

REVENUE	EARNINGS	ASSETS UNDER MANAGEMENT (AUM)	SOLVENCY	DIVIDENDS	GROUP EQUITY VALUE
Net insurance service result increased by <b>↑ 3% to P286 million</b>	Operating profit increased by <b>↑ 257% to P801 million</b>	increased by <b>↑ 16% to P44 billion</b>	Business is well capitalised; required capital for the group is covered <b>7 times</b> (Dec 2022: 7.7 times)	Paid as dividends during the 2023 financial year <b>P753 million</b> (Dec 2022: P402 million) Made up of: Interim dividend <b>P218 million</b> Final dividend <b>P285 million</b> Special dividend <b>P251 million</b>	Decreased by <b>↓ 7% to P5,38 billion</b> (Dec 2022: P5,76 billion)
Investment service result increased from <b>a loss of P121 million to a positive result of P315 million</b>	Core earnings increased by <b>↑ 195% to P873 million</b>			Final dividend proposed (not subject to tax) <b>P313 million</b> (Dec 2022: P285 million)	Return on group equity value decreased to <b>↓ 8,3%</b> (Dec 2022 restated: 16.9%)
Revenue from contracts with customers increased by <b>↑ 14% to P296 million</b>	Share of profit of associates decreased by <b>↓ 64% to P79 million</b>				
Value of new business decreased by <b>↓ 12% to P140 million</b>	Profit attributable to equity holders increased by <b>↑ 74% to P774 million</b>				

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	31 Dec 2023 P'000	Restated <sup>1,2</sup> 31 Dec 2022 P'000	Restated <sup>1,2</sup> 1 Jan 2022 P'000
<b>ASSETS</b>			
Property and equipment	170 052	173 158	183 232
Intangible assets	97 247	101 197	107 076
Right-of-use assets	11 879	14 713	8 112
Investment property	26 480	12 260	10 160
Investments in associates and joint ventures	1 758 469	1 910 194	1 972 698
Long-term reinsurance assets	17 874	10 271	11 882
Insurance contract assets	612 935	553 701	582 812
Non-current asset held for sale	–	99 988	–
<b>Financial assets at fair value through profit or loss</b>	<b>14 935 316</b>	<b>15 411 628</b>	<b>15 385 244</b>
Bonds	8 543 705	8 426 652	8 663 449
Investment in property funds and companies	1 277 962	1 205 650	1 173 325
Equity investments (local and foreign)	3 040 954	2 589 245	2 403 845
Money market instruments	2 072 695	3 190 081	3 144 625
Loans at amortised cost	–	–	31 957
Other receivables	135 632	186 940	135 798
Cash and cash equivalents	170 583	400 711	137 418
<b>Total assets</b>	<b>17 936 467</b>	<b>18 874 761</b>	<b>18 566 389</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent	204 936	154 936	154 936
Non-distributable reserves	106 375	350 208	395 716
Retained earnings	3 302 730	3 267 691	3 189 765
<b>Total equity attributable to equity holders of the parent</b>	<b>3 614 041</b>	<b>3 772 835</b>	<b>3 740 417</b>
Non-controlling interests	23 751	22 428	18 728
<b>Total equity</b>	<b>3 637 792</b>	<b>3 795 263</b>	<b>3 759 145</b>
<b>Liabilities</b>			
Insurance contract liabilities	8 004 121	7 551 386	7 304 508
Investment contract liabilities	3 598 953	3 298 512	3 341 397
External investors in consolidated funds	2 082 020	3 619 273	3 635 183
Reinsurance contract liability	54 222	55 757	9 228
Derivatives instrument	25 429	37 259	42 366
Deferred tax liability	141 908	73 545	138 900
Lease liability	12 707	16 210	9 234
Other payables	353 824	398 121	321 398
Tax payable	18 624	26 246	3 441
Related party balances	6 867	3 189	1 589
<b>Total equity and liabilities</b>	<b>17 936 467</b>	<b>18 874 761</b>	<b>18 566 389</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Stated capital P'000	Non-distributable reserves P'000	Retained earnings P'000	Total equity attributable to equity holders of the parent P'000	Non-controlling interest P'000	Total equity P'000
<b>Balance as at 31 December 2021</b>	154 936	395 716	2 781 611	3 332 263	18 728	3 350 991
IFRS 17 transition adjustment <sup>2</sup>	–	–	408 154	408 154	–	408 154
<b>Balance as at 1 January 2022 restated<sup>2</sup></b>	154 936	395 716	3 189 765	3 740 417	18 728	3 759 145
Profit for the year <sup>1</sup>	–	–	442 578	442 578	6 224	448 802
Foreign currency translation reserve movement	–	(13 951)	–	(13 951)	–	(13 951)
Share-based payment expense	–	5 215	–	5 215	–	5 215
Cost of treasury shares (acquired)/disposed	–	1 117	–	1 117	–	1 117
Dividend paid	–	–	(402 440)	(402 440)	(2 524)	(404 964)
Transfers from non-distributable reserves to retained earnings	–	(33 948)	33 948	–	–	–
Other movements in reserves	–	(3 941)	3 840	(101)	–	(101)
<b>Balance as at 31 December 2022 restated<sup>1</sup></b>	154 936	350 208	3 267 691	3 772 835	22 428	3 795 263
Profit for the year	–	–	773 953	773 953	7 570	781 523
Foreign currency translation reserve movement	–	(170 662)	–	(170 662)	–	(170 662)
Share-based payment expense	–	5 168	–	5 168	–	5 168
Transfer from retained income/(Transfer to statutory reserve)	–	9 461	(9 461)	–	–	–
Transfer to retained income from share-based reserve	–	(29 199)	29 199	–	–	–
Cost of treasury shares (acquired)/disposed	–	(8 601)	(2 459)	(11 060)	–	(11 060)
New shares issued	50 000	(50 000)	–	–	–	–
Dividend paid	–	–	(753 930)	(753 930)	(6 247)	(760 177)
Other movements in reserves	–	–	(2 263)	(2 263)	–	(2 263)
<b>Balance as at 31 December 2023</b>	<b>204 936</b>	<b>106 375</b>	<b>3 302 730</b>	<b>3 614 041</b>	<b>23 751</b>	<b>3 637 792</b>

