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6 OCTOBER 2022

NAMFISA 2022 ANNUAL REPORT REFLECTS THAT THE NON-BANK FINANCIAL INSTITUTIONS SECTOR REMAIN FINANCIALLY SOUND AND STABLE

The Namibia Financial Institutions Supervisory Authority (NAMFISA) launched its annual report for the financial year that ended 31 March 2022 with the media in Windhoek.

Presenting to the Media, the NAMFISA Chief Executive Officer, Mr. Kenneth Matomola said that despite strong headwinds during the review period, mainly due to the COVID-19 pandemic, the Authority continued to deliver on its mandate. NAMFISA focused on ensuring that the non-bank financial institutions (NBFIs) sector remains financially sound and stable. This is shown by the funding/solvency position that remained above prudential requirements.

During the review period, the Authority achieved legislative milestones, as the NAMFISA and FIM Acts were passed in Parliament and assented by the President. It is expected that this legislative overhaul will address key objectives of the Authority. This includes correction of market inefficiencies to promote efficient and orderly markets in financial services, protect the consumers of financial services, maintain confidence in the financial system, monitor and address systemic risks, deter financial crime. NAMFISA is currently in preparation for the implementation of the Acts.

Other achievements of the Authority include the conclusion of the 5-year strategy from April 2017 to March 2022 during the review period. Key highlights include the finalization of the Risk-based Supervision Framework, which will serve as the key supervisory tool in the next strategy period; conclusion of the Market Conduct Supervision framework; and improvements in the regulatory and supervisory processes and systems amongst, others. The Authority achieved 74 percent of its strategy, compared to an initial target of 60 percent at the beginning of the strategy period. The 26 percent not achieved is mainly due to delays in the promulgation of the bills and projects due to circumstances not anticipated at the beginning of the strategy period.

The CEO went on to say that NAMFISA continued to maintain a sound financial position during the review period, despite challenges such as the COVID-19 pandemic that adversely affected the financial performance of supervised entities. During the review period, levy income amounted to N\$228.7 million. This represents an increase of N\$18.3 million (8.7 percent) on an annual basis. Other comprehensive losses amounted to N\$0.4 million. Therefore, the Group's (NAMFISA and subsidiary Metropol (Pty) Ltd) total income for the year amounted to N\$238.2 million as at 31 March 2022.

The Group incurred a total expenditure of N\$249.8 million during the review period. This constitutes a N\$31.2 million (14.3 percent) increase, compared with the prior financial year's total expenditure. Contributors to this increase include staff recruitment in preparation for the new legislative framework, and an increase in training and development expenditure, compared with the previous financial year. In this regard, the total comprehensive deficit for the year amounted to N\$12.0 million, compared with an expected budgeted deficit of N\$27.1 million.

Reflecting on the overall financial performance during the five-year strategic period, 2017-2022, Matomola noted that the Group achieved a total comprehensive surplus of N\$49.1 million during that period.

Speaking specifically to the NBFIs sector, Matomola noted that the sector weathered the challenging economic conditions, worsened by the COVID-19 epidemic, thus the sector remained financially stable and continued to increase its assets. At the end of December 2021, the asset base of the sector grew by 13.9 percent to N\$370.6 billion.

Growth was mainly driven by Pension fund and Long-term insurance assets, which increased year on year, and these gains were due to increases in investment income from financial markets primarily equity investments.

In conclusion, the CEO noted that the Authority effectively delivered on its strategic objectives, above target, as it ended its five-year strategic plan for the period 2017-2022. Specifically, the effective organisational alignment of crucial systems, processes, and structures in order to get ready for the continuous implementation of risk-based supervision under the new NAMFISA and FIM Acts.

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Editor's note:

About NAMFISA

The Namibia Financial Institutions Supervisory Authority (NAMFISA) exists to supervise financial institutions and financial services, and to advise the Minister of Finance on matters relating to financial institutions and financial services in terms of the NAMFISA Act, 2001 (No. 3 of 2001).

NAMFISA is further responsible for supervising and enforcing compliance with the Financial Intelligence Act, 2012 with respect of all accountable and reporting institutions supervised by NAMFISA in terms of the NAMFISA Act.

This relates *inter alia* to the business of Long and Short-Term Insurance; Asset Management; Unit Trusts (Collective Investment Schemes); Pension Funds; Medical Aid Funds; Public Accountants and Auditors; Exchanges; Stockbrokers; Insurance Brokers and Agents; Friendly Societies; Money lenders; and Microlenders.