



**BIHL GROUP**

BOTSWANA INSURANCE HOLDINGS LIMITED



**2019**

**YEAR END RESULTS**





## ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

### Key features

#### Revenue

- Net insurance premium income **increased by 11% to P 2.6 billion**
- Fee revenue **decreased by 8% to P 98 million**
- Value of new business **increased by 8% to P 158 million**

#### Assets Under Management

- Assets under management **increased by 6% to P 29.2 billion**

#### Earnings

- Operating profit **is flat at P 376 million**
- Core earnings **increased by 7% to P 412 million**
- Profit attributable to equity holders **increased by 18% to P 437 million**

#### Embedded Value

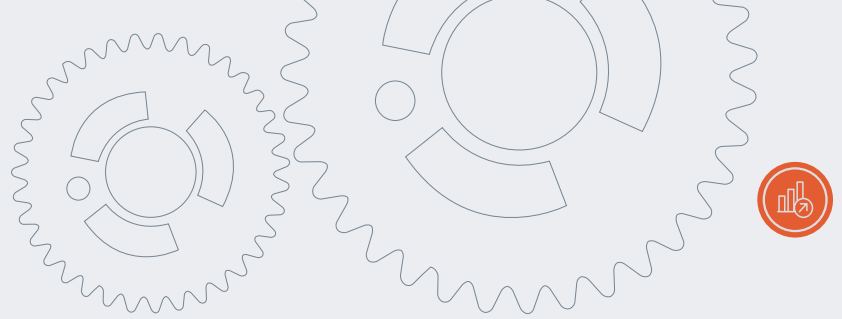
- Embedded value **increased to P4.65 billion** (December 2018: P4.42 billion)
- Return on Group Embedded Value is **13.0%** (December 2018: 14%)

#### Dividends

- **P 369 million** paid as dividends during the year (December 2018: P 457 million)
- Final normal dividend proposed of **P166.6 million (net of tax)**
- Special dividend proposed of **P31.1 million (net of tax)**

#### Solvency

- Business is well capitalised, required capital for the group subsidiaries is covered **7.1 times** (December 2018: 4.7 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 2019.

## Group Consolidated Income Statement

	Year to 31 Dec 2019 P'000	Year to 31 Dec 2018 P'000
<b>Revenue</b>		
Net insurance premium income	2,597,852	2,349,017
Gross premium income - recurring	1,510,609	1,353,288
- single	1,140,404	1,044,081
Insurance premiums ceded to reinsurers	(53,161)	(48,352)
<b>Investment income</b>	1,138,243	825,072
Revenue from contracts with customers	98,414	107,021
Investment income	171,594	142,698
Interest income using EIR	11,165	11,065
Other interest income	797,600	615,050
Profit on sale of subsidiary	3,472	-
Net gains/(losses) on financial assets held at fair value through profit or loss	55,998	(50,762)
<b>Total revenue</b>	3,736,095	3,174,089
<b>Net insurance and investment contract benefits and claims</b>	(2,622,131)	(2,145,572)
Gross insurance benefits and claims	(1,649,328)	(1,499,330)
Reinsurance claims	34,580	12,229
Change in liabilities under investment contracts	(421,258)	(191,599)
Change in policyholder liabilities under insurance contracts	(584,757)	(470,805)
Change in contract liabilities ceded to reinsurers	(1,368)	3,933
<b>Expenses</b>	(719,005)	(619,231)
Sales remuneration	(397,221)	(310,895)
Administration expenses	(316,700)	(308,336)
Finance cost on leases (IFRS 16)	(1,110)	-
Impairment losses	(3,974)	-
<b>Profit before share of profit of associates and joint ventures</b>	394,959	409,286
Share of profit of associates and joint ventures	142,233	52,871
<b>Profit before tax</b>	537,192	462,157
Tax expense	(98,919)	(95,694)
<b>Profit for the year from continuing operations</b>	438,273	366,463
<b>Discontinued operations</b>		
Profit for the year from discontinued operations	2,191	4,069
<b>Profit for the year</b>	440,464	370,532
<b>Profit attributable to:</b>		
- Equity holders of the parent from continuing operations	434,720	366,607
- Equity holders of the parent from discontinuing operations	2,191	4,069
- Non-controlling interests	3,553	(144)
	440,464	370,532

