



BIHL GROUP

BOTSWANA INSURANCE HOLDINGS LIMITED

**ABRIDGED AUDITED
GROUP RESULTS**

for the year ended 31 December 2021



The directors hereby present the abridged audited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the group) for the year ended 31 December 2021.

GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

CORPORATE INFORMATION

DIRECTORS

Mahube Mpugwa (*Acting Chairperson*)
Catherine Lesetedi (*Group Chief Executive Officer*)
Kudakwashe Mukushi (*Group Chief Financial Officer*)***
Andrew Cartwright**
Chandra Chauhan
Robert Dommissé**
John Hinchliffe*
Lieutenant General Tebogo Masire
Nigel Suliaman**
Kobus Vlok**

* British

** South African

*** Zimbabwean

REGISTERED OFFICE

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TRANSFER SECRETARIES

PricewaterhouseCoopers Proprietary Limited
Plot 50371, Fairgrounds Office Park
PO Box 294, Gaborone, Botswana

AUDITOR

Ernst & Young
2nd Floor, Letshego Place
Khama Crescent
PO Box 41015, Gaborone, Botswana

KEY FEATURES

REVENUE

- Net insurance premium income increased by **7% to P3,1 billion**
- Recurring premium income increased by **15% to P1,9 billion**
- Fee revenue increased by **17% to P128 million**
- Value of new business increased by **37% to P176 million**

ASSETS UNDER MANAGEMENT

- Assets under management (AUM) increased by **19% to P36 billion**

EARNINGS

- Operating profit decreased by **56% to P171 million**
- Core earnings decreased by **54% to P197 million**
- Share of profit of associates increased by **19% to P305 million**
- Profit attributable to equity holders decreased by **27% to P388 million**

SOLVENCY

- The business is well capitalised; required capital for the group subsidiaries is covered **6,8 times** (December 2020: 6,3 times)

EMBEDDED VALUE

- Embedded value increased by **11% to P5,33 billion** (December 2020: P4,78 billion)
- Return on group embedded value decreased marginally to **12%** (December 2020: 13%)

DIVIDENDS

- P183 million** paid as dividends during the period (December 2020: P424 million)
- Final dividend proposed of **P200 million** net of tax (December 2020: P184 million net of tax)

	2021 P'000	2020 P'000
ASSETS		
Property and equipment	183 232	179 261
Intangible assets	107 076	99 089
Right-of-use assets	8 112	15 514
Investment property	10 160	10 160
Investments in associates and joint ventures	1 972 698	1 713 994
Long-term reinsurance assets	10 855	9 259
Financial assets at fair value through profit or loss	15 385 244	14 489 435
Bonds (Government, public authority, listed and unlisted corporates)	8 663 449	9 282 087
– Investment in property funds and companies	1 173 325	1 055 880
– Equity investments (local and foreign)	2 403 845	2 042 429
– Money market instruments	3 144 625	2 109 039
Loans at amortised cost	31 957	36 132
Insurance and other receivables	280 725	284 199
Cash, deposits and similar securities	137 418	239 637
Total assets	18 127 477	17 076 680
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Stated capital	154 936	154 936
Non-distributable reserves	395 716	243 967
Retained earnings	2 781 611	2 585 714
Total equity attributable to equity holders of the parent	3 332 263	2 984 617
Non-controlling interests	18 728	25 228
Total equity	3 350 991	3 009 845
Liabilities		
Policyholder liabilities under insurance contracts	10 444 306	10 847 636
External investors in consolidated funds	3 635 183	2 519 241
Derivatives instrument	42 366	2 400
Deferred tax liability	23 780	19 521
Lease liability	9 234	16 858
Insurance and other payables	616 587	625 907
Tax payable	3 441	31 736
Related party balances	1 589	3 536
Total equity and liabilities	18 127 477	17 076 680

