Botswana Insurance Holdings Limited
Consolidated and Separate financial statements
For the year ended 31 December 2023

Botswana Insurance Holdings Limited
(Incorporated in Botswana)
Company registration number BW00000798601

Group financial statements
For the year ended 31 December 2023

I n d e x	***Page***

Directors' Report

The Board of Directors of Botswana Insurance Holdings Limited ("the Company") has pleasure in submitting its integrated annual report and the audited annual financial statements of BIHL and its subsidiaries for the year ended 31 December 2023.

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. It also provides microlending through its associated companies and funeral services in the prior year. The Company is listed on the Botswana Stock Exchange (BSE).

Results for the Year

The Group reported a net profit, after tax, for the year to 31 December 2023 of P782 million (2022 restated: P449 million) largely due to good investment returns, profit on sale of an associate and a positive impact from assumption changes. Shareholders' equity as at 31 December 2023 was P3.614 billion 2022 restated: (P3.773 billion). Further details regarding the Group's results and prospects are included in the Financial Review in the Integrated Annual Report.

Stated Capital

The issued and fully paid share capital as at 31 December 2023 was 284,870,652 ordinary shares (2022: 282,370,652), refer to note 6.

Dividends

A net interim dividend of 70 thebe (2022: 65 thebe) per share and a special dividend of 7 thebe per share (2022: nil) was declared and paid during the year. The Directors propose a final dividend of 110 thebe (2022: 101 thebe) per share, and a special dividend of nil thebe (2022: 89 thebe) per share bringing the total dividend for the year to 187 thebe per share (2022: 255 thebe per share) not subject to tax.

Directors' Shareholdings

The aggregate number of BIHL shares held directly or indirectly by Directors of the Company was 404,022 (2022: 396,444). Details of the holding of these shares are disclosed in note 22.2.

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.

Directorate

K. Jefferis	(Chairperson) (appointed 10 July 2023)
J. Hinchliffe	(retired 25 March 2024)
K. Vlok	(resigned 25 March 2024)
A Cartwright	
Lieutenant General T. Masire	
N. Suliaman	
R. Dommisse	
K. Maphage	(appointed 20 September 2023)
E. Elias	(appointed 22 August 2023)
M. Sachak	(appointed 28 July 2023)
C. Chauhan	(resigned 6 March 2023)
M. Mpugwa	(resigned 17 August 2023)
K. Mukushi	Group Chief Financial Officer
C. Lesetedi	Group Chief Executive Officer

Company Secretary and Registered Address

K. Mokgothu
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
Bank Gaborone Limited
Bank of Baroda (Botswana) Limited
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 condensed 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 condensed 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 page 15 - 160 were authorised for issue by the Board of Directors on 6 June 2024 and were signed on its behalf by:

K. Jefferis
Chairperson

C. 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, 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. As at 31 December 2023, the Liabilities under the two approaches are the same.

Statement of Actuarial Values of Assets and Liabilities P'000	**2023**	**2022**
Total assets	14,467,683	13,915,831
Current liabilities and deferred tax	730,545	884,601
Net assets	13,737,138	13,031,230
Actuarial value of policy liabilities	11,532,484	10,511,596
Excess of assets over liabilities	2,204,654	2,519,634
Capital Adequacy Requirement	228,706	223,995
Capital Adequacy Requirement cover	9.64	11.25
Analysis of change in excess of assets over liabilities		
Excess assets as at beginning of reporting period as previously reported	2,519,634	2,420,932
Excess assets as at end of reporting period	2,204,654	2,519,634
Change in excess assets over the reporting period	(314,980)	98,702
This change in the excess assets is due to the following factors:		
Investment return generated by excess assets over liabilities	194,474	36,563
Changes in valuation methods or assumptions	(89,865)	(46,408)
Operating profit	553,515	445,831
Taxation	(161,329)	(105,062)
Ordinary shareholders surplus for the period	496,796	330,923
Share of profit from an associate company	(97,403)	125,028
Changes in reserves of associates	(2,868)	16,776
Capital raised and dividends paid	(711,504)	(374,025)
Total change in excess assets	(314,980)	98,702

Changes in valuation methods or assumptions of assets and liabilities

Changes in basis and methodology had the effect of increasing the total value of policyholder liabilities by P80.7 million as at 31 December 2023 (31 December 2022: increased by P46.4 million). The impact of valuation assumption and methodology changes on policyholder liabilities are summarised below.

	2023	**2022**
	P million	P million
Assumptions and model change	**89.9**	46.4
Mortality	51.1	7.9
Lapses	17.7	(5.6)
Expenses	19.9	(12.8)
Economic	(0.2)	(20.5)
Other	1.4	77.3
Total	**89.9**	46.4

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 NBFIRA's IPR1L: Prescribed Valuation Method for Long-term Insurance and IFRS4. No contracts are classified as investment contracts and valued under IFRS 9 Financial Instruments as all our investment contracts offer the policyholder the option to add a risk rider in the future and are therefore life insurance contracts. This will change under IFRS 17 as some of our investment contracts that do not have insurance risk will be reclassified as IFRS 9.

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 on the financial

Report of the Statutory Actuary

Life Business

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 Non-Banking Financial Institutes Regulatory Authority (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 the IPR1L; and
- Discretionary margins determined to release profits to shareholders consistent with policy design and Company policy.

The value of policy liabilities at 31 December 2023 exceeds the minimum requirements in terms of the 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 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 bonus stabilisation reserve for any class of business was more negative than

Report of the Statutory Actuary

Life Business

–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 10.24% per annum (2022: 8.06%). The economic basis methodology used is market consistent and a risk-free yield curve is used as a base to discount liabilities. Bonus Stabilisation Reserves 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 bonus stabilisation reserves. Bonus stabilisation reserves 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.

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

- A margin of 15% on surrender rates for Mompati product (2022:15%).
- 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 P333.6 million (2022: P387.8 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 the 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:

	2023	***2022***
	%	**%**
Gilt return	6.7	8.2
Equity return	10.2	11.7
Property return	7.7	9.2
Cash return	5.7	7.2
Average return	7.5	9.0
Expense inflation	3.7	5.2

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. Provisions has also been made for the expected occurrence of AIDS-related claims. The most recent lapse investigation was done as at the end of October 2023. The most recent mortality investigations for annuity and the individual life retail book were done in November 2023.

Expenses
The provision for expenses (before adding margins) starts at a level consistent with next year's budgets and allows for inflation of 3.7% (2022: 5.2%) escalation per annum.

Valuation basis of policy liabilities for Investment contracts without discretionary participation features

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 reserves 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

Report of the Statutory Actuary

Life Business

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 Prescribed Capital Target (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 bases in accordance with NBFIRA's IPR3L - Prescribed Capital Target (PCT) for Long-Term Insurers with the maximum of the two bases being used.

For Botswana Life Insurance Limited, the maximum capital target is on the Ordinary Capital Target (OCT) basis at 31 December 2023 and 31 December 2022. The ratio of accumulated surplus to PCT of P228.7 million (December 2022: P P223.9 million) under prescribed basis is 11.25 times (December 2022: 10.01 times).

I hereby certify that:

- The valuation of the liabilities of Botswana Life Insurance Limited as at 31 December 2023, 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- Prescibed 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 Rules 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
21 May 2024

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 2023, 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 15 to 160 comprise:

- the consolidated and separate statements of financial position as at 31 December 2023;
- 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.

PricewaterhouseCoopers, Plot 64289, Tlokweng Road, Gaborone, Botswana,
P O Box 294, Gaborone, Botswana
T: (267) 370 9700, www.pwc.com/bw

Country Senior Partner: R Binedell
Partners: A S Edirisinghe, I D Molebatsi, S K Wijesena

Our audit approach

Overview

Overall group materiality

- Overall group materiality: BWP54 090 050, which represents 5% of consolidated profit before tax.

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. Components with specific associated risks were subject to either audit procedures over specific account balances or review procedures. Analytical review procedures were performed over insignificant components.

Key Audit Matters

- Valuation of insurance contract liabilities and assets (including reinsurance contract assets and liabilities), specifically with respect to
  - Transitioning from IFRS 4 to IFRS 17 and
  - Measuring the year-end balances of insurance contract liabilities and assets

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	BWP54 090 050

How we determined it	5% of consolidated profit before tax.
Rationale for the materiality benchmark applied	We chose 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 chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this industry.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment included consideration of the financial significance of the Group's components as well as taking into consideration the sufficiency of work planned to be performed over material financial statement line items in the consolidated financial statements.

We performed full scope audits on the Company and all financially significant subsidiaries (that is, Botswana Life Insurance Limited and Botswana Insurance Fund Management Limited). Specific audit procedures were performed over the material account balances of unit trusts consolidated into the consolidated financial statements. Review procedures were performed at Nico Holdings Limited. Analytical review procedures were performed on insignificant subsidiaries and associates.

With the exception of the review procedures performed at Nico Holdings Limited, all audit work was performed by the group engagement team and did not require involvement of component auditors.

These procedures, together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, provided us the audit evidence we needed for our opinion on the consolidated financial statements as a whole.

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 on 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)	

Key audit matter	*How our audit addressed the key audit matter*
At 31 December 2023, the Group held insurance contract assets, reinsurance contract assets, insurance contract liabilities and reinsurance contract liabilities as a result of its insurance operations. The Group applied IFRS 17 (Insurance Contracts) ("IFRS 17") in the recognition and measurement of these insurance contract liabilities and assets for the first time in the current financial year. In doing so, the Group made use of the specific transition guidance contained in IFRS 17 for changing the recognition and measurement basis from what was previously followed under IFRS 4 (Insurance Contracts) ("IFRS 4"). **Transitioning from IFRS 4 to IFRS 17** In retrospectively applying IFRS 17, the Group has restated its consolidated statements of financial position as previously reported at 1 January 2022 and 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income and the statement of cash flows for the year ended 31 December 2022 in accordance with the transition guidance, recognition and measurement requirements of IFRS 17. The key judgements applied on transition were: • The determination of the transition approach (fully retrospective or fair value approach) based on impracticability assessments. • Where the fair value transition approach was selected, the key assumptions used in determining the fair value for the respective cohorts of policies included: - Required capital; - Adjustment for diversification of required capital; and - Hurdle rate (or required rate of return); • The assumptions applied in calculating the opening contractual service margin (CSM)	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: *Transition from IFRS 4 to IFRS 17* • We assessed whether the Group's chosen accounting policies and methodologies were in compliance with IFRS 17 and were consistent with the policy elections made on transition. • We tested the impracticability assessments prepared by management for a sample of cohorts where the fully retrospective approach was not followed. • We tested, on a sample basis, the accuracy of insurance contract data utilised as inputs into the measurement models used on 1 January 2022 and 31 December 2022. • We tested, on a sample basis, to ensure that data inputs into the measurement models used on 1 January 2022 and 31 December 2022 were complete. • We assessed the appropriateness of the assumptions used in determining the contractual service margin (CSM) of cohorts where the fair value approach was selected. • We challenged the judgements applied by management in assessing whether contracts transferred significant insurance risk. • We tested that the levels of aggregation used for measuring and reporting on groups of contracts was in compliance with IFRS 17. • We assessed the appropriateness of management's assumptions applied in calculating the CSM on the transition date (being 1 January 2022) including assessing ○ the appropriateness of the coverage units used to amortise the CSM and ○ reasonableness of the impact of assumption changes unlocking the CSM. • We tested the IFRS 17 transition models and methodologies for internal consistency and compliance with the requirements of IFRS 17.

Key audit matter	*How our audit addressed the key audit matter*
where the fully retrospective approach has been applied. Refer Accounting policies and basis of preparation and Note 28.5 to the consolidated financial statements. **Measuring year-end balances of 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 Refer Note 5 - Significant accounting judgements, estimates and assumptions to Accounting policies and basis of preparation and Notes 8, 11 and 18 to the consolidated financial statements. We considered the valuation of insurance contract assets and liabilities balances (including the transition from IFRS 4 to IFRS 17) to be a key audit matter in our audit of the financial statements because of the following: ● The judgements applied in determining the transition approach and balances as a consequence of the transition from IFRS 4 to IFRS 17;	*Procedures over year-end balances* We tailored our testing of the insurance contract balances with reference to the various portfolios of contracts and the various measurement models applied, as audited as part of the transition, 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 on a sample basis; ● evaluated the accuracy of the risk adjustment for non-financial risk, including 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

Key audit matter	*How our audit addressed the key audit matter*
• 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 comprehensive income for the year ended 31 December 2023.	investigation results and assumption changes approved by management / governance structures. 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 2023; • tested to ensure that data inputs into the measurement models at 31 December 2023 were complete; and • reconciled the outputs from the Group's measurements models to the consolidated financial statements. Our audit procedures did not identify unaddressed exceptions, which could have a material impact on reported balances and amounts.

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 Consolidated and Separate Financial Statements for the year ended 31 December 2023" which we obtained prior to the date of this auditor's report, and the document titled "Botswana Insurance Holdings Limited Annual Report 2023", 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 and will 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 on the other information that we obtained prior to the date of this auditor's report, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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

PricewaterhouseCoopers
Firm of Certified Auditors
Practicing Member: Rudi Binedell (CAP003 2024)

7 June 2024
Gaborone

1. General information

The Company and its subsidiaries ("the Group") underwrite all classes of long-term insurance, legal insurance, manage investments, and administer life and pension funds. It is also exposed to legal insurance, short term insurance 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, Sanlam-Allianz, holds 58% of the Company's stated capital. Sanlam-Allianz is one of the leading financial services groups in Africa.

2. Basis of preparation and statement of compliance

The Group and company annual financial statements have been prepared in accordance 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 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.

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.

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.

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.

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 2023. 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 is described below.

New or revised standards	Effective period beginning on or after
IFRS 17 Insurance Contracts and IFRS 17 Insurance contracts Amendments	1 January 2023
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8 - Accounting Policies; Changes in Accounting Estimates and Errors; Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 'Presentation of Financial Statements', Disclosure of Accounting Policies	1 January 2023

The impact of the above new standards and amendments to existing standards is noted below:

4.1.1. IFRS 17 Insurance Contracts and IFRS 17 Insurance contracts Amendments

IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required.
The standard has resulted in a profound change to the accounting in IFRS® financial statements for insurance companies. This has had a significant impact on data, systems and processes used to produce information for financial reporting purposes.

IFRS 17 – Insurance Contracts replaces IFRS 4 - Insurance Contracts for annual periods beginning on or after 1 January 2023. The Group commenced the application of the Standard on 1 January 2023 and has restated 2022 comparatives when reporting on 2023 financial periods.

The Group applies IFRS 17 – Insurance Contracts to insurance contracts it issues and reinsurance contracts it holds. The Group does not presently issue reinsurance contracts nor investment contracts with discretionary participating features. All references to insurance contracts apply to insurance contracts issued or acquired, and reinsurance contracts held, unless specifically stated otherwise.

IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and aims to ensure that the Group provides relevant information that faithfully represents the insurance contracts of the Group. This will provide a basis for users of the financial statements to assess the effect that the insurance contracts have on the Group's financial position, performance, and cash flows.

IFRS 17 requires new disclosures about the amounts recognised in the financial statements, including detailed reconciliations of insurance liabilities, the measurement impact of recognising new contracts, and disclosures about significant estimates and judgements made when applying the standard. Disclosures will be expanded with additional detail on the nature and extent of risks related to insurance contracts.

The Group has assessed the impact of the initial application of IFRS 17 on the Statement of Financial Position as at 1 January 2022.

Transition

The IFRS 17 Standard is applicable to annual periods beginning on or after 1 January 2023. However, the requirement for 2023 comparative information means that the IFRS 17 transition statement of financial position is required at 1 January 2022.

When determining the insurance liabilities at transition, the IFRS 17 Standard should be applied retrospectively as if it had always applied unless it is "impracticable" to do so based on the requirements in IAS 8: Accounting policies, Changes in Accounting Estimates and Errors. Where it was impracticable to apply IFRS 17 retrospectively (also referred to as the full retrospective approach (FRA)), the Group applied the fair value approach (FVA). The modified retrospective approach (MRA) has not been applied to any groups of insurance contracts in the group.

Impracticability has been determined by assessments of the availability of:

I. historical expense, lapse and mortality data to perform a risk adjustment calibration.
II. actual historic premiums and charges to calculate actual vs expected premiums, which unlocks the CSM
III. historic expense cash flows at a portfolio level to calculate the CSM at initial recognition for historic new business cohorts
IV. historic discount rates at an entity level to calculate liabilities at historic points in time
V. credible and complete raw data from the policy administration system or raw data from a different source

These variables were built into a decision tree which allowed an efficient way to determine which products would be required to follow a fully retrospective approach and which products would be impracticable and therefore could follow a fair value approach.

The transition approach has been determined at a group of insurance contracts level. The high-level distribution of transition approaches across the Group is summarised below:

- The FRA has been applied to groups of contracts measured under the Premium Allocation Approach (PAA);
- For contracts measured under the General measurement method (GMM), the FRA has not been applied to any groups of contracts issued before 1 January 2019. The retrospective calculation start date varies depending on the availability of historic data, assumptions and models.
- The FVA will be applied to the remaining groups of contracts, including closed books of business (old policies that are no longer being sold by the Group).

Full retrospective approach

Under the full retrospective approach, the company has recognised and measured each group of insurance contracts as if IFRS 17 had always applied. The CSM at initial recognition for a group of insurance contracts was based on initial assumptions when the contracts were recognised, and rolled forward to the transition date as if IFRS 17 had always applied. The company has derecognised any existing balances that would not exist had IFRS 17 always applied, and recognised any resulting net difference in equity.

Fair value approach

The FVA has been applied if the fully retrospective approach is impracticable. Under this approach the CSM (or loss component) is calculated as the difference between the fair value of a group of insurance contracts and the IFRS 17 fulfilment cash flows at the transition date. The fair value is determined in accordance with IFRS 13: Fair Value Measurement. IFRS 13 defines fair value as "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". The transaction price is therefore based on a general market participant's view of the fair value of the relevant group of insurance contracts. The income approach is used in determining the fair value of a group of insurance contracts. This approach converts a stream of future expected cash flows to a current single amount, reflecting market participants' expectations of the future amounts.

The estimates of future cash flows within the contract boundary are included in the fair value estimation. Cash flows related to future renewals and new business contracts are therefore outside the boundaries of the insurance contracts measured under the FVA. However, expense cash flows not directly attributable to the fulfilment of the insurance contracts (and therefore not included in the IFRS 17 fulfilment cash flows) are allowed for in the fair value estimation. No other material adjustments are made to the future estimates of cash flows when compared to the estimates included in the IFRS 17 fulfilment cash flows.

There will be an initial capital outlay for the buyer of a group of insurance contracts on the transaction date. The capital outlay is the sum of:

- the transaction price agreed between the buyer and the seller on the transaction date; and
- the total required capital that the buyer of the insurance contracts expects to set up on the transaction date.

In determining the transaction price, the required capital is treated as an outflow for the buyer on transaction date, with the subsequent investment returns on and releases of the required capital included as inflows, with the net effect of allowing for the cost of recognising the total required capital at the transaction date.

The transaction price is determined such that the buyer earns the required rate of return (hurdle rate) on the initial capital outlay. The buyer earns the hurdle rate on the transaction if the transaction price is determined such that the future returns on the initial capital outlay, discounted to the transaction date at the hurdle rate, is equal to the initial capital outlay.

The Group used significant judgement to reflect a market participant's view in determining the following:

- Estimates of future cash flows were determined on a prospective basis at the transition date as described above, with no allowance for acquisition cash flows that occurred before the transition date;
- Locked-in discount rates related to a group of insurance contracts measured under the FVA are based on the discount rates applicable at the transition date, and
- groups of contracts include contracts that were initially recognised more than one year apart. The group has used reasonable and supportable information to assess at the transition date that):
    a) Insurance contracts issued are allocated to groups of contracts in a non-onerous position, with a significant possibility of becoming onerous in subsequent periods; and
    b) Reinsurance contracts held are allocated to groups of contracts in a net cost position, with a significant possibility of a net gain arising in subsequent periods.

Furthermore, the Group applied significant judgement in assessing and estimating the following key inputs used in determining the fair value of a group of insurance contracts:

- The hurdle rates were based on the group's view of the returns that a general market participant could reasonably expect to achieve on the insurance business being transferred. Hurdle rates within each cluster were consistent with the group's hurdle-rate setting framework used for purposes of corporate transactions or internal budgeted returns on group equity value and is based on a Weighted Average Cost of Capital approach, with possible adjustments to align to market participants' views where relevant. The hurdle rate was determined as the sum of the following components:
    a) a risk-free interest rate based on a representative point on the yield curve, consistent with the economic assumptions used in the calculation of embedded value for covered business; plus
    b) a risk premium reflecting the return in excess of risk-free rates required by the buyer as part of the hypothetical transaction. The average risk premium included in the hurdle rates fell within a range of 12% to 13%.

For the material lines of insurance business applying the FVA at the transition date, the aggregate CSM was expected to increase (reduce) by between 6% to 7% for a 1% increase (reduction) in the hurdle rate.

- The total required capital was based on the Group's view of the capital basis expected to apply within each territory, with any relevant market information available at the transition date being applied where possible. The total required capital was based on the assets held in respect of IFRS 4 liabilities plus additional required capital allocated to the insurance contracts for embedded value calculations, subject to a minimum amount of nominal required capital if prescribed by the local regulatory authority in the relevant territory.
- The effect of any diversification in the required capital was determined such that the transaction price was not expected to be biased towards either the buyer or the seller. The allowance for diversification was consistent with the group's view of what an average market participant would be willing to price into the transaction.

The required capital for each portfolio of insurance contracts was assumed to be aligned with the prudential solvency requirements before any allowance for the effect of diversification of capital between products. The allowance for correlations between risks in the required capital was aligned with the correlation factors as prescribed in the local solvency standards. In determining the total required capital for an average market participant, a haircut (ranging between 5% to 10%) was applied to the stand-alone solvency capital requirement and risk margin to adjust for the effect of diversification of required capital between products. This allowance for diversification assumed that only a proportion of the expected synergies in respect of the full diversification benefit would be priced into the transaction.

- The future investment returns on the total required capital assumed that:
  a) the future investment returns on the assets backing insurance liabilities were aligned with the valuation discount rates; and
  b) the future investment returns on the assets backing additional required capital allocated to the insurance contracts were either based on the risk-free yield curve at the transition date

Contract boundaries

There was no significant impact on the initial recognition date of contract boundaries of insurance contracts issued and reinsurance contracts held for the insurance business within the group.

Liability for remaining coverage on reinsurance held

No significant impact on the liability for remaining coverage for insurance contracts issued (or asset for remaining coverage for reinsurance contracts held) for contracts measured under the Premium Allocation Approach (PAA).

Impact of first-time application of IFRS 17 by recognition and measurement basis:

The table below summarises the impact of transition impact to retained earnings based on measurement model and does not include reallocation entries.

	Gross Balance P'000	Reinsurance P'000	Net of reinsurance P'000	
Insurance contracts under IFRS 17				
General measurement model				
Individual Life Risk	(694,952)	64,840	(640,967)	
Annuities	6,722,174	-	6,722,174	
	6,027,222	**64,840**	**6,092,062**	
Premium Allocation Approach				
Group life and credit life	597,765	(10,855)	586,910	
	597,765	**(10,855)**	**586,910**	
Total	**6,624,987**	**53,985**	**6,678,972**	(a)
Balances as reported at 1 January 2022 under IFRS 4				
Policyholder liabilities as reported at 1 January 2022 under IFRS 4			10,447,441	
Less: Investment contract liabilities (refer to note 28.4)			(3,234,340)	
Insurance contract liabilities under IFRS 4			7,213,102	
Reinsurance asset			(10,855)	
Net insurance contract liabilities under IFRS 4			**7,202,246**	(b)
Transition adjustment to retained earnings (before tax impact)			(523,274)	(a) - (b)
Deferred tax impact at 22%			115,120	
Transition adjustment to retained earnings (net of tax impact)			**(408,154)**	

Restated Statement of financial position due to correction of prior period errors and adoption of IFRS 17: Insurance Contracts is shown below.

