BIHL GROUP

BOTSWANA INSURANCE HOLDINGS LIMITED

INTEGRATED ANNUAL REPORT 2024

FOCUSING ON WHAT IS IMPORTANT

ENTER

CONTENTS

2024 PERFORMANCE AT A GLANCE

REVENUE

Total annual premium income (API)

↑ 20% to P1,9 billion

Insurance service result

↓ 56% to P127 million

Investment service result

↓ 76% to P76 million

Revenue from contracts with customers

↑ 19% to P351 million

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

P554 million

VALUE CREATION

Group equity value

↓ 13% to P4,66 billion

Return on group equity value

↓ (5,4%)

(Target: 14,5%)

Claims and benefits

↑ 9% to P2,1 billion

Final dividend

↓ 64% to P114 million

Dividends paid in 2024

↓ 31% to P518 million

SUSTAINABILITY

Value of new business

↑ 7% to P150 million

Solvency – Required capital cover

7,0 times

Assets under management (AUM)

↑ 15% to P51,2 billion

ABOUT THIS REPORT

REPORTING SCOPE AND BOUNDARY

This is the integrated annual report of Botswana Insurance Holdings Limited (BIHL Group) for the year ended 31 December 2024.

This report includes material information for our stakeholders about our financial, economic, social and environmental performance and demonstrates our performance against our previously stated plans.

The content encompasses all divisions and subsidiaries of the company across all regions of operation in Botswana and our associates in various sub-Saharan countries.

We provide insights into matters of importance to our stakeholders, highlighting how the organisation is governed, the material matters we identified and the risks and opportunities that could impact our business. We show how these factors influence our business model, strategic objectives and future plans in creating and sustaining value for our stakeholders in the short, medium and long term.

REPORTING PRINCIPLES AND FRAMEWORK

We applied international and Botswana reporting guidelines and best practices in compiling the report, including the following:

- Botswana Stock Exchange (BSE) Listings Requirements
- IFRS® Accounting Standards (previously International Financial Reporting Standards or IFRS)
- Botswana Institute of Chartered Accountants Financial Reporting Guides
- King IV Report on Corporate Governance for South Africa, 2016™ (King IV™)
- International Integrated Reporting Framework (<IR> Framework) of the IFRS Foundation
- United Nations Sustainable Development Goals (SDGs) and
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as well as the relevant regulations and directives in force under the laws of Botswana.

The annual financial statements on pages 108 to 231 are presented in Pula, the group's presentation currency.

MATERIALITY

This report addresses the material matters we believe could substantively affect our ability to create and preserve value for our stakeholders over the short, medium and long term as well as those matters that have the potential to erode value if not managed closely. These are determined through board discussion, market research, stakeholder engagement, continuous risk assessments and the review of prevailing trends in our industry and the global economy. We disclose BIHL's approach to sustainability and identify and explain the material environmental, social and corporate governance (ESG) issues facing the group. Sustainability issues that are not considered material to our business are not discussed. This approach should enable stakeholders to accurately evaluate the BIHL Group's ability to create, sustain and protect value over the short, medium and long term.

Management is not aware of the unavailability of any reliable information or any legal prohibitions to disclosing any material information.

Refer to page 15 for more information on our material matters.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 31 December 2024. Actual results may differ materially from these expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise, and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, unless required to do so by legislation and regulation. The external auditor and assurance providers have not assured these statements.

ASSURANCE

BIHL has a combined assurance model, which is set out below.

Business process	Nature of assurance	Assurance provider
Annual financial statements	External audit	PricewaterhouseCoopers
Internal control processes	Internal audit services	Internal audit services with the assistance of Sanlam Group Internal Audit
BSE Listings Requirements	Compliance reviews	BSE and PricewaterhouseCoopers
Insurance due diligence	Independent risk reviews	PricewaterhouseCoopers, independent actuary and reinsurers

Per Botswana law and the BSE Listings Requirements, BIHL's annual financial statements were audited by our independent auditor, PricewaterhouseCoopers.

The unqualified independent auditor's report is set out on pages 104 to 107. The scope of the audit is limited to the annual financial statements on pages 108 to 231.

APPROVAL

The audit and risk committee and the board acknowledge their responsibility to ensure the integrity of this report, which was reviewed by the audit and risk committee, the board, the Group Company Secretary and Statutory Actuary.

The board, after consultation with the audit and risk committee, concluded that this integrated annual report is presented materially in accordance with the <IR> Framework and approved it for publication on 6 June 2025.

Dr Keith Jefferis
Group Chairman

Catherine Lesetedi
Group Chief Executive Officer (CEO)

Frank Dalo
Group Chief Financial Officer (CFO)

Robert Dommisse
Edwin Elias
Mark Hopkins
Kate Maphage
Dr Athalia Molokomme
Pragnaben Naik
Mustafa Sachak
Nigel Suliaman

Signatures were removed for security and privacy reasons.

CORPORATE INFORMATION

Contact details for BIHL are set out on the back cover.

THEME: FOCUSING ON WHAT IS IMPORTANT

Our purpose is to improve livelihoods and allow our valuable clients and the communities we operate in to focus on what is important to enhance their overall well-being and quality of life.

By focusing on what is important in our development strategies, initiatives and interventions that enhance income opportunities, access to financial services and socio-economic conditions for people, we enable them to lead healthier, more productive and fulfilling lives.

Read more about our purpose on page 8.

FEEDBACK

A hard copy of this integrated annual report is available on request as well as online at **https://www.bihl.co.bw/investor-relations-pages**.

We are committed to improving this report each year and appreciate and encourage constructive feedback. Please forward comments to **kmokgothu@bihl.co.bw.**

NAVIGATION

This integrated annual report was enhanced with digital navigation capabilities to assist you in moving between sections. You can do so by using the navigation icons at the top of the page or where you see one of these links:

Refers you to information available online at **www.bihl.co.bw.**

Refers you to a page where more information can be found in this report.

REPORTING SUITE

The following reports provide more information on BIHL's 2024 performance and are available online at **www.bihl.co.bw.**

Year-end results announcement

Year-end results presentation

01

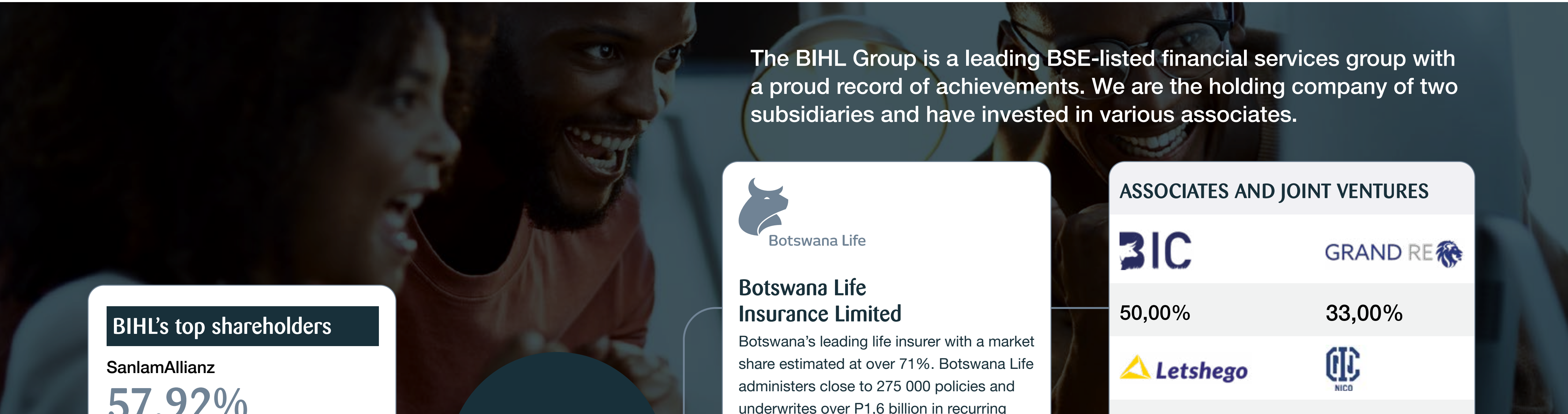
FOCUSING ON WHAT IS IMPORTANT

Our purpose is to improve livelihoods.

We focus on providing suitable products and channels to enable our clients to enhance their overall well-being and quality of life.

We have done so for the past 50 years.

GROUP STRUCTURE



The BIHL Group is a leading BSE-listed financial services group with a proud record of achievements. We are the holding company of two subsidiaries and have invested in various associates.

BIHL's top shareholders

SanlamAllianz
57,92%

Botswana Public Officers Pension Fund
5,84%

Motor Vehicle Accident Fund
4,00%

Other
32,24%

BIHL GROUP

Botswana Life

Botswana Life Insurance Limited

Botswana's leading life insurer with a market share estimated at over 71%. Botswana Life administers close to 275 000 policies and underwrites over P1,6 billion in recurring premium income.

ASSOCIATES AND JOINT VENTURES

BIC	GRAND RE
50,00%	33,00%
Letshego	NICO
27,46%	25,10%

Bifm

Botswana Insurance Fund Management Limited

A pioneer in asset management managing in excess of P43,9 billion in assets across equity, fixed income, real estate, liquidity and alternative investments.

BIFM ASSOCIATES

Khumo	AFLIFE HOLDINGS
50,00%	49,00%

OUR PURPOSE

We are focused on our purpose of improving livelihoods.

We have a clear strategy to achieve our vision and mission through our strategic objectives.

We strive to meet these objectives by leveraging our strong values.

VISION

To be the financial services provider of choice for our customers and to deliver best-in-class returns for our shareholders

PURPOSE

Improving livelihoods

MISSION

We will achieve our vision through service excellence, providing innovative wealth and insurance products and living our stated core values every day

OUR VALUES

CARE

Service with empathy and consideration, knowing everything we do leaves a lasting impact and legacy

INNOVATION

Always striving for continuous improvement to create value for our stakeholders, our society and the world

INTEGRITY

Unwavering in our pursuit to do the right thing, resolute in our commitment to what is good for all stakeholders

COLLABORATION

Unlocking our winning as one spirit by focusing on a better outcome for all, achieved through partnership and an open-minded approach to everything

HOW WE HELP YOU TO FOCUS ON WHAT IS IMPORTANT

Taking a long-term view on financial well-being

FINANCIAL PROTECTION

Safeguarding loved ones in the event of death or disability, maintaining their standard of living

WEALTH GENERATION

Access to financial investments, enabling capital appreciation clients to support the development of intergenerational wealth and goal achievement

PEACE OF MIND

Risk transfer alleviates worries about how families will cope financially in the provider's absence

DEBT SETTLEMENT

Avoiding the possibility of burdening families with any outstanding debts

INCOME REPLACEMENT

Premium cash backs and claims payments create income streams to replace earnings

OUR EXPANDING FOOTPRINT

OUR FOOTPRINT

- BIHL Group
- Letshego Holdings Limited (Letshego)
- Botswana Insurance Company Limited (BIC)
- Nico Holdings PLC
- Aflife Holdings Zambia
- GrandRe
- Khumo Property Asset Management

One step begins the path, but it takes a village to beat it down into a functional road that serves the community...

TIMELINE

1975

1975
Company established

1990 to 1999

1991
Listed on the BSE

1993
Acquired controlling stake in IGI Botswana Holdings Limited

2000 to 2009

2003
Launched policies which include HIV and AIDS

2004
New Botswana Insurance Fund Management (Bifm) corporate identity and positioning

2006
Botswana Life launch Mmoloki, Motlhokomedi and Mortgage Protector Plan

2007
Approved the establishment of a community development trust

2008
Launched Bifm's first public-private partnership project

2009
Completed development of new Southern African Development Community headquarters project

2010 to 2019

2010
- Rail Park Mall project with Botswana Railways
- Airport Junction Shopping Centre in Gaborone

2012
- New BIHL Group corporate identity
- Bifm Capital sale
- Launched BIHL Sure!

2014
Botswana Life refreshes brand identity

2015
Acquired 25,1% of Nico Holdings PLC

2016
Acquired indirect 50% in BIC

2017
Botswana Life launch pioneering Poelo Whole of Life product

2018
- Bifm citizen share scheme – 25,1% of BIHL owned by citizen employees
- Hosted inaugural Global Financial Summit
- #AppForChange competition

2019
- BIHL Trust launch mobile app solution #AppForChange
- Botswana Life launch Masika Otlhe funeral plan
- New BIC corporate identity: 'Make Life Better'

2020 to 2024

2020
More channels for improved reach and ease of doing business

2021
- Launched Peeletso Fund Administrator and Botswana Life Fiduciary Services
- Established Innovation and Transformation Office
- Launched Young Leaders Forum

2022
- Sponsored the Forbes Under 30 Summit and sent a youth representative to present on the BIHL Group's behalf
- Partnered with UNICEF to execute the youth behavioural change initiative in far-to-reach communities in Botswana
- Botswana Life partners with Emergency Assist 991 to offer comprehensive 24-hour emergency medical evacuation cover

2023
- Launched the inaugural Botswana Life Insurance Symposium
- Opened a Bifm office in Francistown
- Relaunched the Affluent proposition with a focus on segmenting the high-net-worth market
- Launched the Affluent Lounge, a bespoke service centre for high-net-worth clients

2024
- Launched the inaugural Employee Benefits Convention
- Launched the inaugural Botswana Life Broker Connect
- Hosted the first Bifm Kids Money Camp in Orapa
- Launched the Bifm Unit Trusts client webinar

INVESTMENT CASE

- Innovative product development team
- Key player in the Botswana financial markets
- Financial business with diverse revenue streams
- Strong group liquidity and balance sheet position
- High-quality and competent management and staff
- Technical institutional memory embedded in the leadership team
- Track record of compelling product offering across Botswana
- Diverse and client-centric
- Strong partnerships and networks across different industries
- Responsible and efficient capital allocation
- Strong and trusted brand identity
- Satisfactory growth track record

OUR MACROECONOMIC ENVIRONMENT AND OUTLOOK

OUR OPERATING ENVIRONMENT

Sub-Saharan gross domestic product (GDP) growth

- Economic growth in sub-Saharan Africa exceeded expectations, reaching 4% in 2024. Growth is now expected to weaken to 3,8% in 2025. The slowdown has been driven in large part by turbulent global conditions, as reflected in lower external demand, subdued commodity prices, and tighter financial conditions, with more significant downgrades for commodity exporters and countries with larger trade exposures to the United States
- Prolonged geopolitical conflicts, such as the Russia-Ukraine war, and now intensified by global instability, have dampened economic growth
- Countries in the region are facing a funding squeeze and higher borrowing costs that in many cases is constraining their ability to finance essential services and development needs

Botswana's GDP growth

- Botswana's GDP contracted by 3,0% in 2024, primarily due to the weak global diamond market
- Real GDP for the fourth quarter of 2024 decreased by 2,0% compared to the 2,3% growth registered in the same quarter of the previous year
- The decline in the fourth quarter is mainly attributed to real value added for mining, quarrying, manufacturing and agriculture which decreased by 27,3%, 6,5% and 2,5%, respectively
- Commentators expect GDP to be broadly flat in 2025

Inflation

- The annual inflation rate declined from 5,2% in 2023 to 2,8% in 2024
- Despite recording an inflation rate below the medium-term objective range of 3% to 6% throughout 2024, a rise of 0,8% was recorded in the month of January 2025 on account of the acceleration in the rate of annual price changes of food and non-alcoholic beverages, and miscellaneous goods and services
- The Bank of Botswana projects a rise in the inflation rate in 2025, however it will remain low in the medium term averaging 3,9% and 5% in 2026

Credit

- Annual bank credit grew by 4,6% in 2024, rising from P53,3 billion in the previous period to P55,7 billion
- In December 2024, the monetary policy rate remained steady at 1,9%, while the primary reserve requirements were reduced from 2,5% to 0%
- By February 2025, the monetary policy rate was once again maintained at 1,9%, reflecting concerns over sluggish economic growth projections of 3,3% and a persistent liquidity crisis

Insurance

- In 2024, gross life premiums written were projected to have grown by 7,4%, slightly surpassing the 7,2% growth recorded in the previous year
- Market dynamics continue to be supported by rising income levels, increasing enterprise demand and favourable retail trends
- However, global geopolitical tensions and volatility in commodity demand, particularly for diamonds, remain key risks to Botswana's economy and insurance sector

Sources

- *Ministry of Finance: Budget speech, February 2025*
- *Fitch Solutions: Botswana Insurance Report (includes five-year forecasts to 2029), March 2025*
- *IMF: Sub-Saharan Africa Regional Economic Outlook – Recovery Interrupted, April 2025*
- *Bank of Botswana: Monetary Policy Committee press release, February 2025*
- *Bank of Botswana: Monetary Policy Committee press release, February 2024*
- *Statistics Botswana: Consumer Price Index, February 2025*
- *Mmegi Online: Household debt to banks tops P55 billion, March 2025*

OUR MACROECONOMIC ENVIRONMENT AND OUTLOOK continued

Trends in the insurance and investment management sectors

Refer to the BIHL Group Chief Executive Officer's report on page 35 and developing our people on page 53 for more details.

	On-demand and usage-based insurance	Rise of digital financial advisory services	Health and wellness-linked insurance products	Demand for ESG and impact investing	Hyper-personalisation through big data and AI
MARKET TRENDS	Consumers desire flexible, pay-as-you-go life insurance policies that adapt to their lifestyle changes.	Chatbots and artificial intelligence (AI) financial planning tools are becoming more sophisticated, reducing reliance on traditional advisors.	Wearable technology and health data analytics allow insurers to offer dynamic life insurance pricing based on real-time health indicators.	Investors are increasingly looking for portfolios that align with their values, prioritising sustainability and social responsibility.	Customers expect insurance and investment products tailored to their life stages, risk appetite and financial goals.
OPPORTUNITIES CREATED	Offering microinsurance or subscription-based life insurance models can attract younger, digitally savvy customers who prefer affordability and customisation.	Investment firms and insurers can integrate AI-powered advisory services to offer cost-effective, personal financial planning solutions.	Insurers can incentivise healthier lifestyles by integrating wellness programmes that reward policyholders with premium discounts or investment benefits.	Life insurers and asset managers can introduce ESG-focused investment products to attract socially conscious investors and institutional clients.	Leveraging AI and advanced analytics enables insurers and investment firms to create personalised portfolio strategies and insurance offerings that evolve with customer needs.

	Embedded insurance in financial ecosystems	Becoming a data-driven organisation	Longevity economy and retirement planning innovation	In-house actuary
MARKET TRENDS	Life insurance products are increasingly being embedded into financial services, retirement plans and even e-commerce platforms.	Data is the new oil, and insurers have reservoirs of assets that can be turned into business value that will affect the bottom line.	With rising life expectancy, customers need more flexible and long-term financial solutions for retirement.	In-house actuaries analyse financial risks to assess the probability and the potential costs of events like death and sickness. They design and price life insurance policies, pension schemes and other financial strategies to ensure the financial stability of the company.
OPPORTUNITIES CREATED	Partnering with banks, fintechs and e-commerce platforms to bundle life insurance solutions can expand distribution and reach underserved markets.	By putting data and analytics at the centre of the organisation and making sure that employees have access to the right data at the right time, they can make powerfully informed decisions.	Offering dynamic retirement products, longevity protection plans and hybrid insurance investment solutions can help customers plan for a longer retirement.	Employing in-house actuaries provides companies with the luxury to develop tailored insurance products, respond swiftly to market dynamics and ensure financial health through accurately assessing and managing risks.

Sources

- *Deloitte: 2025 Investment Management Outlook, October 2024*
- *McKinsey & Company: Global Insurance Report – The pursuit of growth, November 2024*
- *ULM actuaries: On the economic wellness-linked life insurance products, April 2024*
- *BCG: India Insurtech landscape and trends – Pathways to inclusive insurance – A vision for 2047, November 2024*
- *KPMG: Intelligent insurance – A blueprint for creating value through AI-driven transformation, March 2025*
- *LinkedIn: How revolutionary technology is breathing new life into insurance, January 2025*
- *Deloitte: Blockchain in health and life insurance, 2016*
- *Forbes: The longevity economy – Reshaping financial services for an ageing population, August 2024*
- *Actuarial Society of South Africa: The role of the statutory actuary in life insurance – A regulatory perspective, October 2010*

02

Our purpose is to improve livelihoods.

By focusing on creating value for our stakeholders through our business model and strategy, we can meet their needs by countering the risks that we face and the opportunities presented to us.

FOCUSING ON WHAT IS IMPORTANT

WHAT IS MATERIAL TO US

Our executive management takes responsibility for managing the group's key material issues, and we follow a structured approach to determine the relevant material issues that could affect our ability to create value.

DETERMINING OUR MATERIAL ISSUES

Material matters are those matters that have the potential to substantially impact our performance and ability to create, preserve or erode value in the short, medium and long term.

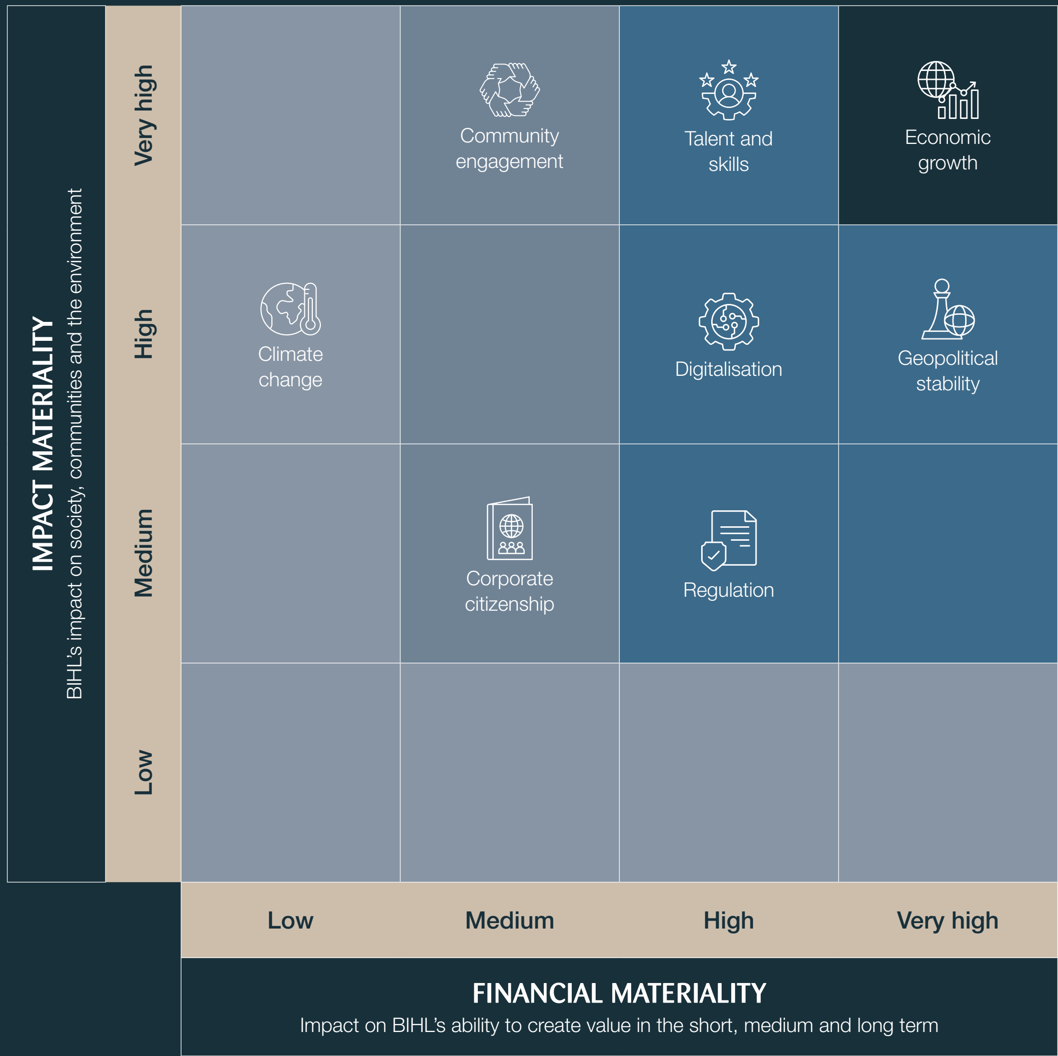
We used the principle of double materiality in assessing matters both in terms of:

- Financial materiality – how matters impact our ability to drive value creation and preservation in the short, medium and long term
- Impact materiality – how our business impacts society, the community and the environment.

This allows us to evolve our strategy and tailor our reporting to ensure it is aligned with the interests and needs of our audiences, as well as those of the group. We determine our material issues against the changing context of the business, stakeholder feedback and emerging issues. An external party was engaged to facilitate this process.

Our material issues are driven by our ambition to be the leading client-centric, broad-based financial services group in the markets we choose to operate in, and are presented in the graph alongside.

In the table on pages 16 and 17, we discuss these matters in more detail, show which of our capitals and stakeholders are affected by these issues and how we have taken cognisance of these issues in determining our key strategic objectives.



WHAT IS MATERIAL TO US continued

Economic growth

MANIFESTING AS
- Low economic growth
- High interest rates
- Client-centricity

The Botswana economy is experiencing low growth and poor employment figures, putting pressure on our ability to grow profitably

Read more about our macroeconomic environment on page 12

CAPITALS AFFECTED
- Financial capital
- Intellectual capital
- Social and relationship capital

STAKEHOLDERS AFFECTED
- Clients
- Intermediaries and distribution partners
- Investors and analysts
- Communities
- Trade associations/affinity schemes
- Key accounts

Talent and skills

MANIFESTING AS
- Attracting and retaining talent
- New ways of work
- Employee wellness

We continue to build exceptional talent and retain skills

Read more about how we develop our people from page 53

CAPITALS AFFECTED
- Human capital
- Intellectual capital
- Financial capital

STAKEHOLDERS AFFECTED
- Employees
- Communities
- Governments and regulatory bodies

Geopolitical stability

MANIFESTING AS
- Client affordability
- Sociopolitical uncertainty
- Depressed capital markets

There are several active conflicts globally, including the ongoing war in Ukraine and the conflict in the Middle East

CAPITALS AFFECTED
- Financial capital
- Social and relationship capital

STAKEHOLDERS AFFECTED
- Clients
- Investors and analysts
- Communities
- Governments and regulatory bodies

Digitalisation

MANIFESTING AS
- Increased cyber risk globally
- New insurance entrants into financial services

Increased digitalisation and the worldwide increase in cyberterrorism and ransomware attacks have heightened the need for strong cybersecurity

Read more about trends in the insurance and investment management sectors on page 13

CAPITALS AFFECTED
- Intellectual capital
- Manufactured capital
- Financial capital
- Human capital
- Social and relationship capital

STAKEHOLDERS AFFECTED
- Clients
- Employees
- Intermediaries and distribution partners
- Investors and analysts
- Suppliers and vendors
- Key accounts

WHAT IS MATERIAL TO US continued

Community engagement

MANIFESTING AS
- Brand trust
- Financial inclusion
- Financial education
- Responsible investment
- Corporate citizenship

The socio-economic environment is affected by poverty and unemployment. We strive to uplift the communities where we operate by providing employment opportunities

Read more about our social interactions from page 55

CAPITALS AFFECTED
- Financial capital
- Social and relationship capital

STAKEHOLDERS AFFECTED
- Clients
- Communities
- Suppliers and vendors
- The environment

Regulation

MANIFESTING AS
- Compliance burden
- Uncertainty

There has been a proliferation of regulation, especially environment-related 'green' regulation, over the recent past. We comply with all current legislation in a responsible manner

Read more about our corporate governance from page 72

CAPITALS AFFECTED
- Intellectual capital
- Financial capital
- Social and relationship capital
- Natural capital

STAKEHOLDERS AFFECTED
- Communities
- Governments and regulatory bodies
- The environment

Corporate citizenship

MANIFESTING AS
- Sustainability
- Need to save the planet
- Compliance

As a responsible corporate citizen, we deliver on our sustainability commitment by uplifting the communities where we operate and by complying with existing laws and regulations

Read more about our long-term sustainability on page 48

CAPITALS AFFECTED
- Social and relationship capital
- Natural capital

STAKEHOLDERS AFFECTED
- Investors and analysts
- Communities
- Governments and regulatory bodies
- The environment

Climate change

MANIFESTING AS
- Climate change
- Biodiversity loss
- Investments
- Environmental stewardship

We manage our operations with a climate consciousness that preserves and protects natural resources and promotes sustainability. We monitor and report on our carbon footprint

Read more about how we care for the environment from page 51

CAPITALS AFFECTED
- Social and relationship capital
- Natural capital

STAKEHOLDERS AFFECTED
- Investors and analysts
- Communities
- Governments and regulatory bodies
- Suppliers and vendors
- The environment

The capitals are described on page 19
Our key stakeholder relationships are outlined on pages 24 to 28

OUR STRATEGY FOR THE NEXT FIVE YEARS

SUSTAINABLE GROWTH STRATEGY 2024 TO 2028

As an integrated financial services provider in Botswana, we seek to leverage group synergies to continue providing value to our key stakeholders. Future growth opportunities exist in both optimised insurance and asset management penetration, as well as through growth into other services and markets.

We have a clear strategy to achieve our vision and mission through our strategic pillars and objectives.

VISION

To be the financial services provider of choice for our customers and to deliver best-in-class returns for our shareholders

PURPOSE

Improving livelihoods

MISSION

We will achieve our vision through service excellence, providing innovative wealth and insurance products and living our stated core values every day

STRATEGIC PILLARS AND OBJECTIVES

SUPERIOR CLIENT EXPERIENCE

- Prioritising exceptional and convenient client experience
- Fit for purpose, diverse and innovative products and channels
- Proactive client engagements and Education
- File Size Management
- Implement client experience strategies

DISTRIBUTION EXCELLENCE

- Professionalisation of advisory among intermediaries and strategic partners
- Enhanced productivity
- Expand distribution channels, both digital and people-driven
- Strengthen intermediary partnerships
- Leverage technologies for portfolio management and distribution efficiencies

HIGH PERFORMANCE CULTURE

- Leader-led accountable and high-performance culture
- Effective performance management
- Aligning staff skills with both current and future workplace requirements
- Enhance employee experience through recognition and effective talent management

OPERATIONAL EXCELLENCE

- Efficient, intuitive and automated processes, enabling the workforce to focus on value addition
- Streamline and/or automate key processes
- Develop end-to-end client servicing capabilities
- Regulatory and compliance (Data Protection Act update)

INNOVATION AND EXPANSION

- Enhanced creativity and originality in process design and product development
- Growth through expansion
- Leverage data analytics, AI and ML for decision-making
- Explore investment opportunities to strengthen the group portfolio of companies
- Enhance sustainable business practices driven by ESG principles

COMPETITIVE ADVANTAGE

Experience and expertise • Strong relationships with pay points and distribution channel partners • Large client base • Technical support and strategic backing from SanlamAllianz

HOW OUR BUSINESS MODEL CREATES VALUE

OUR CAPITAL INPUTS

Financial capital	Manufactured capital	Intellectual capital	Human capital	Social and relationship capital	Natural capital
Our solid investments and cash resources, underpinned by stringent debt and working capital management	Our well-developed infrastructure	Our skilled workforce with their knowledge base, established and recognised brands, sound systems and procedures and digital transformation strategy	Our depth of skills and experience and ongoing training and development	Our strong relationships with our stakeholders based on a client-centric approach to our customers and our corporate social investment (CSI) programme	Responsible use of resources
Investments **P19,9 billion** (2023: P19,4 billion) **Cash deposits** **P210 million** (2023: P171 million) **Equity value** **P4,7 billion** (2023: P5,4 billion)	**Property and equipment** **P170 million** (2023: P170 million)	**Intangible assets** **P90 million** (2023: P97 million)	**Employees** **458** (2023: 414) **Financial advisors** **767** (2023: 655)	**Active policies** **275 234** (2023: 291 877)	

BUSINESS ACTIVITIES AND TRADE-OFFS MADE

Improving livelihoods

We continue to invest in the protection of the livelihoods of our customers and our people.

This requires significant investment of financial resources and valuable time in the short term to ensure long-term sustainability and growth.

We believe that investment in the development and skills of our people, goodwill in the community and care for the environment will provide handsome returns in the future.

HOW OUR BUSINESS MODEL CREATES VALUE continued

Financial capital	Manufactured capital	Intellectual capital	Human capital	Social and relationship capital	Natural capital
OUTPUTS DELIVERED					
Net insurance service result P127 million (2023: P286 million) **Assets under management** P51 billion (2023: P44 billion) **Investment service result** P76 million (2023: P315 million) **Return on group equity value** (5,4%) (2023: 8,3%) **Required capital covered** 7 times (2023: 8 times)	**Leasehold improvements net value** P33 million (2023: P36 million)	**Life policies** 8 (2023: 8) **Investment products** 4 (2023: 4) **Funeral products** 5 (2023: 5) **Retirement annuity product** 1 (2023: 1)	**Training spend** P2,2 million (2023: P4,9 million)	**CSI spend** P3,7 million (2023: P7,81 million) **Social upliftment projects** 5 (2023: 3) **Educational projects** 5 (2023: 6)	**Water usage** P331 335 (2023: P323 441) **Electricity usage** P1 987 487 (2023: P2 738 289) **Fuel usage** P1 439 985 (2023: P272 347)
STAKEHOLDERS AFFECTED					
Investors and analysts Key accounts Clients	Suppliers and vendors	Trade associations/ affinity schemes Intermediaries and distribution partners Clients	Employees Intermediaries and distribution partners	Communities Governments and regulatory bodies	The environment
OUTCOMES DESIRED					
A well-capitalised operation, delivering sustainable earnings and distribution growth	Functional infrastructure with a large footprint	Life insurance and investment products for a broad range of society Value chain development, especially in agencies and fintechs	A skilled workforce	Financial inclusion BIHL Trust focused on education, public health, conservation of the environment and social upliftment	As a low-impact industry, we pride ourselves on the responsible use of natural resources

THE RISKS AND OPPORTUNITIES WE FACE

RISK MANAGEMENT APPROACH

The risk management landscape continues to evolve, requiring continued review of our approach and introduction of new tools as we respond to a more data-driven environment. We proactively identify and assess risks arising from internal and external environments, including emerging risks. These risks are managed as part of the business model, through the alignment of the risk appetite to changes in the operating environment. The group employs an all-encompassing methodology for managing risks, which scrutinises potential threats from two angles. The first is a top-down perspective, which is strategic. This involves assessing risks that could impact the overall direction and objectives of the group.

The second is a bottom-up perspective, which is operational. This involves identifying risks at the subsidiary level, such as those associated with the subsidiary-specific strategic risks and daily operations. By considering both these perspectives, the group ensures that no potential risk is overlooked. These risks are then addressed through a well-established risk management governance structure.

The risk management methodology ensures consistent and effective management within the risk appetite approved by the board while providing accountability and oversight. BIHL uses a comprehensive process that includes identifying and assessing the risk, choosing the appropriate response and tracking the success of the reaction and the resulting changes in the risk profile.

RISK GOVERNANCE

The board is ultimately responsible for overseeing risk management. The audit and risk committee is mandated by the board to advise and assist with the design and implementation of BIHL's risk assurance framework. Therefore, the audit and risk committee takes responsibility for reviewing the risk appetite statement and level of risk tolerance for the group for recommendation to the board and monitoring the implementation of the group risk assurance framework and supporting policies.

A comprehensive and mature group risk assurance framework is in place, with appropriate risk escalation processes from the business unit to group level. The group risk assurance framework is reviewed annually.

Refer to note 25 to the annual financial statements on page 208 for additional information on BIHL's risk management.

RISK APPETITE

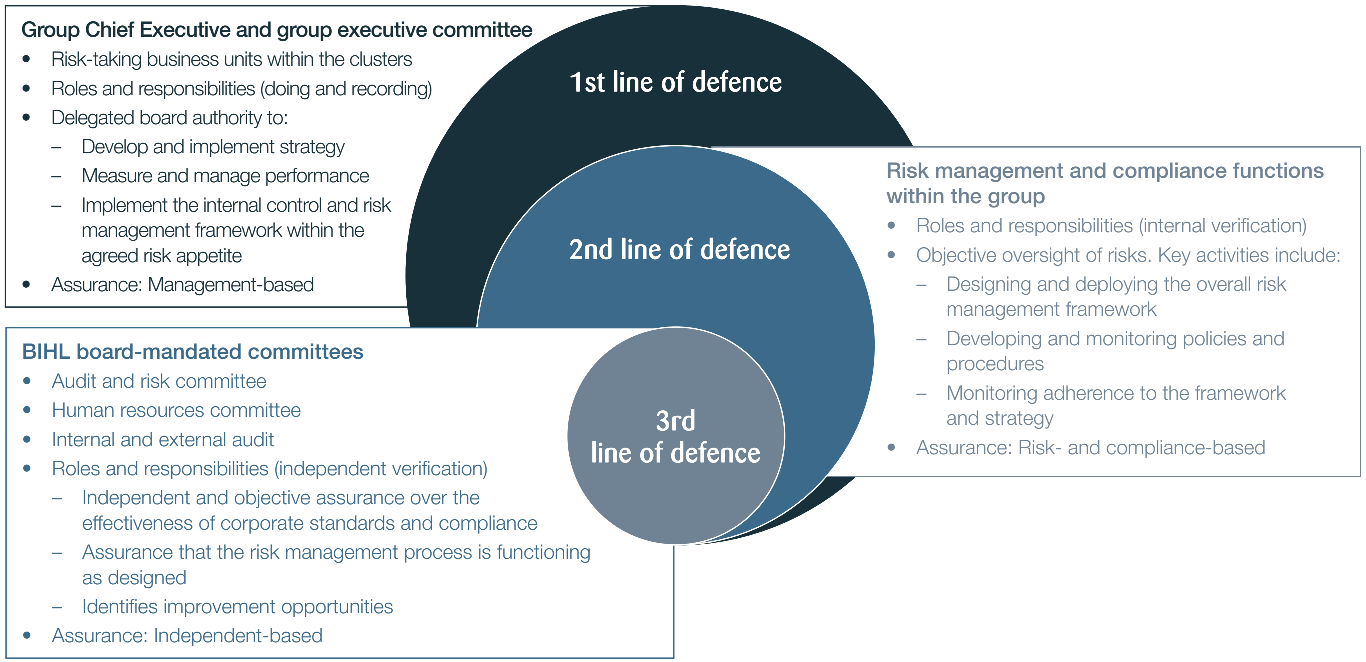
Risk appetite is key to the decision-making processes, including ongoing business planning, strategy setting and business change initiatives.

BIHL sets the risk appetite in line with our performance metrics while ensuring that risks are within acceptable limits to ensure calculated measured growth while allowing an environment that fosters creative freedom and innovation. In 2024, the group reviewed and refined its business risk appetite, taking into account changes introduced by IFRS 17 as well as developments to ensure the risk appetite remained appropriate and relevant. It remained within its risk appetite limits.

THREE LINES OF DEFENCE

The board has adopted the three lines of defence model for managing risks (combined assurance model). The model defines the roles, responsibilities and accountabilities for managing, reporting and escalating risks and other matters throughout the group. It incorporates oversight, management and assurance of risk management, especially given the three independent views of risk and ensures these assurance levels are mapped out for key processes within the business to ensure appropriate levels of oversight by each line of defence.

This approach ensures that risk management is embedded in the culture and daily activities of business units and provides assurance to the board that risks are managed effectively. It contributes to the sustainable achievement of performance objectives by managing or mitigating adverse outcomes and reputational damage.

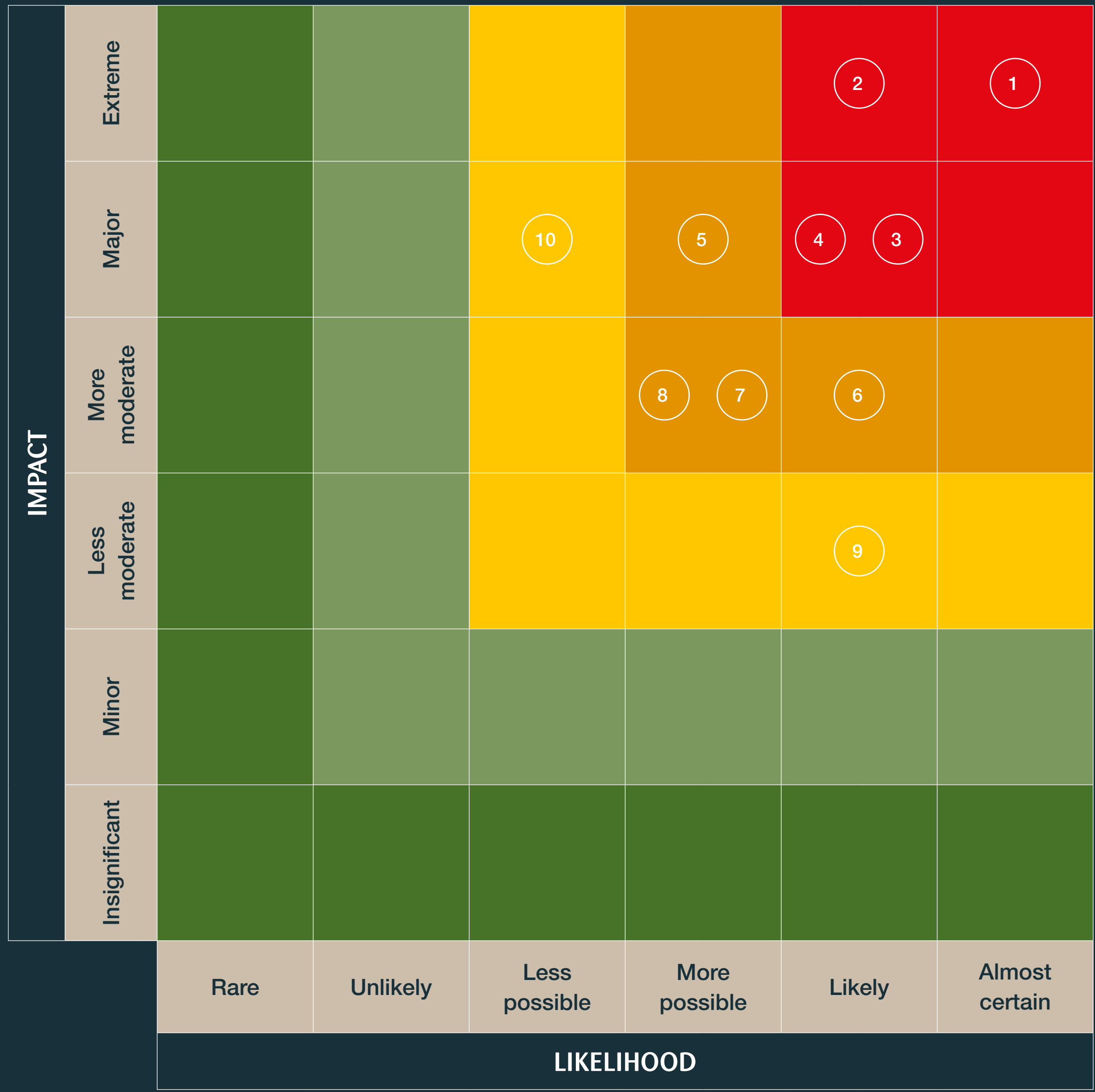


THE RISKS AND OPPORTUNITIES WE FACE continued

OUR TOP RESIDUAL RISKS

We identified the top risks that pose a potential threat to the execution of our business strategy. The heatmap reflects our assessment of the likelihood of the risk materialising and the potential impact thereof.

The table on page 23 expands on the steps we have taken to mitigate the risk and the opportunities arising.



THE RISKS AND OPPORTUNITIES WE FACE continued

Risk exposure remained the same	▶
Risk exposure decreased	▼
Risk exposure increased	▲

Rank 2024	Rank 2023	Risk	Description	Mitigating actions and opportunities arising	Trend
1	5	**Exposure to Letshego**	• Weakening performance of Letshego • The expansion of Letshego comes with exposure to more risk	• Individual country performance is being closely monitored	▲
2	1	**New business**	• Risk of a low value of new business for Botswana Life • Challenges in meeting new business targets	• Review and enhancement of current client value proposition • Enhance client and stakeholder engagements	▶
3	2	**Lapses**	• Higher than budgeted lapses	• Improve customer engagement • Improve collections	▶
4	3	**Regulatory compliance**	• BIHL continues to operate under the constantly evolving regulatory landscape	• Continuous re-evaluation of business models to position group businesses to take advantage of opportunities presented by changes	▶
5	NEW	**Botswana economy**	• Botswana's economic recovery faces instability, driven by ongoing challenges in the mining sector, public sector retrenchments and a slowdown in consumer spending	• Strengthen client relationships through improved customer service, targeted marketing and loyalty programmes to attract and retain clients	▲
6	NEW	**Competition regulations (BIC)**	• The Consumer and Competition Authority instituted an action against BIC and three other parties before a tribunal following an investigation into anti-competitive behaviour	• Briefed external counsel to make representations in BIC's defence • Awaiting response from the tribunal	▲
7	6	**Performance (asset management)**	• Changes in legislation and market volatility cause the risk of underperformance of client portfolios in the short, medium and long term as a result of market volatility	• Constant monitoring of performance and transparent reporting to clients on the causes and remedial actions being taken to correct underperformance	▶
8	7	**Cybersecurity**	• Cyber risk remains high globally • The prevalence of cyberattacks continues to rise, facilitated by growing digitalisation, reliance on cloud services, the shift to remote working and a shortage of cybersecurity professionals	• Information technology (IT) steering committee response to cyber risk and execution of the cyber-resilience strategy • Ongoing assessment of BIHL's critical data and systems most at risk	▶
9	8	**People and culture**	• Increased competition for talent results in challenges in sourcing key talent	• Employer brand is constantly reviewed and enhanced • Enhance talent acquisition and management programme • Review and benchmarking of retention strategies	▶
10	NEW	**Limited shareholder control over Zambia business**	• Exposes Bifm to possible impairments • Depreciation of the Kwacha has significantly impacted the business performance	• Quarterly board updates • Strong governance principles with appropriate limits of approvals and decision-making	▲
–	4	**IFRS 17 implementation**	• IFRS 17 replaced IFRS 4 from 1 January 2023	• Use of external support from experts • Capitalised on support from group resources	▼
–	9	**Exposure to Nico**	• BIHL's 25,1% shareholding in Nico Holdings is exposed to possible macro risks that come with the business being based in Malawi	• Close monitoring	▲
–	10	**Political**	• The Government's policy on engaging and promoting 100% citizen-owned entities may impact growth	• Continuously engage with key stakeholders to demonstrate the value that comes with a diverse shareholding as a result of being listed, including access to technical support as well as expertise	▼

HOW WE ENGAGE WITH OUR STAKEHOLDERS

The board views engagement with our stakeholders as imperative for our sustainability and business strategy.

The board views stakeholder engagement as a critical component of our business strategy and long-term viability. We are committed to ensuring regular, prompt and clear communication with all our stakeholders, engaging with different groups on a continuous basis. The insights gathered from these engagements are shared with the board, influencing our strategic direction and helping us identify important issues.

At BIHL, we aim to foster transparency and open dialogue, creating sustained value and collaboration with all stakeholders. We actively monitor the business environment and identify potential risks through various platforms, including executive sales meetings, actuarial committee sessions, executive committee discussions and risk management forums.

TYPES OF ENGAGEMENT

The BIHL Group approach to stakeholder communication is multifaceted, utilising a variety of channels including websites, regular newsletters, presentations, media interactions and both formal and informal one-on-one meetings and discussions.

Clients, employees and investors are the primary drivers of our performance and are therefore prioritised in our engagement efforts.

We recognise that aligning the expectations of employees and investors can lead to significant benefits, as both groups contribute to enhanced client satisfaction. However, balancing these interests often involves trade-offs.

Our key stakeholders and the issues that concern them are outlined on the following pages.

ENGAGING WITH OUR MAJOR SHAREHOLDER

SanlamAllianz is the majority shareholder of the BIHL Group with a 57,92% stake and has therefore been a key partner in working to help capacitate and support us in delivering our purpose of improving livelihoods.

HOW WE ENGAGE STAKEHOLDERS TO FOCUS ON WHAT IS IMPORTANT

COLLABORATION
Interactive engagement that involves mutual learning, joint decision-making and collaborative actions

INVOLVEMENT
Interactive engagement where all parties learn from each other, although stakeholders and BIHL operate independently

CONSULTATION
Two-way engagement to better understand stakeholder positioning

MONITORING
Stakeholders' one-way communication is regularly monitored

INFORMATIVE
One-way communication from BIHL to the stakeholders with no invitation to reply

TRANSACTION
Restricted two-way engagement: Performance is monitored according to terms of the contract set

HOW WE ENGAGE WITH OUR STAKEHOLDERS continued

Financial: Returns related to revenue

Emotional: Returns that promote organisational trust

Functional: Returns that offer flexibility to increased productivity

Clients

Their expectations

- Convenient access
- Product and service quality
- Price
- Transparency
- Trust
- Innovation
- Reliability

How we engage

Involve

- Group CEO's annual road shows and pay point campaigns
- Face-to-face engagement forums with key clients
- Road and radio shows
- Workshops and focus groups

Consult

- Customer satisfaction survey

Inform

- Print and social media broadcasts geared towards product development and regulatory developments
- Summarised performance reports and updates

Value created

Client satisfaction (retention and penetration)
Brand value (brand recognition and brand image)
Supporting economic value through communication of products and services
Improving their livelihoods

Employees

Their expectations

- Fulfilment (job satisfaction)
- Remuneration, reward and recognition
- Career progression
- Team collaboration and the right culture
- Employee empowerment
- Talent and succession management
- Holistic employee wellness(financial, emotional and physical)
- Learning and development

How we engage

Inform

- Virtual meetings
- Exco Patron initiative
- Internal communication
- Reports and business updates

Involve

- Group CEO's virtual and physical engagements
- Regular engagement sessions
- Employee toll-free lines
- BIHL wellness well-being programmes

Consult

- Workshops and focus groups

Value created

Talent attraction and retention
Strong bench for key positions
Increased employee productivity, creativity and innovation
Skills development
Personal growth opportunities
Positioning BIHL as an employer of choice

HOW WE ENGAGE WITH OUR STAKEHOLDERS continued

Financial: Returns related to revenue

Emotional: Returns that promote organisational trust

Functional: Returns that offer flexibility to increased productivity

Intermediaries and distribution partners

Their expectations

- Access to markets
- Start and build enterprises
- Opportunities to sell
- Career progression
- Servicing clients
- Skills development

How we engage

Inform

- Physical and virtual meetings

Involve

- Motivational talks

Collaborate

- Industry informational engagements
- Training sessions

Value created

Increased productivity

Competitive advantage

Leveraging the trusted brand

Trusted underwriters

Investors and analysts

Their expectations

- Disclosures
- Growth in shareholder value
- Return on investment
- Sustainability and business continuity
- Financial reports and updates

How we engage

Inform

- Investor relations and engagement plan
- Group financial results presentation
- Annual general meeting (AGM)

Involve

- Virtual one-on-one meetings
- Face-to-face investor engagement

Monitor

- Analyst reporting

Value created

Increased investor confidence

Brand value (brand recognition and brand image)

Sustainability and business continuity

Shareholder value

Return on equity

Communities

Their expectations

- Health and safety
- Investment in corporate social responsibility (CSR) initiatives
- Sustainable business practices
- Positive environmental impact
- Job creation and economic development
- Support for local businesses

How we engage

Inform

- Publicise the objectives of the BIHL Trust in print media and group financial results presentations
- Group financial results presentations

Collaborate

- Engage with community leaders with insights into the needs of the underprivileged
- Collaborate with like-minded institutions such as UNICEF and the Botswana Police Service
- Volunteer programmes

Value created

Brand value (brand recognition and brand image)

Reinforced social capital

Ploughing back into the communities we serve

Good corporate citizen

HOW WE ENGAGE WITH OUR STAKEHOLDERS continued

Financial: Returns related to revenue
Emotional: Returns that promote organisational trust
Functional: Returns that offer flexibility to increased productivity

Governments and regulatory bodies

Their expectations
- Disclosures
- Compliance
- Tax returns
- Employment
- Externalities
- Corporate governance
- Environmental regulations
- Reporting on CSR
- Data privacy and security

How we engage

Monitor
- Print media publications and reports from Government and other regulatory bodies

Collaborate
- Engage on policy matters to promote Botswana's image
- Regular meetings with the regulators
- Submissions for public hearings

Involve
- Engagement with various ministries and Government organs on policy matters

Value created

Brand value (brand recognition and brand image)	Emotional
Investor confidence	Emotional
Employment creation	Emotional
Citizen empowerment	Emotional

Suppliers and vendors

Their expectations
- Assurance on payments and commitments
- Citizen procurement policy
- Revenues and safety
- Equitable business opportunities
- Transparency in procurement process
- Quality assurance

How we engage

Transact
- Ensure alignment with procurement and invoice payment turnaround times
- Contractual clarity

Inform
- Regulatory and process-related policies

Value created

Brand value (brand recognition and brand image)	Emotional
Growth and partnership opportunities	Financial

Trade associations/affinity schemes

Their expectations
- Member benefits
- Rewarding partnerships
- Distribution, marketing and compliance support
- Training and education
- Client check-ins

How we engage

Inform
- Webinars
- Virtual meetings
- Face-to-face engagement
- Industry conferences and events

Collaborate
- Strategy workshop
- Co-development of products or services

Value created

Client satisfaction (retention and penetration)	Financial
Brand value (brand recognition and brand image)	Emotional
Enhanced customer value proposition	Financial

HOW WE ENGAGE WITH OUR STAKEHOLDERS continued

Financial: Returns related to revenue

Emotional: Returns that promote organisational trust

Functional: Returns that offer flexibility to increased productivity

Key accounts

Their expectations

- Enhanced offerings
- Distribution, marketing and compliance support
- Data analytics
- Regular performance reviews and reporting
- Training and capacity building
- Customer service excellence

How we engage

Involve and collaborate

- Webinars
- Workshops
- Face-to-face engagements
- Bilateral meetings

Inform

- Key account performance reports
- Product and regulatory development

Value created

Client satisfaction (retention and penetration)

Brand value (brand recognition and brand image)

Enhanced customer value proposition

Enhanced employee proposition

The environment

Expectations

- No harm
- Disclosures
- Sustainability and business continuity

How we engage

Inform

- Investor relations and engagement plan
- Group financial results presentation
- AGM

Involve

- Face-to-face investor engagement

Monitor

- Analyst reporting

Value created

Increased investor confidence

Brand value (brand recognition and brand image)

Sustainability and business continuity

Shareholder value

03

Our purpose is to improve livelihoods.

By focusing on our strategy in the past year and in the short, medium and long term, we enable our stakeholders to accumulate value and lead healthier, more productive and fulfilling lives.

FOCUSING ON WHAT IS IMPORTANT

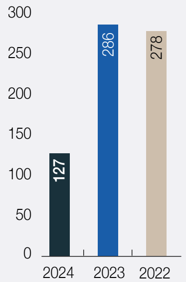
THREE-YEAR REVIEW

GROUP FINANCIAL PERFORMANCE

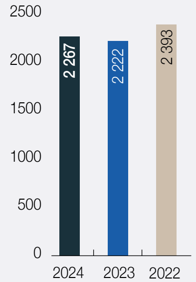
For the year ended 31 December 2024

	2024 P'000	2023 P'000	2022 P'000
Net result from life insurance operations	**204 204**	585 751	143 193
Result from life insurance contracts	**203 555**	601 726	156 444
Net insurance service result	**127 199**	286 393	277 710
Insurance revenue	**2 267 063**	2 221 787	2 392 542
Insurance service expenses	**(2 100 784)**	(1 919 919)	(2 089 982)
Income or expense from reinsurance contracts	**(39 080)**	(15 475)	(24 850)
Investment service result	**76 356**	315 333	(121 265)
Insurance finance income or expense	**(356 900)**	(463 795)	(349 018)
Reinsurance finance income or expense	**(15 494)**	(26 935)	(19 510)
Investment income on assets held in respect of insurance contracts	**448 750**	806 063	247 263
Other expenses relating to insurance operations	**649**	(15 975)	(13 251)
Result from other operations	**484 899**	541 111	468 744
Revenue from contracts with customers	**350 615**	295 546	259 591
Investment income	**452 599**	284 903	125 819
Interest income using the effective interest rate	**4 491**	4 395	4 127
Other interest income from external investors in consolidated funds	**291 581**	305 979	245 282
Fair value losses from derivative instrument	**18 855**	(11 830)	(5 107)
Change in fair value of investment contract liabilities	**(341 661)**	(31 903)	84 314
Change in fair value of external investors' liabilities	**67 992**	129 172	36 538
Net changes in external investors in consolidated funds	**(359 573)**	(435 151)	(281 820)
Other expenses	**(252 941)**	(252 324)	(269 199)
Administration expenses	**(216 061)**	(214 495)	(204 535)
Sales remuneration	**(36 171)**	(37 067)	(63 588)
Finance cost on leases (IFRS 16)	**(709)**	(762)	(1 076)
Impairments	**(2 239)**	(10 881)	(4 974)
Profit before share of profit of associates, joint ventures and other income	**433 923**	863 657	337 765
Profit on sale of associate	**–**	141 669	–
Equity-accounted earnings	**168 673**	78 934	216 456
Impairment of associates	**(553 192)**	–	–
Profit before tax	**49 404**	1 084 260	554 221
Income tax expense	**(155 941)**	(302 737)	(105 419)
Profit for the year	**(106 537)**	781 523	448 802

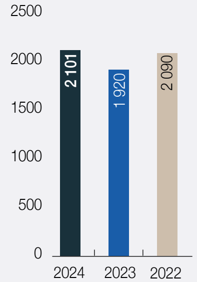
NET INSURANCE SERVICE RESULT (P'million)



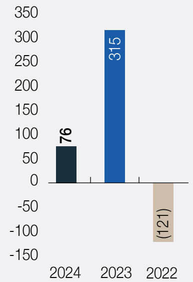
INSURANCE REVENUE (P'million)



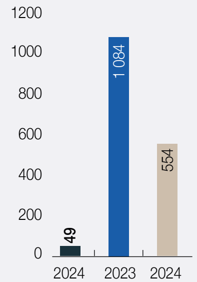
INSURANCE SERVICE EXPENSES (P'million)



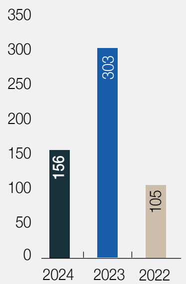
INVESTMENT SERVICE RESULT (P'million)



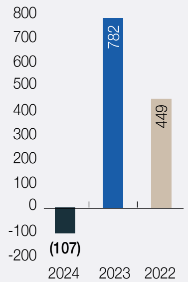
PROFIT BEFORE TAXATION (P'million)



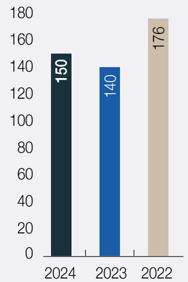
TAX PAID (P'million)



PROFIT AFTER TAXATION (P'million)



VALUE OF NEW BUSINESS (P'million)



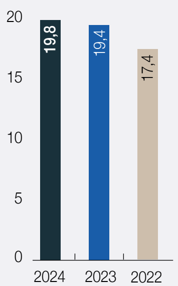
THREE-YEAR REVIEW continued

GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

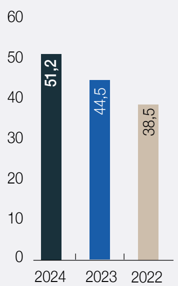
As at 31 December 2024

	2024 P'000	2023 P'000	2022 P'000
ASSETS			
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	**219 392**	452 771	451 629
Non-current asset held for sale	**–**	–	99 988
Financial assets at fair value through profit or loss	**18 043 156**	17 176 730	14 939 733
Bonds	**9 570 753**	8 916 531	8 653 589
Investment in property funds and companies	**1 203 577**	1 277 154	1 202 676
Equity investments (local and foreign)	**3 137 413**	2 819 782	2 369 589
Money market instruments	**4 131 413**	4 163 263	2 713 879
Other receivables	**132 974**	135 632	186 940
Cash and cash equivalents	**210 443**	170 583	400 711
Total assets	**20 379 984**	20 017 717	18 300 794

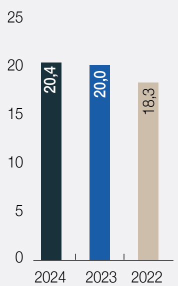
INVESTMENTS (P'billion)



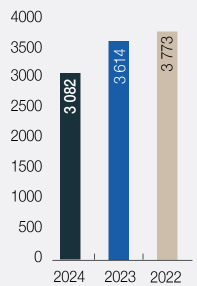
ASSETS UNDER MANAGEMENT (P'billion)



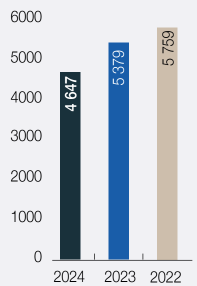
TOTAL ASSETS (P'billion)



SHAREHOLDERS' EQUITY (P'million)



EQUITY VALUE (P'million)



	2024 P'000	2023 P'000	2022 P'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
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
Equity attributable to equity holders of the parent	**3 081 693**	3 614 041	3 772 835
Non-controlling interests	**10 501**	23 751	22 428
Total equity	**3 092 194**	3 637 792	3 795 263
Liabilities			
Insurance contract liabilities	**8 397 033**	7 961 752	7 535 188
Investment contract liabilities	**3 637 385**	3 442 868	3 170 110
Reinsurance contract liability	**87 034**	54 222	55 757
External investors in consolidated funds	**4 616 512**	4 504 564	3 297 462
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	**322 774**	210 984	290 565
Tax payable	**400**	18 624	26 246
Related party balances	**5 438**	6 867	3 189
Bank overdraft	**60 232**	–	–
Total equity and liabilities	**20 379 984**	20 017 717	18 300 794

THREE-YEAR REVIEW continued

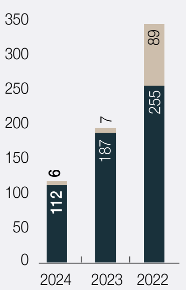
GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

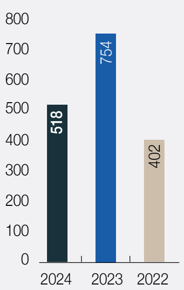
	2024 P'000	2023 P'000	2022 P'000
Cash (utilised in)/generated from operations	**(3 276)**	(458 823)	244 493
Cash generated from operations	**73 395**	39 389	244 688
Interest received	**457 090**	289 298	295 056
Dividend received from equity investments	**54 061**	56 851	70 791
Dividend received from associates and joint ventures	**58 031**	144 928	149 844
Interest paid	**(709)**	(762)	(1 076)
Tax paid	**(126 679)**	(228 350)	(109 846)
Dividend paid	**(518 465)**	(760 177)	(404 964)
Net cash flows generated from/(utilised in) investing activities	**(10 662)**	235 145	23 464
Purchase of property and equipment	**(8 211)**	(8 953)	(6 652)
Purchase of computer software	**(2 451)**	(5 902)	(5 201)
Proceeds from sale of investment in associates	**–**	250 000	–
Receipts from loans receivable at amortised cost	**–**	–	35 317
Net cash flows from financing activities	**(6 434)**	(6 450)	(4 664)
Payment of principal portion of lease liabilities (IFRS 16)	**(6 434)**	(6 450)	(4 664)
Net (decrease)/increase in cash and cash equivalents	**(20 372)**	(230 128)	263 293
Cash and cash equivalents at the beginning of the year	**170 583**	400 711	137 418
Cash and cash equivalents at the end of the year	**150 211**	170 583	400 711

For more detailed information, refer to the audited annual financial statements from page 108.

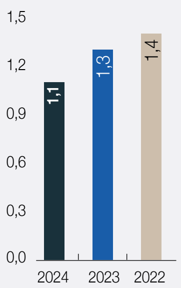
DIVIDENDS PER SHARE (thebe)



DIVIDENDS PAID (P'million)



BIHL TRUST (P'million)

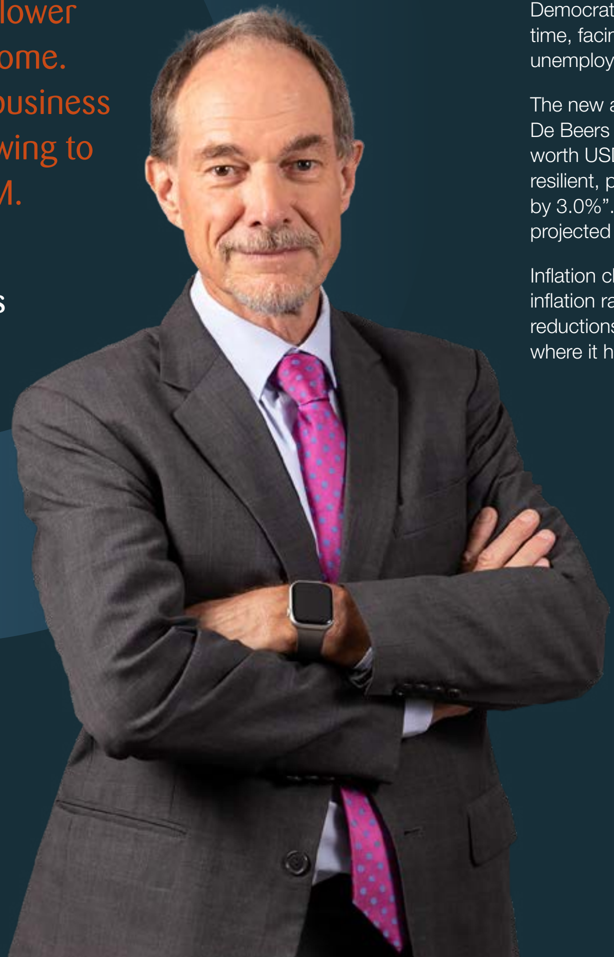


Dividends per share – special
Dividends per share

MESSAGE FROM OUR GROUP CHAIRMAN

Group operating profit decreased due to lower net insurance income. Asset management business profit was higher owing to increased AUM.

DR KEITH JEFFERIS
Group Chairman



GDP	Monetary policy rate	Average inflation
↓ -3%	↓ 1,9%	↓ 1,7%
(2023: 3,2%)	(2023: 2,4%)	(2023: 5,2%)

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 GDP year-on-year growth. GDP data for the year revealed that the economy contracted by 3.0%". 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.

MESSAGE FROM OUR GROUP CHAIRMAN continued

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.

PERFORMANCE DURING THE YEAR

Group operating profit decreased due to lower net insurance income. Asset management business profit was higher owing to increased AUM. Equity-accounted earnings increased due to the good performance of the Nico Group. The significant impairment of Letshego negatively impacted performance and group equity value.

The group is in a strong financial position with AUM having increased by 15% to P51 billion and total assets of the group of P20 billion.

Refer to the Group Chief Executive Officer's review on page 35 and the Group Chief Financial Officer's report on page 39 for more information on the group's performance.

THE BOARD

John Hinchliffe and Kobus Vlok retired, both effective 25 March 2024. Lieutenant General Tebogo Masire resigned on 22 August 2024 and Andrew Cartwright resigned on 8 April 2025. Kudakwashe Mukushi resigned as the Group CFO effective 20 March 2025. We thank them for their service to BIHL and wish them well in their future endeavours.

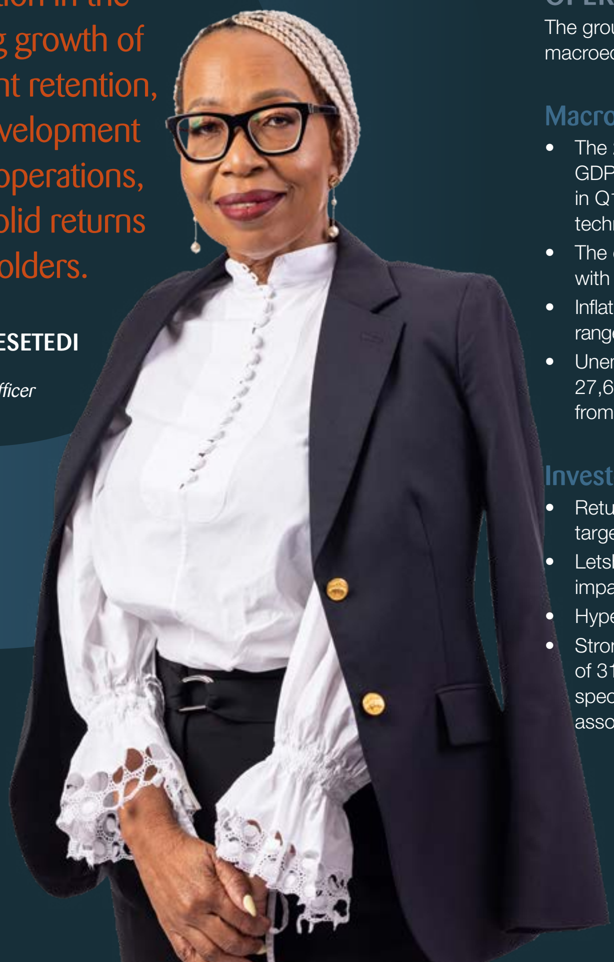
Pragnaben Naik and Mark Hopkins joined the board as non-executive directors effective 21 November 2024 and Dr Athalia Molokomme as non-executive director on 5 March 2025. Frank Dalo was appointed as the new Group CFO on 21 March 2025. We welcome the new board members and look forward to their contributions.

Dr Keith Jefferis
Group Chairman

REVIEW BY OUR GROUP CHIEF EXECUTIVE OFFICER

Work will continue to focus on strengthening the group's position in the market, by driving growth of new business, client retention, human capital development and efficiency of operations, while delivering solid returns to the shareholders.

MS CATHERINE LESETEDI
BIHL Group
Chief Executive Officer



Operating profit for the group decreased by
↓ **49% to P411 million**

Total assets of the group were
P20,4 billion
at year-end

AUM increased
↑ **15% to P51,2 billion**

OPERATING ENVIRONMENT

The group delivered diverse results amid challenging macroeconomic conditions.

Macros

- The 2025 Botswana budget speech reported a 3,1% GDP contraction in 2024. With consecutive declines in Q1, Q2 and Q3, the economy has entered a technical recession
- The diamond industry continues to underperform, with lower sales volumes and prices
- Inflation at 2,8% is below the Bank of Botswana's target range of 3% to 6%, but food price pressures persist
- Unemployment increased from 25,9% in Q3 2023 to 27,6% in Q1 2024, with youth unemployment rising from 34,4% to 38,2%.

Investor value creation

- Return on group equity value of -5,4%, below the target of 14,5%
- Letshego underperformance and impairment impacting returns
- Hyperinflationary pressures in Malawi
- Strong dividend paid out of P518 million, a decrease of 31%. The 2023 dividend included a once-off special dividend of P217 million from the sale of an associate.

