was 32% higher than the prior year owing to increased AUM. Equity-accounted earnings increased by 114% mainly due to the good performance of the Nico Group despite the economy being in hyperinflation. Performance was further negatively impacted by the significant impairment of an associate by P553 million.

Group equity value

The group equity value decreased to P4,66 billion from P5,38 billion. The group equity value allowed for dividends of P518 million paid during the year ended 31 December 2024. Further, the decrease in group equity value is driven by a decrease in the value of in-force for the life insurance business and a decrease in net asset value, especially Letshego Africa Holdings Limited whose value was impaired by P553 million during the year.

Overview of operations by business segment

For management purposes, the group is organised into two principal business areas based on their products and services, and these make up the 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 (Bifm), and Bifm Unit Trusts, both subsidiaries of the group.

Segments that do not fall under the two key segments have been classified under 'other'. These comprise associate businesses (Letshego Africa Holdings Limited, Nico Holdings PLC, Botswana Insurance Company Limited, Grand Reinsurance Tanzania and BIHL Insurance Company Limited) and the holding company.

Inter-segment transactions 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.

SEGMENT RESULTS

	Life insurance P'000	Asset management P'000	Other <sup>1</sup> P'000	Inter- segmental P'000	Consoli- dated P'000
For the year ended 31 December 2024					
Net insurance service result	127 199	–	–	–	127 199
Investment service result	76 356	–	–	–	76 356
Other expenses relating to insurance operations	649	–	–	–	649
Net result from life insurance operations	204 204	–	–	–	204 204
Revenue from contracts with customers					
– Internal	–	3 649	–	(3 649)	–
– External	165 753	184 862	–	–	350 615
Investment income	244 505	26 752	599 505	(418 163)	452 599
Interest income using the EIR	1 797	–	2 694	–	4 491
Other interest income from investment contracts	–	–	–	291 581	291 581
Fair value gains from derivative instrument	18 855	–	–	–	18 855
Change in fair value of investment contract liabilities	(184 866)	19 955	–	(176 750)	(341 661)
Change in fair value of external investors' liabilities	–	–	–	67 992	67 992
Net changes in investment contract benefits	–	–	–	(359 573)	(359 573)
Result from other operations	246 044	235 218	602 199	(598 562)	484 899
Depreciation	(6 757)	(789)	(879)	–	(8 425)
Amortisation and impairment	(9 434)	(387)	(46)	–	(9 867)
Right-of-use asset depreciation	(6 508)	(1 420)	(1 357)	2 702	(6 583)
Administration expenses	(60 573)	(92 557)	(61 219)	20 215	(194 134)
Sales remuneration	(36 171)	–	–	–	(36 171)
Profit before equity-accounted earnings	330 805	140 065	538 698	(575 645)	433 923
Net equity-accounted earnings	–	–	168 673	–	168 673
Impairment of an associate	–	–	(553 192)	–	(553 192)
Profit/(loss) before tax	330 805	140 065	154 179	(575 645)	49 404
Income tax expense	(81 927)	(23 712)	(50 302)	–	(155 941)
Profit/(loss) after tax	248 878	116 353	103 877	(575 645)	(106 537)
Segment assets and liabilities					
Total assets	14 600 090	8 141 342	1 609 339	(3 970 787)	20 379 984
Total liabilities	12 664 373	7 663 292	784 951	(3 824 826)	17 287 790

<sup>1</sup> Included under 'other' are dividends received from subsidiaries and associates by the holding company which are then eliminated under the inter-segmental line.