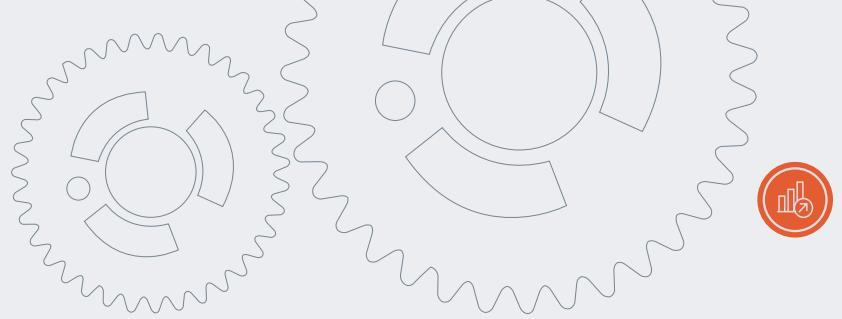
## ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

### Group Consolidated Income Statement (continued)

	Year to 31 Dec 2019 P'000	Year to 31 Dec 2018 P'000
Earnings per share (thebe) attributable to ordinary equity holders of the parent		
- Basic	158	135
- Diluted	157	135
Earnings per share (thebe) from continuing operations		
- Basic	157	133
- Diluted	156	133
Earnings per share (thebe) from discontinued operations		
- Basic	1	1
- Diluted	1	1

### Group Consolidated Statement of Comprehensive Income

	Year to 31 Dec 2019 P'000	Year to 31 Dec 2018 P'000
Profit for the year	440,464	370,532
<b>Other comprehensive income</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent years (net of tax)</i>		
Exchange differences on translation of foreign operations	(6,486)	2,538
<b>Total comprehensive income for the year</b>	<b>433,978</b>	<b>373,070</b>
Total comprehensive income attributable to:		
- Equity holders of the parent	428,234	369,145
- Equity holders of the parent from discontinuing operations	2,191	4,069
- Non-controlling interests	3,553	(144)
	<b>433,978</b>	<b>373,070</b>



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 2019.

## Group consolidated statement of financial position

	Year to 31 Dec 2019 P'000	Year to 31 Dec 2018 P'000
<b>ASSETS</b>		
Property and equipment	154,562	155,320
Intangible assets	104,226	99,454
Right-of-use assets	20,767	-
Investment property	10,613	117,344
Investments in associates and joint ventures	1,664,623	1,577,409
Long term reinsurance assets	7,718	6,350
Non-current assets held for sale	-	47,688
<b>Financial assets at fair value through profit or loss</b>	14,066,744	13,340,130
- Bonds (government, public authority, listed and unlisted corporates)	8,608,179	8,031,912
- Investment in property funds and companies	840,296	294,132
- Equity investments (local and foreign)	1,784,202	3,415,317
- Other loan advances	-	393,951
- Money market instruments	2,834,067	1,204,818
Loans at amortised cost	50,000	50,000
Insurance and other receivables	247,033	304,585
Tax receivable	5,258	-
Cash, deposits and similar securities	162,095	112,844
<b>Total assets</b>	16,493,639	15,811,124
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Stated capital	154,936	154,936
Non-distributable reserves	227,088	323,449
Retained earnings	2,521,321	2,340,180
<b>Total equity attributable to equity holders of the parent</b>	2,903,345	2,818,565
Non-controlling interests	23,597	22,008
<b>Total equity</b>	2,926,942	2,840,573
<b>Liabilities</b>		
Policyholder liabilities under:	13,111,865	12,521,188
- Insurance contracts	10,444,102	9,859,345
- Investment contracts	2,667,763	2,661,843
Derivatives instrument	5,810	-
Deferred tax liability	22,161	13,695
Lease Liability	21,431	-
Insurance and other payables	389,561	393,813
Tax payable	-	2,428
Related party balances	15,869	17,632
Liabilities classified as held-for-sale	-	21,795
<b>Total equity and liabilities</b>	16,493,639	15,811,124