Sustainable growth

- Strong growth in group corporate lines business, driven by high scheme retention and organic expansion
- Signs of sales recovery as retail business lines are revitalised
- Healthy product mix with good margins on corporate business
- The industry continues to grapple with unviable pricing practices.

Regulatory and accounting standards impact

- Implemented the IFRS 17 accounting standard providing new perspectives and ensuring prudence
- Strong annuity flows despite elevated pension savings encashments
- The implementation of the Data Protection Act is ongoing after coming into effect on 14 January 2025
- The Bank of Botswana lowered the primary reserve requirement from 2,5% to zero.

Communities

- Botswana Life and Bifm contributed P6 million to the BIHL Trust in 2024, demonstrating their commitment to community investment initiatives aimed at enhancing local communities, promoting social development and addressing community needs
- The BIHL Trust 2025 strategic roadmap was developed with a focus on the youth, women and people living with disabilities
- Client education and engagements through seminars, webinars and stakeholder sessions.

REVIEW BY OUR GROUP CHIEF EXECUTIVE OFFICER continued

OPERATIONAL PERFORMANCE

The group is organised into four principal business areas based on their products and services.

Life insurance

Services provided Botswana Life Insurance Limited, Botswana's leading life insurance company

- Strong top-line growth from corporate lines
- Sales rebounding steadily despite a challenging market
- Elevated group business claims impacting performance
- Record-breaking corporate business income
- File size supported by increased retention focus

Botswana Life delivered a stable set of results:

- **Retail** annual premium income (API) achieved 14% growth
- The **Affluent** channel remains resilient, with 34% API growth
- **Tied** also showed significant API growth of 34% when compared to the prior year
- The **Broker channel returned** a decline of 11%
- Overall, **Corporate** grew 36% over the prior year
- **Annuity** is up 64% over the prior year
- **Bancassurance** is up 6%
- **Telesales** and **Mosako** exceeded budget
- **Alternative Distribution** performed well as a new channel.

Asset management

Services from Botswana Insurance Fund Management Limited and Bifm Unit Trusts

- Strong investment service result despite adverse market and assumptions revisions
- Positive AUM and operating profit
- Strong fee revenue

Bifm yielded positive results as most underlying businesses recorded improved performance:

- Operating profits grew 14% year-on-year on the back of fee income growing 15% in favourable market conditions across most asset classes
- Bifm AUM grew by 14% and Bifm Unit Trusts by 7% from the prior year.

Aflife Zambia's operating profits are 87% up on the prior year due to favourable current year performance fees and lower operating costs.

Bifm Unit Trusts recorded positive performance as the operating profit closed 95% above the prior year.

General insurance

Short-term insurance, legal insurance and reinsurance from 50%-held Botswana Insurance Company Limited and BIHL Insurance Company Limited as well as 33%-held Grand Re

- BIC operating profit in line with expectations

BIC operating profit increased by 10% over the prior year on the back of gross written premium (GWP) growth of 15%.

Legal Guard operating profit is up 59% due to 24% growth in GWP and lower-than-expected claims from the short-term products.

GrandRe operating profit is up 15% (52% in base currency), driven by low claims and administration expenses.

Associates

BIHL has effective associate holdings of 27,83% in Letshego Holdings Limited and 25,1% in Nico Holdings Limited (Malawi)

- Strong operating profit from Nico Holdings
- Letshego underperforming, leading to a significant impairment of carrying value

Letshego's operating profit was disappointing as a result of expected credit losses and write-offs and restructuring costs incurred during the year. Bad debts are driven by the legacy book, especially the instant loans in Kenya, individual lending in Botswana and instant loans in Eswatini. The Ghanaian economy is hyperinflationary and the application of IAS 29 impacted profitability. At 31 December 2024, the fair value less cost to sell was determined to be higher than the carrying value of the investment by P553 million, with this amount being accounted for as an impairment charge at that date.

Nico Group's operating profit is up 80% with all the businesses performing well, especially NBS Bank. The Malawian economy has been declared hyperinflationary and the application of IAS 29 impacted profitability by P21 million.

REVIEW BY OUR GROUP CHIEF EXECUTIVE OFFICER continued

STRATEGY EXECUTION

	Botswana Life	Bifm
Revenue and profitability growth Distribution excellence	• Sales capacity increased through an ongoing recruitment drive • Key account penetration (growth) • The Telesales channel remains highly productive driving both new business and conservation	• Double-digit growth in AUM • Acquired new pension fund mandates • Strategic collaborative discussions held
Client retention Superior client experience	• Lapses declined • Elevate an internal and external client service culture • Enhance the management of the in-force book to cultivate customer relationships and improve retention • Client engagement and education through the Employee Benefits Convention and an annual Broker Connect as required	• Local equity strategy reviewed and research plan devised • International manager line-up reviewed • Client segmentation ongoing • Close contact with clients whose portfolios are under performance watch • Introduced biannual stakeholder service review discussion meetings • Proactive client engagements for alignment and seamless service delivery • Client engagement and education through seminars, webinars and biannual stakeholder sessions
Operational efficiency	• Claims (funeral and death) enhancements complete • Rolled out WhatsApp claims functionality (Q1 2025) • Anti-money laundering (AML) audit completed • Data Protection Act development completed • Know Your Customer (KYC) Kenna system functionality under development	• Review of KYC compliance documents for simplification completed • Review of all Unit Trusts KYC requirements completed • Automation of asset and sector allocation complete
People High-performance culture	• Job grading and evaluation exercise completed • Loss of skills in key roles • Successful replacement of key skills in critical roles • The second cohort of the Young Leaders Forum was successfully launched • Enhanced agility and execution improved	• Employee value proposition review concluded, initial draft shared with leadership team • Refreshed new employee onboarding introduced • Job evaluation exercise concluded and salary alignments effected • Revamped talent management framework
Innovation	• Launched the Boikanyo funeral plan • Lore and Bosa reintroduction: Training done and the product is being marketed • Ongoing exploration of diversifying investment in financial services	• SanlamAllianz Group has commenced determining ESG readiness
Revenue and profitability growth Distribution excellence	• Reinvigorate the distribution force to enhance productivity and effectiveness • Enhance the advisor value proposition • Sustainable and value-driven group pricing strategies	• Continued implementation of value-enhancing propositions and product development for improved investor returns • Leverage the momentum from our alternative investment portfolios to grow our AUM
Operational efficiency	• Process standardisation, automation and optimisation • Adoption of a digital tool	• Strong growth and distribution excellence with retail investors
People High-performance culture	• Leader-led performance management • Excellence in execution	• Proactive employee engagements
Innovation	• Business analytics and insights for client-informed product development	• Continue with research to identity opportunities presented by PFR2

REVIEW BY OUR GROUP CHIEF EXECUTIVE OFFICER continued

There is a lot of groundwork that management has laid over the years and will leverage going into the future. Work will continue to focus on strengthening the group's position in the market, by driving growth of new business, client retention, human capital development and efficiency of operations, while delivering solid returns to the shareholders.

APPRECIATION

We would like to thank all our clients, brokers, agents and other stakeholders for the ongoing partnerships and support and look forward to serving them in the future.

I would like to thank all our employees and our management teams for their dedication, hard work and commitment during a challenging year, which required all of us to adapt to a new environment.

My appreciation also goes to the board for their wise counsel and support.

Catherine Lesetedi
BIHL Group Chief Executive Officer

REPORT FROM OUR GROUP CHIEF FINANCIAL OFFICER

Profits were under pressure from lower investment and insurance service results. The value of new business improved by 7% overall, providing optimism for the future.

MR FRANK DALO
BIHL Group
Chief Financial Officer

Insurance revenue	↑ 2%
Operating profit	↓ 49%
Total assets	↑ 2%
Group equity value	↓ 14%

Insurance service result

- The contractual service margin (CSM) decreased due to the further strengthening of best-estimate assumptions, reducing the CSM available for release into profits
- Excess claims on group funeral schemes in 2024 impacted financial performance
- A data clean-up in 2024 led to a one-time premium debt write-off.

Investment service result

- Yields in 2024 did not rise as significantly as in 2023. As a result, close to P300 million in profits from the 2023 investment service result are not repeated in 2024.

Profit from the disposal of associates

- In 2023, there was a P142 million FSG once-off profit relating to its disposal.

Impairment

- In 2024, there was a P553 million impairment of Letshego Africa Group to align with the market value.

REPORT FROM OUR GROUP CHIEF FINANCIAL OFFICER continued

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 CSMs 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 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 (2023: P44,5 billion), including Zambia's P7,3 billion and Bifm Unit Trusts at P2,8 billion.

FINANCIAL OVERVIEW

Analysis of earnings

	2024 P'000	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)

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 CSMs 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.

Value of new life business

The value of new business increased by 7% to P150 million compared to the prior year.

REPORT FROM OUR GROUP CHIEF FINANCIAL OFFICER continued

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 a result of the significant dividend payout and the reduction in net asset value due to the impairment of an associate investment.

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. This is expected to continue in the ensuing year.

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

APPRECIATION

I would like to take this opportunity to thank the dedicated group of individuals who have worked diligently and efficiently to produce the numbers that appear in this integrated annual report.

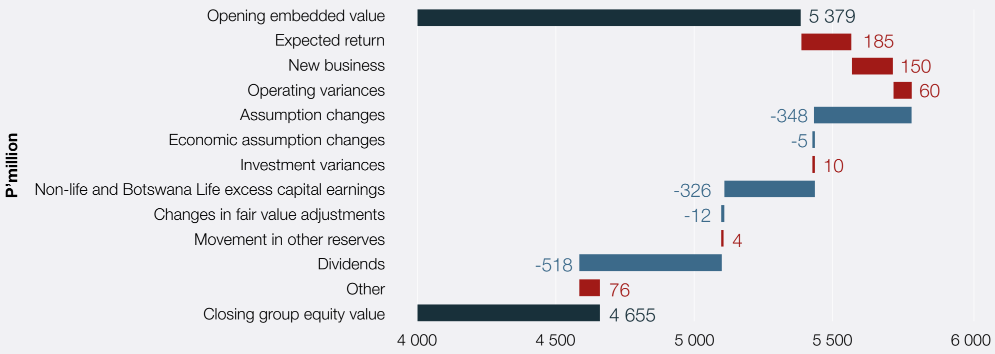
Frank Dalo
BIHL Group Chief Financial Officer

THE GROUP'S EQUITY VALUE

For the year ended 31 December 2024

GROUP EQUITY VALUE EARNINGS – MOVEMENT

(P'million)



The group equity value is an aggregate of the 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.

EQUITY VALUE RESULTS

	2024 P'000	2023 P'000
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 business	**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)
Equity value	**4 655 682**	5 378 685
Group equity value per share (Pula)	**16,31**	18,88

THE GROUP'S EQUITY VALUE continued

For the year ended 31 December 2024

EQUITY VALUE EARNINGS

	2024 P'000	2023 P'000
The equity value earnings are derived as follows:		
Equity value at the end of the year	**4 655 682**	5 378 685
Equity value at the beginning of the year	**5 378 685**	5 759 291
Equity value at the beginning of the year (restated)	**5 454 979**	5 834 830
Change in equity value	**(808 316)**	(412 066)
Movement in capital and opening net asset value reinstatement	**(4 319)**	135 158
Dividends and new capital	**518 465**	753 930
Equity value earnings	**(294 170)**	477 022
Return on group equity value (%)	**(5,4)**	8,3
These earnings can be analysed as follows:		
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
Investment variances	**9 992**	143 974
Economic assumption changes	**(5 099)**	109 209
Interest and inflation	**114 601**	(70 720)
Risk discount rate	**(119 700)**	179 929
Embedded value earnings from covered business	**52 248**	523 998

	2024 P'000	2023 P'000
Return on shareholders' assets	**(325 867)**	158 718
Investment returns	**28 223**	14 760
Net profit non-life operations	**(354 090)**	143 958
Change in shareholders' fund adjustments	**(20 551)**	(205 693)
Investment surpluses on treasury shares	**2 902**	2 627
Movement in present value of holding company expenses	**(42 799)**	(47)
Movement in fair value of incentive scheme shares	**8 044**	(28 560)
Movement in other net worth adjustments	**11 302**	(179 713)
Earnings from non-life business	**(346 418)**	(46 975)
Group equity value earnings	**(294 170)**	477 023
Fair value adjustments	**293 529**	314 080
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
Group holding expenses	**(186 883)**	(194 927)
Reversal of cross-holding adjustment	**44 697**	41 795

VALUE OF NEW BUSINESS

	2024 P'000	2023 P'000
Value at point of sale before cost of capital	**154 768**	149 715
Recurring premium	**49 225**	79 139
Single premium	**105 496**	70 576
Cost of capital at point of sale	**(4 807)**	(9 368)
Value of new business at the end of the year	**149 961**	140 347

THE GROUP'S EQUITY VALUE continued

For the year ended 31 December 2024

SENSITIVITY TO THE RISK DISCOUNT RATE

The risk discount rate appropriate to an investor will vary depending on the investor's own requirements, tax position and perception of the risks associated with the realisation of the future profits of the BIHL Group. The sensitivity of the equity value to the risk discount rate is set out below.

Risk discount rate	1% decrease P'000	Base value P'000	1% increase P'000
Shareholders' net assets and fair value adjustments, excluding goodwill	2 589 438	2 589 438	2 589 438
Value of in-force business	2 076 575	2 057 224	1 930 681
Value before cost of capital	1 882 023	1 819 349	1 777 307
Fair value adjustments	293 529	293 529	293 529
Cost of capital	(98 977)	(55 654)	(140 155)
Equity value	4 666 013	4 646 662	4 520 119
Value of one year's new business at the valuation date	160 930	149 961	135 390
Value before cost of capital	169 586	154 768	147 276
Cost of capital	(8 655)	(4 807)	(11 886)

ASSUMPTIONS

The assumptions used in the calculation of the embedded value are the same best estimate assumptions used for the financial soundness valuation. The main assumptions used are as follows:

Economic assumptions

Best estimate economic assumptions are the same as assumed in the financial soundness valuation as shown in the annual financial statements. The main assumptions (% per annum) used are as follows:

	2024 %	2023 %
Risk discount rate	**11,30**	10,15
Expense inflation rate	**4,68**	4,19
Discount rate for liabilities	**Risk-free curve**	Risk-free curve

Mortality rates

The assumptions for future mortality rates are based on the results of recent experience investigations conducted by the company, the most recent conducted in November 2024.

Expenses

Expenses are projected into the future, allowing for inflation as specified by the inflation curve.

Premium escalations

The equity value of in-force business includes the expected value of future premium increases resulting from premium indexation arrangements on in-force business. The value of new business includes the expected value of future premium increases resulting from premium indexation arrangements on new business written during the period to 31 December 2024.

Persistency/surrender basis

The assumptions for lapse and surrender rates are based on the results of experience investigations conducted in November 2024 by the company.

Tax

Allowance was made for the current life office taxation basis, including capital gains tax.

Mix of assets backing the capital adequacy requirement

	2024 %	2023 %
Asset class		
Cash	**50**	50
Property	**–**	50
Strategic assets	**50**	–
Total	**100**	100

Other assumptions

The equity value per share does not include an allowance for the future cost of the share option scheme. Where shares have not yet been issued, the number of shares used to calculate the embedded value per share will be increased as and when these options are granted. Granting share options will therefore influence the embedded value per share in future.

THE GROUP'S EQUITY VALUE continued

For the year ended 31 December 2024

SENSITIVITIES

This section illustrates the effect of different assumptions on the value of in-force business net of cost of capital. The effect of assumption changes has been included in the value of in-force business. For each sensitivity illustrated, all other assumptions have been left unchanged.

	Value of in-force P'000	Cost of capital over base capital P'000	Value before cost of capital P'000	% change
Embedded value as at 31 December 2024				
Base	**2 066 244**	**55 654**	**2 121 898**	
Discontinuance rates decrease by 10%	**2 121 413**	**56 460**	**2 177 873**	**2,7**
Future expenses decrease by 10%	**2 121 600**	**55 654**	**2 177 254**	**2,7**
Mortality experience decreases by 5%	**2 141 824**	**55 623**	**2 197 446**	**3,7**
Investment returns decrease by 1%	**2 157 693**	**56 164**	**2 213 856**	**4,4**
Risk discount rate decreases by 1%	**2 128 918**	**55 654**	**2 184 572**	**3,0**
Risk discount rate increases by 1%	**2 014 797**	**65 059**	**2 079 856**	**(2,5)**
Embedded value as at 31 December 2023				
Base	2 166 084	134 007	2 300 091	
Discontinuance rates decrease by 10%	2 223 224	135 948	2 359 172	2,6
Future expenses decrease by 10%	2 222 593	134 007	2 356 600	2,6
Mortality experience decreases by 5%	2 243 205	133 932	2 377 137	3,6
Investment returns decrease by 1%	2 259 957	135 234	2 395 191	4,3
Risk discount rate decreases by 1%	2 234 498	134 007	2 368 505	3,2
Risk discount rate increases by 1%	2 097 545	156 652	2 254 197	(3,2)

THE GROUP'S EQUITY VALUE continued

For the year ended 31 December 2024

SENSITIVITIES continued

	Value of new business P'000	Cost of capital P'000	Value before cost of capital P'000	% change
Value of one year's new business as at 31 December 2024				
Base	**149 961**	**4 807**	**154 768**	
Discontinuance rates decrease by 10%	**162 349**	**4 865**	**167 214**	**8,3**
Future expenses decrease by 10%	**154 227**	**4 807**	**159 034**	**2,8**
Acquisition costs decrease by 10%	**152 732**	**4 807**	**157 539**	**1,8**
Mortality experience decreases by 5%	**163 470**	**4 890**	**168 360**	**9,0**
Investment returns decrease by 1%	**99 148**	**4 870**	**104 018**	**(33,9)**
Risk discount rate decreases by 1%	**160 930**	**8 655**	**169 586**	**7,3**
Risk discount rate increases by 1%	**135 390**	**11 886**	**147 276**	**(9,7)**
Value of one year's new business as at 31 December 2023				
Base	140 347	9 368	149 715	
Discontinuance rates decrease by 10%	154 923	9 482	164 405	10,4
Future expenses decrease by 10%	146 290	9 368	155 658	(5,6)
Acquisition costs decrease by 10%	143 819	9 368	153 187	(1,7)
Mortality experience decreases by 5%	156 689	9 529	166 219	8,9
Investment returns decrease by 1%	122 447	9 490	131 937	(21,9)
Risk discount rate decreases by 1%	141 648	7 677	149 325	15,7
Risk discount rate increases by 1%	139 300	(10 780)	128 520	(1,7)

Assumed management action

No management action has been assumed.

04

FOCUSING ON WHAT IS IMPORTANT

Our purpose is to improve livelihoods and allow our valuable clients and the communities we operate in to enhance their overall well-being and quality of life.

By strengthening environmental, social and corporate governance, we enable them to lead healthier, more productive and fulfilling lives.

OUR LONG-TERM SUSTAINABILITY

The United Nations 2030 Agenda for Sustainable Development and the 17 associated SDGs balance the three dimensions of sustainable development: economic, social and environmental. The table below indicates the significant contribution that BIHL makes towards meeting the SDGs through its focus on its own strategic objectives.

Strategic objective	SDG outcomes		BIHL's contribution
Client-centricity	3 Good health and well-being	Ensure healthy lives and promote well-being for all	• Products meeting specific health and livelihood needs • Promoting wellness
Innovation and transformation	11 Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable	• Guaranteeing that all claims will be paid
Cost optimisation	4 Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Learnership programmes • Graduates and interns • Consumer education on the benefits of insurance
New growth opportunities	10 Reduced inequalities	Reduce inequality within and among countries	• Contributing to transformation • Inclusive and affordable insurance
Collaboration	17 Partnerships for the goals	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	• Contributing to growth
Employee value proposition	5 Gender equality	Achieve gender equality and empower all women and girls	• Attracting and promoting women
Environment	13 Climate action	Take urgent action to combat climate change and its impacts	• Maintaining a low carbon footprint

More details regarding the SDGs can be found online at **www.un.org/sustainabledevelopment/sustainable-development-goals.**

SME support through procurement in 2024

BIHL GROUP

P3,7 million

Botswana Life

P1,5 million

Bifm

P1,4 million

SUPPORTING SMALL AND MEDIUM ENTERPRISES

WHY THIS IS IMPORTANT

Small and medium enterprises (SMEs) represent a key sector for driving Botswana's economic diversification and sustainable growth plan. According to studies by the World Bank and the Organisation of Economic Cooperation and Development, SMEs make up a significant part of emerging market economies. Outside the agricultural sector, they account for 95% of all firms. In Botswana, they make up 35% of GDP and contribute 75% to formal sector employment.

VALUE CHAIN DEVELOPMENT

In support of SMEs, we worked closely with four fintechs during 2024. We collaborated with Digital Natives, Xavier Africa, PowerCircle Group and Angular on the proofs of concept for different business processes:

- Claims submission
- KYC submission
- Knowledge-based AI
- Arrears AI.

PowerCircle Group did development work on the Mosako mobile platform, enabling other paymodes as well as a life cover product.

Digital Natives enhanced the Bifm mobile app with knowledge-based AI at a cost of P50 000.

The group's investment into these SMEs amounts to approximately P455 000.

BROKERS

Through Botswana Life, we work with brokers and corporate agencies. We support them by supplying systems, training, branding and merchandise.

During 2024, we collaborated with 91 brokers and corporate agencies on 5 949 cases and generated API of P59,85 million.

DRIVING FINANCIAL INCLUSION

BIHL accepts the important role it plays in driving financial inclusion. Two exciting group products aim to achieve this goal.

MOSAKO OFFERING

The Mosako Funeral Plan was crafted with the specific objective of meeting the pressing demand for financial inclusion in Botswana. This first-of-its-kind microinsurance solution offers financial security to all Batswana, with a particular emphasis on individuals in the informal sector and self-employed persons who have historically lacked access to conventional insurance products. By addressing the needs of those earning income outside of formal banking systems, Mosako guarantees that every Motswana can now have a dignified send-off for themselves and their loved ones.

A single policy covers up to 27 family members, offering comprehensive protection for the policyholder, their spouse, parents/parents-in-law, children and extended family members. Additionally, the plan offers the option to include non-underwritten life cover up to P235 000 for the main member, to leave a long-lasting legacy for their remaining dependants post the day of their burial.

Premiums can be paid in advance, with the flexibility to cover up to 12 months ahead, ensuring uninterrupted coverage.

The product allows for traditional payment methods alongside cash-based premium payments through various convenient channels to cater for the unbanked population. These include:

- Kazang
- Orange Money
- Mascom Myzaka
- BTC Smega
- Deductions via employer or Government stop orders
- Botswana Life cash office at any branch
- Botswana Post Offices nationwide.

Claims process

Documentation is submitted to the nearest Botswana Life office.

Payouts are processed within 48 hours, providing immediate financial support during difficult times.

Onboarding process

All policies are onboarded through an intuitive and user-friendly mobile app which can be accessed through any of our dedicated sales representatives spread countrywide.

Mosako statistics for 2024

Policies sold:	Total claims paid:	Number of claims:
22 036	16 532 401	1 435

DRIVING FINANCIAL INCLUSION continued

BOTSWANA LIFE LIFEREWARDS

Botswana Life launched Liferewards in 2013. This was the first product of its kind to be launched by an insurance company in Botswana.

The prepaid card, which is underwritten by Access Bank and supported by Visa, enables Botswana Life clients to be paid their claims and benefits into the card, then transact with it in the same way as a debit card.

The card can be reloaded with amounts up to P50 000 and be used to transact at automated teller machines, point-of-sale devices and for internet transactions.

Liferewards also has a rewards programme linked to it, which enables cardholders to enjoy discounts with an array of retailers all over Botswana.

The card comes with an embedded loyalty family funeral and free accident benefit if certain conditions are met.

Botswana Liferewards statistics for 2024

Cards issued:

9 128

Benefits paid through the Liferewards card:

P81,4 million

CARING FOR THE ENVIRONMENT

ENVIRONMENT

The group has a low environmental footprint, but we are nevertheless committed to lowering our environmental impact by educating our staff and continuously implementing actions to reduce our consumption. As such, we actively track water, electricity and fuel usage.

	Water	Electricity	Fuel
BIHL company	P33 780	P83 654	P30 000
Bifm	P32 555	P210 475	P40 240
BIC Botswana Insurance Company	P60 000	P593 358	P269 745
Botswana Life	P204 979	P1 059 099	P1 068 300

BIHL supports the Paris Agreement goal to reduce global carbon emissions to limit the rise in the average global temperature to well below two degrees Celsius. In doing so, the board has committed to addressing climate risk at the highest level to gain a better understanding of potential exposure to risks, gauge their impact on the business and identify meaningful mitigation responses.

We believe that a sustainable approach is not only good for the environment but makes good business sense. We recognise the role we have to play. We acknowledge the increasing risks related to a changing climate and the demand from investors to know how we are responding. We are committed to aligning our climate risk assessments and disclosures with the TCFD guidelines and commence this process with this statement, demonstrating the priority and importance we place on understanding and responding to the challenges presented by a changing climate.

The Task Force on Climate-related Financial Disclosures

The TCFD was created in 2015 by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders. Increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to greater understanding of climate risks and facilitate financing the transition to a more stable and sustainable economy.

CARING FOR THE ENVIRONMENT continued

Our TCFD statement is based on recommended disclosures under the four key pillars of the TCFD guidelines:

Governance

BIHL is committed to the highest standards of corporate governance and recognises that an effective corporate governance culture is critical to the long-term performance of the business.

The board is responsible for overseeing the management of BIHL and providing strategic direction. The board established committees to assist it in the execution of its functions.

More information on BIHL's corporate governance is available on page 72.

The board is committed to addressing climate risk at the highest level, to gain a better understanding of potential impacts to the business and identify and deliver meaningful responses.

Strategy

Our strategy is designed to actively respond to the current and projected impacts of climate change on our business and to meet increasing demand from investors for disclosure on our approach.

Initially, we will focus on undertaking detailed analysis of both the physical and transition climate change risks posed to our business.

BIHL completes an annual risk profiling process to identify its material business risks. Results are reported to the audit and risk committee and the board and published in the integrated annual report.

Refer to page 21.

Our approach to managing climate risks is incorporated into BIHL's risk management framework including our investment management activities. Our responses and initiatives are strategic and based on long-term outcomes. These involve both mitigating identified risks and capitalising on business opportunities associated with using renewable energy, providing on-site energy solutions and achieving carbon-neutral operations.

Risk management

BIHL has a robust and comprehensive risk management framework in place.

As with our broader ESG priorities, climate risks will increasingly be integrated into our risk management programme and responsible investment structure.

The risk management framework includes a clear disclosure strategy. The results of our climate-related assessments and progress with associated targets will be included in our climate disclosures – including voluntary reporting and the ESG and climate-related benchmarks in which we participate.

Our approach to defining and managing climate risks has evolved over time. We are considering a scenario-based climate risk assessment to identify and assess our climate-related risks and opportunities, and we support using scenario analysis to improve consistency and transparency across our investment sector.

Metrics and targets

BIHL has disclosed its ESG performance consistently in its previous integrated annual reports, using it as its primary platform to reach its stakeholders.

The extent of our disclosure has broadened over time.

Going forward, we will gather and disclose such information on metrics and targets as our minority shareholding in and the abilities of our investees allow.

We will explore information and targets regarding renewable and other energy use, greenhouse gas, carbon and other emissions as well as green building ratings.

DEVELOPING OUR PEOPLE

At BIHL Group, our people are at the heart of everything we do. In 2024, we deepened our commitment to building a high-performance, values-driven culture that champions continuous learning, inclusion, agility and well-being.

We continue to nurture a future-ready workforce empowered to drive meaningful impact for our clients and communities through targeted investments in leadership development, digital capability building and employee engagement.

EMPLOYEE EXPERIENCE

Using data-driven insights from continuous engagements with employees, we enhanced our employee experience initiatives across the life cycle to ensure our people feel supported at every stage of their journey and empowered to deliver their best work. Development opportunities empower colleagues to build skills, advance their careers and achieve sustainable high performance.

BUILDING A LEARNING ORGANISATION

Our learning strategy remains focused on cultivating expertise and curiosity at every level. Through partnerships like Coursera, leadership and succession-focused coaching interventions, professional sponsorships in insurance, investment qualifications and on-the-job learning, employees are equipped with critical skills in leadership, innovation and digital transformation. These learning pathways ensure that our talent pipeline remains agile, ambitious and aligned to the evolving needs of the financial services sector.

DIGITAL TRANSFORMATION IN HUMAN CAPITAL

In our pursuit of operational excellence, we accelerated the digital transformation of our people practices. Key milestones included human-centred process re-engineering across recruitment, performance, onboarding and learning, setting the foundation for a more streamlined and data-driven employee experience.

CULTURE-LED PERFORMANCE

Fostering a high-performance purpose, leader-led culture remained a cornerstone of our transformation. Through various initiatives, we provided experiences that reinforce behaviours aligned with our purpose of improving livelihoods and our values of care, collaboration, integrity and innovation. Our robust recognition programme ensured that our employees were recognised, rewarded and motivated to inculcate a culture of excellence.

WELL-BEING AND SAFETY FIRST

We take a holistic approach to employee well-being. Throughout 2024, our Health and Culture Connect sessions, wellness programmes and safety education reinforced our commitment to a safe, inclusive and thriving workplace. Intentional focus on mental health awareness remained a priority.

STRONGER FOUNDATIONS FOR GROWTH

We regularly review and update our policies to ensure they are aligned with our broader people strategy. To support our regulatory obligations and integrity standards, we introduced Bridger screening for all new hires in alignment with the Financial Intelligence Act, strengthening trust and transparency in our recruitment processes. In parallel, enhanced crisis and risk management protocols ensured a resilient and responsive operational environment.

DEVELOPING OUR PEOPLE continued

STRENGTHENING ORGANISATIONAL FOUNDATIONS

Key priorities in 2024 included digital transformation, skills development and talent optimisation. These efforts supported BIHL's strategic objective of building a future-ready and resilient workforce.

Values awards

In support of fostering a values-driven culture, BIHL continues to champion the values awards, which recognise employees who exemplify innovation, collaboration, integrity and care in their daily work. These awards not only celebrate individual and team contributions but also reinforce the group's commitment to embedding its core values into every aspect of the business. By highlighting and rewarding behaviours that align with our values, we cultivate a culture where ethical conduct, forward-thinking solutions and genuine concern for others thrive, driving both employee engagement and sustainable business success.

Managers' retreat

Employee experience is the foundation of a productive and thriving workplace. In October 2024, we hosted a managers' retreat under the theme 'Vision to Action.' This retreat aimed to bring our leadership team together, transitioning from strategic vision to tangible execution.

Embedding a high performance culture

Through the balance scorecard model, we continue to drive high performance and ensure improved strategic alignment to overall company strategy, better performance management, recognizing high performers and supporting those struggling with the back track plans and increased accountability across the business.

Combined group Christmas party and long-service awards ceremony

In 2024, BIHL hosted a combined group Christmas party and long-service awards ceremony to celebrate both the festive season and the dedication of our long-serving employees. The event served as a unifying platform, bringing together staff from across the group to foster connection, boost morale and reflect on shared achievements. Long-service awardees were honoured for their commitment and contributions, reinforcing our culture of recognition and appreciation.

Crisis and risk management enhancement

A renewed focus on crisis and risk management in 2024, led by our dedicated Safety, Health and Environmental Officer, emphasised our commitment to employee safety through various initiatives and educational programmes.

COMMITMENT TO HEALTH AND SAFETY

As part of our ongoing commitment to the health, safety and overall well-being of our employees, human capital and culture (HCC) facilitated a series of Connect sessions throughout the year, covering various health-related topics to raise awareness and promote wellness across the group.

Our Safety, Health and Environmental Officer also conducted regular branch visits to ensure compliance with safety standards and to identify and address any potential risks. In addition, we have dedicated Health and Safety Champions across our operations who are trained in fire safety and first aid response, further strengthening our emergency preparedness and support systems.

These initiatives reflect our proactive approach to creating a safe and supportive working environment for all employees.

Gentlemen's Day

The inaugural Gentlemen's Day addressed specific workplace challenges faced by men, promoting inclusivity and understanding across all employee demographics.

Introduction of Bridger screening

As part of strengthening employee due diligence in 2024, we have integrated Bridger screening into our recruitment process to ensure we hire credible and trustworthy individuals. This enhancement also aligns with the requirements of the recently introduced Financial Intelligence Act, which mandates background checks on employees.

OUR SOCIAL INTERACTIONS

BIHL GROUP CEO'S ANNUAL ROADSHOW

Strengthening relationships with clients and other stakeholders

The BIHL Group CEO's roadshow is an annual series of engagement sessions led by Group CEO Catherine Lesetedi.

These sessions are designed to strengthen relationships with clients and stakeholders across Botswana.

The roadshow involves stops in various locations, including Maun, Lobatse, Francistown, Palapye, Gaborone and Selebi-Phikwe. It provides a platform for open discussions and feedback on BIHL's services and performance with clients, staff and intermediaries.

The roadshow also serves as an opportunity for the BIHL Group to showcase its strategic plans for the future, focusing on growth, client retention and operational efficiency. Through these sessions, BIHL aims to reinforce its mission of improving lives and contributing to the economic development of Botswana.

JOURNEY OF HOPE

Increasing breast cancer awareness

Answering the call of ***'How pink can you go?'***, the BIHL Group launched a partnership with Journey of Hope Botswana to support increased awareness, education and screening for breast cancer.

The group presented a donation of P50 000 to cement its commitment to the cause. This donation will directly support the non-governmental organisation's initiatives, enabling them to continue their outreach efforts nationwide.

The partnership was inaugurated through an engaging session with BIHL staff, where crucial insights into the state of breast cancer in Botswana were shared. Attendees were briefed on breast cancer statistics, with experts emphasising the need for early detection as a key factor in improving survival rates.

In addition to statistics, staff were educated on the importance of self-examinations and how to carry them out. Village Imaging was on-site to provide ultrasound screenings for staff on the day.

The partnership will be further embedded in 2025 as we visit the Botswana Life Rail Park and Palapye branches to screen clients.

OUR SOCIAL INTERACTIONS continued

YOUNG LEADERS FORUM

The Young Leaders Forum is a group of young leaders from across the BIHL business units, who serve as change agents, work together to solve real business problems and drive innovations identified by the BIHL executive committee, HCC, employees, the Innovation Office or clients.

At the start of their tenure, the forum is presented with a mandate (a specific focus area, linked to current strategic business aspirations). The forum then develops a list of innovations, opportunities, challenges and/or programmes that they work to address during their tenure and that will have a positive impact on the BIHL Group. The typical tenure of the forum is 18 to 24 months.

The 2024/25 cohort is:


Kgaboetsile Showa


Thusano Thuto


Boago V Dintweng


Letlhogonolo Lebakeng


Kempho Moaneng


Ndiye Isaacs


Thenjiwe Nsinamwa

SANLAM CAPE TOWN MARATHON

The 2024 Sanlam Cape Town Marathon took place on 20 October, attracting more than 21 000 runners to the streets of Cape Town.

BIHL played a significant role in the marathon by sponsoring three elite African athletes and two staff members. The sponsorship covered their travel and participation expenses, enabling them to compete in the marathon without financial barriers.

This event celebrated a significant milestone as it became Africa's first Abbott World Marathon Majors candidate race. The marathon featured a record-breaking number of participants and the strongest elite field ever to compete on African soil, with athletes from 27 countries, including Botswana, participating.

Through this sponsorship, BIHL not only supported individual athletes but also contributed to the broader development of athletics in Botswana and Africa, highlighting the importance of corporate involvement in sports development.

OUR SOCIAL INTERACTIONS continued

PETLO LITERARY ARTS PARTNERSHIP

Nurturing storytelling talents and the literary community

BIHL sponsors Petlo Literary Arts through the BIHL Life Stories Workshop.

This initiative, launched in June 2024, aims to nurture storytelling talents and foster a vibrant literary community in Botswana. The workshop is a collaboration between BIHL, Petlo Literary Arts and Botswana Open University.

The goal of the project is to contribute to Botswana's national literature by chronicling the lives of Batswana and developing an anthology of memoirs.

Petlo Literary Arts is a social enterprise dedicated to developing and promoting creative writing and the arts in Botswana. They organise writing and performance workshops, publish literary works and provide literary services such as editing and ghost writing. Their mission is to cultivate a national literature in Botswana and support the creative community through various initiatives.

The BIHL Life Stories Workshop is part of BIHL's broader commitment to advancing literacy and education across the nation, as well as promoting arts and culture. By empowering talented writers through this workshop, BIHL and Petlo aim to ensure that the rich tapestry of Botswana's history is preserved and shared with future generations.

ORAPA DIAMOND GOLF CHALLENGE

More than sport

BIHL Group continued its long-standing support for the Orapa Diamond Golf Challenge, for the fifth year in a row as the diamond sponsor.

The event was held in September 2024 in Orapa in conjunction with other industry players and the golf community. At this year's event, which coincided with the conclusion of the SMME Conference, the BIHL Group presented a cheque of P301 000 during the prize-giving ceremony, reaffirming its dedication to improving the livelihoods of the Boteti region's communities.

The Orapa Diamond Golf Challenge was held with the theme 'Enhanced Customer Experience through Technology and Innovation'. It not only celebrated the sport but also focused on its broader impact on community development.

The funds provided by the BIHL Group will go towards various initiatives that aim to uplift the lives of communities in the region, aligning with the group's mission of empowering local communities and creating long-term positive change.

The ongoing partnership with the Orapa Diamond Golf Challenge has allowed us to invest P1,473 million over the past five years.

Ongoing commitment towards living our purpose

Bifm proudly celebrated the Diamond Sponsorship of the Orapa Diamond Golf Challenge for the fifth consecutive year, in collaboration with Botswana Life. This year, we handed over P301 000 at the prize-giving ceremony, reaffirming our ongoing commitment towards living our purpose of improving livelihoods.

The proceeds from this sponsorship will go towards uplifting the living conditions of communities in the Boteti region, further reflecting our dedication to making a positive impact.

OUR SOCIAL INTERACTIONS continued

SANLAM AWARDS FOR EXCELLENCE IN FINANCIAL JOURNALISM

Recognising outstanding African financial journalism

The Sanlam Group Awards for Excellence in Financial Journalism, established in 1974, recognise outstanding financial journalism across Africa.

The 2023–2024 edition received a record 170 entries from 13 African countries, marking the highest number in the competition's history.

BIHL Group was proud of the announcement that Ephraim Modise, from Botswana, won the prestigious Best Newcomer award at the ceremony.

SANLAM SUMMER SCHOOL FOR FINANCIAL JOURNALISM

Improving transparency and accountability in African business reporting

The Sanlam Summer School for Financial Journalism is an annual training programme established in 2003 in response to South Africa's King IV Report on Corporate Governance™. The report recommended that the private sector assist in developing financial journalism to enhance corporate governance. Over the years, the programme has become a significant platform for equipping journalists with the skills necessary to report accurately on financial matters, thereby contributing to improved transparency and accountability in business reporting across Africa.

The Summer School is a week-long course held every year in South Africa. It brings together journalists from various African countries, including Botswana, Namibia, Kenya, Ghana, Uganda, Malawi, Tanzania, Zimbabwe and Nigeria. The programme covers a range of topics essential for financial reporting, such as:

- Understanding financial statements: Training on reading and interpreting financial reports to enhance journalistic accuracy
- Corporate governance: Insights into the principles and practices that ensure companies are accountable and transparent
- Financial markets and economics: How financial markets operate and their impact on the economy
- Investigative journalism techniques: Skills for uncovering and reporting on financial irregularities and corporate misconduct.

The programme is facilitated by experienced trainers and industry experts, providing participants with practical skills and knowledge to enhance their reporting capabilities.

In 2024, the BIHL Group sponsored Timothy Lewanika and Ephraim Modise's attendance.

BOTSWANA LIFE HOSTS INAUGURAL EMPLOYEE BENEFITS CONVENTION

Employee benefits in a post-pandemic world

Botswana Life held its first annual Employee Benefits Convention, bringing together industry leaders and professionals to discuss the evolving landscape of employee benefits in a post-pandemic world.

The event, held on 11 July 2024 in Gaborone, marked a significant milestone for Botswana Life, demonstrating its commitment to enhancing the value proposition for employees across the nation and fostering innovative strategies in human resources (HR) management.

The convention gathered industry leaders, including senior management personnel, chief financial officers and board members, to challenge existing paradigms and explore new approaches to employee engagement.

The success of the event underscored the importance of a holistic approach to managing and valuing employees in today's dynamic business landscape. The overall takeaway was that organisational agility and comprehensive risk management plans in anticipation of future pandemics are necessary to thrive. Organisations must be people-driven, as employees are their most valuable asset.

OUR SOCIAL INTERACTIONS continued

BOTSWANA LIFE HOSTS A SUCCESSFUL SECOND ANNUAL BROKER CONNECT

Connecting brokers, clients and underwriters

As a continuous effort to create effective connections among brokers, clients and underwriters to enhance efficiency and communication for the three parties, Botswana Life held its second annual Broker Connect with the theme 'Building Tripartite Bridges – Connecting Brokers, Clients and Underwriters' at the Cresta Hotel in Gaborone.

The event aimed to enhance a collaborative ecosystem that improves outcomes for brokers, clients and underwriters alike. This approach fosters better relationships, enhanced communication and ultimately leads to more effective risk management through insurance.

The day was spent in discussions and presentations by influential industry players from Botswana and Sanlam in South Africa on ways to progress the insurance industry.

OUR SOCIAL INTERACTIONS continued

BIFM SPONSORS THE UB MARATHON AND AIRPORT JUNCTION MARATHON

Promoting health, wellness and community spirit

Bifm sponsored the UB Marathon in mid-October and the Airport Junction Marathon in November by providing running shirts and a water point for the participants.

These marathons aimed to promote health, wellness and community spirit, which is part of our unwritten ethos as an organisation.

BIFM TRADITIONAL MUSIC EXPO

Building local talent

The 21st anniversary of the Bifm Traditional Music Expo showcased the talent and passion of local traditional artists.

Clients were esteemed guests of a night to remember. The artists on stage included Mma Ausi, the Mabutswapele Dance Troupe, Poetic Blood and the showstopper Dr Vom, who serenaded the audience and made it a remarkable celebration of Botswana culture and heritage.

The 2024 edition started by introducing ‘The Masterclass’, a new session held to equip the artists taking stage, on financial literacy, social media etiquette and personal branding.

The session was well received by the artists and media, showcasing Bifm’s efforts in building local talent.

KIDS MONEY CAMP 2024

Instilling positive financial habits from a young age

Bifm hosted the 2024 Kids Money Camp at Thornhill Primary School on 14 September. Altogether, 60 children aged 10 to 14 years attended.

This event, powered by Lima Consulting and Bifm Unit Trusts, aims to build a solid financial foundation and instil positive financial habits from a young age.

OUR SOCIAL INTERACTIONS continued

BIFM UNIT TRUSTS' FRANCISTOWN BRANCH SPONSORS TOP STUDENT AT MATERSPEI COLLEGE

Awarding achievement

Bifm proudly celebrated excellence at Materspei College in Francistown through the Francistown Bifm Unit Trusts office.

Bifm awarded Katlo Johannes, the top achiever, with a voucher, recognising her hard work, dedication and brilliance. Katlo received P10 000, which will be invested in the Bifm Ya Masa Junior Fund and P5 000, which will be invested in the Bifm Pula Money Market Fund.

BIFM SPONSORS TOP ACHIEVER AT BIUST

Awarding dedication

Bifm proudly recognised Precious Mkandla, the top achiever at Botswana International University of Science and Technology, (BIUST) with P10 000 cash.

This was in recognition of her exceptional dedication and academic success.

OUR SOCIAL INTERACTIONS continued

BIFM BREAKFAST SEMINAR

The critical role of innovation and adaptation in today's economy

The Bifm Breakfast Seminar was hosted as an exceptional platform for insightful dialogue on local alternative investment opportunities and the integration of ESG factors in the investment process.

The theme was 'Adapting to Consistently Changing Environments, including Regulatory Shifts'.

We gained insights from Dr Keith Jefferis, who gave an update on the micro-economic conditions in Botswana, Kondi Nkosi from Schroders Investment Management, who presented on value investing post-pandemic and a panel discussion made up of experts in the investment arena.

BOTSWANA LIFE CLASSIC RUN

The Botswana Life Classic Run is an annual national half marathon that promotes health, fitness and community engagement in Botswana. In 2024, the event took place on 21 July at the Fairgrounds Office Park in Gaborone, attracting runners of all ages and skills levels.

Event highlights

- Race categories: Participants could choose from 5km, 10km and 21km distances
- Registration fees: Ranged from P150 for the 5km race to P250 for the 21km race
- Corporate packages: Offered at P2 500, including team registration and race experience
- Pre-race activation: Held on 6 July 2024 at Gaborone Acacia Mall to build excitement and encourage community participation
- Cadbury Kiddies Run: A 5km fun run for children under 12, aiming to instil a love for fitness from a young age.

Community impact

The Botswana Life Classic Run has been a staple in the local sporting calendar for nearly three decades. It has grown in both participation and impact, becoming a platform for community engagement and social interaction. The event is supported by organisations such as the Botswana Athletics Association, Fearless Fitness Club and Gaborone Striders, ensuring a well-coordinated and secure marathon experience. Proceeds from the registration fees were in support of Baylor Children's Hospital which was established in 2003 as the first paediatric HIV treatment centre on the African continent. It has since expanded its services to include comprehensive care for children and adolescents with HIV, cancer, and blood disorders.

OUR SOCIAL INTERACTIONS continued

BIC THOUGHT LEADERSHIP CONFERENCE 2024

Shaping the insurance industry

BIC proudly hosted its annual Insurance Thought Leadership Conference, held at Cresta Lodge. The summit convened industry leaders, stakeholders and experts to discuss and explore innovative strategies for shaping the insurance sector in an evolving economic environment.

Themed 'Shaping the Insurance Industry in an Evolving Economic Environment', the conference highlighted the critical role of innovation and adaptation in meeting the diverse needs of customers in today's dynamic economic landscape.

Participants engaged in insightful discussions on leveraging technology, enhancing customer experiences and driving sustainable growth in the insurance industry.

OUR SOCIAL INTERACTIONS continued

BIC YOUNG COMMUNICATORS OF THE YEAR AWARDS

Celebrating future leaders

BIC proudly hosted The Broadcasters Organisation and UNICEF for a special event to recognise and celebrate the outstanding achievements of young talents in communication and innovation.

The event honoured the students who participated in the prestigious BIC Young Communicators of the Year Awards.

It highlighted the innovative and forward-thinking projects created by these young minds, focusing on driving positive change in their communities.

It was a memorable occasion dedicated to celebrating the future leaders of Botswana and their contributions to communication and innovation.

BIC LAUNCHES MY MOTSWAKO

Combining multiple policies into a single package

BIC introduced My Motswako insurance cover, an innovative insurance product tailored for business owners, homeowners and professionals.

True to its name, which means 'mixture' in English, My Motswako combines multiple policies into a single, convenient package.

The product offers comprehensive and flexible coverage, addressing the specific needs of its diverse target audience. Business owners can protect their enterprises, homeowners can secure their properties and professionals can enjoy peace of mind with personalised policies for their unique risks.

By simplifying insurance solutions, My Motswako makes managing coverage easier while ensuring clients receive reliable, all-in-one protection.

OUR SOCIAL INTERACTIONS continued

INTER-INSURANCE GAMES

BIHL leads the pack at the Inter-Insurance Games P65

The 2024 Inter-Insurance Games once again brightened Gaborone with excitement, collective engagement and spirited banter. In total, 16 companies participated.

The insurance industry returned with renewed energy to the legendary Bank of Botswana Sports Ground, upholding tradition. Each company's flag flew high, setting the stage for a day filled with intense competition and lively banter.

The event kicked off with a vibrant Zumba session, particularly invigorating for the ladies emerging from winter. This was followed by a variety of athletic and exciting sporting disciplines.

This year, BIHL Group was the main sponsor of the event, which gave it more visibility and recognition as its staff participated in all sporting codes and won some medals.

BIC MAKES STRIDES AT THE 2024 DIACORE MARATHON

Inspiring health and teamwork

BIC was thrilled to participate in the Diacore Marathon, one of Botswana's most celebrated sporting events. The company's involvement was not just about crossing the finish line, it was about promoting health, wellness and community spirit.

BIC proudly fielded a team of enthusiastic runners and walkers, who demonstrated determination and teamwork throughout the event. Beyond the race, this was an opportunity to connect with the community and support the event's charitable causes, reflecting our commitment to making a positive impact beyond insurance.

Congratulations to all participants and organisers for a successful marathon.

At BIC, we are not just about protecting your future – we are here to inspire a healthier and brighter tomorrow.

OUR SOCIAL INTERACTIONS continued

BIHL TRUST

The BIHL Trust administers the CSI funds of the group.

It was founded in 2007, with the group's wholly-owned subsidiaries, Botswana Life and Bifm, committing to donate 1% of their after-tax profits to fund the Trust. The BIHL Trust promotes worthy causes, including community projects that alleviate poverty and suffering in local communities.

Following the conclusion of its 2017 to 2021 strategy, the Trust more closely aligned itself with the BIHL Group. As a result, its strategic focus moved to education, social upliftment, public health and conservation of the environment during the period 2021 to 2025.

During the year, the Trust updated its strategy with a fit-for-purpose mission statement and a focus on the most important target sectors to achieve its ultimate vision, as is graphically presented on this page.

BIHL TRUST STRATEGY 2025 TO 2028

VISION

To promote the socio-economic well-being of Batswana

MISSION

We improve the livelihoods of Botswana's youth, women, people with disabilities and marginalised communities through partnerships which promote their socio-economic well-being

STRATEGIC GOALS

We will provide financial literacy training for 5 000 of Botswana's most vulnerable people

We will empower 5 000 youth leaders

STRATEGIC THEMES AND OBJECTIVES

STAKEHOLDER ENGAGEMENT

Leverage the strong awareness of the Trust and its ability to form fruitful partnerships to increase visibility:

- Improve BIHL non-executive staff awareness of, and engagement with, the Trust
- Improve community awareness of the Trust and its mandate
- Improve understanding of the Trust's mandate, activities and impact by Government and regulatory bodies

OPERATIONAL EXCELLENCE

Adopt, document and inculcate the requisite processes, frameworks and technological enablers to maximise societal impact:

- Improve project monitoring and evaluation effectiveness
- Improve tracking of organisational impacts
- Reduce reliance on institutional memory
- Improve understanding of community needs
- Reduce reliance on a single funder

PEOPLE AND GOVERNANCE

Capacitate a team with the requisite skills and manpower to drive strategic and operational objectives in an enabling environment:

- Improve the efficacy of project management across the entire project life cycle
- Increase the Trust's HR capacity and capabilities

TARGET SECTORS

EDUCATION

We support initiatives which provide individuals and communities with the skills and capabilities to make informed decisions about their well-being

SOCIAL UPLIFTMENT

We support initiatives which improve the socio-economic well-being of individuals and communities through health and wellness and poverty eradication

STAFF SUPPORT

We work closely with the BIHL Group to ensure that its staff have access to the help they need in times of crisis

VALUES

CARE | INNOVATION | INTEGRITY | COLLABORATION

OUR SOCIAL INTERACTIONS continued

BIHL TRUST ACTIVITIES

The establishment of the BIHL Trust in 2007 formalised and streamlined the group's CSI activities. BIHL subsidiaries contribute 1% of its profit after tax every year to the Trust. Since inception, the BIHL Trust has invested more than P40 million in communities in Botswana.

EDUCATION

BIHL TRUST NATIONAL ESSAY COMPETITION

Fostering critical literacy and writing skills in young learners

The BIHL Trust, in collaboration with the Ministry of Basic Education, hosted the highly anticipated prize-giving ceremony for the third instalment of the competition in October 2024.

The successful three-year partnership was aimed at enhancing literacy, critical thinking and writing skills among Standard 6 and Standard 7 learners across Botswana's public primary schools. The 2023 competition again showcased the remarkable talents of students, culminating in the announcement of the top three national winners:

- 1st place: Kago Tawana, Mabele Primary School, Mabele Chobe district
- 2nd place: Osi Oziel Motau, Boswelakgomo Primary School, Selibe Phikwe
- 3rd place: Seabe Samoka, Gumare Primary School, Gumare Ngamiland district.

In total, 21 schools participated in the competition, which started with primary school-level entries and progressed to district and national levels. A panel of expert judges, in collaboration with the Ministry of Basic Education, rigorously assessed the submissions.

Through the competition, the BIHL Trust fosters critical literacy and writing skills in young learners, equipping them with essential tools for academic and personal growth.

OUR SOCIAL INTERACTIONS continued

EDUCATION continued

GIRLS EXCELLING IN MATHEMATICS AND SCIENCE

Preparing senior girls for science, technology, engineering and mathematics careers

The Botswana International University of Science and Technology (BIUST) Girls Excelling in Mathematics and Science, in partnership with the BIHL Trust, enrolled its second cohort for the academic years 2023 and 2024.

This initiative is a mentorship programme for senior secondary school girls interested in science, technology, engineering and mathematics careers and professions. The students are selected from six senior secondary schools in Kweneng West, Kgalagadi, Gantsi and Northwest regions. They are assigned female mentors working in a similar environment who can influence and prime future female leaders and increase the participation of women in private and public decision-making in these professions.

The female mentors are from BIUST and collaborating institutions, parastatals and industry, including Botho University, Botswana University of Agriculture and Natural Resources and Botswana Power Corporation.

The current cohort comprises students who were enrolled in Form 4 at the beginning of 2023. Each school was tasked with coming up with projects, with the guidance of their respective mentors and coordinators, which were judged at the end of the year as they did their presentations. The awards were as follows:

- 1st place: Gantsi Senior Secondary School – Morama beam, a green combat, economic and nutritional conundrum
- 2nd place: Shakawe Senior Secondary School: A solar oven
- 3rd place: Maun Senior Secondary School – Internet of Things fertiliser irrigation system.

MARU-A-PULA ORPHAN AND VULNERABLE CHILDREN PROGRAMME

Continuing to champion educational inclusivity

In a continuous effort to improve the lives of Botswana's youth through education, the BIHL Trust proudly reaffirms its commitment to the Maru-a-Pula Orphans and Vulnerable Children Scholarship Programme.

During the year, the BIHL Trust made a substantial contribution of P250 000 to the programme, furthering its mission to empower the nation's underprivileged students by providing them with access to world-class education and essential skills development.

The programme has been a transformative force for many students over the years, providing life-changing opportunities for academically talented but underprivileged children. These scholars have risen above challenging circumstances, excelling academically and becoming community leaders, thereby exemplifying the power of education as a tool for social mobility. The programme continues to foster a culture of excellence and ambition, inspiring other children to work hard and pursue their dreams.

The BIHL Trust has to date contributed P2,75 million towards this worthy cause and is proud to be its partner.

DELTA WATERS INTERNATIONAL SCHOOL ORPHAN AND VULNERABLE CHILDREN PROGRAMME

Further support from the BIHL Trust

The Trust extended its support of the programme with another donation of P150 000 to assist academically talented students facing financial hardships in Maun and the surrounding areas. The programme ensures that these learners have access to quality education and the tools they need to thrive.

To date, seven students have benefited from the scholarship programme.

The BIHL Trust continues its mission to foster meaningful change through impactful actions. Support for initiatives like these remains pivotal in shaping Botswana's future. Investing in the education and well-being of young people is a cornerstone for the country's long-term growth and prosperity.

OUR SOCIAL INTERACTIONS continued

SOCIAL UPLIFTMENT

RIDE AND RACE FOR PINK

Francistown to Gaborone in three days

Team Chainring, a social cycling group, kick-started its Ride for Cancer project in September 2024 by cycling from Francistown to Gaborone in three days.

The project started with an activation where the team partnered with the Francistown, Palapye and Gaborone District Health Management Teams to conduct cervical cancer screening, testing the public for blood sugar, blood pressure and breast cancer.

The team tested 172 people at the Francistown bus rank and 17 people were referred to various facilities for further testing or treatment as they showed signs of needing further medical attention. They also shared some critical information, particularly on the different types of cancer and other non-communicable diseases by handing out flyers and condoms to passersby.

OUR SOCIAL INTERACTIONS continued

STAFF SUPPORT

Hands That Give

The Hands That Give initiative is a staff-driven volunteer programme by BIHL that empowers employees to lead and fund community projects aligned with the BIHL Trust's focus areas.

Staff form teams of up to 10 members to propose and implement projects that positively impact their communities. This approach not only fosters a culture of giving within the company but also ensures that the initiatives are driven by the employees' passions and insights.

In 2024, staff delivered the following projects:

Group name	Motivation	Desired impact and future sustainability
Palapye	Moralane is a remote area development village in the Mahalapye District Council. Moralane Primary School has not been doing well in Primary School Leaving Examinations. Due to its geographical location, the school lacks access to IT equipment. Having photocopy machines will enable teachers to promote learning through multiplication of copies and teaching aids.	The provision of a printer with scan and copy functions will enable teachers to improve academic performance of the learners and ultimately school performance. The Parents Teachers Association in the village will maintain the printer, also promoting the role of parental involvement in academics.
Chobe Angels	Chobe, Botswana's prominent tourism destination, is vulnerable to soil erosion due to its sloping terrain and wildlife activity. The project promoted environmental conservation and education through the donation and planting of indigenous tree species in two primary schools, namely Kasane and Plateau Primary School. By instilling these values at an early age, we foster a culture of environmental stewardship. We also provided bins to schools to reduce litter and promote a cleaner environment.	This initiative will support local biodiversity and contribute to the preservation of endangered plant species, aligning with tree planting campaigns and environmental education initiatives. Additionally, the project will serve as a valuable educational tool for students, complementing the agriculture curriculum. The installation of bins will help reduce littering and promote a clean and hygienic environment within the school premises. The project will be implemented in collaboration with the existing Environment Education Clubs in both schools. The tree nursery will be maintained by club members, who will utilise it as a hands-on educational resource to supplement their school curriculum.
Worthy work	By donating school shoes to underprivileged learners at Mookane Primary School, we aim to create a more conducive learning environment and promote equal opportunities for all students. The boarding students are currently facing challenges due to dilapidated infrastructure, which forces them to bathe with cold water even during the winter season. Providing electric water buckets and blankets addresses their basic needs, ensuring they can maintain personal hygiene and stay warm.	Proper footwear improves comfort and focus in school, boosting self-esteem and school attendance rates, potentially leading to better academic performance. Partnering with local shoe manufacturers or sustainable brands ensured a steady supply of shoes and promoted local businesses. Additionally, the community-driven shoe exchange programme will help sustain this initiative. Boarding students' overall well-being and comfort have been enhanced. Healthier students are more likely to perform well academically and participate actively in school activities with better hygiene and improved academic performance due to a conducive learning environment.

OUR SOCIAL INTERACTIONS continued

Group name	Motivation	Desired impact and future sustainability
Ka Pelo	We provided the following benefits to Thuto Boswa School in Ramotswa: • To ensure a safe and sanitary environment, we installed six new flushing systems in the school's toilets • We provided three buckets of paint to repaint the dining hall, creating a more welcoming and visually appealing space for the students • We donated three first aid kits to the school, ensuring that they have the necessary supplies to respond to any emergencies that may arise.	The day of the handover was a momentous occasion, as we not only provided the much-needed supplies, but also engaged in a celebration with the students. This was a heartwarming and memorable experience for everyone involved, solidifying our commitment to the students and the school.
Ka Pelo Tshwaraganang	'Tshwaraganang' means 'inclusiveness' in Setswana, reflecting our commitment to promoting diversity, inclusion and care for people with disabilities. The team saw the need to show a diverse and inclusive culture and chose to work with people living with disabilities. This project will assist the students with a confidence boost and will also show that their disability is not inability. The project team proposes to refurbish their living spaces.	The project also aims to prove to them that they are born unique and can impart knowledge to people. The project also aims to teach the students self-acceptance, confidence and self-esteem strategies.
Shares of Joy	We are constructing an outdoor teaching area for Pallaroad Primary School, which is in the outskirts of Mahalapye. The outdoor teaching area will give shelter to students who are normally taught under trees, will lessen the shifting of classes when weather conditions do not allow for outdoor teaching and the class will also get to have a space that belongs to them.	In 2024, Shares of Joy ensured that the project was completed and a handover took place. It is a permanent structure that will be used by students now and in the years to come.
Claims	Kotolaname Primary School is located in a small rural village in the Kweneng District. There are 350 pupils from pre-school up to Standard 7. The catchment area for this primary school includes Tsimane (11km away), Konye (18km), Morabane (14km), Mhage (15km), Diphalana (16km) and Mmamoagi (13km). The main source of income in this area is farming, which includes ploughing and rearing livestock. The students walk long distances to and from school. They come to school tired, leading to poor academic performance. This project intends to lend a helping hand to Kotolaname students by making donations to improve the motivation and morale of the learners and prepare a competitive and refreshed mindset, including football and netball sporting equipment and/or traditional attire or graduation attire for pre-school.	This project seeks to make the learning environment and atmosphere at Kotolaname Primary School more conducive for learning. Learners will look forward to the next school day because of the joy they experience on the school premises. The motivated minds will eventually trickle down to improved performance academically and they will be resilient to any of the challenges they face outside the school. Their school will be a place of knowledge, love, fun and peace of mind. The teachers will also be motivated by the results and engage further with other stakeholders on other initiatives for result improvements. The positive energy will go a long way in shaping the students' career paths.
Maun	Bana ba letsatsi is an institution that is based in Matlapana ward, Maun. The centre offers a safe haven where children can access education and counselling, food, medical attention, clothes, showers, training and any other needs. It accommodates children aged between seven years to 17 years, most of whom have been affected by problems which interfered with their primary-level education, such as HIV/AIDS, poverty, bullying and being orphaned.	We would like to help by providing stationery that can help the children study. The students need classroom whiteboards for better presentation when learning, as well as whiteboard markers, pens and plates that they can use for dining after study.

CORPORATE GOVERNANCE OVERVIEW

The board supports the highest standards of corporate governance and the development of best practice.

BIHL is fundamentally committed to good corporate governance and strives to ensure business integrity and professionalism in all activities, and that all aspects of its business conform to all relevant guidelines and regulations.

The board ensures that our strategy remains relevant, in line with current and emerging investor and stakeholder requirements, making adjustments and changes to maintain short-, medium- and long-term value-focused objectives. Good corporate governance forms part of this and helps us to build an environment of trust, transparency and accountability necessary to facilitate long-term investment, financial stability and business integrity, thereby supporting stronger growth and a society that is more inclusive.

The board supports the highest standards of corporate governance and the development of best practice. The board is of the opinion that the BIHL Group currently complies with the governance principles of King IV™ and the BSE Listings Requirements. BIHL's corporate governance practices are continually reviewed and improved by benchmarking against accepted best practice.

The King IV™ application register is set out on pages 91 to 95.

The board is committed to continuous improvement of our corporate governance principles, policies and practices, and does so through awareness of evolving regulations and best practices, engagement with regulators, industry bodies and regular feedback from other stakeholders.

ETHICS AND CULTURE

The board is committed to the highest standards of ethical behaviour. Directors strive to uphold the standards of conduct required of them by law, regulation and policies, while demonstrating behaviours that are consistent with the group's values.

BIHL recognises that financial crime and unlawful conduct conflict with the principles of ethical behaviour, as set out in the Code of Ethical Conduct, and undermine the organisational integrity of BIHL. The commitment to combating financial crime is designed to counter the threat of white collar crimes, including fraudulent acts and malicious, intentional acts that damage BIHL's good standing. A zero-tolerance approach is applied to these matters and all alleged offenders are prosecuted. BIHL has in place an anonymous hotline that stakeholders can use for reporting any wrongdoing in the business. The anonymous hotline ensures independence and good practice.

CORPORATE CITIZENSHIP

The board acknowledges the role of the group in:

- contributing to the growth and development of the societies in which we operate
- being accountable for our impact on the environment, and
- evolving as our communities change. Compliance with laws and regulations is a critical aspect of our citizenship efforts.

Governance structure

The board

Independent non-executive directors

Dr Keith Jefferis
(Group Chairman)

Edwin Elias
(Bifm and Bifm Unit Trusts Chairman)

Mark Hopkins
(appointed 21 November 2024)

Kate Maphage
(Human resources committee Chairman)

Dr Athalia Molokomme
(appointed 5 March 2025)

Pragnaben Naik
(Audit and risk committee Chairman)
(appointed 21 November 2024)

Mustafa Sachak
(Botswana Life Chairman)

Non-executive directors

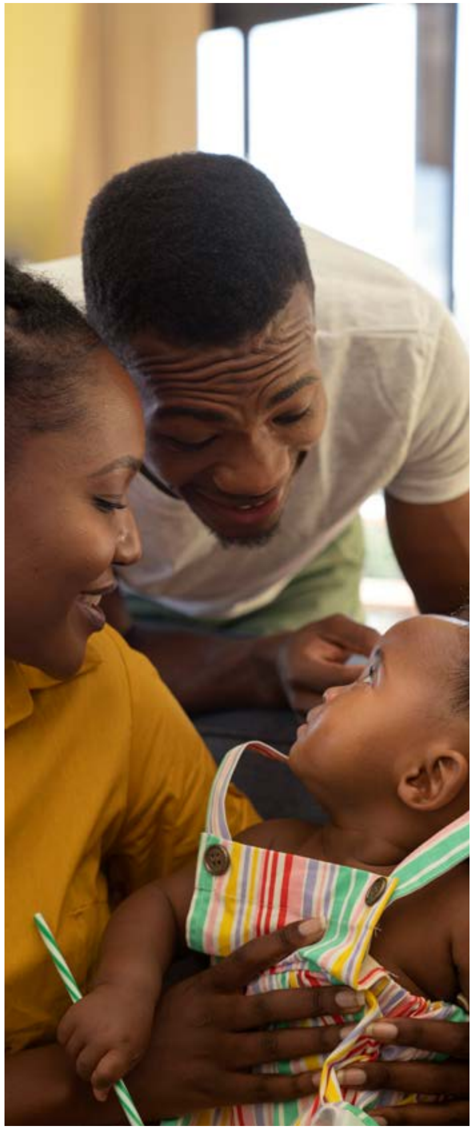
Robert Dommisse

Nigel Suliaman

Executive directors

Catherine Lesetedi
(Group Chief Executive Officer)

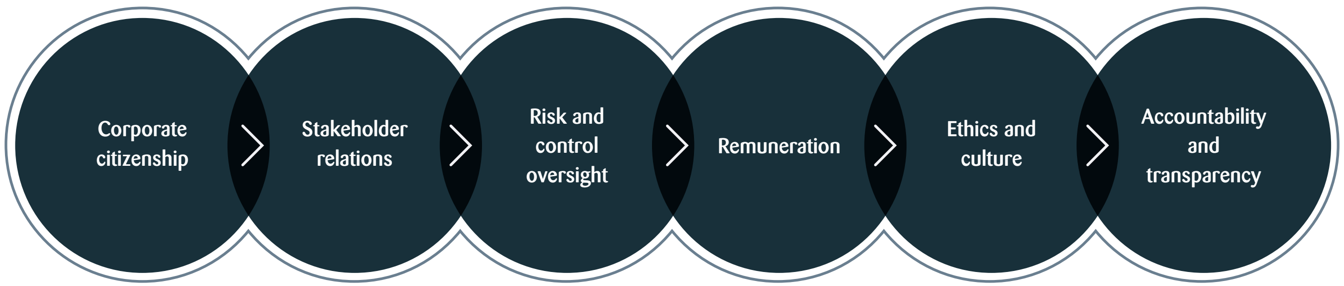
Frank Dalo
(Group Chief Financial Officer)
(appointed 21 March 2025)



CORPORATE GOVERNANCE OVERVIEW continued

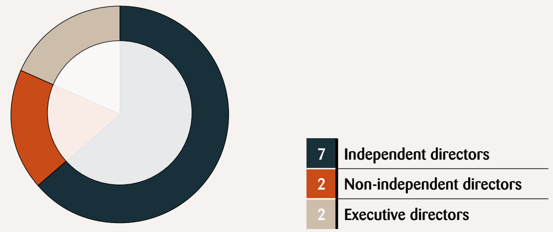
	Audit and risk committee	Human resources committee	Nominations committee	Investment committee	Independent review committee
Members	Pragnaben Naik *(Chairman)* Philip Van Rooijen Robert Dommisse Edwin Elias Kopanang Thekiso Giles Waugh	Kate Maphage *(Chairman)* Robert Dommisse Dr Keith Jefferis Mustafa Sachak	Robert Mpabanga *(Chairman)* Dr Keith Jefferis Robert Dommisse	Robert Mpabanga *(Chairman)* Dr Keith Jefferis Nigel Suliaman Robert Dommisse	Edwin Elias *(Chairman)* Dr Keith Jefferis Robert Mpabanga
Independent	3 of 6	3 of 4	2 of 3	2 of 4	3 of 3
Focus areas	• Reporting (financial and integrated) • Audit matters (internal and external) • Risk and compliance management, information and technology governance • Information and cybersecurity	• Remuneration strategy and policy • Human capital management	• Succession planning • Board evaluations • Nomination matters (structure, size and composition)	• Determines and monitors appropriate investment strategies	• Related party transactions
	Refer to pages 96 and 97 for the full report	Refer to page 98 for more details	Refer to page 98 for more details	Refer to page 98 for more details	Refer to page 98 for more details

Oversight priorities

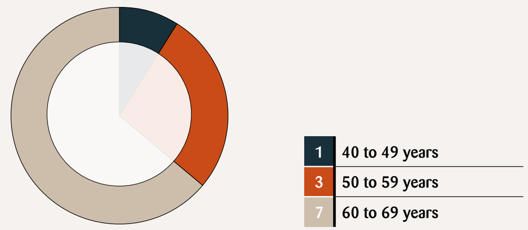


THE BOARD

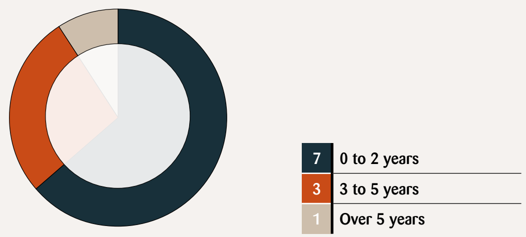
Board independence



Board age diversity



Board tenure



The unitary board consists of 11 directors of whom nine are independent non-executives. The Group Chairman is committed to ensuring the overall effectiveness of the board and that it achieves the appropriate composition and balance of directors.

The magnitude and complexity of the group influence our board's composition and we strive to have an appropriate balance of diversity to ensure robust governance, keen commercial decision-making and strong technical inputs. We assess diversity against skills and expertise, independence, gender and age as well as tenure.

CORPORATE GOVERNANCE OVERVIEW continued

Board charter

The board operates in terms of a formal charter that is reviewed and adopted annually, the purpose of which is to regulate the conduct of its business in accordance with sound corporate governance principles.

