



BIHL GROUP

BOTSWANA INSURANCE HOLDINGS LIMITED



BIHL

2018
YEAR END
RESULTS



ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Key Highlights

Revenue

- Net insurance premium income **increased by 1% to P 2.35 billion**
- Fee revenue **increased by 4% to P107 million**
- Value of new business **decreased by 1% to P 147 million**

Assets Under Management

Assets under management **increased by 3% to P 27.5 billion**

Earnings

- Operating profit **increased by 12% to P 375 million**
- Core earnings **increased by 11% to P 383 million**
- Profit attributable to equity holders **increased by 6% to P 370 million**

Embedded Value

- Embedded value **increased by 3% to P 4.42 billion** (December 2017: P 4.31 billion)
- Return on Group Embedded Value is **14.0%** (December 2017: 7%)

Dividends

- **P 457.4 million** paid as dividends during the year (2017: P 342.9 million)
- Final normal dividend proposed of **P 189.2 million (gross of tax)**
- Special dividend proposed of **P 45.2 million (gross of tax)**

Solvency

Business is well capitalised, required capital for the group subsidiaries is covered **4.7 times** (December 2017: 5.4 times)



The Directors hereby present the abridged audited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the 'Group') for the year ended 31 December 2018.



Group Consolidated Income Statement

	Year to 31 Dec 2018 P'000	Year to 31 Dec 2017 P'000
Revenue		
Net insurance premium income	2,349,017	2,320,046
Gross premium income	2,397,369	2,351,260
Insurance premiums ceded to reinsurers	(48,352)	(31,214)
Investment income		
Fee revenue	825,072	719,020
Investment income	107,021	103,075
Interest income using EIR	142,698	80,338
Other interest income	11,065	-
Profit on sale of associates	615,050	577,855
Net losses on financial assets held at fair value through profit or loss	-	12,993
	(50,762)	(55,241)
Total revenue	3,174,089	3,039,066
Net insurance and investment contract benefits and claims		
Gross insurance benefits and claims	(2,145,572)	(2,027,157)
Reinsurance claims	(1,499,330)	(1,381,519)
Change in liabilities under investment contracts	12,229	6,992
Change in policyholder liabilities under insurance contracts	(191,599)	(64,932)
Change in contract liabilities ceded to reinsurers	(470,805)	(588,217)
	3,933	519
Expenses		
Sales remuneration	(619,231)	(660,458)
Administration expenses	(310,895)	(336,295)
	(308,336)	(324,163)
Profit before share of profit of associates and joint ventures	409,286	351,451
Share of profit of associates and joint ventures	52,871	72,927
Profit before tax	462,157	424,378
Tax expense	(95,694)	(76,092)
Profit for the year from continuing operations	366,463	348,286
Discontinued operations		
Profit for the year from discontinued operations	4,069	1,041
Profit for the year	370,532	349,327

ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Group Consolidated Income Statement (cont'd)

	Year to 31 Dec 2018 P'000	Year to 31 Dec 2017 P'000
Profit attributable to:		
- Equity holders of the parent from continuing operations	366,607	348,016
- Equity holders of the parent from discontinuing operations	4,069	1,041
- Non-controlling interests	(144)	270
	370,532	349,327
Earnings per share (thebe) attributable to ordinary equity holders of the parent		
- Basic	135	127
- Diluted	135	126
Earnings per share (thebe) from continuing operations		
- Basic	133	126
- Diluted	133	125

Group Consolidated Statement of Comprehensive Income

	Year to 31 Dec 2018 P'000	Year to 31 Dec 2017 P'000
Profit for the year	370,532	349,327
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		
Exchange differences on translation of foreign operations	2,538	(33,359)
Total comprehensive income for the year	373,070	315,738
Total comprehensive income attributable to:		
- Equity holders of the parent	369,145	314,427
- Equity holders of the parent from discontinuing operations	4,069	1,041
- Non-controlling interests	(144)	270
	373,070	315,738

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Group consolidated statement of financial position

