NAMFISA

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY

ANNUAL REPORT 2023

The Namibia Financial Institutions Supervisory Authority (NAMFISA) exists to regulate and supervise the business of 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 Namibia Financial Institutions Supervisory Authority Act, 2001 (No. 3 of 2001; hereinafter, the NAMFISA Act).

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LIST OF ABBREVIATIONS

AI	Accountable Institution
AML	Anti-Money Laundering
AML/CFT/CPF	Anti-Money Laundering, Combating the Financing of Terrorism, and Combating Proliferation Financing
CAR	Capital Adequacy Requirement
CEO	Chief Executive Officer
CFT	Combating the Financing of Terrorism
CMA	Common Monetary Area
COVID-19	Coronavirus Disease 2019
CPF	Combating Proliferation Financing
CSD	Central Securities Depository
CSR	Corporate Social Responsibility
CSRI	Corporate Social Responsibility and Investment
ERP	Enterprise Resource Planning
ERS	Electronic Regulatory System
FIA	Financial Intelligence Act, 2012 (No.13 of 2012)
FIC	Financial Intelligence Centre
FINTECH	Financial Technology
FIM Bill	Financial Institutions and Markets Bill
FIMA	Financial Institutions and Markets Act
FSA Bill	Financial Services Adjudicator Bill
GDP	Gross Domestic Product
IAIS	International Association of Insurance Supervisors
ICT	Information and Communications Technology
IMF	International Monetary Fund
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organization of Securities Commissions
MER	Mutual Evaluation Report
ML/TF/PF	Money Laundering, Terrorism Financing, and Proliferation Financing
NamCode	Corporate Governance Code for Namibia
NAMFISA	Namibia Financial Institutions Supervisory Authority
NBFI	Non-Bank Financial Institution
NCPI	Namibia Consumer Price Index
NSX	Namibian Stock Exchange
OCoA	One Chart of Accounts
PACOTPAA	Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (No. 4 of 2014)
Q4	Fourth Quarter
RBS	Risk-Based Supervision
RI	Reporting Institution
SADC	Southern African Development Community
SPV	Special Purpose Vehicle
UIM	Unlisted Investment Managers
WEO	World Economic Outlook

01 ABOUT US

This chapter presents a synopsis of the value of assets and number of entities regulated by NAMFISA. It conveys our organisational charter, which comprises our core functions, mission, vision, values, leadership creed, and strategic themes. Furthermore, it contains the foreword by the Board Chairperson and review by the Chief Executive Officer.

2022 AT A GLANCE

N$366.2 billion

Value of the total assets of the non-bank financial institutions regulated by NAMFISA.

12,891 regulated entities

NAMFISA regulates 649 financial institutions and 12,242 financial intermediaries.

682 (93.4 percent)

Total consumer complaints resolved out of 730 complaints received.

N$5.6 million

Total amount paid out to 149 complainants in 2022.

OUR FUNCTIONS

CORE FUNCTION 1

Supervision
To regulate and supervise the business of financial institutions and financial services.

CORE FUNCTION 2

Advice
To advise the Minister of Finance and Public Enterprises on matters relating to financial institutions and financial services.

AUXILIARY FUNCTION

Auxiliary Function: Anti-money Laundering / Combating the Financing of Terrorism / Combating Proliferation Financing (AML/CFT/CPF) Supervision

To supervise, monitor and enforce compliance with the Financial Intelligence Act, 2012 (No. 13 of 2012) in respect of all accountable and reporting institutions supervised by NAMFISA in terms of the NAMFISA Act.

CORPORATE CHARTER

OUR MISSION

The Authority's mission is to regulate and supervise financial institutions and financial intermediaries to foster a stable and fair non-banking financial sector, promote consumer protection, and provide sound advice to the Minister of Finance and Public Enterprises.

OUR VISION

To have a safe, stable and fair financial system contributing to the economic development of Namibia in which consumers are protected.

OUR VALUES

NAMFISA's values demonstrate the desire and aspiration of the entire workforce to work together as one team, to commit to rendering the required services, to act professionally, and to not accept sub-standard delivery of services.