The objectives of the charter are to ensure that all directors acting on BIHL's behalf are aware of their duties and responsibilities and the legislation and regulations affecting their conduct. Furthermore, it seeks to ensure that sound corporate governance principles are applied in all dealings by directors in respect of and on behalf of BIHL. The charter sets out the specific responsibilities to be discharged by the directors collectively and individually. The charter is available upon request from the BIHL Group.

Skills and expertise

Board members are required to have the highest level of integrity, a deep understanding of governance, appropriate technical, financial and non-financial knowledge and interpersonal skills, in particular, skills and experience in the areas of insurance, risk, capital management, technology, finance, auditing, accounting, legal and HR. The board is collectively responsible for the long-term success of the group and for ensuring leadership within a framework of effective controls.

The board sets the strategic direction of the group, approves the strategy and takes the appropriate action to ensure that the group is suitably resourced to achieve its strategic aspirations. The group considers the impact of its decisions and its responsibilities to all our stakeholders, including the group's employees, shareholders, regulators, clients, suppliers and the communities in which it operates.

Board independence

Through the appointment of independent directors and the separation and clear definition of the roles and responsibilities of the Group Chairman and Group CEO, BIHL has a clear balance of power and authority at board level. The group ensures that the interests of all stakeholders are protected.

Board focus areas for 2024 and 2025

What kept the board busy in 2024

- Monitored the application of the IFRS 17 standard
- Monitored the efficiency of the new BIHL Group structure
- Tracked the BIHL Group five-year strategy
- Reviewed the risk appetite statement
- Monitored the group's financial performance
- Approved the group's budget
- Approved the full and half-year results and considered the key internal and external factors in determining payment of a final and interim dividend
- Approved the group's risk assurance framework
- Approved the group governance policy
- Approved the stakeholder management policy
- Approved the group investment policy

What will keep the board busy in 2025

- Oversee ESG integration into the business strategy
- Review of the BIHL Group's five-year strategy
- Oversight of data privacy compliance
- Oversight of ethical AI use and mitigation of associated risks
- Navigating macroeconomic pressures
- Oversight of board and corporate governance reforms

CORPORATE GOVERNANCE OVERVIEW continued

The board's primary responsibilities

The Group CEO is responsible for the management of all aspects of the group's businesses, developing the strategy in conjunction with the Group Chairman and the board and leading its implementation. The management team comprises the Group CEO, the Group CFO and the heads of functions.

To enable the board to use its time effectively and efficiently, supported by the Group Company Secretary, the board maintains a scheduled programme of meetings and a rolling agenda. There is sufficient flexibility for specific items to be added to any particular agenda to ensure that the board can focus on key matters at the appropriate time. The board also schedules informal sessions and interactions, which allow board members to discuss areas of the business strategy and the external environment with members of the management team.

Members of the management team and other senior executives attend board and subcommittee meetings to ensure effective interaction with the board. The Group CEO comments on current trading conditions, business performance, the market, employees, relevant stakeholders and regulatory and external developments at each meeting.

BOARD AND COMMITTEE MEETING ATTENDANCE

The board meets at least four times per annum to consider business philosophy and strategic issues, set risk parameters, approve financial results and budgets and monitor the implementation of delegated responsibilities. Special board meetings are convened when necessary. Where appropriate, decisions are taken by way of circulated resolutions.

The board and committee meetings during the year are set out below.

	Board	Audit and risk committee	Human resources committee	Nominations committee
Dr Keith Jefferis[1] *(Chairman)*	4/4	n/a	4/4	1/1
Catherine Lesetedi[3] *(Group Chief Executive Officer)*	4/4	4/4	4/4	n/a
Robert Dommisse[2]	4/4	4/4	4/4	1/1
Edwin Elias[1] *(Incoming Bifm and Bifm Unit Trusts Chairman)*	4/4	4/4	n/a	n/a
Kate Maphage[1]	4/4	n/a	4/4	n/a
Mustafa Sachak[1, 4] *(Botswana Life Chairman)*	3/4	n/a	4/4	n/a
Nigel Suliaman[2]	4/4	n/a	n/a	n/a
Philip Van Rooijen[2]	n/a	4/4	n/a	n/a
Pragnaben Naik[1, 4, 6]	1/4	n/a	n/a	n/a
Mark Hopkins[1, 4, 6]	1/4	n/a	n/a	n/a
Kopanang Thekiso[1]	n/a	4/4	n/a	n/a
Kudakwashe Mukushi[3] *(Outgoing Group Chief Financial Officer)*	4/4	4/4	n/a	n/a
Andrew Cartwright[1] *(Outgoing BIHL board director)*	4/4	4/4	n/a	n/a
John Hinchliffe[1, 5] *(Outgoing Bifm and Bifm Unit Trusts Chairman)*	1/4	1/4	n/a	n/a
Lieutenant General Tebogo Carter Masire[1, 5] *(Outgoing BIHL board director)*	3/4	n/a	n/a	n/a
Kobus Vlok[1, 5] *(Outgoing BIHL board director)*	1/4	n/a	n/a	n/a
Ayman Hegazy[2, 5] *(Outgoing BIHL board director)*	1/4	n/a	n/a	n/a

[1] *Independent non-executive*
[2] *Non-executive*
[3] *Executive*
[4] *Member appointed during the course of the year.*
[5] *Resigned during the course of the year.*
[6] *Invitees*

BOARD COMMITTEES

In the course and scope of discharging their mandate, the directors are empowered to delegate part of their duties. Certain functions of the board are facilitated through the main subcommittees including the audit and risk, human resources, nominations and independent review committees. These subcommittees have formal charters and report to the board at regular intervals and are chaired by independent non-executive directors. Reappointment to the subcommittees is not automatic and is subject to the approval of BIHL's nominations committee. When BIHL directors retire by rotation, they automatically retire from the subcommittees on which they serve.

The terms of reference for all board subcommittees have been confirmed by the board. There is full disclosure from these subcommittees to the board, and their minutes are submitted to the board for noting. In addition, all authorities delegated by the board are reviewed and updated annually by the board.

Information on the board of directors and their committee memberships is included in this report on pages 72 and 73.

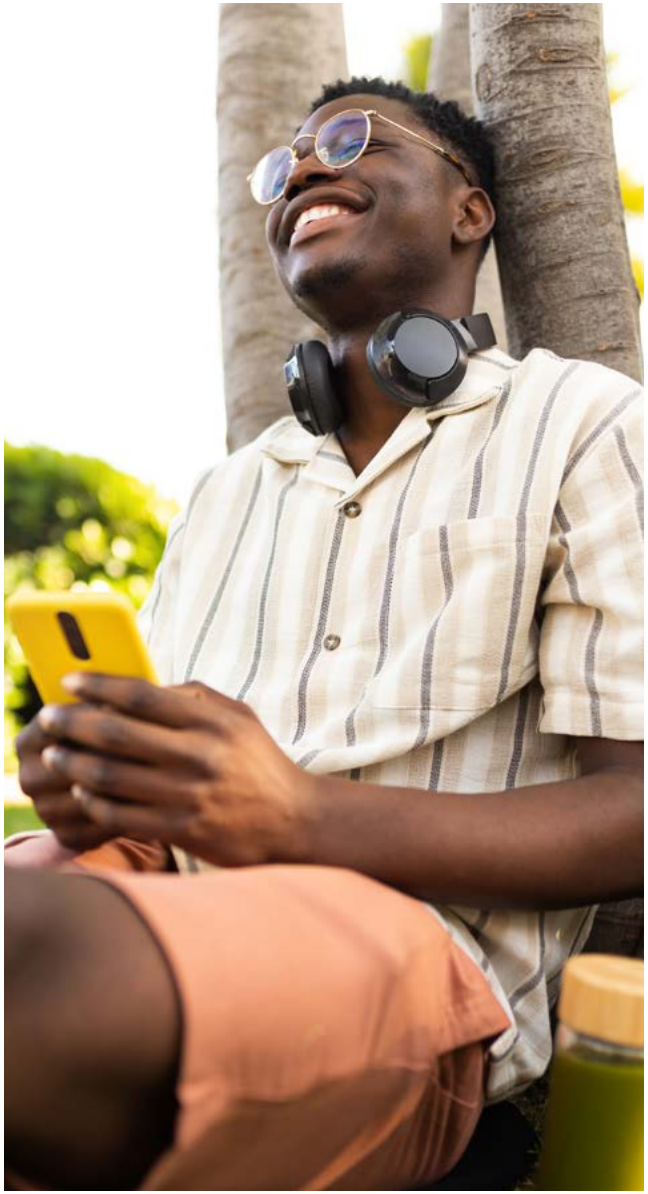
BOARD APPOINTMENTS AND SUCCESSION PLANNING

Directors are selected and appointed in a formal and transparent manner to achieve the necessary balance of skills, experience and professional and industry knowledge to meet BIHL's strategic objectives. We follow broad principles to maintain an independent and vibrant board that constructively challenges management's strategies and evaluates performance against agreed benchmarks and applicable codes of conduct. The majority of the non-executive directors are independent.

The board gives strategic direction to BIHL, appoints the Group CEO and ensures that succession planning is in place and reviewed regularly. The group seeks to promote independent judgement and diverse mindsets, and all directors are subject to an annual performance evaluation. Nomination and approval of appointees to the board and its committees are carried out in accordance with the remuneration and nomination charter.

We maintain a balance among non-executive directors that ensures that the majority of these are independent directors. The re-election of directors will be dealt with via individual resolutions. BIHL's company Constitution requires that one-third of the directors of the group retire by rotation and offer themselves for re-election by shareholders at the AGM, with the exception of the executive directors.

CORPORATE GOVERNANCE OVERVIEW continued



RISK AND CONTROL

The group's enterprise risk management framework incorporating the principal and key risks is approved by the board. The board also approves the group's risk appetite and then monitors the implementation of both, including the approval of key risk frameworks through its committee and receives reports on under- and over-utilisation of risk appetite together with triggers, limits and management actions.

Refer to the risk management report on page 21 for further details.

STAKEHOLDER RELATIONS

The board and management proactively engage with material stakeholders and address their concerns in the best way possible. Collaboration is important to the group's approach and strategic partnerships are driven with like-minded stakeholders. In addition, personal meetings with analysts and fund managers/trustees are arranged when appropriate. BIHL publishes its interim and annual financial results in the media, on BSE X-News and the website when finalised and, in addition, published its integrated annual report on BSE X-News and the BIHL website for all shareholders to have sight of.

Refer to stakeholder engagement on page 24 for further details.

Where there is an item of special business included in the notice of the AGM, it is accompanied by a full explanation of the implications of the proposed resolution. In the course of the AGM, as at other shareholder meetings, the Chairman provides reasonable time for discussion.

Shareholders are always encouraged to attend the AGM.

ACCOUNTABILITY AND TRANSPARENCY

The board commits to providing credible and comprehensive financial and non-financial reporting accompanied by constructive stakeholder engagement. With respect to the public and other stakeholder interests, we align with best practice relating to disclosures and are subject to internal and/or external assurance and governance procedures.

IT AND INFORMATION GOVERNANCE

The BIHL Group remains committed to strong IT governance, aligned with our strategic objectives and regulatory requirements.

The group's IT charter articulates the expectations of the board and executive management regarding the effective governance and utilisation of information across the organisation. This is underpinned by a formalised information governance framework that provides guidance on the responsible and secure management of information. Given the growing importance of data to our stakeholders, sound information governance practices are critical.

Information management practices at BIHL are designed to enhance the value, quality and security of data assets. Oversight of these practices resides with the board and senior management, reflecting their strategic significance.

The group has implemented a robust IT internal control framework aligned with leading industry standards, including ITIL and COBIT 5. The effectiveness of these controls is assessed annually by SanlamAllianz IT Internal Audit and an independent external auditor. Findings and recommendations are shared with management to address any gaps, strengthen controls and reduce exposure to information security risks.

IT activities are subject to strong governance structures, including established forums and committees that meet monthly to review progress. The board receives quarterly reports from management detailing IT objectives, progress, key activities, emerging challenges and risk mitigation efforts. IT risks are reviewed monthly, with updates made to the IT risk register in line with the group's cyber-resilience framework.

The group IT function delivers an annual portfolio of strategic initiatives, including the deployment of digital systems to drive operational efficiency and cost effectiveness. These projects are also focused on enhancing digital experiences for employees and clients, bolstering cybersecurity, refreshing IT infrastructure and maintaining regulatory compliance.

Business continuity and disaster recovery remain key focus areas. The group maintains a formal business continuity management policy, which mandates biannual testing of readiness plans. The outcomes of these tests are documented and presented to the IT steering committee, the executive committee and the board. Notably, no cybersecurity breaches were reported during the year under review.

CORPORATE GOVERNANCE OVERVIEW continued

REMUNERATION PHILOSOPHY

The board recognises that appropriate remuneration for executive directors, members of the BIHL executive committee and other employees is inextricably linked to the attraction, development and retention of top-level talent and intellectual capital within the group. BIHL's operating environment is characterised by a tough economic climate, changing regulatory requirements and ongoing skills shortages. Therefore, it is essential that adequate measures are in place to attract and retain the required skills. In order to meet the strategic objectives of a high-performance company, the remuneration philosophy is positioned to reward exceptional performance and to maintain that performance over time.

The primary objectives of the policy are to:

- attract, motivate, reward and retain key talent
- promote the company's strategic objectives, within its risk appetite
- promote positive outcomes across the capitals which the group uses or affects
- promote an ethical culture and behaviour that are consistent with our values and which encourage responsible corporate citizenship.

BIHL's remuneration philosophy aims to:

- inform stakeholders of BIHL's approach to rewarding its employees
- identify those aspects of the reward philosophy that are prescribed and to which all businesses should adhere
- provide a general framework for all the other elements of the reward philosophy
- offer guidelines for short-term incentive (STI), long-term incentive (LTI) and retention processes
- offer general guidelines about how the businesses should apply discretion in their own internal remuneration allocation and distribution.

The principle of management discretion, with regard to individual employees, is central to the remuneration philosophy on the basis that all rewards are based on merit. However, the overarching principles and design of the remuneration structure are consistent, to support a common philosophy and to ensure good corporate governance, with differentiation where appropriate. The BIHL remuneration philosophy implies that the businesses are mandated to apply their own discretion, given the role that their own remuneration or human resources committees play in ensuring good governance. The group continues to apply a total reward strategy for its employees, as far as practicable. This offering comprises remuneration (which includes cash remuneration, STIs and LTIs), benefits (retirement funds, group life, etc.), learning and development, an attractive working environment and a range of lifestyle benefits.

PAY PRINCIPLES

In applying the remuneration philosophy and implementing the total reward strategy, a number of principles are followed.

Pay for performance

Performance is a key guiding principle of the remuneration philosophy and, as such, all remuneration practices are designed to create clear differentiation between individuals with regard to performance. Remuneration practices are also designed to create a clear alignment between performance hurdles and the achievement of the group's strategy.

Competitiveness

A key objective of the remuneration philosophy is that remuneration package levels should enable the group and its businesses to attract and retain highly talented employees in order to ensure the group's performance, growth and sustainability.

Leverage and alignment

The reward impact for individual employees is, as far as possible, aligned with and influenced by:

- the interests of BIHL shareholders
- the performance of the group as a whole
- the performance of any region, business unit or support function
- the employee's own performance contribution.

Consistency and fairness

The reward philosophy strives to be consistent and transparent. Where there is differentiation between employees performing similar work, the differentiation is fair, rational and explainable. Differentiation in terms of market comparison for specific skills groups or roles is necessary and differentiation concerning performance is imperative. Unfair differentiation is unacceptable.

Attraction and retention

Remuneration practices are recognised as a key instrument in attracting and retaining the required talent to meet the group's objectives and ensure its sustainability over the long term.

Shared participation in relevant components of remuneration

Employee identification with the success of BIHL is important owing to its direct link to BIHL's and individuals' performance. All employees should be recognised and rewarded for their contribution and the value they add to BIHL, and, in particular, for achieving excellent performance and results in relation to BIHL's stated strategic objectives. The performance management process contributes significantly towards obtaining this level of participation and towards lending structure to the process.

Best practice

Reward packages and practices reflect local and international best practice, where appropriate and practical.

Market information

Accurate and up-to-date market information, information on best practice and trend information from reputable sources are crucial in determining the quantum of remuneration packages.

CORPORATE GOVERNANCE OVERVIEW continued

EXECUTIVE REMUNERATION

BIHL executive directors and executive committee members are contracted as full-time, permanent employees for employment contracting purposes. The notice period regarding termination of employment is three months' written notice. Bonus payments and the vesting of LTIs that are in place at the time of an individual's termination of service are subject to the rules of the relevant scheme with some discretion being allowed by the human resources committee based on the recommendations of the Group CEO.

The different components of remuneration applied to all group employees are:

- Total guaranteed package (TGP)
- STIs
- LTIs.

The quantum of the different components of the package is determined as follows:

- The STI component of remuneration is based on individual and business performance during the performance measurement period (January to December)
- The LTI allocations are based on the individual's performance, potential and strategic contribution to the group and/or business, and on market benchmarks for the employee's role.

Total guaranteed package

TGP is the guaranteed component of the remuneration offering. It forms the basis of the group's ability to attract and retain the required skills. The guaranteed package is market-related and based on the individual's performance, competence and potential. TGP is normally positioned at the 50th percentile of the market for general staff and, for the high-skilled area, at the 75th percentile.

As an integral part of TGP, BIHL provides a flexible structure of benefits that can be tailored, within certain limits, to individual requirements.

These include:

- retirement funding
- group life cover
- medical aid/insurance.

Average TGP is normally set by reference to the average paid by a comparator group of similarly sized companies which BIHL considers to be appropriate. The comparator group is made up of a sizeable and representative sample of companies that are in the insurance sector (but not limited to this sector) and have similar market capitalisation and turnover in terms of revenue. The process followed for benchmarking TGP against these comparator companies is data obtained and analysed from several local salary surveys. In addition to this benchmarking process, BIHL considers the skills, potential and performance of the individual concerned and the current Consumer Price Index of the country. TGP levels are positioned on average around the median of the comparator market. Where specific skills dictate, TGP levels may be set in excess of the average.

Short-term incentives

The purpose of the annual bonus plan is to align employees' performance with the group's goals and to motivate and reward employees who outperform the agreed performance hurdles. The focus is on operational matters to optimise returns to the shareholders. The design and quantum of the annual performance bonus are regularly reviewed against best market practice and the quantum is benchmarked against the market using a relevant comparator group. However, gaining access to this market data has been a challenge due to limited information published in the market.

The annual bonus plan is a cash-based bonus scheme. Where the annual business and individual bonus targets are achieved in full, up to 20% of the TGP will be paid to employees. For certain senior management (and specifically executive directors), up to 50% of the TGP will be paid on achievement of targets. Where the bonus targets are not achieved in full, a reduced bonus, based on a sliding scale, will be paid. Lower-level staff receive a guaranteed bonus equal to one month.

The annual bonus targets at business unit level incorporate financial and non-financial performance measures that are directly linked to the group strategy and key performance indicators, including the operating profit result, new business revenue growth, management expense ratio and transformation targets. The specific performance targets and relative weighting are determined per business unit based on the business unit's strategic initiatives. The support functions' targets reflect the group's overall performance.

Long-term incentives

BIHL currently grants awards under the following LTI plans:

- The BIHL conditional share plan
- The Bifm CEE share-based scheme.

These LTI plans are equity-settled except for the Bifm CEE plan which is cash-settled. The purpose of the BIHL share plans is to attract, retain and reward selected employees of the group who are able to contribute to the business and to stimulate personal involvement of the employees thereby encouraging their continued service with the group.

BIHL's general policy is that awards are made annually to ensure that the total face value of outstanding awards (calculated on their face value at date of grant) is equal to a set multiple of the individual's TGP. The set multiples are determined by reference to the individual's job grade and performance impact on the group. In addition, transformation considerations and the role and performance of an individual and the need to attract and retain key talent are considered when determining the total multiple. In general, the total multiple for award ranges from 20% to 150% of TGP but may exceed this in specific circumstances as referred to previously.

Limits

The aggregate number of shares at any one time which may be allocated under the share schemes shall not exceed 10% of the issued shares. The maximum number of shares allocated in respect of all unvested conditional awards granted to any participant that have been allocated in respect of all unvested options granted shall not exceed two million or 1% of the issued shares.

The share scheme awards are eligible for vesting after year three.

CORPORATE GOVERNANCE OVERVIEW continued

REMUNERATION DETAILS FOR EXECUTIVE DIRECTORS

Remuneration earned by the executive directors was as follows:

Remuneration for the year ended 31 December

Individual	Months in service	Salary P	Gratuity fund P	Subtotal guaranteed package P	Performance bonus P	Long-term incentive P	Total remuneration P
2024							
C Lesetedi	**12**	**3 250 368**	**650 074**	**3 900 442**	**1 117 314**	**1 870 644**	**6 888 400**
K Mukushi	**12**	**1 936 493**	**380 808**	**2 317 301**	**502 038**	**1 079 218**	**3 898 557**
Total		**5 186 861**	**1 030 882**	**6 217 743**	**1 619 352**	**2 949 862**	**10 786 957**
2023							
C Lesetedi	12	2 894 969	535 040	3 430 009	1 864 447	2 147 117	7 441 573
K Mukushi	12	2 223 827	360 773	2 584 600	1 265 406	1 524 580	5 374 586
Total		5 118 796	895 813	6 014 609	3 129 853	3 671 697	12 816 169

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

Fee structures are reviewed every three years based on data from independent service providers and, where applicable, external advice. Recommendations are reviewed for reasonableness by the human resources committee and the board and are then proposed to shareholders for approval at the AGM (refer to details of proposed fees in the AGM notice).

The fee structure will remain in place for two years, until 30 June the following year. Non-executive directors receive board seating fees and retainers. BIHL pays for all travel and accommodation expenses in respect of board meetings. The Group Chairman receives a fixed annual fee that is inclusive of all board and committee meeting attendance, as well as all other services performed on behalf of the group.

CORPORATE GOVERNANCE OVERVIEW continued

Disclosure of individual directors' emoluments, as required in terms of the BSE Listings Requirements, is detailed below.

Non-executive directors' emoluments

	Retainer P	Board meeting P	Audit and risk committee P	Human resources committee P	Investment committee P	Nominations committee P	Subsidiary boards P	Credit committee P	Other P	Total P
Year ended 31 December 2024										
Dr K Jefferis *(Group Chairman)*	**–**	**723 188**	**–**	**–**	**–**	**–**	**–**	**–**	**15 000**	**738 188**
A Cartwright	**100 000**	**100 838**	**287 644**	**–**	**–**	**–**	**198 450**	**–**	**5 250**	**692 182**
K Maphage	**100 000**	**100 838**	**–**	**171 421**	**–**	**–**	**138 600**	**–**	**7 000**	**517 859**
N Suliaman[1]	**100 000**	**100 838**	**–**	**–**	**143 076**	**–**	**147 180**	**–**	**5 250**	**496 344**
R Dommisse[1]	**100 000**	**100 838**	**126 404**	**91 854**	**–**	**26 250**	**147 180**	**–**	**10 500**	**603 026**
E Elias	**100 000**	**100 838**	**129 204**	**–**	**–**	**–**	**266 920**	**–**	**5 250**	**602 212**
T Masire	**100 000**	**75 629**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**175 629**
M Sachak	**100 000**	**75 629**	**–**	**91 854**	**–**	**–**	**283 500**	**–**	**10 500**	**561 483**
J Hinchliffe	**–**	**20 645**	**34 401**	**–**	**–**	**–**	**62 500**	**–**	**–**	**117 546**
K Vlok[1]	**–**	**20 645**	**–**	**–**	**–**	**–**	**33 000**	**–**	**–**	**53 645**
A Hegazy	**–**	**20 645**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**20 645**
Total	**700 000**	**1 440 570**	**577 653**	**355 129**	**143 076**	**26 250**	**1 277 330**	**–**	**58 750**	**4 578 758**
Year ended 31 December 2023										
Dr K Jefferis *(Group Chairman)*	–	249 376	–	–	–	–	–	–	–	249 376
A Cartwright	100 000	82 580	287 644	–	–	–	132 000	–	–	602 224
C Chauhan	–	20 645	31 601	–	–	–	90 000	–	–	142 246
R Dommisse[1]	100 000	82 580	126 404	63 845	–	2 800	125 900	–	9 800	504 184
E Elias	–	41 290	63 202	–	–	–	53 200	–	–	157 692
J Hinchliffe	100 000	82 580	126 404	–	–	30 800	275 000	–	7 000	621 784
K Maphage	–	20 645	–	78 135	–	–	132 000	–	–	237 925
Lieutenant General T Masire	100 000	82 580	–	–	–	–	–	–	–	182 580
M Mpugwa	–	270 020	–	14 175	–	19 500	–	–	–	303 695
M Sachak	–	41 290	–	28 350	–	–	66 000	–	–	135 640
N Suliaman[1]	100 000	82 580	–	–	143 076	–	125 900	107 276	9 800	568 632
K Vlok[1]	100 000	82 580	–	–	–	–	303 000	–	–	485 580
Total	600 000	1 138 746	635 255	184 505	143 076	58 700	1 303 000	107 276	26 600	4 191 558

[1] *The fees are paid to the Sanlam Group and not individual directors.*

CORPORATE GOVERNANCE OVERVIEW continued

PERFORMANCE EVALUATION

The directors complete board self-assessment questionnaires on an annual basis to evaluate the effectiveness of the board as a whole. This mechanism is used to ensure that the responsibilities of the board and of individual directors in terms of the board charter, the Constitution and significant governance principles of King IV™ are adhered to, and that adequate attention is paid to matters of both performance and conformance. The results of the self-assessments are collated by the Group Company Secretary, considered by the Group Chairman and discussed with the board for purposes of performance improvement.

The board conducted a self-evaluation exercise in November 2024. An area marked for improvement was the execution of a succession plan and enhancing the detailed report-backs from the various committees in order to improve its decision-making process.

Committee evaluations were also conducted in November 2024. There were various findings from each committee, which were shared by the respective Chairmen. The main issue was members' understanding of stakeholder expectations and how stakeholders perceive their performance.

SHARE DEALINGS AND CONFLICTS OF INTEREST

Directors are required to inform the board timeously of conflicts of interest or potential conflicts of interest that may exist in relation to particular aspects of BIHL's business. Directors are obliged to recuse themselves from discussions on matters in which they may have a conflicting interest, unless resolved otherwise by the remaining members of the board. Directors are required to disclose their shareholding in BIHL, other directorships and their interests in contracts that BIHL may conclude, at least annually and as and when changes occur.

All directors are required to consult with and obtain consent of the Group Chairman and the Group CEO in the case of executive directors with regard to appointments to the boards of other companies. The directors have declared their interests and are free from any business or other relationships which could reasonably be said to interfere with the exercise of their judgement.

The BIHL Group complies with the BSE Listings Requirements in respect of share dealings by its directors. In terms of BIHL's closed-period policy, all directors and staff are precluded from dealing in BIHL securities during closed periods. These are typical while half-year and full-year financials are being finalised and during other price-sensitive transactions such as a period covered by a cautionary announcement. A preapproval policy and process for all dealings in BIHL securities by directors and selected key employees is strictly adhered to. Similar trading policies regarding personal transactions in all financial instruments are enforced at BIHL's portfolio investment companies.

All directors have access to the advice and services of the Group Company Secretary, Kagiso Mokgothu, and are entitled to obtain independent and professional advice at BIHL's expense.

STATUTORY ACTUARY AND FORENSICS

Daan du Plessis is an independent Statutory Actuary who is not in the employ of BIHL. He is responsible for assisting the board in all actuarial matters and conducting the actuarial valuation of Botswana Life. He is also responsible for all regulatory reporting to the Regulator or the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) and for safeguarding the interests of policyholders. The Statutory Actuary attends the interim and year-end board meetings and audit and risk committee meetings.

The report of the Statutory Actuary is set out on pages 101 to 103 of this integrated annual report.

GROUP COMPANY SECRETARY

The Group Company Secretary, Kagiso Mokgothu, plays a vital role in the corporate governance of the group and is responsible for ensuring that the board complies with statutory regulations and procedures. She is accessible to the board and provides guidance and assistance in line with the requirements outlined in King IV™ and the BSE Listings Requirements. The board has considered and satisfied itself with the competence, qualifications and experience of the Group Company Secretary.

She is accountable to the board for ensuring that prescribed procedures are complied with and that sound corporate governance and ethical principles are adhered to. Directors are entitled to seek independent professional advice concerning the discharge of their responsibilities at BIHL's expense, although the encouraged practice is for this to be done through the Group Company Secretary.

The board is also satisfied that an arm's-length relationship is maintained between the Group Company Secretary, the board and its subcommittees and confirms that Kagiso Mokgothu is not a director or public officer of the group or any of its subsidiaries.

STRATEGIC RISK MANAGEMENT

In acknowledging its responsibility for strategic risk management within BIHL, the board has tasked the audit and risk committee to ensure that these responsibilities are fulfilled. A major function of the committee is therefore to analyse and report to the board on the status of various risks and risk management policies and procedures.

A detailed risk management report is included on pages 21 and 23.

EMPLOYMENT EQUITY AND LOCALISATION

Employment equity and localisation remain high-priority business imperatives. All BIHL businesses have localisation plans which are reviewed annually to ensure they remain aligned with BIHL's business objectives and industry needs.

FINANCIAL REPORTING

The minimum financial reporting standards for BIHL's annual financial statements are compliant with IFRS Accounting Standards and the Companies Act (CAP 42:10).

INTERNAL AUDIT

BIHL's internal audit function is coordinated at Sanlam Group level, assisted by two locally appointed resources who sit at the BIHL level. Regular risk-focused reviews of internal control and risk management systems are carried out throughout the BIHL Group. The authority, resources, scope of work and effectiveness of this function are reviewed regularly by the audit and risk committee.

EXTERNAL AUDIT

The external auditor provides an independent assessment of BIHL's systems of internal financial control and expresses an independent opinion on the annual financial statements. The external audit function provides reasonable but not absolute assurance of the accuracy of the financial disclosures within disclosed thresholds of materiality. The external auditor's plan is reviewed by the audit and risk committee to ensure that significant areas of concern are covered without infringing on the external auditor's independence and right to the audit.

There exists close cooperation between the internal and external auditors to ensure that there is adequate coverage of all material areas of BIHL's business, sharing of information and minimisation of duplicated effort.

CORPORATE GOVERNANCE OVERVIEW continued

LEGAL COMPLIANCE

BIHL considers compliance with applicable laws, industry regulations, codes and its own ethical standards and internal policies to be an integral part of doing business. The group ascribes to the BSE Listings Requirements and is required to provide a compliance certificate annually, and the Botswana Accountancy Oversight Authority issues BIHL with a compliance certificate.

During the year, there have been no compliance issues or any legal actions for anti-competitive behaviour or anti-trust and monopoly practices at the group.

BIHL's compliance function facilitates the management of compliance through the analysis of statutory and regulatory requirements, drafting compliance management plans and subsequently implementing the plans throughout the group and monitoring the implementation of suggested controls to ensure compliance with applicable statutory and regulatory requirements.

The compliance framework manual which was rolled out to the businesses covers dissemination of new legislation, handling of regulatory visits, development/review of the compliance universes, customer due diligence procedures and suspicious activity reporting procedures.

Considered an integral part of the decision-making process at BIHL, the primary objective of BIHL's strategy with respect to risk management is to optimise BIHL's risk-adjusted return on capital and embedded value. To ensure an optimal return, BIHL determines an acceptable level of risk in conducting its operations.

The role of risk management is therefore to enhance the organisation's ability to manage, although not necessarily avoid or eliminate every risk, and ensure that the overall risk profile remains within approved risk limits and tolerance limits. This may involve various risk responses or combinations thereof, namely acceptance, mitigation and/or avoidance of the risk. The processes in place provide reasonable, but not absolute, assurance that the risks are adequately managed. The risk appetite and tolerance limits have been in place during this financial year and cover all material business activities of BIHL.

The strategy is regularly reviewed and updated where necessary, evaluating risk as a combination of impact and likelihood. Amendments to risk policies require board approval. The assessment of the various risks in BIHL is evaluated on both a quantitative and a qualitative basis. Risks characterised by a low likelihood of occurrence, but with a potentially catastrophic impact, are regarded as unacceptable and are avoided as far as practically possible.

Business continuity management plans have been put in place to ensure that the business is resilient. The risk assurance framework provides tools to define the risks and the level at which risks should be reported in terms of the risk escalation matrix.

The compliance framework outlines the compliance process and responsibilities. Policies, procedures and methodologies have been adopted and implemented throughout BIHL that enable effective identification and management of risks. All processes and procedures have been designed to provide reasonable assurance that risks are adequately managed.

GOING CONCERN

The board has considered and recorded the relevant facts and assumptions and has concluded that BIHL will continue as a going concern during the 2025 financial year. There are no specific material risks or uncertainties regarding future cash flows and operational results which would impact the company's continuity for the period of 12 months after the preparation of the report.

Their statement in this regard is also contained in the statement of directors' responsibility for the annual financial statements.

KING IV™

At the BIHL Group, the application of best practice corporate governance protocols and processes has been a practice for many decades. The King IV™ guidelines have been, for the most part, applied by our group. King IV™ aims to better align and modernise the codes to global best practice, and to align it to shifts in the approach to capitalism which are towards inclusive, integrated thinking that seeks long-term sustainability of the organisation over short-term gains.

It further takes into account specific corporate governance developments in relation to effective governing bodies, increased compliance requirements, new governance structures, emerging risks and opportunities from new technologies and new reporting and disclosure requirements e.g. integrated reporting.

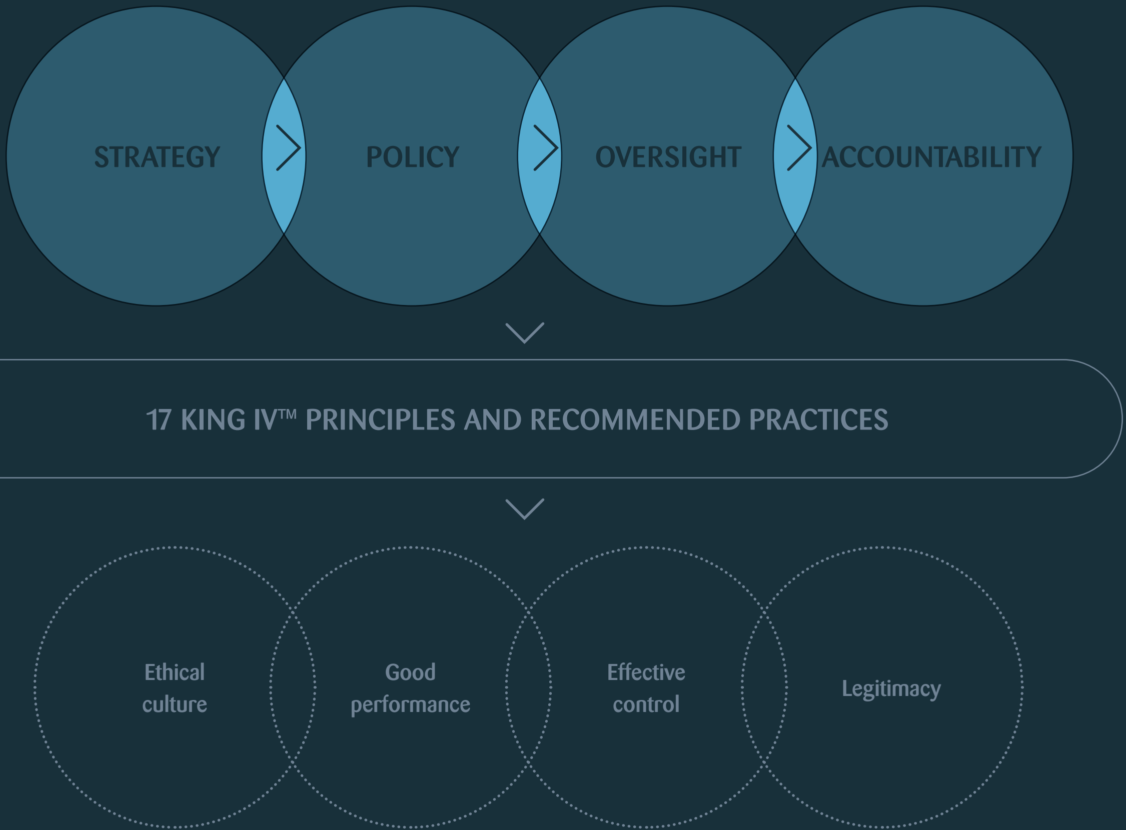
While King IV™ is voluntary, it is envisaged that it will be applicable to all organisations irrespective of their form or manner of incorporation.

We are happy to disclose that we are well down the path of alignment with King IV™. We have taken this position because of our strong belief that a sustainable organisation is one that is well run, profitable and also plays its part within the organisations and ecosystems it operates in. For that reason, best practice in governance will always be a priority for us at BIHL.

Refer to pages 91 to 95 for our application of King IV™.

CORPORATE GOVERNANCE OVERVIEW continued

Governing body responsibilities at BIHL



"Retirement planning is often perceived as a distant concern, yet the reality is stark: many employees in Botswana only start planning after 40. This is far too late to build substantial wealth. The sooner we plan, the better our financial future."

The BIHL Group CFO, Frank Dalo, speaking at the Botswana Pensions Society Annual Conference.

OUR BOARD OF DIRECTORS

Our board of directors at the date of this report are:

DR KEITH JEFFERIS (68)

Group Chairman

Nationality: Motswana
Appointed: July 2023

BSc Economics (Bristol), MSc Economics (London), PhD (UK Open University)

Skills brought to BIHL: Economics, board experience, Government relations and strategic communications

Keith is a development macroeconomist and financial sector specialist. He is Managing Director of Econsult Botswana, a consultancy firm specialising in economic and financial sector development. Previously, he worked as Senior Policy Advisor in the Botswana Ministry of Finance. He was also Deputy Governor of the Bank of Botswana, the central bank, with responsibilities covering monetary and exchange rate policy, payments system development, reserve management and liaison with Government on policy issues. His vast experience also includes consulting in Africa, Asia and the Caribbean and working for international organisations such as the World Bank, the African Development Bank, USAID, the South African Development Community, the United Nations Industrial Development Organisation and the United Nations Development Programme. He has served on boards in Botswana, Kenya, Mauritius and Nigeria.

He is committed to capacity building for young economists and improving the quality of policy analysis. He is originally from the UK and is now a naturalised Botswana citizen, having lived in Botswana since 1989.

CATHERINE LESETEDI (57)

Group Chief Executive Officer

Nationality: Motswana
Appointed: March 2016

BA Statistics and Demography (University of Botswana), Management Development Programme (UCT Graduate School of Business), Advanced Insurance Practice, Diploma in Insurance Studies (UNISA), Sanlam Executive Leadership Programme (GIBS), AIISA Associate

Skills brought to BIHL: Board experience, entrepreneurship, finance, insurance and investment

Catherine Lesetedi is a seasoned financial services executive. She previously held several positions at Botswana Life and AON Botswana, where she was General Manager: Employee Benefits, Life and Pensions.

In 2011, she was appointed to the position of CEO for Botswana Life, a position she held before being appointed the Group CEO of BIHL in March 2016.

Catherine serves on several group and associate boards and was recently appointed to the board of Gaia Renewables 1 Limited.

FRANK DALO (46)

Group Chief Financial Officer

Nationality: Malawian
Appointed: 21 March 2025

BSc Physics and Mathematics (University of Malawi), MSc Actuarial Science (Heriot-Watt University UK), SMDP (University of Stellenbosch)

Skills brought to BIHL: Life insurance, pension funds, reinsurance and investment

Frank was appointed as Group Chief Actuary in May 2023. Frank joined Botswana Life in May 2023. He is a seasoned senior executive with over 15 years of extensive experience in actuarial insurance management.

He began his career as an Actuarial Analyst trainee at Royal London Mutual Insurance in the UK. He subsequently was an Actuarial Trainee at Standard Life Assurance Limited and Actuarial Manager (Consulting) at Deloitte MCS in London.

Frank has a UK Life Insurance Actuarial Practice Certificate and is a Fellow of the Institute and Faculty of Actuaries UK.

ROBERT DOMMISSE (56)

Board member – Bifm and Bifm Unit Trusts

Nationality: South African
Appointed: December 2020

BAcc Hons, MBA cum laude (Stellenbosch), CA(SA), EDP (Manchester), Diploma in Investment Management (Johannesburg), Executive Programme in International Management (Stanford)

Skills brought to BIHL: Board experience, financial, insurance and accounting

Robert is a highly experienced member of the finance services industry, with more than 33 years of experience. He holds, among others, a Master of Business Administration *(cum laude)*, a Bachelor of Business Administration (Honours) *(cum laude)* and a Bachelor of Accounting (Honours), all from the University of Stellenbosch. Robert is a member of the South African Institute of Chartered Accountants and the Financial Planning Institute.

Executive | Independent non-executive | Non-executive | Audit and risk committee | Investment committee | Nominations committee | Human resources committee | Independent review committee

OUR BOARD OF DIRECTORS continued

EDWIN ELIAS (50)

Board member

Nationality: Motswana
Appointed: August 2023

BSc Metallurgical Eng (Missouri), EMBA (Rotman), ELP (London Business School)

Skills brought to BIHL: Business strategy, stakeholder management, business excellence and people development

Edwin was appointed to the BIHL board in August 2023.

He has more than 20 years of experience in the mining industry and is currently the CEO of Morupule Coal Mine.

He is also Chairman of Morupule Rehabilitation Trust, Board Chair of the Botswana Institute for Technology Research and Innovation, Acting Board Council Chairman of the Botswana International University of Science and Technology and board member of FutureCoal.

Edwin is a strategic and visionary leader. He is a member of the Institute of Directors South Africa and the Canadian Institute of Mining, Metallurgy and Petroleum.

MARK HOPKINS (68)

Board member

Nationality: American
Appointed: 21 November 2024

BSc Business Administration and Economics (Pennsylvania State), Chartered Life Underwriter Professional (American College of Financial Services)

Skills brought to BIHL: Board experience, financial services, accounting and advisory sectors.

Qualifications and experience: Mark is a proven leader with 30 years of internal and cross-cultural experience as a company executive, Board Director and Management Consultant. He holds a Bachelor of Science in Business Administration, Economics from Pennsylvania State University and a Chartered Life Underwriter Professional Designation from the American College of Financial Services. He has key expertise in the highly regulated financial services industry, with a strategic understanding of capital and enterprise risk and a deep understanding of large-scale change management.

He is a director at Hopkins Economic Consulting, and President of Allegheny Management Group LLC.

KATE MAPHAGE (63)

Board member – Botswana Life

Nationality: Motswana
Appointed: September 2023

BCom (Swaziland), MBL (University of South Africa)

Skills brought to BIHL: Strategic planning, finance and accounting, HR management and business development

Kate was appointed to the Botswana Life board in February 2018 and to the BIHL board effective 20 September 2023.

She is a businessperson who is invested in a variety of industries including alternative energy, transport, travel and tourism and property. She has held directorships at many listed companies since 2009. Her role in some of these companies included managing the investments and realigning and implementing the investment strategies to ensure optimisation of their performance.

She has a wealth of experience in leadership and business management gained at Mascom Wireless, which established the first mobile network in Botswana, and as part of the executive teams at De Beers and Anglo American in Botswana.

DR ATHALIA MOLOKOMME (65)

Board member

Nationality: Motswana
Appointed: 5 March 2025

BA Law (Botswana and Swaziland), M Law (Yale), PhD Law (University of Leiden), Diploma in International Commercial Arbitration (Chartered Institute of Arbitrators, London)

Skills brought to BIHL: Legal, international and Government diplomatic relations

Athalia joined the board as a non-executive director effective 5 March 2025.

She is a highly respected legal and diplomatic professional with a remarkable career. As a former Judge, Attorney General and Ambassador, she has a proven track record in the judicial, governmental and international arenas.

She serves on several boards including the Africa Group on Justice and Accountability, the Advisory Council of the International Nuremberg Principles Academy, the Justice Leadership Group and Justice Rapid Response.

With a wealth of experience in law, governance and international diplomacy, she brings unparalleled expertise and strategic insight to the group, and her proven leadership and commitment to excellence make her an invaluable asset to the BIHL board.

Executive | Independent non-executive | Non-executive | Audit and risk committee | Investment committee | Nominations committee | Human resources committee | Independent review committee

OUR BOARD OF DIRECTORS continued

PRAGNABEN NAIK (64)

Board member

Nationality: British
Appointed: 21 November 2024

B Accounting (Zimbabwe), Chartered Accountant

Skills brought to BIHL: Financial and accounting

Pragnaben joined the board as a non-executive director effective 21 November 2024.

She is a Chartered Accountant with over 40 years of professional experience, bringing a wealth of knowledge and expertise to the Board. She was a partner at Deloitte & Touche Botswana until her retirement in November 2023, having been at the firm for 34 years.

Throughout her distinguished career, she has served many large, listed and private multinationals, as well as parastatal entities across a spectrum of industries in Botswana, including financial services and insurance companies. This extensive experience underscores BIHL's commitment to maintaining the highest standards of financial integrity and governance.

Her deep understanding of financial institutions as well as diverse industry experience will be instrumental in guiding the company's strategic direction and enhancing its corporate governance practices.

MUSTAFA SACHAK (67)

Board Chairman – Botswana Life

Nationality: American
Appointed: July 2023

BSc Chem Eng (University College London), BSc Electrical Eng (Florida Atlantic), MBA (Florida International)

Skills brought to BIHL: Project management, strategic planning and business development

Mustafa was appointed to the BIHL board in July 2023 and to the Botswana Life board in August 2023.

He has over 37 years of work experience in the engineering and financial services industries including the management and operational leadership of publicly listed regional conglomerates. He has championed expansion of struggling businesses in very difficult environments resulting in growth, profitability and market-leading positions.

NIGEL SULIAMAN (59)

Board member – Bifm and Bifm Unit Trusts

Nationality: South African
Appointed: June 2020

BCom (Accounting) (University of Cape Town), CA(SA), CFA, Management Development Program (Harvard Business School)

Skills brought to BIHL: Board experience, financial, insurance and accounting

Nigel is a Chartered Accountant with over 30 years work experience, specializing in investments. He currently holds the position of Portfolio Manager at Sanlam Investment Management.

He holds a Bachelor of Commerce (Accounting) degree from the University of Cape Town and successfully completed the Management Development Programme from Harvard Business School in 2005. Nigel is also a member in good standing of the South African Institute of Chartered Accountants and a Chartered Financial Analyst Charter holder.

Executive | Independent non-executive | Non-executive | Audit and risk committee | Investment committee | Nominations committee | Human resources committee | Independent review committee

BIHL TRUST BOARD

NGWATSHI ENYATSENG (41)

BIHL Trust Chairman

Nationality: Motswana

B Accountancy (Botswana)

Ngwatshi is a dynamic and accomplished professional with over a decade of managerial and leadership experience. She previously served as the Executive Assistant to the President and later as Executive Director at Junior Chamber International Botswana. Her contributions to youth empowerment and leadership development have extended to her service on the Business Botswana Youth Sector.

She served as a member of the United Nations Development Programme Technical Advisory Committee, contributing to key developmental initiatives. In addition, she has served on the board of Flying Mission and has actively participated in civic engagement through global networks such as AIESEC and Rotary International.

In the private sector, she held the position of Risk Manager at AfricaFunders.com. Ngwatshi is the founder and Managing Director of There 4 U Adult Day Care Centre, which specialises in professional nursing and eldercare services, and Get Yours-BW, a fashion and accessories distribution company that promotes locally inspired fashion and supports emerging designers and artisans.

NEO BOGATSU (51)

Executive Director: Retail – Botswana Life

Nationality: Motswana

BCom Accounting (University of Botswana), MBA (University of Chicago Booth School Of Business), Association of Certified Chartered Accountants (Fellow), Senior Executive Program Africa (Harvard Business School)

Neo joined Botswana Life in 2023, having joined the group in 2011 as CFO of Bifm, and was later promoted to the position of CEO of Bifm.

Prior to joining the group, she was with Barclays Bank of Botswana for more than 10 years, working in the finance and business analytics departments and holding different positions from middle to senior management level.

She started her career with Ernst & Young in 1996, where she trained and qualified as a chartered accountant.

ESTHER KANAIMBA-SENAI (68)

Nationality: Motswana

First-class Diploma (Tanzania School of Journalism), M Journalism (Carleton University, Ottawa), M Public Administration (Botswana)

Esther is an accomplished leader with specialised expertise in corporate and strategic communications, CSR, public administration and management, leadership and talent development, as well as policy formulation and implementation. She has held executive positions in several organisations across diverse sectors, including broadcasting, productivity improvement, regional integration, investment promotion and diamond mining.

At Debswana Diamond Company, Esther led the implementation of best-practice social performance and CSI impact assessments, utilising the Anglo-American Socio-economic Development Framework.

Esther is currently the Chairperson of both SOS Children's Villages Botswana and the Women in Mining Botswana Organisation.

CATHERINE LESETEDI (57)

Group Chief Executive Officer

Nationality: Motswana

Refer to page 84 for her full CV.

BIHL TRUST BOARD continued

CLAIR MATHE-LISENDA (45)

Chief Executive Officer – Bifm

Nationality: Motswana

BCom Hons (University of the Witwatersrand, South Africa), MSc Business with Finance (University of Essex, UK), CFA, Chartered Alternative Investment Analyst (CAIA) Charterholder

Clair was appointed CEO effective 1 April 2023 after joining Bifm in 2022. She plays an instrumental role in driving and executing the Bifm strategy. She is also charged with the overall responsibilities for Bifm functions, investments, client relationship management, finance accounting and operations.

She has over 18 years of experience in investment management as, among others, Managing Director at iPro Botswana, General Manager: Investments at Botswana Public Officers Pension Fund and Portfolio Manager at African Alliance.

PROFESSOR ROSALEEN NHLEKISANA (62)

Nationality: Motswana

BA African Languages and Literature and English (Botswana), MA African Languages and Literature (Wisconsin), PhD Folklore (Indiana)

Rosaleen is an Associate Professor in the Department of African Languages and Literature and Director of the Confucius Institute at the University of Botswana, Gaborone.

Her main research interests are in folklore, including but not limited to traditional and popular songs, proverbs and oral narratives.

Her other research interests are in gender studies, cultural studies, performance studies, popular culture, translation and interpretation and language and education in multilingual and multicultural contexts.

She has published extensively in reputable local and international journals. She serves on various committees, both nationally and regionally.

She is also an International Facilitator, Intangible Cultural Heritage, UNESCO and a member of the International Advisory Board of the Southern African Folklore Society.

SAMSON SETUMO (55)

Nationality: Motswana

BA Humanities (Botswana), BA Hons Applied Drama and Theatre Studies (Witwatersrand), M Public Health (Witwatersrand), MSc Strategic Management (Derby)

Samson is a seasoned public health specialist, creative entrepreneur and management strategist with over two decades of experience in the creative and development sectors. He is the founder and Chief Executive of the Firebrand Group, a leading cultural and creative industries company established in 2000, specialising in edutainment, health and development communication and copyright-driven enterprises including multimedia, film production, industrial theatre, radio, television and advertising.

Samson expertise spans the creative/cultural and copyright industries, social and economic entrepreneurship, personal and organisational development, strategy, research, evaluation and social and behaviour change communication. He is a specialist consultant and accredited trainer in applied drama and theatre, business coaching and strategic management.

His work demonstrates a strong commitment to commercialising creative capital in Botswana and beyond, while actively advancing CSI.

OUR MANAGEMENT TEAM

CATHERINE LESETEDI (57)

Group Chief Executive Officer

Nationality: Motswana

Refer to page 84 for her full CV.

FRANK DALO (46)

Group Chief Financial Officer

Nationality: Malawian

Refer to page 84 for his full CV.

JOHAN VAN SCHALKWYK (51)

Group Chief Operating Officer

Nationality: South African

BCom (University of South Africa), National Diploma in Internal Auditing (Nelson Mandela Metropolitan University), Executive MBA (University of Stellenbosch Business School)

Johan was appointed as Group COO in May 2023. He brings with him over 20 years of experience from the insurance industry.

He began his professional career at Boland PKS in South Africa. Two years later, he took on the role of Operations Manager for Sanlam Life South Africa. He joined Nico Life Malawi for two years as COO and later moved to Sanlam Nigeria for four years. Before joining Botswana Life, he was with Sanlam Emerging Markets (SEM), working to support SEM growth in 10 African markets, as well as to improve operational efficiency and system performance across markets.

THOMAS MASIFHI (58)

Group Executive: Corporate Distribution and Stakeholder Management

Nationality: Motswana

Diploma in Sales and Marketing Management (Damelin Business School), MDP (University of Stellenbosch), ICBS in Insurance (IISA), EDM (LIMRA), Diploma in Insurance (LCII), Associate (Insurance Institute of South Africa), Post Graduate Certificate in Enterprise Risk Management (BAC), Managing Managers for Results (GIBS), Senior Executive Development Program (Harvard Business School)

Thomas joined the BIHL Group in June 1992 as an insurance broker with Botswana Life. He left to become the Broker Manager at Southring Insurance Brokers in 1994 and later registered his own independent insurance agency. In 1997, he returned to Botswana Life as Regional Sales Manager, Senior Manager Operations, Head of Business Support and Head of Client Services and Business Support before being appointed to head the new Liferewards and loyalty programme business unit.

He was appointed to his current position in February 2017.

He also serves on the committees of various sporting organisations such as the Botswana Football Association.

OUR MANAGEMENT TEAM continued

HAIG NDZINGE (48)

Group Executive: Finance Operations

Nationality: Motswana

Chartered Institute of Management Accountants (ACMA, CGMA), EDP (University of Stellenbosch), IISA Certificate of Proficiency (CoP), Senior Executive Program Africa (Harvard Business School)

Haig is a chartered accountant with extensive knowledge of the life insurance industry. His career with the group started in 2000 and, since then, he has held several important roles, including Company Secretary and Finance Manager for both Botswana Life and the group. His background includes finance, risk management and governance.

Apart from his present position, he is a trustee of the BIHL DC Retirement Fund, a member of the Nico Group risk committee and a director on the Nico pension board.

NEO NDWAPI (52)

Group Executive: Human Capital and Culture

Nationality: Motswana

B Social Work (University of Botswana), HR Management Diploma (Damelin), MBA (University of Demont Fort)

Neo joined the group as the Head of Human Capital and Culture in 2022 bringing to the group a wealth of strategic leadership experience spanning more than 20 years in different industries. She joined the group from Access Bank, formerly known as BancABC, where she worked as the Head of Human Capital.

She started her HR career at Standard Chartered Bank where she worked in different roles in administration, service delivery and business partnering. Prior to that, she did developmental work with the United Nations.

NEO BOGATSU (51)

Executive Director: Retail – Botswana Life

Nationality: Motswana

Refer to page 87 for her full CV.

CLAIR MATHE-LISENDA (45)

Chief Executive Officer – Bifm

Nationality: Motswana

Refer to page 88 for her full CV.

KING IV™ APPLICATION REGISTER

Listed below are the principles from King IV™ and how BIHL applies the principles.

OUTCOME: PROMOTING AN ETHICAL CULTURE

Principle 1

The governing body should lead ethically and effectively

The board is responsible for BIHL's performance by steering and setting the direction for the realisation of BIHL's core purpose and values through its adopted strategy.

The board performs its duties in good faith and in the best interests of BIHL and is committed to actively promoting BIHL as a transformed, inclusive, vibrant and globally competitive financial sector company. In addition to continuously practising and demonstrating effective leadership, the board possesses the necessary skills and competencies to fulfil and discharge its duties as the governing body of BIHL in an ethical manner. The board's role and responsibilities are outlined in BIHL's Constitution and the board charter. Furthermore, the members of the board act in good faith and in the best interests of BIHL and all its stakeholders. It executes its responsibility and accountability for steering and setting the strategic objectives of the company by approving policies and procedures, overseeing the monitoring and execution thereof by management as well as ensuring accountability of organisational performance.

The board charter and its annual work plan, which are both reviewed on an annual basis, guide the board in a structured manner to ensure that each of its core deliverables is attended to. The board charter also outlines the process for policies and practices on board matters such as dealing in securities, the declaration of conflicting interests and matters which are delegated to management. The board, through the office of the Group Company Secretary, duly considers and deliberates on declarations at every meeting when there is a conflict of interest identified. BIHL's directors, its executives and employees are, furthermore, prohibited from dealing in BIHL securities during specified periods. The Group Company Secretary regularly informs directors, executives and employees of the regulatory requirements relevant to insider trading and advises them of closed periods.

Principle 2

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

The BIHL Group abides by tight principles in ensuring that business is conducted in a responsible manner. During the period under review, the board reviewed the Code of Ethics to ensure it is still relevant in terms of addressing any emerging ethical risks including issues of dealing with price-sensitive information. An external service provider has been engaged to manage the group's hotline where issues of breach are anonymously reported.

Through the human resources committee, the group carried out a culture survey among staff to gather insights and ensure all aspects of culture are aligned at group level.

Principle 3

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen

The board acts as the custodian of corporate governance for the group and manages the interrelationships with management, the shareholders and other stakeholders of the group in accordance with sound corporate governance principles. The board ensures that BIHL is and is seen to be a responsible corporate citizen by having regard not only to the financial aspects of the business but also to the impact that business operations have on natural resources and the society within which it operates.

The board, through the audit and risk committee, continues to ensure that the group complies with all issues of regulation. The policies and standard operating procedures continue to be revised to ensure relevance and alignment with the law. Through its human resources committee, the board ensures that issues of employment equity, fair remuneration, health and safety are continuously addressed.

KING IV™ APPLICATION REGISTER continued

OUTCOME: PERFORMANCE AND VALUE CREATION

Principle 4

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process

BIHL's short-, medium- and long-term strategy is delegated to management and approved by the board having considered that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management. The board provides ongoing oversight and monitors, with the support of its committees, the implementation and execution of the group's strategy within agreed timelines.

It also ensures that BIHL's core purpose, risks and opportunities that the company is exposed to, its strategy, business model, performance and sustainable development are all inseparable in creating value for all its stakeholders on a continuous basis.

In managing risk, the board, through its audit and risk committee, has implemented a combined assurance model. The purpose of the model is to give the board an idea of the type of assurance for major processes and risks in the organisation and to also provide the board with the comfort that the business has enough assurance providers in place to mitigate a particular risk.

The board is satisfied that it has fulfilled its primary role and responsibilities in relation to corporate governance in alignment with the approved terms of reference.

Principle 5

The governing body should ensure that reports issued by the company enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects

The board, through the audit and risk committee, ensures that the necessary controls are in place and that the requisite assurance is provided, where necessary, to verify and safeguard the integrity of BIHL's integrated annual report including any other disclosures. In this regard, the board continues to be accountable for overseeing BIHL's response to applicable disclosure requirements.

The board ensures that through the integrated annual report, BIHL's response to the King IV™ 'apply and explain' disclosure requirements, BIHL's annual financial statements, as well as any other relevant information to stakeholders, are published as is appropriate.

In addition, the current and future outlook information for the BIHL Group is contained in the integrated annual report.

OUTCOME: ADEQUATE AND EFFECTIVE CONTROL

Principle 6

The governing body should serve as the focal point and custodian of corporate governance in the organisation

The board operates in accordance with clearly defined terms of reference which are regularly reviewed to guide its effective functioning. The terms of reference are detailed in the board charter and define among other things, its role, responsibilities, membership requirements and procedural conduct. The board, as well as any director or committee member, may obtain independent, external professional advice at the company's expense concerning matters within the scope of their duties. Similarly, the directors may request documentation from management and set up meetings with management as and when required.

The number of meetings held during the year and attended by each member are disclosed on page 75.

The board carries out annual assessments on its effectiveness and is satisfied that it has fulfilled its responsibilities in accordance with its charter.

Principle 7

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The board assesses the adequacy of its composition annually to ensure that it is still fit for purpose, has the right balance of skills, experience, diversity, independence and knowledge and that it can still effectively discharge its role and responsibilities. A process of formulating a policy that details procedures for recruiting directors and which promotes board diversity is being developed.

The majority of members of the board are non-executive independent directors. The Group CEO and the Group CFO are the executive members of the board.

Independent members of the board are allowed to serve on the board for nine years and thereafter, they are assessed for independence every two years and can serve up to nine years, after which they retire.

At least one-third of non-executive directors should retire by rotation at the AGM or other general meetings. The retiring directors may be re-elected, provided they are eligible and they offer themselves up for re-election. Rotation of directors is structured so as to retain valuable skills, to have continuity of knowledge and experience and to introduce persons with new ideas and expertise. The Group Chairman of the board is an independent non-executive member.

The Group Chairman's role and responsibilities are documented in the board charter and the tenure of the Group Chairman is aligned to that of independent members. The board has appointed an independent non-executive member as the Lead Independent member.

KING IV™ APPLICATION REGISTER continued

Principle 8

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties

The board has established the following committees to assist with particular roles and responsibilities in order to achieve its objectives. The committees are governed by their own charters which deal with the composition of each respective committee, its overall role and responsibilities, the decision-making process, how the committee reports to the board, meeting procedures and evaluation of committee performance. The following are the current committees of the board:

- Audit and risk committee
- Human resources committee
- Independent review committee
- Investment committee
- Nominations committee.

The committees meet at least quarterly. The Chairman of each of the committees or a member nominated by the Chairman makes a presentation to the board on issues submitted for discussion at the committee meetings. The committees are appropriately constituted and each member is appointed by the board as per the recommendations made by the nominations committee.

Principle 9

The governing body should ensure that the evaluation of its own performance and that of its committees, its Chairman and its individual members support continued improvement in its performance and effectiveness

The effectiveness of the performance of the board and respective committees is assessed annually by the Group Company Secretary through a survey. The results of the survey are compiled and shared with the Group Chairman. A consolidated summary of the results of the process is reported to the full board by the Group Chairman. If a deficiency has been identified, a plan is developed and implemented for the board to acquire the necessary skills or behaviour patterns. This also forms the basis for the group to identify key objectives for the effective functioning of the board for the subsequent year. The board sets aside time for consideration, reflection and discussion of the results of these formal performance evaluations as part of its consideration of its annual work plan.

The board is satisfied with the outcome of the board evaluation process that was conducted during the 2024 financial year. It has been confirmed that the board continued to operate effectively and efficiently in creating value for BIHL's stakeholders. Consensus has been reached on the continuous commitment, competence and experience exercised at board and committee level.

Principle 10

The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities

The board sets certain specific targets directed at achieving BIHL's goals and business objectives and an appropriate delegation of authority to the Group CEO to ensure that the targets are achieved. The Group CEO acts within the specific authorities delegated to her by the board. The board approves and regularly reviews the governance policy and framework and the top-level delegation of authority in terms of which matters are delegated to the Group CEO. The board agreed to the manner in which the delegated authority is exercised by the Group CEO which includes the development and implementation of the BIHL strategy.

The Group Company Secretary has been duly appointed by the board in accordance with the Companies Act. The board considers and evaluates the competence, qualifications and experience of the Group Company Secretary annually and is satisfied that she is competent and has the appropriate qualifications and experience to fulfil her role and responsibilities. The Group Company Secretary has a direct channel of communication to the Group Chairman of the board, while maintaining an arm's-length relationship with the directors as far as is reasonably possible. The role and responsibilities of the Group Company Secretary are described in the board charter as well as summarised in the governance report.

Principle 11

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic direction

The board ensures that governance of risk is done through formal processes and that the appropriate building blocks for risk management are put in place through the combined assurance model. The board ensures that the risk assessments that identify all risks are performed on an annual basis. Risk identification is defined by the BIHL risk assurance framework, which has been implemented to increase the probability of anticipating risks and ensure that management considers and implements appropriate risk responses. The board ensures continuous risk monitoring by management through receipt of quarterly reports on risk, assurances regarding the effectiveness of the risk management processes and by ensuring that there are processes in place to enable complete, timely, relevant, accurate and accessible risk disclosures to stakeholders.

The board has delegated the responsibility to the audit and risk committee to oversee that the combined assurance model effectively covers BIHL's significant risks and material matters through a combination of the following assurance service providers and functions:

- First-line functions that own and manage risks
- Specialist functions that facilitate and oversee risk management and compliance
- The internal auditor, forensic fraud examiners and auditors and statutory actuaries
- Independent external assurance service providers such as the external auditor.

KING IV™ APPLICATION REGISTER continued

Principle 12

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

IT has become an integral part of the business in the sense that information systems are the core of the business of the group. As a strategic asset of the group, IT presents significant risks which are governed and controlled. The board therefore exercised its duties during the year under review to ensure that prudent and reasonable steps are taken in respect to the governance of IT.

The board, through the audit and risk committee, ensured that information systems are aligned with the long-term strategic direction of the group, delegating the responsibility for the implementation of an IT governance framework to management and by monitoring and evaluating significant IT investments and expenditure. The board has satisfied itself that IT governance is effective and that due care and diligence have been exercised through an IT governance framework. The framework was reviewed for its effectiveness during the year; it was found to be relevant.

Principle 13

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

The board, through the audit and risk committee, reviewed the group's compliance with mandatory corporate governance principles and the Companies Act, BSE Listings Requirements, King IV™ and all applicable laws and adopted non-binding rules, codes and standards. The committee evaluated the appropriateness and effectiveness of the corporate governance structures, processes, practices, instruments and the approval framework and found them to be working satisfactorily. The group's design and implementation of sound compliance management practices and procedures are aimed at detecting and mitigating compliance risks. The audit and risk committee receives regular reports on compliance-related matters through the Group CFO who is suitably skilled and experienced.

Principle 14

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of its strategic objectives and positive outcomes in the short, medium and long term

The board is ultimately responsible and accountable in terms of ensuring that BIHL remunerates fairly, responsibly and transparently for the achievement and promotion of BIHL's strategic objectives over the short, medium and long term. BIHL's remuneration philosophy and policy support the group's strategy by incentivising the behaviour required to meet and exceed predetermined strategic goals. Both short- and long-term strategic objectives are measured and rewarded.

This blended approach mitigates excessive risk-taking and balances longer-term strategic objectives with short-term operational performance. The human resources committee has been delegated this responsibility.

The human resources committee is responsible for matters relating to developing an appropriate remuneration policy, monitoring the implementation of the policy and regularly reviewing the suitability of the policy. Over and above matters relating to reward, matters pertaining to the attraction and retention of skilled resources, the fit and proper requirements relevant to the status of directors and the management of material HR-related risks are covered in the policy and the human resources committee charter.

Principle 15

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports

The board assumes overall responsibility for assurance and the integrity of information reported. The audit and risk committee is delegated the responsibility for overseeing the group's approach towards combined assurance in order to ensure that it incorporates and optimises the various assurance services and functions across the business. This includes, holistically, that the requisite assurance objectives of effective internal control and integrity of reported information are achieved.

The audit and risk committee ensures that appropriate assurance that covers the significant risks and material matters is obtained. This is done through a combination of reporting by first-line management functions that own and manage risks, specialist risk functions that oversee risk management and compliance as well as independent assurance providers such as internal and external audit.

The board is responsible for the quality and integrity of the information disclosed in BIHL's integrated annual report. The board, with the support and assistance of the audit and risk committee, satisfies itself that the quality and integrity of the combined assurance model is effective and sufficiently robust. The latter continues to assist and enable the board to place reliance on the group's response to combined assurance, which underpins the statements that the board makes concerning the integrity of BIHL's external reports. Based on the results of the review of BIHL's systems of internal control, risk and opportunities management, the audit and risk committee concluded during the reporting period that BIHL's systems of internal control and risk management were effective.

KING IV™ APPLICATION REGISTER continued

OUTCOME: TRUST, GOOD REPUTATION AND LEGITIMACY

Principle 16

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time

The board assumes responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted by BIHL. The group recognises that the sustainability of the business is dependent on successful interaction with its stakeholders. A stakeholder engagement plan sets out the strategies and objectives behind the group's engagement with material stakeholders, with an important objective that the company be recognised as a responsible corporate citizen. The board has delegated the duty to proactively deal with stakeholder groupings and, where necessary, to provide feedback to management. The board considers the balance of engagement with each stakeholder grouping and endeavours to achieve a climate of respect with constructive debate. Interaction with BIHL stakeholders happens during the normal course of business at multiple levels across the group and management strives to resolve any disputes with its stakeholders effectively and expeditiously.

Principle 17

The governing body ensures that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests

BIHL ensures, through active participation and representation, that it exercises its rights and obligations with regard to its investee companies.

REPORT FROM OUR AUDIT AND RISK COMMITTEE

MS PRAGNABEN NAIK
Audit and risk committee Chairman

The committee is satisfied that it performed its function successfully during the year.

MEMBERS

Pragnaben Naik *(Chairman)* (appointed 21 November 2024)

Robert Dommisse

Edwin Elias

Kopanang Thekiso

Philip Van Rooijen

Giles Waugh (appointed 15 January 2025)

The internal and external auditors attend the audit and risk committee meetings and have unrestricted access to the committee's Chairman.

The audit and risk committee convened four times during the financial year.

Meeting attendance is set out on page 75.

The primary responsibility of the audit and risk committee is to aid the board in fulfilling its duties under the Companies Act (CAP 42:10), the NBFIRA Act, other pertinent legislation and common law concerning the operations of the BIHL Group. It oversees financial controls, accounting systems and reporting, ensures compliance with legal and statutory obligations, evaluates risk areas and internal control systems and assesses the efficacy of both external and internal auditors along with the finance function. Additionally, the subcommittee examines BIHL's exposure to and response to significant risks, including sustainability issues.

REPORT FROM OUR AUDIT AND RISK COMMITTEE continued

AREAS OF FOCUS DURING 2024

The subcommittee focused on the following key areas:

Compliance management

- Data Protection Act: The committee noted and reviewed reports from management, which outlined the roadmap and progress of implementation by the group companies to comply with legislative requirements.
- Compliance with anti-money laundering/combating financial terrorism and proliferation requirements across the group's subsidiaries. The revised Financial Intelligence Act and risk-based Know Your Customer procedures continue to serve as the foundation of the group's compliance efforts regarding anti-money laundering/countering the financing of terrorism.
- Compliance with the Retirement Funds Act: The committee examined the progress management has made in establishing the necessary structures to adhere to the Act. The committee acknowledged the challenges that management is encountering in implementing the new Act for insurance-related retirement annuity policies. Overall, the committee is confident that the engagements with the Regulator concerning compliance efforts will produce the best outcome for fund members while enabling the business to meet the Act's requirements.
- Review of the group's compliance maturity status: The annual risk maturity assessment continues to identify focus areas that will support management in managing and improving the risk management environment within the group. The maturity scores consistently indicate that all subsidiaries fulfil the basic requirements of a functioning risk management framework. The businesses have, however, identified areas for improvement to enhance their 2024 scores.