Basis of presentation and accounting policies

P'000	Note(s)	2022 As previously reported Audited	Correction of prior period error (i)	Correction of prior period error (ii)	Adoption of IFRS 17	2022 Restated	2021 As previously reported Audited	Correction of prior period error (i)	Adoption of IFRS 17	2021 Restated
ASSETS										
Property and equipment		173,158	-	-	-	173,158	183,232	-	-	183,232
Intangible assets		101,197	-	-	-	101,197	107,076	-	-	107,076
Right-of-use assets		14,713	-	-	-	14,713	8,112	-	-	8,112
Insurance contract asset	1	-	-	-	553,701	553,701	-	-	582,812	582,812
Reinsurance contract assets	2	7,555	-	-	2,716	10,271	10,855	-	1,027	11,882
Investment property		12,260	-	-	-	12,260	10,160	-	-	10,160
Investments in associates and joint ventures		1,930,412	-	(20,218)	-	1,910,194	1,972,698	-	-	1,972,698
Non-current asset held for sale		99,988	-	-	-	99,988	-	-	-	-
Financial assets at fair value through profit or loss		15,411,628	-	-	-	15,411,628	15,385,244	-	-	15,385,244
Loans at amortised cost		-	-	-	-	-	31,957	-	-	31,957
Insurance and other receivables	3	359,802	-	-	(172,862)	186,940	280,725	-	(144,927)	135,798
Deferred tax		2,016	-	-	(2,016)	-	-	-	-	-
Cash and cash equivalents		400,711	-	-	-	400,711	137,418	-	-	137,418
Total assets		**18,513,440**	**-**	**(20,218)**	**381,539**	**18,874,761**	**18,127,477**	**-**	**438,912**	**18,566,389**
EQUITY AND LIABILITIES										
Equity attributable to equity holders of the parent										
Stated capital		154,936	-	-	-	154,936	154,936	-	-	154,936
Non - distributable reserves		350,208	-	-	-	350,208	395,716	-	-	395,716
Retained earnings	4	3,021,413	-	(20,218)	266,497	3,267,691	2,781,611	-	408,154	3,189,765
Total equity attributable to equity holders of the parent		3,526,557	-	(20,218)	266,497	3,772,835	3,332,263	-	408,154	3,740,417
Non- controlling interests		22,428	-	-	-	22,428	18,728	-	-	18,728
Total equity		**3,548,985**	**-**	(20,218)	**266,497**	**3,795,263**	**3,350,991**	**-**	**408,154**	**3,759,145**
Liabilities										
Long term policyholder liabilities	5	10,511,760	(3,177,051)	-	(7,334,709)	-	10,447,441	(3,234,340)	(7,213,101)	-
Insurance contract liabilities	5	-	-	-	7,551,386	7,551,386	-	-	7,304,508	7,304,508
Investment contract liability		-	3,298,512	-	-	3,298,512	-	3,341,397	-	3,341,397
Reinsurance contract liabilities	6	-	-	-	55,757	55,757	-	-	9,228	9,228
External investors in consolidated funds		3,619,273	-	-	-	3,619,273	3,635,183	-	-	3,635,183
Derivatives instrument		37,259	-	-	-	37,259	42,366	-	-	42,366
Deferred tax liability	7	-	-	-	73,545	73,545	23,780	-	115,120	138,900
Lease liability		16,210	-	-	-	16,210	9,234	-	-	9,234
Trade and other payables	8	750,518	(121,461)	-	(230,936)	398,121	613,452	(107,057)	(184,997)	321,398
Tax payable		26,246	-	-	-	26,246	3,441	-	-	3,441
Related party balances		3,189	-	-	-	3,189	1,589	-	-	1,589
Total equity and liabilities		**18,513,440**	**-**	**(20,218)**	**381,540**	**18,874,761**	**18,127,477**	**-**	**438,912**	**18,566,389**

i. *Refer to note 28.4 for additional information on the correction of prior period error - Separate presentation of investment contract liabilities*
ii. *Refer to note 28.2 for additional information on the correction of prior period error - Investment in associate*

Notes with respect to Adoption of IFRS 17

1. IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets.
2. IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of portfolios of reinsurance contracts held that are assets.
3. Insurance receivable (premium receivable and amounts due from reinsurers) is included in the measurement of IFRS 17 and now form part of insurance/reinsurance contract assets or liabilities.
4. The change in valuation of insurance contract liabilities from IFRS 4 to IFRS 17. Measurement of insurance contract liabilities under IFRS 17 requires the release all discretionary and compulsory reserves held on IFRS 4 liabilities to be replaced by a risk adjustment which represents the compensation the insurer requires for non-financial risk on future cashflows. Adjustments are also made for Introduction of a contractual service margin (CSM) representing the future profits the insurer stands to earn as it provides future service. These valuation changes are adjusted against retained earnings. Refer to the table on page 20 summarizing the impact of transition impact to retained earnings based on measurement model.
5. IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are liabilities.
6. IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of reinsurance contracts held that are liabilities.
7. The expected future tax effects arising from the earnings impact of transitioning to IFRS 17 resulting in a deferred tax liability.
8. Insurance payable (claims payable, premiums received in advance and amount due to reinsurers) is included in the measurement of IFRS 17 and now form part of insurance/reinsurance contract assets or liabilities.

4.1.2. Amendments to IAS 12 - Income Taxes; Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The amendments clarify how entities account for deferred taxes on certain transactions, such as leases and decommissioning obligations, with a focus on reducing diversity in practice. The amendments narrow the scope of the initial recognition exemption so entities will need to recognize a deferred tax asset and a deferred tax liability arising from transactions that give rise to equal and offsetting temporary differences.

Impact: The Group adopted the amendments during the year and the amendments had no significant impact on the Group in the current year.

4.1.3. Amendments to IAS 8 - Accounting Policies; Changes in Accounting Estimates and Errors; Definition of Accounting Estimates

The amendments clarify how entities distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition and guidance on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy.

Impact: The Group adopted the amendments during the year and the amendments had no significant impact on the Group in the current year.

4.1.4. Amendments to IAS 1 - Presentation of Financial Statements; Disclosure of Accounting Policies

The amendments continue the International Accounting Standards Board's (IASB) clarifications on applying the concept of materiality. These amendments help entities provide useful accounting policy disclosures by:

- requiring entities to disclose their material accounting policies instead of their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
- clarifying that not all accounting policies relating to material transactions, other events or conditions are themselves material.

The IASB also amended IFRS Practice Statement 23 to include guidance and examples on applying materiality to accounting policy disclosures.
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
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 above new standards are not expected to have any material impact on the Group or the Company.

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 2022 respectively, clarify that the classification of liabilities as current or noncurrent is based solely on a 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 noncurrent 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 a 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 noncurrent, unless these conversion options are recognized as equity under IAS 32, Financial Instruments: Presentation.

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 recognized.

Seller-lessees are required to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.

Supplier Finance Arrangements (Amendment 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 arrangements4, such as terms and conditions – including, for example, extended payment terms and security or guarantees provided. The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements. Amongst 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.

A glossary of insurance-specific terminology

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.
Life Insurance	Contract under which the term of insurance covers a period longer than 12 months e.g., whole life or term insurance.
Investment management services	Managing of investment, for which a service fee will be charged.
Reinsurance contract	An insurance contract issued by one entity (the reinsurer) to compensate another entity for claims arising from one or more insurance contracts issued by that other entity (underlying contracts).
Liability adequacy test	Reassessment of the sufficiency of the insurance liability to cover future insurance obligations.
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.
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 pay-out and the actual pay out.
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® Accounting Standards.

5. Significant accounting judgements, estimates and assumptions

The preparation of annual financial statements in conformity with IFRS® 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 historic 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 basis of presentation.

5.1.1. Classification

Assessing significance of insurance risk and discretionary amounts for investment contracts with discretionary participation features (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 VFA approach. The group applies judgement to assess on the initial recognition of the contracts, whether:

a. a substantial share of the fair value returns on the underlying items is expected to be paid to the policyholders; and
b. 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 criteria (a) considers the "pass-through" nature of the returns on the underlying item, and therefore excludes any benefits not payable from the underlying, 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 criteria (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.

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, falls 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; or
- 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 rationale 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 2023. 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; and;
- a risk adjustment for non-financial risk.

The probability-weighted estimates of future cash flows is 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; and
- calculating an aggregated weighted average present value of the sets of cash flows based on the probabilities attached to each scenario.

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 5 years up to 31 December 2023. 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 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 3 years ending 30 September 2023. 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

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	
%	2023	2022	2023	2022	2023	2022	2023	2022
Botswana	5,54	3,25	9,03	6,91	9,94	9,11	9,17	8,94

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 on 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 confidence level between 85th 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.

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**
Risk insurance business	GMM	(A)		Guaranteed sum assured (for example term/whole life insurance business, funeral insurance business
Non-participating life annuities	GMM	(A)	(a)	Annuity benefit payments3, or guaranteed benefits available on death/surrender/withdrawal during the accumulation phase for deferred life annuities
Universal life insurance business	GMM	(A)	(a)	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 (a), 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 are 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; and
- 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 to largely offset when adjusting the CSM.

Loss recovery component (LRC) for reinsurance contracts held
A loss recovery component 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 loss recovery component 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 unfavorable 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.

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 year ending 2023 for the life insurance risk (PAA and GMM) business. Even though sensitivity models were not rerun for the prior reporting period for this business, the Group would not expect new insights to be provided from comparative results, and therefore the impacts at 31 December 2023 should be viewed as a proxy of both years.

In addition, for the sensitivity analysis related to interest rates, portfolios of investment assets held in respect of insurance contracts were not rebalanced as at 31 December 2022 to allow for the introduction of IFRS 17 and therefore this sensitivity information for the prior reporting period would not be reasonable/sensible

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 (Premium allocation approach)

The LIC component of life insurance liabilities measured under PAA, is sensitive to possible changes in the following underwriting risk variables:

PAA	31 December 2023			
P'000	LIC as reported	Impact on liability	Impact on profit before income tax	Impact on equity
Insurance contract liabilities	322,170			
Reinsurance contract assets	(3,273)			
Net insurance contract liabilities	318,897			
Ultimate claims cost – 5% increase				
Insurance contract liabilities (net)		11,378	(11,378)	(8,875)
Reinsurance contract assets (net)		(204)	204	159
Net insurance contract liabilities		11,174	(11,174)	(8,716)

The fulfilment cash flows (FCFs) and contractual service margin (CSM) components of life insurance liabilities measured under General Model, is sensitive to possible changes in the following underwriting risk variables

GMM	Liability for remaining coverage		Incurred claims					
P'000	**Best estimate of future cash flows**	**Risk adjustment**	**Best estimate of future cash flows**	**Total FCFs**	**CSM**	**Total**	**Impact on profit before income tax**	**Impact on equity**
Insurance contract liabilities (net)	5,170,858	259,756	92,373	5,522,987	1,340,444	6,863,431		
Reinsurance contract assets (net)	10,927	(31,704)	(36,822)	(57,599)	111,821	54,222		
Net insurance contract liabilities	5,181,785	228,052	55,551	5,465,388	1,452,265	6,917,653		
Mortality/morbidity rate – 5% decrease								
Insurance contract liabilities (net)				(6,370)	5,872	(498)	498	388
Reinsurance contract assets (net)				(859)	859	-	-	-
Net insurance contract liabilities				(7,229)	6,731	(498)	498	388
Lapse/surrender rates – 10% decrease								
Insurance contract liabilities (net)				(44,442)	40,968	(3,474)	3,474	2,710
Reinsurance contract assets (net)				755	(755)	-	-	-
Net insurance contract liabilities				(43,687)	40,213	(3,474)	3,474	2,710
Expenses – 10% decrease							-	-
Insurance contract liabilities (net)				(75,512)	69,610	(5,902)	5,902	4,604
Reinsurance contract assets (net)				-	-	-		-
Net insurance contract liabilities	-	-		(75,512)	69,610	(5,902)	5,902	4,604

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% (2022: 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 un-quoted equity

The investments in un-quoted 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 P376 million (2022: P282 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 effective interest rate. 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. Loss given default (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. There 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, 5,12 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.

Upon consideration of these factors, the Group has determined that its joint arrangement structure through a separate vehicle (Khumo Property Asset Management (Pty) Ltd) 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 (Pty) Ltd, which is a non-operating holding company, which holds a 100% investment in a short-term insurance company, Botswana Insurance Company Ltd (BIC). Trans Industries (Pty) Limited (TI) which is a privately-owned company incorporated in Botswana owns the remaining 50% of Teledimo. BIC further holds 100% investment in Insure Guard and a 66% in GrandRe Tanzania. The shareholders agreement between BIHL and TI provides for 50-50 representation and equal voting rights between the shareholders. BIHL and TI also equally exercise the decision-making authority through a unanimous agreement.

Based on the aforementioned, the Group assessed that it has joint control of BIC and accounts for the joint arrangement as a joint venture 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 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 (BLIL), 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 shareholder 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 an associate incorporated in Malawi (Nico Holdings Limited-NICO)
- **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. The company has a joint venture arrangement incorporated in Botswana (Teledimo).

5.12. Consolidation of investment funds

The Group acts as a fund manager and invests in a number of investments 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 regards 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.

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

a) 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:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. 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 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. 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 Fleming Aggregate Bond Index (FABI) + 0.50% starting on the 1st of December each year. The performance fee rate is 0.1% of the market value of the fund as at 30 November 2023, 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 above were not met as at the evaluation date.

Investment income
Interest income is recorded using the effective interest rate (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.

b) 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 2023. 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.

(i) 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, and
- 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.

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.

(ii) 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 equal 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 it's carrying value and recognises the amount to share of profit/ (loss) of an associate' in the income statement.

(iii) Interest in a joint venture
The Group has an interest in joint arrangements, which are 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 ventures using equity accounting. The year-ends of the group's joint

ventures are 31 October and 31 December. Adjustments are made for any significant transactions or events in the intervening period between 31 October and the group's reporting date.

(iv) Consolidated funds

A financial liability is recognised and classified as at fair value through profit or loss, for the fair value of 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.

(v) 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, or
- 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.

7.5. Initial recognition & 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.

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; and
- 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; or
- 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 loan

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 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

7.6. 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.

7.7. 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 fee 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.

7.8. Impairment of financial assets and non-financial assets

Financial assets at amortised cost

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 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 Loss given default. Loss given default (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. The 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. In 2022 a number of brokers and agents' loans were included in the credit loss provision due the brokers and agents becoming inactive for an extended period of time. The risk of default was deemed to be higher as the loan recipients were no longer actively engaged by the Group.

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.

7.9. 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.

7.10. 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.

7.11. Acquisition costs

Acquisition costs form part of fulfilment cashflows 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.

7.12. Recurring and non-attributable costs

Recurring and non-attributable costs include, inter alia, staff costs, professional fees, bank charges, marketing and advertising, and 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 costs estimation prepared to derive unit costs per product as part of the actuarial modelling process.

7.13. 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 below and comply with the requirements of IFRS®. An explanation of the recognition of insurance amounts in profit or loss is covered on page 56.

Classification

The Group applies IFRS 17 - Insurance Contracts to insurance contracts and reinsurance contracts it issues, reinsurance contracts it holds and investment contracts with discretionary participation features (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 issued or 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 (refer to explanation of recognised insurance amounts in profit or loss on page 56 for further details). The measurement of investment components identified for different types of insurance contracts is covered in the sub-sections 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 Premium allocation approach (PAA) and General Measurement Model (GMM)

PAA is applied to scheme (group life and group credit life) portfolios and 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; and
- 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 standard. 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:

a. contracts are onerous at initial recognition;
b. contracts at initial recognition have no significant possibility of becoming onerous subsequently; or
c. 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.

Each group of insurance contracts does not include insurance contracts issued (or reinsurance contracts held recognised) 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 above are replaced with references to contracts on which there is a net gain at initial recognition.

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; or
- performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:
    a) the Group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders; and

b) 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.

Initial measurement (excluding PAA)

On initial recognition, the Group measures a group of insurance contracts as the total of the:

- fulfilment cash flows; and
- contractual service margin (CSM).

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.

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 "Risk adjustment for non-financial risk" on page 30 provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

Reinsurance contracts held

Fulfilment cash flows of reinsurance contracts held include the effect of any risk of non-performance by the issuer of the reinsurance contract where material, including the effects of collateral and losses from disputes. The risk adjustment for non-financial risk reflects that some of this uncertainty will be ceded to the reinsurer. For reinsurance contracts held, the Group has not treated any expense cash flows as acquisition cash flows.

Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows. The Group applies discount rates, that include the effect of inflation, to nominal cash flows (i.e. those cash flows that also include the effect of inflation, where relevant).
The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any); and
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

Cash flows are divided between cash flows that vary based on the returns on underlying items and cash flows that do not vary based on the returns on underlying items. Cash flows that vary based on the returns on underlying items are discounted using rates that reflect that variability.

A bottom-up approach is used to determine the discount rates applied to cash flows that do not vary based on returns with underlying items. A zero-coupon (risk-free) yield curve is applied to cash flows that do not vary based on the returns on underlying items.

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 PAA) for further details.

The Group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2023 reporting period for insurance contracts measured under 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 2023 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. A loss recovery component 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 loss recovery component 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; and
- 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 loss recovery component, including for subsequent measurement covered in the next section.

Subsequent measurement (excluding 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:
    a. the fulfilment cash flows related to service to be provided (received for reinsurance contracts held) in future periods; and
    b. 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; and
- 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 loss recovery component on a group of reinsurance contracts held (refer to the ‘Loss component’ section below 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:

1. 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 TVOG);
2. changes in the liability for incurred claims related to past service; and
3. 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.

The following changes relate to future service and therefore adjust the CSM:

1. changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM;
2. changes in the risk adjustment for non-financial risk that relate to future service;
3. 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 it becomes payable; and
4. 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 below 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:

1. the effect of new contracts recognised in the period (refer to the 'Contractual service margin' on page 36 for further details);
2. 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.
3. changes in the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) 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 below for further details.

4. 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;
5. 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 above. Refer to the 'Coverage units' section below for further details.

Reinsurance contracts held

For a group of reinsurance contracts held, the same steps are followed (as described above 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 a loss recovery component 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 loss recovery component for changes in the fulfilment cash flows for the underlying insurance contracts which adjusted a loss component; and
- 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 above) 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.

Reinsurance contracts held

For a group of reinsurance contracts held, the loss recovery component 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 loss recovery component 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 loss recovery component

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 groups of insurance contracts issued under the PAA would produce a measurement of the liability for remaining coverage (or asset for 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 have 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; and
- 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; and
- 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 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 2023 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. Note "Risk adjustment for non-financial risk" on page 23 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 2023 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); and
- 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 loss recovery component 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 loss recovery component based on the corresponding changes in the loss component for the underlying insurance contracts.

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 is 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.

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:

a) for transfers to a third party, the premium charged by the third party; or
b) 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 in b) 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.

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 and
- 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 and
- 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; and
- 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; and
- changes that relate to future service:
    a) initial losses on onerous groups of insurance contracts issued recognised in the period; and
    b) 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.

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 expense 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:
    a) changes that related to future service (adjusting the CSM); and
    b) amounts included in reinsurance finance income or expenses
- for contracts accounted for under the GMM
    a) experience adjustments related to incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
    b) experience adjustments related to ceded premiums for past and current service.
- for contracts accounted for under the PAA:
    a) actual incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
    b) 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; and
- changes that relate to future service:
    a) income on loss recovery component recognised in the period; and
    b) changes in estimates that adjust the loss recovery component.

Insurance (and reinsurance) finance income and expense

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 TVOG); and
- 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 comprises the following amounts (where relevant):

- the unwind of interest on the liability for incurred claims, based on current discount rates; and
- 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.

Measurement of investment contracts in scope of IFRS 9

i. **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.

ii. 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.

7.14. Collateral in respect of financial assets

Collateral placed at counterparties as part of the Group's capital market activities are 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.

7.15. 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 3 months.

7.16. Foreign currency translation

(i) 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.

(ii) 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.

(iii) Foreign operation financial statements

The functional currency of the foreign operations, African Life Financial Services (Zambia) Limited and Quantum Assets Zambia Limited, is 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 associate and subsidiary 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.

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.

7.17. Property and equipment & 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 in the supply or for administration purposes.

The following are the applicable useful lives;

Buildings	20 years
Furniture and fittings	5 – 10 years
Computer equipment	4 years
Motor vehicles	4 years
Leasehold improvements	lower of lease term and useful life of improvements (5 - 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 asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate at each financial year-end.

7.18. 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 is 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.

(i) *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.

(ii) 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.

7.19. 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.

7.20. Taxes and Value Added Tax (VAT)

(i) 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; and
- 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 follow 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 the 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; and
- 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.

(ii) Current income tax

Current taxation is charged on the net income for the year after considering income and expenditure, which is 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.

(iii) Value Added Tax (VAT)

Revenue, expenses, and assets are recognised net of the amount of the value added tax VAT except:

- where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the 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.

(iv) 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 treatment 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 2023 there were no uncertain tax positions.

7.21. 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.

7.22. Employee benefits

(i) Pension obligations and gratuity

The 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 2022. Expatriate and contract employees are provided with gratuity in terms of their conditions of employment.

a) 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; and

b) 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.

(ii) 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:

(a) when the entity can no longer withdraw the offer of those benefits; and

(b) 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.

(iii) Leave pay accrual

The Group recognises, in full, employee's 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.

(iv) 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 and,
- 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.

(v) Share-based compensation

In 2010, the Group introduced two schemes being: The Share Option Scheme (SOS) 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 HR Committee which employees it intends to incentivise by making offers subject to the approval of the HR 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.

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 to 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. The cumulative expense 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 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.

Botswana Insurance Fund Management (BIFM) Citizen Economic Empowerment (CEE) Share Option Scheme (CEESOS)
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; and
- 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 issued capital of the company). The additional issued share capital was independently valued by Deloitte at P64.7m. The 25.1% issued capital was issued in the following manner.

At the commencement of the scheme:

- 11% (9,575,368 shares) 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 (A 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 Company accounts for the awards as cash settled. As a result of the issue of the shares to employees, BIHL Group lost part of its interest in BIFM Holdings from 100% to 89%. The impact of this dilution is disclosed in the Statement of changes in Equity.

7.23. 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.

7.24. 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 business, and then furthermore for individual business by acquisition and maintenance in accordance with the function performed by the departments. Premium collection costs are accounted for on the accrual basis.

7.25. 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; and
- 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; or
  - 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 – 1 to 5 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 IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

7.26. 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.

7.27. Non-distributable reserves

Non-distributable reserves include the following:

7.27.1. 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.

7.27.2. 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, Non-Bank Financial Institutions Regulatory Authority (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 IPR3L – Prescribed Capital Target (PCT).

7.27.3. Share-Based Payment Reserve

This is associated with equity-settled share-based payment compensation as described in the heading (Employee Benefits).

7.27.4. 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.

7.27.5. 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 embedded 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 embedded value. The management of these risks is therefore an integral part of the business' strategy to maximise return on embedded 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; and
- 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 2023 and 31 December 2022.

The Group monitors capital using a capital adequacy requirement. Capital adequacy implies the existence of a buffer against experience worse than assumed under the FSB's Statutory Valuation Method. The sufficiency of the buffer is measured by comparing 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.