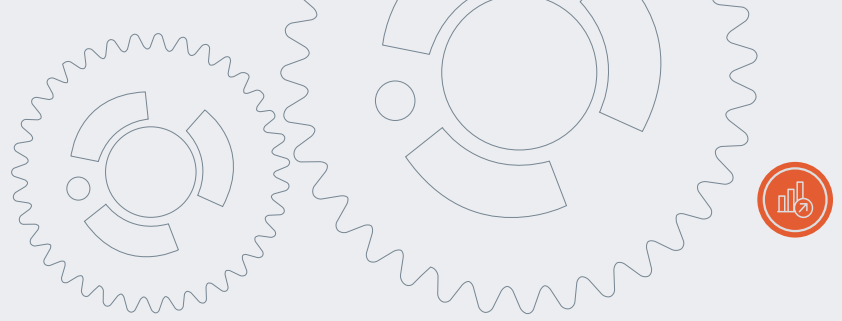
## ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 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 interests P'000	Total equity P'000
<b>For the year ended 31 December 2019</b>						
<b>As at 1 January 2019</b>						
Opening balances	154,936	323,449	2,340,180	2,818,565	22,008	2,840,573
Profit for the year	-	-	436,911	436,911	3,553	440,464
FCTR Movement	-	(6,486)	-	(6,486)	-	(6,486)
Dividend paid	-	-	(368,684)	(368,684)	(2,176)	(370,860)
Transfers from non-distributable reserves to retained earnings	-	(93,688)	93,688	-	-	-
Other movement in reserves	-	3,813	19,226	23,039	212	23,251
<b>Balances at 31 December 2019</b>	<b>154,936</b>	<b>227,088</b>	<b>2,521,321</b>	<b>2,903,345</b>	<b>23,597</b>	<b>2,926,942</b>
<b>For the year ended 31 December 2018</b>						
<b>As at 1 January 2018</b>						
Opening balances	154,936	397,914	2,349,983	2,902,833	16,823	2,919,656
Profit for the period	-	-	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	-	11,590	(11,631)	(41)	5,329	5,288
<b>Balances at 31 December 2018</b>	<b>154,936</b>	<b>323,449</b>	<b>2,340,180</b>	<b>2,818,565</b>	<b>22,008</b>	<b>2,840,573</b>

### Group Consolidated Statement of Cash Flows

	Year to 31 Dec 2019 P'000	Year to 31 Dec 2018 P'000
<b>Net cashflows from operating activities</b>	<b>577,440</b>	<b>383,369</b>
Cash generated from operations	732,578	554,700
Interest received	133,179	97,323
Dividend received from equity investments	108,547	119,365
Dividend received from associates and joint ventures	73,247	151,533
Interest expense on leases (IFRS 16)	(1,110)	-
Tax paid	(98,139)	(82,111)
Dividend paid	(370,862)	(457,441)
<b>Net cashflows utilised in investing activities</b>	<b>(524,213)</b>	<b>(454,779)</b>
Purchase of property and equipment	(8,541)	(6,267)
Purchase of computer software	(15,545)	(14,744)
Proceeds from sale of a subsidiary	25,000	-
Purchase of investment in associates and joint ventures	(31,568)	(3,056)
Acquisition of investments	(493,559)	(430,712)
<b>Net cashflows from Financing activities</b>	<b>(3,976)</b>	<b>-</b>
Payment of principal portion of lease liabilities (IFRS 16)	(3,976)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>49,251</b>	<b>(71,410)</b>
Cash and cash equivalents at the beginning of the year	112,844	184,254
<b>Cash and cash equivalents at the end of the year</b>	<b>162,095</b>	<b>112,844</b>



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 2019.