<sup>1</sup> Restated for transition to IFRS 17, refer to appendix 1.

<sup>2</sup> Restated for correction of error in the prior period, refer to appendix 3.

## COMMENTARY

### ECONOMIC ENVIRONMENT

The year 2023 began with a lot of uncertainty regarding inflation and interest rates across the globe which negatively impacted investment markets. As the year progressed it became increasingly clear that the pressures on central banks to raise interest rates further had substantially reduced. These indications of slowing inflation and a cooling labour market led market participants to price in an accelerated path of rate cuts for 2024, prompting a broad rally across the global bond market. This saw significant investment returns accruing in offshore portfolios as the year ended.

Locally, the new Pension Fund Investment Rules (PFR2), which came into effect in 2023, were a topical theme throughout the year, leading to an increase in banking sector liquidity towards the end of the year as pension funds began the process of repatriating their funds onshore. The risk of asset bubbles remains prevalent, with the property market seemingly having begun heating up from a pricing perspective.

Following its December 2023 meeting, the central bank's Monetary Policy Committee (MPC) announced a 25-basis points rate cut in the Monetary Policy Rate (MoPR) to 2.40%. The announcement came as a surprise to market players as the consensus expectation was that the MPC would maintain a steady hand and keep the rate unchanged.

Botswana's real GDP grew by 3.2% in Q3 2023, down from 6.3% registered in the same quarter in the previous year negatively impacted by weaker performance from the mining sector.

### Accounting policies and presentation

The accounting policies adopted for the year comply in all material respects with IFRS accounting standards (formerly IFRS<sup>®</sup> International Financial Reporting Standards<sup>®</sup>) and are presented in the manner required by the Insurance Industry Act, 2015. These policies are consistent with those applied for the year ended 31 December 2023 except for the new accounting policies adopted by the group on Insurance Contracts as necessitated by the new IFRS 17 standard.