We are committed to teamwork

- We have a shared urgency to achieve our vision
- We support, respect and care for each other and are collectively responsible for our actions
- We recognise that success depends on a skilled, diverse and coordinated team committed to the highest standards of trust, hard work, cooperation and communication

We are passionate about service

- We commit to operational, regulatory and supervisory excellence
- We provide quality service on time
- We are courteous, professional and respectful

We act with integrity

- We act with honesty, fairness and transparency
- We treat information confidentially
- We act independently and consistently

We are accountable

- We are accountable to our customers and stakeholders
- We are prudent in the management of our resources
- We take accountability for our decisions

We are agile

- We commit to being adaptable to our changing environment
- We commit to embracing change while maintaining regulatory certainty
- We commit to creating innovative solutions

OUR LEADERSHIP CREED

We are committed

- We take ownership of our mandate
- We have a sense of urgency to execute our strategy
- We are mutually accountable for embedding our vision and values

We are united

- We have a shared vision of being a respected regulator of financial institutions
- We stand together
- We support team decisions

We are exemplary

- We set the leadership benchmark
- We are approachable and fair
- We encourage innovation and creativity

We are decisive and firm

- We are consistent in our decisions
- We make timeous decisions
- We execute decisions firmly

We are passionate and inspired

- We are driven to achieve our vision
- We defend what we stand for
- We celebrate our achievements

We care

- We care about the well-being of our employees
- We care about the protection of financial services consumers
- We care about the safety and soundness of the financial services sector

STRATEGIC THEMES

Operational efficiency	Stakeholder engagement	Innovation
Improved service delivery through efficient and qualitative processes, structure and system alignment, and building a culture and human capacity to deliver on our mandate.	Regular and qualitative advocacy with customers and stakeholders to influence and improve the changes in the sector and deliver qualitative supervisory and advisory services.	Adopt technology to support automation, and include new technologies in the sectors to promote efficiency in our service delivery and sustainable delivery on our mandate.

NUMBER OF ENTITIES AND VALUE OF ASSETS

NAMFISA regulates a sector that is significant by any measure in that it comprises several different financial institutions and intermediaries.[1] The number of entities regulated by the Authority as at 31 December 2022 is reflected in Table 1.

Table 1: Number of regulated entities as at 31 December 2022

Regulated financial institution or intermediary, by subsector	Number of entities per subsector, 31 December 2021	Number of entities per subsector, 31 December 2022
Total active pension funds	83	85
Active medical aid funds	8	8
Active friendly societies	1	1
Long-term insurance companies (intermediaries)	14 (8,634)	14 (9,781)
Short-term insurance companies (intermediaries)	14 (2,210)	14 (2,461)
Special purpose vehicles	21	20
Unit trust management companies	19	19
Investment managers	31	31
Unlisted investment managers	29	30
Microlenders	360	417
Reinsurers for long- and short-term insurance	1	1
Stock exchanges	1	1
Linked investment services providers	4	4
Stockbrokers, including sponsors	4	4
Total (intermediaries)	**590 (10,844)**	**649 (12,242)**

The Non-bank Financial Institutions (NBFIs) sector remained resilient in 2022. However, the NBFI assets contracted by 1.2 percent to N$366.2 billion, coinciding with negative financial market performances during the first three quarters of 2022.

[1] Section 36 of the NAMFISA Act states the following: "This Act does not affect the operation of any bank registered in terms of the Banking Institutions Act, 1998 (No. 2 of 1998), or the Building Societies Act, 1986 (No. 2 of 1986), in respect of any bank or building society business carried on by that bank or building society in accordance with the provisions of those Acts."

Table 2: Total assets per industry sector, 2017-2022 (N$ million)

Total assets per industry sector	2017	2018	2019	2020	2021	2022
Long-term insurance	53,934	56,640	60,165	61,681	66,672	68,757
Short-term insurance	6,233	6,540	6,830	6,487	7,188	7,200
Medical aid funds	1,770	1,925	2,028	2,359	2,287	2,004
Pension funds	152,885	158,574	169,238***	180,522***	212,932	205,817
Collective investment schemes*	48,671***	52,252***	56,703***	59,390***	61,622	60,974
Investment managers**	8,225	7,795	7,669	8,775	12,584	14,654
Friendly societies	1.36	1.57	1.73	1.94***	2.04	2.25
Microlenders	5,460	6,447	7,480	6,055	7,316	6,743
Total	**277,179*** **	**290,175*** **	**310,115*** **	**325,271*** **	**370,603**	**366,151**

* To avoid double counting, the collective investment scheme assets under management were adjusted by the sum of funds sourced from the following sectors: Pension funds, Long-term insurance, Short-term insurance and Medical aid funds.
** Similar adjustments were affected on funds sourced from the following sectors: Pension funds, Long-term insurance, Short-term insurance, Medical aid funds and Unit trusts.
*** These figures have been restated from the 2021 Annual Report due to the reclassification of data.