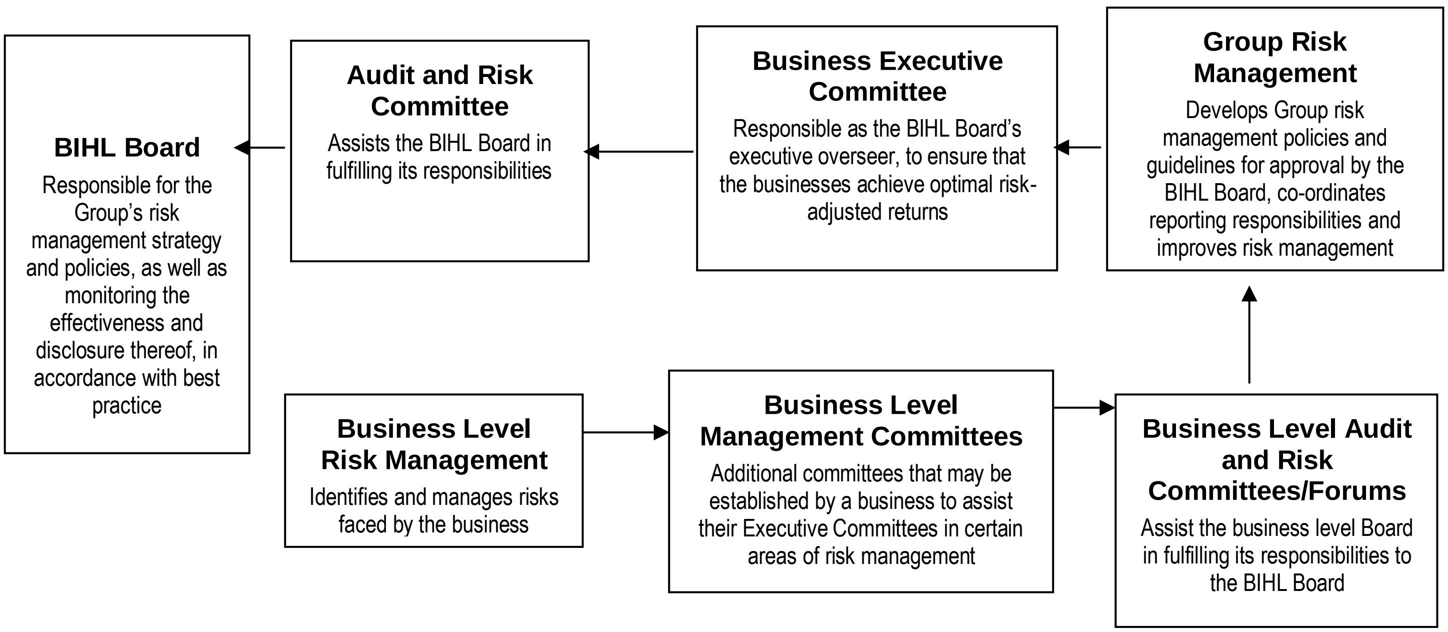
Capital includes shareholders' equity and long-term debt. As at year-end there was no long-term debt.

	2023	**2022**
	P000	***P000***
Shareholders' equity (life)	2,204,654	2,519,624
Prescribed Capital Target (Life business only)	228,706	223,995
Ratio of Excess Assets to Prescribed Capital Target (Life business only)	9.64	11.25

8.2. Governance structure

The agenda of the BIHL Board focuses on Group strategy, capital management, accounting policies, financial results, dividend policy, human resource 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.



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 management of compliance through analysing of statutory and regulatory requirements, and monitoring implementation and execution thereof

Group Risk Forum
Aids co-ordination 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

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

Forensics
Investigates and reports on fraud and illegal behaviour in businesses

Investment Committees
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

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, Group Risk Escalation Policy and 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; and
- 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 Chairperson of the Audit and Risk Committee and has unrestricted access to the Chairperson of the Committee. The authority, resources, scope of work and effectiveness of the functions are reviewed regularly.

External audit

The Group's external auditors is PriceWaterhouseCoopers. The report of the independent auditor for the year under review is contained on page 7 - 14 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 auditors 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 director's 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' 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.

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 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, who ensure that the business' strategies are aligned with the overall Group strategy; and
- 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.

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 re-rate 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 fifteen 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.

Products 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 allowance 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 statutory basis. The statutory basis is currently more stringent than the IFRS® 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 IPR3L-Prescibed Capital Target for Long-term Insurers by Non-Bank Financial Institutions Regulatory Authority). The prescribed capital target for the life business is covered 11.25 times (2022: 10.01 times).

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	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
P'000	**P'000**	**P'000**	**%**	**%**	**%**	**%**
0 - 500	597,203	631,083	19	21	33	35
501 - 1000	3,398	2,637	3	3	30	33
1001 - 5000	20,137	18,361	63	63	37	32
50001- 8000	837	760	8	8	-	-
> 8000	356	295	7	5	-	-
Total	**621,931**	**653,136**	**100**	**100**	**100**	**100**

Non-participating annuity payable

	Number of lives		Concentration before reinsurance		Concentration after reinsurance	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
P'000	**P'000**	**P'000**	**%**	**%**	**%**	**%**
0-20	3,331	3,133	6	6	6	6
21-40	2,636	2,450	11	11	11	11
41-60	1,661	1,582	12	12	12	12
61-80	1,296	1,240	13	14	13	14
81-100	984	952	13	13	13	13
>100	2,004	1,828	45	43	45	43
Total	**11,912**	**11,185**	**100**	**100**	**100**	**100**

Annuity business is not reinsured
The “Benefit insured” table above 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 (1 year) to 50.6% for long term maturities (30+ years), while the downwards shocks ranges from 52.9% to 39.8% for short- and long-term maturities respectively. These yield curve shocks are on IFRS17 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

Figures in P'000	Yields Up	Yields Down
Liabilities	(1,192,212)	(1,719,840)
Assets	1,277,003	1,408,571
Net assets	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; and
- Default on amounts due from insurance contracts by intermediaries and premium collection agencies.
- Default on amounts due from insurance contract 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; and
- 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 (2022: Hannover Re). The credit risk of reinsurer is considered annually by reviewing their financial strength as part of the renewal process.

	31 December 2023 (P'000)					31 December 2022 (P'000)			
	AAA	**AA**	**Not Rated**	**Total**		**AAA**	**AA**	**Not Rated**	**Total**
Reinsurance contract assets	17,875	-	-	17,875		10,271	-	-	10,271
Reinsurance contract liabilities	(54,222)	-	-	(54,222)		(55,757)	-	-	(55,757)
Maximum credit risk exposure	**17,875**	**-**	**-**	**17,875**		**10,271**	**-**	**-**	**10,271**

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 aging. Amounts due from insurance contract 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 2023 and 2022 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. Annuities Liabilities are matched, as far as possible, with interest-bearing assets, to ensure that the duration of assets and liabilities are closely aligned. The life businesses' 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,
- Cashflow projections to identify potential liquidity risks and manage emerging issues in time

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from insurance

	<1 year P'000	1 – 5 years P'000	>5 years P'000	Open-ended P'000	Total P'000
31 December 2023					
Insurance contract balances	19,523	216,340	6,952,628	239,041	7,427,531
Insurance contract assets	(1,360)	(15,098)	(579,877)	(16,600)	(612,935)
Reinsurance contract assets	(401)	(4,284)	(7,899)	(5,291)	(17,875)
Insurance contracts liabilities	20,069	222,727	7,516,440	244,883	8,004,119
Reinsurance contracts liabilities	1,215	12,996	23,962	16,048	54,222
Investment contracts liabilities	192,853	729,216	2,676,884		3,601,257
Total insurance and investment contract balances	**212,376**	**945,556**	**9,629,511**	**239,041**	**11,026,484**

	<1 year P'000	1 – 5 years P'000	>5 years P'000	Open-ended P'000	Total P'000
31 December 2022					
Insurance contract balances	19,916	230,833	6,581,145	211,277	7,043,171
Insurance contract assets	(1,385)	(16,082)	(521,605)	(14,629)	(553,701)
Reinsurance contract assets	(257)	(2,899)	(4,187)	(2,928)	(10,271)
Insurance contracts liabilities	20,161	234,078	7,065,469	212,939	7,551,386
Reinsurance contracts liabilities	1,397	15,736	22,728	15,896	55,757
Investment contracts liabilities	190,120	669,545	2,438,846		3,298,511
Total insurance and investment contract balances	**210,036**	**900,379**	**9,019,991**	**211,277**	**10,341,682**

Botswana Insurance Holdings Limited
Consolidated and Separate financial statements
For the year ended 31 December 2023

Statements of financial position
As at 31 December 2023

		Group			Company	
			Restated[1,2]	Restated[1,2]		
		2023	2022	01-Jan-22	2023	2022
	Note	P'000	P'000	P'000	P'000	P'000
ASSETS						
Property and equipment	2	170,052	173,158	183,232	2,457	3,153
Intangible assets	3	97,247	101,197	107,076	174	289
Right-of-use assets	2.1	11,879	14,713	8,112	2,532	4,266
Investment property	4.4	26,480	12,260	10,160	-	-
Investments in associates and joint ventures	4.5	1,758,469	1,910,194	1,972,698	266,711	266,711
Reinsurance contract assets	11.1	17,874	10,271	11,882	-	-
Insurance contract assets	8.1	612,935	553,701	582,812		
Interest in subsidiaries	4.5	-	-		129,555	87,633
Non-current asset held for sale	4.6	-	99,988	-	-	-
Financial assets at fair value through profit or loss		14,935,316	15,411,628	15,385,244	-	-
Bonds	4.1	8,543,705	8,426,652	8,663,449	-	-
Investment in property funds and companies	4.4	1,277,962	1,205,650	1,173,325	-	-
Equity investments (Local and foreign)	4.2	3,040,954	2,589,245	2,403,845	-	-
Money market instruments	4.1	2,072,695	3,190,081	3,144,625	-	-
Loans at amortised cost	4.3	-	-	31,957	-	-
Other receivables	5	135,632	186,940	135,798	20,053	311
Tax receivable	19.1	-	-	-	767	271
Related party balances	22.2	-	-	-	1,493	1,825
Cash and cash equivalents	24	170,583	400,711	137,418	20,556	66,126
Total assets		**17,936,467**	**18,874,761**	**18,566,389**	**444,298**	**430,585**
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the parent						
Stated capital	6	204,936	154,936	154,936	204,936	154,936
Non - distributable reserves	7	106,375	350,208	395,716	36,837	40,649
Retained earnings		3,302,730	3,267,691	3,189,765	162,772	199,724
Total equity attributable to equity holders of the parent		3,614,041	3,772,835	3,740,417	404,545	395,309
Non- controlling interests	12	23,751	22,428	18,728	-	-
Total equity		**3,637,792**	**3,795,263**	**3,759,145**	**404,545**	**395,309**
Liabilities						
Insurance contract liabilities	8.1	8,004,121	7,551,386	7,304,508	-	-
Investment contract liabilities	8.5	3,598,953	3,298,512	3,341,397	-	-
Reinsurance contract liability	11.1	54,222	55,757	9,228		
External investors in consolidated funds	10	2,082,020	3,619,273	3,635,183	-	-
Derivatives instrument	9.0	25,429	37,259	42,366	-	-
Deferred tax liability	13	141,908	73,545	138,900	-	-
Lease liability	2.2	12,707	16,210	9,234	3,738	5,808
Other payables	14	353,824	398,121	321,398	32,514	28,775
Tax payable	19.1	18,624	26,246	3,441	-	-
Related party balances	22.2	6,867	3,189	1,589	3,501	693
Total equity and liabilities		**17,936,467**	**18,874,761**	**18,566,389**	**444,298**	**430,585**

[1] Restated for transition to IFRS 17, refer Accounting policies and basis of preparation and note 28.4

[2] Restated for correction of error in the prior period, refer to note 28.2

Statements of Profit or Loss

		Group	Group	Company	Company
			Restated[1,2]		
		2023	2022	2023	2022
	Note	P'000	P'000	P'000	P'000
Net result from life insurance operations		**585,751**	**143,194**	**-**	**-**
Result from life insurance contracts		**601,726**	**156,445**	**-**	**-**
Net Insurance service result	8.4	286,393	277,710	-	-
Insurance revenue		2,422,502	2,392,542	-	-
Insurance service expenses		(2,120,634)	(2,089,982)		
Income or expense from reinsurance contracts		(15,475)	(24,850)	-	-
Investment service result	18	315,333	(121,265)	-	-
Insurance finance income or expense		(463,795)	(349,018)	-	-
Reinsurance finance income or expense		(26,935)	(19,510)	-	-
Investment income on assets held in respect of insurance contracts		806,063	247,263	-	-
Other expenses relating to insurance operations		(15,975)	(13,251)		
Result from other operations		541,111	468,744	846,350	485,203
Revenue from contracts with customers	15	295,546	259,591	-	-
Investment income	16.3	284,903	125,819	845,129	484,112
Interest income using the Effective Interest Rate (EIR)	16.1	4,395	4,127	1,221	1,091
Other interest income from external investors in consolidated funds	10	202,721	245,282	-	-
Fair value losses from Derivative instrument	9	(11,830)	(5,107)	-	-
Change in fair value of investment contract liabilities	16.4	(31,903)	84,314	-	-
Change in fair value of external investors' liabilities	10	88,254	36,538	-	-
Net changes in external investors in consolidated funds	10	(290,975)	(281,820)	-	-
Other expenses		(252,324)	(269,199)	(68,321)	(50,985)
Administration expenses	17	(214,495)	(204,535)	(68,015)	(50,507)
Sales remuneration	17.2	(37,067)	(63,588)	-	-
Finance cost on leases (IFRS 16)	2.2	(762)	(1,076)	(306)	(478)
Impairments	17.3	(10,881)	(4,974)	(8,078)	(2,782)
Profit before share of profit of associates, joint ventures and other income		**863,657**	**337,765**	**769,951**	**431,436**
Profit on sale of associate	4.6	141,669	-	-	-
Equity-accounted earnings	4.5	78,934	216,456	-	-
Profit before tax		**1,084,260**	**554,221**	**769,951**	**431,436**
Income tax expense	19	(302,737)	(105,419)	(61,953)	(20,555)
Profit for the year		**781,523**	**448,802**	**707,998**	**410,881**
Profit attributable to:					
- Equity holders of the parent		773,953	442,578	707,998	410,881
- Non-controlling interests	12	7,570	6,224	-	-
		781,523	**448,802**	**707,998**	**410,881**
Earnings per share (thebe) (attributable to ordinary equity holders of the parent)					
- basic	20	274	158		
- diluted[3]	20	272	157		

[1] Restated for correction of error in the prior period, refer to note 28.2

[2] Restated for transition to IFRS 17, refer Accounting policies and basis of preparation

[3] Restated for corrections of prior year period , refer to note 28.3

Statements of Comprehensive Income

		Group		Company	
			Restated		
	Notes	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Profit for the year		781,523	448,802	707,998	410,881
Items that are or may be reclassified subsequently to profit or loss (net of tax):					
Exchange differences on translation of foreign operations	7	(170,662)	(13,951)	-	-
Total comprehensive income for the year		**610,861**	**434,851**	**707,998**	**410,881**
Total comprehensive income attributable to:					
- Equity holders of the parent		603,291	428,627	707,998	410,881
- Non-controlling interests		7,570	6,224	-	-
		610,861	**434,851**	**707,998**	**410,881**

Statements of changes in equity

	Equity attributable to equity holders of the parent										
	Stated capital P'000	**Treasury shares P'000**	**Share-based payment reserve P'000**	**Capital Reserve Account P'000**	**Foreign currency translation reserve P'000**	**Consolidation reserve P'000**	**Total non-distributable reserves P'000**	**Retained income P'000**	**Total P'000**	**Non - controlling interest P'000**	**Total Equity P'000**
Group											
Balance as at 31 December 2021	154,936	(71,658)	104,350	481,899	(81,810)	(37,065)	**395,716**	2,781,611	**3,332,263**	18,728	**3,350,991**
IFRS 17 Transition adjustment[2]	-	-	-	-	-	-	-	408,154	**408,154**	-	**408,154**
Balance as at 01 January 2022 restated[2]	**154,936**	**(71,658)**	**104,350**	**481,899**	**(81,810)**	**(37,065)**	**395,716**	**3,189,765**	**3,740,417**	**18,728**	**3,759,145**
Total comprehensive income	-	-	-	-	(13,951)	-	(13,951)	442,578	**428,627**	6,224	**434,851**
Profit for the year[1]	-	-	-	-	-	-	**-**	442,578	**442,578**	6,224	**448,802**
Foreign currency translation	-	-	-	-	(13,951)	-	**(13,951)**	-	**(13,951)**	-	**(13,951)**
Share-based payment expense (Note 7)	-	-	5,215	-	-	-	**5,215**	-	**5,215**	-	**5,215**
(Transfer to statutory reserve)/ Transfer from retained income	-	-	-	(33,948)	-	-	**(33,948)**	33,948	**-**	-	**-**
Cost of treasury shares (acquired)/disposed	-	(4)	-	-	-	1,121	**1,117**	-	**1,117**	-	**1,117**
Dividends paid	-	-	-	-	-	-	**-**	(402,440)	**(402,440)**	(2,524)	**(404,964)**
Disposal of subsidiary-other comprehensive loss	-	-	-	-	-	-	**-**	-	**-**	-	**-**
Other movements in reserves	-	-	(3,941)	-	-	-	**(3,941)**	3,840	**(101)**	-	**(101)**
Balance as at 31 December 2022 restated	**154,936**	**(71,662)**	**105,624**	**447,951**	**(95,761)**	**(35,944)**	**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 sharebased reserve	-	-	(29,199)	-	-	-	**(29,199)**	29,199	**-**	-	**-**
Cost of treasury shares (acquired)/disposed	-	(11,060)	-	-	-	2,459	**(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)**
Other movements in reserves	-	-	-	-	-	-	**-**	(2,263)	**(2,263)**	-	**(2,263)**
Balance as at 31 December 2023	**204,936**	**(87,964)**	**36,835**	**457,412**	**(266,423)**	**(33,485)**	**106,375**	**3,302,730**	**3,614,041**	**23,751**	**3,637,792**

[1] Restated for correction of error in the prior period, refer to note 28.2

[2] Restated for transition to IFRS 17, refer Accounting policies and basis of preparation

-

Statement of changes in equity (continued)

	Stated capital	Treasury shares	Share based payment reserve	Capital Reserve Account	Foreign currency translation reserve	Consolidation reserve	Total non-distributable reserves	Retained income	Total	Non - controlling interest	Total Equity
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Company											
Balance as at 31 December 2022	154,936	-	35,434	-	-	-	**35,434**	172,867	**363,237**	-	**363,237**
Profit for the year	-	-	-	-	-	-	**-**	410,881	**410,881**	-	**410,881**
Share based payment expense	-	-	5,215	-	-	-	**5,215**	-	**5,215**	-	**5,215**
Dividends paid	-	-	-	-	-	-	**-**	(384,024)	**(384,024)**	-	**(384,024)**
Balance as at 31 December 2022 restated	**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 sharebased 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**

Statements of cash flows

		Group		Company	
			Restated		
	Note	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Cash generated utilised in/generated from operations		(458,823)	244,493	(43,354)	43,752
Cash generated from operations[1]	24	58,971	244,688	(71,990)	(34,772)
Interest received		269,716	295,056	1,221	1,091
Dividend received from equity investments		56,851	70,791	-	-
Dividend received from subsidiaries		-	-	731,757	437,997
Dividend received from associates and joint ventures		144,928	149,844	51,246	24,968
Interest paid		(762)	(1,076)	(306)	(478)
Tax paid	19.1	(228,350)	(109,846)	(1,352)	(1,030)
Dividend paid		(760,177)	(404,964)	(753,930)	(384,024)
Net cashflows utilised in investing activities[1]		235,145	23,464	(146)	(599)
Purchase of property and equipment	2	(8,953)	(6,652)	(146)	(599)
Purchase of computer software	3	(5,902)	(5,201)	-	-
Proceeds from sale of investment in associates	4.6	250,000	-	-	-
Receipts from loans receivable at amortised cost		-	35,317	-	-
Net cashflows from Financing Activities		(6,450)	(4,664)	(2,070)	(1,795)
Payment of principal portion of lease liabilities (IFRS 16)		(6,450)	(5,781)	(2,070)	(1,795)
Disposal of treasury shares		-	1,117	-	-
Net (decrease)/increase in cash and cash equivalents		**(230,128)**	**263,293**	**(45,570)**	**41,358**
Cash and cash equivalents at the beginning of the year		400,711	137,418	66,126	24,768
Cash and cash equivalents at the end of the year	24.1	**170,583**	**400,711**	**20,556**	**66,126**

[1] *The prior year has been restated due the error classifiction of cash movements in investments held as part of operating activities, refer to note 28.1*

The money market instruments on the face of the statement of financial position amounting to P1,489 million (2022: P2,264 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.

Notes to the financial statements

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:

1) The life insurance segment which provides life insurance services to its customers through Botswana Life Insurance Limited, a subsidiary of the
2) 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.

Segment that do not fall under the two key segments have been classified under 'other'. These comprise of associates business (Letshego, NICO, Botswana Insurance Company, BIHL Insurance Company Limited and GrandRe Tanzania) and the holding company. The associates offer diverse product and services which can be broken down into their own segments.

Inter-segment transactions that occurred during 2023 and 2022 between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segmental income, segment expense and segment results will then include those transfers between business segments, which will be eliminated on consolidation.

Business segments

At 31 December 2023 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 7% to Profit before Tax (2022: 39%) and represent approximately 10% of Total Assets (2022: 10%). 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 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.

1 Segmental analysis (continued)

	LIFE BUSINESS		ASSET MANAGEMENT		OTHER[1]		INTER SEGMENTAL		CONSOLIDATED TOTAL	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000	2023 P'000	2022 P'000	2023 P'000	2022 P'000	2023 P'000	2022 P'000
1.1 Segment information by products and services										
Net Insurance service result	286,393	277,710	-	-	-	-	-	-	286,393	277,710
Investment service result	315,333	(121,265)							315,333	(121,265)
Other expenses relating to insurance operations	(15,975)	(13,251)							(15,975)	(13,251)
Net result from life insurance operations	**585,751**	**143,194**	**-**	**-**	**-**	**-**	**-**	**-**	**585,751**	**143,194**
Revenue from contracts with customers										
- Internal	-	-	3,327	2,383	-	-	(3,327)	(2,383)	-	-
- External	137,379	118,455	158,167	141,136	-	-	-	-	295,546	259,591
Investment income[1]	264,024	105,095	16,875	17,108	851,901	486,585	(847,897)	(482,969)	284,903	125,819
Interest income using the Effective Interest Rate (EIR)	2,088	1,541	-	-	2,307	2,586	-	-	4,395	4,127
Other interest income from investment contracts	-	-	-	-	-	-	202,721	245,282	202,721	245,282
Fair value (losses)/gains from Derivative instrument	(11,830)	(5,107)	-	-	-	-	-	-	(11,830)	(5,107)
Change in fair value of investment contract liabilities	(226,054)	(46,303)	34,723	40,693	-	-	2,459	-	(188,872)	(5,610)
Change in fair value of external investors' liabilities	-	-	-	-	-	-	88,254	36,538	88,254	36,538
Net changes in investment contract benefits	-	-	-	-	-	-	(290,975)	(281,820)	(290,975)	(281,820)
Net results from other operations	**165,607**	**173,681**	**213,092**	**201,320**	**854,208**	**489,171**	**(848,765)**	**(485,352)**	**384,142**	**378,820**
Depreciation	(9,988)	(14,668)	(1,230)	(1,221)	(841)	(837)	-	-	(12,059)	(16,726)
Amortisation and impairment	(9,164)	(10,277)	(568)	(555)	(120)	(248)	-	-	(9,852)	(11,080)
Right-of-Use Asset depreciation	(5,319)	(5,653)	(1,420)	(1,065)	(1,734)	(1,282)	2,702	2,347	(5,771)	(5,653)
Administration expenses	(60,754)	(56,204)	(79,543)	(71,396)	(74,863)	(53,462)	16,705	3,936	(198,455)	(177,126)
Sales remuneration	(37,067)	(63,588)	-	-	-	-	-	-	(37,067)	(63,588)
Profit before equity accounted earnings	**629,066**	**166,485**	**130,331**	**127,083**	**776,650**	**433,342**	**(829,358)**	**(479,069)**	**706,689**	**247,841**
Profit on sale of associate	-	-	-	-	141,669	-	-	-	141,669	-
Net Equity accounted earnings	-	-	-	-	78,934	216,456	-	-	78,934	216,456
Profit before tax	**629,066**	**166,485**	**130,331**	**127,083**	**997,253**	**649,798**	**(829,358)**	**(479,069)**	**927,292**	**464,297**
Income tax expense	(221,160)	(66,232)	(19,624)	(18,632)	(61,953)	(20,555)	-	-	(302,737)	(105,419)
Profit after tax	**407,906**	**100,253**	**110,707**	**108,451**	**935,300**	**629,243**	**(829,358)**	**(479,069)**	**624,555**	**358,878**
Total Assets	14,299,587	13,684,660	5,464,023	6,754,562	1,828,692	1,826,157	(4,284,340)	(3,950,143)	17,307,962	18,315,236
Total Liabilities	11,617,776	10,917,834	4,925,295	6,220,147	1,233,681	1,224,792	(4,106,582)	(3,846,742)	13,670,170	14,516,031
Return on Equity Value	19.33%	19.50%	22.90%	20.87%	-4.31%	12.13%	n/a	n/a	8.28%	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.