	Year to 31 Dec 2018 P'000	Year to 31 Dec 2017 P'000
ASSETS		
Property and equipment	155,320	155,350
Intangible assets	99,454	92,273
Investment property	117,344	112,101
Investments in associates and joint ventures	1,577,409	1,714,610
Long term reinsurance assets	6,350	2,417
Non-current assets held for sale	47,688	54,222
Financial assets at fair value through profit or loss	13,340,130	12,960,069
- Bonds (government, public authority, listed and unlisted corporates)	8,031,912	7,585,630
- Investment in property funds and companies	294,132	244,021
- Equity investments (local and foreign)	3,415,317	3,656,189
- Other loan advances	393,951	496,229
- Money market instruments	1,204,818	978,000
Loans at amortised cost	50,000	-
Insurance and other receivables	304,585	290,858
Tax refund due	-	4,809
Cash, deposits and similar securities	112,844	184,254
Total assets	15,811,124	15,570,963
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Stated capital	154,936	154,936
Non-distributable reserves	323,449	397,914
Retained earnings	2,340,180	2,388,707
Total equity attributable to equity holders of the parent	2,818,565	2,941,557
Non-controlling interests	22,008	16,823
Total equity	2,840,573	2,958,380
Liabilities		
Policyholder liabilities under:	12,521,188	12,218,341
- Insurance contracts	9,859,345	9,388,540
- Investment contracts	2,661,843	2,829,801
Deferred tax liability	13,695	9,702
Insurance and other payables	398,269	364,724
Tax payable	2,428	-
Related party balances	17,632	4,134
Liabilities classified as held for sale	17,339	15,682
Total equity and liabilities	15,811,124	15,570,963

ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Group Consolidated Statement of Changes in Equity

	Stated capital P'000	Non distributable reserves P'000	Retained earnings P'000	Total Equity attributable to equity holders of parent P'000	Non controlling interest P'000	Total equity P'000
For the year ended 31 December 2018						
As at 1 January 2018						
Opening balances	154,936	397,914	2,388,707	2,941,557	16,823	2,958,380
Profit for the year	-	-	370,676	370,676	(144)	370,532
FCTR Movement	-	2,538	-	2,538	-	2,538
Dividend paid	-	-	(457,441)	(457,441)	-	(457,441)
Transfers from non-distributable reserves to retained earnings	-	(88,593)	88,593	-	-	-
Other movements in reserves	-	-	(44,598)	(44,598)	-	(44,598)
Change in reserves in associates	-	11,590	(5,757)	5,833	5,329	11,162
Balances at 31 December 2018	154,936	323,449	2,340,180	2,818,565	22,008	2,840,573
For the year ended 31 December 2017						
As at 1 January 2017						
Opening balances	130,821	444,269	2,341,425	2,916,515	20,583	2,937,098
Profit for the year	-	-	349,057	349,057	270	349,327
FCTR Movement	-	(33,589)	-	(33,589)	-	(33,589)
Dividend paid	-	-	(342,906)	(342,906)	(4,030)	(346,936)
Transfers from non-distributable reserves to retained earnings	-	(14,647)	14,647	-	-	-
Other movements in reserves	24,115	1,881	55,304	81,300	-	81,300
Change in reserve in associates	-	-	(28,820)	(28,820)	-	(28,820)
Balances at 31 December 2017	154,936	397,914	2,388,707	2,941,557	16,823	2,958,380

Group Consolidated Statement of Cash Flows

	31 Dec 2018 P'000	31 Dec 2017 P'000
Net cash flow from operating activities	383,369	1,047,859
Cash generated from operations	554,700	1,206,418
Interest received	97,323	88,360
Dividend received from equity investments	119,365	89,597
Dividend received from associates and joint ventures	151,533	101,354
Tax paid	(82,111)	(90,934)
Dividend paid	(457,441)	(346,936)
Net cash flow utilised in investing activities	(454,779)	(1,682,885)
Purchase of property and equipment	(6,267)	(9,296)
Purchase of computer software	(14,744)	(5,835)
(Purchase)/proceeds from sale of investment in associates, joint ventures and subsidiaries	(3,056)	232,661
Acquisition of investments	(430,712)	(1,900,415)
Net decrease in cash and cash equivalents	(71,410)	(635,026)
Cash and cash equivalents at the beginning of the year	184,254	819,280
Cash and cash equivalents at the end of the year	112,844	184,254



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Group Embedded Value

DEFINITION OF EMBEDDED VALUE

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

- > The value of the shareholders' net assets;
- > Fair value adjustments; and
- > The value of in-force business.