The sector is expected to remain solvent in the short-to-medium term, where its net assets are expected to robustly absorb adverse asset-side shocks. Risks inherent to NBFIs include inflation and its impact on the affordability of NBFI services, particularly medical aid funds (MAFs); long-term insurance (LTI) and short-term insurance (STI); and market risk and its impact on the assets.

FOREWORD BY THE BOARD CHAIRPERSON

Hettie Garbers-Kirsten
Board Chairperson

Hettie Garbers-Kirsten
Board Chairperson

The Namibia Financial Institutions Supervisory Authority (NAMFISA) made exceptional progress during the review period by managing risks and challenges and delivering on its mandate. The review period witnessed the first year of NAMFISA's five-year strategy for the period 2022-2027.

This Annual Report presents the achievements attained in terms of the financial and non-financial performance of NAMFISA for the period under review.

A total of 11 key strategic objectives were set by the Board and approved by the Minister of Finance and Public Enterprises. These initiatives are earmarked to be achieved and completed by the end of the current five-year strategy (2022-2027). For the first year of the strategy, which also constitutes the reporting year for this report, the Authority prioritised the following five (5) of the 11 strategic objectives:

1. Improve usage of technology and capabilities
2. Improve data management
3. Improve access to NAMFISA
4. Improve service delivery
5. Improve financial sustainability

The Authority committed to prioritising its resources towards the above-mentioned objectives due to the extensive work required for the implementation of the new Acts (the NAMFISA and FIM Acts) and the Risk-based Supervision Framework.

The key themes for the execution of the strategy should ensure that the Authority provides a stable, consumer-protected non-banking financial sector that contributes to the growth of the sector and the Namibian economy.

The Board remains committed to maintaining a high standard of corporate governance and to valuing the NAMCODE and King Report. Furthermore, the Board strives to benchmark best practices in corporate governance, hence the effective execution of its mandate.

The Authority continued to evolve the regulatory reform process through the Financial Institutions and Markets Act, 2021 (No. 2 of 2021) (FIMA) and the new NAMFISA Act, 2021 (No. 2 of 2021), which will come into operation on a date to be determined by the Minister of Finance and Public Enterprises. Both Acts come with initiatives that protect the interests of consumers of financial services. In addition, they empower NAMFISA to raise public awareness about financial services, to hold regulated entities and key individuals accountable and to regulate their behaviour, and they expect financial institutions and financial intermediaries to uphold the highest standards of business conduct.

Stakeholder engagement remains important to NAMFISA; therefore, I encourage the public to look at the FIMA holistically and to appreciate the many benefits it can bring. I also encourage the public and organised bodies to review and provide their comments on the subordinate legislation. This will allow NAMFISA to consider and integrate their comments towards a collaborative subordinate legislation.

I would like to extend my appreciation to Honourable Iipumbu Shiimi, the Minister of Finance and Public Enterprises, and his team for their constant and valuable support, enabling the Board to strategically direct the affairs of the Authority. I would also like to thank the financial services sector, particularly entities that are regulated by NAMFISA, for their collaborative working approach as we ensure financial stability in the non-bank financial institutions sector.

To my fellow Board members, your leadership, wisdom and continuous advice makes my duty as Chairperson easy, ensuring persistent, effective and world-class governance of the Authority.

Finally, to the leadership and staff of the Authority, your commitment to executing your mandate by ensuring consumers are protected and in line with the corporate values of teamwork, accountability, service excellence, integrity and agility is commendable. I am particularly

FOREWORD BY THE BOARD CHAIRPERSON

proud of the fact that the Authority was awarded the 'most ethical institution in Namibia' award by PMR Africa. This achievement receives my applause. Thank you to all colleagues who have remained committed to serving our nation.

Hettie Garbers-Kirsten
Board Chairperson

REVIEW BY THE CHIEF EXECUTIVE OFFICER

Mr Kenneth S. Matomola
Chief Executive Officer

Mr Kenneth S. Matomola
Chief Executive Officer

During the period under review, the non-bank financial sector remained robust. The NBFI assets contracted by 1.2 percent to N$366.2 billion during the 2022 year, due largely to the poor market performance of equity markets in Namibia and abroad. Regardless, the non-bank sector remained solvent and is expected to continue as such in the short-to-medium term. The stability of the sector is attributed to the collaborative, effective and prudent execution of the NAMFISA mandate by all staff.