Risk management

During the year, the subcommittee reviewed:

- The risk profiles and risk appetite reports of the various subsidiaries
- The ratings and the effectiveness of mitigating factors through quarterly monitoring of the key risks facing the group
- Unlisted investments with a focus on credit assets, which required attention from a risk management perspective, albeit the credit risk showed significant signs of reduction.
- Management's strategy and actions to improve risk maturity in subsidiaries and associates.

Audits

The committee considered various audit reports from the internal and external auditors and is satisfied that the group has a healthy control environment. The key audit matters highlighted by the external auditor during the year include the following:

- valuation of insurance contract liabilities and assets (including reinsurance contract assets and liabilities)
- impairment of Letshego Africa Holdings Limited.

The committee is satisfied that all material matters brought to its attention have received adequate attention from management.

GROUP CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

The committee is pleased to note the appointment of Frank Dalo as the Chief Financial Officer on 21 March 2025. He replaces the outgoing Group CFO Kudakwashe Mukushi, who fulfilled his duties in a commendable manner, supported by a capable team of professionals in the finance department. The board also evaluates the finance function as part of its assessment, and the scores suggest that the board is satisfied with the finance function.

INTEGRATED ANNUAL REPORT

The committee evaluated the integrated annual report for the 2024 financial year and assessed its consistency with operational, economic and other information available to it. The committee ensured that the report was prepared in accordance with appropriate reporting standards and conforms to the BSE Listings Requirements. It reviewed the integrity of the sustainability disclosures and confirmed that they are reliable and do not conflict with financial information. Based on the processes and assurances obtained, the committee recommends the 2024 integrated annual report to the board for approval.

Pragnaben Naik
Audit and risk committee Chairman

ACTIVITIES OF THE OTHER BOARD COMMITTEES

Refer to pages 96 and 97 for the audit and risk committee report.

COMMITTEES

Human resources

Members

Kate Maphage *(Chairman)*
Robert Dommisse
Dr Keith Jefferis
Mustafa Sachak

The committee is responsible for monitoring and advising on the status of BIHL's human and intellectual capital and the transformation processes regarding employees. In particular, the committee approves executive appointments and reviews succession planning. The committee is also responsible for the remuneration strategy within the BIHL Group, the approval of guidelines for incentive schemes and the annual determination of remuneration packages for BIHL's executive committee.

The committee takes cognisance of local and international industry benchmarks, ensures that incentive schemes are aligned with good business practice and that a robust performance management culture is in place. It also makes recommendations to the board regarding directors' remuneration.

The Group CEO, the subsidiary CEOs and the Executive Head: People Management attend the meetings by invitation.

Non-executive directors do not participate in an incentive bonus nor do they receive share options. The committee meets on a quarterly basis and has a formal charter that sets out its responsibilities, which is reviewed annually.

Activities during 2024

- Ensuring adherence to best practice in light of corporate governance for tenure of members of the board
- Monitoring of the job evaluation exercise
- Fostering training of members of the board and committees
- Executive recruitment and succession planning

Focus for 2025

- Talent management
- Succession planning of HR within the group
- Skills development of board members and committee members

Independent review

Members

Edwin Elias *(Chairman)*
Dr Keith Jefferis
Robert Mpabanga

In order to enhance the governance structures within the BIHL Group, and any other matters referred to it by the board or any of its subcommittees, the board established an independent review committee.

The committee is responsible for reviewing all related party transactions. The committee meets as and when appropriate and has adopted a formal charter that is reviewed on an annual basis.

Activities during 2024

- None

Focus for 2025

- Observation of best practice in light of related party transactions

Investment

Members

Robert Mpabanga *(Chairman)*
Robert Dommisse
Dr Keith Jefferis
Nigel Suliaman

The committee reviews all material investment opportunities prior to making recommendations to the board.

It meets as and when appropriate and has a formal charter that is reviewed on an annual basis.

Activities during 2024

- None

Focus for 2025

- Arising opportunities

Nominations

Members

Robert Mpabanga *(Chairman)*
Robert Dommisse
Dr Keith Jefferis

The nominations committee meets on an *ad hoc* basis to appoint, identify and evaluate suitable candidates for possible appointments to the board. The committee makes recommendations to the board regarding the appointment of non-executive and independent non-executive directors.

The committee regularly reviews the structure, size and composition of the board and its committees and makes recommendations to the board.

The committee meets as and when appropriate.

Activities during 2024

- Consideration of the appointment of suitable candidates as members of the board and its committees including the board Chair
- Consideration of the appointment of suitable candidates as board members of group subsidiaries

Focus for 2025

- Ensuring balanced skill sets in light of the composition of the board and committees
- Appointment of board members of group subsidiaries to replace those who are due to retire

05

Our purpose is to improve livelihoods.

By focusing on quality reporting and assurance, we create trust.

FOCUSING ON WHAT IS IMPORTANT

DIRECTORS' REPORT

The board of directors of Botswana Insurance Holdings Limited (the company) has pleasure in submitting the audited annual financial statements of BIHL and its subsidiaries for the year ended 31 December 2024.

NATURE OF THE BUSINESS

The company and its subsidiaries (the group) underwrite all classes of long-term insurance, administer deposit administration schemes, manage investments and administer life and pension funds. The company also provides banking, short-term insurance and microlending through its associated companies. The company is listed on the Botswana Stock Exchange (BSE).

RESULTS FOR THE YEAR

The group reported a net loss after tax for the year to 31 December 2024 of P107 million against profit of P782 million in 2023, largely due to an impairment of an associate of P553 million, lower net insurance and investment results due to the negative impact from assumption changes and less favourable yield curve movements compared to the prior year. Shareholders' equity as at 31 December 2024 was P3,082 billion (2023: P3,614 billion).

STATED CAPITAL

The issued and fully paid share capital as at 31 December 2024 was 284 870 652 ordinary shares (2023: 284 870 652). Refer to note 6.

DIVIDENDS

A net interim dividend of 66 thebe (2023: 70 thebe) per share and a special dividend of 6 thebe per share (2023: 7 thebe) were declared and paid during the year. The directors propose a final dividend of 40 thebe (2023: 110 thebe) per share bringing the total dividend for the year to 112 thebe per share (2023: 187 thebe per share).

DIRECTORS' SHAREHOLDINGS

The aggregate number of BIHL shares held directly or indirectly by directors of the company was 439 938 (2023: 411 182). Details of the holding of these shares are disclosed in note 22.3.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Refer to note 29 to the annual financial statements for the disclosures on events subsequent to the reporting date.

BOARD OF DIRECTORS

- Dr K Jefferis *(Group Chairman)*
- C Lesetedi (*Group Chief Executive Officer)*
- F Dalo (*Group Chief Financial Officer*)
- R Dommisse
- E Elias
- Mark Hopkins *(appointed on 20 November 2024)*
- K Maphage
- Dr Athalia Molokomme *(appointed 5 March 2025)*
- P Naik *(appointed 20 November 2024)*
- M Sachak
- N Suliaman

COMPANY SECRETARY

Kagiso Mokgothu
Plot 66458, Block A, Fairgrounds Office Park, Gaborone, Botswana

REGISTERED ADDRESS AND PRINCIPAL PLACE OF BUSINESS

Plot 66458, Block A, Fairgrounds Office Park, Gaborone, Botswana

INDEPENDENT AUDITOR

PricewaterhouseCoopers Botswana
Plot 64289, Tlokweng Road, Gaborone, Botswana

STATUTORY ACTUARY

Daan du Plessis
Sanlam Group Office
2 Strand Street, Bellville 7530
South Africa

BANKERS

- Absa Bank of Botswana Limited
- Access Bank Limited
- Bank Gaborone Limited
- Bank of Baroda (Botswana) Limited
- First Capital Bank Limited
- First National Bank of Botswana Limited
- Stanbic Bank Botswana Limited
- Standard Chartered Bank Botswana Limited

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The directors of the group are responsible for the group annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of group annual financial statements in accordance with IFRS® Accounting Standards (previously International Financial Reporting Standards or IFRS®).

The group and company maintain systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect transactions and provide protection against serious misuse or loss of company assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group or company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditor conducts an examination of the annual financial statements in conformity with international standards on auditing, which includes tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditor to review matters relating to internal controls and financial reporting. The external auditor has unrestricted access to the board of directors.

The annual financial statements set out on pages 108 to 231 were authorised for issue by the board of directors on 4 April 2025 and were signed on its behalf by:

Dr Keith Jefferis
Group Chairman

Catherine Lesetedi
Group Chief Executive Officer

REPORT OF THE STATUTORY ACTUARY

LIFE BUSINESS

The results presented in this annual report are based on the requirements of the Companies Act (CAP42:01), which uses the basis set out below, referred to as the published basis. For reporting under the Botswana Insurance Act, the results are prepared according to Botswana Insurance Prudential Regulations and referred to as the prescribed basis.

	2024 P'000	2023 P'000
Statement of actuarial values of assets and liabilities		
Total assets	**14 517 204**	14 467 683
Current liabilities and deferred tax	**907 897**	730 545
Net assets	**13 609 306**	13 737 138
Actuarial value of policy liabilities	**12 036 619**	11 532 484
Excess of assets over liabilities	**1 572 687**	2 204 654
Capital adequacy requirement	**210 923**	228 706
Capital adequacy requirement cover	**7,46**	9,64
Analysis of change in excess of assets over liabilities		
Excess assets as at the beginning of the reporting period as previously reported	**2 204 654**	2 519 634
Excess assets as at the end of the reporting period	**1 572 687**	2 204 654
Change in excess assets over the reporting period	**(631 967)**	(314 980)
This change in the excess assets is due to the following factors:		
Investment return generated by excess assets over liabilities	**(64 488)**	52 806
Changes in valuation methods or assumptions	**(81 302)**	(89 865)
Operating profit	**491 509**	553 515
Taxation	**(111 638)**	(161 329)
Ordinary shareholders' surplus for the period	**363 058**	355 128
Share of profit from an associate company	**(590 974)**	(97 403)
Profit on sale of investments	**–**	141 668
Changes in reserves of associates	**58 445**	(2 868)
Capital raised and dividends paid	**(462 497)**	(711 504)
Total change in excess assets	**(631 967)**	(314 980)

REPORT OF THE STATUTORY ACTUARY continued

Changes in valuation methods or assumptions of assets and liabilities

Changes in the basis and methodology had the effect of increasing the total value of policyholder liabilities by P81,3 million as at 31 December 2024 (31 December 2023: increased by P9,9 million). The impact of valuation assumption and methodology changes on policyholder liabilities is summarised below.

	2024 P'million	2023 P'million
Assumptions and model change		
Mortality	**22,6**	51,1
Lapses	**10,9**	17,7
Expenses	**22,8**	19,9
Economic	**(8,7)**	(0,2)
Other	**33,8**	1,4
Total	**81,3**	89,9

Valuation methods and assumptions

The valuation was performed using the gross valuation method for insurance contracts and for investment contracts with participation in profits on a discretionary basis as per the Non-Bank Financial Institutions Regulatory Authority's (NBFIRA) IPR1L: Prescribed Valuation Method for Long-term Insurance and IFRS 4. No contracts are classified as investment contracts and valued under IFRS 9 *Financial Instruments*, as all investment contracts offer the policyholder the option to add a risk rider in the future and are therefore life insurance contracts.

Instruments: Recognition and measurement

The outcome of the valuation methods and assumptions is that profits for insurance contracts and for investment contracts with participation in profits on a discretionary basis are released appropriately over the term of each policy to avoid the premature recognition of profits that may give rise to losses in later years.

Assets and policyholder liabilities have been valued using methods and assumptions that are consistent with each other. A gross premium valuation gives a statement of the financial position of a life assurance company, according to a realistic or best estimate set of assumptions regarding future investment returns, bonus rates, expenses, persistency, mortality and other factors that may impact the financial position of the company. Assumptions are based on past experience and anticipated future trends. The liability calculations also make allowance for the reasonable benefit expectations of policyholders, which may exceed the minimum contractual obligations of the company.

LIABILITY VALUATION METHODS AND ASSUMPTIONS

Insurance contracts and investment contracts with participation in profits on a discretionary basis

The actuarial value of the policy liabilities is determined using the method as described in Botswana's Insurance Industry Prudential Rule IPR1L issued by the NBFIRA. Assets are valued at fair value as described in the accounting policy for investments. The underlying philosophy is to recognise profits prudently over the term of each contract consistent with the work done and risk borne. In the valuation of liabilities, provision is made for:

- the best estimate of future experience
- the compulsory margins prescribed in IPR1L
- discretionary margins determined to release profits to shareholders consistent with policy design and company policy.

The valuation of policy liabilities as at 31 December 2024 exceeds the minimum requirements in terms of IPR1L.

The application of guidance is described below in the context of the company's major product classifications.

Best estimate of future experience

The best estimate of future experience is determined as follows:

- Future investment return assumptions are derived from the risk-free Government bond yield curve, with appropriate risk and return gaps for different asset classes. The appropriate asset composition of the various asset portfolios, investment management expenses and taxation at current tax rates are also considered
- Unit expenses are based on next year's budgeted expenses and escalated at estimated expense inflation rates per annum. The allocation of initial and renewal expenses is based on functional cost analyses
- Assumptions regarding future mortality, morbidity and disability rates are consistent with the company's recent experience or expected future experience if this would result in a higher liability. Annuity mortality rates are adjusted for expected mortality improvements
- Persistency assumptions regarding lapse, surrender and paid-up rates are consistent with the company's recent experience or expected future experience if this would result in a higher liability.

For the market-related portion of the unbundled business (e.g. those where a portion of the premium is allocated to an accumulation account), the market-related liability was taken as the market value of the units notionally credited to the policies. The non-market-related portion of the liability was calculated as the present value of future charges required for risk benefits and renewal expenses (the 'Pula' reserves). For calculating the Pula reserves, the discount rates as supplied below, were used.

Appropriate reserves for the unexpired risk portion and for claims incurred but not reported were held for group life and credit life risk premium benefits. The unexpired premium reserve assumes that premiums are earned uniformly for the term of the policy and the reserve is subject to a minimum of the surrender value on the policy. These reserves are calculated using standard actuarial methods and assume that current claims reporting experience is an indicator of future experience.

Liabilities for life and term annuities were valued on a discounted cash flow (DCF) basis at interest rates based on the bond yield curve at the valuation date.

Where policyholders participate on a discretionary basis in the proceeds of the business, their reasonable benefit expectations have been interpreted as their share in the funds accumulated to them as a group over their in-force lifetime. To achieve a steady build-up via bonus declarations, it is necessary to apply some smoothing of investment returns experienced by these funds. For this purpose, a bonus stabilisation reserve (BSR) is held that represents the difference between the funds set aside and the value of policy liabilities based on declared bonuses, ensuring that excess investment returns are held back to provide for future payment of policy benefits. It is possible in difficult investment times for the BSR to be negative. No BSR for any class of business was more negative than -7,5% of corresponding liabilities at the valuation date.

For reversionary bonus policies, a gross premium valuation was done. Future bonuses were provided for at the latest declared reversionary bonus rates and at final bonus rates supported by the assumed investment return of 9,69% per annum (2023: 9,84%). The economic basis methodology used is market-consistent and a risk-free yield curve is used as a base to discount liabilities. BSRs were held to equate the liabilities to the market/fair value of the corresponding assets.

In the case of policies for which the bonuses are stabilised, the liabilities are equal to the balances of the investment accounts plus corresponding BSRs. BSRs held equate the liabilities to the market value of the corresponding assets.

Where relevant, liabilities include provisions to meet maturity, mortality and disability guarantees and for losses in respect of potential lapses and surrenders.

REPORT OF THE STATUTORY ACTUARY continued

The significant discretionary margins held on individual life products are as follows:

- A margin of 15% on surrender rates for the Mompati product (2023:15%)
- Additional reserves are created to ensure that no policy is treated as an asset. No other discretionary margins are held on individual life products.

For annuities, discretionary reserves are created through a methodology approved by the actuarial committee and the Statutory Actuary. An explicit discretionary reserve of P312,3 million (2023: P368,3 million) was held at the end of the current period.

A more detailed description of the individual elements of the basis follows below.

Economic parameters

The best estimate assumptions for the major investment parameters are based on a risk-free yield curve. Fixed gaps are added to the reference rate on the yield curve to determine the investment return assumptions for the different asset classes. The estimate for future expected Botswana inflation is set by deducting a fixed gap from the yield curve. The assumptions quoted below are before the allowance for compulsory and discretionary margins and tax.

	2024 %	2023 %
Gilt return	**7,8**	6,7
Equity return	**11,3**	10,2
Property return	**8,8**	7,7
Cash return	**6,8**	5,7
Average return	**8,7**	7,5
Expense inflation	**4,8**	3,7

Bonus rates

Bonus rates on smoothed bonus policies have been assumed at a self-supporting rate.

POLICY DECREMENTS

The assumptions (before adding margins) for future surrender, lapse, disability payment termination, mortality, medical claims and morbidity rates were consistent with the company's recent experience. The most recent lapse and mortality investigations were done as at the end of November 2024.

EXPENSES

The provision for expenses (before adding margins) starts at a level consistent with next year's budgets and allows for inflation of 4,8% (2023: 3,7%) per annum.

Valuation basis of policy liabilities for investment contracts without discretionary participation features (DPF)

In the calculation of liabilities for investment contracts that provide investment management services e.g. market-related investment contracts, the account balance has been held as the value of the liability. Either a negative Pula reserve or a deferred acquisition cost asset is also held for these contracts.

Valuation of assets

The assets (including the excess of assets over liabilities) are valued at fair value, as per the accounting policies in the financial statements. Goodwill has been excluded from the value of the assets.

Prescribed capital target (PCT)

The PCT is the minimum level of capital that is necessary to provide for more extreme adverse deviations in future experience than those assumed in the calculation of policy liabilities. The PCT has been calculated on two approaches in accordance with the NBFIRA's IPR3L: PCT for Long-term Insurers, with the maximum of the two approaches being used.

For Botswana Life Insurance Limited (Botswana Life), the maximum capital target is on the ordinary capital target basis. The ratio of accumulated surplus to PCT of P228,7 million (2023: P210,9 million) under the prescribed basis is 7,46 times (2023: 9,64 times).

I hereby certify that:

- The valuation of the liabilities of Botswana Life Insurance Limited as at 31 December 2024, the results of which are summarised above, has been conducted in accordance with the Botswana Insurance Industry Act (Chapter 46:01), the Botswana Insurance Industry Prudential Rule IPR1L: Prescribed Valuation Method for Long-term Insurance Liabilities and IPR2L: Prescribed Valuation Method and Admissibility Restrictions for Long-term Insurance Assets
- This valuation report has been produced in accordance with Botswana Insurance Prudential Rule LR3: Valuator's Annual Report
- The company was financially sound as at the valuation date and, in my opinion, is likely to remain financially sound for the foreseeable future.

Daan du Plessis
Statutory Actuary

Fellow of the Actuarial Society of South Africa
4 April 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Botswana Insurance Holdings Limited

OUR OPINION

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Insurance Holdings Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

Botswana Insurance Holdings Limited's consolidated and separate financial statements set out on pages 108 to 231 comprise:

- the consolidated and separate statements of financial position as at 31 December 2024;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

OUR AUDIT APPROACH

Overview

Overall group materiality

- Overall group materiality: BWP28 130 000, which represents 5% of the consolidated average profit before tax for the current and two preceding financial years.

Group audit scope

- We performed full scope audits, in accordance with determined materiality, on all significant components in terms of their financial significance to the consolidated results. Significant components or those with specific associated risks were subject to either full scope audits or audit procedures over specific account balances. Analytical review procedures were performed over the other components.

Key audit matters

- Valuation of insurance contract liabilities and assets (including reinsurance contract assets and liabilities).
- Impairment of investment in associate – Letshego Africa Holdings Limited.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	BWP28 130 000
How we determined it	5% of the consolidated average profit before tax for the current and two preceding financial years.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We used a three-year average of this benchmark to account for the cyclical nature of the main industries within which the Group operates, which results in fluctuations in profitability from one period to the next. We applied a 5% rule of thumb, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

INDEPENDENT AUDITOR'S REPORT continued

How we tailored our group audit scope

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the consolidated financial statements and which further audit procedures to perform at these components to address those risks.

We identified fourteen components at which audit procedures were performed on the entire financial information of the component, either because audit evidence needed to be obtained on all or a significant proportion of the components' financial information, or that component represents a pervasive risk of material misstatement to the consolidated financial statements.

We also identified two components, at which further audit procedures were performed on one or more classes of transactions, account balances or disclosures based on the assessed risks of material misstatement to the consolidated financial statements.

Accordingly, we involved four component auditors in performing the audit work at these sixteen components. Based on our risk assessment procedures, we have determined that there is a less than reasonable possibility of a material misstatement in the remaining financial information not subject to further audit procedures.

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components.

Video and telephone conference meetings were held with these component auditors. At these meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and, where applicable, any further work required by us was then performed by the component auditors.

We inspected selected areas of the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities and assets (including reinsurance contract assets and liabilities) Refer to the following notes to the financial statements for disclosure relating to this key audit matter: • Note 5 (Significant accounting judgements, estimates and assumptions); • Note 7.11 (policyholder liabilities – significant accounting judgements, estimates and assumptions); • Note 8 (Insurance contract carrying amount); and • Note 11 (Reinsurance contract carrying amount). At 31 December 2024, the Group held insurance contract assets, reinsurance contract assets, insurance contract liabilities and reinsurance contract liabilities as a result of its insurance operations and the Group has applied IFRS 17 (Insurance Contracts) ("IFRS 17") in the recognition and measurement of these insurance contract liabilities and assets. In valuing insurance contract liabilities and assets balances, the Group applies significant judgement. Various assumptions are made including assumptions regarding the expected claims and lapses, expected premiums on insurance contracts, expected directly attributable expenses, commission and charges. Changes to these assumptions may result in material changes to the valuation. The most significant assumptions made in the valuation of policy liability balances arising from the Group's insurance contracts relate to: • Future mortality and disability; • Persistency assumptions with regard to lapse, surrender and paid-up rates; • Future maintenance expenses; • Discount rates; • Inflation; and • Risk adjustment for non-financial risk.	Our audit of the insurance contract liability and asset balances included the following audit procedures that were executed with the assistance of our actuarial specialists: We tailored our testing of the insurance contract balances with reference to the various portfolios of contracts and the various measurement models applied, and performed testing on a disaggregated basis. Our procedures over the year-end balances included using our actuarial expertise to: • assess the valuation methodology and assumptions for compliance against the latest actuarial guidance and the Group's accounting policy in accordance with IFRS 17; • challenge key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and our assessment of the Group's analysis of experience to date and allowance for future uncertainty. Our challenge focused on the following assumptions: – future mortality, longevity and morbidity changes, – persistency assumptions, – future maintenance expense assumptions, and – discount rates and inflation • assessed the reasonableness of the amortisation of the CSM by performing an analysis and reperformance of the CSM build-up; • evaluated the accuracy of the risk adjustment for non-financial risk, including the calculation method, and its related release; and . • tested the reasonability of the build-up and changes in the probability-weighted estimate liabilities (BEL), risk adjustment (RA) and CSM, by comparing expected changes to previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by management/governance structures.

INDEPENDENT AUDITOR'S REPORT continued

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities and assets (including reinsurance contract assets and liabilities) (continued) We considered the valuation of insurance contract assets and liabilities balances to be a key audit matter in our audit of the financial statements because of the following: • The significant judgements applied and high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in valuing it; • The use of complex actuarial methods, together with significant judgements and assumptions; and • The materiality of the insurance contract balances on the Group's statement of financial position and resultant impact on the statement of profit or loss and other comprehensive income for the year ended 31 December 2024.	We also: • tested the effectiveness of management controls over models, including that any changes to models have been appropriately tested and the impacts quantified by management; • tested, on a sample basis, the accuracy of insurance contract data utilised as inputs into the measurement models at 31 December 2024; • tested to ensure that data inputs into the measurement models at 31 December 2024 were complete; and • reconciled the outputs from the Group's measurement models to the financial statements. Our audit procedures did not identify unaddressed exceptions, which could have a material impact on reported balances and amounts.
Impairment of investment in associate – Letshego Africa Holdings Limited Refer to the following notes to the financial statements for disclosure relating to this key audit matter: • Accounting policy note 5.10 (Valuation of investments in associates); • Accounting policy note 7.2(ii) (Associates); and • Note 4.5 (Investments in associates/joint ventures and subsidiaries (at company level). As of 31 December 2024, the Group recognised an impairment loss of BWP553 million on its investment in the associate Group, Letshego Africa Holdings Limited. This decision was based on an impairment assessment which indicated that the recoverable amount was less than the carrying value prior to the impairment adjustment. The investment in the associate was tested for impairment given the associate company's financial performance and defaults on debt covenants in the current and prior financial year as outlined in Note 4.5 of the financial statements. Consequently, management conducted an impairment assessment to determine an appropriate recoverable amount for its investment in the associate. This value was determined to be the higher of the fair value less costs to sell (based on the trading value of the associate's shares on the Botswana Stock Exchange) or the value in use (calculated as the present value of anticipated future dividend receipts using a discounted cash flow method). We considered the impairment assessment to be a matter of most significance to our audit due to the: • significant judgement exercised by management in calculating the value in use, including the estimation uncertainty around the assumptions applied; and • magnitude of the impairment loss recognised.	Our audit procedures in relation to the impairment assessment of the investment in Letshego Africa Holdings Limited included the following: • We evaluated the appropriateness of management's identification of impairment indicators and the subsequent impairment assessment process. • We assessed the methodology used by management to determine the recoverable amount, including the fair value less costs to sell and the value in use calculations. • For the fair value less costs to sell, we verified the trading value of the associate's shares on the Botswana Stock Exchange and assessed the reasonableness of the costs to sell. • For the value in use calculation, we used our valuation expertise to evaluate the key assumptions applied by management, including future dividend receipts and the discount rate used. • We tested the mathematical accuracy of the impairment calculation. These procedures did not identify any material exceptions.

INDEPENDENT AUDITOR'S REPORT continued

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Botswana Insurance Holdings Limited Annual Consolidated and Separate Financial Statements for the year ended 31 December 2024", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Botswana Insurance Holdings Limited Integrated Annual Report 2024", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers
Firm of Certified Auditors

Practising Member:
Rudi Binedell (CAP003 2024)

7 April 2025
Gaborone

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Notes	GROUP 2024 P'000	GROUP Restated[1] 2023 P'000	GROUP Restated[1] 1 January 2023 P'000	COMPANY 2024 P'000	COMPANY 2023 P'000
ASSETS						
Property and equipment	2	**169 838**	170 052	173 158	**1 739**	2 457
Intangible assets	3	**89 784**	97 247	101 197	**131**	174
Right-of-use assets	2.1	**13 799**	11 879	14 713	**1 174**	2 532
Investment property	4.4	**26 480**	26 480	12 260	**–**	–
Investments in associates and joint ventures	4.5	**1 457 254**	1 758 469	1 910 194	**266 711**	266 711
Reinsurance contract assets	11.1	**16 864**	17 874	10 271	**–**	–
Insurance contract assets[1]	8.1	**219 392**	452 771	451 629	**–**	–
Interest in subsidiaries	4.5	**–**	–	–	**129 555**	129 555
Non-current asset held for sale	4.6	**–**	–	99 988	**–**	–
Financial assets at fair value through profit or loss[1]		**18 043 156**	17 176 730	14 939 733	**–**	–
Bonds	4.1	**9 570 753**	8 916 531	8 653 589	**–**	–
Investment in property funds and companies	4.4	**1 203 577**	1 277 154	1 202 676	**–**	–
Equity investments (local and foreign)	4.3	**3 137 413**	2 819 782	2 369 589	**–**	–
Money market instruments	4.1	**4 131 413**	4 163 263	2 713 879	**–**	–
Other receivables	5	**132 974**	135 632	186 940	**18 608**	20 053
Tax receivable	19.1	**–**	–	–	**851**	767
Related party balances	22.1	**–**	–	–	**846**	1 493
Cash and cash equivalents	24.1	**210 443**	170 583	400 711	**9 218**	20 556
Total assets		**20 379 984**	20 017 717	18 300 794	**428 833**	444 298

[1] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

STATEMENTS OF FINANCIAL POSITION continued

As at 31 December 2024

	Notes	GROUP 2024 P'000	GROUP Restated[1] 2023 P'000	GROUP Restated[1] 1 January 2023 P'000	COMPANY 2024 P'000	COMPANY 2023 P'000
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the parent						
Stated capital	6	**204 936**	204 936	154 936	**204 936**	204 936
Non-distributable reserves	7	**157 459**	106 375	350 208	**52 983**	36 837
Retained earnings		**2 719 298**	3 302 730	3 267 691	**125 350**	162 772
Total equity attributable to equity holders of the parent		**3 081 693**	3 614 041	3 772 835	**383 269**	404 545
Non-controlling interests	12	**10 501**	23 751	22 428	**–**	–
Total equity		**3 092 194**	3 637 792	3 795 263	**383 269**	404 545
Liabilities						
Insurance contract liabilities[1]	8.1	**8 397 033**	7 961 752	7 535 188	**–**	–
Investment contract liabilities[1]	8.5	**3 637 385**	3 442 868	3 170 110	**–**	–
Reinsurance contract liability	11.1	**87 034**	54 222	55 757	**–**	–
External investors in consolidated funds[1]	10	**4 616 512**	4 504 564	3 297 462	**–**	–
Derivatives instrument	9	**44 284**	25 429	37 259	**–**	–
Deferred tax liability	13	**101 922**	141 908	73 545	**–**	–
Lease liability	2.2	**14 776**	12 707	16 210	**1 857**	3 738
Other payables[1]	14	**322 774**	210 984	290 565	**37 352**	32 514
Tax payable	19.1	**400**	18 624	26 246	**–**	–
Related party balances	22.1	**5 438**	6 867	3 189	**6 355**	3 501
Bank overdraft	24.1	**60 232**	–	–	**–**	–
Total equity and liabilities		**20 379 984**	20 017 717	18 300 794	**428 833**	444 298

[1] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

STATEMENTS OF PROFIT OR LOSS

For the year ended 31 December 2024

		GROUP		COMPANY	
	Notes	2024 P'000	Restated[1] 2023 P'000	2024 P'000	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	8.4	**127 199**	286 393	–	–
Insurance revenue[1]		**2 267 063**	2 221 787	–	–
Insurance service expenses[1]		**(2 100 784)**	(1 919 919)	–	–
Income or expense from reinsurance contracts		**(39 080)**	(15 475)	–	–
Investment service result	18	**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	589 605	846 350
Revenue from contracts with customers	15	**350 615**	295 546	–	–
Investment income	16.3	**452 599**	284 903	588 756	845 129
Interest income using the effective interest rate (EIR)	16.1	**4 491**	4 395	849	1 221
Other interest income from external investors in consolidated funds[1]	10	**291 581**	305 979	–	–
Fair value losses from derivative instrument	9	**18 855**	(11 830)	–	–
Change in fair value of investment contract liabilities	16.4	**(341 661)**	(31 903)	–	–
Change in fair value of external investors' liabilities[1]	10	**67 992**	129 172	–	–
Net changes in external investors in consolidated funds[1]	10	**(359 573)**	(435 151)	–	–
Other expenses		**(252 941)**	(252 324)	(49 241)	(68 321)
Administration expenses	17	**(216 061)**	(214 495)	(49 089)	(68 015)
Sales remuneration	17.2	**(36 171)**	(37 067)	–	–
Finance cost on leases (IFRS 16)	2.2	**(709)**	(762)	(152)	(306)
Impairments	17.3	**(2 239)**	(10 881)	–	(8 078)
Other impairments		**(2 239)**	(10 881)	–	(8 078)

[1] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

STATEMENTS OF PROFIT OR LOSS continued

For the year ended 31 December 2024

	Notes	GROUP 2024 P'000	GROUP Restated[1] 2023 P'000	COMPANY 2024 P'000	COMPANY 2023 P'000
Profit before share of profit of associates, joint ventures and other income		**433 923**	863 657	**540 364**	769 951
Profit on sale of associate	4.6	**–**	141 669	**–**	–
Equity-accounted earnings	4.5	**168 673**	78 934	**–**	–
Impairment of associates	4.5	**(553 192)**	–	**–**	–
Profit before tax		**49 404**	1 084 260	**540 364**	769 951
Income tax expense	19	**(155 941)**	(302 737)	**(50 302)**	(61 953)
(Loss)/profit for the year		**(106 537)**	781 523	**490 062**	707 998
(Loss)/profit attributable to:					
– Equity holders of the parent		**(106 134)**	775 299	**490 062**	707 998
– Non-controlling interests	12	**(403)**	6 224	**–**	–
(Loss)/profit for the year		**(106 537)**	781 523	**490 062**	707 998
Earnings per share (thebe) (attributable to ordinary equity holders of the parent)					
– basic	20	**(38)**	274		
– diluted	20	**(37)**	272		

[1] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		GROUP		COMPANY	
	Note	2024 P'000	Restated 2023 P'000	2024 P'000	2023 P'000
(Loss)/profit for the year		**(106 537)**	781 523	**490 062**	707 998
Items that are or may be reclassified subsequently to profit or loss (net of tax):					
Exchange differences on translation of foreign operations	7	**(19 642)**	(170 662)	**–**	–
Total comprehensive (loss)/income for the year		**(126 179)**	610 861	**490 062**	707 998
Total comprehensive (loss)/income attributable to:					
– Equity holders of the parent		**(125 776)**	604 637	**490 062**	707 998
– Non-controlling interests		**(403)**	6 224	**–**	–
Total comprehensive (loss)/income for the year		**(126 179)**	610 861	**490 062**	707 998

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2024

		GROUP		COMPANY	
	Notes	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Cash utilised in operations		**(3 276)**	(458 823)	**(9 331)**	(43 354)
Cash generated from operations	24	**73 395**	39 389	**(28 932)**	(71 990)
Interest received		**457 090**	289 298	**849**	1 221
Dividend received from equity investments		**54 061**	56 851	**–**	–
Dividend received from subsidiaries		**–**	–	**502 252**	731 757
Dividend received from associates and joint ventures		**58 031**	144 928	**37 132**	51 246
Interest paid		**(709)**	(762)	**(152)**	(306)
Tax paid	19.1	**(126 679)**	(228 350)	**(2 015)**	(1 352)
Dividend paid		**(518 465)**	(760 177)	**(518 465)**	(753 930)
Net cash flows (utilised in)/generated from investing activities		**(10 662)**	235 145	**(126)**	(146)
Purchase of property and equipment	2	**(8 211)**	(8 953)	**(126)**	(146)
Purchase of computer software	3	**(2 451)**	(5 902)	**–**	–
Proceeds from sale of investment in associates	4.6	**–**	250 000	**–**	–
Net cash flows utilised in financing activities		**(6 434)**	(6 450)	**(1 881)**	(2 070)
Payment of principal portion of lease liabilities (IFRS 16)		**(6 434)**	(6 450)	**(1 881)**	(2 070)
Net (decrease)/increase in cash and cash equivalents		**(20 372)**	(230 128)	**(11 338)**	(45 570)
Cash and cash equivalents at the beginning of the year		**170 583**	400 711	**20 556**	66 126
Cash and cash equivalents at the end of the year	24.1	**150 211**	170 583	**9 218**	20 556

The money market instruments on the face of the statement of financial position amounting to P2,431 million (2023: P2,599 million) are policyholder assets and are not available for use by BIHL. As a result, the change in cash flows of the money market instruments has been included in the net cash flows from investing activities on the statement of cash flows.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2024

	GROUP											
	Stated capital P'000	Foreign currency translation reserve P'000	Hyper-inflation reserve[1] P'000	Consoli-dation reserve P'000	Treasury shares P'000	Share-based payment reserve P'000	Capital reserve account P'000	Total non-distributable reserves P'000	Retained income P'000	Total P'000	Non-controlling interest P'000	Total equity P'000
Balance as at 31 December 2022	154 936	(95 761)	–	(35 944)	(71 662)	105 624	447 951	350 208	3 267 691	3 772 835	22 428	3 795 263
Total comprehensive income	–	(170 662)	–	–	–	–	–	(170 662)	773 953	603 291	7 570	610 861
Profit for the year	–	–	–	–	–	–	–	–	773 953	773 953	7 570	781 523
Foreign currency translation	–	(170 662)	–	–	–	–	–	(170 662)	–	(170 662)	–	(170 662)
Share-based payment expense (note 7)	–	–	–	–	–	5 168	–	5 168	–	5 168	–	5 168
Transfer from retained income/(transfer to statutory reserve)	–	–	–	–	–	–	9 461	9 461	(9 461)	–	–	–
Transfer to retained income from share-based reserve	–	–	–	–	–	(29 199)	–	(29 199)	29 199	–	–	–
Cost of treasury shares (acquired)/disposed	–	–	–	2 459	(11 060)	–	–	(8 601)	(2 459)	(11 060)	–	(11 060)
New shares issued	50 000	–	–	–	(50 000)	–	–	(50 000)	–	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	(753 930)	(753 930)	(6 247)	(760 177)
Treasury shares movement	–	–	–	–	44 758	(44 758)	–	–	–	–	–	–
Other movements in reserves[2]	–	–	–	–	–	–	–	–	(2 263)	(2 263)	–	(2 263)
Balance as at 31 December 2023	204 936	(266 423)	–	(33 485)	(87 964)	36 835	457 412	106 375	3 302 730	3 614 041	23 751	3 637 792
Total comprehensive income	**–**	**(19 642)**	**–**	**–**	**–**	**–**	**–**	**(19 642)**	**(106 134)**	**(125 776)**	**(13 250)**	**(139 026)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(106 134)**	**(106 134)**	**(13 250)**	**(119 384)**
Foreign currency translation	**–**	**(19 642)**	**–**	**–**	**–**	**–**	**–**	**(19 642)**	**–**	**(19 642)**	**–**	**(19 642)**
Share-based payment expense (note 7)	**–**	**–**	**–**	**–**	**–**	**7 127**	**–**	**7 127**	**–**	**7 127**	**–**	**7 127**
Transfer from statutory reserve to retained income	**–**	**–**	**–**	**–**	**–**	**–**	**(35 566)**	**(35 566)**	**35 566**	**–**	**–**	**–**
Cost of treasury shares (acquired)/disposed	**–**	**–**	**–**	**(2 300)**	**(2 902)**	**–**	**–**	**(5 202)**	**–**	**(5 202)**	**–**	**(5 202)**
Hyperinflation adjustment	**–**	**–**	**104 367**	**–**	**–**	**–**	**–**	**104 367**	**–**	**104 367**	**–**	**104 367**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(518 465)**	**(518 465)**	**–**	**(518 465)**
Treasury shares movement	**–**	**–**	**–**	**–**	**(9 020)**	**9 020**	**–**	**–**	**–**	**–**	**–**	**–**
Other movements in reserves[2]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5 601**	**5 601**	**–**	**5 601**
Balance as at 31 December 2024	**204 936**	**(286 065)**	**104 367**	**(35 785)**	**(99 886)**	**52 982**	**421 846**	**157 459**	**2 719 298**	**3 081 693**	**10 501**	**3 092 194**
Notes	6	7.1	7.1	7.2	7.3	7.4	7.5	7			12	

[1] *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. Refer to note 7.1.*

[2] *Represents movements from other reserves from associates.*

STATEMENTS OF CHANGES IN EQUITY continued

For the year ended 31 December 2024

	COMPANY											
	Stated capital P'000	Foreign currency translation reserve P'000	Hyper-inflation reserve P'000	Consoli-dation reserve P'000	Treasury shares P'000	Share-based payment reserve P'000	Capital reserve account P'000	Total non-distributable reserves P'000	Retained income P'000	Total P'000	Non-controlling interest P'000	Total equity P'000
Balance as at 31 December 2022	154 936	–	–	–	–	40 649	–	40 649	199 724	395 309	–	395 309
Profit for the year	–	–	–	–	–	–	–	–	707 998	707 998	–	707 998
Share-based payment expense	–	–	–	–	–	5 168	–	5 168	–	5 168	–	5 168
Transfer to retained income from share-based reserve	–	–	–	–	–	(8 980)	–	(8 980)	8 980	–	–	–
New shares issued	50 000	–	–	–	–	–	–	–	–	50 000	–	50 000
Dividends paid	–	–	–	–	–	–	–	–	(753 930)	(753 930)	–	(753 930)
Balance as at 31 December 2023	204 936	–	–	–	–	36 837	–	36 837	162 772	404 545	–	404 545
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**490 062**	**490 062**	**–**	**490 062**
Share-based payment expense	**–**	**–**	**–**	**–**	**–**	**7 127**	**–**	**7 127**	**–**	**7 127**	**–**	**7 127**
Transfer to retained income from share-based reserve	**–**	**–**	**–**	**–**	**–**	**9 019**	**–**	**9 019**	**(9 019)**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(518 465)**	**(518 465)**	**–**	**(518 465)**
Balance as at 31 December 2024	**204 936**	**–**	**–**	**–**	**–**	**52 983**	**–**	**52 983**	**125 350**	**383 269**	**–**	**383 269**
Notes	6					7		7				

BASIS OF PREPARATION AND ACCOUNTING POLICIES

For the year ended 31 December 2024

1. GENERAL INFORMATION

The company and its subsidiaries (the group) underwrite all classes of long-term insurance, manage investments, and administer life and pension funds. The company is also exposed to legal insurance, short-term insurance, banking and microlending through its associated companies.

The company is a limited liability company incorporated in Botswana. The company is listed on the BSE. The group's parent company, SanlamAllianz, holds 58% of the company's stated capital. SanlamAllianz is one of the leading financial services groups in Africa. The ultimate parent company is SanlamAllianz Africa Proprietary Limited.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

The group and company annual financial statements have been prepared in accordance with and comply with IFRS Accounting Standards and in the manner required by the Companies Act (CAP 42:01), the Insurance Industry Act, 2015, and the Botswana Stock Exchange Act. The principal accounting policies which have been consistently applied are set out below.

2.2 Basis of preparation

The consolidated annual financial statements are presented in Pula (P'000), which is the company's functional currency and the group's presentation currency. All values are rounded to the nearest thousand, unless otherwise stated. The group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The annual financial statements have been prepared on the historical cost convention, modified by measurement at fair value for financial assets, policyholder liabilities and investment properties. In compliance with IAS 29 *Financial Reporting in Hyperinflationary Economies*, these financial statements have also been restated to account for the effects of inflation. Following declarations by professional organisations outside of Malawi that Malawi should be regarded as hyperinflationary as of 31 December 2024, and beyond, the group defined Malawi as a hyperinflationary economy. The criteria of IAS 29 *Financial Reporting in Hyperinflationary Economies* are used to determine when an economy is hyperinflationary. These criteria consider both qualitative and quantitative elements, such as whether the total inflation over a three-year period exceeds 100%.

The Institute of Chartered Accountants in Malawi challenged the declaration and published a paper taking qualitative factors into consideration. They concluded that the economy was not hyperinflationary, and that IAS 29 was not applicable in Malawi for the December 2023 financial reporting period, despite the assessment by professional bodies outside of Malawi, including international accounting firms.

Before being converted to Botswana Pula, the group's presentation currency, the equity-accounted earnings of Nico, which operates in Malawi, were prepared in compliance with IAS 29. The Malawi Consumer Price Index (CPI) conversion factors serve as the foundation for the restatement. The presentation currency of the group is the Botswana Pula (non-hyperinflationary economy) and comparative amounts are not adjusted for changes in the index in the current year. Differences between these comparative amounts and current year hyperinflation-adjusted amounts are recognised directly in equity.

The following were applied in the restatement of transactions and balances:

- Monetary assets: Since monetary assets and liabilities were previously reported using the measuring unit current on the balance sheet date, they are not restated
- Non-monetary assets and liabilities: By applying the change in index from the date of the transaction, or if applicable, from the date of their most recent revaluation to the balance sheet date, 31 December 2024, non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders' funds are restated
- Equity: All equity components, except for retained earnings, are restated at the start of the first application period using a general price index from the dates on which the components were contributed or otherwise arose. As a change to opening retained earnings, these restatements are immediately recorded in equity. All other amounts in the restated statement of financial position are used to calculate restated retained earnings
- Statement of cash flows: The general price index at the conclusion of the reporting period is used to express every item in the cash flows statement
- Income statement: The change in the index from the month of the transactions to the balance sheet date, 31 December 2024, is applied to restate income statement transactions, except for depreciation charges
- Net gain or loss arising from the net monetary asset or liability positions is included in the income statement.

The accounting policies of the group are the same as the accounting policies for the company, except for accounting policies regarding the investments in subsidiaries, associates and joint ventures.

3. BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, the amount of any non-controlling interest in the acquiree and the fair value of any previously held interest. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed an asset or liability, will be recognised in accordance with IFRS 9 either as fair value through profit or loss or as fair value through other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

4. CHANGES IN ACCOUNTING POLICIES

4.1 New and amended standards and interpretations

The group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new standard and amendment are described below.

New or revised standards	Effective period beginning on or after
Classification of Liabilities as Current or Non-current with Covenants (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

The impact of the above new standards and amendments to existing standards is noted below.

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1 *Presentation of Financial Statements*)

The amendments published in 2020 and 2023, respectively, clarify that the classification of liabilities as current or non-current is based solely on an entity's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance. Only covenants with which an entity must comply on or before the reporting date may affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or non-current at the reporting date. However, disclosure about covenants is now required to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments also clarify that the transfer of an entity's own equity instruments is regarded as settlement of a liability. If a liability has any conversion options, they generally affect its classification as current or non-current, unless these conversion options are recognised as equity under IAS 32 *Financial Instruments: Presentation*.

Impact: The group adopted the amendments during the year and the amendments had no impact on the group in the current year.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 *Leases*)

The amendments require a seller-lessee to account for variable lease payments that arise in a sale and leaseback transaction as follows:

- On initial recognition, include variable lease payments when measuring a lease liability arising from a sale and leaseback transaction
- After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that no gain or loss relating to the retained right of use is recognised.

Sellers-lessees are required to reassess and potentially restate sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019.

Impact: The group adopted the amendments during the year and the amendments had no impact on the group in the current year.

Supplier Finance Arrangements (Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*)

The amendments require an entity to disclose qualitative and quantitative information about its supplier finance arrangements, such as terms and conditions – including, for example, extended payment terms and security or guarantees provided. The International Accounting Standards Board decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements. Among other characteristics, IAS 7 explains that a supplier finance arrangement provides the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

Impact: The group adopted the amendments during the year and the amendments had no impact on the group in the current year.

4.2 Standards issued but not yet effective

Standards issued but not effective up to the date of issuance of the group's consolidated annual financial statements are listed below. This listing is of standards and interpretations issued, which the group reasonably expects to be applicable at a future date. The group intends to adopt these standards when they become effective.

New or revised standards	Effective period beginning on or after
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* – Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* – Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19 *Subsidiaries without Public Accountability*	1 January 2027

The above new standards are not expected to have any material impact on the group or the company.

Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* – Lack of Exchangeability (Amendments to IAS 21)

The amendments, published in August 2023, clarify how the entity is impacted when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

4. CHANGES IN ACCOUNTING POLICIES continued

4.2 Standards issued but not yet effective continued

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* – Classification and Measurement of Financial Instruments

The amendments published in May 2024:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environmental social and governance targets)
- make updates to the disclosures for equity instruments designated at fair value through other comprehensive income.

IFRS 18 *Presentation and Disclosure in Financial Statements*

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements* and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 19 *Subsidiaries without Public Accountability*

The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the accounting standards in its consolidated financial statements. IFRS 19 is a voluntary accounting standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of annual financial statements in conformity with IFRS Accounting Standards requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and assumptions are regularly evaluated and are based on historical and other related factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of complexity, or where assumptions are significant to the financial statements, are:

5.1 Liability for life insurance contracts

This disclosure should be read in conjunction with the valuation methodology as described in the basis of presentation.

5.1.1 Classification

When assessing significance of insurance risk and discretionary amounts for investment contracts with DPF, the group applies judgement to assess whether contracts are in scope of IFRS 17 in some product lines, such as whether additional payments on death related to minimum investment guarantees or vesting bonuses are significant on a present value basis. Where these additional payments have been assessed not to be significant on a present value basis and there are no DPF these investment contracts are in scope of IFRS 9.

The group does not currently issue investment contracts with DPF and therefore does not apply the variable fee approach (VFA). The group applies judgement to assess, on the initial recognition of the contracts, whether:

- a substantial share of the fair value returns on the underlying items is expected to be paid to the policyholders
- a substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items.

The assumed threshold for 'substantial share' and 'substantial proportion' is in excess of 50%. The group has applied judgement to conclude that assessments can be performed for groups of homogeneous contracts with similar contract features/terms based on readily available qualitative or quantitative information for investment contracts with DPF (with no significant insurance risk), and other market-linked savings contracts where minimum investment guarantees and/or rider benefits create significant insurance risk. The group has performed quantitative assessments on an individual contract level for the material lines of universal life insurance business where the relative significance of the insurance and investment components can vary based on the benefit selections made by each policyholder.

5.1.2 Aggregation

The assessment of criterion (a) considers the 'pass-through' nature of the returns on the underlying item, and therefore excludes any benefits not payable from the underlying item, such as fixed insurance benefits in excess of the investment components payable on death. Any deduction of a charge from the underlying item for insurance benefits (including for any waiver of premium) is included in the share of the returns to be paid to the policyholder as it forms part of the policyholder's share. The assessment of criterion (b) considers how much of the total benefits payable to the policyholder will vary with changes in underlying items, including benefits that do not vary with the returns on underlying items in all scenarios (such as fixed insurance benefits). The assessment therefore considers whether on average the changes in the total amounts payable to policyholders are substantially related to the changes in the fair value of the underlying items based on testing the impact on this relationship for different scenarios where market/non-market variables are adjusted.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

5.1 Liability for life insurance contracts continued

5.1.2 Aggregation continued

Premium allocation approach (PAA) eligibility

The group applies the PAA to measure a group of insurance contracts issued or reinsurance contracts held if, at inception of the group: the coverage period of each contract in the group of insurance contracts is one year or less; or the group reasonably expects that the PAA would produce a measurement of the liability or asset for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the requirements of the general measurement model (GMM).

Where the coverage period is greater than one year, the group uses judgement to assess the appropriateness of the PAA measurement model as follows:

- Project the fulfilment cash flows of the group of insurance contracts and take into account the time value of money, where the time between providing each part of the services and the related premium is more than a year
- Determine the projected liability or asset for remaining coverage under the PAA at each projected time period (initial recognition and subsequent measurement at our external reporting frequency i.e. half-yearly or annually)
- Determine the liability or asset for remaining coverage under the GMM (including the contractual service margin (CSM)) at initial recognition as well as subsequent measurement. The group will use judgements to determine the fulfilment cash flows and CSM at each projection point
- At each projection point, the difference between the liability or asset for remaining coverage under the PAA and GMM is determined (the difference)
- The difference is compared to the predetermined materiality threshold (relative measure) at each point in time
- Where the difference does not exceed the determined threshold (at any time), then the group passes the PAA eligibility test (for the base scenario)
- The group will perform scenario testing using the above process to ensure differences remain immaterial. Scenario testing will be performed, by updating the projected fulfilment cash flows under reasonably expected scenarios, which would affect cash flow variability. The group applies judgement in calibrating these scenarios for changes in market and non-market variables based on management's view of the key changes affecting cash flow and liability variability for each portfolio of insurance contracts.

Judgement will be applied to define relative materiality thresholds for each portfolio based on ensuring that the combined absolute impacts of all groups of insurance contracts with coverage periods longer than a year applying the PAA fall within an absolute measure of materiality for each future year.

The identification of portfolios of insurance contracts is driven by how the business is managed, with broad product lines being managed together and subject to similar risks. Contracts within a portfolio are subject to 'similar risks' if the risks are non-offsetting and respond similarly to changes in key assumptions. This should not result in, for example, term life insurance contracts (exposing the group to mortality risk) and annuity contracts (exposing the group to longevity risk) being allocated to the same portfolio.

Furthermore, businesses are not required to allocate different benefit types within the same product line to different portfolios if the insurance contracts are managed together, for example, if as part of pricing the profit margins are set, or assets are allocated, at the broad product level. This avoids arbitrary allocation of insurance contracts to different portfolios where they are managed together and priced within the same broad product line.

The portfolios are further divided into groups of insurance contracts issued based on the expected profitability at inception date, based on whether:

- contracts are onerous at initial recognition
- contracts at initial recognition have no significant possibility of becoming onerous subsequently
- contracts at initial recognition have a significant possibility of becoming onerous subsequently (i.e. the remaining contracts).

The group applies judgement to assess whether reasonable and supportable information is available to allocate a set of contracts to the same group of onerous contracts, for example, based on policyholder pricing groups and other internal management information. Where reasonable and supportable information is not available to identify a set of onerous contracts, this assessment is performed at an individual contract level. The individual contract assessments can be performed on an adjusted expense allocation basis for aggregation purposes where it can be justified as a systematic and rational basis for allocating the expenses included in the fulfilment cash flows to a group of insurance contracts.

Insurance contracts have typically been allocated to annual cohorts which align with annual financial periods, except for non-participating life annuities where insurance contracts have typically been allocated to monthly cohorts due to the sensitivity of pricing to changes in financial risk.

For insurance contracts issued measured under the PAA, no contracts have been allocated to onerous groups of contracts at initial recognition in 2024. The group may have to apply judgement to assess whether facts and circumstances have indicated that a group of contracts has become onerous subsequent to initial recognition. This assessment will follow normal business practice of typically using three to five years of experience to form expectations of profitability. Expectations will be updated half-yearly to understand if a group of insurance contracts, which was previously assumed not to be onerous, subsequently becomes onerous due to changes in experience relative to the pricing basis.

5.1.3 Measurement

Recognition and derecognition

The initial recognition date and derecognition of insurance contracts are not areas of significant judgement for the group.

Fulfilment cash flows

Fulfilment cash flows include the following components:

- Probability-weighted estimates of future cash flows
- Adjustment to reflect the time value of money and financial risk relating to future cash flows, to the extent that the financial risk is not included in the estimates of future cash flows
- A risk adjustment for non-financial risk.

The probability-weighted estimates of future cash flows are determined through the following approach:

- Identifying all sets of cash flows directly related to the fulfilment of a particular group of contracts
- Defining all reasonable scenarios applicable to a particular set of cash flows, including the cash flow profile applicable to each scenario
- Attaching a probability to each scenario
- Discounting the cash flow profile related to each scenario at the applicable discount rates
- Calculating an aggregated weighted average present value of the sets of cash flows based on the probabilities attached to each scenario.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

5.1 Liability for life insurance contracts continued

5.1.3 Measurement continued

Estimates of future cash flows

The group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Estimates of future cash flows incorporate in an unbiased way all reasonable and supportable information that is available without incurring undue cost or effort. This information includes internal and external historical information about claims and other experience, adjusted to allow for expected future changes in experience. Estimates of future cash flows therefore reflect the group's current view of prevailing conditions. Market variables are consistent with current observable market prices. Changes in legislation that affect estimates of future cash flows are only allowed for once substantively enacted.

Contract boundaries

The determination of the contract boundary of insurance and reinsurance contracts is not an area of significant judgement for the group.

Expenses

The following expense cash flows are included within the boundary of a contract:

- Acquisition cash flows that relate to the selling, underwriting and starting of a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. This includes underwriting expenses, upfront commissions payable to intermediaries and commissions payable in respect of policy changes
- Administration and other expense cash flows incurred in fulfilling the obligations under the insurance contracts, such as investment management expenses where relevant (see below for further details), claims handling costs, costs related to premium billing and maintenance commissions that are expected to be paid to intermediaries.

Both direct costs and an allocation of fixed and variable overheads are included. Attributable costs (acquisition cash flows that relate to the selling, underwriting and starting of a group of contracts that are directly attributable to the portfolio of contracts and administration and other expense cash flows incurred in fulfilling the obligations under the insurance contract) are determined using functional cost analysis techniques. The group applies judgement by taking a broad view of attributable expenses where it is reasonable and supportable.

Unit expense assumptions are based on approved budgets and business plans over a five-year time horizon. Unit expense assumptions are escalated at estimated expense inflation rates per annum. The allocation between acquisition and administration and other expense cash flows is based on functional cost analyses and reflects actual expenses incurred during the current year. The future expense assumptions do not include any cash flows that are not directly attributable to the fulfilment of the insurance contracts. An increase in unit expenses increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

The investment management expenses for insurance contracts with underlying items are typically chargeable to the policyholders under the terms of the contract and therefore these expenses related to underlying items are included in the fulfilment cash flows. The group applies judgement to assess whether expected investment management expenses for insurance contracts without underlying items (measured under the GMM) should be included in the fulfilment cash flows and therefore, whether investment activity performed by the businesses enhances benefits from insurance coverage for policyholders. The group has determined that these expenses are included in fulfilment cash flows in most scenarios because a different level of benefits would likely be offered if policyholders' premiums are assumed to earn lower/higher investment returns as part of pricing (assuming these expenses are explicitly priced for in the premiums).

Decrements

Assumptions with regard to future mortality, disability and disability payment termination are consistent with the group's recent experience for the five years up to 31 December 2024. The mortality rates between policyholder groups allow for various rating factors, such as gender and smoker status. Mortality and disability rates are adjusted to allow for: the expected deterioration in mortality rates as a result of HIV/AIDS; the expected improvements in mortality rates in the case of annuity business; and the expected impact of future pandemic events where relevant.

Mortality and disability cover are material in Botswana and the mortality tables we use are based on relevant South African mortality tables adjusted with our own mortality experience data where it is credible. An increase in mortality rates increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

Surrender, lapse and paid-up rates are key assumptions in the measurement of life insurance contracts (risk and savings business). Assumptions with regard to future surrender, lapse and paid-up rates are based on the group's recent experience for the three years ended 30 September 2024. An increase in surrender or lapse rates may increase or reduce the estimates of future cash flows, therefore resulting in a decrease or increase in the CSM depending on the specific product features (all else being equal).

Inflation assumptions

The group applies judgement to determine whether changes in inflation assumptions are related to financial risk or non-financial risk. Inflation assumptions that are based on market observable rates are related to financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions being presented in insurance finance income or expenses. Inflation assumptions that are based on the group's expectation of inflation (for example, based on analysts or insurance bodies' views of country inflation) are treated as assumptions that are related to non-financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions adjusting the CSM. In general, changes in inflation assumptions in the group are related to financial risk. Changes in inflation assumptions related to non-financial risk are an exception to this general rule. Term-dependent inflation assumptions are applied to expenses based on the difference between long-term nominal and real yields.

The risk environment can change suddenly and unexpectedly owing to a wide range of events or influences. The group is constantly refining its risk monitoring and management tools to enable the group to assess risks appropriately, despite the greatly increased pace of change. The growing complexity and dynamism of the environment in which the group operates means that there are, however, natural limits. There will never be absolute certainty in respect of identifying risks at an early stage, measuring them sufficiently or correctly estimating their real hazard potential.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

5.1 Liability for life insurance contracts continued

5.1.3 Measurement continued

Contractual service margin

Discount rates

The group applies a bottom-up approach to determine discount rates applied to future cash flows for insurance contracts. Estimates of future cash flows that do not vary with investment returns on underlying items are discounted using a risk-free yield curve, adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Risk-free rates are determined based on the market observable yield curves for Government bonds, with extrapolation between the last available market point and an ultimate forward rate, considering long-term real interest rate and inflation expectations.

The table below sets out the risk-free yield curves used.

	1 year		5 years		10 years		15 years	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
Botswana	**5,59**	5,08	**8,24**	7,08	**8,76**	8,77	**9,23**	8,96

Estimates of future cash flows that do vary with investment returns on underlying items are discounted using risk-free rates. Risk-free discount rates are consistent with the rates applied to the cash flows not varying with investment returns on underlying items.

The future investment returns on underlying items are consistent with the discount rates applied to the cash flows that vary with these investment returns on underlying items. The allowance for investment management expenses is determined separately from the future investment returns and discount rates for measurement and presentation purposes.

Risk adjustment for non-financial risk

The risk adjustment is the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The main sources of non-financial risk are the estimates related to decrement rates for mortality and morbidity, persistency rates and expenses. Adjustments for financial risks are included either in the estimates of future cash flows or in the discount rates and are therefore excluded from the risk adjustment. Operational risk will be excluded from the risk adjustment as it is mainly related to general operational risk that cannot be directly attributed to the fulfilment of the insurance contracts.

The risk adjustment for non-financial risk is included in the fulfilment cash flows and is measured explicitly, as changes in the risk adjustment impact accounting estimates (including the CSM) and need to be disclosed separately in the liability reconciliations. IFRS 17 does not require entities to use a specific technique to estimate the risk adjustment, with the confidence level technique highlighted as a possible approach. However, an entity that uses a technique other than the confidence level technique for determining the risk adjustment is required to disclose the technique used and the confidence level corresponding to the results of that technique. The group uses a margins approach targeting a confidence level between the 85th and 100th percentile. The confidence level is determined based on the group's risk appetite for bearing the non-financial risk arising from the uncertain amount and timing of cash flows.

The risk adjustment allows for the effect of diversification benefits between different risk and product types (where relevant), which is determined based on correlation matrix techniques and other diversification impacts determined for solvency purposes.

Coverage units

The CSM is recognised as income in insurance revenue over the duration of insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period. The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits is typically determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

5.1 Liability for life insurance contracts continued

5.1.3 Measurement continued

The following definitions of coverage units are used for the material lines of business[1]:

	Measurement model	Insurance coverage	Investment return services	Examples of coverage definitions
	Relative weighting of the benefits provided[2]			
Risk insurance business	GMM	A		Guaranteed sum assured (for example, term/whole life insurance business, funeral insurance business
Non-participating life annuities	GMM	A	B	Annuity benefit payments[3], or guaranteed benefits available on death/surrender/ withdrawal during the accumulation phase for deferred life annuities
Universal life insurance business	GMM	A	B	Maximum of the guaranteed benefits plus any vested bonuses
Proportional reinsurance	GMM	A		Maximum amounts recoverable from the reinsurer (for example, for quota share reinsurance, the proportion of the guaranteed sum assured ceded)
Non-proportional reinsurance	GMM	A		Maximum amounts recoverable from the reinsurer (for example, for excess of loss reinsurance, the excess of the guaranteed sum assured over and above the specified limit)

[1] *Coverage units are defined for each group of contracts and could vary based on the specific features/characteristics of the underlying contracts.*

[2] *The insurance contract services with a majority relative weighting of total benefits provided (i.e. greater than 50%) are denoted by (A), whereas the insurance contract services with a minority relative weighting of total benefits provided (i.e. less than 50%) are denoted by (B), where relevant. The actual weighting varies in each current and future period based on the relative differences between the insurance and investment-related benefits payable, which is mainly a function of the terms of each contract and the probability-weighted estimates of future cash flows. For life insurance risk business, the main purpose of the insurance contracts issued is to provide insurance coverage to the policyholders, and therefore a lower weighting of benefits is provided by investment-return services (where relevant), relative to the benefits provided by insurance coverage.*

[3] *Investment return services are provided on:*

- *immediate life annuities during guaranteed periods where payments are made on death or survival*
- *deferred life annuities during the accumulation phase where payments are made on death or surrender/transfer.*

The reinsurance contracts held by the group do not provide investment-return services.

Premium experience adjustments

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) that do not vary based on the returns on underlying items adjust the CSM if related to future service, or such amounts are recognised in insurance revenue in the reporting period if related to current (or past) service.

The group applies judgement to determine whether these experience adjustments are related to current (or past) or future service. The premium-related experience adjustments typically relate to current (or past) service. Experience adjustments relating to premiums received for future coverage are an exception to this general rule. Such an example is where the premium experience adjustments have a direct impact on the value of future benefits payable to policyholders, resulting in the experience adjustments and the changes in the estimates of the future cash flows being largely offset when adjusting the CSM.

Loss recovery component (LRC) for reinsurance contracts held

An LRC is deducted from the CSM at initial recognition of a group of reinsurance contracts held when underlying onerous insurance contracts are recognised, with the resulting income recognised in profit or loss offsetting the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. This adjustment to the CSM of a group of reinsurance contracts held, and the resulting income, is determined by multiplying: the loss recognised on the underlying insurance contracts (or loss component(s) of the underlying insurance contracts); and the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held (also referred to as the 'LRC ratio').

The group applies judgement in determining the LRC ratio. The LRC ratio is determined as the present value of the future expected claims recovery cash flows of the group of reinsurance contracts held divided by the present value of the future expected claims cash flows of the underlying insurance contracts. Subsequent to the initial recognition of a group of reinsurance contracts held, the LRC is adjusted for changes in estimates that relate to future service based on the corresponding adjustment to the loss component(s) of the underlying group(s) of insurance contracts and the reinsured portion of these underlying insurance contracts. The group applies judgement to assess that any unfavourable changes in the fulfilment cash flows of underlying insurance contracts that are not reinsured do not adjust the LRC, unless the impact is immaterial.

If a group of reinsurance contracts held is linked to multiple groups of underlying insurance contracts (which could include onerous and non-onerous groups of contracts), the LRC ratio is estimated based on the overall claims recoveries for the group of reinsurance contracts held and the overall claims incurred for the underlying insurance groups, applied to the sum of the loss components of the underlying insurance groups (where relevant). This determination of the LRC therefore estimates the portion of the losses on the underlying insurance contracts being recovered in the LRC for reinsurance contracts held, by excluding the following impacts where relevant: the portion of the underlying insurance contracts that are not covered by the group of reinsurance contracts held; and the portion of the underlying insurance contracts that are not onerous.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

5.1 Liability for life insurance contracts continued

5.1.3 Measurement continued

Sensitivity analysis to underwriting risk variables

The sensitivity analysis related to underwriting risk variables only includes information on the impact of changes in assumptions for the life insurance risk (PAA and GMM) business.

Life insurance – risk business

The following tables present information on how reasonably possible changes in assumptions made by the group with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Life insurance – risk business (PAA)

The liability for incurred claims (LIC) component of life insurance liabilities measured under the PAA is sensitive to possible changes in the following underwriting risk variables:

	31 December 2024			
Premium allocation approach	**LIC as reported P'000**	**Impact on liability P'000**	**Impact on profit before income tax P'000**	**Impact on equity P'000**
Insurance contract liabilities (net)	**109 260**			
Reinsurance contract assets (net)	**8 033**			
Net insurance contract liabilities	**117 293**			
Ultimate claims cost – 5% increase				
Insurance contract liabilities (net)		**12 906**	**(12 906)**	**(10 067)**
Reinsurance contract assets (net)		**(893)**	**893**	**697**
Net insurance contract liabilities		**12 013**	**(12 013)**	**(9 370)**

	31 December 2023			
Premium allocation approach	**LIC as reported P'000**	**Impact on liability P'000**	**Impact on profit before income tax P'000**	**Impact on equity P'000**
Insurance contract liabilities	88 210			
Reinsurance contract assets	3 274			
Net insurance contract liabilities	91 484			
Ultimate claims cost – 5% increase				
Insurance contract liabilities (net)		1 112	(1 112)	(867)
Reinsurance contract assets (net)		2	(2)	(2)
Net insurance contract liabilities		1 114	(1 114)	(869)

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

5.1 Liability for life insurance contracts continued

5.1.3 Measurement continued

Life insurance – risk business (general model)

The fulfilment cash flows and CSM components of life insurance liabilities measured under the general model are sensitive to possible changes in the following underwriting risk variables:

	31 December 2024					
	Liability for remaining coverage		Incurred claims			
P'000	Best estimate of future cash flows	Risk adjustment	Best estimate of future cash flows	Total fulfilment cash flows	CSM	Total
Insurance contract liabilities (annuities)	7 294 714	91 734	15 672	7 402 120	357 732	7 759 852
Insurance contract liabilities (individual life risk)	(1 329 367)	171 778	121 111	(1 036 478)	817 086	(219 392)
Reinsurance contract assets	(35 965)	36 373	29 191	29 599	(116 633)	(87 034)
Net insurance contract liabilities	**5 929 382**	**299 885**	**165 974**	**6 395 241**	**1 058 185**	**7 453 426**

P'000	Total impact on fulfilment cash flows	Impact on CSM	Tax impact on liability	Impact on profit before income tax	Impact on equity
Mortality/morbidity rate – 5% decrease					
Insurance contract liabilities (annuities)	67 923	(67 923)	–	(4 013)	(3 130)
Insurance contract liabilities (individual life risk)	(64 726)	64 726	–	5 228	4 078
Reinsurance contract assets	(2 516)	2 516	–	–	–
Net insurance contract liabilities	681	(681)	–	1 215	948
Lapse/surrender rates – 10% decrease					
Insurance contract liabilities (individual life risk)	(27 732)	27 732	–	2 240	1 747
Reinsurance contract assets (net)	99	(99)	–	–	–
Net insurance contract liabilities	**(27 633)**	**27 633**	**–**	**2 240**	**1 747**
Expenses – 10% decrease					
Insurance contract liabilities (annuities)	(2 522)	2 522	–	149	116
Insurance contract liabilities (individual life risk)	(66 723)	66 723	–	5 389	4 204
Net insurance contract liabilities	**(69 245)**	**69 245**	**–**	**5 538**	**4 320**

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

5.1 Liability for life insurance contracts continued

5.1.3 Measurement continued

Life insurance – risk business (general model) continued

	31 December 2023					
	Liability for remaining coverage		Incurred claims			
P'000	Best estimate of future cash flows	Risk adjustment	Best estimate of future cash flows	Total fulfilment cash flows	CSM	Total
Insurance contract liabilities (annuities)	6 985 231	93 013	17 934	7 096 178	304 725	7 400 903
Insurance contract liabilities (individual life risk)	(1 655 760)	166 760	113 667	(1 375 333)	922 562	(452 771)
Reinsurance contract assets	10 927	(31 705)	(36 822)	(57 600)	111 822	54 222
Net insurance contract liabilities	5 340 398	228 068	94 779	5 663 245	1 339 109	7 002 354

P'000	Total impact on fulfilment cash flows	Impact on CSM	Tax impact on liability	Impact on profit before income tax	Impact on equity
Mortality/morbidity rate – 5% decrease					
Insurance contract liabilities (annuities)	66 807	(66 807)	–	(3 506)	(2 735)
Insurance contract liabilities (individual life risk)	(69 955)	69 955	–	6 257	4 881
Reinsurance contract assets	1 286	(1 286)	–	–	–
Net insurance contract liabilities	(1 862)	1 862	–	2 751	2 146
Lapse/surrender rates – 10% decrease					
Insurance contract liabilities (individual life risk)	(42 922)	42 922	–	3 839	2 995
Reinsurance contract assets (net)	(686)	686	–	–	–
Net insurance contract liabilities	(43 608)	43 608	–	3 839	2 995
Expenses – 10% decrease					
Insurance contract liabilities (annuities)	(13 397)	13 397	–	703	548
Insurance contract liabilities (individual life risk)	(60 389)	60 389	–	5 402	4 213
Net insurance contract liabilities	(73 786)	73 786	–	6 105	4 761

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

5.2 Policy liabilities for investment contracts with investment management services

The valuation of these contracts is linked to the fair value of the supporting assets, and deviations from future investment return assumptions will therefore not have a material impact. The recoverability of the contract costs for investment management services is not significantly impacted by changes in lapse experience. If future lapse experience was to differ by 10% (2023: 10%) from management's estimates, no impairment of the contract costs for investment management services would be required.