## 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 for the year ended 31 December 2019

	Year to 31 Dec 2019 P'000	Year to 31 Dec 2018 P'000
<b>Embedded value results</b>		
Shareholders' net assets after fair value adjustments	2,840,992	2,755,575
Shareholders' net assets, excluding goodwill	2,840,992	2,755,575
Value of in-force	1,810,554	1,663,855
Value before cost of capital	1,775,420	1,623,934
Fair value adjustments	183,102	176,562
Cost of capital	(147,968)	(136,641)
<b>Embedded value at end of year</b>	4,651,546	4,419,430
Closing Embedded value at the beginning of year	4,419,430	4,307,359
Required Capital	401,158	584,948
Required Capital Cover	7.1	4.7
Embedded value per share (Pula)	16.47	15.65
<b>Embedded value earnings</b>		
<b>Embedded value earnings</b>	574,919	601,476
Change in embedded value	222,788	112,071
Movement in capital	(16,553)	31,964
Dividends paid	368,684	457,441
<b>Return on embedded value</b>	13.0%	14.0%
<b>These earnings can be analysed as follows:</b>		
Expected return on life business in force	146,522	127,688
Value of new business	170,428	158,260
Value at point of sale	157,699	146,677
Expected return to end of year	12,729	11,583
Operating experience variances	88,659	73,064
Mortality/Morbidity	27,612	25,121
Persistency	29,136	2,714
Expenses	8,185	327
Other	23,726	44,902
Operating assumption changes	(20,085)	45,292
Mortality/morbidity	(15,851)	70,156
Persistency	(61,680)	22,037
Expenses	76,521	(7,977)
Other	(19,075)	(38,924)

## ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

### Group Embedded Value (cont'd)

	Year to 31 Dec 2019 P'000	Year to 31 Dec 2018 P'000
<b>Embedded value earnings from operations</b>	385,524	404,304
Investment variances	39,440	27,044
Economic assumption changes	30,543	(19,414)
<b>Embedded value earnings from covered business</b>	455,507	411,933
Return on shareholders assets	122,200	69,341
Investment Returns	(19,573)	(32,418)
Net profit non-life operations	141,773	101,759
Change in shareholders' fund adjustments	(2,788)	120,201
Changes in treasury share adjustments	(77,531)	(1,809)
Movement in fair value of incentive scheme shares	(5,830)	10,415
Movement in present value of holding company expenses	(5,243)	(26,143)
Movement in other net worth adjustments	85,816	137,738
<b>Embedded value earnings</b>	574,919	601,476
<b>a) Value of new business</b>		
Value of new business at point of sale	157,699	146,677
Value before cost of capital	165,204	154,859
Recurring premium	106,282	94,393
Single premium	58,922	60,466
Cost of capital	(7,505)	(8,182)
Expected return to end of year	12,729	11,583
<b>b) Fair value adjustments</b>		
Staff share scheme	(28,596)	(22,767)
Non-life operations write-up to fair value (BIFM)	178,929	130,365
Non-life operations write-up to fair value(other)	141,397	94,818
Group holding expenses	(148,102)	(142,858)
Reversal of cross holding adjustment	39,474	117,004
<b>Total</b>	183,102	176,562
Consisting of:		
Value of In Force adjustments	183,102	176,562

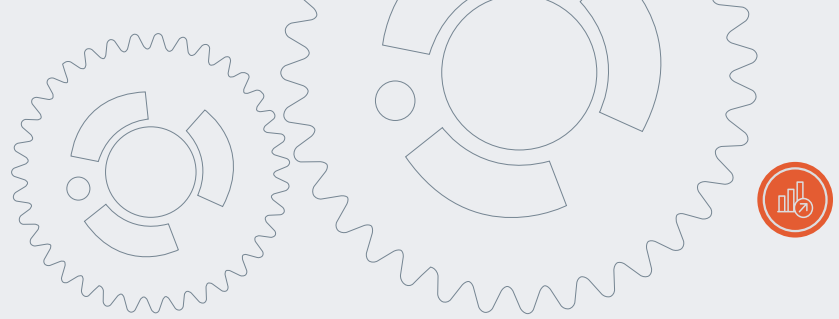
## Commentary

### ECONOMIC ENVIRONMENT

On the global front, 2019 proved a volatile year for financial markets where US-China trade war, Brexit uncertainty, geopolitical risks and signs of slowing global economic growth dominated markets. The year started with positive market sentiments as concerns over global trade eased and major central banks grew more accommodative. Towards the end of the year, optimism returned to markets on the prospects for an eventual US-China trade deal, better global economic data and accommodative monetary stance by global central banks. Generally, investor sentiment improved over the last quarter, resulting in a significant rally in risky assets and higher benchmark yields.