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

EMBEDDED VALUE RESULTS

	Year to 31 December 2018 P'000	Year to 30 December 2017 P'000
Shareholders' net assets after fair value adjustments	2,755,575	2,875,604
Shareholders' net assets, excluding goodwill	2,755,575	2,875,604
Value of in-force	1,663,855	1,431,756
Value before cost of capital	1,623,934	1,500,004
Fair value adjustments	176,562	56,362
Cost of capital	(136,641)	(124,611)
Embedded value at end of period	4,419,430	4,307,359
Required Capital	584,948	529,539
Required Capital Cover	4.7	5.4
Embedded value per share (Pula)	15.65	15.25
Embedded value earnings		
Embedded value at 31 December 2018	4,419,430	4,307,359
Embedded value at beginning of period	4,307,359	4,339,385
Change in embedded value	112,071	(32,025)
Movement in capital	31,965	(5,073)
Dividends paid	457,441	342,906
Embedded value earnings	601,477	305,808
Return on embedded value	14.0%	7.0%
These earnings can be analysed as follows:		
Expected return on life business in force	127,688	126,292
Value of new business	158,260	159,368
Value at point of sale	146,677	148,516
Expected return to end of period	11,583	10,852
Operating experience variances	73,064	(38,224)
Mortality/Morbidity	25,121	18,253
Persistency	2,714	(14,059)
Expenses	327	(31,487)
Other	44,902	(10,931)
Operating assumption changes	45,293	112,003
Mortality/morbidity	70,156	19,180
Persistency	22,037	1,347
Expenses	(7,977)	35,918
Other	(38,923)	55,558

ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Group Embedded Value (cont'd)

	Year to 31 December 2018 P'000	Year to 30 December 2017 P'000
Embedded value earnings from operations	404,305	367,873
Investment variances	27,044	38
Economic assumption changes	(19,415)	33,285
Investment return	(3,297)	2,449
Risk discount rate	(16,118)	30,835
Embedded value earnings from covered business	411,935	356,564
Return on shareholders assets	69,341	200,382
Investment Returns	(32,418)	(10,623)
Net profit non-life operations	101,759	106,712
Change in shareholders' fund adjustments	120,201	(183,042)
Changes in treasury share adjustments	(1,809)	2,798
Movement in fair value of incentive scheme shares	10,415	19,331
Movement in present value of holding company expenses	(26,143)	319
Movement in other net worth adjustments	137,738	(205,490)
Embedded value earnings	601,477	305,808
a) Value of new business		
Value of new business at point of sale	146,677	148,516
Value before cost of capital	154,859	154,753
Recurring premium	94,393	91,597
Single premium	60,466	63,156
Cost of capital	(8,182)	(6,237)
Expected return to end of period	11,583	10,852
b) Fair value adjustments		
Staff share scheme	(22,767)	(33,182)
Non-life operations write-up to fair value (BIFM, LG and Associates)	130,487	173,627
Non-life operations write-up to fairvalue (other)	94,696	(86,182)
Group holding expenses	(142,858)	(116,715)
Reversal of cross holding adjustment	117,004	118,813
Total	176,562	56,362
Consisting of:		
Value of In Force adjustments	176,562	56,362

Commentary

ECONOMIC ENVIRONMENT

The year began with optimism and bullish sentiment due to US tax cuts, encouraging macroeconomic data and a measured approach towards rate normalisation by the ECB (European Central Bank) that firmed global inflation and growth expectations, driving risky asset prices up. Late in February, policy uncertainty led to an increase in market volatility, causing most asset classes to end the quarter in modestly negative territory. The greatest contributors to market volatility were aggressive protectionism by the US government, the less accommodative stance of the Federal Reserve and concerns around the regulation of technology companies. Capital markets fared rather less well in the final quarter of 2018 with heightened volatility, escalating trade tensions between the US and China, rising interest rates in the US, the risk of a no-deal Brexit, rising geopolitical tensions all contributing to dampened investor sentiment. This led to a large sell-off of developed market equities, which suffered a double-digit decline during the last quarter of 2018, in favour of emerging market equities. This caused the IMF (International Monetary Fund) to lower global growth forecasts from 3.9% to 3.7% citing escalating trade tensions and the reversal of capital flows to emerging markets with weaker fundamentals and higher political risks.