5.3 Fair value of investments in unquoted equity

The investments in unquoted equity instruments have been valued based on the expected cash flows, discounted at the current rates applicable for items with similar terms and risk characteristics. This valuation requires the group to make estimates about expected future cash flows and discount rates and hence they are subject to significant judgement. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgement is required to establish fair values. The judgements include considerations of liquidity risk, credit risk and model inputs such as discount rates, prepayment rates and default rate assumptions for asset-backed securities.

For DCF analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country-specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk-free interest rates and credit risk. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. The carrying amount of these instruments at year-end was P121 million (2023: P145 million).

5.4 Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original EIR.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables, excluding premium debtors

For trade receivables, ECLs are recognised using the simplified approach. The simplified approach is applicable to trade receivables which do not have a significant financing component. Trade receivables do not contain significant financing components and they are for a maximum period of 90 days.

When applying the simplified approach, the group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group determines the ECLs for each of the balances based on the historical probabilities of default for each group of trade receivables and the loss given default (LGD). LGD is the percentage that can be lost when a debtor defaults.

5.5 Impairment of non-financial assets

The group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when indicators of impairment exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The were no impairment losses written off during the year.

5.6 Determination of fair value of investment properties

Investment property comprises properties held to earn rental income and/or capital appreciation. Investment properties are carried at fair value based on valuations by independent valuators. Fair value is determined by discounting expected future cash flows at appropriate market interest rates. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The valuators have appropriate qualifications and extensive experience in property valuation in Botswana. Refer to note 4.4.

5.7 Deferred tax assets

Deferred tax assets in respect of deductible temporary differences are recognised to the extent that it is probable that there will be sufficient taxable temporary differences to net off against the deductible temporary difference or sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are recognised in respect of tax losses to the extent that there is convincing evidence that taxable profit will be available, against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies.

5.8 Fair value measurement

A number of assets and liabilities included in the group's annual financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The group measures several items at fair value:

- Investment property (note 4.4)
- Financial instruments (notes 4, 5 and 26).

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

5.9 Classification of joint arrangements

For all joint arrangements structured in separate vehicles, the group must assess the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the group to consider whether it has rights to the joint arrangement's net assets (in which case it is classified as a joint venture), or rights to specific assets and obligations for the liabilities (in which case it is classified as a joint operation). Factors the group must consider include:

- Structure
- Legal form
- Contractual agreement
- Other facts and circumstances.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

5.9 Classification of joint arrangements continued

Upon consideration of these factors, the group has determined that its joint arrangement structure through a separate vehicle (Khumo Property Asset Management Proprietary Limited) only gives rights to the net assets and is therefore classified as a joint venture. Furthermore, effective 1 January 2016, the BIHL Group acquired 50% of a company called Teledimo Proprietary Limited (Teledimo), and is a non-operating holding company, and holds a 100% investment in a short-term insurance company, Botswana Insurance Company Limited (BIC) and a 66% investment in GrandRe Tanzania. Trans Industries Proprietary Limited (TI) which is a privately owned company incorporated in Botswana owns the remaining 50% of Teledimo. BIC further holds a 100% investment in Insure Guard. The shareholders' agreement between BIHL and TI provides for 50-50 representation and equal voting rights between the shareholders. TI holds the management agreement of the operations under Teledimo.

Based on the aforementioned, the group assessed that it has joint control of BIC and accounts for the joint arrangement as an associate using the equity method in the consolidated annual financial statements, while it accounts for the joint venture at cost in the separate annual financial statements of the company.

5.10 Valuation of investments in associates

Investments in associates are considered for impairment at least annually. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data. The value in use calculation is based on a DCF model. The cash flows are derived from budgeted margins based on past performance and management expectations for market developments. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These require significant judgement. The consideration of impairment for Nico and Letshego Holdings Limited (Letshego) is discussed further in note 4.5 to the annual financial statements.

5.11 Investment in subsidiaries, associates and joint ventures (at company level)

- **Subsidiaries:** Investment in subsidiaries is recognised at cost less accumulated impairment losses. All subsidiaries are incorporated in Botswana. These are Botswana Life Insurance Limited, Bifm Holdings Limited, Kgolo Ya Sechaba (KYS), Private Property Botswana (PPB) and BIHL Share Scheme Trust
- **Associates:** Associates are all entities over which the company has significant influence but not control or joint control, generally accompanying a shareholding of between 20% to 50% plus one vote of the voting rights. Associates are accounted for at cost less accumulated impairment losses. The company has associates incorporated in Malawi (Nico Holdings Limited and Teledimo)
- **Interest in a joint venture:** The company has an interest in a joint venture which is jointly controlled. A joint venture arrangement is an arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture arrangement that involves the establishment of a separate entity in which each venture has an interest in the net assets of the jointly controlled entity. Investments in joint ventures are accounted for at cost less impairment losses.

5.12 Goodwill

Goodwill represents the excess of the cost of a business combination over the group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date. The gain or loss on the disposal of a subsidiary or business includes the carrying amount of goodwill attributable to the entity or business sold.

Goodwill is not recognised when an interest in an existing subsidiary is increased. The difference between the cost of the acquisition and the minority interest acquired is accounted for directly in equity. Goodwill is also not affected when an interest in an existing subsidiary is decreased without a loss of control. The difference between the proceeds received and the share of the net assets disposed of, is accounted for directly in equity.

For impairment purposes, the carrying amount of goodwill is allocated to cash-generating units at the lowest level of operational activity (business) to which it relates. The carrying amount of goodwill is reviewed biannually for impairment and written down where the recoverable amount is less than the carrying amount. Where a number of related businesses acquired in the same business combination are allocated to different group business divisions, the related goodwill is allocated to those cash-generating units that expect to benefit from the synergies of the business combination.

The recoverable amount of goodwill for purposes of impairment testing has been determined based on fair value less cost to sell for entities that are cash-generating units. Refer to note 3 for additional information.

5.13 Consolidation of investment funds

The group acts as a fund manager and invests in a number of investment funds and has varying holdings. In determining whether the group controls such funds, it will focus on an assessment of the aggregate economic interests of the group (comprising any carried interests and expected management fees) and the investor's rights to remove the fund manager. This general assessment is supplemented by an assessment of third-party rights in the investment funds with regard to their practical ability to allow the group not to control the fund. The group assesses its interest in the investment funds on an annual basis to determine if the fund will be consolidated. The non-controlling interest owned by third parties is classified as a financial liability in the consolidated statement of financial position. These interests are classified at fair value through profit or loss and measured at fair value which is equal to the number of units not owned by the group. In practice, the group considers itself to have control of a fund when it both owns the asset manager and holds greater than 20% thereof.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

6. OFF-BALANCE SHEET SEGREGATED FUNDS

The group also manages and administers assets for the account of and the risk of clients. As these are not assets of the group, they are not recognised in the group's statement of financial position in terms of IFRS Accounting Standards but are disclosed as a note. Refer to note 10.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Revenue recognition

Revenue from contracts with customers

In terms of IFRS 15 *Revenue from Contracts with Customers*, the group applies a five-step approach when reviewing customer contracts in order to determine how revenue is recognised. These steps are:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The group earns its fee revenue from investment management fees, dividends and interest. The five-step approach is only relevant to investment management fees which are derived from mandates with customers. Specifically, revenue is recognised as follows:

Revenue from contracts with customers, subject to the provisions of IFRS 15, consists of fees for investment management services which are time-based and performance based. Time-based fees are recognised as services are rendered and are due when billed. Performance-based fees are due when specific criteria have been met. Refer to note 15 for further details.

Fees for investment management services arising from services rendered in conjunction with the issue and management of investment contracts where the group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument.

Performance obligations

Management fee income is generally accrued daily as asset management services are rendered. The investment mandates do not place further pre-conditions and the fees are therefore computed on fixed percentages of the value of assets under management (AUM). The fees fall due and payable when billed either monthly, quarterly or biannually as stipulated in each contract. Performance fees are fees earned when predetermined criteria are achieved. The following criteria are stipulated in the performance contract and were evaluated using the five-step approach defined in IFRS 15.

Contract criteria

The performance evaluation of the specified fund is determined over a 12-month period against the fund's annual return target of the Fleming Aggregate Bond Index + 0,50% starting on 1 December each year. The performance fee rate is 0,1% of the market value of the fund as at 30 November 2024, which is also the contract evaluation date. The performance criteria were not met, therefore, there were no performance fees earned during the year. The performance fees are calculated gross of the portfolio management fees. The performance fee is payable net of transaction fees, brokerage fees, agency or subcontractor fees and fiscal charges or levies.

IFRS 15 considerations

A contract exists between the group and the fund. The contract is subject to management fees and performance-based fees.

Performance obligations

The performance period and the performance obligations described previously were not met as at the evaluation date.

Investment income

Interest income is recorded using the EIR, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

Net gains or losses on financial assets and liabilities at fair value through profit or loss are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at fair value through profit or loss and exclude interest and dividend income and expenses. Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at fair value through profit or loss are calculated using the first-in, first-out method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Other income

- Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature
- Dividend income is recognised when the shareholder's right to receive payment is established through approval by the shareholders.

7.2 Basis of consolidation

The consolidated annual financial statements comprise the financial statements of BIHL, its subsidiaries and consolidated funds as at 31 December 2024. The subsidiaries and the group have the same reporting dates and all use consistent accounting policies. In the company-only accounts, subsidiaries, associates, and joint ventures are accounted for at cost less accumulated impairment losses.

Subsidiaries

Subsidiaries are those entities in which the group has an interest and control. Control is achieved when the group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure or rights to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns.

The group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary. Where the reporting date of the subsidiary is different from the group, adjustments are made for the effects of any major transactions or events that occur between the reporting date of the subsidiary and that of the group.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.2 Basis of consolidation continued

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interest
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the group had directly disposed of the related assets or liabilities.

Associates

Investments in associates are accounted for using the equity method of accounting. Under this method, the group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in other comprehensive income/equity. The cumulative post-acquisition movements are adjusted against the cost of the investment. The group's share of post-acquisition profits or losses is based on the earnings attributable to the owners of the associates (after tax and non-controlling interest in the associates). Associates are entities over which the group generally has between 20% and 50% of the voting rights, or over which the group has significant influence even if it has less than 20% voting rights, but which it does not control.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The group's investment in associates includes goodwill on acquisition.

When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses unless the group has incurred obligations or made payments on behalf of the associates. The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to share of profit/(loss) of an associate in the income statement.

Interest in a joint venture

The group has an interest in a joint arrangement, which is a joint venture. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate legal entity in which each venturer has an interest in only the net assets of the separate entity. The group recognises its interest in the joint venture using equity accounting. The year-end of the group's joint venture is 31 October (Khumo Properties). Adjustments are made for any significant transactions or events in the intervening period between 31 October and the group's reporting date.

Consolidated funds

A financial liability is recognised and classified as at fair value through profit or loss for the fair value of the external investors' interest in consolidated funds where the issued units of the fund are classified as financial liabilities in terms of IFRS Accounting Standards. Changes in the fair value of the external investors' liability are recognised in the statement of comprehensive income. In all other instances, the interests of external investors in consolidated funds are not financial liabilities and are recognised as non-controlling shareholders' interest.

Acquisition of non-controlling interests

Non-controlling interests represent the equity of the subsidiary not held by the group and are presented separately in the income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with non-controlling interest leading to changes in ownership interest without control being affected are accounted for in equity as transactions with owners.

7.3 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

7.4 Financial instruments

Financial instruments carried on the statement of financial position include investments (excluding associates and joint ventures), receivables, cash, deposits and similar securities, investment policy contracts, term finance liabilities, liabilities in respect of external investors in consolidated funds and payables. Financial instruments are recognised when the group becomes party to a contractual arrangement that constitutes a financial asset or financial liability for the group that is not subject to suspensive conditions. Regular way investment transactions are recognised by using trade date accounting.

Financial instruments are classified at initial recognition and measured at:

- amortised cost
- fair value through profit or loss (either mandatory or designated).

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired, or liabilities assumed.

Initial recognition and measurement

A financial asset is measured at amortised cost if it meets the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
- Financial assets at amortised cost comprise insurance and other receivables, cash, deposits and similar securities, loans and amounts owing by related parties.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.4 Financial instruments continued

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group does not have any assets held at fair value through other comprehensive income.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described previously are mandatorily measured at fair value through profit or loss. In addition, the group designates certain financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income or at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

On initial recognition, the group designates a financial asset at fair value through profit or loss when doing so results in more relevant information because:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases
- a group of financial liabilities or a group of financial assets and liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the entity's key management personnel
- the following investments in financial assets are designated at fair value through profit or loss for policyholders and shareholders:
  - corporate and quasi-Government bonds
  - fixed interest securities
  - other bonds and loans.

The group designates financial instruments at fair value through profit or loss in line with its risk management policies and procedures that are based on the management of the group's capital and activities on a fair value basis.

The following investments in financial assets are mandatorily at fair value through profit or loss for policyholders and shareholders:

- Equity investments – listed
- Equity investments – unlisted
- Money market instruments.

A financial asset or financial liability is initially measured at fair value, plus for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Costs directly attributable to the acquisition of financial assets classified at fair value through profit or loss are recognised in the income statement as net loss from financial assets held at fair value through profit or loss:

- Equity investments – listed
- Equity investments – unlisted
- Money market instruments.

Derecognition

A financial asset is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
- the group has transferred substantially all the risks and rewards of the asset, or the group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. In this case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

7.5 Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include investment and insurance contract liabilities designated upon initial recognition at fair value through profit or loss. Gains and losses on financial liabilities held at fair value through profit or loss are recognised in profit or loss. The fair value of the investment contract liabilities is determined by the fair value of the underlying financial assets that are directly backing the financial liability.

Other liabilities such as trade and other payables and amounts owing to other related companies are initially measured at fair value. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR method amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss.

Derecognising financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments

The group is exposed to certain risks relating to its ongoing business operations. The primary risk, which is managed using derivative instruments, is the foreign currency risk relating to the group's investment in foreign currency-denominated financial instruments. The derivative instruments reflect the change in fair value of foreign exchange swap transaction contracts that are intended to reduce the level of foreign currency risk. These derivatives are measured at fair value through profit or loss. The group does not apply hedge accounting.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.6 Impairment of financial assets and non-financial assets

Financial assets at amortised cost

The group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables, excluding premium debtors

For trade receivables, ECLs are recognised using the simplified approach. The simplified approach is applicable to trade receivables which do not have a significant financing component. Trade and other receivables do not contain significant financing components and they are for a maximum period of 90 days. When applying the simplified approach, the group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group determines the ECLs for each of the balances based on the historical probabilities of default for each group of trade receivables and the LGD. LGD is the percentage that can be lost when a debtor defaults.

Other receivables

For other receivables, ECLs are recognised using the general approach. The related party loans arise from transactions on insurance contracts and other services (charges for services provided to the group companies) which are settled within 90 days. Loans to brokers and agents are mainly advances in lieu of commissions. They are matched to commissions payable to brokers/agents.

ECLs are recognised based on three stages. Stages 1 and 2 consider whether there has been a significant change in credit risk since the recognition of the financial asset or not, and stage 3 considers if the asset is already credit-impaired.

The group considers a financial asset in default when contractual payments are 90 days past due. In certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For the purpose of a collective evaluation of impairment, financial assets are grouped based on similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

7.7 Impairment of non-financial assets

Assets that are subject to depreciation/amortisation, except intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units) that are largely independent from cash inflows generated by other asset(s) or group(s) of assets. Non-financial assets are only considered in cash-generating units if the individual asset cannot generate cash inflows that are largely independent from cash inflows generated by other assets or groups of assets.

In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators of comparable assets.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

7.8 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

7.9 Acquisition costs

Acquisition costs form part of fulfilment cash flows under IFRS 17 and consist of commission payable to sales staff on long-term insurance business, life business and expenses directly related thereto. Commission on long-term insurance business and life business is accounted for on all activated policies in the financial period during which it is incurred.

7.10 Recurring and non-attributable costs

Recurring and non-attributable costs include, *inter alia,* staff costs, professional fees, bank charges, marketing and advertising, other office costs and training costs and are recognised on the accrual basis. Expenses incurred by functional departments are allocated to group life, group credit, group funeral, annuity and individual business, and, furthermore, for individual and annuity business, by acquisition and maintenance in accordance with the function performed by the departments.

Premium collection costs are accounted for on an accrual basis These costs are allocated to recurring or non-attributable costs based on the cost estimation prepared to derive unit costs per product as part of the actuarial modelling process.

7.11 Policy liabilities

The valuation bases and methodology used to measure the policy liabilities of all material lines of insurance and investment business for the group are set out as follows and comply with the requirements of IFRS Accounting Standards. An explanation of the recognition of insurance amounts in profit or loss is covered under note 7.11.7.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.11 Policy liabilities continued

7.11.1 Classification

The group applies IFRS 17 *Insurance Contracts* to insurance contracts, reinsurance contracts it holds and investment contracts with DPF it issues. Investment contracts without DPF (with or without investment management services) fall within the scope of IFRS 9 *Financial Instruments*.

All references to insurance contracts in these accounting policies apply to insurance contracts acquired, reinsurance contracts issued or held, and investment contracts with DPF issued, unless specifically stated otherwise. All references to insurance contracts issued in these accounting policies apply to insurance contracts excluding reinsurance contracts held.

A contract is classified as an insurance contract where the group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario in which the insured event results both in significant additional payments and also in an overall loss to the group on a present value basis.

In the normal course of business, the group uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

Some insurance contracts include investment components. An investment component that is not distinct, and therefore in scope of IFRS 17, is the amount that an insurance contract requires the group to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. All references to investment components in these accounting policies apply to investment components in scope of IFRS 17 that are not distinct, unless specifically stated otherwise. Investment components are included in the measurement of insurance liabilities. However, repayments of investment components are not presented in profit or loss.

The measurement of investment components identified for different types of insurance contracts is covered in the subsections below. Refer to separation of components for the criteria relating to distinct investment components that need to be separated and accounted for under a different standard.

Insurance contracts are allocated to the following lines of business and measurement models for the disclosure of amounts related to these contracts in the notes to the financial statements: Life insurance – risk business (insurance contracts without direct participation features) is measured using the PAA and GMM.

The PAA is applied to scheme (group life and group credit life) portfolios and the GMM is applied to individual life and guaranteed annuity portfolios. Where practicable, the group has disaggregated the GMM disclosure notes between Individual life and annuity portfolios.

Life insurance – risk business

The default accounting model applied to insurance contracts for liability measurement purposes is the GMM, unless the VFA or PAA applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts (refer to contracts measured under the PAA for further details). Insurance contracts measured under the GMM and PAA are referred to as insurance contracts without direct participation features.

For some insurance contracts without direct participation features, the group performs investment activity to generate an investment return included in an investment component or amount the policyholder has a right to withdraw. Such an insurance contract provides an investment-return service and is measured under the GMM. The following are examples of the main types of products included in life insurance – risk business:

- Life insurance risk business providing death/disability and funeral cover (for a specified term/whole life) is measured under the GMM, unless eligible for the PAA
- Life insurance risk business where insurance coverage is provided to members of corporate schemes, with the premiums payable by the employers (policyholders) reviewable at least annually, is measured under the PAA
- Non-participating life annuities (excluding term-certain annuities in scope of IFRS 9) are measured under the GMM. For non-participating life annuities with a guarantee period, payments made during the guaranteed period are considered to be investment components
- Universal life insurance contracts which give rise to investment and insurance risk are measured under the GMM
- Other risk insurance contracts providing investment return services (for example, endowment contracts) are measured using the GMM, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges
- Reinsurance contracts held providing proportionate coverage (such as quota share or surplus reinsurance) or non-proportionate coverage (such as excess of loss reinsurance) are measured under the GMM, unless eligible for the PAA.

Separation of components

The standard requires distinct components to be separated from the insurance contract and accounted for under a different IFRS Accounting Standards. For the current reporting period, no components were deemed distinct.

Aggregation (including unit of account)

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and therefore the group has assumed that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account. However, there might be certain cases where the legal form of a contract does not reflect the substance. Insurance contracts which cover multiple insurance risks can be separated into separate contracts for measurement purposes where the group has applied judgement to assess that the legal form of the insurance contract does not reflect the substance and separation is required.

Insurance contracts within each product line are allocated to portfolios of insurance contracts that are managed together and subject to similar risks. The portfolios are further divided into groups of insurance contracts issued based on recognition date (refer to recognition) and expected profitability, based on whether:

- contracts are onerous at initial recognition
- contracts at initial recognition have no significant possibility of becoming onerous subsequently
- contracts at initial recognition have a significant possibility of becoming onerous subsequently (i.e. the remaining contracts).

An insurance contract issued is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts issued measured under the PAA, contracts are not expected to be onerous at initial recognition, unless there are facts and circumstances indicating that they are onerous.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.11 Policy liabilities continued

Aggregation (including unit of account) continued

Each group of insurance contracts does not include insurance contracts issued (or reinsurance contracts held) more than one year apart in the same group (also referred to as cohorts of insurance contracts). These groups represent the level of aggregation at which insurance contracts are measured. Such groups are not subsequently reconsidered.

The group uses judgement in identifying portfolios and assessing the appropriate level at which reasonable and supportable information is available to determine the groups of insurance contracts based on expected profitability at initial recognition.

Reinsurance contracts held

For reinsurance contracts held, the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition.

7.11.2 Measurement of insurance contracts

The group measures insurance contracts by performing year-to-date estimates of the carrying amount of the asset or liability for a group of insurance contracts.

In the notes to the financial statements, the net carrying amount of the insurance contracts issued and reinsurance contracts held has been defined as the net insurance contract carrying amount (for insurance contracts issued) and the net reinsurance contract carrying amount (for reinsurance contracts held).

Recognition

The group recognises insurance and reinsurance contracts issued from the beginning of the coverage period, or if earlier, the date when the first payment from the policyholder is due or when the group determines that a group of contracts becomes onerous/contracts with net gain. Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Reinsurance contracts held

The group recognises reinsurance contracts held at the beginning of the coverage period, but no earlier than the initial recognition date of any underlying insurance contract where the group of reinsurance contracts held provides proportionate coverage (such as quota share reinsurance or surplus reinsurance). A group of reinsurance contracts held that provides non-proportionate coverage (such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

Contract boundaries

The group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract issued if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay premiums or has a substantive obligation to provide the policyholder with insurance contract services.

Cash flows are within the boundary of an investment contract with DPF if they result from a substantive obligation of the group to deliver cash at a present or future date.

A substantive obligation to provide services ends when the group:

- has the practical ability to reassess the risks of a particular policyholder and as a result can change the price charged or the level of benefits provided for the price to fully reflect the new level of risk
- performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:
  - the group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders
  - the group's pricing of the premiums up to the assessment date does not consider any risks beyond this date.

The group concludes on its practical ability to set a price that fully reflects the insurance and/or financial risks in the individual contract or portfolio at the reassessment/renewal date by considering all the risks (transferred from the policyholder to the group) that it would assess when underwriting equivalent contracts on the same date for the remaining service. Where the group provides an option to members of group life insurance business to purchase individual life cover on cessation of employment, all future cash flows related to the individual life cover will form part of a new insurance contract because the group has the practical ability to charge the prevailing new business rates which fully reflect the new level of risk.

Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Reinsurance contracts held

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the reporting period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive services from the reinsurer.

The substantive rights and obligations of both parties will end if there is a unilateral right to cancel the reinsurance contract. The probability of the reinsurer repricing the contract can be allowed for when determining the fulfilment cash flows included in the contract boundary and is based on past business practice/experience where relevant. However, an allowance for the probability of the reinsurer cancelling the contract is not permitted when assessing the contract boundary.

7.11.3 Initial measurement (excluding the PAA)

On initial recognition, the group measures a group of insurance contracts as the total of the:

- fulfilment cash flows
- contractual service margin.

The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the liability for remaining coverage for certain eligible types of contracts.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary, with discount rates being applied to the future cash flows to adjust for the time value of money and financial risks related to those cash flows. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort.

Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes. Fulfilment cash flows exclude expense cash flows not directly attributable to the fulfilment of the insurance contracts.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.11 Policy liabilities continued

7.11.3 Initial measurement (excluding PAA) continued

Fulfilment cash flows continued

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates and forms part of the fulfilment cash flows for a group of insurance contracts. The risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk. Note 5.1.3 Risk adjustment for non-financial risk provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that the group expects to recognise as it provides insurance contract services.

- If a group of insurance contracts issued is not onerous at initial recognition, the CSM is measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows, any derecognised assets for insurance acquisition cash flows or other cash flows incurred before the recognition date. This results in no income or expenses arising on initial recognition
- If a group of insurance contracts issued is onerous at initial recognition, the CSM is negative. The group immediately recognises this net outflow as an expense in profit or loss with no CSM recognised on the statement of financial position at initial recognition. A loss component, which is equal to this net outflow representing the expected future losses on the group of insurance contracts, is recognised at initial recognition and tracked over the coverage period of the insurance contracts for measurement purposes. The loss component therefore forms part of the liability for remaining coverage. Refer to subsequent measurement (excluding the PAA) for further details.

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2024 reporting period for insurance contracts measured under the GMM.

For groups of contracts acquired in a transfer of insurance contracts or in a business combination within the scope of IFRS 3 *Business Combinations*, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date. No contracts were acquired in a transfer of insurance contracts or in a business combination in the 2024 reporting period.

Reinsurance contracts held

For groups of reinsurance contracts held, the CSM can be positive or negative and therefore represents a deferred gain or loss that the group will recognise as reinsurance income or expenses when it receives reinsurance coverage in the future. An LRC adjusts the CSM at initial recognition of the group of reinsurance contracts held when onerous underlying insurance contracts are recognised. The resulting income is recognised in profit or loss and offsets the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. The LRC is not established before the underlying insurance contracts are recognised. This adjustment to the CSM of a group of reinsurance contracts held and the resulting income is determined by multiplying:

- the loss recognised on the underlying insurance contracts
- the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held.

The group uses judgement in determining the LRC, including for subsequent measurement covered in the next section.

7.11.4 Subsequent measurement (excluding the PAA)

The carrying amount of a group of insurance contracts at the end of each reporting date is the sum of:

- the liability for remaining coverage (remaining coverage component for reinsurance contracts held), comprising:
  - the fulfilment cash flows related to service to be provided (received for reinsurance contracts held) in future periods
  - the remaining CSM of the group at that date
- the liability for incurred claims (incurred claims component for reinsurance contracts held), comprising the fulfilment cash flows for past service allocated to the group at that date. The liability for incurred claims also includes the repayment of any investment components or other amounts that are not related to the provision of insurance contract services in future periods and therefore not included in the liability for remaining coverage.

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current probability-weighted estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

Fulfilment cash flows for past incurred claims include the discounted value of the estimates of future payments arising from these incurred claims, such as the estimated future benefit payments on income protection contracts and riders such as premium waivers.

Changes in estimates of the fulfilment cash flows are treated differently according to whether changes relate to current (or past) or future service:

- Changes that relate to current (or past) service are recognised in profit or loss
- Changes that relate to future service are recognised by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which adjust the loss component on a group of insurance contracts issued, or any changes which adjust the LRC on a group of reinsurance contracts held (refer to the 'Loss component' section as follows for further details).

Insurance contracts accounted for under the GMM

The following changes do not relate to future service and therefore do not adjust the CSM:

- Changes in fulfilment cash flows related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in the time value of options and guarantees (TVOG))
- Changes in the liability for incurred claims related to past service
- Experience adjustments arising from premiums received (premiums paid for reinsurance contracts held) that relate to current service including related cash flows such as insurance acquisition cash flows and experience adjustments related to incurred claims and administration expenses.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.11 Policy liabilities continued

7.11.4 Subsequent measurement (excluding PAA) continued

Insurance contracts accounted for under the GMM continued

The following changes relate to future service and therefore adjust the CSM:

- Changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described previously that do not adjust the CSM
- Changes in the risk adjustment for non-financial risk that relate to future service
- Differences in the investment components expected to become payable in the period and actual investment components payable in the period. The expected repayments of investment components include the effect of and change in the time value of money and financial risks before these become payable
- Experience adjustments arising from premiums received that relate to future service including related cash flows such as insurance acquisition cash flows.

The adjustments to the CSM are measured based on the discount rates applied to the fulfilment cash flows at initial recognition (also referred to as locked-in discount rates). Refer to the ‘Contractual service margin’ section as follows for further details. The group applies judgement to determine whether the premium experience adjustments relate to current (or past) or future service.

For insurance contracts issued providing investment return services, where the group applies discretion in the timing and amount of the cash flows to be paid to the policyholders, changes in discretionary cash flows relate to future service and adjust the CSM. The group specifies at the inception of the contract the basis on which it expects to determine its commitment under the contract. Changes in assumed future bonus rates will be treated as changes in discretionary cash flows if this determination of non-vested bonuses is not based on a formulaic approach specified at the inception of the contracts. Policyholders earning investment returns on account balances, and any changes in the formulaic approach for the smoothing of investment returns specified at the inception of the contract, are changes related to financial risks and do not adjust the CSM.

Contractual service margin

For a group of insurance contracts issued, the carrying amount of the CSM at the end of each reporting period is adjusted for the following changes in the period:

- The effect of new contracts recognised in the period (refer to the ‘Contractual service margin’ subsection in initial measurement (excluding the PAA) for further details))
- For contracts measured under the GMM, the accretion of interest on the CSM at the start of the reporting period (or initial recognition for new contracts recognised in the period). Interest is accreted on the CSM using locked-in discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items
- Changes in the fulfilment cash flows that relate to future service (as described in the ‘Fulfilment cash flows’ section) adjust the CSM, to the extent the CSM is available. If an increase in the fulfilment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised. If the CSM is zero, changes in the fulfilment cash flows are recognised in insurance service expenses by adjusting the loss component. Any decrease in the fulfilment cash flows in excess of the loss component reduces the loss component to zero and reinstates the CSM. Refer to the ‘Loss component’ section as follows for further details
- The effect of changes in currency exchange rates for contracts denominated in a foreign currency, with movements being translated at the average exchange rate over the reporting period
- The amount of the CSM recognised in insurance revenue based on the insurance contract services provided in the period, determined after allowing for the impacts described previously. Refer to the ‘Coverage units’ section as follows for further details.

Reinsurance contracts held

For a group of reinsurance contracts held, the same steps are followed (as described previously for a group of insurance contracts issued) to adjust the carrying amount of the CSM at the end of each reporting period, with the main differences in the features of the reinsurance contracts held summarised below:

- The CSM at initial recognition for new contracts recognised in the period is after the deduction of an LRC when underlying insurance contracts are onerous
- The adjustment to the CSM for changes in the fulfilment cash flows related to future service is after the deduction of any adjustment to the LRC for changes in the fulfilment cash flows for the underlying insurance contracts which adjusted a loss component
- The amount of the CSM recognised as income or expenses from reinsurance contracts held in profit or loss is based on the services received from the reinsurer(s) in the period.

Coverage units

The CSM is recognised as insurance revenue over the duration of the insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits will typically be determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

The coverage units for contracts measured under the GMM consider the quantity of benefits and expected coverage period of investment return services (where relevant), in addition to the insurance coverage provided (or reinsurance coverage received).

Loss component

The loss component at initial recognition of a group of insurance contracts issued represents the expected losses to be incurred on the group of insurance contracts over the coverage period. Subsequent to initial recognition, the loss component of a group of insurance contracts issued is adjusted for changes in the estimates of the fulfilment cash flows that relate to future service (as described in the ‘Fulfilment cash flows’ section previously) with such increases or reversals of losses recognised in insurance service expenses in profit or loss. For insurance contracts measured under the GMM, the adjustments to the loss component are measured based on locked-in discount rates. These changes in the fulfilment cash flows allocated to the loss component of a group of insurance contracts issued are excluded from insurance revenue and insurance service expenses, resulting in the recognition of insurance revenue depicting the consideration to which the group expects to be entitled in exchange for the insurance contract services provided.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.11 Policy liabilities continued

Contractual service margin continued

Reinsurance contracts held

For a group of reinsurance contracts held, the LRC is adjusted based on the corresponding adjustments to any loss component(s) of the underlying insurance contracts and the reinsured portion of these underlying insurance contracts. The LRC is not adjusted for any material increases in the loss component related to any cash flows that are not reinsured. The group uses judgement in determining the LRC.

Contracts measured under the PAA

The PAA is applied to all insurance contracts with a coverage period of one year or less. In some scenarios, the PAA is also applied where the group expects that the measurement of a group of insurance contracts issued under the PAA would produce a measurement of the liability for remaining coverage (or asset for the remaining coverage component for reinsurance contracts held) that would not differ materially from the one that would be produced by applying the GMM.

For insurance contracts issued, the liability for remaining coverage represents the portion of the premiums received related to insurance coverage to be provided in future. Insurance business measured under the PAA has recognised insurance acquisition cash flows as expenses in profit or loss when incurred.

For a group of insurance contracts issued on initial recognition, the group measures the liability for remaining coverage as the amount of premiums received, if any, and amounts for the derecognition at that date of any asset for insurance acquisition cash flows recognised before the initial recognition of the group.

The carrying amount of a group of insurance contracts issued at the end of each reporting date is the sum of:

- the liability for remaining coverage
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims not paid.

For a group of insurance contracts issued, at the end of each reporting date, the group measures the liability for remaining coverage as the carrying amount at the start of the reporting period:

- plus the premiums received in the period
- minus insurance acquisition cash flows (if not recognised as an expense in profit or loss)
- plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss)
- minus the amount recognised as insurance revenue for the services provided in the period
- minus any investment component paid or transferred to the liability for incurred claims.

The group does not adjust the liability for remaining coverage for insurance contracts issued (or the asset for remaining coverage for reinsurance contracts held) for the effect of the time value of money as the premiums are due within one year or less from the date of initial recognition.

For insurance contracts measured under the PAA, the liability for incurred claims has not adjusted for the time value of money where the claims settlement period is more than one year. The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2024 reporting period for insurance contracts issued measured under the PAA.

A risk adjustment for non-financial risk is determined for the liability for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the underlying cash flows. Section 5.1.3 Risk adjustment for non-financial risk provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

If there are facts and circumstances that indicate that a group of insurance contracts issued is onerous, a loss will be recognised in profit or loss equal to the difference between the fulfilment cash flows related to the future coverage of the group under the GMM and the liability for remaining coverage under the PAA, with the liability for remaining coverage being increased to be equal to the fulfilment cash flows under the GMM. If the liability for incurred claims does not allow for the time value of money and the effect of financial risk, then the fulfilment cash flows should also exclude such an adjustment. Subsequent to an initial loss being recognised, the loss component will be recalculated at the end of each reporting period based on the difference between the fulfilment cash flows measured under the GMM and the liability for remaining coverage under the PAA, with the change in loss component over the period being recognised as an increase or reversal of losses in profit or loss.

For groups of insurance contracts measured under the PAA, no onerous groups of insurance contracts have been recognised in the 2024 reporting period.

Reinsurance contracts held

For reinsurance contracts held, the asset for remaining coverage measured under the PAA represents the portion of the ceding premiums paid related to reinsurance coverage to be received in future.

For a group of reinsurance contracts held on initial recognition, the group measures the asset for remaining coverage under the PAA as the amount of ceding premiums paid.

The carrying amount of a group of reinsurance contracts held at the end of each reporting date is the sum of:

- the asset for remaining coverage (also referred to as the remaining coverage component)
- the incurred claims component, comprising the fulfilment cash flows for past incurred claims not recovered.

For a group of reinsurance contracts held, at the end of each reporting date, the group measures the asset for remaining coverage as the carrying amount at the start of the reporting period:

- minus the ceding premiums paid in the period
- plus the amount recognised as reinsurance expenses for the services received in the period.

For groups of reinsurance contracts held, a LRC will be deducted from the asset for remaining coverage when the loss component is initially recognised on the underlying insurance contracts, with subsequent adjustments to the LRC based on the corresponding changes in the loss component for the underlying insurance contracts.

7.11.5 Derecognition and modification

The group derecognises a contract when the rights and obligations relating to the contract are extinguished (i.e. expired, discharged or cancelled) or the contract is modified and additional criteria are met.

If an insurance contract is modified by the group by agreement between the parties to the contract or by a change in regulation, the changes in the cash flows as a result of the modification are treated as changes in estimates of fulfilment cash flows, unless the criteria for the derecognition of the original contract are met. If a contract modification results in derecognition of the original contract, a new contract is recognised on the modified terms. The exercise of a right included in the terms of a contract is not a modification.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.11 Policy liabilities continued

7.11.5 Derecognition and modification continued

If an insurance contract not accounted for under the PAA is derecognised from a group of insurance contracts, or a contract modification does not result in the derecognition of the original insurance contract, the CSM of the group of insurance contracts is adjusted for the changes in estimates of fulfilment cash flows.

If an insurance contract not accounted for under the PAA is transferred to a third party, or a contract modification results in the derecognition of the original insurance contract and recognition of a new contract, the group adjusts the CSM of the group of insurance contracts from which the contract has been derecognised based on the difference between the changes in estimates of fulfilment cash flows of the group of insurance contracts resulting from the contract being derecognised and:

- for transfers to a third party, the premium charged by the third party, or
- for a contract modification, the premium that the group would have charged had it entered into a new contract with the modified terms at the date of the contract modification.

The new contract recognised is measured assuming that the group received the premium determined as per the above. The adjustments to the CSM described above exclude any changes in fulfilment cash flows resulting in the recognition of (or changes to) a loss component for the group of insurance contracts. If an insurance contract measured under the PAA is derecognised from a group of insurance contracts, the group adjusts the liability for remaining coverage of the group of insurance contracts to reflect the amount refunded to the policyholder as a result of the derecognition of the insurance contract (or the amount paid to a third party in the case of a transfer other than for settlement of incurred claims), and the premium that would have been received for a new contract in the case of a contract modification resulting in the derecognition of the original contract.

7.11.6 Measurement of investment contracts in scope of IFRS 9

Contracts with investment management services

The liabilities are measured based on the retrospectively accumulated fair value of the underlying assets. The amounts recognised in profit or loss for these contracts are based on the fees received during the period concerned plus the movement in the contract costs less expenses incurred.

Non-participating annuity business

Term annuity instalments and expected future expenses in respect of these instalments are discounted at the zero-coupon yield curve adjusted for an illiquidity premium and investment administration charges.

7.11.7 Explanation of recognised insurance amounts in profit or loss

This section describes how amounts related to insurance contracts are presented and disclosed in the group's consolidated financial statements. The insurance service result is equal to the sum of:

- insurance revenue
- insurance service expenses
- income or expenses from reinsurance contracts.

The result from insurance is equal to the sum of the:

- insurance service result
- insurance (and reinsurance) finance income or expenses
- investment returns on assets held in respect of insurance contracts.

Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period for a group of insurance contracts excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the group, adjusted for the discounting effect and excluding any investment components. The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the group expects to be entitled to in exchange for those services.

For insurance contracts issued, not measured under the PAA, the total consideration for a group of contracts covers the following amounts:

- Expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and repayments of investment components)
- Amounts of the CSM recognised in profit or loss for the services provided in the period
- Release of the risk adjustment for expired risk (excluding amounts allocated to the loss component)
- Experience adjustments arising from premiums received related to current (or past) service, including related cash flows such as insurance acquisition cash flows
- Amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM (refer to amortisation of insurance acquisition cash flows for further details).

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

Insurance service expenses

The following amounts are recognised in insurance service expenses:

- Expected claims and administration expenses incurred (excluding amounts allocated to the loss component and repayments of investment components)
- Experience adjustments arising from incurred claims and administration expenses
- Changes in liability for incurred claims related to past service;
- Actual insurance acquisition cash flows on insurance contracts measured under the PAA (for businesses not electing to amortise these cash flows in the liability for remaining coverage)
- Amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM, or where businesses elect to include insurance acquisition cash flows in the liability for remaining coverage under the PAA
- Changes that relate to future service:
  - Initial losses on onerous groups of insurance contracts issued recognised in the period
  - Increases and reversals of losses on onerous groups of insurance contracts issued.

The expenses only relate to cash flows that are directly attributable to the fulfilment of the insurance contracts issued.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.11 Policy liabilities continued

Income or expenses from reinsurance contracts

The group presents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount. The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Income or expenses from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers. Reinsurance expenses are recognised similarly to insurance revenue, depicting the transfer of services received in the period at an amount reflecting the portion of premiums the group is expected to pay in exchange for those services. The following amounts are recognised as income or expenses from reinsurance contracts held where relevant:

- Amounts of the CSM recognised in profit or loss for the services received in the period
- Changes in the risk adjustment for non-financial risk, excluding:
  - changes that related to future service (adjusting the CSM)
  - amounts included in reinsurance finance income or expenses
- For contracts accounted for under the GMM:
  - experience adjustments related to incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred
  - experience adjustments related to ceded premiums for past and current service
- For contracts accounted for under the PAA:
  - actual incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred
  - reinsurance expenses related to the portion of ceded premiums recovered in the current period, recognised based on the passage of time over the coverage period of the reinsurance contracts held
- Changes in the incurred claims for past service recoverable from the reinsurance contracts held
- Changes in the non-performance risk of reinsurer counterparties
- Changes that relate to future service:
  - income on the LRC recognised in the period
  - changes in estimates that adjust the LRC.

Insurance (and reinsurance) finance income and expenses

The group recognises all insurance finance income or expenses for the reporting period in profit or loss. The group has therefore elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The effect of and changes in the time value of money and financial risk form part of the insurance finance income and expenses. For a group of insurance contracts measured under the GMM, insurance finance income or expenses mainly comprises the following amounts:

- The unwind of interest on fulfilment cash flows, based on current discount rates
- The accretion of interest on the CSM, based on locked-in discount rates
- The effect of changes in financial (economic) assumptions, including the effect of changes in financial guarantees (changes in the TVOG)
- The impact of currency exchange differences on fulfilment cash flows for contracts denominated in a foreign currency (where relevant).

For a group of insurance contracts measured under the PAA, insurance finance income or expenses mainly comprise the following amounts (where relevant):

- The unwind of interest on the liability for incurred claims, based on current discount rates
- The impact on the liability for incurred claims of the effect of changes in economic assumptions.

The amounts recognised in insurance finance income or expenses are determined on a 'gross basis' before any allowance for investment management expenses, policyholder taxation at current tax rates and charges for investment guarantees. The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

Amortisation of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Insurance acquisition cash flows are amortised in each reporting period in a systematic way based on the passage of time. For insurance contracts not measured under the PAA, the insurance acquisition cash flows are amortised in line with the coverage units used to determine the recognition of the CSM in insurance revenue.

7.12 Collateral in respect of financial assets

Collateral placed at counterparties as part of the group's capital market activities is not recognised. No transfer of ownership takes place in respect of collateral other than cash and any such collateral accepted by counterparties may not be used for any purpose other than being held as security for the trades to which such security relates. In respect of cash security, ownership transfers in law. The counterparty, however, has an obligation to refund the same amount of cash, together with interest, if no default has occurred in respect of the trades to which such cash security relates. Cash collateral is accordingly also not derecognised.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral is mainly obtained for securities lending. Credit risk is also mitigated by entering into collateral agreements. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. Government bonds do not have collateral as these are deemed low-risk and recoverable.

7.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, bank balances (current accounts), cash at bank (call deposits), bank overdrafts (offset against positive bank balances in the cash flow statement) and demand deposits. Cash and cash equivalents are defined as cash at the bank, cash in hand and unencumbered cash instruments with a maturity period not exceeding three months.

7.14 Foreign currency translation

Functional and presentation currency

The consolidated annual financial statements are presented in Botswana Pula, which is the group's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.14 Foreign currency translation continued

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences on remeasurement and settlement of monetary items are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit, or loss is also recognised in other comprehensive income or profit or loss, respectively). Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign operation financial statements

The functional currency of the foreign operations, African Life Financial Services (Zambia) Limited and Quantum Assets Zambia Limited, is the Zambian Kwacha. The group is also invested in an associated company in Malawi whose functional currency is the Malawian Kwacha. As at the reporting date, the assets and liabilities of the associates whose functional currency is not of a hyperinflationary economy are translated into the presentation currency of the group at the rate of exchange ruling at the reporting date, and the income statement is translated at the weighted average exchange rate for the year and for those operating in hyperinflationary economies at the closing exchange rate at the most recent statement of financial position.

The exchange differences arising on translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation is recognised in the income statement as part of profit or loss on disposal of the subsidiary.

Impact of IAS 29 *Financial Reporting in Hyperinflationary Economies*

The group classified the Malawi economy as a hyperinflationary economy and the financial statements of Nico Group were adjusted in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* for the financial year ended 31 December 2024. The restatement of non-monetary items, shareholders' equity, items in the statement of comprehensive income and the adjustment of any index-linked items to the measuring unit current at the reporting date in the Malawi associate resulted in the group's equity-accounted earnings for the year ended 31 December 2024 decreasing by P22 million.

7.15 Property and equipment and owner-occupied property

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Land is not subject to depreciation. Owner-occupied property comprises land and buildings held for use or for administration purposes.

The following are the applicable useful lives:

- Buildings — 20 years
- Furniture and fittings — 5 to 10 years
- Computer equipment — 4 years
- Motor vehicles — 4 years
- Leasehold improvements — Lower of lease term and useful life of improvements (5 to 10 years)

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset if the recognition criteria are met. Major renovations are depreciated over the remaining useful life of the related asset.

Depreciation commences when the item of property and equipment is available for use as intended by management and ceases when the item is derecognised or classified as held for sale or included in a discontinued operation. Depreciation ceases temporarily while the residual value is equal to the carrying value.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

All assets are tested for impairment on an annual basis and the assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year-end.

7.16 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful life and assessed for impairment at each reporting date and whenever there is an indication that the intangible asset is impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least each financial year-end. Changes in the expected useful life and the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method as appropriate and treated as changes in accounting estimates. The amortisation expense is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Amortisation commences when an intangible asset is available for use and ceases at the earlier of the intangible asset being classified as held for sale and the date that the asset is derecognised. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in the income statement when the asset is derecognised.

Computer software

Generally, costs associated with purchasing computer software programs are capitalised when the requirements for capitalisation are met. The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the asset for its intended use.

Costs that are clearly associated with an identifiable system, which will be controlled by the group, and which have a probable benefit beyond one year, are recognised as an asset provided they meet the definition of development costs.

Computer software development costs recognised as assets are amortised in the income statement on the straight-line method over their useful lives, not exceeding a period of three years, and are carried in the statement of financial position at cost less accumulated amortisation and accumulated impairment losses. The carrying amount, useful lives and amortisation methods of assets are reviewed and adjusted if appropriate at each reporting date.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.16 Intangible assets continued

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the acquisition date fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment on goodwill is never reversed. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

7.17 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

7.18 Taxes and value added tax (VAT)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. No deferred tax has been recognised as the distribution of profits from subsidiaries and associates follows a defined dividend policy. The retained profits that remain are held in line with capital requirements of the various businesses, therefore future distribution is only expected from future profits.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss unless the underlying transaction was recorded directly in other comprehensive income or equity.

In such an instance, the deferred tax is recorded in other comprehensive income and equity as well. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current income tax

Current taxation is charged on the net income for the year after considering income and expenditure, which are not subject to taxation, and capital allowances on fixed assets. Current tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in the income statement. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date.

Value added tax

Revenue, expenses and assets are recognised net of the amount of VAT except:

- where VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.18 Taxes and value added tax (VAT) continued

Uncertainty over income tax treatments

As per the provisions of IFRIC 23, the interpretation does not apply to taxes or levies outside the scope of IAS 12. The interpretation also does not specifically include requirements relating to interest and penalties associated with the uncertain tax treatments. In addition, the interpretation applies when there is uncertainty over income tax affecting both current tax and deferred tax. The interpretation specifically addresses the following:

- Whether to consider uncertain tax treatments separately
- The assumptions to be made about the examination of tax treatments by the tax authorities
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- Consideration for changes in facts and circumstances on which judgements and estimates are based.

The group assesses changes in facts and circumstances on which judgements and estimates are based, however, for the year ended 31 December 2024, there were no uncertain tax positions.

7.19 Stated capital

Stated capital is recognised at the fair value of the consideration received by the company. Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than in connection with business combinations, are shown in equity as a deduction, net of tax, from the proceeds.

Where any group entity purchases the company's own equity stated capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the group's own equity instruments.

7.20 Employee benefits

Pension obligations and gratuity

Defined contribution plan

The group operates a defined contribution plan. Under the defined contribution plan, the contributions made by the group to the fund are charged to profit or loss and the charge is included in staff costs. The group contributions are based on 16% of the basic salary of employees. The scheme is funded through payments to a trustee administered fund. The pension plan is registered under the Retirement Funds Act of 2023. Expatriate and contract employees are provided with a gratuity in terms of their conditions of employment.

- The group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and the employee) to a trustee administered fund, together with investment returns arising from the contributions
- In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the employee. Defined benefit contributions are recognised as expenses when incurred.

Medical aid

In terms of employment contracts and the rules of the relevant medical aid scheme, medical benefits are provided to employees. The group subsidises a portion of the medical aid contributions for employees. Contributions in relation to the group's obligations in respect of these benefits are charged against income in the period of payment. The group has no post-retirement medical funding obligations.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The group recognises a liability and expense for termination benefits at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits
- When the entity recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

Termination benefits are normally paid off within 12 months, hence they are not discounted.

Leave pay accrual

The group recognises, in full, employees' rights to annual leave entitlement in respect of past service. The recognition is made each year-end and is calculated based on accrued leave days not taken at year-end. The charge is made to expenses in the income statement and trade and other payables in the statement of financial position.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonuses is recognised in trade and other payables when there is no realistic alternative but to settle the liability when both of the following conditions are met:

- The group has a present legal or constructive obligation to make such payments as a result of past events
- A reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Share-based compensation

In 2010, the group introduced two schemes being: the share option scheme and the conditional share plan (CSP).

Share option scheme

All employees are eligible to participate in the scheme based on performance. Each employer company recommends to the human resources committee which employees it intends to incentivise by making offers subject to the approval of the human resources committee. Options are exercised by payment of the offer price after the vesting date by the employees in exchange for equity shares. The vesting period is three years. The subsidiaries account for the awards as cash-settled while the group and holding company account for the awards as equity-settled.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.20 Employee benefits continued

Share-based compensation continued

Conditional share plan

The purpose of the plan is to recognise contributions made by selected employees and to provide for an incentive for their continuing relationship with the group. The awards are given as grants. The awards are aligned with strategic periods and targets. Vesting is based on a future date in line with a specific strategy period and subject to specific performance criteria. The subsidiaries account for the awards as cash-settled while the holding company accounts for the awards as equity-settled.

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The fair value of options at grant date is expensed over the vesting period. A cumulative expense is recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in the cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied if all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified.

An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. If a new award is, however, substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model, further details of which are given in note 23. For cash-settled share-based payment transactions, the entity shall measure the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the entity shall remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

The liability shall be measured, initially and at the end of each reporting period until settled, at the fair value of the obligation by considering the terms and conditions on which the rights were granted, and the extent to which the employees have rendered services to date.

Bifm citizen economic empowerment (CEE) share option scheme

Bifm implemented a CEE share scheme (the scheme) in 2019, whereby the company issued 25,1% of its ordinary share capital to citizen employees of Bifm. The scheme aims to fulfil the following motives of the company:

- To meet the requirements of the key clients in the market regarding citizen economic empowerment
- To attract and retain key local skills within the company
- To empower citizen employees economically
- To align the interest of staff with those of the clients.

At the inception of the Bifm CEE share option scheme, Bifm issued 21 849 246 additional shares (representing 25,1% of the issued capital of the company). The additional issued share capital was independently valued by Deloitte at P64,7 million. The 25,1% issued capital was issued in the following manner.

At the commencement of the scheme:

- 11% (9 575 368 shares per IAR 2023) was immediately allocated to existing employees as participatory shares to be purchased by the employees at arm's length with the aid of Bifm staff loans
- 4% (3 481 950 shares) was reserved in the Bifm CEE Share Trust (trust formed in 2019 to hold shares in Bifm on behalf its employees) for future allocation to employees. These shares were originally part of a 15% allocation toward the participatory shares and were transferred to the Bifm CEE Share Trust after 11% was taken up by staff in February 2019
- 10,1% (8 791 928 shares) was issued to the Bifm CEE Share Trust to hold on behalf of Bifm employees to be allocated annually in the form of grants with a vesting period of three years.

Bifm accounts for the awards as cash-settled.

7.21 Dividends

Dividends are recorded in the group's consolidated financial statements in the period in which they are approved by the shareholders. Hence, dividends proposed or declared after the period-ends are not recognised at the reporting date. Dividends that are approved after the reporting date but before the financial statements are authorised for issue are disclosed by way of a note to the financial statements together with the related per share amount.

The withholding taxes are accrued for in the same period as the dividends to which they relate. Withholding taxes at the statutory rate of 10% are deducted from the total dividend declared. Where the company receives a dividend on which withholding tax is levied, that withholding tax is recognised as a current tax expense.

7.22 Administration expenses

Administration expenses include, *inter alia,* property and administration expenses relating to owner-occupied property, property and investment expenses related to the management of the policyholders' investments, claims handling costs, product development and training costs and are recognised on an accrual basis. Expenses incurred by functional departments are allocated to group and individual businesses, and then furthermore for individual businesses by acquisition and maintenance in accordance with the function performed by the departments. Premium collection costs are accounted for on the accrual basis.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.23 Leases

At inception of a contract, the group assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset and if the supplier has a substantive substitution right, then the asset is not identified
- the group has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use
- the group has the right to direct the use of the asset. The group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:
  - the group has the right to operate the asset
  - the group designed the asset in a way that predetermines how and for what purpose it will be used.

Group as a lessee

The group recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The group has nine rental leases that make up the right-of-use assets around the country. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term which is also the useful life of the right-of-use asset. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

Buildings – one to five years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit on the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payment
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period and the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Group as a lessor

Leases in which the group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including information technology (IT) equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

7.24 Contingent liabilities and assets

Possible obligations of the group arising from past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, and present obligations of the group arising from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, are not recognised in the group consolidated statement of financial position but are disclosed in the notes to the annual financial statements.

Possible assets of the group arising from past events whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the group are not recognised in the group statement of financial position and are only disclosed in the notes to the annual financial statements where an inflow of economic benefits is probable.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

7.25 Non-distributable reserves

Non-distributable reserves include the following:

7.25.1 Consolidation reserve

The consolidation reserve is created for the effect of treasury shares, which represent BIHL shares purchased and held within the group but are supporting policyholder liabilities which are measured at fair value. The cost of treasury shares is deducted from equity through a separate reserve account called a treasury share reserve. The excess of the fair value of shares over the cost is accounted for through the consolidation reserve, which is a capital reserve. The reserve represents a temporary mismatch in that the reserve will reverse when the affected investments are realised through sale to parties external to the group.

7.25.2 Capital reserve account – life insurance

The provision of the Insurance Industry Regulation of 2020 requires a long-term insurer to maintain minimum capital which shall be the higher of P10 million or an amount representing 25% of operating expenses as defined and reported in the annual return, estimated for the following year. Previously, the provisions of the Insurance Industry Act (section 9 of the Insurance Industry Act, 2015) required that 25% of the surplus arising in a year should be transferred to this reserve. This reserve can be utilised at least once every five years to increase the paid-up stated capital of the company.

As part of its review of the capital structure, the group made an application in prior years to the Regulator, the NBFIRA, for exemption from further transfers to the statutory capital reserves as the group was holding excess capital reserves which were not utilised.

The Regulator approved the suspension of the transfer of the 25% annual after-tax profit to the statutory capital reserves for an indefinite period until the objective of the suspension is achieved. The group currently holds statutory capital reserves of at least 2,9 times the required capital levels based on IPR3: *Prescribed Capital Target.*

7.25.3 Share-based payment reserve

This is associated with equity-settled share-based payment compensation as described in the heading (employee benefits).

7.25.4 Treasury share reserve

Own equity instruments of the group which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity. Consideration paid or received on the purchase, sale, issue or cancellation of the group own equity instruments is recognised directly in equity. No gain or loss is recognised in profit or loss on the purchase sale, or cancellation of own equity instruments.

7.25.5 Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from translation of investment of foreign investments in associates and a share of other comprehensive income of an associate emanating from the translation of the financial statements of its foreign operations.

8. CAPITAL AND RISK MANAGEMENT

The business is exposed to various risks in connection with its current operating activities. These risks contribute to the key financial risk that the proceeds from the business financial assets are not sufficient to fund the obligations arising from insurance and investment policy contracts and the operating activities conducted by the business. The business has an integrated approach towards the management of its capital base and risk exposures with the main objective being to achieve a sustainable return on group equity value at least equal to the business' cost of capital.

The business is exposed to various risks that have a direct impact on the business capital base and earnings, and as such return on group equity value. The management of these risks is therefore an integral part of the business' strategy to maximise return on group equity value. The business' risk exposures can be classified into the following broad categories:

- Financial risks affecting the net asset value of the shareholders' fund (note 25)
- General operational risks
- Long-term insurance risks.

8.1 Capital management

The primary objective of the group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value.

The group manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023.

The group monitors capital using a capital adequacy requirement. Capital adequacy implies the existence of a buffer against experience worse than assumed under the Financial Stability Board's Statutory Valuation Method. The sufficiency of the buffer is measured by comparing the excess of assets over liabilities for statutory reporting purposes with the statutory capital adequacy requirement. The main element in the calculation of the capital adequacy requirement is the determination of the effect of an assumed fall in asset values on the excess of assets over liabilities.

The group complied with all externally imposed capital requirements. The provisions of the Insurance Industry Act, 2015 require that 25% of the surplus arising in a year should be transferred to a capital reserve. This reserve can be utilised at least once every five years to increase the paid-up stated capital of the group.

Capital includes shareholders' equity and long-term debt. As at year-end, there was no long-term debt.

	2024 P'000	2023 P'000
Shareholders' equity (life)	**1 572 687**	2 204 654
PCT (life business only)	**210 923**	228 706
Ratio of excess assets to PCT (life business only)	**7,46**	9,64

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

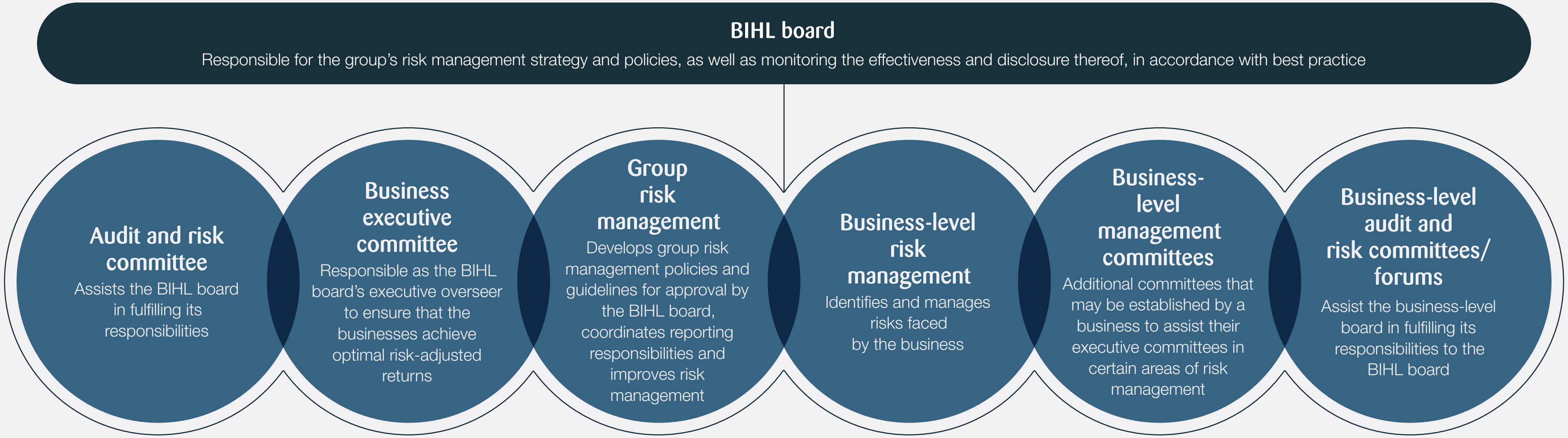
For the year ended 31 December 2024

8. CAPITAL AND RISK MANAGEMENT continued

8.2 Governance structure

The agenda of the BIHL board focuses on group strategy, capital management, accounting policies, financial results, dividend policy, human resources development, corporate governance and BSE requirements. The BIHL board is responsible for statutory matters across all BIHL businesses as well as monitoring operational efficiency and risk issues throughout the group.

The group operates within a decentralised business model environment. In terms of this philosophy, the BIHL board sets the group risk management policies and frameworks, and the individual businesses take responsibility for all operational and risk-related matters on a business level, within the limits set by these policies and frameworks. The following diagram generically depicts the flow of risk management information from the individual businesses to the BIHL board.



BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

8. CAPITAL AND RISK MANAGEMENT continued

8.2 Governance structure continued

Other risk monitoring mechanisms

BIHL board
Reviews and oversees the management of the group's capital base

Actuarial committee
Determines appropriate investment policies and guidelines for policyholder portfolios where guarantees are provided

Compliance committee
Facilitates the management of compliance through analysing statutory and regulatory requirements, and monitoring the implementation and execution thereof

Group risk forum
Aids coordination and transfer of knowledge between businesses and the group, and assists group risk management in identifying risks requiring escalation to the BIHL board

Non-listed asset review
Reviews and approves the valuation of all unlisted assets in the group for recommendation to the BIHL board

Group Chief Financial Officer
Ensures that sound financial practices are followed, adequate and accurate reporting occurs and financial statement risk is minimised

Actuarial
Monitors and reports on key risks affecting the life insurance operations. Determines capital requirements of the life insurance operations and the potential impact of strategic decisions thereon by using appropriate modelling techniques

Group governance/secretariat and public officers
Reviews and reports on corporate governance practices and structures. Reports on applicable legal and compliance matters

Forensics
Investigates and reports on fraud and illegal behaviour in businesses

Investment committee
Determines and monitors appropriate investment strategies for policyholder solutions

Credit review committee
Reviews, assesses, approves and monitors specific counterparty credit and manages the credit risk inherent in the portfolios on an ongoing basis

Group IT risk management
Manages and reports group-wide IT risks

Risk officer (per business)
Assists business management in their implementation of the group risk management process and monitors the business' entire risk profile

Internal audit
Assists the BIHL board and management by monitoring the adequacy and effectiveness of risk management in the businesses

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

8. CAPITAL AND RISK MANAGEMENT continued

8.3 Group risk policies and guidelines

All risks are managed in terms of the policies and guidelines of the board and its committees. Some of the main policies are: the BIHL Group enterprise risk management (ERM) policy, the group risk escalation policy and the group business continuity management policy.

These policies were developed by group risk management and must be implemented by all group businesses. The maturity of the implementation does, however, vary from business to business due to different cost/benefit scenarios, complexity of risks and the degree of risk integration. At the quarterly group risk forum meetings, risk management reports by each business are tabled that must also indicate the extent of compliance with the ERM policy.

BIHL Group ERM policy

The group ERM policy includes the following components:

- The broad objectives and philosophy of risk management in the group
- The roles and responsibilities of the various functionaries in the group tasked with risk management
- The group's minimum standards for implementation of risk management in the businesses.

BIHL Group risk escalation policy

The risk escalation policy defines the circumstances in which risk events and emerging risks should be escalated to the BIHL group level. This includes quantifiable and unquantifiable measures.

General operational risks

Operational risk

Operational risk is the risk of loss due to factors such as inadequate systems, management failure, inadequate internal controls, fraud or human error. The business mitigates these risks through its culture and values, a comprehensive system of internal controls, internal audit, forensic and compliance functions, and other measures such as backup facilities, contingency planning and insurance.

The initiation of transactions and their administration is conducted based on the segregation of duties designed to ensure the correctness, completeness and validity of all transactions. Control is further strengthened by the settlement of transactions through custodians. The custodians are also responsible for the safe custody of the business securities. To ensure validity, all transactions are confirmed with counterparties independently from the initial executors.

The business has a risk-based internal audit approach, in terms of which priority is given to the audit of higher-risk areas, as identified in the planning phase of the audit process. The internal control systems and procedures are subject to regular internal audit reviews. The BIHL investment committee is responsible for the implementation and monitoring of risk management processes to ensure that the risks arising from trading positions are within the approved risk parameters. The following functionaries assist in mitigating operational risk:

Internal audit

A board-approved internal audit charter governs internal audit activity within the group. Regular risk-focused reviews of internal control and risk management systems are carried out. The internal audit function is appointed in consultation with the Chairman of the audit and risk committee and has unrestricted access to the Chairman of the committee. The authority, resources, scope of work and effectiveness of the functions are reviewed regularly.

External audit

The group's external auditor is PricewaterhouseCoopers. The report of the independent auditor for the year under review is contained on pages 104 to 107 of these annual financial statements. The external auditor provides an independent assessment of certain systems of internal financial control, which it may rely on to express an independent opinion on the annual financial statements. Non-audit services rendered by the external auditor are strictly governed by a group policy in this regard. A compulsory rotation of audit partners has also been implemented.

External consultants

The group appoints external consultants to perform an annual review of the group's risk management processes. The purpose of this review is to continuously identify potential areas for improved risk management in line with developing international best practice.

Information and technology risk

IT risks are managed across the group in an integrated manner following the ERM framework. Group IT is the custodian of the group's IT policy framework and ensures explicit focus on and integration with the group's IT governance framework, which includes the governance of information security. The Head of Group IT facilitates the process of identifying emerging IT risks as well as unpacking significant IT risks with group-wide strategic or operational impact. A quarterly IT governance report summarising the group-wide situation is also delivered to the risk and compliance committees.

Going concern/business continuity risk

The board regularly considers and records the facts and assumptions on which it relies to conclude that BIHL will continue as a going concern. Reflecting on the year under review, the directors considered an opinion that adequate resources exist to continue business and that BIHL will remain a going concern in the foreseeable future. The board's statement to this effect is also contained in the directors' statement of responsibility in the annual financial statements.

Compliance risk

Laws and regulations

BIHL considers compliance with applicable laws, industry regulations and codes an integral part of doing business. The group compliance function, together with the compliance functions of the group businesses, facilitates the management of compliance through the analysis of statutory and regulatory requirements and monitoring the implementation and execution thereof.

Compliance with client mandates

Rules for clients' investment instructions are loaded on an order management system, which produces post-trade compliance reports that are continuously monitored. On a monthly basis, these reports are manually compared with the investment instructions. When a possible breach is detected, the portfolio manager is requested to confirm whether a breach has taken place, to explain the reason for the breach and indicate when it will be rectified (which is expected to be as soon as possible). Further action may be taken, depending on the type of breach. The detailed results of the mandate monitoring process are discussed with the Head of Investment Operations monthly.

Fraud risk

The BIHL Group recognises that financial crime and unlawful conduct are in conflict with the principles of ethical behaviour, as set out in the group's Code of Ethics, and undermines the organisational integrity of the group. The financial crime combating policy for the BIHL Group is designed to counter the threat of financial crime and unlawful conduct. A zero-tolerance approach is applied in combating financial crime, and all offenders will be prosecuted.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

8. CAPITAL AND RISK MANAGEMENT continued

8.3 Group risk policies and guidelines continued

Compliance risk continued

Fraud risk continued

The forensic services function at group level oversees the prevention, detection and investigation of incidents of unlawful conduct that are of such a nature that they may have an impact on the group or the executive of a business cluster. Group forensic services is also responsible for the formulation of group standards in respect of the combating of unlawful conduct and the implementation of measures to monitor compliance with these standards.

The Chief Executive Officer of each business cluster is responsible for the implementation of the policy in his or her respective business and is accountable to the board of BIHL. Quarterly reports are submitted by group forensic services to the audit and risk committee on the incidence of financial crime and unlawful conduct in the group and on measures taken to prevent, detect, investigate and deal with such conduct.

Legal risk

Legal risk is the risk that the business will be exposed to contractual obligations that have not been provided for, particularly in respect of policy liabilities. The risk also arises from the uncertainty of the enforceability, through legal or judicial processes, of the obligations of the group's counterparties, including contractual provisions intended to reduce credit exposure by providing for the netting of mutual obligations.

During the development stage of any new product and for material transactions entered into by the business, the legal resources of the business monitor the drafting of the contract documents to ensure that rights and obligations of all parties are clearly set out. The group seeks to minimise uncertainties, through continuous consultation with internal and external legal advisors, to understand the nature of risks and to ensure that transactions are appropriately structured and documented.

Lapse risk

Distribution models are used by the business to identify high-risk clients. Client relationship management programmes are aimed at managing client expectations and relationships to reduce lapse rates. The design of insurance products excludes material surrender value guarantees, subject to regulatory constraints, to limit financial loss at surrender. Lapse assumptions are based on experience, adjusted for expected future changes on experience, to ensure that adequate provisions are made for lapses and surrenders. Further prudence is provided for through compulsory margins prescribed by regulation.

Legislation risk

The risk is managed as far as possible through clear contracting. The business monitors and influences events to the extent possible by participation in discussions with legislators, directly and through industry organisations.

Taxation risk

The risk is addressed through clear contracting to ensure that policy contracts entitle policyholders to after-tax returns, where applicable. The business' internal tax resources monitor the impact of changes in tax legislation, participate in discussions with the tax legislator to influence changes in legislation and are involved in the development of new products. External tax advice is obtained as required.

Reputation risk

Actions with a potential reputational impact are escalated to the appropriate level of senior management. The audit and risk committee and board of directors are involved as required. Events with an industry-wide reputational impact are addressed through industry representative groups.

Strategy risk

The group's governance structure and various monitoring tools in place ensure that any events that affect the achievement of the group's strategy are escalated and addressed at the earliest opportunity. The board has no tolerance for any breach of governance.

Group strategy is addressed on a continuous basis at various forums within the group, the most important of which are:

- The group's strategic direction and success is discussed and evaluated at an annual special strategic session of the BIHL board as well as at the scheduled board meetings during the year
- As part of the annual budgeting process, the group businesses present their strategic plans and budgets to the BIHL board, which ensures that the business' strategies are aligned with the overall group strategy
- The BIHL board, which includes the Chief Executives of the various group businesses, meets on a regular basis to discuss, among others, the achievement of the businesses, and group's strategies. Any strategic issues are identified at these meetings and corrective actions are immediately implemented.