COMMENTARY continued

For the year ended 31 December 2023	Life insurance P'000	Asset management P'000	Other <sup>1</sup> P'000	Inter-segmental P'000	Consolidated P'000
Net insurance service result <sup>2</sup>	286 393	–	–	–	286 393
Investment service result	315 333	–	–	–	315 333
Other expenses relating to insurance operations	(15 975)	–	–	–	(15 975)
<b>Net result from life insurance operations</b>	585 751	–	–	–	585 751
Revenue from contracts with customers					
– Internal	–	3 327	–	(3 327)	–
– External	137 379	158 167	–	–	295 546
Investment income	264 024	16 875	851 901	(847 897)	284 903
Interest income using the EIR	2 088	–	2 307	–	4 395
Other interest income from investment contracts <sup>2</sup>	–	–	–	305 979	305 979
Fair value (losses)/gains from derivative instrument	(11 830)	–	–	–	(11 830)
Change in fair value of investment contract liabilities	(69 086)	34 723	–	2 460	(31 903)
Change in fair value of external investors' liabilities <sup>2</sup>	–	–	–	143 572	143 572
Net changes in investment contract benefits <sup>2</sup>	–	–	–	(449 551)	(449 551)
<b>Result from other operations</b>	322 575	213 092	854 208	(848 765)	541 111
Depreciation	(9 988)	(1 230)	(841)	–	(12 059)
Amortisation and impairment	(9 164)	(568)	(120)	–	(9 852)
Right-of-use asset depreciation	(5 319)	(1 420)	(1 734)	2 702	(5 771)
Administration expenses	(60 754)	(79 543)	(74 863)	16 704	(198 456)
Sales remuneration	(37 067)	–	–	–	(37 067)
<b>Profit before equity-accounted earnings</b>	786 034	130 331	776 650	(829 358)	863 657
Profit on sale of associate	–	–	141 669	–	141 669
Net equity-accounted earnings	–	–	78 934	–	78 934
<b>Profit/(loss) before tax</b>	786 034	130 331	997 253	(829 358)	1 084 260
Income tax expense	(221 160)	(19 624)	(61 953)	–	(302 737)
<b>Profit/(loss) after tax</b>	564 874	110 707	935 300	(829 358)	781 523
<b>Segment assets and liabilities</b>					
Total assets	14 586 901	7 705 435	1 509 720	(3 784 340)	20 017 715
Total liabilities	11 905 093	7 166 707	814 706	(3 506 582)	16 379 924

<sup>1</sup> Included under 'other' are dividends received from subsidiaries and associates by the holding company which are then eliminated under the inter-segmental line.

<sup>2</sup> Restated for correction of errors in the prior period. Refer to Appendix A.

LIFE INSURANCE BUSINESS

Profit before tax from life insurance operations is 40% of the prior year's results. The key drivers for reduced earnings are lower investment and insurance service results which are 76% and 66% below the prior year. The drop in earnings from investment service is driven by the volatility of the market yield curve movements experienced during the year leading to lower mismatch profits than in the prior period. The insurance service result, which represents the core earnings for the life business, is 66% lower than the prior period arising primarily from revisions to the best estimate assumptions which negatively impacted the release of contractual service margins to profits. Value of new business which measures the present value of future new business profits improved by 7% overall, mainly driven by the corporate business lines which have shown strong growth compared to the prior year.

ASSET MANAGEMENT BUSINESS

Bifm Group's operating profit for the period grew by 32% over the prior year same period as most underlying businesses recorded improved performance for the year. The Zambian operations continued to benefit from the Pula/Kwacha currency movement effects as well as a once-off accounting adjustment. Operating profits, excluding the Zambian operations, registered 17% year-on-year growth. The growth in profits was mainly driven by operating income which closed 17% higher than the prior year driven by a substantial increase in AUM. Bifm Unit Trusts also recorded positive performance as the operating profit closed 95% above the prior year.

Total Bifm Group AUM increased by 15% to close the year at P51,2 billion (Dec 2023: P44,5 billion), including Zambia's P7,3 billion and Bifm Unit Trusts at P2,8 billion.

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 to declare a final dividend. The group's capital cover is 7 times, having reduced from 8 times in the previous year. The reduction in required capital cover was as a result of the significant dividend payout and the reduction in net asset value due to the impairment of an associate investment.

GOING CONCERN

The directors have further reviewed the group's funding position and available sources of funding and concluded that these are adequate to support the group's funding requirements. Based on this review and considering the current financial position and profitable trading history, the directors are satisfied that the group has adequate resources to continue in business for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

LOOKING AHEAD

The current business climate is challenging, driven by a potentially lengthy period of diamond market weakness and hence an unfavourable outlook for Botswana's GDP growth. This presents difficulties for management in driving business growth, retaining clients and delivering solid returns to the shareholders. That said, the group's core operations continue to be resilient and generate profits and positive cash flows and this is expected to continue in the ensuing year.

Any reference to future financial performance included in this announcement has not been audited or reported on by the group's auditor.