GROUP CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 P'000	2020 P'000
Revenue		
Net insurance premium income	3 084 928	2 879 625
Gross premium income – recurring	1 880 903	1 635 388
– single	1 258 320	1 301 267
Insurance premiums ceded to reinsurers	(54 295)	(57 030)
Revenue from contracts with customers	127 760	108 935
Investment income	74 149	67 761
Interest income using the effective interest rate (EIR)	4 467	6 838
Other interest income	1 050 615	658 991
Fair value gains/(losses) from derivative instrument	39 966	(3 410)
Fair value loss from external investors in consolidated funds	(23 007)	(31 878)
Net loss from financial assets held at fair value through profit or loss	(972 658)	(401 515)
Total revenue	3 386 220	3 285 347
Net insurance and investment contract benefits and claims	(2 277 887)	(2 058 818)
Gross insurance benefits and claims	(2 462 420)	(1 689 071)
Reinsurance claims	131 994	39 240
Change in liabilities under investment contracts	(349 195)	(3 912)
Change in policyholder liabilities under insurance contracts	403 330	(403 534)
Change in contract liabilities ceded to reinsurers	(1 596)	(1 541)
Expenses	(937 043)	(819 020)
Sales remuneration	(516 554)	(424 194)
Administration expenses	(417 915)	(374 909)
Finance cost on leases (IFRS 16)	(543)	(861)
Impairment losses	(2 031)	(19 056)
Profit before share of profit of associates, joint ventures and other income	171 290	407 509
Profit on sale of subsidiary	–	1 396
Share of profit of associates and joint ventures	305 333	257 268
Profit before tax	476 623	666 173
Tax expense	(83 886)	(128 664)
Profit for the period	392 737	537 509
Profit attributable to:		
– Equity holders of the parent	388 022	531 999
– Non-controlling interests	4 715	5 510
	392 737	537 509
Earnings per share (thebe) attributable to ordinary equity holders of the parent		
– Basic	140	193
– Diluted	140	193

	2021 P'000	2020 P'000
Profit for the period	392 737	537 509
Other comprehensive income		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</i>		
Exchange differences on translation of foreign operations	125 130	(70 212)
Total comprehensive income for the period	517 867	467 297
Total comprehensive income attributable to:		
– Equity holders of the parent	513 152	461 787
– Non-controlling interests	4 715	5 510
	517 867	467 297

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Stated capital P'000	Non- distri- butable reserves P'000	Retained earnings P'000	Total equity attri- butable to equity holders of the parent P'000	Non- controlling interests P'000	Total equity P'000
For the year ended 31 December 2021						
As at 1 January 2021						
Opening balances	154 936	243 967	2 585 714	2 984 617	25 228	3 009 845
Profit for the period	-	-	388 022	388 022	4 715	392 737
Foreign currency translation reserve movement	-	125 130	-	125 130	-	125 130
Dividend paid	-	-	(183 541)	(183 541)	(11 215)	(194 756)
Transfers from retained earnings to non-distributable reserves	-	19 542	(19 542)	-	-	-
Other movement in reserves	-	7 077	10 958	18 035	-	18 035
Balances as at 31 December 2021	154 936	395 716	2 781 611	3 332 263	18 728	3 350 991
For the year ended 31 December 2020						
As at 1 January 2020						
Opening balances	154 936	223 186	2 561 131	2 939 253	23 597	2 962 850
Profit for the period	-	-	531 999	531 999	5 510	537 509
Foreign currency translation reserve movement	-	(70 212)	-	(70 212)	-	(70 212)
Dividend paid	-	-	(424 201)	(424 201)	(3 879)	(428 080)
Transfers from retained earnings to non-distributable reserves	-	91 799	(91 799)	-	-	-
Other movement in reserves	-	(806)	8 584	7 778	-	7 778
Balances as at 31 December 2020	154 936	243 967	2 585 714	2 984 617	25 228	3 009 845

GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 P'000	2020 P'000
Net cash flows from operating activities	1 770 239	955 391
Cash generated from operations	1 477 887	1 293 741
Interest received	396 008	40 341
Dividend received from equity investments	28 172	14 947
Dividend received from associates and joint ventures	147 304	105 969
Interest expense on leases (IFRS 16)	(543)	(861)
Tax paid	(83 833)	(70 666)
Dividend paid	(194 756)	(428 080)
Net cash flows utilised in investing activities	(1 867 020)	(873 276)
Purchase of property and equipment	(16 424)	(32 280)
Purchase of computer software	(18 496)	(1 934)
Proceeds from sale of investment in subsidiaries	4 151	4 388
Purchase of investment in associates	-	(2 633)
Acquisition of property investments	(122 215)	(207 605)
Purchase of bonds	(720 361)	(1 157 880)
Withdrawal/(purchase) of equity investments	90 463	(202 237)
(Purchase)/withdrawal of money market instruments	(1 090 138)	716 206
Receipts from loans receivable at amortised cost	6 000	10 698
Net cash flows from financing activities	(5 438)	(4 573)
Payment of principal portion of lease liabilities (IFRS 16)	(5 438)	(4 573)
Net (decrease)/increase in cash and cash equivalents	(102 219)	77 542
Cash and cash equivalents at the beginning of the year	239 637	162 095
Cash and cash equivalents at the end of the year	137 418	239 637