Long-term insurance risk

The investment committee and actuarial committee are established within the long-term insurance businesses. The principle aim of these committees is to ensure that insurance and investment contract liabilities are matched with appropriate supporting assets based on the type of benefits payable to the contract holders. Separate asset portfolios are maintained for the different products and categories of long-term policy liabilities.

The business' long-term insurance operations are subject to the general operational risks described previously, but also to specific long-term insurance risks, which include the following:

Risk management: per type of risk

Underwriting risk

Underwriting risk is the uncertainty relating to the ultimate amount of net cash flows from premiums, commissions, claims and claim settlement expenses paid under a contract and timing risk, defined as uncertainty about the timing of the receipt and payment of those cash flows. Note 25 to the annual financial statements gives further information on the quantitative aspects of our insurance risks.

Insurance events are random, and the actual number and amount of claims will vary from estimates. The business manages these risks through its product development process and underwriting policy to prevent anti-selection and ensure appropriate premium rates (loadings) for substandard risks. It also ensures adequate reinsurance arrangements are in place to limit exposure per policyholder and manage the concentration of risks, the claims handling policy and adequate pricing and reserving. For life insurance products, half-yearly actuarial valuations are also performed to assist in the timely identification of experience variances.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

8. CAPITAL AND RISK MANAGEMENT continued

8.3 Group risk policies and guidelines continued

Long-term insurance risk continued

Risk management: per type of risk continued

Underwriting strategy

The following policies and practices are used by the business as part of its underwriting strategy to mitigate underwriting risk:

- All long-term insurance product additions and alterations are required to pass through the approval framework that forms part of the life insurance business' governance process. The Statutory Actuary approves the policy conditions and premium rates of new and revised products
- Generally, our retail life insurance products with substantial risk exposure are medically underwritten. The medical underwriting includes HIV tests. Those products that are not underwritten are subject to lower-sum assured limits. For life insurance group risk, lives above free cover limits are medically underwritten
- Applications for risk cover are reviewed by experienced underwriters and evaluated against established standards. Retention limits are applied to limit the exposure per individual life
- Reasonable income replacement levels apply to disability insurance
- The experience of reinsurers is used where necessary for the rating of substandard risks
- The right to rerate premiums is retained as far as possible. The risk premiums for group risk business and most of the in-force individual risk business can be adjusted within 12 months should claims experience deteriorate to the extent that such an adjustment is considered necessary. Most of the individual new business is sold with a guarantee that risk premiums would not be increased for the first five to 15 years
- Risk profits are determined monthly
- Mortality and morbidity investigations are conducted at least annually. Product pricing and actuarial reserving considers the results of these investigations
- Expenses are continuously monitored and managed through the business' budgeting process.

Product pricing is generally based upon historical claims frequencies and claims severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns. While claims remain the principal cost, the group also makes allowances in the pricing procedures for acquisition expenses, administration expenses, investment income, the cost of reinsurance and for a profit loading that adequately covers the cost of the capital. Underwriting performance is monitored continuously, and the pricing policy is revised accordingly. Underwriting risk is further mitigated by ensuring that reserve and reinsurance risk are adequately managed.

Claims development tables

The presentation of the claims development tables is based on the actual date of the event that caused the claim (incident year basis). The claims development tables represent the development of actual claims paid for continuing operations (life business).

Reinsurance

Our reinsurance strategy aims to optimise risk profits while transferring mortality and morbidity risk above our risk appetite. Risk exposure above our preferred retention limits is therefore reinsured. Where risk is rejected under the reinsurance treaty with the main reinsurer, the risk is offered to another reinsurer on a facultative basis. Our reinsurance strategy is reviewed annually. Credit risk from the reinsurer(s) is managed by limiting the business' exposure to companies with high credit ratings as per the business' risk appetite. Credit ratings for the reinsurer(s) are monitored regularly.

Claims risk

The risk that the business may pay fraudulent claims (claims risk) is mitigated by training client service staff to ensure that fraudulent claims are identified and investigated timeously. The legitimacy of claims is verified by internal, financial and operating controls that are designed to contain and monitor claims risks. The claims adjudication committee and the forensic investigation team also advises on improvements to internal control systems.

Capital adequacy risk

The PCT cover can also be calculated on the statutory reporting basis where both the excess of assets over liabilities and the PCT are calculated on a statutory basis. The statutory basis is currently more stringent than the IFRS Accounting Standards basis and results in lower excess assets over liabilities.

The business must maintain a shareholders' fund that will be sufficient to meet obligations in the event of substantial deviations from the main assumptions affecting the business. A deterministic modelling process is used to simulate a number of investment scenarios which in turn is used to determine required capital levels that will ensure sustained solvency given a number of shock scenarios. Capital adequacy requirements were covered as indicated by the companies' shareholders' fund (as determined according to IPR3: Prescribed Capital Target for Long-term Insurers by the NBFIRA). The PCT for the life business is covered 7,46 times (2023: 9,64 times).

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

8. CAPITAL AND RISK MANAGEMENT continued

8.3 Group risk policies and guidelines continued

Concentration of insurance risk

Long-term insurance risks do not vary significantly in relation to the location of the risk insured. Concentration by amounts insured could, however, increase the relative portfolio risk. The tables below provide analyses of the concentration of insured benefits per individual life insured (excluding annuity payments) as well as per annuity payable per annum per life assured. The figures below represent the benefits payable on the occurrence of the insurance event and not the liability held in the balance sheet in relation to the insured benefit.

Benefits insured per individual life

	Number of lives		Concentration before reinsurance		Concentration after reinsurance	
	2024 P'000	**2023 P'000**	**2024 %**	**2023 %**	**2024 %**	**2023 %**
0 to 500	**500 275**	508 064	**16**	18	**26**	29
501 to 1 000	**4 107**	3 844	**3**	4	**5**	5
1 001 to 5 000	**22 980**	21 782	**63**	63	**62**	60
5 001 to 8 000	**1 045**	930	**8**	8	**5**	4
>8 000	**510**	419	**8**	8	**3**	2
Total	**528 917**	535 039	**100**	100	**100**	100

Non-participating annuity payable

	Number of lives		Concentration before reinsurance		Concentration after reinsurance	
	2024 P'000	**2023 P'000**	**2024 %**	**2023 %**	**2024 %**	**2023 %**
0 to 20	**3 286**	3 361	**6**	7	**6**	7
21 to 40	**2 801**	2 753	**11**	11	**11**	11
41 to 60	**1 812**	1 714	**11**	12	**11**	12
61 to 80	**1 467**	1 361	**13**	13	**13**	13
81 to 100	**1 066**	992	**12**	12	**12**	12
>100	**2 317**	2 080	**46**	45	**46**	45
Total	**12 749**	12 261	**100**	100	**100**	100

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

8. CAPITAL AND RISK MANAGEMENT continued

8.3 Group risk policies and guidelines continued

Annuity business is not reinsured

The previous 'Benefits insured' table shows that the group's concentration risk before reinsurance has remained stable compared to the prior period. Overall, the group's concentration risk from death claims is not a concern as concentration risk is generally spread over a large number of lives. The latter table also indicates low concentration risk from annuity payments. The group is the largest life insurer in Botswana and, like other operators in the country, has geographical concentration risk to Botswana.

Interest rate risk

Interest rate risk is determined by applying upwards and downwards shocks to the yield curve used to discount our liabilities. The upwards shocks ranges from 93% for short-term maturities (one year) to 50,6% for long-term maturities (30+ years), while the downwards shocks range from 52,9% to 39,8% for short- and long-term maturities, respectively. These yield curve shocks are on IFRS 17 best estimate liabilities and have been adopted from solvency assessment management (SAM) interest rate shocks. The SAM framework is used for assessing financial soundness of South African insurers from a regulatory perspective. The impacts are shown below.

	2024		2023	
	Yields up P'000	Yields down P'000	Yields up P'000	Yields down P'000
Liabilities	**(1 472 476)**	**1 823 007**	(1 192 212)	1 719 840
Assets	**(1 341 302)**	**1 468 235**	(1 277 003)	1 408 571
Net assets	**131 174**	**(354 772)**	(84 791)	(311 269)

Insurance-related credit risk

Credit risk reflects the financial impact of the default of one or more of Botswana Life's counterparties. Key areas where the group is exposed to credit default risk are:

- Reinsurer defaults on presentation of a large claim
- Reinsurer defaults on its share of insurance liabilities
- Default on amounts due from insurance contracts by intermediaries and premium collection agencies
- Default on amounts due from insurance contracts by policyholders.

The group makes use of reinsurance to:

- Access underwriting expertise
- Access product opportunities
- Enable it to underwrite risks greater than its own risk appetite
- Protect its mortality/risk book against catastrophes.

The use of reinsurance exposes the group to credit risk. The reinsurance arrangements include proportionate, excess and catastrophe coverage. All risk exposures in excess of specified monetary limits are reinsured. Catastrophe insurance is in place for man-made disasters. As far as possible, credit risk in respect of reinsurance is managed by placing the group's reinsurance only with subsidiaries of companies that have international ratings of no less than AAA. Currently, all our reinsurance contracts are with Hannover Re. The credit risk of the reinsurer is considered annually by reviewing their financial strength as part of the renewal process.

	31 December 2024				31 December 2023			
	AAA P'000	AA P'000	Not rated P'000	Total P'000	AAA P'000	AA P'000	Not rated P'000	Total P'000
Reinsurance contract assets	**16 864**	**–**	**–**	**16 864**	17 875	–	–	17 875
Reinsurance contract liabilities	**(87 035)**	**–**	**–**	**(87 035)**	(54 222)	–	–	(54 222)
Maximum credit risk exposure	**16 864**	**–**	**–**	**16 864**	17 875	–	–	17 875

The group life business continuously monitors its exposure to its counterparties for financial statement as well as regulatory reporting purposes. Management monitors amounts due from intermediaries by size of exposure and ageing. Amounts due from insurance contracts by policyholders are secured by the underlying value of the unpaid policy benefits in terms of the policy contract.

The group has considered the impact of changes in its own credit risk on the valuation of its liabilities. Credit risk changes will only have an impact in extreme situations and are not material for the 2024 and 2023 financial years.

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its obligations when they fall due as a result of policyholder benefit payments.

The company deploys various measures to manage liquidity risks such as:

- Policyholder portfolios supporting linked and market-related business and other non-participating life business are invested in appropriate assets, taking expected cash outflows into account. Liquid assets are held. Annuity liabilities are matched, as far as possible, with interest-bearing assets, to ensure that the duration of assets and liabilities is closely aligned. The life business' capital is not subject to excessive levels of liquidity risk but assets could be realised in a short time frame if need be
- Available overdraft facilities
- During periods of market and liquidity stress events, the company increases its high-quality liquid assets and cover for liquidity requirements
- Cash flow projections to identify potential liquidity risks and manage emerging issues in time.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2024

8. CAPITAL AND RISK MANAGEMENT continued

8.3 Group risk policies and guidelines continued

Liquidity risk continued

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from insurance liabilities and investment contract liabilities.

	<1 year P'000	1 to 5 years P'000	>5 years P'000	Open-ended P'000	Total P'000
31 December 2024					
Insurance contract balances	**22 015**	**246 613**	**7 705 726**	**273 459**	**8 247 813**
Insurance contract assets (individual life risk)	**(549)**	**(6 165)**	**(205 899)**	**(6 779)**	**(219 392)**
Reinsurance contract assets	**(378)**	**(4 042)**	**(7 452)**	**(4 992)**	**(16 864)**
Insurance contract liabilities (annuities)	**19 399**	**218 053**	**7 282 622**	**239 779**	**7 759 853**
Insurance contract liabilities (group business)	**1 593**	**17 905**	**597 994**	**19 689**	**637 181**
Reinsurance contract liabilities	**1 950**	**20 862**	**38 461**	**25 762**	**87 035**
Investment contract liabilities[1]	**194 788**	**736 533**	**2 706 066**	**–**	**3 637 387**
Total insurance and investment contract balances	**216 803**	**983 146**	**10 411 792**	**273 459**	**11 885 200**

[1] *Investment contract liabilities are payable on demand but have been presented on an expected basis.*

	<1 year P'000	1 to 5 years P'000	>5 years P'000	Open-ended P'000	Total P'000
31 December 2023					
Insurance contract balances	19 772	219 107	7 064 365	242 082	7 545 326
Insurance contract assets (individual life risk)	(1 005)	(11 153)	(428 351)	(12 262)	(452 771)
Reinsurance contract assets	(401)	(4 284)	(7 899)	(5 291)	(17 875)
Insurance contract liabilities (annuities)	18 557	205 942	6 949 977	226 428	7 400 904
Insurance contract liabilities (group business)	1 406	15 606	526 676	17 159	560 847
Reinsurance contract liabilities	1 215	12 996	23 962	16 048	54 221
Investment contract liabilities[1]	186 437	697 144	2 559 150	–	3 442 731
Total insurance and investment contract balances	206 209	916 251	9 623 515	242 082	10 988 057

[1] *Investment contract liabilities are payable on demand but have been presented on an expected basis.*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. SEGMENTAL ANALYSIS

Basis of segmentation

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

- The life insurance segment which provides life insurance services to its customers through Botswana Life Insurance Limited, a 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.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on their revenue, profit or loss after tax and return on equity value and is measured consistently with those of the group in the consolidated financial statements.

Segments that do not fall under the two key segments have been classified under 'other'. These comprise associate businesses (Letshego, Nico, Aflife Zambia, BIC, BIHL Insurance Company Limited and GrandRe Tanzania) and the holding company. The associates offer diverse products and services which can be broken down into their own segments.

Inter-segment transactions that occurred during 2024 and 2023 between business segments are set on an arm's-length basis in a manner similar to transactions with third parties. Segmental income, segment expenses and segment results will then include those transfers between business segments, which will be eliminated on consolidation.

Business segments

At 31 December 2024, the group's operating businesses are organised and managed separately according to the nature of the products and services offered, with each segment representing a strategic business unit that offers varying products and serves different markets. This is the basis on which the group reports its segment information. The group is therefore organised into two principal areas of business – life insurance and asset management services.

Geographical segments

The group, under its 100% owned subsidiary, Bifm Holdings, has associates in Zambia. For management purposes, the Zambia operations are reported under Bifm Holdings. The group also has a 25,1% stake in a Malawian operation, Nico Holdings Limited. These investments contributed approximately 347% to profit before tax (2023: 7%) and represent approximately 2% of total assets (2023: 1%). No geographical segment analysis is provided with respect to these equity investments. Refer to note 4.5.

Customer segments

No customer contributes 10% or more to the group's revenue.

The amounts used for segment reporting are measured using IFRS Accounting Standards.

Other segments

Due to their immaterial nature, the unit trust business, holding company and the corporate social investment trust are included in the 'other segments' column. There are no reportable segments under 'other'.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2024

1. SEGMENTAL ANALYSIS continued
1.1 Segment information by products and services

	Life business		Asset management		Other[1]		Inter-segmental		Consolidated total	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000	2024 P'000	2023 P'000	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Net insurance service result	127 199	286 393	–	–	–	–	–	–	127 199	286 393
Investment service result	76 356	315 333	–	–	–	–	–	–	76 356	315 333
Other expenses relating to insurance operations	649	(15 975)	–	–	–	–	–	–	649	(15 975)
Net result from life insurance operations	204 204	585 751	–	–	–	–	–	–	204 204	585 751
Revenue from contracts with customers										
– Internal	–	–	3 649	3 327	–	–	(3 649)	(3 327)	–	–
– External	165 753	137 379	184 862	158 167	–	–	–	–	350 615	295 546
Investment income[1]	244 505	264 024	26 752	16 875	599 505	851 901	(418 163)	(847 897)	452 599	284 903
Interest income using the EIR	1 797	2 088	–	–	2 694	2 307	–	–	4 491	4 395
Other interest income from investment contracts	–	–	–	–	–	–	291 581	305 979	291 581	305 979
Fair value (losses)/gains from derivative instrument	18 855	(11 830)	–	–	–	–	–	–	18 855	(11 830)
Change in fair value of investment contract liabilities	(184 866)	(69 086)	19 955	34 723	–	–	(176 750)	2 460	(341 661)	(31 903)
Change in fair value of external investors' liabilities	–	–	–	–	–	–	67 992	129 172	67 992	129 172
Net changes in investment contract benefits	–	–	–	–	–	–	(359 573)	(435 151)	(359 573)	(435 151)
Net results from other operations	246 044	322 575	235 218	213 092	602 199	854 208	(598 562)	(848 765)	484 899	541 111
Depreciation	(6 757)	(9 988)	(789)	(1 230)	(879)	(841)	–	–	(8 425)	(12 059)
Amortisation and impairment	(9 434)	(9 164)	(387)	(568)	(46)	(120)	–	–	(9 867)	(9 852)
Right-of-use asset depreciation	(6 508)	(5 319)	(1 420)	(1 420)	(1 357)	(1 734)	2 702	2 702	(6 583)	(5 771)
Administration expenses	(60 573)	(60 754)	(92 557)	(79 543)	(61 219)	(74 863)	20 215	16 704	(194 134)	(198 456)
Sales remuneration	(36 171)	(37 067)	–	–	–	–	–	–	(36 171)	(37 067)
Profit before equity-accounted earnings	330 805	786 034	140 065	130 331	538 698	776 650	(575 645)	(829 358)	433 923	863 657
Profit on sale of associate	–	–	–	–	–	141 669	–	–	–	141 669
Net equity-accounted earnings	–	–	–	–	168 673	78 934	–	–	168 673	78 934
Impairment of an associate	–	–	–	–	(553 192)	–	–	–	(553 192)	–
Profit before tax	330 805	786 034	140 065	130 331	154 179	997 253	(575 645)	(829 358)	49 404	1 084 260
Income tax expense	(81 927)	(221 160)	(23 712)	(19 624)	(50 302)	(61 953)	–	–	(155 941)	(302 737)
Profit after tax	248 878	564 874	116 353	110 707	103 877	935 300	(575 645)	(829 358)	(106 537)	781 523
Total assets	14 600 090	14 586 901	8 141 342	7 705 435	1 609 339	1 509 721	(3 970 787)	(3 784 340)	20 379 984	20 017 717
Total liabilities	12 664 373	11 905 093	7 663 292	7 166 707	784 951	814 707	(3 824 826)	(3 506 582)	17 287 790	16 379 925
Return on equity value (%)	2,71	19,33	24,50	22,90	(38,05)	(4,31)	n/a	n/a	(5,47)	12,98

[1] *Included under other are dividends received from subsidiaries and associates by the holding company which are then eliminated under the inter-segmental line.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

1. SEGMENTAL ANALYSIS continued

1.2 Segmental analysis

	2024 P'000	2023 P'000
Reconciliation of profit		
Segment profit	**470 870**	916 365
Life business	**330 805**	786 034
Asset management	**140 065**	130 331
Other segments	**538 698**	776 650
Inter-segment elimination	**(575 645)**	(829 358)
Profit before tax and associates	**433 923**	863 657
Profit on sale of associate	**–**	141 669
Equity-accounted earnings	**168 673**	78 934
Impairment of an associate	**(553 192)**	–
Profit before tax for the year	**49 404**	1 084 260
Reconciliation of assets		
Segment operating assets		
Life business	**14 600 090**	14 586 901
Asset management	**8 141 342**	7 705 435
Other segments	**1 609 339**	1 509 721
Inter-segment elimination	**(3 970 787)**	(3 784 340)
Total assets	**20 379 984**	20 017 717
Reconciliation of liabilities		
Segment operating liabilities		
Life business	**12 664 373**	11 905 093
Asset management	**7 663 292**	7 166 707
Other segments	**784 951**	814 707
Inter-segment elimination	**(3 824 826)**	(3 506 582)
Total liabilities	**17 287 790**	16 379 925

2. PROPERTY AND EQUIPMENT

	GROUP					
	Owner-occupied property P'000	Computer equipment P'000	Furniture and fittings P'000	Motor vehicles P'000	Leasehold improve-ments P'000	Total P'000
2024						
Cost						
As at 1 January	135 042	18 069	8 716	2 701	58 655	223 183
Additions	–	3 399	332	698	3 782	8 211
Retirement of fully depreciated assets	–	(5 971)	(1 986)	(1 993)	(473)	(10 423)
As at 31 December	135 042	15 497	7 062	1 406	61 964	220 971
Accumulated depreciation						
As at 1 January	10 374	12 339	5 068	2 307	23 043	53 131
Current year charge	(2 283)	3 597	943	262	5 906	8 425
Retirement of fully depreciated assets	–	(5 971)	(1 986)	(1 993)	(473)	(10 423)
As at 31 December	8 091	9 965	4 025	576	28 476	51 133
Carrying amount						
As at 1 January	124 668	5 730	3 648	394	35 612	170 052
As at 31 December	126 951	5 532	3 037	830	33 488	169 838

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

2. PROPERTY AND EQUIPMENT continued

	GROUP					
	Owner-occupied property P'000	Computer equipment P'000	Furniture and fittings P'000	Motor vehicles P'000	Leasehold improvements P'000	Total P'000
2023						
Cost						
As at 1 January	135 042	53 977	25 282	3 262	66 835	284 398
Additions	–	2 416	821	–	5 716	8 953
Disposals	–	–	(1 433)	–	–	(1 433)
Retirement of fully depreciated assets	–	(38 324)	(15 954)	(561)	(13 896)	(68 735)
As at 31 December	135 042	18 069	8 716	2 701	58 655	223 183
Accumulated depreciation						
As at 1 January	8 994	47 093	21 120	2 613	31 420	111 240
Current year charge	1 380	3 570	1 335	255	5 519	12 059
Disposals	–	–	(1 433)	–	–	(1 433)
Retirement of fully depreciated assets	–	(38 324)	(15 954)	(561)	(13 896)	(68 735)
As at 31 December	10 374	12 339	5 068	2 307	23 043	53 131
Carrying amount						
As at 1 January	126 048	6 884	4 162	649	35 415	173 158
As at 31 December	124 668	5 730	3 648	394	35 612	170 052

	COMPANY				
	Computer equipment P'000	Furniture and fittings P'000	Motor vehicles P'000	Leasehold improvements P'000	Total P'000
2024					
Cost					
As at 1 January	380	722	491	5 433	7 026
Additions	120	6	–	–	126
Retirement of fully depreciated assets	(19)	(22)	–	(7)	(48)
As at 31 December	481	706	491	5 426	7 104
Accumulated depreciation					
As at 1 January	144	350	131	3 944	4 569
Current year charge	105	97	98	544	844
Retirement of fully depreciated assets	(19)	(22)	–	(7)	(48)
As at 31 December	230	425	229	4 481	5 365
Carrying amount					
As at 1 January	236	372	360	1 489	2 457
As at 31 December	251	281	262	945	1 739

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

2. PROPERTY AND EQUIPMENT continued

	COMPANY				
	Computer equipment P'000	Furniture and fittings P'000	Motor vehicles P'000	Leasehold improvements P'000	Total P'000
2023					
Cost					
As at 1 January	6 161	2 663	670	5 863	15 357
Additions	146	–	–	–	146
Retirement of fully depreciated assets	(5 927)	(1 941)	(179)	(430)	(8 477)
As at 31 December	380	722	491	5 433	7 026
Accumulated depreciation					
As at 1 January	5 995	2 186	212	3 811	12 204
Current year charge	76	105	98	563	842
Retirement of fully depreciated assets	(5 927)	(1 941)	(179)	(430)	(8 477)
As at 31 December	144	350	131	3 944	4 569
Carrying amount					
As at 1 January	166	477	458	2 052	3 153
As at 31 December	236	372	360	1 489	2 457

2.1 Right-of-use asset

	GROUP P'000	COMPANY P'000
2024		
Cost		
As at 1 January	**39 472**	**12 000**
Effects of modification of lease terms	**–**	**–**
Additions	**8 503**	**–**
As at 31 December	**47 975**	**12 000**
Accumulated depreciation		
As at 1 January	**27 593**	**9 468**
Current year depreciation	**6 583**	**1 358**
As at 31 December	**34 176**	**10 826**
Carrying amount		
As at 1 January	**11 879**	**2 532**
As at 31 December	**13 799**	**1 174**
2023		
Cost		
As at 1 January	36 535	12 000
Effects of modification of lease terms	(289)	–
Additions	3 226	–
As at 31 December	39 472	12 000
Accumulated depreciation		
As at 1 January	21 822	7 734
Current year depreciation	5 771	1 734
As at 31 December	27 593	9 468
Carrying amount		
As at 1 January	14 713	4 266
As at 31 December	11 879	2 532

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

2. PROPERTY AND EQUIPMENT continued

2.1 Right-of-use asset continued

The group leases a number of offices across the country. As at 31 December 2024, a total of 11 offices were leased (10 in December 2023). The leases have remaining lease periods of between one year and five years as at 31 December 2024. The lease with the longest life is expected to expire on 29 June 2029.

The following assumptions were made in arriving at the valuation:

- Initial term of leases: Ranging from one year to four years (2023: one year to five years)
- Annual lease escalation rate per annum: Ranging from 4,0% to 10% (2023: 4,5% to 10%)
- Incremental borrowing rate: 8,9% to 9,5% (2023: 8,9% to 9,5%).

2.2 Lease liability

Set out below are the carrying amounts of lease liabilities and the movements during the period.

	GROUP P'000	COMPANY P'000
2024		
Lease liability as at 1 January	12 707	3 738
Additional lease commitments at present value	8 503	–
Accretion of interest	709	152
Lease payments	(7 143)	(2 033)
As at 31 December	14 776	1 857
The maturity analysis of the lease liability is as follows:		
Within one year	5 911	1 857
Within two years	4 142	–
Within three years	2 633	–
Within four years	2 354	–
Within five years	878	–
	15 918	1 857
Less: Finance charges component	(1 142)	–
Present value of lease liability	14 776	1 857

	GROUP P'000	COMPANY P'000
2023		
Lease liability as at 1 January	16 210	5 808
Additional lease commitments at present value	3 226	–
Accretion of interest	762	306
Effects of modification of lease terms	(279)	–
Lease payments	(7 212)	(2 376)
As at 31 December	12 707	3 738
The maturity analysis of the lease liability is as follows:		
Within one year	5 988	2 032
Within two years	3 739	1 857
Within three years	2 010	–
Within four years	1 065	–
Within five years	352	–
	13 155	3 889
Less: Finance charges component	(448)	(151)
Present value of lease liability	12 707	3 738

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

3. INTANGIBLE ASSETS

	GROUP		
	Goodwill P'000	Computer software P'000	Total P'000
2024			
Cost			
As at 1 January	**114 923**	**151 396**	**266 319**
Additions[1]	**–**	**2 451**	**2 451**
As at 31 December	**114 923**	**153 800**	**268 723**
Accumulated amortisation and impairment			
As at 1 January	**51 931**	**117 141**	**169 072**
Current year amortisation	**–**	**9 867**	**9 867**
As at 31 December	**51 931**	**127 008**	**178 939**
Carrying amount			
As at 1 January	**62 992**	**34 255**	**97 247**
As at 31 December	**62 992**	**26 792**	**89 784**
2023			
Cost			
As at 1 January	114 923	145 494	260 417
Additions[1]	–	5 902	5 902
As at 31 December	114 923	151 396	266 319
Accumulated amortisation and impairment			
As at 1 January	51 931	107 289	159 220
Current year amortisation	–	9 852	9 852
As at 31 December	51 931	117 141	169 072
Carrying amount			
As at 1 January	62 992	38 205	101 197
As at 31 December	62 992	34 255	97 247

[1] *None of the additions were internally generated.*

	COMPANY	
	Computer software P'000	Total P'000
2024		
Cost		
As at 1 January	**12 081**	**12 081**
As at 31 December	**12 081**	**12 081**
Accumulated amortisation and impairment		
As at 1 January	**11 907**	**11 907**
Current year amortisation	**43**	**43**
As at 31 December	**11 950**	**11 950**
Carrying amount		
As at 1 January	**174**	**174**
As at 31 December	**131**	**131**
2023		
Cost		
As at 1 January	12 081	12 081
As at 31 December	12 081	12 081
Accumulated amortisation and impairment		
As at 1 January	11 792	11 792
Current year amortisation	115	115
As at 31 December	11 907	11 907
Carrying amount		
As at 1 January	537	537
As at 31 December	174	174

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

3. INTANGIBLE ASSETS continued

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to one cash-generating unit (asset management) which is equivalent to one of two operating segments of the group. Goodwill was tested for impairment, with no requirement for impairment arising from this test.

Asset management business

	2024 P'000	2023 P'000
Carrying amount of goodwill		
Asset management business	**62 992**	62 992
Total	**62 992**	62 992

Management estimates that the recoverable amount of the asset management cash-generating unit exceeds or equals the carrying amount. Management estimates include a new review of the performance of cash-generating unit when compared to estimates applicable at the original recognition of the goodwill. The performance of the asset management business has shown a positive trend on a year-on-year basis.

Asset management business

The recoverable amount of the asset management business unit was determined based on the value in use calculation using the cash flow projections on financial budgets approved by senior management covering a five-period and extrapolated to 10 years based on economic and specific sector growth using perpetual growth of 4,6% (2023: 4,6%) thereafter. The cash flows are extrapolated to a 10-year period to reflect the long-term plans of the group. A pre-tax group-specific risk-adjusted discount rate of 17,9% (2023: 17,3%) is used. The projected cash flows are determined by budgeted margins based on past performances, management expectations and market developments as well as the impact of geopolitical uncertainty emanating from the Russia-Ukraine crisis on AUM.

The key assumptions used for the impairment calculations of the asset management business are:

	2024 %	2023 %
Investment income/surplus return	**2,0**	2,2
Investment growth on AUM (after tax)	**8,0**	7,2
Net inflows as a % of AUM	**(0,8)**	0,1

These growth rates are based on published industry research.

Sensitivity to changes in assumptions

For the asset management business, a reasonably possible change in the investment market conditions assumption will cause the carrying amount to exceed the recoverable amount. The actual recoverable amount exceeds its carrying amount by P423 million (2023: P338 million). Management recognised the fact that current investment market conditions reflect stable and profitable margins. Unfavourable conditions could materially affect the growth margins of these markets. A reduction of 2% in the funds flow and a 3% reduction in investment growth, due to risk-averse decisions in order to preserve capital, as a percentage of AUM would result in the reduction in the recoverable amount of the asset management business by P4,3 million (2023: P3 million).

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

4. INVESTMENTS

4.1 Fair values

	GROUP		COMPANY	
	2024 P'000	Restated[2] 2023 P'000	2024 P'000	2023 P'000
At the beginning of the year	**17 176 730**	15 411 628	–	–
Net contributions	**1 140 095**	2 131 162	–	–
Fair value adjustments on investments	**(273 669)**	(366 060)	–	–
At the end of the year	**18 043 156**	17 176 730	–	–

For current and non-current analysis, refer to note 25.7 for the maturity analysis.

4.2 Initial recognition and measurement

Designated at fair value through profit or loss

	GROUP		COMPANY	
	2024 P'000	Restated[2] 2023 P'000	2024 P'000	2023 P'000
Designated at fair value through profit or loss				
Bonds (Government, public authority, listed and unlisted corporates)[1,2]	**9 570 753**	8 916 531	–	–
Mandatorily at fair value through profit or loss				
Investment in property funds and companies[2]	**1 203 577**	1 277 154	–	–
Money market instruments[2]	**4 131 413**	4 163 263	–	–
Equity investments[2]	**3 137 413**	2 819 782	–	–
Total	**18 043 156**	17 176 730	–	–

[1] *The bonds are made up of both listed and unlisted bonds. Listed bonds have fixed interest rates which range from 4,5% to 11,2% (2023: 4,5% to 11,2%). Bond repayment terms range between 0 to 26 years (2023: 0 to 27 years) for all listed and unlisted bonds.*

[2] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

Fair value measurement

Listed bonds

The closing prices at year-end have been used to value these investments.

Unlisted bonds

The fair values of unlisted bonds have been calculated by discounting expected future cash flows at the risk-adjusted interest rates applicable to each financial asset. The cash flows for the unlisted bonds are determined with reference to contractual rates of return and the timing of the cash flow. Refer to note 25 for the additional disclosures. The risk assumed is specific to each instrument and is used to determine risk premium per instrument. The risk premium is the extra risk attributable to an unlisted instrument due to the factors arising from it not being traded on the open market. The risk premium for the unlisted bonds and notes held by the company ranges from 150 to 694 basis points in the current year (2023: 150 to 694 basis points) on the basis of the risk surrounding the operations of the company. The risk premium has been used as a risk adjustment to the Government risk-free rate.

For unlisted bonds, interest rates are fixed, with coupon rates falling between 6% and 9% (2023: 6% and 9%) annually, calculated and compounded on a quarterly basis. Bond repayment terms range between 0 to 26 years (2023: 0 to 27 years) for all listed and unlisted bonds.

Money market instruments constitute funds invested in call accounts. The average market interest rate for money market instruments was 4,6% (2023: 4,6%). All money market instruments are of a short-term nature, being exercisable within one year of year-end.

Determination of fair value and the fair value hierarchy is disclosed in note 25.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

4. INVESTMENTS continued

4.3 Equity investments

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Listed in Botswana	**895 577**	924 012	–	–
Listed in foreign markets	**2 136 309**	1 780 449	–	–
Unlisted	**105 527**	115 321	–	–
	3 137 413	2 819 782	–	–

Listed equity investments

The closing price at year-end has been used to value these investments.

Unlisted equities

The fair value of unlisted equities is derived using the DCF method.

For direct equity instruments, the DCF model takes into account the estimated cash flows and a risk adjustment discount rate that incorporates marketability and liquidity restrictions.

Unlisted units in funds

The fair value of the assets is calculated based on units held and unit prices provided by the fund managers. The underlying funds in which the company invests in are unlisted and valued using the DCF and price earnings methods with significant inputs that are not based on observable market data hence the classification under Level 3.

4.4 Investment property

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Investment properties				
Opening balance as at 1 January	**26 480**	12 260	–	–
Fair value gains	**–**	14 220	–	–
Closing balance as at 31 December	**26 480**	26 480	–	–

The physical properties are Plot 70656 (P12 million) and Plot 70657 (P14,48 million) both in Gaborone.

The group investment properties consist of commercial properties.

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Rental income derived from investment properties	**11 904**	10 219	–	–
Direct operating expenses generating rental income	**(6 482)**	(6 239)	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

4. INVESTMENTS continued

4.4 Investment property continued

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Investments in property funds				
Opening balance as at 1 January	**1 303 634**	1 205 650	**–**	–
Net acquisitions/disposals	**(71 387)**	106 842	**–**	–
Fair value (losses)/gains	**(2 190)**	(8 858)	**–**	–
Closing balance as at 31 December	**1 230 057**	1 303 634	**–**	–
Refer to note 25 for the determination of fair values of listed and unlisted investments in property funds.				
Analysed as follows:			**–**	–
Shareholder portion	**26 480**	26 480	**–**	–
Policyholder portion	**1 203 577**	1 277 154	**–**	–
Total	**1 230 057**	1 303 634	**–**	–

Investment properties and investments in unlisted property funds are stated at fair value which has been determined based on valuations performed by Ribbery Proprietary Limited, MG Properties Proprietary Limited, Roscoe Bonna Valuers Proprietary Limited and Apex Properties Proprietary Limited. In the prior period these were revalued by Ribbery Proprietary Limited, who are accredited independent valuers. These valuers are specialists in valuing these types of investment properties.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are no restrictions on the realisability of the investment properties or the remittance of income and proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

In calculating the market value of commercial properties, the income capitalisation approach and the comparison approach have been adopted. Under the income capitalisation approach, the current contractual annual rentals have been netted off against relevant expenses (including normal repairs and maintenance, operating costs, management/collection commission fees, insurance and rates among others). The resulting net income is divided by the applicable capitalisation rate to arrive at the market value. The comparison approach to fair valuation of property is applied where the value of one property may be derived by comparing it directly with market transactions for similar properties. The following primary inputs have been used:

	2024 %	2023 %
Capitalisation rates	**8,50**	7,80
Long-term vacancy rates	**1,50**	2,00

The valuations have been undertaken on the assumption that the properties are free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials.

Valuations and appraisals were carried out in accordance with the RICS Appraisal and Valuation Standards (The Red Book) by valuers who conform to its requirements, and with regard to relevant statutes or regulations and with reference to market evidence of transaction prices for similar properties.

Properties are valued individually and valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions contained in The Red Book.

The fair value of the investment in unlisted property companies is determined with reference to the fair value of the underlying property as detailed above.

Investments in property funds are valued by revaluation of the underlying property(ies) using the same inputs as the above.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

4. INVESTMENTS continued

4.5 Interest in associates and joint ventures

	GROUP							
	Joint ventures		Associates					
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe[1] P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings Limited P'000	Letshego Holdings Limited P'000	Total P'000
2024								
Carrying amount	11 442	183 634	28 246	1 190	134 561	411 363	686 818	1 457 254
Interest in issued share capital								
Shareholders' fund (%)	50,00	50,00	20,00	33,00	49,00	25,10	27,83	–
Share of earnings after tax for the current year	4 084	44 323	(471)	3 218	27 837	127 464	(37 782)	168 673
Impairment	–	–	–	–	–	–	(553 192)	(553 192)
Foreign currency translation differences	–	–	–	–	3 373	(19 119)	62 969	47 223
Change in reserves in associates and other comprehensive income	–	–	(5 731)	–	–	–	(4 524)	(10 255)
IAS 29 transition adjustment	–	–	–	–	–	104 367	–	104 367
Distributions received	(2 250)	(20 801)	–	(6 068)	(8 456)	(20 456)	–	(58 031)
Total assets and liabilities of the joint ventures and associates								
Non-current assets	2 511	210 983	293 693	35 589	57 202	12 403 228	852 582	13 855 789
Current financial assets, excluding cash and cash equivalents	12 181	152 676	14 418	56 412	141 434	3 419 388	14 981 768	18 778 276
Cash and cash equivalents	4 874	135 167	6 508	6 119	10 159	2 204 524	2 310 038	4 677 390
Non-current financial liabilities excluding trade and other payables	(2 114)	(7 255)	(29 263)	(4 518)	(57 788)	(5 170 118)	(8 471 866)	(13 742 922)
Current financial liabilities excluding trade and other payables and provisions	(5 183)	(118 230)	(6 046)	(25 383)	–	(7 046 351)	(63 107)	(7 264 300)
Current liabilities including trade and other provisions	(1 188)	(37 378)	(13 889)	(3 119)	(41 940)	(2 405 123)	(1 141 592)	(3 644 229)
Shareholders' equity	11 081	335 963	265 421	65 100	109 068	3 405 549	8 467 823	12 660 004

[1] *Bongwe's financial year-end is 30 April, which is different to the group year-end date of 31 December.*

The statement of financial position and the statement of comprehensive income show the total amounts as extracted from the respective financial statements of the entities. Net assets are shared on the basis of absolute shareholdings, without excluding minority interests.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

4. INVESTMENTS continued

4.5 Interest in associates and joint ventures continued

	GROUP							
	Joint ventures		Associates					
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe[1] P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings Limited P'000	Letshego Holdings Limited P'000	Total P'000
2024								
Carrying amount	11 442	183 634	28 246	1 190	134 561	411 363	686 818	1 457 254
Calculated carrying value	5 541	167 982	53 084	21 483	53 443	854 793	2 356 455	3 512 781
Effects of fair value adjustments and goodwill at initial recognition	5 901	15 652	(24 838)	(20 293)	81 118	(443 430)	(1 669 637)	(2 055 527)
Summarised statement of profit or loss of the joint ventures and associates								
Revenue	28 480	370 800	140 979	32 261	149 891	3 480 804	2 866 429	7 069 644
Interest income	1 912	13 622	–	5 596	25 643	559 499	–	606 273
Cost of sales	–	–	–	(18 355)	–	(1 417 448)	–	(1 435 802)
Administration expenses, excluding depreciation and amortisation	(20 294)	(306 014)	(144 261)	(3 187)	(90 265)	(830 338)	(2 618 585)	(4 012 944)
Depreciation and amortisation	(323)	–	–	–	–	(13 625)	–	(13 948)
Finance costs including interest expense	–	–	–	(266)	–	(411 479)	(15 368)	(427 113)
Profit/loss before tax	9 775	78 408	(3 281)	16 050	85 269	1 367 414	232 476	1 781 237
Share of loss of joint ventures	–	12 822	–	–	(1 949)	8 369	–	19 242
Income tax expense	(1 607)	(15 128)	928	(6 298)	(26 510)	(549 858)	(302 619)	(901 093)
Profit/loss for the year (continuing operations)	8 168	76 102	(2 353)	9 751	56 810	825 924	(70 143)	904 259
Minority	–	–	–	–	–	(354 071)	(65 622)	(419 693)
Net result after minority	8 168	76 102	(2 353)	9 751	56 810	471 854	(135 765)	484 567
Group's share of profit/loss for the year	4 084	44 323	(471)	3 218	27 837	127 464	(37 782)	168 673

[1] *Bongwe's financial year-end is 30 April, which is different to the group year-end date of 31 December.*

The statement of financial position and the statement of comprehensive income show the total amounts as extracted from the respective financial statements of the entities. Net assets are shared on the basis of absolute shareholdings, without excluding minority interests.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

4. INVESTMENTS continued

4.5 Interest in associates and joint ventures continued

	GROUP							
	Joint ventures		Associates					
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe[1] P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings Limited P'000	Letshego Holdings Limited P'000	Total P'000
2023								
Carrying amount	9 608	160 112	34 448	4 040	111 807	219 107	1 219 347	1 758 469
Interest in issued share capital								
Shareholders' fund (%)	50,00	50,00	20,00	33,00	49,00	25,10	27,61	–
Share of earnings after tax for the current year	1 625	28 941	334	3 568	9 889	90 080	(55 503)	78 934
Foreign currency translation differences	–	–	–	–	23 828	(85 009)	(46 903)	(108 084)
Change in reserves in associates	(4 783)	–	5 847	(7 254)	6 191	–	22 352	22 353
Distributions received	(3 600)	(16 903)	–	–	–	(36 034)	(88 391)	(144 928)
Total assets and liabilities of the joint ventures and associates								
Non-current assets	3 492	203 734	100 181	34 709	55 963	8 691 967	825 774	9 915 819
Current financial assets, excluding cash and cash equivalents	7 879	164 290	30 401	54 320	138 369	2 025 265	15 322 539	17 743 063
Cash and cash equivalents	7 452	118 607	2 183	5 930	12 403	1 013 058	2 307 518	3 467 151
Non-current financial liabilities excluding trade and other payables	(3 313)	(8 904)	(2 755)	(4 793)	(59 888)	(4 890 160)	(11 701 136)	(16 670 949)
Current financial liabilities excluding trade and other payables and provisions	(6 909)	(126 123)	(1 055)	(22 714)	–	–	(89 400)	(246 201)
Current liabilities	(1 129)	(34 152)	(28 375)	(2 875)	(31 859)	(5 567 273)	(1 422 612)	(7 088 275)
Shareholders' equity	7 472	255 095	100 580	65 799	124 493	1 272 856	5 659 173	7 120 608

[1] *Bongwe's financial year-end is 30 April, which is different to the group year-end date of 31 December.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

4. INVESTMENTS continued

4.5 Interest in associates and joint ventures continued

	GROUP							
	Joint ventures		Associates					
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe[1] P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings Limited P'000	Letshego Holdings Limited P'000	Total P'000
2023								
Carrying amount	9 608	160 112	34 448	4 040	111 807	219 107	1 219 347	1 758 469
Calculated carrying value	3 736	158 726	20 116	21 310	56 344	319 487	1 447 321	2 027 040
Effects of fair value adjustments and goodwill at initial recognition	5 872	1 386	14 332	(17 270)	55 463	(100 380)	(227 974)	(268 571)
Summarised statement of profit or loss of the joint ventures and associates								
Revenue	29 545	332 864	134 565	30 103	134 030	3 215 995	2 236 645	6 113 747
Interest income	1 687	9 060	–	8 860	1 874	783 830	–	805 311
Cost of sales	–	–	–	(16 853)	–	(1 712 913)	–	(1 729 766)
Administration expenses, excluding depreciation and amortisation	(26 260)	(277 127)	(134 823)	(2 055)	(94 333)	(1 062 840)	(2 063 106)	(3 660 544)
Depreciation and amortisation	(309)	–	–	–	–	–	–	(309)
Finance costs including interest expense	–	–	–	(2 920)	–	(81 710)	(52 078)	(136 708)
Profit/loss before tax	4 663	64 797	(258)	17 136	41 570	1 142 361	121 461	1 391 730
Share of loss of joint ventures	–	5 736	–	–	–	9 179	–	14 915
Income tax expense	(1 413)	(12 652)	928	(6 432)	(21 389)	(375 506)	(270 260)	(686 724)
Profit/loss for the year (continuing operations)	3 250	57 881	670	10 704	20 181	776 034	(148 799)	719 921
Minority	–	–	–	–	–	(417 149)	(52 250)	(469 399)
Net result after minority	3 250	57 881	670	10 704	20 181	358 884	(201 049)	250 522
Group's share of profit/loss for the year	1 625	28 941	334	3 568	9 889	90 080	(55 503)	78 934

[1] *Bongwe's financial year-end is 30 April, which is different to the group year-end date of 31 December.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

4. INVESTMENTS continued

4.5 Interest in associates and joint ventures continued

4.5.1 Interest in associates and joint ventures

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Carrying amount at the beginning of the year	**1 758 469**	1 910 194	**266 711**	266 711
Share of results after tax	**168 673**	78 934	**–**	–
Dividend received	**(58 031)**	(144 928)	**–**	–
Change in reserves in associates	**(10 255)**	22 353	**–**	–
Foreign currency translation differences	**47 223**	(108 084)	**–**	–
Impairment of an associate	**(553 192)**	–	**–**	–
IAS 29 transition adjustment	**104 367**	–	**–**	–
Carrying amount at the end of the year	**1 457 254**	1 758 469	**266 711**	266 711

4.5.2 Interest in subsidiaries (at company level)

	COMPANY	
	2024 P'000	2023 P'000
Carrying amount at the beginning of the year	**129 555**	87 633
Impairment of a subsidiary[1]	**–**	(8 078)
Recapitalisation of the share scheme	**–**	50 000
Carrying amount at the end of the year	**129 555**	129 555

[1] *In 2023, the carrying amount of the investment in the BIHL Share Scheme exceeded the net asset value of the share scheme by P8 million. BIHL company owns 100% of the Share Scheme Trust and the shares in the Trust are listed shares of the parent on the BSE. The impairment arose as a result of losses incurred for the year. Management has determined the recoverable amount of the share scheme to be P54,7 million (2023: P54,7 million) which is the net asset value. The recoverable amount is calculated based on the fair value less cost to sell of the Trust. The net asset value approximates the fair value less cost of disposal of the Share Trust as the fair valuation is determined based on the quoted market price of BIHL shares as at 31 December 2023. The fair value less cost to sell was determined based on the net asset value of the Share Trust as at 31 December 2023. The fair value hierarchy level is deemed to be Level 1.*

Impairment assessment of the share scheme

	2024 P'000	2023 P'000
Carrying amount in parent	**54 711**	62 789
Net asset value	**56 916**	54 711
Impairment	**(2 205)**	8 078

The group, through its 100% owned subsidiary Bifm Holdings, has a 50% interest in Khumo Property Asset Management, a jointly controlled entity involved in property management. The group's interest in Khumo Property Asset Management is accounted for using the equity method in the consolidated annual financial statements. The year-end for the jointly controlled entity is 31 October. The previous table illustrates the summarised financial information of the joint venture, based on its IFRS Accounting Standards financial statements, and the reconciliation with the carrying amount of the investment in the consolidated annual financial statements.

The group, through its 100% owned subsidiary Bifm Holdings, has invested in associates being Bongwe, African Life Financial Services (Zambia) Limited and Aflife Holdings Zambia Limited. The previous table shows the group's percentage shareholding and total summarised financial interest.

The group, through its 100% owned subsidiary Bifm Holdings Limited, has a 49% interest in African Life Financial Services (Zambia) Limited. African Life Financial Services (Zambia) Limited is based in Zambia. The entity is involved in the provision of asset management and employee benefits administration. The group's interest in African Life Financial Services (Zambia) Limited is accounted for using the equity method in the consolidated annual financial statements. The entity is strategic to the group's activities.

The group, through its 62,9% owned subsidiary KYS, has a 20% interest in The Minor Hotel Group Gaborone Proprietary Limited.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

4. INVESTMENTS continued

4.5 Interest in associates and joint ventures continued

4.5.2 Interest in subsidiaries (at company level) continued

Letshego Africa Holdings Limited

The group, through its 100% owned subsidiary Botswana Life, has a 27,83% (2023: 27,61%) interest in Letshego Africa Holdings Limited, which is involved in the provision of short- to medium-term secured and unsecured loans in the public, quasi-public and private sectors. The company is incorporated in Botswana and has subsidiaries in various countries in Africa. Letshego is a public company listed on the BSE. The group's interest in Letshego is accounted for using the equity method in the consolidated annual financial statements. The entity is strategic to the group's activities. The previous table illustrates the summarised financial information of the group's investment in Letshego.

While the associate has produced profit before tax for the current and previous financial years, these were negatively impacted by a tax expense and minority interests in the associate's earnings, meaning that the company had ultimately accounted for its attributable share of losses from the associate. Furthermore, at the current and previous financial year-ends, the associate had defaulted on a number of covenants underpinning its borrowings. These factors indicate that the company's investment in the associate may be impaired.

Accordingly, the group performed impairment assessments to determine an appropriate fair value for its investment in the associate, with such value being the higher of fair value less cost to sell (based on the value of the associate's shares as traded on the BSE) and its value in use (determined as the present value of expected future dividend receipts using a DCF calculation).

Key assumptions underpinning the value in use calculation at each of 31 December 2024 and 31 December 2023 were:

Valuation assumptions for DCF

	2024 %	2023 %
Risk-free rate	**8,1**	7,8
Risk premium rate	**8,5**	8,5
Dividend payout ratio	**25 – 70**	25 – 70

Valuation assumptions for Letshego also incorporate inflation and the effective tax rates.

As at 31 December 2024, the fair value less cost to sell was determined to be higher than the value in use, with the fair value less cost to sell being P553 million below the carrying value of the investment in associate before impairment, with this amount being accounted for as an impairment charge at that date.

As at 31 December 2023, the value in use was determined to be higher than both the fair value less cost to sell and the carrying value of the investment in associate before impairment, resulting in no impairment charge being recognised at that date.

Nico Group

The company has a 25,1% interest in Nico. The group operates in five countries: Malawi, Uganda, Zambia and Mozambique and approximately 70% of Nico operations remain in Malawi. Nico operates its business through six segments which are general insurance business, life insurance and pensions business, banking business, asset management, information technology and investment holding. It is also involved in the hospitality industry and real estate industry as portfolio investments through some of its subsidiaries and associate companies. The company is incorporated in Malawi and it is a public company listed on the Malawi Stock Exchange. The group's interest in Nico is accounted for using the equity method in the consolidated annual financial statements while in the company's annual financial statements it is accounted for at cost. However, the Malawian economy was declared hyperinflationary in 2024 and the group applied the hyperinflation reporting standard (IAS 29 *Financial Reporting in Hyperinflationary Economies*). The entity is strategic to the group's activities.

The fair value of Nico was P411 million (2023: P221 million). The recoverable amount was determined based on a fair value calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services for Nico Life and increased performance for NBS Bank. The pre-tax discount rate applied to cash flow projections is 25% (2023: 25%) and cash flows beyond the five-year period are extrapolated using a 10% growth rate (2023: 10%) that is the same as the long-term average growth rate for the insurance industry. It was concluded that the fair value less costs of disposal exceeded the carrying value. As a result of this analysis, there were no impairment indicators in 2024 (2023: Pnil million) and a foreign currency translation loss of P19 million (2023: P82 million) has been recognised.

Teledimo

The company has joint control in a company called Teledimo Proprietary Limited, which holds a 100% investment in a short-term insurance company, Botswana Insurance Company Limited (BIC) and a 66% investment in GrandRe Tanzania. Teledimo is a non-operating holding company and only has two investments i.e. the investment in BIC and GrandRe Holdings. BIC is incorporated in Botswana, is a private company and owns 100% of BIHL Insurance Limited (t/a Insure Guard). The group's interest in Teledimo is accounted for as an associate using the equity method in the consolidated annual financial statements while in the company's annual financial statements it is accounted for at cost.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2024

4. INVESTMENTS continued
4.6 Non-current assets held for sale
FSG
The group, through its subsidiary Botswana Life, entered into an agreement with ALCF I Investment II Proprietary Limited, a company incorporated in accordance with the laws of Botswana to sell its 37,62% equity stake in FSG. As announced to the shareholders on 5 August 2022 and 23 August 2022, the key term of the agreement is that BIHL will receive a cash consideration of P250 million once all the necessary approvals have been concluded. The transaction was executed by way of an auction process to establish a market price and to maximise value for BIHL's shareholders. As at 31 December 2022, the transaction was not yet concluded pending regulatory approvals, hence it was classified as held for sale. The fair value less costs to sell was assessed on 30 June 2022 and was higher than the carrying amount, therefore there was no impairment recognised. The asset met all the requirements of classification as held for sale on 30 June 2022.

Carrying amount

	2024 P'000	2023 P'000
Carrying amounts at the beginning of the year	–	99 988
Share of results after tax	–	–
Dividend received	–	–
Foreign currency translation differences	–	–
Disposal	–	(99 988)
Carrying amount at the end of the year	–	–

Fair value less cost to sell

	2024 P'000	2023 P'000
Fair value (sales consideration)	–	250 000
Cost to sell	–	(8 343)
Fair value less cost to sell	–	241 657

The transaction was concluded on 7 February 2023 following the regulatory approval and fulfilment of all conditions precedent. As per the key term of the agreement, the cash consideration of P250 million was received. As at the disposal date, the carrying value of FSG in the group's balance sheet was P100 million and the fair value less cost to sell was P242 million, resulting in a profit on disposal of P142 million.

	2024 P'000	2023 P'000
Fair value less cost to sell	–	241 657
Carrying amount at time of disposal	–	–
Profit on sale of associate	–	241 657

5. OTHER RECEIVABLES

	GROUP		COMPANY	
	2024 P'000	Restated 2023 P'000	2024 P'000	2023 P'000
Financial instruments				
Other amounts receivable	**169 371**	171 655	**18 397**	19 976
Impairment allowances	**(40 054)**	(38 183)	**–**	–
	129 317	133 472	**18 397**	19 976
Non-financial instruments				
Prepayments	**3 657**	2 160	**211**	77
Other receivables	**132 974**	135 632	**18 608**	20 053

Other receivables, excluding non-financial assets, are recognised in terms of IFRS 9. Other amounts receivable include staff advances, agents and brokers advances as well as prepaid expenses.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

5. OTHER RECEIVABLES continued

The ageing analysis of these receivables is as analysed below.

		GROUP		COMPANY	
		2024 P'000	2023 P'000	2024 P'000	2023 P'000
Current	Stage 1	**126 997**	123 573	**18 608**	20 053
Past due		**46 031**	50 242	**–**	–
Less than 30 days	Stage 1	**1 484**	63	**–**	–
31 – 60 days	Stage 2	**369**	128	**–**	–
61 – 90 days	Stage 2	**1 009**	182	**–**	–
Over 90 days	Stage 3	**43 169**	49 870	**–**	–
Gross receivables		**173 028**	173 815	**18 608**	20 053

The carrying values of other receivables are reasonable approximations of their fair values due to the short-term nature thereof.

Impairment movement

Other amounts receivable include trade and other receivables and agents and brokers advances. Other amounts receivable are stated after an impairment provision of P39,3 million as at 31 December 2024 (2023: P38,2 million).

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
As at 1 January	**38 183**	38 835	**–**	–
Provision raised	**1 871**	(652)	**–**	–
As at 31 December	**40 054**	38 183	**–**	–

6. STATED CAPITAL

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Authorised shares (number)	**284 870 652**	284 870 652	**284 870 652**	284 870 652
Ordinary shares issued and fully paid				
284 870 652 (2023: 284 870 652) ordinary shares at no par value	**204 936**	204 936	**204 936**	204 936

7. NON-DISTRIBUTABLE RESERVES

7.1 Foreign currency translation reserve

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Opening balance	**(266 423)**	(95 761)	**–**	–
Movement for the year	**(19 642)**	(170 662)	**–**	–
Balance at the end of the year	**(286 065)**	(266 423)	**–**	–

Impact of IAS 29 *Financial Reporting in Hyperinflationary Economies*

During the year, the group applied IAS 29 *Financial Reporting in Hyperinflationary Economies* in relation to Nico Group, a Malawi associate. 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, are disclosed below.

	2024 P'000
Equity and reserves at historical cost (a)	**219 107**
Equity and reserves at inflation adjustment (b)	**323 474**
Adjustment related to hyperinflation translation (b – a)	**104 367**

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

7. NON-DISTRIBUTABLE RESERVES continued

7.2 Consolidation reserve

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Opening balance	(33 485)	(35 944)	–	–
Transfer from retained earnings	(2 300)	2 459	–	–
Cost of shares disposed/(purchased)	–	–	–	–
Balance at the end of the year	(35 785)	(33 485)	–	–

A consolidation reserve is created for the effect of treasury shares, which represents BIHL shares purchased and held within the group, but are supporting policyholder liabilities which are measured at fair value. The cost of treasury shares is deducted from equity through a separate reserve account called a treasury share reserve. The excess of the fair value of shares over the cost is accounted for through the consolidation reserve, which is a capital reserve. The reserve represents a temporary mismatch in that the reserve will reverse when the affected investments are realised through sale to parties external to the group.

BIHL shares held by policyholders

	GROUP		COMPANY	
	2024	2023	2024	2023
BIHL shares held by policyholders				
Number of shares held as at 31 December	1 987	2 085	–	–
Total shares	1 987	2 085	–	–
Market price per share (Pula)	22,50	20,01	–	–

7.3 Treasury shares

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Opening balance	(87 964)	(71 662)	–	–
Cost of treasury shares/(purchased)/disposed	(2 902)	(61 060)	–	–
Exercised employee shares	(9 020)	44 758	–	–
Balance at the end of the year	(99 886)	(87 964)	–	–

7.4 Share-based payment reserve

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Share-based payment reserve				
Opening balance	36 835	105 624	36 837	40 649
Expense arising from equity-settled share-based payment transactions	7 127	5 168	7 127	5 168
Treasury shares movement	9 020	(44 758)	–	–
Transfer to retained earnings	–	(29 199)	9 019	(8 980)
Balance at the end of the year	52 982	36 835	52 983	36 837

7.5 Capital reserve account

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Capital reserve account				
Opening balance	457 412	447 951	–	–
Transfer to retained earnings	(35 566)	9 461	–	–
Balance at the end of the year	421 846	457 412	–	–

In accordance with the requirements of section 9 of the Botswana Insurance Industry Act (Chapter 46:01), 25% of the annual after-tax income of the life business is transferred to the statutory capital reserve. This reserve can be utilised at a minimum of once every five years to increase the paid-up stated capital of the company. As part of its review of the capital structure, the group made an application in prior years to the Regulator, the NBFIRA, for exemption from further transfers to the statutory capital reserves as the life company was holding excess capital reserves which were not utilised. The Regulator approved the suspension of the transfer of the 25% annual after-tax profit to the statutory capital reserves for an indefinite period until the objective of the suspension is achieved.

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Total non-distributable reserves	157 459	106 375	52 983	36 837

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT

8.1 Analysis of net insurance contract carrying amount: Life insurance – risk business

8.1.1 Analysis per valuation method and line of business

Analysis per valuation method

	Liability for remaining coverage						Incurred claims[1]	Analysis of liability for remaining coverage		
	Total P'000	Subtotal[1] P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Subtotal P'000	Best estimate of future cash flows P'000	Total P'000	Excluding loss component P'000	Loss component P'000
2024										
Life insurance – risk business	**8 177 641**	**7 931 598**	**6 493 268**	**263 512**	**1 174 818**	**246 043**	**246 043**	**7 931 598**	**7 853 168**	**78 430**
Premium allocation approach[1]	**637 181**	**527 921**	**527 921**	**–**	**–**	**109 260**	**109 260**	**527 921**	**527 921**	**–**
General model	**7 540 460**	**7 403 677**	**5 965 347**	**263 512**	**1 174 818**	**136 783**	**136 783**	**7 403 677**	**7 325 247**	**78 430**
Individual life	**(219 392)**	**(340 503)**	**(1 329 367)**	**171 778**	**817 086**	**121 111**	**121 111**	**(340 503)**	**(412 132)**	**71 629**
Annuities	**7 759 852**	**7 744 180**	**7 294 714**	**91 734**	**357 732**	**15 672**	**15 672**	**7 744 180**	**7 737 379**	**6 801**
Net insurance contract carrying amount	**8 177 641**	**7 931 598**	**6 493 268**	**263 512**	**1 174 818**	**246 043**	**246 043**	**7 931 598**	**7 853 168**	**78 430**
Insurance contract liability balances	**8 397 033**	**8 272 101**	**7 822 635**	**91 734**	**357 732**	**124 932**	**124 932**	**8 272 101**	**8 265 300**	**6 801**
Insurance contract asset balances	**(219 392)**	**(340 503)**	**(1 329 367)**	**171 778**	**817 086**	**121 111**	**121 111**	**(340 503)**	**(412 132)**	**71 629**
Net insurance contract carrying amount	**8 177 641**	**7 931 598**	**6 493 268**	**263 512**	**1 174 818**	**246 043**	**246 043**	**7 931 598**	**7 853 168**	**78 430**
2023 Restated										
Life insurance – risk business	7 508 980	7 289 169	5 802 109	259 773	1 227 287	219 811	219 811	7 289 169	7 243 667	45 502
Premium allocation approach[1]	560 848	472 638	472 638	–	–	88 210	88 210	472 638	472 638	–
General model	6 948 132	6 816 531	5 329 471	259 773	1 227 287	131 601	131 601	6 816 531	6 771 029	45 502
Individual life[2]	(452 771)	(566 438)	(1 655 760)	166 760	922 562	113 667	113 667	(566 438)	(604 169)	37 731
Annuities [2,3]	7 400 903	7 382 969	6 985 231	93 013	304 725	17 934	17 934	7 382 969	7 375 198	7 771
Net insurance contract carrying amount	7 508 980	7 289 169	5 802 109	259 773	1 227 287	219 811	219 811	7 289 169	7 243 667	45 502
Insurance contract liability balances	7 961 751	7 855 607	7 457 869	93 013	304 725	106 144	106 144	7 855 607	7 847 836	7 771
Insurance contract asset balances	(452 771)	(566 438)	(1 655 760)	166 760	922 562	113 667	113 667	(566 438)	(604 169)	37 731
Net insurance contract carrying amount	7 508 980	7 289 169	5 802 109	259 773	1 227 287	219 811	219 811	7 289 169	7 243 667	45 502

[1] *Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to the PAA.*
[2] *General model business split further to show different business lines i.e. Individual life and annuity.*
[3] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.2 Analysis of net insurance contract carrying amount: Life insurance – risk business

8.2.1 Analysis per valuation method and line of business

Summary per valuation component

	General measurement model				Premium allocation approach	
	Total P'000	Subtotal P'000	Individual life	Annuities	Subtotal P'000	Group business
2024						
Liability for remaining coverage	**7 931 599**	**7 403 678**	**(340 503)**	**7 744 181**	**527 921**	**527 921**
Best estimate of future cash flows excluding loss component	**6 414 839**	**5 886 918**	**(1 400 996)**	**7 287 914**	**527 921**	**527 921**
Loss component	**78 430**	**78 430**	**71 629**	**6 801**	**–**	**–**
Risk adjustment	**263 512**	**263 512**	**171 778**	**91 734**	**–**	**–**
Contractual service margin	**1 174 818**	**1 174 818**	**817 086**	**357 732**	**–**	**–**
Incurred claims	**246 043**	**136 783**	**121 111**	**15 672**	**109 260**	**109 260**
Best estimate of future cash flows	**246 043**	**136 783**	**121 111**	**15 672**	**109 260**	**109 260**
Net insurance contract carrying amount	**8 177 642**	**7 540 461**	**(219 392)**	**7 759 853**	**637 181**	**637 181**
2023 Restated						
Liability for remaining coverage	7 289 169	6 816 531	(566 438)	7 382 969	472 638	472 638
Best estimate of future cash flows excluding loss component[1]	5 756 607	5 283 969	(1 693 491)	6 977 460	472 638	472 638
Loss component	45 502	45 502	37 731	7 771	–	–
Risk adjustment[1]	259 773	259 773	166 760	93 013	–	–
Contractual service margin[1]	1 227 287	1 227 287	922 562	304 725	–	–
Incurred claims	219 811	131 601	113 667	17 934	88 210	88 210
Best estimate of future cash flows	219 811	131 601	113 667	17 934	88 210	88 210
Net insurance contract carrying amount	7 508 980	6 948 132	(452 771)	7 400 903	560 848	560 848

[1] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.2 Analysis of net insurance contract carrying amount: Life insurance – risk business continued

8.2.2 Premium allocation approach

Reconciliation per valuation component

	2024			2023		
	Total P'000	Liability for remaining coverage excluding loss component P'000	Incurred claims, best estimate of future cash flows P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Incurred claims, best estimate of future cash flows P'000
Recognised in the statement of comprehensive income	**(130 633)**	**(476 028)**	**345 395**	(174 545)	(496 715)	322 170
Recognised in insurance revenue	**(791 598)**	**(791 598)**	**–**	(727 980)	(727 980)	–
Recognised in insurance service expenses	**660 965**	**315 570**	**345 395**	553 435	231 265	322 170
Claims incurred during the year (excluding investment component)	**345 395**	**–**	**345 395**	322 170	–	322 170
Amortisation of insurance acquisition cash flows	**315 570**	**315 570**	**–**	231 265	231 265	–
Cash flow	**206 966**	**531 311**	**(324 345)**	176 868	497 634	(320 766)
Premiums received during the year	**846 881**	**846 881**	**–**	728 899	728 899	–
Claims paid during the year	**(324 345)**	**–**	**(324 345)**	(320 766)	–	(320 766)
Insurance acquisition cash flows	**(315 570)**	**(315 570)**	**–**	(231 265)	(231 265)	–
Net movement for the year	**76 333**	**55 283**	**21 050**	2 323	919	1 404
Balance at the beginning of the year	**560 848**	**472 638**	**88 210**	558 525	471 719	86 806
Balance at the end of the year	**637 181**	**527 921**	**109 260**	560 848	472 638	88 210

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.2 Analysis of net insurance contract carrying amount: Life insurance – risk business continued

8.2.3 General model

Reconciliation per valuation component

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other[1] P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000
2024										
Non-onerous contracts recognised during the year[2]	–	(102 095)	16 562	85 533	–	85 533	–	–	–	–
Recognised in the statement of comprehensive income	84 263	147 899	(15 574)	(43 581)	(39 042)	(4 539)	84 263	(943 795)	32 928	995 130
Recognised in insurance revenue[3]	(1 284 408)	(1 128 506)	(25 378)	(128 357)	(123 010)	(5 347)	(1 284 408)	(1 277 320)	(7 088)	–
Expected incurred claims excluding investment components	(1 009 290)	(1 009 290)	–	–	–	–	(1 009 290)	(1 007 034)	(2 256)	–
Expected administration and other expenses	(130 242)	(130 242)	–	–	–	–	(130 242)	(127 157)	(4 491)	–
Release of risk adjustment for risk expired	(25 719)	(341)	(25 378)	–	–	–	(25 719)	(25 378)	(341)	–
Recognition of CSM	(128 357)	–	–	(128 357)	(123 010)	(5 347)	(128 357)	(128 357)	–	–
Premium experience adjustments related to current service and other amounts	9 200	11 367	–	–	–	–	9 200	9 200	–	–
Recognised in insurance service expenses[3]	1 011 771	1 012 327	1 758	–	–	–	–	1 014 085	–	16 641
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	995 130	997 444	–	–	–	–	995 130	–	–	995 130
Expected incurred claims excluding investment components	1 009 771	1 009 771	–	–	–	–	1 009 771	–	–	1 009 771
Experience adjustment	(14 641)	(12 327)	–	–	–	–	(14 641)	–	–	(14 641)
Initial loss on onerous contracts recognised during the year[2]	13 587	11 794	1 793	–	–	–	13 587	–	13 587	–
Increase and reversal of losses on onerous contracts[2]	3 054	3 089	(35)	–	–	–	3 054	–	3 054	–
Insurance finance income or expenses	356 900	264 078	8 046	84 776	83 968	808	356 900	333 525	23 375	–
Excluding recognition of adjusting the CSM at locked-in interest rates	362 270	271 573	5 921	84 776	83 968	808	362 270	351 704	10 566	–
Impact of adjusting the CSM at locked-in interest rates	(5 370)	(7 495)	2 125	–	–	–	(5 370)	(18 179)	12 809	–

[1] Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

[2] Relates to future service. Line items without a superscript relate to current service.

