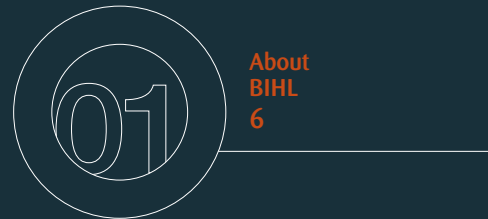




HONOURING
OUR ROOTS,
GROWING
OUR FUTURE

CONTENTS

2025 performance at a glance	3
About this report	4



Group structure	7
Our purpose	8
Our footprint	9
Our proud 50-year history	10
Investment case	11
The macroeconomic environment	12



Material matters	16
Our strategy	19
Our value-creating business model	20
Risks and opportunities	22
Stakeholder engagement	26



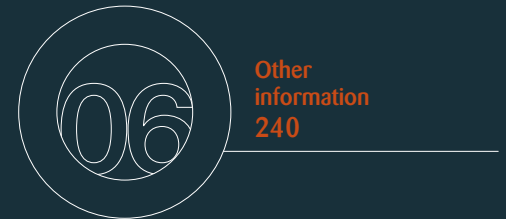
Three-year review	7
Group Chairman's message	8
Review by our Group Chief Executive Officer	9
Group Chief Financial Officer's report	10
Group equity value	11



Our long-term sustainability	51
How we care for the environment	52
Our people – the heart of our success	54
Social responsibility	56
BIHL Trust	71
Corporate governance overview	80
Board of directors	93
BIHL Trust board	96
Management team	99
King IV™ application register	101
Audit and risk committee report	106
Activities of the other board committees	107



Directors' report	109
Statement of responsibility of the board of directors	110
Report of the Statutory Actuary	111
Independent auditor's report	114
Group statement of financial position	120
Group statement of profit or loss and other comprehensive income	121
Group statement of changes in equity	122
Group statement of cash flows	124
Basis of preparation and accounting policies	125
Notes to the consolidated financial statements	143
Company statement of financial position	214
Company statement of profit or loss and other comprehensive income	214
Company statement of changes in equity	215
Company statement of cash flows	215
Notes to the company financial statements	216
Risk and capital management disclosures	222



Shareholder analysis	241
Notice of annual general meeting	242
Form of proxy	245
Notes to the form of proxy	246
Definitions	247
Shareholders' diary	249
Dividend distribution	249
Corporate information	249

2025

PERFORMANCE AT A GLANCE

The BIHL Group delivered a resilient performance despite a challenging macroeconomic environment.



REVENUE

Net insurance service result increased by

↑ 84% to P234 million

Net investment service result decreased by

↓ 38% to P48 million

Revenue from contracts with customers decreased by

↓ 18% to P286 million

Value of new business increased by

↑ 24% to P186 million



EARNINGS

Core earnings decreased by

↓ 14% to P375 million

Equity-accounted earnings increased by

↑ 10% to P186 million

Impairment of an associate decreased by

↓ 85% to P84 million

Profit attributable to equity holders increased by

↑ 408% to P326 million



VALUE CREATION

Group equity value increased by

↑ 3% to P4,80 billion
(2024: P4,66 billion)

Final dividend proposed of

P160 million
not subject to tax
(2024: P114 million not subject to tax)

Return on group equity value (ROGEV) increased to

↑ 5,8%
(2024: -5,2%)

P265 million

(2024: P518 million) was paid as dividends during the 2025 financial year

Normalised ROGEV strengthened to

↑ 14,5%
(2024: -0,2%) indicating stronger underlying performance



SUSTAINABILITY

Business is well-capitalised; required capital for the group is covered

9,3 times
(2024: 7,2 times)

Assets under management (AUM) decreased by

↓ 4% to P39 billion

ABOUT THIS REPORT

REPORTING SCOPE AND BOUNDARY

This is the integrated annual report of Botswana Insurance Holdings Limited (BIHL Group) for the year ended 31 December 2025.

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

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

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

REPORTING PRINCIPLES AND FRAMEWORK

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

- Botswana Stock Exchange (BSE) Listings Requirements
- IFRS® Accounting Standards (previously International Financial Reporting Standards or IFRS)
- Botswana Institute of Chartered Accountants Financial Reporting Guides
- King IV Report on Corporate Governance for South Africa, 2016™ (King IV™)
- International Integrated Reporting Framework (<IR> Framework) of the IFRS Foundation

- United Nations Sustainable Development Goals (SDGs)
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as well as the relevant regulations and directives in force under the laws of Botswana.

 The annual financial statements on **pages 120 to 239** are presented in Pula, the group's presentation currency.

MATERIALITY

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

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

 Refer to **page 16** for more information on our material matters.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 31 December 2025. Actual results may differ materially from these expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise, and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, unless required to do so by legislation and regulation. The external auditor and assurance providers have not assured these statements.

ASSURANCE

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

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

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

 The unqualified independent auditor's report is set out on **pages 114 to 119**. The scope of the audit is limited to the annual financial statements on **pages 120 to 239**.

ABOUT THIS REPORT continued

APPROVAL

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

The board, after consultation with the audit and risk committee, concluded that this integrated annual report is presented materially in accordance with the <IR> Framework and approved it for publication on 9 June 2026.

Dr Keith Jefferis
Group Chairman

Catherine Lesetedi
Group Chief Executive Officer (CEO)

Frank Dalo
Group Chief Financial Officer (CFO)

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

Signatures were removed for security and privacy reasons.

CORPORATE INFORMATION



Contact details for BIHL are set out on **page 249**.

THEME: HONOURING OUR ROOTS, GROWING OUR FUTURE

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

By learning from our rich history now spanning 50 years, we are able to deliver growth to the group and all of its stakeholders.

FEEDBACK

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

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

NAVIGATION

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



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



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

REPORTING SUITE

The following reports provide more information on BIHL's 2025 performance and are available online at www.bihl.co.bw.



Year-end results
announcement



Year-end results
presentation

ABOUT BIHL

01

HONOURING OUR ROOTS, GROWING OUR FUTURE

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

We have done so for the past 50 years and will continue to grow.



The Mophane (*Colophospermum mopane*) tree is deeply intertwined with the rural economy and ecology of Botswana, offering food, construction material, and shade in harsh environments.

Mophane wood is dense, 'rock-solid' and prized for its exceptional durability, termite resistance and rich reddish-brown colour.

GROUP STRUCTURE

Our shareholders

SanlamAllianz

57,92%

Botswana Public Officers
Pension Fund

20,72%

Motor Vehicle Accident Fund

4,00%

Other

17,36%



Botswana Life

Botswana Life Insurance Limited

Botswana's most established life insurer, consistently honouring its promise with over 300 000 policies, reinforcing a legacy of excellence, innovation and care.



Botswana Insurance Fund Management Limited

A pioneer in asset management, managing in excess of P39 billion in assets across equity, fixed income, real estate, liquidity and alternative investments.

ASSOCIATES AND JOINT VENTURES



50,00%

33,33%



27,46%

25,10%

BIFM ASSOCIATES



50,00%

49,00%

OUR PURPOSE

We are focused on our purpose of improving livelihoods.

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

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

VISION

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

PURPOSE

Improving livelihoods

MISSION

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

HOW WE HELP YOU TO **FOCUS** ON WHAT IS IMPORTANT

Taking a long-term view on financial well-being

FINANCIAL PROTECTION

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

WEALTH GENERATION

Access to financial investment opportunities that enable capital appreciation, helping clients build intergenerational wealth and achieve their long-term financial goals

PEACE OF MIND

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

DEBT SETTLEMENT

Avoiding the possibility of burdening families with any outstanding debts

INCOME REPLACEMENT

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

OUR VALUES ARE DEEPLY ROOTED



CARE

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



INNOVATION

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



INTEGRITY

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



COLLABORATION

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

OUR FOOTPRINT

BIHL Group

Letshego Holdings Limited (Letshego)

Botswana Insurance Company Limited (BIC)

Nico Holdings PLC

Aflife Holdings Zambia

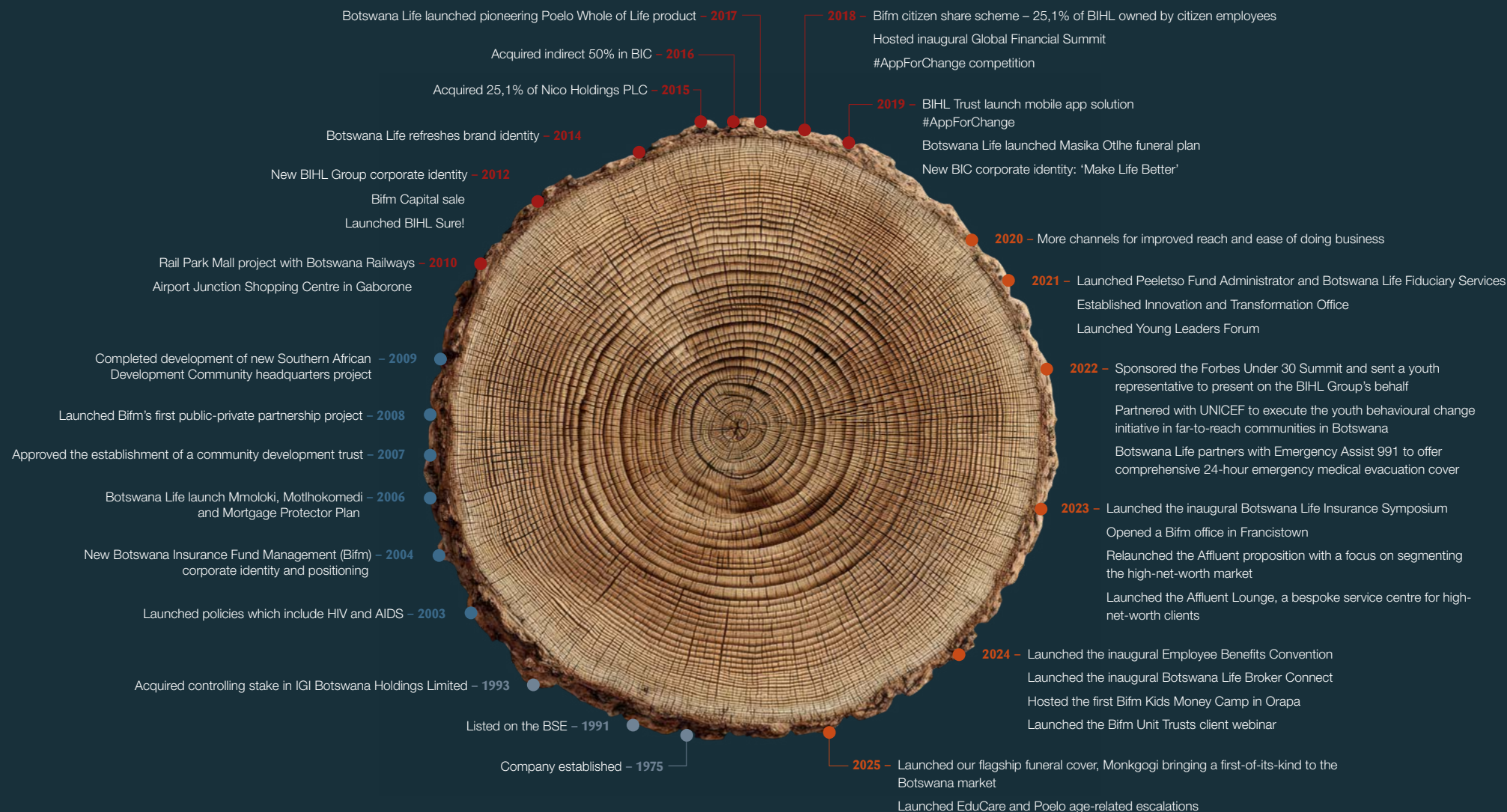
GrandRe

Khumo Property Asset Management

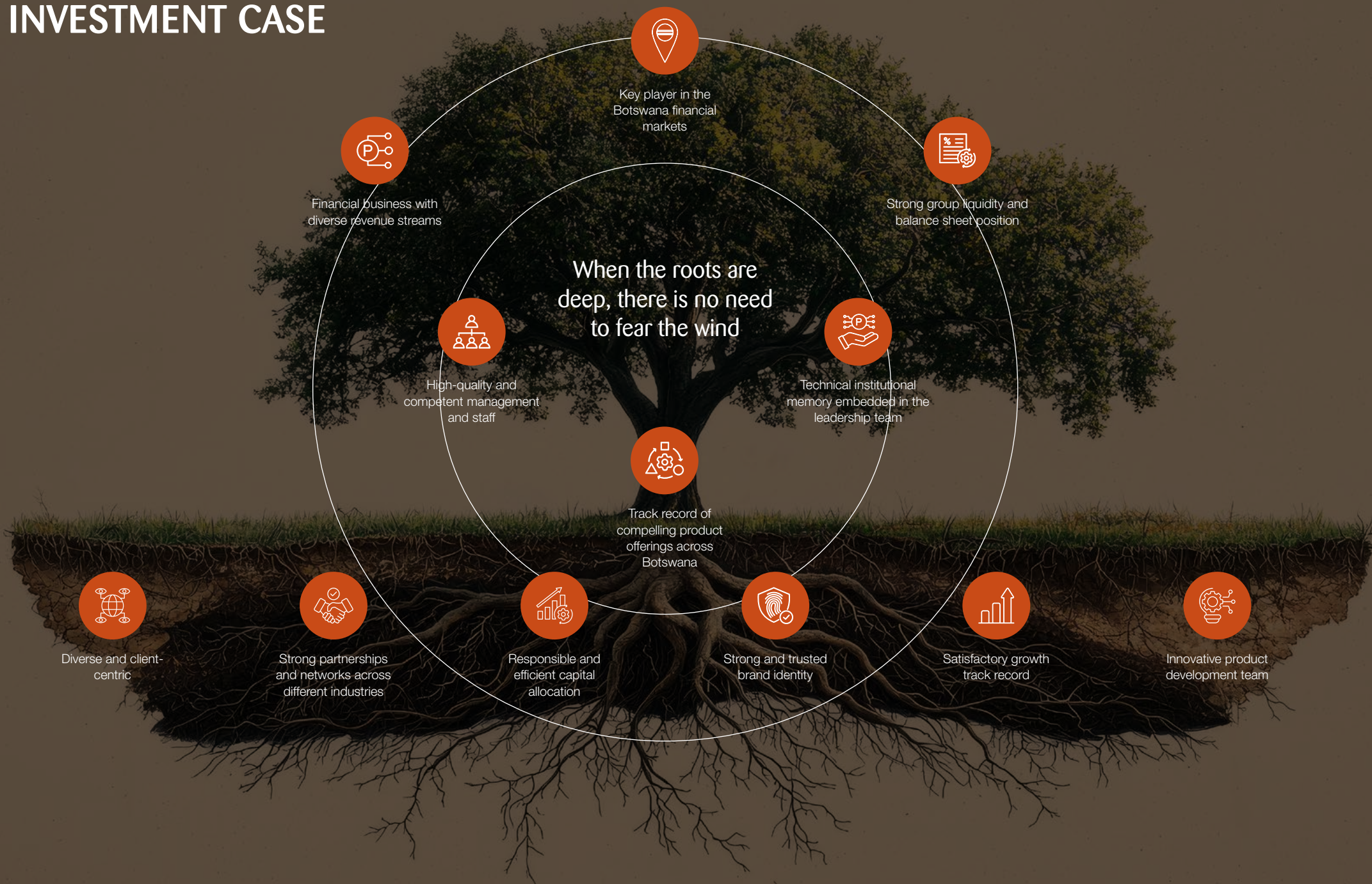
One step begins the path, but
it takes a village to beat it down
into a functional road that
serves the community...



OUR PROUD 50-YEAR HISTORY



INVESTMENT CASE



THE MACROECONOMIC ENVIRONMENT

Sub-Saharan gross domestic product (GDP) growth

- Sub-Saharan Africa benefited from the stabilisation gains achieved in 2025, with economic activity strengthening across many large economies
- Regional growth is estimated at around 4,5%, for the year 2025, supported by favourable external conditions and sound economic policies in several large economies
- Inflation eased toward the end of 2025 due to lower global food and oil prices, reduced exchange rate pressures and appropriately tight monetary policy in many countries
- Fiscal positions also improved on the back of stronger growth and supportive exchange rate movements
- However, the outlook for 2026 has become more uncertain due to the war in the Middle East, as a prolonged conflict could push oil, fertiliser and food prices up, raise borrowing costs and force difficult adjustments in countries with significant refinancing needs.

Botswana's GDP growth

- GDP for the year 2025 contracted by 0,7%; Botswana's economy remained in recession. The contraction was, however, an improvement from the 2,8% contraction recorded in 2024
- The contraction was largely driven by the diamond sector: mining, cutting and polishing, and trading, shrinking by 14,1% compared to 26,5% in 2024
- After two consecutive years of negative growth, the diamond sector's contribution to GDP fell sharply to 8,5% in 2025, down from 22% in 2022
- Consequently, foreign exchange reserves declined due to weaker diamond export earnings while import demand remained elevated. The reserves fell from P84,9 billion (18,3 months of import cover) in 2015 to an estimated P47,4 billion (six months of import cover) by December 2025.

Inflation

- Botswana's annual inflation rose from 1,7% in December 2024 to 3,9% in December 2025, remaining within the Bank of Botswana's medium-term objective range of 3% to 6% throughout 2025
- However, the outlook for 2026 has deteriorated, with domestic inflation now expected to rise sharply and breach the upper bound of the target range due to higher international oil prices linked to the Middle East conflict
- This upward pressure has already materialised, with inflation jumping to 10,3% in April 2026 from 4,2% in March 2026.

Credit

- Household credit growth slowed to 2,6% in 2025, down from 4,6% in 2024, reflecting reduced loan disbursements amid tighter liquidity and lending conditions
- Growth in unsecured personal loans declined from 6% to 3,9%, mortgage lending slowed from 1% to zero, and motor vehicle loan growth fell from 8,6% to -2,4%
- In contrast, credit card lending recovered, rising from -0,7% to 4,2%
- As a result, the share of mortgages in total household credit decreased from 26,9% to 25,9%, while unsecured personal loans edged down slightly from 64,2% to 63,6%, partly due to increased utilisation of individual term loans.

Industry developments

- Intensifying competition in the insurance and asset management sectors
- Aggressive and unsustainable insurance product pricing in the market
- Life insurance asset and liability matching constraints due to a limited secondary bond market, increasing IFRS 17 earnings volatility
- Botswana's insurance industry is, however, projected to experience steady premium growth over the medium term.

Sources

Ministry of Finance: Budget speech, February 2026
Fitch Solutions: Botswana Insurance Report (includes five-year forecasts to 2029), February 2026

IMF: Sub-Saharan Africa Regional Economic Outlook
– Hard-won gains under pressure, April 2026
Bank of Botswana: Monetary Policy Report, February 2026

Statistics Botswana: Consumer Price Index, February 2025
Statistics Botswana: Consumer Price Index: February 2026

THE MACROECONOMIC ENVIRONMENT continued

HEADWINDS IN 2026

Persistent economic pressures are weighing on business performance

MACROECONOMIC AND MARKET PRESSURES

Geopolitical tensions creating uncertainty	- Global economic conditions softened through 2025. The International Monetary Fund (IMF) projects a global growth of 3,2% for the year, down from 3,5% in 2024. Locally, the economy continued to be in recession due to the continued depression in diamond sales. This situation is expected to persist into 2026. - Trade momentum weakened as tariff uncertainty and softer demand in major markets curtailed global activity. The war in Iran has further depressed the global economy.
Tight liquidity reducing credit growth and limiting some of our business lines	- Botswana remained in recession in 2025, with GDP projected between -0,5% and -1%, primarily due to weak diamond sector performance driven by high inventories, lower prices and intensifying lab-grown diamond competition. - Inflation remains contained but is edging up due to exchange rate effects, rising from 3,9% to 4,1% in January 2026, with core inflation at 5,1%. It is expected to briefly reach the top of the Bank of Botswana's 3% to 6% target range in mid-2026 before easing back toward the midpoint. - Banking sector liquidity remains tight, reflecting flat deposits and lending as Government borrowing absorbs system liquidity; higher deposit rates have helped stabilise inflows, but sector growth remains stagnant. - Tight liquidity in the banking sector, stagnant deposits and weakening credit growth limit new business inflows, particularly in credit-linked portfolios.
Household income pressures resulting in policy cancellations and alterations	- Credit growth is losing momentum with both households (3,9%) and firms (5,6%) weakening, and three-month annualised growth down to 3,0%, signalling tightening liquidity and rising financial stress. - Arrears are rising, driven by increases across both households (5,1%) and businesses (7,0%), reflecting a deteriorating operating environment and delayed Government payments, though arrears remain low by historical standards. - Higher inflation and increased market interest rates add pressure to our clients' affordability and create volatility in our investment portfolios. - The economic and competitive challenges will continue to pressure household income with risks of rising arrears, weakened insurance persistency, reduced opportunity for new business, credit risk and subdued investment returns.



THE MACROECONOMIC ENVIRONMENT continued



MACROECONOMIC AND MARKET PRESSURES

Elevated interest rates creating investment volatility and margin pressure

- Monetary policy signalling remains weak, although the monetary policy rate was lifted to 3,50% in October 2025 and held steady thereafter. Market rates have surged independently, with prime rising to 7,22% and long-term Government yields to 12,65%, driven by fiscal dominance, liquidity tightness and banks competing with the Government for deposits.

Health sector challenges leading to premature deaths concerns

- In 2025, Botswana's healthcare sector faced growing pressure due to persistent medicine shortages, limiting access to essential treatment and placing increased strain on public healthcare facilities and patient outcomes.

General tax reforms expected to result in an increase in corporate and individual tax

- Botswana's tax reforms, proposed by the Ministry of Finance to counter falling diamond revenues and a widening budget deficit, will directly raise headline tax rates for both businesses and top-earning individuals. The corporate tax rate for most companies is set to increase by 3%, rising to 25%. For individuals, tax bands will also be adjusted, with the top personal income tax rate increasing by 2,5% to 27,5% for incomes above P400 000.

The above economic conditions directly affect our business through slower premium growth, increased lapse pressure, rising arrears and delayed premium collections as households and firms come under financial strain.



Refer to the Group Chief Executive Officer's review on **page 37** for more details.

HOW WE CREATE VALUE

02

HONOURING OUR ROOTS, GROWING OUR FUTURE

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



The Umbrella Thorn (*Acacia tortillis*/*Vachellia tortilis*) is one of Africa's most iconic trees, with its timber being used for fence posts, firewood, furniture and wagon wheels. The prolific pods make good fodder for desert grazers and the foliage is also palatable.

MATERIAL MATTERS

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

DETERMINING OUR MATERIAL ISSUES

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

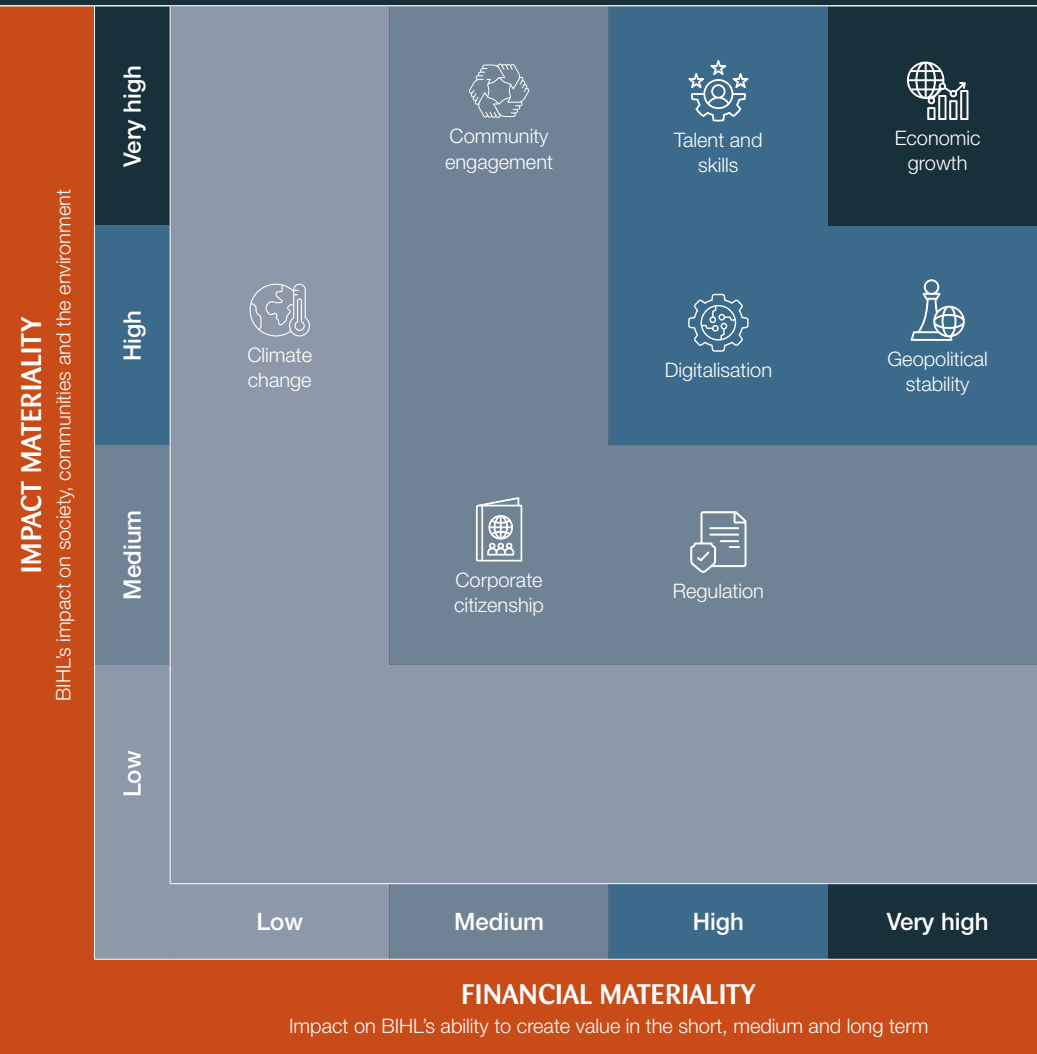
We used the principle of double materiality in assessing matters both in terms of:

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

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

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

In the table on **pages 17 and 18**, we discuss these matters in more detail, show which of our capitals and stakeholders are affected by these issues and how we have taken cognisance of these issues in determining our key strategic objectives.



MATERIAL MATTERS continued**Economic growth****Manifesting as:**

- Low economic growth
- High interest rates
- Household income pressures

The Botswana economy is experiencing low growth and poor employment figures, putting pressure on our ability to grow profitably and to align products with ever-evolving client demands



Read more about our macroeconomic environment on **page 12**

Capitals affected

- Financial capital
- Intellectual capital
- Social and relationship capital

Stakeholders affected

- Clients
- Intermediaries and distribution partners
- Investors and analysts
- Communities

**Talent and skills****Manifesting as:**

- Attracting and retaining talent
- New ways of work
- Employee wellness
- Future-ready skills

We continue to build exceptional talent and retain skills



Read more about how we develop our people from **page 54**

Capitals affected

- Human capital
- Intellectual capital
- Financial capital

Stakeholders affected

- Employees
- Communities
- Government and regulatory bodies

**Geopolitical stability****Manifesting as:**

- Client affordability
- Sociopolitical uncertainty
- Depressed capital markets

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

Capitals affected

- Financial capital
- Social and relationship capital

Stakeholders affected

- Clients
- Investors and analysts
- Communities
- Government and regulatory bodies

**Digitalisation****Manifesting as:**

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

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



Read more about trends in the insurance and investment management sectors on **page 14**

Capitals affected

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

Stakeholders affected

- Clients
- Employees
- Intermediaries and distribution partners
- Investors and analysts
- Suppliers and vendors

MATERIAL MATTERS continued

Community engagement

Manifesting as:

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

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

 Read more about our social interactions from **page 56**

Capitals affected

- Financial capital
- Social and relationship capital

Stakeholders affected

- Clients
- Communities
- Investors
- Suppliers and vendors

 The capitals are described on **page 20**.
Our key stakeholder relationships are outlined on **pages 26 to 30**.



Regulation

Manifesting as:

- Compliance burden
- Uncertainty
- Regulatory fines

There has been a proliferation of regulation, especially environment-related 'green' regulation, over the recent past. We comply with all current legislation in a responsible manner and aim to align with global frameworks and disclosure standards

 Read more about our corporate governance from **page 80**

Capitals affected

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

Stakeholders affected

- Communities
- Government and regulatory bodies



Corporate citizenship

Manifesting as:

- Sustainability
- Need to save the planet
- Compliance

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

 Read more about our long-term sustainability on **page 51**

Capitals affected

- Social and relationship capital
- Natural capital

Stakeholders affected

- Investors and analysts
- Communities
- Government and regulatory bodies



Climate change

Manifesting as:

- Biodiversity loss
- Investments
- Environmental stewardship

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

 Read more about how we care for the environment from **page 52**

Capitals affected

- Social and relationship capital
- Natural capital

Stakeholders affected

- Investors and analysts
- Communities
- Government and regulatory bodies
- Suppliers and vendors

OUR STRATEGY

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

VISION

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

PURPOSE

**Improving
livelihoods**

MISSION

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

SUSTAINABLE GROWTH STRATEGY 2024 TO 2028

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

STRATEGIC PRIORITIES



Unlocking value

- Increasing penetration of our insurance product offering in selected segments
- Expansion of our asset management product offering
- Balance sheet optimisation and cost discipline for enhanced financial resilience
- Disciplined insurance pricing to safeguard margins



Generating growth

- Evaluate opportunities in untapped segments
- Explore emerging private sector funding requirements
- Digital transformation to drive efficiencies and improve client experience
- Enhance our partnership value propositions for broader insurance coverage and financial inclusion



Strengthening our market position

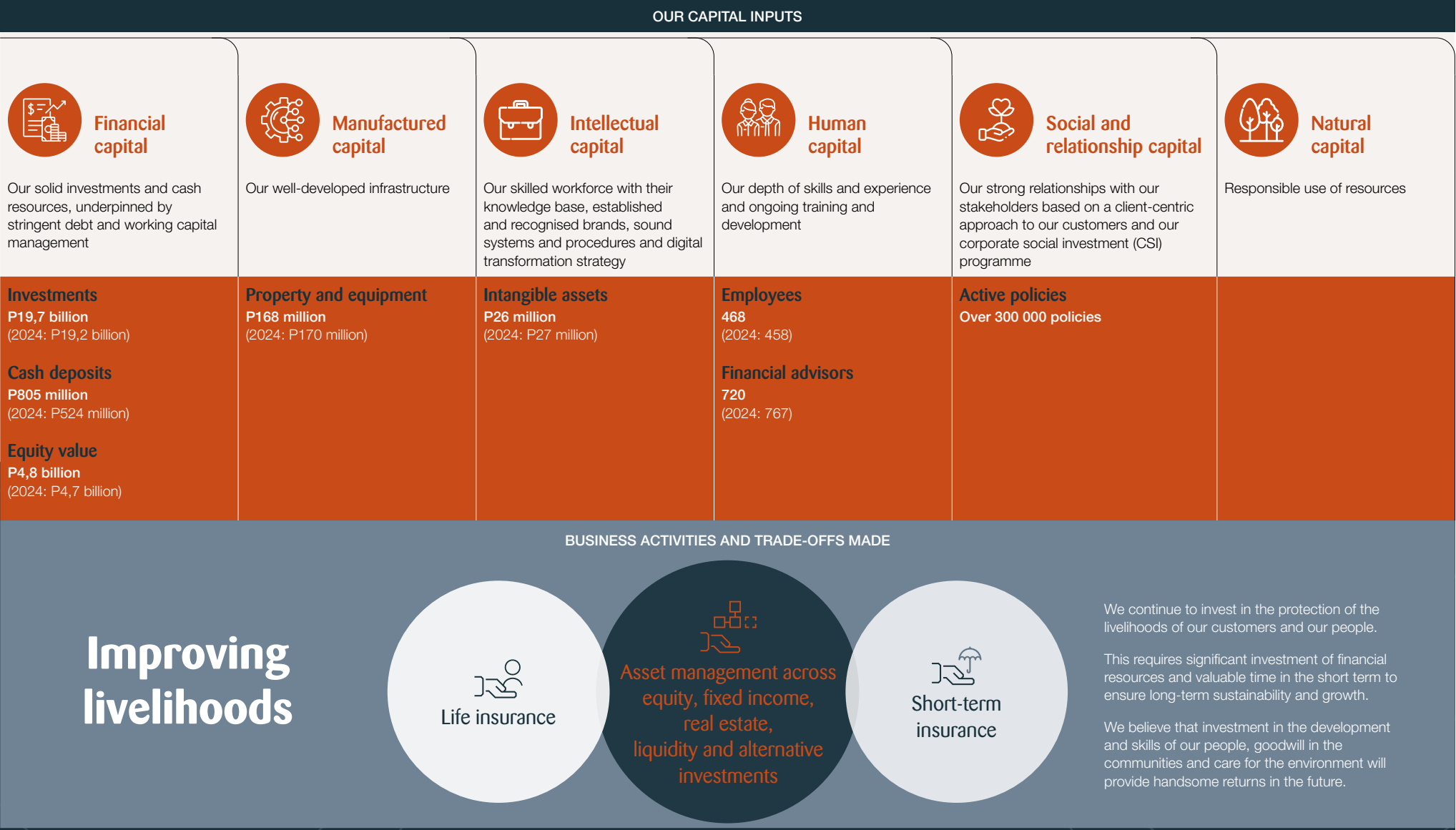
- Evolution of LifeRewards loyalty programme
- Differentiation through superior client servicing enabled by digital platforms
- Branch network expansion
- Improved client propositions and retention

Improve the employee value proposition (EVP) and culture, for improved productivity and engagement across the group

COMPETITIVE ADVANTAGE

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

OUR VALUE-CREATING BUSINESS MODEL



OUR VALUE-CREATING BUSINESS MODEL continued

OUTPUTS DELIVERED											
 Financial capital		 Manufactured capital		 Intellectual capital		 Human capital		 Social and relationship capital		 Natural capital	
Net insurance service result P234 million (2024: P127 million)		Leasehold improvements net value P30 million (2024: P33 million)		Life products 10 (2024: 8)		Training spend P4,7 million (2024: P2,4 million)		CSI spend P4,1 million (2024: P3,7 million)		Water usage P304 349 (2024: P331 335)	
Assets under management P39 billion (2024: P41,1 billion)				Investment products 4 (2024: 4)				Social upliftment projects 15 (2024: 5)		Electricity usage P1 664 163 (2024: P1 987 487)	
Investment service result P48 million (2024: P76 million)				Funeral products 6 (2024: 5)				Educational projects 7 (2024: 5)		Fuel usage P1 250 691 (2024: P1 439 985)	
Return on group equity value 5,8% (2024: -5,2%)				Retirement annuity product 1 (2024: 1)							
Required capital covered 9,3 times (2024: 7,2 times)											
STAKEHOLDERS AFFECTED											
 Investors and analysts		 Clients		 Suppliers and vendors		 Clients		 Intermediaries and distribution partners		 Employees	
						 Intermediaries and distribution partners		 Communities		 Government and regulatory bodies	
OUTCOMES DESIRED											
A well-capitalised operation, delivering sustainable earnings and distribution growth		Functional infrastructure with a large footprint and reach		Life insurance and investment products for a broad range of society Value chain development, especially in agencies and fintechs		A skilled workforce		Financial inclusion BIHL Trust focused on education, public health, conservation of the environment and social upliftment		As a low-impact industry, we pride ourselves on the responsible use of natural resources	

RISKS AND OPPORTUNITIES

RISK MANAGEMENT OVERVIEW

BIHL, through its enterprise risk management framework, maintains a proactive and integrated approach to risk management, with a focus on continuously identifying, assessing and managing risks that arise from both the internal and external environment. The group remains steadfast and vigilant in monitoring and detecting emerging risks that may influence operational and strategic objectives. The risk management strategy is developed in collaboration and in parallel with the overall strategic planning process to ensure that objectives are pursued in line with tolerance and allowable appetite levels.

Fundamental to the group's risk management philosophy and approach are the following principles;

- Alignment of risk management with strategic imperatives and deliverables, supported by effective operating models, policies, procedures and methodologies
- Defined and clear accountability, oversight and ownership of risks across the group
- Structured approach to identification, assessment, mitigation, monitoring and reporting of principal and secondary risks
- An intentional and deliberate model encompassing the three lines of defence
- Promotion and cascading of a strong risk culture across all levels of the group.

RISK APPETITE

BIHL, across all its entities, operates within defined risk appetite levels that are further embedded within our enterprise risk management framework and operationalised through our risk appetite statements that define and set risk appetite parameters and thresholds. The risk appetite statements explicitly define the boundaries within which management operates.

The group's risk appetite statement is expressed both qualitatively and quantitatively, providing the guiding principles and thresholds for maximum risk exposure allowed. The risk appetite statement provides key metrics across our businesses, including strategy risk, performance risk, capital and solvency risk, liquidity, investment risk, concentration risk, underwriting risk, value of new business and governance risk.

These risk metrics are developed and tailored to ensure they are further retrofitted across our businesses, which ensures a deliberate and fit-for-purpose alignment with strategic objectives.

RISK GOVERNANCE

The board assumes responsibility for the BIHL Group enterprise risk management framework and policy, whereas group companies will take responsibility for all operational and risk-related matters on a business level, within the minimum standards and limits set by these BIHL Group policies. In respect of separately listed subsidiaries and associates, this is done within the limitations of sound corporate governance principles.



Refer to the annual financial statements on **page 222** for additional information on BIHL's risk and capital management.

CHANGES IN THE REGULATORY ENVIRONMENT

As the group operates in a dynamic environment, offering a range of financial services, it remains influenced by changes to the operating space that are influenced by regulatory changes. Such regulatory environment changes are shaped by economic volatility, geopolitical dynamics and technological advancements. In response to these factors, regulators and supervisory bodies develop new legislation and enhance existing legislation through amendments. Key regulatory reforms impacting the group, whether through enacted or proposed Bills, have included the commencement of the Data Protection Act, 2024, Financial Intelligence (Amendment) Act, 2025, Employment and Labour Relations Act, Cybersecurity Act and Digital Services Act. These changes indicate an ever-evolving environment that requires investments in compliance. As part of this evolution, the group participates proactively in the review of these through both industry forums and our regulatory bodies, ensuring proactive preparation to comply through thorough impact and opportunity assessments.

RISKS AND OPPORTUNITIES continued

THREE LINES OF DEFENCE MODEL

The group has adopted and fully embedded the three lines of defence model, which underpins our enterprise risk management framework. The model distinguishes risk management roles and responsibilities between the risk owners (line management), the control functions (risk and compliance management functions) and the internal audit function. Through this approach and model, the group addresses all identified risks and assesses them, and can develop and adopt control activities and mitigating actions appropriately.

The three lines of defence responsibilities and roles are summarised as follows:



LINE OF DEFENCE

Group Chief Executive and group executive committee

Line management is accountable and responsible for the management of day-to-day risk activities and business performance. They are responsible for the following:

- Risk identification
- Risk assessment
- Risk control
- Risk monitoring
- Risk reporting



LINE OF DEFENCE

Risk management and compliance functions within the group

The second line of defence comprises risk and compliance functions and is predominantly an assurance provider within the context of the enterprise risk management ecosystem. They drive the following activities and deliverables:

- Risk awareness
- Monitoring control activities
- Regulatory compliance oversight and management
- Tracking resolution and remediation of control gaps
- Stress testing and scenario analysis



LINE OF DEFENCE

Internal and external audit

This role is played by and facilitated through internal audit, which exercises independence through the following activities:

- Independent monitoring
- Independent assurance
- Review of systems and controls for adequacy



RISKS AND OPPORTUNITIES continued

OUR TOP RESIDUAL RISKS

We identified the top risks that pose a potential threat to the execution of our business strategy. The current BIHL Group risk landscape is influenced by the macroeconomic environment. These risks are managed through implementation of appropriate and relevant mitigation strategies, which are adopted and treated with the necessary agility as circumstances change.

The heatmap reflects our assessment of the likelihood of the risk materialising and the potential impact thereof.

The table on **page 25** expands on the steps we have taken to mitigate the risk and the opportunities arising.

IMPACT

Extreme

Major

More
moderate

Less
moderate

Minor

Insignificant

Rare

Unlikely

Less
possible

More
possible

Likely

Almost
certain

LIKELIHOOD

2

Household financial
constraints

3

Growing
competition

1

New business

5

Associates market
value impairment

4

Forex shortage and
hyperinflation impact
on associate earnings

6

Financial
performance

7

Regulatory
compliance

10

Data Protection Act
non-compliance

9

Cybersecurity

8

Competition
regulations

RISKS AND OPPORTUNITIES continued

Risk exposure remained the same



Risk exposure decreased



Risk exposure increased



Rank 2025	Rank 2024	Risk	Strategic impact	Mitigating actions and opportunities arising	Trend
1	2	New business	- Revenue - Growth - Market share	- Execution of business development initiatives - Portfolio review and customer segmentation initiatives - Capability building across key teams - Refinement of client acquisition strategies - Expansion of distribution reach through appropriate channels	▲
2	3	Household financial constraints	- Revenue - Growth - Market share	- Structured lapse monitoring and recovery initiatives - Targeted customer engagement and retention initiatives - Improved alignment of collection processes with customer needs	▲
3	–	Growing competition	- Revenue - Growth - Market share - New business - AUM	- Ongoing market monitoring and product responsiveness - Product innovation - Continued strengthening of digital and partner-led distribution channels - Operational efficiency initiatives to support competitiveness - Continued monitoring of capital market developments	▲
4	–	Forex shortage and hyperinflation impact on associate earnings	- Earnings - Continuity	- Active monitoring of risk exposures against approved limits - Scenario analysis to assess and monitor balance sheet resilience - Ongoing portfolio review	▲
5	1	Associates market value impairment	- Revenue - Business continuity - Growth	- Ongoing strategic oversight and engagements at appropriate levels - Regular performance monitoring - Active monitoring of risk exposures against approved limits	▼
6	7	Financial performance	- Loss of AUM - Reputation - Business development - Fee income	- Stakeholder engagement to support retention and renewals - Portfolio diversification and performance improvement initiatives - Ongoing review of investment strategies and product offerings	▲
7	4	Regulatory compliance	- Compliance - Reputation - Revenue	- Process re-engineering - Continued stakeholder engagement - Integration of compliance enhancements into key transformation initiatives	▼
8	6	Competition regulations	- Financial losses - Reputational damage - Revenue	Ongoing review of strategic and regulatory positioning	▼
9	8	Cybersecurity	- Business continuity - Financial - Reputational damage	- Network monitoring - Ongoing cybersecurity awareness and resilience programmes - Digital behaviour awareness initiatives - Deployment of enhanced cybersecurity monitoring capabilities	▼
10	–	Data Protection Act non-compliance	- Compliance - Reputational damage - Financial	- Continued enhancement of data governance and information security controls - Strengthening of data protection governance and accountability - Process re-engineering	▲

STAKEHOLDER ENGAGEMENT

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

TYPES OF ENGAGEMENT

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

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

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

To further enhance the effectiveness of this engagement framework, BIHL continually seeks to strengthen the quality and inclusiveness of its interactions across all stakeholder groups.

As part of this effort, we are increasingly leveraging digital platforms, data-driven insights and integrated feedback mechanisms to ensure that engagements are timely, accessible and reflective of stakeholders' lived experiences. This approach enables the organisation to identify emerging needs more quickly, tailor communication to specific audiences and

ensure that every stakeholder touchpoint contributes meaningfully to a deeper understanding and improved service delivery.

By embedding these practices into our day-to-day operations, BIHL reinforces its commitment to transparent, responsive and mutually beneficial engagement.

ENGAGING WITH OUR MAJOR SHAREHOLDER

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

Partners



Employees



Investors



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

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

In keeping with our commitment to sound and responsible governance, BIHL continuously reflects on and enhances the effectiveness of its stakeholder engagement practices to ensure they remain meaningful, relevant and responsive to changing expectations. The board and its committees routinely consider feedback trends, regulatory developments and broader market insights as part of their oversight role, enabling them to refine engagement approaches and nurture strong, trust-based relationships with key stakeholder groups. This deliberate and ongoing assessment strengthens transparency and accountability across the organisation and ensures that our decisions are guided by a well-rounded understanding of stakeholder priorities, ultimately supporting the group's resilience and long-term sustainable growth.

HOW WE ENGAGE STAKEHOLDERS



COLLABORATION

Engagement that promotes shared learning, joint decision-making and co-creation of solutions, ensuring that BIHL and its stakeholders work together toward mutually beneficial outcomes



INVOLVEMENT

Interactive engagement that enables all parties to contribute insights and perspectives, while still operating independently. This approach fosters a deeper understanding of stakeholder priorities and strengthens relationships



CONSULTATION

Two-way engagement aimed at gathering input, clarifying expectations and understanding stakeholder viewpoints to inform decision-making and guide strategic direction



MONITORING

A structured approach in BIHL consistently observes and analyses stakeholder communication, sentiment, regulatory developments and market trends to remain informed and responsive



INFORMATIVE

One-way communication from BIHL to the stakeholders, designed to share key updates, regulatory changes, organisational performance, or other relevant information with stakeholders, ensuring transparency and clarity even where feedback is not required



TRANSACTION

Restricted two-way engagement, that is governed by contractual obligations and defined service standards, where performance, service delivery and compliance are monitored in line with agreed-upon terms

STAKEHOLDER ENGAGEMENT continued

Clients

Their expectations

- Convenient access
- Product and service quality
- Competitive pricing
- Transparency and clear communication
- Trust and ethical conduct
- Innovation
- Reliability and consistent service delivery
- Data privacy and security

How we engage

Inform

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

Involve

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

Consult

- Customer satisfaction survey

Value created

Enhanced client satisfaction, reflected through improved retention and increased market penetration



Strengthened brand value, supported by greater brand recognition and a positive brand image



Contribution to economic value enabled through effective communication of our products and services



Improving livelihoods through accessible, relevant and trusted financial solutions that meet clients' evolving needs



Employees

Their expectations

- Fulfilment and job satisfaction, supported by meaningful work, purpose and alignment with organisational values
- Remuneration, reward and recognition that reflect performance, contribution and market competitiveness
- Career progression opportunities
- Team collaboration and a positive organisational culture
- Employee empowerment
- Effective talent and succession management
- Holistic employee wellness (financial, emotional and physical)
- Continuous learning and development

How we engage

Inform

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

Involve

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

Consult

- Workshops and focus groups

Value created

Talent attraction and retention



Strong bench for key positions



Increased employee productivity, creativity and innovation



Skills development and continuous learning



Personal growth opportunities and career progression opportunities



A supportive and wellness-focused workplace



Positioning BIHL as an employer of choice



Financial: Returns related to revenue



Emotional: Returns that promote organisational trust



Functional: Returns that offer flexibility to increased productivity



STAKEHOLDER ENGAGEMENT continued

Intermediaries and distribution partners

Their expectations

- Access to markets and business growth opportunities
- Support to start and build enterprises
- Opportunities to sell
- Career progression and professional growth
- Support in servicing clients
- Skills development and ongoing training

How we engage

Inform

- Physical and virtual meetings that provide updates on product developments, processes and performance expectations
- Physical and virtual meetings

Involve

- Motivational talks and engagement sessions that encourage alignment

Collaborate

- Industry informational engagements
- Training sessions focused on compliance, product knowledge, selling skills and client-service excellence

Value created

Increased productivity	●
Competitive advantage	●
Ability to leverage the BIHL brand	●
Enhanced underwriting confidence	●
Growth and business-building opportunities	●



Investors and analysts

Their expectations

- Transparent disclosures
- Growth in shareholder value
- Return on investment
- Sustainability and business continuity
- Regular financial reports and updates

How we engage

Inform

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

Involve

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

Monitor

- Analyst reporting

Value created

Increased investor confidence	●
Strengthened brand value (brand recognition and brand image)	●
Sustainability and business continuity	●
Shareholder value creation	●
Improved return on equity	●

Financial: Returns related to revenue ●

Emotional: Returns that promote organisational trust ●

Functional: Returns that offer flexibility to increased productivity ●

STAKEHOLDER ENGAGEMENT continued

Communities

Their expectations

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

How we engage

Inform

- Publicising the objectives of the BIHL Trust in print media and through the group's financial results presentations to increase visibility and understanding of the group's community impact

Collaborate

- Engaging with community leaders who have insights into the needs of the vulnerable and underserved populations
- Collaborating with like-minded institutions such as Okavango Wilderness Safari's and Maru-A-Pula School, to extend reach and maximise programme impact
- Implementing volunteer programmes to encourage employee participation and foster a culture of giving back

Value created

Strengthened brand value (brand recognition and brand image)	●
Reinforced social capital	●
Positive community impact	●
Demonstrated corporate citizenship	●



Government and regulatory bodies

Their expectations

- Transparent and timely disclosures
- Full compliance
- Accurate and timely tax returns
- Employment creation
- Responsible management of externalities
- Strong corporate governance
- Adherence to environmental regulations
- Clear reporting on CSR initiatives
- Data privacy and security

How we engage

Monitor

- Monitoring print media publications and reports from Government and other regulatory bodies to stay abreast of policy changes, legislative updates and regulatory developments

Involve

- Engaging with various ministries and Government organs on policy matters, providing industry perspectives and supporting collaborative national efforts

Collaborate

- Engaging constructively on policy matters to promote Botswana's image and support national priorities
- Holding regular meetings with regulators to ensure alignment, compliance and open dialogue
- Making submissions for public hearings and consultations to contribute to regulatory and policy evolution

Value created

Enhanced brand value (brand recognition and brand image)	●
Increased investor confidence	●
Employment creation	●
Citizen empowerment	●

Financial: Returns related to revenue ●

Emotional: Returns that promote organisational trust ●

Functional: Returns that offer flexibility to increased productivity ●



STAKEHOLDER ENGAGEMENT continued

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



Suppliers and vendors

Their expectations

- Assurance of timely payments and fulfilment commitments
- Adherence to the citizen procurement policy
- Revenue opportunities and a safe operating environment
- Equitable business opportunities
- Transparency in the procurement process
- Quality assurance

How we engage

Transact

- Ensuring alignment with procurement policies and invoice payment turnaround times, enabling efficient and reliable contract execution
- Providing contractual clarity to suppliers through formal agreements that outline service levels, performance standards and obligations

Inform

- Communicating regulatory and process related policies that guide procurement, compliance expectations and operational procedures

Value created

Enhanced brand value (brand recognition and brand image)	●
Growth and partnership opportunities	●
Improved supplier performance	●
Contribution to citizen empowerment	●



PERFORMANCE AND OUTLOOK

03

HONOURING OUR ROOTS, GROWING OUR FUTURE

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

It is how we grow our future and that of our stakeholders.



The Baobab tree (*Adansonia digitata*) is profoundly important in Botswana, acting as a crucial 'tree of life' that provides food, medicine, and water for humans and wildlife, particularly in arid regions.

THREE-YEAR REVIEW

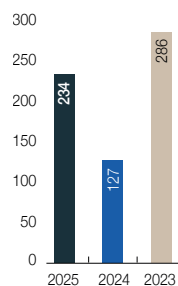
GROUP FINANCIAL PERFORMANCE

For the year ended 31 December 2025

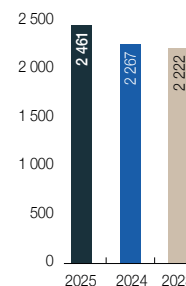
	2025 P'000	2024 P'000	2023 P'000
Net result from life insurance operations	279 359	204 204	585 751
Result from life insurance contracts	281 565	203 555	601 726
Net insurance service result	233 900	127 199	286 393
Insurance revenue	2 460 529	2 267 063	2 221 787
Insurance service expenses	(2 184 112)	(2 100 784)	(1 919 919)
Income or expense from reinsurance contracts	(42 517)	(39 080)	(15 475)
Investment service result	47 665	76 356	315 333
Insurance finance income or expense	402 652	(356 900)	(463 795)
Reinsurance finance income or expense	5 266	(15 494)	(26 935)
Investment income on assets held in respect of insurance contracts	(360 253)	448 750	806 063
Other expenses relating to insurance operations	(2 206)	649	(15 975)
Result from other operations	95 666	232 667	289 549
Revenue	286 330	350 615	295 546
Investment income	653 215	785 284	590 882
Investment surpluses	151 719	91 338	121 737
Change in fair value of external investor's liability and non-controlling interest	(342 008)	(400 677)	(435 151)
Change in fair value of net investment contracts	(320 542)	(341 661)	(31 903)
Sales remuneration	(57 077)	(36 171)	(37 067)
Administration costs	(275 971)	(216 061)	(214 495)
Net impairment losses on financial and contract assets	(7 276)	(2 239)	(10 881)
Net operating result	367 749	434 632	864 419
Finance cost on leases (IFRS 16)	(1 725)	(709)	(762)
Equity-accounted earnings net of impairment provision and disposal profit	101 547	(384 519)	220 603
Profit before tax	467 571	49 404	1 084 260
Income tax expense	(143 179)	(155 941)	(302 737)
Profit/(loss) for the year	324 392	(106 537)	781 523

	2025 P'000	2024 P'000	2023 P'000
Profit attributable to:			
– Equity holders of the parent	326 411	(106 134)	775 299
– Non-controlling interests	(2 019)	(403)	6 224
Total profit for the year	324 392	(106 537)	781 523
Earnings per share (thebe) (attributable to ordinary equity holders of the parent)			
– Basic	115	(38)	274
– Diluted	114	(37)	272

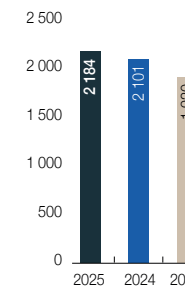
**NET INSURANCE
SERVICE RESULT**
(P'million)



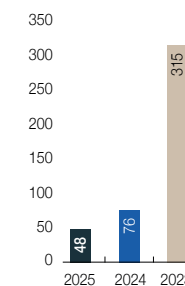
INSURANCE REVENUE
(P'million)



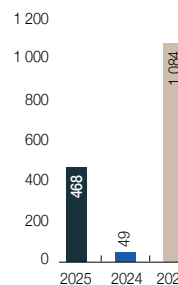
**INSURANCE SERVICE
EXPENSES**
(P'million)



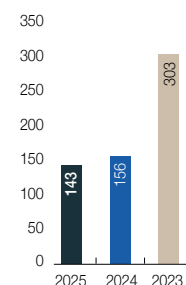
**INVESTMENT
SERVICE RESULT**
(P'million)



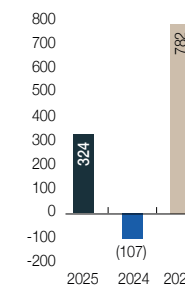
**PROFIT BEFORE
TAXATION**
(P'million)



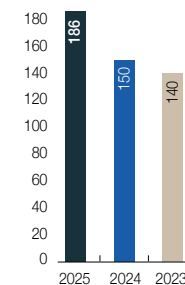
INCOME TAX EXPENSE
(P'million)



**PROFIT AFTER
TAXATION**
(P'million)



VALUE OF NEW BUSINESS
(P'million)



THREE-YEAR REVIEW continued

GROUP FINANCIAL POSITION

As at 31 December 2025

	2025 P'000	2024 P'000	2023 P'000
ASSETS			
Goodwill	62 992	62 992	62 992
Property and equipment	41 932	42 887	45 384
Right-of-use assets	19 043	13 799	11 879
Owner-occupied properties	126 077	126 951	124 668
Intangible assets	25 598	26 792	34 255
Insurance contracts assets	–	219 392	452 771
Reinsurance contracts assets	11 258	16 864	17 874
Deferred tax	7 956	–	–
Investments	19 720 610	19 213 090	18 778 510
Investment property	455 208	475 280	469 920
Investments in associated companies and joint ventures	1 595 408	1 457 254	1 758 469
Equities and similar securities	2 258 885	2 142 567	1 974 850
Interest-bearing investments	9 267 145	9 532 661	8 884 611
Investment funds	2 100 103	1 787 715	1 710 566
Deposits and similar securities	4 043 861	3 817 613	3 980 094
Working capital assets	942 435	698 321	489 384
Trade and other receivables	137 902	174 078	135 632
Cash and cash equivalents	804 533	524 243	353 752
Total assets	20 957 901	20 421 088	20 017 717

EQUITY AND LIABILITIES

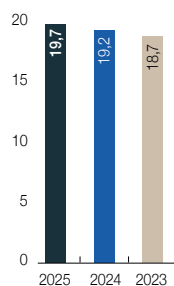
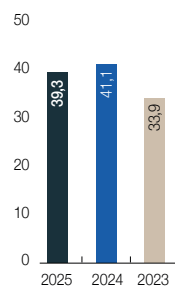
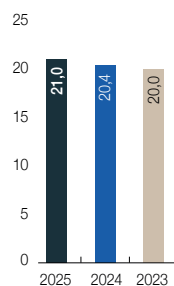
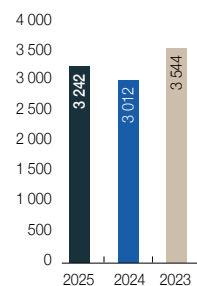
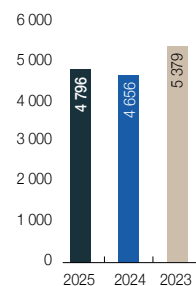
Equity attributable to equity holders of the parent

	2025 P'000	2024 P'000	2023 P'000
Stated capital	204 936	204 936	204 936
Other reserves	266 648	157 459	106 375
Retained earnings	2 770 448	2 649 496	3 232 928
Total equity attributable to equity holders of the parent	3 242 032	3 011 891	3 544 239
Non-controlling interest	8 482	10 501	23 751
Total equity	3 250 514	3 022 392	3 567 990

Liabilities

Insurance contract liabilities	8 010 129	8 397 033	7 961 752
Reinsurance contract liabilities	66 262	87 034	54 222
Investment contract liabilities	3 638 917	3 637 385	3 442 868
Lease liabilities	21 035	14 776	12 707
External investors in consolidated funds	5 306 043	4 644 295	4 491 243
Derivatives instrument	116 992	44 284	25 429
Deferred tax	2 030	101 922	141 908
Related party balances	3 655	5 438	6 867
Working capital liabilities	542 324	466 529	312 732
Bank overdraft	148 206	60 232	–
Trade and other payables	280 125	405 897	294 108
Taxation	113 993	400	18 624

Total equity and liabilities	20 957 901	20 421 088	20 017 717
-------------------------------------	-------------------	-------------------	-------------------

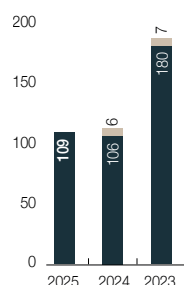
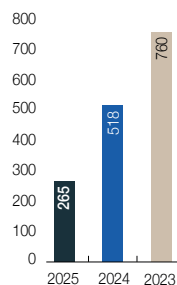
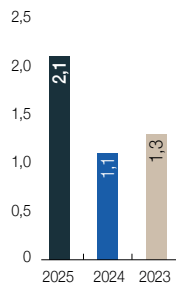
INVESTMENTS
(P'billion)ASSETS UNDER
MANAGEMENT
(P'billion)TOTAL ASSETS
(P'billion)SHAREHOLDERS'
EQUITY
(P'million)GROUP EQUITY VALUE
(P'million)

THREE-YEAR REVIEW continued

GROUP CASH FLOWS

For the year ended 31 December 2025

	2025 P'000	2024 P'000	2023 P'000
Cash flows from operating activities	216 541	127 355	(275 654)
Cash (utilised in)/generated from operations	(147 128)	204 026	222 558
Interest and investment income received	501 390	457 090	289 298
Interest paid	(1 725)	(709)	(762)
Dividends received from equity investments	128 222	54 061	56 851
Dividends received from associates and joint ventures	103 122	58 031	144 928
Dividends paid	(264 930)	(518 465)	(760 177)
Income taxes paid	(102 410)	(126 679)	(228 350)
Net cash flow (utilised in)/generated from investing activities	(14 430)	(10 662)	235 145
Payments made for the acquisition of equipment	(9 724)	(8 211)	(8 953)
Payments made for the acquisition of other intangible assets	(4 706)	(2 451)	(5 902)
Proceeds from sale of investment in associates	–	–	250 000
Net cash flows from financing activities	138 411	(6 434)	(6 450)
Payment of principal portion of lease liabilities (IFRS 16)	(4 683)	(6 434)	(6 450)
Proceeds from bank overdraft	1 275 469	–	–
Repayment of bank overdraft	(1 132 375)	–	–
Net (decrease)/increase in cash and cash equivalents	340 522	110 259	(46 959)
Cash and cash equivalents at the beginning of the year	464 011	353 752	400 711
Cash and cash equivalents at the end of the year	804 533	464 011	353 752

For more detailed information, refer to the audited annual financial statements from **page 120**.DIVIDENDS PER SHARE
(thebe)DIVIDENDS PAID
(P'million)BIHL TRUST
(P'million)

■ Dividends per share – special
■ Dividends per share



GROUP CHAIRMAN'S MESSAGE

GDP

↓ **-0,7%**

(2024: -2,8%)

Monetary policy rate

↑ **3,5%**

(2024: 1,9%)

Average inflation

↑ **2,7%**

(2024: 2,8%)

DR KEITH JEFFERIS
Group Chairman

BIHL delivered a resilient performance, despite the challenging macroeconomic environment.

ECONOMIC ENVIRONMENT

Botswana's economy faced material headwinds in 2025, including a fiscal liquidity squeeze, elevated unemployment, structural inefficiencies and a downturn in key sectors, most notably mining.

Mining activity weakened amid subdued global demand, heightened global uncertainty and trade and geopolitical developments that reduced demand for luxury goods. In the non-mining sector, growth remained muted due to the gradual impact of transformation initiatives, continued low productivity and constrained fiscal space. Liquidity conditions were supported by sizeable Southern African Customs Union inflows and external and domestic loan inflows, including from the African Development Bank, the Organisation of the Petroleum Exporting Countries Fund for International Development and the Botswana Public Officers Pension Fund.

GDP shrank by 0,7% in 2025, compared to a 2,8% contraction in 2024. Full-year forecasts pointed to contraction, with estimates ranging from around 1% (Ministry of Finance and the IMF) to 3% (World Bank).

Inflation averaged 2,7% for the year, below the Bank of Botswana's 3% to 6% objective range, however, it ended December at 3,9% and was within the range in the fourth quarter. Risks remain tilted to the upside, driven mainly by imported inflation, particularly food and fuel.

In 2025, the Bank of Botswana maintained a 50/50 Pula basket weighting between the South African Rand and the IMF Special Drawing Rights. The annual rate of crawl was set at -1,51% in January 2025 and adjusted to -2,76% effective 11 July 2025.

To support development of an interbank foreign exchange market and reduce reliance on the Bank for foreign currency transactions, trading margins were widened from $\pm 0,5\%$ to $\pm 7,5\%$.

In December 2025, the Bank announced that in 2026, it will reduce the rate at which it buys foreign currency from commercial banks from 7,5% to 3%, while maintaining the foreign exchange selling margin at 7,5%, with the objective of strengthening incentives to convert export proceeds and increasing foreign exchange supply.

Liquidity conditions tightened during the year, increasing funding costs driven by higher prime lending rates. In October, the Bank raised the monetary policy rate by 160 basis points to 3,5% and directed commercial banks not to adjust prime lending rates in response, as part of efforts to improve monetary policy transmission and support exchange rate objectives. As a support measure, the repo facility tenor for commercial banks was extended from 30 days to 90 days.

Moody's downgraded Botswana's long-term local and foreign currency issuer ratings from A3 to Baa1 and maintained a negative outlook. On 13 March 2026, S&P Global Ratings downgraded long-term foreign and local currency sovereign ratings from BBB+ to BBB-, lowered the country's short-term foreign and local currency sovereign credit ratings to A-3 from A-2 and maintained its negative outlook. The actions reflect heightened risks to debt sustainability and increased exposure to global shocks.

Notwithstanding the downgrades, Botswana remains investment grade, underpinned by institutional strength and a track record of prudent macroeconomic management.

GROUP CHAIRMAN'S MESSAGE continued

PERFORMANCE DURING THE YEAR

Despite a challenging year, results demonstrate meaningful progress at Botswana Life, reflecting the impact of the turnaround programme.

Bifm delivered resilient performance despite the loss of mandates, while Bifm Unit Trusts maintained solid profitability supported by disciplined cost management.

On the associates' front, Letshego delivered a strong turnaround with a profit after tax result, moderated by impairments. Nico Holdings' performance was exceptional, largely driven by unrealised gains on bonds and stock valuation gains. The results were adjusted for hyperinflation. BIC Group results remain stable despite growing competition and lower-than-budget gross written premiums.

The operating environment and business challenges require timely interventions and delivery, and management is committed to addressing the challenges through competitive differentiation, pricing discipline and margin guard, better customer service and experience.