COMMENTARY continued

DIVIDEND DECLARATION

The directors have resolved to award a final dividend of 40 thebe per share (not subject to tax). The important dates pertaining to the dividends are:

Declaration date	5 March 2025
Ex-dividend date	15 April 2025
Record date	17 April 2025
Payment of dividend	24 April 2025

For and on behalf of the board

Dr Keith Jefferis  
BIHL Group Board Chairman

Catherine Lesetedi  
Group Chief Executive Officer

24 March 2025

APPENDIX A

RESTATEMENTS IN RESPECT OF CORRECTION OF PRIOR PERIOD ERRORS

1. Correction of prior period errors  
(i) Premium received in advance and claims payable

In past financial years, certain premiums received in advance and claims payable under existing active policies were incorrectly included under 'Trade and other payables' rather than being included in the measurement of insurance contract liabilities/assets or investment contract liabilities. This error has been corrected retrospectively in the current year. The correction has had no impact on the reported net insurance results and profit for the year in the statement of profit or loss and other comprehensive Income (SPLOCI) for the year ended 31 December 2023.

(ii) Error in mapping of trial balance accounts allocated to insurance contract asset and insurance contract liability

The group segments its insurance contract assets and liabilities based on the underlying risk peril. At 1 January 2023 and 31 December 2023, certain balances related to the individual life portfolio were incorrectly allocated to the group business and annuities portfolios. This misallocation resulted in an overstatement of both the insurance contract asset and insurance contract liability on the statement of financial position (SoFP). The error has been corrected retrospectively by restating the SoFP as of 31 December 2023 and 1 January 2023. The correction had no impact on the SPLOCI for the year ended 31 December 2023, nor on the statement of cash flows (SoCF).

(iii) Derecognition of Botswana Life International Investment Plan (BLIIP) asset and liability

In prior financial periods, the BLIIP was previously recognised as an asset (Investment in financial assets at fair value through profit or loss) and a liability (Investment contract liability), with corresponding changes in the fair value of the investment and liability, accounted for through the SPLOCI. Based on a reassessment of the underlying contractual arrangements supporting the BLIIP, it was concluded that the group does not act as principal with respect to either the investment or liability. Accordingly, the underlying investment and liabilities should not have been accounted for on the company's SoFP. This error has been corrected with a retrospective effect.

(iv) Notional deferred acquisition costs (DAC) adjustment

With respect to insurance contracts valued under the general measurement model, both insurance revenue and insurance expense include that portion of premium income relating to the recovery of insurance acquisition cash flows (notional DAC). Such an allocation is not required with respect to contracts measured under the premium allocation approach (PAA). The SPLOCI for the year ended 31 December 2023 erroneously included a notional DAC allocation with respect to contracts valued under the PAA. This error – which does not impact the SoFP or SoCF – has been corrected through restatement of the SPLOC for the year ended 31 December 2023.

(v) Correction of annuities: Best estimate liability (BEL) and contractual service margin (CSM)

Investment management fees incurred on assets held to match policyholder liabilities under annuity contracts were omitted from the calculation of insurance contract liabilities as at 31 December 2023 due to a modelling error. As a result, the BEL was understated and the CSM overstated at that date. As the BEL and CSM are both reported in the insurance contract liability, the error did not impact the SoFP or SPLOCI. However, General model – reconciliation of valuation components was restated for the year ended 31 December 2023.

(vi) Errors in the group's accounting for investments in consolidated funds

During past periods, the group made calculation errors in the measurement of its interest in collective investment undertakings (CIUs) when determining whether such CIUs should be consolidated (i.e. should be accounted for as consolidated funds), resulting in certain CIUs not being consolidated. Additionally, the percentage shareholding of external investors in various CIUs consolidated by the group was incorrectly calculated and accounting errors made in accounting for the quantum of the interest of external investors in consolidated funds. These calculation and accounting errors resulted in misstatement of historically reported balances and amounts and have been corrected through retrospective restatement of the SoFP and SPLOCI. There is no impact on the SoCF.

APPENDIX A continued

2. The impact on the primary financial statements

The impact on the SoFP, SPLOCI and SoCF as a result of the correction of the prior period errors in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, is shown below.