[3] Line items do not align to the statement of comprehensive income. This is due to the reallocation of the premium relating to insurance acquisition cash flows and allocations to the loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.2 Analysis of net insurance contract carrying amount: Life insurance – risk business continued

8.2.3 General model continued

Reconciliation per valuation component continued

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other[1] P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000
2024										
Changes in estimates recognised in CSM[2]	–	96 549	(2 128)	(94 421)	(101 501)	7 080	–	–	–	–
Premium experience adjustments related to future service	–	–	–	–	–	–	–	–	–	–
Cash flow	559 555	507 981	–	–	–	–	507 981	1 497 928	–	(989 947)
Premiums received during the year	1 723 809	1 723 809	–	–	–	–	1 723 809	1 723 809	–	–
Incurred claims – investment components[3]	–	–	–	–	–	–	–	(46 008)	–	46 008
Claims paid during the year	(1 035 955)	(1 035 955)	–	–	–	–	(1 035 955)	–	–	(1 035 955)
Insurance acquisition cash flows	(179 873)	(179 873)	–	–	–	–	(179 873)	(179 873)	–	–
Net movement for the year	592 244	640 975	3 738	(52 469)	(140 543)	88 074	592 245	554 134	32 928	5 183
Recognised in other comprehensive income – foreign currency translation differences	85	85	–	–	–	–	85	85	–	–
Balance at the beginning of the year	6 948 132	5 461 072	259 772	1 227 288	343 808	883 480	6 948 131	6 771 029	45 501	131 601
Balance at the end of the year	7 540 460	6 102 132	263 509	1 174 819	203 265	971 554	7 540 460	7 325 247	78 429	136 784

[1] *Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.*

[2] *Relates to past service. Line items without a superscript relate to current service.*

[3] *The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.2 Analysis of net insurance contract carrying amount: Life insurance – risk business continued

8.2.3 General model continued

Reconciliation per valuation component continued

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other[1] P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000
2023 Restated										
Non-onerous contracts recognised during the year[2]	–	(150 533)	10 261	140 272	–	140 272	–	–	–	–
Recognised in the statement of comprehensive income	155 235	196 772	(18 119)	(23 418)	10 679	(34 097)	155 234	(811 408)	36 452	930 190
Recognised in insurance revenue[3]	(1 287 983)	(1 119 224)	(20 836)	(147 923)	(69 326)	(78 597)	(1 287 984)	(1 284 726)	(3 258)	–
Expected incurred claims excluding investment components	(971 236)	(971 236)	–	–	–	–	(971 236)	(970 805)	(431)	–
Expected administration and other expenses	(158 854)	(158 854)	–	–	–	–	(158 855)	(156 163)	(2 692)	–
Release of risk adjustment for risk expired	(20 836)	–	(20 836)	–	–	–	(20 836)	(20 701)	(135)	–
Recognition of CSM	(147 923)	–	–	(147 923)	(69 326)	(78 597)	(147 923)	(147 923)	–	–
Premium experience adjustments related to current service and other amounts	10 866	10 866	–	–	–	–	10 866	10 866	–	–
Recognised in insurance service expenses[3]	956 060	952 667	3 393	–	–	–	956 060	–	25 870	930 190
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	930 190	930 190	–	–	–	–	930 190	–	–	930 190
Expected incurred claims excluding investment components	971 236	971 236	–	–	–	–	971 236	–	–	971 236
Experience adjustment	(41 046)	(41 046)	–	–	–	–	(41 046)	–	–	(41 046)
Initial loss on onerous contracts recognised during the year[4]	2 275	2 144	131	–	–	–	2 275	–	2 275	–
Increase and reversal of losses on onerous contracts[4]	23 595	20 333	3 262	–	–	–	23 595	–	23 595	–
Insurance finance income or expenses	487 158	363 329	(676)	124 505	80 005	44 500	487 158	473 318	13 840	–
Excluding recognition of adjusting the CSM at locked-in interest rates	564 257	423 839	15 913	124 505	80 005	44 500	564 257	548 848	15 409	–
Impact of adjusting the CSM at locked-in interest rates	(77 099)	(60 510)	(16 589)	–	–	–	(77 099)	(75 530)	(1 569)	–

[1] *Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.*

[2] *Relates to past service. Line items without a superscript relate to current service.*

[3] *Line items do not align to the statement of comprehensive income. This is due to the reallocation of the premium relating to insurance acquisition cash flows and allocations to the loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.*

[4] *Relates to future service. Line items without a superscript relates to current service.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.2 Analysis of net insurance contract carrying amount: Life insurance – risk business continued

8.2.3 General model continued

Reconciliation per valuation component continued

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other[1] P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000
2023 Restated										
Changes in estimates recognised in CSM[2]	–	350 946	88 547	(439 493)	(229 612)	(209 881)	–	9 548	(9 548)	–
Annuity management fees adjustment[3]	–	113 139	17	(113 156)	(113 156)	–	–	–	–	–
Premium experience adjustments related to future service	–	(9 055)	–	9 055	–	9 055	–	–	–	–
Cash flow	275 464	275 464	–	–	–	–	275 464	1 191 562	–	(916 098)
Premiums received during the year	1 408 316	1 408 316	–	–	–	–	1 408 316	1 408 316	–	–
Incurred claims – investment components[4]	–	–	–	–	–	–	–	(41 191)	–	41 191
Claims paid during the year	(957 289)	(957 289)	–	–	–	–	(957 289)	–	–	(957 289)
Insurance acquisition cash flows	(175 563)	(175 563)	–	–	–	–	(175 563)	(175 563)	–	–
Net movement for the year	430 699	776 733	80 706	(426 740)	(332 089)	(94 651)	430 698	389 702	26 904	14 092
Recognised in other comprehensive income – foreign currency translation differences	11 138	(757)	(124)	12 019	12 019	–	11 138	11 280	(142)	–
Balance at the beginning of the year	6 506 295	4 685 096	179 190	1 642 009	663 878	978 131	6 506 295	6 370 047	18 739	117 509
Balance at the end of the year	6 948 132	5 461 072	259 772	1 227 288	343 808	883 480	6 948 131	6 771 029	45 501	131 601

[1] *Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.*

[2] *Relates to past service. Line items without a superscript relate to current service.*

[3] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

[4] *The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.2 Analysis of net insurance contract carrying amount: Life insurance – risk business continued

8.2.4 Expected recognition of contractual service margin – Analysis per line of business

	<1 year P'000	1 to 2 years P'000	2 to 3 years P'000	3 to 4 years P'000	4 to 5 years P'000	5 to 6 years P'000	6 to 7 years P'000	7 to 8 years P'000	8 to 9 years P'000	9 to 10 years P'000	>10 years P'000
2024											
Individual life											
Balance at the beginning of the year	817 086	766 413	718 596	672 931	629 035	589 307	558 113	526 083	489 888	455 387	422 545
Accretion of interest on liabilities under the general model	52 341	48 963	45 854	43 040	43 053	47 772	43 286	35 184	32 707	30 344	278 700
Recognised in the statement of comprehensive income	(103 014)	(96 780)	(91 519)	(86 936)	(82 781)	(78 966)	(75 316)	(71 379)	(67 208)	(63 186)	(701 245)
Balance at the end of the year	766 413	718 596	672 931	629 035	589 307	558 113	526 083	489 888	455 387	422 545	–
Annuities											
Balance at the beginning of the year	357 732	342 861	328 678	314 779	301 242	290 465	281 910	270 522	257 525	244 677	232 051
Accretion of interest on liabilities under the general model	22 540	22 607	22 214	21 894	23 959	25 434	21 777	19 303	18 547	17 832	225 220
Recognised in the statement of comprehensive income	(37 411)	(36 790)	(36 113)	(35 431)	(34 736)	(33 989)	(33 165)	(32 300)	(31 395)	(30 458)	(457 271)
Balance at the end of the year	342 861	328 678	314 779	301 242	290 465	281 910	270 522	257 525	244 677	232 051	–
Total											
Balance at the beginning of the year	1 174 818	1 109 274	1 047 274	987 710	930 277	879 772	840 023	796 605	747 413	700 064	654 596
Accretion of interest on liabilities under the general model	74 881	71 570	68 068	64 934	67 012	73 206	65 063	54 487	51 254	48 176	503 920
Recognised in the statement of comprehensive income	(140 425)	(133 570)	(127 632)	(122 367)	(117 517)	(112 955)	(108 481)	(103 679)	(98 603)	(93 644)	(1 158 516)
Balance at the end of the year	1 109 274	1 047 274	987 710	930 277	879 772	840 023	796 605	747 413	700 064	654 596	–

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.2 Analysis of net insurance contract carrying amount: Life insurance – risk business continued

8.2.4 Expected recognition of contractual service margin – Analysis per line of business continued

	<1 year P'000	1 to 2 years P'000	2 to 3 years P'000	3 to 4 years P'000	4 to 5 years P'000	5 to 6 years P'000	6 to 7 years P'000	7 to 8 years P'000	8 to 9 years P'000	9 to 10 years P'000	>10 years P'000
2023											
Individual life											
Balance at the beginning of the year	922 562	878 369	835 932	795 019	756 128	720 124	687 185	663 318	644 314	619 671	594 153
Accretion of interest on liabilities under the general model	38 987	42 936	38 306	35 097	33 269	31 999	37 190	38 534	29 393	25 115	189 500
Recognised in the statement of comprehensive income	(83 180)	(85 373)	(79 219)	(73 988)	(69 273)	(64 938)	(61 057)	(57 538)	(54 036)	(50 633)	(783 653)
Balance at the end of the year	878 369	835 932	795 019	756 128	720 124	687 185	663 318	644 314	619 671	594 153	–
Annuities											
Balance at the beginning of the year	417 882	397 864	378 642	360 110	342 495	326 186	311 266	300 455	291 847	280 685	269 127
Accretion of interest on liabilities under the general model	17 659	19 448	17 351	15 898	15 069	14 494	16 845	17 454	13 314	11 376	85 836
Recognised in the statement of comprehensive income	(37 677)	(38 670)	(35 883)	(33 513)	(31 378)	(29 414)	(27 656)	(26 062)	(24 476)	(22 934)	(354 963)
Balance at the end of the year	397 864	378 642	360 110	342 495	326 186	311 266	300 455	291 847	280 685	269 127	–
Total											
Balance at the beginning of the year	1 340 444	1 276 233	1 214 574	1 155 129	1 098 623	1 046 310	998 451	963 773	936 161	900 356	863 280
Accretion of interest on liabilities under the general model	56 646	62 384	55 657	50 995	48 338	46 493	54 035	55 988	42 707	36 491	275 336
Recognised in the statement of comprehensive income	(120 857)	(124 043)	(115 102)	(107 501)	(100 651)	(94 352)	(88 713)	(83 600)	(78 512)	(73 567)	(1 138 616)
Balance at the end of the year	1 276 233	1 214 574	1 155 129	1 098 623	1 046 310	998 451	963 773	936 161	900 356	863 280	–

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.3 Carrying value of new insurance contracts issued during the year

	2024			2023		
	Total P'000	Groups of contracts that are expected to be profitable at initial recognition P'000	Groups of contracts that are onerous at initial recognition P'000	Total P'000	Groups of contracts that are expected to be profitable at initial recognition P'000	Groups of contracts that are onerous at initial recognition P'000
Estimate of the present value of future cash inflows	**(1 388 343)**	**(1 385 615)**	**(2 728)**	(1 092 201)	(1 086 946)	(5 255)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	**1 279 663**	**1 272 317**	**7 346**	930 885	926 198	4 687
Insurance acquisition cash flows	**11 438**	**11 203**	**235**	12 826	10 215	2 611
Risk adjustment for non-financial risk	**16 562**	**16 562**	**–**	10 366	10 261	105
Contractual service margin	**85 533**	**85 533**	**–**	140 272	140 272	–
Net carrying amount of insurance contracts issued during the year	**4 853**	**–**	**4 853**	2 148	–	2 148

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.4 Insurance and reinsurance contracts

Summary of net carrying amount

	2024				2023			
	Total P'000	Individual life P'000	Annuities P'000	Group business P'000	Total P'000	Individual life P'000	Annuities P'000	Group business P'000
Net insurance contract carrying amount	**8 177 641**	**(219 392)**	**7 759 852**	**637 181**	7 508 981	(452 771)	7 400 904	560 848
Insurance contract liabilities	**8 397 033**	**–**	**7 759 852**	**637 181**	7 961 752	–	7 400 904	560 848
Insurance contract liability balances	**8 397 033**	**–**	**7 759 852**	**637 181**	7 961 752	–	7 400 904	560 848
Insurance contract assets	**(219 392)**	**(219 392)**	**–**	**–**	(452 771)	(452 771)	–	–
Insurance contract asset balances	**(219 392)**	**(219 392)**	**–**	**–**	(452 771)	(452 771)	–	–
Net reinsurance contract carrying amount	**70 171**	**87 035**	**–**	**(16 864)**	36 347	54 222	–	(17 875)
Reinsurance contract liabilities	**87 035**	**87 035**	**–**	**–**	54 222	54 222	–	–
Reinsurance contract assets	**(16 864)**	**–**	**–**	**(16 864)**	(17 875)	–	–	(17 875)
Net carrying amount	**8 247 812**	**(132 357)**	**7 759 852**	**620 317**	7 545 328	(398 549)	7 400 904	542 973

Summary of result from insurance contracts

	2024				2023			
	Total P'000	Individual life P'000	Annuities P'000	Group business P'000	Total P'000	Individual life P'000	Annuities P'000	Group business P'000
Insurance service result	**127 199**	**52 653**	**40 383**	**34 163**	286 393	157 708	41 761	86 924
Insurance revenue	**2 267 063**	**576 802**	**898 663**	**791 598**	2 221 787	674 825	818 982	727 980
Insurance service expenses	**(2 100 784)**	**(515 141)**	**(858 280)**	**(727 363)**	(1 919 919)	(517 835)	(777 221)	(624 863)
Income or expense from reinsurance contracts	**(39 080)**	**(9 008)**	**–**	**(30 072)**	(15 475)	718	–	(16 193)
Insurance investment result	**76 356**	**10 327**	**32 124**	**33 905**	315 333	52 432	209 186	53 715
Other expenses relating to insurance operations	**649**	**–**	**–**	**–**	(15 975)	–	–	–
Result from insurance contracts	**204 204**	**62 980**	**72 507**	**68 068**	585 751	210 140	250 947	140 639

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

8. INSURANCE CONTRACT CARRYING AMOUNT continued

8.5 Investment contracts

8.5.1 Composition of investment contract liabilities

	2024 P'000	Restated 2023 P'000
Individual business		
Investments	**3 577 618**	3 344 991
Linked business[1]	**3 577 618**	3 344 991
Life annuities	**59 767**	97 877
Total investment contract liabilities	**3 637 385**	3 442 868

[1] *Refer to note 28 for more information on restatements.*

8.5.2 Analysis of movement in investment contract liabilities

	2024 P'000	Restated 2023 P'000
Investment contracts		
Income	**836 882**	888 802
Premium income	**443 428**	438 041
Change in fair value of investment contract liabilities	**393 454**	450 761
Outflow	**(661 415)**	(607 349)
Policy benefits	**(495 662)**	(469 970)
Fees and other payments to shareholders' fund	**(165 753)**	(137 379)
Other movements	**19 050**	(8 695)
Net movement for the year	**194 517**	272 758
Balance at the beginning of the year[1]	**3 442 868**	3 170 110
Balance at the end of the year	**3 637 385**	3 442 868

[1] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

9. DERIVATIVES INSTRUMENT

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Foreign exchange swap transaction	**44 284**	25 429	–	–
Reconciliation of movement during the year				
Balance as at 1 January	**25 429**	37 259	–	–
Fair value adjustment	**18 855**	(11 830)	–	–
Closing balance as at 31 December	**44 284**	25 429	–	–

This transaction was entered into between BIHL Group and African Life Assurance Company Botswana Proprietary Limited (ALBOTS), a wholly-owned subsidiary of SanlamAllianz, whose sole asset and source of revenue is a 17% shareholding in BIHL. ALBOTS, which receives periodic dividends and converts the same to South African Rand, wished to swap these cash flows to mitigate currency movements. The group (through the Botswana Life annuity portfolio) wished to gain exposure to long-dated bonds, however, given the shortage of such in Botswana, resolved to gain similar exposure synthetically. The parties then entered into a swap which saw BIHL Group through Botswana Life purchasing a long-dated South African Government bond and swapping the South African Rand coupons received from the note for Pula. ALBOTS swapped its Pula dividends for South African Rand and thus each party obtained exposure to their desired currency. This resulted in a synthetic Pula bond exposure for BIHL Group, which is valued in the same way all the other bonds in the annuity book are valued – via the Botswana zero curve. The South African Rand bond's value is taken to be the bond's market value at every valuation date.

The positions are valued monthly and the difference between the two is the swap contract's value at valuation date. No cash flows exchanged hands during the life of the contract (i.e. the swap value becomes unrealised gains or losses in the book).

10. EXTERNAL INVESTORS IN CONSOLIDATED FUNDS

	GROUP		COMPANY	
	2024 P'000	Restated[1] 2023 P'000	2024 P'000	2023 P'000
Balance at the beginning of the year	**4 504 564**	3 619 273	–	–
Net fair value gains/losses	**67 992**	129 172	–	–
Net investment return	**291 581**	305 979	–	–
Net funds inflow/(outflow)	**(247 625)**	450 140	–	–
Balance at the end of the year	**4 616 512**	4 504 564	–	–

[1] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

Net investment return comprises interest income on financial assets at fair value through profit or loss, rental income and dividend income.

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Segregated funds accounted for on the statement of financial position	**41 108 823**	33 890 391	–	–

Segregated funds are excluded from investments and liabilities under investment management contracts on the statement of financial position. The assets are kept on behalf of the investors and are not assets of the group. The assets are managed by the asset management company (Bifm).

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

11. REINSURANCE CONTRACT CARRYING AMOUNT

11.1 Analysis of net reinsurance contract carrying amount

Analysis per line of business and valuation method

	Remaining coverage component					Incurred claims component	
	Total P'000	Subtotal P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Subtotal P'000	Best estimate of future cash flows P'000
2024							
Life insurance – risk business	**(70 170)**	**(107 394)**	**(27 134)**	**36 373**	**(116 633)**	**37 224**	**37 224**
Premium allocation approach[1]	**16 864**	**8 831**	**8 831**	**–**	**–**	**8 033**	**8 033**
General model	**(87 034)**	**(116 225)**	**(35 965)**	**36 373**	**(116 633)**	**29 191**	**29 191**
Net reinsurance contract carrying amount	**(70 170)**	**(107 394)**	**(27 134)**	**36 373**	**(116 633)**	**37 224**	**37 224**
Reinsurance contract liabilities	**(87 034)**	**(116 225)**	**(35 965)**	**36 373**	**(116 633)**	**29 191**	**29 191**
Reinsurance contract assets	**16 864**	**8 831**	**8 831**	**–**	**–**	**8 033**	**8 033**
Net reinsurance contract carrying amount	**(70 170)**	**(107 394)**	**(27 134)**	**36 373**	**(116 633)**	**37 224**	**37 224**
2023							
Life insurance – risk business	(36 347)	(76 442)	3 675	31 704	(111 821)	40 095	40 095
Premium allocation approach[1]	17 875	14 602	14 602	–	–	3 273	3 273
General model	(54 222)	(91 044)	(10 927)	31 704	(111 821)	36 822	36 822
Net reinsurance contract carrying amount	(36 347)	(76 442)	3 675	31 704	(111 821)	40 095	40 095
Reinsurance contract liabilities	(54 222)	(91 044)	(10 927)	31 704	(111 821)	36 822	36 822
Reinsurance contract assets	17 874	14 601	14 601	–	–	3 273	3 273
Net reinsurance contract carrying amount	(36 348)	(76 443)	3 674	31 704	(111 821)	40 095	40 095

[1] *Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to the PPA.*

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2024

11. REINSURANCE CONTRACT CARRYING AMOUNT continued
11.2 Reconciliation of net carrying amount: Life insurance – risk business
11.2.1 Premium allocation approach
Reconciliation per valuation component

	2024				2023			
		Incurred claims component				Incurred claims component		
	Total P'000	Remaining coverage component P'000	Subtotal P'000	Best estimate of future cash flows P'000	Total P'000	Remaining coverage component P'000	Subtotal P'000	Best estimate of future cash flows P'000
Recognised in the statement of comprehensive income	**(30 071)**	**(39 810)**	**9 739**	**9 739**	(16 194)	(32 252)	16 059	16 059
Income or expenses from reinsurance contracts	**(30 071)**	**(39 810)**	**9 739**	**9 739**	(16 194)	(32 252)	16 059	16 059
Income or expense from reinsurance contracts excluding changes in non-performance risk of reinsurance contracts	**(30 071)**	**(39 810)**	**9 739**	**9 739**	(16 194)	(32 252)	16 059	16 059
Cash flow	**29 061**	**34 040**	**(4 979)**	**(4 979)**	23 797	39 416	(15 619)	(15 619)
Premiums paid	**34 040**	**34 040**	**–**	**–**	39 416	39 416	–	–
Recoveries received under reinsurance contracts held	**(4 979)**	**–**	**(4 979)**	**(4 979)**	(15 619)	–	(15 619)	(15 619)
Net movement for the year	**(1 010)**	**(5 770)**	**4 760**	**4 760**	7 603	7 164	440	440
Balance at the beginning of the year	**17 874**	**14 601**	**3 273**	**3 273**	10 271	7 437	2 834	2 834
Balance at the end of the year	**16 864**	**8 831**	**8 033**	**8 033**	17 874	14 601	3 274	3 274

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

11. REINSURANCE CONTRACT CARRYING AMOUNT continued

11.2 Reconciliation of net carrying amount: Life insurance – risk business continued

11.2.2 General model

Reconciliation per valuation component

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Other[2] P'000	Total P'000	Remaining coverage component excluding LRC P'000	Incurred claims component P'000
2024								
Contracts recognised during the year for future coverage	328	963	1 854	(2 489)	(2 489)	328	328	–
Recognised in the statement of comprehensive income	(50 397)	(42 456)	(20)	(7 921)	(7 921)	(50 397)	(50 397)	–
Income or expense from reinsurance contracts	(34 903)	(33 845)	(497)	(561)	(561)	(34 903)	(34 903)	–
Recognition of the CSM for services received	6 362	–	–	6 362	6 362	6 362	6 362	–
Release of risk adjustment for risk expired	(2 767)	–	(2 767)	–	–	(2 767)	(2 767)	–
Premium experience adjustments related to current service and other amounts	(11 360)	(6 707)	2 270	(6 923)	(6 923)	(11 360)	(11 360)	–
Claims experience adjustments related to current service	(27 138)	(27 138)	–	–	–	(27 138)	(27 138)	–
Reinsurance finance income or expenses	(15 494)	(8 611)	477	(7 360)	(7 360)	(15 494)	(15 494)	–
Impact of adjusting the CSM at locked-in interest rates	(15 494)	(8 611)	477	(7 360)	(7 360)	(15 494)	(15 494)	–
Changes in estimates recognised in CSM[1]	–	(8 515)	2 789	5 726	5 726	–	–	–
Cash flow	17 084	24 714	–	(7 630)	(7 630)	17 084	24 714	(7 630)
Premiums paid	17 084	24 714	–	(7 630)	(7 630)	17 084	24 714	(7 630)
Net movement for the year	(32 985)	(25 294)	4 623	(12 314)	(12 314)	(32 985)	(25 355)	(7 630)
Recognised in other comprehensive income – foreign currency translation differences	173	257	46	(129)	(129)	173	173	–
Balance at the beginning of the year	(54 221)	(10 926)	31 704	(111 821)	(111 821)	(54 221)	(91 043)	36 822
Balance at the end of the year	(87 033)	(35 963)	36 373	(124 264)	(124 264)	(87 033)	(116 225)	29 192

[1] *Relates to future service. Line items without a superscript relate to current service.*

[2] *Other covers amounts for reinsurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

11. REINSURANCE CONTRACT CARRYING AMOUNT continued

11.2 Reconciliation of net carrying amount: Life insurance – risk business continued

11.2.2 General model continued

Reconciliation per valuation component continued

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Other[3] P'000	Total P'000	Remaining coverage component excluding LRC P'000	Incurred claims component P'000
2023								
Contracts recognised during the year for future coverage	–	2 869	(46)	(2 823)	(2 823)	–	–	–
Recognised in the statement of comprehensive income	(26 214)	(21 695)	(5 886)	(1 208)	(1 208)	(26 214)	(28 789)	2 575
Income or expense from reinsurance contracts	721	923	(1 569)	(1 208)	(1 208)	721	(1 854)	2 575
Recognition of CSM for services received	(1 208)	–	–	(1 208)	(1 208)	(1 208)	(1 208)	–
Release of risk adjustment for risk expired	(1 569)	–	(1 569)	–	–	(1 569)	(1 569)	–
Claims experience adjustments related to current service	923	923	–	–	–	923	923	–
Changes in incurred claims related to past service[1]	2 575	–	–	–	–	2 575	–	2 575
Reinsurance finance income or expenses	(26 935)	(22 618)	(4 317)	–	–	(26 935)	(26 935)	–
Impact of unwinding discount rates and financial assumption changes	(26 935)	(22 618)	(4 317)	–	–	(26 935)	(26 935)	–
Impact of adjusting the CSM at locked-in interest rates	–			–			–	–
Changes in estimates recognised in CSM[2]	–	64 484	24 979	(89 463)	(89 463)	–	–	–
Cash flow	27 751	27 751	–	–	–	27 751	27 751	–
Premium paid net recoveries and other items	27 751	27 751	–	–	–	27 751	27 751	–
Net movement for the year	1 537	73 409	19 047	(93 494)	(93 494)	1 537	(1 038)	2 575
Balance at the beginning of the year	(55 758)	(84 336)	12 657	(18 327)	(18 327)	(55 758)	(90 005)	34 247
Balance at the end of the year	(54 221)	(10 927)	31 704	(111 821)	(111 821)	(54 221)	(91 043)	36 822

[1] *Relates to past service. Line items without a superscript relate to current service.*
[2] *Relates to future service. Line items without a superscript relate to current service.*
[3] *Other covers amounts for reinsurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

11. REINSURANCE CONTRACT CARRYING AMOUNT continued

11.2 Analysis of net reinsurance contract carrying amount: Life insurance – risk business continued

Analysis per valuation method and line of business

Summary per valuation component

		General measurement model		Premium allocation approach	
	Total P'000	Subtotal P'000	Individual life	Subtotal P'000	Group business
2024					
Liability for remaining coverage	**(107 394)**	**(116 225)**	**(116 225)**	**8 831**	**8 831**
Best estimate of future cash flows excluding loss component	**(27 134)**	**(35 965)**	**(35 965)**	**8 831**	**8 831**
Risk adjustment	**36 373**	**36 373**	**36 373**	**–**	**–**
Contractual service margin	**(116 633)**	**(116 633)**	**(116 633)**	**–**	**–**
Incurred claims	**37 224**	**29 191**	**29 191**	**8 033**	**8 033**
Best estimate of future cash flows	**37 224**	**29 191**	**29 191**	**8 033**	**8 033**
Net reinsurance contract carrying amount	**(70 170)**	**(87 034)**	**(87 034)**	**16 864**	**16 864**
2023					
Liability for remaining coverage	(76 442)	(91 044)	(91 044)	14 602	14 602
Best estimate of future cash flows excluding loss component	3 675	(10 927)	(10 927)	14 602	14 602
Risk adjustment	31 704	31 704	31 704	–	–
Contractual service margin	(111 821)	(111 821)	(111 821)	–	–
Incurred claims	40 095	36 822	36 822	3 273	3 273
Best estimate of future cash flows	40 095	36 822	36 822	3 273	3 273
Net reinsurance contract carrying amount	(36 347)	(54 222)	(54 222)	17 875	17 875

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

11. REINSURANCE CONTRACT CARRYING AMOUNT continued

11.3 Expected recognition of CSM

Analysis per line of business

Life insurance – risk business

	<1 year P'000	1 to 2 years P'000	2 to 3 years P'000	3 to 4 years P'000	4 to 5 years P'000	5 to 6 years P'000	6 to 7 years P'000	7 to 8 years P'000	8 to 9 years P'000	9 to 10 years P'000	>10 years P'000
2024											
Balance at the beginning of the year	**108 600**	**102 561**	**96 849**	**91 361**	**86 069**	**81 415**	**77 752**	**73 752**	**69 219**	**64 857**	**60 668**
Accretion of interest on liabilities under the general model	**6 899**	**6 595**	**6 272**	**5 983**	**6 174**	**6 745**	**5 995**	**5 020**	**4 723**	**4 439**	**38 066**
Recognised in the statement of comprehensive income	**(12 938)**	**(12 307)**	**(11 760)**	**(11 275)**	**(10 828)**	**(10 408)**	**(9 995)**	**(9 553)**	**(9 085)**	**(8 628)**	**(98 734)**
Balance at the end of the year	**102 561**	**96 849**	**91 361**	**86 069**	**81 415**	**77 752**	**73 752**	**69 219**	**64 857**	**60 668**	**–**
2023											
Balance at the beginning of the year	111 821	105 521	99 377	93 390	87 698	82 308	78 093	74 746	70 574	65 934	61 485
Accretion of interest on liabilities under the general model	7 672	7 083	6 594	6 309	6 069	6 742	7 135	5 854	4 900	4 589	38 066
Recognised in the statement of comprehensive income	(13 972)	(13 227)	(12 581)	(12 001)	(11 459)	(10 957)	(10 482)	(10 026)	(9 540)	(9 038)	(99 551)
Balance at the end of the year	105 521	99 377	93 390	87 698	82 308	78 093	74 746	70 574	65 934	61 485	–

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

12. NON-CONTROLLING INTERESTS

	2024 P'000	2023 P'000
Balance at the beginning of the year	**23 751**	22 428
Share of profit	**(13 250)**	7 570
Dividend payment	**–**	(6 247)
Balance at the end of the year	**10 501**	23 751

12.1 Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operations	2024 %	2023 %
KYS Investments Limited	Botswana	**37**	37
Bifm CEE[1]	Botswana	**–**	11
Private Property Botswana Limited	Botswana	**26**	26

[1] *In 2023, management reviewed the treatment of the 11% Bifm shares reserved for the Bifm CEE which was deemed to result in a non-controlling interest of 11% for the Bifm Group. It was concluded that the 11% shares are treasury shares and therefore do not constitute a minority. In correcting this error, the balance of minority in the group has been reclassified to retained earnings.*

Accumulated balances of material non-controlling interests

	2024 P'000	2023 P'000
KYS Investments Limited	**10 458**	12 829
Bifm CEE	**–**	10 879
Private Property Botswana Limited	**43**	43
Total non-controlling interests	**10 501**	23 751

Profit/(loss) allocated to material non-controlling interests

	2024 P'000	2023 P'000
KYS Investments Limited	**(2 371)**	–
Bifm	**(10 879)**	7 570
Total share of profit	**(13 250)**	7 570

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

	Bifm P'000	KYS P'000	PPB P'000
Summarised profit or loss for 2024			
Revenue	**–**	**30**	**–**
Administrative expenses	**–**	**(1 117)**	**–**
Profit before tax	**–**	**(1 087)**	**–**
Income tax	**–**	**–**	**–**
Profit for the year from continuing operations	**–**	**(1 087)**	**–**
Total comprehensive income	**–**	**(1 087)**	**–**
Attributable to non-controlling interests	**–**	**(403)**	**–**
Summarised profit or loss for 2023			
Revenue	130 331	401	–
Administrative expenses	(82 761)	(114)	–
Profit before tax	47 570	287	–
Income tax	(19 624)	–	–
Profit for the year from continuing operations	27 946	287	–
Total comprehensive income	27 946	287	–
Attributable to non-controlling interests	7 570	107	–
Dividends paid to non-controlling interests	(3 066)	–	–

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2024

12. NON-CONTROLLING INTERESTS continued

	Bifm P'000	KYS P'000	PPB P'000
Summarised statement of financial position as at 31 December 2024			
Trade receivables and cash and bank balances (current)	**60 346**	**373**	**2 544**
Property and equipment and other non-current financial assets (non-current)	**8 080 996**	**28 245**	**–**
Trade and other payables (current)	**(76 825)**	**313**	**(2 377)**
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	**(5 895)**	**–**	**–**
Total equity	**8 058 622**	**28 931**	**167**
Attributable to:			
Equity holders of the parent	**8 058 622**	**18 473**	**124**
Non-controlling interests	**–**	**10 458**	**43**
Summarised statement of financial position as at 31 December 2023			
Trade receivables and cash and bank balances (current)	99 410	1 164	2 544
Property, plant and equipment and other non-current financial assets (non-current)	5 364 613	34 446	–
Trade and other payables (current)	(29 045)	4 022	(2 377)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(5 994)	–	–
Total equity	5 428 984	39 632	167
Attributable to:			
Equity holders of the parent	5 418 105	26 803	124
Non-controlling interests	10 879	12 829	43

	Bifm P'000	KYS P'000	PPB P'000
Summarised statement of financial position as at 31 December 2024			
Operating	**14 905**	**3 709**	**–**
Investing	**(23 960)**	**–**	**–**
Financing	**(1 412)**	**–**	**–**
Net increase/(decrease) in cash and cash equivalents	**(10 467)**	**3 709**	**–**
Summarised cash flow information for the year ended 31 December 2023			
Operating	14 905	–	–
Investing	(23 960)	–	–
Financing	(1 412)	–	–
Net increase/(decrease) in cash and cash equivalents	(10 467)	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

13. DEFERRED TAX

Deferred tax included in the statement of financial position and changes recorded in the income tax expense are as follows:

	GROUP	
	Deferred tax 2024 P'000	Deferred tax 2023 P'000
Balance at the beginning of the year	**(141 908)**	(73 545)
Charge to the income statement	**(2 055)**	(11 217)
Reallocation of tax	**42 041**	(57 146)
Balance at the end of the year	**(101 922)**	(141 908)
Representing:		
Accelerated wear and tear on equipment	**(14 590)**	(15 100)
Accelerated allowances on intangibles	**12**	84
Unrealised investment losses	**2 639**	2 117
Impairment	**14 255**	6 383
Difference between IFRS 17 and IFRS 4 profits	**10 883**	(20 271)
Deferred tax on transition earnings impact	**(115 121)**	(115 121)

Deferred tax represents the net asset and liability positions for the group as they are recognised for the components within Botswana, and all taxes are reported and submitted to the same revenue authority. No deferred tax asset was recognised in the holding company due to the assessable tax losses amounting. There is uncertainty when taxable profits will be available against which the deferred tax asset can be utilised. No deferred tax liabilities have been provided for temporary differences arising from investment in subsidiaries, associates and joint ventures as the deferred tax liability mainly arises from initial recognition of goodwill.

14. OTHER PAYABLES

	GROUP		COMPANY	
	2024 P'000	Restated[1] 2023 P'000	2024 P'000	2023 P'000
Financial instruments				
Due to brokers and agents	**65 274**	59 971	**–**	–
Other payables				
Other accounts payable[1]	**52 533**	22 853	**26 296**	20 504
Other accruals	**152 718**	69 573	**757**	707
Non-financial instruments				
Payroll-related liabilities	**52 249**	58 587	**10 299**	11 303
Total other payables	**322 774**	210 984	**37 352**	32 514

[1] *Restated for the correction of a prior period an error. Refer to note 28 for more information on restatements.*

Terms and conditions of the above financial liabilities are:

Trade payables are non-interest-bearing insurance-related liabilities and their terms and conditions are as follows:

- Due to agents and brokers – these are intermediary retention balances held on behalf of brokers and agents and are released on the anniversary of the policy
- Short-term insurance payables are settled within 30 days.

Other payables relate to payroll accruals – leave pay, bonuses and gratuities.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Management fee income	**184 803**	158 167	**–**	–
Fees and other payments to the shareholders' fund	**165 812**	137 379	**–**	–
	350 615	295 546	**–**	–
Timing of revenue recognition				
Contract revenue earned at a point in time	**1 313**	1 187	**–**	–
Contract revenue earned over time	**349 302**	294 359	**–**	–
Total revenue from contracts with customers	**350 615**	295 546	**–**	–

All revenue from contracts with customers was earned from contracts in Botswana.

Fees for asset management or administration services in respect of investment contracts are recognised as services are rendered. Initial fees that relate to the future rendering of services are deferred and recognised as those future services are rendered. Related performance fees are also recognised over time, however, represent variable consideration and therefore recognition is constrained until there is a 'high degree of confidence' that revenue will not be reversed in a subsequent reporting period; this is typically on crystallisation of the fee. Clients' assets are managed on an ongoing basis and if there is an outperformance of a specific benchmark over a certain period, a fee is recouped from the client's account.

16. INVESTMENT RETURNS

16.1 Shareholders' interest income

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Interest income using the EIR	**4 491**	4 395	**849**	1 221
	4 491	4 395	**849**	1 221

16.2 Other interest income from external investors in consolidated funds

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Other interest income from external investors in consolidated funds	**291 581**	305 979	**–**	–
	291 581	305 979	**–**	–

16.3 Investment income on shareholders' assets

Shareholders' investment income

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Interest income	**452 599**	284 903	**1 000**	1 028
Dividends	**–**	–	**587 756**	844 101
Total investment income	**452 599**	284 903	**588 756**	845 129

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

16. INVESTMENT RETURNS continued

16.4 Net fair value changes from financial assets held at fair value through profit or loss

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Fair value changes from external investors in consolidated funds	**67 992**	129 172	**–**	–
Change in fair value of investment contract liabilities	**(341 661)**	(31 903)	**–**	–
Fair value (losses)/gains from derivative instrument	**18 855**	(11 830)	**–**	–
	(254 814)	85 439	**–**	–

17. ADMINISTRATION EXPENSES AND IMPAIRMENTS

The disclosure of administration expenses by nature only discloses the significant expense lines below.

17.1 Administration expenses include:

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Auditor's remuneration				
– Audit fee current period	**5 680**	5 356	**707**	704
Depreciation of property and equipment	**8 425**	12 059	**844**	842
Amortisation of intangible assets	**9 867**	9 852	**43**	115
Depreciation of right-of-use asset	**6 583**	5 771	**1 358**	1 734
Directors' fees				
– For services as directors	**6 251**	5 099	**3 366**	2 854
– For managerial services	**33 260**	36 669	**10 515**	12 504
– Pension contribution	**3 273**	2 868	**1 083**	952
Staff costs	**210 119**	195 112	**46 520**	44 348
Salaries and wages for administration staff	**173 639**	159 663	**36 054**	36 509
Pension costs	**21 950**	19 425	**3 339**	2 671
Share-based payment	**14 530**	16 024	**7 127**	5 168
Average number of employees	**440**	434	**30**	26

17.2 Sales remuneration

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Sales remuneration	**36 171**	37 067	**–**	–

17.3 Impairments

		GROUP		COMPANY	
	Notes	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Impairment expense of investment in subsidiaries and associates	4.5	**553 192**	–	**–**	(8 078)
Impairment on premiums receivable	25.6	**–**	10 013	**–**	–
Impairment reversal on policy loans		**(53)**	–	**–**	–
Impairment on staff loans	25.6	**421**	1 196	**–**	–
ELCs on brokers and agents' loans	5	**1 871**	(328)	**–**	–
		555 431	10 881	**–**	(8 078)

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

18. RESULT FROM INSURANCE CONTRACTS

18.1 Analysis of contribution to result from insurance contracts: Life insurance – risk business

General model

Analysis per valuation component

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other[5] P'000	Incurred claims/ incurred claims component P'000
2024							
Insurance revenue	1 475 465	1 322 070	25 037	128 358	5 348	123 010	–
Movement in net liability recognised as insurance revenue[2]	1 284 409	1 130 673	25 378	128 358	5 348	123 010	–
Allocation of premium relating to insurance acquisition cash flows	196 738	196 738	–	–	–	–	–
Allocations to loss component[3]	(5 682)	(5 341)	(341)	–	–	–	–
Insurance service expenses	(1 373 421)	(203 966)	(1 418)	–	–	–	(1 168 037)
Movement in net amount recognised as insurance service expenses[2]	(1 011 771)	(12 569)	(1 759)	–	–	–	(997 443)
Amortisation of insurance acquisition cash flows	(196 738)	(196 738)	–	–	–	–	–
Allocations to loss component	5 682	5 341	341	–	–	–	–
Administration and other expenses[1]	(170 594)	–	–	–	–	–	(170 594)
Expected expenses	(40 352)	–	–	–	–	–	(40 352)
Experience adjustment	(130 242)	–	–	–	–	–	(130 242)
Income or expense from reinsurance contract[4]	(9 008)	(7 951)	(496)	(561)	–	(561)	–
Insurance service result	93 036	1 110 154	23 123	127 797	5 348	122 449	(1 168 037)
Insurance investment result	42 451	147 034	(12 447)	(92 136)	(808)	(91 328)	–
Insurance finance income or expense (excluding recognition of assumption changes in CSM at locked-in interest rates)	(356 900)	(259 200)	(12 924)	(84 776)	(808)	(83 968)	–
Accretion of interest on liabilities under the general model	5 370	5 370	–	–	–	–	–
Recognition of assumption changes in CSM at locked-in interest rates	(379 825)	(282 125)	(12 924)	(84 776)	(808)	(83 968)	–
Economic assumption changes	17 555	17 555	–	–	–	–	–
Reinsurance finance income or expense[4]	(15 494)	(8 611)	477	(7 360)	–	(7 360)	–
Investment return on assets	414 845	414 845	–	–	–	–	–
Investment return on assets backing liabilities under the general model	414 845	414 845	–	–	–	–	–
Result from insurance contracts	135 487	1 257 188	10 676	35 661	4 540	31 121	(1 168 037)

[1] *Administration and other expenses relate to attributable insurance service expenses.*

[2] *Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.*

[3] *Allocation of loss component would be deducted as it is included in movement in net liability recognised as insurance result and should not form part of insurance revenue.*

[4] *Only applicable to reinsurance contracts held.*

[5] *Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

18. RESULT FROM INSURANCE CONTRACTS continued

18.1 Analysis of contribution to result from insurance contracts: Life insurance – risk business continued

General model continued

Analysis per valuation component continued

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other[5] P'000	Incurred claims/ incurred claims component P'000
2023							
Insurance revenue	1 493 839	1 334 270	20 701	138 868	69 326	69 542	–
Movement in net liability recognised as insurance revenue[2]	1 278 929	1 119 225	20 836	138 868	69 326	69 542	–
Allocation of premium relating to insurance acquisition cash flows	217 729	217 729	–	–	–	–	–
Allocations to loss component[3]	(2 819)	(2 684)	(135)	–	–	–	–
Insurance service expenses	(1 295 089)	(361 642)	(3 257)	–	–	–	(930 190)
Movement in net amount recognised as insurance service expenses[2]	(956 060)	(22 478)	(3 392)	–	–	–	(930 190)
Amortisation of insurance acquisition cash flows	(217 729)	(217 729)	–	–	–	–	–
Allocations to loss component	3 258	3 123	135	–	–	–	–
Administration and other expenses[1]	(124 558)	(124 558)	–	–	–	–	–
Expected expenses	(158 854)	(158 854)	–	–	–	–	–
Experience adjustment	34 297	34 297	–	–	–	–	–
Income or expense from reinsurance contracts[4]	721	923	(1 569)	(1 208)	–	(1 208)	2 575
Insurance service result	199 471	973 551	15 875	137 660	69 326	68 334	(927 615)
Insurance investment result	261 618	365 939	(3 642)	(100 679)	(60 005)	(40 674)	–
Insurance finance income or expense (excluding recognition of assumption changes in CSM at locked-in interest rates)	(463 795)	(363 791)	675	(100 679)	(60 005)	(40 674)	–
Accretion of interest on liabilities under the general model	77 099	60 510	16 589	–	–	–	–
Recognition of assumption changes in CSM at locked-in interest rates	(363 347)	(253 047)	(9 621)	(100 679)	(60 005)	(40 674)	–
Economic assumption changes	(177 547)	(171 254)	(6 293)	–	–	–	–
Reinsurance finance income or expense[4]	(26 935)	(22 618)	(4 317)	–	–	–	–
Investment return on assets	752 348	752 348	–	–	–	–	–
Investment return on assets backing liabilities under the general model	752 348	752 348	–	–	–	–	–
Result from insurance contracts	461 089	1 339 490	12 233	36 981	9 321	27 660	(927 615)

[1] *Administration and other expenses relate to attributable insurance service expenses.*
[2] *Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.*
[3] *Allocation of loss component would be deducted as it is included in movement in net liability recognised as insurance result and should not form part of insurance revenue.*
[4] *Only applicable to reinsurance contracts held.*
[5] *Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

18. RESULT FROM INSURANCE CONTRACTS continued

18.2 Analysis of contribution to result from insurance contracts: Life insurance – risk business

Premium allocation approach

Reconciliation per valuation component

	2024			2023		
	Total P'000	Liability for remaining coverage/ remaining coverage component excluding loss component P'000	Incurred claims/ incurred claims component best estimate of future cash flows P'000	Total P'000	Liability for remaining coverage/ remaining coverage component excluding loss component P'000	Incurred claims/ incurred claims component best estimate of future cash flows P'000
Insurance revenue[1]	**791 598**	**791 598**	**–**	727 980	727 980	–
Movement in net liability recognised as insurance revenue[2]	**791 598**	**791 598**	**–**	727 980	727 980	–
Insurance service expenses	**(727 363)**	**(381 968)**	**(345 395)**	(624 863)	(302 693)	(322 170)
Movement in net amount recognised as insurance service expenses[2]	**(660 965)**	**(315 570)**	**(345 395)**	(553 435)	(231 265)	(322 170)
Administration and other expenses[3]	**(66 398)**	**(66 398)**	**–**	(71 428)	(71 428)	–
Income or expense from reinsurance contracts	**(30 071)**	**(39 810)**	**9 739**	(16 193)	(32 252)	16 059
Insurance service result	**34 164**	**369 820**	**(335 656)**	86 924	393 035	(306 111)
Insurance investment result	**33 905**	**33 905**	**–**	53 715	53 715	–
Investment return on assets	**33 905**	**33 905**	**–**	53 715	53 715	–
Result from insurance contracts	**68 069**	**403 725**	**(335 656)**	140 639	446 750	(306 111)

[1] *Relates to expected premium receipts allocated to each coverage period.*

[2] *Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.*

[3] *Administration and other expenses relate to attributable insurance service expenses.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

19. TAXATION

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Current tax	**(103 584)**	(220 728)	**–**	–
Deferred tax	**(2 055)**	(11 217)	**–**	–
Withholding tax on dividends	**(50 302)**	(70 792)	**(50 302)**	(61 953)
Tax charge	**(155 941)**	(302 737)	**(50 302)**	(61 953)

Tax reconciliation

Reconciliation between tax expense and accounting profit at the standard tax rate.

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Profit before tax	**49 404**	1 084 260	**540 364**	769 951
Tax calculated at a tax rate of 22%	**10 869**	238 537	**118 880**	169 389
Prior year tax charge	**8 566**	–	**–**	–
Expenses not deductible for tax	**277 471**	16 808	**10 833**	16 808
Income not subject to income tax	**(141 851)**	(50 256)	**(129 713)**	(186 197)
Tax on dividends	**45 431**	70 792	**50 302**	61 953
Associates' share of income	**(37 108)**	(17 365)	**–**	–
Difference between IFRS 17 and IFRS 4 profits	**(10 884)**	20 271	**–**	–
Unrealised losses on investments	**3 447**	23 950	**–**	–
Tax charge	**155 941**	302 737	**50 302**	61 953
Effective tax rate (%)	**316**	28	**9**	8

Income not subject to income tax includes dividends from subsidiaries and associates. Expenses not deductible relate to head office expenses incurred in the generation of non-taxable income.

The holding company had assessable losses amounting to P3,7 million (2023: P9,7 million). In terms of Botswana tax laws, the amounts can be carried for a period not exceeding five years.

19.1 Tax paid

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Opening balance	**18 624**	26 246	**(767)**	(271)
Tax charge	**153 886**	291 520	**50 302**	61 953
Withholding tax paid at source	**(45 431)**	(70 792)	**(48 371)**	(61 097)
Closing balance	**(400)**	(18 624)	**851**	767
Tax paid	**126 679**	228 350	**2 015**	1 352

20. EARNINGS PER SHARE (GROUP ONLY)

Earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	GROUP	
	2024 P'000	2023 P'000
Net profit attributable to ordinary equity holders of the parent for basic earnings and diluted earnings	**(106 134)**	773 953
Weighted number of shares		
At the beginning of the year	**284 871**	282 371
New shares issued	**–**	2 500
Weighted number of shares at the end of the year	**284 871**	284 871
Treasury and share scheme shares	**(1 880)**	(2 451)
Shares used for calculating basic earnings per share	**282 991**	282 420
Earnings per share (thebe) attributable to ordinary equity holders of the parent		
Basic earnings per share (thebe)	**(38)**	274

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

20. EARNINGS PER SHARE (GROUP ONLY) continued

The calculation of diluted earnings per share is based on after-tax net earnings attributable to ordinary shareholders and the weighted average number of shares in issue during the year, adjusted for the effects of dilutive potential ordinary shares as follows:

	GROUP	
	2024 P'000	**2023 P'000**
Shares used for calculating basic earnings per share	**282 991**	282 420
Weighted number of dilutive options	**2 691**	2 377
Weighted number of shares at the end of the year	**285 682**	284 796
Earnings per share (thebe) attributable to ordinary equity holders of the parent		
Diluted earnings per share (thebe)	**(37)**	272

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these annual financial statements.

21. DIVIDENDS PER SHARE PAID AND PROPOSED (NET OF WITHHOLDING TAX)

Declared and paid during the year:

	P'000
Final dividend for the year to 31 December 2023: 110 thebe (2022: 101 thebe)	313 358
Special dividend for the year to 31 December 2023: nil thebe (2022: 89 thebe)	–
Interim dividend for the six months to 30 June 2024: 66 thebe (2023: 70 thebe)	188 015
Special dividend for the six months to 30 June 2024: 6 thebe (2023: 7 thebe)	17 092
	518 465
Dividend proposed after year-end not recognised in the annual financial statements:	
Final dividend for the year to 31 December 2024: 40 thebe (2023: 110 thebe)	113 948
Dividend proposed for approval at the annual general meeting (net of withholding tax – not recognised as a liability as at 31 December)	113 948

22. RELATED PARTY DISCLOSURES

The consolidated annual financial statements include the financial statements of BIHL, subsidiaries, associates and joint ventures as listed in the following table:

Principal subsidiaries – directly held	Country of incorporation	% of interest held 2024	% of interest held 2023	Nature of business
Botswana Life Insurance Limited	Botswana	**100**	100	Life insurance
Bifm Holdings Limited	Botswana	**100**	100	Holding company
Bifm Unit Trusts Proprietary Limited	Botswana	**89**	89	Unit trusts
BIHL Trust	Botswana	**100**	100	Corporate social responsibility
BIHL Employee Share Scheme Trust	Botswana	**n/a**	n/a	Employee Share Trust
KYS Investments Proprietary Limited	Botswana	**63**	63	Hospitality industry
Private Property Botswana Proprietary Limited	Botswana	**74**	74	Dormant
Indirectly held				
Botswana Insurance Fund Management Limited	Botswana	**89**	89	Asset management
Botswana Life Properties Proprietary Limited	Botswana	**100**	100	Dormant
Bifm Holdings and Financial Services Limited	Isle of Man	**100**	100	Holding company
Bifm Capital Investment Fund 1	Botswana	**100**	100	Corporate finance
Bifm Unit Trusts Proprietary Limited	Botswana	**100**	100	Unit trusts

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

22. RELATED PARTY DISCLOSURES continued

The consolidated annual financial statements include the financial statements of BIHL, subsidiaries, associates and joint ventures as listed in the following table:

Collective investment undertaking	Country of incorporation	% of interest held 2024	% of interest held 2023	Nature of business
Balanced Prudential Fund	Botswana	**15**	19	Collective investment undertaking
Pula Money Market	Botswana	**30**	20	Collective investment undertaking
Local Equity Funds	Botswana	**52**	68	Collective investment undertaking
Letlotlo	Botswana	**71**	77	Collective investment undertaking
Yamasa	Botswana	**42**	67	Collective investment undertaking
Bifm Global Sustainable Growth Fund	Botswana	**47**	67	Collective investment undertaking
Bifm Global Balanced Conservative Fund B1	Botswana	**6**	5	Collective investment undertaking
Bifm Local Balanced Conservative Fund Class B	Botswana	**98**	99	Collective investment undertaking
Bifm Off Money Market Fund B1	Botswana	**40**	24	Collective investment undertaking
Bifm Off Private Equity B1	Botswana	**96**	35	Collective investment undertaking
Bifm Local Bond Fund B1	Botswana	**52**	85	Collective investment undertaking
Bifm Local Equity Fund B1	Botswana	**45**	49	Collective investment undertaking
Bifm Local Property B1	Botswana	**26**	24	Collective investment undertaking
Bifm Loc Priv Debt B1	Botswana	**52**	52	Collective investment undertaking
Bifm Local Money Market B1	Botswana	**26**	31	Collective investment undertaking

Holding company

The holding company of the group is SanlamAllianz, a joint venture between Sanlam and Allianz.

Associates and joint ventures

The group's interest in associates and joint ventures is disclosed in note 4.5 to the annual financial statements.

22.1 Related party transactions

	GROUP 2024 P'000	GROUP 2023 P'000	COMPANY 2024 P'000	COMPANY 2023 P'000
Transactions on insurance contracts (expense)/income				
SanlamAllianz Africa Proprietary Limited (58% shareholder of BIHL) recoveries, travel claims and other meeting expenses	**5 438**	6 867	–	–
Letshego Africa Holdings Limited (associate company of BIHL)				
– Credit life income	**311 092**	249 620	–	–
– Claims paid	**161 974**	(189 035)	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

22. RELATED PARTY DISCLOSURES continued

22.1 Related party transactions continued

Summary of transactions with related parties

Entity name	Type of transaction	COMPANY 2024 P'000	COMPANY 2023 P'000
Shared expenses			
Botswana Life Insurance Limited (subsidiary)	Payment of staff and administration costs	**(24 903)**	(26 018)
	Inter-company settlement	**23 609**	21 356
	Rental income	**(1 946)**	(1 863)
Botswana Insurance Fund Management Limited (subsidiary)	Payment of administration costs	**11 117**	13 238
	Inter-company settlement	**(10 670)**	(12 154)
BIHL Unit Trusts (100% owned by BIHL)	Payment of administration costs	**242**	255
	Inter-company settlement	**(351)**	(146)
BIHL Trust corporate social investment	Payment of administration costs	**(4 957)**	301
	Inter-company settlement	**(1 205)**	(1 292)
BIHL Employee Share Scheme	Payment of administration costs	**3 035**	7 287
	Inter-company settlement	**(5 996)**	(6 623)
Dividends received			
– Botswana Life Insurance Limited		**462 497**	711 504
– Botswana Insurance Fund Management Limited		**84 001**	79 660
– Teledimo		**20 801**	16 903
– Nico Group		**20 456**	36 034
Dividends paid to parent			
– SanlamAllianz		**300 285**	440 528

Year-end balances arising from transactions on other services other than insurance contracts.

	GROUP 2024 P'000	GROUP 2023 P'000	COMPANY 2024 P'000	COMPANY 2023 P'000
Year-end balances arising from transactions on insurance contracts				
Amount receivable				
– Botswana Insurance Fund Management (100% owned by BIHL)	**–**	–	**846**	400
– Bifm Unit Trusts (100% owned by BIHL)	**–**	–	**–**	109
– BIHL Trust	**–**	–	**–**	984
	–	–	**846**	1 493
Amount payable				
– Botswana Life Insurance Limited (100% owned by BIHL)	**–**	–	**4 604**	3 310
– BIHL Employee Share Scheme Trust	**–**	–	**1 751**	191
– SanlamAllianz (shareholder of BIHL)	**5 438**	6 867	**–**	–
Total year-end balances	**5 438**	6 867	**6 355**	3 501

Loans to directors (group)

There were no loans to directors.

Terms and conditions of transactions with related parties

The transactions between related parties are made at terms equivalent to those that prevail in arm's-length transactions. Outstanding balances at year-end are unsecured and interest-free and are generally settled in 90 days. There have been no guarantees provided or received for any related party receivables or payables.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

22. RELATED PARTY DISCLOSURES continued

22.2 Compensation of key management personnel of the group

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
– Short-term employee benefits	**27 348**	28 372	**19 801**	17 971
– Pension costs and gratuity – defined contribution plans	**3 273**	2 868	**2 474**	2 118
– Share-based payments	**5 912**	8 297	**5 036**	4 635
Total compensation	**36 533**	39 537	**27 311**	24 724

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Key management personnel includes the executive directors and executive team.

22.3 Directors' shareholding in the group

	2024 Number of shares	Restated[1] 2023 Number of shares
K Jefferis	**6 175**	6 175
M Mpugwa (resigned 17 August 2023)	**n/a**	5 569
K Maphage	**7 160**	7 160
C Lesetedi	**312 590**	242 199
K Mukushi	**114 013**	150 079
Total directors' shareholding	**439 938**	411 182

[1] *K Maphage was erroneously not included in 2023.*

22.4 Non-executive directors' remuneration

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
For services as directors	**6 251**	5 099	**3 366**	2 854
	6 251	5 099	**3 366**	2 854

22.5 Executive directors' emoluments (group and company)

The remuneration of executive directors comprises salaries and other short-term incentives as well as participation in long-term incentive plans.

Short-term emoluments

	Months of service	Salary P'000	Bonus P'000	Other benefits P'000	Total P'000
2024					
C Lesetedi	**12**	**4 063**	**1 117**	**1 871**	**7 051**
K Mukushi	**12**	**2 413**	**502**	**1 079**	**3 994**
Total executive directors		**6 476**	**1 619**	**2 950**	**11 045**
2023 Restated[1]					
C Lesetedi	12	3 352	1 864	2 225	7 441
K Mukushi	12	2 275	1 265	1 834	5 374
Total executive directors		5 627	3 129	4 059	12 815

[1] *Restated to reallocate benefits that were erroneously included as part of salary.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

22. RELATED PARTY DISCLOSURES continued

22.5 Executive directors' emoluments (group and company) continued

Long-term emoluments

Share purchase plans	Number of options	Number of grants – CSP	Strike or spot price (Pula)	Exercised	Forfeited	Outstanding
2024						
C Lesetedi						
Granted 2010	**231 413**	**–**	**17,13**	**(231 413)**	**–**	**–**
Granted 2013	**–**	**89 489**	**15,20**	**(89 489)**	**–**	**–**
Granted 2013	**–**	**66 158**	**16,30**	**(66 158)**	**–**	**–**
Granted 2014	**–**	**65 270**	**18,55**	**(65 270)**	**–**	**–**
Granted 2015	**–**	**105 846**	**17,50**	**(105 846)**	**–**	**–**
Granted 2016	**–**	**80 402**	**17,50**	**(80 402)**	**–**	**–**
Granted 2017	**–**	**71 423**	**17,50**	**(71 423)**	**–**	**–**
Granted 2018	**–**	**102 426**	**17,50**	**(102 426)**	**–**	**–**
Granted 2019	**–**	**43 468**	**17,50**	**(43 468)**	**–**	**–**
Granted 2020	**–**	**121 238**	**17,50**	**(121 238)**	**–**	**–**
Granted 2021	**–**	**93 485**	**17,50**	**(93 485)**	**–**	**–**
Granted 2022	**–**	**96 965**	**17,50**	**–**	**–**	**96 965**
Granted 2023	**–**	**139 507**	**17,71**	**–**	**–**	**139 507**
Granted 2024	**–**	**134 070**	**20,01**	**–**	**–**	**134 070**
Total	**231 413**	**1 209 747**		**(1 070 618)**	**–**	**370 542**
2023						
C Lesetedi						
Granted 2010	231 413	–	17,13	(231 413)	–	–
Granted 2013	–	89 489	15,20	(89 489)	–	–
Granted 2013	–	66 158	16,30	(66 158)	–	–
Granted 2014	–	65 270	18,55	(65 270)	–	–
Granted 2015	–	105 846	17,50	(105 846)	–	–
Granted 2016	–	80 402	17,50	(80 402)	–	–
Granted 2017	–	71 423	17,50	(71 423)	–	–
Granted 2018	–	102 426	17,50	(102 426)	–	–
Granted 2019	–	43 468	17,50	(43 468)	–	–
Granted 2020	–	121 238	17,50	(121 238)	–	–
Granted 2021	–	93 485	17,50	–	–	93 485
Granted 2022	–	96 965	17,50	–	–	96 965
Granted 2023	–	134 070	20,01	–	–	134 070
Total	231 413	1 075 577		(977 133)	–	329 957

Share purchase plans	Number of options	Number of grants – CSP	Strike or spot price (Pula)	Exercised	Forfeited	Outstanding
2024						
K Mukushi						
Granted 2016	**–**	**173 227**	**17,50**	**(173 227)**	**–**	**–**
Granted 2017	**–**	**85 780**	**17,50**	**(85 780)**	**–**	**–**
Granted 2018	**–**	**51 213**	**17,50**	**(51 213)**	**–**	**–**
Granted 2020	**–**	**86 086**	**17,50**	**(86 086)**	**–**	**–**
Granted 2021	**–**	**53 934**	**17,50**	**(53 934)**	**–**	**–**
Granted 2022	**–**	**55 408**	**17,50**	**–**	**–**	**55 408**
Granted 2023	**–**	**69 754**	**17,71**	**–**	**–**	**69 754**
Granted 2024	**–**	**40 221**	**20,01**	**–**	**–**	**40 221**
Total	**–**	**615 623**		**(450 240)**	**–**	**165 383**
2023						
K Mukushi						
Granted 2016	–	173 227	17,50	(173 227)	–	–
Granted 2017	–	85 780	17,50	(85 780)	–	–
Granted 2018	–	51 213	17,50	(51 213)	–	–
Granted 2020	–	86 086	17,50	(86 086)	–	–
Granted 2021	–	53 934	17,50	–	–	53 934
Granted 2022	–	55 408	17,50	–	–	55 408
Granted 2023	–	69 754	17,71	–	–	69 754
Total	–	575 402		(396 306)	–	179 096

All shares as disclosed above are granted and are exercisable until the expiry date as disclosed. Refer to note 23 for additional information on the scheme.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

23. EMPLOYEE BENEFITS

Retirement benefit plan

Defined contribution plan

A defined contribution plan is a pension plan under which the group pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the group in a fund under the control of trustees. The total expense charged to income of P20 million (2023: P19,6 million) represents contributions payable to these plans by the group at rates specified in the rules of the plan.

Share-based payment

The group has a share-based payment scheme. The group introduced two additional schemes in 2010. These are the (i) share option scheme and (ii) conditional share plan.

Conditional share plan

The purpose of the plan is to recognise contributions made by selected employees and to provide for an incentive for their continuing relationship with the group. The awards are given as grants. The awards are aligned with strategic periods and targets. Employees must remain in service for a period of three consecutive years from the date of grant. Vesting is based on satisfactory performance of individuals as per their scorecards over the stated three years. BIHL grants employees the option to obtain shares in BIHL. The employer companies will, however, remain responsible for funding the procurement and settlement of shares issued to employees in terms of the scheme at the time the shares are so procured.

The amount carried in the share-based reserve as at 31 December 2024 is P53 million (2023: P37 million).

	2024		2023	
	Number of grants P'000	**Weighted average fair value price at grant/exercise date P**	**Number of grants P'000**	**Weighted average fair value price at grant/exercise date P**
Movement during the year				
Outstanding at the beginning of the year	**2 028**	**17,61**	1 679	17,52
Granted	**1 195**	**20,01**	1 008	17,71
Forfeited	**(7)**	**20,01**	(10)	17,71
Exercised	**(525)**	**20,01**	(649)	17,71
Outstanding at the end of the year	**2 691**	**18,68**	2 028	17,61

The weighted average remaining contractual life for the grants outstanding as at 31 December 2024 is three years (2023: three years).

The number of conditional shares granted during the year was 1 194 813 (2023: 1 008 000).

The weighted average fair value exercise price for grants outstanding at the end of the year was P22,05 (2023: P20,01).

The following assumptions have been used in the valuation model of the share option scheme:

	2024	2023
Dividend yield (%)	**0 – 8,30**	8 – 8,35
Risk-free interest rate (%)	**8,62**	7,38
Spot price	**22,50**	20,01
% of remaining employees	**100,00**	100,00

Options pricing model

Since the BIHL employee share options are not tradable, IFRS 2 requires that the fair value of these options be calculated using a suitable option pricing model. In terms of best practice, management and the directors have adopted a modified binomial tree model for valuation purposes, which can be described, at a high level, as follows:

- The life of the option is divided into a large number of small time periods
- A binomial tree is developed with time-dependent nodes corresponding to projected upward and downward movements of the BIHL share. This projection is calculated as a function of the volatility of the underlying share, and by assuming that the share price follows a stochastic process
- Starting from the maturity date of the option, the model works backward through the tree, and at each node determines two possible values for the option: (a) the value of the option if one were to continue to hold it at that point in time, and (b) the value of the option if one were to exercise it at that node. Value (a) above is calculated using arbitrage-free principles and a risk-neutral valuation theory, while value (b) is calculated simply as the difference between the projected spot price of the underlying share at that node and the strike price of the option
- For time periods subsequent to the vesting date of each option, the model uses the greater of the two values referred to above to estimate the option's value at that node. For time periods prior to the vesting date, only value is used to estimate the option's value, reflecting the fact that the option cannot be exercised prior to the vesting date
- Once the value at a particular node has been determined, that value is discounted to the prior period using the risk-free yield curve, and taking into account the probability of realising that value. Eventually, the value at the first node (i.e. corresponding with a valuation date) is calculated. This represents the fair value of the option.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

23. EMPLOYEE BENEFITS continued

Share-based payment continued

Other inputs used

Generally, there are six variables that determine the price of an employee share option:

- The market price of the underlying share at the grant date
- The strike price of the option
- The time remaining until the option expires (i.e. the expiry date of the option)
- The time remaining until the option vests
- The expected dividend yield of the underlying share over the life of the option
- The expected volatility of the underlying share over the life of the option.

Volatility

The volatility input to the pricing model is a measure of the expected price fluctuations of the underlying security over a given period of time. Volatility is measured as the annualised standard deviation of the daily price changes in the underlying share under the assumption that the share price is log-normally distributed. This is in line with market practice. All else being equal, the more volatile the underlying share, the greater the price of the option.

There are two common approaches to calculating volatility. The first method uses historical price data of the underlying share, while the second technique employs data from the options market itself (provided that an active market exists for the options under consideration). Because there are no options trading in the market that are similar to the BIHL share options, historical data from a period prior to each grant date, which is commensurate with the options' contractual term to maturity, was used to calculate the expected volatility of the BIHL shares over the options' lifetimes.

Bifm CEE scheme

BIHL provides an employee share scheme for the benefit of the employees of Bifm through the establishment of a Trust registered as a Deed of Trust signed on 18 December 2017 and a share plan scheme signed on 18 December 2017. A total of 21 849 246 Bifm shares, comprising 25,1% of the issued capital, has been reserved for the share scheme. The Trust was established for purposes of subscribing for 8 739 698 ordinary shares, representing 10,1% of the issued share capital in Bifm, to be held for the benefit of the citizen employees of Bifm.

Participants in the Bifm CEE scheme are given participation rights in the form of units which in turn are linked to the performance of the Bifm Limited share price. The vesting of the conditional awards is subject to the participant being continuously employed for three years until the vesting date and fulfilling performance conditions.

After the grant options have vested, employees are given a period of 30 days from the date of vesting to exercise their options.

	2024		2023	
	Number of unit options P'000	Weighted average exercise price P'000	Number of unit options P'000	Weighted average exercise price P'000
Movement during the year				
Outstanding at the beginning of the year	**2 801**	**3,48**	2 806	2,91
Granted	**636**	**4,30**	1 154	4,30
Exercised	**(716)**	**5,41**	(1 159)	4,31
Outstanding at the end of the year	**2 721**	**3,68**	2 801	3,48
Exercisable as at 31 December	**2 721**	**3,68**	2 801	3,48

The Bifm CEE scheme is cash-settled and is thus repriced at each reporting date. The fair value of shares granted under this scheme during the current financial year has been calculated using the closing price of P5,50 (2023: P5,41) and adjusted for expected future dividends that will be declared by Bifm during the vesting period.

Included in the share-based payment liability is an amount of P11,2 million (2023: P8,8 million) arising from the Bifm CEE scheme.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

24. CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2024 P'000	Restated[1] 2023 P'000	2024 P'000	2023 P'000
Profit before tax	**49 404**	1 084 260	**540 364**	769 951
Non-cash flow items[1]	**754 933**	(124 815)	**9 372**	15 937
Depreciation	**8 425**	12 059	**844**	842
Amortisation	**9 867**	9 852	**43**	115
Depreciation of right-of-use asset	**6 583**	5 771	**1 358**	1 734
Impairment expense of an associate/subsidiary	**553 192**	–	**–**	8 078
Profit on disposal of subsidiary	**–**	(141 669)	**–**	–
Insurance service result: Revenue[1]	**(2 267 062)**	(2 221 787)	**–**	–
Insurance service result: Service expenses[1]	**1 863 792**	1 723 933	**–**	–
Insurance service result: Income or expense from reinsurance contracts	**39 080**	15 473	**–**	–
Insurance investment result: Insurance finance income or expense	**356 899**	463 795	**–**	–
Insurance investment result: Reinsurance finance income or expense	**15 494**	26 935	**–**	–
Share-based payments	**14 530**	16 024	**7 127**	5 168
Net changes in external investors in consolidated funds	**359 573**	435 151	**–**	–
Fair value adjustment in external investors in consolidated funds	**(67 992)**	(129 172)	**–**	–
Other interest income from external investors in consolidated funds	**(291 581)**	(305 979)	**–**	–
Change in fair value of investment contract liabilities	**341 661**	31 903	**–**	–
Fair value adjustment in derivative instrument	**(18 855)**	11 830	**–**	–
Equity-accounted earnings	**(168 673)**	(78 934)	**–**	–
Items disclosed separately	**(510 442)**	(345 387)	**(588 453)**	(845 016)
Interest income	**(457 090)**	(289 298)	**(849)**	(1 221)
Interest expense	**709**	762	**152**	306
Dividend income	**(54 061)**	(56 851)	**(587 756)**	(844 101)
Net disposals/(acquisition) of investments[1]	**(1 338 404)**	(2 115 466)	**–**	–
Working capital changes:	**91 173**	(76 142)	**9 785**	(12 862)
Net (increase)/decrease in other receivables	**2 658**	51 308	**2 093**	(19 409)
(Increase)/decrease in reinsurance	**(21 846)**	(51 547)	**–**	–
Net increase/(decrease) in other payables[1]	**110 361**	(75 903)	**7 692**	6 547
Net movement in insurance and investment contract liabilities[1]	**914 783**	731 648	**–**	–
Net change in external investors in consolidated funds[1]	**111 948**	885 291	**–**	–
Cash generated from operations	**73 395**	39 389	**(28 932)**	(71 990)

[1] *Restated for the correction of an error in the prior period. Refer to note 28 for more information on restatements.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

24. CASH GENERATED FROM OPERATIONS continued

24.1 Cash and cash equivalents

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Cash and bank	**92 751**	78 019	**9 218**	20 556
Funds on deposit	**117 692**	92 564	**–**	–
Cash and cash equivalents	**210 443**	170 583	**9 218**	20 556
Bank overdraft	**(60 232)**	–	**–**	–
Total	**150 211**	170 583	**9 218**	20 556

Cash and cash equivalents consist of cash on hand, call deposits and negotiable certificates of deposit with maturity profiles of less than 90 days and are classified at amortised cost. The cash balances are held with reputed financial institutions regulated by the Bank of Botswana. The balances were subjected to an ECL test and immaterial ECL was noted.