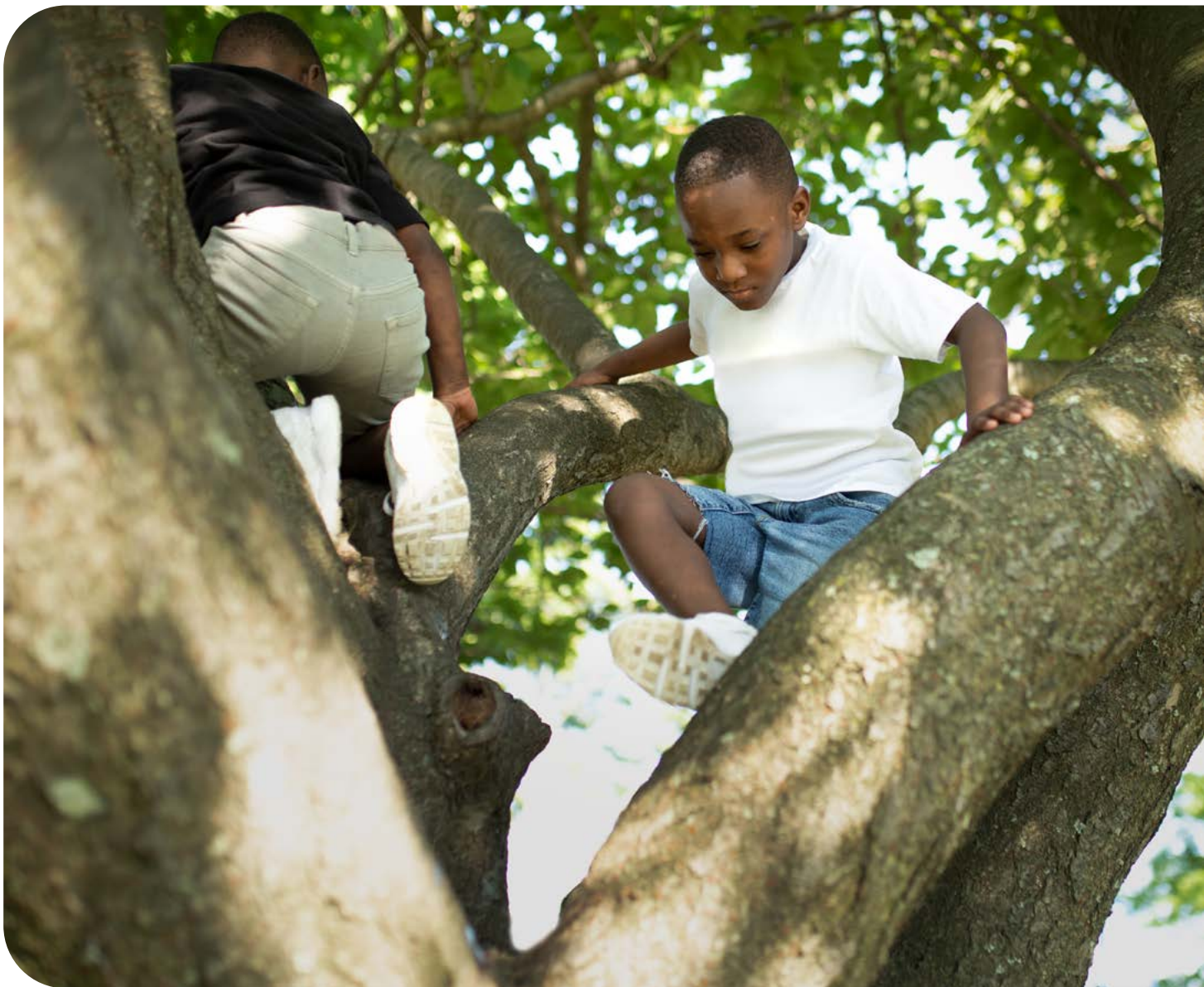
Refer to the Group Chief Executive Officer's review on **page 37** and the Group Chief Financial Officer's report on **page 41** for more information on the group's performance.

THE BOARD

There were no changes to the board.

I wish to thank all directors for their valuable contributions during the year.

Dr Keith Jefferis
Group Chairman



REVIEW BY OUR GROUP CHIEF EXECUTIVE OFFICER

Profit before tax increased by

**↑ 846% to
P468 million**

Total assets of the group were
up to

**P21 billion
at year-end**

AUM decreased by

**↓ 4% to
P39 billion**

MS CATHERINE LESETEDI

*BIHL Group
Chief Executive Officer*

We continue to focus on new business, client retention, human capital development and efficiency of operations, while delivering solid returns to the shareholders.

KEY THEMES

- Strong recovery of the net insurance service result in the life operation
- Improved client service, above the industry average net promoter score
- Net investment service result affected by the inability to optimally match life liabilities
- Disciplined cost management
- Improved distribution effectiveness powered by digital transformation delivering seamless client experiences
- High lapses due to household income constraints
- Resilient performance of the asset management business
- Lower impairments of associates
- Hyperinflation accounting for our investment in Nico Holdings.

OPERATING ENVIRONMENT

The group delivered resilient performance despite a challenging macroeconomic environment.

Macros

- Global GDP growth of 3,3% – impacted by trade and tariff wars and geopolitical tensions
- Locally, the economy remained in recession with negative growth
- Persistent weak diamond sector performance
- Liquidity constraints as Government borrowing absorbs system liquidity
- Monetary policy rate lifted to 3,50% in October 2025, and market rates surged – prime rising to 7,22% and long-term Government yields rising to 12,65%.

The global economy continues to navigate a period of sustained uncertainty, shaped by geopolitical instability and uneven economic recovery. Just as markets began regaining momentum following the prolonged effects of the Russia-Ukraine conflict, renewed tensions

and conflict in the Middle East have introduced further volatility to global trade, commodity markets and investor confidence. These developments have heightened inflationary pressures across many economies, disrupted supply chains and created an increasingly complex operating environment for businesses and households alike.

Closer to home, Botswana's economic recovery has remained constrained, largely influenced by subdued global diamond demand and weaker sales performance in the diamond sector, a critical pillar of national economic activity. This has had a ripple effect on economic growth, business confidence, employment prospects and household spending power.

Against this backdrop of economic pressure and rising costs of living, households continue to face increasing strain on disposable income.



We discuss our macroeconomic environment in more detail on **pages 12 to 14**.

Regulatory impact

- The Bank of Botswana adjusted its currency policy in July 2025, slightly increasing the downward crawl against the Pula basket and widening the Bank of Botswana buy/sell spread; the buying spread was reduced in January 2026
- The Employment and Labour Relations Act, while positive for employees, has unintended consequences.

As an organisation grounded in strong corporate governance, ethical leadership and unwavering legal compliance, BIHL continues to view an evolving regulatory landscape not as a constraint, but as a strategic opportunity to strengthen our business and reinforce stakeholder trust.

The financial services industry continues to experience increasing regulatory oversight, driven by heightened expectations around consumer protection, financial crime prevention, data privacy, risk management and market conduct.

REVIEW BY OUR GROUP CHIEF EXECUTIVE OFFICER continued

While compliance requirements continue to expand in complexity and scope, we recognise that these developments are essential in fostering a more resilient, transparent and trusted financial ecosystem.

Our approach has always been proactive rather than reactive. We continue to invest in robust governance structures, risk management frameworks and compliance capabilities to ensure we remain ahead of regulatory developments while protecting the interests of our clients, shareholders, employees and broader stakeholders. This commitment not only strengthens our operational resilience but also reinforces the integrity and sustainability of our business.

Importantly, in a marketplace characterised by increasing competition and the emergence of new entrants, our strong governance culture and disciplined approach to compliance serve as a meaningful point of differentiation. We believe that organisations that consistently uphold the highest standards of accountability, transparency and customer fairness are best positioned to earn enduring trust and create sustainable long-term value.



Our corporate governance overview starts on **page 80**.

Sustainability

- Resilient new business annual premium income
- Double-digit growth in retail distribution
- Corporate business flows contributed significantly to results
- Resilient results from Bifm and Bifm Unit Trusts despite a decline in AUM
- Return on group equity value:
 - 5,8% Dec 2025 (-5,2% Dec 2024)
 - 14,5% normalised (removal of non-recurring gains/losses).

Sustainability is not viewed as a stand-alone initiative, but as a core principle that underpins the way we create value, allocate capital, and deliver on our long-term purpose. Our ability to remain resilient in a dynamic operating environment reflects the strength of our business model, disciplined execution and a continued focus on sustainable growth.

The group remains well positioned for future growth, evidenced by our ability to secure new business opportunities, strengthen client relationships and grow shareholder value over time. This momentum has been supported by a healthy and diversified financial base, prudent capital management and a clear strategic focus on delivering sustainable returns while maintaining long-term financial resilience.

As a trusted financial services group, we recognise that sustainable growth extends beyond financial performance. It is equally measured by the positive impact we create in the lives of the people and communities we serve. Through the dedicated efforts of the BIHL Trust, alongside

initiatives delivered across the group and its subsidiaries, we continue to invest meaningfully in programmes that uplift communities, improve livelihoods and contribute to broader socio-economic development.

Our sustainability journey is anchored in the belief that thriving businesses and thriving communities are intrinsically linked. Whether through investments in education, health, youth empowerment, community well-being, or initiatives that promote financial inclusion and resilience, we remain committed to playing a meaningful role in shaping a more inclusive and sustainable future for Botswana.



Refer to our comprehensive environmental, social and corporate governance review from **page 50**.

OPERATING PERFORMANCE HIGHLIGHTS

Resilient performance in a challenging macroeconomic environment Subsidiaries

Significant retail sales growth at Botswana Life:

- Number of cases **↑34%**
- Annual premium income **↑38%**
- Over 300 000 policies.

Corporate business annual premium income remained resilient contributing robustly to the value of new business and overall profitability.

Net insurance service result **improved significantly by 84%** despite high group funeral claims experience.

Net investment service result **reduced by 38%** compared to the prior year, due to valuation losses from unlisted investments.

Bifm Group's operating profit for the year **increased by 1%** compared to the prior year, primarily due to better-than-expected performance across the asset management operations. Bifm Unit Trusts recorded a positive performance as the operating profit closed **15% above** the prior year.

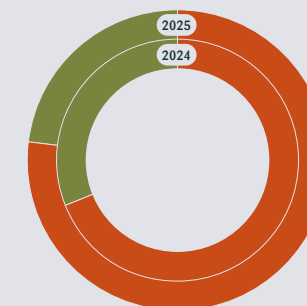
Associates

Nico Holdings delivered strong operating profit, although a shortage of forex and hyperinflation accounting continue to weigh on the realisation of group value.

BIC operating profit remained resilient, with GrandRe Tanzania showing steady growth and becoming a meaningful contributor to the BIC Group.

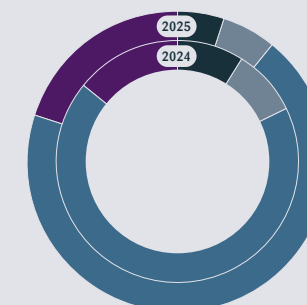
Letshego's performance continued to deteriorate largely driven by underperformance in the East and West African operations. The investment was further impaired by P84 million, reflecting continued deterioration in its underlying value.

Subsidiaries



	Botswana Life	Bifm
2025	77%	23%
2024	69%	31%

Associates



	Aflife Zambia	BIC	Nico Holdings	Letshego
2025	5%	6%	69%	20%
2024	9%	9%	68%	14%

REVIEW BY OUR GROUP CHIEF EXECUTIVE OFFICER continued

OPERATIONAL PERFORMANCE

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



Life insurance

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

Results from the life insurance operation are 137% of the prior year's results. The key driver for the increase in earnings is the net insurance service results, which are 84% higher than the prior year. The improved earnings were partially offset by a decline in the investment service result, driven by volatility in market yield curve movements during the year, which resulted in lower mismatch profits compared to the prior year. The improvement in the insurance service result, which represents the core earnings for the life business, arose primarily from revisions to the best estimate assumptions, which positively impacted the release of contractual service margins to profits as well as better claims and expense variances. Value of new business, which measures the present value of future new business profits, improved by 24% overall, mainly driven by the corporate business lines, which have shown strong growth compared to the prior year.



Asset management

Services from Botswana Insurance Fund Management Limited and Bifm Unit Trusts

Bifm's operating profit for the year increased by 3% compared to the prior year, primarily due to better-than-expected performance across the asset management operations.

The Zambian operations continued to benefit from the Pula/Kwacha currency movement effects as well as a once-off accounting adjustment. Operating profits, excluding the Zambian operations, registered a 1% year-on-year decline, driven by a 4% decrease in AUM.

Bifm Unit Trusts recorded a positive performance as the operating profit closed 15% above the prior year.

Total Bifm Group AUM decreased by 2% to close the year at P49,9 billion (2024: P51,1 billion), which includes Zambia's P10,6 billion and Bifm Unit Trusts' P2,9 billion AUM.



General insurance

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

The performance of the associates under the Teledimo joint venture largely met expectations: **Insure Guard**, being a retail insurance brand, faced similar challenges as Botswana Life due to household incomes being under pressure.

BIC delivered strong short-term insurance results. Operating profit was 121% of the prior year. Gross written premium was 101% of the prior year. Fire and motor insurance led growth.

Claims pressures from floods and transformer fires lifted claims. Profit after tax was 115% of the prior year, with BIHL's share at P27,1 million.

GrandRe showed steady growth, becoming a meaningful contributor to the BIC Group.



Associates

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

Nico Holdings' performance was exceptional, largely driven by unrealised gains on bonds and stock valuation gains.

Letshego's performance continued to deteriorate year on year largely driven by underperformance in the East and West African operations, which have subsequently been classified as held for sale. While the associate generated profit before tax in both the current and prior financial years, overall attributable earnings were negatively impacted by tax expenses, losses arising from discontinued operations and the effect of minority interests.

REVIEW BY OUR GROUP CHIEF EXECUTIVE OFFICER continued

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

OUTLOOK

Global economic conditions softened through 2025. Locally, the economy continued to be in recession due to the continued depression in diamond sales; this situation is expected to persist into 2026. The war in the Middle East has introduced significant uncertainty. Against this backdrop, competitive differentiation, pricing discipline and customer retention will be critical to safeguarding value in 2026.

APPRECIATION

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

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

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

Catherine Lesetedi

BIHL Group Chief Executive Officer



GROUP CHIEF FINANCIAL OFFICER'S REPORT

Net insurance service result

**↑ 84% to
P234 million**

Profit to equity holders

**↑ 408% to
P326 million**

Total assets

**↑ 3% to
P21 billion**

Group equity value

**↑ 3% to
P4,80 billion**

MR FRANK DALO
BIHL Group Chief Financial Officer

Profits improved despite lower investment results. The value of new business improved by 24% overall, providing optimism for the future.

Group results from life insurance operations increased by 37% to P279 million for the year ended 31 December 2025 (2024: P204 million). The improvement was driven by favourable claims experience across the individual life and credit life portfolios, together with modest growth in contractual service margin releases. Asset management operating profit increased by 3% year on year, despite lower AUM, contributing positively to the results from other operations line.

However, the results from other operations overall declined by 59% due to an adverse valuation of the interest-bearing instruments resulting from the increase in market interest rates. Equity-accounted earnings increased by 126%, mainly attributable to the continued strong performance of Nico Group.

LIFE INSURANCE BUSINESS

Results from life insurance operations are 137% of the prior year's results. The key driver for the increase in earnings is the net insurance service results, which are 84% higher than the prior year. However, the improved earnings were partially offset by a decline in the investment service result, driven by volatility in the market yield curve movements during the year, which resulted in lower mismatch profits compared to the prior year. The improvement in the insurance service result, which represents the core earnings for the life business, arose primarily from revisions to the best estimate assumptions, which positively impacted the release of contractual service margins to profits, as well as better claims and expense variances.

The value of new business, which measures the present value of future new business profits, improved by 24% overall, mainly driven by the corporate business lines which have shown strong growth compared to the prior year.

ASSET MANAGEMENT BUSINESS

Bifm Group's operating profit for the year registered a 1% year-on-year decline driven by a 4% decrease in AUM. Bifm Unit Trusts recorded a positive performance as the operating profit closed 15% above the prior year. Bifm AUM closed the year at P39,3 billion (2024: P41,1 billion).

GROUP CHIEF FINANCIAL OFFICER'S REPORT continued

FINANCIAL OVERVIEW

Analysis of earnings

	2025 P'000	2024 P'000	% change
Net result from life insurance operations	279 359	204 204	37
Results from other operations	95 666	232 667	(59)
Core earnings	375 025	436 871	(14)
Net impairment losses on financial and contract assets	(7 276)	(2 239)	225
Finance cost on leases (IFRS 16)	(1 725)	(709)	143
Net share of profit of associates and joint ventures net of tax	101 547	(384 519)	126
Profit before tax	467 571	49 404	846
Tax	(143 179)	(155 941)	8
Profit/(loss) after tax	324 392	(106 537)	404
Profit attributable to:			
– Equity holders of the parent	326 411	(106 134)	408
– Minority interest	(2 019)	(403)	401
Total profit/(loss) for the year	324 392	(106 537)	404

Group equity value

The group equity value increased to P4,80 billion from P4,66 billion. The group equity value allowed for dividends of P265 million paid during the year ended 31 December 2025. The further increase in group equity value is driven by an increase in the net asset value (due to good performance from Nico), the value of in-force for life operations and fair value adjustments for non-life businesses.

Value of new life business

The value of new business increased by 24% to P186 million compared to the prior year.



GROUP CHIEF FINANCIAL OFFICER'S REPORT continued

SEGMENT RESULTS

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

- The **life business segment**, which provides life insurance services to its customers through subsidiary Botswana Life
- The **asset management segment**, which provides asset management services through subsidiaries Bifm and Bifm Unit Trusts.

Segments that do not fall under the two key segments have been classified under 'other'. These comprise associate businesses and the holding company.

Inter-segmental transactions between business segments took place on an arm's-length basis in a manner similar to transactions with third parties.

	Life business P'000	Asset management P'000	Other P'000	Inter- segmental P'000	Consolidated P'000
For the year ended 31 December 2025					
Segment information by products and services					
Net insurance service result	233 900	–	–	–	233 900
Investment service result	47 665	–	–	–	47 665
Other expenses relating to insurance operations	(2 206)	–	–	–	(2 206)
Net result from life insurance operations	279 359	–	–	–	279 359
Revenue from contracts with customers	144 378	187 076	–	(45 124)	286 330
Investment income	180 365	672 961	277 784	(477 895)	653 215
Investment surpluses	196 209	(93 842)	(9 752)	35 329	151 719
Change in fair value of external investors' liabilities	–	(517 313)	–	175 305	(342 008)
Change in fair value of investment contract liabilities	(320 542)	–	–	–	(320 542)
Sales remuneration	(57 077)	–	–	–	(57 077)
Administration expenses	(91 427)	(136 708)	(63 891)	16 056	(275 971)
Other administration expenses	(71 085)	(134 272)	(61 807)	13 369	(253 795)
Depreciation	(8 919)	(797)	(865)	–	(10 581)
Amortisation and impairment	(5 727)	(127)	(44)	–	(5 898)
Right-of-use asset depreciation	(5 697)	(1 512)	(1 175)	2 687	(5 697)
Net results from other operations	51 906	112 173	204 141	(272 553)	95 666
Other impairments	(7 276)	–	–	–	(7 276)
Profit/(loss) before equity-accounted earnings	323 989	112 173	204 141	(272 553)	367 749
Finance cost on leases	(1 725)	(63)	–	63	(1 725)
Share of profit of associates and joint ventures net of impairment provision	–	–	185 710	–	185 710
Impairment of an associate	–	–	(84 163)	–	(84 163)
Profit/(loss) before tax	322 264	112 110	305 688	(272 490)	467 571
Income tax expense	(80 576)	(32 330)	(30 274)	–	(143 179)
Profit/(loss) after tax	241 688	79 780	275 414	(272 490)	324 392
Total assets	13 593 717	8 365 906	2 142 757	13 144 480	20 957 901
Total liabilities	12 306 698	7 992 604	57 125	12 649 041	17 707 387
Return on equity value (%)	12,12	21,72	(21,29)	n/a	5,85

GROUP CHIEF FINANCIAL OFFICER'S REPORT continued

For the year ended 31 December 2024	Life business P'000	Asset management P'000	Other P'000	Inter- segmental P'000	Consolidated P'000
Segment information by products and services					
Net insurance service result	127 199	–	–	–	127 199
Investment service result	76 356	–	–	–	76 356
Other expenses relating to insurance operations	649	–	–	–	649
Net result from life insurance operations	204 204	–	–	–	204 204
Revenue from contracts with customers	165 753	184 862	–	–	350 615
Investment income	375 646	576 603	602 199	(769 164)	785 284
Investment surpluses	48 393	25 195	–	17 750	91 338
Change in fair value of external investors' liabilities	–	(555 091)	–	154 414	(400 677)
Change in fair value of investment contract liabilities	(341 661)	–	–	–	(341 661)
Sales remuneration	(36 171)	–	–	–	(36 171)
Administration expenses	(82 411)	(94 982)	(63 422)	24 754	(216 061)
Other administration expenses	(59 712)	(92 280)	(61 140)	21 977	(191 155)
Depreciation	(6 757)	(895)	(879)	–	(8 531)
Amortisation and impairment	(9 434)	(387)	(46)	–	(9 867)
Right-of-use asset depreciation	(6 508)	(1 420)	(1 357)	2 777	(6 508)
Net results from other operations	129 549	136 587	538 777	(572 246)	232 667
Other impairments	(2 239)	–	–	–	(2 239)
Profit/(loss) before equity-accounted earnings	331 514	136 587	538 777	(572 246)	434 632
Finance cost on leases	(709)	(171)	(154)	325	(709)
Share of profit of associates and joint ventures net of impairment provision	–	–	(384 519)	–	(384 519)
Profit/(loss) before tax	330 805	136 416	154 104	(571 921)	49 404
Income tax expense	(81 927)	(23 712)	(50 302)	–	(155 941)
Profit/(loss) after tax	248 878	112 704	103 802	(571 921)	(106 537)
Total assets	13 913 270	7 994 149	1 930 359	(3 416 690)	20 421 088
Total liabilities	12 664 373	7 663 292	59 360	(2 988 329)	17 398 696
Return on equity value (%)	2,71	24,50	(38,05)	n/a	(5,47)

CAPITAL MANAGEMENT AND SOLVENCY

The group remains well-positioned in terms of capital management and solvency. This was taken into consideration by the board when resolving to declare a final dividend. The group's capital cover is 9,3 times, having increased from 7,2 times in the previous year. The increase in required capital cover was driven by lower dividend payouts, an improved net asset value supported by the continued strong performance of Nico Group and Bifm Group, and a reduction in the impairment of an associate to P84 million.

GOING CONCERN

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

LOOKING AHEAD

Botswana's insurance sector faces a muted near-term outlook due to macroeconomic pressure from diamond sector weakness, slower GDP growth and constrained household finances, which are weighing on premium growth, increasing lapse rates and driving expense inflation. Despite this, the industry remains structurally resilient, supported by low penetration, steady demand for savings and risk products, and a relatively stable financial system.

From a BIHL perspective, the group is well-positioned as a leader, underpinned by strong capital adequacy, diversified earnings (insurance and asset management) and consistent operational performance, although growth is expected to remain modest in the short term.

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

APPRECIATION

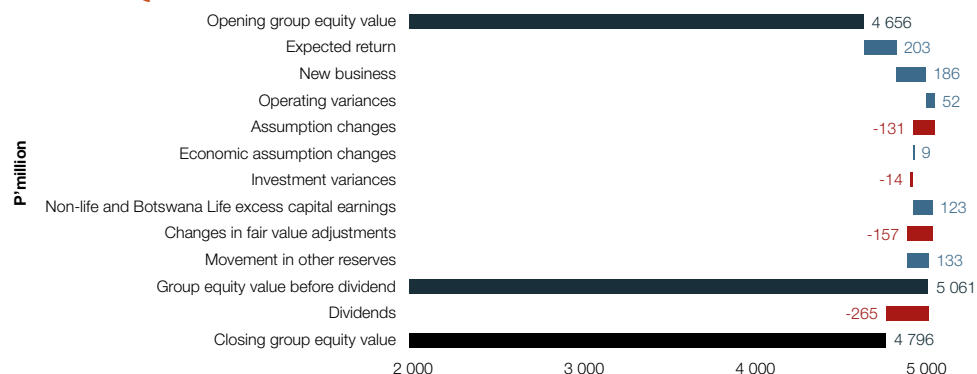
I would like to take this opportunity to thank the dedicated group of individuals who have worked diligently and efficiently to produce the numbers that appear in this integrated annual report.

Frank Dalo

BIHL Group Chief Financial Officer

GROUP EQUITY VALUE

GROUP EQUITY VALUE EARNINGS – MOVEMENT



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

The group equity value comprises:

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

DEFINITION OF EQUITY VALUE

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

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

The value of new business represents the value of projected after-tax profits at the point of sale arising from new policies sold during the year ended 31 December 2025, accumulated to the end of the year at the risk discount rate. The value is adjusted for the cost of capital required to support the new business.

EQUITY VALUE RESULTS

	2025 P'000	2024 P'000
Shareholders' net assets after fair value adjustments	2 815 850	2 589 438
Shareholders' net assets, excluding goodwill	3 243 887	3 018 703
Asset mismatch reserve	(428 037)	(429 265)
Value of in-force business	1 979 735	2 066 244
Value before cost of capital	1 903 089	1 819 349
Fair value adjustments	146 038	302 549
Cost of capital	(69 392)	(55 654)
Group equity value at the beginning of the year	4 655 682	5 378 684
Group equity value at the end of the year	4 795 585	4 655 682
Required capital	349 986	421 846
Required capital cover	9,3	7,2
Group equity value per share (Pula)	16,83	16,34
Share price (Pula)	23,02	22,50
Share price premium/discount (Pula)	6,19	6,16
Group equity value earnings	272 304	(285 150)
Change in group equity value	139 903	(799 296)
Movement in capital	(132 529)	(4 319)
Dividends paid	264 930	518 465
Return on group equity value (%)	5,8	(5,2)
Return on group equity value (normalised) (%)	14,5	(0,2)

GROUP EQUITY VALUE continued

EQUITY VALUE EARNINGS

	2025 P'000	2024 P'000
Expected return on life business in force	203 364	185 455
Value of new business	186 217	149 961
Value at point of sale	186 217	149 961
Operating experience variances	52 086	59 531
Mortality/morbidity	22 046	6 468
Persistency	15 842	7 314
Expenses	12 739	(7 159)
Working capital	2 386	52 797
Other	(927)	111
Operating assumption changes	(131 035)	(347 591)
Mortality/morbidity	24 466	(65 660)
Persistency	(86 646)	(28 726)
Expenses	(68 233)	(146 113)
Other	(622)	(107 092)
Group equity value earnings from operations	310 632	47 356
Investment variances	(14 487)	9 992
Economic assumption changes	9 262	(5 099)
Investment return	251 435	114 601
Risk discount rate	(242 173)	(119 700)
Group equity value earnings from covered business	305 407	52 249
Return on non-covered business	123 407	(325 867)
Investment returns	7 655	28 223
Net profit non-life operations	115 752	(354 090)
Change in shareholders' fund adjustments	(156 511)	(11 531)
Changes in treasury share adjustments	(3 199)	2 902
Movement in fair value of incentive scheme shares	6 109	(33 779)
Movement in present value of holding company expenses	(16 617)	8 044
Movement in other net worth adjustments	(142 804)	11 302
Group equity value earnings	272 303	(285 149)

VALUE OF NEW BUSINESS

	2025 P'000	2024 P'000
Value of new business at point of sale	186 217	149 961
Value before cost of capital	192 224	154 768
Recurring premium	70 858	49 272
Single premium	121 366	105 496
Cost of capital	(6 007)	(4 807)

FAIR VALUE ADJUSTMENTS

	2025 P'000	2024 P'000
Staff share schemes	(50 676)	(56 785)
Non-life operations write-up to fair value	526 426	451 462
Non-life operations write-up to fair value (other)	(167 710)	50 058
Group holding expenses	(203 500)	(186 883)
Reversal of cross-holding adjustment	41 498	44 697
Total	146 038	302 549
<i>Consisting of:</i>		
Net asset value adjustments		
Value of in-force adjustments	146 038	302 549

GROUP EQUITY VALUE continued

SENSITIVITY TO THE RISK DISCOUNT RATE

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

Risk discount rate	13,1% P'000	14,1% P'000	15,1% P'000
Shareholders' net assets and fair value adjustments, excluding goodwill	2 815 850	2 815 850	2 815 850
Value of in-force business	2 025 098	1 979 735	1 885 256
Value before cost of capital	1 968 648	1 903 089	1 818 508
Fair value adjustments	146 038	146 038	146 038
Cost of capital	(89 588)	(69 392)	(79 290)
Equity value	4 840 948	4 795 585	4 701 106
Value of one year's new business at valuation date	210 627	186 217	174 343
Value before cost of capital	218 969	192 224	182 751
Cost of capital	(8 341)	(6 007)	(8 409)

ASSUMPTIONS

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

Economic assumptions

Best estimate economic assumptions are the same as assumed in the valuation as shown in the financial statements. The main assumptions (% p.a.) used are as follows:

	2025 %	2024 %
Risk discount rate	14,1	11,30
Expense inflation rate	4,7	4,68
Discount rate for liabilities	Risk-free curve	Risk-free curve

Mortality rates

The assumptions for future mortality rates are based on the results of recent experience investigations conducted by the company, the most recent conducted in November 2025 by the company.

Expenses

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

Premium escalations

The equity value of in-force business includes the expected value of future premium increases resulting from premium indexation arrangements on in-force business. The value of new business includes the expected value of future premium increases resulting from premium indexation arrangements on new business written during the period to 31 December 2025.

Persistency/surrender basis

The assumptions for lapse and surrender rates are based on the results of experience investigations conducted in November 2025 by the group.

Tax

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

Mix of assets backing the capital adequacy requirement

	2025 %	2024 %
Asset class		
Cash	50	50
Equities	50	50
Total	100	100

Other assumptions

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

GROUP EQUITY VALUE continued

SENSITIVITIES

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

	Value of in-force P'000	Cost of capital over base capital P'000	Value before cost of capital P'000	% change
Equity value as at 31 December 2025				
Base	1 979 735	69 392	2 049 127	
Discontinuance rates decrease by 10%	2 033 442	70 397	2 103 839	2,7
Future expenses decrease by 10%	2 034 633	69 392	2 104 025	2,8
Mortality experience decreases by 5%	2 054 728	69 353	2 124 081	3,8
Investment returns decrease by 1%	2 069 791	70 027	2 139 819	4,5
Risk discount rate decreases by 1%	2 045 294	69 392	2 114 686	3,3
Risk discount rate increases by 1%	1 883 428	81 118	1 964 546	(4,9)
Equity value as at 31 December 2024				
Base	2 066 244	55 654	2 121 898	
Discontinuance rates decrease by 10%	2 121 413	56 460	2 177 873	2,7
Future expenses decrease by 10%	2 121 600	55 654	2 177 254	2,7
Mortality experience decreases by 5%	2 141 824	55 623	2 197 446	3,7
Investment returns decrease by 1%	2 157 693	56 164	2 213 856	4,4
Risk discount rate decreases by 1%	2 128 918	55 654	2 184 572	3,0
Risk discount rate increases by 1%	2 014 797	65 059	2 079 856	(2,5)



GROUP EQUITY VALUE continuedSENSITIVITIES continued

	Value of new business P'000	Cost of capital P'000	Value before cost of capital P'000	% change
Value of one year's new business as at 31 December 2025				
Base	186 217	6 007	192 224	
Discontinuance rates decrease by 10%	201 599	6 274	207 874	8,3
Future expenses decrease by 10%	191 514	6 007	197 521	2,8
Acquisition costs decrease by 10%	189 657	6 007	195 664	1,8
Mortality experience decreases by 5%	202 992	5 859	208 850	9,0
Investment returns decrease by 1%	159 216	7 800	167 016	(14,5)
Risk discount rate decreases by 1%	210 627	8 341	218 969	13,1
Risk discount rate increases by 1%	174 343	8 409	182 751	(6,4)
Value of one year's new business as at 31 December 2024				
Base	149 961	4 807	154 768	
Discontinuance rates decrease by 10%	162 349	4 865	167 214	8,3
Future expenses decrease by 10%	154 227	4 807	159 034	2,8
Acquisition costs decrease by 10%	152 732	4 807	157 539	1,8
Mortality experience decreases by 5%	163 470	4 890	168 360	9,0
Investment returns decrease by 1%	99 148	4 870	104 018	(33,9)
Risk discount rate decreases by 1%	160 930	8 655	169 586	7,3
Risk discount rate increases by 1%	135 390	11 886	147 276	(9,7)

Assumed management action

No management action has been assumed.



ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE



04

HONOURING OUR ROOTS, GROWING OUR FUTURE

Our stakeholders include our clients, employees and the communities we serve.

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

Together, we are growing our future.



The Morula tree (*Sclerocarya birrea*) is Botswana's national tree.

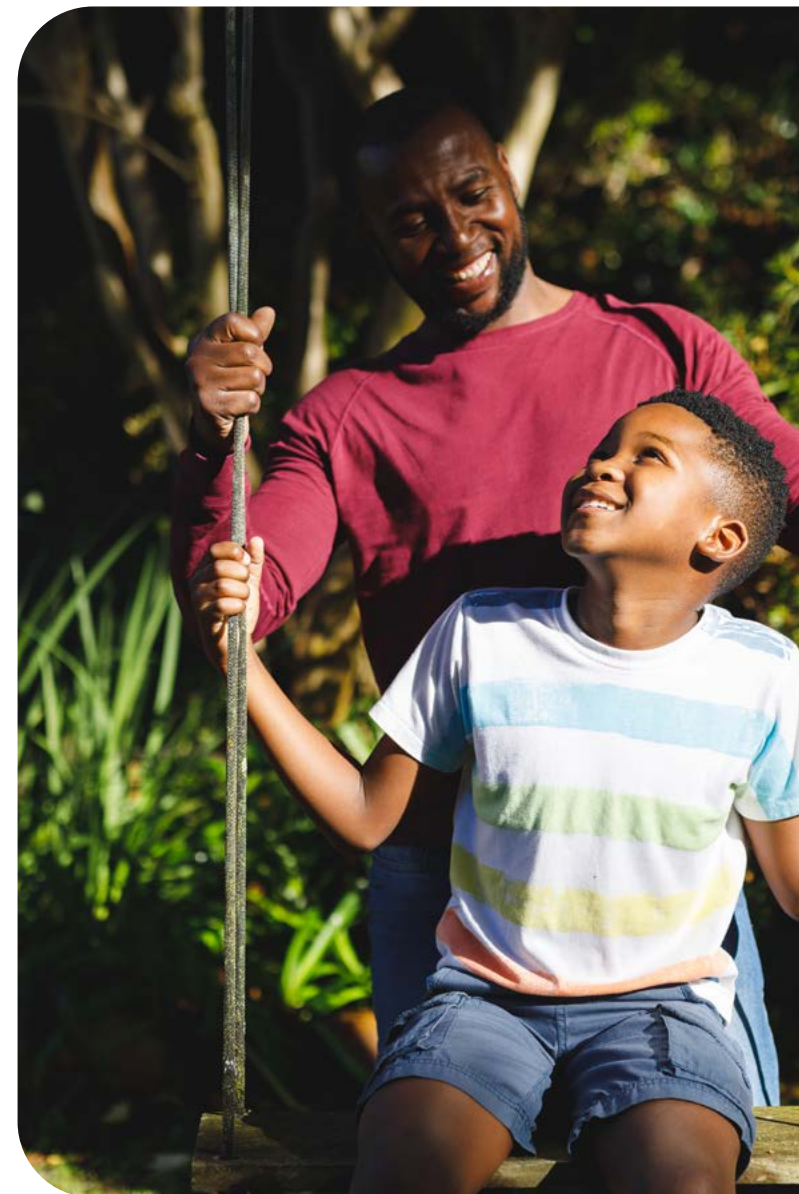
Traditionally, it was used as a meeting place because of being a medium to large tree. The wood is used for making household utensils, and the fruit is a source of food (juice, jam, nuts and alcoholic beverages).

OUR LONG-TERM SUSTAINABILITY

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

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

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



HOW WE CARE FOR THE ENVIRONMENT

ENVIRONMENT

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



P30 241

P122 368

P22 514



P17 779

P162 460

P10 003



P117 700

P246 496

P18 674



P138 629

P1 132 839

P1 199 500

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

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

The Task Force on Climate-related Financial Disclosures

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

HOW WE CARE FOR THE ENVIRONMENT continued

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



Governance

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

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



More information on BIHL's corporate governance is available on **page 80**.

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



Strategy

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

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

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



Refer to **page 19**.

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



Risk management

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

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

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

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



Metrics and targets

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

The extent of our disclosure has broadened over time.

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

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

OUR PEOPLE – THE HEART OF OUR SUCCESS

Our people strategy is both ambitious and deliberate – anchored firmly in our vision to be recognised as a top employer, while delivering sustainable value to our stakeholders.

We know the work ahead is substantial. Creating an environment where every employee feels genuinely engaged, supported and equipped to perform at their best requires intentional action across multiple fronts. The initiatives we advanced during the year represent meaningful progress on that journey – from revamping our EVP to introducing new ways of working to embedding diversity and inclusion into the fabric of how we operate. Each step moves us closer to the workplace we aspire to be: one where our people choose to stay, grow and contribute their best work.

BUILDING A STRONGER FOUNDATION

This year, we reimagined what it means to work at the BIHL Group. We launched our revamped EVP, creating a clear promise to current and future team members about the experience they can expect with us. Our EVP is our commitment to deliver meaningful work, competitive rewards and growth opportunities that match the dedication our people bring every day.

Our EVP has five pillars:



“Four years ago, BIHL took a chance on me by hiring me as a Client Relations Intern at Bifm. From the very first day, I never felt like ‘just an intern’ – I was treated like a full team member, trusted with real responsibilities and encouraged to contribute meaningfully to the business.”

Kamogelo Mahupela, Client Relations Officer (Bifm)



“I am beyond grateful to have had the opportunity to build a team of 25 agents from the ground up, achieving an impressive average of 120% of my monthly targets. This achievement has been recently recognised by the BIHL Group as I was bestowed with the prestigious Team Builder Award.”

Kido Motsumi, Sales Manager (Botswana Life)

We understand that thriving in today’s dynamic insurance and financial services landscape demands more than technical excellence; it requires a workforce that is engaged, capable, and aligned with our strategic direction.

Our purpose – improving livelihoods – sets our foundation through our values of care, collaboration, integrity and innovation and guides everything we do. In 2025, we deepened our commitment to creating a high-performance culture where talented individuals from diverse backgrounds can excel, innovate and grow.

OUR PEOPLE – THE HEART OF OUR SUCCESS continued

REIMAGINING HOW AND WHERE WE WORK

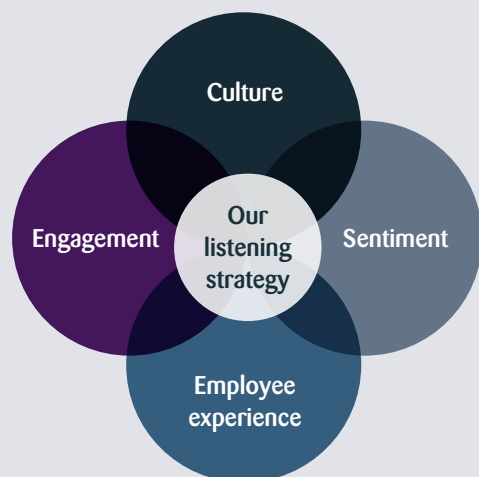
In 2025, we formalised our hybrid working model, a shift that recognises a fundamental truth: great outcomes come from trust, autonomy, and the right balance between collaboration and focused thinking.

What makes this particularly meaningful is how we got here. The development and rollout of our hybrid model was led by our Young Leaders Forum, a group of emerging leaders who understand both the realities of modern work and the needs of our business. They listened to colleagues across the organisation, studied what works in our industry, and designed a model that serves both business performance and employee well-being.

WE ARE LISTENING

We believe that the best insights about our workplace do not come from boardrooms; they come from conversations with the people doing the work every day. In 2025, we deepened our commitment to truly hearing what our employees have to say about our comprehensive listening strategy.

Our listening strategy is built on the belief that meaningful dialogue creates meaningful change. We established structured channels to gather input on culture, sentiment, engagement and employee experience. But, more importantly, we created the mechanisms to act on what we hear.



The talent, leadership and culture nexus

Like John Maxwell, our firm philosophy is that everything rises and falls on leadership. We know that a high-performance culture does not emerge by accident; it is built deliberately by leaders at every level who model our values, drive results and develop the people around them. That is why we made significant investments in leadership development across the organisation, equipping our leaders with the skills, mindsets and tools to create the culture we aspire to.

But great leadership today is not enough if we have not prepared for tomorrow. To build sustainability in this critical area, we deepened our focus on succession management, ensuring we have a robust pipeline of capable leaders ready to step up when needed. By investing in our current leaders while systematically building the next generation, we are ensuring that the leadership strength that drives our culture today will be just as strong in the years ahead.

Our continued investment in digital learning platforms, LinkedIn Learning and BookBoon, reflects our commitment to making development accessible, relevant and continuous. These platforms give our people the ability to build skills on demand, whether they are preparing for a new role, strengthening technical capabilities or developing leadership competencies. This aligns directly with our strategy to create a learning organisation where growth is not an event but an ongoing practice.

Embracing diversity, inclusion and belonging

We formalised our commitment to diversity, equity, inclusion, and belonging (DEIB) with a comprehensive DEIB policy that guides how we hire, develop, promote, and support our people. We strongly believe that everyone who joins the BIHL Group should find an environment where they can contribute fully, advance fairly and belong completely. We know that diverse teams make better decisions, and inclusive cultures unlock potential that homogeneous environments leave on the table.

Celebrating 50 years of improving livelihoods together



In 2025, the BIHL Group reached a remarkable milestone – 50 years of serving our communities and building futures. We marked this achievement not with a single event, but with a month-long celebration that honoured the people who made it possible. Through our #SO50Wednesdays initiative, we counted down to the anniversary with weekly themed dress codes and connect sessions that brought teams together for BIHL Trivia, stories from our history and prizes that sparked friendly competition across the organisation. We closed the year with a memorable celebration and presented each team member with a meaningful gift, a tangible expression of our gratitude for their role in writing the next chapter of our journey.

As we move forward, the future of our people strategy is anchored in building a resilient, inclusive and high-performing workforce. The journey continues, and we are excited about where it is taking us – and our people.

Creating connection and recognition

In 2025, we focused on three fundamentals that matter most to our people: genuine connection, earned trust and meaningful recognition. We know that when people feel connected to their colleagues and leaders, when they trust the organisation has their back, and when their contributions are noticed and valued, they bring their best selves to work.

Throughout the year, we created intentional moments for our people to connect beyond their daily tasks. Our Human Capital and Culture (HCC) Week brought teams together to celebrate what makes the BIHL Group special, while our observance of days like Valentine's Day and Independence Day gave us opportunities to pause, celebrate together and strengthen the bonds that make us more than just colleagues.

Recognition matters because it reinforces what we value. When exceptional work goes unnoticed, we signal that effort does not matter. When we celebrate contributions consistently, we create a culture where people know their work has meaning and impact. In 2025, we continued to build on the foundation of our rewards and recognition policy, deepening our commitment to ensuring that outstanding performance, values-driven behaviour and meaningful contributions are seen, celebrated and rewarded. This ongoing focus, backed by significant investment, has made recognition not just a programme we run, but a practice embedded in how we lead and how we work together.

Compliance with new legislation

The company monitored developments in employee relations legislation during the year and undertook preparatory measures to ensure compliance with the new legislation. Policies and stakeholder engagement initiatives were aligned to support smooth implementation.

SOCIAL RESPONSIBILITY



COMMUNITY INVOLVEMENT



THE BIHL GROUP CELEBRATES 50 YEARS OF IMPROVING LIVELIHOODS

The BIHL Group commemorated its 50th anniversary in 2025, marking not only a milestone for the organisation but a defining moment for Botswana's financial services landscape. Established in 1975, BIHL has grown from a pioneering national initiative into one of the country's most enduring institutions — a group that has shaped markets, strengthened households, fuelled long-term investment and helped lay the foundations of Botswana's economic resilience.

Over five decades, the BIHL Group has become central to Botswana's financial architecture, supporting the country's savings culture, protecting families through life's uncertainties and investing in assets that stimulate national development. With a market capitalisation of approximately P6,56 billion and P39,3 billion in AUM as at 2025, BIHL's scale reflects its institutional strength and public trust.

At the gala dinner held to commemorate this achievement, the group acknowledged the people, partnerships and purpose that have defined its journey. But the evening's reflections served a larger strategic message: that BIHL's legacy sits at the heart of Botswana's modern progress. Through Botswana Life, the group has provided financial security to generations of families. Through Bifm, it has shaped the country's investment landscape, growing pensions and channelling domestic capital into infrastructure, real estate, industry and national development priorities. Through BIC and its associates, it has rebuilt livelihoods, stabilised enterprises and supported resilience across sectors.

Speaking at the event, Board Chairman, Dr Keith Jefferis, underscored the BIHL Group's contribution to Botswana's long-term economic stability. He highlighted that BIHL's growth has been strengthened by regulatory partnership, strong governance and a shareholder ecosystem that has reinforced the group's ability to withstand shocks and respond to new opportunities. Dr Jefferis emphasised that the group's next chapter must build on this foundation to remain an anchor of financial certainty for future generations.

Group CEO Catherine Lesetedi reaffirmed that the organisation's purpose — *improving livelihoods* — is a strategic lens through which BIHL prioritises empowerment, education, inclusivity and national development. She said, "Our commitment remains simple and

steadfast: To build wealth that builds lives, *improving livelihoods* in ways that truly transform what it means to be alive. Because if we build for profit, we build for a moment. If we build for people, we build for a lifetime."

The BIHL Trust, established to formalise the group's community investment efforts, has over the years channelled over P40 million into scholarships, libraries, classroom resources, health initiatives and community development. These investments have helped broaden access to education, safeguard vulnerable groups and create a more equitable foundation for Botswana's future.

Long-term partner SanlamAllianz acknowledged the BIHL Group's importance as a pillar of institutional maturity in the region. CEO Heinie Werth described the group's 50-year milestone as "rare and significant," reflecting a balance of prudence and innovation that continues to deliver value for clients, shareholders and the nation. He reiterated the group's role in advancing financial inclusion, deepening domestic capital markets and strengthening Botswana's role within Africa's economic landscape.

The evening also featured messages from BIHL staff across the country, client testimonials and performances by George Swabi and Sereetsi & The Natives — all of which served as a reminder that the group's strength lies in the everyday lives it supports. However, the central message remained clear: BIHL's legacy is one of national relevance, institutional discipline and generational impact.

Across Botswana Life, Bifm, BIC and its regional associates, the BIHL Group continues to play a defining role in building a financially secure nation. As it enters its next 50 years, the group has reaffirmed its commitment to expanding access to financial protection, strengthening digital solutions, empowering young earners, supporting small and medium enterprises and investing responsibly in assets that shape Botswana's future.

The BIHL Group's history is interwoven with Botswana's own rise — a testament to the power of strong institutions in nation-building. As SanlamAllianz CEO Heinie Werth noted in closing, "Strong institutions build strong nations. The BIHL Group at 50 is compelling proof."

The next half-century begins with a renewed promise: to protect, empower and uplift — to continue improving livelihoods for Botswana, today and for generations to come.

SOCIAL RESPONSIBILITY continuedCOMMUNITY INVOLVEMENT continuedBUILD YOUR FUTURE WITH
BIFM 2025Guiding clients through
market conditions

Bifm Unit Trusts hosted the annual 'Build Your Future with Bifm' webinar for retail clients. The online session addressed current economic challenges and their relationship to portfolio funds. Clients were able to ask questions directly to the investment team, who clarified technical concepts and provided practical insights.



BIFM 50TH ANNIVERSARY CELEBRATION

Honouring five decades of impact

Bifm hosted clients, partners and stakeholders for an evening celebrating its 50-year milestone. The journey of the past five decades was commemorated in style, reflecting on how far Bifm has come and the promising future ahead. The evening featured performances by the Mophato Dance Theatre Group, DJ Boogie Sid, and a legacy video showcasing Bifm's history and key achievements.

BIC AWARDED

PMR Africa Diamond Arrow Awards

In 2025, BIC was deeply honoured to receive two distinguished awards that reflect the trust and confidence its clients, partners and communities continue to place in it.

BIC was awarded the PMR Africa Diamond Arrow Award for the Most Trustable Company in Botswana, a humbling recognition of our contribution to Botswana's economic growth and development.

This is a remarkable achievement which it has now earned five years in a row. This consistent distinction reflects BIC's continued commitment to excellence, consistency and service leadership within Botswana's insurance sector.



SOCIAL RESPONSIBILITY continuedCOMMUNITY INVOLVEMENT continued

BOTSWANA LIFE ELITE CLUB 2025

The Botswana Life Elite Club is an aspirational, exclusive, performance-driven club, which is prestigious for the market-leading life insurer celebrating 50 years. It recognises and rewards top-performing financial advisors annually. Membership is earned through exceptional results and commitment.



BOTSWANA LIFE LAUNCHES MONKGOGI

First-of-its-kind funeral financial solution for Batswana families

In October 2025, Botswana Life, Botswana's leading life insurer, launched Monkoggi – a pioneering funeral financial solution designed to alleviate the financial pressures associated with loss while providing meaningful living benefits tailored to Batswana families.

Deeply rooted in Botswana's values of care, community and compassion, Monkoggi transcends conventional funeral cover. It offers comprehensive financial protection that supports families through life's cycles – both in times of need and during everyday challenges. Key features include flexible coverage options, no premium payments in January, continued cover beyond age 65 (even after premiums cease), cash-back benefits (regardless of claims), upsize cover enhancements and additional support such as maternity-related premium holidays and family income protection.

This launch underscores Botswana Life's commitment to innovative, culturally relevant products that deliver lasting security and ease financial burdens for Batswana.

BOTSWANA LIFE LAUNCHED TWO
INNOVATIVE LIFE INSURANCE
SOLUTIONS TO SECURE BATSWANA'S
FUTURE

Botswana Life celebrated its 50-year legacy of financial security and trust. It introduced two groundbreaking insurance solutions tailored to the evolving needs of Batswana families: Poelo Whole of Life – Age-related Escalations, a product whose premiums start low when the client is younger and increases cover over time, helping ensure that clients and their loved ones remain financially protected as responsibilities and needs evolve; and EduCare, a product which provides peace of mind by helping ensure your child's education continues uninterrupted in the event of death or disability.

Both products were officially launched as part of Botswana Life's commitment to future-fit life insurance – addressing the demands of modern consumers who seek greater certainty, flexibility and value in an uncertain world.

EduCare

Secure their future, no matter what!

EduCare is a life insurance solution designed to secure your child's education in the unfortunate event of your death or disability. It ensures that school fees continue to be paid, even when you're no longer able to provide for your family. EduCare offers the reassurance that your child's academic journey remains uninterrupted, supported by comprehensive benefits and financial protection.

Benefits:

- Insurance your child's school fees are covered in the event of your death or disability.
- If policyholder survives the full term, 30% of life cover premiums paid is returned as a cash benefit.
- Includes life cover, disability cover.
- Lump sum payout if the policyholder becomes totally and permanently disabled.
- Medical Emergency Evacuation through providers such as MFI or Emergency Assist.
- Choose from monthly, quarterly, bi-annual, or annual premiums.
- Premiums start from as low as P200 per month.
- There are two options: that either parents or the child choose between a medical underwritten and a non-medical underwritten product.
- Immediate coverage from day one for natural and accidental death.
- With a termination age of 70, it accommodates long-term education goals.

* Terms and Conditions Apply

SOCIAL RESPONSIBILITY continuedCOMMUNITY INVOLVEMENT continuedTRADITIONAL MUSIC EXPO 2025
Celebrating Botswana's cultural sound

The 22nd anniversary of the annual Bifm Traditional Music Expo brought together clients and key stakeholders for an evening of traditional cuisine and local musical performances. The event highlights Bifm's continued support for and empowerment of local artists. Performers included Bana Bana Ba Ntoga, WDP Band, Makgathanna Thapong Cultural Ensemble, Ezra Neethings, Culture Spears featuring Charma Gal, Dr Vom, Stagga and a special tribute to the late A.T.I, who graced the stage in previous years.



CHARTERED INSTITUTE OF CUSTOMER MANAGEMENT SERVICE EXCELLENCE AWARDS

BIC was also privileged to receive the Service Excellence Award for the General Insurance Sector at the Chartered Institute of Customer Management Service Excellence Awards.

This accolade celebrates the dedication of its teams, whose commitment to exceptional service and genuine care for its customers lies at the heart of its success.

These honours inspire us to continue striving for excellence, strengthening the trust our stakeholders place in us and remaining a dependable partner in protecting what matters most.

MONTSAMAIISA TRAVEL
INSURANCE

A first in Botswana

In partnership with Mascom, BIC was proud to introduce Montsamaisa Travel Insurance, the first of its kind in Botswana.

Whether it is a short trip home, a business run to Kasane or an adventure to Maun, customers can now protect every journey without ever leaving the house.

Introducing
Montsamaisa
Travel Insurance!

Because every journey deserves a companion. Road trips. Business trips. Weekends ko gae...

...we've got you covered every kilometre!

From only P45/day

Get your cover today
through MyZaka!
Dial *167*8#



SOCIAL RESPONSIBILITY continued

CONFERENCES

BOTSWANA LIFE HOSTS SECOND ANNUAL EMPLOYEE BENEFITS CONVENTION

Botswana Life successfully hosted its second Annual Employee Benefits Convention under the theme 'Transforming Employee Benefits Through Creative Solutions for Long-term Sustainability.' The event convened senior executives, finance directors, human resources (HR) professionals and health experts to explore the evolving landscape of work and the critical role of employee benefits in supporting corporate sustainability and workforce well-being.

Key discussions featured innovative benefit solutions from industry leaders, focusing on holistic wellness, financial security and sustainable long-term outcomes for employers and employees alike.



BOTSWANA PENSION SOCIETY CONFERENCE

Strengthening industry partnerships

Bifm was honoured to sponsor and attend the Botswana Pension Society Conference alongside Botswana Life as Silver Sponsor. Participation in this prestigious event reflects the group's continued commitment to supporting a platform for key industry stakeholders and enabling valuable engagement opportunities with pension fund managers, regulatory bodies, and financial leaders. Representing the group, BIHL CFO, Frank Dalo, delivered insightful perspectives on sustainability, growth and financial education within retirement strategies. Our active participation continues to solidify Bifm and Botswana Life's position as thought leaders in the investment and insurance space.

SOCIAL RESPONSIBILITY continuedCONFERENCES continued

ANNUAL THOUGHT LEADERSHIP CONFERENCE

Reimagining Insurance: Human First, Digital Always!

BIC successfully hosted its third annual Thought Leadership Conference on 26 June at the Royal Aria Convention Centre. This year's theme brought together influential voices from the financial, technological and sociopolitical sectors to explore the future of insurance in an increasingly digital world.

The conference created a platform to discuss the evolving role of AI and digital transformation in Botswana and the broader African insurance landscape.

BIC Group CEO, Newton Jazire, who presided as host and lead moderator for the conference, reinforced that the conference is BIC's mark of intent and a signal that it is evolving at the same pace as the world around us. He added that the initiative aligns with a number of the company's core values of integrity, empowerment and development, which speak to how intentional BIC remains with this transformative initiative.

Attendees left empowered with practical knowledge on how to ethically harness emerging technologies to improve operations, enhance customer experiences and build more resilient businesses.

The success of this year's conference reaffirmed BIC's leadership in shaping a technologically literate and ethically grounded insurance sector in Botswana. The event also demonstrated the power of collaboration across industries to foster innovation and inspire meaningful progress.



BIC 50TH ANNIVERSARY

BIC commemorated its 50th anniversary with a prestigious event attended by company leadership, board members, executive committee and industry partners, as well as a Great Legacy Fest celebration bash with all staff members present.

The celebrations marked a major milestone in BIC's journey as Botswana's oldest short-term insurer, built over five decades of resilience, innovation, national impact and unwavering service to Botswana.

The company was able to honour and pay tribute to the people who shaped BIC over the years, from the pioneering founders of the 1970s to the teams who have driven digital transformation and market leadership today. The evening reflected on a legacy paved by collective effort, disciplined leadership and a deep commitment to 'making life better' for generations of Botswana.



SOCIAL RESPONSIBILITY continued

CONFERENCES continued

INTERNAL 50TH LOGO LAUNCH EVENT

To mark its 50th anniversary, BIC unveiled a refreshed anniversary logo in a way that reflected what has sustained the company for five decades: its people. The journey began internally, with staff being the first to experience and celebrate the new logo. This deliberate first step turned the launch into a shared moment of pride, sparking excitement across teams and reinforcing a collective sense of ownership in BIC's milestone year.

Following the internal reveal, the anniversary logo was gradually introduced to the wider public, carrying with it the energy and enthusiasm built from within. More than a visual update, the 50th logo became a symbol of continuity, resilience and forward momentum, honouring BIC's legacy while confidently signalling its next chapter.



ANNUAL AVIATION PITSO

BIC took part as an exhibitor and proud sponsor at the Aviation Pitso. This pivotal gathering represented another opportunity to engage with the businesses and stakeholders we serve.

We are proud to stand alongside many of the enterprises driving connectivity, tourism and trade in Botswana.

SOCIAL RESPONSIBILITY continuedCONFERENCES continued

BOTSWANA LIFE HOSTS THIRD ANNUAL BROKER CONNECT

A 50-year legacy meets the future of sustainable brokerage

In celebration of its 50th anniversary, Botswana Life hosted a landmark third Annual Broker Connect event themed 'Brokerage 360: Sustainability'. The gathering united brokers, corporate agencies, local and international industry experts, and senior financial services leaders to examine the future of intermediation amid a dynamic risk environment.

The event highlighted Botswana Life's enduring legacy while fostering dialogue on sustainable brokerage practices, innovation and collaborative strategies for long-term success in the sector.



BIFM BREAKFAST SEMINAR 2025

Navigating economic uncertainty

Bifm hosted its annual Breakfast Seminar under the theme 'Navigating Uncertainty: Effects of Government Fiscal Challenge'. The event engaged key stakeholders on topical economic matters while reinforcing Bifm's position as a thought leader. Proceedings opened with economist Dr Keith Jefferis presenting a macroeconomic update and outlook. The highlight of the day was a panel discussion titled 'Botswana's Economic Crossroads: Manoeuvring Liquidity and Market Constraints and Subdued Growth', where panellists shared diverse perspectives.

BOTSWANA CONSUMER FAIR 2025 STALL WINNERS

Showcasing investment solutions

At the annual Botswana Consumer Fair, the Bifm team engaged with clients and prospective investors, highlighting Bifm Unit Trusts' products and services. The fair provides organisations across sectors with an opportunity to showcase their offerings to the public. Under the Asset and Fund Managers and Administrators category, Bifm emerged victorious, securing first prize.



SOCIAL RESPONSIBILITY continued

SPORT

BIHL GROUP PROUD SPONSOR OF ORAPA DIAMOND GOLF CHALLENGE

The BIHL Group, through its subsidiaries Botswana Life and Bifm, proudly sponsored the 2025 Orapa Diamond Golf Challenge with P100 000. Held under the theme 'Beyond the Game: Creating Business Legacy and Community Impact', the event provided an opportunity for the group to engage actively with stakeholders. A highlight included participation in a panel discussion, where representatives showcased BIHL's ongoing commitment to driving positive change and improving livelihoods for Botswana.

28TH EDITION OF THE BOTSWANA LIFE CLASSIC RUN
NATIONAL HALF MARATHON

Bigger and Better

The 28th Botswana Life Classic Run National Half Marathon reinforced its status as more than a race – a vibrant celebration of health, endurance, and community spirit that has defined Botswana Life for nearly three decades.

True to its role as a trusted partner in every aspect of life, Botswana Life continues to champion initiatives that promote holistic well-being. The 2025 edition expanded accessibility with a 5km Fun Run, a 10km Challenge and 21.1km Half Marathon, welcoming participants of all levels – from elite athletes to first-timers – and strengthening community bonds through shared achievement.

SOCIAL RESPONSIBILITY continuedSPORT continuedJWANENG MINE GENERAL
MANAGER'S SOCCER FIESTA

Botswana Life was honoured to support the Jwaneng Mine General Manager's Soccer Fiesta with a P100 000 sponsorship. This annual event promotes active lifestyles, community building, and social cohesion, aligning with Botswana Life's dedication to fostering holistic well-being among Batswana.



DIACORE MARATHON

Not even the winter cold could stop Team BIC who hit the streets to participate in the Diacore Gaborone Marathon.

Well done BICons, you showed up and showed out – all while keeping the energy up with some delicious smoothies and making post-run recovery a breeze with a massage booth.

BIFM SUCCESSORS OF THE
SANLAM CHAMPIONS LEAGUECelebrating excellence on the global
stage

The Bifm team was once again victorious in the Sanlam Spa Life Champions League in 2024. As part of the award, Bifm CEO Clair Mathe-Lisenda, Portfolio Manager of Fixed Income Mbaki Ndlovu and Client Relations Officer Kamogelo Mahupela represented the team on an all-expenses-paid trip to Germany. The delegation joined other Sanlam Group winners for networking and sightseeing, with the ultimate highlight being attendance at the UEFA Champions League Final.



SOCIAL RESPONSIBILITY continued



SPORT continued

MINET GOLF DAY

The BIC team was out and about at this year's Minet Golf Day, connecting with partners, clients and industry peers in a relaxed and engaging atmosphere.

Events like these remind us that building relationships is just as important as building resilience. Here's to stronger partnerships, shared goals and keeping the spirit of collaboration alive on and off the course.



INTERSURANCE GAMES

The insurance industry's annual Intersurance Games included football, netball and a whole lot more. It was a weekend filled with energy, teamwork and friendly rivalry.

We thank everyone from BIC who participated and made the day such a success.

BANCASSURANCE 5-A-SIDE FOOTBALL TOURNAMENT

BIC once again participated in the annual Bancassurance 5-a-side Football Tournament with its insurance industry counterparts.

Partnerships go beyond business, and teamwork truly makes life better. Thank you to all our BICons who showed up, suited up and gave it their all on the pitch.



SOCIAL RESPONSIBILITY continuedBOTSWANA LIFE LAUNCHES
FINANCIAL LITERACY SERIES

Generations at the table

Botswana Life introduced Generations at the Table, a new content platform dedicated to advancing financial literacy among Batswana. The series convenes representatives from four generations to engage in candid discussions on practical, real-life topics – including black tax, relationships, and intergenerational wealth management – empowering audiences with actionable insights for better financial decision-making.

The Clash of Generations is
Back!

Voices collide, wisdom is tested, and perspectives ignite. Catch Generations At The Table — where youth meets experience, and no topic is off-limits.

Tonight on **BTV 1** and **Channel 290** on **DSTv** at **1930hrs!**

Don't miss the conversation that has the whole nation talking.



BIFM IMPARTING MONEY SKILLS WITH TEENS

Empowering the next generation

Bifm sponsored the inaugural Teens Summit in February, a two-day event focused on upskilling teenagers and empowering them for a brighter future. The Bifm Unit Trusts team participated in panel discussions, engaging both teens and parents by sharing money management skills and tools for investing. The event was informative and interactive, with teenagers showing strong curiosity and engagement around Bifm Unit Trusts' investment offerings.

BIFM SPONSORS THE BOU 2025
VALEDICTORIAN PRIZE

Investing in academic excellence

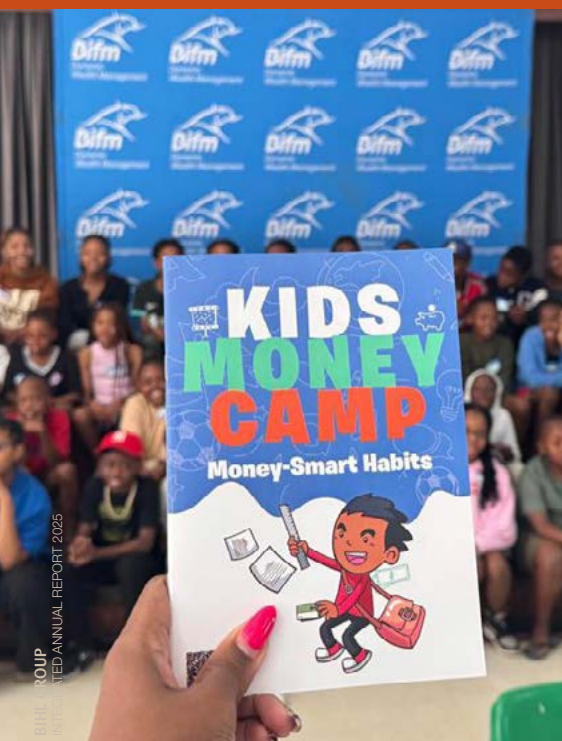
Bifm sponsored P5 000 toward the Valedictorian Prize for the Botswana Open University Class of 2025, reinforcing its commitment to empowering future leaders. The sponsorship recognises academic excellence and encourages students to continue striving for achievement.



SOCIAL RESPONSIBILITY continued

EDUCATION continued
BIFM KIDS MONEY CAMP 2025**Building lifelong financial habits**

Bifm hosted the 2025 Kids Money Camp, designed to instil positive financial habits from a young age. The event welcomed 50 enthusiastic participants. In addition, Bifm sponsored six underprivileged children from the local table tennis community, expanding access and creating opportunities for exposure and empowerment. The initiative was well executed, with both children and parents actively showcasing their money skills and enthusiasm.