GROUP EMBEDDED VALUE

DEFINITION OF EMBEDDED VALUE

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

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

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

The value of new business represents the value of projected after-tax profits at the point of sale arising from new policies sold during the year to 31 December 2021, accumulated to the end of the period at the risk discount rate. The value is adjusted for the cost of capital required to support the new business.

Embedded value results for the year ended 31 December 2021:

	Year to 31 Dec 2021 P'000	Year to 31 Dec 2020 P'000
Embedded value results		
Shareholders' net assets after fair value adjustments	3 280 688	2 910 930
Shareholders' net assets, excluding goodwill	3 280 688	2 910 930
Value of in-force	2 044 561	1 870 893
Value before cost of capital	1 852 166	1 812 147
Fair value adjustments	401 086	235 748
Cost of capital	(208 691)	(177 002)
Embedded value at the end of the period	5 325 249	4 781 823
Embedded value at the beginning of the year	4 781 823	4 651 546
Required capital	481 899	463 221
Required capital cover	6,8	6,3
Embedded value per share (Pula)	18,90	16,93
Embedded value earnings	573 102	603 960
Change in embedded value	543 425	130 278
Movement in capital	(153 864)	49 480
Dividends paid	183 541	424 202
Return on embedded value (%)	12,0	13,0

Embedded value results

These earnings can be analysed as follows:

	Year to 31 Dec 2021 P'000	Year to 31 Dec 2020 P'000
Expected return on life business in force	186 048	175 575
Value of new business	189 889	138 551
Value at point of sale	175 818	128 803
Expected return to the end of the period	14 071	9 748
Operating experience variances	(152 170)	55 726
Mortality/morbidity	(226 735)	57 338
Persistency	33 958	(1 942)
Expenses	24 547	(13 392)
Other	16 060	13 722
Operating assumption changes	(118 990)	(6 321)
Mortality/morbidity	(99 509)	84 481
Persistency	(27 757)	(5 432)
Expenses	(15 054)	(88 721)
Other	23 330	3 351
Embedded value earnings from operations	104 777	363 531
Investment variances	(20 523)	26 571
Economic assumption changes	27 256	(74 301)
Embedded value earnings from covered business	111 510	315 801
Return on shareholders' assets	296 256	235 512
Investment returns	(43)	(16 146)
Net profit non-life operations	296 299	251 658
Change in shareholders' fund adjustments	165 336	52 647
Changes in treasury share adjustments	(3 091)	3 425
Movement in fair value of incentive scheme shares	(3 114)	(5 830)
Movement in present value of holding company expenses	(3 049)	(5 243)
Movement in other net worth adjustments	174 590	61 705
Embedded value earnings	573 102	603 960

	Year to 31 Dec 2021 P'000	Year to 31 Dec 2020 P'000
Embedded value results		
a) Value of new business		
Value of new business at point of sale	175 818	128 803
Value before cost of capital	188 221	139 438
Recurring premium	110 540	78 742
Single premium	77 681	60 696
Cost of capital	(12 403)	(10 635)
Expected return to the end of the period	14 041	9 748
b) Fair value adjustments	401 086	235 748
Staff share scheme	(36 950)	(33 836)
Non-life operations write-up to fair value	305 206	253 039
Non-life operations write-up to fair value – other	251 414	128 990
Group holding expenses	(158 392)	(155 344)
Reversal of cross-holding adjustment	39 808	42 899
<i>Consisting of:</i>		
Value of in-force adjustments	401 086	235 748

ECONOMIC ENVIRONMENT

From an international market perspective, the year started and ended broadly in a similar fashion. The optimism surrounding global economic recovery and vaccination success contrasted with the policy error fears and the threat of new COVID-19 variants. In the first half of the year, successful vaccine roll-outs paved the way for the reopening of developed economies against the threat of the new Delta variant which was first identified in India in December 2020. Data by and large confirmed a robust pickup in global economic activity, with accompanying inflationary pressures that stoked market fears for an earlier than expected monetary policy tightening. Overall, the level of optimism drove commodity and risky asset prices higher in the first half of the year.