	GROUP		COMPANY	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Undrawn facilities available for future operating activities and commitments	**89 768**	150 000	**–**	–

25. RISK MANAGEMENT

25.1 Financial risks

The main categories of financial risks associated with the financial instruments held by the business' shareholders' fund are summarised in the following table:

Type of risk	Description
Market risk	Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following: • **Equity price risk:** The risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market • **Interest rate risk:** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates • **Currency risk:** The risk that the fair value or future cash flows of a financial instrument or liability will fluctuate owing to changes in foreign exchange rates.
Credit risk	Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk includes: • **Reinsurance risk:** Concentration risk with individual reinsurers, due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings.
Liquidity risk	Liquidity risk is the risk that the business will encounter difficulty in meeting its obligations associated with financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

25. RISK MANAGEMENT continued

25.1 Financial risks continued

Type of risk	Description
Life insurance risk	Insurance risk is the risk, other than financial risk, transferred from the holder of a contract to the insurer. The group has included: • **Underwriting risk:** The risk that the actual experience relating to mortality, longevity, disability and medical (morbidity) will deviate negatively from the expected experience used in the pricing of solutions and valuation of policy liabilities • **Policyholder behaviour risk:** The risk of loss resulting from unanticipated changes in policyholder behaviour • **Reinsurance risk:** The risk arising from the inability to obtain reinsurance at the right time and appropriate price, or that of failure to recover contracted reinsured amounts • **Persistency risk:** The risk of financial loss due to negative lapse, surrender and paid-up experience. It covers the risk of loss or adverse change in insurance liabilities due to unanticipated change in the rate of policy lapses, terminations, renewals and surrenders • **Expense risk:** The risk of loss due to actual expense experience being worse than that assumed in premium rates and the valuation of policy liabilities. It covers the risk of loss or adverse change in insurance liabilities due to adverse variation in the expenses incurred in servicing insurance and reinsurance contracts • **Concentration risk:** The risk of financial loss due to having written large proportions of claims with businesses of the same/similar risk profile.
Capital adequacy risk	Capital adequacy risk is the risk that there are insufficient reserves to provide for variations in actual future experience, worse (to the extent as defined) than that which has been assumed in the financial soundness valuation.

The credit risk and liquidity risk notes include financial instruments from the shareholder and policyholder, while the market risk notes only include shareholder instruments and policyholder instruments that are not linked or not market-related.

25.2 Market risk

The group is exposed to financial risk, credit risk and liquidity risk on shareholder financial instruments as well as financial instruments backing non-participating or not market-linked insurance contract liabilities. For investment contracts, policyholder assets and liabilities will offset one another and therefore there is no exposure to market risk. Market risk arises from the uncertain movement in the fair value of financial instruments that stems principally from potential changes in sentiment towards the instrument, the variability of future earnings that is reflected in the current perceived value of the instrument and the fluctuations in interest rates and foreign currency exchange rates.

The shareholders' fund investments in equities and interest-bearing instruments are valued at fair value and are therefore susceptible to market fluctuations.

Comprehensive measures and limits are in place to control the exposure to market risk. Market risk is managed by investing in appropriate asset classes. Investment decisions are taken and governed by the local investment committees. Limits are applied in respect of the exposure to asset classes and individual counters.

25.3 Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is the group and company's objective to minimise interest rate risk.

The group and company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires the group and company to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on floating rate instruments is repriced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

The investment committee sets the limits in the investment mandates, and meets quarterly to review compliance with the agreed mandates, and where necessary reviews the limits.

Sensitivity analysis to interest rate risk

The group is exposed to interest rate risk through a change in interest income or expense based on floating rate instruments and through changes in fair value of financial instruments at fair value through profit or loss based on fixed rate instruments. The impact on equity is the post-tax amount.

The purpose of this note is to enable the user to have a better understanding of the effect of interest rate movement on interest-bearing instruments. The expected changes as analysed in the tables following are projected to have an impact on the fair value of the units exposed to floating rate instruments. Fixed interest instruments are not expected to have a significant risk on the group.

The Botswana Pula interest rate sensitivity relates to the Pula-denominated shareholder money market and call deposit instruments while the Dollar sensitivity relates to the US Dollar-denominated shareholder bonds and money market instruments.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

25. RISK MANAGEMENT continued

25.3 Interest rate risk continued

Variable interest rates

	GROUP			
	Change in variables %	Value P'000	Increase/ (decrease) in profit before tax P'000	Increase/ (decrease) in equity P'000
2024				
BWP	**0,75**	**466 815**	**3 501**	**2 731**
BWP	**(0,75)**	**466 815**	**(3 501)**	**(2 731)**
USD	**0,5**	**23 572**	**118**	**92**
USD	**(0,5)**	**23 572**	**(118)**	**(92)**
2023				
BWP	0,75	495 057	3 713	2 896
BWP	(0,75)	495 057	(3 713)	(2 896)
USD	0,5	19 068	95	74
USD	(0,5)	19 068	(95)	(74)

	COMPANY			
	Change in variables %	Value P'000	Increase/ (decrease) in profit before tax P'000	Increase/ (decrease) in equity P'000
2024				
BWP	**0,5**	**9 218**	**46**	**36**
BWP	**(0,5)**	**9 218**	**(46)**	**(36)**
2023				
BWP	0,5	20 556	103	80
BWP	(0,5)	20 556	(103)	(80)

25.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group's principal transactions are carried out in Botswana Pula and its exposure to exchange risk arises primarily with the US Dollar. It is the group's objective to minimise currency risk.

The main foreign exchange risk arises from recognised assets denominated in currencies other than those in which insurance and investment liabilities are expected to be settled. The group is exposed to foreign exchange risk through the investments in offshore unit trusts. The offshore unit trusts comprise funds on deposit and listed equity instruments.

	GROUP P'000
2024	
Equity instruments	**100 604**
Money market instruments	**21 665**
Bonds	**1 907**
Foreign currency exposure (US Dollar)	**124 176**
Average rate	**13,37**
Closing rate	**13,99**
2023	
Equity investments	140 763
Money market instruments	17 354
Bonds	1 714
Foreign currency exposure (US Dollar)	159 831
Average rate	13,33
Closing rate	12,75

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

25. RISK MANAGEMENT continued

25.4 Foreign currency risk continued

Currency sensitivity

The following table demonstrates the sensitivity (for shareholder funds and assets backing non-participating policies) to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	GROUP			
	Change in variables %	**Value P'000**	**Increase/ (decrease) in profit before tax P'000**	**Increase/ (decrease) in equity P'000**
2024				
USD	**3**	**124 176**	**3 725**	**2 906**
USD	**(3)**	**124 176**	**(3 725)**	**(2 906)**
2023				
USD	3	50 289	1 509	1 177
USD	(3)	50 289	(1 509)	(1 177)

25.5 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) in equities and debt securities, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business.

The group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, and diversification plans and limits on investments in each country, sector and market. The price risk movement on bonds is included in the interest rate risk note.

Price sensitivity analysis

The following table shows the effect of price changes on domestic market and foreign market equities. The sensitivity analysis uses the Domestic Company Index which is the principal stock index of the BSE and the Morgan Stanley Capital Index which is a market capitalisation weighted benchmark index made up of equities from 23 countries including the United States. Indices are free-float weighted equity indices.

The disclosures are based on shareholder financial instruments as well as financial instruments backing non-participating or not market-linked insurance contract liabilities.

	GROUP			
	Change in variables %	**Value P'000**	**Increase/ (decrease) in profit before tax P'000**	**Increase/ (decrease) in equity P'000**
2024				
World Equity Index	**1,8**	**100 604**	**1 811**	**1 413**
Botswana Unit Trusts	**1**	**444 375**	**4 444**	**3 466**
Total exposure		**544 979**	**6 255**	**4 879**
2023				
World Equity Index	1,8	140 673	2 532	1 975
Botswana Unit Trusts	1	462 235	4 622	3 605
Total exposure		602 908	7 154	5 580

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

25. RISK MANAGEMENT continued

25.6 Credit risk

Credit risk in the group arises from the possibility of investments in bonds, offshore money markets, reinsurance contract assets, other receivables, local money markets and other loans, related party receivables and cash and bank balances with banks not being redeemed by the relevant counterparties when they become due.

The following policies and procedures are in place to mitigate the group's exposure to credit risk:

- A group credit risk policy setting out the assessment and determination of what constitutes credit risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the investment committee. The policy is regularly reviewed for pertinence and for changes in the risk environment. It is the group's objective to minimise credit risk
- Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segment; i.e. limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held
- The group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings
- Reinsurance is placed with highly rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular review
- The credit risk in respect of customer balances, incurred on non-payment of premiums or contributions, will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. There is no concentration of risk with respect to customer balances as the company has a large number of varied customers.

The funds follow specific investment mandates that have been agreed with asset managers. These mandates depict how much each type of asset holds in each portfolio based on their perceived risk, thereby reducing concentration of specific assets and currency. There is also diversity in the different sectors of the economy in which our funds are invested (refer to note 4). Investments in Government bonds, money markets and corporate bonds are managed by Bifm, the asset management subsidiary, as per signed mandates.

There is no concentration on money markets and cash and bank. The risk is spread as the group and company invest with various banks in the country.

Maximum credit risk exposure

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives.

The disclosures are based on both shareholder and policyholder assets.

	GROUP	
	2024 P'000	Restated 2023 P'000
Bonds		
– Government	**6 497 623**	5 304 521
– Corporate (listed, unlisted)	**3 073 130**	3 612 010
Money market instruments	**4 131 413**	4 163 263
Other receivables	**129 317**	133 472
Cash, deposits and similar securities	**210 443**	170 583
Maximum credit risk exposure	**14 058 790**	13 383 849

	COMPANY	
	2024 P'000	2023 P'000
Other receivables	**18 397**	19 976
Related party balances	**846**	1 493
Cash, deposits and similar securities	**9 218**	20 556
Maximum credit risk exposure	**28 461**	42 025

Cash and cash equivalents are held by entities with acceptable credit ratings. Related party balances are considered to be of acceptable/high credit quality due to the financial position of the counterparties.

Financial assets pledged as collateral

There are no financial assets that have been pledged as collateral for financial liabilities or contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

25. RISK MANAGEMENT continued

25.6 Credit risk continued

Credit quality of interest-bearing financial assets

The table below shows the maximum exposure to credit risk for the components of the balance sheet. Generally, most companies' financial instruments do not have official credit ratings therefore the majority of balances are not rated. Moody's Investors Service retained the stable outlook and the A2 rating (2023: A2 rating) for both foreign and domestic bonds. The A2 rating is based on the assessment that balances potential challenges associated with a country having a small-size economy and middle-income status against the strength relating to the country's sound policy framework and effectiveness of Government. The assessment further noted that the country has institutional strength supporting a well-designed macroeconomic framework and a stable political environment.

	GROUP			
	Botswana Pula P'000	A2 rated P'000	Not rated P'000	Total P'000
2024				
Long-term reinsurance assets	**16 864**	**–**	**16 864**	**16 864**
Government bonds	**6 497 623**	**6 497 623**	**–**	**6 497 623**
Corporate bonds and other	**3 073 130**	**–**	**3 073 130**	**3 073 130**
Money markets	**4 131 413**	**–**	**4 131 413**	**4 131 413**
Other receivables	**129 317**	**–**	**129 317**	**129 317**
Cash and bank balances	**210 443**	**–**	**210 443**	**210 443**
Total assets	**14 058 790**	**6 497 623**	**7 561 167**	**14 058 790**
2023				
Long-term reinsurance assets	17 874	–	17 874	17 874
Government bonds	5 304 521	5 304 521	–	5 304 521
Corporate bonds and other	3 612 010	–	3 612 010	3 612 010
Money markets	4 163 263	–	4 163 263	4 163 263
Other receivables	133 472	–	133 472	133 472
Cash and bank balances	170 583	–	170 583	170 583
Total assets	13 401 723	5 304 521	8 097 202	13 401 723

Corporate bonds and other are held by reputable financial institutions and parastatals. An annual independent evaluation is performed on the financial strengths of the corporates to assess the credit risk on these bonds. Continuous monitoring is also performed. Money market investments are with reputable local banks and reputable foreign fund managers with good financial wealth. Policy loans were secured by the policy investment value. Trade and other receivables are on 30-day terms (refer to note 5).

Collateral held in respect of financial assets

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral is mainly obtained for securities lending. Credit risk is also mitigated by entering into collateral agreements. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. Government bonds do not have collateral as these are deemed low-risk and recoverable.

The table below shows the fair value amounts of the collateral held for the specified bonds.

	2024		2023	
	Collateral held P'000	Credit exposure P'000	Collateral held P'000	Credit exposure P'000
Unlisted bonds				
Allied Investments Limited	**322 700**	**146 420**	297 710	146 864
Botho Park	**190 000**	**12 234**	149 800	12 695
Cash Bazaar Holdings	**186 449**	**76 873**	150 000	90 263
First National Bank of Botswana	**–**	**291 378**	–	320 677
Prime Time Holdings	**77 390**	**68 341**	105 710	216 550
RDC Properties Limited	**154 800**	**125 609**	139 000	126 483
Bifm Local Property Fund	**–**	**54 838**	–	55 229
Stanbic Bank PLC	**–**	**740 583**	–	921 516
Standard Bank	**–**	**515 370**	–	487 958
Three Partners Resort Proprietary Limited	**572 000**	**63 666**	568 000	63 243
Flip Coin Proprietary Limited	**250 014**	**53 703**	181 139	54 070
Meybeernick Investment Proprietary Limited	**–**	**101 765**	–	102 579
Debt Participation Capital Fund	**–**	**4 850**	–	5 034
Water Utilities Corporation	**–**	**78 744**	–	79 914
Total	**1 753 353**	**2 334 374**	1 591 359	2 683 075

No transfer of ownership takes place in respect of collateral and any such collateral accepted from counterparties may not be used for any purpose other than being held as security.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2024

25. RISK MANAGEMENT continued
25.6 Credit risk continued
Impairment assessment
Accounting policy note 7 on financial liabilities – Impairment of financial assets, details the approach in determining whether an instrument or a portfolio of instruments is subject to 12-month ECLs or lifetime ECLs.

Impairment of financial assets at amortised cost – General approach
The group applied the general approach to brokers' loans, agents' loans, staff loans and loans at amortised cost. ECLs are recognised in three stages as follows:
- **Stage 1:** Upon initial recognition and annually thereafter, for exposures where there has not been a significant increase in credit risk, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL)
- **Stage 2:** For exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL)
- **Stage 3:** For exposures where the balances are credit-impaired (non-performing), the ECLs are provided for over the remaining life of the exposure (a lifetime ECL).

Broker loans and agent advances/commissions

	Impairment method	Balance as at 31 December 2024 P'000	PiT (PD) %	Exposed to default P'000	LGD %	ECLs (lifetime) P'000
Broker loans	GA/Stage 2	**20 660**	**96,00**	**19 834**	**43**	**8 595**
Loans to agents	GA/Stage 3	**36 244**	**100,00**	**36 244**	**84**	**30 263**
						38 858
Other receivables						
Staff debtors	GA/Stage 2	**720**	**76,00**	**547**	**77**	**421**
Sundry debtors	GA/Stage 1	**55 099**	**0,00**	**–**	**–**	**–**
						421
Total estimated credit losses as at 31 December 2024						**39 279**

GA = ECL calculated using the general approach.
Stage 2 = Lifetime ECL due to significant increase in risk.

The ECLs on cash and cash equivalents and related party balances were of lower values and hence not disclosed separately above. These were, however, tested as part of the credit losses review on all financials assets. ECLs on sundry debtors for the year were insignificant.

Broker loans and agent advances/ commissions	Impairment method	Balance as at 31 December 2023[1] P'000	PiT (PD) %	Exposed to default P'000	LGD %	ECLs (lifetime) P'000
Broker loans	GA/Stage 2	17 499	96,00	16 799	40	6 723
Loans to agents	GA/Stage 3	32 419	100,00	32 419	93	30 264
						36 987
Other receivables						
Staff debtors	GA/Stage 2	2 094	76,00	1 591	75	1 196
Sundry debtors	GA/Stage 2	89 536	0,00	–	–	–
						1 196
Total estimated credit losses as at 31 December 2023						38 183

[1] *The prior year balances have been restated. Refer to the table on page 226 for further details.*

Related party receivables
For the year ended 31 December 2024, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2023: Pnil). Related party balances are all cleared within 60 days and as at 31 December 2024, the related party balances were immaterial.

25.7 Liquidity risk
Liquidity risk arises from the potential inability of the group paying its policyholders and short-term creditors when they become due or they mature because assets are not properly matched. There is an actuarial committee and an investment committee that meet periodically to review the matching of assets and liabilities and other investment decisions; the group is continually looking for investments that match its liabilities.

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of debt facilities from various financiers.

The maturity analysis of policyholder liabilities is based on expected maturities as modelled by the actuaries. The investment contracts are due on demand. Asset maturities have been disclosed on the basis of contractual maturities. The disclosures are based on both shareholder and policyholder assets.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

25. RISK MANAGEMENT continued

25.7 Liquidity risk continued

	COMPANY				
	<1 year P'000	1 to 5 years P'000	>5 years P'000	On demand P'000	Total P'000
2024					
Financial assets					
Other receivables	18 397	–	–	–	18 397
Related party balances	846	–	–	–	846
Cash, deposits and similar securities	1 927	–	–	7 291	9 218
Total financial assets	21 170	–	–	7 291	28 461
Financial liabilities					
Other payables	37 352	–	–	–	37 352
Related party balances	6 355	–	–	–	6 355
IFRS 16 – Lease liability	1 857	–	–	–	1 857
Total financial liabilities	45 564	–	–	–	45 564
2023					
Financial assets					
Other receivables	19 976	–	–	–	19 976
Related party balances	1 493	–	–	–	1 493
Cash, deposits and similar securities	11 334	–	–	9 222	20 556
Total financial assets	32 803	–	–	9 222	42 025
Financial liabilities					
Other payables	32 514	–	–	–	32 514
Related party balances	3 501	–	–	–	3 501
IFRS 16 – Lease liability	2 032	1 857	–	–	3 889
Total financial liabilities	38 047	1 857	–	–	39 904

The related party assets and liabilities are not settled on demand. The average payment cycle ranges from three to six months.

Maturity analysis of financial assets and financial liabilities

The tables that follow summarise the maturity profile of the financial assets and financial liabilities of the group based on remaining undiscounted contractual obligations, including interest payable and receivable.

	GROUP					
	Carrying value P'000	<1 year P'000	1 to 5 years P'000	>5 years P'000	On demand P'000	Total P'000
2024						
Financial assets						
Investment in unlisted property companies	1 203 577	–	–	–	1 203 577	1 203 577
Bonds	9 570 753	718 082	4 441 857	10 123 679	–	15 283 618
Equity investments	3 137 413	–	–	–	3 137 413	3 137 413
Money market instruments	4 131 413	4 131 413	–	–	–	4 131 413
Insurance contract assets	219 392	3 538	39 261	1 311 644	43 166	1 397 609
Reinsurance contract assets	16 864	378	4 042	7 453	4 991	16 864
Other receivables	129 317	129 317	–	–	–	129 317
Cash, deposits and similar securities	210 443	117 692	–	–	92 751	210 443
Total undiscounted assets	18 619 172	5 100 420	4 485 160	11 442 776	4 481 898	25 510 254
Financial liabilities						
Insurance contract liabilities	8 397 033	45 690	507 078	16 940 746	557 521	18 051 035
Investment contract liabilities[1]	3 637 385	193 657	732 254	2 711 474	–	3 637 385
External investors in consolidated funds	4 616 512	1 240 789	1 136 491	2 590 239	1 110 683	6 078 203
Reinsurance contract liability	87 034	24 394	260 815	480 912	322 085	1 088 206
Related party balances	5 438	5 438	–	–	–	5 438
Other payables	322 774	322 774	–	–	–	322 774
IFRS 16 – Lease liability	14 776	5 911	3 000	878	–	9 789
Total undiscounted liabilities	17 080 952	1 838 653	2 639 638	22 724 249	1 990 289	29 192 830

[1] *Investment contract liabilities are payable on demand but have been presented on an expected basis.*

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

25. RISK MANAGEMENT continued

25.7 Liquidity risk continued

Maturity analysis of financial assets and financial liabilities continued

	GROUP					
	Carrying value P'000	<1 year P'000	1 to 5 years P'000	>5 years P'000	On demand P'000	Total P'000
2023						
Financial assets						
Investment in unlisted property companies	1 277 154	–	–	–	1 277 154	1 277 154
Bonds	8 916 531	992 658	3 513 480	9 595 275	–	14 101 414
Equity investments	2 819 782	–	–	–	2 819 782	2 819 782
Money market instruments	4 163 263	4 163 263	–	–	–	4 163 263
Insurance contract assets	452 771	1 340	14 870	496 796	16 350	529 356
Reinsurance contract assets	17 874	401	4 284	7 900	5 291	17 876
Other receivables	133 472	133 472	–	–	–	133 472
Cash, deposits and similar securities	170 583	78 019	–	–	92 564	170 583
Total undiscounted assets	17 951 430	5 369 153	3 532 634	10 099 971	4 211 141	23 212 900
Financial liabilities						
Insurance contract liabilities	7 961 752	42 509	471 773	15 761 244	518 703	16 794 229
Investment contract liabilities[1]	3 442 868	184 371	697 144	2 561 353	–	3 442 868
External investors in consolidated funds	4 504 564	1 352 130	921 403	2 516 342	1 074 413	5 864 289
Reinsurance contract liability	54 222	19 722	210 859	388 798	260 393	879 772
Related party balances	6 867	6 867	–	–	–	6 867
Other payables	210 984	210 984	–	–	–	210 984
IFRS 16 – Lease liability	12 707	5 988	3 292	352	–	9 632
Total undiscounted liabilities	16 193 964	1 822 571	2 304 471	21 228 090	1 853 509	27 208 642

[1] *Investment contract liabilities are payable on demand but have been presented on an expected basis.*

Policyholders' insurance liabilities are allocated into the maturity profiles based on the estimated present value of claims obtained through an actuarial modelling process.

25.8 Insurance risk

The risk exposure is mitigated by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

26. FAIR VALUE DISCLOSURES

Determination of fair value and fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (i.e. derived from prices)
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

26. FAIR VALUE DISCLOSURES continued

Determination of fair value and fair value hierarchy continued

The following table presents the group's assets and liabilities measured at fair value as at 31 December 2024:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) P'000	Significant observable inputs (Level 2) P'000	Significant unobservable inputs (Level 3) P'000	Total fair value P'000
2024				
Non-financial assets				
Investment properties – physical properties	–	–	26 480	26 480
Financial assets				
Investment properties – investment in unlisted property companies	–	–	1 203 577	1 203 577
Bonds	6 497 623	–	3 073 130	9 570 753
Government	6 497 623	–	–	6 497 623
Corporate bonds – unlisted	–	–	3 073 130	3 073 130
Money market instruments	–	4 131 413	–	4 131 413
Equity investments	3 031 886	–	105 527	3 137 413
Total assets at fair value	**9 529 509**	**4 131 413**	**4 408 714**	**18 069 636**
Financial liabilities				
External investors in consolidated funds	–	3 985 873	630 639	4 616 512
Derivatives instrument	–	44 284	–	44 284
Total liabilities at fair value	**–**	**4 030 157**	**630 639**	**4 660 796**

	Fair value measurement using			
	Quoted prices in active markets (Level 1) P'000	Significant observable inputs (Level 2) P'000	Significant unobservable inputs (Level 3) P'000	Total fair value P'000
2023				
Non-financial assets				
Investment properties – physical properties	–	–	26 480	26 480
Financial assets				
Investment properties – investment in unlisted property companies	–	–	1 277 154	1 277 154
Bonds	5 304 521	–	3 612 010	8 916 531
Government	5 304 521	–	–	5 304 521
Corporate bonds – unlisted	–	–	3 612 010	3 612 010
Money market instruments	–	4 163 263	–	4 163 263
Equity investments	2 704 461	–	115 321	2 819 782
Total assets at fair value	8 008 982	4 163 263	5 030 965	17 203 210
Financial liabilities				
External investors in consolidated funds	–	3 875 307	629 257	4 504 564
Derivatives instrument	–	25 429	–	25 429
Total liabilities at fair value	–	3 900 736	629 257	4 529 993

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or industry group, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the group is the last trading price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques to maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

26. FAIR VALUE DISCLOSURES continued

Determination of fair value and fair value hierarchy continued

Level 2 valuation

- **Money market instruments:** Refer to note 4.1 for interest rates. Also refer to the accounting policy note on fair value and the valuation techniques table on the next page
- **External investors in consolidated funds:** Refer to the accounting policy note on fair values and the valuation techniques table on the next page
- **Policyholder liabilities under insurance contracts:** Refer to the accounting policy note on fair values and the valuation techniques table on the next page.

Level 3 valuation

- **Investment properties:** Refer to note 4.4 on how the fair value is determined
- **Unlisted bonds:** Refer to note 4.1 on how the fair value is determined
- **Policy loans and other loan advances:** Refer to note 4.3 on how the fair valuation is determined
- **Equity investments:** The fair value of the assets is calculated based on units held and unit prices provided by the fund managers
- **External investors in consolidated funds:** Refer to the accounting policy note on fair values and the valuation techniques table on the next page.

If one or more of the significant inputs is not based on observable market data, the unlisted instrument is included in Level 3.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

Level 3 financial assets

	GROUP				
	Investment in physical properties P'000	Investment in unlisted property companies P'000	Equity investments P'000	Bonds P'000	Total assets P'000
2024					
Opening balance	**26 480**	**1 277 154**	**115 321**	**3 612 010**	**5 030 965**
Total gains/(loss) in comprehensive income	**–**	**(2 190)**	**7 091**	**563 208**	**568 109**
Acquisitions	**–**	**(71 387)**	**–**	**–**	**(71 387)**
Disposals	**–**	**–**	**(16 885)**	**(1 102 088)**	**(1 118 973)**
Closing balance	**26 480**	**1 203 577**	**105 527**	**3 073 130**	**4 408 714**
2023					
Opening balance	12 260	1 205 650	282 111	4 216 180	5 716 201
Total gains/(loss) in comprehensive income	14 220	(8 858)	9 454	625 787	640 603
Acquisitions	–	80 362	–	–	80 362
Disposals	–	–	(176 244)	(1 229 957)	(1 406 201)
Closing balance	26 480	1 277 154	115 321	3 612 010	5 030 965

Gains and losses (realised and unrealised) included in profit or loss

	GROUP	
	2024 P'000	2023 P'000
Total gains or losses included in profit or loss for the period	**568 109**	640 603
Total unrealised gains or losses included in profit or loss for the period for assets held at the end of the reporting period	**(273 669)**	(366 060)

There were no transfers from Level 1 to Level 2 fair value measurements during the year ended 31 December 2024 (2023: nil).

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

26. FAIR VALUE DISCLOSURES continued

Valuation techniques used in determining the fair value of financial instruments

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant input
Investment in physical properties	2	Market comparison method	Comparison method	External valuers' estimate
Investment in unlisted property companies	3	Net asset value of underlying assets derived using the DCF model	Capitalisation rate, discount rate, occupancy	Discount rate: 10%
Money markets	2	Units held multiplied by unit prices	n/a	n/a
Equity investments (unlisted)	3	DCF model and earnings multiple	Cost of capital and CPI	Discount rate: 10%
Unit funds (unlisted)	2	Units held multiplied by unit prices	n/a	n/a
Unlisted bonds	3	DCF model	Cost of capital and CPI, interest rate curve	Discount rate: 10%
External investors in consolidated funds	2 and 3	Units held multiplied by unit prices	Unit prices	n/a
Derivative instrument: foreign exchange swap transaction	2	DCF model, currency, interest rate	n/a	n/a

Sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions

The following table shows the impact on the fair value of Level 3 instruments using reasonably possible alternative assumptions by class of instrument:

Financial assets

	GROUP				
	Carrying amount P'000	Effect of a 10% increase in estimated cash flows P'000	Effect of a 10% decrease in estimated cash flows P'000	Effect of a 1% increase in capitalisation rate P'000	Effect of a 1% decrease in capitalisation rate P'000
2024					
Investment in physical properties	**26 480**	**2 065**	**(2 065)**	**(3 115)**	**3 115**
Investment in unlisted property companies	**1 203 577**	**93 879**	**(93 879)**	**(141 597)**	**141 597**
2023					
Investment in physical properties	26 480	2 065	(2 065)	(3 115)	3 115
Investment in unlisted property companies	1 277 154	99 618	(99 618)	(150 253)	150 253

Group bonds	Carrying amount P'000	Effect of a 10% increase in estimated cash flows P'000	Effect of a 10% decrease in estimated cash flows P'000	Effect of a 2% increase in discount rate P'000	Effect of a 2% decrease in discount rate P'000
2024	**3 073 130**	**(239 704)**	**239 704**	**(47 941)**	**47 941**
2023	3 612 010	(281 737)	281 737	(56 347)	56 347

Equity investments	Carrying amount P'000	Effect of a 1% increase in discount rate P'000	Effect of a 1% decrease in discount rate P'000
2024	**105 527**	**823**	**(823)**
2023	115 321	900	(900)

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

26. FAIR VALUE DISCLOSURES continued

Sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions continued

Investment policy

The BIHL Group through its asset management company, Bifm, a traditional investment manager, manages a comprehensive range of distinct asset classes, each against an appropriate benchmark that acts as the neutral position. Bifm is an active investment manager that implements positions that deviate from the benchmark within predetermined constraints. Bifm aims to capture and create value from long-term relative valuation differences, both between asset classes and within an asset class between individual securities.

Bifm implements a value-style bias that complements its investment philosophy. Bifm is of the view that pockets of inefficiency exist in capital markets This presents opportunities to purchase undervalued securities and hold them until their market value equals or exceeds their intrinsic value. Bifm aims to realise these relative value anomalies over the long term and avoid short-term fluctuations or market noise.

Bifm combines investment strategies with the aim of delivering superior investment returns given a level of risk over the long term (three years and more). For local equity security selection, Bifm uses a bottom-up approach. The bottom-up approach is research-intensive and focuses on individual companies as a starting point. Companies, sectors and geographical regions not covered by a portfolio manager's universe may be neglected.

To compensate, Bifm also applies a top-down decision-making process to implement tactical positions. The top-down approach utilises macroeconomic data, relative asset class valuations, market sector valuations and the prospects of geographical regions.

Bifm adopts fundamental analysis to place a fair value on individual securities and to identify mispriced securities with upside potential. Fundamental analysis is a primary function and of high importance as it guides us on security selection.

When selecting offshore managers, Bifm appoints managers with differing styles and approaches. The rationale for using the different styles reflects our appreciation of the fact that style diversification is a risk management tool as well as a way of taking advantage of the anomalies that could be identified by each style.

Equity: Bifm invests for the long term, three- to five-year period, to maximise returns at the lowest possible risk. Bottom-up stock-picking and fundamental stock analysis coupled with a value-style bias are used for portfolio construction.

Fixed income: The approach used for long-dated bonds and short-dated money market instruments differs:

- **Long-dated bonds**: Bifm believes that value can be created through active duration management, taking into account macroeconomic factors such as inflation and interest rates. This reflects a top-down approach for the management of bonds, which is applied both locally and offshore. Bifm utilises fixed and floating instruments as different assets to match different liabilities, to benefit from the shape of the yield curve, and as a tool to manage duration
- **Cash and money market**: Bifm manages cash and short-dated money market instruments primarily for liquidity purposes. Bifm minimises credit risk by investing with reputable banks. Bifm negotiates to obtain high interest rates on behalf of its clients
- **Property**: Property is a unique asset class, with bond-like and equity-like features, that matches the liability profiles of a large number of pension funds. Enhanced yields and rental escalations are received over time. The philosophy is to invest in A-grade properties that we believe are more likely to attract and retain corporate tenants. Property investments constitute a significant area of Bifm's drive to develop the local economy and capital markets. Bifm's subsidiary, Khumo Property Asset Management, is a fully fledged property development and management company.

Alternative investments: The alternative assets that Bifm invests in are private equity, private debt and hedge funds. Alternatives are utilised where the risk-reward trade-off is believed to be superior. Examples are:

- Private equity is becoming a more important asset class globally. In the Botswana context, private equity is a progressive approach to investment management because it is a catalyst for economic development. Bifm invests in local, regional and global private equity funds
- Specialised portfolios and insurance portfolios utilise private debt instruments for matching purposes. In Botswana, private debt is a substitute for listed debt instruments. Listed debt instruments are in short supply in Botswana
- Offshore hedge funds are currently used as an alternative to offshore bonds given our bearish view on the prospects for offshore bonds.

The collective investment undertaking (CIU) funds are now consolidated in the group's financials, where the group has invested more than 20% and a corresponding liability to the investors is reflected in note 10 and the assets are included as part of note 4.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

27. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below summarises categories of financial assets and financial liabilities held by the group.

	GROUP						
	Financial assets designated at fair value through profit or loss P'000	Financial assets at amortised cost P'000	Financial assets mandatorily at fair value through profit or loss P'000	Financial liabilities designated at fair value through profit or loss P'000	Financial liabilities mandatorily held at fair value through profit or loss P'000	Financial liabilities measured at amortised cost P'000	Total P'000
2024							
Financial assets							
Investment in unlisted property companies	–	–	1 203 577	–	–	–	1 203 577
Bonds (Government, public authority, listed and unlisted corporates)	9 570 753	–	–	–	–	–	9 570 753
Money market instruments	–	–	4 131 413	–	–	–	4 131 413
Equity investments	–	–	3 137 413	–	–	–	3 137 413
Other receivables	–	129 317	–	–	–	–	129 317
Cash, deposits and similar securities	–	210 443	–	–	–	–	210 443
Total financial assets	9 570 753	339 760	8 472 403	–	–	–	18 382 916
Financial liabilities							
External investors in consolidated funds	–	–	–	4 616 512	–	–	4 616 512
Derivatives instrument	–	–	–	–	44 284	–	44 284
Lease liabilities	–	–	–	–	–	14 776	14 776
Related party balances	–	–	–	–	–	5 438	5 438
Other payables	–	–	–	–	–	322 774	322 774
Total financial liabilities	–	–	–	4 616 512	44 284	342 988	5 003 784

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

27. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

	GROUP						
	Financial assets designated at fair value through profit or loss P'000	Financial assets at amortised cost P'000	Financial assets mandatorily at fair value through profit or loss P'000	Financial liabilities designated at fair value through profit or loss P'000	Financial liabilities mandatorily held at fair value through profit or loss P'000	Financial liabilities measured at amortised cost P'000	Total P'000
2023 Restated							
Investment in unlisted property companies	–	–	1 277 154	–	–	–	1 277 154
Bonds (Government, public authority, listed and unlisted corporates)	8 916 531	–	–	–	–	–	8 916 531
Money market instruments	–	–	4 163 263	–	–	–	4 163 263
Equity investments	–	–	2 819 782	–	–	–	2 819 782
Other receivables	–	133 472	–	–	–	–	133 472
Cash, deposits and similar securities	–	170 583	–	–	–	–	170 583
Total financial assets	8 916 531	304 055	8 260 199	–	–	–	17 480 785
Financial liabilities							
External investors in consolidated funds	–	–	–	4 504 564	–	–	4 504 564
Derivatives instrument	–	–	–	–	25 429	–	25 429
Lease liabilities	–	–	–	–	–	12 707	12 707
Related party balances	–	–	–	–	–	6 867	6 867
Other payables	–	–	–	–	–	210 984	210 984
Total financial liabilities	–	–	–	4 504 564	25 429	230 558	4 760 551

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

27. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

	COMPANY						
	Financial assets designated at fair value through profit or loss P'000	Financial assets at amortised cost P'000	Financial assets mandatorily at fair value through profit or loss P'000	Financial liabilities designated at fair value through profit or loss P'000	Financial liabilities mandatorily held at fair value through profit or loss P'000	Financial liabilities measured at amortised cost P'000	Total P'000
2024							
Financial assets							
Other receivables	–	18 397	–	–	–	–	18 397
Related party balances	–	846	–	–	–	–	846
Cash, deposits and similar securities	–	9 218	–	–	–	–	9 218
Total financial assets	–	28 461	–	–	–	–	28 461
Financial liabilities							
Other payables	–	–	–	–	–	37 352	37 352
Related party payables	–	–	–	–	–	6 355	6 355
Total financial liabilities	–	–	–	–	–	43 707	43 707

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

27. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

	COMPANY						
	Financial assets designated at fair value through profit or loss P'000	Financial assets at amortised cost P'000	Financial assets mandatorily at fair value through profit or loss P'000	Financial liabilities designated at fair value through profit or loss P'000	Financial liabilities mandatorily held at fair value through profit or loss P'000	Financial liabilities measured at amortised cost P'000	Total P'000
2023 Restated							
Financial assets							
Other receivables	–	19 976	–	–	–	–	19 976
Related party balances	–	1 493	–	–	–	–	1 493
Cash, deposits and similar securities	–	20 556	–	–	–	–	20 556
Total financial assets	–	42 025	–	–	–	–	42 025
Financial liabilities							
Other payables	–	–	–	–	–	32 514	32 514
Related party payables	–	–	–	–	–	3 501	3 501
Total financial liabilities	–	–	–	–	–	36 015	36 015

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

28. RESTATEMENTS IN RESPECT OF CORRECTIONS OF PRIOR PERIOD ERRORS

28.1 Correction of prior period errors

1. 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, including through restatement of note 24 Cash generated from operations. The correction 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.

2. 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).

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

In prior financial periods, 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 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 retrospective effect.

4. Notional (deferred acquisition costs (DAC)) adjustment

With respect to insurance contracts valued under the GMM, 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 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 SPLOCI for the year ended 31 December 2023.

5. Correction of annuities: best estimate liability (BEL) and 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, note 8.2 (general model – reconciliation of valuation components) was restated for the year ended 31 December 2023.

6. 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 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 material 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

28. RESTATEMENTS IN RESPECT OF CORRECTIONS OF PRIOR PERIOD ERRORS continued

28.2 The impact on the primary financial statements

The impact on the SoFP, SPLOCI, and the 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.

28.2.1 Statement of financial position

	2023					
	As previously reported Audited P'000	Prior period error[1] P'000	Prior period error[2] P'000	Prior period error[3] P'000	Prior period error[6] P'000	Restated P'000
ASSETS						
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 and joint ventures	1 758 469	–	–	–	–	1 758 469
Reinsurance contract assets	17 874	–	–	–	–	17 874
Insurance contract assets[1, 2]	612 935	(84 702)	(75 462)	–	–	452 771
Non-current asset held for sale	–	–	–	–	–	–
Financial assets at fair value through profit or loss[3, 6]	14 935 316	–	–	(181 130)	2 422 544	17 176 730
Bonds[3, 6]	8 543 705	–	–	(10 627)	383 453	8 916 531
Investment in property funds and companies[6]	1 277 962	–	–	–	(808)	1 277 154
Equity investments[3, 6]	3 040 954	–	–	(141 769)	(79 403)	2 819 782
Money market instruments[3, 6]	2 072 695	–	–	(28 734)	2 119 302	4 163 263
Other receivables	135 632	–	–	–	–	135 632
Cash and cash equivalents	170 583	–	–	–	–	170 583
Total assets	17 936 467	(84 702)	(75 462)	(181 130)	2 422 544	20 017 717

Refer to page 225 for footnotes.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

28. RESTATEMENTS IN RESPECT OF CORRECTIONS OF PRIOR PERIOD ERRORS continued

28.2 The impact on the primary financial statements continued

28.2.1 Statement of financial position continued

	2023					
	As previously reported Audited P'000	Prior period error[1] P'000	Prior period error[2] P'000	Prior period error[3] P'000	Prior period error[6] P'000	Restated P'000
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the parent						
Stated capital	204 936	–	–	–	–	204 936
Non-distributable reserves	106 375	–	–	–	–	106 375
Retained earnings	3 302 730	–	–	–	–	3 302 730
Total equity attributable to equity holders of the parent	3 614 041	–	–	–	–	3 614 041
Non-controlling interests	23 751	–	–	–	–	23 751
Total equity	3 637 792	–	–	–	–	3 637 792
Liabilities						
Insurance contract liabilities[1, 2]	8 004 121	33 093	(75 462)	–	–	7 961 752
Investment contract liabilities[1, 3]	3 598 953	25 045	–	(181 130)	–	3 442 868
Reinsurance contract liability	54 222	–	–	–	–	54 222
External investors in consolidated funds[6]	2 082 020	–	–	–	2 422 544	4 504 564
Derivatives instrument	25 429	–	–	–	–	25 429
Deferred tax liability	141 908	–	–	–	–	141 908
Lease liability	12 707	–	–	–	–	12 707
Other payables[1]	353 824	(142 840)	–	–	–	210 984
Tax payable	18 624	–	–	–	–	18 624
Related party balances	6 867	–	–	–	–	6 867
Total equity and liabilities	17 936 467	(84 702)	(75 462)	(181 130)	2 422 544	20 017 717

Refer to page 225 for footnotes.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

28. RESTATEMENTS IN RESPECT OF CORRECTIONS OF PRIOR PERIOD ERRORS continued

28.2 The impact on the primary financial statements continued

The impact on the SoFP, SPLOCI, and the 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

28.2.1 Statement of financial position continued

	2022					
	As previously reported Audited P'000	Prior period error[1] P'000	Prior period error[2] P'000	Prior period error[3] P'000	Prior period error[6] P'000	Restated P'000
ASSETS						
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 and joint ventures	1 910 194	–	–	–	–	1 910 194
Reinsurance contract assets	10 271	–	–	–	–	10 271
Insurance contract assets[1, 2]	553 701	(64 594)	(37 478)	–	–	451 629
Non-current asset held for sale	99 988	–	–	–	–	99 988
Financial assets at fair value through profit or loss[3, 6]	15 411 628	–	–	(150 084)	(321 811)	14 939 733
Bonds[3, 6]	8 426 652	–	–	(14 071)	241 008	8 653 589
Investment in property funds and companies[6]	1 205 650	–	–	–	(2 974)	1 202 676
Equity investments[3,6]	2 589 245	–	–	(112 246)	(107 410)	2 369 589
Money market instruments[6]	3 190 081	–	–	(23 767)	(452 435)	2 713 879
Other receivables	186 940	–	–	–	–	186 940
Cash and cash equivalents	400 711	–	–	–	–	400 711
Total assets	18 874 761	(64 594)	(37 478)	(150 084)	(321 811)	18 300 794

Refer to page 225 for footnotes.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2024

28. RESTATEMENTS IN RESPECT OF CORRECTIONS OF PRIOR PERIOD ERRORS continued
28.2 The impact on the primary financial statements continued
28.2.1 Statement of financial position continued

	2022					
	As previously reported Audited P'000	Prior period error[1] P'000	Prior period error[2] P'000	Prior period error[3] P'000	Prior period error[6] P'000	Restated P'000
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the parent						
Stated capital	154 936	–	–	–	–	154 936
Non-distributable reserves	350 208	–	–	–	–	350 208
Retained earnings	3 267 691	–	–	–	–	3 267 691
Total equity attributable to equity holders of the parent	3 772 835	–	–	–	–	3 772 835
Non-controlling interests	22 428	–	–	–	–	22 428
Total equity	3 795 263	–	–	–	–	3 795 263
Liabilities						
Insurance contract liabilities[1, 2]	7 551 386	21 280	(37 478)	–	–	7 535 188
Investment contract liabilities[1, 3]	3 298 512	21 682	–	(150 084)	–	3 170 110
Reinsurance contract liability	55 757	–	–	–	–	55 757
External investors in consolidated funds[6]	3 619 273	–	–	–	(321 811)	3 297 462
Derivatives instrument	37 259	–	–	–	–	37 259
Deferred tax liability	73 545	–	–	–	–	73 545
Lease liability	16 210	–	–	–	–	16 210
Other payables[1]	398 121	(107 556)	–	–	–	290 565
Tax payable	26 246	–	–	–	–	26 246
Related party balances	3 189	–	–	–	–	3 189
Total equity and liabilities	18 874 761	(64 594)	(37 478)	(150 084)	(321 811)	18 300 794

Refer to page 225 for footnotes.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

28. RESTATEMENTS IN RESPECT OF CORRECTIONS OF PRIOR PERIOD ERRORS continued

28.2 The impact on the primary financial statements continued

28.2.2 Extract of the statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	2023 As previously reported Audited P'000	Prior period error[4] P'000	Prior period error[6] 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[4]	2 422 502	(200 715)	–	2 221 787
Insurance service expenses[4]	(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[6]	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[6]	88 254	–	40 918	129 172
Net changes in external investors in consolidated funds[6]	(290 975)	–	(144 176)	(435 151)
Profit for the year	781 523	–	–	781 523

Refer to page 225 for footnotes.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2024

29. EVENTS AFTER THE REPORTING PERIOD

29.1 Dividends declared

The directors have resolved to award a final dividend of 40 thebe (2023: 110 thebe) per share (not subject to tax).

29.2 There have been no other events, facts or circumstances of a material nature that have occurred subsequent to the reporting date which necessitate an adjustment to the disclosure in these annual financial statements or the notes thereto.

SHAREHOLDERS INFORMATION

06

Our purpose is to improve livelihoods and allow our valuable clients and the communities we operate in to focus on what is important to enhance their overall well-being and quality of life.

Our shareholders provide us with the opportunity to do so.

FOCUSING ON WHAT IS IMPORTANT

SHAREHOLDER ANALYSIS

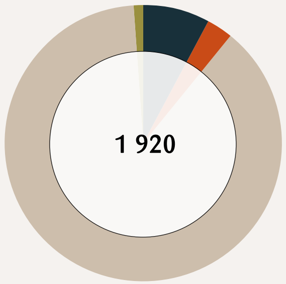
SHARE ANALYSIS – ORDINARY SHAREHOLDERS

	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
1 to 5 000	1 523	79,32	1 483 299	0,5
5 001 to 10 000	118	6,15	775 039	0,3
10 001 to 50 000	154	8,02	3 396 920	1,2
50 001 to 100 000	36	1,88	2 418 472	0,8
100 001 to 500 000	60	3,13	13 299 862	4,7
500 001 to 1 000 000	8	0,42	6 207 780	2,2
Over 1 000 000	21	1,09	257 289 280	90,3
Total	1 920	100	284 870 652	100

TOP 10 SHAREHOLDERS

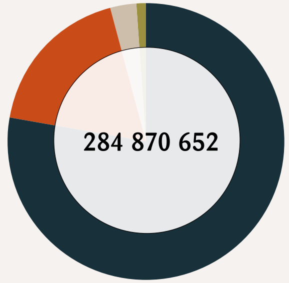
	Shares held	% of issued shares
SanlamAllianz Africa Proprietary Limited	116 388 211	40,86
African Life Assurance Company (Botswana) Proprietary Limited	48 603 380	17,06
FNB Botswana Nominees Re: Bifm – Act Mem & Dp Eq	24 758 332	8,69
Botswana Public Officers Pension Fund	16 647 645	5,84
Motor Vehicle Fund	11 395 140	4,00
Stanbic Nominees Botswana Re Bifm Plef	4 121 439	1,45
Botswana Public Pension Fund Vunani	4 196 443	1,47
Stanbic Nominees Botswana Re Bpopf Wt Pro Port Mcp	3 521 045	1,24
Stanbic Nominees Botswana Re Morula Re Dpf	2 790 298	0,98
Debswana Pension Fund	2 699 163	0,95
Other	49 749 556	17,46
Total	284 870 652	100

NUMBER OF SHAREHOLDERS (%)



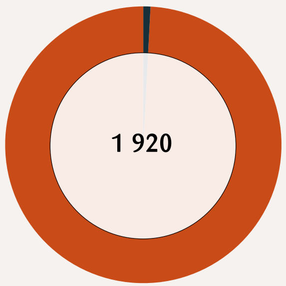
8	Corporate bodies	78
3	Nominee	18
88	Private individuals	3
1	Trust	1

NUMBER OF SHARES HELD (%)



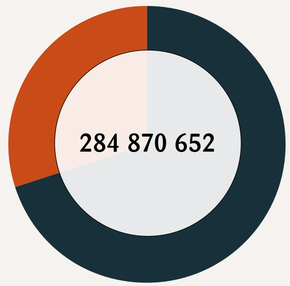
	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
Corporate bodies	151	8	222 194 112	78
Nominee	65	3	51 001 856	18
Private individuals	1 689	88	9 357 748	3
Trust	15	1	2 316 936	1
	1 920	100	284 870 652	100
Non-public	10	1	198 895 182	70
Public	1 910	99	85 975 470	30
	1 920	100	284 870 652	100

SHAREHOLDERS (%)



99	Public shareholders	30
1	Non-public shareholders	70

SHARES HELD (%)



NOTICE OF ANNUAL GENERAL MEETING

For the year ended 31 December 2024

BIHL GROUP

BOTSWANA INSURANCE HOLDINGS LIMITED
(Incorporated in the Republic of Botswana in 1990)
(Registration number: BW00000798601)
(Share code: BIHL ISIN: BW 000 000 0033)
(BIHL or the group or the company)

Notice is hereby given that the 33rd annual general meeting (AGM) of Botswana Insurance Holdings Limited (BIHL or the company) will be held at the Botswana Life Insurance Limited boardroom, Plot 66458, Block A, 3rd Floor, Fairgrounds Office Park, Gaborone, Botswana on 27 June 2025 at 16:00 for the following business:

ORDINARY BUSINESS

1. To read the notice convening the meeting

2. Welcome and opening remarks by the Chairman

3. Ordinary resolution number 1: Consideration of the audited financial statements

To present, consider and adopt the audited financial statements for the year ended 31 December 2024, that have been distributed to shareholders as required, including the consolidated audited financial statements for the company and its subsidiaries, as well as the auditor's and directors' reports.

4. Ordinary resolution number 2: Approval of dividends

To approve the dividends declared by the board of directors on 21 August 2024 and 5 March 2025.

5. Ordinary resolution number 3: Re-election of directors

To re-elect the following directors in accordance with the provisions of the Constitution of the company:

5.1 Ordinary resolution number 3.1: Re-election of Mr Nigel Suliaman as a director

To re-elect Mr Nigel Suliaman who retires by rotation in terms of Article 19 of the Constitution of the company, and being eligible, offers himself for re-election.

- **Tenure:** Non-executive director since 23 June 2020
- **Age:** 58
- **Qualifications and experience:** Mr Suliaman is a valued and highly experienced member of the financial services sector with over 35 years of work experience. He holds a Bachelor of Commerce (Accounting) degree from the University of Cape Town and has successfully completed the Harvard Business School Management Development Program. Mr Suliaman is also a member of the South African Institute of Chartered Accountants and a Chartered Financial Analyst Charterholder
- **BIHL Group directorships:** Director of Botswana Insurance Holdings Limited, Bifm Unit Trusts and Botswana Insurance Fund Management. Chairman of the Bifm investment committee and a member of the BIHL investment committee
- **Major external positions, directorships or associations:** Portfolio Manager at Sanlam Investment Management
- **Fields of expertise:** Financial and investment sectors.

5.2 Ordinary resolution number 3.2: Re-election of Mr Robert Dommisse as a director

To re-elect Mr Robert Dommisse, who retires by rotation in terms of Article 19 of the Constitution of the company, and being eligible, offers himself for re-election.

- **Tenure**: Non-executive director since 14 December 2020
- **Age:** 56
- **Qualifications and experience:** Mr Dommisse is a highly experienced member of the finance services industry, with more than 33 years of experience. Mr Dommisse holds, among others, a Master of Business Administration *(cum laude)*, a Bachelor of Business Administration (Honours) *(cum laude)* and a Bachelor of Accounting (Honours), all from the University of Stellenbosch. Mr Dommisse is a member of the South African Institute of Chartered Accountants and the Financial Planning Institute
- **BIHL Group directorships:** Director of Botswana Insurance Holdings Limited, Bifm Unit Trusts and Botswana Insurance Fund Management. Member of the BIHL audit and risk committee, BIHL nominations committee, BIHL human resources committee and the BIHL investment committee
- **Major external positions, directorships or associations:** Director of Sanlam Maroc – Morocco, Sanlam Life Insurance Nigeria, SanlamAllianz Life Egypt Company and aYo Holdings Limited. Mr Dommisse is also the Chief Executive Officer of Life Insurance for SanlamAllianz
- **Fields of expertise:** Board experience and the financial and insurance sectors.

6. Ordinary resolution number 4: Appointment of non-executive directors

To ratify the appointment of the following directors of the company:

6.1 Ordinary resolution number 4.1: Appointment of Ms Pragnaben Naik as a director

- **Tenure**: Independent non-executive director since 21 November 2024
- **Age:** 64
- **Qualifications and experience:** Ms Naik is a chartered accountant by profession with 42 years of professional experience and holds a Bachelor of Accountancy degree from the University of Zimbabwe. She was a partner at Deloitte & Touche until her retirement in November 2023, having been at the firm for 34 years. Ms Naik has served many large, listed and private multinationals, as well as parastatal entities across a spectrum of industries in Botswana, including financial services and insurance companies
- **BIHL Group directorships:** Director of Botswana Insurance Holdings Limited and Chairman of the BIHL audit and risk committee
- **Major external positions, directorships or associations:** Director at Afridale Proprietary Limited
- **Fields of expertise:** Board experience, accounting, auditing and governance matters.

6.2 Ordinary resolution number 4.2: Appointment of Mr Mark Hopkins as a director

- **Tenure**: Independent non-executive director since 21 November 2024
- **Age:** 68
- **Qualifications and experience:** Mr Hopkins is a proven leader with 30 years of internal and cross-cultural experience as a company executive, board director and management consultant. He holds a Bachelor of Science in Business Administration and Economics from Pennsylvania State University and a Chartered Life Underwriter Professional Designation from the American College of Financial Services. Mr Hopkins has key expertise in the highly regulated

NOTICE OF ANNUAL GENERAL MEETING continued

For the year ended 31 December 2024

financial services industry, with a strategic understanding of capital and enterprise risk and a deep understanding of large-scale change management
- **BIHL Group directorships:** Director of Botswana Insurance Holdings Limited
- **Major external positions, directorships or associations:** Director of Hopkins Economic Consulting and President of Allegheny Management Group LLC
- **Fields of expertise:** Board experience, financial services and the accounting and advisory sectors.

6.3 Ordinary resolution number 4.3: Appointment of Dr Athalia Molokomme as a director

- **Tenure**: Independent non-executive director since 5 March 2025
- **Age:** 65
- **Qualifications and experience:** Dr Molokomme has over 40 years of experience in the legal and diplomatic profession. She is a certified arbitrator who holds a Bachelor of Laws (Universities of Botswana and Swaziland), Master of Laws (Yale Law School) and a PhD in Law from the University of Leiden. Dr Molokomme has a proven track record in the judicial, governmental and international arenas, and has a wealth of experience in law, governance and international diplomacy. She is also a member of several professional bodies, networks at the national, regional and international levels and also advocates for human rights and gender issues
- **BIHL Group directorships:** Director of Botswana Insurance Holdings Limited
- **Major external positions, directorships or associations:** TWE Portion 31 Proprietary Limited
- **Fields of expertise:** Board experience and the legal and diplomatic sectors.

7. Ordinary resolution number 5: Appointment of an executive director

To ratify the appointment of Mr Frank Dalo as an executive director of the company:
- **Tenure**: Executive director since 28 May 2025
- **Age:** 46
- **Qualifications and experience:** Mr Dalo is an actuary with over 19 years of experience in the actuarial field. He is a Fellow of the Institute of Actuaries (UK), with a Master of Science in Actuarial Science and a Bachelor's degree double major in Physics and Mathematics. He has held various senior positions in the insurance and financial services industries and has extensive experience in risk management, financial forecasting and strategic planning
- **Fields of expertise:** Actuarial.

8. Ordinary resolution number 6: Remuneration of non-executive directors

To ratify the remuneration paid to non-executive directors for the year ended 31 December 2024.

9. Ordinary resolution number 7: Approval of directors' fees for the ensuing year

In consideration of market remuneration benchmarking and a data-guided insight exercise, conducted by an independent consultant, the group human resources committee recommends the revision of remuneration paid to non-executive directors for the ensuing year in line with the annual inflation adjustment benchmarked Consumer Price Index in Botswana at the end of December 2024 at a rate of 1,7%.

10. Ordinary resolution number 8: Remuneration of the external auditor

To ratify the remuneration paid to the external auditor for the year ended 31 December 2024.

11. Ordinary resolution number 9: Appointment of the external auditor

To appoint PricewaterhouseCoopers as the external auditor of the company for the year ending 31 December 2025 and authorise the directors to determine their remuneration.

12. Special resolution

To amend the company's Constitution in accordance with the revised Companies Act, which came into effect on 24 January 2025.

Initial clause – Section 37

Except where required by any other Act, a company including a close company may, but does not need to, have a constitution.

Revised clause

The Act is amended in section 37 by substituting for subsection (2) the following new subsection

"(2) A company which, prior to the commencement of this Act, was not required to have a constitution, shall submit to the Registrar, a constitution in the manner set out in the First Schedule, within 12 months from the commencement of this Act, or within a longer period as may be specified by the Minister by Order published in the Gazette."

The company is now mandated to have a constitution in the format prescribed by the Act.

Key enhancements to the existing BIHL Constitution:
- New definitions have been included to align with the definitions in the 2024 Companies Amendment Act
- A section on controllers of the company has been included, supported by a controller's form, which shall be filed as an annexure to the BIHL Constitution
- A section on tenure of directors has been included to align with corporate governance best practice to be a maximum of three (three-year) terms i.e. nine years.

The amended Constitution can be accessed on **www.bihl.co.bw.**

13. To close the meeting

VOTING AND PROXIES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak at and vote in his/her stead. The proxy need not be a member of the company.
2. The instrument appointing such a proxy must be deposited at the registered office of the transfer secretary not less than 48 hours before the meeting.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
4. A shareholder/s entitled to attend and vote at this AGM is/are entitled to appoint one or more proxies (who need not be shareholders of the company), to attend, speak and vote on behalf of the shareholder/s at the AGM.

By order of the board

Kagiso Mokgothu
Company Secretary

6 June 2025

Registered office of the transfer secretary
Central Securities Depository Botswana (CSDB)
Plot 70667, 4th Floor, Fairscape Precinct
Fairgrounds Office Park, Gaborone, Botswana
Telephone: +267 367 4400 /11/12 Fax: +267 3180175
Email: csd@bse.co.bw

FORM OF PROXY

BIHL GROUP

BOTSWANA INSURANCE HOLDINGS LIMITED
(Incorporated in the Republic of Botswana in 1990)
(Registration number: BW00000798601)
(Share code: BIHL ISIN: BW 000 000 0033)
(BIHL or the group or the company)

To be completed by certified shareholders with 'own name' registration

I/We ______________________________ being a shareholder/s of

Botswana Insurance Holdings Limited, holding ______________ number of shares hereby appoint:

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the Chairman of the AGM as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at the Botswana Life Insurance Limited boardroom, Plot 66458, Block A, 3rd Floor, Fairgrounds Office Park, Gaborone, Botswana on 27 June 2025 at 16:00, and at any adjournment thereof for the purpose of voting.

	For	Against	Abstain
1. **Ordinary resolution number 1:** To receive, approve and adopt the annual financial statements for the year ended 31 December 2024			
2. **Ordinary resolution number 2:** To ratify the dividends declared by the directors on 21 August 2024 and 5 March 2025			
3. **Ordinary resolution number 3:** To re-elect directors in accordance with the provisions of the Constitution of the company			
3.1 Mr Nigel Suliaman			
3.2 Mr Robert Dommisse			
4. **Ordinary resolution number 4:** To ratify the appointment of the following directors of the company			
4.1 Ms Pragnaben Naik			
4.2 Mr Mark Hopkins			
4.3 Dr Athalia Molokomme			
5. **Ordinary resolution number 5:** To ratify the appointment of Mr Frank Dalo as an executive director of the company			
6. **Ordinary resolution number 6:** To ratify the remuneration paid to non-executive directors for the year ended 31 December 2024			
7. **Ordinary resolution number 7:** To approve an inflationary adjustment to the directors' fees for the ensuing year			
8. **Ordinary resolution number 8:** To approve the remuneration of the auditor for the year ended 31 December 2024			
9. **Ordinary resolution number 9:** To appoint PricewaterhouseCoopers, as the external auditor of the company for the year ending 31 December 2025, and authorise the directors to determine their remuneration			
10. **Special resolution:** To revise the company's Constitution in accordance with the 2024 Companies Act amendments			

Signed at ______________ on the ________ day of ______________ 2025

Signature ______________________________

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or names of two alternate proxies with or without deleting 'the Chairman of the AGM'; such a deletion must be initialled by the shareholder. The person, whose name appears first on the form of proxy and has not been deleted, will be entitled to act as a proxy to the exclusion of those whose names appear below his/hers.

2. A shareholder's instructions to the proxy must be indicated by the insertion of a cross or a tick or the relevant number of votes exercisable by the shareholder in the appropriate space provided.

   Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of the entire shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.

3. Completed forms must be lodged with or posted to the company's registered office
   - BIHL, Plot 66458, Block A, 3rd Floor, Fairgrounds Office Park, Gaborone, Botswana, or
   - PO Box 336, Gaborone, Botswana, or
   - emailed to kmokgothu@bihl.co.bw

   for the attention of the Company Secretary, so as to be received by no later than 48 hours before the time appointed for the holding of the AGM (excluding Saturdays, Sundays or public holidays) or any adjournment thereof.

4. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

5. Any alteration made to or on this form of proxy must be initialled by the signatory/ies.

6. The Chairman of the AGM may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he is satisfied as to the manner which the shareholder concerned wishes to vote.

7. An instrument of proxy shall be valid for the AGM as well as any adjournment thereof, unless the contrary is stated thereon.

8. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the ordinary shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the company not less than one hour before the commencement of the AGM or adjourned AGM at which the proxy is to be used.

9. At a meeting of shareholders, a poll may be demanded by:
   - not less than five (5) shareholders having the right to vote at the meeting, or
   - a shareholder or shareholders representing not less than 10% of the total voting rights of all shareholders having the right to vote at the meeting, or
   - a shareholder or shareholders holding shares that confer a right to vote at the meeting and on which the aggregate amount paid up is not less than 10% of the total amount paid up on all shares that confer that right, or
   - the Chairman.

When a poll is taken, votes shall be counted according to the votes attached to the shares of each shareholder present in person or by proxy and voting.

DEFINITIONS

FINANCIAL DEFINITIONS

Basic earnings per share	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares
Claim	A demand to the insurer for indemnification for a loss incurred from an insured peril
Dividends per share (thebe)	Total dividends paid to ordinary shareholders divided by the number of ordinary shares issued calculated in thebe
Intermediary	A person who negotiates contracts of insurance or reinsurance with the insurer or reinsurer on behalf of the insured or reinsured
Net asset value	Equity attributable to equity holders of BIHL Limited
Remuneration	Money that is paid or other financial compensation provided in exchange for an employee's services performed
Shares in issue	The number of ordinary shares in issue as listed by the BSE
Underwriting	The process of examining, accepting or rejecting insurance risks, and classifying or segmenting those selected, to charge the proper premium for each

SUBSIDIARIES AND ASSOCIATES

ALBOTS	African Life Assurance Company Botswana Proprietary Limited
BIC	Botswana Insurance Company Limited
Bifm	Botswana Insurance Fund Management Limited
BIHL	Botswana Insurance Holdings Limited
BIHL Trust	Botswana Insurance Holdings Trust
Botswana Life	Botswana Life Insurance Limited
FSG	FSG Limited
Khumo	Khumo Property Asset Management Proprietary Limited
KYS	Kgolo Ya Sechaba Investments Limited
Letshego	Letshego Holdings Limited
Nico	National Insurance Company Limited
PPB	Private Property Botswana Limited

A GLOSSARY OF INSURANCE-SPECIFIC TERMINOLOGY

Assumptions	Underlying variables and uncertainties, which are taken into account in determining values, which could be insurance contract liabilities or financial assets at fair value.
Benefit experience variation	Difference between the expected benefit payout and the actual payout.
Deferred revenue	Initial and other front-end fees for rendering future investment management services, which are deferred and recognised as revenue when the related services are rendered.
Discretionary participation features	A contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits whose amount or timing is contractually at the discretion of the issuer, and that are contractually based on: • the performance of a specified pool of contracts or a specified type of contract • realised and/or unrealised investment returns on a specified pool of assets held by the insurer • the profit or loss of the company, fund or other entity that issues the contract.
Embedded value	This is an estimate of the economic worth of a life insurance business. The measurement principles, however, do differ from the measurement principles under IFRS.
Insurance contract	A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
Investment contract	Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of non-financial variable that the variable is not specific to a party to the contract.
Investment management services	Management of an investment, for which a service fee will be charged.
Liability adequacy test	Reassessment of the sufficiency of the insurance liability to cover future insurance obligations.
Life insurance	Contract under which the term of insurance covers a period longer than 12 months, e.g. whole life or term insurance.
Premiums earned	Premiums earned are when premiums are payable by the policyholder.
Premiums written	Premiums written are on acceptance of an insurance contract by the policyholder.
Reinsurance	Insurance risk is ceded to a reinsurer, but the ultimate obligation to the policyholder remains with the entity who issued the original insurance contract.
Unearned premiums	Reserve for premiums received for which the underlying risks have not yet expired. This reserve is released over the term of the contract as the underlying risk expires.

DEFINITIONS continued

ACRONYMS AND ABBREVIATIONS

AGM	Annual general meeting
AI	Artificial intelligence
AIDS	Acquired immunodeficiency syndrome
ALBOTS	African Life Assurance Company Botswana Proprietary Limited
AML	Anti-money laundering
AML/CFT and P	Anti-money laundering/combating financial terrorism and proliferation
API	Annual premium income
AUM	Assets under management
BEL	Best estimate liability
BIC	Botswana Insurance Company Limited
Bifm	Botswana Insurance Fund Management Limited
BIHL	Botswana Insurance Holdings Limited
BIUST	Botswana International University of Science and Technology
BLIIP	Botswana Life International Investment Plan
Botswana Life	Botswana Life Insurance Limited
BSE	Botswana Stock Exchange
BSR	Bonus stabilisation reserve
BWP	Botswana Pula, the functional currency of Botswana
CEE	Citizen economic empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIU	Collective investment undertaking
COO	Chief Operating Officer
CPI	Consumer Price Index
CSI	Corporate social investment
CSM	Contractual service margin
CSP	Conditional share plan
CSR	Corporate social responsibility
DAC	Deferred acquisition cost
DCF	Discounted cash flow
DPF	Discretionary participation features
ECL	Expected credit loss/es
EIR	Effective interest rate
ERM	Enterprise risk management
ESG	Environmental, social and corporate governance
Exco	Executive committee
FSG	FSG Limited
GA	ECL calculated using the general approach
GDP	Gross domestic product
GMM	General measurement method
GWP	Gross written premium
HCC	Human capital and culture
HIV	Human immunodeficiency virus
HR	Human resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IESBA Code	International Code of Ethics for Professional Accountants (including International Independence Standards)
IFRIC	International Financial Reporting Interpretations Committee
IFRS	IFRS Accounting Standards
IFRS® Accounting Standards	Previously, International Financial Reporting Standards or IFRS
IMF	International Monetary Fund
<IR> Framework	International Integrated Reporting Framework of the IFRS Foundation
ISAs	International Standards on Auditing
IT	Information technology
Khumo	Khumo Property Asset Management Company
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
Km	Kilometre
KYC	Know Your Customer
KYS	Kgolo Ya Sechaba Investments Limited
Letshego	Letshego Holdings Limited
LIC	Liability for incurred claims
LGD	Loss given default
LRC	Loss recovery component
LTI	Long-term incentive
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
Nico	National Insurance Company Limited
PAA	Premium allocation approach
PCT	Prescribed capital target
PD	Probability of default
PiT	Point in time
PPB	Private Property Botswana Limited
RA	Risk adjustment
RICS	Royal Institute of Chartered Surveyors
SAM	Solvency assessment management
SDGs	United Nations Sustainable Development Goals
SMEs	Small and medium enterprises
SMMEs	Small, medium and micro enterprises
SoCF	Statement of cash flows
SoFP	Statement of financial position
SPLOCI	Statement of profit or loss and other comprehensive income
STI	Short-term incentive
TCFD	Task Force on Climate-related Financial Disclosures
Teledimo	Teledimo Proprietary Limited
TGP	Total guaranteed package
The board	The board of directors of BIHL
The company	Botswana Insurance Holdings Limited
The group	The company and its subsidiaries
The year	The year ended December 2024
TI	Trans Industries Proprietary Limited
TVOG	Time value of options and guarantees
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
USD	United States Dollar
VAT	Value added tax
VFA	Variable fee approach

SHAREHOLDERS' DIARY

RESULTS ANNOUNCEMENT

Announcement of 2024 financial results	24 March 2025
Announcement of 2025 interim results	29 August 2025

INTEGRATED ANNUAL REPORT

2024 integrated annual report available to shareholders	6 June 2025

ANNUAL GENERAL MEETING

27 June 2025

DIVIDEND DISTRIBUTION

YEAR-END DATES

Declaration of final dividend	5 March 2025
Ex-dividend date	15 April 2025
Record date/last day to register	17 April 2025
Payment date	24 April 2025

INTERIM DATES

Declaration of interim dividend	20 August 2025
Ex-dividend date	8 October 2025
Record date/last day to register	10 October 2025
Payment date	22 October 2025

CORPORATE INFORMATION

BOTSWANA INSURANCE HOLDINGS LIMITED

Incorporated in 1990 in Botswana
Company registration number: BW00000798601

REGISTERED OFFICE

Plot 66458, Block A, 3rd Floor
Fairgrounds Office Park
Gaborone, Botswana
PO Box 336
Gaborone, Botswana
Tel: +267 370 7400
Fax: +267 397 3705
www.bihl.co.bw

DIRECTORS

Dr Keith Jefferis *(Group Chairman)*
Catherine Lesetedi *(Group Chief Executive Officer)*
Frank Dalo (Group Chief Financial Officer)[4]
Robert Dommisse[2]
Edwin Elias
Mark Hopkins[3]
Kate Maphage
Dr Athalia Molokomme
Pragnaben Naik[1]
Mustafa Sachak[3]
Nigel Suliaman[2]

[1] *British*
[2] *South African*
[3] *American*
[4] *Malawian*

COMPANY SECRETARY

Kagiso Mokgothu
Plot 66458, Block A
Fairgrounds Office Park
Gaborone, Botswana

STATUTORY ACTUARY

Daan du Plessis
Sanlam Group Office
2 Strand Street, Belville 7530
South Africa

BOTSWANA LIFE INSURANCE LIMITED

Block A, Fairgrounds Office Park
Private Bag 00296
Gaborone, Botswana
Tel: +267 364 5100
Fax: +267 390 6386
www.botswanalife.co.bw

BOTSWANA INSURANCE FUND MANAGEMENT LIMITED

Block A, Fairgrounds Office Park
Private Bag BR 185
Gaborone, Botswana
Tel: +267 395 1564
Fax: +267 390 0358
www.bifm.co.bw

TRANSFER SECRETARIES

Central Securities Depository Botswana
Plot 70667, 4th Floor, Fairscape Precinct
Fairgrounds Office Park, Gaborone, Botswana
Private Bag 00417
Gaborone, Botswana
Tel: +267 367 4400 /11/12
Fax: +267 318 0175
Email: csd@bse.co.bw

AUDITOR

PricewaterhouseCoopers Proprietary Limited
Plot 64289
Tlokweng Road
PO Box 294
Gaborone, Botswana

purple.frog

REGISTERED OFFICE

Plot 66458, Block A
3rd Floor
Fairgrounds Office Park
Gaborone, Botswana
Tel: +267 370 7400
Fax: +267 397 3705

Postal address

PO Box 336
Gaborone, Botswana

BIHL GROUP

WWW.BIHL.CO.BW

Bifm Botswana Life BIC BOTSWANA INSURANCE COMPANY