On the local front, real GDP slid from 4.1% (YoY) in Q1 2019 to 3.1% (YoY) in Q3 2019. The deceleration in growth was mainly driven by lower mining output in 2019, predominantly emanating from a decrease in international diamond demand. Growth in real value added from Finance & Business Services, Trade, Hotels & Restaurants and Transport & Communications industries remained robust on the other hand. Botswana inflation rate continued to surprise the market on the downside and remained persistently below the Bank of Botswana's target range of 3- 6%. Inflation softened to 2.5% in April, before rising to 2.9% in August and closing the year at 2.2% in December. This prompted the central bank to cut the bank rate by 25bps (0.25%) in August to 4.75%. The Monetary Policy Committee (MPC) cited subdued domestic demand pressures and modest increase in administered prices behind the positive inflation outlook in the medium term. Credit extension dropped from 8.1% recorded in January to 6.8% in July driven by a significant decline in business borrowing which indicated lower activity in the business sector. Business credit dropped by 1.8% from 10.4% while credit to households increased to 9.9% from 6.4% during the period from January to July 2019. The above is in line with the latest Business Expectation Survey (BES) release which showed that businesses were less optimistic about economic activity, concerned about tight access to credit in the domestic market and anticipated upward pressure on costs of materials, wages and transport.





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 2019.

## Commentary (cont'd)

### ACCOUNTING POLICIES AND PRESENTATION

The abridged consolidated financial results of The Group are extracted from the Group financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in the manner required by the Insurance Industry Act, 2015 and the Companies Act of (CAP 42:01). These policies are consistent with those applied for the year ended 31 December 2018 except for the new accounting policies adopted by the Group on leases as necessitated by the new changes emanating from IFRS 16. The Group has recognised a right of use asset valued at P20.8 million and a corresponding lease liability of P 21.4 million in terms of IFRS 16 which relates to the offices occupied under operating lease arrangements.

### FINANCIAL OVERVIEW

#### Analysis of earnings

	Year to 31 Dec 2019 P'000	Year to 31 Dec 2018 P'000	% change
<b>Operating profit*</b>	376,277	375,152	0%
Investment income on shareholders' assets	35,341	8,341	324%
<b>Core Earnings</b>	411,618	383,493	7%
Profit on sale of a subsidiary	3,472	-	100%
Share of profit of associates and joint ventures net of tax	142,233	52,871	169%
Investment losses surpluses on shareholders assets	(23,684)	25,937	-191%
<b>Profit before tax</b>	533,639	462,301	15%
Tax	(98,919)	(95,694)	3%
<b>Profit after tax</b>	434,720	366,607	19%
Profit for the year from discontinued operations	2,191	4,069	-46%
<b>Profit attributable to equity holders</b>	436,720	370,676	18%
Minority shareholders' interest	3,553	(144)	-2567%
<b>Profit after minority</b>	440,464	370,532	19%

\*Operating profit is an internal adjusted number (thus not IFRS), that the Group uses as a business performance measure.

Operating profit for the Group is flat at P376 million as at December 2019 compared to prior year. Operating profit for the life business increased by 3% over the year despite the difficult economic conditions and intensified competition. The asset management business operating profit for the year was 14% down compared to prior year due to pressure on the fees earned. The general insurance business was positively impacted by lower claims leading to a decent growth over last year, however this business was sold during the year as the Group streamlined its activities. Share of profits of associates and joint ventures increased by 169% due to lower impairment charge compared to prior year. The associates companies also delivered better results this year compared to last year due to varying factors. Investment income which comprises mainly of dividend income increased by 324% compared to prior year as a result of dividends from both local equity and offshore equity funds.

### EMBEDDED VALUE

The Group's embedded value increased to P4.65 billion from the P4.42 billion reported as at 31 December 2018. The embedded value allows for P369 million dividend paid during the year.

### VALUE OF NEW LIFE BUSINESS

The value of new life business increased by 8% at P158 million compared to prior year. Value of new business increased during the year due to the increase in new business acquired especially on the group schemes.

### 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 (BIC) respectively
- BIHL also has associate holdings of 28.1% in Letshego Holdings Limited, 37% in Funeral Services Group (FSG) and 25.1% in Nico Holdings Limited (Malawi)

Inter-segment transactions that occurred during 2019 and 2018 between business segments took place on an arm's length basis in a manner similar to transactions with third parties. Segmental income, segment expenses and segment results include those transfers between business segments, which are eliminated on consolidation.