Locally, economic growth expectations were upbeat with both the World Bank and the Ministry of Finance and Economic Development projecting improved growth in 2018. However, persistence of a difficult trading environment contributed to bearish capital market sentiments with domestic equities in decline during the year, this was offset somewhat by local bonds rallying. The change in government leadership saw renewed positivity in investor sentiment on the back of a more business-friendly government with more accommodative policies but this did not immediately translate to an improved macroeconomic environment. Business activity continued to be hampered with high unemployment, low consumer discretionary income and restrictive policies. As the year ended, the local environment displayed renewed investor sentiment beginning to translate into positive capital market inflows with local equities posting positive returns after five consecutive quarterly declines. Local bonds were once again positive.

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Commentary (cont'd)

Inflation remained within the Central Bank's target range having peaked at 3.8% in November on the back of increased fuel prices, this despite a decrease in international oil prices. The Bank of Botswana maintained the Bank Rate throughout the year owing to favourable medium-term inflation outlook and suppressed demand side inflationary pressures. For the year, the Pula depreciated 9.0% against the US Dollar while it appreciated 6.6% against the South African Rand.

ACCOUNTING POLICIES AND PRESENTATION

The accounting policies adopted for the period comply in all material respects with International Financial Reporting Standards (IFRS) and are presented in the manner required by the Insurance Industry Act (CAP 46:01) and the Companies Act (CAP 42:01). These policies are consistent with those applied for the year ended 31 December 2017 except for the new accounting policies adopted by the Group on revenue recognition and financial instruments as necessitated by the new changes emanating from IFRS 9 and IFRS 15.

FINANCIAL OVERVIEW

Analysis of earnings	Year to 31 December 2018 P'000	Year to 31 December 2017 P'000	% Change
Operating profit	374,864	333,411	12%
Investment income on shareholders' assets	8,341	13,266	-37%
Core Earnings	383,205	346,677	11%
Profit on sale of associate	-	12,993	-100%
Share of profit of associates and joint ventures net of tax	52,871	72,927	-28%
Investment surpluses/(losses) on shareholder assets	25,937	(7,950)	-426%
Profit before tax	462,013	424,647	9%
Tax	(95,694)	(76,091)	26%
Profit after tax	366,319	348,556	5%
Profit for the year from discontinued operations	4,069	1,041	291%
Profit attributable to ordinary shareholders	370,388	349,597	6%
Minority shareholders' interest	144	(270)	-153%
Total Profit	370,532	349,327	6%

Operating profit for the life business increased by 12% compared to the previous year due to once off separation costs incurred in 2017 which did not recur this year and improved profitability resulting from reduced new business strain on the individual life book as well as improved claims experience on the credit life book. The asset management business operating profit for the year is 3% down on prior year due to lower fees earned by the Zambian business driven by underperforming equities, while general insurance business was positively impacted by lower claims. Share of profits of associates and joint ventures decreased by 28% due to increase in effective tax rate for Letshego Holdings Limited which also led to the drop in fair value for the business. The other associates; Funeral Services Group, Botswana Insurance Company Limited and NICO reported satisfactory results compared to last year. Investment income which comprises dividend income and interest income reduced by 37% compared to prior year reflecting the reduction in excess capital held in the group over time.

Embedded value

The Group's embedded value increased to P4.42 billion from the P4.31 billion reported as at 31 December 2017 year end. The embedded value allows for P457.4 million dividends paid during the period.

Value of new life business

The value of new life business decreased by 1% to P147 million compared to the prior year. Value of new business was subdued mainly due to lower new business volumes for individual life and annuities.

OVERVIEW OF OPERATIONS

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

- The life insurance segment which provides life insurance services to its customers through Botswana Life Insurance Limited, Botswana's leading life insurance company, a full subsidiary of the Group
- The asset management segment which provides asset management services to its customers through Botswana Insurance Fund Management Limited, a full subsidiary of the Group
- The general insurance segment which provides legal insurance and short-term insurance to its customers through BIHL Insurance Company Limited and Botswana Insurance Company Limited respectively (BIC).
- BIHL also has associate and joint venture holdings of 26.17% in Letshego Holdings Limited, 36.38% in Funeral Services Group (FSG), 50% in BIC and 25.1% in Nico Holdings Limited (Malawi)

Inter-segment transactions that occurred during 2018 and 2017 between business segments took place on an arm's length basis in a manner similar to transactions with third parties. Segmental income, segment expense and segment results include those transfers between business segments, which are eliminated on consolidation.