**BIUST BEST STUDENT IN BSC STATISTICS****Rewarding academic excellence**

Bifm sponsored the Best Student in BSc Statistics at the Botswana International University of Science and Technology. Kabo Letsogo was recognised for exceptional performance and dedication, receiving P10 000 in cash to support his transition into the workforce.

MATER SPEI COLLEGE TOP STUDENT AWARD**Recognising outstanding achievement**

Bifm sponsored the top student at Mater Spei College, presenting Lapologang Motiki with a Bifm Unit Trusts voucher worth P10 000. This award celebrates hard work, excellence and dedication. The voucher was invested into the Bifm Ya Masa Junior Fund and the Bifm Pula Money Market Fund, marking the start of her investment journey.



SOCIAL RESPONSIBILITY continued

HEALTH



BIFM PROMOTES HEALTHY WELL-BEING

Championing a balanced lifestyle

Bifm sponsored the annual UB Marathon and the Airport Junction 5km and 10km Run, both aimed at encouraging Batswana to maintain healthy lifestyles. These events provide an inclusive platform for runners of all abilities. Notably, the Airport Junction Run accommodates people living with disabilities, reinforcing Bifm's commitment to inclusivity and well-being for all.

SOCIAL RESPONSIBILITY continued

Social upliftment continued



HEALTH continued



WELLNESS WEEK

The BIC Group team came together for a day of health, laughter and celebration at Off Road Extreme in Oodi.

BIHL TRUST

BIHL TRUST STRATEGY 2025 TO 2028

VISION

To promote the socio-economic well-being of Batswana

MISSION

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

STRATEGIC GOALS

We will provide financial literacy training for 5 000 of Botswana's most vulnerable people through collaborations with key partners

We will empower 5 000 youth to become champions of socio-economic development in their communities

ABOUT THE BIHL TRUST

The BIHL Trust was established in 2007 as the CSI arm of BIHL Group. The Trust was created to advance socio-economic development in Botswana by investing in initiatives that improve livelihoods, empower communities and create sustainable opportunities for inclusive growth. Funded through an annual contribution of 1% of profit after tax from BIHL Group subsidiaries, Botswana Life and Bifm, the Trust continues to deliver meaningful and lasting impact across the country.

The Trust is governed by a board of trustees responsible for providing strategic direction, fiduciary oversight and stewardship of Trust resources. The board ensures that the Trust remains aligned with its mandate, strategic priorities and development objectives, while upholding the principles of accountability, transparency and responsible corporate citizenship. Through robust governance structures, monitoring processes and performance reporting, the board oversees the effective utilisation of resources and the achievement of intended social impact outcomes.

Although Botswana has made notable strides in economic and social development, significant socio-economic disparities persist. Many individuals and communities continue to face barriers to economic participation, access to opportunities and leadership development. These challenges disproportionately affect youth, women, persons with disabilities and vulnerable populations, often limiting their ability to contribute to and benefit from the country's growth and prosperity.

Against this backdrop, the BIHL Trust serves as a catalyst for positive social change by investing in programmes that address critical development needs while promoting long-term sustainability. The Trust's interventions are informed by research, stakeholder engagement and national development priorities, ensuring that resources are directed towards areas where they can create the greatest impact.

The Trust focuses on initiatives that promote education, entrepreneurship, financial inclusion, health, leadership development and community empowerment. Through these strategic focus areas, it seeks to strengthen individual and community resilience, enhance economic participation and improve quality of life. Particular emphasis is placed on empowering youth, women and persons with disabilities, recognising their critical role in driving inclusive and sustainable development.

The BIHL Trust also adopts a collaborative approach to development, working closely with Government institutions, civil society organisations, community-based organisations, development partners and the private sector. These partnerships enable the Trust to leverage expertise, resources and networks to maximise impact, strengthen programme delivery and ensure the sustainability of interventions.

Guided by its vision of creating opportunities for shared prosperity, the BIHL Trust continues to invest in initiatives that empower individuals, strengthen communities and contribute to Botswana's long-term socio-economic development. Through strategic partnerships, responsible stewardship and a commitment to measurable impact, the Trust remains dedicated to building a more inclusive, resilient and prosperous future for all Batswana.

Strategic focus:

- Youth, women and persons with disabilities
- National socio-economic research completed
- New 2025 to 2028 strategy launched
- Strategic implementation partner model introduced
- Continued investment in education and social upliftment
- Strengthened employee volunteerism through Hands That Give.

BIHL TRUST continued

STRATEGIC THEMES AND OBJECTIVES



Stakeholder engagement

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

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



Operational excellence

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

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



People and governance

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

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

THREE PRIORITY SECTORS



Education

We support strategic initiatives that equip individuals and communities with the knowledge to make informed decisions for their socio-economic well-being, initiatives which foster critical thinking, creativity and problem-solving for innovation



Social upliftment

We facilitate integrated strategic projects that improve socio-economic conditions by breaking the intersection between social factors and economic factors through health, wellness and poverty eradication, thus improving lives



Staff support

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

VALUES



Care



Innovation



Integrity



Collaboration

BIHL TRUST continued

RESEARCH

As part of our commitment to inclusive and sustainable development, the BIHL Trust conducted an in-depth socio-economic research study focused on women, youth and people living with disabilities. The research was designed to better understand the lived realities, economic participation, challenges and opportunities facing these vulnerable and underrepresented groups within our communities.

The primary objective of the research was to:

- assess current socio-economic conditions and barriers to economic participation
- identify gaps in access to education, employment, healthcare and financial services
- understand the unique challenges faced by women, youth and persons with disabilities
- generate up-to-date data to inform evidence-based CSR programming and national development efforts.

By producing current and community-level insights, we aimed not only to guide our CSR initiative but also to contribute relevant and timely information to national stakeholders.

The research revealed several important trends:

- **Women** continue to face barriers related to access to capital, skills development and formal employment opportunities, despite strong entrepreneurial potential
- **Youth** reported high unemployment levels, limited access to mentorship and a need for market-relevant and digital skills
- **People with disabilities** experience significant structural barriers, including limited workplace accessibility, social stigma and restricted access to economic opportunities and essential services.

In line with our commitment to collaboration and national development, the research findings were formally shared with relevant Government ministries and key stakeholders. This was undertaken to support the Government with up-to-date socio-economic information that can inform policy planning, programme design and resource allocation.

By contributing to current data and community insights, we aim to complement national statistics and strengthen evidence-based decision-making processes.

The findings are directly informing our CSR strategy for the coming years. Key actions include:

- designing targeted skills development and entrepreneurship support programmes
- supporting youth with financial literacy and leadership training
- strengthening partnerships with community organisations advocating for disability inclusion
- expanding access to financial literacy and small enterprise support.

This evidence-based approach ensures that our CSR investments respond to real needs while supporting broader national development priorities.

We believe that sustainable growth is only possible when opportunities are inclusive and accessible to all. By investing in research, sharing knowledge with Government stakeholders and translating insights into action, we are contributing to inclusive and long-term socio-economic progress.

Expression of interest (EOI) for strategic implementation partnerships

An EOI was issued to identify and attract qualified implementation partners within the Education and Social Upliftment sectors. This initiative followed the intensive research undertaken to inform and strengthen the BIHL Trust's CSR strategy.

The research highlighted critical socio-economic gaps affecting women, youth and persons with disabilities, particularly in relation to financial inclusion, economic participation and leadership representation. In response, the organisation prioritised targeted interventions focused on financial literacy, entrepreneurship readiness and leadership development as key drivers of sustainable empowerment.

The EOI process was designed to identify experienced and impact-driven partners with the capacity to deliver measurable outcomes, ensure community reach and align with our governance and reporting standards. Through this structured approach, the organisation aimed to build strategic collaborations that enhanced programme effectiveness, promoted inclusive economic participation and contributed meaningfully to long-term social transformation.

This initiative represented a deliberate step toward strengthening partnerships, improving implementation capacity and ensuring that CSR investments yielded sustainable and measurable impact for vulnerable and underrepresented groups.

BIHL TRUST continued

BIHL TRUST ACTIVITIES



Social upliftment

BIHL TRUST PARTNERS WITH BOTSWANA RED CROSS SOCIETY TO SUPPORT FLOOD RELIEF EFFORTS

Botswana dealt with a severe humanitarian crisis triggered by unprecedented flooding from the heaviest rainfall in three decades and widespread flash floods across the country. The devastating floods took place from 19 to 21 February 2025 and mostly affected the following areas – Boteti, Gaborone, Gantsi, Goodhope, Kweneng, Moshupa, Kgatleng, Kweneng, Ramotswa and Tlokweng (South-East).

The disaster caused extensive damage to infrastructure, homes, vehicles and household property, while also severely disrupting livelihoods and displacing communities. Critical road and transport networks were compromised, limiting access to essential services and isolating several affected areas.

More than 5 000 people were impacted by the floods, including over 1 000 children. Of these, more than 2 000 individuals were evacuated, while several hundred remained in evacuation centres, mainly in Gaborone. Tragically, lives were lost. High-risk areas included Mochudi, Kuke, Oliphants Drift, Sepako, Parshalt, Bray, the Molopo River Basin, as well as Gaborone and Tlokweng.

In response to the humanitarian crisis, the BIHL Group donated food hampers valued at P40 000 to the Botswana Red Cross Society on 24 February 2025 to support immediate relief efforts. Following an assessment of the evolving needs, the BIHL Trust approved a further donation of P500 000 to the Botswana Red Cross Society to strengthen disaster relief interventions.

This intervention reflects the BIHL Trust's commitment to enhancing community resilience by supporting vulnerable households affected by climate-related emergencies and facilitating recovery in impacted communities. The contribution aligns with the Trust's 2025 to 2028 strategic focus on social upliftment, particularly targeting youth, women and persons living with disabilities.

The Botswana Red Cross Society was selected as the implementing partner due to its established disaster response capacity and its proven ability to deliver transparent reporting on fund utilisation, ensuring accountability and measurable impact.



BIHL TRUST continuedSocial upliftment continued

RIDE FOR PINK

Ride for Cancer

The Chain Ring Cycling Club embarked on a six-day cycling tour from 8 to 13 September 2025, covering areas in the northern region that had not been included in previous tours. The route included Selibe Phikwe, Bobonong, Tonota, Tutume and Sebina.

The tour was conducted in collaboration with the Botswana Family Welfare Association (BOFWA). The initiative aimed to help combat and reverse the negative effects of non-communicable diseases, with a particular focus on cancer awareness, prevention and education within local communities.

During the 2025 event, Chainring extended an invitation to BOFWA to provide technical support after the District Health Management Team was unable to participate due to operational challenges.

As part of the initiative, Haig Ndzingo, Group Executive: Finance Operations, participated as a member of the cycling team and cycled in support of this worthy cause. His involvement reflected the organisation's continued commitment to employee participation in impactful community and wellness initiatives.



BIHL TRUST continued



Education continued

CHILDREN IN THE WILDERNESS (CITW)



P220 000 invested in the Children in the Wilderness programme

CITW is an environmental and life skills education programme, specifically designed to create access and opportunity for children who would not ordinarily have exposure to such learning experiences, thereby promoting inclusion, environmental stewardship and personal growth.

The programme focuses on children in schools or recent school-leavers, addressing the next generation of decision-makers, inspiring them to care for their natural heritage and to become the custodians of the likes of the Okavango areas in the future. The BIHL Trust, CITW Botswana and Mokolodi Nature Reserve entered into a three-year tripartite memorandum of understanding to deliver these. The collaboration focuses on enhancing the CITW environmental education programme at Tshwaragano Primary School in Gaborone, extending existing support with a greater emphasis on experiential, nature-based learning. The initiative was officially launched at the school on 9 March 2025.

The programme introduces children to the rich biodiversity of the Okavango Delta and teaches them about the importance of preserving it. Children participate in nature walks, guided safaris and outdoor activities that help them understand ecosystems first-hand. They are then equipped with leadership and teamwork skills that will help them in their personal and professional lives.

The programme fosters skills like critical thinking and problem-solving by engaging children in real-world environmental issues and encouraging them to find solutions and helps them to establish career pathways in conservation. Graduates of the programme are often motivated to become advocates for conservation, both locally and globally.

WALK OF HOPE

The BIHL Trust donated P36 000 to The Walk of Hope Organisation in support of Project 267, an initiative that conducted diabetes testing and eye screening for primary school children in Molepolole. The donation comprised P30 000 towards eye screening and diabetes testing, and P6 000 for fundraising dinner tickets. The project aimed to promote early detection and intervention for health and learning challenges affecting children, particularly those in underserved communities.

Many children in Botswana with special needs, especially in rural and underserved areas, remain undiagnosed due to limited access to professional assessments and inclusive learning resources. Undetected vision impairments, cognitive delays and learning challenges often contribute to poor academic performance and increased school dropout rates.

In response to these challenges, The Walk of Hope Organisation developed a community-based support model that provides early screening, referrals and ongoing support services. The initiative has already shown strong potential in improving learning outcomes and promoting greater inclusivity within the education system.

To further support the initiative, the organisation hosted a fundraising dinner attended by the BIHL Group CEO and two BIHL Trust trustees, demonstrating the group's commitment to advancing community health and educational inclusion.



BIHL TRUST continued



Education continued

GIRLS EXCELLING IN MATHEMATICS AND SCIENCE (GEMS)



Preparing senior girls for science, technology, engineering and mathematics (STEM) careers

The Botswana International University of Science and Technology (BIUST) has hosted the GEMS programme since 2021, under the sponsorship of the BIHL Trust.

The BIUST-GEMS initiative is a mentorship and motivational programme which targets passionate, female Form 4 students who have been chosen to do pure sciences and would like a career in STEM.

The programme was hosted in three cohorts: the first intake was in 2021, followed by the 2023 cohort and lastly the 2024 group. The programme ran in six schools, namely Mahupu and Tsabong Unified Secondary Schools, Matsha College, and Ghanzi, Shakawe and Maun Senior Secondary Schools. A total of 106 students participated in the programme. Each school was awarded a mentor who worked with the students with the assistance of the school coordinator.

The programme yielded positive developmental outcomes, particularly in strengthening learners' confidence, academic motivation and aspirations in STEM fields. One beneficiary reflected that: "Through the mentorship with Dr Lemme, my confidence grew. I began to believe in myself and that I could achieve something in life. In Form 5, I received an award for being the best-performing girl among all Form 5s in the mock exam, and I performed exceptionally well in my BGCSE."

MARU-A-PULA ORPHAN AND VULNERABLE CHILDREN (OVC) PROGRAMME

Continuing to champion educational inclusivity

For over a decade, the BIHL Trust has believed that investing in education is investing in the nation's future. This year, that belief continues with a P250 000 contribution to the Maru-a-Pula OVC Scholarship Programme – a partnership that since 2012 has opened doors of opportunity for hundreds of young Batswana with exceptional academic promise but limited financial means, making excellent education attainable to all.

Now in its 13th year, the collaboration has transformed lives, nurturing students who have gone on to lead, innovate and uplift their communities.

The Trust's cumulative contribution now stands at P3 million, underscoring its long-term commitment to building an inclusive and empowered generation of future leaders. This year, the BIHL Trust went on a roadshow together with Maru-a-Pula School to scout for potential students who qualify for the scholarship programme from the different schools in Kang, Ghanzi, Maun, Nata, Francistown and Palapye.



DELTA WATERS INTERNATIONAL SCHOOL ORPHAN AND VULNERABLE CHILDREN PROGRAMME



Further support from the BIHL Trust

In line with its focus on improving livelihoods through education, the BIHL Trust has contributed P450 000 within a three-year period to the Delta Waters School OVC Scholarship Programme. The funds will support academically gifted students facing financial challenges, ensuring they gain access to quality education and the resources needed to succeed.

At the handover ceremony, BIHL Trust trustee Samson Setumo said: "This donation reflects our belief in the potential of every child and our commitment to uplifting Batswana. By supporting the Delta Waters OVC Scholarship Programme, we are investing in future leaders and innovators who will shape our nation."

Modelled after the Maru-a-Pula OVC Scholarship Programme, which the Trust has supported since 2022, the Delta Waters initiative creates opportunities for children who show promise but face difficult personal circumstances. The programme equips them with education, skills and support to pursue their ambitions.

BIHL TRUST continued



Staff support continued

The BIHL Trust Staff Support Fund

In line with the principle of 'motho ke motho ka batho', the BIHL Group recognises the important role all its employees play in building and ensuring the successful operation of the organisation. This notion, in alignment with the Trust's values and its strategic goal of supporting social upliftment, led to the establishment of a BIHL Trust Staff Support Fund. This fund acts as a compassionate relief mechanism to support employees across the BIHL Group during times of personal crisis, including natural disasters, serious illness, and other emergencies. The fund operates in full alignment with the Trust's core values.

The BIHL Trust Staff Support Fund aims to ensure that the group's employees receive appropriate support in times of crisis, further reinforcing the Trust's role as a caring employer and corporate citizen.

The purpose of the Staff Support Fund is to provide limited financial and non-financial support to BIHL Group employees facing unexpected personal crises, such as:

- natural or man-made disasters (e.g. floods, fires)
- serious illness or medical emergencies
- humanitarian needs (e.g. displacement, food insecurity).

The fund is designed to preserve employee dignity, promote workplace well-being and provide a safety net when all other avenues of support have been exhausted or are insufficient.

The Staff Support Fund applies to:

- all employees of the BIHL Group on post Reward level 12 and below
- interns and contractors
- immediate family members of qualifying employees in the case of medical emergencies (defined as legal spouse, biological or legally adopted children).

Types of support provided:

- Disaster relief
- Emergency shelter and clothing
- Food and hygiene products
- Household items
- Short-term rental assistance for displaced employees
- Medical assistance.

The Hands That Give

Driven by the desire to deliver sustainable, impactful and meaningful projects, the BIHL Trust founded and led an employee volunteering initiative named 'The Hands That Give'.

The Hands That Give programme enabled employees to contribute their time, skills and expertise to community development initiatives, extending the Trust's impact beyond financial contributions while strengthening employee engagement and community partnerships.

In 2025, 12 groups from different BIHL Group subsidiaries and departments were awarded P50 000 each in celebration of the group's 50th anniversary. The groups were also empowered to identify and implement community development initiatives centred around education and social upliftment to ensure alignment with the BIHL Trust's key focus areas.



Through The Hands That Give programme, the staff were able to deliver the following projects:

Group name	Project	Description
Great Distributors (Botswana Life Distribution)	Financial and social inclusion	The Great Distributors team promoted financial and social inclusion by empowering learners with disabilities to manage their finances, achieve personal financial goals and make informed decisions about their money. The team installed projectors at two schools, taught informed decision-making skills, encouraged a mindset of financial responsibility and long-term planning, and promoted entrepreneurial skills among learners with disabilities.
Compliance, Risk and Legal (CRL)	Artesia School library refurbishment	The CRL department refurbished the library and donated books to Artesia Primary School. The team also hosted periodic reading marathons and spelling bee competitions to encourage literacy and academic excellence among learners.
Bifm Kindness Krew	Desk project	The Bifm Kindness Krew donated study desks valued at P50 000 to Selibe Phikwe Senior Secondary School, helping to improve the learning environment for students.
Worthy Work (Corporate Governance)	Mookane Junior School	As part of the Mookane Adopt-a-School Initiative, the group donated two large-capacity geysers to enhance the school's infrastructure. This contribution played a vital role in improving the learning environment by ensuring learners had access to hot water during the colder months. The initiative reflected Worthy Work's dedication to sustainability and the well-being of the school community.

BIHL TRUST continued



Staff support continued

Group name	Project	Description
Palapye	Ratsie Setlako Primary School	The branch extended its support to this specialised institution, which serves 75 learners with intellectual disabilities. Through the House of Hope initiative, the team donated poultry, pigs, vegetable garden supplies, orchard tools and related materials. These contributions were designed to strengthen the school's practical learning programmes, equipping learners with essential agricultural knowledge and life skills that promote independence and long-term sustainability.
Human Capital and Culture	Kgafela Primary School Special Education	HCC provided support through the donation of furniture, learning materials, educational toys and stationery. This initiative benefited 50 learners by enhancing their learning environment and fostering their cognitive, emotional and social development. The project underscored HCC's commitment to inclusive education and the empowerment of learners with diverse needs.
Seeds of Hope (BIHL Group)	Princess Marina Hospital	The team supported women and children in the paediatric and maternity wards at Botswana's largest yet resource-strained health facility. The initiative included donations of clothing, toiletries, blankets, toys and books to hospitalised children, new mothers and people with disabilities. These contributions brought comfort, dignity and renewed hope to patients and families during a vulnerable time, reflecting the BIHL Trust's commitment to compassionate community support.
CCNT (KYC/AML) (Contact Centre)	Linchwe Primary School	With P50 000 in support, the Dreamers donated much-needed geysers, beds and mattresses to visually impaired students at Linchwe Secondary School in Mochudi. Plans also included upgrading the outdated dining area and renovating the deteriorating bathrooms, significantly improving living conditions and reinforcing their mission to create a lasting positive impact.
Shares of Joy (Public Relations/ Corporate Distribution)	Pallaroad School	Shares of Joy built an outdoor teaching area at Pallaroad School. As part of their continued efforts, the group upgraded the school's outdoor teaching shelter by adding canvas material to protect students from harsh weather conditions. This improvement enhanced comfort and created a more conducive learning environment for students.
Ka Pelo (Contact Centre)	Tshwaraganang School	The project enhanced learning through the provision of a printer and school uniforms to 20 students in need. The initiative strengthened collaboration between BIHL and the school while boosting student confidence by addressing critical resource gaps.
Joyful Givers (Phikwe Branch)	Sekao Orphanage in Mmadinare	This project addressed critical needs in education, health and emotional well-being. Joyful Givers donated school sponsorships, winter uniforms, learning materials, nutritional support and mental health support, while also contributing towards improved living conditions. The project represented a long-term investment in empowering vulnerable children to become self-reliant and positively impact their communities.
ACT (Actuarial)	12-week course	In partnership with the Emang Basadi Association, the project trained 15 participants in both vocational and business skills. Applicants were selected fairly through an open application and random selection process. Participants specialised in one of five vocational areas: sewing, pottery, culinary arts, hair styling, or nail and lash styling. They also completed business training covering budgeting, marketing and other entrepreneurial skills. Upon completion, graduates received certificates and relevant materials in recognition of their achievement.

CORPORATE GOVERNANCE OVERVIEW

BIHL remains steadfast in its commitment to the highest standards of corporate governance.

OUR GOVERNANCE PHILOSOPHY

Governance is not a compliance exercise; it is a fundamental pillar of our business integrity. We strive to ensure that professionalism governs every activity, ensuring that all operations align with relevant regulations and international best practices.

STRATEGIC OVERSIGHT AND VALUE CREATION

The board's primary role is to ensure our strategy remains resilient and responsive to the evolving needs of our investors and stakeholders. By maintaining a forward-looking approach, the board makes the necessary adjustments to protect and grow short-, medium- and long-term value.

We believe that a robust governance framework is essential for building an environment of trust and transparency. This foundation provides the financial stability and accountability required to attract long-term investment, support sustainable growth and contribute to a more inclusive society.

COMPLIANCE AND BEST PRACTICE

The board fully endorses the development of global best practices and is pleased to report that the BIHL Group currently complies with the principles of King IV™ and the BSE Listings Requirements. To ensure we remain at the forefront of corporate leadership, our governance practices are subject to continuous review. We regularly benchmark our internal frameworks against evolving standards to ensure BIHL remains a leader in ethical and effective business management.



The King IV™ application register is set out on **pages 101 to 105**.

CONTINUOUS GOVERNANCE EVOLUTION

The board is dedicated to the ongoing refinement of our governance principles, policies and practices. We achieve this through a proactive awareness of evolving regulations and global best practices. Our approach is informed by consistent engagement with regulators and industry bodies, as well as regular feedback from our stakeholders, ensuring our framework remains dynamic and effective.

ETHICS AND CULTURE OF INTEGRITY

Our conduct philosophy

The board remains steadfast in its commitment to the highest standards of ethical behaviour. We believe that true leadership requires our directors and employees to go beyond mere legal and regulatory compliance; they are expected to embody the group's core values in every decision. By ensuring that a culture of integrity permeates all levels of the BIHL Group, we protect the long-term interests of our shareholders and the reputation of our institution.

Combating financial crime

We recognise that financial crime and unlawful conduct are fundamentally at odds with our Code of Ethical Conduct and pose a direct threat to our organisational integrity. Our commitment to combating financial crime is rigorous and designed to neutralise threats such as fraud, corruption and any intentional acts that may damage the group's standing.

Accountability and vigilance

The group maintains a robust stance on enforcement to protect its operational integrity. We apply a zero-tolerance approach to any form of misconduct, ensuring that all alleged offenders are reported for prosecution.

Supporting this culture of accountability is our independent, anonymous whistleblowing hotline.

This facility is a critical component of our governance framework, providing a safe and secure channel for stakeholders to report wrongdoing. By ensuring these reports are handled with the highest degree of confidentiality and independence, we uphold transparency and best practices across the business without fear of reprisal.

CORPORATE CITIZENSHIP

The board recognises that the BIHL Group's success is intrinsically linked to the health and prosperity of the environment and the communities we serve. Our commitment to being a responsible corporate citizen is centred on three core pillars:

- **Societal growth and development**

We are dedicated to playing an active role in the socio-economic advancement of the societies in which we operate. By investing in local growth, we help build a more resilient and inclusive economy.

- **Environmental stewardship**

We acknowledge our responsibility for the environmental impact of our operations. We are committed to accountability and the implementation of sustainable practices that protect our natural resources for future generations.

- **Adaptive evolution**

As our communities change, so does our approach. We strive to stay responsive to shifting social dynamics, ensuring our business remains relevant and supportive of the evolving needs of our stakeholders.

At the heart of these efforts is an unwavering commitment to compliance. We view adherence to all laws and regulations not merely as a technical requirement, but as a critical foundation for ethical citizenship and a key driver of trust in the BIHL brand.

CORPORATE GOVERNANCE OVERVIEW continued

Governance structure

The board

Independent non-executive directors

Dr Keith Jefferis
(Group Chairman)

Edwin Elias
(Bifm and Bifm Unit Trusts Chairman)

Mark Hopkins

Kate Maphage
(Human resources committee Chairman)

Dr Athalia Molokomme
(appointed 5 March 2025)

Pragnaben Naik
(Audit and risk committee Chairman)

Mustafa Sachak
(Botswana Life Chairman)

Non-executive directors

Robert Dommisie

Nigel Suliaman

Executive directors

Catherine Lesetedi
(Group Chief Executive Officer)

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

	Audit and risk committee	Human resources committee	Independent review committee	Investment committee	Nominations committee
Members	Pragnaben Naik (Chairman) Philip Van Rooijen Robert Dommisie Edwin Elias Kopanang Thekiso Giles Waugh	Kate Maphage (Chairman) Robert Dommisie Dr Keith Jefferis Mustafa Sachak	Edwin Elias (Chairman) Dr Keith Jefferis Robert Mpabanga Mustafa Sachak	Robert Mpabanga (Chairman) Dr Keith Jefferis Nigel Suliaman Robert Dommisie	Robert Mpabanga (Chairman) Dr Keith Jefferis Robert Dommisie
Independent	3 of 6	3 of 4	4 of 4	2 of 4	2 of 3
Focus areas	Financial reporting and disclosure: Enhancing the maturity of IFRS 17 reporting processes and integrating ESG metrics into the annual reporting framework. Combined assurance: Optimising the coordination between internal audit, external audit and management to ensure comprehensive risk coverage and operational efficiency. Cyber resilience and data privacy: Strengthening the group's defences against evolving cyber threats and ensuring rigorous compliance with the Botswana Data Protection Act. AI and technology governance: Establishing oversight frameworks for the ethical use of AI and emerging technologies within financial services. Ethical conduct and anti-fraud: Strengthening AML controls and leveraging whistleblowing data to proactively address root causes of misconduct.	Employment Act alignment: Harmonising all internal policies and contracts with the new Botswana Employment Act. Succession depth: Expanding talent pipelines into middle management to mitigate key-person dependency and ensure leadership continuity. Employee wellness and EVP: Enhancing our EVP through data-driven mental health and hybrid-work productivity frameworks. Pay equity and inclusion: Ensuring objective, fair and performance-based remuneration across the group.	Evaluating and overseeing all related party transactions to ensure they are conducted on an arm's-length basis and remain in the best interest of the group and its shareholders	Defining and continuously monitoring investment strategies to ensure they remain aligned with the group's risk appetite and long-term objectives.	Cognitive diversity strategy: Shifting recruitment focus to a mix of problem-solving styles and intergenerational perspectives.
	Refer to page 106 for the full report.	Refer to page 107 for more details.	Refer to page 107 for more details.	Refer to page 107 for more details.	Refer to page 107 for more details.

CORPORATE GOVERNANCE OVERVIEW continued

BOARD LEADERSHIP AND
COMPOSITION

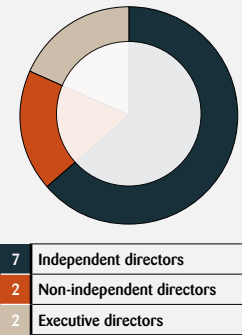
Structure and diversity

BIHL operates under a unitary board currently comprising 11 directors. To ensure objective oversight and a robust 'checks and balances' system, the majority of the board, seven members, are independent non-executive directors.

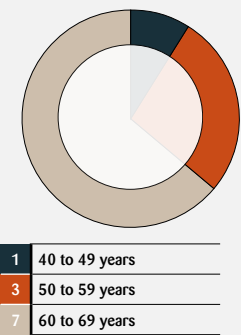
The Chairman remains dedicated to maintaining a board that is balanced, effective and appropriately scaled to the magnitude of our operations. We purposefully pursue diversity as a strategic asset, ensuring our leadership possesses a robust blend of technical expertise across insurance, risk, capital management and digital transformation. This is complemented by a deliberate balance of independence and tenure, where fresh perspectives are integrated with the deep institutional knowledge of our long-serving directors. Furthermore, we actively evaluate demographics, including age and gender, to ensure the board reflects the diversity of the society and the markets we serve, ultimately strengthening our decision-making and long-term resilience.

THE BOARD

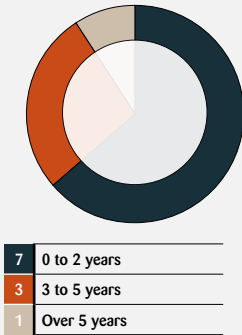
Board independence



Board age diversity



Board tenure



The board charter

Our governance framework is anchored by a formal board charter, which is reviewed and adopted annually. The charter acts as a constitutional guide, ensuring every director is fully aware of their legal duties and the regulatory standards governing their conduct. It guarantees that sound corporate governance principles are applied to every decision made on behalf of the BIHL Group.

Strategic oversight and responsibility

The board is collectively responsible for the long-term success of the group. Beyond setting the strategic direction, the board ensures the group is suitably resourced to achieve its aspirations.

In every decision, the board weighs its responsibility to a broad range of stakeholders, including our employees, shareholders, regulators, clients and the

communities in which we operate. This ensures that BIHL remains a sustainable and socially responsible organisation.

Balance of power

To ensure a clear division of responsibilities and prevent any single individual from having unfettered power, the roles of the Group Chairman and Group CEO are separate and clearly defined. This structure safeguards the interests of all stakeholders and provides a transparent environment for decision-making.

Board effectiveness and management engagement

To use its time efficiently, the board maintains a structured annual programme and a rolling agenda, supported by the group's Company Secretary.

This provides flexibility to address emerging market issues or regulatory changes at the appropriate time.

A key feature of our governance is the active interaction between the board and the management team. This is achieved through continuous strategic dialogue, where informal sessions allow for deep-dive discussions on the external environment and long-term business strategy. To ensure the board remains agile, the Group CEO provides comprehensive operational insights at every meeting, covering market performance and stakeholder developments. Furthermore, the regular presence of senior executives at board and subcommittee meetings ensures that our directors have direct, unfettered access to the technical expertise and real-time operational data required for rigorous and effective oversight.

CORPORATE GOVERNANCE OVERVIEW continued

OVERSIGHT PRIORITIES

Corporate
citizenshipStakeholder
relationsRisk and
control
oversight

Remuneration

Ethics and
cultureAccountability
and
transparency

BOARD FOCUS AREAS FOR 2025 AND 2026

What kept the board busy in
2025

In the previous financial year, the board focused on foundational shifts in strategy and governance:

- **Strategy realignment:** Reviewed the five-year roadmap
- **ESG and ethics:** Integrated sustainability and ethical AI frameworks
- **Compliance:** Prioritised data privacy and governance reforms
- **Economic resilience:** Managed macroeconomic pressures and volatility.

What will keep the board busy in
2026

Looking ahead, the board's agenda shifts toward **execution, digital maturity and legislative agility:**

- **King V Report on Corporate Governance for South Africa, 2025™ transition:** Early adoption of new African governance standards
- **Strategy execution:** Shifting to performance monitoring and capital efficiency
- **Legislative alignment:** Complying with the new Botswana Employment Act
- **AI maturity:** Leveraging AI for efficiency and customer experience
- **Value optimisation:** Pursuing diversification and regional growth
- **Human capital:** Building leadership pipelines and digital skill sets.



CORPORATE GOVERNANCE OVERVIEW continued

BOARD AND COMMITTEE MEETING ATTENDANCE

The board of directors maintains a proactive and disciplined governance schedule, meeting at least four times annually to refine our business philosophy, debate strategic priorities and set robust risk parameters. Beyond approving budgets and financial performance, the board provides rigorous oversight of all delegated duties to ensure that management's execution remains strictly aligned with shareholder interests.

To maintain agility in a dynamic environment, our decision-making framework allows for special meetings to address urgent, emerging challenges, as well as round-robin resolutions for time-sensitive administrative matters. This dual approach ensures that the board remains responsive and that the group's momentum is maintained without compromising legal or governance standards.

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

	Board	Audit and risk committee	Human resources committee	Nominations committee
Dr Keith Jefferis ¹ (Group Chairman)	5/5	n/a	5/5	1/1
Catherine Lesetedi ³ (Group Chief Executive Officer)	5/5	5/5	5/5 ⁴	n/a
Frank Dalo ³ (Group Chief Financial Officer)	5/5	5/5 ⁴	n/a	n/a
Robert Dommissie ²	5/5	5/5	5/5	1/1
Edwin Elias ¹ (Bifm and Bifm Unit Trusts Chairman)	5/5	5/5	n/a	n/a
Mark Hopkins ¹	5/5	n/a	n/a	n/a
Kate Maphage ¹	5/5	n/a	5/5	n/a
Dr Athalia Molokomme ¹	5/5	n/a	n/a	n/a
Pragnaben Naik ¹	5/5	5/5	n/a	n/a
Mustafa Sachak ¹ (Botswana Life Chairman)	5/5	n/a	5/5	n/a
Nigel Suliaman ²	5/5	n/a	n/a	n/a

¹ Independent non-executive

² Non-executive

³ Executive

⁴ Invitee

BOARD COMMITTEES

The board of directors maintains ultimate accountability for the company's success but delegates specific technical functions to specialised subcommittees. This structure allows for deeper focus, rigorous oversight and specialised expertise in key areas of the business.

Each subcommittee operates under a formal charter approved by the board. These charters are reviewed and updated annually to ensure they remain aligned with global best practices and evolving regulatory requirements.

Key governance principles

To ensure independence and high standards of accountability, our committee structure is built upon a foundation of independence and rigorous accountability, designed to protect stakeholder interests. To ensure objective oversight, all subcommittees are led by independent non-executive directors who provide a critical balance to management's perspective. This is supported by a culture of transparent reporting, where formal minutes from every session are submitted to the board to ensure comprehensive deliberation on all key issues. Furthermore, we prioritise high performance and renewal through merit-based appointments and a structured rotation policy; committee membership is subject to regular review by the nominations committee, and seats are automatically vacated upon a director's retirement by rotation. This disciplined approach ensures our committees remain agile, ethically sound and equipped with fresh, diverse perspectives.

Overview of main subcommittees

The board is currently supported by four principal committees:

- **Audit and risk committee:** Oversees financial reporting, internal controls and the effectiveness of the risk management framework
- **Human resources committee:** Focuses on executive remuneration, talent management and ensuring fair labour practices
- **Nominations committee:** Responsible for board succession planning and evaluating the balance of skills, experience and diversity among directors
- **Independent review committee:** Provides an objective lens on specific transactions or matters where potential conflicts of interest may arise.



Information on the board of directors and their committee memberships is included in this report on **pages 93 to 95**.

CORPORATE GOVERNANCE OVERVIEW continued

BOARD APPOINTMENTS AND SUCCESSION PLANNING

The board is committed to a formal, transparent and rigorous appointment process. Our goal is to maintain a diverse and vibrant board that possesses the right balance of industry knowledge, professional skills and experience to drive our strategic objectives.

Our governance framework is anchored in independence and objectivity, with a board composed primarily of independent non-executive directors who provide constructive challenge to management and ensure performance aligns with strict codes of conduct. This strategic leadership is central to our success, as the board sets the group's long-term direction and oversees the appointment of the Group CEO. To safeguard our future, succession planning and performance remain standing priorities, supported by a rigorous annual evaluation for every director. Finally, we uphold the principles of shareholder democracy; in accordance with our Constitution, one-third of our non-executive directors retire by rotation each year, with their re-election submitted to shareholders at the AGM as individual resolutions for their consideration and approval.

RISK AND CONTROL

The board maintains rigorous oversight of the group's safety and stability through a comprehensive enterprise risk framework. This framework is designed to identify both principal and emerging risks, ensuring the group remains resilient and prepared for shifting market conditions. Central to this approach is a clearly defined risk appetite, which sets the boundaries for the level of risk we are willing to accept to achieve our strategic goals.

The board monitors these limits closely through specialised committees, reviewing regular reports to ensure risk-taking remains disciplined. By consistently tracking risk triggers, the board ensures that management is empowered to take swift, decisive action should any limits be approached, safeguarding the group's long-term sustainability and shareholder value.



Refer to the risk management report on **page 22** for further details.

STAKEHOLDER ENGAGEMENT AND RELATIONS

The board and management are committed to proactive engagement with all material stakeholders, ensuring that their concerns are identified, prioritised and addressed. Our approach is rooted in collaboration; we actively cultivate strategic partnerships with like-minded organisations to drive mutual value.

To maintain transparency and market confidence, the group hosts dedicated briefings with analysts, fund managers and trustees as appropriate. Furthermore, BIHL ensures equitable access to information by publishing interim and annual financial results across multiple channels, including national media, the BSE X-News platform and the official company website. Our integrated annual report is made available digitally to ensure all shareholders have a comprehensive view of the group's performance and strategic direction.



Refer to stakeholder engagement on **page 26** for further details.

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

Shareholders are always encouraged to attend the AGM.

ACCOUNTABILITY AND TRANSPARENCY

The board is dedicated to delivering credible and comprehensive financial and non-financial reporting. We believe that transparency is the foundation of trust; therefore, we align our disclosures with international best practices. All reporting is supported by constructive stakeholder engagement and remains subject to rigorous internal and external assurance to ensure accuracy and integrity.

IT AND INFORMATION GOVERNANCE

BIHL views IT governance as a strategic imperative rather than a technical function. Our approach ensures that technology investments are aligned with business objectives while maintaining strict regulatory compliance.

Framework and oversight

The group IT charter and a formalised information governance framework define our standards for the responsible and secure management of data. As data becomes increasingly central to our operations, these practices ensure we protect and enhance the value of our information assets. Oversight is maintained at the highest level, with the board and Senior Management regularly reviewing the strategic significance of our IT landscape.

Risk management and internal controls

To safeguard our operations and digital assets, the group maintains a robust IT internal control framework strictly aligned with global industry standards, including ITIL and COBIT 5. We ensure continuous assurance through mandatory annual audits conducted by both SanlamAllianz IT internal audit and an independent external auditor.

This technical oversight is matched by proactive mitigation at the leadership level; the board receives detailed quarterly reports on IT objectives and emerging challenges, while IT risks are reviewed monthly. By maintaining a dynamic IT risk register in accordance with our cyber-resilience framework, we ensure that our digital defences remain agile and effective in an evolving threat landscape.

Operational excellence and resilience

Our IT function executes a strategic portfolio designed to drive operational efficiency and long-term cost-effectiveness. We remain focused on digital transformation, deploying advanced systems that enhance the experience for both our clients and employees.

This is underpinned by a commitment to cybersecurity and infrastructure, where we maintain a modern, resilient environment to protect against evolving global threats. To ensure the group's stability, our business continuity protocols include a formal management policy and rigorous biannual testing of our disaster recovery readiness, with results directly monitored by the IT steering committee and the board. Reflecting the success of these robust controls, we are pleased to report that there were no cybersecurity breaches during the year under review.

CORPORATE GOVERNANCE OVERVIEW continued

REMUNERATION REPORT

Remuneration philosophy

Our approach

The board recognises that our ability to deliver long-term shareholder value is inextricably linked to our ability to attract, develop and retain high-calibre talent. In an environment defined by economic headwinds, evolving regulations and a competitive skills market, our remuneration philosophy acts as a strategic driver for high performance.

Our philosophy is designed to reward exceptional results and ensure that such performance is sustained over time.

Primary objectives

The group's remuneration policy is built upon four pillars:

- Talent excellence: To attract, motivate and retain the intellectual capital required to lead the group
- Strategic alignment: To drive the achievement of our strategic objectives within a defined risk appetite
- Ethical culture: To promote behaviour consistent with our values and responsible corporate citizenship
- Transparency: To provide stakeholders with a clear framework of how we reward our people.

The total reward strategy

We apply a total reward approach to ensure our compensation remains competitive, holistic and closely aligned with the long-term interests of our shareholders. This strategy is built on three essential pillars: guaranteed remuneration, providing a stable foundation through market-related base salaries and benefits; variable pay, which utilises short-term and long-term incentives to link rewards directly to performance results; and development, reflecting our sustained investment in continuous learning and a high-engagement work environment.

While we maintain consistent overarching principles to ensure high standards of governance, we empower our subsidiary businesses to apply discretion through their respective remuneration committees. This balanced framework ensures that rewards remain fair, rational and responsive to specific market conditions while driving a culture of accountability across the group.

Our governing pay principles

To ensure the integrity of our remuneration practices, the board adheres to the following core principles:

Principle	Our commitment
Pay for performance	We create a clear differentiation in reward based on individual contribution. Performance hurdles are directly aligned with the group's strategic milestones.
Shareholder alignment	We ensure that the interests of our employees are mirrored by the interests of our shareholders. Individual rewards are influenced by group, business unit and individual performance.
Competitiveness	We utilise accurate, up-to-date market data from reputable sources to ensure our packages are competitive enough to secure the industry's best talent.
Fairness and consistency	While we differentiate based on specialised skills and performance, we are committed to transparency. Any variation in pay for similar roles must be fair, rational and explainable. Unfair differentiation is strictly unacceptable.
Best practice	Our packages and processes are regularly reviewed against local and international benchmarks to ensure they remain practical and relevant.

Risk and governance

Our performance management process is the backbone of our remuneration structure. It provides a disciplined framework for identifying value-adds and ensures that all employees are recognised for achieving results that move the group toward its stated strategic objectives. Notably, our emphasis on 'responsible citizenship' ensures that performance is never pursued at the expense of our ethical standards or risk appetite.



CORPORATE GOVERNANCE OVERVIEW continued

EXECUTIVE REMUNERATION STRUCTURE

Employment terms

Executive directors and members of the executive committee are employed on full-time, permanent contracts. To ensure stability and orderly succession, these contracts include a three-month written notice period. The treatment of any outstanding short-term or long-term incentives upon termination is strictly governed by scheme rules, with the human resources committee exercising oversight to ensure fair and consistent outcomes.

The remuneration mix

Our remuneration framework is designed to balance guaranteed pay with ‘at-risk’ incentives that only vest when specific performance hurdles are met.

Component	Description	Primary driver
Total guaranteed package	Fixed cash and benefits	Market value, role complexity, and individual potential
Short-term incentives	Annual cash bonus	Achievement of yearly financial and operational targets
Long-term incentives	Share-based awards	Strategic contribution and long-term shareholder value creation

Total guaranteed package (TGP)

The TGP serves as the essential foundation of our talent strategy, enabling the group to attract and retain the specialised expertise necessary to lead a complex financial services organisation. To ensure our pay remains fair yet competitive, we benchmark our roles against a comparator group of similarly sized peers within the insurance and financial sectors. Our policy is to position guaranteed pay at the 50th percentile (median) for general staff and at the 75th percentile for highly specialised or critical roles. This market-aligned approach is complemented by a flexible benefits structure, allowing employees to tailor their retirement, life cover and medical insurance to their individual needs.

Short-term incentives (STI)

Our annual bonus plan is specifically designed to motivate employees to meet and exceed operational targets that optimise returns for our shareholders. These incentives are strictly linked to key performance indicators, including operating profit, new business revenue growth and expense management. To maintain a disciplined pay-for-performance culture, rewards are capped at 50% of TGP for executive directors and 10% for general staff upon full achievement of targets. Furthermore, we utilise a sliding scale for partial achievement and measure support functions against group-wide performance to ensure total strategic alignment across the organisation.

Long-term incentives (LTI)

The LTI programme is a vital tool for aligning the interests of our leadership with those of our shareholders by encouraging long-term share ownership. Through schemes such as the BIHL conditional share plan, we grant annual awards that reflect an individual's strategic impact and contribution to the group's transformation. To promote sustained growth and executive retention, these awards are subject to a three-year vesting period. To protect against shareholder dilution, the board maintains strict governance limits, capping total share allocations at 10% of issued shares, with individual participants restricted to a maximum of 1%.



CORPORATE GOVERNANCE OVERVIEW continued

EXECUTIVE DIRECTOR REMUNERATION DETAILS

The following table provides a transparent breakdown of the remuneration earned by executive directors for the financial year ended 31 December 2025.

Remuneration for the year ended 31 December

Individual	Months in service	Salary P	Gratuity fund P	Subtotal guaranteed package P	Performance bonus P	Long-term incentive P	Acting allowance P	Total remuneration P
2025								
C Lesetedi	12	3 347 879	669 576	4 017 455	1 273 738	2 181 713	–	7 472 906
F Dalo	12	2 152 834	430 567	2 583 401	621 116	–	14 678	3 219 195
Total		5 500 713	1 100 143	6 875 892	1 894 854	2 181 713	14 678	17 567 994
2024								
C Lesetedi	12	3 250 368	650 074	3 900 442	1 117 314	1 870 644	–	6 888 400
K Mukushi	12	1 936 493	380 808	2 317 301	502 038	1 079 218	–	3 898 557
Total		5 186 861	1 030 882	6 217 743	1 619 352	2 949 862	–	10 786 957

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

Fee philosophy and governance

The remuneration for non-executive directors is structured to attract and retain the global expertise required to provide high-level oversight and strategic guidance. To maintain their independence and objectivity, non-executive directors do not receive any performance-related incentives, nor do they participate in any of the group's share-based incentive schemes.

Determination of fees

Our fee structures are subject to a rigorous review process:

- **Independent benchmarking:** Fees are reviewed every three years, utilising data from independent service providers and expert external advisors to ensure alignment with market standards
- **Approval process:** Recommendations are vetted for reasonableness by the human resources committee and the board before being presented to shareholders for a final vote at the AGM
- **Stability:** Once approved, the fee structure typically remains in place for a two-year cycle.

Fee structure components

The group compensates non-executive directors through a combination of retainers and meeting attendance fees:

- **Board and committee fees:** Directors receive a retainer and 'sitting fees' for each meeting attended
- **Group Chairman:** The Chairman receives a single, fixed annual fee. This 'all-in' fee covers the leadership of the board, committee attendance, and all additional services performed on behalf of the group
- **Expenses:** BIHL covers all reasonable travel and accommodation expenses incurred by directors in the performance of their duties and attendance at board meetings.

CORPORATE GOVERNANCE OVERVIEW continued

NON-EXECUTIVE DIRECTORS' EMOLUMENTS

In compliance with the BSE Listings Requirements, the table below provides full disclosure of the emoluments paid to individual directors for the financial year ended 31 December 2025.

	BIHL board P	Special P	Audit and risk committee P	Human resources committee P	Investment committee P	Nominations committee P	Subsidiaries P	Total P
Year ended 31 December 2025								
Dr K Jefferis (<i>Group Chairman</i>)	775 482	17 119	–	–	–	–	–	792 601
R Dommisse ²	232 252	32 098	128 553	79 000	–	–	149 682	621 585
E Elias	232 252	27 582	128 553	–	–	–	315 270	703 657
M Hopkins	232 252	3 500	–	–	–	–	–	235 752
K Maphage	232 252	32 219	–	139 635	–	–	169 432	573 538
Dr A Molokomme	204 253	7 000	–	–	–	–	–	211 253
P Naik	232 252	7 000	251 539	–	–	–	–	490 791
M Sachak	232 252	43 466	–	79 000	–	–	412 902	767 620
N Suliaman ²	232 252	32 219	–	–	145 508	–	149 682	559 661
A Cartwright ¹	53 210	3 500	71 911	–	–	–	62 650	191 271
Total	2 658 709	205 703	580 556	297 635	145 508	–	1 259 618	5 147 729
Year ended 31 December 2024								
Dr K Jefferis (<i>Group Chairman</i>)	–	723 188	–	–	–	–	–	738 188
A Cartwright ¹	100 000	100 838	287 644	–	–	–	–	692 182
R Dommisse ²	100 000	100 838	126 404	–	–	26 250	–	603 026
E Elias	100 000	100 838	129 204	–	–	–	–	602 212
A Hegazy	–	20 645	–	–	–	–	–	20 645
J Hinchliffe	–	20 645	34 401	–	–	–	–	117 546
K Maphage	100 000	100 838	–	–	–	–	–	517 859
T Masire	100 000	75 629	–	–	–	–	–	175 629
N Suliaman ²	100 000	100 838	–	–	143 076	–	–	496 344
M Sachak	100 000	75 629	–	–	–	–	–	561 483
K Vlok	–	20 645	–	–	–	–	–	53 645
Total	700 000	1 440 571	577 653	–	143 076	26 250	–	4 578 759

¹ A Cartwright resigned on 8 April 2025.

² Non-independent director. Fees paid to Sanlam.

CORPORATE GOVERNANCE OVERVIEW continued

BOARD PERFORMANCE AND EVALUATION

The evaluation process

The board recognises that peak performance requires continuous self-reflection. On an annual basis, directors complete comprehensive self-assessment questionnaires to evaluate the effectiveness of the board as a collective unit. This process ensures that both the board and individual directors remain aligned with the board charter, the group Constitution, and the governance principles of **King IV™**. Our evaluation is built on two critical pillars:

- **Conformance:** Ensuring strict adherence to regulatory requirements and ethical standards
- **Performance:** Actively driving the strategic growth and long-term success of the group.

The Group Company Secretary collates these assessments, which are then reviewed by the Group Chairman and discussed by the full board. This structured approach allows us to identify specific strengths and implement targeted improvements that enhance our overall governance.

Key findings and actions

Following the self-evaluation exercise conducted in late 2025, the board has identified clear focus areas for 2026 to ensure continued leadership excellence:

- **Succession planning:** We are prioritising the formal execution of a robust succession plan. This ensures leadership continuity and prepares the group for future transitions at both the board and executive levels
- **Committee reporting:** We are enhancing the depth and detail of report-backs from board committees to further sharpen the board's collective decision-making process
- **Stakeholder engagement:** A key finding involved deepening our understanding of stakeholder expectations. We are committed to refining how we perceive and respond to the interests of those we serve, ensuring our performance remains aligned with the needs of all our stakeholders.

ETHICS AND CONFLICTS OF INTEREST

Conflict management

Integrity is the foundation of our governance, and we maintain a transparent environment where directors are required to disclose any actual or potential conflicts of interest immediately. To protect the objectivity of our leadership, any director with a conflict must recuse themselves from related discussions and decision-making, ensuring that every board action is taken solely in the best interest of the group.

This commitment is supported by a robust oversight process: directors provide comprehensive annual updates on their shareholdings and external interests, and any new board appointments require prior consultation with the Group Chairman or CEO. Ultimately, the board formally confirms that all members remain free from any relationships that could compromise their independent judgement or the time required to serve our shareholders effectively.

Share dealings and closed periods

The group strictly adheres to the **BSE Listings Requirements** regarding share dealings. Our 'closed-period policy' prohibits directors and staff from trading in BIHL securities while sensitive information, such as half-year or full-year financial results, is being finalised. A rigorous pre-approval process is mandatory for all trades by directors and key employees. Similar personal trading policies are enforced across our portfolio investment companies to maintain market integrity.



CORPORATE GOVERNANCE OVERVIEW continuedPROFESSIONAL SUPPORT AND
INDEPENDENT ADVICE

Statutory Actuary and forensics

As a leader in the financial services sector, we rely on independent expertise to safeguard our policyholders and stakeholders.

- **Independence:** Our Statutory Actuary is an independent professional, not employed by the group, ensuring an objective valuation of Botswana Life
- **Regulatory oversight:** The Actuary is responsible for regulatory reporting to the Non-Bank Financial Institutions Regulatory Authority (NBFIIRA)
- **Active participation:** To ensure the board remains informed on actuarial risks, the Statutory Actuary attends all interim and year-end board meetings, as well as audit and risk committee sessions.



The report of the Statutory Actuary is set out on **pages 111 to 113** of this integrated annual report.

The Group Company Secretary

All directors have unfettered access to the advice and services of the Group Company Secretary, who ensures that board procedures are followed and that applicable rules and regulations are complied with. Furthermore, directors are entitled to seek independent professional advice at the group's expense to assist them in fulfilling their duties.

Role and governance oversight

The Group Company Secretary, Kagiso Mokgothu, serves as a strategic partner to the board, ensuring that the group operates within the highest standards of statutory compliance and corporate governance. Her role is central to maintaining the integrity of board procedures and ensuring adherence to King IV™ principles and the BSE Listings Requirements.

Accountability and professional support

The board has formally evaluated and expressed full confidence in the Group Company Secretary, whose expertise and experience are vital to our high governance standards. She is directly accountable to the board for maintaining the group's ethical integrity and ensuring all governance procedures are strictly followed. Beyond providing continuous guidance to help directors fulfil their fiduciary duties, she also serves as the primary coordinator for any independent professional advice required by the board. This established practice ensures that all external consultations remain streamlined, transparent and aligned with our commitment to disciplined leadership.

Independence and arm's-length relationship

To ensure the objectivity of the secretariat, the board maintains an arm's-length relationship with the Group Company Secretary. The board confirms that Kagiso Mokgothu is not a director or public officer of the group or any of its subsidiaries, ensuring there is no conflict of interest in the execution of her duties.

STRATEGIC RISK MANAGEMENT

Board responsibility and delegation

The board holds ultimate responsibility for the governance of risk across the BIHL Group. To ensure comprehensive oversight, the board has mandated the audit and risk committee to monitor and manage the group's risk profile.

The mandate of the audit and risk committee

The audit and risk committee plays a critical role in safeguarding the group's long-term sustainability by continuously monitoring the evolving risk landscape. By identifying potential threats to our strategic objectives and maintaining robust risk management policies, the audit and risk committee ensures our defences remain effective in a changing economic environment. Through transparent and regular reporting, the committee provides the board with the detailed insights necessary to make informed, risk-adjusted decisions that protect shareholder value.



A detailed risk management report is included on **pages 22 to 25**.

OPERATIONAL INTEGRITY AND COMPLIANCE

Employment equity and localisation

At BIHL, we view localisation and employment equity as strategic imperatives rather than mere compliance requirements. Every business within the group with an expatriate maintains a formal localisation plan, reviewed from time to time, to ensure our workforce reflects the diversity of the markets we serve while remaining aligned with industry needs and our long-term business objectives.

Financial reporting and assurance

To ensure the highest levels of transparency, our financial reporting adheres to IFRS Accounting Standards and the Companies Act (CAP 42:10).

This commitment is supported by a dual-layered audit approach: our internal audit function leverages global expertise from the Sanlam Group alongside dedicated local resources to conduct regular, risk-focused reviews of our internal controls.

To further verify these results, an independent external auditor provides an objective opinion on our financial statements. By working in close cooperation, our internal and external audit teams ensure comprehensive oversight and efficient resource use, providing the board and our shareholders with reasonable assurance that the group's financial health is accurately and reliably presented.

CORPORATE GOVERNANCE OVERVIEW continued

LEGAL AND REGULATORY COMPLIANCE

Compliance is an integral part of our licence to operate and we maintain an exemplary record of adherence to the BSE Listings Requirements and the Botswana Accountancy Oversight Authority standards. Our proactive compliance function continuously monitors regulatory shifts and implements robust controls across the group to ensure we stay ahead of evolving legal requirements.

We are pleased to report that during the year under review, there were no compliance issues, legal actions or investigations related to anti-competitive behaviour. Supported by our compliance framework manual, every employee is equipped with clear protocols for ethical conduct and suspicious activity reporting, ensuring BIHL remains a resilient and principled organisation.

RISK GOVERNANCE AND RESILIENCE

Risk philosophy

Our risk strategy is focused on optimising returns while maintaining a disciplined profile within approved limits. Rather than attempting to eliminate all risk, we manage it through a balanced approach: we mitigate risks within our appetite through robust controls, strictly avoid those with potentially catastrophic impacts and maintain comprehensive business continuity management (BCM) plans. This proactive management ensures that the group remains resilient and capable of navigating unforeseen disruptions while continuing to deliver long-term value.

Going concern

After considering all relevant facts and future assumptions, the board has concluded that BIHL remains a going concern. There are no material uncertainties regarding cash flows or operational results that would impact the group's ability to continue operations for the foreseeable future (at least 12 months following this report).

Commitment to King IV™

For decades, BIHL has been an early adopter of global best practices. We are well advanced in our journey toward full alignment with King IV™.

Our adoption of these principles reflects a shift toward inclusive, integrated thinking. We believe that a sustainable organisation is one that prioritises long-term value over short-term gains, embracing new technologies and transparent disclosure to thrive within the ecosystems in which we operate. For BIHL, superior governance is not a destination, but an ongoing priority.



Refer to **pages 101 to 105** for our application of King IV™.



BOARD OF DIRECTORS

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



DR KEITH JEFFERIS (69)

Group Chairman

Nationality: Botswana • Appointed: July 2023



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

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

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

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



FRANK DALÓ (47)

Group Chief Financial Officer

Nationality: Malawian/British • Appointed: March 2025



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

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

Frank is a highly technical and strategic financial leader, possessing over 15 years of extensive experience in actuarial management and insurance operations. Appointed as Group CFO in March 2025, Frank oversees the group's financial strategy, capital management and fiscal reporting.

Prior to his current role, he served as Group Chief Actuary of the BIHL Group and previously held senior roles at Botswana Life Insurance Limited, Deloitte MCS Limited, HSBC Global Services (UK) and Standard Life Insurance Limited (UK). He is an experienced executive with extensive expertise in actuarial science, finance and corporate strategy within the life insurance and financial services sectors.

Since joining the group, Frank has successfully bridged the gap between actuarial risk and financial performance. His appointment to Group CFO ensures that the group's financial trajectory is underpinned by world-class technical expertise and a robust understanding of the international insurance landscape.



CATHERINE LESETEDI (58)

Group Chief Executive Officer

Nationality: Botswana • Appointed: March 2016



BA in Statistics and Demography (University of Botswana), Certificate Program in Executive Leadership (Cornell University, New York City), Management Development Programme (UCT Graduate School of Business), Executive Leadership Programme (Gordon Institute of Business Science), Diploma in Insurance Studies (UNISA), Advanced Insurance Practice (UNISA), Fellow of the Insurance Institute of South Africa

Skills and value proposition

- **Strategic leadership:** Expert in navigating large-scale organisational transitions and fostering an intrapreneurial culture within complex corporate structures
- **Sector mastery:** Comprehensive knowledge of the integrated insurance, pensions and investment landscapes across the African continent
- **Risk and actuarial oversight:** A sophisticated understanding of risk management frameworks and the actuarial underpinnings of long-term insurance
- **Corporate governance:** Extensive experience in board-level decision-making, fiduciary oversight and multijurisdictional compliance.

Catherine is a highly distinguished financial services executive whose career is defined by strategic leadership, operational excellence and a deep-seated commitment to the financial services sector. Since assuming the role of Group CEO in 2016, she has been the primary architect of the group's growth strategy, ensuring the organisation maintains its market-leading position through innovation and resilience.

A seasoned veteran of the insurance industry, Catherine brings over 25 years of specialised experience in life, pensions and employee benefits. Her technical pedigree was established during her tenure with a leading global brokerage and risk advisory firm, and was further solidified during her transformative five-year leadership as CEO of the group's life insurance subsidiary. Her promotion to Group CEO reflects her proven ability to translate complex insurance portfolios into sustainable shareholder value and cohesive group-wide growth.

Board responsibilities

Catherine serves as the primary executive link between the group and its subsidiaries, representing BIHL's interests across several subsidiary and associate boards. Her leadership ensures strategic alignment across the group's diverse portfolio of financial services.

BOARD OF DIRECTORS continued**ROBERT DOMMISSE** (57)**Non-executive****Nationality:** South African • **Appointed:** December 2020

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

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

Robert is a distinguished financial services executive with over 33 years of experience in accounting, investment management and pan-African insurance operations. As a member of the BIHL, Bifm and Bifm Unit Trusts boards, he provides vital cross-border insights and strategic governance to the group's asset management and insurance entities.

Robert currently leads the life insurance vertical for a major pan-African financial services group, where he oversees 21 life insurance businesses across the continent. His extensive experience in managing diverse insurance markets and his deep understanding of international financial systems are instrumental in aligning the group's local operations with global best practices and regional growth strategies.

His dual expertise as a Chartered Accountant and a seasoned leader of African insurance operations allows him to provide the board with high-level technical oversight. His role is pivotal in ensuring the group's investment and insurance strategies are both fiscally sound and competitively positioned within the broader African landscape.

**EDWIN ELIAS** (51)**Independent non-executive****Nationality:** Botswana • **Appointed:** August 2023

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

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

Edwin was appointed to the BIHL board in August 2023.

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

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

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

**KATE MAPHAGE** (64)**Independent non-executive****Nationality:** Botswana • **Appointed:** September 2023

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

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

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

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

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

**MARK HOPKINS** (69)**Independent non-executive****Nationality:** American • **Appointed:** November 2024

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

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

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

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

BOARD OF DIRECTORS continued**DR ATHALIA MOLOKOMME** (66)

Independent non-executive

Nationality: Motswana • Appointed: March 2025

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

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

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

She is a highly distinguished legal and diplomatic professional with a career spanning the judicial, governmental and international arenas over four decades. A former Judge and Attorney General of Botswana, she possesses a profound understanding of the domestic, regional and global legal landscape and the complexities of public policy.

Her international standing is reflected in her service as an Ambassador accredited to several multilateral agencies and her contributions to several global institutions. She currently serves on the boards and advisory councils of various international bodies focused on justice, accountability, human rights and the rule of law.

She brings unparalleled expertise and strategic insight to the group. Her unique blend of legal authority, diplomatic experience and proven leadership in both national and global contexts makes her an invaluable asset in navigating the evolving regulatory and governance landscape. Her commitment to excellence ensures that the group remains a benchmark for integrity and professional standards.

**NIGEL SULIAMAN** (60)

Non-executive

Nationality: South African • Appointed: June 2020

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

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

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

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

**PRAGNABEN NAIK** (65)

Independent non-executive

Nationality: British • Appointed: November 2024

B Accounting (Zimbabwe), Chartered Accountant

Skills brought to BIHL: Financial and accounting

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

She is a highly esteemed Chartered Accountant with over 40 years of professional experience in audit, advisory and corporate governance. A former partner at Deloitte & Touche Botswana, she retired in November 2023 following a distinguished 34-year tenure at the firm.

Throughout her career, she has acted as a trusted advisor to a vast portfolio of large-scale listed entities, private multinationals and parastatals. Her deep sector expertise spans the breadth of the Botswana economy, with a specialised focus on financial services and insurance. Her role on the board underscores the group's unwavering commitment to financial integrity, robust oversight and world-class governance standards.

Pragnaben's deep institutional memory and technical mastery of financial systems make her instrumental in guiding the group's strategic direction. The board relies on her extensive experience to ensure rigorous financial oversight and effective risk management, contributing to the group's continued stability and success.

**MUSTAFA SACHAK** (68)

Independent non-executive

Nationality: American • Appointed: July 2023

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

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

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

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

BIHL TRUST BOARD

EXECUTIVE TRUSTEES



CATHERINE LESETEDI (58)

Group Chief Executive Officer

Nationality: Motswana



Refer to **page 93** for her full CV.



NEO BOGATSU (52)

Executive Director: Retail – Botswana Life

Nationality: Motswana

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

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

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

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



CLAIR MATHE-LISENDA (46)

Chief Executive Officer – Bifm

Nationality: Motswana

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

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

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

BIHL TRUST BOARD continued

INDEPENDENT TRUSTEES

**ESTHER KANAIMBA-SENAI** (69)**Trust Chairman – BIHL****Nationality:** Motswana

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

Esther is an accomplished leader with specialised expertise in corporate and strategic communications, CSR, public administration and management, leadership and talent development, as well as policy formulation and implementation.

She has held executive positions in several organisations across diverse sectors, including broadcasting, productivity improvement, regional integration, investment promotion and diamond mining.