STATEMENT OF FINANCIAL POSITION

	As previously reported Audited 2023 P'000	Prior period error <sup>(i)</sup> P'000	Prior period error <sup>(ii)</sup> P'000	Prior period error <sup>(iii)</sup> P'000	Prior period error <sup>(vi)</sup> P'000	Restated 2023 P'000
<b>ASSETS</b>						
Property and equipment	170 052	–	–	–	–	170 052
Intangible assets	97 247	–	–	–	–	97 247
Right-of-use assets	11 879	–	–	–	–	11 879
Investment property	26 480	–	–	–	–	26 480
Investments in associates	1 758 469	–	–	–	–	1 758 469
Reinsurance contract assets	17 874	–	–	–	–	17 874
Insurance contract assets <sup>(i), (ii)</sup>	612 935	(84 702)	(75 462)	–	–	452 771
<b>Financial assets<sup>(iii), (vi)</sup></b>	14 935 316	–	–	(181 130)	2 422 543	17 176 729
Bonds <sup>(iii), (vi)</sup>	8 543 705	–	–	(10 627)	401 673	8 934 751
Investment in property funds <sup>(vi)</sup>	1 277 962	–	–	–	(808)	1 277 154
Equity investments <sup>(iii), (vi)</sup>	3 040 954	–	–	(141 769)	(79 403)	2 819 782
Money market instruments <sup>(iii), (vi)</sup>	2 072 695	–	–	(28 734)	2 101 081	4 145 042
Other receivables	135 632	–	–	–	–	135 632
Cash and cash equivalents	170 583	–	–	–	–	170 583
<b>Total assets</b>	17 936 467	(84 702)	(75 462)	(181 130)	2 422 542	20 017 716
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Stated capital	204 936	–	–	–	–	204 936
Non-distributable reserves	106 375	–	–	–	–	106 375
Retained earnings	3 302 730	–	–	–	–	3 302 730
<b>Total equity of the parent</b>	3 614 041	–	–	–	–	3 614 041
Non-controlling interests	23 751	–	–	–	–	23 751
<b>Total equity</b>	3 637 792	–	–	–	–	3 637 792
<b>Liabilities</b>						
Insurance contract liabilities <sup>(i), (ii)</sup>	8 004 121	33 093	(75 462)	–	–	7 961 752
Investment contract liabilities <sup>(i), (iii)</sup>	3 598 953	25 045	–	(181 130)	–	3 442 868
Reinsurance contract liability	54 222	–	–	–	–	54 222
External investors in consolidated funds <sup>(vi)</sup>	2 082 020	–	–	–	2 422 543	4 504 563
Derivatives instrument	25 429	–	–	–	–	25 429
Deferred tax liability	141 908	–	–	–	–	141 908
Lease liability	12 707	–	–	–	–	12 707
Other payables <sup>(i)</sup>	353 824	(142 840)	–	–	–	210 984
Tax payable	18 624	–	–	–	–	18 624
Related party balances	6 867	–	–	–	–	6 867
<b>Total equity and liabilities</b>	17 936 467	(84 702)	(75 462)	(181 130)	2 422 543	20 017 716