The sources of revenue for segments included under "Other" segments are Unit Trust business, Holding Company and the Corporate Social Investment Trust.

ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Commentary (cont'd)

SEGMENT RESULTS

For the year ended 31 December 2018

	Life Business P'000	Asset Management P'000	General insurance P'000	Associates & Joint Ventures P'000	Other P'000	Inter Segmental P'000	Consolidated P'000
Premium revenue	2,349,017	-	-	-	-	-	2,349,017
Fee revenue							
- Internal	-	616	-	-	-	(616)	-
- External	-	123,863	-	-	(16,842)	-	107,021
Investment income	558,473	207,381	-	-	449,373	(446,414)	768,813
Fair value gains and losses	(61,028)	10,266	-	-	-	-	(50,762)
Total net income	2,846,462	342,126	-	-	432,531	(447,030)	3,174,089
Policyholder benefits paid	(1,487,101)	-	-	-	-	-	(1,487,101)
Change in liabilities under investment contracts	-	(191,599)	-	-	-	-	(191,599)
Change in policyholder liabilities under insurance contracts	(466,872)	-	-	-	-	-	(466,872)
Administration expenses	(212,416)	(57,209)	-	-	(39,328)	617	(308,336)
Selling expenses	(310,895)	-	-	-	-	-	(310,895)
Profit before share of profit of associates and joint ventures	369,178	93,318	-	-	393,203	(446,413)	409,286
Share of profit of associates and joint ventures	-	-	9,432	43,439	-	-	52,871
Tax expense	(100,446)	(14,514)	-	-	(1,109)	20,375	(95,694)
Profit for the year from continuing operations	268,732	78,804	9,432	43,439	392,094	(426,038)	366,463
Profit for the year from discontinued operation	-	-	4,069	-	-	-	4,069
Profit for the year	268,732	78,804	13,501	43,439	392,094	(426,038)	370,532

For the year ended 31 December 2017

	Life Business P'000	Asset Management P'000	General insurance P'000	Associates & Joint Ventures P'000	Other P'000	Inter Segmental P'000	Consolidated P'000
Premium revenue	2,320,046	-	-	-	-	-	2,320,046
Fee revenue							
- Internal	-	2,380	-	-	-	(2,380)	-
- External	-	118,017	-	-	(14,942)	-	103,075
	-	12,993	-	-	-	-	12,993
Investment income	495,609	157,621	-	-	429,017	(424,054)	658,193
Fair value gains and losses	34,579	(89,820)	-	-	-	-	(55,241)
Total net income	2,850,234	201,191	-	-	414,075	(426,434)	3,039,066
Policyholder benefits paid	(1,374,527)	-	-	-	-	-	(1,374,527)
Change in liabilities under investment contracts	-	(64,932)	-	-	-	-	(64,932)
Change in policyholder liabilities under insurance contracts	(587,698)	-	-	-	-	-	(587,698)
Administration expenses	(224,132)	(58,036)	-	-	(44,964)	2,969	(324,163)
Selling expenses	(336,294)	-	-	-	-	-	(336,294)
Profit before share of profit of associates and joint ventures	327,583	78,223	-	-	369,111	(423,466)	351,451
Share of profit of associates and joint ventures	-	11,336	10,621	72,927	-	-	72,927
Income tax expense	(70,935)	(11,269)	-	-	(18,468)	24,580	(76,092)
Profit for the year from continuing operations	256,694	78,291	10,621	50,970	334,151	(382,440)	348,286
Profit for the year from discontinued operation	-	-	1,041	-	-	-	1,041
Profit for the year	256,648	66,954	1,041	72,927	369,055	(417,298)	349,327

The Directors hereby present the abridged audited consolidated financial results of Botswana Insurance Holdings Limited (BIHL) and its subsidiaries (the 'Group') for the year ended 31 December 2018.



Commentary (cont'd)

SEGMENT ASSETS AND LIABILITIES

	Life Business	Asset Management	General insurance (discontinued operations)	Other	Inter Segmental	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000
At 31 December 2018						
Total Assets	12,244,887	6,343,051	48,031	1,801,217	(4,626,062)	15,811,124
Total Liabilities	10,299,550	5,856,338	27,606	1,246,920	(4,459,863)	12,970,551
At 31 December 2017						
Total Assets	11,836,936	6,117,539	62,133	791,107	(3,236,752)	15,570,963
Total Liabilities	9,796,902	5,663,569	37,566	57,506	(2,942,960)	12,612,583

LIFE INSURANCE BUSINESS

Botswana Life Insurance Limited's financial year ended 31 December 2018 remained stable despite a challenging economic environment with Net Premium income of P 2.35 billion. Recurring premium income grew by 8% from P1.25 billion to P1.35 billion representing a sustainable source of profits in the long term.