1.2 Segmental analysis (continued)

	2023 P'000	2022 P'000
Reconciliation of Profit		
Segment Profit	**759,397**	**293,568**
Life business	629,066	166,485
Asset management	130,331	127,083
Other segments	776,650	433,342
Inter-segment elimination	(829,358)	(479,069)
Profit before tax and associates	**706,689**	**247,841**
Profit on sale of associate	141,669	-
Share of associates and joint venture	78,934	216,456
Profit before tax for the year	**927,292**	**464,297**
Reconciliation of assets		
Segment operating assets		
Life business	14,299,587	13,684,660
Asset management	5,464,023	6,754,562
Other segments	1,828,692	1,826,157
Inter-segment elimination	(4,284,340)	(3,950,143)
Total assets	**17,307,962**	**18,315,236**
Reconciliation of liabilities		
Segment operating liabilities		
Life business	11,617,776	10,917,834
Asset management	4,925,295	6,220,147
Other segments	1,233,681	1,224,792
Inter-segment elimination	(4,106,582)	(3,846,742)
Total liabilities	**13,670,170**	**14,516,031**

2 Property and equipment

Group

2023	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
Cost						
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)
At 31 December	**135,042**	**18,069**	**8,716**	**2,701**	**58,655**	**223,183**
Accumulated depreciation						
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)
At 31 December	**10,374**	**12,339**	**5,068**	**2,307**	**23,043**	**53,131**
Carrying amount						
At 1 January	126,048	6,884	4,162	649	35,415	173,158
At 31 December	124,668	5,730	3,648	394	35,612	170,052

The gross carrying amount of fully depreciated property and equipment that were still in use by the Group amounted to Pnil (2022: P65 million).

2022	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
Cost						
At 1 January	135,042	54,509	25,648	2,771	63,327	281,297
Additions	-	1,619	1,034	491	3,508	6,652
Disposals	-	(2,151)	(1,400)	-	-	(3,551)
At 31 December	**135,042**	**53,977**	**25,282**	**3,262**	**66,835**	**284,398**
Accumulated depreciation						
At 1 January	7,614	42,905	19,454	2,384	25,708	98,065
Current year charge	1,380	6,339	3,066	229	5,712	16,726
Disposals	-	(2,151)	(1,400)	-	-	(3,551)
At 31 December	**8,994**	**47,093**	**21,120**	**2,613**	**31,420**	**111,240**
Carrying amount						
At 1 January	127,428	11,604	6,194	387	37,619	183,232
At 31 December	126,048	6,884	4,162	649	35,415	173,158

2 Property and equipment

Company

2023	Computer Equipment	Furniture and fittings	Motor Vehicles	Leasehold improvements	Total
	P'000	P'000	P'000	P'000	P'000
Cost					
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)
At 31 December	**380**	**722**	**491**	**5,433**	**7,026**
Accumulated depreciation					
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)
At 31 December	**144**	**350**	**131**	**3,944**	**4,569**
Carrying amount					
At 1 January	166	477	458	2,052	3,153
At 31 December	236	372	360	1,489	2,457

The gross carrying amount of fully depreciated property and equipment that were still in use by the company amounted to Pnil (2022: P8.1m).

2022	Computer Equipment	Furniture and fittings	Motor Vehicles	Leasehold improvements	Total
Cost					
At 1 January	6,053	2,663	179	5,863	14,758
Additions	108	-	491	-	599
At 31 December	**6,161**	**2,663**	**670**	**5,863**	**15,357**
Accumulated depreciation					
At 1 January	5,935	2,024	179	3,229	11,367
Current year charge	60	162	33	582	837
At 31 December	**5,995**	**2,186**	**212**	**3,811**	**12,204**
Carrying amount					
	118	639	-	2,634	3,391
At 31 December	166	477	458	2,052	3,153

2.1 Right-of-use asset

	Group	Company
2023	**P'000**	**P'000**
Cost		
At 1 January	**36,535**	**12,000**
Effects of modification of lease terms	(289)	**-**
Additions	3,226	-
At 31 December	**39,472**	**12,000**
Accumulated depreciation		
At 1 January	21,822	7,734
Current year depreciation	5,771	1,734
At 31 December	**27,593**	**9,468**
Carrying amount		
At 1 January	14,713	4,266
At 31 December	11,879	2,532
2022		
Cost		
At 1 January	23,453	12,000
Additions	13,082	-
At 31 December	**36,535**	**12,000**
Accumulated depreciation		
At 1 January	15,341	6,000
Current year depreciation	6,481	1,734
At 31 December	**21,822**	**7,734**
Carrying amount		
At 1 January	**8,112**	**6,000**
At 31 December	**14,713**	**4,266**

The Group leases a number of offices across the country. As at 31 December 2023, a total of 10 offices were leased (10 in December 2022). The leases have remaining lease periods of between 1 years and 5 years as at 31 December 2022,. The lease with the longest life is expected to expire on 31 August 2028.

The following assumptions were made in arriving at the valuation:
Initial term of leases - Ranging from 1 year to 4 years (2022: 1 year to 5 years)
Annual lease escalation rate per annum - Ranging from 4.0% to 10% (2022: 4.5% to 10%)
Incremental borrowing rate: 8.9% to 9.5% (2022: 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:

2023	**Group**	**Company**
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 2 years	3,739	1,857
Within 3 years	2,010	-
Within 4 years	1,065	-
Within 5 years	352	-
	13,155	**3,889**
Less: Finance charges component	(448)	(151)
Present value of lease liability	**12,707**	**3,738**

2022		
Lease liability at 1 January	**9,234**	**7,603**
Additional lease commitments at present value	12,757	-
Accretion of Interest	1,076	478
Lease payments	(6,857)	(2,273)
As at 31 December	**16,210**	**5,808**
The maturity analysis of the Lease liability is as follows		
Within one year	3,924	2,376
Within 2 years	5,988	3,890
Within 3 years	3,739	-
Within 4 years	2,010	-
Within 5 years	1,065	-
	21,872	**6,266**
Less: Finance charges component	5,662	(458)
Present value of lease liability	**16,210**	**5,808**

3 Intangible assets

Group

2023	**Goodwill P'000**	**Computer software P'000**	**Total P'000**
Cost			
As at 1 January	114,923	145,494	260,417
Additions	-	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

3 Intangible assets (*continued)*

Group

2022	**Goodwill P'000**	**Computer software P'000**	**Total P'000**
Cost			
As at 1 January	114,923	140,293	255,216
Additions[1]	-	5,201	5,201
As at 31 December	114,923	145,494	260,417

[1] None of the additions were internally generated.

Accumulated amortisation and impairment			
As at 1 January	51,931	96,209	148,140
Current year amortisation	-	11,080	11,080
As at 31 December	51,931	107,289	159,220
Carrying amount			
As at 1 January	62,992	44,084	107,076
As at 31 December	62,992	38,205	101,197

Company 2023	**Computer software P'000**	**Total P'000**
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	289	289
As at 31 December	**174**	**174**

Company

2022	**Computer software P'000**	**Total P'000**
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	11,544	11,544
Current year amortisation	248	248
As at 31 December	11,792	11,792
Carrying amount		
As at 1 January	537	537
As at 31 December	289	289

3 Intangible assets

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 (2022: nil)

Asset management business

	2023 P'000	2022 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 cashflow projections on financial budgets approved by senior management covering a five year period and extrapolated to 10 years based on economic and specific sector growth using a perpetual growth of 9.6% (2022: 4.6%) thereafter. The cash flows are extrapolated to a ten year period to reflect the long-term plans of the Group. A pre-tax group specific risk-adjusted discount rate of 17.3% (2022: 17.3%) is used. The projected cashflows are determined by budgeted margins based on past performances, management expectations and market developments as well as the impact of geo-political uncertainty emanating from the Russia-Ukraine crisis on assets under management (AUM).

The key assumptions used for the impairment calculations of the asset management business are:

	2023	2022
Investment income/surplus return	2.2%	2.2%
Investment growth on AUM (after tax)	7.2%	5.5%
Net inflows as a % of AUM	0.1%	0.7%

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 P338 million (2022: P269 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 P3 million (2022: P44 million).

4 Investments

Fair values

	Group		Company	
	2023 P'000	**2022 P'000**	**2023 P'000**	**2022 P'000**
At the beginning of the year	15,411,628	15,385,244	-	-
Net contributions	(1,375,437)	379,498	-	-
Fair value adjustments on investments	899,125	(353,114)	-	-
At the end of the year	**14,935,316**	**15,411,628**	-	-

For current and non-current analysis, refer to note 24.7 for maturity analysis

4.1 *Initial recognition & measurement*

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Designated at fair value through profit or loss				
Bonds (Government, public authority, listed and unlisted corporates)[1]	8,543,705	8,426,652	-	-
Mandatorily at fair value through profit or loss:				
Investment in property funds and companies	1,277,962	1,205,650	-	-
Money market instruments	2,072,695	3,190,081	-	-
Equity investments (Note 4.2)	3,040,954	2,589,245	-	-
Total	**14,935,316**	**15,411,628**	-	-

[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% (2022: 4.5% to 11.2%). Bond repayment terms range between 0 to 20 years (2022: 0 - 25 years) for all listed and unlisted bonds.

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 - 694 basis points in the current year (2022: 150 - 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% (2022: 6% and 9%) annually, calculated and compounded on a quarterly basis. Bond repayment terms range between 0 to 27 years (2022: 0 to 27 years) for all listed and unlisted bonds.

Money markets constitutes funds invested in call accounts. The average market interest rate for money market instruments was 4.6% (2022: 1.4%). All money market instruments are of a short term nature, being exercisable within one year of year-end.

Determination of fair value and fair values hierarchy is disclosed on note 25.

	Group		Company	
	2023 P'000	**2022 P'000**	**2023 P'000**	**2022 P'000**
Sectorial analysis for bonds, money market and equity instruments				
Consumer discretionary	564,213	841,713	-	-
Financials	4,379,661	4,747,002	-	-
Education	13,230	28,357	-	-
Property	756,808	1,008,372	-	-
Tourism	80,263	65,114	-	-
Offshore foreign equities	2,152,154	1,759,835	-	-
Government	5,711,026	5,755,585	-	-
	13,657,355	**14,205,978**	-	-

4 Investments (continued)

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
4.2 Equity investments				
Listed in Botswana	673,873	642,310	-	-
Listed foreign markets	1,990,952	1,664,824	-	-
Unlisted	376,129	282,111	-	-
	3,040,954	**2,589,245**	-	-

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 Discounted Cafh Flow 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 DCF and price earnings methods with significant inputs that are not based on observable market data hence the classification under Level 3.

4 Investments (continued)	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
4.3 Loans at amortised cost				
Opening balance	-	31,957	-	-
Interest charged for the year	-	3,958	-	-
Interest received during the year	-	(2,989)	-	-
Capital repayment	-	(35,317)	-	-
Impairment reversal	-	2,391	-	-
Closing balance at 31 December	-	-	-	-

The Company granted a loan with a principal amount of P50 million to Babereki Investments (Pty) Ltd to fund its loan book. The loan was repayable over 10 years. The loan was secured through a cession of the loan book and guarantee and subordination agreement with Botswana Public Employees Union (BOPEU).The interest was a fixed interest rate of 12% per annum payable quarterly. The loan was repaid during the year and the related impairment provision released.

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
4.4 Investment property				
Investments properties:				
Opening balance at 1 January	12,260	10,160	-	-
Fair value gains	14,220	2,100	-	-
Closing balance at 31 December	**26,480**	**12,260**	-	-

The physical properties are Plot 70656, (P14.4m) and Plot 70657 (P12m) all in Gaborone.

The Group investment properties consist of commercial properties.

Rental income derived from investment properties	10,219	12,580	-	-
Direct operating expenses (including repairs and maintenance) generating re	(6,239)	(6,239)	-	-

		Group		Company	
4.4	**Investments (continued)**	**2023 P'000**	**2022 P'000**	**2023 P'000**	**2022 P'000**
	Investments in property funds:				
	Opening balance at 1 January	1,205,650	1,173,325	-	-
	Additions	78,687	36,758		
	Fair value (loses)/gains	(6,375)	(4,433)	-	-
	Closing balance at 31 December	1,277,962	1,205,650	-	-

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	12,260	-	-
Policyholder portion	1,277,962	1,205,650	-	-
Total	1,304,442	1,217,910	-	-

Investment properties and investments in unlisted property funds are stated at fair value which has been determined based on valuations performed by Riberry and in prior period it was revalued by Knight Frank, 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 valuation method being a DCF approach, had been adopted whereupon the current contractual annual rentals are netted off against relevant expenses (including normal repairs and maintenance, operating costs, management/collection commission fees, insurance and rates among others). The valuation also includes estimated future rental incomeafter the term of the lease agreement based on the remaining useful life of the building. The resulting net income is discounted at a market- related discount rate to arrive at the market value. The following primary inputs have been used:

	2023	**2022**
Discount rate	10%	N/A
Capitalisation rates	7.80%	7.50%
Long-term vacancy rates	2.00%	2.00%
Rental escalations(%)	6% to 8%	6% to 8%

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 RICS Appraisal and Valuation Standards
The fair value of the investment in unlisted property companies is determined with reference to the fair value of the underlying property as
Investments in property funds are valued by revaluation of the underlying property(ies) using the same inputs as the above.

4.5 Interest in associates and joint ventures (continued)

4.5 GROUP	Joint ventures		Associates						
	Khumo Property Asset Management	**Teledimo**	**The Minor Hotel Group Gaborone**	**FSG**	**Bongwe[1]**	**Aflife Holdings Zambia Limited**	**Nico Holdings Limited**	**Letshego Holdings Limited**	**Total**
2023									
Carrying amount (P'000)	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%	37.62%	33.00%	49.00%	25.10%	27.61%	
Share of earnings after tax for the current year (P'000)	1,625	28,941	334	-	3,568	9,889	90,080	(55,503)	78,934
Impairment	-	-	-	-	-	-	-	-	-
Foreign Currency Translation differences	-	-	-	-	-	23,828	(85,009)	(46,903)	(108,084)
Change in reserves in associates and other comprehensive income	(4,783)	-	5,847	-	(7,254)	6,191	-	22,352	22,353
Distributions received P'000	(3,600)	(16,903)	-	-	-	-	(36,034)	(88,391)	(144,928)
Total assets and liabilities of the joint ventures and associates (P'000)									
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 including trade and other provisions	(1,129)	(34,152)	(28,375)	-	(2,875)	(31,859)	(5,567,273)	(1,422,612)	(7,088,275)
Shareholders' equity	**7,472**	**317,452**	**100,580**	**-**	**64,577**	**114,987**	**1,272,856**	**5,242,683**	**7,120,608**
Carrying amount (P'000)	**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 (P'000)									
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**	**1,386,856**
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

*FSG was classified as held for sale on the 1st of July 2022, and the entity ceased to be equity accounted.

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.

4.5 Interest in associates / joint ventures and subsidiaries (continued)

Joint ventures

4.5 GROUP	Khumo Property Asset Management	Teledimo	The Minor Hotel Group Gaborone	FSG	Bongwe[1]	Aflife Holdings Zambia Limited[2]	Nico Holdings Limited	Letshego Holdings Limited	Shareholder equity
2022									
Carrying amount (P'000)	16,366	148,074	28,267	99,988	7,726	71,899	250,070	1,387,792	2,010,182
Interest in issued share capital									
Shareholders' fund	50.00%	50.00%	20.00%	37.62%	33.00%		25.10%	27.91%	
Share of earnings after tax for the current year (P'000)	3,293	25,387	1,000	12,593	2,776	21,913	57,277	92,217	216,456
Foreign Currency Translation differences	-	-	-	2,086	-	(5,851)	(28,008)	17,822	(13,951)
Change in reserves in associates	4,618	-	-	-	-	(16,683)	-	(3,112)	(15,177)
Distributions received P'000	(2,870)	(22,234)	-	(25,009)	(1,326)	-	(5,833)	(92,572)	(149,844)
Total assets and liabilities of the joint ventures and associates (P'000)									
Non-current assets	4,143	187,336	100,181	222,955	82,698	75,463	9,756,719	685,208	11,114,703
Current financial assets , excluding cash and cash equivalents	9,047	97,967	30,401	41,039	56,679	66,567	2,822,487	14,510,539	17,634,726
Cash and cash equivalents	10,147	78,243	2,183	88,534	6,000	4,474	646,378	1,713,872	2,549,831
Non-current financial liabilities excluding trade and other payables	(3,676)	(16,705)	(2,755)	(15,066)	(21,191)	(378)	(5,433,427)	(9,584,126)	(15,077,324)
Current financial liabilities excluding trade and other payables and provisions	(13,365)	(73,069)	(1,055)	(7,355)	(46,433)	-	-	(68,426)	(209,703)
Current liabilities	(2,274)	(18,677)	(28,375)	(40,645)	(11,954)	(21,633)	(6,336,070)	(1,597,894)	(8,057,523)
Shareholders' equity	**4,021**	**255,095**	**100,580**	**289,462**	**65,799**	**124,493**	**1,456,087**	**5,659,173**	**7,954,710**
Carrying amount (P'000)	**16,366**	**148,074**	**28,267**	**99,988**	**7,726**	**71,899**	**250,070**	**1,387,792**	**2,010,182**
Calculated carrying value	2,010	127,548	20,116	108,896	21,714	61,002	365,478	1,579,475	2,286,239
Effects of fair value adjustments and Goodwill at initial recognition	14,356	20,526	8,151	(8,908)	(13,988)	10,897	(115,408)	(191,683)	(276,057)
Summarised statement of profit or loss of the joint ventures and associates (P'000)									
Revenue	29,670	303,267	92,498	251,891	20,234	95,190	1,625,473	2,145,366	4,563,589
Interest income	201	8,084	1,854	5,934	11,207	14,582	416,258	-	458,120
Cost of sales	-	-	(7,038)	(36,684)	(14,308)	-	(13,727)	-	(71,757)
Administration expenses, excluding depreciation and amortisation	(21,047)	(249,390)	(65,203)	(101,096)	(1,636)	(43,512)	(916,974)	(1,436,112)	(2,834,970)
Depreciation and amortisation	(106)	-	(5,330)	(13,699)	-	(3,520)	-	-	(22,655)
Finance costs including interest expense	-	-	-	(637)	(4,854)	-	(9,002)	92,002	77,509
Profit /Loss before tax	**8,718**	**61,961**	**16,781**	**105,709**	**10,643**	**62,740**	**1,102,028**	**801,256**	**2,164,962**
Share of loss of joint ventures	**-**	**-**	**-**	**(185)**	**-**	**-**	**-**	**-**	**(185)**
Income tax expense	(2,133)	(2,430)	(2,861)	(33,692)	(2,231)	(14,369)	(580,493)	(332,311)	(970,520)
Profit/Loss for the year (continuing operations)	**6,585**	**59,531**	**13,920**	**71,832**	**8,412**	**48,371**	**521,535**	**468,945**	1,199,131
Group's share of profit/loss for the year	**3,293**	**25,387**	**1,000**	**12,593**	**2,776**	**21,913**	**57,277**	**112,435**	236,674

[1] Bongwe financial year end is 30 April, which is different to the Group year end date of 31 December.

[2] During the period, management reviewed the presentation of the Aflife Group Associates. As a result of the review, they are now presented under one column (Aflife Holdings Zambia Limited) whereas in prior period they were presented under two separate company lines (Aflife Holdings Zambia Limited and African Life Financial Services (Zambia) Limited). To provide comparability, the prior year presentation have been restated and with no changes to the overall balances.

	Group		Company	
	2023	**2022**	**2023**	**2022**
	P'000	**P'000**	**P'000**	**P'000**
4.5 Interest in associates/joint ventures and subsidiaries (company level)				
4.5.1 Interest in associates and joint ventures				
Carrying amounts at the beginning of the year	1,910,194	1,972,698	266,711	266,711
Share of results after tax[1]	78,934	216,456	-	-
Dividend received	(144,928)	(149,844)	-	-
Reclassified to Held for sale[2]	-	(99,988)	-	-
Change in reserves in associates	22,353	(15,177)	-	-
Foreign currency translation differences	(108,084)	(13,951)	-	-
Carrying amount at the end of the year	**1,758,469**	**1,910,194**	**266,711**	**266,711**

[1] *Restated for correction of error in the prior period, refer to note 27.2*

[2] *Refer to note 4.6 for held for sale assets*

4.5.2 Interest in subsidiaries (at company level)

	2023	2022
Carrying amounts at the beginning of the year	87,633	90,415
Impairment of a subsidiary[3]	(8,078)	(2,782)
Recapitalisation of Share Scheme	50,000	-
Carrying amount at the end of the year	**129,555**	**87,633**

[3] *The carrying amount of the investment in BIHL Share Scheme exceeded the net asset value of the Share Scheme by P 8 million (2022: P2.8 million). BIHL company owns 100% of the Share Scheme Trust and the shares in the Trust are listed shares of the parent on the Botswana Stock Exchange. The impairment arose as a result of losses incurred for the year. Management have determined the recoverable amount of the Share Scheme to be P54.7 million (2022: P12.8 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 Dec 2023. The fair value less cost to sell was determined based on the net asset value of the share trust as at 31 Dec 2023. the level of fair value hierachy is deemed to be level 1.*

Impairment assessment of the Share Scheme

	2023	2022
Carrying amount in parent	62,789	15,571
Net asset value	54,711	12,789
Impairment	**8,078**	**2,782**

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 financial statements, and 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 and African Life Financial Services (Zambia) Ltd and Aflife Holdings Zambia Limited. The previous table shows the Group's percentage shareholding and total summarised

The Group, through its 100% owned subsidiary Bifm Holdings Limited, has a 49% interest in African Life Financial Services (Zambia) Ltd. African Life Financial Services (Zambia) Ltd 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) Ltd 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 (Pty) limited.

The Group, through its 100% owned subsidiary BLIL has a 27.61% (2022: 27.91%) interest in Letshego Africa Limited formerly Letshego Holdings Limited (LHL), 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 LHL is accounted for using the equity method in the consolidated annual financial statements. The entity is strategic to the Group's activities. The table above illustrates the summarised financial information of the Group's investment in Letshego.

4.5 Interest in associates/joint ventures and subsidiaries (subsidiaries at company level) (continued)

The company has a 25.1% interest in NICO. The latter group operates in five countries including 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 & 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. The entity is strategic to the Group's activities.

The group through its 100% owned subsidiary BLIL owned 37.62% of FSG. FSG is involved in the manufacturing and distribution of coffins and caskets, providing funeral services and establishing and managing private cemeteries. The company is incorporated in Botswana and has a subsidiary in Zambia and South Africa. Until 3 December 2015, FSG was a public company listed on the BSE. The group's interest in FSG was accounted for using the equity method in the consolidated financial statements up to 30 June 2022 (the date it met the requirements to be classified as Held for sale, refer to note 4.6) and the investment was finally disposed off in February 2023.

The fair value of the LAHL was P1,219 million (2022: P1,509 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 current economic conditions the business operates in. The pre-tax discount rate applied to cash flow projections is 16.3% (2022: 16.7%) and cash flows beyond the five-year period are extrapolated using a 6.8% growth rate (2022: 7.2%). It was concluded that the fair value less costs of disposal exceeded the carrying value. As a result of this analysis, there were no impariment indicators in the 2023 (2022: P nil million) and foreign currency translation gains of P47 million (2022: P18 million).

The fair value of NICO was P221million (2022: P348 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 the NICO Life and increased performance for NBS bank. The pre-tax discount rate applied to cash flow projections is 25% (2022: 33%) and cash flows beyond the five-year period are extrapolated using a 10% growth rate (2022: 19.5%) 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, management has recognised an impairment charge of PNIL in 2023 (2022: PNil) and foreign currency translation gains of P82 million (2022: P28 million) have been recognised.

The company has joint control in a company called Teledimo (Pty) Ltd, which holds a 100% investment in a short term insurance company, Botswana Insurance Company Ltd (BIC) and a 66% investmet in GrandRe Tanzania. Teledimo is a non-operating holding company and only has two investment i.e. the investment in BIC and GrandRe Holdings. BIC is incorporated in Botswana and is a private company and owns 100% of BIHL Insurance Limited (t/a Legal Guard). The group's interest in Teledimo is accounted for as a joint venture using the equity method in the consolidated annual financial statements while in the company's annual financial statements it is accounted for at cost.