APPENDIX A continued

	As previously reported Audited 2022 P'000	Prior period error <sup>(i)</sup> P'000	Prior period error <sup>(ii)</sup> P'000	Prior period error <sup>(iii)</sup> P'000	Prior period error <sup>(vi)</sup> P'000	Restated 2022 P'000
<b>ASSETS</b>						
Property and equipment	173 158	–	–	–	–	173 158
Intangible assets	101 197	–	–	–	–	101 197
Right-of-use assets	14 713	–	–	–	–	14 713
Investment property	12 260	–	–	–	–	12 260
Investments in associates	1 910 194	–	–	–	–	1 910 194
Reinsurance contract assets	10 271	–	–	–	–	10 271
Insurance contract assets <sup>(i), (ii)</sup>	553 701	(64 594)	(37 478)	–	–	451 629
Non-current asset held for sale	99 988	–	–	–	–	99 988
<b>Financial assets<sup>(iii), (vi)</sup></b>	15 411 628	–	–	(150 084)	(326 679)	14 934 865
Bonds <sup>(iii), (vi)</sup>	8 426 652	–	–	(14 071)	–	8 412 581
Investment in property funds <sup>(vi)</sup>	1 205 650	–	–	–	(6 293)	1 199 357
Equity investments <sup>(iii), (vi)</sup>	2 589 245	–	–	(112 246)	21 356	2 498 355
Money market instruments <sup>(iii), (vi)</sup>	3 190 081	–	–	(23 767)	(341 742)	2 824 572
Other receivables	186 940	–	–	–	–	186 940
Cash and cash equivalents	400 711	–	–	–	–	400 711
<b>Total assets</b>	18 874 761	(64 594)	(37 478)	(150 084)	(326 679)	18 295 926
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Stated capital	154 936	–	–	–	–	154 936
Non-distributable reserves	350 208	–	–	–	–	350 208
Retained earnings	3 267 691	–	–	–	–	3 267 691
<b>Total equity of the parent</b>	3 772 835	–	–	–	–	3 772 835
Non-controlling interests	22 428	–	–	–	–	22 428
<b>Total equity</b>	3 795 263	–	–	–	–	3 795 263
<b>Liabilities</b>						
Insurance contract liabilities <sup>(i), (ii)</sup>	7 551 386	21 280	(37 478)	–	–	7 535 188
Investment contract liabilities <sup>(i), (iii)</sup>	3 298 512	21 682	–	(150 084)	–	3 170 110
Reinsurance contract liability	55 757	–	–	–	–	55 757
External investors in consolidated funds <sup>(vi)</sup>	3 619 273	–	–	–	(326 679)	3 292 594
Derivatives instrument	37 259	–	–	–	–	37 259
Deferred tax liability	73 545	–	–	–	–	73 545
Lease liability	16 210	–	–	–	–	16 210
Other payables <sup>(i)</sup>	398 121	(107 556)	–	–	–	290 565
Tax payable	26 246	–	–	–	–	26 246
Related party balances	3 189	–	–	–	–	3 189
<b>Total equity and liabilities</b>	18 874 761	(64 594)	(37 478)	(150 084)	(326 679)	18 295 926



APPENDIX A continued

EXTRACT OF THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023				
	As previously reported Audited 2023 P'000	Prior period error <sup>(iv)</sup> P'000	Prior period error <sup>(vi)</sup> P'000	Restated 2023 P'000
Net result from life insurance operations	585 751	–	–	585 751
Result from life insurance contracts	601 726	–	–	601 726
Net insurance service result	286 393	–	–	286 393
Insurance revenue <sup>(iv)</sup>	2 422 502	(200 715)	–	2 221 787
Insurance service expenses <sup>(iv)</sup>	(2 120 634)	200 715	–	(1 919 919)
Income or expense from reinsurance contracts	(15 475)	–	–	(15 475)
Investment service result	315 333	–	–	315 333
Insurance finance income or expense	(463 795)	–	–	(463 795)
Reinsurance finance income or expense	(26 935)	–	–	(26 935)
Investment income on assets held in respect of insurance contracts	806 063	–	–	806 063
Other expenses relating to insurance operations	(15 975)	–	–	(15 975)
Result from other operations	541 111	–	–	541 111
Revenue from contracts with customers	295 546	–	–	295 546
Investment income	284 903	–	–	284 903
Interest income using the EIR	4 395	–	–	4 395
Other interest income from external investors in consolidated funds <sup>(vi)</sup>	202 721	–	103 258	305 979
Fair value losses from derivative instrument	(11 830)	–	–	(11 830)
Change in fair value of investment contract liabilities	(31 903)	–	–	(31 903)
Change in fair value of external investors' liabilities <sup>(vi)</sup>	88 254	–	55 318	143 572
Net changes in external investors in consolidated funds <sup>(vi)</sup>	(290 975)	–	(158 576)	(449 551)
Profit for the year	781 523	–	–	781 523

BOTSWANA INSURANCE HOLDINGS LIMITED

Incorporated in 1990 in Botswana  
Company registration number:  
BW00000798601

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Catherine Lesetedi  
(*Group Chief Executive Officer*)  
Kudakwashe Mukushi<sup>3</sup>  
(*Group Chief Financial Officer*)  
Andrew Cartwright<sup>2</sup>  
Mustafa Sachak<sup>4</sup>  
Robert Dommisse<sup>2</sup>  
Nigel Suliaman<sup>2</sup>  
Kate Maphage  
Edwin Elias  
John Hinchliffe<sup>1</sup> (*retired 25 March 2024*)  
Kobus Vlok<sup>2</sup> (*resigned 25 March 2024*)  
Lieutenant General Tebogo Masire  
(*retired 22 August 2024*)

<sup>1</sup> British  
<sup>2</sup> South African  
<sup>3</sup> Zimbabwean  
<sup>4</sup> American

COMPANY SECRETARY

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