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

## ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

### Commentary (cont'd)

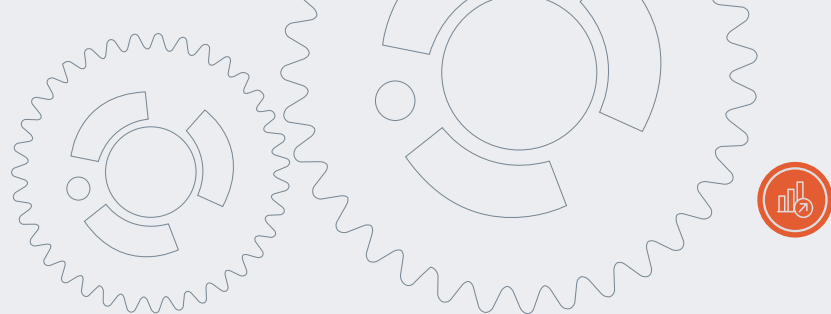
#### SEGMENT RESULTS

For the year ended 31 December 2019

CONTINUING OPERATIONS	Life Business P'000	Asset Management P'000	General Insurance P'000	Associates P'000	Other P'000	Inter Segmental P'000	Consolidated P'000
Premium revenue	2,597,852	-	-	-	-	-	2,597,852
Fee revenue							
- Internal	-	1,731	-	-	-	(1,731)	-
- External	-	120,836	-	-	(22,422)	-	98,414
Investment income	726,354	248,261	-	-	613,855	(619,276)	969,194
Interest income using EIR	8,381	-	-	-	2,784	-	11,165
Profit on sale of a subsidiary	-	-	3,472	-	-	-	3,472
Fair value gains and losses	(116,259)	159,128	-	-	180,243	(167,114)	55,998
<b>Total net income</b>	<b>3,216,328</b>	<b>529,956</b>	<b>3,472</b>	<b>-</b>	<b>774,460</b>	<b>(788,121)</b>	<b>3,736,095</b>
Policyholder benefits paid	(1,614,748)	-	-	-	-	-	(1,614,748)
Change in policyholder liabilities under insurance contracts	(586,125)	-	-	-	-	-	(586,125)
Change in liabilities under investment contracts	-	(421,258)	-	-	-	-	(421,258)
Administration expenses	(227,809)	(59,806)	-	-	(30,817)	1,731	(316,701)
Finance costs	-	-	-	-	(1,110)	-	(1,110)
Impairment losses	-	-	-	-	(3,974)	-	(3,974)
Selling expenses	(397,221)	-	-	-	-	-	(397,221)
<b>Profit before share of profit of associates and joint ventures</b>	<b>390,425</b>	<b>48,892</b>	<b>3,472</b>	<b>-</b>	<b>738,560</b>	<b>(786,390)</b>	<b>394,959</b>
Share of profit of associates and joint ventures	-	-	13,921	128,312	-	-	142,233
Tax expense	(94,074)	(18,746)	-	-	5,864	8,037	(98,919)
Profit for the year from continuing operations	296,351	30,146	17,393	128,312	744,424	(778,353)	438,273
Profit for the year from discontinued operation	-	-	2,191	-	-	-	2,191
<b>Profit for the year</b>	<b>296,351</b>	<b>30,146</b>	<b>19,584</b>	<b>128,312</b>	<b>744,424</b>	<b>(778,353)</b>	<b>440,464</b>

For the year ended 31 December 2018

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)
<b>Total net income</b>	<b>2,846,462</b>	<b>342,126</b>	<b>-</b>	<b>-</b>	<b>432,531</b>	<b>(447,030)</b>	<b>3,174,089</b>
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)
<b>Profit before share of profit of associates and joint ventures</b>	<b>369,178</b>	<b>93,318</b>	<b>-</b>	<b>-</b>	<b>393,203</b>	<b>(446,413)</b>	<b>409,286</b>
Share of profit of associates and joint ventures	-	-	9,432	43,439	-	-	52,871
Income 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
<b>Profit for the year</b>	<b>268,732</b>	<b>78,804</b>	<b>13,501</b>	<b>43,439</b>	<b>392,094</b>	<b>(426,038)</b>	<b>370,532</b>



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 2019.