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 terms 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 classifiend as held for sale. The fair value less costs to sell was assessed on the 30th of 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	**2023**	**2022**
Carrying amounts at the beginning of the year	99,988	110,318
Share of results after tax	-	12,593
Dividend received	-	(25,009)
Foreign currency translation differences	-	2,086
Disposal	(99,988)	-
Carrying amount at the end of the year	-	99,988

The share of results after tax, dividend received and foreign currency translation reserve represents the Group's share in the associate for the period up to 30 June 2022 (the date that the Group ceased equity accounting for the associate). The dividend (P15m) received after 30 June 2022 was recognised in the income statement.

Fair value less cost to sell		
Fair value (sales consideration)	250,000	250,000
Cost to sell	(8,343)	(8,343)
Fair value less cost to sell	241,657	241,657

The transaction was concluded on the 7th of February 2023 following the regulatory approval and fulfillment of all conditions precedent. As per the key term of the agreement the cash consideration of P250 million was received. As at 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.

Fair value less cost to sell	241,657	-
Carrying amount at time of disposal	(99,988)	-
Profit on Sale of associate	141,669	-

		Group		Company	
			Restated		
		2023	2022	2023	2022
		P'000	P'000	P'000	P'000
5 Other receivables					
Financial instruments					
Other amounts receivable		173,204	225,338	19,976	151
Impairment Allowances		(38,183)	(38,835)	-	-
		135,021	**186,503**	**19,976**	**151**
Non-financial instruments					
Prepayments		611	437	77	**160**
Other receivables		**135,632**	**186,940**	**20,053**	**311**

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.

The ageing analysis of these receivables is as analysed below:

Current	Stage 1	118,852	183,490	20,053	311
Past due		54,963	42,285	-	-
Less than 30 days	Stage 1	2,689	19	-	-
30 - 60 days	Stage 2	128	680	-	-
61 - 90 days	Stage 2	182	452	-	-
Over 90 days	Stage 3	51,964	41,134	-	-
		173,815	**225,775**	**20,053**	**311**

The carrying values ofother receivables are reasonable approximations of their fair values due to the short term nature thereof.
Prior year has been restated, refer to table on page 21 further details

Impairment movement

Other amounts receivable include Trade and Other receivables, Agents and Brokers advance. Other amounts receivable are stated after an impairment provision of P38.1 million as at 31 December 2022 (2022: P38.8 million).

As at 1 January	38,835	33,368	-	-
Provision raised	(652)	5,467	-	-
As at 31 December	**38,183**	**38,835**	**-**	**-**

6 Stated Capital				
Authorised shares (number)	284,870,652	282,370,652	284,870,652	282,370,652
Ordinary shares issued and fully paid				
284,870,652 (2022: 282,370,652) ordinary shares at no par value	204,936	154,936	204,936	154,936

	Group		Company	
	2023	2022	2023	2022
	P'000	P'000	P'000	P'000
7 Non-distributable reserves				
Foreign currency translation reserve				
Opening balance	(95,761)	(81,810)	-	-
Movement for the year	(170,662)	(13,951)	-	-
Balance at the end of the year	**(266,423)**	**(95,761)**	-	-
Consolidation reserve				
Opening balance	(35,944)	(37,065)	-	-
Transfer from retained earnings	2,459	-	-	-
Cost of shares disposed/(purchased)	-	1,121	-	-
Balance at the end of the year	**(33,485)**	**(35,944)**	-	-

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.

	Group 2023	Group 2022	Company 2023	Company 2022
BIHL shares held by policyholders				
Number of shares held as at 31 December:	2,085	2,208	-	-
	2,085	2,208	-	-
Market price per share (Pula)	20.01	17.71	-	-
Non-distributable reserves				
Treasury shares				
Opening balance	(71,662)	(71,658)	-	-
Cost of treasury shares/(purchased)/disposed	(61,060)	(4)	-	-
Exercised employee shares	44,758	-	-	-
Balance at the end of the year	**(87,964)**	**(71,662)**	-	-
Share based payment reserve				
Opening balance	105,624	104,350	40,649	35,434
Expense arising from equity-settled share-based payment transactions	5,168	5,215	5,168	5,215
Treasury shares movement	(44,758)	(3,941)	-	-
Transfer to retained earnings	(29,199)	-	(8,980)	-
Balance at the end of the year	**36,835**	**105,624**	**36,837**	**40,649**
Capital Reserve Account				
Opening balance	447,951	481,899	-	-
Transfer to retained earnings	9,461	(33,948)	-	-
Balance at the end of the year	**457,412**	**447,951**	-	-

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, Non-Bank Financial Institutions Regulatory Authority (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 2023	Group 2022	Company 2023	Company 2022
Total non-distributable reserves	**106,375**	**350,208**	**36,837**	**40,649**

8 Insurance contract carrying amount

8.1 Analysis of net insurance contract carrying amount: Life insurance - Risk business

Analysis per valuation method

	Liability for remaining coverage					Incurred claims[1]		Analysis of liability for remaining coverage		
P '000	**Total**	***Subtotal*** [1]	**Best estimate of future cash flows**	**Risk adjustment**	**Contractual service margin**	***Subtotal***	**Best estimate of future cash flows**	**Total**	**Excluding loss component**	**Loss component**
2023										
Life insurance- Risk business	**7,391,186**	**7,243,696**	**5,643,496**	**259,756**	**1,340,444**	**147,490**	**147,490**	**7,243,695**	**7,198,193**	**45,502**
Premium allocation approach[1]	527,755	472,638	472,638	-	-	55,117	55,117	472,638	472,638	-
General model	6,863,431	6,771,058	5,170,858	259,756	1,340,444	92,373	92,373	6,771,057	6,725,555	45,502
Net insurance contract carrying amount	**7,391,186**	**7,243,696**	**5,643,496**	**259,756**	**1,340,444**	**147,490**	**147,490**	**7,243,695**	**7,198,193**	**45,502**
Insurance contract liability balances	8,004,121	7,931,070	7,420,192	92,996	417,882	73,051	73,051	7,931,069	7,923,298	7,771
Insurance contract asset balances	(612,935)	(687,374)	(1,776,696)	166,760	922,562	74,439	74,439	(687,373)	(725,104)	37,731
Net insurance contract carrying amount	**7,391,186**	**7,243,696**	**5,643,496**	**259,756**	**1,340,444**	**147,490**	**147,490**	**7,243,696**	**7,198,194**	**45,502**
2022										
Life insurance- Risk business	**6,997,685**	**6,839,875**	**5,018,676**	**179,190**	**1,642,009**	**157,810**	**157,810**	**6,839,875**	**6,821,136**	**18,739**
Premium allocation approach[1]	537,245	471,719	471,719	-	-	65,526	65,526	471,719	471,719	-
General model	6,460,440	6,368,156	4,546,957	179,190	1,642,009	92,284	92,284	6,368,156	6,349,417	18,739
Net insurance contract carrying amount	**6,997,685**	**6,839,875**	**5,018,676**	**179,190**	**1,642,009**	**157,810**	**157,810**	**6,839,875**	**6,821,136**	**18,739**
Insurance contract liability balances	7,551,386	7,468,461	6,870,522	82,305	515,634	82,925	82,925	7,468,461	7,468,461	-
Insurance contract asset balances	(553,701)	(628,586)	(1,851,846)	96,885	1,126,375	74,885	74,885	(628,586)	(647,325)	18,739
Net insurance contract carrying amount	**6,997,685**	**6,839,875**	**5,018,676**	**179,190**	**1,642,009**	**82,925**	**157,810**	**6,839,875**	**6,821,136**	**18,739**

[1] Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.

8 Insurance contract carrying amount

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

		2023				
		General Measurement Model			Premium Allocation Approach	
P'000	Total	Sub-total	Individual Life	Annuities	Sub-total	Group Business
Liability for remaining coverage	**7,243,696**	**6,771,058**	**(687,374)**	**7,458,432**	**472,638**	**472,638**
Best estimate of future cash flows excl loss component	5,597,994	5,125,356	(1,814,427)	6,939,783	472,638	472,638
Loss component	45,502	45,502	37,731	7,771	-	-
Risk adjustment	259,756	259,756	166,760	92,996	-	-
Contractual service margin	1,340,444	1,340,444	922,562	417,882	-	-
					-	
Incurred claims	**147,490**	**92,373**	**74,439**	**17,934**	**55,117**	**55,117**
Best estimate of future cash flows	147,490	92,373	74,439	17,934	55,117	55,117
Risk adjustment	-	-	-	-	-	-
	7,391,186	**6,863,431**	**(612,935)**	**7,476,366**	**527,755**	**527,755**

		2022				
		General Measurement Model			Premium Allocation Approach	
P'000	Total	Sub-total	Individual Life	Annuities	Sub-total	Group Business
Liability for remaining coverage	**6,839,875**	**6,368,156**	**(628,586)**	**6,996,742**	**471,719**	**471,719**
Best estimate of future cash flows excl loss component	4,999,937	4,528,218	(1,870,585)	6,398,803	471,719	471,719
Loss component	18,739	18,739	18,739	-	-	-
Risk adjustment	179,190	179,190	96,885	82,305	-	-
Contractual service margin	1,642,009	1,642,009	1,126,375	515,634	-	-
					-	
Incurred claims	**157,810**	**92,284**	**74,885**	**17,399**	**65,526**	**65,526**
Best estimate of future cash flows	157,810	92,284	74,885	17,399	65,526	65,526
Risk adjustment	-	-	-	-	-	-
	6,997,685	**6,460,440**	**(553,701)**	**7,014,141**	**537,245**	**537,245**

8 Insurance contract carrying amount
8.2 Reconciliation of net carrying amount: Life insurance- Risk business
8.2.2 Premium allocation approach
Reconciliation per valuation component

	2023			2022		
		Liability for remaining coverage	Incurred claims		Liability for remaining coverage	Incurred claims
P '000	**Total**	**Excluding loss component**	**Best estimate of future cash flows**	**Total**	**Excluding loss component**	**Best estimate of future cash flows**
Recognised in statement of comprehensive income	**(174,545)**	(496,715)	322,170	**(242,047)**	(642,083)	400,036
Recognised in insurance revenue	**(727,980)**	(727,980)	-	**(879,021)**	(879,021)	-
Recognised in insurance service expenses	**553,435**	231,265	322,170	**636,974**	236,938	400,036
Claims incurred during the year (excluding investment component)	**322,170**	-	322,170	**400,036**	-	400,036
Amortisation of insurance acquisition cash flows	**231,265**	231,265	-	**236,938**	236,938	-
Cash flow	**158,210**	497,634	(339,424)	**217,504**	600,288	(382,784)
Premiums received during the year	**728,899**	728,899	-	**837,226**	837,226	-
Claims paid during the year	**(339,424)**	-	(339,424)	**(382,784)**	-	(382,784)
Insurance acquisition cash flows	**(231,265)**	(231,265)	-	**(236,938)**	(236,938)	-
Net movement for the year	**(16,335)**	919	(17,254)	**(24,543)**	(41,795)	17,252
Balance at the beginning of the year	**537,245**	471,719	65,526	**561,789**	513,515	48,274
Balance at the end of the year	**520,910**	472,638	48,272	**537,246**	471,720	65,526

8 Insurance contract carrying amount

8.2 Reconciliation of net carrying amount: Life insurance- Risk business

8.2.3 General model

Reconciliation per valuation component

P '000	Total	Best estimate of future cash flows	Risk adjustment	*Subtotal: Contractual service margin*	Fair value transition approach	Other[4]	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2023										
Non-onerous contracts recognised during the year[3]	-	(150,533)	10,261	140,272	-	140,272	-	-	-	-
Recognised in statement of comprehensive income	144,289	205,826	(18,119)	(43,418)	(9,321)	(34,097)	144,289	(822,353)	36,452	930,190
Recognised in insurance revenue[1]	(1,278,929)	(1,110,170)	(20,836)	(147,923)	(69,326)	(78,597)	(1,278,929)	(1,275,671)	(3,258)	-
Expected incurred claims excluding investment components	(971,236)	(971,236)	-	-	-	-	(971,236)	(970,805)	(431)	-
Expected administration and other expenses	(158,855)	(158,855)	-	-	-	-	(158,855)	(156,163)	(2,692)	-
Release of risk adjustment for risk expired	(20,836)	-	(20,836)	-	-	-	(20,836)	(20,701)	(135)	-
Recognition of contractual service margin	(147,923)	-	-	(147,923)	(69,326)	(78,597)	(147,923)	(147,923)	-	-
Premium experience adjustments related to current service and other amounts	19,921	19,921	-	-	-	-	19,921	19,921	-	-
Recognised in insurance service expenses[1]	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[3]	2,275	2,144	131	-	-	-	2,275	-	2,275	-
Increase and reversal of losses on onerous contracts[3]	23,595	20,333	3,262	-	-	-	23,595	-	23,595	-
Insurance finance income or expenses	467,158	363,329	(676)	104,505	60,005	44,500	467,158	453,318	13,840	-
Excluding recognition of adjusting the contractual service margin at locked-in interest rates	544,257	423,839	15,913	104,505	60,005	44,500	544,257	528,848	15,409	-
Impact of adjusting the contractual service margin at locked-in interest rates	(77,099)	(60,510)	(16,589)	-	-	-	(77,099)	(75,530)	(1,569)	-
Changes in estimates recognised in contractual service margin[3]	-	350,946	88,547	(439,493)	(229,612)	(209,881)	-	9,548	(9,548)	-
Premium experience adjustments related to future service	-	(9,055)	-	9,055	-	9,055		-	-	-
Cash flow	263,932	263,932	-	-	-	-	263,932	1,194,033	-	(930,101)
Premiums received during the year	1,410,787	1,410,787	-	-	-	-	1,410,787	1,410,787	-	-
Incurred claims - investment components[5]	-	-	-	-	-	-	-	(41,191)	-	41,191
Claims paid during the year	(971,292)	(971,292)	-	-	-	-	(971,292)	-	-	(971,292)
Insurance acquisition cash flows	(175,563)	(175,563)	-	-	-	-	(175,563)	(175,563)	-	-
Net movement for the year	408,221	661,116	80,689	(333,584)	(238,933)	(94,651)	408,221	381,228	26,904	89
Recognised in other comprehensive income - foreign currency translation differences	(1,295)	8	1,357	(2,660)	(2,660)	-	(1,295)	(1,153)	(142)	-
Balance at the beginning of the year	6,460,441	4,639,242	179,190	1,642,009	408,575	1,233,434	6,460,441	6,349,418	18,739	92,284
Balance at the end of the period	6,867,367	5,300,366	261,236	1,305,765	166,982	1,138,783	6,867,367	6,729,493	45,501	92,373

[1] Line items do not align to statement of comprehensive income, this is due to the a reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.

[2] Relates to past service. Line items without a superscript relates to current service.

[3] Relates to future service. Line items without a superscript relates to current service.

[4] 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.

[5] 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).

8 Insurance contract carrying amount

8.2 Reconciliation of net carrying amount: Life insurance- Risk business

8.2.3 General model

Reconciliation per valuation component

P '000	Total	Best estimate of future cash flows	Risk adjustment	*Subtotal: Contractual service margin*	Fair value transition approach	Other[4]	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2022										
Non-onerous contracts recognised during the year[3]	-	(230,410)	13,781	216,629	-	216,629	-	-	-	-
Recognised in statement of comprehensive income	69,748	208,786	2,072	(141,110)	(71,637)	(69,473)	69,748	(825,714)	18,541	876,921
Recognised in insurance revenue[1]	(1,180,474)	(948,250)	(21,015)	(211,209)	(114,528)	(96,681)	(1,180,473)	(1,180,080)	(393)	-
Expected incurred claims excluding investment components	(944,800)	(944,800)	-	-	-	-	(944,800)	(944,730)	(70)	-
Expected administration and other expenses	(84,773)	(84,773)	-	-	-	-	(84,773)	(84,457)	(316)	-
Release of risk adjustment for risk expired	(21,015)	-	(21,015)	-	-	-	(21,014)	(21,007)	(7)	-
Recognition of contractual service margin	(211,209)	-	-	(211,209)	(114,528)	(96,681)	(211,209)	(211,209)	-	-
Premium experience adjustments related to current service and other amounts	81,323	81,323	-	-	-	-	81,323	81,323	-	-
Recognised in insurance service expenses[1]	895,449	894,252	1,197	-	-	-	895,449	-	18,528	876,921
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	876,921	876,921	-	-	-	-	876,921	-	-	876,921
Expected incurred claims excluding investment components	944,800	944,800	-	-	-	-	944,800	-	-	944,800
Experience adjustment	(67,879)	(67,879)	-	-	-	-	(67,879)	-	-	(67,879)
Increase and reversal of losses on onerous contracts[3]	18,528	17,331	1,197	-	-	-	18,528	-	18,528	-
Insurance finance income or expenses	354,773	262,784	21,890	70,099	42,891	27,208	354,772	354,366	406	-
Excluding recognition of adjusting the contractual service margin at locked-in interest rates	391,245	307,184	13,962	70,099	42,891	27,208	391,244	390,445	799	-
Impact of adjusting the contractual service margin at locked-in interest rates	(36,472)	(44,400)	7,928	-	-	-	(36,472)	(36,079)	(393)	-
Changes in estimates recognised in contractual service margin[3]	-	(61,164)	(45,809)	106,973	6,744	100,229	-	-	-	-
Premium experience adjustments related to future service	-	(7,918)	-	7,918	-	7,918	-	-	-	-
Cash flow	201,696	201,696	-	-	-	-	201,696	1,092,925	-	(891,229)
Premiums received during the year	1,372,870	1,372,870	-	-	-	-	1,372,870	1,372,870	-	-
Incurred claims - investment components[5]	-	-	-	-	-	-	-	(36,034)	-	36,034
Claims paid during the year	(927,263)	(927,263)	-	-	-	-	(927,263)	-	-	(927,263)
Insurance acquisition cash flows	(243,911)	(243,911)	-	-	-	-	(243,911)	(243,911)	-	-
Net movement for the year	271,443	110,990	(29,957)	190,410	(64,893)	255,303	271,443	267,212	18,540	(14,309)
Recognised in other comprehensive income - foreign currency translation differences	29,090	25,876	63	3,151	3,151	-	29,089	28,890	199	-
Balance at the beginning of the year	6,159,908	4,502,376	209,084	1,448,448	470,317	978,131	6,159,908	6,053,315	-	106,593
Balance at the end of the period	6,460,441	4,639,242	179,190	1,642,009	408,575	1,233,434	6,460,440	6,349,417	18,739	92,284

[1] Line items do not align to statement of comprehensive income, this is due to the a reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.

[2] Relates to past service. Line items without a superscript relates to current service.

[3] Relates to future service. Line items without a superscript relates to current service.

[4] 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.

[5] 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).

8 Insurance contract carrying amount
8.2 Expected recognition of contractual service margin
8.2.4 Analysis per line of business

2023
Individual Life

P'000	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-6 years	6-7 years	7-8 years	8-9 years	9-10 years	>10 years
	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000
Balance at the beginning of the year	922,562	878,370	835,932	795,019	756,129	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 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**	**835,933**	**795,019**	**756,128**	**720,125**	**687,185**	**663,318**	**644,314**	**619,671**	**594,153**	**-**

Annuities

P'000	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-6 years	6-7 years	7-8 years	8-9 years	9-10 years	>10 years
	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000
Balance at the beginning of the year	417,882	397,864	378,642	360,110	342,494	326,186	311,266	300,455	291,847	280,684	269,126
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 statement of comprehensive income	(37,677)	(38,670)	(35,883)	(33,513)	(31,378)	(29,414)	(27,656)	(26,062)	(24,476)	(22,934)	(354,962)
Balance at the end of the year	**397,864**	**378,642**	**360,110**	**342,495**	**326,185**	**311,266**	**300,455**	**291,847**	**280,685**	**269,126**	**-**

Total

P'000	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-6 years	6-7 years	7-8 years	8-9 years	9-10 years	>10 years
	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000
Balance at the beginning of the year	1,340,444	1,276,234	1,214,574	1,155,129	1,098,623	1,046,310	998,451	963,773	936,161	900,355	863,279
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 statement of comprehensive income	(120,857)	(124,043)	(115,102)	(107,501)	(100,651)	(94,352)	(88,713)	(83,600)	(78,512)	(73,567)	(1,138,615)
Balance at the end of the year	**1,276,233**	**1,214,575**	**1,155,129**	**1,098,623**	**1,046,310**	**998,451**	**963,773**	**936,161**	**900,356**	**863,279**	**-**

8 Insurance contract carrying amount

8.2 Expected recognition of contractual service margin

8.2.4 Analysis per line of business

2022

Individual Life

P'000	**<1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**5-6 years**	**6-7 years**	**7-8 years**	**8-9 years**	**9-10 years**	**>10 years**
Balance at the beginning of the year	1,126,375	1,027,465	946,777	872,362	803,531	740,972	684,386	641,447	607,358	566,767	524,724
Accretion of interest on liabilities under the general model	64,435	68,820	62,523	57,144	53,705	50,899	56,661	58,451	45,529	38,014	312,135
Recognised in statement of comprehensive income	(163,345)	(149,508)	(136,938)	(125,975)	(116,264)	(107,485)	(99,601)	(92,540)	(86,119)	(80,057)	(836,859)
Balance at the end of the year	**1,027,465**	**946,777**	**872,362**	**803,531**	**740,972**	**684,386**	**641,446**	**607,358**	**566,768**	**524,724**	**-**

Annuities

P'000	**<1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**5-6 years**	**6-7 years**	**7-8 years**	**8-9 years**	**9-10 years**	**>10 years**
Balance at the beginning of the year	515,634	470,355	433,417	399,351	367,842	339,203	313,300	293,643	278,037	259,456	240,209
Accretion of interest on liabilities under the general model	29,497	31,504	28,622	26,160	24,585	23,301	25,939	26,758	20,842	17,402	142,890
Recognised in statement of comprehensive income	(74,776)	(68,442)	(62,688)	(57,669)	(53,224)	(49,204)	(45,596)	(42,363)	(39,424)	(36,649)	(383,099)
Balance at the end of the year	**470,355**	**433,417**	**399,351**	**367,842**	**339,203**	**313,300**	**293,643**	**278,038**	**259,455**	**240,209**	**-**

Total

P'000	**<1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**5-6 years**	**6-7 years**	**7-8 years**	**8-9 years**	**9-10 years**	**>10 years**
	P '000	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**
Balance at the beginning of the year	1,642,009	1,497,820	1,380,194	1,271,713	1,171,373	1,080,175	997,686	935,090	885,395	826,223	764,933
Accretion of interest on liabilities under the general model	93,932	100,324	91,145	83,304	78,290	74,200	82,600	85,209	66,371	55,416	455,025
Recognised in statement of comprehensive income	(238,121)	(217,950)	(199,626)	(183,644)	(169,488)	(156,689)	(145,197)	(134,903)	(125,543)	(116,706)	(1,219,958)
Balance at the end of the year	**1,497,820**	**1,380,194**	**1,271,713**	**1,171,373**	**1,080,175**	**997,686**	**935,089**	**885,396**	**826,223**	**764,933**	**-**

8 Insurance contract carrying amount

8.3 Carrying value of new insurance contracts issued during the year

P'000	2023 Total	2023 Groups of contracts that are expected to be profitable at initial recognition	2023 Groups of contracts that are onerous at initial recognition	2022 Total	2022 Groups of contracts that are expected to be profitable at initial recognition
Estimate of the present value of future cash inflows	(1,092,201)	(1,086,946)	(5,255)	(1,423,462)	(1,423,462)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	930,885	926,198	4,687	974,733	974,733
Insurance acquisition cash flows	12,826	10,215	2,611	218,318	218,318
Risk adjustment for non-financial risk	10,366	10,261	105	13,781	13,781
Contractual service margin	140,272	140,272	-	216,630	216,630
Net carrying amount of insurance contracts issued during the year	2,148	-	2,148	-	-

8.4 Insurance and reinsurance contracts

Summary of net carrying amount

	2023				2022			
P '000	**Total**	**Individual Life**	**Annuities**	**Group Business**	**Total**	**Individual Life**	**Annuities**	**Group Business**
Net insurance contract carrying amount	7,391,186	(612,935)	7,476,366	527,755	6,997,685	(553,701)	7,014,141	537,245
Insurance contract liabilities	8,004,121	-	7,476,366	527,755	7,551,386	-	7,014,141	537,245
Insurance contract liability balances	8,004,121	-	7,476,366	527,755	7,551,386	-	7,014,141	537,245
Insurance contract assets	612,935	612,935	-	-	553,701	553,701	-	-
Insurance contract asset balances	612,935	612,935	-	-	553,701	553,701	-	-
Net reinsurance contract carrying amount	36,348	54,222	-	(17,874)	45,486	55,757	-	(10,271)
Reinsurance contract liabilities	54,222	54,222	-	-	55,757	55,757	-	-
Reinsurance contract assets	(17,874)	-	-	(17,874)	(10,271)	-	-	(10,271)
Net carrying amount	7,427,534	(558,713)	7,476,366	509,881	7,043,171	(497,944)	7,014,141	526,974

Summary of result from insurance contracts

	2023				2022			
P '000	**Total**	**Individual Life**	**Annuities**	**Group Business**	**Total**	**Individual Life**	**Annuities**	**Group Business**
Insurance service result	286,393	157,708	41,761	86,924	277,710	125,190	31,992	120,528
Insurance revenue	2,422,502	875,540	818,982	727,980	2,392,542	740,760	772,761	879,021
Insurance service expenses	(2,120,634)	(718,550)	(777,221)	(624,863)	(2,089,982)	(609,866)	(740,769)	(739,347)
Income or expense from reinsurance contracts	(15,475)	718	-	(16,193)	(24,850)	(5,704)	-	(19,146)
Insurance investment result	315,333	52,432	209,186	53,715	(121,265)	(88,628)	(52,273)	19,636
Other expenses relating to insurance operations	(15,975)	-	-	-	(13,251)	-	-	-
Result from insurance contracts	585,751	210,140	250,947	140,639	143,194	36,562	(20,281)	140,164

8.5 Investment Contracts

8.5.1 Composition of investment contract liabilities

P '000	2023	Restated 2022
Individual business	3,598,953	3,298,512
Investments	3,501,076	3,154,160
Linked business	3,501,076	3,154,160
Life Annuities	97,877	144,352
Guaranteed certain	97,877	144,352
Total investment contract liabilities	**3,598,953**	**3,298,512**

8.5.2 Analysis of movement in investment contract liabilities

Investment contracts		
Income	913,043	565,790
Premium income	438,041	625,462
Change in fair value of investment contract liabilities	475,002	(59,672)
Outflow	(607,349)	(670,755)
Policy benefits	(469,970)	(552,300)
Fees and other payments to shareholders' fund	(137,379)	(118,455)
Other movements	(5,253)	62,080
Net movement for the year	300,441	(42,885)
Balance at the beginning of the year	3,298,512	3,341,397
Balance at the end of the year	3,598,953	3,298,512

		Group		Company	
		2023	**2022**	**2023**	**2022**
		P'000	**P'000**	**P'000**	**P'000**
9	**Derivatives instrument**				
	Foreign Exchange Swap transaction	**25,429**	**37,259**	**-**	-
	Reconciliation of movement during the year				
	Balance at 1 January	37,259	42,366	**-**	-
	Fair value adjustment	(11,830)	(5,107)	**-**	-
	Closing balance at 31 December	**25,429**	**37,259**	**-**	**-**

This transaction was entered into between BIHL Group and African Life Assurance Company Botswana (Pty) Ltd (ALBOTS) - a wholly-owned subsidiary of Sanlam-Allianz, whose sole asset and source of revenue is a 17% shareholding in BIHL. Albots, who receives periodic dividends and converts the same to South African Rand, wished to swap these cashflows to mitigate against currency movements. The Group (through the BLIL 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 BWP 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 cashflow exchanged hands during the life of the contract (i.e. the swap value becomes unrealised gains or losses in the book).