The value of new business, which represents the present value of future profits from new business premiums written during the year, decreased by 1% from prior year owing to increased pressure on margins. Operating Profit improved by 11% over prior year due to improved profitability resulting from reduced new business strain on the individual life book and improved claims experience on the credit life book.

During the year the business launched yet another innovative product, the Botswana Life International Investment Plan (BLIIP) for its high net worth clientele. The product which is a first of its kind in Botswana is a USD denominated offshore investment plan. The game changer product has an added feature where the client can self-manage their funds by having credentials to access their investment portfolio online. Launched on the 1st November 2018, this product is an expansion to the Affluent Client Value Proposition (CVP) that affords bespoke channels for Botswana Life clients to manage and grow their wealth. The launch of this product demonstrates our agility and commitment to innovation and addressing customer needs.

Botswana Life Insurance Limited's new Chief Executive Officer, Mr. Ronald Samuels together with his team have embarked on a 5-year strategy to transform the business through an aggressive focus on revenue growth and profitability, customer delight and distribution excellence.

The prospects for the economy remain mixed reflecting both international economic uncertainty as well as domestic challenges albeit the latter is showing signs of improvement. Despite these challenges Management is focused on delivering sustainable growth and value to its stakeholders through innovation driven by commercial insights.

ASSET MANAGEMENT BUSINESS

BIFM Group's operating profit showed a year on year decline of 3%, an improvement from the half year performance which showed a 7% decrease year on year, demonstrating the group's resilience in a tough operating environment. While income performance in both BIFM and Zambia showed a year on year increase, the businesses had to incur some business-critical expenses, resulting in higher costs in 2018, which coupled with an unfavourable Kwacha performance, weighed down the operating profit number. Total assets under management grew by 3% year on year to P27.5 billion, broken down into: BIFM P23.2 billion and Zambia P4.3 billion.

SHORT TERM INSURANCE BUSINESS

Despite pressures on revenue generation, Legal Guard has achieved an operating profit of P4.1 million for the year, up from a P1.4 million for 2017. This has been achieved as the benefits of initiatives which began in prior years continue to be realised. The business has continued to improve its claims administration processes resulting in a significant decline in claims costs. The business has also achieved a 9% year on year decline in operating expenses following the restructuring exercise undertaken in 2017 and a continuing focus on managing operating costs.

Looking forward, Legal Guard will continue to focus on the implementation of its current strategic plan with emphasis on arresting and reversing the recent trend in top line performance. Legal Guard also continues to focus on improving internal processes to enhance business agility and improve customer service.

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 a final dividend. The board has confidence in the Group's ability to maintain dividends at this level while ensuring that its capital position remains solid and aligned with future capital requirements whilst sustaining healthy levels of Return on Group Equity Value. The issuance of an asset management license for BIFM saw a release of some of the statutory capital held by the company under the insurance license; the Board has resolved to pay out this released capital to shareholders as a special dividend.

ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Commentary (cont'd)

LOOKING AHEAD

We continue to focus on our key twin strategies of growth and profitability. However, uncertainty in the global markets is expected to continue to affect the results. We would like to thank all our Clients, Brokers, Agents, Staff and other Stakeholders for the on-going partnerships and support and look forward to serving them in the future.

DIVIDEND DECLARATION

The Directors have resolved to award a final dividend of 67 thebe per share (gross of tax) and a special dividend of 16 thebe per share (gross of tax).

The important dates pertaining to the dividends are:

Declaration date	21 February 2019
Ex-dividend date	05 April 2019
Payment of dividend	19 April 2019

For and on behalf of the Board

B Dambe-Groth (Chairperson)

C Lesetedi (Group CEO)

06 March 2019

Directors:

Batsho Dambe-Groth (Chairperson)
Catherine Lesetedi (Group CEO)
Gaffar Hassam ***
Chandra Chauhan
Gerrit van Heerde**
John Hinchliffe *
Mahube Mpugwa
Andre Roux **
Lieutenant General Tebogo Masire

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