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

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

**SAMSON SETUMO** (56)**Nationality:** Motswana

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

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

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

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

**BRYAN ANIFASI** (40)**Nationality:** Zimbabwean

BBus (Hons) International Business (Limkokwing University), BA (Hons) Event Management (Limkokwing University), Post Graduate Diploma in Higher Education (GUC), MSc Early Childhood Development (GUC)

Bryan, Senior Managing Partner of EVSEG Consultancy, drives ventures that deliver commercial success and social impact. Over 13 years, his pioneering literacy initiatives have reached 300+ schools and 90 000 learners, including groundbreaking inclusive education programmes for blind and deaf learners that have shaped national policy conversations through Spelling Bee Botswana.

As director of Eye Health Clinics since 2020, he steers strategic direction for specialist ophthalmic care, while his governance expertise extends to serving in continental leadership roles including being National President of JCI Botswana (2023) and Global Representative for Africa and the Middle East on JCI's global merchandising committee, shaping brand and revenue strategy across 150+ countries.

Guided by a philosophy of building efficient social enterprises that transcend time and solve real problems, Bryan remains dedicated to productivity, innovation and authentic human connection; principles that define both his professional journey and the legacy he continues to build.

BIHL TRUST BOARD continuedINDEPENDENT TRUSTEES continued**KAENE DISEPO** (32)**Nationality:** Motswana

BSc International Relations, MSc Development Management (both London School of Economics and Political Science)

Kaene is a Botswana-based development strategist, institutional architect and executive convener. He is the founder of Change Africa and C-Suite Botswana, platforms advancing capital mobilisation, national development and legacy building across Africa. A former Youth Engagement Lead under Botswana's Office of the President, he led the National Mindset Change Community Ideathon across 31 districts, promoting grassroots innovation and community-driven enterprise. Kaene co-authored Botswana's Renewable Energy Transition Compact 2026–2030 and has mobilised over P30 million in public-private partnerships. He has represented Botswana in over 20 countries, championing Africa-Global cooperation, smart village innovation and inclusive economic transformation.

**CHRISTOPHER SEAGATENG** (38)**Nationality:** Motswana

BA Hons Broadcasting and Journalism (Limkokwing University of Creative Technology-Botswana), Mandela Washington Fellow (Appalachian State University-USA), MA Media Practice for Development and Social Change (University of Sussex), UK Chevening Scholar

Christopher is a youth development practitioner, policy contributor, and advocate for youth employment and leadership development in Botswana and across Africa. He has extensive experience in youth empowerment programming, stakeholder engagement, policy dialogue facilitation and strategic coordination with Government institutions, development partners and continental youth bodies.

He currently serves in various continental capacities, including the Pan African Youth Union and member of the UNESCO Youth Advisory Group. Christopher previously served as a board member for the Botswana National Youth Council where he provided advocacy for youth development, contributing as a technical expert for the Botswana Youth Policy Review 2026 to 2036, and a member of the National Development Plan 12 (NDP 12) Technical Working Group.

Christopher is the founding member and executive director of BW JOBS 4 GRADUATES, an organisation focused on bridging the gap between education and employment through career guidance, employability skills development, entrepreneurship support and youth-focused labour market interventions. Through his leadership, the organisation convenes national dialogues, such as National Youth Employment Forum and Youth Employment awards and capacity building and SRHR initiatives aimed at improving youth economic participation.

Over the years, he has coordinated and supported high-level youth engagements and development initiatives in partnership with Government ministries, regional institutions, civil society organisations and private sector stakeholders. His work continues to focus on advancing inclusive opportunities for young people, strengthening youth participation in governance processes and promoting sustainable socio-economic development.

Christopher is passionate about mentorship, leadership development and creating pathways for meaningful youth participation in national and continental development agendas. He previously worked as an Industry Relations Executive for the Limkokwing University, bridging the students and alumni with stakeholders and the world of work.

He is a Chevening Scholar at the University of Sussex, UK, where he is completing a Master of Arts in Media Practice for Development and Social Change, with a dissertation attachment at the Commonwealth Youth Council in London.

MANAGEMENT TEAM



CATHERINE LESETEDI (58)

Group Chief Executive Officer

Nationality: Motswana



Refer to **page 93** for her full CV.



FRANK DALÓ (47)

Group Chief Financial Officer

Nationality: Malawian/British



Refer to **page 93** for his full CV.



JOHAN VAN SCHALKWYK (52)

Group Chief Operating Officer

Nationality: South African

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

Johan was appointed as Group Chief Operating Officer (COO) in May 2023. He brings over 20 years of experience in the insurance industry.

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



THOMAS MASIFHI (59)

Group Executive: Corporate Distribution and Stakeholder Management

Nationality: Motswana

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

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

He was appointed to his current position in February 2017.

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

MANAGEMENT TEAM continued**HAIG NDZINGE** (49)**Group Executive: Finance Operations****Nationality:** Motswana

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

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

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

**NEO NDWAPI** (53)**Group Executive: Human Capital and Culture****Nationality:** Motswana

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

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

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

**NEO BOGATSU** (52)**Executive Director: Retail – Botswana Life****Nationality:** MotswanaRefer to **page 96** for her full CV.**CLAIR MATHE-LISENDA** (46)**Chief Executive Officer – Bifm****Nationality:** MotswanaRefer to **page 96** for her full CV.

KING IV™ APPLICATION REGISTER

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

OUTCOME: PROMOTING AN ETHICAL CULTURE

Principle 1

The governing body should lead ethically and effectively

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

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

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

Principle 2

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

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

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

Principle 3

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

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

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

OUTCOME: PERFORMANCE AND VALUE CREATION

Principle 4

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

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

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

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

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

KING IV™ APPLICATION REGISTER continued

Principle 5

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

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

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

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

Principle 7

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

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

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

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

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

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

Principle 8

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

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

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

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

OUTCOME: ADEQUATE AND EFFECTIVE CONTROL

Principle 6

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

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



The number of meetings held during the year and attended by each member are disclosed on **page 84**.

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

KING IV™ APPLICATION REGISTER continued**Principle 9**

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

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

The board is satisfied with the outcome of the board evaluation process that was conducted during the 2025 financial year. It has been confirmed that the board continued to operate effectively and efficiently in creating value for BIHL's stakeholders. Consensus has been reached on the continuous commitment, competence and experience exercised at board and committee level.

Principle 10

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

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

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



KING IV™ APPLICATION REGISTER continued**Principle 11**

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

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

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

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

Principle 12

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

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

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

Principle 13

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

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

Principle 14

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

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

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

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

KING IV™ APPLICATION REGISTER continued**Principle 15**

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

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

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

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

**OUTCOME: TRUST, GOOD REPUTATION
AND LEGITIMACY****Principle 16**

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

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

Principle 17

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

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



AUDIT AND RISK COMMITTEE REPORT

The committee is satisfied that it discharged its responsibilities effectively during the year under review.

MEMBERS	
Pragnaben Naik (Chairman)	
Edwin Elias	Robert Dommisie
Kopananang Thekiso	Philip Van Rooijen
Giles Waugh	

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

The committee convened five times during the financial year.



Meeting attendance is set out on **page 84**.

MANDATE AND RESPONSIBILITIES

The primary responsibility of the audit and risk committee is to assist the board in fulfilling its duties under the Companies Act (CAP 42:10), the NBFIRA Act, and all other applicable legislation and common law governing the operations of the BIHL Group.

The committee oversees financial controls, accounting systems and financial reporting, and ensures compliance with legal and statutory obligations. It evaluates risk areas and internal control systems, and assesses the effectiveness of both the external and internal auditors as well as the finance function. The committee also examines the group's exposure to, and management of, significant risks, including sustainability-related matters.

MS PRAGNABEN NAIK

Audit and risk committee Chairman

AREAS OF FOCUS DURING 2025

Compliance management

The committee continued its oversight of compliance with applicable legislation across the group, monitored progress on regulatory compliance initiatives and assessed the group's compliance maturity, identifying areas for further improvement.

Risk management

During the year, the committee reviewed the risk profiles and risk appetite reports across the group, assessed the effectiveness of mitigating actions through regular monitoring of key risks, evaluated key assumptions and sensitivities within the group's risk and capital management frameworks, and considered management's initiatives to strengthen risk management practices across subsidiaries and associates.

Internal and external audit

The committee considered audit reports from both the internal and external auditors and is satisfied that the group maintains an appropriate control environment. Key audit matters highlighted by the external auditor during the year included the valuation of insurance contract liabilities and related balances, together with other matters identified through the audit process. The committee is satisfied that all material matters brought to its attention have received appropriate consideration from management.

GROUP CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

Frank Dalo serves as the Group CFO with executive oversight responsibility for the group finance function, financial reporting governance, financial strategy, capital management and the integrity of the group's financial reporting process.

The day-to-day financial reporting process, including the preparation and coordination of the group's financial information, is led by Haig Ndzingo, Executive Head: Finance.

The committee considered the expertise, experience and adequacy of resources of both the Group CFO and the broader finance function. Having regard to the Group CFO's experience in financial services, actuarial matters, capital management and IFRS 17 reporting, together with the accounting and financial reporting expertise within the finance function, the committee is satisfied that the group has appropriate financial leadership, reporting capability and resources to support the preparation of reliable annual financial statements.

INTEGRATED ANNUAL REPORT

The committee evaluated the integrated annual report for the 2025 financial year and assessed its consistency with operational, economic and other information available to it. The committee ensured that the report was prepared in accordance with applicable reporting standards and in compliance with the BSE Listings Requirements.

The committee reviewed the integrity of the sustainability disclosures and confirmed that they are reliable and consistent with the financial information presented.

Based on the processes undertaken and assurances obtained, the committee recommends the 2025 integrated annual report to the board for approval.

Pragnaben Naik

Audit and risk committee Chairman

ACTIVITIES OF THE OTHER BOARD COMMITTEES



Refer to **page 106** for the audit and risk committee report.

COMMITTEES

Human resources

Members

Kate Maphage (*Chairman*)
Robert Dommisie

Dr Keith Jefferis
Mustafa Sachak

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

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

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

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

Activities during 2025

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

Focus for 2026

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

Independent review

Members

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

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

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

Activities during 2025

- None

Focus for 2026

- Observation of best practice in light of related party transactions

Investment

Members

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

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

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

Activities during 2025

- None

Focus for 2026

- Arising opportunities

Nominations

Members

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

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

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

The committee meets as and when appropriate.

Activities during 2025

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

Focus for 2026

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

ANNUAL FINANCIAL STATEMENTS



05

HONOURING OUR ROOTS, GROWING OUR FUTURE

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



The Sausage tree (*Kigelia africana*) thrives in riverine habitats. The tough wood is used for shelving and fruit boxes, and dugout canoes. It is known for its medicinal uses, velvety maroon flowers, and wildlife significance. It is found in the Okavango Delta.

DIRECTORS' REPORT

The board of directors of Botswana Insurance Holdings Limited (the company and BIHL) has pleasure in submitting the audited annual financial statements of BIHL and its subsidiaries for the year ended 31 December 2025.

NATURE OF THE BUSINESS

The company and its subsidiaries (the group) underwrite all classes of long-term insurance, administer deposit administration schemes, manage investments, and administer life and pension funds. The company also provides banking, short-term insurance and micro-lending through its associated companies. 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 ended 31 December 2025 of P324 million against a net loss after tax of P107 million in the prior year. This improvement is largely driven by the reduced impairment of an associate of P84 million compared to P553 million in the prior year. Shareholders' equity as at 31 December 2025 was P3,242 billion (2024 restated: P3,012 billion).

DIRECTORS

Dr K Jefferis (*Group Chairman*)

C Lesetedi (*Group Chief Executive Officer*)

F Dalo (appointed 27 May 2025) (*Group Chief Financial Officer*)

A Cartwright (resigned 8 April 2025)

R Dommissie

E Elias

M Hopkins

K Mukushi (resigned 20 March 2025)

K Maphage

Dr A Molokomme (*appointed 5 March 2025*)

P Naik

M Sachak

N Suliaman

COMPANY SECRETARY

K Mokgothu

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

REGISTERED ADDRESS AND PRINCIPAL PLACE OF BUSINESS

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

INDEPENDENT AUDITOR

PricewaterhouseCoopers

Plot 64289, Tlokweng Road, Gaborone, Botswana

STATUTORY ACTUARY

Daan du Plessis

Sanlam Group Office

2 Strand Street, Bellville 7530

South Africa

BANKERS

Absa Bank of Botswana Limited

Access Bank Limited

Bank Gaborone Limited

Bank of Baroda (Botswana) Limited

First Capital Bank Limited

First National Bank of Botswana Limited

Stanbic Bank Botswana Limited

Standard Chartered Bank Botswana Limited

STATED CAPITAL

The issued and fully paid share capital as at 31 December 2025 was 284 870 652 ordinary shares (2024: 284 870 652). Refer to **note 18**.

GOING CONCERN

The directors have assessed the financial position, cash flow forecasts and future commitments of the company and the group. Based on this review, the directors are satisfied that the company and the group have adequate resources to continue operating for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

DIVIDENDS

A net interim dividend of 53 thebe (2024: 66 thebe) per share and a special dividend of nil thebe per share (2024: 6 thebe) were declared and paid during the year. The directors propose a final dividend of 56 thebe (2024: 40 thebe) per share, bringing the total dividend for the year to 109 thebe (2024: 112 thebe) per share.

DIRECTORS' SHAREHOLDING

The aggregate number of BIHL shares held directly or indirectly by directors of the company was 162 176 (2024: 439 938). Details of the holding of these shares are disclosed in **note 27**.

EVENTS SUBSEQUENT TO THE REPORTING DATE

The directors proposed a dividend of 56 thebe (2024: 40 thebe) per share.

The directors are not aware of any other material events that have occurred between the year-end and the reporting date that require disclosure or adjustment to the annual financial statements.

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The directors of the group are responsible for the consolidated and separate annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of the consolidated and separate annual financial statements in accordance with IFRS® Accounting Standards.

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 going concerns in the foreseeable future based on forecasts and available cash resources.

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

The annual financial statements set out on **pages 120 to 239** were authorised for issue by the board of directors on 21 May 2026 and were signed on its behalf by:

Dr Keith Jefferis
Group Chairman

Catherine Lesetedi
Group Chief Executive Officer

REPORT OF THE STATUTORY ACTUARY

The assets and policyholder liabilities presented in this report have been determined on the Prescribed (Regulatory) Basis, in accordance with the Insurance Industry Act, 2015 and Insurance Prudential Rules IPR1L and IPR2L issued by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA).

Under this framework, long-term insurance liabilities are valued using the Prescribed Valuation Method. This method starts with best estimate assumptions for future experience and adds compulsory and discretionary margins, including explicit allowance for policyholders' reasonable expectations. These prudential margins ensure a conservative release of profits over the lifetime of the policies. Assets are generally valued at fair value (except where IPR2L specifies otherwise), and certain assets are considered inadmissible or subject to limits for solvency purposes. Overall, this regulatory approach provides a solvency-focused view of the insurer's financial position, incorporating resilience margins and capital requirements designed to ensure ongoing financial soundness as required by the Act.

By contrast, the company's Published basis (used for the financial statements elsewhere in the integrated annual report), follows International Financial Reporting Standards (IFRS). For long-term insurance contracts, IFRS 17 *Insurance Contracts* employs the General Measurement Model (GMM), which values liabilities using fulfilment cash flows, includes an explicit risk adjustment, and defers unearned profit through a contractual service margin (CSM). IFRS 17 does not require the additional prescribed solvency margins or capital buffers mandated under the regulatory basis.

In addition, investment contracts (contracts without significant insurance risk) are measured under IFRS 9, typically at amounts equal to the related unit fund reserves. Similarly, assets under IFRS are classified and measured according to IFRS rules (fair value or amortised cost), with no 'inadmissible asset' exclusions or solvency-specific limits. As a result, the valuation of liabilities, timing of profit recognition, and reported equity under IFRS often differ – materially – from those on the Prescribed basis. Accordingly, the regulatory-basis results are not directly comparable to the IFRS figures and should be interpreted only in the context of statutory solvency assessment.

The table below compares the assets and liabilities as at 31 December 2024 and 31 December 2025, respectively, on the Prescribed basis.

	2025 P'000	2024 P'000
Statement of actuarial values of assets and liabilities		
Total assets	14 245 756	14 517 204
Current liabilities and deferred tax	915 317	907 897
Net assets	13 330 439	13 609 306
Actuarial value of policy liabilities	11 701 063	12 036 619
Excess of assets over liabilities	1 629 376	1 572 687
Capital adequacy requirement	208 922	210 923
Capital adequacy requirement cover	7,80	7,46
Analysis of change in excess of assets over liabilities		
Excess assets – end of prior period	1 572 687	2 204 654
Excess assets – end of current period	1 629 376	1 572 687
Change in excess assets over the reporting period	56 688	(631 967)
This change in the excess assets is due to the following factors:		
Investment return generated by excess assets over liabilities	(2 108)	64 488
Changes in valuation methods or assumptions	32 369	(81 302)
Operating profit	486 557	491 509
Taxation	(95 312)	(111 638)
Ordinary shareholders' surplus for the period	421 505	363 058
Share of profit from an associate company	(187 360)	(590 974)
Changes in reserves of associates	26 107	58 445
Capital raised and dividends paid	(203 563)	(462 497)
Total change in excess assets	56 688	(631 967)

REPORT OF THE STATUTORY ACTUARY continued

CERTIFICATION OF FINANCIAL POSITION ON THE PRESCRIBED BASIS

Changes in valuation methods or assumptions of assets and liabilities

Changes in basis and methodology had the effect of decreasing the total value of policyholder liabilities by P32,4 million as at 31 December 2025 (31 December 2024: increased by P81,3 million). The impact of valuation assumption and methodology changes on policyholder liabilities is summarised below.

	2025 P'million	2024 P'million
Assumptions and model change	(32,4)	81,3
Mortality	(9,6)	22,6
Lapses	(7,6)	10,9
Expenses	2,1	22,8
Economic	(21,5)	(8,7)
Other	4,3	33,8

Instruments: Recognition and measurement

On the Prescribed basis, profits for insurance contracts and for investment contracts with participation in profits on a discretionary basis are released gradually over each policy's term, preventing early profit recognition. Assets and liabilities are valued consistently, using best estimate assumptions for future investment returns, bonus rates, expenses, persistency, mortality and other relevant factors. These assumptions are based on experience and future expectations. Policyholder liabilities reflect reasonable benefit expectations, which may exceed minimum contractual obligations.

LIABILITY VALUATION METHODS AND ASSUMPTIONS

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

The actuarial value of the policy liabilities is determined using the method as described in Botswana's Insurance Industry Prudential Rule IPR1L issued by the NBFIRA. 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
- discretionary margins determined to release profits to shareholders consistent with policy design and company policy.

No contracts are classified as investment contracts since all investment contracts offer the policyholder the option to add a risk rider in the future and are therefore treated as life insurance contracts. Negative non-unit reserves are held for these contracts under the Prescribed Valuation Method.

The value of policy liabilities as at 31 December 2025 exceeds the minimum requirements in terms of IPR1L.

The application of guidance is described as follows 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 is taken as the market value of the units notionally credited to the policies. The non-market-related portion of the liability is calculated as the present value of future charges required for risk benefits and renewal expenses (the 'Pula' reserves).

Reserves for the unexpired risk portion and for claims incurred but not reported are held for group life and credit life risk premium benefits. The unexpired premium reserve is calculated using the straight-line approach and reducing loan balance methodologies. 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 are valued on a discounted cash flow (DCF) basis at interest rates based on the bond yield curve at the valuation date.

For participating policies where the insurer has discretion over bonus declarations, policyholders' reasonable benefit expectations are interpreted as their collective share of the fund accumulated for them over the lifetime of their policies. To smooth fluctuations in investment returns and achieve a stable pattern of bonus declarations, the company maintains a bonus stabilisation reserve (BSR).

The BSR represents the difference between the market value of the underlying assets and the value of policy liabilities (including the value of bonuses that have already been declared). This reserve allows excess investment returns to be held back in good years and released in worse years, ensuring fairness to current and future policyholders. It is possible in difficult investment times for the BSR to be negative. No BSR for any class of business was more negative than -7,5% of corresponding liabilities at the valuation date.

The policy liabilities for discretionary participation business equal the accumulation account balances plus the BSR. In aggregate, the BSR ensures that the total liabilities reflect the market value of the underlying assets, consistent with the solvency valuation requirements.

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

REPORT OF THE STATUTORY ACTUARY continued

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

- A margin of 15% on surrender rates for the Mompoti product (2024: 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 used to absorb variances through a methodology approved by the actuarial committee and the Statutory Actuary. Total annuity discretionary reserves of P402,5 million (2024: P312,3 million) were held at the end of the current period.

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

Economic parameters

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

	2025 %	2024 %
Gilt return	10,6	7,8
Equity return	14,1	11,3
Property return	11,6	8,8
Cash return	9,6	6,8
Average return	11,5	8,7
Expense inflation	7,6	4,8

Bonus rates

Bonus rates on discretionary participation policies have been declared in line with the bonus philosophy, which considers *inter alia* the investment performance of the backing assets and the level of the BSR.

POLICY DECREMENTS

The assumptions (before adding margins) for future surrender, lapse, disability payment termination, mortality, medical claims and morbidity rates were consistent with the company's recent experience. The most recent lapse and mortality investigations were done as at the end of November 2025.

EXPENSES

The provision for expenses (before adding margins) starts at a level consistent with next year's budgets and allows for inflation of 7,6% (2024: 4,8%) escalation per annum.

Valuation of assets

Assets are generally valued at fair value (except where IPR2L specifies otherwise), and certain assets are considered inadmissible or subject to limits for solvency purposes.

Prescribed capital target (PCT)

The PCT represents the minimum level of capital that a long-term insurer must hold in excess of its policy liabilities to withstand severe adverse deviations in experience. According to the NBFIRA's Insurance Prudential Rule IPR3L, the PCT provides a capital cushion that aims to protect the insurer and its policyholders against extreme experience variations beyond those reflected in the statutory liability valuation. The PCT is calculated as the greater of two capital measures, namely the termination capital target (TCT), which protects against a sudden run-on-the-bank scenario where all policies capable of causing loss are terminated, and the Ordinary Capital Target (OCT), which aggregates capital requirements for other risks such as investments, mortality and expenses.

For Botswana Life Insurance Limited, the PCT is on the TCT approach as at 31 December 2025 (whereas as at 31 December 2024 it was on the OCT approach).

The ratio of accumulated surplus to PCT of P208,9 million (December 2024: P210,9 million) under the Prescribed basis is 7,80 times (December 2024: 7,46 times).

I hereby certify that:

- The valuation of Botswana Life Insurance Limited's assets and policyholder liabilities as at 31 December 2025, the results of which are summarised above, has been carried out in accordance with the Botswana Insurance Industry Act (Chapter 46:01), and the relevant Insurance Prudential Rules issued by the NBFIRA, namely IPR1L: Prescribed Valuation Method for Long-term Insurance Liabilities and IPR2L: Prescribed Valuation Method and Admissibility Restrictions for Long-term Insurance Assets
- This valuation report has been prepared in line with Insurance Prudential Rule LR3 – Valuator's Annual Report
- The company was financially sound on the Prescribed basis 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
11 March 2026

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 2025, 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 120 to 239** comprise:

- the consolidated and separate statements of financial position as at 31 December 2025;
- the consolidated and separate statements of profit or loss and other 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, as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements

in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

OUR AUDIT APPROACH

Overview



Overall group materiality

- Overall group materiality: P26 680 000, which represents 5% of the consolidated average profit before tax for the current and two preceding financial years.

Group audit scope

- Full scope audits were performed on all consequential components.

Key audit matters

- Valuation of insurance contract liabilities and assets (including reinsurance)
- Valuation of investments in unlisted corporate bonds
- Valuation of investment properties, including where such valuations inform the fair value of unlisted equity investments

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 consolidated 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 consolidated financial statements as a whole.

Overall group materiality	P26 680 000
How we determined it	5% of the consolidated average profit before tax for the current and two preceding financial years.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We used a three-year average of this benchmark to account for the cyclical nature of the main industries within which the Group operates, which results in fluctuations in profitability from one period to the next. We applied a 5% rule of thumb, which is consistent with quantitative materiality thresholds used for participants in this sector.

INDEPENDENT AUDITOR’S REPORT continued

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.

The Group consists of the Company, seven directly held subsidiaries, nine indirectly held subsidiaries, two joint ventures, five associates and twelve collective investment units which are consolidated. We considered the Group’s organisational and financial reporting processes to identify components which were considered consequential to the consolidated financial statements.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor, or other auditors from other PwC network firms or other networks operating under our instruction. Where the work was performed by other auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis 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 in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities and assets (including reinsurance) Refer to the following accounting policies and notes to the consolidated financial statements as it relates to this key audit matter: - Accounting policy 3.9 (Policy liabilities); Note 8 (Insurance contracts); Note 9 (Reinsurance contracts); and Note 30 (Critical accounting judgements, estimates and assumptions). At 31 December 2025, the Group held no insurance contract assets (2024: P219 million), insurance contract liabilities of P8,010 million (2024: P8,397 million) and net reinsurance contract balances comprising reinsurance contract assets of P11 million (2024: P17 million) and reinsurance contract liabilities of P66 million (2024: P87 million), as a result of its insurance operations. The Group applies IFRS 17: Insurance Contracts (“IFRS 17”) in the recognition and measurement of these contracts. Insurance contracts are measured using the general measurement model (“GMM”) for individual life risk business and guaranteed annuity portfolios, and the premium allocation approach (“PAA”) for group scheme business. Reinsurance contracts held are measured under the GMM, unless eligible for the PAA. The present value of fulfilment cash flows contained in the insurance contract liabilities is associated with significant estimation uncertainty, requiring the use of expert judgement embedded within complex actuarial models. These models rely on subjective assumptions relating to future events, including probability-weighted estimate assumptions regarding expected claims, persistency and expenses. Changes to these assumptions may result in material changes to the valuation.	Our audit of the insurance contract liabilities and assets (including reinsurance) included the following audit procedures that were performed with the assistance of our actuarial specialists. We tailored our testing of the insurance contract balances with reference to the various portfolios of contracts and the various measurement models applied and performed testing on a disaggregated basis. Our procedures included the following: - We assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance and the Group’s accounting policy in accordance with IFRS 17; - We challenged key assumptions and the methodologies and processes used to determine and update these assumptions. Our challenge – which included comparison with externally observable data and our assessment of the Group’s analysis of experience to date and allowance for future uncertainty - focused on the following assumptions: - future mortality and morbidity changes, - persistency assumptions with regard to lapse, surrender and paid-up rates, - future maintenance expense assumptions, and - discount rates and inflation; - We assessed the reasonableness of the amortisation of the CSM by performing an analysis and reperformance of the CSM build-up; - We evaluated the accuracy of the risk adjustment for non-financial risk, including the calculation method, and its related release; - We 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 from those of previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by management and governance structures;

INDEPENDENT AUDITOR’S REPORT continued

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities and assets (including reinsurance) (continued) The contractual service margin (“CSM”) of P1,232 million (2024: P1,175 million) is impacted by assumption changes to the fulfilment cash flows for future coverage, which influences the release of the CSM in the current year and future periods. The most significant assumptions made in the valuation of insurance liabilities arising from the Group’s insurance and reinsurance contracts relate to: • Mortality and morbidity; • Persistency assumptions with regard to lapse, surrender and paid-up rates; • Future maintenance expenses; • Discount rates; • Inflation; and • Risk adjustment for non-financial risk We considered the valuation of insurance contract liabilities and assets to be a matter of most significance to our current year audit of the consolidated financial statements due to: • 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 the valuation; • The use of complex actuarial methods, together with significant judgements and assumptions; and • The materiality of the insurance contract liabilities and assets to the Group’s statement of financial position and resultant impact on the statement of profit or loss and other comprehensive income for the year ended 31 December 2025.	• We tested the design and implementation as well as effectiveness of management controls over models, including that any changes to models have been appropriately tested and the impacts quantified by management; • We tested, on a sample basis, the accuracy of insurance contract data utilised as inputs into the measurement models at 31 December 2025 by agreeing these to underlying information in policies and other data sources; • We tested data reconciliations to ensure that data inputs into the measurement models at 31 December 2025 were complete; and • We reconciled the outputs from the Group’s measurements models to the financial statements. Based on the procedures performed as detailed above, we did not raise any material exceptions with respect to our audit of the insurance contract liabilities.

INDEPENDENT AUDITOR’S REPORT continued

Key audit matter	How our audit addressed the key audit matter
Valuation of investments in unlisted corporate bonds Refer to the following accounting policies and notes to the consolidated financial statements as it relate to this key audit matter: - Accounting policy 3.21 (Financial instruments); Note 29 (Fair value disclosures); and Note 30 (Critical accounting judgements, estimates and assumptions). As at 31 December 2025, the Group held investments in unlisted corporate bonds of P2,551 million (2024: P2,612 million), classified as financial assets designated at fair value through profit and loss. These instruments do not trade on an active market and are classified as Level 3 in the fair value hierarchy in accordance with IFRS 13: Fair Value Measurement ("IFRS 13"). Their valuation depends on management’s developed valuation models and inputs that reflect the specific terms of the instruments and the financial position of the respective issuers. The determination of fair value for these unlisted bonds requires management to apply significant judgement, as the valuation relies on unobservable inputs in accordance with IFRS 13. The most significant assumptions used in the valuation include: - Benchmark risk free yield curves; - Credit spreads reflecting issuer credit quality; and - Liquidity premiums. We considered the valuation of unlisted corporate bonds to be a matter of most significance to our current year audit of the consolidated financial statements due to: - The financial significance of these investments to the Group’s statement of financial position; - The complexity and subjectivity inherent in the valuation models, which rely on unobservable inputs and management judgement; and - The degree of estimation uncertainty in the key assumptions applied in determining fair value.	Our audit procedures of the investments in unlisted corporate bonds included the following audit procedures, which we performed with the assistance of our financial instrument specialists: - We assessed the appropriateness of the valuation methodologies applied by management and evaluated their compliance with IFRS 13 fair value measurement requirements, including assessing whether the valuation models appropriately reflected the contractual terms and features of the instruments. - We challenged the key assumptions used by management – such as risk free yield curves, credit spreads and liquidity premiums - by comparing them to externally observable market data where available, and by assessing the Group’s analysis of historical information and its consideration of future uncertainties. - We tested the accuracy and completeness of data inputs used in the valuation models as at 31 December 2025 by tracing them to source documents, including contractual agreements, pricing supplements, issuer information, and other relevant supporting evidence. - We performed independent recalculations to assess whether the values determined by management fall within an acceptable valuation range. - We evaluated the reasonableness of management’s credit risk assessments, including reviewing issuer financial statements, publicly available information, sectoral updates, and any changes in credit quality indicators during the year. Based on the procedures performed as detailed above, including the resolution of matters identified during our audit, we did not raise any material exceptions with respect to our audit of the unlisted corporate bonds.

INDEPENDENT AUDITOR'S REPORT continued

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties, including where such valuations inform the fair value of unlisted equity investments Refer to the following notes to the consolidated financial statements as it relates to this key audit matter: • Note 15.1 (Investment properties); • Note 15.3 (Equities and similar securities); • Note 29 (Fair value disclosures); and • Note 30 (Critical accounting judgements, estimates and assumptions). As at 31 December 2025, the Group held investment properties of P455 million (2024: P475 million), classified as investment property under IAS 40 and measured at fair value. The Group also held investments in unlisted property companies and partnerships of P730 million (2024: P764 million), classified as equities and similar securities at fair value through profit or loss. The fair value of these indirect property investments is derived from the fair valuation of the underlying investment properties. All properties are classified as Level 3 in the fair value hierarchy in accordance with IFRS 13. The fair values of these properties are determined by qualified external valuers using the income capitalisation approach and the comparative valuation approach. The determination of fair values involves significant judgement and estimation, particularly in selecting appropriate valuation inputs. The most significant inputs applied in the valuations include: • Capitalisation rates; • Rental income; • Rental outgoings; and • Market comparables when applying the comparative valuation approach. We considered the valuation of investment properties, including where such valuations inform the fair value of unlisted equity investments, to be a matter of most significance to our current year audit of the consolidated financial statements due to: • The financial significance of these investments to the Group's statement of financial position; • The significant judgement and estimation involved in selecting valuation inputs, particularly in a property market with limited comparable transaction data; and • The reliance on external valuers and the subjectivity inherent in their assumptions and methodologies.	Our audit of the investment properties, including where such valuations inform the fair value of unlisted equity investments, included the following procedures: • We assessed the independence, qualifications, and experience of the external valuers engaged by the Group by obtaining written confirmations regarding their independence and qualifications. • In relation to the income capitalisation approach used by the valuers to determine the fair value of investment properties, our audit testing included the following: – We tested the capitalisation rates used by: ◦ obtaining an understanding of how these rates were determined through discussions with the valuers, reading their valuation reports and inspecting their supporting calculations; ◦ comparing rates used to those implied in transactions for the sale of comparable properties; and ◦ comparing rates used to publicly available capitalisation rate data. – We tested a sample of rental income used by the valuers by agreeing these to the underlying contractual tenancy agreements. – We compared the range of outgoing rates used to those used in the valuations of comparable properties as per the audited financial statements of listed property companies in Botswana. • In relation to the comparative valuation approach used by the valuers: – We tested that the valuation metrics (such as price per square meter) were accurately determined based on recent transactions, and correctly applied to determine the value of the Group's properties. – We reconciled the values of properties as included in the accounting records of the Group to those per the external valuers' reports. As we performed our procedures over the valuation of investment properties, including where such valuations inform the fair value of unlisted equity investments, we identified matters for follow-up discussions with management and the external valuers. We were able to obtain appropriate explanations or corroborating evidence on the matters identified to support the valuations of the investment properties.

INDEPENDENT AUDITOR'S REPORT continued

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document(s) titled "Botswana Insurance Holdings Limited Annual Consolidated and Separate Financial Statements for the year ended 31 December 2025" which we obtained prior to the date of this auditor's report, and the document(s) titled "Botswana Insurance Holdings Limited Integrated Annual Report 2025", 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's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers
Firm of Certified Auditors

Practicing Member:
Rudi Binedell (CAP003 2026)

22 May 2026
Gaborone

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 P'000	Restated ¹ 2024 P'000	Restated ¹ 1 January 2024 P'000
ASSETS				
Goodwill ²	2	62 992	62 992	62 992
Property and equipment ²	3	41 932	42 887	45 384
Right-of-use assets	4.1	19 043	13 799	11 879
Owner-occupied properties ²	5	126 077	126 951	124 668
Intangible assets ²	6	25 598	26 792	34 255
Insurance contracts assets	8	–	219 392	452 771
Reinsurance contracts assets	9	11 258	16 864	17 874
Deferred tax	14.1	7 956	–	–
Investments		19 720 610	19 213 090	18 778 510
Investment property ²	15.1	455 208	475 280	469 920
Investments in associated companies and joint ventures	15.2	1 595 408	1 457 254	1 758 469
Equities and similar securities ²	15.3	2 258 885	2 142 567	1 974 850
Interest-bearing investments ²	15.3	9 267 145	9 532 661	8 884 611
Investment funds ²	15.3	2 100 103	1 787 715	1 710 566
Deposits and similar securities ²	15.3	4 043 861	3 817 613	3 980 094
Working capital assets		942 435	698 321	489 384
Trade and other receivables ²	16.1	137 902	174 078	135 632
Cash and cash equivalents	17	804 533	524 243	353 752
Total assets		20 957 901	20 421 088	20 017 717

	Notes	2025 P'000	Restated ¹ 2024 P'000	Restated ¹ 1 January 2024 P'000
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	18	204 936	204 936	204 936
Other reserves	19	266 648	157 459	106 375
Retained earnings		2 770 448	2 649 496	3 232 928
Shareholders' fund		3 242 032	3 011 891	3 544 239
Non-controlling interest	20	8 482	10 501	23 751
Total equity		3 250 514	3 022 392	3 567 990
Liabilities				
Insurance contract liabilities	8	8 010 129	8 397 033	7 961 752
Reinsurance contract liabilities	9	66 262	87 034	54 222
Investment contract liabilities	11	3 638 917	3 637 385	3 442 868
Lease liabilities	4.2	21 035	14 776	12 707
External investors in consolidated funds	12	5 306 043	4 644 295	4 491 243
Derivatives instrument	13	116 992	44 284	25 429
Deferred tax	14.1	2 030	101 922	141 908
Related party balances	27	3 655	5 438	6 866
Working capital liabilities		542 324	466 529	312 732
Bank overdraft	17	148 206	60 232	–
Trade and other payables	16.2	280 125	405 897	294 108
Taxation		113 993	400	18 624
Total liabilities		17 707 387	17 398 696	16 449 727
Total equity and liabilities		20 957 901	20 421 088	20 017 717

¹ Refer to **note 31** for details on restatements.² These line items have been re-presented in the current year as disclosed in **note 31**.

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 P'000	Restated ¹ 2024 P'000
Result from insurance operations	7	279 359	204 204
Result from insurance contracts		281 565	203 555
Insurance service result		233 900	127 199
Insurance revenue		2 460 529	2 267 063
Insurance service expenses		(2 184 112)	(2 100 784)
Income or expense from reinsurance contracts		(42 517)	(39 080)
Insurance investment result		47 665	76 356
Insurance finance income or expense		402 652	(356 900)
Reinsurance finance income or expense		5 266	(15 494)
Investment income on assets held in respect of insurance contracts		(360 253)	448 750
Other expenses relating to insurance operations	24	(2 206)	649
Result from other operations		95 666	232 667
Revenue	22	286 330	350 615
Investment income ²	15.4	653 215	785 284
Investment surpluses ²	15.4	151 719	91 338
Change in fair value of external investors' liabilities		(342 008)	(400 677)
Change in fair value of net investment contracts		(320 542)	(341 661)
Sales remuneration		(57 077)	(36 171)
Administration costs		(275 971)	(216 061)
Net impairment losses on financial assets		(7 276)	(2 239)
Net operating result		367 749	434 632
Finance cost on leases (IFRS 16)		(1 725)	(709)
Equity-accounted earnings	15.2	185 710	168 673
Impairment of associates	15.2	(84 163)	(553 192)
Profit before tax		467 571	49 404
Taxation	14.2	(143 179)	(155 941)
Profit/(loss) for the year		324 392	(106 537)

¹ Refer to **note 31** for details on restatements.

² These line items have been re-presented in the current year as disclosed in **note 31**.

	Note	2025 P'000	Restated ¹ 2024 P'000
Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods:			
– Movement in foreign currency translation reserve		117 555	(19 642)
– Movement in other comprehensive income		23 769	–
Total comprehensive income/(loss) for the year		465 716	(126 179)
Profit/(loss) for the year		324 392	(106 537)
Shareholders' fund		326 411	(106 134)
Non-controlling interest		(2 019)	(403)
Allocation of comprehensive income/(loss) for the year		465 716	(126 179)
Shareholders' fund		467 735	(125 776)
Non-controlling interest		(2 019)	(403)
Earnings/(loss) per share (thebe) (attributable to ordinary equity holders of the parent)			
– basic	25	115	(38)
– diluted	25	114	(37)

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Stated capital P'000	Foreign currency translation reserve P'000	Hyper- inflation reserve ¹ P'000	Consoli- dation reserve P'000	Treasury shares P'000	Share- based payment reserve P'000	Statutory reserve account P'000	Total reserves P'000	Retained earnings P'000	Total: equity holders P'000	Non- controlling interests P'000	Total equity P'000
Balance as at 1 January 2025 (restated)	204 936	(286 065)	104 367	(35 785)	(99 886)	52 982	421 846	157 459	2 649 496	3 011 891	10 501	3 022 392
Total comprehensive income	–	117 555	–	–	–	–	–	117 555	350 180	467 735	(2 019)	465 716
Profit for the year	–	–	–	–	–	–	–	–	326 411	326 411	(2 019)	324 392
Movement from share of fair value reserves of equity-accounted associates	–	–	–	–	–	–	–	–	23 769	23 769	–	23 769
Movement in foreign currency translation reserve	–	117 555	–	–	–	–	–	117 555	–	117 555	–	117 555
Write-back of unclaimed dividends ³	–	–	–	–	–	–	–	–	6 881	6 881	–	6 881
Share-based payments current year	–	–	–	–	–	7 433	–	7 433	–	7 433	–	7 433
Cost of treasury shares acquired	–	–	–	–	3 199	–	–	3 199	–	3 199	–	3 199
Transfer to/from non-distributable reserve	–	–	–	–	–	–	(71 860)	(71 860)	71 860	–	–	–
Transfer to/from consolidation reserve	–	–	–	21 782	24 738	–	–	46 520	(46 520)	–	–	–
Transfer to retained earnings	–	–	–	–	–	6 342	–	6 342	(6 342)	–	–	–
Treasury shares movement	–	–	–	–	8 649	(8 649)	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	(264 930)	(264 930)	–	(264 930)
Other movements in reserves ²	–	–	–	–	–	–	–	–	9 823	9 823	–	9 823
Balance as at 31 December 2025	204 936	(168 510)	104 367	(14 003)	(63 300)	58 108	349 986	266 648	2 770 448	3 242 032	8 482	3 250 514

¹ During the prior year, the group applied IAS 29 Financial Reporting in Hyperinflationary Economies in relation to Nico Group, a Malawi associate. The indicated amount represents the group's share of the difference between the closing equity and reserves of the associate for the previous financial year. Refer to **note 19**.

² Represents movements from other reserves from associates.

³ Represents unclaimed dividends relating to prior years, which are no longer considered payable and have been written back to retained earnings during the year. This represents a reversal of previously declared distributions and is recognised as a direct movement in equity, with no impact on profit or loss.

GROUP STATEMENT OF CHANGES IN EQUITY continued

For the year ended 31 December 2025

	Stated capital P'000	Foreign currency translation reserve P'000	Hyper- inflation reserve ¹ P'000	Consoli- dation reserve P'000	Treasury shares P'000	Share- based payment reserve P'000	Statutory reserve account P'000	Total reserves P'000	Retained income P'000	Total: equity holders P'000	Non- controlling interests P'000	Total equity P'000
Balance as at 1 January 2024 (as previously reported)	204 936	(266 423)	–	(33 485)	(87 964)	36 835	457 412	106 375	3 302 730	3 614 041	23 751	3 637 792
Adjustment on correction of error (note 31)	–	–	–	–	–	–	–	–	(69 802)	(69 802)	–	(69 802)
Balance as at 1 January 2024 (restated)	204 936	(266 423)	–	(33 485)	(87 964)	36 835	457 412	106 375	3 232 928	3 544 239	23 751	3 567 990
Total comprehensive loss	–	(19 642)	–	–	–	–	–	(19 642)	(106 134)	(125 776)	(403)	(126 179)
Loss for the year	–	–	–	–	–	–	–	–	(106 134)	(106 134)	(403)	(106 537)
Movement in foreign currency translation reserve	–	(19 642)	–	–	–	–	–	–	–	(19 642)	–	(19 642)
Share-based payment expense (note 7)	–	–	–	–	–	7 127	–	7 127	–	7 127	–	7 127
Transfer from statutory reserve to retained income	–	–	–	–	–	–	(35 566)	(35 566)	35 566	–	–	–
Cost of treasury shares (acquired)/disposed	–	–	–	(2 300)	(2 902)	–	–	(5 202)	–	(5 202)	–	(5 202)
Hyperinflation adjustment	–	–	104 367	–	–	–	–	104 367	–	104 367	–	104 367
Dividends paid	–	–	–	–	–	–	–	–	(518 465)	(518 465)	–	(518 465)
Treasury shares movement	–	–	–	–	(9 020)	9 020	–	–	–	–	–	–
Other movements in reserves ²	–	–	–	–	–	–	–	–	5 601	5 601	(12 847)	(7 246)
Balance as at 31 December 2024	204 936	(286 065)	104 367	(35 785)	(99 886)	52 982	421 846	157 459	2 649 496	3 011 891	10 501	3 022 392

¹ During the prior year, the group applied IAS 29 Financial Reporting in Hyperinflationary Economies in relation to Nico Group, a Malawi associate. The indicated amount represents the group's share of the difference between the closing equity and reserves of the associate for the previous financial year. Refer to **note 19**.

² Represents movements from other reserves from associates.

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 P'000	Restated ¹ 2024 P'000
Cash flow from/(used in) operating activities		216 541	127 355
Cash (utilised in)/generated from operations	28.1	(147 128)	204 026
Interest and investment income received		501 390	457 090
Interest paid		(1 725)	(709)
Dividends received from equity investments		128 222	54 061
Dividends received from associates and joint ventures		103 122	58 031
Dividends paid		(264 930)	(518 465)
Income taxes paid		(102 410)	(126 679)
Cash flows used in investing activities		(14 430)	(10 662)
Payments made for the acquisition of equipment	3	(9 724)	(8 211)
Payments made for the acquisition of other intangible assets	6	(4 706)	(2 451)
Cash flows from/(used in) financing activities		138 411	(6 434)
Lease liabilities repaid		(4 683)	(6 434)
Proceeds from bank overdraft ²		1 275 469	–
Repayment of bank overdraft		(1 132 375)	–
Net increase in cash and cash equivalents		340 522	110 259
Cash and cash equivalents at the beginning of the year ²		464 011	353 752
Cash and cash equivalents at the end of the year	28.2	804 533	464 011

¹ Refer to **note 31** for details on restatements.

² In the prior financial year, bank overdrafts fluctuated between positive and overdrawn balances on a frequent basis and consequently were classified as cash equivalents for purposes of the statement of cash flows. In the current financial year, bank overdrafts have remained largely overdrawn and have thus been treated as borrowings, with inflows and outflows being included in financing activities in the statement of cash flows. The balance of the bank overdraft as at 31 December 2024 – P60,2 million has been included in cash inflows raised through financing activities in the current year.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

For the year ended 31 December 2025

1. GENERAL INFORMATION

The company and its subsidiaries (the group) underwrite all classes of long-term insurance, manage investments, and administer life and pension funds. The company also provides legal insurance, short-term insurance, banking and micro-lending 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 and ultimate parent company, SanlamAllianz Africa Proprietary Limited (SanlamAllianz), holds 58% of the company's stated capital. SanlamAllianz is one of the leading financial services groups in Africa.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

The group and company annual financial statements have been prepared in accordance with IFRS® Accounting Standards. The principal accounting policies which have been consistently applied are set out below.

2.2 Basis of preparation

The consolidated and separate annual financial statements are presented in Pula (P), which is the company's functional currency and the group's presentation currency. All values are rounded to the nearest thousand, unless otherwise stated. The group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The annual financial statements have been prepared on the historical cost convention, modified by measurement at fair value for certain financial instruments, 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 following revised IFRS Accounting Standards and interpretations have been applied in the 2025 financial year, and do not have a material impact on the results:

Effective 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21).

The amendment to IAS 21, effective for annual periods beginning on or after 1 January 2025, introduced guidance for when a currency cannot be exchanged into another for a specified purpose. Entities must determine if a spot rate is unobservable and, if so, estimate it to reflect the rate at which an orderly transaction would take place. The impact of the amendment was considered when compiling these financial statements.

Management considered the applicability of this amendment to their portfolio of foreign currency-denominated assets and investments. In doing the analysis, Malawi emerged as a potential territory where the applicability of this amendment was more closely assessed. Foreign currency shortage in that country is well documented. Cash flows between the group and our Malawian associates mainly relate to dividends. Delays have been experienced in repatriating dividends. When payments are received, the implicit exchange rate at which the transaction took place was between 40% and 50% higher than the official exchange rate.

All of the requirements of the IAS 21 amendment were not satisfied. The official closing rate to translate the investment has been applied. Had a 45% weaker exchange rate, as observed via the execution of recent transactions, prevailed at year-end, the dividend receivable as at 31 December 2025 of P55,6 million would have been P17,2 million lower.

The following new or revised IFRS Accounting Standards and interpretations, effective in future years and not early adopted, may have an impact on future results:

Effective 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9)
- Annual Improvements to IFRS Accounting Standards (Amendments to IFRS 1, IFRS 7, and IFRS 9, IFRS 10 and IAS 7).

Effective 1 January 2027:

- Presentation and Disclosure in Financial Statements (IFRS 18)
- Subsidiaries without Public Accountability: Disclosures (IFRS 19).

Under IFRS 18, effective from 1 January 2027, the presentation of results on the statement of comprehensive income, as well as the notes to the financial statements, will change. There is a requirement to restate comparatives, however, the group's profit for the year will not change. Presentational changes include the disclosure of certain 'non-generally accepted accounting principles' measures – management performance measures, which will form part of the audited financial statements – as well as guidance on aggregation and disaggregation of subtotals and line items in the primary financial statements. The group is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

In May 2024, the International Accounting Standards Board (IASB) issued IFRS 19, which seeks to simplify the reporting systems and processes for companies without public accountability. This will be a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- it does not have public accountability
- it has an ultimate or intermediate parent that produces consolidated financial statements which are available for public use that comply with IFRS Accounting Standards.

This standard will be applicable at a subsidiary level (if eligible) with no impact on the consolidated and separate financial statements.

Except for IFRS 18, the group does not expect other amendments to standards issued by the IASB, but not yet effective, to have a material impact.

Use of estimates, assumptions and judgements

The preparation of the consolidated and separate financial statements necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect items reported in the group consolidated and separate statements of financial position and statements of comprehensive income, as well as contingent liabilities.

Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. Refer to **note 30** to the consolidated financial statements for further information on critical estimates and judgements.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

Deposits and similar securities, short-term investments and cash and cash equivalents

Deposits and similar securities, short-term investments and cash and cash equivalents include bank account balances, call, term and negotiable deposits, promissory notes and money market collective investment schemes. A distinction is made between:

- deposits and similar securities included in the asset mix of policyholders' and shareholders' fund investment portfolios, which are disclosed as investments in the statement of financial position
- short-term investments that are disclosed as working capital assets
- cash and cash equivalents that are disclosed as working capital assets (refer to **note 17**), apart from bank overdrafts, which are disclosed as working capital liabilities (refer to **note 17**).

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances (current accounts), cash at bank (call deposits) and demand deposits. Cash and cash equivalents are defined as cash at the bank, cash in hand and unencumbered cash instruments with a maturity period not exceeding three months.

In accordance with IAS 7, bank overdrafts are included in cash and cash equivalents only where such overdrafts are repayable on demand and form an integral part of the group's cash management. In all other instances, bank overdrafts are classified as borrowings within financing activities.

Effective in the current year, the group reassessed the nature of its bank overdraft facilities and concluded that they do not meet the criteria for inclusion in cash and cash equivalents. Accordingly, bank overdrafts are presented as financing liabilities.

Financial instruments

Owing to the nature of the group's business, financial instruments have a significant impact on the financial position and performance. Information in respect of the major categories of financial instruments and the risks associated therewith is provided in the following sections:

- **Note 15** Investments
- **Note 16.1** Trade and other receivables
- **Note 16.2** Trade and other payables
- **Note 11** Investment contract liabilities
- **Note 29** Fair value disclosures
- **Note 30** Critical accounting judgements, estimates and assumptions
- **Risk and capital management disclosures.**

3. ACCOUNTING POLICIES

The group has identified the accounting policies that are material to its business operations and the understanding of its results. These include policies relating to insurance liabilities, the ascertainment of fair values of financial assets and financial liabilities, and the determination of impairment losses.

In each case, the determination of these is fundamental to the financial results and position, and requires management to make complex judgements based on information and financial data that may change in future periods. Since these involve the use of assumptions and subjective judgements as to future events and are subject to change, the use of different assumptions or data could produce materially different results. These policies (as set out in the relevant notes to the financial statements) are in accordance with and comply with IFRS Accounting Standards and have been applied consistently for all periods presented unless otherwise noted.

3.1 Basis of consolidation

Subsidiaries and consolidated funds are entities that are controlled by the group or any of its subsidiaries. The subsidiaries and the group have the same reporting dates and all use consistent accounting policies. The group has control over an entity where it has the right to or is exposed to variable returns and has the power, directly or indirectly, to affect those returns. Specifically, the group controls an entity if and only if the group has:

- power or existing rights over the entity or investee that give it the ability to direct relevant activities
- exposure or rights to variable returns from its involvement with the investee, including consolidated funds where the group's right exceeds 20% of total unit holder interest in the fund at year-end
- the ability to use its power over the investee to affect its returns, including for consolidated funds where the group acts as asset manager.

When the group has less than a majority of the voting or similar rights, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the group's voting rights and potential voting rights.

The group reassesses on a continuous basis whether or not it controls an investee. The purchase method of accounting is applied to account for acquisitions of subsidiaries. The cost of an acquisition is measured as the fair value of consideration transferred, equity instruments issued and liabilities assumed at the date of exchange.

Costs directly attributable to an acquisition are expensed in the statement of comprehensive income. Identifiable assets acquired and liabilities assumed, and contingent liabilities assumed, are recognised at fair value at the acquisition date. The excess of the cost of an acquisition, the amount of non-controlling interest in the subsidiary or business measured in terms of IFRS 3 or when a business is acquired in stages, the acquisition date fair value of the group previously held equity interest in the subsidiary or business over the fair value of the net identifiable assets of the subsidiary or business at the date of acquisition, represents goodwill and is accounted for in terms of the accounting policy note for goodwill.

If the cost of an acquisition is less than the fair value of the net identifiable assets and contingent liabilities, the difference is recognised in the statement of comprehensive income as a gain on bargain purchase.

The results of subsidiaries and consolidated funds are included in the results of the group from the effective dates when the group obtains control to the effective dates when the group ceases to have control, using accounting policies uniform to the group. Inter-group transactions, balances and unrealised profits on inter-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction indicates the impairment of the asset transferred.

The interest of non-controlling shareholders in subsidiaries is stated at the non-controlling shareholders' share of the recognised values of the subsidiaries' assets and liabilities. Net losses attributable to non-controlling shareholders in excess of the non-controlling interest are recognised as a debit balance against non-controlling shareholders' interest.

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' interests.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

3.2 Foreign currency transactions and balances

Foreign currency transactions are translated to functional currency, i.e. the currency of the primary economic environment in which each of the group's entities operates, at the exchange rates on the transaction date.

Monetary assets and liabilities are translated to the functional currency at the exchange rates ruling at the financial period-end. Non-monetary assets and liabilities carried at fair value are translated to the functional currency at the exchange rates ruling at the valuation date. Non-monetary assets and liabilities carried at historical cost are translated to the functional currency at the exchange rates ruling at the date of initial recognition. Exchange differences arising on the settlement of transactions or the translation of monetary assets and liabilities (excluding investment assets and liabilities) are recognised in the statement of comprehensive income as financial services income. Exchange differences on non-monetary assets and liabilities and monetary assets and liabilities classified as investment assets and liabilities, such as equities and foreign interest-bearing investments, are included in the statement of comprehensive income.

3.3 Foreign operations

Statement of comprehensive income items of foreign operations (including foreign subsidiaries and associates) with a functional currency different from the presentation currency are converted to Botswana Pula at the weighted average exchange rates for the financial period, except where the average exchange rate is not representative of the timing of specific items, in which instances the exchange rate on the transaction date is used. The closing rate is used for the translation of assets and liabilities, including goodwill, intangible assets and fair value adjustments arising on the acquisition of foreign entities. At acquisition, equity is translated at the rate ruling on the date of acquisition. Post-acquisition equity is translated at the rates prevailing when the change in equity occurred. Exchange differences arising on the translation of foreign operations are transferred to a foreign currency translation reserve until the disposal of the net investment, when it is released to the statement of comprehensive income.

3.4 Goodwill

Goodwill arises on the acquisition of a subsidiary or the acquisition of a business.

It represents the excess of the cost of an acquisition, the amount of non-controlling interest in the subsidiary or business measured in terms of IFRS 3, and when a business is acquired in stages, the acquisition date fair value of the group previously held equity interest in the

subsidiary or business over the subsidiary or business at the date of acquisition. Goodwill is not amortised. The gain or loss on the disposal of a subsidiary or business includes the carrying amount of goodwill attributable to the entity or business sold.

Goodwill is not recognised when an interest in an existing subsidiary is increased. The difference between the cost of the acquisition and the non-controlling interest acquired is accounted for directly in equity. Goodwill is also not affected when an interest in an existing subsidiary is decreased without a loss of control. The difference between the proceeds received and the share of the net assets disposed of is accounted for directly in equity.

IFRS requires the impairment assessment of goodwill to be performed at the level at which goodwill is monitored for impairment by management, provided that this level cannot be larger than an operating segment. The carrying amount of goodwill is reviewed annually for impairment and written down where the recoverable amount is less than the carrying amount. Impairment losses in respect of goodwill are recognised in the statement of comprehensive income and are not reversed.

The recoverable amount of goodwill for purposes of impairment testing has been determined based on fair value less cost to sell for entities that are cash-generating units. Refer to **note 2** for additional information.

3.5 Property and equipment

Property and equipment are reflected at depreciated cost prices less impairment in value, where appropriate. Depreciation is calculated on a straight-line basis, taking into account the residual value and estimated useful lives of the assets as follows:

- Computer equipment: 4 years
- Furniture, fittings and equipment: 5 to 10 years
- Vehicles: 5 years
- Leasehold improvements – lower of lease term and useful life of improvements: 5 to 10 years.

If the expected residual value is equal to or greater than the carrying value, no depreciation is provided for. The residual values, estimated useful lives and depreciation methods are reviewed at each statement of financial position date and adjusted as appropriate.

Cost prices include costs directly attributable to the acquisition of equipment, as well as any subsequent expenditure when it is probable that future economic benefits associated with the item will flow to the group and the expenditure can be measured reliably. All other expenditure is recognised in the statement of comprehensive income when incurred.

Equipment is derecognised at the disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The difference between the carrying amount at the date of derecognition and any disposal proceeds, as applicable, is recognised in the statement of comprehensive income.

3.6 Leases

This note provides information for leases where the group is a lessee.

The group mainly has leases for office buildings and some information technology (IT) equipment and vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The group classifies its right-of-use assets in a consistent manner with its property, plant and equipment. Each lease generally imposes a restriction that, unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. The group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Extension and termination options are included in a number of leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. This would be the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third-party financing
- makes adjustments specific to the lease e.g. term, country, currency and security.

Lease payments are allocated between repayment of principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

3.7 Owner-occupied properties

Owner-occupied properties are properties held for use in the supply of services or for administration purposes.

These properties are valued at carrying amount less depreciation and impairment in value, where appropriate. The carrying amount is based on the cost of properties classified as owner-occupied on the date of

acquisition and the fair value at the date of reclassification in instances where properties are reclassified from investment properties to owner-occupied properties. Depreciation is provided for on a straight-line basis, taking into account the residual value and estimated useful life of the property as follows:

- Owner-occupied properties: 20 years.

The residual values, estimated useful lives and depreciation methods are reviewed at each statement of financial position date and adjusted as appropriate. If the expected residual value is equal to or greater than the carrying value, no depreciation is provided for. Owner-occupied property is assessed biannually for indicators of impairment.

When owner-occupied properties become investment properties, they are reclassified to investment properties at the fair value of the properties at the date of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification is recognised directly in other comprehensive income as a revaluation surplus. Owner-occupied property is derecognised at the disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The difference between the carrying amount at the date of derecognition and any disposal proceeds, as applicable, is recognised in the statement of comprehensive income.

3.8 Intangible assets

Intangible assets mainly comprise internally developed software, acquired computer software and key business relationships. Acquired intangible assets are recognised at cost on the acquisition date. Subsequent to initial recognition, these assets are reflected at their amortised cost prices less provisions for impairment in value, where appropriate. Amortisation is provided for on a straight-line basis, taking into account the residual value and estimated useful lives:

- Computer software 2 to 3 years

Costs associated with software development for internal use are capitalised if the completion of the software development is technically feasible, the group has the intent and ability to complete the development and use the asset, the costs can be reliably measured and will generate future economic benefits. No value is attributed to internally developed brands or similar rights. Costs incurred on these items are charged to the statement of comprehensive income in the period in which they are incurred.

3.9 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 Accounting Standards. An explanation of the recognition of insurance amounts in profit or loss is covered in the accounting policies.

Where the valuation of policy liabilities is based on the valuation of supporting assets, the assets are valued on the basis as set out in the accounting policy for investments. Policy liabilities can either fall within the scope of IFRS 9 or IFRS 17.

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 (DPFs) it issues. Investment contracts without DPFs (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 DPFs 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 in both 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.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

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 the explanation of recognised insurance amounts in profit or loss for further details).

The measurement of investment components identified for different types of insurance contracts is covered in the subsections below. Refer to the 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)

- 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 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 DPFs.

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, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges
- Other risk insurance contracts providing investment-return services (for example, endowment contracts) are measured using the GMM, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges
- Reinsurance contracts held providing proportionate coverage (such as quota share or surplus reinsurance) or non-proportionate coverage (such as excess of loss reinsurance) are measured under the GMM, unless eligible for the PAA.

Separation of components

Distinct components are separated from the insurance contract and accounted for under a different IFRS Accounting Standard. The examples of distinct components in the group are covered below:

- Distinct investment components are accounted for under IFRS 9 (unless it is an investment contract with DPFs in scope of IFRS 17 as covered in the previous section)
- Distinct goods or services other than insurance contract services are accounted for under IFRS 15 *Revenue from Contracts with Customers*. The separation of these distinct goods or services from insurance contracts accounted for under IFRS 17 is not material for the group.

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. **Note 30** provides further details.

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 the recognition date (refer to recognition) and expected profitability, based on whether:

- contracts are onerous at initial recognition
- contracts at initial recognition have no significant possibility of becoming onerous subsequently
- contracts at initial recognition have a significant possibility of becoming onerous subsequently (i.e. the remaining contracts).

An insurance contract issued is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts issued measured under the PAA, contracts are not expected to be onerous at initial recognition, unless there are facts and circumstances indicating that they are onerous.

Each group of insurance contracts does not include insurance contracts issued (or reinsurance contracts held) more than one year apart in the same group (also referred to as cohorts of insurance contracts).

These groups represent the level of aggregation at which insurance contracts are measured. Such groups are not subsequently reconsidered.

The group uses judgement in identifying portfolios and assessing the appropriate level at which reasonable and supportable information is available to determine the groups of insurance contracts based on expected profitability at initial recognition. Refer to **note 29** for further details.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

Reinsurance contracts held

For reinsurance contracts held, the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition.

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.

The measurement of a group of insurance contracts (including the CSM) with cash flows in more than one currency will be denominated in a single currency based on the dominant currency in which expected cash flows are generated.

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. Investment contracts with DPFs are recognised when the group becomes a party to the contract.

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 DPFs if they result from a substantive obligation of the group to deliver cash at a present or future date.

A substantive obligation to provide services ends when the group:

- Has the practical ability to reassess the risks of a particular policyholder and, as a result, can change the price charged or the level of benefits provided for the price to fully reflect the new level of risk
- Performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:
 - The group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders
 - The group's pricing of the premiums up to the assessment date does not consider any risks beyond this date.

The group concludes on its practical ability to set a price that fully reflects the insurance and/or financial risks in the individual contract or portfolio at the reassessment/renewal date by considering all the risks (transferred from the policyholder to the group) that it would assess when underwriting equivalent contracts on the same date for the remaining service. Where the group provides an option to members of the 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.

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
- contractual service margin.

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. **Note 30** provides further details on the determination of the probability-weighted estimates of future cash flows and discount rates.

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 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.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

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)
- 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, adjusted to reflect the illiquidity of the group of insurance contracts where applicable, is applied to cash flows that do not vary based on the returns on underlying items.

Insurance contracts issued, such as non-participating life annuities that cannot be surrendered or lapsed, are illiquid.

Risk-free or real-world discount rates can be applied to cash flows that vary based on the returns on underlying items. Risk-free discount rates are consistent with the rates applied to cash flows that do not vary based on returns on underlying items. Real-world discount rates are consistent with a risk-free yield curve plus a risk premium, which reflects the variability in the cash flows based on the underlying mix of asset classes other than fixed interest securities.

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 set to zero, and a loss component is recognised.

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.

Note 8 provides more information on the losses recognised at initial recognition for onerous groups of insurance contracts issued in the 2025 reporting period.

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the current and prior 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.

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 (LRC) adjusts the CSM at initial recognition of the group of reinsurance contracts held when onerous underlying insurance contracts are recognised.

The resulting income is recognised in profit or loss and offsets the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. The 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
- the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held.

Subsequent measurement (excluding the PAA)

The carrying amount of a group of insurance contracts at the end of each reporting date is the sum of:

- the liability for remaining coverage (remaining coverage component for reinsurance contracts held), comprising:
 - the fulfilment cash flows related to service to be provided (received for reinsurance contracts held) in future periods
 - the remaining CSM of the group at that date
- the liability for incurred claims (incurred claims component for reinsurance contracts held), comprising the fulfilment cash flows for past service allocated to the group at that date. The liability for incurred claims also includes the repayment of any investment components or other amounts that are not related to the provision of insurance contract services in future periods and therefore not included in the liability for remaining coverage.

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current probability-weighted estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

Fulfilment cash flows for past incurred claims include the discounted value of the estimates of future payments arising from these incurred claims, such as the estimated future benefit payments on income protection contracts and riders such as premium waivers.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

Changes in estimates of the fulfilment cash flows are treated differently according to whether changes relate to current (or past) or future service:

- Changes that relate to current (or past service) are recognised in profit or loss
- Changes that relate to future service are recognised by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which adjust the loss component on a group of insurance contracts issued, or any changes which adjust the LRC on a group of reinsurance contracts held (refer to the 'Loss component' section 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 (refer to the explanation of recognised insurance amounts in profit or loss for further details on the recognition of these amounts in profit or loss):

- 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 time value of options and guarantees (TVOG))
- Changes in the liability for incurred claims related to past service
- Experience adjustments arising from premiums received (premiums paid for reinsurance contracts held) that relate to current service including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

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

- Changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM
- Changes in the risk adjustment for non-financial risk that relate to future service
- Differences in the investment components expected to become payable in the period and actual investment components payable in the period. The expected repayments of investment components include the effect of and change in the time value of money and financial risks before this becomes payable
- Experience adjustments arising from premiums received that relate to future service including related cash flows such as insurance acquisition cash flows.