		Group		Company	
		2023	**2022**	**2023**	**2022**
		P'000	**P'000**	**P'000**	**P'000**
10	***External investors in consolidated funds***				
	Balance at the beginning of the year	3,619,273	3,635,183	-	-
	Fair value losses	88,254	36,538	-	-
	Net investment return	202,721	245,282	-	-
	Net funds inflow/(outflows)	(1,828,228)	(297,730)	-	-
	Balance at the end of the year	**2,082,020**	**3,619,273**	**-**	-

Net investment return comprises of interest income on financial assets at fair value through profit or loss, rental income and dividend income.

Segregated funds accounted for off the Statement of Financial Position	33,890,391	29,172,552	**-**	-

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).

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

P '000	Total	Remaining coverage component				Incurred claims component	
		Subtotal	Best estimate of future cash flows	Risk adjustment	Contractual service margin	*Subtotal*	Best estimate of future cash flows
2023							
Life insurance- Risk business	(36,348)	(73,170)	6,947	31,704	(111,821)	36,822	36,822
Premium allocation approach[1]	17,874	17,874	17,874	-	-	-	-
General model	(54,222)	(91,044)	(10,927)	31,704	(111,821)	36,822	36,822
Net reinsurance contract carrying amount	(36,348)	(73,170)	6,947	31,704	(111,821)	36,822	36,822
Reinsurance contract liabilities	(54,222)	(91,044)	(10,927)	31,704	(111,821)	36,822	36,822
Reinsurance contract assets	17,874	17,874	17,874	-	-	-	-
Net reinsurance contract carrying amount	(36,348)	(73,170)	6,947	31,704	(111,821)	36,822	36,822

[1] Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.

P '000	Total	*Subtotal*	Best estimate of future cash flows	Risk adjustment	Contractual service margin	*Subtotal*	Best estimate of future cash flows
2022							
Life insurance - Risk business	(45,486)	(82,567)	(76,896)	12,657	(18,328)	37,081	37,081
Premium allocation approach[1]	10,271	7,437	7,437	-	-	2,834	2,834
General model	(55,757)	(90,004)	(84,333)	12,657	(18,328)	34,247	34,247
Net reinsurance contract carrying amount	(45,486)	(82,567)	(76,896)	12,657	(18,328)	37,081	37,081
Reinsurance contract liabilities	(55,757)	(90,004)	(84,333)	12,657	(18,328)	34,247	34,247
Reinsurance contract assets	10,271	7,437	7,437	-	-	2,834	2,834
Net reinsurance contract carrying amount	(45,486)	(82,567)	(76,896)	12,657	(18,328)	37,081	37,081

[1] Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.

11 Reinsurance contract carrying amount

11.2 Reconciliation of net carrying amount: Life insurance - Risk business

11.2.1 Premium allocation approach

Reconciliation per valuation component

	2023				2022			
			Incurred claims component				Incurred claims component	
P '000	Total	Remaining coverage component	*Subtotal*	Best estimate of future cash flows	Total	Remaining coverage component	*Subtotal*	Best estimate of future cash flows
Recognised in statement of comprehensive income	(16,194)	(32,253)	16,059	16,059	(19,146)	(42,402)	23,256	23,256
Income or expense from reinsurance contracts	(16,194)	(32,253)	16,059	16,059	(19,146)	(42,402)	23,256	23,256
Income or expenses from reinsurance contracts excluding changes in non-performance risk of reinsurance contracts	(16,194)	(32,253)	16,059	16,059	(19,146)	(42,402)	23,256	23,256
Cash flow	23,797	39,416	(15,619)	(15,619)	17,536	37,958	(20,422)	(20,422)
Premiums paid	39,416	39,416	-	-	37,958	37,958	-	-
Recoveries received under reinsurance contracts held	(15,619)	-	(15,619)	(15,619)	(20,422)	-	(20,422)	(20,422)
Net movement for the year	7,603	7,163	440	440	(1,611)	(4,445)	2,834	2,834
Balance at the beginning of the year	10,271	7,437	2,834	2,834	11,882	11,882	-	-
Balance at the end of the year	17,874	14,600	3,274	3,274	10,271	7,437	2,834	2,834

11 Reinsurance contract carrying amount
11.2 Reconciliation of net carrying amount: Life insurance- Risk business
11.2.2 General model
Reconciliation per valuation component

P '000	Total	Best estimate of future cash flows	Risk adjustment	*Subtotal: Contractual service margin*	Other[3]	Total	Remaining coverage component excluding loss recovery component	Incurred claims component
2023								
Contracts recognised during the year for future coverage	**-**	2 869	(46)	(2 823)	(2 823)	-	-	-
Recognised in 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 contractual service margin 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 adjusting the contractual service margin at locked-in interest rates	(26 935)	(22 618)	(4 317)	-	-	(26 935)	(26 935)	-
Changes in estimates recognised in contractual service margin[2]	-	64 483	24 980	(89 463)	(89 463)	-	-	-
Cash flow	27 749	27 751	-	-	-	27 749	27 749	-
Premiums paid	27 749	27 751	-	-	-	27 749	27 749	-
Net movement for the year	1 535	73 406	19 048	(90 994)	(90 994)	1 535	(1 040)	2 575
Balance at the beginning of the year	(55 757)	(84 333)	12 657	(18 328)	(18 328)	(55 757)	(90 004)	34 247
Balance at the end of the year	**(54 222)**	**(10 927)**	**31 705**	**(109 322)**	**(109 322)**	**(54 222)**	**(91 044)**	**36 822**

1 Relates to past service. Line items without a superscript relates to current service.

2 Relates to future service. Line items without a superscript relates 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.

11 Reinsurance contract carrying amount

11.2 Reconciliation of net carrying amount: Life insurance- Risk business

11.2.2 General model

Reconciliation per valuation component

P '000	Total	Best estimate of future cash flows	Risk adjustment	*Subtotal: Contractual service margin*	Other[3]	Total	Remaining coverage component excluding loss recovery component	Incurred claims component
2022								
Contracts recognised during the year for future coverage	**-**	(7 306)	-	7 306	7 306	-	-	-
Recognised in statement of comprehensive income	**(25 214)**	**18 374**	**(2 730)**	**(1 552)**	**(1 552)**	**(25 214)**	**14 093**	**(39 307)**
Income or expense from reinsurance contracts	(5 704)	34 035	1 120	(1 552)	(1 552)	(5 704)	33 603	**(39 307)**
Recognition of contractual service margin for services received	(1 552)	-	-	(1 552)	(1 552)	(1 552)	(1 552)	-
Release of risk adjustment for risk expired	1 120	-	1 120	-	-	1 120	1 120	-
Premium experience adjustments related to current service and other amounts	592	592	-	-	-	592	592	-
Claims experience adjustments related to current service	33 443	33 443	-	-	-	33 443	33 443	-
Changes in incurred claims related to past service[1]	(39 307)	-	-	-	-	(39 307)	-	(39 307)
Reinsurance finance income or expenses	(19 510)	(15 661)	(3 850)	-	-	(19 510)	(19 510)	-
Impact of adjusting the contractual service margin at locked-in interest rates	(19 510)	(15 661)	(3 850)	-	-	(19 510)	(19 510)	-
Changes in estimates recognised in contractual service margin[2]	(1)	40 337	20 474	(60 812)	(60 812)	-	-	-
Cash flow	(21 315)	(21 315)	-	-	-	(21 315)	(21 315)	-
Premium paid net recoveries and other items	(21 315)	(21 315)	-	-	-	(21 315)	(21 315)	-
Net movement for the year	(46 530)	30 090	17 744	(55 058)	(55 058)	(46 529)	(7 222)	(39 307)
Balance at the beginning of the year	(9 228)	(114 423)	(5 089)	36 730	36 730	(9 228)	(82 781)	73 553
Balance at the end of the year	**(55 757)**	**(84 333)**	**12 655**	**(18 328)**	**(18 328)**	**(55 757)**	**(90 003)**	**34 246**

1 Relates to past service. Line items without a superscript relates to current service.

2 Relates to future service. Line items without a superscript relates 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.

11 Reinsurance contract carrying amount

11.2 Analysis of net reinsurance contract carrying amount: Life insurance - Risk business

Analysis per valuation method and line of business

Summary per valuation component

		2023				
		General Measurement Model			Premium Allocation Approach	
P'000	**Total**	**Sub-total**	**Individual Life**	**Annuities**	**Sub-total**	**Group Business**
Liability for remaining coverage	**(73,170)**	**(91,044)**	**(91,044)**	**-**	**17,874**	**17,874**
Best estimate of future cash flows excl loss component	6,947	(10,927)	(10,927)	-	17,874	17,874
Risk adjustment	31,704	31,704	31,704	-	-	-
Contractual service margin	(111,821)	(111,821)	(111,821)	-	-	-
					-	
Incurred claims	**36,822**	**36,822**	**36,822**	**-**	**-**	**-**
Best estimate of future cash flows	36,822	36,822	36,822	-	-	-
Risk adjustment	-	-	-	-	-	-
	(36,348)	**(54,222)**	**(54,222)**	**-**	**17,874**	**17,874**

		2022				
		General Measurement Model			Premium Allocation Approach	
P'000	**Total**	**Sub-total**	**Individual Life**	**Annuities**	**Sub-total**	**Group Business**
Liability for remaining coverage	**(82,567)**	**(90,004)**	**(90,004)**	**-**	**7,437**	**7,437**
Best estimate of future cash flows excl loss component	(76,896)	(84,333)	(84,333)	-	7,437	7,437
Risk adjustment	12,657	12,657	12,657	-	-	-
Contractual service margin	(18,328)	(18,328)	(18,328)	-	-	-
					-	
Incurred claims	**37,081**	**34,247**	**34,247**	**-**	**2,834**	**2,834**
Best estimate of future cash flows	37,081	34,247	34,247	-	2,834	2,834
Risk adjustment	-	-	-	-	-	-
	(45,486)	**(55,757)**	**(55,757)**	**-**	**10,271**	**10,271**

11 Reinsurance contract carrying amount
11.3 Expected recognition of contractual service margin
11.3.1 Analysis per line of business
Life insurance- Risk business

2023

P'000	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-6 years	6-7 years	7-8 years	8-9 years	9-10 years	>10 years
	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000
Balance at the beginning of the year	111,821	105,522	99,377	93,391	87,699	82,309	78,094	74,747	70,575	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 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**	**99,378**	**93,390**	**87,699**	**82,309**	**78,094**	**74,747**	**70,575**	**65,935**	**61,485**	**-**

2022

P'000	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-6 years	6-7 years	7-8 years	8-9 years	9-10 years	>10 years
Balance at the beginning of the year	18,328	16,679	15,334	14,094	12,946	11,904	10,960	10,245	9,677	9,000	8,299
Accretion of interest on liabilities under the general model	1,074	1,147	1,042	952	895	848	944	974	759	634	5,203
Recognised in statement of comprehensive income	(2,723)	(2,492)	(2,282)	(2,100)	(1,938)	(1,792)	(1,660)	(1,542)	(1,435)	(1,334)	(13,502)
Balance at the end of the year	**16,679**	**15,334**	**14,094**	**12,946**	**11,903**	**10,960**	**10,244**	**9,677**	**9,001**	**8,300**	**-**

12 Non -controlling interests

	2023	2022
Balance at the beginning of the year	22,428	18,728
Share of profit	7,570	6,224
Dividend payment	(6,247)	(2,524)
Balance at the end of the year	**23,751**	**22,428**

12.1 Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operations	2023 %	2022 %
KYS Investments Limited	Botswana	37	37
BIFM CEE	Botswana	7	11
PPB	Botswana	26	26

Accumulated balances of material non-controlling interest:

	P'000	P'000
KYS Investments Limited	12,829	16,010
BIFM CEE	10,879	6,375
Private Property Botswana (Pty) Ltd	43	43
	23,751	**22,428**

Profit/(loss) allocated to material non-controlling interest:

KYS	-	320
BIFM	7,570	6,621
	7,570	**6,941**

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 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)	-	-
Summarised profit or loss for 2022			
Revenue	232,796	1,204	-
Administrative expenses	(74,237)	(342)	-
Profit before tax	**158,559**	**862**	**-**
Income tax	(28,789)	-	-
Profit for the year from continuing operations	**129,770**	**862**	**-**
Total comprehensive income	**129,770**	**862**	**-**
Attributable to non controlling interests	6,621	320	-
Dividends paid to non controlling interests	(2,524)	-	-

12.2 Non-controlling interests (continued)

	BIFM P'000	Kgolo Ya Sechaba (KYS) P'000	Private Property Botswana (PPB) P'000
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 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
Summarised statement of financial position as at 31 December 2022			
Trade receivables and cash and bank balances (current)	106,989	1,236	2,544
Property, plant and equipment and other non-current financial assets (non- current)	6,641,954	34,112	-
Trade and other payables (current)	(33,983)	913	(2,377)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(6,628)	-	-
Total equity	**6,708,332**	**36,261**	**167**
Attributable to:			
Equity holders of the parent	6,701,957	20,251	124
Non-controlling interests	6,375	16,010	43
Summarised cash flow information for the year ending 31 December 2023:			
Operating	14,905	(3,109)	-
Investing	(23,960)	-	-
Financing	(1,412)	-	-
Net increase/(decrease) in cash and cash equivalents	**(10,467)**	**(3,109)**	**-**
Summarised cash flow information for the year ending 31 December 2022:			
Operating	14,905	280	-
Investing	(23,960)	-	-
Financing	(1,412)	-	-
Net increase/(decrease) in cash and cash equivalents	**(10,467)**	**280**	**-**

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 2023 P'000	Deferred tax 2022 P'000
Balance at the beginning of the year	(73,545)	(23,780)
Transition adjustment	-	(58,481)
Charge to the income statement	(11,217)	8,716
Reallocation of tax	(57,146)	-
Balance at the end of the year	**(141,908)**	**(73,545)**
Representing:		
Accelerated wear and tear on equipment	(15,600)	(19,372)
Accelerated allowances on intangibles	84	(81)
Unrealised investment losses	2,117	11,306
Right of Use Assets	-	81
Impairment	(1,254)	1,618
Broker and agent loans	8,137	8,463
Difference between IFRS 17 and IFRS 4 profits	(20,271)	39,560
Deferred tax on transition earnings impact	(115,121)	(115,121)

No deferred tax asset was recognised in the holding company due to the assessable tax losses amounting to P9 million (2022: P9 million). There is uncertainty when taxable profits will be available against which the deferred tax asset can be utilised. No deferred tax liabilities has been provided for temporary differences arising from investment in subsidiaries, assocites and JVs as the deferred tax liability mainly arises from initial recognition of goodwill.

		Group		Company	
			Restated [1]		
		2023 P'000	2022 P'000	2023 P'000	2022 P'000
14	**Other payables**				
	Due to brokers and agents	59,971	67,127	-	-
	Other payables				
	Other accounts payable	165,693	226,766	20,504	18,015
	Payroll related liabilities	58,587	60,011	11,303	10,226
	Other accruals	69,573	44,217	707	534
	Total other payables	**353,824**	**398,121**	**32,514**	**28,775**

[1] *The prior year has been restated, refer to table of page 21 for further details*

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 relates to payroll accruals - leave pay, bonuses and gratuities

		Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
15	**Revenue from Contracts with Customers**				
	Disaggregation of revenue from contracts with customers				
	Management fee income	158,167	141,136	-	-
	Fees and other payments to shareholders' fund	137,379	118,455	-	-
		295,546	**259,591**	-	-
	Timing of revenue recognition				
	Contract revenue earned at a point in time	1,187	-	-	-
	Contract revenue earned over time	294,359	259,591	-	-
	Total revenue from contracts with customers	**295,546**	**259,591**	-	-

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.

		Group		Company	
		2023	**2022**	**2023**	**2022**
		P'000	**P'000**	**P'000**	**P'000**
16	**Investment returns**				
16.1	Interest income using EIR	4,395	4,127	1,221	1,091
		4,395	**4,127**	**1,221**	**1,091**
16.2	Other interest income from external investors in consolidated funds[1]	202,721	245,282	-	-
		202,721	**245,282**	-	-

[1] *The presentation has been reviewed to enhance information to the users and decision makers of the financial statements and renamed to 'Other interest income from external investors in consolidated funds' from 'Interest income on financial assets at fair value through profit or loss'. The prior year balance was not affected and remained unchanged.*

16.3	**Investment income on shareholders assets**				
	Interest income	284,903	125,819	1,028	1,466
	Dividends	-	-	844,101	482,646
		284,903	**125,819**	**845,129**	**484,112**
16.4	**Net fair value changes from financial assets held at fair value through profit or**				
	Fair value changes from external investors in consolidated funds	88,254	36,538	-	-
	Change in fair value of investment contract liabilities	(31,903)	84,315	-	-
	Fair value (losses)/gains from Derivative instrument	(11,830)	(5,107)	-	-
		1,631,302	**(568,514)**	-	-

			Group		Company	
			2023	**2022**	**2023**	**2022**
			P'000	**P'000**	**P'000**	**P'000**
17	**Administration expenses and impairments:**					
	The disclosure of adminisistration expenses by nature only discloses the significant expense lines below					
17.1	**Administration expenses include:**					
	Auditor's remuneration					
	- audit fee current period		5,356	5,175	704	574
	Depreciation of property and equipment		12,059	16,726	842	837
	Amortisation of intangible assets		9,852	11,080	115	248
	Depreciation of right of use asset		5,771	6,481	1,734	1,734
	Directors' fees					
	-For services as directors		5,099	5,065	2,854	2,878
	-For managerial services		36,669	21,821	12,504	8,605
	-Pension contribution		2,868	2,037	952	840
	Staff costs		**195,112**	**196,739**	**44,348**	**37,167**
	Salaries and wages for administration staff		159,663	161,374	36,509	28,644
	Pension costs		19,425	19,294	2,671	3,308
	Share-based payment		16,024	16,071	5,168	5,215
	Average number of employees		**434**	**397**	**26**	**25**
17.2	**Sales remuneration**		37,067	63,588	-	-
17.3	**Impairments**					
	Impairment expense of investment in subsidiaries and associates	4.5	-	-	(8,078)	(2,782)
	Impairment on premiums receivable	25.6	10,013	2,155	-	-
	Impairment reversal of loan at amortised cost	4.3	-	(2,391)		
	Impairment on staff loans	25.6	1,196	-		
	Expected credit losses on brokers and agents loans	5	(328)	5,210	-	-
			10,881	**4,974**	**(8,078)**	**(2,782)**

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

P '000	Total	Best estimate of future cash flows	Risk adjustment	*Subtotal: Contractual service margin*	Fair value transition approach	Other[5]	Incurred claims / Incurred claims component
2023							
Insurance revenue	1,694,522	1,534,953	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	418,412	418,412	-	-	-	-	-
Allocations to loss component[3]	(2,819)	(2,684)	(135)	-	-	-	-
Insurance service expenses	(1,495,771)	(562,324)	(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	(418,412)	(418,412)	-	-	-	-	-
Allocations to loss component	3,258	3,123	135	-	-	-	-
Administration and other expenses[1]	(124,557)	(124,557)	-	-	-	-	-
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	199,472	973,552	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 contractual service margin 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	(363,347)	(253,047)	(9,621)	(100,679)	(60,005)	(40,674)	-
Recognition of assumption changes in contractual service margin at locked-in interest rates	77,099	60,510	16,589	-	-	-	-
Economic assumption changes	(177,547)	(171,254)	(6,293)	-	-	-	-
Investment return on assets	752,348	752,348	-	-	-	-	-
Investment return on assets backing liabilities under the variable fee approach	752,348	752,348	-	-	-	-	-
Result from insurance contracts	461,090	1,339,491	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.

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

P '000	Total	Best estimate of future cash flows	Risk adjustment	*Subtotal: Contractual service margin*	Fair value transition approach	Other[5]	Incurred claims / Incurred claims component
2022							
Insurance revenue	1,513,521	1,289,222	21,008	203,291	114,528	88,763	-
Movement in net liability recognised as insurance revenue[2]	1,180,474	956,168	21,015	203,291	114,528	88,763	-
Allocation of premium relating to insurance acquisition cash flows	337,662	337,662	-	-	-	-	-
Allocations to loss component[(3)]	(4,615)	(4,608)	(7)	-	-	-	-
Insurance service expenses	(1,350,635)	(472,525)	(1,190)	-	-	-	(876,920)
Movement in net amount recognised as insurance service expenses[2]	(895,448)	(17,331)	(1,197)	-	-	-	(876,920)
Amortisation of insurance acquisition cash flows	(337,662)	(337,662)	-	-	-	-	-
Allocations to loss component	(5,090)	(5,097)	7	-	-	-	-
Administration and other expenses[1]	(112,435)	(112,435)	-	-	-	-	-
Expected expenses	(84,773)	(84,773)	-	-	-	-	-
Experience adjustment	(27,662)	(27,662)	-	-	-	-	-
Income or expense from reinsurance contracts[4]	(5,110)	34,628	1,120	(1,552)	-	-	(39,307)
Insurance service result	157,776	851,325	20,938	201,739	114,528	88,763	(916,227)
Insurance investment result	(140,902)	(52,991)	(17,812)	(70,099)	(42,891)	(27,208)	-
Insurance finance income or expense (excluding recognition of assumption changes in contractual service margin at locked-in interest rates)	(349,018)	(264,957)	(13,962)	(70,099)	(42,891)	(27,208)	-
Accretion of interest on liabilities under the general model	(226,814)	(149,800)	(6,915)	(70,099)	(42,891)	(27,208)	-
Recognition of assumption changes in contractual service margin at locked-in interest rates	42,226	42,226	-	-	-	-	-
Economic assumption changes	(164,430)	(157,383)	(7,047)	-	-	-	-
Investment return on assets	227,627	227,627	-	-	-	-	-
Result from insurance contracts	16,874	798,334	3,126	131,640	71,637	61,555	(916,227)

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.