### FINANCIAL OVERVIEW

#### Analysis of earnings

	Year to 31 Dec 2023 P'000	Restated Year to 31 Dec 2022 P'000	% change
<b>Operating profit</b>	<b>801 148</b>	224 120	257
Investment income on shareholders' assets	72 205	72 324	–
<b>Core earnings</b>	<b>873 353</b>	296 444	195
Profit on sale of associate	141 669	–	100
Share of profit of associates and joint ventures net of tax	78 934	216 456	(64)
Investment surpluses on shareholders assets	(9 696)	41 321	(123)
<b>Profit before tax</b>	<b>1 084 260</b>	554 221	96
Tax	(302 737)	(105 419)	187
<b>Profit after tax</b>	<b>781 523</b>	448 802	74

Group operating profit increased by 257% for the year ended 31 December 2023 compared to the prior year. Life operating profit increased significantly compared to the prior year mainly due to higher investment returns earned from positive fair value gains across insurance contracts and IFRS 9 investments contracts. The asset management business operating profit for the year excluding the Zambia operation results, was 20% higher than prior year owing to increased Assets Under Management. Equity accounted earnings decreased by 64% mainly due to the underperformance from Letshego Holdings as impairments surged. The Nico Holdings Group posted a strong set of results for the year despite the 44% devaluation of the Kwacha against the Botswana Pula which resulted in a P82 million foreign currency exchange loss recognised in the statement of other comprehensive income.

### Group equity value

The group equity value (GEV) decreased to P5.38 billion from P5.76 billion (restated 2022). The group equity value allowed for dividends of P754 million paid during the year ending 31 December 2023. The decrease in GEV is driven by a decrease in the value of in-force (VIF) for the life insurance business and negative fair value adjustments for the non-life businesses, specifically Letshego and Nico.

### Value of new life business

The value of new business decreased by 12% to P140 million compared to the prior year mainly due to lower new business volumes.

### Overview of operations

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

- The **life insurance** segment which provides life insurance services to its customers through Botswana Life Insurance Limited (Botswana Life), Botswana's leading life insurance company, a full subsidiary of the group
- The **asset management** segment which provides asset management services to its customers through Botswana Insurance Fund Management Limited (Bifm), and Bifm Unit Trusts, both subsidiaries of the group.

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

Inter-segment transactions between business segments took place on an arm's-length basis in a manner similar to transactions with third parties. Segmental income, segment expenses and segment results include those transfers between business segments, which are eliminated on consolidation.

### SEGMENT RESULTS

For the year ended 31 Dec 2023	Life business P'000	Asset management P'000	Other P'000	Inter-segmental P'000	Consolidated P'000
Net insurance service result	286 393	–	–	–	286 393
Investment service result	315 333	–	–	–	315 333
Other expenses relating to insurance operations	(15 975)	–	–	–	(15 975)
<b>Net result from life insurance operations</b>	<b>585 751</b>	–	–	–	<b>585 751</b>
Revenue from contracts with customers	–	–	–	–	–
– Internal	–	3 327	–	(3 327)	–
– External	137 379	158 167	–	–	295 546
Investment income <sup>1</sup>	264 024	16 875	851 901	(847 897)	284 903
Interest income using the effective interest rate (EIR)	2 088	–	2 307	–	4 395
Other interest income from investment contracts	–	–	–	202 721	202 721
Fair value (losses)/gains from derivatives instrument	(11 830)	–	–	–	(11 830)
Change in fair value of investment contract liabilities	(69 085)	34 723	–	2 459	(31 903)
Change in fair value of external investors' liabilities	–	–	–	88 254	88 254
Net changes in investment contract benefits	–	–	–	(290 975)	(290 975)
<b>Result from other operations</b>	<b>322 576</b>	<b>213 092</b>	<b>854 208</b>	<b>(848 785)</b>	<b>541 111</b>
Depreciation	(9 988)	(1 230)	(841)	–	(12 059)
Amortisation and impairment	(9 164)	(568)	(1 200)	–	(9 852)
Right-of-use asset depreciation	(5 319)	(1 420)	(1 734)	2 702	(5 771)
Administration expenses	(60 754)	(79 543)	(74 864)	16 705	(198 456)
Sales remuneration	(37 067)	–	–	–	(37 067)
<b>Profit before equity-accounted earnings</b>	<b>786 035</b>	<b>130 331</b>	<b>776 649</b>	<b>(829 358)</b>	<b>863 657</b>
Profit on sale of associate	–	–	141 669	–	141 669
Net equity-accounted earnings	–	–	78 934	–	78 934
<b>Profit before tax</b>	<b>786 035</b>	<b>130 331</b>	<b>997 252</b>	<b>(829 358)</b>	<b>1 084 260</b>
Income tax expense	(221 160)	(19 624)	(61 953)	–	(302 737)
<b>Profit after tax</b>	<b>564 875</b>	<b>110 707</b>	<b>935 299</b>	<b>(829 358)</b>	<b>781 523</b>
<b>Segment assets and liabilities</b>					
Total assets	14 299 587	5 464 023	1 828 692	(4 284 340)	17 307 962
Total liabilities	11 617 776	4 925 295	1 233 681	(4 106 582)	13 670 170