The adjustments to the CSM are measured based on the discount rates applied to the fulfilment cash flows at initial recognition (also referred to as locked-in discount rates).

Refer to the 'Contractual service margin' section below for further details.

The group applies judgement to determine whether the premium experience adjustments relate to current (or past) or future service.

Refer to the 'Premium experience adjustments' section of **note 30** for further details.

Contractual service margin

For a group of insurance contracts issued, the carrying amount of the CSM at the end of each reporting period is adjusted for the following changes in the period:

- The effect of new contracts recognised in the period (refer to the 'Contractual service margin' subsection in initial measurement (excluding PAA) for further details)
- For contracts measured under the GMM, the accretion of interest on the CSM at the start of the reporting period (or initial recognition for new contracts recognised in the period). Interest is accreted on the CSM using locked-in discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items
- Changes in the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section on the previous page) 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
- The effect of changes in currency exchange rates for contracts denominated in a foreign currency, with movements being translated at the average exchange rate over the reporting period
- The amount of the CSM recognised in insurance revenue based on the insurance contract services provided in the period, determined after allowing for the impacts described 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 previously for a group of insurance contracts issued) to adjust the carrying amount of the CSM at the end of each reporting period, with the main differences in the features of the reinsurance contracts held summarised below:

- The CSM at initial recognition for new contracts recognised in the period is adjusted for an LRC when underlying insurance contracts are onerous (refer to initial measurement (excluding PAA) for further details)
- The adjustment to the CSM for changes in the fulfilment cash flows related to future service is after any adjustment to the LRC for changes in the fulfilment cash flows for the underlying insurance contracts, which adjusted a loss component
- The amount of the CSM recognised as income or expenses from reinsurance contracts held in profit or loss is based on the services received from the reinsurer(s) in the period.

Coverage units

The CSM is recognised as insurance revenue over the duration of the insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits will typically be determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

The coverage units for contracts measured under the GMM consider the quantity of benefits and expected coverage period of investment-return services (where relevant), in addition to the insurance coverage provided (or reinsurance coverage received). **Note 30** provides further details on the coverage units identified for the material lines of business measured under the GMM, including the relative weighting of the benefits provided.

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.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

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) 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.

The subsequent changes in the fulfilment cash flows of the liability for remaining coverage are allocated to the loss component on a systematic basis based on the expected incurred claims and administration expenses and expected release of the risk adjustment for risk expired in each reporting period, such that the loss component reduces to zero by the end of the coverage period of a group of insurance contracts.

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 LRC is adjusted based on the corresponding adjustments to any loss component(s) of the underlying insurance contracts and the reinsured portion of these underlying insurance contracts. The LRC is not adjusted for any material increases in the loss component related to any cash flows that are not reinsured.

The group uses judgement in determining the LRC (refer to the 'LRC for reinsurance contracts held' section of **note 30** for further details.)

Contracts measured under the PAA

The PAA is applied to all insurance contracts with a coverage period of one year or less. In some scenarios, the PAA is also applied where the group expects that the measurement of a group of insurance contracts issued under the PAA would produce a measurement of the liability for remaining coverage (or asset for 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. The material lines of insurance business measured under the PAA have recognised insurance acquisition management expense 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, less any insurance acquisition cash flows (if not recognised as an expense in profit or loss) and amounts for the derecognition at that date of any asset for insurance acquisition cash flows recognised before the initial recognition of the group.

The carrying amount of a group of insurance contracts issued at the end of each reporting date is the sum of:

- the liability for remaining coverage
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims not paid.

For a group of insurance contracts issued, at the end of each reporting date, the group measures the liability for remaining coverage as the carrying amount at the start of the reporting period:

- plus the premiums received in the period
- minus insurance acquisition cash flows (if not recognised as an expense in profit or loss)
- plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss)
- minus the amount recognised as insurance revenue for the services provided in the period
- minus any investment component paid or transferred to the liability for incurred claims.

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

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 groups of insurance contracts measured under the PAA, no onerous groups of insurance contracts have been recognised in the 2025 reporting period.

Reinsurance contracts held

For reinsurance contracts held, the asset for remaining coverage measured under the PAA represents the portion of the ceding premiums paid related to reinsurance coverage to be received in future. For a group of reinsurance contracts held on initial recognition, the group measures the asset for remaining coverage under the PAA as the amount of ceding premiums paid.

The carrying amount of a group of reinsurance contracts held at the end of each reporting date is the sum of:

- the asset for remaining coverage (also referred to as the remaining coverage component)
- the incurred claims component, comprising the fulfilment cash flows for past incurred claims not recovered.

For a group of reinsurance contracts held, at the end of each reporting date, the group measures the asset for remaining coverage as the carrying amount at the start of the reporting period:

- minus the ceding premiums paid in the period
- plus the amount recognised as reinsurance expenses for the services received in the period.

For groups of reinsurance contracts held, an LRC will be deducted from the asset for remaining coverage when the loss component is initially recognised on the underlying insurance contracts, with subsequent adjustments to the LRC based on the corresponding changes in the loss component for the underlying insurance contracts.

Derecognition and modification

The group derecognises a contract when the rights and obligations relating to the contract are extinguished (i.e. expired, discharged or cancelled) or the contract is modified and additional criteria are met.

If an insurance contract is modified by the group by agreement between the parties to the contract or by a change in regulation, the changes in the cash flows as a result of the modification are treated as changes in estimates of fulfilment cash flows, unless the criteria for the derecognition of the original contract are met. If a contract modification results in derecognition of the original contract, a new contract is recognised on the modified terms. Refer to the conditions listed in paragraph 72 of IFRS 17.

The exercise of a right included in the terms of a contract is not a modification.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

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
- (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.

Measurement of investment contracts in scope of IFRS 9

Contracts with investment management services

The liabilities are measured based on the retrospectively accumulated fair value of the underlying assets. The amounts recognised in profit or loss for these contracts are based on the fees received during the period concerned plus the movement in the contract costs less expenses incurred.

Non-participating annuity business

Term annuity instalments and expected future expenses in respect of these instalments are discounted at the zero-coupon yield curve adjusted for an illiquidity premium and investment administration charges. All profits or losses accrue to the shareholders when incurred.

Working capital

To the extent that the management of working capital gives rise to profits, no credit is taken for this in determining the policy liabilities.

Explanation of recognised insurance amounts in profit or loss

This section describes how amounts related to insurance contracts are presented and disclosed in the group's consolidated financial statements.

The insurance service result is equal to the sum of:

- insurance revenue
- insurance service expenses
- income or expenses from reinsurance contracts.

The result from insurance is equal to the sum of the:

- insurance service result
- insurance (and reinsurance) finance income or expenses
- investment returns on assets held in respect of insurance contracts.

Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period for a group of insurance contracts excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the group, adjusted for the discounting effect and excluding any investment components.

The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the group expects to be entitled to in exchange for those services.

For insurance contracts issued not measured under the PAA, the total consideration for a group of contracts covers the following amounts:

- Expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and repayments of investment components)
- Amounts of the CSM recognised in profit or loss for the services provided in the period
- Release of the risk adjustment for risk expired (excluding amounts allocated to the loss component)
- Amounts related to income tax that are specifically chargeable to policyholders

- Experience adjustments arising from premiums received related to current (or past) service, including related cash flows such as insurance acquisition cash flows
- Amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM (refer to amortisation of insurance acquisition cash flows for further details)
- Changes in the risk adjustment for non-financial risk, excluding changes included in insurance finance income or expenses (refer to insurance (and reinsurance) finance income and expense for further details) and changes related to future service which adjust the CSM.

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

Insurance service expenses

The following amounts are recognised in insurance service expenses:

- Expected claims and administration expenses incurred (excluding amounts allocated to the loss component and repayments of investment components)
- Experience adjustments arising from incurred claims and administration expenses
- Changes in liability for incurred claims related to past service
- Actual insurance acquisition cash flows on insurance contracts measured under the PAA (for businesses not electing to amortise these cash flows in the liability for remaining coverage)
- Amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM, or where businesses elect to include insurance acquisition cash flows in the liability for remaining coverage under the PAA
- Changes that relate to future service initial losses on onerous groups of insurance contracts issued recognised in the period
- Increases and reversals of losses on onerous groups of insurance contracts issued.

The expenses only relate to cash flows that are directly attributable to the fulfilment of the insurance contracts issued.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

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 comprises reinsurance service expenses less amounts recovered from reinsurers. Reinsurance expenses are recognised similarly to insurance revenue, depicting the transfer of services received in the period at an amount reflecting the portion of premiums the group is expected to pay in exchange for those services.

The following amounts are recognised as income or expenses from reinsurance contracts held where relevant:

- Amounts of the CSM recognised in profit or loss for the services received in the period
- Changes in the risk adjustment for non-financial risk, excluding:
 - Changes related to future service (adjusting the CSM)
 - Amounts included in reinsurance finance income or expenses (refer to insurance (and reinsurance) finance income and expense below for reinsurance contracts held)
- For contracts accounted for under the GMM:
 - Experience adjustments related to incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred
 - Experience adjustments related to ceded premiums for past and current service
- For contracts accounted for under the PAA:
 - Actual incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred
 - Reinsurance expenses related to the portion of ceded premiums recovered in the current period, recognised based on the passage of time over the coverage period of the reinsurance contracts held
- Changes in the incurred claims for past service recoverable from the reinsurance contracts held
- Changes in the non-performance risk of reinsurer counterparties
- Changes that relate to future service:
 - Income on the LRC recognised in the period
 - Changes in estimates that adjust the LRC.

Insurance (and reinsurance) finance income and expenses

The group recognises all insurance finance income or expenses for the reporting period in profit or loss. The group has therefore elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income.

The effect of and changes in the time value of money and financial risk form part of the insurance finance income and expenses.

For a group of insurance contracts measured under the GMM, insurance finance income or expenses mainly comprises the following amounts:

- The unwind of interest on fulfilment cash flows, based on current discount rates
- The accretion of interest on the CSM, based on locked-in discount rates
- The effect of changes in financial (economic) assumptions, including the effect of changes in financial guarantees (changes in TVOG)
- The impact of currency exchange differences on fulfilment cash flows for contracts denominated in a foreign currency (where relevant).

For a group of insurance contracts measured under the PAA, insurance finance income or expenses mainly comprises the following amounts (where relevant):

- The unwind of interest on the liability for incurred claims, based on current discount rates
- The impact on the liability for incurred claims of the effect of changes in economic assumptions.

The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

Note 7 provides more information on the amounts recognised in insurance finance income or expenses and the investment returns on the assets held in respect of insurance contracts.

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. Other systematic methods are adopted for insurance contracts not measured under the PAA within the group, and for insurance contracts measured under the PAA where relevant, such as amortisation on a straight-line basis based on the expected coverage period of the insurance contracts.

Collateral in respect of financial assets

Collateral placed at counterparties as part of the group's capital market activities is not recognised. No transfer of ownership takes place in respect of collateral other than cash and any such collateral accepted by counterparties may not be used for any purpose other than being held as security for the trades to which such security relates. In respect of cash security, ownership transfers in law. The counterparty, however, has an obligation to refund the same amount of cash, together with interest, if no default has occurred in respect of the trades to which such cash security relates. Cash collateral is accordingly also not derecognised.

The amount and type of collateral required depend 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.

3.10 Taxation

Deferred tax

Deferred tax is provided for all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes using the liability method, except for:

- temporary differences relating to investment in subsidiaries, associated companies and joint ventures where the group controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future
- temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that at the transaction date do not affect either accounting or taxable profit or loss.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

The amount of deferred tax provided is based on the expected realisation or settlement of the deferred tax assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax balances are reflected at current values and have not been discounted.

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.

Income tax

Current income tax is provided in respect of taxable income at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Value added tax (VAT)

Revenue, expenses, and assets are recognised net of the amount of the 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 same taxation authority is included as part of receivables or payables in the statement of financial position.

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 2025, there were no uncertain tax positions.

3.11 Investments

Investment properties

Investment properties comprise properties held to earn rental income and/or for capital appreciation. Investment properties are carried at fair value which includes the related cumulative straight-line rental adjustment (refer to the accounting policy for investment income that follows).

Valuations are carried out periodically by valuers who possess appropriate qualifications and extensive experience in property valuations. Changes in the fair value of investment properties are recognised in the statement of comprehensive income as investment surpluses.

When investment properties become owner-occupied, they are reclassified to owner-occupied properties at a deemed cost equal to the fair value of the investment properties at the date of reclassification.

When owner-occupied properties become investment properties, they are reclassified to investment properties at a deemed cost equal to the fair value of the properties at the date of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification to investment properties is recognised in other comprehensive income as a revaluation surplus.

Investment properties are derecognised when they have either been disposed of or when they are permanently withdrawn from use and no future benefit is expected from their disposal.

Investments in subsidiaries, associates and joint ventures (company level)

The investments in subsidiaries, associates and joint ventures are measured at cost price less accumulated impairment.

Investments in associated companies and joint ventures Associated companies

An associated company is an entity, not being a subsidiary, in which the group has a long-term investment and over which it has the ability to exercise significant influence, being the ability to participate in the financial and operating policies of the entity without being able to jointly control or control those policies by virtue of a majority vote.

Investments in associated companies are recognised on the date significant influence is obtained and derecognised on the date significant influence is lost. Investments in associated companies, other than those investments, or portions thereof, held by investment-linked life insurance funds, are initially recognised at cost. The results of these associated companies after initial recognition are accounted for using the equity method of accounting, whereby the group's share of associated companies' post-acquisition profit or loss is recognised in the group statement of comprehensive income as equity-accounted earnings, and the group's share of associated companies' other comprehensive income is presented in the group other comprehensive income (other than those related to dividends), with a corresponding adjustment to the carrying value of investments in associated companies.

Net losses are only recognised to the extent of the net investment in an associated company, unless the group has incurred obligations or made payments on behalf of the associated company. Equity-accounted earnings are based on accounting policies uniform to those of the group. The carrying amount is reviewed biannually for indicators of impairment and written down where this is considered necessary. The carrying value of the investment in an associated company includes goodwill.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

Interest in a joint venture

The group has an interest in a joint arrangement, which is a joint venture. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate legal entity in which each venturer has an interest in only the net assets of the separate entity. The group recognises its interest in the joint venture using equity accounting. The year-end of the group's joint venture is 31 October (Khumo Properties). Adjustments are made for any significant transactions or events in the intervening period between 31 October and the group's reporting date.

Other investments

Other investments comprise:

- equities and similar securities
- interest-bearing investments
- investment funds
- deposits and similar securities.

These investments are either classified as subsequently measured at fair value through profit or loss (measured at fair value) or at amortised cost (measured at amortised cost), as described in the financial instruments accounting policy.

Deposits and similar securities

Deposits and similar securities consist of negotiable certificates of deposit and other short-term, highly liquid investments with maturity profiles of more than 90 days.

Investment income

Investment income includes interest, net rental income and dividend income. Interest income is accounted for on a time proportionate basis that takes into account the effective yield on the asset and includes the income earned from interest margin business.

Rental income is recognised on an accrual basis, apart from operating leases that contain fixed escalation clauses, where it is recognised on a straight-line basis over the lease term. The difference between rental income on a straight-line and accrual basis is recognised as part of the carrying amount of properties in the statement of financial position.

Dividend income is recognised once the last day for registration has passed. Capitalisation shares received in terms of a capitalisation issue from reserves, other than share premium or a reduction in share capital, are treated as dividend income.

Investment surpluses

Investment surpluses consist of net realised gains and losses on the sale of investments and net unrealised fair value gains and losses on the valuation of investments at fair value, excluding investments relating to capital market activities. Net realised gains and losses relate to gains and losses recognised on the disposal of the investments. Net unrealised fair value gains and losses relate to fair value adjustments arising on the valuation of investments which are still held by the group. Costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised in the statement of comprehensive income as investment surpluses. Investment surpluses are recognised in profit or loss in the statement of comprehensive income on the date of sale or upon valuation to fair value.

3.12 Trade receivables and payables

Trade and other receivables

Trade and other receivables are measured in accordance with the classification categories in **note 16.1**.

Accrued investment income is classified in accordance with the classification of the asset that the investment income stems from, to the extent that it forms part of the carrying value of the instrument.

Trade and other payables

Trade and other payables are measured in accordance with the classification categories in **note 16.2**.

Accrued investment payable is classified in accordance with the classification of the liability that the investment payable stems from, to the extent that it forms part of the carrying value of the instrument.

3.13 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 12**.

3.14 Stated capital

Stated capital is classified as equity, where the group has no obligation to deliver cash or other assets to shareholders.

Incremental costs attributable to the issue or cancellation of equity instruments are recognised directly in equity, net of tax if applicable.

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.

3.15 Other reserves – non-distributable reserves

Non-distributable reserves include the following:

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 a 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.

Capital reserve account – life insurance

The provision of the Insurance Industry Regulation of 2020 requires long-term insurers to maintain capital, which shall be the higher of P10 million or an amount representing 25% of operating expenses as defined and reported in the annual return, estimated for the following year. Previously, the provisions of the Insurance Industry Act (section 9 of the Insurance Industry Act, 2015) required that 25% of the surplus arising in a year should be transferred to this reserve. This reserve can be utilised at least once every five years to increase the paid-up stated capital of the company.

As part of its review of the capital structure, the group made an application in prior years to the Regulator, the NBFIRA, for exemption from further transfers to the statutory capital reserves as the group was holding excess capital reserves which were not utilised.

The Regulator approved the suspension of the transfer of the 25% annual after-tax profit to the statutory capital reserves for an indefinite period until the objective of the suspension is achieved. The group currently holds statutory capital reserves of at least 2,9 times the required capital levels based on IPR3L – Prescribed Capital Target.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

Share-based payment reserve

This is associated with equity-settled share-based payment compensation as described in the employee benefits section.

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's 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.

Other reserves foreign currency translation reserve

The exchange differences arising on the translation of foreign operations to the presentation currency are transferred to the foreign currency translation reserve. On disposal of the net investment, the cumulative exchange differences relating to the operations disposed of are released to the statement of comprehensive income.

Other reserves – hyperinflationary reserve

The opening balances of monetary assets and liabilities are restated by applying the Consumer Price Index (CPI) differential between the start of the reporting period and the reporting date. The opening balances of non-monetary assets are restated by applying the CPI differential between the date these items were acquired or incurred and the reporting date. An impairment loss is recognised where the remeasured amount of the non-monetary item exceeds the estimated recoverable amount.

3.16 Provisions

Provisions are recognised when the group has a present legal or constructive obligation 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 of the amount of the obligation can be made.

Provisions are measured at the present value of the amounts that are expected to be paid to settle the obligations. Provisions are charged to the statement of comprehensive income in the line item to which they relate.

3.17 Employee benefits

Pension obligations and gratuity

The defined contribution plan

The group operates as 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 2003. Expatriate and contract employees are provided with gratuity in terms of their conditions of employment.

- The group's legal or constructive obligation is limited to the amount that it agrees to the fund. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and the employee) to a trustee-administered fund, together with investment returns arising from the contributions
- In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the employee. Defined benefit contributions are recognised as expenses when incurred.

Medical aid

In terms of employment contracts and the rules of the relevant medical aid scheme, medical benefits are provided to employees. The group subsidises a portion of the medical aid contributions for employees. Contributions in relation to the group's obligations in respect of these benefits are charged against income in the period of payment. The group has no post-retirement medical funding obligations.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The group recognises a liability and expense for termination benefits at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits
- When the entity recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

Termination benefits are normally paid off within 12 months, hence they are not discounted.

Leave pay accrual

The group recognises, in full, employees' rights to annual leave entitlement in respect of past service. The recognition is made each year-end and is calculated based on accrued leave days not taken at year-end. The charge is made to expenses in the income statement and trade and other payables in the statement of financial position.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonuses is recognised in trade and other payables when there is no realistic alternative but to settle the liability when both of the following conditions are met:

- The group has a present legal or constructive obligation to make such payments as a result of past events
- A reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Share-based compensation

In 2010, the group introduced two schemes being: The share option scheme (SOS) and the conditional share plan (CSP).

The SOS expired in 2017 and was replaced by the Bifm citizen economic empowerment (CEE) share option scheme (CEESOS) in November 2018. Since 2018, the group had two share-based payment schemes: (i) the CSP; and (ii) the Bifm CEESOS.

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.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

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 the CEE
- To attract and retain key local skills within the company
- To empower citizen employees economically
- To align the interests of staff with those of the clients.

At the inception of the Bifm CEESOS, Bifm issued 21 849 246 additional shares (representing 25,1% of the issued capital of the company). The additional issued share capital was valued by independent experts at P64,7 million. The 25,1% issued capital was issued in the following manner.

At the commencement of the scheme:

- 11% (9 575 368 shares) 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.

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 the 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.

3.18 Dividends

Dividends paid 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 received a dividend on which withholding tax is levied, that withholding tax is recognised as a current tax expense.

3.19 Revenue and expenses

Financial services income is considered to be revenue for IFRS Accounting Standard purposes and includes both IFRS 15 revenue and revenue scoped out of IFRS 15.

IFRS 15 revenue sources

Income from investment management activities, such as fund management fees, collective investment and linked product administration fees, commissions, performance fees and other fees.

Revenue within the scope of IFRS 15 is either recognised at a point in time or over time. Revenue is recognised over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

If none of the above criteria is met, revenue is recognised at a point in time.

IFRS 15 revenue disaggregation

Revenue from contracts with customers is disaggregated by type of revenue as it best depicts how the nature, amount, timing and uncertainty of the group's revenue and cash flows are affected by economic factors.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

Recognition of different sources of revenue

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 outperformance of a specific benchmark over a certain period, a fee is recouped from the clients' account. The fees are payable on a monthly basis and are aligned with the satisfaction of performance obligations over time. Investment contract policyholders are charged for policy administration and other services. This fee income is recognised as revenue over time as the related services are rendered.

Commissions from investment management or administration services in respect of investment contracts are recognised as services are rendered. For IFRS 15 purposes, these commissions are recognised either at a point in time or over time. The fees are payable within 30 days of the service being rendered. Commission earned by the group at a point in time is earned by the group in its capacity as an intermediary.

Consulting fees are earned for advice and other services provided to clients of the group's financial advisory businesses. For IFRS 15 purposes, these fees are accounted for either over time as the related services are rendered or at a point in time, depending on when the performance obligations are satisfied. The fees are received on the basis of retainer contracts and services are provided on an ongoing (or continuous) basis. The customer, therefore, simultaneously receives and consumes benefits provided by the company's performance as the company performs. The fees are payable 30 days from the date of the invoice.

Expenses

Sales remuneration consists of commission payable to sales staff on long-term and short-term investment and insurance business and expenses directly related thereto, bonuses payable to sales staff and the group's contribution to their retirement and medical aid funds. Commission is accounted for on all in-force policies in the financial period during which it is incurred.

The portion of sales remuneration that is directly attributable and incremental to the acquisition of long-term recurring premium investment policy contracts is capitalised to the contract costs for the investment management services asset and recognised over the period in which the related services are rendered and revenue recognised.

Sales remuneration recognised in the statement of comprehensive income includes the amortisation of deferred acquisition costs as well as sales remuneration incurred that is not directly attributable to the acquisition of long-term investment policy contracts.

Administration costs include, *inter alia*, indirect taxes such as VAT (as applicable), 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.

The group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. These expenses are included under leases and recognised in the statement of comprehensive income.

3.20 Commitments and contingencies

Possible obligations of the group, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the group and present obligations of the group where it is not probable that an outflow of 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 statement of financial position but are disclosed in the notes to the financial statements.

Possible assets of the group, the existence of which 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 financial statements where an inflow of economic benefits is probable.

3.21 Financial instruments

Financial instruments

Financial instruments carried on the statement of financial position include investments (excluding investment properties, associates and joint ventures), receivables, cash, deposits and similar securities, investment policy contracts, liabilities in respect of external investors in consolidated funds and derivatives, bank overdraft, related party balances and payables.

Recognition and derecognition

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 assets are derecognised when the contractual rights to receive the cash flows expire or when the asset is transferred. On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation to deliver cash or other resources in terms of the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost
- fair value through profit or loss (either mandatory or designated).

A financial asset is measured at amortised cost if it meets both of 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 (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above 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 if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Other investments

Other investments comprise:

- equities and similar securities
- interest-bearing investments
- investment funds
- deposits and similar securities.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

Financial liabilities

On initial recognition, the group classifies its financial liabilities into one of the following categories:

- Amortised cost
- Fair value through profit or loss (either mandatory or designated).

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed. Financial liabilities classified as at fair value through profit or loss comprise held-for-trading liabilities, including derivatives (mandatory fair value through profit or loss) as well as financial liabilities designated as at fair value through profit or loss.

On initial recognition, the group designates a financial liability as at fair value through profit or loss when doing so results in more relevant information either 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 a different basis
- 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.

Initial measurement

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 as at fair value through profit or loss are recognised in the statement of comprehensive income as part of investment surpluses.

Subsequent measurement

Financial instruments classified at fair value through profit or loss are measured at fair value after initial recognition. Refer to **note 29** for further details.

Net gains and losses (i.e. on the sale of investments and fair value gains and losses), interest or dividend income and foreign exchange gains or losses are recognised in profit or loss. Changes in fair value are recognised in the statement of comprehensive Income as investment

surpluses. The particular valuation methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments classified as at amortised cost are measured at amortised cost using the effective interest method. Interest income, interest expense, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss or derecognition is also measured in 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.

Impairment

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including contract assets/contract receivables).

At each reporting date, the loss allowances are measured at an amount equal to lifetime ECLs if the credit risk on the financial instrument has increased significantly since initial recognition.

At each reporting date, the loss allowances are measured at an amount equal to the 12-month ECLs if:

- the credit risk on a financial instrument has not increased significantly since initial recognition
- financial instruments are determined to have a low credit risk at the reporting date.

The group determines whether the credit risk on a financial instrument has increased significantly by comparing the risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition together with reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition. Default is the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations.

Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

An impairment gain or loss is recognised in profit or loss for the amount of ECLs (or reversals) that is required to adjust the loss allowance at the reporting date.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses, which are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

Presentation of loss allowances in the statement of financial position

Loss allowances for ECLs are presented as a deduction from the gross carrying amounts of the financial assets.

Write-offs

The gross carrying amount of a financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Other financial liabilities

Other financial liabilities include:

- investment contract liabilities measured at fair value, determined on the bases as disclosed in the section on policy liabilities
- external investors in consolidated funds measured at the attributable net asset value of the respective funds
- Derivative financial instrument
- Trade and other payables
- Related party payable.

BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

For the year ended 31 December 2025

Determination of fair value hierarchy

Included in **note 29** is the required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosures only cover assets and liabilities measured at fair value.

Included in the Level 1 category are assets and liabilities that are measured by reference to unadjusted, quoted prices in an active market for identical assets and liabilities.

Included in the Level 2 category are assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as Level 2.

Assets and liabilities measured using inputs that are not based on observable market data are categorised as Level 3.

3.22 Hyperinflation

Where an associate operates in a hyperinflationary economy, the group restates the financial information of the associate on a *pro forma* basis in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* for the purposes of equity accounting. Non-monetary assets and liabilities, equity and comprehensive income are restated by applying a general price index to reflect the purchasing power of the associate's functional currency at the reporting date.

The group's share of the associate's results, as adjusted for hyperinflation, is recognised through equity accounting in accordance with IAS 28 *Investments in Associates and Joint Ventures*. The net investment in the associate is translated to Botswana Pula (BWP) at the closing exchange rate.

The effects of the IAS 29 restatement and the translation of the net investment are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

3.23 Critical accounting estimates and judgements

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the amounts reported for the group's assets and liabilities. Management applies judgement in determining probability-weighted estimates of future experience. These judgements are based on historical experience and reasonable expectations of future events and changes in experience. Estimates and assumptions are regularly updated to reflect actual experience. It is reasonably possible that actual outcomes in future financial years may differ from the current assumptions and judgements, even significantly, which could require a material adjustment to the carrying amounts of the affected assets and liabilities.

The critical estimates and judgements made in applying the group's accounting policies are summarised in **note 30**. Given the correlation between assumptions, it is not possible to demonstrate the effect of changes in key assumptions while other assumptions remain unchanged. Further, in some instances, the sensitivities are non-linear. Interdependencies between certain assumptions cannot be quantified and are accordingly not included in the sensitivity analyses; the primary example being the relationship between economic conditions and lapse, surrender and paid-up risk.

An important indicator of the accuracy of assumptions used by a life insurance company is the experience variances reflected in the equity value earnings during a period. The experience variances reported by the group to date have been reasonable compared to the equity value of covered business, confirming the accuracy of assumptions used by the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. SEGMENTAL ANALYSIS

Basis of segmentation

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

- The life insurance segment which provides life insurance services to its customers through Botswana Life Insurance Limited, a subsidiary of the group
- The asset management segment which provides asset management services to its customers through Botswana Insurance Fund Management Limited, a subsidiary of the group.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on their revenue, profit or loss after tax and return on equity value and is measured consistently with those of the group in the consolidated financial statements.

Segments that do not fall under the two key segments have been classified under 'other'. These comprise associate businesses (Letshego, Nico, Aflife Zambia, Botswana Insurance Company, BIHL Insurance Company Limited and GrandRe Tanzania) and the holding company. The associates offer diverse products and services which can be broken down into their own segments.

Inter-segment transactions that occurred during 2025 and 2024 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.

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 PLC. These investments contributed approximately 51% to profit before tax (2024: 347%) and represent approximately 4% of total assets (2024: 2%). No geographical segment analysis is provided with respect to these equity investments. Refer to **note 15.2**.

Customer segments

No customer contributes 10% or more to the group's revenue.

Other segments

Due to their immaterial nature the unit trust business, the holding company and the Corporate Social Investment Trust are included in the 'other segments' column. There are no reportable segments under 'other'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

1. SEGMENTAL ANALYSIS continued

1.1 Segment information by products and services

	Life business		Asset management		Other ¹		Inter-segmental		Consolidated total	
	2025 P'000	2024 P'000	2025 P'000	Restated 2024 P'000	2025 P'000	2024 P'000	2025 P'000	Restated 2024 P'000	2025 P'000	Restated 2024 P'000
Net insurance service result	233 900	127 199	–	–	–	–	–	–	233 900	127 199
Investment service result	47 665	76 356	–	–	–	–	–	–	47 665	76 356
Other expenses relating to insurance operations	(2 206)	649	–	–	–	–	–	–	(2 206)	649
Net result from life insurance operations	279 359	204 204	–	–	–	–	–	–	279 359	204 204
Revenue from contracts with customers	144 378	165 753	187 076	184 862	–	–	(45 124)	–	286 330	350 615
Investment income	180 365	375 646	672 961	576 603	277 784	602 199	(477 895)	(769 164)	653 215	785 284
Investment surpluses	196 209	48 393	(93 842)	25 195	(9 752)	–	35 239	17 750	151 719	91 338
Change in fair value of external investors' liabilities	–	–	(517 314)	(555 091)	–	–	175 305	154 414	(342 009)	(400 677)
Change in fair value of investment contract liabilities	(320 542)	(341 661)	–	–	–	–	–	–	(320 542)	(341 661)
Sales remuneration	(57 077)	(36 171)	–	–	–	–	–	–	(57 077)	(36 171)
Administration expenses	(91 427)	(82 411)	(136 708)	(94 982)	(63 891)	(63 422)	16 056	24 754	(275 970)	(216 061)
Other administration expenses	(71 085)	(59 712)	(134 272)	(92 280)	(61 807)	(61 140)	13 369	21 977	(253 795)	(191 155)
Depreciation	(8 919)	(6 757)	(797)	(895)	(865)	(879)	–	–	(10 581)	(8 531)
Amortisation and impairment	(5 727)	(9 434)	(127)	(387)	(44)	(46)	–	–	(5 898)	(9 867)
Right-of-use asset depreciation	(5 697)	(6 508)	(1 512)	(1 420)	(1 175)	(1 357)	2 687	2 777	(5 697)	(6 508)
Net results from other operations	51 906	129 549	112 173	136 587	204 141	538 777	(272 553)	(572 246)	95 667	232 667
Other impairments	(7 276)	(2 239)	–	–	–	–	–	–	(7 276)	(2 239)
Profit before equity-accounted earnings	323 989	331 514	112 173	136 587	204 141	538 777	(272 553)	(572 246)	367 750	434 632
Finance cost on leases (IFRS 16)	(1 725)	(861)	(63)	(171)	–	(154)	63	325	(1 725)	(709)
Net equity-accounted earnings	–	–	–	–	185 710	168 673	–	–	185 710	168 673
Impairment of an associate	–	–	–	–	(84 163)	(553 192)	–	–	(84 163)	(553 192)
Profit before tax	322 264	330 805	112 110	136 416	305 688	154 104	(272 490)	(571 921)	467 572	49 404
Income tax expense	(80 576)	(81 927)	(32 330)	(23 712)	(30 274)	(50 302)	–	–	(143 179)	(155 941)
Profit after tax	241 688	248 878	79 780	112 704	275 414	103 802	(272 490)	(571 921)	324 392	(106 537)
Total assets	13 593 717	13 913 270	8 365 906	7 994 149	2 142 757	1 930 359	(3 144 480)	(3 416 690)	20 957 901	20 421 088
Total liabilities	12 306 698	12 664 373	7 992 604	7 663 292	57 125	59 360	(2 649 041)	(2 988 329)	17 707 387	17 398 696
Return on equity value (%)	12,12	2,71	21,72	24,50	(21,29)	(38,05)	n/a	n/a	5,85	(5,47)

¹ Segments that do not fall under the two key segments also comprise associate businesses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

1. SEGMENTAL ANALYSIS continued

1.2 Segmental analysis

	2025 P'000	Restated 2024 P'000
Reconciliation of profit		
Segment profit	436 161	468 101
Life business	323 988	331 514
Asset management	112 173	136 587
Other segments	204 141	538 777
Inter-segment elimination	(272 553)	(572 246)
Profit before tax and associates	367 749	434 632
Finance cost on leases	(1 725)	(709)
Equity-accounted earnings	185 710	168 673
Impairment of an associate	(84 163)	(553 192)
Profit before tax for the year	467 571	49 404
Reconciliation of assets		
Segment operating assets		
Life business	13 593 717	13 913 270
Asset management	8 365 906	7 994 149
Other segments	2 142 757	1 930 359
Inter-segment elimination	(3 144 480)	(3 416 690)
Total assets	20 957 900	20 421 088
Reconciliation of liabilities		
Segment operating liabilities		
Life business	12 306 698	12 664 373
Asset management	7 992 604	7 663 292
Other segments	57 125	59 360
Inter-segment elimination	(2 649 040)	(2 988 329)
Total liabilities	17 707 387	17 398 696

2. GOODWILL

Goodwill acquired through business combinations has been allocated to one cash-generating unit (asset management) which is equivalent to one of the two operating segments of the group.

	2025 P'000	2024 P'000
Cost		
As at 1 January	114 923	114 923
As at 31 December	114 923	114 923
Accumulated amortisation and impairment		
As at 1 January	51 931	51 931
As at 31 December	51 931	51 931
Carrying amount		
As at 1 January	62 992	62 992
As at 31 December	62 992	62 992

This note has been re-presented as a result of the financial statement re-presentation outlined in **note 31**.

Impairment testing of goodwill

Goodwill was tested for impairment, with no requirement for impairment arising from this test.

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 the cash-generating unit when compared to estimates applicable at the original recognition of the goodwill. The performance of the asset management business has shown a positive trend on a year-on-year basis.

Asset management business

The recoverable amount of the asset management business unit was determined based on the value in use calculation using the cash flow projections on financial budgets approved by senior management covering a five-year period and extrapolated to 10 years based on economic and specific sector growth using a perpetual growth of 3,8% (2024: 4,6%) thereafter. The cash flows are extrapolated to a 10-year period to reflect the long-term plans of the group. A pre-tax group-specific risk-adjusted discount rate of 17,2% (2024: 17,9%) is used. The projected cash flows are determined by budgeted margins based on past performances, management expectations and market developments as well as the impact of geopolitical uncertainty emanating from the Russia-Ukraine crisis on assets under management (AUM).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

2. GOODWILL continued

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

	2025 %	2024 %
Investment income/surplus return	2,2	2,0
Investment growth on AUM (after tax)	12,1	8,0
Net inflows as a % of AUM	1,0	(0,8)

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 P428 million (2024: P423 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 P84,6 million (2024: P54,0 million).

3. PROPERTY AND EQUIPMENT

	2025 P'000	2024 P'000
Computer equipment, furniture and vehicles	12 372	9 399
Cost ¹	31 683	23 965
Accumulated depreciation and impairment ¹	(19 311)	(14 566)
Leasehold improvements	29 560	33 488
Cost	63 970	61 964
Accumulated depreciation and impairment	(34 410)	(28 476)
	41 932	42 887

¹ This amount is shown net of fully depreciated assets of P0 (2024: P5,9 million) that were retired and consequently removed from the fixed asset register.

3.1 Reconciliation of carrying amount

	Computer equipment, furniture and vehicles P'000	Leasehold improvements P'000	Total P'000
2025			
Balance as at 1 January 2025	9 399	33 488	42 887
Additions and expenditure capitalised	7 718	2 006	9 724
Depreciation	(4 745)	(5 934)	(10 679)
Balance as at 31 December 2025	12 372	29 560	41 932
2024			
Balance as at 1 January 2024	9 772	35 612	45 384
Additions and expenditure capitalised	4 429	3 782	8 211
Depreciation	(4 802)	(5 906)	(10 708)
Balance as at 31 December 2024	9 399	33 488	42 887

This note has been re-presented as a result of the financial statement re-presentation outlined in **note 31**.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

4. LEASES**4.1 Right-of-use assets – Reconciliation of carrying amount**

	2025 P'000	2024 P'000
Properties		
Balance as at 1 January	13 799	11 879
Additions	10 941	8 503
Depreciation	(5 697)	(6 583)
Balance as at 31 December	19 043	13 799

4.2 Lease liabilities – Reconciliation of carrying amount

	2025 P'000	2024 P'000
Balance as at 1 January	14 776	12 707
Additional lease commitments at present value	10 941	8 503
Interest accrued	1 725	709
Lease payments	(6 407)	(7 143)
Balance as at 31 December	21 035	14 776

The group leases a number of offices across the country. As at 31 December 2025, a total of 11 offices were leased (11 in December 2024). The leases have remaining lease periods of between two years and 10 years as at 31 December 2025. The lease with the longest life is expected to expire on 30 June 2034.

The cost of the right-of-use asset was P58,8 million (2024: P47,9 million) and the accumulated depreciation was P39,9 million (2024: P34,2 million).

5. OWNER-OCCUPIED PROPERTIES

	2025 P'000	2024 P'000
Properties		
Cost	135 042	135 042
Accumulated depreciation at the start of the year	(8 091)	(7 217)
Current year depreciation charge	(874)	(874)
Balance as at 31 December	126 077	126 951

This note has been re-presented as a result of the financial statement re-presentation outlined in **note 31**.

6. INTANGIBLE ASSETS

	2025 P'000	2024 P'000
Computer software		
Cost	153 800	151 349
Accumulated amortisation at the start of the year	(127 008)	(117 141)
Additions through the year	4 706	2 451
Current year amortisation charge	(5 900)	(9 867)
Balance as at 31 December	25 598	26 792

The cost price of the intangible assets was P158,5 million (2024: P153,8 million) and the accumulated depreciation was P132,9 million (2024: P127 million).

This note has been re-presented as a result of the financial statement re-presentation outlined in **note 31**.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

7. INSURANCE AND REINSURANCE CONTRACTS

Summary of net carrying amount

	Notes	Individual life P'000	Annuities P'000	Group business P'000	Total P'000
2025					
Net insurance contract carrying amount					
Insurance contract liabilities	8.1	45 888	7 318 510	645 731	8 010 129
Net reinsurance contract carrying amount					
Reinsurance contract liabilities	9.1	66 262	–	(11 258)	55 004
Reinsurance contract assets	9.1	–	–	(11 258)	(11 258)
Net carrying amount		112 150	7 318 510	634 473	8 065 133
2024					
Net insurance contract carrying amount					
Insurance contract liabilities	8.1	(219 392)	7 759 852	637 181	8 177 641
Insurance contract assets	8.1	(219 392)	–	–	(219 392)
Net reinsurance contract carrying amount					
Reinsurance contract liabilities	9.1	87 035	–	(16 854)	70 181
Reinsurance contract assets	9.1	–	–	(16 854)	(16 854)
Net carrying amount		(132 357)	7 759 852	620 327	8 247 822

Summary of result from insurance contracts

	Individual life P'000	Annuities P'000	Group business P'000	Total ¹ P'000
2025				
Insurance service result	92 020	52 263	89 617	233 900
Insurance revenue	604 938	991 456	864 135	2 460 529
Insurance service expenses	(495 457)	(939 193)	(749 462)	(2 184 112)
Income or expense from reinsurance contracts	(17 461)	–	(25 056)	(42 517)
Insurance investment result	1 500	38 155	8 010	47 665
Other expenses relating to insurance operations	–	–	–	(2 206)
Result from insurance contracts	93 520	90 418	97 627	279 359
2024				
Insurance service result	52 653	40 383	34 163	127 199
Insurance revenue	576 802	898 663	791 598	2 267 063
Insurance service expenses	(515 141)	(858 280)	(727 363)	(2 100 784)
Income or expense from reinsurance contracts	(9 008)	–	(30 072)	(39 080)
Insurance investment result	10 327	32 124	33 905	76 356
Other expenses relating to insurance operations	–	–	–	649
Result from insurance contracts	62 980	72 507	68 068	204 204

¹ Refer to **note 10.1** for additional information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS

8.1 Analysis of net insurance contract carrying amount

Analysis per line of business and valuation method

	Total P'000	Liability for remaining coverage				Incurred claims			Analysis of liability for remaining coverage		
		Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Subtotal ¹ P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal P'000	Excluding loss component P'000	Loss component P'000	Total P'000
2025											
Life insurance – risk business	8 010 129	6 319 713	227 247	1 232 369	7 779 329	230 800	–	230 800	7 675 505	103 824	7 779 329
Premium allocation approach ¹	645 731	546 762	–	–	546 762	98 969	–	98 969	546 762	–	546 762
General model	7 364 398	5 772 951	227 247	1 232 369	7 232 567	131 831	–	131 831	7 128 743	103 824	7 232 567
Individual life	45 888	(1 046 598)	150 219	830 525	(65 854)	111 742	–	111 742	(145 204)	79 530	(65 674)
Annuities	7 318 510	6 819 549	77 028	401 844	7 298 421	20 089	–	20 089	7 274 127	24 294	7 298 421
Net insurance contract carrying amount	8 010 129	6 319 713	227 247	1 232 369	7 779 329	230 800	–	230 800	7 675 505	103 824	7 779 329
Premium allocation approach ¹	645 731	546 762	–	–	546 762	98 969	–	98 969	546 762	–	546 762
General model	7 364 398	5 772 951	227 247	1 232 369	7 232 567	131 831	–	131 831	7 128 743	103 824	7 232 567
Net insurance contract carrying amount	8 010 129	6 319 713	227 247	1 232 369	7 779 329	230 800	–	230 800	7 675 505	103 824	7 779 329
Insurance contract liability balance	8 010 129	6 319 713	227 247	1 232 369	7 779 329	230 800	–	230 800	7 675 505	103 824	7 779 329
Net insurance contract carrying amount	8 010 129	6 319 713	227 247	1 232 369	7 779 329	230 800	–	230 800	7 675 505	103 824	7 779 329
2024											
Life insurance – risk business	8 177 641	6 493 268	263 512	1 174 818	7 931 598	246 043	–	246 043	7 853 168	78 430	7 931 598
Premium allocation approach ¹	637 181	527 921	–	–	527 921	109 260	–	109 260	527 921	–	527 921
General model	7 540 460	5 965 347	263 512	1 174 818	7 403 677	136 783	–	136 783	7 325 247	78 430	7 403 677
Individual life	(219 392)	(1 329 367)	171 778	817 086	(340 503)	121 111	–	121 111	(412 132)	71 629	(340 503)
Annuities	7 759 852	7 294 714	91 734	357 732	7 744 180	15 672	–	15 672	7 737 379	6 801	7 744 180
Net insurance contract carrying amount	8 177 641	6 493 268	263 512	1 174 818	7 931 598	246 043	–	246 043	7 853 168	78 430	7 931 598
Insurance contract liability balances	8 397 033	7 822 635	91 734	357 732	8 272 101	124 932	–	124 932	8 265 300	6 801	8 272 101
Insurance contract asset balances	(219 392)	(1 329 367)	171 778	817 086	(340 503)	121 111	–	121 111	(412 132)	71 629	(340 503)
Net insurance contract carrying amount	8 177 641	6 493 268	263 512	1 174 818	7 931 598	246 043	–	246 043	7 853 168	78 430	7 931 598

¹ Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to the PAA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.2 Reconciliation of net carrying amount: Life insurance – risk business

8.2.1 Premium allocation approach

Reconciliation per valuation component

	Incurred claims	Liability for remaining coverage	
	Best estimate of future cash flows P'000	Excluding loss component P'000	Total P'000
2025			
Recognised in the statement of comprehensive income	370 556	(555 471)	(184 915)
Recognised in insurance revenue	–	(864 135)	(864 135)
Recognised in insurance services expenses	370 556	308 664	679 220
Claims incurred during the year (excluding investment component)	370 556	–	370 556
Amortisation of insurance acquisition cash flows	–	308 664	308 664
Cash flow	(380 847)	574 312	193 465
Premiums received during the year	–	882 976	882 976
Claims paid during the year	(380 847)	–	(380 847)
Insurance acquisition cash flows	–	(308 664)	(308 664)
Net movement for the year	(10 291)	18 841	8 550
Balance at the beginning of the year	109 260	527 921	637 181
Balance at the end of the year	98 969	546 762	645 731

	Incurred claims	Liability for remaining coverage	
	Best estimate of future cash flows P'000	Excluding loss component P'000	Total P'000
2024			
Recognised in the statement of comprehensive income	345 395	(476 028)	(130 633)
Recognised in insurance revenue	–	(791 598)	(791 598)
Recognised in insurance services expenses	345 395	315 570	660 965
Claims incurred during the year (excluding investment component)	345 395	–	345 395
Amortisation of insurance acquisition cash flows	–	315 570	315 570
Cash flow	(324 345)	531 311	206 966
Premiums received during the year	–	846 881	846 881
Claims paid during the year	(324 345)	–	(324 345)
Insurance acquisition cash flows	–	(315 570)	(315 570)
Net movement for the year	21 050	55 283	76 333
Balance at the beginning of the year	88 210	472 638	560 848
Balance at the end of the year	109 260	527 921	637 181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.2 Reconciliation of net carrying amount: Life insurance – risk business continued

8.2.2 General model – individual life risk

Reconciliation per valuation component

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Fair value transition approach P'000	Other approach ⁴ P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000	Total P'000
2025										
Non-onerous contracts recognised during the year ³	(96 778)	14 286	82 492	–	82 492	–	–	–	–	–
Recognised in the statement of comprehensive income	(145 701)	(19 471)	(90 796)	(46 996)	(43 800)	(255 968)	(420 252)	(14 039)	178 323	(255 968)
Recognised in insurance revenue ¹	(316 799)	(20 605)	(90 796)	(46 996)	(43 800)	(428 200)	(419 438)	(8 762)	–	(428 200)
Expected incurred claims excluding investment components	(188 546)	–	–	–	–	(188 546)	(186 479)	(2 067)	–	(188 546)
Expected administration and other expenses	(149 705)	–	–	–	–	(149 705)	(143 546)	(6 159)	–	(149 705)
Release of risk adjustment for risk expired	–	(20 605)	–	–	–	(20 605)	(20 069)	(536)	–	(20 605)
Recognition of the CSM for services provided	–	–	(90 796)	(46 996)	(43 800)	(90 796)	(90 796)	–	–	(90 796)
Premium experience adjustments related to current service and other amounts	21 452	–	–	–	–	21 452	21 452	–	–	21 452
Recognised in insurance service expenses	171 098	1 134	–	–	–	172 232	(814)	(5 277)	178 323	172 232
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	179 576	–	–	–	–	179 576	(814)	2 067	178 323	179 576
Expected incurred claims excluding investment components	190 476	–	–	–	–	190 476	190 476	–	–	190 476
Experience adjustment	(10 900)	–	–	–	–	(10 900)	–	–	(10 900)	(10 900)
Initial loss on onerous contracts recognised during the period	7 180	1 285	–	–	–	8 465	–	8 465	–	8 465
Increase and reversal of losses on onerous contracts	(15 658)	(151)	–	–	–	(15 809)	–	(15 809)	–	(15 809)
Insurance finance income or expenses	24 331	(12 807)	56 764	31 196	25 568	68 288	42 621	25 667	–	68 288
Excluding recognition of adjusting the CSM at locked-in interest rates	(1 033)	(13 970)	56 764	31 196	25 568	41 761	14 729	27 032	–	41 761
Impact of adjusting the CSM at locked-in interest rates	25 364	1 163	–	–	–	26 527	27 892	(1 365)	–	26 527
Changes in estimates recognised in the CSM ³	38 587	(3 567)	(35 020)	(31 274)	(3 746)	–	–	–	–	–

¹ Line items do not align to the statement of comprehensive income due to 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 relate to current service.

³ Relates to future service. Line items without a superscript relate 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.2 Reconciliation of net carrying amount: Life insurance – risk business continued

8.2.2 General model – individual life risk continued

Reconciliation per valuation component

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Fair value transition approach P'000	Other approach ¹ P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000	Total P'000
2025										
Cash flow	456 382	–	–	–	–	456 382	646 651	–	(187 692)	456 382
Premiums received during the year	864 505	–	–	–	–	864 505	864 505	–	–	864 505
Incurred claims – investment components	–	–	–	–	–	–	(46 241)	–	46 241	–
Claims paid during the year ²	(233 933)	–	–	–	–	(233 933)	–	–	(233 933)	(233 933)
Insurance acquisition cash flows	(174 190)	–	–	–	–	(174 190)	(174 190)	–	–	(174 190)
Analysis of movement in contracts	276 821	(21 559)	13 440	(47 689)	61 129	268 702	309 064	11 628	(9 369)	268 702
Foreign currency translation differences	(3 423)	–	–	–	–	(3 423)	304	(3 727)	–	(3 423)
Net movement for the year	273 398	(21 559)	13 440	(47 689)	61 129	265 279	266 747	7 901	(9 369)	265 279
Balance at the beginning of the year	(1 208 256)	171 778	817 086	417 716	399 369	(219 391)	(412 131)	71 629	121 111	(219 391)
Balance at the end of the year	(934 857)	150 219	830 526	370 027	460 498	45 888	(145 384)	79 530	111 742	45 888

¹ Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

² The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.2 Reconciliation of net carrying amount: Life insurance – risk business continued

8.2.2 General model – individual life risk continued

Reconciliation per valuation component continued

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Fair value transition approach P'000	Other approach ⁴ P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000	Total P'000
2024										
Non-onerous contracts recognised during the year ³	(70 366)	9 746	60 620	–	60 620	–	–	–	–	–
Recognised in the statement of comprehensive income	(192 608)	(9 846)	(30 556)	(26 016)	(4 539)	(233 010)	(437 680)	33 099	171 571	(233 011)
Recognised in insurance revenue ¹	(276 839)	(19 761)	(94 234)	(88 886)	(5 348)	(390 834)	(385 686)	(5 148)	–	(390 834)
Expected incurred claims excluding investment components	(190 957)	–	–	–	–	(190 957)	(189 220)	(1 737)	–	(190 957)
Expected administration and other expenses	(104 338)	–	–	–	–	(104 338)	(101 267)	(3 071)	–	(104 338)
Release of risk adjustment for risk expired	–	(19 761)	–	–	–	(19 761)	(19 421)	(340)	–	(19 761)
Recognition of the CSM for services provided	–	–	(94 234)	(88 886)	(5 348)	(94 234)	(94 234)	–	–	(94 234)
Premium experience adjustments related to current service and other amounts	18 456	–	–	–	–	18 456	18 456	–	–	18 456
Recognised in insurance service expenses	184 932	1 730	–	–	–	186 662	–	15 090	171 570	186 660
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	171 571	–	–	–	–	171 571	–	–	171 570	171 570
Expected incurred claims excluding investment components	(190 957)	–	–	–	–	(190 957)	–	–	(190 957)	(190 957)
Experience adjustment	362 527	–	–	–	–	362 527	–	–	362 527	362 527
Initial loss on onerous contracts recognised during the year	11 794	1 793	–	–	–	13 587	–	13 587	–	–
Increase and reversal of losses on onerous contracts	1 567	(64)	–	–	–	1 503	–	1 503	–	–
Insurance finance income or expenses	(100 701)	8 185	63 678	62 870	808	(28 838)	(51 995)	23 157	–	(28 838)
Excluding recognition of adjusting the CSM at locked-in interest rates	(116 057)	6 169	63 678	62 870	808	(46 210)	(56 549)	10 338	–	(46 211)
Impact of adjusting the CSM at locked-in interest rates	15 356	2 016	–	–	–	17 372	4 554	12 818	–	17 372
Changes in estimates recognised in the CSM ³	130 422	5 118	(135 541)	(142 621)	7 080	–	–	–	–	–

¹ Line items do not align to the statement of comprehensive income due to the 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 relate to current service.

³ Relates to future service. Line items without a superscript relate 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.2 Reconciliation of net carrying amount: Life insurance – risk business continued

8.2.2 General model – individual life risk continued

Reconciliation per valuation component continued

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Fair value transition approach P'000	Other approach ¹ P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000	Total P'000
2024										
Cash flow	466 391	–	–	–	–	466 391	630 517	–	(164 126)	466 391
Premiums received during the year	849 114	–	–	–	–	849 114	849 114	–	–	849 114
Incurred claims – investment components	–	–	–	–	–	–	(46 008)	–	46 008	–
Claims paid during the year ²	(210 134)	–	–	–	–	(210 134)	–	–	(210 134)	(210 134)
Insurance acquisition cash flows	(172 589)	–	–	–	–	(172 589)	(172 589)	–	–	(172 589)
Net movement for the year	333 838	5 018	(105 476)	(168 637)	63 161	233 381	192 837	33 099	7 444	233 380
Recognised in other comprehensive income – foreign currency translation differences	–	–	–	–	–	–	(799)	799	–	–
Balance at the beginning of the year	(1 542 094)	166 760	922 562	586 353	336 208	(452 772)	(604 168)	37 731	113 667	(452 771)
Balance at the end of the year	(1 208 256)	171 778	817 086	417 716	459 989	(219 390)	(412 130)	71 629	121 111	(219 391)

¹ Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

² The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.2 Reconciliation of net carrying amount: Life insurance – risk business continued

8.2.3 General model – annuity

Reconciliation per valuation component continued

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Fair value transition approach P'000	Other approach ² P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000	Total P'000
2025										
Non-onerous contracts recognised during the year ¹	(75 765)	5 599	70 166	–	70 166	–	–	–	–	–
Recognised in the statement of comprehensive income	(508 730)	(18 433)	(23 321)	(8 151)	(15 170)	(550 484)	(1 454 440)	17 495	886 461	(550 484)
Recognised in insurance revenue ¹	(933 034)	(5 241)	(45 722)	(4 395)	(41 327)	(983 997)	(983 238)	(759)	–	(983 997)
Expected incurred claims excluding investment components	(903 052)	–	–	–	–	(903 052)	(902 314)	(738)	–	–
Expected administration and other expenses	(23 604)	–	–	–	–	(23 604)	(23 586)	(18)	–	(23 604)
Release of risk adjustment for risk expired	(539)	(5 241)	–	–	–	(5 780)	(5 777)	(3)	–	(5 780)
Recognition of the CSM for services provided	–	–	(45 722)	(4 395)	(41 327)	(45 722)	(45 722)	–	–	(45 722)
Premium experience adjustments related to current service and other amounts	(5 839)	–	–	–	–	(5 839)	(5 839)	–	–	(5 839)

¹ Line items do not align to the statement of comprehensive income due to the 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 Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.2 Reconciliation of net carrying amount: Life insurance – risk business continued

8.2.3 General model – annuity continued

Reconciliation per valuation component continued

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Fair value transition approach P'000	Other approach ² P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000	Total P'000
2025										
Recognised in insurance service expenses ¹	904 675	(222)	–	–	–	904 453	(739)	18 731	886 461	904 453
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	886 461	–	–	–	–	886 461	(738)	738	886 461	886 461
Expected incurred claims excluding investment components	903 052	–	–	–	–	903 052	(738)	738	903 052	903 052
Experience adjustment	(16 591)	–	–	–	–	(16 591)	–	–	(16 591)	(16 591)
Initial loss on onerous contracts recognised during the year	(26)	37	–	–	–	11	–	11	–	11
Increase and reversal of losses on onerous contracts	18 240	(259)	–	–	–	17 981	(1)	17 982	–	17 981
Insurance finance income or expenses	(480 371)	(112 970)	22 401	(3 756)	26 157	(470 940)	(470 463)	(477)	–	(470 940)
Excluding recognition of assumption changes in the CSM at locked-in interest rates	(545 007)	(15 013)	22 401	(3 756)	26 157	(537 619)	(537 159)	(460)	–	(537 619)
Recognition of assumption changes in the CSM at locked-in interest rates	64 636	2 043	–	–	–	66 679	66 696	(17)	–	66 679
Changes in estimates recognised in the CSM	(2 008)	(1 197)	3 206	7 537	(4 331)	1	1	–	–	1
Cash flow	125 620	–	–	–	–	125 620	991 184	–	(882 044)	125 620
Premiums received during the year	1 016 845	–	–	–	–	1 016 845	1 016 845	–	–	1 016 845
Claims paid during the year	(882 044)	–	–	–	–	(882 044)	–	–	(882 044)	(882 044)
Insurance acquisition cash flows	(9 181)	–	–	–	–	(9 181)	(9 181)	–	–	(9 181)
Net movement for the year	(460 883)	(14 031)	50 051	(614)	50 665	(424 863)	(446 775)	17 495	4 417	(424 863)
Recognised in other comprehensive income – foreign currency translation differences	(9 866)	(675)	(5 939)	–	(5 939)	(16 480)	(16 480)	–	–	(16 480)
Balance at the beginning of the year	7 310 386	91 735	357 732	96 694	261 038	7 759 853	7 737 381	6 800	15 672	7 759 852
Balance at the end of the year	6 839 637	77 029	401 844	96 080	305 764	7 318 510	7 274 126	24 295	20 089	7 318 510

¹ Line items do not align to the statement of comprehensive income due to the 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 Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.2 Reconciliation of net carrying amount: Life insurance – risk business continued

8.2.3 General model – annuity continued

Reconciliation per valuation component continued

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Fair value transition approach P'000	Other approach ² P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000	Total P'000
2024										
Non-onerous contracts recognised during the year ¹	(31 729)	6 816	24 913	–	24 913	–	–	–	–	–
Recognised in the statement of comprehensive income	331 148	(848)	(13 025)	(13 025)	–	317 275	(505 314)	(971)	823 559	317 274
Recognised in insurance revenue¹	(853 835)	(5 617)	(34 123)	(34 123)	–	(893 575)	(890 835)	(2 740)	–	(893 575)
Expected incurred claims excluding investment components	(818 334)	–	–	–	–	(818 334)	(817 815)	(519)	–	(818 334)
Expected administration and other expenses	(25 904)	–	–	–	–	(25 904)	(23 684)	(2 220)	–	(25 904)
Release of risk adjustment for risk expired	(341)	(5 617)	–	–	–	(5 958)	(5 957)	(1)	–	(5 958)
Recognition of the CSM for services provided	–	–	(34 123)	(34 123)	–	(34 123)	(34 123)	–	–	(34 123)
Premium experience adjustments related to current service and other amounts	(9 256)	–	–	–	–	(9 256)	(9 256)	–	–	(9 256)
Recognised in insurance service expenses¹	825 082	30	–	–	–	825 112	–	1 551	823 559	825 110
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	823 560	–	–	–	–	823 560	–	–	823 559	823 559
Expected incurred claims excluding investment components	1 200 728	–	–	–	–	1 200 728	–	–	1 200 728	1 200 728
Experience adjustment	(377 169)	–	–	–	–	(377 169)	–	–	(377 169)	(377 169)
Initial loss on onerous contracts recognised during the year	–	–	–	–	–	–	–	–	–	–
Increase and reversal of losses on onerous contracts	1 522	29	–	–	–	1 551	–	1 551	–	–
Insurance finance income or expenses	359 901	4 739	21 098	21 098	–	385 738	385 520	218	–	385 738
Excluding recognition of adjusting the CSM at locked-in interest rates	382 752	4 630	21 098	21 098	–	408 480	408 253	228	–	408 481
Impact of adjusting the CSM at locked-in interest rates	(22 851)	109	–	–	–	(22 742)	(22 733)	(9)	–	(22 742)
Changes in estimates recognised in the CSM ³	(33 873)	(7 245)	41 120	41 120	–	1	–	–	–	–

¹ Line items do not align to the statement of comprehensive income due to the 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 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.