18 Result from insurance contracts

18.2 Analysis of contribution to result from insurance contracts: Life insurance - Risk business

Premium allocation approach

Reconciliation per valuation component

	2023			2022		
		Liability for remaining coverage / Remaining coverage component	**Incurred claims / Incurred claims component**		**Liability for remaining coverage / Remaining coverage component**	**Incurred claims / Incurred claims component**
P '000	**Total**	**Excluding loss component**	**Best estimate of future cash flows**	**Total**	**Excluding loss component**	**Best estimate of future cash flows**
Insurance revenue[1]	727,980	727,980	-	879,021	879,021	-
Movement in net liability recognised as insurance revenue[2]	727,980	727,980	-	879,021	879,021	-
Insurance service expenses	(624,863)	(302,693)	(322,170)	(739,347)	(236,938)	(502,409)
Movement in net amount recognised as insurance service expenses[2]	(553,435)	(231,265)	(322,170)	(636,974)	(236,938)	(400,036)
Administration and other expenses[3]	(71,428)	(71,428)	-	(102,373)	-	(102,373)
Income or expense from reinsurance contracts[4]	(16,193)	(16,193)	-	(19,146)	(19,146)	-
Insurance service result	86,924	409,094	(322,170)	120,528	622,937	(502,409)
Insurance investment result	53,715	53,715	-	19,636	19,636	-
Investment return on assets	53,715	53,715	-	19,636	19,636	-
Result from insurance contracts	140,639	462,809	(322,170)	140,164	642,573	(502,409)

[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.

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000

19 Taxation

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Current tax	(220,728)	(86,866)	-	-
Deferred tax	(11,217)	8,716	-	-
Withholding tax on dividends	(70,792)	(27,269)	(61,953)	(20,555)
Tax charge	**(302,737)**	**(105,419)**	**(61,953)**	**(20,555)**

Tax reconciliation

Reconciliation between tax expense and accounting profit at the standard tax rate

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Profit before tax	1,084,260	554,221	769,951	431,436
Tax calculated at a tax rate of 22%	238,537	121,929	169,389	94,916
Expenses not deductible for tax	16,808	8,320	16,808	11,829
Income not subject to income tax	(5,494)	(4,478)	(186,197)	(106,745)
Tax on dividends	70,792	27,269	61,953	20,555
Associates share of income	(17,365)	(47,620)	-	-
Tax charge	**303,278**	**105,419**	**61,953**	**20,555**
Effective tax rate	**28%**	**19%**	**8%**	**5%**

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 P9.7 million (2022: P9million). In terms of Botswana tax laws the amounts can be carried for a period not exceeding 5 years.

19.1 Tax Paid

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Opening balance	26,246	3,441	(271)	(116)
Tax charge	291,520	167,431	61,953	20,555
Withholding tax paid at source	(70,792)	(34,780)	(61,097)	(19,680)
Closing balance	(18,624)	(26,246)	767	271
Tax paid	**228,350**	**109,846**	**1,352**	**1,030**

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 2023 P'000	Group *Restated* [1] 2022 P'000
Net profit attributable to ordinary equity holders of the parent for basic earnings and diluted earnings	773,953	442,578
Weighted number of shares		
At beginning of the year	282,371	282,371
New shares issued	2,500	-
Weighted number of shares at the end of the year	284,871	282,371
Treasury and share scheme shares	(2,451)	(2,463)
Shares used for calculating basic earnings per share	282,420	279,908
Earnings per share (thebe) attributable to ordinary equity holders of the parent		
Basic earnings per share (thebe)	274	158

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

	2023 P'000	2022 P'000
Shares used for calculating basic earnings per share	282,420	279,908
Weighted number of dilutive options	2,028	1,679
Weighted number of shares at the end of the year	284,447	281,587
Earnings per share (thebe) attributable to ordinary equity holders of the parent		
Diluted earnings per share (thebe)	272	157

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.

[1] *Diluted earnings per share have been restated, refer to note 28.3 for further details*

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 2022: 101 thebe (2021: 71 thebe)	285,194
Special dividend for the year to 31 December 2022: 89 thebe (2021 nilThebe)	251,310
Interim dividend for the six months to 30 June 2023: 70 thebe (2022: 65 thebe)	197,660
Special dividend for the six months to 30 June 2023: 07 thebe (2022: nil Thebe)	19,766
	753,930
Dividend proposed after year-end not recognised in the annual financial statements:	
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 (2021: 89 Thebe)	-
Dividend proposed for approval at the annual general meeting (before withholding tax - not recognised as a liability as at 31 December)	313,358

22 Related party disclosures

The consolidated group annual financial statements include the financial statements of BIHL, subsidiaries, associates and joint ventures as listed in the

Principal subsidiaries	Country of incorporation	% of interest held 2023	% of interest held 2022	Nature of business
Directly held				
Botswana Life Insurance Limited	Botswana	100	100	Life insurance
Bifm Holdings Limited	Botswana	100	100	Holding company
Bifm Unit Trusts (Pty) Ltd	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 (Pty) Ltd	Botswana	63	63	Hospitality industry
Private Property (Botswana) (Pty) Ltd	Botswana	74	74	Dormant
Indirectly held				
Botswana Insurance Fund Management Limited (BIFM)	Botswana	89	89	Asset management
Botswana Life Properties (Pty) 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 (Pty) Ltd	Botswana	100	100	Unit Trusts

22 Related party disclosures *(continued)*

Collective investment undertaking	Country of incorporation	% of interest held		Nature of business
Balanced Prudential Fund	Botswana	19	20	Collective Investment Undertaking
Pula Money Market	Botswana	20	28	Collective Investment Undertaking
Local Equity Funds	Botswana	68	74	Collective Investment Undertaking
Letlotlo	Botswana	77	83	Collective Investment Undertaking
Yamasa	Botswana	67	77	Collective Investment Undertaking
BIFM Loc Priv Debt B1	Botswana	52	-	Collective Investment Undertaking
BIFM Global Sustainable Growth Fund	Botswana	67	77	Collective Investment Undertaking
BIFM Global Balanced Conservative Fund B1	Botswana	5	11	Collective Investment Undertaking
BIFM Local Balanced Conservative Fund Class B	Botswana	99	99	Collective Investment Undertaking
BIFM Offshore Bond Fund B1	Botswana	-	56	Collective Investment Undertaking
BIFM Off Money Market Fund B1	Botswana	24	11	Collective Investment Undertaking
BIFM Off Private Equity B1	Botswana	35	35	Collective Investment Undertaking
BIFM Local Bond Fund B1	Botswana	85	86	Collective Investment Undertaking
BIFM Local Equity Fund B1	Botswana	49	56	Collective Investment Undertaking
BIFM Local Property B1	Botswana	24	35	Collective Investment Undertaking
BIFM Local Money Market B1	Botswana	31	21	Collective Investment Undertaking

The Holding Company
The ultimate holding company of the Group is Sanlam-Allianz, 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

		Group		Company	
		2023 P'000	2022 P'000	2023 P'000	2022 P'000
22.1 Related party transactions					
Transactions on insurance contracts (Expense)/Income					
i) Sanlam Allianz Africa (Pty) Ltd (58% shareholder of BIHL)					
- Recoveries, travel claims and other meeting expenses		6,867	3,189	-	-
ii) Letshego Africa Holdings Limited (Associate company of BIHL)	Credit life income	249,620	202,261	-	-
	Claims paid	(189,035)	(159,864)	-	-
iii) FSG Limited (associate company of BLIL)	Share of net insurance income	-	(8,762)	-	-

Summary of transactions with related parties

- Shared expenses

Entity name	Type of transaction	2023	2022
Botswana Life Insurance Limited (subsidiary)	Payment of staff and administration costs	(26,018)	(45,295)
	Intercompany settlement	21,356	45,107
	Rental income	(1,863)	(1,782)
BIFM (subsidiary)	Payment of administration costs	13,238	12,930
	Intercompany settlement	(12,154)	(14,046)
BIHL Unit Trusts (100% owned by BIHL)	Payment of administration costs	255	195
	Intercompany settlement	(146)	(195)
BIHL Trust (CSI)	Payment of administration costs	301	3,582
	Intercompany settlement	(1,292)	(3,611)
BIHL employee Share Scheme	Payment of administration costs	7,287	9,773
	Intercompany settlement	(6,623)	(9,300)
- Dividends received			
- Botswana Life Insurance Limited (100% owned by BIHL)		711,504	374,025
- BIFM (74.9% owned by BIHL)		79,660	77,739

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
22.2 Related party disclosures				
- Investment returns				
Balanced Prudential Fund	4,369	(442)	-	-
Pula Money market	29,273	24,806	-	-
Local equity Funds	3,106	1,190	-	-
Letlotlo	3,206	(41)	-	-
Yamasa	1,482	299	-	-
BIFM Global Sustainable Growth Fund	4,778	(1,810)	-	-
Global Balanced Conservative Fund B1	8	10	-	-
Local Balanced Conservative Fund Class B	92,215	71,151	-	-
Offshore Bond Fund B1	-	(13,104)	-	-
Off Money Market Fund B1	-	-	-	-
Off Private Equity B1	754	648	-	-
Local Bond Fund B1	411,234	22,972	-	-
Local Equity Fund B1	56,974	28,233	-	-
Local Property B1	36,472	26,491	-	-
Local Money Market B1	40,711	21,524	-	-
Year-end balances arising from transactions on other services other than insurance contracts				
Amount receivable				
- Botswana Life Insurance Limited (100% owned by BIHL)	-	-	-	1,352
- Botswana Insurance Fund Management (100% owned by BIHL)	-	-	400	-
- BIHL Employee Share Scheme Trust	-	-	-	473
- BIFM Unit Trust (100% owned by BIHL)	-	-	109	-
- BIHL Trust	-	-	984	-
	-	**-**	**1,493**	**1,825**
Amount payable				
- Botswana Life Insurance Limited (100% owned by BIHL)	-	-	3,310	-
- Botswana Insurance Fund Management (100% owned by BIHL)	-	-	-	685
- BIHL Trust	-	-	-	8
- BIHL Employee Share Scheme Trust	-	-	191	-
- Sanlam (59% shareholder of BIHL)	6,867	3,189	-	-
	6,867	**3,189**	**3,501**	**693**
Year end balances arising from transactions on insurance contracts.				
Net due from				
Balanced Prudential Fund	5	4	-	-
Pula Money market	335,555	234,304	-	-
Local Balanced Conservative Fund Class B	1,714	1,516	-	-
Offshore Bond Fund B1	1,601	1,414	-	-
Local Bond Fund B1	31,221	37,415	-	-
	370,096	274,653	-	-

The above transactions were carried out on commercial terms and conditions and at market prices.

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.

	Group		Company	
	2023 P'000	**2022 P'000**	**2023 P'000**	**2022 P'000**
Transactions with key management				
(i) Compensation of key management personnel of the Group				
- Short-term employee benefits	28,372	18,705	17,971	12,343
- Pension costs and gratuity - defined contribution plans	2,868	2,037	2,118	1,233
- Share-based payments	8,297	3,116	4,635	1,585
	39,537	**23,858**	**24,724**	**15,161**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

(ii) Directors' shareholding in the group	**2023 Number of shares**	**2022 Number of shares**
K Jefferis	6,175	-
M Mpugwa	5,569	5,569
*C Chauhan	n/a	75,020
T.C Masire	-	591
C Lesetedi	242,199	211,271
K. Mukushi	150,079	103,993
	404,022	**396,444**

**C. Chauhan resigned during the year.*

	Group		*Company*	
(iii) Non - executive Directors' remuneration	***2023 P'000***	***2022 P'000***	***2023 P'000***	***2022 P'000***
- For services as directors	5,099	5,065	2,854	2,878
	5,099	5,065	2,854	2,878

(iii) 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.

(a) Short-term emoluments **Name**	**Months of service**	**Salary P'000**	**Bonus P'000**	**Other benefits P'000**	**Total P'000**
2023					
C Lesetedi	12	3,431	1,864	2,147	7,442
K Mukushi	12	2,585	1,265	1,525	5,375
Total executive directors		**6,016**	**3,129**	**3,672**	**12,817**
2022					
C Lesetedi	12	3,695	1,500	761	5,956
K Mukushi	12	2,528	961	-	3,489
Total executive directors		**6,223**	**2,461**	**761**	**9,445**

(b) Long-term emoluments

Share purchase plans	No. of options	No of grants-CSP	Strike or Spot price (Pula)	Exercised	Forfeited	Outstanding
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	-	139,507	17.71	-	-	139,507
Total	**231,413**	**936,170**		**(977,133)**	**-**	**329,957**
2022						
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
Total	**231,413**	**936,170**		**(855,895)**	**-**	**311,688**
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**
2022						
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
Total	**-**	**505,648**		**(310,220)**	**-**	**195,428**

All shares as disclosed above are granted and are exercisable until the expiry date as disclosed. Refer to note 21(b) for additional information on the scheme.

23 Employee benefits

(a) 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 P19.6 million (2022: P19.2 million) represents contributions payable to these plans by the Group at rates specified in the rules of the plan.

(b) Share-based payment

The group has a share-based payment scheme. The group introduced two additional new schemes in 2010. These are the (i) share option scheme and (ii) conditional Share plan.

(i) 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 to 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 to fund the procurement and settlement of shares issued to its 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 2023 is P63 million (2022: P110 million). The expense recognised in the income statement is P16 million (2022: P16 million).

	2023		2022	
	Number of grants	Weighted average Fair value price at grant/exercise date	Number of grants	Weighted average Fair value price at grant/exercise date
Movement during the year	**'000**	**Pula**	**'000**	**Pula**
Outstanding at the beginning of the year	1,679	17.52	1,878	17.50
Granted	1,008	17.71	551	17.55
Forfeited	(10)	17.71	(138)	17.55
Exercised	(649)	17.71	(612)	17.50
Outstanding at the end of the year	**2,028**	**17.61**	**1,679**	**17.52**

The weighted average remaining contractual life for the grants outstanding as at 31 December 2023 is three years (2022: three years).
The number of conditional shares granted during the year was 1,008,000 (2022: 551,000).
The weighted average fair value exercise price for grants outstanding at the end of the year was P20.01 (2022: P17.71).
The following assumptions have been used in the valuation model of the share option scheme:

	2023	**2022**
Dividend yield	0%-8.35%	0%-7.69%
Risk-free interest rate	7.38%	7.38%
Spot price	20.01	17.71
% of remaining employees	100.00%	100.00%

23 Employee benefits (continued)

(b) Share-based payment (continued)

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:

i) The life of the option is divided into a large number of small time periods.

ii) 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.

iii) 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.

iv) 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 vesting date.

v) 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.

Other inputs used

Other inputs used
Generally, there are six variables that determine the price of an employee share option:
i)The market price of the underlying share at the grant date;
ii) The strike price of the option;
iii) The time remaining until the option expires (i.e. the expiry date of the option);
iv) The time remaining until the option vests;
v) The expected dividend yield of the underlying share over the life of the option;
vi) The expected volatility of the underlying share over the life of the option; and

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.

(c) 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 21,849,246 Bifm Shares, comprising 25.1% of the issued capital, have 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 to 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 grants options have vested, employees are given a period of 30 days from the date of vesting to exercise their option. The expense recognised in the income statement is P5 million (2022: P4.4 million).

	2023		2022	
	Number of unit options	**Weighted average exercise price Pula**	**Number of unit options**	**Weighted average exercise price**
Movement during the year	**'000**	**P '000**	**P '000**	**P '000**
Outstanding at the beginning of the year	2,806	2.91	2,779	2.91
Granted	1,154	4.30	1,064	4.30
Exercised	(1,159)	4.31	(1,037)	4.31
Outstanding at the end of the year	**2,801**	**3.48**	**2,806**	**2.91**
Exercisable as at 31 December	**2,801**	**3.48**	**2,806**	**2.91**

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 P5.41 (2022:P4.25) 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 P8.8 million (2022:P5.5 million) arising from the Bifm CEE scheme.

		Group		Company	
		2023	**2022**	**2023**	**2022**
		P'000	**P'000**	**P'000**	**P'000**
24	**Cash generated from operations**				
	Profit before tax	1,084,260	554,221	769,951	431,436
	Non-cash flow items	408,414	297,566	15,937	10,816
	Depreciation	12,059	16,726	842	837
	Amortisation	9,852	11,080	115	248
	Depreciation of right of use asset	5,771	6,481	1,734	1,734
	Impairment expense of an associate/subsidiary	-	-	8,078	2,782
	Insurance service result: Revenue	(186,015)	(85,490)	-	-
	Insurance service result: Service expenses	19,232	16,918	-	-
	Insurance service result: Income or expense from reinsurance contracts	(12,025)	(4,108)	-	-
	Insurance investment result: Insurance finance income or expense	490,730	354,772	-	-
	Insurance investment result: Reinsurance finance income or expense	26,935	15,496	-	-
	Share - based payments	16,024	16,071	5,168	5,215
	Net unrealised losses from financial assets held at fair value through profit or loss	290,975	281,820	-	-
	Fair value adjustment on investment properties and property funds	31,903	(84,314)	-	-
	Fair value adjustment in external investors in consolidated funds	(88,254)	(36,538)	-	-
	Fair value adjustment in derivative instrument	11,830	5,107	-	-
	Profit on disposal of subsidiary	(141,669)	-	-	-
	Equity-accounted earnings	(78,934)	(216,456)	-	-
	Items disclosed separately	**(325,805)**	**(364,771)**	**(845,016)**	**(483,259)**
	Interest income	(269,716)	(295,056)	(1,221)	(1,091)
	Interest expense	762	1,076	306	478
	Dividend income	(56,851)	(70,791)	(844,101)	(482,646)
	Net disposals/(acquisition) of investments	640,227	(386,402)		
	Working capital changes:	**1,551**	**75,321**	**(12,862)**	**6,235**
	Net (increase)/decrease in other receivables	51,308	(51,142)	(19,409)	300
	(Increase)/decrease in reinsurance	(9,138)	48,140	-	-
	Net increase/(decrease) in other payables	(40,619)	78,323	6,547	5,935
	Net movement in Insurance & investment contract liabilities	(194,083)	92,133	-	-
	Net change in external investors in consolidated funds	(1,555,594)	(23,380)	-	-
	Cash generated from operations	**58,971**	**244,688**	**(71,990)**	**(34,772)**

24.1	**Cash and cash equivalents**				
	Cash and bank	168,549	334,585	20,556	66,126
	Funds on deposit	2,034	66,126	-	-
	Cash and cash equivalents	**170,583**	**400,711**	**20,556**	**66,126**

Cash and cash equivalents consists of cash on hand, call deposits and negotiable certificates of deposit with maturity profiles of less 90 days and is classified at amortised cost. The cash balances are held with reputed financial institutions regulated by Bank of Botswana. The balances were subjected to an ECL test and immaterial ECL was noted.

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 cashflows 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.
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**: Risk of loss resulting from unanticipated changes in policyholder behaviour **Reinsurance risk:** Risk arising from 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 **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
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 Risk management (continued)

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's and Company's objective to minimise interest rate risk.

The group's 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 it 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 the 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 below 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 to the Group.

The Botswana Pula interest rate sensitivity relates to the Pula denominated shareholder money market and call deposits instruments whilst the Dollar sensitivity relates to the US denominated shareholder bonds and money market instruments.

Variable interest rates

Group

2023	Change in variables	Value (P000)	Increase / (decrease) in profit before tax (P000)	Increase / (decrease) in equity (P000)
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)

2022	Change in variables	Value (P000)	Increase / (decrease) in profit before tax (P000)	Increase / (decrease) in equity (P000)
BWP	0.75%	389,097	2,918	2,276
BWP	-0.75%	389,097	(2,918)	(2,276)
USD	0.5%	15,158	76	59
USD	-0.5%	15,158	(76)	(59)

Company

2023	Change in variables	Value (P000)	Increase / (decrease) in profit before tax (P000)	Increase / (decrease) in equity (P000)
BWP	0.5%	20,556	103	80
BWP	-0.5%	20,556	(103)	(80)

2022	Change in variables	Value (P000)	Increase / (decrease) in profit before tax (P000)	Increase / (decrease) in equity (P000)
BWP	0.5%	66,126	331	258
BWP	-0.5%	66,126	(331)	(258)

25 Risk management (continued)

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 foreign exchange risk arises primarily with 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 trust comprise of funds on deposit and listed equity instruments.

Group
2023

	P'000
Equity instruments	31,221
Money market instruments	17,354
Bonds	1,714
Foreign currency exposure (US Dollar)	**50,289**
Average rate	13.33
Closing rate	12.75

2022

	P'000
Equity investments	37,415
Money market instruments	13,643
Bonds	1,516
Foreign currency exposure (US Dollar)	**52,574**
Average rate	12.25
Closing rate	12.75

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
2023

	Change in variables	**Value (P000)**	**Increase / (decrease) in profit before tax (P000)**	**Increase / (decrease) in equity (P000)**
USD	3%	50,289	1,509	1,177
USD	-3%	50,289	(1,509)	(1,177)

25 Risk management (continued)

Currency sensitivity
2022

	Change in variables	Value (P000)	Increase / (decrease) in profit before tax (P000)	Increase / (decrease) in equity (P000)
USD	3%	52,574	1,577	1,230
USD	-3%	52,574	(1,577)	(1,230)

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, 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 principle stock index of the Botswana Stock Exchange 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
2023

	Change in variables	Value (P000)	Increase / (decrease) in profit before tax (P000)	Increase / (decrease) in equity (P000)
World Equity Index	1.8%	31,221	562	438
Botswana Unit Trusts	1%	462,235	4,622	3,605
Total exposure		**493,456**	**5,184**	**4,043**

2022

	Change in variables	Value (P000)	Increase / (decrease) in profit before tax (P000)	Increase / (decrease) in equity (P000)
World Equity Index	2%	37,415	673	525
Botswana Unit Trusts	1%	350,166	3,502	2,732
Total exposure		**387,581**	**4,175**	**3,257**

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 segments; i.e. limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investment 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 and thereby reducing both concentration of specific assets and of currency. There is also diversity in the different sectors of the economy in which our funds are invested (see 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, 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		**Restated**
	2023	**2022**
	P000	**P000**
Bonds - Government	5,711,026	5,755,585
- Corporate (listed, unlisted)	2,832,679	2,671,067
Money market instruments	2,072,695	3,190,081
Other receivables	135,021	186,503
Cash, deposits and similar securities	170,583	400,711
Maximum credit risk exposure	**10,939,878**	**12,203,947**

Company		
	2023	**2022**
	P000	**P000**
Other receivables	19,976	151
Related party balances	1,493	1,825
Cash, deposits and similar securities	20,556	66,126
Maximum credit risk exposure	**42,025**	**68,102**

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.

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 (2022: 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
2023

	Botswana Pula	A2 rated	Not rated	Total P'000
Long term reinsurance assets	17,874	-	17,874	17,874
Government bonds	4,931,695	4,931,695	-	4,931,695
Corporate bonds and other	3,612,010	-	3,612,010	3,612,010
Money markets	2,072,695	-	2,072,695	2,072,695
Other receivables	135,021	-	135,021	135,021
Cash and bank balances	170,583	-	170,583	170,583
TOTAL ASSETS	**10,939,878**	**4,931,695**	**6,008,183**	**10,939,878**

2022

	Botswana Pula	A2 rated	Not rated	Total P000
Long term reinsurance assets	7,555	-	7,555	7,555
Government bonds	4,210,472	4,210,472	-	4,210,472
Corporate bonds and other	4,216,180	-	4,216,180	4,216,180
Money markets	3,190,081	-	3,190,081	3,190,081
Other receivables	186,503	-	186,503	186,503
Cash and bank balances	400,711	-	400,711	400,711
TOTAL ASSETS	**12,211,502**	**4,210,472**	**8,001,030**	**12,211,502**

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 asses 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).