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	31 Dec 2023 P'000	Restated <sup>1,2</sup> 31 Dec 2022 P'000
<b>Net result from life insurance contracts</b>	<b>585 751</b>	143 194
<b>Result from life insurance contracts</b>	<b>601 726</b>	156 445
<b>Net insurance service result</b>	<b>286 393</b>	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)
<b>Investment service result</b>	<b>315 333</b>	(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)
<b>Result from other operations</b>	<b>541 111</b>	468 744
Revenue from contracts with customers	295 546	259 591
Investment income	284 903	125 819
Interest income using the Effective Interest Rate (EIR)	4 395	4 127
Other interest income from investment contracts	202 721	245 282
Fair value (losses)/gains from derivative instrument	(11 830)	(5 107)
Change in fair value of investment contract liabilities	(31 903)	84 314
Change in fair value of external investors' liabilities	88 254	36 538
Net changes in investment contract benefits	(290 975)	(281 820)
<b>Other expenses</b>	<b>(252 324)</b>	(269 199)
Administration expenses	(214 495)	(204 535)
Sales remuneration	(37 067)	(63 588)
Finance cost on leases	(762)	(1 076)
<b>Impairments reversed/(raised)</b>	<b>(10 881)</b>	(4 974)
<b>Profit before equity accounted earnings and other income</b>	<b>863 657</b>	337 765
Profit on sale of associate	141 669	–
Share of profit of associates and joint ventures	78 934	216 456
<b>Profit before tax</b>	<b>1 084 260</b>	554 221
Income tax expense	(302 737)	(105 419)
<b>Profit for the year</b>	<b>781 523</b>	448 802
<b>Profit attributable to:</b>		
– Equity holders of the parent	773 953	442 578
– Non-controlling interests	7 570	6 224
<b>Total profit for the year</b>	<b>781 523</b>	<b>448 802</b>
<b>Earnings per share (thobe) (attributable to ordinary equity holders of the parent)</b>		
– Basic	274	158
– Diluted <sup>3</sup>	272	157

<sup>1</sup> Restated for transition to IFRS 17, refer to appendix 1.

<sup>2</sup> Restated for correction of error in the prior period, refer to appendix 3.

<sup>3</sup> 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.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023



# ABRIDGED AUDITED GROUP RESULTS

for the year ended 31 December 2023

The Directors hereby present the abridged audited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the group) for the financial year ended 31 December 2023. These financial results are presented in accordance with IFRS<sup>®</sup> Accounting Standards (previously IFRS 'International Financial Reporting Standards' requirements, and the Group has adopted IFRS 17, the insurance reporting standard which took effect on 1 January 2023. The comparative numbers have been restated to comply with this new standard.