In the second half of the year, although strong corporate earnings initially supported markets, this was overshadowed by near-term concerns around the spread of the new Delta variant, supply chain disruptions and ongoing uncertainty in emerging markets, primarily in China. Most developed countries, having fully vaccinated around 75% of their populations, were able to allow the lifting of many restrictions on travel and other activities. In November, the discovery of a new COVID-19 variant in South Africa, named Omicron, prompted most developed economies to implement travel restrictions. Overall, optimism surrounding a strong corporate earnings and ongoing global economic recovery overshadowed the threat of the new variant, resulting in a strong rally for developed market equities and industrial metals in the second half.

In Botswana, sentiment remained somewhat downbeat in the first half of the year. Rising COVID-19 infections continued to restrict freedom of movement and hampered business activity. In general, economic data releases reflected sluggish business activity with credit extension slowing on the back of weak credit uptake. Botswana headline inflation breached the upper target band (6%) of the Bank of Botswana (BoB) largely due to the increase in value-added taxation to 14% and the increase of administered prices that came into effect on 1 April 2021. The local equity market reflected the international market optimism and turned positive in the second quarter, led by financial and consumer stocks.

In the second half of the year, optimism returned to the local market as declining COVID-19 infections and a successful vaccination drive allowed the Government to declare the end of the State of Public Emergency. Economic data prints also confirmed that the local economy sharply recovered and grew by a whopping 36% (year-on-year) in the second quarter of 2021. Headline inflation rose further and closed the year at 8,7% largely attributable to the secondary effects of the increase in administered prices, mainly fuel and transport. The BoB maintained its accommodative stance in support of the local economy by keeping the policy rate unchanged at 3,75%. Over the full-year, the Botswana Pula depreciated by 7,9% against the US Dollar, while it remained flat against the South African Rand.

ACCOUNTING POLICIES AND PRESENTATION

The accounting policies adopted for the period comply in all material respects with International Financial Reporting Standards (IFRS) and are presented in the manner required by the Insurance Industry Act, 2015 and the Companies Act (CAP 42:01). These policies are consistent with those applied for the year ended 31 December 2020.

FINANCIAL OVERVIEW

Analysis of earnings

	Year to 31 Dec 2021 P'000	Year to 31 Dec 2020 P'000	% change
Operating profit	171 290	392 989	(56)
Investment income on shareholders' assets	25 666	33 317	(23)
Core earnings	196 956	426 306	(54)
Profit on sale of a subsidiary	–	1 396	(100)
Share of profit of associates and joint ventures net of tax	305 333	257 268	19
Investment surpluses/(losses) on shareholder assets	(30 381)	(24 307)	25
Profit before tax	471 908	660 663	(29)
Tax	(83 886)	(128 664)	(35)
Profit after tax	388 022	531 999	(27)
Minority shareholders' interest	4 715	5 510	(14)
Total profit	392 737	537 509	(27)

Operating profit for the group significantly declined by 56% for the year ended 31 December 2021 compared to the prior year. Operating profit for the life business declined by 62% on account of excess mortality experienced during the year. A significant part of the increase in mortality was due to COVID-19 related deaths. The asset management business operating profit for the year is 12% higher than the prior year owing to an improved AUM position from the previous year, leading to higher fee income earned. Share of profit of associates and joint ventures increased by 19% with the main associates being Funeral Services Group, Letshego Holdings and Botswana Insurance Company all of which reported significantly better results compared to last year. The NICO Group performance was adversely impacted by COVID-19 claims.

Embedded value

The group's embedded value increased to P5,33 billion from the P4,78 billion reported as at 31 December 2020. The embedded value allows for P184 million dividends paid during the year.

Value of new life business

The value of new business increased by 37% to P176 million compared to the prior year. New business volumes for the individual life and group funeral portfolios were higher compared to the prior year and also written on healthy margins. The annuity portfolio also performed very well with better value of new business margins, notwithstanding the lower volumes compared to the prior year.