³ Relates to future service. Line items without a superscript relate to current service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.2 Reconciliation of net carrying amount: Life insurance – risk business continued

8.2.3 General model – annuity continued

Reconciliation per valuation component continued

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Fair value transition approach P'000	Other approach ¹ P'000	Total P'000	Liability for remaining coverage excluding loss component P'000	Loss component P'000	Incurred claims P'000	Total P'000
2024										
Cash flow	41 591	–	–	–	–	41 591	867 412	–	(825 821)	41 591
Premiums received during the year	874 695	–	–	–	–	874 695	874 695	–	–	874 695
Incurred claims – investment components ¹	–	–	–	–	–	–	–	–	–	–
Claims paid during the year	(825 821)	–	–	–	–	(825 821)	–	–	(825 821)	(825 821)
Insurance acquisition cash flows	(7 283)	–	–	–	–	(7 283)	(7 283)	–	–	(7 283)
Change in policy loans	–	–	–	–	–	–	–	–	–	–
Net movement for the year	307 137	(1 278)	53 007	28 094	24 913	358 867	362 099	(971)	(2 263)	358 864
Recognised in other comprehensive income – foreign currency translation differences	85	–	–	–	–	85	84	–	–	84
Liabilities acquired through business combinations	–	–	–	–	–	–	–	–	–	–
Balance at the beginning of the year	7 003 165	93 013	304 725	68 600	236 125	7 400 903	7 375 199	7 771	17 934	7 400 904
Balance at the end of the year	7 310 386	91 735	357 732	96 694	261 038	7 759 855	7 737 380	6 800	15 672	7 759 852

¹ Other covers amounts for insurance contracts that existed at the transition date to which the group applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.3 Carrying value of new insurance contracts issued during the year

	Groups of contracts that are expected to be profitable at initial recognition P'000	Groups of contracts that are onerous at initial recognition P'000	Total P'000
2025			
Estimate of the present value of future cash inflows	(1 640 203)	(70 115)	(1 710 318)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	1 263 746	61 859	1 325 605
Insurance acquisition cash flows	203 931	15 382	219 313
Risk adjustment for non-financial risk	19 881	–	19 881
Contractual service margin	152 645	–	152 645
Net carrying amount of insurance contracts issued during the year	–	7 126	7 126

	Groups of contracts that are expected to be profitable at initial recognition P'000	Groups of contracts that are onerous at initial recognition P'000	Total P'000
2024			
Estimate of the present value of future cash inflows	(1 385 615)	(2 728)	(1 388 343)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	1 272 317	7 346	1 279 663
Insurance acquisition cash flows	11 203	235	11 438
Risk adjustment for non-financial risk	16 562	–	16 562
Contractual service margin	85 533	–	85 533
Net carrying amount of insurance contracts issued during the year	–	4 853	4 853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

8. INSURANCE CONTRACTS continued

8.4 Expected recognition of contractual service margin

Analysis per line of business

	<1 year P'000	1 – 2 years P'000	2 – 3 years P'000	3 – 4 years P'000	4 – 5 years P'000	5 – 6 years P'000	6 – 7 years P'000	7 – 8 years P'000	8 – 9 years P'000	9 – 10 years P'000	>10 years P'000
Individual life											
2025											
Balance at the beginning of the year	830 526	775 040	724 074	676 336	633 022	597 343	561 292	521 896	484 375	448 708	414 787
Accretion of interest on liabilities under the general model	54 006	51 687	49 285	48 754	51 931	47 348	39 579	36 876	34 308	31 861	327 933
Recognised in the statement of comprehensive income	(109 492)	(102 653)	(97 023)	(92 068)	(87 610)	(83 399)	(78 975)	(74 397)	(69 975)	(65 782)	(742 720)
Balance at the end of the year	775 040	724 074	676 336	633 022	597 343	561 292	521 896	484 375	448 708	414 787	–
2024											
Balance at the beginning of the year	817 086	766 413	718 596	672 931	629 035	589 307	558 113	526 083	489 888	455 387	422 545
Accretion of interest on liabilities under the general model	52 341	48 963	45 854	43 040	43 053	47 772	43 286	35 184	32 707	30 344	278 700
Recognised in the statement of comprehensive income	(103 014)	(96 780)	(91 519)	(86 936)	(82 781)	(78 966)	(75 316)	(71 379)	(67 208)	(63 186)	(701 245)
Balance at the end of the year	766 413	718 596	672 931	629 035	589 307	558 113	526 083	489 888	455 387	422 545	–
Annuities											
2025											
Balance at the beginning of the year	401 844	386 198	371 704	358 329	347 218	338 416	326 784	313 292	299 870	286 625	274 008
Accretion of interest on liabilities under the general model	24 580	25 135	25 566	27 114	28 690	25 077	22 385	21 578	20 831	20 510	265 922
Recognised in the statement of comprehensive income	(40 226)	(39 629)	(38 941)	(38 225)	(37 492)	(36 709)	(35 877)	(35 000)	(34 076)	(33 127)	(539 930)
Balance at the end of the year	386 198	371 704	358 329	347 218	338 416	326 784	313 292	299 870	286 625	274 008	–
2024											
Balance at the beginning of the year	357 732	342 861	328 678	314 779	301 242	290 465	281 910	270 522	257 525	244 677	232 051
Accretion of interest on liabilities under the general model	22 540	22 607	22 214	21 894	23 959	25 434	21 777	19 303	18 547	17 832	225 220
Recognised in the statement of comprehensive income	(37 411)	(36 790)	(36 113)	(35 431)	(34 736)	(33 989)	(33 165)	(32 300)	(31 395)	(30 458)	(457 271)
Balance at the end of the year	342 861	328 678	314 779	301 242	290 465	281 910	270 522	257 525	244 677	232 051	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

9. REINSURANCE CONTRACTS

9.1 Analysis of net reinsurance contract carrying amount

Analysis per line of business and valuation method

	Note	Remaining coverage component				Incurred claims component			Total P'000
		Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Subtotal P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal P'000	
2025									
Life insurance – risk business	9.2	(32 835)	31 608	(69 931)	(71 158)	16 154	–	16 154	(55 004)
Premium allocation approach ¹		7 699	–	–	7 699	3 559	–	3 559	11 258
General model		(40 534)	31 608	(69 931)	(78 857)	12 595	–	12 595	(66 262)
Net insurance contract carrying amount		(32 835)	31 608	(69 931)	(71 158)	16 154	–	16 154	(55 004)
Reinsurance contract liability balances		(40 534)	31 608	(69 931)	(78 858)	12 595	–	12 595	(66 263)
Reinsurance contract asset balances		7 699	–	–	7 699	3 559	–	3 559	11 258
Net insurance contract carrying amount		(32 835)	31 608	(69 931)	(71 159)	16 154	–	16 154	(55 005)
2024									
Life insurance – risk business	9.2	(27 134)	36 373	(116 633)	(107 395)	37 224	–	37 224	(70 171)
Premium allocation approach ¹		8 831	–	–	8 831	8 033	–	8 033	16 864
General model		(35 965)	36 373	(116 633)	(116 226)	29 191	–	29 191	(87 035)
Net insurance contract carrying amount		(27 134)	36 373	(116 633)	(107 395)	37 224	–	37 224	(70 171)
Reinsurance contract liability balances		(35 965)	36 373	(116 633)	(116 225)	29 191	–	29 191	(87 034)
Reinsurance contract asset balances		8 831	–	–	8 831	8 033	–	8 033	16 864
Net insurance contract carrying amount		(27 134)	36 373	(116 633)	(107 394)	37 224	–	37 224	(70 171)

¹ Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to the PAA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

9. REINSURANCE CONTRACTS continued

9.2 Reconciliation of net carrying amount: Life insurance – risk business

9.2.1 Premium allocation approach

Reconciliation per valuation component

	Incurred claims component				
	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal P'000	Remaining coverage component P'000	Total P'000
2025					
Recognised in the statement of comprehensive income	19 935	–	19 935	(44 991)	(25 056)
Income or expense from reinsurance contracts ¹	19 935	–	19 935	(44 991)	(25 056)
Income or expenses from reinsurance contracts excluding changes in non-performance risk of reinsurance contracts	–	–	–	(44 991)	(44 991)
Claims incurred during the period (excluding investment component) recoverable reinsurance contracts	19 935	–	–	19 935	19 935
Reinsurance finance income or expense	–	–	–	–	–
Cash flow	(24 410)	–	(24 410)	43 860	(4 960)
Premiums paid	–	–	–	43 860	–
Recoveries received under reinsurance contracts held	(24 410)	–	(24 410)	–	(24 410)
Net movement for the period	(4 475)	–	(4 475)	(1 131)	(10 081)
Balance at the beginning of the year	8 033	–	8 033	8 831	16 864
Balance at the end of the period	3 558	–	3 558	7 700	11 258
2024					
Recognised in the statement of comprehensive income	9 739	–	9 739	(39 810)	(30 071)
Income or expense from reinsurance contracts ¹	9 739	–	9 739	(39 810)	(30 071)
Income or expenses from reinsurance contracts excluding changes in non-performance risk of reinsurance contracts	9 739	–	9 739	(39 810)	(30 071)
Cash flow	(4 979)	–	(4 979)	34 040	29 061
Premiums paid	–	–	–	34 040	34 040
Recoveries received under reinsurance contracts held	(4 979)	–	(4 979)	–	(4 979)
Net movement for the period	4 760	–	4 760	(5 770)	(1 010)
Balance at the beginning of the year	3 273	–	3 273	14 601	17 874
Balance at the end of the period	8 033	–	8 033	8 831	16 864

¹ Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, with the other amounts representing the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

9. REINSURANCE CONTRACTS continued

9.2 Reconciliation of net carrying amount: Life insurance – risk business continued

9.2.2 General model

Reconciliation per valuation component

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Total P'000	Remaining coverage component excluding loss recovery component P'000	Loss recovery component P'000	Incurred claims component P'000	Total P'000
2025								
Contracts recognised during the year for future coverage	1 081	2 037	(3 118)	–	–	–	–	–
Recognised in the statement of comprehensive income	(1 988)	(7 204)	(3 004)	(12 196)	(44 264)	(3 118)	35 186	(12 196)
Income or expense from reinsurance contracts	(18 379)	(3 395)	4 312	(12 196)	(49 530)	(3 118)	35 186	(12 196)
Recognition of the CSM for services received	–	–	4 312	4 312	4 312	–	–	4 312
Release of risk adjustment for risk expired	–	(3 395)	–	(3 395)	(3 395)	–	–	(3 395)
Premium experience adjustments related to current service and other amounts	(19 827)	–	–	(19 827)	(19 827)	–	–	(19 827)
Expected incurred claims (excluding investment components) recoverable from reinsurance contracts	–	–	–	–	(30 646)	–	30 646	–
Claims experience adjustments related to current service	4 540	–	–	4 540	–	–	4 540	4 540
LRC recognised during the year for future coverage ¹	(3 092)	–	–	(3 092)	26	(3 118)	–	(3 092)
Impact of unwinding discount rates and financial assumption changes	16 391	(3 809)	(7 316)	5 266	5 266	–	–	5 266
Changes in estimates recognised in the CSM ²	(53 118)	458	52 660	–	–	–	–	–
Cash flow	33 149	–	–	33 149	84 928	–	(51 779)	33 149
Premiums paid	84 928	–	–	84 928	84 928	–	–	84 928
Recoveries received under reinsurance contracts held	(51 779)	–	–	(51 779)	–	–	(51 779)	(51 779)
Net movement for the year	(20 876)	(4 709)	46 538	20 953	40 664	(3 118)	(16 593)	20 953
Recognised in other comprehensive income – foreign currency translation differences	(288)	(56)	164	(180)	(180)	–	–	(180)
Balance at the beginning of the year	(6 774)	36 373	(116 634)	(87 035)	(116 226)	–	29 191	(87 035)
Balance at the end of the year	(27 938)	31 608	(69 932)	(66 262)	(75 742)	(3 118)	12 598	(66 262)

¹ Relates to future service. Line items without a superscript relate to current service.

No component of the CSM relates to reinsurance contracts held that transitioned using the fair value or modified retrospective approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

For the year ended 31 December 2025

9. REINSURANCE CONTRACTS *continued*9.2 Reconciliation of net carrying amount: Life insurance – risk business *continued*9.2.2 General model *continued*Reconciliation per valuation component *continued*

	Best estimate of future cash flows P'000	Risk adjustment P'000	Contractual service margin P'000	Total P'000	Remaining coverage component excluding loss recovery component P'000	Incurred claims component P'000	Total P'000
2024							
Contracts recognised during the year for future coverage	963	1 854	(2 489)	328	328	–	656
Recognised in the statement of comprehensive income	(42 456)	(20)	(7 921)	(50 397)	(50 397)	–	(100 794)
Income or expense from reinsurance contracts	(33 845)	(497)	(561)	(34 903)	(34 903)	–	(69 806)
Recognition of the CSM for services received	–	–	6 362	6 362	6 362	–	12 724
Release of risk adjustment for risk expired	–	–	–	–	(2 767)	–	(2 767)
Premium experience adjustments related to current service and other amounts	(6 707)	(2 767)	(6 923)	(16 397)	(11 360)	–	(27 757)
Claims experience adjustments related to current service	(27 138)	2 270	–	(24 868)	(27 138)	–	(52 006)
Reinsurance finance income or expenses	(8 611)	477	(7 360)	(15 494)	(15 494)	–	–
Changes in estimates recognised in the CSM ¹	(8 515)	2 789	5 726	–	–	–	–
Cash flow	17 084	–	–	17 084	24 714	(7 630)	17 084
Premiums paid	17 084	–	–	17 084	24 714	(7 630)	17 084
Net movement for the year	(32 924)	4 623	(4 684)	(32 985)	(25 355)	(7 630)	(32 985)
Recognised in other comprehensive income – foreign currency translation differences	257	46	(129)	173	173	–	173
Balance at the beginning of the year	25 894	31 704	(111 821)	(54 222)	(91 043)	36 822	(54 222)
Balance at the end of the year	(6 774)	36 373	(116 634)	(87 035)	(116 226)	29 192	(87 035)

¹ Relates to future service. Line items without a superscript relate to current service.

No component of the CSM relates to reinsurance contracts held that transitioned using the fair value or modified retrospective approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

9. REINSURANCE CONTRACTS continued

9.3 Expected recognition of contractual service margin

Analysis per line of business

Life insurance – risk business

	<1 year P'000	1 – 2 years P'000	2 – 3 years P'000	3 – 4 years P'000	4 – 5 years P'000	5 – 6 years P'000	6 – 7 years P'000	7 – 8 years P'000	8 – 9 years P'000	9 – 10 years P'000	10 – 20 years P'000
2025											
Balance at the beginning of the period	69 932	65 260	60 968	56 948	53 301	50 297	47 262	43 945	40 786	37 783	34 927
Accretion of interest	4 547	4 352	4 150	4 105	4 373	3 987	3 333	3 105	2 889	2 683	27 613
Recognised in the statement of comprehensive income	(9 219)	(8 644)	(8 170)	(7 752)	(7 377)	(7 022)	(6 650)	(6 264)	(5 892)	(5 539)	(62 540)
Balance at the end of the period	65 260	60 968	56 948	53 301	50 297	47 262	43 945	40 786	37 783	34 927	–
2024											
Balance at the beginning of the period	108 600	102 561	96 849	91 361	86 069	81 415	77 752	73 752	69 219	64 857	60 668
Accretion of interest	6 899	6 595	6 272	5 983	6 174	6 745	5 995	5 020	4 723	4 439	38 066
Recognised in the statement of comprehensive income	(12 938)	(12 307)	(11 760)	(11 275)	(10 828)	(10 408)	(9 995)	(9 553)	(9 085)	(8 628)	(98 734)
Balance at the end of the period	102 561	96 849	91 361	86 069	81 415	77 752	73 752	69 219	64 857	60 668	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

10. RESULT FROM INSURANCE CONTRACTS

10.1 Analysis of contribution to result from insurance contracts: Life insurance – risk business

10.1.1 General model – annuities

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other ⁴ P'000	Incurred claims/ incurred claims component P'000
2025							
Insurance revenue	991 456	940 495	4 395	45 722	4 395	41 327	–
Movement in net liability recognised as insurance revenue ¹	983 998	933 034	5 242	45 722	4 395	41 327	–
Allocation of premium relating to insurance acquisition cash flows	8 217	8 217	–	–	–	–	–
Allocations to loss component	(759)	(756)	(3)	–	–	–	–
Insurance service expenses	(939 193)	(27 319)	224	–	–	–	(912 098)
Movement in net amount recognised as insurance service expenses ¹	(904 374)	(19 858)	221	–	–	–	(884 737)
Amortisation of insurance acquisition cash flows	(8 217)	(8 217)	–	–	–	–	–
Allocations to loss component	759	756	3	–	–	–	–
Administration and other expenses ²	(27 361)	–	–	–	–	–	(27 361)
Expected expenses	(3 677)	–	–	–	–	–	(3 677)
Experience adjustment	(23 684)	–	–	–	–	–	(23 684)
Income or expense from reinsurance contracts ³	–	–	–	–	–	–	–
Insurance service result	52 263	913 176	5 463	45 722	4 395	41 327	(912 098)
Insurance investment result	38 155	47 586	12 970	(22 401)	3 756	(26 157)	–
Insurance finance income or expense (excluding recognition of assumption changes in the CSM at locked-in interest rates)	470 940	480 371	12 970	(22 401)	3 756	(26 157)	–
Recognition of assumption changes in the CSM at locked-in interest rates	(66 679)	(66 679)	–	–	–	–	–
Accretion of interest on liabilities under the general model	(425 632)	(416 201)	12 970	(22 401)	3 756	(26 157)	–
Economic assumption change	963 251	963 251	–	–	–	–	–
Reinsurance finance income or expense ³	–	–	–	–	–	–	–
Investment return on assets	(432 785)	(432 785)	–	–	–	–	–
Result from insurance contracts	90 418	960 762	18 433	23 321	8 151	15 170	(912 098)

¹ 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.

² Administration and other expenses relate to attributable insurance service expenses.

³ Only applicable to reinsurance contracts held.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

10. RESULT FROM INSURANCE CONTRACTS continued

10.1 Analysis of contribution to result from insurance contracts: Life insurance – risk business continued

10.1.1 General model – annuities continued

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other ⁴ P'000	Incurred claims/ incurred claims component P'000
2024							
Insurance revenue	898 662	858 922	5 617	34 123	34 123	–	–
Movement in net liability recognised as insurance revenue ¹	893 574	853 834	5 617	34 123	34 123	–	–
Allocation of premium relating to insurance acquisition cash flows	5 088	5 088	–	–	–	–	–
Allocations to loss component	–	–	–	–	–	–	–
Insurance service expenses	(858 280)	825	(29)	–	–	–	(859 076)
Movement in net amount recognised as insurance service expenses ¹	(825 111)	5 913	(29)	–	–	–	(830 995)
Amortisation of insurance acquisition cash flows	(5 088)	(5 088)	–	–	–	–	–
Allocations to loss component	–	–	–	–	–	–	–
Administration and other expenses ²	(28 081)	–	–	–	–	–	(28 081)
Expected expenses	(2 177)	–	–	–	–	–	(2 177)
Experience adjustment	(25 904)	–	–	–	–	–	(25 904)
Income or expense from reinsurance contracts ³	–	–	–	–	–	–	–
Insurance service result	40 382	859 747	5 588	34 123	34 123	–	(859 076)
Insurance investment result	32 122	57 960	(4 740)	(21 098)	62 062	(83 160)	–
Insurance finance income or expense (excluding recognition of assumption changes in the CSM at locked-in interest rates)	(385 739)	(359 901)	(4 740)	(21 098)	62 062	(83 160)	–
Recognition of assumption changes in the CSM at locked-in interest rates	22 742	22 742	–	–	–	–	–
Accretion of interest on liabilities under the general model	(378 720)	(352 882)	(4 740)	(21 098)	62 062	(83 160)	–
Economic assumption change	(29 761)	(29 761)	–	–	–	–	–
Reinsurance finance income or expense ³	–	–	–	–	–	–	–
Investment return on assets	417 861	417 861	–	–	–	–	–
Investment return on assets backing liabilities under the general model	417 861	417 861	–	–	–	–	–
Result from insurance contracts	72 504	917 707	848	13 025	96 185	(83 160)	(859 076)

¹ 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.

² Administration and other expenses relate to attributable insurance service expenses.

³ Only applicable to reinsurance contracts held.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

10. RESULT FROM INSURANCE CONTRACTS continued

10.1 Analysis of contribution to result from insurance contracts: Life insurance – risk business continued

10.1.2 General model – individual life risk

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other ⁴ P'000	Incurred claims/ incurred claims component P'000
2025							
Insurance revenue	604 938	494 197	20 069	90 672	46 996	43 676	–
Movement in net liability recognised as insurance revenue ¹	428 200	316 923	20 605	90 672	46 996	43 676	–
Allocation of premium relating to insurance acquisition cash flows	185 500	185 500	–	–	–	–	–
Allocations to loss component	(8 762)	(8 226)	(536)	–	–	–	–
Insurance service expenses	(495 457)	(168 325)	(598)	–	–	–	(326 534)
Movement in net amount recognised as insurance service expenses ¹	(172 232)	8 949	(1 134)	–	–	–	(180 047)
Amortisation of insurance acquisition cash flows	(185 500)	(185 500)	–	–	–	–	–
Allocations to loss component	8 762	8 226	536	–	–	–	–
Administration and other expenses ²	(146 487)	–	–	–	–	–	(146 487)
Expected expenses	(33 511)	–	–	–	–	–	(33 511)
Experience adjustment	(112 976)	–	–	–	–	–	(112 976)
Income or expense from reinsurance contracts ³	(17 461)	(53 565)	(3 395)	4 313	4 313	–	35 186
Insurance service result	92 020	272 307	16 076	94 985	46 996	47 989	(291 348)
Insurance investment result	1 500	56 581	8 998	(64 080)	(31 196)	(25 568)	–
Insurance finance income or expense (excluding recognition of assumption changes in the CSM at locked-in interest rates)	(68 289)	(24 332)	12 807	(56 764)	(31 196)	(25 568)	–
Recognition of assumption changes in the CSM at locked-in interest rates	(26 527)	(26 527)	–	–	–	–	–
Accretion of interest on liabilities under the general model	(7 698)	36 259	12 807	(56 764)	(31 196)	(25 568)	–
Economic assumption change	(34 064)	(34 064)	–	–	–	–	–
Reinsurance finance income or expense ³	5 265	16 390	(3 809)	(7 316)	–	–	–
Investment return on assets	64 523	64 523	–	–	–	–	–
Result from insurance contracts	93 520	328 888	25 074	30 905	15 800	22 421	(291 348)

¹ 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.

² Administration and other expenses relate to attributable insurance service expenses.

³ Only applicable to reinsurance contracts held.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

10. RESULT FROM INSURANCE CONTRACTS continued

10.1 Analysis of contribution to result from insurance contracts: Life insurance – risk business continued

10.1.2 General model – individual life risk continued

	Total P'000	Best estimate of future cash flows P'000	Risk adjustment P'000	Subtotal: Contractual service margin P'000	Fair value transition approach P'000	Other ⁴ P'000	Incurred claims/ incurred claims component P'000
2024							
Insurance revenue	576 802	463 148	19 420	94 234	88 886	5 348	–
Movement in net liability recognised as insurance revenue ¹	390 834	276 839	19 761	94 234	88 886	5 348	–
Allocation of premium relating to insurance acquisition cash flows	191 650	191 650	–	–	–	–	–
Allocations to loss component	(5 682)	(5 341)	(341)	–	–	–	–
Insurance service expenses	(515 142)	(204 791)	(1 389)	–	–	–	(308 962)
Movement in net amount recognised as insurance service expenses ¹	(186 661)	(18 482)	(1 730)	–	–	–	(166 449)
Amortisation of insurance acquisition cash flows	(191 650)	(191 650)	–	–	–	–	–
Allocations to loss component	5 682	5 341	341	–	–	–	–
Administration and other expenses ²	(142 513)	–	–	–	–	–	(142 513)
Expected expenses	(38 175)	–	–	–	–	–	(38 175)
Experience adjustment	(104 338)	–	–	–	–	–	(104 338)
Income or expense from reinsurance contracts ³	(9 008)	(10 527)	(2 925)	4 444	–	4 444	–
Insurance service result	52 652	247 830	15 106	98 678	88 886	9 792	(308 962)
Insurance investment result	10 327	89 073	(7 708)	(71 038)	(62 870)	(808)	–
Insurance finance income or expense (excluding recognition of assumption changes in the CSM at locked-in interest rates)	28 838	100 701	(8 185)	(63 678)	(62 870)	(808)	–
Recognition of assumption changes in the CSM at locked-in interest rates	(17 372)	(17 372)	–	–	–	–	–
Accretion of interest on liabilities under the general model	(1 106)	70 757	(8 185)	(63 678)	(62 870)	(808)	–
Economic assumption change	47 316	47 316	–	–	–	–	–
Reinsurance finance income or expense ³	(15 494)	(8 611)	477	(7 360)	–	–	–
Investment return on assets	(3 017)	(3 017)	–	–	–	–	–
Investment return on assets backing liabilities under the general model	(3 017)	(3 017)	–	–	–	–	–
Result from insurance contracts	62 979	336 903	7 398	27 640	26 016	8 984	(308 962)

¹ 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.

² Administration and other expenses relate to attributable insurance service expenses.

³ Only applicable to reinsurance contracts held.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

10. RESULT FROM INSURANCE CONTRACTS continued

10.1 Analysis of contribution to result from insurance contracts: Life insurance – risk business continued

10.1.3 Premium allocation approach

	Liability for remaining coverage/ remaining coverage component			Incurred claims/ incurred claims component	
	Excluding loss component P'000	Loss component P'000	Subtotal P'000	Best estimate of future cash flows P'000	Total P'000
2025					
Insurance revenue¹	864 135	–	864 135	–	864 135
Movement in net liability recognised as insurance revenue ²	864 135	–	864 135	–	864 135
Insurance service expenses	(308 664)	–	(308 664)	(440 798)	(749 462)
Movement in net amount recognised as insurance service expenses ²	(308 664)	–	(308 664)	(370 556)	(679 220)
Administration and other expenses ³	–	–	–	(70 242)	(70 242)
Income or expense from reinsurance contracts ⁴	(44 991)	–	(44 991)	19 935	(25 056)
Insurance service result	510 481	–	510 481	(420 863)	89 618
Insurance investment result					
Investment return on assets	8 010	–	8 010	–	8 010
Result from insurance contracts	518 491	–	518 491	(420 863)	97 628

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 8.2.1**.

³ Administration and other expenses relate to attributable insurance service expenses.

⁴ Only applicable to reinsurance contracts held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

10. RESULT FROM INSURANCE CONTRACTS continued**10.1 Analysis of contribution to result from insurance contracts: Life insurance – risk business** continued**10.1.3 Premium allocation approach** continued

	Liability for remaining coverage/ remaining coverage component	Incurred claims/ incurred claims component	
	Excluding loss component P'000	Best estimate of future cash flows P'000	Total P'000
2024			
Insurance revenue¹	791 598	–	791 598
Movement in net liability recognised as insurance revenue ²	791 598	–	791 598
Insurance service expenses	(381 968)	(345 395)	(727 363)
Movement in net amount recognised as insurance service expenses ²	(315 570)	(345 395)	(660 965)
Administration and other expenses ³	(66 398)	–	(66 398)
Income or expense from reinsurance contracts ⁴	(39 810)	9 739	(30 071)
Insurance service result	369 820	(335 656)	34 164
Reinsurance finance income or expense	–	–	–
Insurance investment result	33 905	–	33 905
Investment return on assets	33 905	–	33 905
Result from insurance contracts	403 725	(335 656)	68 069

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 8.2.1.³ Administration and other expenses relate to attributable insurance service expenses.⁴ Only applicable to reinsurance contracts held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

11. INVESTMENT CONTRACT LIABILITIES

11.1 Composition of investment contract liabilities

Individual business

	2025 P'000	2024 P'000
Investments		
Linked business	3 588 492	3 577 618
Life annuities	50 425	59 767
Total investment contract liabilities	3 638 917	3 637 385

11.2 Analysis of movement in investment contract liabilities

Investment contracts

	2025 P'000	2024 P'000
Income	791 173	836 882
Premium income	470 631	443 428
Change in fair value of investment contract liabilities	320 542	393 454
Outflow	(763 805)	(661 415)
Policy benefits	(619 427)	(495 662)
Fees and other payments to shareholders' fund	(144 378)	(165 753)
Other movements	(25 836)	19 050
Net movement for the year	1 532	194 517
Balance at the beginning of the year	3 637 385	3 442 868
Balance at the end of the year	3 638 917	3 637 385

12. EXTERNAL INVESTORS IN CONSOLIDATED FUNDS

	2025 P'000	Restated* 2024 P'000
Balance at the beginning of the year	4 644 295	4 491 243
Net fair value (gains)/losses	(54 725)	67 992
Net investment return	396 733	332 685
Net funds inflow/(outflows)	319 740	(247 625)
Closing balance as at 31 December	5 306 043	4 644 295
Segregated funds accounted for off the statement of financial position	39 343 793	41 108 823

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.

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 and at the risk of the investors and are not assets of the group. The assets are managed by the asset management company (Bifm).

13. DERIVATIVES INSTRUMENT

	2025 P'000	2024 P'000
Foreign exchange swap transaction	116 992	44 284
Reconciliation of movement during the year		
Balance as at 1 January	44 284	25 429
Fair value adjustment	72 708	18 855
Closing balance as at 31 December	116 992	44 284

This transaction was entered into between BIHL Group and African Life Assurance Company Botswana Proprietary Limited (ALBOTS) – a wholly-owned subsidiary of SanlamAllianz, whose sole asset and source of revenue is a 17% shareholding in BIHL. ALBOTS, which receives periodic dividends and converts the same to South African Rand, wished to swap these cash flows to mitigate against currency movements. The group (through the Botswana Life annuity portfolio) wished to gain exposure to long-dated bonds, however, given the shortage of such in Botswana, resolved to gain similar exposure synthetically. The parties then entered into a swap which saw BIHL Group, through Botswana Life, purchasing a long-dated South African Government bond and swapping the South African Rand coupons received from the note for Pula. ALBOTS swapped its Pula dividends for South African Rand and thus each party obtained exposure to their desired currency. This resulted in a synthetic Pula bond exposure for BIHL Group, which is valued in the same way all the other bonds in the annuity book are valued – via the Botswana zero curve. The South African Rand bond's value is taken to be the bond's market value at every valuation date.

The positions are valued monthly and the difference between the two is the swap contract's value at the valuation date. No cash flow exchanges hands during the life of the contract (i.e. the swap value becomes unrealised gains or losses in the book).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

14. TAXATION

14.1 Deferred tax

Reconciliation of the deferred tax balances

	2025 P'000	2024 P'000
Balance at the beginning of the year	(101 922)	(141 908)
Credit to profit or loss and other comprehensive income	107 848	39 986
Balance at the end of the year	5 926	(101 922)
Analysis of deferred tax balances as at 31 December	5 926	(101 922)
Accelerated wear and tear on equipment	(11 561)	(14 590)
Accelerated allowances on intangibles	497	12
Unrealised investment losses	977	2 639
Impairment	16 013	14 255
Difference between IFRS 17 and IFRS 4 profits	–	10 883
Deferred tax on transition earnings impact	–	(115 121)
Total deferred tax asset recognised	7 956	–
Total deferred tax liability recognised	(2 030)	(101 922)
Total net deferred tax	5 926	(101 922)

Deferred tax represents the net asset and liability positions for the group as they are recognised for the components within Botswana, and all taxes are reported and submitted to the same revenue authority. No deferred tax asset was recognised in the holding company due to the assessable tax losses amounting. There is uncertainty when taxable profits will be available against which the deferred tax asset can be utilised. No deferred tax liabilities have been provided for temporary differences arising from investment in subsidiaries, associates and joint ventures as the deferred tax liability mainly arises from initial recognition of goodwill.

14.2 Income tax

Analysis of income tax per category

	2025 P'000	2024 P'000
Current tax	220 790	103 584
Deferred tax	(107 848)	2 055
Withholding tax on dividends	30 237	50 302
Tax charge	143 179	155 941
Tax reconciliation		
Profit before tax	467 571	49 404
Tax calculated at a tax rate of 22%	102 866	10 869
Prior year tax charge	–	8 566
Expenses not deductible for tax	96 286	277 471
Income not subject to income tax	(43 897)	(141 851)
Tax on dividends	29 792	45 431
Associates' share of income	(43 221)	(37 108)
Difference between IFRS 17 and IFRS 4 profits	–	(10 884)
Unrealised losses on investments	1 353	3 447
Tax charge	143 179	155 941
Effective tax rate (%)	31	316

The group transitioned from IFRS 4 to IFRS 17 on 1 January 2023. While awaiting approval from the Botswana Unified Revenue Service (BURS) to adopt IFRS 17 for tax reporting, the company continued to compute taxable income applying IFRS 4. This resulted in temporary differences between IFRS 4 and IFRS 17 measurement of insurance contract liabilities, for which a deferred tax liability was recognised. As at 31 December 2024, the cumulative deferred tax liability relating to these differences amounted to P104 million. In November 2025, the BURS formally approved the use of IFRS 17 financial statements for income tax purposes. Accordingly, the 2025 tax computation is based on IFRS 17. For prior years, the group is required to pay P104 million in income taxes. As the related deferred tax had already been recognised in prior periods, there is no impact on the current year's profit or loss. The deferred tax liability has been reversed and reclassified to income tax payable.

Income not subject to income tax includes dividends from associates. Expenses not deductible relate to head office expenses incurred in the generation of non-taxable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

14. TAXATION continued

14.3 Tax paid

	2025 P'000	2024 P'000
Opening balance	400	18 624
Tax charge	251 027	153 886
Withholding tax paid at source	(35 024)	(45 431)
Closing balance	(113 993)	(400)
Tax paid	102 410	126 679

15. INVESTMENTS

15.1 Investment properties

	2025 P'000	Restated* 2024 P'000
Balance at the beginning of the year	475 280	469 920
Movements for the year		
Fair value gains	(20 072)	5 360
Balance at the end of the year	455 208	475 280

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.

This note has been restated as a result of the financial statement re-presentation outlined in **note 31**.

Investment properties are stated at fair value, which has been determined based on valuations performed by Messrs Ribbery Proprietary Limited, MG Properties Proprietary Limited, Roscoe Bonna Valuers Proprietary Limited and Apex Properties Proprietary Limited. These valuers are specialists in valuing these types of investment properties. The group also holds investments in property companies. These investments are disclosed as part of equities and similar securities (**note 15.3.2**). The direct properties owned by these companies are also valued by these external valuers.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are no restrictions on the realisability of the investment properties or the remittance of income and proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

In calculating the market value of commercial properties, the income capitalisation approach and the comparison approach have been adopted. Under the Income capitalisation approach, the current contractual annual rentals have been netted off against relevant expenses (including normal repairs and maintenance, operating costs, management/collection commission fees, insurance and rates among others). The resulting net income is divided by the applicable capitalisation rate to arrive at the market value. The comparison approach to fair valuation of property is applied where the value of one property may be derived by comparing it directly with market transactions for similar properties. The following primary inputs have been used:

	2025 %	2024 %
Capitalisation rates	8,75	8,50
Long-term vacancy rates	0,25 – 2,50	1,50

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 Red Book).

The fair value of the investment in unlisted property companies, presented as part of equities and similar securities, is determined with reference to the fair value of the underlying property as detailed above. The group's interest in such fair values amounts to P730 million (2024: P764 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

15. INVESTMENTS continued

15.2 Investment in associated companies and joint ventures

	Joint ventures		Associates					Total P'000
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings PLC P'000	Letshego Holdings Limited P'000	
2025								
Carrying amount	10 004	195 624	24 466	(3 602)	180 420	662 932	525 564	1 595 408
Interest in issued share capital								
Effective interest in issued share capital – shareholders' fund (%)	50,00	50,00	20,00	33,00	49,00	25,10	27,84	
Share of earnings after tax for the current year	1 262	47 857	(3 780)	(333)	34 076	204 334	(97 706)	185 710
Impairment	–	–	–	–	–	–	(84 163)	(84 163)
Foreign currency translation differences	–	(3 609)	–	–	11 783	90 098	7 984	106 256
Change in reserves in associates and other comprehensive income	–	(2 929)	–	–	–	23 769	12 751	33 591
Distributions received	(2 700)	(29 330)	–	(4 459)	–	(66 633)	–	(103 122)
Total assets and liabilities of the joint ventures and associates as at 31 December								
Non-current assets	2 204	127 256	294 784	–	180 519	22 278 474	610 934	23 494 171
Current financial assets, excluding cash and cash equivalents	9 577	294 560	7 734	124	112 653	3 225 247	16 588 607	20 238 502
Cash and cash equivalents	3 309	260 305	9 234	9 002	42 633	2 360 312	2 209 043	4 893 838
Other current assets	–	275 071	–	–	–	4 649 950	–	4 925 021
Non-current financial liabilities excluding trade and other payables	(1 392)	(4 720)	(26 472)	–	(57 370)	(409 881)	(10 450 233)	(10 950 068)
Other non-current liabilities	–	(885)	–	–	–	(14 204 420)	–	(14 205 305)
Current financial liabilities excluding trade and other payables and provisions	(4 433)	(462 225)	(7 467)	(150)	(87 993)	(7 509 953)	(3 157 157)	(11 229 378)
Current liabilities including trade and other provisions	(1 684)	(127 230)	(8 714)	–	(10 683)	(5 577 093)	(1 038 794)	(6 764 198)
	7 581	362 132	269 099	8 976	179 759	4 812 636	4 762 400	10 402 583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

15. INVESTMENTS continued**15.2 Investment in associated companies and joint ventures** continued

	Joint ventures		Associates					Total P'000
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings PLC P'000	Letshego Holdings Limited P'000	
2025								
Shareholders' equity								
Share capital, net of treasury shares	500	6 050	500	310	23 656	1 076	897 910	930 002
Foreign currency translation reserves	–	4 892	–	–	–	–	(123 400)	(118 508)
Other reserves	–	43 388	173 195	–	3 034	107 997	409 959	737 573
Retained earnings/(accumulated losses)	7 079	283 782	95 404	8 666	142 233	2 580 378	3 354 444	6 471 986
Reserves of disposal group held for sale	–	–	–	–	–	–	(284 615)	(284 615)
Non-controlling interest	–	24 020	–	–	10 835	2 123 187	508 108	2 666 150
Shareholders' equity	7 579	362 132	269 099	8 976	179 758	4 812 638	4 762 406	10 402 588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

15. INVESTMENTS continued

15.2 Investment in associated companies and joint ventures continued

	Joint ventures		Associates					
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings PLC P'000	Letshego Holdings Limited P'000	Total P'000
2025								
Summarised statement of profit or loss for the year ended 31 December								
Revenue	29 929	–	132 571	15 378	190 267	4 561 887	–	4 930 032
Interest income from lending operations	–	–	–	–	–	–	2 744 386	2 744 386
Interest expense related to lending and deposit-taking operations	–	–	–	–	–	(932 060)	(1 232 188)	(2 164 248)
Insurance revenue (including reinsurance revenue, where reinsurance is a line of business)	–	1 185 145	–	–	–	2 554 320	335 508	4 074 973
Insurance service expense (including reinsurance expense, where reinsurance is a line of business)	–	(703 540)	–	–	–	(470 482)	(89 270)	(1 263 292)
Net income/expenses from reinsurance contracts held	–	(294 012)	–	–	–	(380 454)	–	(674 466)
Other revenue	–	15 281	–	–	–	2 190 471	261 329	2 467 081
Gains and income from investment assets measured at fair value through profit or loss	–	7 114	–	–	2 536	56 329	–	65 979
Expected credit losses	–	–	–	–	–	(310 716)	(124 755)	(435 471)
Administration expenses, excluding depreciation and amortisation	(25 478)	(69 965)	(150 492)	(16 387)	(85 042)	(2 073 223)	(1 101 081)	(3 521 668)
Depreciation and amortisation	(252)	(1 045)	–	–	–	(106 909)	(102 751)	(210 957)
Net insurance finance (expense)/income and other finance cost	–	4 666	–	–	–	(10 007)	(1 627)	(6 968)
Monetary loss	–	–	–	–	–	(725 952)	–	(725 952)
	4 198	143 644	(17 921)	(1 009)	107 761	4 353 204	689 551	5 279 428
Share of profits/(loss) of joint ventures and associates	–	(294)	–	–	–	–	–	(294)
Profit/(loss) before tax from continuing operations	4 198	143 350	(17 921)	(1 009)	107 761	4 353 204	689 551	5 279 134
Income tax expense	(1 674)	(35 853)	(979)	–	(37 381)	(2 784 016)	(405 569)	(3 265 472)
Loss from discontinued operations, net of tax	–	–	–	–	–	–	(519 515)	(519 515)
Profit/(loss) for the year	2 524	107 497	(18 900)	(1 009)	70 380	1 569 188	(235 533)	1 494 147
Minorities' interest in profit/(loss) after tax	–	(11 784)	–	–	(1 261)	(755 106)	(92 355)	(860 506)
Profit/(loss) after minorities	2 524	95 713	(18 900)	(1 009)	69 119	814 082	(327 888)	633 641
Summarised statement of other comprehensive income for the year ended 31 December								
Movement in foreign currency translation reserves	–	(7 214)	–	–	–	–	62 585	55 371
Movement in other reserves	–	404	–	–	–	186 727	–	187 131
Total other comprehensive income for the year	–	(6 810)	–	–	–	186 727	62 585	242 502
Minorities' interest in other comprehensive income	–	–	–	–	–	(89 857)	(34 418)	(124 275)
	2 524	88 903	(18 900)	(1 009)	69 119	910 952	(299 721)	751 868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

15. INVESTMENTS continued

15.2 Investment in associated companies and joint ventures continued

	Joint ventures		Associates					
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings PLC P'000	Letshego Holdings Limited P'000	Total P'000
2024								
Carrying amount	11 442	183 634	28 246	1 190	134 561	411 363	686 818	1 457 254
Interest in issued share capital								
Effective interest in issued share capital – shareholders' fund (%)	50,00	50,00	20,00	33,00	49,00	25,10	27,83	
Share of earnings after tax for the current year	4 084	44 323	(471)	3 218	27 837	127 464	(37 782)	168 673
Impairment	–	–	–	–	–	–	(553 192)	(553 192)
Foreign currency translation differences	–	–	–	–	3 373	(19 119)	62 969	47 223
Change in reserves in associates and other comprehensive income	–	–	(5 731)	–	–	–	(4 524)	(10 255)
Other movements	–	–	–	–	–	104 367	–	104 367
Distributions received	(2 250)	(20 801)	–	(6 068)	(8 456)	(20 456)	–	(58 031)
Total assets and liabilities of the joint ventures and associates								
Non-current assets	2 509	82 923	293 693	35 589	131 355	15 561 654	826 437	16 934 160
Current financial assets, excluding cash and cash equivalents	16 096	259 538	14 418	56 412	71 818	3 815 442	14 981 990	19 215 714
Cash and cash equivalents	959	261 632	6 508	6 119	23 707	2 865 447	2 313 496	5 477 868
Other current assets	–	7 942	–	–	–	3 549 035	–	3 556 977
Non-current financial liabilities excluding trade and other payables	(1 910)	(10 580)	(29 263)	(4 518)	(105 248)	(313 258)	(11 939 190)	(12 403 967)
Other non-current liabilities	–	(2 484)	–	–	–	(8 958 902)	–	(8 961 386)
Current financial liabilities excluding trade and other payables and provisions	(5 184)	(252 201)	(6 046)	(25 383)	(463)	(6 075 863)	(70 088)	(6 435 228)
Current liabilities including trade and other provisions	(1 440)	(26 265)	(13 889)	(3 119)	(4 104)	(6 624 138)	(1 151 432)	(7 824 387)
	11 030	320 505	265 421	65 100	117 065	3 819 417	4 961 213	9 559 751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

15. INVESTMENTS continued**15.2 Investment in associated companies and joint ventures** continued

	Joint ventures		Associates					
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings PLC P'000	Letshego Holdings Limited P'000	Total P'000
2024								
Shareholders' equity								
Share capital, net of treasury shares	500	6 050	500	310	20 805	1 142	897 910	927 217
Foreign currency translation reserves	–	–	–	–	–	–	–	–
Other reserves	–	12 106	–	–	–	–	(436 182)	(424 076)
Inflation accounting reserves	–	–	–	–	–	–	83 920	83 920
Retained earnings/(accumulated losses)	10 531	47 518	172 988	–	2 669	4 075	435 951	673 732
Reserves of disposal group held for sale	–	241 810	91 933	64 790	85 273	2 124 682	3 529 543	6 138 031
Non-controlling interest	–	13 019	–	–	8 319	1 689 520	450 071	2 160 929
Shareholders' equity	11 031	320 503	265 421	65 100	117 066	3 819 419	4 961 213	9 559 753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

15. INVESTMENTS continued

15.2 Investment in associated companies and joint ventures continued

	Joint ventures		Associates					
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings PLC P'000	Letshego Holdings Limited P'000	Total P'000
2024								
Summarised statement of profit or loss for the year ended 31 December								
Revenue	30 405	–	140 979	32 261	175 534	2 647 340	–	3 026 519
Interest income from lending operations	–	–	–	–	–	–	2 645 610	2 645 610
Interest expense related to lending and deposit-taking operations	–	–	–	–	–	(948 591)	(1 213 775)	(2 162 366)
Insurance revenue (including reinsurance revenue, where reinsurance is a line of business)	–	1 048 233	–	–	–	1 206 248	325 671	2 580 152
Insurance service expense (including reinsurance expense, where reinsurance is a line of business)	–	(472 270)	–	–	–	(526 461)	(119 782)	(1 118 513)
Net income/expenses from reinsurance contracts held	–	(413 428)	–	–	–	(170 414)	–	(583 842)
Other revenue	–	18 159	–	5 596	–	2 238 718	226 105	2 488 578
Gains and income from investment assets measured at fair value through profit or loss	–	15 429	–	–	(1 949)	(402)	–	13 078
Expected credit losses	–	–	–	–	–	(46)	(533 573)	(533 619)
Administration expenses, excluding depreciation and amortisation	(20 013)	(67 144)	(144 261)	(21 807)	(90 265)	(2 414 745)	(870 093)	(3 628 328)
Depreciation and amortisation	(482)	(1 033)	–	–	–	(52 738)	(79 309)	(133 562)
Net insurance finance (expense)/income and other finance cost	–	(32)	–	–	–	(1 814)	(11 732)	(13 578)
Monetary loss	–	–	–	–	–	(255 166)	–	(255 166)
	9 910	127 914	(3 281)	16 050	83 320	1 721 929	369 122	2 324 963
Share of loss of joint ventures	–	250	–	–	–	–	–	250
Profit/(loss) before tax from continuing operations	9 910	128 164	(3 281)	16 050	83 320	1 721 929	369 122	2 325 213
Income tax expense	(1 743)	(31 861)	928	(6 298)	(26 510)	(694 052)	(284 410)	(1 043 946)
Loss from discontinued operations, net of tax	–	–	–	–	–	–	(154 777)	(154 777)
Profit/(loss) after discontinued operations	8 167	96 303	(2 353)	9 751	56 810	1 027 877	(70 065)	1 126 490
Minorities' interest in profit/loss after tax	–	(7 656)	–	–	–	(628 143)	(65 639)	(701 438)
Profit/(loss) after minorities	8 167	88 647	(2 353)	9 751	56 810	399 734	(135 704)	425 052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

15. INVESTMENTS continued

15.2 Investment in associated companies and joint ventures continued

	Joint ventures		Associates					
	Khumo Property Asset Management P'000	Teledimo P'000	The Minor Hotel Group Gaborone P'000	Bongwe P'000	Aflife Holdings Zambia Limited P'000	Nico Holdings PLC P'000	Letshego Holdings Limited P'000	Total P'000
2024								
Summarised statement of other comprehensive income for the year ended 31 December								
Movement in foreign currency translation reserves	–	6 164	–	–	–	–	117 381	123 545
Movement in inflation accounting reserves	–	–	–	–	–	–	133 985	133 985
Movement in other reserves for the financial year	–	(41)	–	–	–	(1 118)	(16 257)	(17 416)
Total other comprehensive income for the year	–	6 123	–	–	–	(1 118)	99 405	104 410
Minorities' interest in other comprehensive income	–	–	–	–	–	–	(8 741)	(8 741)
	8 167	94 770	(2 353)	9 751	56 810	398 616	90 664	656 425
Share of earnings after tax (2024 restated)	4 084	44 323	(471)	3 218	27 837	100 333	(37 782)	141 542
Share of earnings after tax (2024 reported)	4 084	44 323	(471)	3 218	27 837	127 464	(37 782)	168 673
Adjusted in the current year foreign currency translation reserve	–	–	–	–	–	(27 131)	–	(27 131)

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.

- Nico's functional currency is that of a hyperinflationary economy. Accordingly, comparative amounts have been restated in terms of current purchasing power in accordance with IAS 29, using the CPI. The restated amounts were then translated at the closing exchange rate applicable as at 31 December 2024 in accordance with IAS 21. The resulting differences have been recognised in the foreign currency translation reserve in the current year.
- During the current year, Letshego classified certain operations as discontinued. As a result, the 2024 comparative summarised financial information has been restated to reflect the separate presentation of discontinued operations in accordance with IFRS 5, ensuring comparability with the current year presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

15. INVESTMENTS continued

Interest in associates and joint ventures

	2025 P'000	2024 P'000
Carrying amount at the beginning of the year	1 457 254	1 758 469
Share of results after tax	185 711	168 673
Dividend received	(103 122)	(58 031)
Change in reserves in associates	9 823	(10 255)
Foreign currency translation differences	106 136	47 223
Impairment of an associate	(84 163)	(553 192)
Movement from share of fair value reserves	23 769	–
IAS 29 transition adjustment	–	104 367
Carrying amount at the end of the year	1 595 408	1 457 254

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 a reconciliation with the carrying amount of the investment in the consolidated annual financial statements.

The group, through its 100%-owned subsidiary Bifm Holdings, has invested in associates being Bongwe, African Life Financial Services (Zambia) Limited and Afife Holdings Zambia Limited. The previous table shows the group's percentage shareholding and total summarised financial interest.

The group, through its 100%-owned subsidiary Bifm Holdings Limited, has a 49% interest in African Life Financial Services (Zambia) Limited. African Life Financial Services (Zambia) Limited is based in Zambia. The entity is involved in the provision of asset management and employee benefits administration. The group's interest in African Life Financial Services (Zambia) Limited is accounted for using the equity method in the consolidated annual financial statements. The entity is strategic to the group's activities.

The group, through its 62,9%-owned subsidiary KYS, has a 20% interest in The Minor Hotel Group Gaborone Proprietary Limited.

Letshego Africa Holdings Limited

The group, through its 100%-owned subsidiary Botswana Life has a 27,83% (2024: 27,83%) interest in Letshego Africa Holdings Limited, which is involved in the provision of short- to medium-term secured and unsecured loans in the public, quasi-public and private sectors. The company is incorporated in Botswana and has subsidiaries in various countries in Africa. Letshego is a public company listed on the BSE. The group's interest in Letshego is accounted for using the equity method in the consolidated annual financial statements. The entity is strategic to the group's activities.

While the associate has produced profit before tax for the current and previous financial years, this was negatively impacted by tax expense, loss on discontinued operations and minority interests in the associate's earnings, meaning that the company had ultimately accounted for its attributable share of losses from the associate. Furthermore, at the current and previous financial year-ends, the associate had defaulted on a number of covenants underpinning its borrowings. These factors indicate that the company's investment in the associate may be impaired.

Accordingly, the company had performed impairment assessments to determine an appropriate fair value for its investment in the associate, with such value being the higher of fair value less cost to sell (based on the value of the associate's shares as traded on the BSE) and its value in use (determined as the present value of expected future dividend receipts using a DCF calculation).

Key assumptions underpinning the value in use calculation at each of 31 December 2025 and 31 December 2024 were:

	2025 %	2024 %
Risk-free rate	7,3	8,1
Risk premium rate	6,0	8,5
Dividend payout ratio	–	25 – 70

Valuation assumptions for Letshego also incorporate inflation and the effective tax rates.

As at 31 December 2025, the fair value less cost to sell was determined to be higher than the value in use, with the fair value less cost to sell being P84 million (2024: P553 million) below the carrying value of the investment in associate before impairment, with this amount being accounted for as an impairment charge at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

15. INVESTMENTS continued

Interest in associates and joint ventures continued

Nico Group

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 and pensions business, banking business, asset management, information technology and investment holding. It is also involved in the hospitality industry and real estate industry as portfolio investments through some of its subsidiaries and associate companies. The company is incorporated in Malawi, and it is a public company listed on the Malawi Stock Exchange. The group's interest in Nico is accounted for using the equity method in the consolidated annual financial statements, while in the company's annual financial statements it is accounted for at cost. However, the Malawian economy was declared hyperinflationary in 2024 and the group applied the hyperinflation reporting standard (IAS 29 *Financial Reporting in Hyperinflationary Economies*). Nico has the Malawian Kwacha (MWK) as its functional and presentation currency. Malawi is classified as a hyperinflationary economy. In accordance with the group's hyperinflationary associate accounting policy, the financial information of Nico Holdings PLC has been restated on a *pro forma* basis under IAS 29. The general price index applied reflected annual inflation of 26% for the year ended 31 December 2025 (2024: 28%).

The amounts and balances reported for the year ended 31 December 2024 were reindexed to reflect cumulative inflation to 31 December 2025 and translated at the closing exchange rate as at 31 December 2025. The resulting adjustment of P104 million has been recognised in the foreign currency translation reserve. The entity is strategic to the group's activities.

The carrying value of Nico was P662 million (2024: P411 million). It was concluded that the fair value less costs of disposal exceeded the carrying value. As a result of this analysis, there were no impairment indicators in 2025 (2024: Pnil million) and a foreign currency translation loss of P13,9 million (2024: P19 million) has been recognised.

Teledimo

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

15.3 Other investments

15.3.1 Equities and similar securities

	2025 P'000	Restated* 2024 P'000
Equities and similar securities comprise:		
Listed – at market value	1 368 775	1 203 970
Unlisted – at fair value*	890 110	938 597
Total equities and similar securities	2 258 885	2 142 567

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.

15.3.2 Investments other than equities and similar securities, equity-accounted investments and properties

Refer to **note 21** for detailed categories of financial assets and liabilities.

15.3.3 Investments other than equities and similar securities, equity-accounted investments and properties – maturity analysis

Refer to the maturity analysis of financial assets and financial liabilities under risk and capital management on **page 237** for a detailed analysis.

15.4 Investment return

	2025 P'000	Restated* 2024 P'000
Investment income		
Investment income – investment contracts	118 498	264 563
Investment income – external investor's liability	396 733	332 686
Investment income – shareholders	137 984	188 035
Total investment income	653 215	785 284
Investment surpluses		
Investment surpluses – investment contracts	202 044	77 098
Investment surpluses – external investor's liability	(54 725)	67 991
Investment surpluses – shareholders	4 400	(53 751)
Total investment surpluses	151 719	91 338

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

16. TRADE RECEIVABLES AND PAYABLES

16.1 Trade and other receivables

	2025 P'000	2024 P'000
Gross amortised cost	178 499	209 700
ECL on financial assets at amortised cost	(46 252)	(39 279)
Net amortised cost	132 247	170 421
Non-financial instruments	5 655	3 657
Total	137 902	174 078
Trade and other receivables can be disaggregated and classified as follows:		
Amortised cost		
Accounts receivable	132 247	170 421
Non-financial instruments		
Prepaid expenses	5 655	3 657
Total	137 902	174 078

The ageing analysis of these receivables is as analysed below.

		2025 P'000	2024 P'000
Current	Stage 1	110 978	167 326
Past due		73 176	46 031
Less than 30 days	Stage 1	1 484	1 484
30 – 60 days	Stage 2	369	369
61 – 90 days	Stage 2	26 319	1 009
Over 90 days	Stage 3	45 004	43 169
		184 154	213 357

The carrying values of other receivables are reasonable approximations of their fair values due to the short-term nature thereof and they are classified as current.

Impairment movement

Other amounts receivable include trade and other receivables, agents' and brokers' advances. Other amounts receivable are stated after an impairment provision of P46 million as at 31 December 2025 (2024: P40 million).

	2025 P'000	2024 P'000
As at 1 January	39 279	37 408
Provisions raised	6 973	1 871
As at 31 December	46 252	39 279

16.2 Trade and other payables

	2025 P'000	2024 P'000
Trade and other payables comprise:		
Due to brokers and agents	49 006	65 274
Other accounts payable	54 733	52 533
Other accruals	77 696	240 171
Payroll-related liabilities	98 690	47 919
Total trade and other payables	280 125	405 897

The carrying values of other payables are reasonable approximations of their fair values due to the short-term nature thereof and they are classified as current.

Trade and other payables can be disaggregated as follows:

Accounts payable	49 006	65 274
Other accounts payable	132 429	292 704
Payroll liabilities	98 690	47 919
	280 125	405 897

Classification of trade and other payables

Amortised cost	181 435	357 978
Non-financial instruments	98 690	47 919
	280 125	405 897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

17. CASH AND CASH EQUIVALENTS

	2025 P'000	Restated* 2024 P'000
Cash and cash equivalents included in current assets:		
Cash		
Gross amortised cost	804 533	524 243
Balances with banks	804 533	524 243
Overdrawn cash and cash equivalents included in current liabilities		
Bank overdrafts	148 206	60 232
The overdraft facility is used for financing working capital needs. Interest is at 1% below the prime lending rate. Other charges include non-utilisation fees for balances below 50% of the facility limit.		
The total amount of undrawn facilities available for future operating activities and commitments	1 796	89 768

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.**18. STATED CAPITAL**

	2025 P'000	2024 P'000
Ordinary shares issued and fully paid		
284 870 652 (2024: 284 870 652) ordinary shares at no par value	204 936	204 936

19. OTHER RESERVES**19.1 Foreign currency translation and hyperinflation reserve**

	2025 P'000	2024 P'000
Foreign currency translation reserve		
Opening balance	(286 065)	(266 423)
Movement for the year	117 555	(19 642)
Balance at the end of the year	(168 510)	(286 065)
Hyperinflation reserve		
Opening balance	104 367	–
Movement for the year	–	104 367
Balance at the end of the year	104 367	104 367

19.2 Consolidation reserve

	2025 P'000	2024 P'000
Opening balance	(35 785)	(33 485)
Transfer from treasury shares	(24 738)	–
Transfer from retained earnings	46 520	(2 300)
Balance at the end of the year	(14 003)	(35 785)

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.

	2025	2024
BIHL shares held by policyholders		
Number of shares held as at 31 December	1 803	1 987
Market price per share (Pula)	23,02	22,50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

19. OTHER RESERVES continued**19.3 Treasury shares**

	2025 P'000	2024 P'000
Opening balance	(99 886)	(87 964)
Cost of treasury shares (purchased)/disposed	3 199	(11 922)
Exercised employee shares	8 649	–
Transfer to consolidation reserve	24 738	–
Balance at the end of the year	(63 300)	(99 886)
19.4 Share-based payment reserve		
Opening balance	52 982	36 835
Expense arising from equity-settled share-based payment transactions	7 433	7 127
Treasury shares movement	(2 307)	9 020
Balance at the end of the year	58 108	52 982

19. OTHER RESERVES continued**19.5 Capital reserve account**

	2025 P'000	2024 P'000
Opening balance	421 846	457 412
Transfer to retained earnings	(71 860)	(35 566)
Balance at the end of the year	349 986	421 846
In accordance with the requirements of section 9 of the Botswana Insurance Industry Act (Chapter 46:01), 25% of the annual after-tax income of the life business is transferred to the statutory capital reserve. This reserve can be utilised at a minimum of once every five years to increase the paid-up stated capital of the company. As part of its review of the capital structure, the group made an application in prior years to the Regulator, the NBFIRA, for exemption from further transfers to the statutory capital reserves as the life company was holding excess capital reserves which were not utilised. The Regulator approved the suspension of the transfer of the 25% annual after-tax profit to the statutory capital reserves for an indefinite period until the objective of the suspension is achieved.		
Total other reserves	266 648	157 459

20. NON-CONTROLLING INTEREST

	2025 P'000	2024 P'000
KYS Investments Limited	8 439	10 458
Private Property Botswana Proprietary Limited	43	43
	8 482	10 501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

21. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	Financial assets designated at fair value through profit or loss P'000	Financial assets at amortised cost P'000	Financial assets mandatorily at fair value through profit or loss P'000	Financial liabilities designated at fair value through profit or loss P'000	Financial liabilities mandatorily held at fair value through profit or loss P'000	Financial liabilities measured at amortised cost P'000	Total P'000
Year ended 31 December 2025							
Financial assets							
Interest-bearing investments	9 240 306	26 839	–	–	–	–	9 267 145
Deposits and similar securities	451 972	3 591 889	–	–	–	–	4 043 861
Equities and similar securities	–	–	2 258 885	–	–	–	2 258 885
Investment funds	–	–	2 100 103	–	–	–	2 100 103
Trade and other receivables	–	132 247	–	–	–	–	132 247
Cash and cash equivalents	–	804 533	–	–	–	–	804 533
Total financial assets	9 692 278	4 555 508	4 358 988	–	–	–	18 606 774
Financial liabilities							
Investment contract liabilities	–	–	–	3 638 917	–	–	3 638 917
External investors in consolidated funds	–	–	–	5 306 043	–	–	5 306 043
Derivatives instrument	–	–	–	–	116 992	–	116 992
Lease liabilities	–	–	–	–	–	21 035	21 035
Related party balances	–	–	–	–	–	3 655	3 655
Trade and other payables	–	–	–	–	–	181 435	181 435
Bank overdraft	–	–	–	–	–	148 206	148 206
Total financial liabilities	–	–	–	8 944 960	116 992	354 331	9 416 283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

21. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES continued

	Financial assets designated at fair value through profit or loss P'000	Financial assets at amortised cost* P'000	Financial assets mandatorily at fair value through profit or loss P'000	Financial liabilities designated at fair value through profit or loss P'000	Financial liabilities mandatorily held at fair value through profit or loss P'000	Financial liabilities measured at amortised cost P'000	Total P'000
Year ended 31 December 2024 (restated)							
Financial assets							
Interest-bearing investments	9 532 661	–	–	–	–	–	9 532 661
Deposits and similar securities	354 275	3 463 338	–	–	–	–	3 817 613
Equities and similar securities	–	–	2 142 567	–	–	–	2 142 567
Investment funds	–	–	1 787 715	–	–	–	1 787 715
Trade and other receivables	–	170 421	–	–	–	–	170 421
Cash and cash equivalents	–	524 243	–	–	–	–	524 243
Total financial assets	9 886 936	4 158 002	3 930 282	–	–	–	17 975 220
Financial liabilities							
Investment contract liabilities	–	–	–	3 637 385	–	–	3 637 385
External investors in consolidated funds	–	–	–	4 644 295	–	–	4 644 295
Derivatives instrument	–	–	–	–	44 284	–	44 284
Lease liabilities	–	–	–	–	–	14 776	14 776
Related party balances	–	–	–	–	–	5 438	5 438
Trade and other payables	–	–	–	–	–	357 978	357 978
Bank overdraft	–	–	–	–	–	60 232	60 232
Total financial liabilities	–	–	–	8 281 680	44 284	438 424	8 764 388

* Refer to **note 31.2** for details on the restatement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

22. REVENUE

	2025 P'000	2024 P'000
Management fee income	141 952	184 803
Fees and other revenue	144 378	165 812
Revenue	286 330	350 615
Timing of revenue recognition		
Contract revenue earned at a point in time	1 298	1 313
Contract revenue earned over time	285 032	349 302
Total revenue from contracts with customers	286 330	350 615

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.

23. ADMINISTRATIVE EXPENSES AND IMPAIRMENTS

The disclosure of administration expenses by nature only discloses the significant expense lines including expenses directly attributable to insurance contracts.

23.1 Administrative expenses comprise:

	2025 P'000	2024 P'000
Auditor's remuneration		
– Audit fee current period	8 423	7 684
– Non-audit services fee	30	28
Depreciation	11 553	11 582
Amortisation of intangible assets	5 900	9 867
Depreciation of right-of-use asset	5 697	6 583
Directors' fees		
– For services as directors	7 384	6 251
– For managerial services	36 580	33 260
– Pension contribution	3 194	3 273
Staff costs	215 701	210 119
Salaries and wages for administration staff	173 524	173 639
Pension costs	23 101	21 950
Share-based payment	19 076	14 530
Average number of employees	449	440
23.2 Sales remuneration	57 077	36 171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

24. EMPLOYEE BENEFITS

Retirement benefit plan

Defined contribution plan

A defined contribution plan is a pension plan under which the group pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the group in a fund under the control of trustees. The total expense charged to income of P23 million (2024: P22 million) represents contributions payable to these plans by the group at rates specified in the rules of the plan.

Share-based payment

The group has two share-based payment schemes:

- conditional share plan (CSP)
- Bifm citizen economic empowerment share option scheme (Bifm CEESOS).

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 for funding 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 2025 is P59 million (2024: P53 million).

	2025		2024	
	Number of grants P'000	Weighted average fair value price at grant/ exercise date P	Number of grants P'000	Weighted average fair value price at grant/ exercise date P
Movement during the year				
Outstanding at the beginning of the year	2 691	18,68	2 028	17,61
Granted	824	22,50	1 195	20,01
Forfeited	(201)	22,50	(7)	20,01
Exercised	(662)	22,50	(525)	20,01
Outstanding at the end of the year	2 652	21,47	2 691	18,68

The weighted average remaining contractual life for the grants outstanding as at 31 December 2025 is three years (2024: three years).

The number of conditional shares granted during the year was 823 877 (2024: 1 194 813).

The weighted average fair value exercise price for grants outstanding at the end of the year was P23,02 (2024: P20,01).

The following assumptions have been used in the valuation model of the SOS:

	2025	2024
Dividend yield (%)	0 – 4,98	0 – 8,30
Risk-free interest rate (%)	9,38	8,62
Spot price	23,02	22,50
% of remaining employees	100,00	100,00

Options pricing model

Since the BIHL employee share options are not tradable, IFRS 2 requires that the fair value of these options be calculated using a suitable option-pricing model. In terms of best practice, management and the directors have adopted a modified binomial tree model for valuation purposes, which can be described, at a high level, as follows:

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

- A binomial tree is developed with time-dependent nodes corresponding to projected upward and downward movements of the BIHL share. This projection is calculated as a function of the volatility of the underlying share and by assuming that the share price follows a stochastic process.
- Starting from the maturity date of the option, the model works backwards through the tree, and at each node determines two possible values for the option: (a) the value of the option if one were to continue to hold it at that point in time, and (b) the value of the option if one were to exercise it at that node. Value (a) above is calculated using arbitrage-free principles and a risk-neutral valuation theory, while value (b) is calculated simply as the difference between the projected spot price of the underlying share at that node and the strike price of the option.
- For time periods subsequent to the vesting date of each option, the model uses the greater of the two values referred to above to estimate the option's value at that node. For time periods prior to the vesting date, only the value is used to estimate the option's value, reflecting the fact that the option cannot be exercised prior to the vesting date.
- Once the value at a particular node has been determined, that value is discounted to the prior period using the risk-free yield curve, and taking into account the probability of realising that value. Eventually, the value at the first node (i.e. corresponding with a valuation date) is calculated. This represents the fair value of the option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

24. EMPLOYEE BENEFITS continued

Retirement benefit plan continued

Defined contribution plan continued

Conditional share plan continued

Other inputs used

Generally, there are six variables that determine the price of an employee share option:

- The market price of the underlying share at the grant date
- The strike price of the option
- The time remaining until the option expires (i.e. the expiry date of the option)
- The time remaining until the option vests
- The expected dividend yield of the underlying share over the life of the option
- The expected volatility of the underlying share over the life of the option.

Volatility

The volatility input to the pricing model is a measure of the expected price fluctuations of the underlying security over a given period of time. Volatility is measured as the annualised standard deviation of the daily price changes in the underlying share under the assumption that the share price is log-normally distributed. This is in line with market practice. All else being equal, the more volatile the underlying share, the greater the price of the option.

There are two common approaches to calculating volatility. The first method uses historical price data of the underlying share, while the second technique employs data from the options market itself (provided that an active market exists for the options under consideration). Because there are no options trading in the market that are similar to the BIHL share options, historical data from a period prior to each grant date, which is commensurate with the options' contractual term to maturity, was used to calculate the expected volatility of the BIHL shares over the options' lifetimes.

25. EARNINGS PER SHARE

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.