Project New Dawn is one of the Authority's legislative implementation projects, under which the new NAMFISA Act and FIMA, as well as the Risk-based Supervision Framework, are being implemented. The activities that constitute the encouraging execution of Project New Dawn's phase 2 are covered in the Divisional Activities chapter in this report.

The implementation of the new NAMFISA Act and FIMA is in the best interest of the public, given their requirements to ensure consumer protection and stability of the non-bank financial sector. These key elements are absent in the outdated laws that the new NAMFISA Act and FIMA will replace.

The FIMA does not govern only the pension fund industry; instead, it comprises different chapters that regulate and supervise the non-bank industry. The FIMA will reform the legislation by consolidating and harmonising the laws that regulate non-banking financial institutions. In this regard, consumers of financial products and services as well as industry shall benefit as the FIMA will:

- provide a strong consumer protection framework;
- allow NAMFISA to enforce the fair treatment of consumers;
- promote financial inclusion; and
- encourage innovation, entrepreneurship and financial stability.

The implementation date for the new NAMFISA Act and FIMA (the Acts) has been delayed, allowing for broader consultation in respect of the draft Regulation on Preservation of Retirement Benefits, as well as amendments to the Acts through the removal of reference to the Financial Adjudicator Act, which was not passed by Parliament in 2021. The Financial Adjudicator Bill is being held in abeyance by the Minister of Finance and Public Enterprises.

During the period under review, NAMFISA celebrated its 21st year of existence. In celebration of this journey, the Authority hosted several engagement sessions with different stakeholders, ranging from a gala dinner to a family sports and fun day, which are further detailed in the operational updates in this report.

NAMFISA hosted its maiden Legislative and Supervisory Reform Conference. Discussion during the conference included the regulatory and supervisory transformation, which is taking place in the financial services sector in preparation for the imminent promulgation of the new NAMFISA Act and FIMA. The two-day conference was open to the public and the entire proceedings were streamed live on NAMFISA's social media platforms. Physical attendees included political office bearers, the Board, senior executives, principal officers, captains of industry from the non-banking financial services industry, and other key stakeholders. International speakers from Toronto Centre, the World Bank, Global Advisory Alliance, South Africa, Kenya, Ghana and Canada graced the conference by sharing their country experiences on topics such as risk-based supervision as a supervisory framework, the context of corporate governance vis-à-vis the Twin Peaks experience, the supervision of market infrastructures, the context of social security protection in Namibia, and anchoring relationships by South African insurance experience.

Furthermore, the Authority introduced the risk-based supervision (RBS) methodology to the industry. RBS is a structured supervisory framework that the Authority uses to assess the institutional risk profile of a regulated entity, with supervisory emphasis on focusing on what matters: assessing the degree of risk in business operations to determine the allocation of supervisory resources commensurate with the level of risk.

Looking ahead, the Authority will implement the Risk-based Supervision Framework during the 2023/24 financial year, which will assist the Authority with the allocation of its limited resources in areas that hold the most risk.

On the innovation front, FinTech will be a buzzword for the rest of our five-year strategy period. During May 2023, the Authority will launch the NAMFISA Regulatory Sandbox, which will serve as a platform for new innovators to test their innovative financial technology in a live environment with actual clients. In this regard, NAMFISA is committed to creating an enabling regulatory environment that encourages innovations within the NBFI sector.

During the reporting period, the Authority continued to spearhead the drafting of the Consumer Credit Bill (CCB) to enhance the regulatory and supervisory oversight of all consumer credit transactions in Namibia. The Authority is collaborating with the Bank of Namibia (BoN), the Ministry of Finance and Public Enterprises, the Ministry of Industrialisation and Trade, and the Deutsche Gesellschaft für Internationale Zusammenarbeit in developing the consumer credit legislation. The project team has thus far developed and formulated a CCB Policy Paper, which supported the drafting of the CCB. In January 2023, the Minister of Finance and Public Enterprises accorded approval for the commencement of public consultations regarding the CCB. Consultations are underway, and the project team will be embarking on a countrywide roadshow to solicit input to the CCB.

Allow me to take this opportunity to thank the Minister of Finance and Public Enterprises and our Board for their guidance in ensuring that we execute our mandate. To our regulated entities and the financial sector at large, thank you for your continued engagements during the period under review. Your feedback, advice and input have enabled us to effectively live up to the mission and vision of NAMFISA.