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## COMMENTARY continued

For the year ended 31 Dec 2022	Life business P'000	Asset management P'000	Other P'000	Inter-segmental P'000	Consolidated P'000
Net insurance service result	277 710	-	-	-	277 710
Investment service result	(121 265)	-	-	-	(121 265)
Other expenses relating to insurance operations	(13 251)	-	-	-	(13 251)
<b>Net result from life insurance operations</b>	<b>143 194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143 194</b>
Revenue from contracts with customers					
- Internal	-	2 383	-	(2 383)	-
- External	118 455	141 136	-	-	259 591
Investment income <sup>1</sup>	105 095	17 108	486 585	(482 969)	125 819
Interest income using the EIR	1 541	-	2 586	-	4 127
Other interest income from investment contracts	-	-	-	245 282	245 282
Fair value (losses)/gains from derivatives instrument	(5 107)	-	-	-	(5 107)
Change in fair value of investment contract liabilities	43 621	40 693	-	-	84 314
Change in fair value of external investors' liabilities	-	-	-	36 538	36 538
Net changes in investment contract benefits	-	-	-	(281 820)	(281 820)
<b>Result from other operations</b>	<b>263 605</b>	<b>201 320</b>	<b>489 171</b>	<b>(485 352)</b>	<b>468 744</b>
Depreciation	(14 668)	(1 221)	(837)	-	(16 726)
Amortisation and impairment	(10 277)	(555)	(248)	-	(11 080)
Right-of-use asset depreciation	(5 653)	(1 065)	(1 282)	2 347	(5 653)
Administration expenses	(56 204)	(71 396)	(53 462)	3 936	(177 126)
Sales remuneration	(63 588)	-	-	-	(63 588)
<b>Profit before equity-accounted earnings</b>	<b>256 409</b>	<b>127 083</b>	<b>433 342</b>	<b>(479 069)</b>	<b>337 765</b>
Net equity-accounted earnings	-	-	216 456	-	216 456
<b>Profit before tax</b>	<b>256 409</b>	<b>127 083</b>	<b>649 798</b>	<b>(479 069)</b>	<b>554 221</b>
Income tax expense	(66 232)	(18 632)	(20 555)	-	(105 419)
<b>Profit after tax</b>	<b>190 177</b>	<b>108 451</b>	<b>629 243</b>	<b>(479 069)</b>	<b>448 802</b>
<b>Segment assets and liabilities</b>					
Total assets	13 684 660	6 754 562	1 826 157	(3 950 143)	18 315 236
Total liabilities	10 917 834	6 220 147	1 224 792	(3 846 742)	14 516 031

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

## LIFE INSURANCE BUSINESS

### New accounting standard

2023 marks the first year in which Botswana Life's annual financial statements are being presented in accordance with the new IFRS 17 *Insurance Contracts* standard. Insurers are required to present comparative financial information for the year immediately preceding the date of initial application to enable meaningful comparison, therefore, the 2022 results previously published have been restated in accordance with the new standard.

### Transitioning

IFRS 17 requires a restatement of a company's results as if IFRS 17 had always been applicable (the 'fully retrospective approach') unless it is 'impracticable' to do so. Where a fully retrospective approach has been impracticable, Botswana Life has followed a fair value approach. These transitioning revaluations have resulted in a release of P408 million from policyholder liabilities to shareholder equity.

### 2023 performance

Profit before tax from insurance operations has increased by 136% compared to the prior year. The key driver for the increase in profitability is a 326% increase in investment returns earned during the year on the back of positive fair value gains across assets backing insurance contracts and IFRS 9 *Investment Contracts*.

The Insurance service result has remained stable compared to prior year, with both Insurance revenue and Insurance service expenses increasing by 1% compared to 2022. Revenue is mainly driven by the expected release from the Contractual Service Margins (CSM) and the Risk Adjustment (RA). The CSM represents the unearned profits released as the insurance service is provided. CSM and RA releases for 2023 amounted to P181 million which was P96 million lower than for 2022. This reduction has been the result of reduced new business volumes and high lapses. Insurance service expenses were higher in 2023 mainly due to increased notional Deferred Acquisition Costs (DAC).

Value of new business which measures the present value of future new business profits declined by 12% owing to declining new business volumes as well as assumption strengthening on the group business portfolio.

## ASSET MANAGEMENT BUSINESS

The Bifm Group's operating profit for the year grew by 1% over the prior year. The Zambian business operation was the main detractor as it closed the year with a significantly lower operating performance, owing to a once-off positive accounting adjustment recorded in the prior year. Operating profits excluding the Zambian operations registered 20% year-on-year growth. The growth in profits was mainly

driven by operating income which closed 13% higher than the prior year, driven by a substantial increase in AUM. Bifm's contribution to the group performance continues to grow and impact results positively, recording an operating profit improvement of 15% against the prior year.

Total Bifm AUM increased by 16% to close the year at P44 billion (2022: P38,5 billion), including Zambia's P5,9 billion and Bifm Unit Trusts at P2,6 billion.