	2025 P'000	2024 P'000
Net profit/(loss) attributable to ordinary equity holders of the parent for basic earnings and diluted earnings	326 411	(106 134)
Weighted number of shares		
At the beginning of the year	284 871	284 871
Weighted number of shares at the end of the year	284 871	284 871
Treasury and share scheme shares	(1 555)	(1 880)
Shares used for calculating basic earnings per share	283 316	282 991
Earnings per share (thebe) attributable to ordinary equity holders of the parent		
Basic earnings per share (thebe)	115	(38)
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:		
Shares used for calculating basic earnings per share	283 316	282 991
Weighted number of dilutive options	2 652	2 691
Weighted number of shares at the end of the year	285 968	285 682
Earnings per share (thebe) attributable to ordinary equity holders of the parent		
Diluted earnings per share (thebe)	114	(37)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

**26. DIVIDENDS PER SHARE PAID AND PROPOSED
(NET OF WITHHOLDING TAX)**

	2025 P'000	2024 P'000
Declared and paid during the year:		
Final dividend for the year to 31 December 2024: 40 thebe (2023: 110 thebe)	113 948	313 358
Interim dividend for the six months to 30 June 2025: 53 thebe (2024: 66 thebe)	150 981	188 015
Special dividend for the six months to 30 June 2025: nil thebe (2024: 6 thebe)	–	17 092
	264 929	518 465
Dividend proposed after year-end not recognised in the annual financial statements:		
Final dividend for the year to 31 December 2025: 56 thebe (2024: 40 thebe)	159 528	113 948
Dividend proposed for approval at the annual general meeting (net of withholding tax – not recognised as a liability as at 31 December)	159 528	113 948

27. RELATED PARTIES

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

Principal subsidiaries	Country of incorporation	% of interest held		Nature of business
		2025	2024	
Directly held				
Botswana Life Insurance Limited	Botswana	100	100	Life insurance
Bifm Holdings Limited	Botswana	100	100	Holding company
Bifm Unit Trusts Proprietary Limited	Botswana	74,89	74,89	Unit trusts
BIHL Trust	Botswana	100	100	Corporate social responsibility
BIHL Employee Share Scheme Trust	Botswana	n/a	n/a	Employee Share Trust
KYS Investments Proprietary Limited	Botswana	63,18	63,18	Hospitality industry
Private Property Botswana Proprietary Limited	Botswana	74	74	Dormant
Indirectly held				
Botswana Insurance Fund Management Limited (Bifm)	Botswana	74,89	74,89	Asset management
Botswana Life Properties Proprietary Limited	Botswana	100	100	Dormant
Bifm Holdings and Financial Services Limited	Isle of Man	100	100	Holding company
Bifm Capital Investment Fund 1	Botswana	100	100	Corporate finance
Bifm Unit Trusts Proprietary Limited	Botswana	100	100	Asset management
Peeletso Fund Administrators Proprietary Limited	Botswana	100	100	Corporate finance
BEP Investments	Botswana	50	50	Corporate finance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

27. RELATED PARTIES continued

Collective investment undertaking	Country of incorporation	% of interest held		Nature of business
		2025	2024	
Pula Money Market	Botswana	27	30	Collective investment undertaking
Local Equity Funds	Botswana	34	52	Collective investment undertaking
Letlotlo	Botswana	65	71	Collective investment undertaking
Yamasa	Botswana	33	42	Collective investment undertaking
Bifm Global Sustainable Growth Fund	Botswana	42	47	Collective investment undertaking
Bifm Local Balanced Conservative Fund Class B	Botswana	–	98	Collective investment undertaking
Bifm Off Money Market Fund B1	Botswana	68	40	Collective investment undertaking
Bifm Off Private Equity B1	Botswana	86	96	Collective investment undertaking
Bifm Local Bond Fund B1	Botswana	51	52	Collective investment undertaking
Bifm Local Equity Fund B1	Botswana	41	45	Collective investment undertaking
Bifm Local Property B1	Botswana	23	26	Collective investment undertaking
Bifm Loc Priv Debt B1	Botswana	100	52	Collective investment undertaking
Bifm Local Money Market B1	Botswana	29	25	Collective investment undertaking

Holding company

The holding company of the group is SanlamAllianz, a joint venture between Sanlam and Allianz.

Associates and joint ventures

The group's interest in associates and joint ventures is disclosed in **note 15.2** to the annual financial statements.

27.1 Transactions with related parties

	2025 P'000	2024 P'000
Transactions on insurance contracts (expense)/income		
SanlamAllianz Africa Proprietary Limited (58% shareholder of BIHL)		
Recoveries, travel claims and other meeting expenses	3 655	5 438
Letshego Africa Holdings Limited (associate company of BIHL)		
Credit life income	245 354	311 092
Claims paid	159 021	161 974
Loan to Letshego Africa Holdings Limited (Letshego)	26 839	–
Amount payable		
SanlamAllianz Africa (59% shareholder of BIHL)	3 655	5 438

Refer to **note 12** to the separate financial statements for related party transactions applicable to the company.

Loans to directors (group)

There were no loans to directors.

Terms and conditions of transactions with related parties

The transactions between related parties are made at terms equivalent to those that prevail in arm's-length transactions. Outstanding balances at year-end are unsecured and interest-free and are generally settled in 90 days. There have been no guarantees provided or received for any related party receivables or payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

27. RELATED PARTIES continued

27.1 Transactions with related parties continued

Transactions with key management

Compensation of key management personnel of the group

	2025 P'000	2024 P'000
Short-term employee benefits	27 862	27 348
Pension costs and gratuity – defined contribution plans	3 194	3 273
Share-based payments	8 718	5 912
	39 774	36 533

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Key management personnel include the executive directors and the executive team.

Directors' shareholding in the group

	2025 Number of shares	2024 Number of shares
K Jefferis	6 175	6 175
K Maphage	7 160	7 160
C Lesetedi	148 841	312 590
K Mukushi	–	114 013
	162 176	439 938

Non-executive directors' remuneration

	2025 P'000	2024 P'000
For services as directors	7 384	6 251

Executive directors' emoluments

The remuneration of executive directors comprises salaries and other short-term incentives as well as participation in long-term incentive plans.

Short-term emoluments

	Months of service	Salary P'000	Bonus P'000	Other benefits P'000	Total P'000
2025					
C Lesetedi	12	4 854	1 274	2 182	8 310
F Dalo	7	3 136	621	–	3 757
K Mukushi	3	690	–	1 247	1 937
Total executive directors		8 680	1 895	3 429	14 004
2024					
C Lesetedi	12	4 063	1 117	1 871	7 051
K Mukushi	12	2 413	502	1 079	3 994
Total executive directors		6 476	1 619	2 950	11 045

Long-term emoluments

Share purchase plans	Number of options	Number of grants – CSP	Strike or spot price (Pula)	Exercised	Forfeited	Outstanding
2025						
C Lesetedi						
Granted 2023	–	139 507	17,71	–	–	139 507
Granted 2024	–	134 070	20,01	–	–	134 070
Granted 2025	–	68 929	22,50	–	–	68 929
Total	–	342 506		–	–	342 506
2024						
C Lesetedi						
Granted 2022	–	96 965	17,50	–	–	96 965
Granted 2023	–	139 507	17,71	–	–	139 507
Granted 2024	–	134 070	20,01	–	–	134 070
Total	–	370 542		–	–	370 542

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

27. RELATED PARTIES continued**27.1 Transactions with related parties** continuedExecutive directors' emoluments continued**Long-term emoluments** continued

Share purchase plans	Number of options	Number of grants – CSP	Strike or spot price (Pula)	Exercised	Forfeited	Outstanding
2025						
K Mukushi						
Granted 2023	–	69 754	17,71	–	(69 754)	–
Granted 2024	–	40 221	20,01	–	(40 221)	–
Total	–	109 975		–	(109 975)	–

2024**K Mukushi**

Granted 2022	–	55 408	17,50	–	–	55 408
Granted 2023	–	69 754	17,71	–	–	69 754
Granted 2024	–	40 221	20,01	–	–	40 221
Total	–	165 383		–	–	165 383

Share purchase plans	Number of options	Number of grants – CSP	Strike or spot price (Pula)	Exercised	Forfeited	Outstanding
2025						
F Dalo						
Granted 2023	–	–	17,71	–	–	–
Granted 2024	–	97 201	20,01	–	–	97 201
Granted 2025	–	34 465	22,50	–	–	34 465
Total	–	131 666		–	–	131 666

All shares as disclosed above are granted and are exercisable until the expiry date as disclosed. Refer to **note 24** for additional information on the scheme.

28. NOTES TO THE CASH FLOW STATEMENT**28.1 Cash (utilised in)/generated from operations**

	2025 P'000	Restated* 2024 P'000
Profit before tax	467 571	49 404
Non-cash flow items	(63 649)	634 377
Depreciation	11 593	8 425
Amortisation	5 900	9 867
Depreciation of right-of-use asset	5 697	6 583
Net impairment losses on financial assets	7 276	–
Impairment expense of an associate	84 163	553 192
Insurance service result: Revenue	(2 460 529)	(2 267 062)
Insurance service result: Service expenses	1 938 092	1 863 792
Insurance service result: Income or expense from reinsurance contracts	42 517	39 080
Insurance investment result: Insurance finance income or expense	(402 652)	356 899
Insurance investment result: Reinsurance finance income or expense	(5 266)	15 494
Share-based payments	19 076	14 530
Investment surpluses*	(151 719)	(91 338)
Net changes in external investors in consolidated funds*	342 008	400 677
Change in fair value of net investment contracts	320 542	341 661
Investment return on assets held in respect of insurance contracts	360 253	(448 750)
Interest on bank overdraft	5 110	–
Equity-accounted earnings	(185 710)	(168 673)

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

28. NOTES TO THE CASH FLOW STATEMENT continued28.1 Cash (utilised in)/generated from operations continued

	2025 P'000	Restated* 2024 P'000
Items excluded from cash utilised in operations	(627 887)	(510 442)
Interest income	(501 390)	(457 090)
Interest expense	1 725	709
Dividend income	(128 222)	(54 061)
Net acquisition of investments*	(544 365)	(1 087 216)
Increase in net working capital assets and liabilities	(144 193)	50 068
Net decrease/(increase) in other receivables*	28 900	(38 446)
Increase in reinsurance contracts assets and liabilities	(52 418)	(21 846)
Net (decrease)/increase in other payables	(120 675)	110 360
Net movement in insurance and investment contract liabilities	445 655	914 783
Net change in external investors in consolidated funds*	319 740	153 052
Cash (utilised in)/generated from operations	(147 128)	204 026

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.

This note has been re-presented from the prior year's presentation to align with the presentation of the statement of comprehensive income and the statement of financial position, as set out in **note 31**.

28.2 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value.

	Note	2025 P'000	Restated* 2024 P'000
Cash and bank		804 533	405 311
Funds on deposit		–	118 932
Total cash and cash equivalents – as per the statement of financial position	17	804 533	524 243
Bank overdrafts ¹	17	–	(60 232)
Total cash and cash equivalents – as per the statement of cash flow		804 533	464 011

¹ Bank overdrafts have been classified as financing cash flows in the current year.

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.

29. FAIR VALUE DISCLOSURES

	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
2025				
Non-financial instruments	525 567	–	455 208	980 775
Investment in associate	525 567	–	–	525 567
Investment properties	–	–	455 208	455 208
Financial instruments	8 057 792	2 552 075	3 441 392	14 051 259
Equities and similar securities	1 368 775	–	890 110	2 258 885
Investment funds	–	2 100 103	–	2 100 103
Deposits and similar securities	–	451 972	–	451 972
Government interest-bearing investments	6 542 380	–	–	6 542 380
Corporate interest-bearing investments	146 637	–	2 551 282	2 697 919
Total assets at fair value	8 583 359	2 552 075	3 896 600	15 032 034
Financial liabilities	–	8 944 960	116 992	9 061 952
Investment contract liabilities	–	3 638 917	–	3 638 917
External investors in consolidated funds	–	5 306 043	–	5 306 043
Derivatives instrument	–	–	116 992	116 992
Total liabilities at fair value	–	8 944 960	116 992	9 061 952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

29. FAIR VALUE DISCLOSURES continued

	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Restated* 2024				
Non-financial instruments	686 820	–	475 280	1 162 100
Investment in associate	686 820	–	–	686 820
Investment properties	–	–	475 280	475 280
Financial instruments	8 124 838	2 141 990	3 550 390	13 817 218
Equities and similar securities	1 203 970	–	938 597	2 142 567
Investment funds	–	1 787 715	–	1 787 715
Deposits and similar securities	–	354 275	–	354 275
Government interest-bearing investments	6 497 623	–	–	6 497 623
Corporate interest-bearing investments	423 245	–	2 611 793	3 035 038
Total assets at fair value	8 811 658	2 141 990	4 025 670	14 979 318
Financial liabilities	–	8 281 680	44 284	8 325 964
Investment contract liabilities	–	3 637 385	–	3 637 385
External investors in consolidated funds	–	4 644 295	–	4 644 295
Derivatives instrument	–	–	44 284	44 284
Total liabilities at fair value	–	8 281 680	44 284	8 325 964

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.

There were no transfers between the various levels of fair value measurement.

29.1 Reconciliation of movements in Level 3 assets and liabilities measured at fair value

	Investment properties P'000	Equities and similar securities P'000	Corporate interest- bearing investments P'000	Total assets P'000	Derivatives instrument P'000	Total liabilities P'000
Balance as at 1 January 2025	475 280	938 597	2 611 793	4 025 670	44 284	44 284
Total gains/(loss) in comprehensive income	(20 072)	(38 487)	(202 513)	(261 072)	72 708	72 708
Acquisitions	–	–	205 939	205 939	–	–
Disposals	–	(10 000)	(63 937)	(73 937)	–	–
Balance as at 31 December 2025	455 208	890 110	2 551 282	3 896 600	116 992	116 992
Balance as at 1 January 2024	469 920	1 015 535	3 012 010	4 497 465	25 429	25 429
Total gains/(loss) in comprehensive income	5 360	(76 938)	128 953	57 375	18 855	18 855
Disposals	–	–	(529 169)	(529 169)	–	–
Balance as at 31 December 2024 (Restated)*	475 280	938 597	2 611 793	4 025 670	44 284	44 284

* Restated for a correction of error in the prior period. Refer to **note 31** for more information on restatements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

29. FAIR VALUE DISCLOSURES continued**Valuation techniques used in determining the fair value of assets and liabilities**

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant unobservable input
Investment property	3	Income capitalisation/ investment method, market comparison method	Capitalisation rate, comparison method	Capitalisation rate: 7,80% to 9,50% External valuer's estimate
Deposits and similar securities	2	Value confirmed by financial institutions	n/a	n/a
Equity investments (unlisted)	3	Net asset value of the companies based on income capitalisation/ investment method	Capitalisation rate	External valuer's estimate of capitalisation rate: 7,80% to 9,50%
Unit funds (unlisted)	2	Units held multiplied by unit prices	n/a	n/a
Unlisted bonds	3	Fair value	Estimate of credit spreads and discount rates	Credit spreads: 0,25% to 3,36%
External investors in consolidated fund	2	Units held multiplied by unit prices	n/a	n/a
Derivative instrument: foreign exchange swap transaction	3	DCF model, currency, interest rate	Internally generated zero rate curve	Internally generated zero rate curve, credit spread 70 basis points

29.2 Sensitivity of Level 3 assets and liabilities measured at fair value to changes in key assumptions**Assets**

	Carrying amount P'000	Effect of a 1% increase in capitalisation rate P'000	Effect of a 1% decrease in capitalisation rate P'000
Investment properties			
2025			
Office buildings	455 208	(49 162)	63 274
Balance as at 31 December 2025	455 208	(49 162)	63 274
2024			
Office buildings	475 280	(35 646)	48 479
Balance as at 31 December 2024	475 280	(35 646)	48 479

	Carrying amount P'000	Effect of a 1% increase in capitalisation rate P'000	Effect of a 1% decrease in capitalisation rate P'000
Other investments			
2025			
Unquoted equity investments – Property companies	729 719	(78 810)	101 431
2024			
Unquoted equity investments – Property companies	764 142	(57 311)	77 942

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

29. FAIR VALUE DISCLOSURES continued29.2 Sensitivity of Level 3 assets and liabilities measured at fair value to changes in key assumptions continuedAssets continued

Other investments	Carrying amount P'000	Effect of a 1% increase in capitalisation rate P'000	Effect of a 1% decrease in capitalisation rate P'000
2025			
Equities and similar securities	160 391	(1 604)	1 604
Corporate interest-bearing investments	2 551 282	(59 414)	62 298
Total	2 711 673	(61 018)	63 902
2024			
Equities and similar securities	174 455	(1 745)	1 745
Corporate interest-bearing investments	2 611 793	(59 886)	62 767
Total	2 786 248	(61 631)	64 512

Liabilities

Other investments	Carrying amount P'000	Effect of a 1% increase in capitalisation rate P'000	Effect of a 1% decrease in capitalisation rate P'000
2025			
Derivatives instrument	116 992	(2 340)	2 340
Total	116 992	(2 340)	2 340
2024			
Derivatives instrument	44 284	(886)	886
Total	44 284	(886)	886

29. FAIR VALUE DISCLOSURES continued

29.3 Investment policy

The BIHL Group, through its asset management company, Botswana Insurance Fund Management (Bifm), a traditional investment manager, manages a comprehensive range of distinct asset classes, each against an appropriate benchmark that acts as the neutral position. Bifm is an active investment manager that implements positions that deviate from the benchmark within predetermined constraints. Bifm aims to capture and create value from long-term relative valuation differences, both between asset classes and within an asset class between individual securities.

Bifm implements a value-style bias that complements its investment philosophy. Bifm is of the view that pockets of inefficiency exist in capital markets. This presents opportunities to purchase undervalued securities and hold them until their market value equals or exceeds their intrinsic value. Bifm aims to realise these relative value anomalies over the long term and avoid short-term fluctuations or market noise.

Bifm combines investment strategies with the aim of delivering superior investment returns given a level of risk over the long term (three years and more). For local equity security selection, Bifm uses a bottom-up approach. The bottom-up approach is research-intensive and focuses on individual companies as a starting point. Companies, sectors and geographical regions not covered by a portfolio manager's universe may be neglected.

To compensate, Bifm also applies a top-down decision-making process to implement tactical positions. The top-down approach utilises macroeconomic data, relative asset class valuations, market sector valuations and the prospects of geographical regions.

Bifm adopts fundamental analysis to place a fair value on individual securities and to identify mispriced securities with upside potential. Fundamental analysis is a primary function and of high importance as it guides us on security selection.

When selecting offshore managers, Bifm appoints managers with differing styles and approaches. The rationale for using the different styles reflects our appreciation of the fact that style diversification is a risk management tool as well as a way of taking advantage of the anomalies that could be identified by each style.

Equity: Bifm invests for the long-term, three- to five-year period to maximise returns at the lowest possible risk. Bottom-up stock-picking and fundamental stock analysis, coupled with a value-style bias, are used for portfolio construction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

29. FAIR VALUE DISCLOSURES continued

29.3 Investment policy continued

Fixed income: The approach used for long-dated bonds and short-dated money market instruments differs:

- **Long-dated bonds:** Bifm believes that value can be created through active duration management, taking into account macroeconomic factors such as inflation and interest rates. This reflects a top-down approach for the management of bonds, which is applied both locally and offshore. Bifm utilises fixed and floating instruments as different assets to match different liabilities, to benefit from the shape of the yield curve, and as a tool to manage duration
- **Cash and money market:** Bifm manages cash and short-dated money market instruments primarily for liquidity purposes. Bifm minimises credit risk by investing with reputable banks. Bifm negotiates to obtain high interest rates on behalf of its clients.

Property: Property is a unique asset class, with bond-like and equity-like features, that matches the liability profiles of a large number of pension funds. Enhanced yields and rental escalations are received over time. The philosophy is to invest in A-grade properties that we believe are more likely to attract and retain corporate tenants. Property investments constitute a significant area of Bifm's drive to develop the local economy and capital markets. Bifm's subsidiary, Khumo Property Asset Management, is a fully fledged property development and management company.

Alternative investments: The alternative assets that Bifm invests in are private equity and private debt. Alternatives are utilised where the risk-reward trade-off is believed to be superior. Examples are:

- Private equity is becoming a more important asset class globally. In the Botswana context, private equity is a progressive approach to investment management because it is a catalyst for economic development. Bifm invests in local, regional and global private equity funds
- Specialised portfolios and insurance portfolios utilise private debt instruments for matching purposes. In Botswana, private debt is a substitute for listed debt instruments. Listed debt instruments are in short supply in Botswana
- Offshore hedge funds are currently used as an alternative to offshore bonds given our bearish view on the prospects for offshore bonds.

The collective investment undertaking funds are now consolidated in the group's financials, where the group has invested more than 20% and a corresponding liability to the investors is reflected in **note 12** and the assets are included as part of **note 15**.

30. CRITICAL 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 historical and other related factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of complexity, or where assumptions are significant to the financial statements are:

Liability for life insurance contracts

This disclosure should be read in conjunction with the valuation methodology as described in basis of presentation.

Classification

When assessing the significance of insurance risk and discretionary amounts for investment contracts with DPFs, 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 DPFs, these investment contracts are in scope of IFRS 9.

The group does not currently issue investment contracts with DPFs and therefore does not apply the variable fee approach. The group applies judgement to assess the initial recognition of the contracts, and whether:

- a substantial share of the fair value returns on the underlying items is expected to be paid to the policyholders, and
- 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 DPFs (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

30. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

continued

Key sources of estimation uncertainty continued

Aggregation

The assessment of criterion (a) considers the 'pass-through' nature of the returns on the underlying item, and therefore excludes any benefits not payable from the underlying, such as fixed insurance benefits in excess of the investment components payable on death. Any deduction of a charge from the underlying item for insurance benefits (including for any waiver of premium) is included in the share of the returns to be paid to the policyholder as it forms part of the policyholder's share.

The assessment of criterion (b) considers how much of the total benefits payable to the policyholder will vary with changes in underlying items, including benefits that do not vary with the returns on underlying items in all scenarios (such as fixed insurance benefits). The assessment therefore, considers whether, on average, the changes in the total amounts payable to policyholders are substantially related to the changes in the fair value of the underlying items based on testing the impact on this relationship for different scenarios where market/non-market variables are adjusted.

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 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 CSM) at initial recognition as well as subsequent measurement. The group will use judgements to determine the fulfilment cash flows and CSM at each projection point
- At each projection point, the difference between the liability or asset for remaining coverage under the PAA and GMM is determined (the difference)
- The difference is compared to the predetermined materiality threshold (relative measure) at each point in time
- Where the difference does not exceed the determined threshold (at any time) then the group passes the PAA eligibility test (for the base scenario)

- The group will perform scenario testing using the above process to ensure differences remain immaterial. Scenario testing will be performed by updating the projected fulfilment cash flows under reasonably expected scenarios, which would affect cash flow variability. The group applies judgement in calibrating these scenarios for changes in market and non-market variables based on management's view of the key changes affecting cash flow and liability variability for each portfolio of insurance contracts.

Judgement will be applied to define relative materiality thresholds for each portfolio based on ensuring that the combined absolute impacts of all groups of insurance contracts with coverage periods longer than a year applying the PAA, fall within an absolute measure of materiality for each future year.

The identification of portfolios of insurance contracts is driven by how the business is managed, with broad product lines being managed together and subject to similar risks. Contracts within a portfolio are subject to 'similar risks' if the risks are non-offsetting and respond similarly to changes in key assumptions. This should not result in, for example, term life insurance contracts (exposing the group to mortality risk) and annuity contracts (exposing the group to longevity risk) being allocated to the same portfolio.

Furthermore, businesses are not required to allocate different benefit types within the same product line to different portfolios if the insurance contracts are managed together, for example, if as part of pricing the profit margins are set, or assets are allocated, at the broad product level. This avoids arbitrary allocation of insurance contracts to different portfolios where they are managed together and priced within the same broad product line.

The portfolios are further divided into groups of insurance contracts issued based on the expected profitability at the inception date, based on whether:

- contracts are onerous at initial recognition
- contracts at initial recognition have no significant possibility of becoming onerous subsequently
- contracts at initial recognition have a significant possibility of becoming onerous subsequently (i.e. the remaining contracts).

The group applies judgement to assess whether reasonable and supportable information is available to allocate a set of contracts to the same group of onerous contracts, for example, based on policyholder pricing groups and other internal management information. Where reasonable and supportable information is not available to identify a set of onerous contracts, this assessment is performed at an individual contract level. The individual contract assessments can be performed on an adjusted expense allocation basis for aggregation purposes, where it can be justified as a systematic and rational basis for allocating the expenses included in the fulfilment cash flows to a group of insurance contracts.

Insurance contracts have typically been allocated to annual cohorts which align with annual financial periods, except for non-participating life annuities, where insurance contracts have typically been allocated to monthly cohorts due to the sensitivity of pricing to changes in financial risk.

For insurance contracts issued measured under the PAA, no contracts have been allocated to onerous groups of contracts at initial recognition in 2025. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

30. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

continued

Key sources of estimation uncertainty continued

Measurement

Recognition and derecognition

The initial recognition date and derecognition of insurance contracts are not areas of significant judgement for the group.

Fulfilment cash flows

Fulfilment cash flows include the following components:

- Probability-weighted estimates of future cash flows
- Adjustment to reflect the time value of money and financial risk relating to future cash flows, to the extent that the financial risk is not included in the estimates of future cash flows
- A risk adjustment for non-financial risk.

The probability-weighted estimates of future cash flows are determined through the following approach:

- Identifying all sets of cash flows directly related to the fulfilment of a particular group of contracts
- Defining all reasonable scenarios applicable to a particular set of cash flows, including the cash flow profile applicable to each scenario
- Attaching a probability to each scenario
- Discounting the cash flow profile related to each scenario at the applicable discount rates
- Calculating an aggregated weighted average present value of the sets of cash flows based on the probabilities attached to each scenario.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

30. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

continued

Key sources of estimation uncertainty continued

Measurement continued

Expenses continued

Decrements

Assumptions with regard to future mortality, disability and disability payment termination are consistent with the group's recent experience for the five years up to 31 December 2025. 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 three years ended 30 September 2025. 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 mean 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	
	2025 %	2024 %	2025 %	2024 %
Botswana	10,39	5,59	11,00	8,24

	10 years		15 years	
	2025 %	2024 %	2025 %	2024 %
Botswana	11,78	8,76	11,95	9,23

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

30. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

continued

Key sources of estimation uncertainty continued

Measurement continued

Contractual service margin continued

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 a confidence level between the 85th and 100th percentile. The confidence level is determined based on the group's risk appetite for bearing the non-financial risk arising from the uncertain amount and timing of cash flows.

The risk adjustment allows for the effect of diversification benefits between different risk and product types (where relevant), which is determined based on correlation matrix techniques and other diversification impacts determined for solvency purposes.

Coverage units

The CSM is recognised as income in insurance revenue over the duration of insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period. The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits is typically determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

The following definitions of coverage units are used for the material lines of business¹:

Relative weighting of the benefits provided ²	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)	(B)	Annuity benefit payments ³ , or guaranteed benefits available on death/surrender/withdrawal during the accumulation phase for deferred life annuities
Universal life insurance business	GMM	(A)	(B)	Maximum of the guaranteed benefits plus any vested bonuses
Proportional reinsurance	GMM	(A)		Maximum amounts recoverable from the reinsurer (for example, for quota share reinsurance, the proportion of the guaranteed sum assured ceded)
Non-proportional reinsurance	GMM	(A)		Maximum amounts recoverable from the reinsurer (for example, for excess of loss reinsurance, the excess of the guaranteed sum assured over and above the specified limit)

¹ Coverage units are defined for each group of contracts and could vary based on the specific features/characteristics of the underlying contracts.

² The insurance contract services with a majority relative weighting of total benefits provided (i.e. greater than 50%) are denoted by (A), whereas the insurance contract services with a minority relative weighting of total benefits provided (i.e. less than 50%) are denoted by (B), where relevant. The actual weighting varies in each current and future period based on the relative differences between the insurance and investment-related benefits payable, which is mainly a function of the terms of each contract and the probability-weighted estimates of future cash flows. For life insurance risk business, the main purpose of the insurance contracts issued is to provide insurance coverage to the policyholders, and therefore, a lower weighting of benefits is provided by investment-return services (where relevant), relative to the benefits provided by insurance coverage.

³ Investment-return services are provided on:

- immediate life annuities during guaranteed periods where payments are made on death or survival
- deferred life annuities during the accumulation phase where payments are made on death or surrender/transfer.

The reinsurance contracts held by the group do not provide investment-return services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

30. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

continued

Key sources of estimation uncertainty continued

Measurement continued

Contractual service margin continued

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.

LRC for reinsurance contracts held

An LRC is deducted from the CSM at initial recognition of a group of reinsurance contracts held when underlying onerous insurance contracts are recognised, with the resulting income recognised in profit or loss offsetting the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. This adjustment to the CSM of a group of reinsurance contracts held, and the resulting income, is determined by multiplying: the loss recognised on the underlying insurance contracts (or loss component(s) of the underlying insurance contracts); and the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held (also referred to as the LRC ratio).

The group applies judgement in determining the LRC ratio. The LRC ratio is determined as the present value of the future expected claims recovery cash flows of the group of reinsurance contracts held divided by the present value of the future expected claims cash flows of the underlying insurance contracts. Subsequent to the initial recognition of a group of reinsurance contracts held, the LRC is adjusted for changes in estimates that relate to future service based on the corresponding adjustment to the loss component(s) of the underlying group(s) of insurance contracts and the reinsured portion of these underlying insurance contracts. The group applies judgement to assess that any unfavourable changes in the fulfilment cash flows of underlying insurance contracts that are not reinsured do not adjust the LRC, unless the impact is immaterial.

If a group of reinsurance contracts held is linked to multiple groups of underlying insurance contracts (which could include onerous and non-onerous groups of contracts), the LRC ratio is estimated based on the overall claims recoveries for the group of reinsurance contracts held and the overall claims incurred for the underlying insurance groups, applied to the sum of the loss components of the underlying insurance groups (where relevant). This determination of the LRC therefore estimates the portion of the losses on the underlying insurance contracts being recovered in the LRC for reinsurance contracts held, by excluding the following impacts where relevant: the portion of the underlying insurance contracts that are not covered by the group of reinsurance contracts held; and the portion of the underlying insurance contracts that are not onerous.

Sensitivity analysis to underwriting risk variables

The sensitivity analysis related to underwriting risk variables only includes information on the impact of changes in assumptions for the life insurance risk (PAA and GMM) business.

Life insurance – risk business

The following tables present information on how reasonably possible changes in assumptions made by the group with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Life insurance – risk business (premium allocation approach)

The liability for incurred claims component of life insurance liabilities measured under the PAA is sensitive to possible changes in the following underwriting risk variables:

	Liability for incurred claims as reported P'000	Impact on liability P'000	Impact on profit before income tax P'000	Impact on equity P'000
Premium allocation approach				
31 December 2025				
Insurance contract liabilities (net)	98 970			
Reinsurance contract assets (net)	(3 559)			
Net insurance contract liabilities	95 411			
Ultimate claims cost – 5% increase				
Insurance contract liabilities (net)		15 015	(15 015)	(11 712)
Reinsurance contract assets (net)		(1 159)	1 159	904
Net insurance contract liabilities		13 856	(13 856)	(10 808)
31 December 2024				
Insurance contract liabilities (net)	109 260			
Reinsurance contract assets (net)	(8 033)			
Net insurance contract liabilities	101 227			
Ultimate claims cost – 5% increase				
Insurance contract liabilities (net)		12 906	(12 906)	(10 067)
Reinsurance contract assets (net)		(893)	893	697
Net insurance contract liabilities		12 013	(12 013)	(9 370)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

30. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

continued

Key sources of estimation uncertainty continued

Life insurance – risk business (general model)

The fulfilment cash flows and CSM components of life insurance liabilities measured under the general model, are sensitive to possible changes in the following underwriting risk variables.

	Liability for remaining coverage		Incurred claims			
	Best estimate of future cash flows P'000	Risk adjustment P'000	Best estimate of future cash flows P'000	Total fulfilment cash flows P'000	CSM P'000	Total P'000
31 December 2025						
Insurance contract liabilities (annuities)	6 819 549	77 028	20 089	6 916 666	401 844	7 318 510
Insurance contract liabilities (individual life risk)	(1 046 598)	150 219	111 742	(784 637)	830 525	45 888
Reinsurance contract liabilities (individual life risk)	40 535	(31 608)	(12 597)	(3 670)	69 932	66 262
Net insurance contract liabilities	5 813 486	195 639	119 234	6 128 359	1 302 301	7 430 660
31 December 2024						
Insurance contract liabilities (annuities)	7 294 714	91 734	15 672	7 402 120	357 732	7 759 852
Insurance contract assets (individual life risk)	(1 329 367)	171 778	121 111	(1 036 478)	817 086	(219 392)
Reinsurance contract liabilities (individual life risk)	35 965	(36 373)	(29 191)	(29 599)	116 633	87 034
Net insurance contract liabilities	6 001 312	227 139	107 592	6 336 043	1 291 451	7 627 495

	Total impact on fulfilment cash flows P'000	Impact on CSM P'000	Tax impact on liability P'000	Impact on profit before income tax P'000	Impact on equity P'000
31 December 2025					
Mortality/morbidity rate – 5% decrease					
Insurance contract liabilities (annuities)	61 062	(64 266)	(3 205)	3 205	2 500
Insurance contract liabilities (individual life risk)	(54 029)	50 275	(3 755)	3 755	2 929
Reinsurance contract liabilities	(739)	739	–	–	–
Net insurance contract liabilities	6 294	(13 252)	(6 960)	6 960	5 429
Lapse/surrender rates – 10% decrease					
Insurance contract liabilities (individual life risk)	(10 315)	11 121	807	(807)	(630)
Reinsurance contract assets (net)	1 761	(1 761)	–	–	–
Net insurance contract liabilities	(8 554)	9 360	807	(807)	(630)
Expenses – 10% decrease					
Insurance contract liabilities (annuities)	(4 512)	4 749	236	(236)	(184)
Insurance contract liabilities (individual life risk)	(61 196)	66 095	4 899	(4 899)	(3 821)
Net insurance contract liabilities	(65 708)	70 844	5 135	(5 135)	(4 005)
31 December 2024					
Mortality/morbidity rate – 5% decrease					
Insurance contract liabilities (annuities)	67 923	(71 936)	4 013	(4 013)	(3 130)
Insurance contract liabilities (individual life risk)	(64 726)	69 954	(5 228)	5 228	4 078
Reinsurance contract liabilities	(2 516)	2 516	–	–	–
Net insurance contract liabilities	681	534	(1 215)	1 215	948
Lapse/surrender rates – 10% decrease					
Insurance contract liabilities (individual life risk)	(27 732)	29 972	(2 240)	2 240	1 747
Reinsurance contract assets (net)	99	(99)	–	–	–
Net insurance contract liabilities	(27 633)	29 873	(2 240)	2 240	1 747
Expenses – 10% decrease					
Insurance contract liabilities (annuities)	(2 522)	2 671	(149)	149	116
Insurance contract liabilities (individual life risk)	(66 723)	72 112	(5 389)	5 389	4 204
Net insurance contract liabilities	(69 245)	74 783	(5 538)	5 538	4 320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

30. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

continued

30.1 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% (2024: 10%) from management's estimates, no impairment of the contract costs for investment management services would be required.

Fair value of investments in unquoted equity

The investments in unquoted equity instruments have been valued based on the expected cash flows, discounted at the current rates applicable for items with similar terms and risk characteristics. This valuation requires the group to make estimates about expected future cash flows and discount rates and hence they are subject to significant judgement. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgement is required to establish fair values. The judgements include considerations of liquidity risk, credit risk and model inputs such as discount rates, prepayment rates and default rate assumptions for asset-backed securities.

For DCF analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country-specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk-free interest rates and credit risk. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. The carrying amount of these instruments at year-end was P160 million (2024: P174 million).

Impairment of financial assets

The group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original 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 (LGD). LGD is the percentage that can be lost when a debtor defaults.

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 during the year.

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 valuers. 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 valuers have appropriate qualifications and extensive experience in property valuation in Botswana. Refer to **note 15.1**.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

30. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

continued

30.1 Policy liabilities for investment contracts with investment management services continued

Bank overdraft

Under IAS 7, bank overdrafts qualify as cash and cash equivalents only when repayable on demand and forming an integral part of cash management, with balances that regularly fluctuate between positive and overdrawn. The observable pattern in the year was that the balances were positive only once, hence the bank overdraft has been reclassified to be part of financing activities in the current year.

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
- Financial instruments.

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

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 Proprietary Limited) only gives rights to the net assets and is therefore classified as a joint venture. Furthermore, effective 1 January 2016, the BIHL Group acquired 50% of a company called Teledimo Proprietary Limited, which is a non-operating holding company, which holds a 100% investment in a short-term insurance company, Botswana Insurance Company Limited (BIC) and a 66% investment in GrandRe Tanzania. Trans Industries Proprietary Limited (TI), which is a privately owned company incorporated in Botswana, owns the remaining 50% of Teledimo. BIC further holds a 100% investment in Insure Guard. The shareholders' agreement between BIHL and TI provides for 50:50 representation and equal voting rights between the shareholders. TI holds the management agreement for the operations under Teledimo.

Based on the aforementioned, the group assessed that it has joint control of BIC and accounts for the joint arrangement as an associate using the equity method in the consolidated annual financial statements, while it accounts for the joint venture at cost in the separate annual financial statements of the company.

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 15.2** to the annual financial statements.

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 (Botswana Life), Bifm Holdings Limited, Kgolo Ya Sechaba (KYS), Private Property Botswana (PPB) and BIHL Share Scheme Trust
- **Associates** – Associates are all entities over which the company has significant influence but not control or joint control, generally accompanying a shareholding of between 20% to 50% plus one vote of the voting rights. Associates are accounted for at cost less accumulated impairment losses. The company has associates incorporated in Malawi (Nico Holdings PLC and Teledimo)
- **Interest in a joint venture** – The company has an interest in a joint venture which is jointly controlled. A joint venture arrangement is an arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture arrangement that involves the establishment of a separate entity in which each venture has an interest in the net assets of the jointly controlled entity. Investments in joint ventures are accounted for at cost less impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

30. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

continued

30.1 Policy liabilities for investment contracts with investment management services

continued

Goodwill

Goodwill represents the excess of the cost of a business combination over the group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date. The gain or loss on the disposal of a subsidiary or business includes the carrying amount of goodwill attributable to the entity or business sold.

Goodwill is not recognised when an interest in an existing subsidiary is increased. The difference between the cost of the acquisition and the minority interest acquired is accounted for directly in equity. Goodwill is also not affected when an interest in an existing subsidiary is decreased without a loss of control. The difference between the proceeds received and the share of the net assets disposed of is accounted for directly in equity.

For impairment purposes, the carrying amount of goodwill is allocated to cash-generating units at the lowest level of operational activity (business) to which it relates. The carrying amount of goodwill is reviewed biannually for impairment and written down where the recoverable amount is less than the carrying amount. Where a number of related businesses acquired in the same business combination are allocated to different group business divisions, the related goodwill is allocated to those cash-generating units that expect to benefit from the synergies of the business combination.

The recoverable amount of goodwill for purposes of impairment testing has been determined based on fair value less cost to sell for entities that are cash-generating units. Refer to **note 2** for additional information.

Consolidation of investment funds

The group acts as a fund manager and invests in a number of investment funds and has varying holdings. In determining whether the group controls such funds, it will focus on an assessment of the aggregate economic interests of the group (comprising any carried interests and expected management fees) and the investor's rights to remove the fund manager. This general assessment is supplemented by an assessment of third-party rights in the investment funds with regard to their practical ability to allow the group not to control the fund. The group assesses its interest in the investment funds on an annual basis to determine if the fund will be consolidated. The non-controlling interest owned by third parties is classified as a financial liability in the consolidated statement of financial position. These interests are classified at fair value through profit or loss and measured at fair value, which is equal to the number of units not owned by the group. In practice, the group considers itself to have control of a fund when it both owns the asset manager and holds greater than 20% thereof.

Classification of deposits and similar securities

The group applies judgement in classifying deposits and similar securities at amortised cost or fair value through profit or loss in terms of IFRS 9 *Financial Instruments*. This judgement is based on an assessment of the group's business model for managing the assets and whether the contractual cash flows meet the SPPI criterion. Financial assets are classified at amortised cost where they are held to collect contractual cash flows that meet the SPPI requirement. Where assets are managed on a fair value basis, held for trading, or fail the SPPI test, they are classified at fair value through profit or loss. Accordingly, similar instruments may be classified differently depending on the outcome of these assessments.

31. RE-PRESENTATION AND RESTATEMENT OF THE PRIOR YEAR

31.1 Re-presentation

To better align the presentation of the group's financial reporting to that of its ultimate holding company and comparable entities in the industry and Southern African region, the group has amended the presentation and disclosure format it had previously followed. This has resulted in:

- the presentation of statement of comprehensive income instead of separate statements of profit or loss and comprehensive income as was done in prior periods
- the re-presentation of some individual line items in the consolidated statement of financial position and consolidated statement of comprehensive income. As a result of this re-presentation, a number of financial statement line items were named, aggregated or disaggregated differently from the basis followed in prior periods, but there were no changes to the group's accounting policies or the recognition and measurement bases of assets and liabilities, or items of income and expenses.

The impact of the re-presentation is summarised below.

There was no impact on the company financial statements previously reported, except for the fact that the separate financial statements are now presented as a stand-alone part of the financial statements, and not as comparative information to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

31. RE-PRESENTATION AND RESTATEMENT OF THE PRIOR YEAR continued

31.2 Restatements in respect of corrections of prior period errors

i. The group's accounting for investment properties and equity investments

During previous reporting periods, the group incorrectly aggregated investments in investment properties and equity investments in property companies (held through a consolidated fund) into a single line item on the face of the statement of financial position, titled 'Investments in property funds and companies'. Separate line items already existed for both investment properties and equity investments. This presentation was not in compliance with IAS 1, which requires that dissimilar items should not be aggregated.

The error has been corrected through retrospective restatement in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. There is no impact on the statement of profit or loss and other comprehensive income, the statement of comprehensive income or the statement of cash flows.

ii. The group's accounting for unit holdings in investment funds

During previous reporting periods, the group did not present unit holdings in investment funds separately on the face of the statement of financial position as required by IAS 1. Amounts were incorrectly aggregated within 'equities and similar securities'.

The error has been corrected through retrospective restatement in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. There is no impact on the statement of profit or loss and other comprehensive income, the statement of comprehensive income or the statement of cash flows.

iii. The group's accounting for investments in consolidated funds

During the prior year, the group incorrectly omitted the recognition of an investment surplus and a corresponding receivable for income earned but not yet received in the amount of P41 404 000. As this arose at a (collective investment undertaking) fund consolidated by the group, the liability to external investors and the corresponding impact on the fair value of the liability were also understated.

Cash and cash equivalents held via consolidated funds were incorrectly classified as money market instruments (now re-presented as 'deposits and similar securities'). This error occurred due to the incorrect conclusion that since these cash balances cannot be utilised to directly settle obligations of the group, they cannot be classified as cash and cash equivalents. The balances meet the definition of 'cash' in IAS 7. The consolidated statement of cash flows is also restated as a result of this.

iv. Classification of unlisted equity investments

During previous reporting periods, the group classified its investment in an unlisted equity instrument as interest-bearing assets, rather than presenting it under equity securities on the face of the statement of financial position. The error has been corrected through a retrospective restatement in the current financial year, in accordance with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The correction does not impact the statement of profit or loss and other comprehensive income, the statement of comprehensive income or the statement of cash flows.

v. Historical consolidation processes

The group identified two prior period errors relating to historical consolidation processes. These relate to (i) an incorrectly processed consolidation entry that reduced reported other payables but did not reflect any underlying transaction, and (ii) the omission of an asset held by a consolidated entity from the group's consolidated financial statements in prior periods, which resulted in the overstatement of external investors' interests in consolidated funds. The group has retrospectively restated the opening balances as at 1 January 2024 to correct these errors. The cumulative effect of the corrections resulted in a decrease in retained earnings and external investors in consolidated funds, and an increase in other payables.

For presentation purposes, the combined impact of correcting these prior period errors has been disclosed as a single restatement. The impact on the consolidated statements of profit or loss and other comprehensive income and cash flows for the year ended 31 December 2024 was assessed and determined to be immaterial.

vi. Accounting policy on certain financial assets

The group previously disclosed that its accounting policy was to designate and measure fixed deposits and commercial papers at fair value through profit or loss.

During the current financial year, the group confirmed that its business model is, and has always been, to hold fixed deposits and commercial papers in order to collect contractual cash flows, with early termination occurring only in response to specific and unforeseen liquidity requirements. The contractual cash flows emanating from these instruments also satisfy the 'SPPI' test. Accordingly, these instruments should be classified as measured at amortised cost.

The error has been corrected retrospectively. The previously reported fair value of fixed deposits and commercial papers approximated amortised cost and, accordingly, the correction is limited to the restatement of the accounting policy disclosure, as well as qualitative disclosures in risk management and related notes to the annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

For the year ended 31 December 2025

31. RE-PRESENTATION AND RESTATEMENT OF THE PRIOR YEAR *continued*

31.3 The impact on the primary financial statements

The impact on the statement of financial position, the statement of profit or loss and other comprehensive income, and the statement of cash flows as a result of the re-presentation and of the above prior period errors in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, is shown below.

31.3.1 Statement of financial position

			2024									1 January 2024						
			As previously reported P'000	Presen- tation change P'000	Prior period error i P'000	Prior period error ii P'000	Prior period error iii P'000	Prior period error iv P'000	Prior period error v P'000	New presen- tation and restated P'000	As previously reported P'000	Presen- tation change P'000	Prior period error i P'000	Prior period error ii P'000	Prior period error iii P'000	Prior period error iv P'000	Prior period error v P'000	New presen- tation and restated P'000
Item	Notes	Annotation																
Assets																		
Goodwill	2	1	–	62 992	–	–	–	–	–	62 992	–	62 992	–	–	–	–	62 992	
Property and equipment	3	2	169 838	(126 951)	–	–	–	–	–	42 887	170 052	(124 668)	–	–	–	–	45 384	
Owner-occupied property	5	2	–	126 951	–	–	–	–	–	126 951	–	124 668	–	–	–	–	124 668	
Intangible assets	6	1	89 784	(62 992)	–	–	–	–	–	26 792	97 247	(62 992)	–	–	–	–	34 255	
Investments		3	19 526 890	–	–	–	(313 800)	–	–	19 213 090	18 961 679	–	–	–	–	–	18 778 510	
Investment property	15.1	3.1, i	26 480	–	448 800	–	–	–	–	475 280	26 480	–	443 440	–	–	–	469 920	
Investments in associated companies and joint ventures	15.2	3.1	1 457 254	–	–	–	–	–	–	1 457 254	1 758 469	–	–	–	–	–	1 758 469	
Equities and similar securities	15.3	3.1, 3.4, i, ii, iv	–	4 340 990	(448 800)	(1 787 715)	–	38 092	–	2 142 567	–	4 096 936	(443 440)	(1 710 566)	–	31 920	1 974 850	
Investment in property funds and companies		3.1	1 203 577	(1 203 577)	–	–	–	–	–	–	1 277 154	(1 277 154)	–	–	–	–	–	
Equity investments (local and foreign)		3.1	3 137 413	(3 137 413)	–	–	–	–	–	–	2 819 782	(2 819 782)	–	–	–	–	–	
Interest-bearing investments	15.3	3.2, iv	9 570 753	–	–	–	–	(38 092)	–	9 532 661	8 916 531	–	–	–	(31 920)	–	8 884 611	
Investment funds	15.3	ii	–	–	–	1 787 715	–	–	–	1 787 715	–	–	–	1 710 566	–	–	1 710 566	
Deposits and similar securities	15.3	3.3, iii	4 131 413	–	–	–	(313 800)	–	–	3 817 613	4 163 263	–	–	–	(183 169)	–	3 980 094	
Working capital assets	4		343 417	–	–	–	354 904	–	–	698 321	306 215	–	–	–	183 169	–	489 384	
Trade and other receivables	16.1	4.1	132 974	–	–	–	41 104	–	–	174 078	135 632	–	–	–	–	–	135 632	
Cash and cash equivalents	17	iii	210 443	–	–	–	313 800	–	–	524 243	170 583	–	–	–	183 169	–	353 752	
Total assets			20 379 984	–	–	–	41 104	–	–	20 421 088	20 017 717	–	–	–	–	–	20 017 717	

Annotation

1 Goodwill was presented together with intangible assets in the prior year and is now presented as a separate line item.

2 Property was presented together with equipment in the prior year and is now presented as a separate line item.

3 This is a new subtotal that was introduced. The new subtotal now also includes investments in associates and joint ventures and investment property that was previously presented elsewhere. This sub-note replaces the previous sub-note 'Financial assets at fair value through profit or loss.'

3.1 In the prior year BIHL consolidated financial statements, the line item 'investment in property funds and companies' was included. This line item included all of the property assets held by Local Property Fund (LPF) that BIHL consolidates. These balances were disclosed in the prior year in the same note as investment properties and both the IAS 40 and IFRS 13 Level 3 disclosures were provided. The underlying investments are a combination of investments in property companies where LPF is a shareholder, and investment properties where LPF owns the title. This balance is reallocated to equities and similar securities and investment properties, respectively. The previously reported line item equity investments (local and foreign) have been reallocated to equities and similar securities.

3.2 This line item was previously called 'Bonds'.

3.3 This line item was previously called 'Money market instruments'.

3.4 The previously reported line item equity investments (local and foreign) have been mapped and renamed to equities and similar securities.

4 This is a new subtotal that was introduced.

4.1 This line item was previously called 'Other receivables'.

5 This line item was previously called 'Non-distributable reserves'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

31. RE-PRESENTATION AND RESTATEMENT OF THE PRIOR YEAR continued

31.3 Re-presentation in respect of corrections of prior period errors continued

31.3.1 Statement of financial position continued

			2024								1 January 2024							
Item	Notes	Annotation	As previously reported P'000	Presen- tation change P'000	Prior period error i P'000	Prior period error ii P'000	Prior period error iii P'000	Prior period error iv P'000	Prior period error v P'000	New presen- tation and restated P'000	As previously reported P'000	Presen- tation change P'000	Prior period error i P'000	Prior period error ii P'000	Prior period error iii P'000	Prior period error iv P'000	Prior period error v P'000	New presen- tation and restated P'000
Capital and reserves																		
Other reserves	19	5	157 459	–	–	–	–	–	–	157 459	106 375	–	–	–	–	–	–	106 375
Retained earnings		v	2 719 298	–	–	–	–	–	(69 802)	2 649 496	3 302 730	–	–	–	–	–	(69 802)	3 232 928
Liabilities																		
External investors in consolidated funds	12	iii	4 616 512	–	–	–	41 104	–	(13 321)	4 644 295	4 504 564	–	–	–	–	–	(13 321)	4 491 243
Trade and other payables		iii, v	322 774	–	–	–	–	–	83 124	405 898	210 984	–	–	–	–	–	83 124	294 108
Total equity and liabilities			20 379 984	–	–	–	41 104	–	–	20 421 088	20 017 717	–	–	–	–	–	–	20 017 717

Annotation

1 Goodwill was presented together with intangible assets in the prior year and is now presented as a separate line item.

2 Property was presented together with equipment in the prior year and is now presented as a separate line item.

3 This is a new subtotal that was introduced. The new subtotal now also includes investments in associates and joint ventures and investment property that was previously presented elsewhere. This sub-note replaces, the previous sub-note 'Financial assets at fair value through profit or loss.'

3.1 In the prior year BIHL consolidated financial statements, the line item 'investment in property funds and companies' was included. This line item included all of the property assets held by LPF that BIHL consolidates. These balances were disclosed in the prior year in the same note as investment properties and both the IAS 40 and IFRS 13 Level 3 disclosures were provided. The underlying investments are a combination of investments in property companies where LPF is a shareholder, and investment properties where LPF owns the title. This balance is reallocated to equities and similar securities and Investment properties, respectively. The previously reported line item equity investments (local and foreign) have been reallocated to equities and similar securities.

3.2 This line item was previously called 'Bonds'.

3.3 This line item was previously called 'Money market instruments'.

3.4 The previously reported line item equity investments (local and foreign) have been mapped and renamed to equities and similar securities.

4 This is a new subtotal that was introduced.

4.1 This line item was previously called 'Other receivables'.

5 This line item was previously called 'Non-distributable reserves'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

31. RE-PRESENTATION AND RESTATEMENT OF THE PRIOR YEAR continued**31.3 Re-presentation in respect of corrections of prior period errors** continued**31.3.2 Statement of profit or loss and other comprehensive income for the year ended 31 December 2024**

Item	Note	Anno- tation	As previously reported P'000	Presen- tation change P'000	Error iii P'000	New presen- tation and restated P'000
Investment income	15.4	6	452 599	291 581	41 104	785 284
Investment surpluses	15.4	6, iii	–	91 338	–	91 338
Interest income using the effective interest rate (EIR)		6	4 491	(4 491)	–	–
Other interest income from external investors in consolidated funds		6	291 581	(291 581)	–	–
Fair value losses from derivative instrument		6	18 855	(18 855)	–	–
Change in fair value of external investors' liabilities		6	67 992	(67 992)	–	–
Change in fair value of external investors' liabilities		iii	(359 573)	–	(41 104)	(400 677)

Annotation

6 These line items were previously disaggregated.

Investment income: previously, the interest income from external investors in consolidated funds was shown separately.

Investment surpluses: previously disaggregated into Interest income using the EIR, fair value losses from derivative instrument and change in fair value of external investors' liabilities.

31.3.3 Statement of cash flows for the year ended 31 December 2024

Item	Note	As previously reported P'000	Error iii P'000	New presen- tation and restated P'000
Cash utilised in operations		(3 276)	130 631	127 355
Cash generated from operations	28	73 395	130 631	204 026
Net (decrease)/increase in cash and cash equivalents		(20 372)	130 631	110 259
Cash and cash equivalents at the beginning of the year		170 583	183 169	353 752
Cash and cash equivalents at the end of the year		150 211	313 800	464 011

32. SUBSEQUENT EVENTS**32.1** The directors propose a final dividend of 56 thebe (2024: 40 thebe) per share (not subject to tax).**32.2 Termination of swap agreement**

Subsequent to the reporting date, a swap agreement between Botswana Life Insurance Limited and African Life Assurance Company Botswana Proprietary Limited, a subsidiary of SanlamAllianz, was mutually terminated. The swap had been established to exchange Botswana Pula and South African Rand cash flow exposures arising from ALBOTS' shareholding in Botswana Insurance Holdings Limited.

The termination occurred after the reporting date and has therefore been treated as a non-adjusting subsequent event in accordance with IAS 10 *Events After the Reporting Period*.

No other material facts or circumstances have arisen between the date of the statement of financial position and this report which materially affect the financial position of the Botswana Insurance Holdings Limited Group as at 31 December 2025 as reflected in these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 P'000	2024 P'000
ASSETS			
Property and equipment	1	1 172	1 739
Right-of-use assets	2.1	–	1 174
Intangible assets	3	87	131
Investments in associates and joint ventures	8.1	266 711	266 711
Interest in subsidiaries	8.1	122 335	129 555
Investment funds		2 070	–
Related party balances	12	460	846
Working capital assets		61 465	28 677
Trade and other receivables	4.1	55 617	18 608
Tax receivable		878	851
Cash and cash equivalents	5	4 970	9 218
Total assets		454 300	428 833
EQUITY AND LIABILITIES			
Stated capital	6	204 936	204 936
Other reserves	7	58 115	52 983
Retained earnings		138 623	125 350
Total equity		401 674	383 269
Liabilities			
Lease liabilities	2.2	–	1 857
Related party balances	12	23 115	6 355
Working capital liabilities		29 511	37 352
Trade and other payables	4.2	29 511	37 352
Total liabilities		52 626	45 564
Total equity and liabilities		454 300	428 833

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 P'000	2024 P'000
Result from operations		372 349	589 605
Investment income	8.2	372 057	588 756
Interest income using the EIR	8.2	292	849
Other expenses	9	(73 091)	(49 241)
Administration expenses		(65 871)	(49 089)
Other impairments		(7 220)	–
Finance cost on leases (IFRS 16)		–	(152)
Profit before tax		299 258	540 364
Income tax expense	11	(30 237)	(50 302)
Profit for the year		269 021	490 062
Comprehensive income for the year		269 021	490 062

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Stated capital P'000	Share-based payment reserve P'000	Retained earnings P'000	Total equity P'000
Balance as at 1 January 2024	204 936	36 837	162 772	404 545
Profit for the year	–	–	490 062	490 062
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	490 062	490 062
Share-based payment expense	–	7 127	–	7 127
Transfer from retained income to share-based reserve	–	9 019	(9 019)	–
Dividends paid	–	–	(518 465)	(518 465)
Balance as at 31 December 2024	204 936	52 983	125 350	383 269
Profit for the year	–	–	269 021	269 021
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	269 021	269 021
Share-based payment expense	–	7 433	–	7 433
Transfer to retained earnings	–	(2 301)	2 301	–
Dividends paid	–	–	(264 930)	(264 930)
Other movements ¹	–	–	6 881	6 881
Balance as at 31 December 2025	204 936	58 115	138 623	401 674

¹ Unclaimed dividends relating to prior years, which are no longer considered payable, have been written back to retained earnings during the year. This represents a reversal of previously declared distributions and is recognised as a direct movement in equity, with no impact on profit or loss.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 P'000	2024 P'000
Cash flow used in operating activities			
Cash utilised in operations	10.1	(75 686)	(28 932)
Interest received		292	849
Dividends received from subsidiaries		256 236	502 252
Dividends received from associates and joint ventures		86 368	37 132
Interest paid		–	(152)
Cash-settled share-based payment		(383)	–
Tax paid		(1 918)	(2 015)
Dividend paid		(264 930)	(518 465)
		(21)	(9 331)
Cash flow used in investing activities			
Purchase of property, plant and equipment	1	(300)	(126)
Investment in money market unit trust ¹		(2 070)	–
		(2 370)	(126)
Cash flow used in financing activities			
Lease liabilities repaid		(1 857)	(1 881)
		(1 857)	(1 881)
Net decrease in cash and cash equivalents		(4 248)	(11 338)
Cash and cash equivalents at the beginning of the year ¹		9 218	20 556
Cash and cash equivalents at the end of the year	5	4 970	9 218

¹ In the prior year, the company's money market unit trust investment was classified as cash and cash equivalents as it met the definition of a cash equivalent in terms of IAS 7, being held for a short-term period of less than 90 days. During the current year, the investment has been held for a longer duration and no longer meets the definition of a cash equivalent. Accordingly, the opening balance has been reclassified from cash and cash equivalents to investment funds. The balance of the bank investment fund as at 31 December 2024 – P1,9 million has been included in cash outflows in investing activities in the current year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. PROPERTY AND EQUIPMENT

	2025 P'000	2024 P'000
Computer equipment	407	251
Cost	6 724	481
Accumulated depreciation	(6 317)	(230)
Furniture, vehicles, equipment and other	765	1 488
Cost	9 204	6 623
Accumulated depreciation	(8 439)	(5 135)
Balance at the end of the year	1 172	1 739

Reconciliation of carrying amount

	Computer equipment P'000	Furniture and fittings P'000	Motor vehicles P'000	Leasehold improve- ments P'000	Total P'000
2025					
Balance as at 1 January 2025	251	280	262	945	1 738
Additions	297	2	–	–	299
Depreciation	(141)	(97)	(98)	(529)	(865)
Balance as at 31 December 2025	407	185	164	416	1 172
2024					
Balance as at 1 January 2024	236	371	360	1 488	2 455
Additions	120	7	–	–	127
Depreciation	(105)	(97)	(98)	(543)	(843)
Balance as at 31 December 2024	251	281	262	945	1 739

2. LEASES

2.1 Right-of-use assets

	2025 P'000	2024 P'000
Properties		
Balance as at 1 January	1 174	2 532
At cost	12 000	12 000
Accumulated depreciation	(10 826)	(9 468)
Carrying amount	1 174	2 532
Movements for the year		
Depreciation	(1 174)	(1 358)
Balance as at 31 December	–	1 174

2.2 Lease liabilities

	2025 P'000	2024 P'000
Balance at the beginning of the year	1 857	3 738
Interest accrued	–	152
Lease payments	(1 857)	(2 033)
Balance at the end of the year	–	1 857
Maturity analysis – carrying value		
– Due within one year	–	1 857
– Due within one to five years	–	–
	–	1 857

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

3. INTANGIBLE ASSETS

	2025 P'000	2024 P'000
Computer software		
Balance at the beginning of the year	131	–
At cost	9 787	9 787
Accumulated amortisation	(9 656)	(9 608)
Carrying amount	131	179
Movements for the year		
Amortisation	(44)	(48)
Balance at the end of the year	87	131
Closing balance as at 31 December		
At cost	9 787	9 787
Accumulated amortisation	(9 700)	(9 656)
Carrying amount	87	131

4. TRADE RECEIVABLES AND PAYABLES

4.1 Trade and other receivables

	Gross amortised P'000	Net amortised P'000	Non- financial instruments P'000	Total P'000
2025				
Other amounts receivable	55 617	55 617	–	55 617
Balance as at 31 December 2025	55 617	55 617	–	55 617
2024				
Other amounts receivable	18 397	18 397	–	18 397
Prepayments	–	–	211	211
Balance as at 31 December 2024	18 397	18 397	211	18 608

The carrying values of other receivables are reasonable approximations of their fair values due to the short-term nature thereof and they are classified as current. The receivables are neither past due nor impaired and ECL is estimated to be immaterial.

4.2 Trade and other payables

	2025 P'000	2024 P'000
Accounts payable consist of the following:		
Other accounts payable	15 108	26 296
Other accruals	929	757
Payroll-related liabilities	13 474	10 299
Total trade and other payables	29 511	37 352
Classification of trade and other payables:		
Amortised cost	16 037	27 053
Non-financial instruments	13 474	10 299
	29 511	37 352

The carrying values of other payables are reasonable approximations of their fair values due to the short-term nature thereof and they are classified as current.

5. CASH AND CASH EQUIVALENTS

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

	2025 P'000	2024 P'000
Cash and cash equivalents included in current assets:		
Cash		
Balances with banks	4 970	9 218

6. STATED CAPITAL

	2025 P'000	2024 P'000
Authorised shares (number)	84 870 652	284 870 652
Ordinary shares issued and fully paid		
284 870 652 (2024: 284 870 652) ordinary shares at no par value	204 936	204 936

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

7. OTHER RESERVES

	2025 P'000	2024 P'000
Share-based payment reserve		
Opening balance	52 983	36 837
Expense arising from equity-settled share-based payment transactions	7 433	7 127
Transfer from/(to) retained earnings	(2 301)	9 019
Balance at the end of the year	58 115	52 983

8. INVESTMENTS

8.1 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are measured at cost less accumulated impairment.

	2025 P'000	2024 P'000
Investments in subsidiaries	122 335	129 555
Carrying amount at the beginning of the year	129 555	129 555
Impairment of a subsidiary	(7 220)	–
Investments in associates and joint ventures	266 711	266 711
Carrying amount at the beginning of the year	266 711	266 711
Total investments	389 046	396 266

BIHL share scheme

The company owns 100% of the Share Scheme Trust and the shares in the Trust are listed shares of the parent on the BSE. Management has determined the recoverable amount of the share scheme to be P49,7 million (2024: P54,7 million). The recoverable amount is calculated based on the fair value less costs to sell of the Trust. The level of the fair value hierarchy is deemed to be Level 1.

Nico Group

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 and pensions business, banking business, asset management, information technology and investment holding. It is also involved in the hospitality industry and real estate industry as portfolio investments through some of its subsidiaries and associate companies. The company is incorporated in Malawi, and it is a public company listed on the Malawi Stock Exchange.

The fair value of Nico was P653 million (2024: P411 million). The recoverable amount was determined based on a fair value calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services for Nico Life and increased performance for NBS Bank. The pre-tax discount rate applied to cash flow projections is 25% (2024: 25%), and cash flows beyond the five-year period are extrapolated using a 10% growth rate (2024: 10%) that is the same as the long-term average growth rate for the insurance industry. It was concluded that the fair value less costs of disposal exceeded the carrying value. As a result of this analysis, there were no impairment indicators in 2025 (2024: Pnil million), and a foreign currency translation loss of P65 million (2024: P19 million) has been recognised.

Teledimo

The company has joint control in a company called Teledimo Proprietary Limited, which holds a 100% investment in a short-term insurance company, Botswana Insurance Company Limited (BIC) and a 66% investment in GrandRe Tanzania. Teledimo is a non-operating holding company and only has two investments i.e. the investments in BIC and GrandRe Holdings. BIC is incorporated in Botswana, and is a private company and owns 100% of BIHL Insurance Limited (t/a Insure Guard).