## Commentary (cont'd)

### SEGMENT ASSETS AND LIABILITIES

	Life Business P'000	Asset Management P'000	General Insurance (Discontinued operations) P'000	Other P'000	Inter Segmental P'000	Consolidated P'000
At 31 December 2019						
Total Assets	12,928,868	535,773	-	6,612,714	(3,583,715)	16,493,640
Total Liabilities	10,899,230	46,099	-	6,038,071	(3,416,702)	13,566,698
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

### LIFE INSURANCE BUSINESS

Net Premium Income grew by 11% from P2.35 billion in 2018 to P2.60 billion in 2019. Total new business written grew by an impressive 18% underpinned by strong performance on group lines. Recurring premium income recorded a growth of 12% from P1.30 billion in December 2018 to P1.46 billion in 2019. This line represents 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, increased by 8% percent from the previous year on the back of impressive new business volumes from the group lines. The operating profit increased by 3% compared to December 2018. The growth is mainly a result of good new business volumes from the group lines and low new business strain for our retail products. Operating expenses increased above inflation as a result of the investment made on the 5-year strategy that was rolled out at the beginning of the year. Selling expenses increased in line with the increase in income from group lines.

During the year, management launched the soft elements of the 'Life and More' marketing campaign. This is a 2-year campaign that is intended to support the 5-year Se Sarona strategy with the purpose of brand positioning, client delight and elevating the advisory role as the narrative is scripted to demonstrate a problem and its solution which profiles Botswana Life products. The company also launched an extended family funeral cover called Masika Otlhe. The launch of this product demonstrates our agility and commitment to innovation and predicting customer needs.

The prospects for the economy remain mixed reflecting both international economic uncertainty as well as domestic challenges. Despite these challenges Management is focused on delivering sustainable growth and value to its stakeholders through various innovations.

### ASSET MANAGEMENT BUSINESS

BIFM Group's operating profit for 2019 was flat when compared to the 2018 performance. The main driver of the 2019 performance was the continued pressure on investment management fees hence lower margins, the margin squeeze calls for more stringent cost management and containment strategies. The Zambia business on the other hand remained resilient despite the challenging economic conditions particularly in the 2nd half of the year and posted an overall 5% year on year growth in operating profit. Total Assets Under Management for the year were P27.3billion, a 5% growth from the 2018 AUM. Included in this number is Zambia's P4.2billion and the remaining P23.1billion represents assets directly managed by BIFM. During the year Management rolled out a new 5 year strategy which saw some new funds being introduced to the market. This strategy is already bearing fruit with fresh mandates received for some of the new funds. Management is cognizant of the highly competitive environment and will continue to focus on managing expenses and delivering value to clients.

### 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.

### LOOKING AHEAD

We continue to focus on our strategies of strengthening the core and looking for opportunities to expand the offerings of the group. The focus on collaboration is beginning to yield results and management will continue to drive internal synergies as well as mutually beneficial partnerships with key clients.

We would like to thank all our Clients, Brokers, Agents, Staff and other Stakeholders for the on-going partnerships and support and look forward to serving them in the future.

## ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

### Commentary (cont'd)

#### DIVIDEND DECLARATION

The Directors have resolved to award a final dividend of 59 thebe per share (net of tax) and a special dividend of 11 thebe per share (net of tax).

The important dates pertaining to the dividends are:

Declaration date	4 March 2020
Ex-dividend date	10 April 2020
Last day to register for dividend	14 April 2020
Payment of dividend	24 April 2020

#### FOR AND ON BEHALF OF THE BOARD

B Dambe-Groth (Chairperson)  
10 March 2020

C Lesetedi (Group CEO)

#### Directors:

Batsho Dambe-Groth (Chairperson)  
Catherine Lesetedi (Group CEO)  
Kudakwashe Mukushi \*\*\*  
Kobas Vlok \*\*  
Andrew Cartwright\*\*  
Chandra Chauhan  
John Hinchliffe \*  
Mahube Mpugwa  
Andre Roux \*\*  
Lieutenant General Tebogo Masire

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Plot 50371 Fairgrounds Office Park  
PO Box 294, Gaborone

#### Auditors:

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

\*British \*\*South African \*\*\* Zimbabwean