## CAPITAL MANAGEMENT AND SOLVENCY

The group remains well positioned in terms of capital management and solvency. This was taken into consideration by the board when resolving to declare a final dividend. The group-required capital cover is 7 times, having reduced from 7,7 times in the previous year. The reduction in required capital cover was driven by the drop in group equity value from P5,76 billion to P5,38 billion which was influenced by the sale of FSG during the first quarter.

## LOOKING AHEAD

2024 marks the start of a new strategy for the group, having officially closed off the 2018 – 2023 strategy period. There is a lot of groundwork that management has laid over the years and will leverage going into the future. Work will continue to focus on strengthening the group's position in the market, by driving growth of new business, client retention, human capital development and efficiency of operations, while delivering solid returns to the shareholders.

## DIVIDEND DECLARATION

The directors have resolved to award a final dividend of 110 thebe per share (not subjected to tax).

The important dates pertaining to the dividends are:

Declaration date	25 March 2024
Ex-dividend date	15 April 2024
Record date	17 April 2024
Payment of dividend	25 April 2024

For and on behalf of the board

**Dr Keith Jefferis**  
BIHL Board Chairperson  
6 June 2024

**Catherine Lesetedi**  
Group Chief Executive Officer

## APPENDIX

### RESTATEMENTS OF PRIOR YEARS

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

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

- Refer to note appendix 4 for additional information on the correction of prior period error – Separate presentation of investment contract liabilities
- Refer to appendix 3 for additional information on the correction of prior period error – Investment in associate

	2022					2021				
	Note(s)	As previously reported Audited P'000	Correction of prior period error (i) P'000	Correction of prior period error (ii) P'000	Adoption of IFRS 17 P'000	Restated P'000	As previously reported Audited P'000	Correction of prior period error (i) P'000	Adoption of IFRS 17 P'000	Restated P'000
<b>ASSETS</b>										
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
<b>Total assets</b>		<b>18 513 440</b>	<b>-</b>	<b>(20 218)</b>	<b>381 539</b>	<b>18 874 761</b>	<b>18 127 477</b>	<b>-</b>	<b>438 912</b>	<b>18 566 389</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Equity attributable to equity holders of the parent</b>										
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
<b>Total equity attributable to equity holders of the parent</b>		<b>3 526 557</b>	<b>-</b>	<b>(20 218)</b>	<b>266 497</b>	<b>3 772 835</b>	<b>3 332 263</b>	<b>-</b>	<b>408 154</b>	<b>3 740 417</b>
Non-controlling interests		22 428	-	-	-	22 428	18 728	-	-	18 728
<b>Total equity</b>		<b>3 548 985</b>	<b>-</b>	<b>(20 218)</b>	<b>266 497</b>	<b>3 795 263</b>	<b>3 350 991</b>	<b>-</b>	<b>408 154</b>	<b>3 759 145</b>
<b>Liabilities</b>										
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
<b>Total equity and liabilities</b>		<b>18 513 440</b>	<b>-</b>	<b>(20 218)</b>	<b>381 540</b>	<b>18 874 761</b>	<b>18 127 477</b>	<b>-</b>	<b>438 912</b>	<b>18 566 389</b>

#### Notes with respect to adoption of IFRS 17

- 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.
- 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.
- 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.
- 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 cash flows. 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.
- 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.
- IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of reinsurance contracts held that are liabilities.
- The expected future tax effects arising from the earnings impact of transitioning to IFRS 17 resulting in a deferred tax liability.
- 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.

## 2. 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 cash flows from operating activities. This error has been corrected through retrospective restatement of previously reported amounts, as set out below and this correction has no impact on amounts and balances reported in other components of the condensed group annual financial statements:

	As previously reported Audited P'000	Adjustments P'000	Restated P'000
<b>2022</b>			
<b>Net cash flows from operating activities</b>	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)
<b>Net cash flows utilised in investing activities</b>			
Purchase of property and equipment	(362 938)	-	(362 938)
Purchase of computer software	386 402	-	386 402
Acquisition of property investments	23 464	-	23 464
Net purchases and withdrawals of bonds	(6 652)	-	(6 652)
(Purchase)/withdrawals of equity investments	(5 201)	-	(5 201)
Net purchases and withdrawals of money market instruments	(39 091)	39 091	-
Receipts from loans receivable at amortised cost	(54 242)	54 242	-

## 3. 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:

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