8.2 Investment income

	2025 P'000	2024 P'000
Dividend income	370 949	587 756
Botswana Life Insurance Limited	203 563	462 497
Botswana Insurance Fund Management Limited	71 422	84 001
Teledimo	29 330	20 801
Nico Group	66 634	20 457
Other income	1 108	1 000
Investment income	372 057	588 756
Interest income using the EIR	292	849
Total investment income	372 349	589 605

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

9. OTHER EXPENSES

	2025 P'000	2024 P'000
Administration expenses include:		
Other administration expenses	13 733	9 702
Project costs	–	3 288
Depreciation of property and equipment	865	842
Amortisation of intangible assets	46	46
Depreciation of right-of-use assets	1 175	1 357
Directors' fees	4 286	3 366
Recharges out	(22 678)	(21 382)
Recharges in	4 048	3 838
Auditor's remuneration	1 052	707
Auditor's remuneration – internal	104	205
Foreign exchange gains/losses	9 752	600
Salaries and wages	53 488	46 520
Staff costs	45 672	39 393
Share-based payment	7 816	7 127
Average number of employees	30	30

10. NOTES TO THE CASH FLOW STATEMENT**10.1 Cash utilised in operations**

	2025 P'000	2024 P'000
Profit before tax per the statement of comprehensive income	299 258	540 364
Non-cash flow items	17 122	9 372
Depreciation	865	844
Amortisation	46	43
Depreciation of right-of-use asset	1 175	1 358
Impairment (expense)/reversal of associates/subsidiary	7 220	–
Share-based payments	7 816	7 127
Change in net working capital assets and liabilities	(20 825)	9 785
(Increase)/decrease in trade and other receivables	(36 624)	2 093
Increase in trade and other payables	15 799	7 692
Items excluded from cash from operations	(371 241)	(588 453)
Investment income	(370 949)	(587 756)
Dividend income	–	152
Interest expense	–	–
Interest income	(292)	(849)
Cash utilised in operations	(75 686)	(28 932)

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

11. TAXATION

11.1 Income tax

	2025 P'000	2024 P'000
Analysis of income tax per category		
Withholding tax on dividends	30 237	50 302
Tax expense	30 237	50 302
Tax reconciliation		
Reconciliation between tax expense and accounting profit at the standard tax rate		
Profit before tax	299 258	540 364
Tax calculated at a tax rate of 22%	65 837	118 880
Expenses not deductible for tax	16 080	10 833
Income not subject to income tax	(81 917)	(129 713)
Tax on dividends	30 237	50 302
Tax charge	30 237	50 302

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 company had assessable losses amounting to P0,285 million (2024: P3,7 million). In terms of Botswana tax laws, the amounts can be carried for a period not exceeding five years.

11.2 Tax paid

	2025 P'000	2024 P'000
Opening balance	(851)	(767)
Tax charge	30 237	50 302
Withholding tax paid at source	(28 346)	(48 371)
Closing balance	878	851
	1 918	2 015

12. RELATED PARTIES

Refer to **note 27** of the group's consolidated financial statements for the disclosure of the related parties.

12.1 Related party transactions

Shared expenses

Entity name	Type of transaction	2025 P'000	2024 P'000
Botswana Life Insurance Limited (subsidiary)	Payment of staff and administration costs	(45 724)	(24 903)
	Inter-company settlement	27 213	23 609
	Rental income	(2 035)	(1 946)
Botswana Insurance Fund Management Limited (subsidiary)	Payment of administration costs	8 237	11 117
	Inter-company settlement	(8 624)	(10 670)
BIHL Unit Trusts (100%-owned by BIHL)	Payment of administration costs	321	242
	Inter-company settlement	(321)	(351)
BIHL Trust (corporate social investment)	Payment of administration costs	2 514	(4 957)
	Inter-company settlement	(2 514)	(1 205)
BIHL Employee Share Scheme	Payment of administration costs	2 944	3 035
	Inter-company settlement	(1 193)	(5 996)

Dividends received

Botswana Life Insurance Limited	203 563	462 497
Botswana Insurance Fund Management Limited	71 422	84 001
Teledimo	29 330	20 801
Nico Group	66 633	20 456

Dividends paid

SanlamAllianz Africa Proprietary Limited	153 442	300 285
--	---------	---------

Year-end balances arising from transactions on other services other than insurance contracts

Amount receivable

Botswana Insurance Fund Management (100%-owned by BIHL)	460	846
---	-----	-----

Amount payable

Botswana Life Insurance Limited (100%-owned by BIHL)	23 115	4 604
BIHL Employee Share Scheme Trust	–	1 751
	23 115	6 355

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

12. RELATED PARTIES continued

12.1 Related party transactions continued

Loans to directors

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.

Transactions with key management

	2025 P'000	2024 P'000
Compensation of key management personnel of the group		
Short-term employee benefits	20 221	19 801
Pension costs and gratuity – defined contribution plans	2 362	2 474
Share-based payments	7 013	5 036
	29 596	27 311
The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Key management personnel include the executive directors and the executive team.		
Non-executive directors' remuneration		
For services as directors	4 286	3 366

13. SUBSEQUENT EVENTS

Dividends declared

The directors propose a final dividend of 56 thebe (2024: 40 thebe) per share (not subject to tax).

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 or disclosure of these annual financial statements or the notes thereto.

RISK AND CAPITAL MANAGEMENT DISCLOSURES

CAPITAL AND RISK MANAGEMENT

The business is exposed to various risks in connection with its current operating activities. These risks contribute to the key financial risk that the proceeds from the business' financial assets are not sufficient to fund the obligations arising from insurance and investment policy contracts and the operating activities conducted by the business. The business has an integrated approach towards the management of its capital base and risk exposures, with the main objective being to achieve a sustainable return on group equity value at least equal to the business' cost of capital.

The business is exposed to various risks that have a direct impact on the business capital base and earnings, and as such return on group equity value. The management of these risks is therefore an integral part of the business' strategy to maximise return on group equity value. The business' risk exposures can be classified into the following broad categories:

- Financial risks affecting the net asset value of the shareholders' fund
- General operational risks
- Long-term insurance risks.

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 2025 and 31 December 2024.

The group monitors capital using a capital adequacy requirement. Capital adequacy implies the existence of a buffer against experience worse than assumed under the Financial Stability Board's Statutory Valuation Method. The sufficiency of the buffer is measured by comparing the excess of assets over liabilities for statutory reporting purposes with the statutory capital adequacy requirement. The main element in the calculation of the capital adequacy requirement is the determination of the effect of an assumed fall in asset values on the excess of assets over liabilities.

The group complied with all externally imposed capital requirements. In accordance with the requirements of section 9 of the Botswana Insurance Industry Act (Chapter 46:01), 25% of the annual after-tax income 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.

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

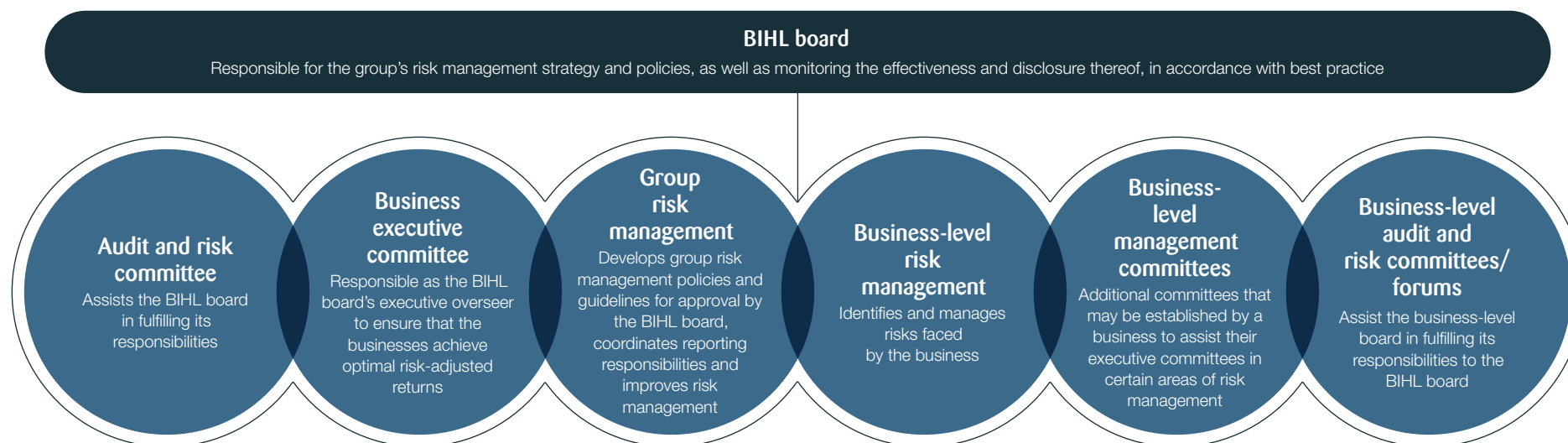
	2025 P'000	2024 P'000
Shareholders' equity (life)	1 687 697	1 572 687
Prescribed capital target (life business only)	208 922	210 923
Ratio of excess assets to PCT (life business only)	8,08	7,46

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

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.



RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

Other risk monitoring mechanisms

**BIHL board**

Reviews and oversees the management of the group's capital base

**Actuarial committee**

Determines appropriate investment policies and guidelines for policyholder portfolios where guarantees are provided

**Compliance committee**

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

**Group risk forum**

Aids coordination and transfer of knowledge between businesses and the group, and assists group risk management in identifying risks requiring escalation to the BIHL board

**Non-listed asset review**

Reviews and approves the valuation of all unlisted assets in the group for recommendation to the BIHL board

**Group Chief Financial Officer**

Ensures that sound financial practices are followed, adequate and accurate reporting occurs and financial statement risk is minimised

**Actuarial**

Monitors and reports on key risks affecting the life insurance operations. Determines capital requirements of the life insurance operations and the potential impact of strategic decisions thereon by using appropriate modelling techniques

**Group governance/secretariat and public officers**

Reviews and reports on corporate governance practices and structures. Reports on applicable legal and compliance matters

**Forensics**

Investigates and reports on fraud and illegal behaviour in businesses

**Investment committee**

Determines and monitors appropriate investment strategies for policyholder solutions

**Credit review committee**

Reviews, assesses, approves and monitors specific counterparty credit and manages the credit risk inherent in the portfolios on an ongoing basis

**Group IT risk management**

Manages and reports group-wide IT risks

**Risk officer (per business)**

Assists business management in their implementation of the group risk management process and monitors the business' entire risk profile

**Internal audit**

Assists the BIHL board and management by monitoring the adequacy and effectiveness of risk management in the businesses

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

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 as follows:

- 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, which must also indicate the extent of compliance with the ERM policy.

BIHL Group ERM policy

The group ERM policy includes the following components:

- The broad objectives and philosophy of risk management in the group
- The roles and responsibilities of the various functionaries in the group tasked with risk management
- The group's minimum standards for the 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 of the initial executors.

The business has a risk-based internal audit approach, in terms of which priority is given to the audit of higher-risk areas, as identified in the planning phase of the audit process. The internal control systems and procedures are subject to regular internal audit reviews. The BIHL investment committee is responsible for the implementation and monitoring of risk management processes to ensure that the risks arising from trading positions are within the approved risk parameters. The following functionaries assist in mitigating operational risk:

Internal audit

A board-approved internal audit charter governs internal audit activity within the group. Regular risk-focused reviews of internal control and risk management systems are carried out. The internal audit function is appointed in consultation with the Chairman of the audit and risk committee and has unrestricted access to the Chairman of the committee. The authority, resources, scope of work and effectiveness of the functions are reviewed regularly.

External audit

The group's external auditor is PricewaterhouseCoopers. The report of the independent auditor for the year under review is included on **pages 114 to 119** of these annual financial statements. The external auditor provides an independent assessment of certain systems of internal financial control, which it may rely on to express an independent opinion on the annual financial statements. Non-audit services rendered by the external auditor are strictly governed by a group policy in this regard. A compulsory rotation of audit partners has also been implemented.

External consultants

The group appoints external consultants to perform an annual review of the group's risk management processes. The purpose of this review is to continuously identify potential areas for improved risk management in line with developing international best practice.

Information and technology risk

IT risks are managed across the group in an integrated manner following the ERM framework. Group IT is the custodian of the group's IT policy framework and ensures explicit focus on and integration with the group's IT governance framework, which includes the governance of information security. The Head of Group IT facilitates the process of identifying emerging IT risks as well as unpacking significant IT risks with group-wide strategic or operational impact. A quarterly IT governance report, summarising the group-wide situation, is also delivered to the risk and compliance committees.

Going concern/business continuity risk

The board regularly considers and records the facts and assumptions on which it relies to conclude that BIHL will continue as a going concern. Reflecting on the year under review, the directors formed the opinion that adequate resources exist to continue business and that BIHL will remain a going concern in the foreseeable future. The board's statement to this effect is also contained in the directors' statement of responsibility in the annual financial statements.

Compliance risk

Laws and regulations

BIHL considers compliance with applicable laws, industry regulations and codes an integral part of doing business. The group compliance function, together with the compliance functions of the group businesses, facilitates the management of compliance through the analysis of statutory and regulatory requirements and monitoring the implementation and execution thereof.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

Compliance with client mandates

Rules for clients' investment instructions are loaded on an order management system, which produces post-trade compliance reports that are continuously monitored.

On a monthly basis, these reports are manually compared with the investment instructions. When a possible breach is detected, the portfolio manager is requested to confirm whether a breach has taken place, to explain the reason for the breach and indicate when it will be rectified (which is expected to be as soon as possible). Further action may be taken, depending on the type of breach. The detailed results of the mandate monitoring process are discussed with the Head of Investment Operations monthly.

Fraud risk

The BIHL Group recognises that financial crime and unlawful conduct are in conflict with the principles of ethical behaviour, as set out in the group's Code of Ethics and undermine 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 into by the business, the legal resources of the business monitor the drafting of the contract documents to ensure that rights and obligations of all parties are clearly set out.

The group seeks to minimise uncertainties through continuous consultation with internal and external legal advisors, to understand the nature of risks and to ensure that transactions are appropriately structured and documented.

Lapse risk

Distribution models are used by the business to identify high-risk clients. Client relationship management programmes are aimed at managing client expectations and relationships to reduce lapse rates. The design of insurance products excludes material surrender value guarantees, subject to regulatory constraints, to limit financial loss at surrender. Lapse assumptions are based on experience adjusted for expected future changes in experience to ensure that adequate provisions are made for lapses and surrenders. Further prudence is provided 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 are 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
- 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.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

Long-term insurance risk

The investment committee and actuarial committee are established within the long-term insurance businesses. The principal 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. Refer below for 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 will not be increased for the first five to 15 years
- Risk profits are determined monthly
- Mortality and morbidity investigations are conducted at least annually. Product pricing and actuarial reserving consider the results of these investigations
- Expenses are continuously monitored and managed through the business' budgeting process.

Product pricing is generally based upon historical claims frequencies and claims severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns. While claims remain the principal cost, the group also makes 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.

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 advise on improvements to internal control systems.

Capital adequacy risk

The PCT cover can also be calculated on the statutory reporting basis, where both the excess of assets over liabilities and the PCT are calculated on a statutory basis. The statutory basis is currently more stringent than the IFRS 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 – Prescribed Capital Target for Long-term Insurers by the NBFIRA. The PCT for the life business is covered 9,4 times (2024: 7,46 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 that follow 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 following figures 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.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

Benefits insured per individual life

	Number of lives		Concentration before reinsurance		Concentration after reinsurance	
	2025 P'000	2024 P'000	2025 %	2024 %	2025 %	2024 %
0 – 500	446 230	500 275	14	16	22	26
501 – 1 000	4 013	4 107	3	3	5	5
1 001 – 5 000	25 298	22 980	65	63	66	62
5 001 – 8 000	1 162	1 045	9	8	5	5
> 8 000	584	510	9	8	3	3
Total	477 287	528 917	100	100	100	100

Non-participating annuity payable

	Number of lives		Concentration before reinsurance		Concentration after reinsurance	
	2025 P'000	2024 P'000	2025 %	2024 %	2025 %	2024 %
0 – 20	3 222	3 286	6	6	6	6
21 – 40	2 809	2 801	10	11	10	11
41 – 60	1 857	1 812	10	11	11	11
61 – 80	1 502	1 467	12	13	12	13
81 – 100	1 140	1 066	12	12	12	12
>100	2 656	2 317	50	46	50	46
Total	13 186	12 749	100	100	100	100

Annuity business is not reinsured

The 'Benefit insured' table shows that the group's concentration risk before reinsurance has remained stable compared to the prior period. Overall, the group's concentration risk from death claims is not a concern as concentration risk is generally spread over a large number of lives. The latter table also indicates low concentration risk from annuity payments. The group is the largest life insurer in Botswana and, like other operators in the country, has geographical concentration risk in 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 range from 93% for short-term maturities (one year) to 50,6% for long-term maturities (30+ years), while the downwards shocks range from 52,9% to 39,8% for short- and long-term maturities, respectively. These yield curve shocks are on IFRS 17 best estimate liabilities and have been adopted from solvency assessment management (SAM) interest rate shocks. The SAM framework is used for assessing financial soundness of South African insurers from a regulatory perspective. The impacts are shown below.

	2025		2024	
	Yields up P'000	Yields down P'000	Yields up P'000	Yields down P'000
Liabilities	(1 620 023)	2 083 518	(1 472 476)	1 823 007
Assets	(1 717 698)	2 090 926	(1 341 302)	1 468 235
Net assets	(97 675)	7 408	131 174	(354 772)

Insurance-related credit risk

Credit risk reflects the financial impact of the default of one or more of Botswana Life's counterparties. Key areas where the group is exposed to credit default risk are:

- reinsurer defaults on presentation of a large claim
- reinsurer defaults on its share of insurance liabilities
- default on amounts due from insurance contracts by intermediaries and premium collection agencies
- default on amounts due from insurance contracts by policyholders.

The group makes use of reinsurance to:

- access underwriting expertise
- access product opportunities
- enable it to underwrite risks greater than its own risk appetite
- protect its mortality/risk book against catastrophes.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

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 BB1. Currently, all our reinsurance contracts are with Hannover Re and Guard Risk. The credit risk of reinsurers is considered annually by reviewing their financial strength as part of the renewal process.

	2025			2024		
	AA P'000	BB1 P'000	Total P'000	AA P'000	BB1 P'000	Total P'000
Reinsurance contract assets	9 708	1 550	11 258	13 613	3 251	16 864
Reinsurance contract liabilities	(66 262)	–	(66 262)	(87 035)	–	(87 035)
Maximum credit risk exposure	9 708	1 550	11 258	13 613	3 251	16 864

The group life business continuously monitors its exposure to its counterparties for financial statement, as well as regulatory reporting purposes. Management monitors amounts due from intermediaries by size of exposure and ageing. Amounts due from insurance contracts by policyholders are secured by the underlying value of the unpaid policy benefits in terms of the policy contract.

The group has considered the impact of changes in its own credit risk on the valuation of its liabilities. Credit risk changes will only have an impact in extreme situations and are not material for the 2025 and 2024 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 business are invested in appropriate assets, taking expected cash outflows into account. Liquid assets are held. Annuity liabilities are matched, as far as possible, with interest-bearing assets, to ensure that the duration of assets and liabilities is closely aligned. The life business' capital is not subject to excessive levels of liquidity risk but assets could be realised in a short time frame if need be
- Available overdraft facilities
- During periods of market and liquidity stress events, the company increases its high-quality liquid assets and cover for liquidity requirements
- Cash flow projections to identify potential liquidity risks and manage emerging issues in time.

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

	<1 year P'000	1 – 5 years P'000	>5 years P'000	Open- ended P'000	Total P'000
2025					
Insurance contract balances					
Insurance contract assets (individual life risk)	122	1 002	43 229	1 535	45 888
Reinsurance contract assets	(236)	(1 793)	(6 036)	(3 193)	(11 258)
Insurance contract liabilities (annuities)	19 474	159 772	6 894 316	244 948	7 318 510
Insurance contract liabilities (group business)	1 717	14 085	607 783	21 594	645 179
Reinsurance contract liabilities	1 388	10 553	35 526	18 795	66 262
Investment contract liabilities ¹	157 980	659 930	2 821 007	–	3 638 917
Total insurance and investment contract balances	180 445	843 549	10 395 825	283 679	11 703 498
2024					
Insurance contract balances					
Insurance contract assets (individual life risk)	(549)	(6 165)	(205 899)	(6 779)	(219 392)
Reinsurance contract assets	(378)	(4 062)	(7 452)	(4 992)	(16 884)
Insurance contract liabilities (annuities)	19 399	(4 062)	7 282 622	239 779	7 759 853
Insurance contract liabilities (group business)	1 593	218 053	597 994	19 689	637 181
Reinsurance contract liabilities	1 950	17 905	38 461	25 762	87 035
Investment contract liabilities ¹	194 788	736 533	2 706 066	–	3 637 387
Total insurance and investment contract balances	216 803	958 202	10 411 792	273 459	11 885 180

¹ Investment contract liabilities are payable on demand but have been presented on an expected basis.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

FINANCIAL RISKS

The main categories of risks associated with the financial instruments and insurance contracts held or issued by the group are summarised in the following table:

Risk	Description
Market risk	Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following: • Equity price risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market • Interest rate risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates • Currency risk: The risk that the fair value or future cash flows of a financial instrument or liability will fluctuate owing to changes in foreign exchange rates.
Credit risk	Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk includes: • Reinsurance risk: Concentration risk with individual reinsurers, due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings.
Liquidity risk	Liquidity risk is the risk that the business will encounter difficulty in meeting its obligations associated with financial liabilities.
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 the inability to obtain reinsurance at the right time and appropriate price, or that of failure to recover contracted reinsured amounts • Persistency risk: The risk of financial loss due to negative lapse, surrender and paid-up experience. It covers the risk of loss or adverse change in insurance liabilities due to unanticipated change in the rate of policy lapses, terminations, renewals and surrenders • Expense risk: The risk of loss due to actual expense experience being worse than that assumed in premium rates and the valuation of policy liabilities. It covers the risk of loss or adverse change in insurance liabilities due to adverse variation in the expenses incurred in servicing insurance and reinsurance contracts • Concentration risk: The risk of financial loss due to having written large proportions of claims with businesses of the same/similar risk profile.
Capital adequacy risk	Capital adequacy risk is the risk that there are insufficient reserves to provide for variations in actual future experience, worse (to the extent as defined) than that which has been assumed in the financial soundness valuation.

Market risk

The group is exposed to financial risk, credit risk and liquidity risk on shareholder financial instruments as well as financial instruments backing non-participating or not market-linked insurance contract liabilities. For investment contracts, policyholder assets and liabilities will offset one another and therefore there is no exposure to market risk. Market risk arises from the uncertain movement in the fair value of financial instruments that stems principally from potential changes in sentiment towards the instrument, the variability of future earnings that is reflected in the current perceived value of the instrument and the fluctuations in interest rates and foreign currency exchange rates.

The shareholders' fund investments in equities and interest-bearing instruments are valued at fair value and are therefore susceptible to market fluctuations. Comprehensive measures and limits are in place to control the exposure to market risk. Market risk is managed by investing in appropriate asset classes. Investment decisions are taken and governed by the local investment committees. Limits are applied in respect of the exposure to asset classes and individual counters.

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 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 that follow 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 deposit instruments, while the US Dollar sensitivity relates to the US Dollar-denominated shareholder bonds and money market instruments.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

Variable interest rates

	GROUP			
	Change in variables %	Value P'000	Increase/ (decrease) in profit before tax P'000	Increase/ (decrease) in equity P'000
2025				
BWP	0,50	628 597	3 143	3 143
BWP	(0,50)	628 597	(3 143)	(3 143)
2024				
BWP	0,50	591 691	2 958	2 958
BWP	(0,50)	591 691	(2 958)	(2 958)

	COMPANY			
	Change in variables %	Value P'000	Increase/ (decrease) in profit before tax P'000	Increase/ (decrease) in equity P'000
2025				
BWP	0,5	7 040	35	35
BWP	(0,5)	7 040	(35)	(35)
2024				
BWP	0,5	9 218	46	46
BWP	(0,5)	9 218	(46)	(46)

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 the US Dollar. It is the group's objective to minimise currency risk.

The main foreign exchange risk arises from recognised assets denominated in currencies other than those in which insurance and investment liabilities are expected to be settled. The group is exposed to foreign exchange risk through the investments in offshore unit trusts. The offshore unit trusts comprise funds on deposit and listed equity instruments.

Exposure in Pula

The following table shows the financial instruments held in US Dollar currency for both shareholders and policyholders (total exposure to foreign currency):

	GROUP	
	2025 P'000	Restated 2024 P'000
US Dollar exposure (Pula equivalent):		
Equities and similar securities ¹	452 559	384 090
Deposits and similar securities ²	183 357	216 744
Investment funds	2 006 436	3 877 760
Interest-bearing investments ³	177 780	1 907
Cash and cash equivalents	12 435	37 741
Foreign currency exposure (US Dollar)	2 832 567	4 518 242
Closing rate	13,14	13,99
South African Rand exposure (Pula equivalent):		
Equities and similar securities ¹	80 716	60 730
Deposits and similar securities ²	538	1 157
Cash and cash equivalents	1 101	1 116
Interest-bearing investments ³	215 581	164 178
Foreign currency exposure (South African Rand)	297 936	227 181
Closing rate	0,79	0,74

¹ Previously called equity investments (local and foreign).

² Previously called money market instruments.

³ Previously called bonds. Refer to **note 31** to the consolidated financial statements.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

Currency sensitivity

The following table demonstrates the sensitivity (for shareholder funds and assets backing non-participating policies) to a reasonably possible change in the US Dollar and South African Rand exchange rates, with all other variables held constant, of the group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	GROUP			
	Change in variables %	Value P'000	Increase/ (decrease) in profit before tax P'000	Increase/ (decrease) in equity P'000
2025				
ZAR	3	297 936	8 938	6 972
ZAR	(3)	297 936	(8 938)	(6 972)
USD	3	2 832 567	84 977	66 282
USD	(3)	2 832 567	(84 977)	(66 282)
2024				
ZAR	3	227 181	6 815	5 316
ZAR	(3)	227 181	(6 815)	(5 316)
USD	3	4 518 242	135 547	105 727
USD	(3)	4 518 242	(135 547)	(105 727)

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 principal stock index of the BSE and the Morgan Stanley Capital Index, which is a market capitalisation weighted benchmark index made up of equities from 23 countries, including the United States. Indices are free-float weighted equity indices.

The disclosures are based on shareholder financial instruments as well as financial instruments backing non-participating or not market-linked insurance contract liabilities.

	GROUP			
	Change in variables %	Value P'000	Increase/ (decrease) in profit before tax P'000	Increase/ (decrease) in equity P'000
2025				
Botswana Stock Exchange	3	1 066 349	31 990	(31 990)
Listed property companies – Botswana	3	–	–	–
World Fixed Income Index	1,8	10 669	192	(192)
World Equity Index	1,8	120 532	2 170	(2 170)
Botswana Unit Trusts	1	3 884	39	(39)
Total exposure		1 201 434	34 391	(34 391)
2024				
Botswana Stock Exchange	3	960 283	28 808	(28 808)
Listed property companies – Botswana	3	–	–	–
World Fixed Income Index	1,8	10 529	190	(190)
World Equity Index	1,8	89 510	1 611	(1 611)
Botswana Unit Trusts	1	3 697	37	(37)
Total exposure		1 064 019	30 646	(30 646)

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

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 investments that may be held.

The group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

Reinsurance is placed with highly rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular review.

The credit risk in respect of customer balances, incurred on non-payment of premiums or contributions, will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. There is no concentration of risk with respect to customer balances as the company has a large number of varied customers.

The funds follow specific investment mandates that have been agreed with asset managers. These mandates depict how much each type of asset holds in each portfolio based on their perceived risk, thereby reducing 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 (refer to **note 4**). Investments in Government bonds, money markets and corporate bonds are managed by Bifm, the asset management subsidiary, as per signed mandates.

There is no concentration on money markets, 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	
	2025 P'000	Restated 2024 P'000
Government interest-bearing investments	6 542 380	6 497 623
Corporate interest-bearing investments	2 724 765	3 035 038
Deposits and similar securities ¹	4 043 861	3 817 613
Investment funds	2 100 103	1 787 715
Trade and other receivables ²	132 247	170 421
Cash and cash equivalents	804 533	524 243
Maximum credit risk exposure	16 347 889	15 832 653

	COMPANY	
	2025 P'000	Restated 2024 P'000
Trade and other receivables ²	55 617	18 397
Related party balances	460	846
Investment funds	2 070	–
Cash and cash equivalents	4 970	9 218
Maximum credit risk exposure	63 117	28 461

¹ Previously called money market instruments. Refer to **note 31** to the consolidated financial statements.

² Previously called other receivables. Refer to **note 31** to the consolidated financial statements.

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.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

Financial assets pledged as collateral

There are no financial assets that have been pledged as collateral for financial liabilities or contingent liabilities.

Maximum exposure to credit risk – by credit risk rating

The following table 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 downgraded Botswana's sovereign credit rating from Baa1 (2024: A2 rating) and revised the outlook to negative.

The downgrade reflects increased fiscal and economic pressures arising from the structural downturn in the diamond sector, which remains a key contributor to gross domestic product and export earnings. The prolonged weakness in global diamond demand has led to economic contraction, reduced external buffers and a rising Government debt burden.

The negative outlook indicates the risk of further credit deterioration, driven by continued challenges in the diamond industry and the limited pace of economic diversification. While the Government is expected to implement policy measures to stabilise the fiscal position, including managing debt levels over the medium term, downside risks remain. These include external uncertainties such as potential normalisation of Southern African Customs Union revenues and weaker demand in key export markets, as well as domestic structural constraints and institutional coordination challenges.

Additionally, the near depletion of financial buffers held in the Government Investment Account increases vulnerability to higher borrowing costs and limits fiscal flexibility.

	Botswana Pula %	A2 rated P'000	Baa1 rated P'000	Not rated P'000	Total P'000
2025					
Government interest-bearing investments	6 542 380	–	6 542 380	–	6 542 380
Corporate interest-bearing investments	2 724 765	–	–	2 724 765	2 724 765
Investment funds	2 100 103	–	–	2 100 103	2 100 103
Deposits and similar securities ¹	4 043 861	–	–	4 043 861	4 043 861
Trade and other receivables ²	132 247	–	–	132 247	132 247
Cash and cash equivalents	804 533	–	–	804 533	804 533
Total assets	16 347 889	–	6 542 380	9 805 509	16 347 889
Restated 2024					
Government interest-bearing investments	6 497 623	6 497 623	–	–	6 497 623
Corporate interest-bearing investments	3 035 038	–	–	3 035 038	3 035 038
Investment funds	1 787 715	–	–	1 787 715	1 787 715
Deposits and similar securities ¹	3 817 613	–	–	3 817 613	3 817 613
Trade and other receivables ²	170 421	–	–	170 421	170 421
Cash and cash equivalents	524 243	–	–	524 243	524 243
Total assets	15 832 653	6 497 623	–	9 335 030	15 832 653

¹ Previously called money market instruments. Refer to **note 31** to the consolidated financial statements.

² Previously called other receivables. Refer to **note 31** to the consolidated financial statements.

Corporate bonds and other are held by reputable financial institutions and parastatals. An annual independent evaluation is performed on the financial strengths of the corporates to assess the credit risk on these bonds. Continuous monitoring is also performed. Money market investments are with reputable local banks and reputable foreign fund managers with good financial wealth. Trade and other receivables are on 30-day terms (refer to **note 15.1**).

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

Collateral held in respect of financial assets

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral is mainly obtained for securities lending. Credit risk is also mitigated by entering into collateral agreements. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. Government bonds do not have collateral as these are deemed low-risk and recoverable.

The table below shows the fair value amounts of the collateral held for the specified interest-bearing investments.

	2025		2024	
	Collateral held P'000	Credit exposure P'000	Collateral held P'000	Credit exposure P'000
Unlisted bonds				
Botho Park	190 000	11 420	190 000	12 234
Cash Bazaar Holdings	75 000	48 965	186 449	76 873
RDC Properties Limited	154 800	200 648	154 800	125 609
Three Partners Resort Proprietary Limited	573 000	56 506	572 000	63 666
Stanbic Bank PLC	–	765 359	–	740 583
First National Bank of Botswana	–	268 087	–	291 378
Allied Investments Limited	322 700	132 601	322 700	146 420
Prime Time Holdings	88 740	108 472	77 390	68 341
Standard Bank	–	489 582	–	515 370
Flip Coin Proprietary Limited	–	–	250 014	53 703
Meybeernick Investment Proprietary Limited	–	77 185	–	101 765
Bifm Local Property Fund	–	(13 059)	–	54 838
Letshego Holdings Limited	–	81 104	–	–
Access Bank	–	3 292	–	–
Far Property Company	–	13 157	–	–
Absa Bank	–	22 301	–	–
Bayport	–	96 709	–	–
BHC	–	23 379	–	–
BDC	–	14 981	–	–
Peo Finance	–	8 104	–	–
Time Projects	–	81 951	–	–
Trans Industries	–	60 538	–	–
Debt Participation Capital Fund	–	–	–	4 850
Water Utilities Corporation	–	–	–	78 744
Total	1 404 240	2 551 282	1 753 353	2 334 374

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.

Impairment assessment

The accounting policy on financial assets – 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

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).

Impairment of financial assets at amortised cost – general approach

Broker loans and agent advances/commission and other receivables

Broker loans and agent advances/ commission and other receivables	Impairment method	Balance as at 31 December 2025 P'000	PiT (PD) %	Exposed to default P'000	LGD %	ECLs (lifetime) P'000
Broker loans	GA/Stage 2	20 065	96	19 262	65	12 447
Loans to agents	GA/Stage 2	42 244	94	39 770	84	33 390
						45 837
Other receivables						
Staff debtors	GA/Stage 2	915	73	668	62	415
Sundry debtors	GA/Stage 1	115 275	–	–	–	–
						415
Total estimated credit losses as at 31 December 2025						46 252

GA = ECL calculated using the general approach.

Stage 2 = Lifetime ECL due to a significant increase in risk.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

The ECLs on cash and cash equivalents and related party balances were of lower values and hence not disclosed separately. These were, however, tested as part of the credit losses review on all financial assets. An exposure of P26,8 million, being a loan to Letshego Africa Holdings Limited, was subject to an impairment assessment as at the end of the period, and the probability of default was assessed to be minimal based on the transactional value that Letshego earns Botswana Life on a monthly basis, which will be adequate for recovery in case of default.

ECLs on sundry debtors for the year were assessed as insignificant, primarily due to the short-term nature of the balances, the absence of historical default experience and the strong credit quality of counterparties.

ECLs on deposits at amortised cost were assessed in accordance with IFRS 9 and determined to be immaterial. This assessment considered the placement of funds with reputable financial institutions with high credit ratings, no history of default and no significant increase in credit risk since initial recognition. Accordingly, no loss allowance has been recognised.

Broker loans and agent advances/ commission and other receivables	Impairment method	Balance as at 31 December 2024 P'000	PIT (PD) %	Exposed to default P'000	LGD %	ECLs (lifetime) P'000
Broker loans	GA/Stage 2	20 660	96	19 833	43	8 595
Loans to agents	GA/Stage 3	36 244	100	36 244	8	30 264
						38 859
Other receivables						
Staff debtors	GA/Stage 2	720	76	547	77	421
Sundry debtors	GA/Stage 1	209 700	–	–	–	–
						421
Total estimated credit losses as at 31 December 2024						39 280

GA = ECL calculated using the general approach.

Stage 2 = Lifetime ECL due to a significant increase in risk.

Related party receivables

For the year ended 31 December 2025, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2024: Pnil). Related party balances are all cleared within 60 days and as at 31 December 2025, the related party balances were immaterial.

Liquidity risk

The liquidity risk arises from the potential inability of the group to pay 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.

RISK AND CAPITAL MANAGEMENT DISCLOSURES 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 company based on remaining undiscounted contractual obligations, including interest payable and receivable:

	COMPANY					
	Carrying value P'000	<1 year P'000	1 – 5 years P'000	>5 years P'000	On demand P'000	Total P'000
2025						
Financial assets						
Investment funds	2 070	–	–	–	2 070	2 070
Deposits and similar securities	–	–	–	–	–	–
Trade and other receivables	55 617	55 617	–	–	–	55 617
Related party balances	460	460	–	–	–	460
Cash and cash equivalents	4 970	4 970	–	–	–	4 970
	63 117	61 047	–	–	2 070	63 117
Financial liabilities						
Other payables	29 511	29 511	–	–	–	29 511
Related party balances	23 115	23 115	–	–	–	23 115
	52 626	52 626	–	–	–	52 626
2024						
Financial assets						
Deposits and similar securities	2 914	2 914	–	–	–	2 914
Trade and other receivables	18 397	18 397	–	–	–	18 397
Related party balances	846	846	–	–	–	846
Cash and cash equivalents	9 218	1 927	–	–	7 291	9 218
	31 375	24 084	–	–	7 291	31 375
Financial liabilities						
Other payables	37 352	37 352	–	–	–	37 352
Related party balances	6 355	6 355	–	–	–	6 355
IFRS 16 – Lease liability	1 857	1 857	–	–	–	1 857
	45 564	45 564	–	–	–	45 564

The related party assets and liabilities are not settled on demand; the average payment cycle ranges from three to six months.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continued

Maturity analysis of financial assets and financial liabilities continued

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					
	Carrying value P'000	<1 year P'000	1 – 5 years P'000	>5 years P'000	On demand P'000	Total P'000
2025						
Financial and insurance assets						
Interest-bearing investments	9 267 145	1 346 390	4 347 266	10 793 069	–	16 486 725
Equities and similar securities	2 258 885	–	–	–	2 258 885	2 258 885
Investment funds	2 100 103	–	–	–	2 100 103	2 100 103
Deposits and similar securities	4 043 861	4 043 861	–	–	–	4 043 861
Trade and other receivables	132 247	132 247	–	–	–	132 247
Cash and cash equivalents	804 533	–	–	–	804 533	804 533
Total undiscounted assets	18 606 774	5 522 498	4 347 266	10 793 069	5 163 521	25 826 354
Financial and insurance liabilities						
Investment contract liabilities ¹	3 638 917	157 980	659 930	2 821 007	–	3 638 917
External investors in consolidated funds	5 306 043	–	–	–	5 306 043	5 306 043
Derivatives instrument	116 992	116 992	–	–	–	116 992
Related party balances	3 655	3 655	–	–	–	3 655
Other payables	181 435	181 435	–	–	–	181 435
Bank overdraft	148 206	148 206	–	–	–	148 206
IFRS 16 – Lease liability	21 035	7 365	15 823	–	–	23 188
Total undiscounted liabilities	9 416 283	615 633	675 753	2 821 007	5 306 043	9 418 436

¹ Investment contract liabilities are payable on demand but have been presented on an expected basis.

RISK AND CAPITAL MANAGEMENT DISCLOSURES continuedMaturity analysis of financial assets and financial liabilities continued

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					Total P'000
	Carrying value P'000	<1 year P'000	1 – 5 years P'000	>5 years P'000	On demand P'000	
Restated 2024						
Financial and insurance assets						
Interest-bearing investments	9 532 661	718 082	4 441 857	10 123 679	–	15 283 618
Equities and similar securities	2 142 567	–	–	–	2 142 567	2 142 567
Investment funds	1 787 715	–	–	–	1 787 715	1 787 715
Deposits and similar securities	3 817 613	3 817 613	–	–	–	3 817 613
Insurance contract assets	219 392	3 538	39 261	1 311 644	43 166	1 397 609
Trade and other receivables	170 421	170 421	–	–	–	170 421
Cash and cash equivalents	524 243	405 311	–	–	118 932	524 243
Total undiscounted assets	18 194 612	5 114 965	4 481 118	11 435 323	4 092 380	25 123 786
Financial and insurance liabilities						
Investment contract liabilities ¹	3 637 385	193 657	732 254	2 711 474	–	3 637 385
External investors in consolidated funds	4 644 295	–	–	–	4 644 295	4 644 295
Derivatives instrument	44 284	–	–	44 284	–	44 284
Related party balances	5 438	5 438	–	–	–	5 438
Other payables	357 978	357 978	–	–	–	357 978
IFRS 16 – Lease liability	14 776	5 911	10 007	–	–	15 918
Total undiscounted liabilities	8 704 156	562 984	742 261	2 755 758	4 644 295	8 705 298

¹ Investment contract liabilities are payable on demand but have been presented on an expected basis.

Insurance risk

The risk exposure is mitigated by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

OTHER INFORMATION



06

HONOURING OUR ROOTS, GROWING OUR FUTURE

Our shareholders provide us with
the opportunity to do so.



The Leadwood tree (*Combretum imberbe*), known as Motswere in Setswana, is a massive, slow-growing, and highly protected tree species native to Botswana. Due to its density, the wood is highly sought after for fuel (as it burns slowly with great heat), construction, and, in some cases, the ash from the bark was traditionally used for toothpaste.

SHAREHOLDER ANALYSIS

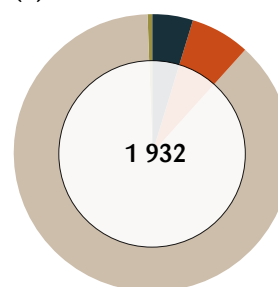
SHARE ANALYSIS – ORDINARY SHAREHOLDERS

	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
1 to 5 000	1 548	80	1 465 263	1
5 001 to 10 000	115	6	764 314	0
10 001 to 50 000	147	8	3 260 099	1
50 001 to 100 000	33	2	2 343 485	1
100 001 to 500 000	61	3	13 792 949	5
500 001 to 1 000 000	7	0	5 312 244	2
Over 1 000 000	21	1	257 932 298	91
Total	1 932	100	284 870 652	100

TOP 10 SHAREHOLDERS

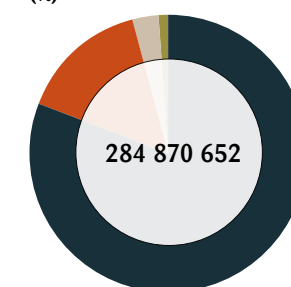
	Shares held	% of issued shares
SanlamAllianz Africa Proprietary Limited	116 388 211	41
Botswana Public Officers Pension Fund	59 032 269	21
African Life Assurance Company (Botswana) Proprietary Limited	48 603 380	17
Motor Vehicle Accident Fund	11 395 140	4
Debswana Pension Fund	5 098 858	2
Stanbic Nominees Botswana Re Bifm Plef	4 236 837	1
SCBN Proprietary Limited Re: Ninety One	3 851 777	1
Stanbic Nominees Botswana Re Morula Re Dpf	2 945 582	1
STNB Re First Light Multi Manager G Stanbic Nominees Botswana Re First Light Multi Manager Growth Fund	1 776 894	1
FNB Botswana Nominees Re: Bifm – Act Mem & Dp Eq	1 158 868	0
Other	30 382 836	10
Total	284 870 652	100

NUMBER OF SHAREHOLDERS (%)



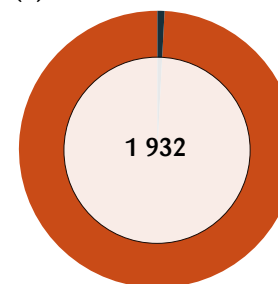
5	Corporate bodies	85
7	Nominees	11
87	Private individuals	3
1	Trusts	1

NUMBER OF SHARES HELD (%)



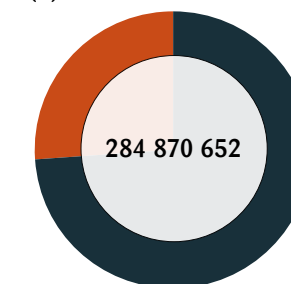
	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
Corporate bodies	99	5	242 691 280	85
Nominees	127	7	30 934 509	11
Private individuals	1 678	87	9 189 856	3
Trusts	28	1	2 055 007	1
	1 932	100	284 870 652	100
Non-public	5	0	166 554 292	58
Public	1 927	100	118 316 360	42
	1 932	100	284 870 652	100

SHAREHOLDERS (%)



99	Public shareholders	42
1	Non-public shareholders	58

SHARES HELD (%)



NOTICE OF ANNUAL GENERAL MEETING

For the year ended 31 December 2025



BOTSWANA INSURANCE HOLDINGS LIMITED

(Incorporated in the Republic of Botswana in 1990)

(Registration number: BW00000798601)

(Share code: BIHL ISIN: BW 000 000 0033)

(BIHL or the group or the company)

Notice is hereby given that the 34th annual general meeting (AGM) of Botswana Insurance Holdings Limited (BIHL or the company) will be held at the Botswana Life Insurance Limited boardroom, Plot 66458, Block A, 2nd Floor, Fairgrounds Office Park, Gaborone, Botswana on 30 June 2026 at 16:00 for the following business:

ORDINARY BUSINESS

1. To read the notice convening the meeting

2. Welcome and opening remarks by the Chairman

3. Ordinary resolution number 1: Consideration of the audited financial statements

To present, consider and adopt the audited financial statements for the year ended 31 December 2025, that have been distributed to shareholders as required, including the consolidated audited financial statements for the company and its subsidiaries, as well as the auditor's and directors' reports.

The annual financial statements for the year ended 31 December 2025 are available for access on the company's website at www.bihl.co.bw.

4. Ordinary resolution number 2: Ratification of dividends

To approve the dividends declared by the board of directors on 20 August 2025 and 24 March 2026.

5. Ordinary resolution number 3: Re-election of directors

To re-elect the following directors in accordance with the provisions of the Constitution of the company. The directors retire by rotation at this meeting and, being eligible, offer themselves for re-election:

5.1 Ordinary resolution number 3.1: Re-election of Dr Keith Jefferis as a director

To re-elect Dr Keith Jefferis who retires by rotation in terms of clause 19.10.1 of the Constitution of the company and, being eligible, offers himself for re-election.

- **Tenure:** Non-executive director since 11 July 2023
- **Age:** 69
- **Qualifications and experience:** Dr Jefferis is a distinguished development macroeconomist and financial sector specialist with over 30 years of experience in economic policy, central banking and financial sector development. He has held senior advisory roles with sovereign governments, international multilateral organisations and private sector institutions across Africa, Asia and the Caribbean. Dr Jefferis holds a PhD in Economics and is a Fellow of the Overseas Development Institute. He is also an active member of several international economic research forums and policy think tanks
- **BIHL Group directorships:** Chairman of the BIHL board; member of the BIHL nominations committee; member of the BIHL human resources committee; member of the BIHL independent review committee; and member of the BIHL investment committee
- **Major external positions, directorships or associations:** Managing Director at Econsult Botswana; director at Sefalana Holding Company Limited and several other public and private companies
- **Fields of expertise:** Financial sector development and regulation, as well as economic policy.

5.2 Ordinary resolution number 3.2: Re-election of Mr Edwin Elias as a director

To re-elect Mr Edwin Elias who retires by rotation in terms of clause 19.10.1 of the Constitution of the company and, being eligible, offers himself for re-election.

- **Tenure:** Non-executive director since 22 August 2023
- **Age:** 52
- **Qualifications and experience:** Mr Elias is an accomplished and visionary business leader with over 20 years of experience in the mining and industrial sectors. He has extensive executive and governance

experience in the mining and industrial sectors, with a strong track record in operational leadership, safety management and commercial strategy. His expertise is complemented by significant board and governance roles across research institutions, academia, industry bodies and environmental organisations. He holds an Executive MBA from the University of Toronto (Rotman School of Management), completed the Executive Leadership Programme at London Business School and earned a BSc in Metallurgical Engineering. He is also a member of the Institute of Directors South Africa and the Canadian Institute of Mining, Metallurgy and Petroleum

- **BIHL Group directorships:** Chairman of Botswana Insurance Fund Management (Bifm); Chairman of Bifm Unit Trusts; director at BIHL; member of the BIHL audit and risk committee and Chairman of the BIHL independent review committee
- **Major external positions, directorships or associations:** Chief Executive Officer of Morupule Coal Mine; Chairman of Botswana Chamber of Mines; and Chairman of Morupule Coal Mine Rehabilitation Trust
- **Fields of expertise:** Strategic management, mining and industrial sector leadership, innovation and high-performance cultures.

5.3 Ordinary resolution number 3.3: Re-election of Mr Mustafa Sachak as a director

To re-elect Mr Mustafa Sachak who retires by rotation in terms of clause 19.10.1 of the Constitution of the company and, being eligible, offers himself for re-election.

- **Tenure:** Non-executive director since 29 July 2023
- **Age:** 69
- **Qualifications and experience:** Mr Sachak is a highly experienced leader with over 37 years in the engineering and financial services sectors, with a strong track record in operational leadership and managing listed conglomerates. He specialises in organisational transformation and has consistently driven business growth and profitability in complex and volatile environments. He holds an MBA from Florida International University, as well as BSc degrees in Electrical Engineering and Chemical Engineering from Florida Atlantic University and University College London, respectively
- **BIHL Group directorships:** Chairman of Botswana Life Insurance Limited; director at BIHL; and member of the BIHL human resources committee
- **Major external positions, directorships or associations:** Non-executive director for Zimnat Life Assurance Company
- **Fields of expertise:** Strategic business development and growth expansion, project management and business turnaround strategies.

NOTICE OF ANNUAL GENERAL MEETING continued

For the year ended 31 December 2025

6. Ordinary resolution number 4: Remuneration of non-executive directors

To ratify the remuneration paid to non-executive directors for the year ended 31 December 2025.

	BIHL board P	Special P	Audit and risk committee P	Human resources committee P	Investment committee P	Nominations committee P	Subsidiaries P	Total P
Dr K Jefferis (<i>Group Chairman</i>)	775 482	17 119	–	–	–	–	–	792 601
R Dommisse ²	232 252	32 098	128 553	79 000	–	–	149 682	621 585
E Elias	232 252	27 582	128 553	–	–	–	315 270	703 657
M Hopkins	232 252	3 500	–	–	–	–	–	235 752
K Maphage	232 252	32 219	–	139 635	–	–	169 432	573 538
Dr A Molokomme	204 253	7 000	–	–	–	–	–	211 253
P Naik	232 252	7 000	251 539	–	–	–	–	490 791
M Sachak	232 252	43 466	–	79 000	–	–	412 902	767 620
N Suliaman ²	232 252	32 219	–	–	145 508	–	149 682	559 661
A Cartwright ¹	53 210	3 500	71 911	–	–	–	62 650	191 271
Total	2 658 709	205 703	580 556	297 635	145 508	–	1 259 618	5 147 729

¹ A Cartwright resigned on 8 April 2025.

² Non-independent director. Fees paid to Sanlam.

NOTICE OF ANNUAL GENERAL MEETING continued

For the year ended 31 December 2025

7. Ordinary resolution number 5: Approval of directors' fees for the ensuing year

To approve the remuneration to be paid to non-executive directors for the ensuing year.

The group human resources committee recommends the revision of remuneration paid to non-executive directors for the ensuing year in line with the annual inflation adjustment benchmarked Consumer Price Index in Botswana at the end of December 2025 at a rate of 3,9%.

		Current fees P	P-value increase P	% increase P	Proposed fees 2025/2026 P
BIHL	<i>Chair</i>	735 482	28 684	3,9	764 166
	<i>Member</i>	200 838	7 833	3,9	208 671
Audit and risk committee	<i>Chair</i>	287 644	11 218	3,9	298 862
	<i>Member</i>	126 404	4 930	3,9	131 334
Human resources committee	<i>Chair</i>	137 301	5 355	3,9	142 656
	<i>Member</i>	77 679	3 029	3,9	80 708
Nominations committee	<i>Chair</i>	68 250	2 662	3,9	70 912
	<i>Hourly rate</i>	3 500	137	3,9	3 637
Investment committee	<i>Chair</i>	143 076	5 580	3,9	148 656
	<i>Member</i>	107 276	4 184	3,9	111 460
Credit committee	<i>Chair</i>	143 076	5 580	3,9	148 656
	<i>Member</i>	107 276	4 184	3,9	111 460
Botswana Life board	<i>Chair</i>	378 000	14 742	3,9	392 742
	<i>Member</i>	138 600	5 405	3,9	144 005
Bifm board	<i>Chair</i>	280 000	10 920	3,9	290 920
	<i>Member</i>	127 680	4 980	3,9	132 660
Ad hoc rate per hour		3 500	136,5	3,9	3 636,5

8. Ordinary resolution number 6: Remuneration of the external auditor

To ratify the remuneration of P8 423 000 (eight million, four hundred and twenty-three thousand Pula) paid to the external auditors for the year ended 31 December 2025.

9. Ordinary resolution number 7: Appointment of the external auditor

To appoint PricewaterhouseCoopers as the external auditor of the company for the year ending 31 December 2026 and authorise the directors to fix their remuneration.

10. To close the meeting

VOTING AND PROXIES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak at and vote in his/her stead. The proxy need not be a member of the company.
2. The instrument appointing such a proxy must be deposited at the registered office of the transfer secretary not less than 48 hours before the meeting.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
4. A shareholder/s entitled to attend and vote at this AGM is/are entitled to appoint one or more proxies (who need not be shareholders of the company), to attend, speak at and vote on behalf of the shareholder/s at the AGM.

By order of the board

Kagiso Mokgothu
Company Secretary

9 June 2026

Registered office of the transfer secretary

Central Securities Depository Botswana
Physical address: Plot 70667, 4th Floor, Fairscape Precinct
Fairgrounds Office Park, Gaborone, Botswana
Telephone: (+267) 367 4400/11/12
Fax: (+267) 318 0175
Email: csd@bse.co.bw

FORM OF PROXY



BOTSWANA INSURANCE HOLDINGS LIMITED
(Incorporated in the Republic of Botswana in 1990)
(Registration number: BW00000798601)
(Share code: BIHL ISIN: BW 000 000 0033)
(BIHL or the group or the company)

To be completed by certified shareholders with 'own name' registration

I/We _____ being a shareholder/s of

Botswana Insurance Holdings Limited, holding _____ number of shares hereby appoint:

1. _____

2. _____

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at the Botswana Life Insurance Limited boardroom, Plot 66458, Block A, 2nd Floor, Fairgrounds Office Park, Gaborone, Botswana on 30 June 2026 at 16:00, and at any adjournment thereof for the purpose of voting.

	For	Against	Abstain
1. Ordinary resolution number 1: To receive, approve and adopt the annual financial statements for the year ended 31 December 2025			
2. Ordinary resolution number 2: To ratify the dividends declared by the directors on 20 August 2025 and 24 March 2026			
3. Ordinary resolution number 3: To re-elect directors in accordance with the provisions of the Constitution of the company			
3.1 Dr Keith Jefferis			
3.2 Mr Edwin Elias			
3.3 Mr Mustafa Sachak			
4. Ordinary resolution number 4: To ratify the remuneration paid to non-executive directors for the year ended 31 December 2025			
5. Ordinary resolution number 5: To approve remuneration to be paid to the non-executive directors for the ensuing year			
6. Ordinary resolution number 6: To approve the auditor's remuneration for the year ended 31 December 2025			
7. Ordinary resolution number 7: To appoint PricewaterhouseCoopers as the external auditor of the company for the year ending 31 December 2026, and authorise the directors to determine their remuneration			

Signed at _____ on the _____ day of _____ 2026

Signature _____

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of up to two alternate proxies of their choice in the space provided on the form. The person whose name appears first on the form of proxy, and whose name has not been deleted, will be entitled to act as proxy to the exclusion of those whose names appear below theirs.

2. A shareholder's instructions to the proxy must be indicated by the insertion of a cross or a tick or the relevant number of votes exercisable by the shareholder in the appropriate space provided.

Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of the entire shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the shareholder or his/her proxy.

3. Completed forms must be lodged with or posted to the company's registered office:

- BIHL, Block A, 3rd Floor, Fairgrounds Office Park, Plot 50371, Gaborone, Botswana, or
- PO Box 336, Gaborone, Botswana, or
- emailed to kmokgothu@bihl.co.bw

for the attention of the Company Secretary, so as to be received by no later than 48 hours before the time appointed for the holding of the AGM (excluding Saturdays, Sundays or public holidays) or any adjournment thereof.

4. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

5. Any alteration made to or on this form of proxy must be initialled by the signatory/ies.

6. The Chairman of the AGM may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he is satisfied as to the manner which the shareholder concerned wishes to vote.

7. An instrument of proxy shall be valid for the AGM as well as any adjournment thereof, unless the contrary is stated thereon.

8. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the ordinary shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the company not less than one hour before the commencement of the AGM or adjourned AGM at which the proxy is to be used.

9. At a meeting of shareholders, a poll may be demanded by:

- not less than five (5) shareholders having the right to vote at the meeting, or
- a shareholder or shareholders representing not less than 10% of the total voting rights of all shareholders having the right to vote at the meeting, or
- a shareholder or shareholders holding shares that confer a right to vote at the meeting and on which the aggregate amount paid up is not less than 10% of the total amount paid up on all shares that confer that right, or
- the Chairman.

When a poll is taken, votes shall be counted according to votes attached to the shares of each shareholder present in person or by proxy and voting.

DEFINITIONS

FINANCIAL DEFINITIONS

Basic earnings per share	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares
Claim	A demand to the insurer for indemnification for a loss incurred from an insured peril
Dividends per share (thebe)	Total dividends paid to ordinary shareholders divided by the number of ordinary shares issued calculated in thebe
Intermediary	A person who negotiates contracts of insurance or reinsurance with the insurer or reinsurer on behalf of the insured or reinsured
Net asset value	Equity attributable to equity holders of BIHL Limited
Remuneration	Money that is paid or other financial compensation provided in exchange for an employee's services performed
Shares in issue	The number of ordinary shares in issue as listed by the BSE
Underwriting	The process of examining, accepting or rejecting insurance risks, and classifying or segmenting those selected, to charge the proper premium for each

SUBSIDIARIES AND ASSOCIATES

BIC	Botswana Insurance Company Limited
Bifm	Botswana Insurance Fund Management Limited
BIHL	Botswana Insurance Holdings Limited
BIHL Trust	Botswana Insurance Holdings Limited Trust
Botswana Life	Botswana Life Insurance Limited
GrandRe	GrandRe Holdings Limited
Insure Guard	BIHL Insurance Limited (t/a Insure Guard)
Khumo	Khumo Property Asset Management Proprietary Limited
KYS	Kgolo Ya Sechaba Investments Limited
Letshego	Letshego Holdings Limited
Nico	National Insurance Company Limited
PPB	Private Property Botswana Limited

A GLOSSARY OF INSURANCE-SPECIFIC TERMINOLOGY

Assumptions	Underlying variables and uncertainties, which are taken into account in determining values, which could be insurance contract liabilities or financial assets at fair value.
Benefit experience variation	Difference between the expected benefit payout and the actual payout.
Deferred revenue	Initial and other front-end fees for rendering future investment management services, which are deferred and recognised as revenue when the related services are rendered.
Discretionary participation features	A contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits whose amount or timing is contractually at the discretion of the issuer, and that are contractually based on: the performance of a specified pool of contracts or a specified type of contract realised and/or unrealised investment returns on a specified pool of assets held by the insurer the profit or loss of the company, fund or other entity that issues the contract.
Equity value	This is an estimate of the economic worth of a life insurance business. The measurement principles, however, do differ from the measurement principles under IFRS.
Insurance contract	A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
Investment contract	Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of non-financial variable that the variable is not specific to a party to the contract.
Investment management services	Management of an investment, for which a service fee will be charged.
Liability adequacy test	Reassessment of the sufficiency of the insurance liability to cover future insurance obligations.
Life insurance	Contract under which the term of insurance covers a period longer than 12 months, e.g. whole life or term insurance.
Premiums earned	Premiums earned are when premiums are payable by the policyholder.
Premiums written	Premiums written are on acceptance of an insurance contract by the policyholder.
Reinsurance	Insurance risk is ceded to a reinsurer, but the ultimate obligation to the policyholder remains with the entity that issued the original insurance contract.
Unearned premiums	Reserve for premiums received for which the underlying risks have not yet expired. This reserve is released over the term of the contract as the underlying risk expires.

DEFINITIONS continued

ACRONYMS AND ABBREVIATIONS

AGM	Annual general meeting
AI	Artificial intelligence
AIDS	Acquired immunodeficiency syndrome
ALBOTS	African Life Assurance Company Botswana Proprietary Limited
AML	Anti-money laundering
API	Annual premium income
AUM	Assets under management
BEL	Best estimate liability
BGCSE	Botswana General Certificate of Secondary Education
BIC	Botswana Insurance Company Limited
Bifm	Botswana Insurance Fund Management Limited
BIHL	Botswana Insurance Holdings Limited
BIHL Trust	Botswana Insurance Holdings Limited Trust
BIUST	Botswana International University of Science and Technology
BOFWA	Botswana Family Welfare Association
Botswana Life	Botswana Life Insurance Limited
BOU	Botswana Open University
BSE	Botswana Stock Exchange
BSR	Bonus stabilisation reserve
BURS	Botswana Unified Revenue Service
BWP	Botswana Pula, the functional currency of Botswana
CEE	Citizen economic empowerment
CEO	Chief Executive Officer
CEESOS	Citizen economic empowerment share option scheme
CFO	Chief Financial Officer
CITW	Children in the Wilderness
COO	Chief Operating Officer
CPI	Consumer Price Index
CRL	Compliance, risk and legal
CSI	Corporate social investment
CSM	Contractual service margin
CSP	Conditional share plan
CSR	Corporate social responsibility
DCF	Discounted cash flow

DEIB	Diversity, equity, inclusion and belonging
DPF	Discretionary participation features
ECL	Expected credit loss/es
EIR	Effective interest rate
EOI	Expression of interest
ERM	Enterprise risk management
ESG	Environmental, social and corporate governance
EVP	Employee value proposition
Exco	Executive committee
Forex	Foreign exchange
GA	ECL calculated using the general approach
GDP	Gross domestic product
GEMS	Girls excelling in mathematics and science
GMM	General Measurement Model
HCC	Human capital and culture
HIV	Human immunodeficiency virus
HR	Human resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IESBA Code	International Code of Ethics for Professional Accountants (including International Independence Standards)
IFRIC	International Financial Reporting Interpretations Committee
IFRS	IFRS Accounting Standards
IFRS® Accounting Standards	Previously, International Financial Reporting Standards or IFRS
IMF	International Monetary Fund
<IR> Framework	International Integrated Reporting Framework of the IFRS Foundation
ISAs	International Standards on Auditing
IT	Information technology
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
km	Kilometre
KYC	Know Your Customer
KYS	Kgolo Ya Sechaba Investments Limited
Letshego	Letshego Holdings Limited

LGD	Loss given default
LPF	Local Property Fund
LRC	Loss recovery component
LTI	Long-term incentive
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
Nico	National Insurance Company Limited
OCT	Ordinary Capital Target
OVC	Orphan and vulnerable children
PAA	Premium allocation approach
PCT	Prescribed capital target
PD	Probability of default
PiT	Point in time
PPB	Private Property Botswana Limited
RA	Risk adjustment
RICS	Royal Institute of Chartered Surveyors
ROGEV	Return on group equity value
SAM	Solvency assessment management
SanlamAllianz	SanlamAllianz Africa Proprietary Limited
SDGs	United Nations Sustainable Development Goals
SOS	Share option scheme
SPPI	Solely payments of principal and interest
STEM	Science, technology, engineering and mathematics
STI	Short-term incentive
TCFD	Task Force on Climate-related Financial Disclosures
TCT	Termination capital target
Teledimo	Teledimo Proprietary Limited
TGP	Total guaranteed package
The board	The board of directors of BIHL
The company	Botswana Insurance Holdings Limited
The group	The company and its subsidiaries
The year	The year ended December 2025
TI	Trans Industries Proprietary Limited
TVOG	Time value of options and guarantees
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
USD	United States Dollar
VAT	Value added tax

SHAREHOLDERS' DIARY

RESULTS ANNOUNCEMENT

Announcement of 2025 financial results	27 March 2026
Announcement of 2026 interim results	28 August 2026

INTEGRATED ANNUAL REPORT

2025 integrated annual report available to shareholders	9 June 2026
---	-------------

ANNUAL GENERAL MEETING

30 June 2026

DIVIDEND DISTRIBUTION

YEAR-END DATES

Declaration of final dividend	24 March 2026
Ex-dividend date	14 April 2026
Record date	16 April 2026
Payment date	23 April 2026

INTERIM DATES

Declaration of interim dividend	20 August 2026
Ex-dividend date	6 October 2026
Record date/last day to register	8 October 2026
Payment date	21 October 2026

CORPORATE INFORMATION

BOTSWANA INSURANCE HOLDINGS LIMITED

Incorporated in 1990 in Botswana
Company registration number: BW00000798601

REGISTERED OFFICE

Plot 66458, Block A, 3rd Floor
Fairgrounds Office Park
Gaborone, Botswana
PO Box 336
Gaborone, Botswana
Tel: +267 370 7400
Fax: +267 397 3705
www.bihl.co.bw

DIRECTORS

Dr Keith Jefferis (*Group Chairman*)
Catherine Lesetedi (*Group Chief Executive Officer*)
Frank Dalo (*Group Chief Financial Officer*)¹
Robert Dommisie²
Edwin Elias
Mark Hopkins³
Kate Maphage
Dr Athalia Molokomme
Pragnaben Naik¹
Mustafa Sachak³
Nigel Suliaman²

¹ British

² South African

³ American

⁴ Malawian

COMPANY SECRETARY

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

STATUTORY ACTUARY

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

BOTSWANA LIFE INSURANCE LIMITED

Block A, Fairgrounds Office Park
Private Bag 00296
Gaborone, Botswana
Tel: +267 364 5100
Fax: +267 390 6386
www.botswanalife.co.bw

BOTSWANA INSURANCE FUND MANAGEMENT LIMITED

Block A, Fairgrounds Office Park
Private Bag BR 185
Gaborone, Botswana
Tel: +267 395 1564
Fax: +267 390 0358
www.bifm.co.bw

TRANSFER SECRETARIES

Central Securities Depository Botswana
Plot 70667, 4th Floor, Fairscape Precinct
Fairgrounds Office Park, Gaborone, Botswana
Private Bag 00417
Gaborone, Botswana
Tel: +267 367 4400/11/12
Fax: +267 318 0175
Email: csd@bse.co.bw

AUDITOR

PricewaterhouseCoopers
Plot 64289
Tlokweng Road
PO Box 294
Gaborone, Botswana

REGISTERED OFFICE

Plot 66458, Block A
3rd Floor
Fairgrounds Office Park
Gaborone, Botswana
Tel: +267 370 7400
Fax: +267 397 3705

Postal address

PO Box 336
Gaborone, Botswana



www.bihl.co.bw