Overview of operations

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

- The life insurance segment which provides life insurance services to its clients through Botswana Life Insurance Limited, Botswana's leading life insurance company, a full subsidiary of the group.
- The asset management segment which provides asset management services to its customers through Botswana Insurance Fund Management Limited (BIFM), and Bifm Unit Trusts, both subsidiaries of the group.
- The general insurance segment which provides short-term insurance and legal insurance to its clients through Botswana Insurance Company Limited (BIC) and BIHL Insurance Company Limited (BIHLIC), respectively – the group holds an indirect 50% interest in BIC, which in turn holds 100% of BIHLIC.
- BIHL also has associate holdings of 28,05% in Letshego Holdings Limited, 37,62% in Funeral Services Group (FSG) and 25,1% in Nico Holdings Limited (Malawi).

Inter-segment transactions that occurred during 2021 and 2020 between business segments took place on an arm's-length basis in a manner similar to transactions with third parties. Segmental income, segment expenses and segment results include those transfers between business segments, which are eliminated on consolidation. The sources of revenue for segments included under 'other' segments are holding company and the corporate social investment trust.

SEGMENT RESULTS

For the year ended 31 December 2021

	Life business P'000	Asset management P'000	Associates and joint ventures P'000	Other P'000	Inter- segmental P'000	Consolidated P'000
Premium revenue	3 084 928	–	–	–	–	3 084 928
Revenue from contracts with customers						
– Internal	–	2 125	–	–	(2 125)	–
– External	–	140 444	–	(12 684)	–	127 760
Investment income	748 878	5 866	–	579 864	(209 844)	1 124 764
Interest income using EIR	1 197	–	–	3 270	–	4 467
Net gain/(loss) from financial assets held at fair value through profit or loss	(925 877)	(6 815)	–	(23 007)	–	(955 699)
Total net income	2 909 126	141 620	–	547 443	(211 969)	3 386 220
Net insurance benefits and claims	(2 330 426)	–	–	–	–	(2 330 426)
Change in policyholder liabilities under insurance contracts	403 330	–	–	–	–	403 330
Change in liabilities under investment contracts	–	–	–	(349 195)	–	(349 195)
Administration expenses	(304 092)	(67 093)	–	(58 689)	10 363	(419 511)
Finance costs	–	–	–	(543)	–	(543)
Impairment losses	(2 031)	–	–	–	–	(2 031)
Selling expenses	(516 554)	–	–	–	–	(516 554)
Profit before share of profit of associates and joint ventures	159 353	74 527	–	139 016	(201 606)	171 290
Share of profit of associates and joint ventures	–	–	305 333	–	–	305 333
Tax expense	(56 215)	(18 885)	–	(13 223)	4 437	(83 886)
Profit for the year	103 138	55 642	305 333	125 793	(197 169)	392 737

SEGMENT RESULTS continued

For the year ended 31 December 2020

	Life business P'000	Asset management P'000	Associates and joint ventures P'000	Other P'000	Inter- segmental P'000	Consolidated P'000
Premium revenue	2 879 625	–	–	–	–	2 879 625
Revenue from contracts with customers						
– Internal	–	2 141	–	–	(2 141)	–
– External	–	127 214	–	(18 279)	–	108 935
Investment income	636 246	(2 862)	–	488 664	(432 779)	689 269
Interest income using EIR	3 851	–	–	2 987	–	6 838
Profit on sale of subsidiary	–	–	–	1 396	–	1 396
Net gain/(loss) from financial assets held at fair value through profit or loss	(393 385)	6 584	–	(69 219)	19 218	(436 802)
Total net income	3 126 337	133 077	–	405 549	(415 702)	3 249 261
Net insurance benefits and claims	(1 649 831)	–	–	–	–	(1 649 831)
Change in policyholder liabilities under insurance contracts	(403 534)	–	–	–	–	(403 534)
Change in liabilities under investment contracts	–	(3 912)	–	–	–	(3 912)
Administration expenses	(256 345)	(60 611)	–	(43 541)	10 181	(350 316)
Finance costs	–	–	–	(861)	–	(861)
Impairment losses	(7 708)	–	–	–	–	(7 708)
Selling expenses	(424 194)	–	–	–	–	(424 194)
Profit before share of profit of associates and joint ventures	384 725	68 554	–	361 147	(405 521)	408 905
Share of profit of associates and joint ventures	–	–	257 268	–	–	257 268
Tax expense	(92 763)	(23 184)	–	(9 597)	(3 120)	(128 664)
Profit for the year	291 962	45 370	257 268	351 550	(408 641)	537 509

