Botswana Insurance Holdings Limited
Unaudited Group Results
for the six months ended 30 June 2012

Commentary on Group Results

The portrayed performance and strong balance sheet position at the end of the first half of 2012 is attributed to: i) consistent and conservative underwriting in the first half of 2012; ii) continued focus on improving the investment yield and risk profile through prudent asset allocation; iii) successful implementation of the new IT infrastructure; iv) strong internal controls and governance practices; v) successful execution of the year's strategic initiatives; and vi) good management of the operation. The business's prudent approach to investments ensured stable investment returns, which offset the lower operating profit. The business remained well capitalised and its solvency ratio was 115.2% at the end of the period, which is above the industry average.

Overview of operations

The business performance consistent with the prior year performance. Revenue was slightly lower due to lower premiums earned, offset by growth in investment income and gains on financial assets held at fair value.

PULP mill will be launched in the second half of 2012. The roll-out of this project is expected to contribute positively to the Group's performance in the second half of the year. The business's strong capital position and prudent approach to investments will continue to support the business in the uncertain economic environment.

In the midst of turbulent times in the global financial environment, the business maintained stability in its core operations. The business executed its key initiatives aimed at enhancing performance and maintaining shareholder value.

Legal Guard remains a key component of the business. Its performance during the first half of 2012 remained solid. The new Funeral Services Group. These products have been well received by our distribution partners and we are optimistic that this will enhance our performance in the last part of the year.

The BIFM private equity fund will also be officially launched before the end of 2012. We strive to offer clients alternative products to the PULP market and will continue to focus on improving our investment yield and risk profile through prudent asset allocation.

Value of in-force adjustments were based on recent experience adjusted for anticipated future trends.

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A cautionary note in the presentation

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The Group undertakes to conduct business in accordance with the principles of fair and equitable treatment of all clients, and to comply with all legal, regulatory and ethical requirements. The Group is committed to maintaining the highest standards of conduct and ethics.

Capital management and strategy

The Group's capital adequacy was assessed by the National Insurance and Security Commission (NISC). The Group's capital adequacy ratio (CAR) was in excess of 100% for the six months ended 30 June 2012. The Group's CAR is above the minimum regulatory capital requirements and is adequate to support the Group's business activities.

Lending strategy

The Group's lending strategy is to provide loans to customers on a prudent basis. The Group's lending policy is based on its assessment of the creditworthiness of the borrower and the security provided. The Group's lending policy is in accordance with the requirements of the National Insurance and Security Commission (NISC).

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