25 Risk management (continued)
25.6 Credit risk (continued)

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.

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.

	2023		2022	
Unlisted bonds	**Collateral held P'000**	**Credit exposure P'000**	**Collateral held P'000**	**Credit exposure P'000**
Allied Investments Limited	297,710	160,000	231,930	160,000
Botho Park	149,800	11,000	197,000	26,000
Cash Bazaar Holdings	150,000	87,500	150,000	100,000
First National Bank of Botswana	-	360,966	-	410,993
Flip Coin (Pty) Ltd	-	-	123,905	83,312
Meybeernick Investment (Pty) Ltd	-	-		100,000
Prime Time Holdings	105,710	65,000	93,065	65,000
RDC Properties Limited	139,000	125,000	139,000	125,000
Real People Investment Holdings	-	-	-	3,924
Stanbic Bank PLC	-	921,516	-	813,011
Stanbic Bank Botswana Limited (SBL061)	-	-	-	21,715
Standard Bank	-	487,958	-	423,007
Three Partners Resort (Pty) Ltd	-	-	566,000	63,430
Debt Participation Capital Fund (DPCF006)	-	4,670	-	4,670
Water Utilities Corporation (WUC002)	-	73,500	-	73,500
Total	**1,591,359**	**2,517,540**	**1,500,900**	**2,473,562**

25.6 Credit Risk (continued)
Impairment assessment

Accounting policy note 7 on financial liabilities-Impairment of financial assets, details the approach to 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 31 Dec 2023 P'000	PiT (PD) P'000	Exposed to Default P'000	LGD P'000	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 1	89,536	0.00%	-	0%	-
						1,196
Total estimated credit losses at 31 December 2022						**38,183**

GA = ECL calculated using the General approach

Stage 2 = Lifetime ECL due to significant increase in risk

The gross carrying amounts of the other receivables in the current year were lower than the prior year by P54.5 million (2022: P15.5 million higher). The exposure to default was also lower by P22.3 million (2022: P13 million higher) in the current year. The decrease in exposure to default resulted in a decrease in the provision for credit loss. The company considers that there has been a significant decrease in credit risk when contractual payments are more than 30 days past due.

GA = ECL calculated using the General approach
Stage 2 = Lifetime ECL due to significant increase in risk
The loan receivable from BOPEU was settled during the year and the impairment provision reversed.

Broker loans and Agent advances/Commissions	Impairment method P'000	Balance as 31 Dec 2022[1] P'000	PiT (PD) P'000	Exposed to default P'000	LGD P'000	ECLs (lifetime) P'000
Broker loans	GA/ Stage 2	1,221	70.04%	855	100%	855
Broker Advances	GA/ Stage 2	16,462	96.00%	15,803	71%	11,255
Loans to Agents	GA/ Stage 3	29,488	100.00%	29,488	72%	21,269
						33,379
Other Receivables						
Staff debtors	GA/ Stage 2	1,708	76.36%	1,305	25%	326
Sundry debtors	GA/ Stage 2	163,643	13.75%	22,498	23%	5,130
						5,456
Total estimated credit losses at 31 December 2022						**38,835**

[1] The prior year balances have been restated, refer to table on page 21 for further details

Related party receivables
For the year ended 31 December 2023, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2022: P nil). Related party balances are all cleared within 60 days and as at 31 December 2023, the related party balances were immaterial.

25.7 Liquidity risk
The 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.

25 Risk management (continued)

25.7 Liquidity risk (continued)

Company 2023 Financial Assets:	< 1 year P'000	1-5 years P'000	> 5 years P'000	On demand P'000	Total P'000
Other receivables	19,976	-	-	-	**19,976**
Related party balances	1,493	-	-	-	**1,493**
Cash, deposits and similar securities	11,334	-	-	9,222	**20,556**
	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**
	38,047	**1,857**	-	-	**39,904**

2022 Financial Assets:	< 1 year P'000	1-5 years P'000	> 5 years P'000	On demand P'000	Total P'000
Other receivables	151	-	-	-	151
Related party balances	1,825	-	-	-	1,825
Cash, deposits and similar securities	17,501	-	-	48,625	66,126
	19,477	**-**	**-**	**48,625**	**68,102**
Financial Liabilities:					
Other payables	28,775	-	-	-	28,775
Related party balances	693	-	-	-	**693**
IFRS 16-Lease liability	2,376	3,890	-	-	6,266
	31,844	**3,890**	**-**	**-**	**35,734**

The related party assets and liabilities are not settled on demand, the average payment cycle ranges from 3 to 6 months

Maturity analysis of financial assets and financial liabilities:

The table that follows summarises 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 2023	Carrying value P'000	< 1 year P'000	1-5 years P'000	> 5 years P'000	On demand P'000	Total P'000
Financial Assets:						
Investment in unlisted property companies	1,277,962	-	-	-	1,277,962	1,277,962
Bonds	8,543,705	963,746	3,411,146	9,315,801	-	13,690,693
Equity investments	3,040,954	-	-	-	3,040,954	3,040,954
Money market instruments	2,072,695	2,072,695	-	-	-	2,072,695
Insurance contract assets	612,935	1,360	15,098	542,146	16,600	575,204
Reinsurance contract assets	17,874	401	4,284	7,899	5,291	17,875
Other receivables	135,021	135,021	-	-	-	135,021
Cash, deposits and similar securities	170,583	78,019	-	-	92,564	170,583
Total undiscounted assets	**15,871,729**	**3,251,242**	**3,430,528**	**9,865,846**	**4,433,371**	**20,980,987**
Financial Liabilities:						
Insurance contract liabilities	8,004,121	20,069	222,727	7,478,710	244,883	7,966,389
Investment contract liabilities	3,598,953	192,853	729,216	2,676,884	-	3,598,953
External investors in consolidated funds	2,082,020	673,226	19,591	35,180	1,361,163	2,089,161
Reinsurance contract liability	54,222	1,215	12,996	23,962	16,048	54,221
Related party balances	6,867	6,867	-	-	-	6,867
Other payables	353,824	353,824	-	-	-	353,824
IFRS 16 - Lease liability	12,707	5,988	3,292	352	-	9,632
Total undiscounted liabilities	**14,112,714**	**1,254,042**	**987,822**	**10,215,088**	**1,622,094**	**14,079,047**

Investment contract liabilities are payable on demand but have been presented on an expected basis

25 Risk management (continued)

Maturity analysis of financial assets and financial liabilities:

The table that follows summarises 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 2022	Carrying value P'000	< 1 year P'000	1-5 years P'000	> 5 years P'000	On demand P'000	Total P'000
Financial Assets:						
Investment in unlisted property companies	1,205,650	-	-	-	1,205,650	1,205,650
Bonds	8,426,652	535,321	2,331,224	9,066,510	-	11,933,055
Equity investments	2,589,245	-	-	-	2,589,245	2,589,245
Money market instruments	3,190,081	3,190,081	-	-	-	3,190,081
Insurance contract assets	553,701	1,385	16,082	502,866	14,629	534,962
Reinsurance contract assets	10,271	257	2,899	4,187	2,928	10,271
Other receivables	186,503	186,503	-	-	-	186,503
Cash, deposits and similar securities	400,711	214,445	-	-	186,266	400,711
Total undiscounted assets	**16,562,814**	**4,127,992**	**2,350,205**	**9,573,563**	**3,998,718**	**20,050,478**
Financial Liabilities:						
Insurance contract liabilities	7,551,386	20,161	234,078	7,065,469	212,939	7,532,647
Investment contract liabilities	3,298,512	190,120	669,545	2,438,846	-	3,298,511
External investors in consolidated funds	3,619,273	1,170,301	34,056	61,155	2,366,174	3,631,686
Reinsurance contract liability	55,757	1,397	15,736	22,728	15,896	55,757
Related party balances	3,189	3,189	-	-	-	3,189
Other payables	398,121	398,121	-	-	-	398,121
IFRS 16 - Lease liability	16,210	6,716	9,338	156	-	16,210
Total undiscounted liabilities	**14,942,448**	**1,790,005**	**962,753**	**9,588,354**	**2,595,009**	**14,936,121**

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)

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2023:

26 Fair Value Disclosures (continued)

Determination of fair value and fair values hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total fair value**
2023				
Non Financial Assets	**P'000**	**P'000**	**P'000**	**P'000**
Investment properties - Physical properties	-	-	26,480	**26,480**
Financial Assets				
Investment properties- Investment in unlisted property companies	**-**	-	1,277,962	**1,277,962**
Bonds	4,931,695	-	3,612,010	**8,543,705**
-Government	4,931,695	-	-	**4,931,695**
-Corporate bonds - Unlisted	-	-	3,612,010	**3,612,010**
Money market instruments	**-**	2,072,695	-	**2,072,695**
Equity investments	2,664,825	-	376,129	**3,040,954**
	7,596,520	**2,072,695**	**5,292,581**	**14,961,796**
Financial Liabilities				
External investors in consolidated funds	**-**	1,791,176	290,844	**2,082,020**
Derivatives instrument	**-**	25,429	**-**	**25,429**
	-	**1,816,605**	**290,844**	**2,107,449**

2022				
Non Financial Assets				
Investment properties - Physical properties	-	-	12,260	**12,260**
Financial Assets				**-**
Investment properties- Investment in unlisted property companies	-	-	1,205,650	**1,205,650**
Bonds	4,210,472	-	4,216,180	**8,426,652**
Government	4,210,472	-	-	**4,210,472**
Corporate bonds - Unlisted	-	-	4,216,180	**4,216,180**
Money market instruments	-	3,190,081	-	**3,190,081**
Equity investments	2,307,134	-	282,111	**2,589,245**
	6,517,606	**3,190,081**	**5,716,201**	**15,423,888**
Financial Liabilities				
External investors in consolidated funds	-	3,619,273	-	**3,619,273**
Derivatives Instrument	-	37,259	-	37,259
	-	**3,656,532**	**-**	**3,656,532**

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 arms-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) are 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.

26 Fair Value Disclosures (continued)

Level 2

Money Market instruments - Refer to note 4.1 for interest rates. Also refer to the accounting policy note on fair value and as per the valuation techniques table on the next page

External investors in consolidated funds- Refer to the accounting policy note on fair values and as per the valuation techniques table on the next page.

Policyholder liabilities under insurance contracts - Refer to the accounting policy note on fair values and as per the valuation techniques table on the next page

Level 3 valuation

Investment Properties- Refer to note 4.4 on how 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 as per 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:

Group	nt in physical propertie s	Investment in unlisted property companies	Equity investments	Bonds	Total Assets
Level 3 Financial Assets			**P'000**	**P'000**	**P'000**
2023					
Opening balance	12,260	1,205,650	282,111	4,216,180	5,716,201
Total gains/(loss) in comprehensive income	14,220	(6,375)	9,454	625,787	643,086
Acquisitions	-	78,687	84,564	-	163,251
Disposals	-	-	-	(1,229,957)	(1,229,957)
Closing balance	**26,480**	**1,277,962**	**376,129**	**3,612,010**	**5,292,581**
2022					
Opening balance	10,160	1,173,325	276,891	5,313,745	6,774,121
Total gains/(loss) in comprehensive income	2,100	(4,433)	9,861	482,048	489,576
Acquisitions	-	36,758	-	-	36,758
Disposals	-	-	(4,641)	(1,579,613)	(1,584,254)
Closing balance	**12,260**	**1,205,650**	**282,111**	**4,216,180**	**5,716,201**

Gains and losses (realised and unrealised) included in profit or loss	**2023**	**2022**
Group	**P'000**	**P'000**
Total gains or losses included in profit or loss for the period	643,086	489,576
Total unrealised gains or losses included in profit or loss for the period for assets	899,125	(348,681)

There were no transfers from level 1 to level 2 fair value measurements during the year ended 31 December 2023 (2022: nil).

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	Capitalization 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 & earnings multiple	Cost of capital and consumer price index	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 consumer price index, interest rate curve	Discount rate: 10%
External investors in consolidated funds	2 & 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:

Group Financial assets:	Carrying amount P'000	Effect of a 10% increase in estimated cashflows P'000	Effect of a 10% decrease in estimated cashflows P'000	Effect of a 1% increase in capitalisation rate P'000	Effect of a 1% decrease in capitalisation rate P'000
2023					
Investment in physical properties	26,480	2,065	(2,065)	(3,115)	3,115
Investment in unlisted property companies	1,277,962	99,681	(99,681)	(150,348)	150,348
Group					
2022					
Investment in physical properties	12,260	792	(792)	(813)	813
Investment in unlisted property companies	1,205,650	91,519	(91,519)	(93,866)	93,866

26 Fair Value Disclosures (continued)

Sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions

Group Bonds	Carrying amount P'000	Effect of a 10% increase in estimated cashflows P'000	Effect of a 10% decrease in estimated cashflows P'000	Effect of a 2% increase in discount rate P'000	Effect of a 2% decrease in discount rate P'000
2023	3,612,010	(281,737)	281,737	(56,347)	56,347
2022	4,216,180	(328,862)	328,862	(65,772)	65,772

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
2023	376,129	2,934	(2,934)
2022	282,111	2,200	(2,200)

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 realize 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 (3 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 geographic 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, 3 to 5 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:

(a) Long-dated Bonds - Bifm believes that value can be created through active duration management, taking into account macro-economic 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.

(b) 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:

(a) 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.

(b) 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.

(c) Offshore hedge funds are currently used as an alternative to offshore bonds given our bearish view on the prospects for offshore bonds.

The 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 Note10 and the assets are included as part of Note 4.

27 Categories of financial assets and financial liabilities

The table below summarises categories of financial assets and financial liabilities held by the Group:

GROUP

2023	Financial assets designated at fair value through profit or loss	Financial Assets at amortised cost	Financial assets mandatorily at fair value through profit or loss	Financial liabilities designated at fair value through profit or loss	Financial liabilities mandatorily held at fair value through profit or loss	Financial liabilities measured at amortised cost	Total P'000
Financial assets							
Investment in unlisted property companies	-	-	1,277,962	-	-	**-**	**1,277,962**
Bonds (Government, public authority, listed and unlisted corporates)	8,543,705	-	-	-	-	**-**	**8,543,705**
Money market instruments	-	-	2,072,695	-	-	**-**	**2,072,695**
Equity investments	-	-	3,040,954	-	-	**-**	**3,040,954**
Other receivables	-	135,021	-	-	-	**-**	**135,021**
Cash, deposits and similar securities	-	170,583	-	-	-	**-**	**170,583**
Total financial assets	**8,543,705**	**305,604**	**6,391,611**	**-**	**-**	**-**	**15,240,920**
Financial liabilities							
External investors in consolidated funds	-	-	-	2,082,020	-	-	**2,082,020**
Derivatives instrument	-	-	-	-	25,429	3,598,953	**3,624,382**
Lease liabilities	-	-	-	-	-	12,707	**12,707**
Related party balances	-	-	-	-	-	6,867	**6,867**
Other payables	-	-	-	-	-	353,824	**353,824**
Total financial liabilities	**-**	**-**	**-**	**2,082,020**	**25,429**	**3,972,351**	**6,079,800**
2022							
Investment in unlisted property companies	-	-	1,205,650	-	-	-	**1,205,650**
Bonds (Government, public authority, listed and unlisted corporates)	8,426,652	-	-	-	-	-	**8,426,652**
Money market instruments	-	-	3,190,081	-	-	-	**3,190,081**
Equity investments	-	-	2,589,245	-	-	-	**2,589,245**
Other receivables	-	186,503	-	-	-	-	**186,503**
Cash, deposits and similar securities	-	400,711	-	-	-	-	**400,711**
Total financial assets	**8,426,652**	**587,214**	**6,984,976**	**-**	**-**	**-**	**15,998,842**
Financial liabilities							
External investors in consolidated funds	-	-	-	3,619,273	-	-	**3,619,273**
Derivatives instrument	-	-	-	-	37,259	-	**37,259**
Lease liabilities	-	-	-	-	-	16,210	**16,210**
Related party balances	-	-	-	-	-	3,189	**3,189**
Other payables	-	-	-	-	-	398,121	**398,121**
Total financial liabilities	**-**	**-**	**-**	**3,619,273**	**37,259**	**417,520**	**4,074,052**

27 Categories of financial assets and financial liabilities (continued)

COMPANY

2023	Financial assets designated at fair value through profit or loss	Financial Assets at amortised cost	Financial assets mandatorily at fair value through profit or loss	Financial liabilities designated at fair value through profit or loss	Financial liabilities mandatorily held at fair value through profit or loss	Financial liabilities measured at amortised cost	Total P'000
Financial assets							**P'000**
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**
2022							
Financial assets							
Other receivables	-	151	-	-	-	-	**151**
Related party balances	-	1,825	-	-	-	-	**1,825**
Cash, deposits and similar securities	-	66,126	-	-	-	-	**66,126**
Total financial assets	**-**	**68,102**	**-**	**-**	**-**	**-**	**68,102**
Financial liabilities							
Other payables	-	-	-	-	-	28,775	**28,775**
Related party payables	-	-		-	-	693	**693**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**29,468**	**29,468**

28 Restatements of prior years

28.1 Statement of cash flows

During prior periods, the Group classified cash flows arising from the acquisition and disposal of investments held in the ordinary course of its business operations (i.e., to meet policyholder and other operating obligations) as investing activities. Such classification was not appropriate given that these acquisition and disposal activities are part of the Group's normal operations, and should thus have been classified as part of cashflows from operating activities. This error has been corrected through retrospective restatement of previously reported amounts, as set out below:

P'000	2022 As previously reported Audited	Adjustments	2022 Restated
Net cashflows from operating activities	630 895	(386 402)	244 493
Cash generated from operations	631 093	(386 402)	244 691
Interest received	295 053	-	295 053
Dividend received from equity investments	70 791	-	70 791
Dividend received from associates and joint ventures	149 844	-	149 844
Interest paid	(1 076)	-	(1 076)
Tax paid	(109 846)	-	(109 846)
Dividend paid	(404 964)	-	(404 964)
Net cashflows utilised in investing activities	(362 938)	386 402	23 464
Purchase of property and equipment	(6 652)	-	(6 652)
Purchase of computer software	(5 201)	-	(5 201)
Acquisition of Property Investments	(39 091)	39 091	-
Net purchases and withdrawals of Bonds	(54 242)	54 242	-
(Purchase)/Withdrawals of Equity investments	(247 282)	247 282	-
Net purchases and withdrawals of Money market instruments	(45 787)	45 787	-
Receipts from loans receivable at amortised cost	35 317	-	35 317

This correction has no impact on amounts and balances reported in other components of the condensed group annual financial statements.

28.2 Associates

During the current financial year, the Group's associate, Letshego Africa Holdings Limited, identified an error in the manner in which it previously estimated Expected Credit Losses (ECL) on those loans which had defaulted at the reporting date. The historical ECL calculation had incorrectly applied a discount factor to such loans, resulting in a material misstatement of the ECL balances and resultant charges to income in prior periods. The Group has corrected the impact of this error through a retrospective restatement of its equity accounted share of the associate's results after tax, as summarised below:

P'000	2022 As previously reported Audited	Adjustments	2022 Restated
Investments in associates and joint ventures			
Carrying amounts at the beginning of the year	1,972,698	-	1,972,698
Equity-accounted earnings	236,674	(20 218)	216,456
Dividend received	(149 844)	-	(149 844)
Reclassified to Held for sale	(99 988)	-	(99 988)
Change in reserves in associates	(15 177)	-	(15 177)
Foreign currency translation differences	(13 951)	-	(13 951)
Carrying amount at the end of the year	1,930,412		1,910,194
Income statement impact			
Profit before share of profit of associates, joint ventures and other income (as restated)[1]	337,765	-	337,765
Equity-accounted earnings	236,674	(20,218)	216,456
Profit after tax	574,439	(20,218)	554,221

28.3 Earnings per share (EPS)

IFRS 17 restatement	2022 As previously reported Audited	Adjustments	2022 Restated
Shares used for calculating basic earnings per share	279,969	-	279,969
Net profit attributable to ordinary equity holders of the parent	603,538	(160,960)	442,578
Basic Earmings per share	216	-	158

Diluted EPS was also restated as a result of an error in adjusting for an incorrect number of unvested shares under the share scheme, which are accounted for as treasury shares in the group financial statements. The impact of this is disclosed below.

Weighted number of dilutive options	279,969	1,679	281,648
Diluted EPS	216	-	157

28.4 Separate presentation of investment contract liabilities

Group had not disclosed the investment contract liabilities separately on the statement of financial statements in its previous financial statements instead it had been included within the policyholder liabilities. It was also noted that some investment contracts such as unit linked investment contracts with no risk riders and annuity certain contracts had been classified as insurance contracts. The policy benefits payable under investment contract liabilities have been presented in trade and other payables.

	As previously reported P '000	Increase / (decrease) P '000	Restated* P '000
Extract of statement of financial position as of 31 December 2021			
Policyholder labilities	10,447,441	(3,234,340)	7,213,101
Investment contract liabilities	-	3,341,397	3,341,397
Trade and other payable	613,452	(107,057)	506,395
		-	
Extract of statement of financial position as of 31 December 2022			
Policyholder labilities	10,511,760	(3,177,051)	7,334,709
Investment contract liabilities	-	3,298,512	3,298,512
Trade and other payable	750,518	(121,461)	629,057
		-	

**Prior to adoption of IFRS 17: Insurance Contracts. Refer to "Restated Statement of financial position due to correction of prior period errors and adoption of IFRS 17: Insurance Contracts" on page the next page.*

The correction of above error does not have any impact on Statement of Comprehensive Income and Statement of Cashflows.

The errors and corrections reflected above impacted the unaudited interim financial statements for the six months ended 30 June 2023 published on 30 August 2023 (the "interim results"). Specifically:

i) The classification matters impacting on the cash flow statement as explained in 28.1 above were incorrectly reflected in the cash flow statements included in the interim results.

ii) The error in accounting for associates detailed in 28.2 above were not corrected in the statement of financial position at 31 December 2022 and the statement of profit or loss for the year then ended as included in the interim results.

iii) The error in calculation of diluted earnings per share explained in 28.3 above was not corrected in the statements of profit or loss included in the interim results.

iv) The error detailed in 28.4 did not impact on the balances disclosed in the interim results.

29 Events After the reporting period

29.1 Dividends declared

The directors have resolved to award a final dividend of 110 thebe (2022: 101 thebe) per share (not subjected to tax) and a special dividend of nil thebe (2022: 91 thebe) per share (not subjected 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.

Glossary of terms

AIDS	Acquired Immuno Deficiency Syndrome
ALBOTS	African Life Assurance Company Botswana Proprietary Limited
AML/CFT and P	Anti-Money Laundering/Combating Financial Terrorism And Proliferation
AUM	Assets Under Management
BIC	Botswana Insurance Company Limited
BIFM	Botswana Insurance Fund Management Limited
BIHL	Botswana Insurance Holdings Limited
BLIL	Botswana Life Insurance Limited
BOPEU	Botswana Public Employees Union
BSE	Botswana Stock Exchange
BWP	Botswana Pula, The Functional Currency Of Botswana
CEE	Citizen Economic Empowerment
CIU	Collective Investment Undertaking
CSI	Corporate Social Investment
CSP	Conditional Share Plan
DAC	Deferred acquisition cost
DCF	Discounted Cash Flow
DPF	Discretionary Participation Features
ECL	Expected Credit Losses
EIR	Effective Interest Rate
ERM	Enterprise Risk Management
HIV	Human Immunodeficiency Virus
IBNR	Claims Incurred But Not Yet Reported
IFRS	IFRS Accounting standards
Khumo	Khumo Property Asset Management Company
KYS	Kgolo-Ya-Sechaba Investments Limited
LG	Bihl Insurance Company Limited T/A Legal Guard
LGD	Loss Given Default
LHL	Letshego Holdings Limited
LTI	Long-Term Incentive
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
NICO	National Insurance Company Limited
PCT	Prescribed Capital Target
PD	Probability Of Default
PiT	Point In Time
PPB	Private Property Botswana Limited
PVIF	Present value of in-force business
PAA	Premium Allocation Approach
GM	General Model
FRA	Fully Retrospective Approach
CSM	Contractual Service Margin
BEL	Best Estimate Liability