Segment assets and liabilities

	Life business P'000	Asset manage- ment P'000	Other P'000	Inter- segmental P'000	Consoli- dated P'000
As at 31 December 2021					
Total assets	13 522 547	6 628 117	1 861 535	(3 884 722)	18 127 477
Total liabilities	13 522 547	6 628 116	1 861 535	(7 235 712)	14 776 486
As at 31 December 2020					
Total assets	13 678 407	5 011 273	1 873 845	(3 486 845)	17 076 680
Total liabilities	13 678 407	5 011 273	1 873 845	(6 496 690)	14 066 835

LIFE INSURANCE BUSINESS

Botswana Life delivered a solid set of results in the 2021 financial year, this despite the COVID-19 burdened economic climate. Income for the year grew despite the headwinds largely attributable to the COVID-19 pandemic and the slower than expected economic recovery. Premium income grew by 7% from P2,9 billion in 2020 to P3,1 billion. Net recurring premium income grew 16% from P1,58 billion to P1,83 billion. This line represents a sustainable source of profit in the long term. Total new business grew 42% with most income lines showing a recovery from 2020. The value of new business, which represents the present value of future profits from new business premiums written during the period, grew by 37% compared to the prior year due to higher sales volumes for some retail and corporate business portfolios and a shift towards a more profitable mix of new business. Operating profit declined by 65% year-on-year from P379 million to P134 million. The major contributor to the decline in operating profit was the unprecedented amount of COVID-19 claims which impacted all risk product lines. The net insurance claims and benefits paid increased by 41% in total compared to the prior year.

During 2021, management continued with cost optimisation initiatives to manage the cost base within optimal levels underpinned by process automation and a shift to online channels. Digitisation was fast tracked, realising operational online streaming of sales distribution processes (end-to-end), customer self-service and collaborative e-payment platforms complementing existing traditional channels. In line with the SeSarona five-year strategy, the business launched an exciting new offering; Botswana Life Fiduciary Services which will assist clients with their estate planning needs.

ASSET MANAGEMENT BUSINESS

The BIFM Group yielded a strong set of results for the financial year ended 31 December 2021. Operating profit increased by 12% compared to the prior year. This good performance is attributable to the growth in AUM of 18% reflecting the goodwill that the company continues to build with its clients. The Zambia business, on the other hand, realised a decline in operating profit compared to the prior year mainly due to a decline in performance fees income compared to the prior year and the depreciation of the Zambian Kwacha against the Botswana Pula.

Total AUM increased by 19% to close the year at P36 billion, including Zambia's at P5,2 billion and Bifm Unit Trust at P1,7 billion.

CAPITAL MANAGEMENT AND SOLVENCY

The group remains well positioned in terms of capital management and solvency. This was taken into consideration by the board when resolving to declare a final dividend. The board has confidence in the group's ability to maintain dividends at this level while ensuring that its capital position remains solid and aligned with future capital requirements while sustaining healthy levels of return on group equity value.

LOOKING AHEAD

There has been an increase in claims due to general excess mortality and COVID-19 related claims during the year, and we have seen an improvement in mortality since the vaccine rollouts. The economic impact of the pandemic remains high and the general household's disposable income remains under pressure. The situation is made worse by the rising cost of living, virus mutations and the aftermath of COVID-19 including increased morbidity risk. Management will be implementing appropriate actions to mitigate these risks to ensure the group's value proposition remains sound going into the future. The risk mitigating actions include driving profitable topline growth to ensure the business can navigate the current pandemic while delivering much-needed support to our policyholders.

The group continues in its efforts to safeguard the safety and well-being of employees and clients from the risks of transmission, through a combination of actions, including ramping up the use of digital channels to limit face-to-face interactions among other things. We will continue to explore ways to limit unnecessary face-to-face interaction between staff and our clients while ensuring that the quality of our service remains uncompromised.

The focus on collaboration within the group has once again yielded pleasing results, and management will continue to drive internal synergies as well as mutually beneficial partnerships with key clients.

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

DIVIDEND DECLARATION

The directors have resolved to award a final dividend of 71 thebe per share (net of tax).

The important dates pertaining to the dividends are:

Declaration date	2 March 2022
Ex-dividend date	8 April 2022
Record date	12 April 2022
Payment of dividend	22 April 2022

For and on behalf of the board

Mahube Mpungwa
Acting Chairperson

Catherine Lesetedi
Group Chief Executive Officer

2 March 2022

REGISTERED OFFICE

Plot 66458, Block A
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