A final word of appreciation goes to the leadership and dedicated staff of NAMFISA, whose professionalism, loyalty and commitment to the Authority is unmatched. I say thank you very much to each NAMFISIAN for all your hard work.

Kenneth S. Matomola
Chief Executive Officer

02

CORPORATE GOVERNANCE

This chapter outlines the corporate governance activities for the review period. In this regard, it details the Board's fiduciary duties in pursuit of NAMFISA's mandate and objectives and elaborates on the principles of good corporate governance required by the NAMFISA Act and internationally accepted best practice.

THE BOARD

Adv. Hettie Garbers-Kirsten
Board Chairperson

Amb. Steve Katjiuanjo
Deputy Board Chairperson

Ms Nelao Shilongo
Chairperson:
Legal and Supervisory Committee

Mr Jauque Jansen
Chairperson:
Audit and Risk Committee

Ms Selma Ambunda
Chairperson:
Human Resources Committee

Members of the Board 2022/23: Profiles

Table 3: Board member profiles

Adv. Hettie Garbers-Kirsten

- Board Chairperson
- Member, Legal and Supervisory Committee
- Reappointed 2021; first appointment 2017
- LLB
- BLC
- Member, Law Society of Namibia
- Member, Society of Advocates of Namibia

Ms Garbers-Kirsten has extensive experience in various fields of the legal profession. She is currently a practising advocate.

External directorships and interests

- Member, Merensky Court Properties CC
- Member, Wilmar Properties No. 9 CC
- Trustee, Piet Botha Family Trust
- Member, Social Work and Psychology Council of Namibia

Amb. Steve Katjiuanjo

- Deputy Board Chairperson
- Member, Human Resources Committee, Audit and Risk Committee
- Appointed 2021
- Master of Arts 2005 (MA)
- Bachelor of Social Science (Hons)
- Bachelor of Arts (BA)

Amb. Katjiuanjo is a seasoned Ambassador who represented the country in various postings. He is experienced in various fields, including Finance, Industrial Sociology, Public Policy and Administration, and Labour matters. He has served as a Director at various public and private companies for over 25 years. He is currently an active farmer.

External directorships and interests

- Chairman and CEO of Tuauana Farming in the Omaheke and Otjozondjupa Regions

Mr Jauque Jansen

- Chairperson, Audit and Risk Committee
- Reappointed 2021; first appointment 2017
- Chartered Accountant
- BCompt (Hons) Accounting
- PG Diploma Future Studies

Mr Jansen has extensive experience in managing finances in a large corporate environment. He is currently employed as the Senior Finance Manager at the Namdeb Diamond Corporation (Pty) Ltd.

External directorships and interests

- Namdeb Hospital Pharmacy (Pty) Ltd
- OMDis Town Transform Agency
- Debmarine - Namdeb Foundation

Members of the Board 2022/23: Profiles

Table 3: Board member profiles

Ms Selma Ambunda

- Chairperson, Human Resources Committee
- Appointed 2021
- MA Business Administration
- MA Human Resources Development
- BA Human Resources Development
- Diploma Human Resources Management

Ms Ambunda is a human resources specialist.
She is currently employed as a Human Capital Executive at the Namibia Power Corporation (Pty) Ltd.

External directorships and interests

- Board Member, New Era Publication Corporation

Ms Nelao Shilongo

- Chairperson, Legal and Supervisory Committee
- Appointed 2021
- BJuris
- LLB
- Member of the Law Society of Namibia
- Notary Public

Ms Shilongo has extensive experience in various areas of the legal field. She is a Director at Sisa Namandje & Co. Incorporated. She litigates in the Magistrate Court, High Court, Labour Court and Supreme Court of Namibia.

External directorships and interests

- Director, Sisa Namandje & Co. Incorporated
- Member, Sisa Namandje & Co. Properties CC

- **Mr Namene Kalili (resigned 15 July 2022)**
- Member, Audit and Risk Committee, Legal and Supervisory Committee
- Appointed 2021
- MBA (USB and Mancosa)
- Econometrics (UP)
- B Economics (UNAM)
- Diploma International Trade (ITM)

Mr Kalili has extensive business development expertise and is a management innovator. He is currently employed at the Road Fund Administration, where he is responsible for planning and strategy implementation.

External directorships and interests

- Board Member, 20Twenty
- Board Member, Dorros Investment 87 Pty (Ltd)

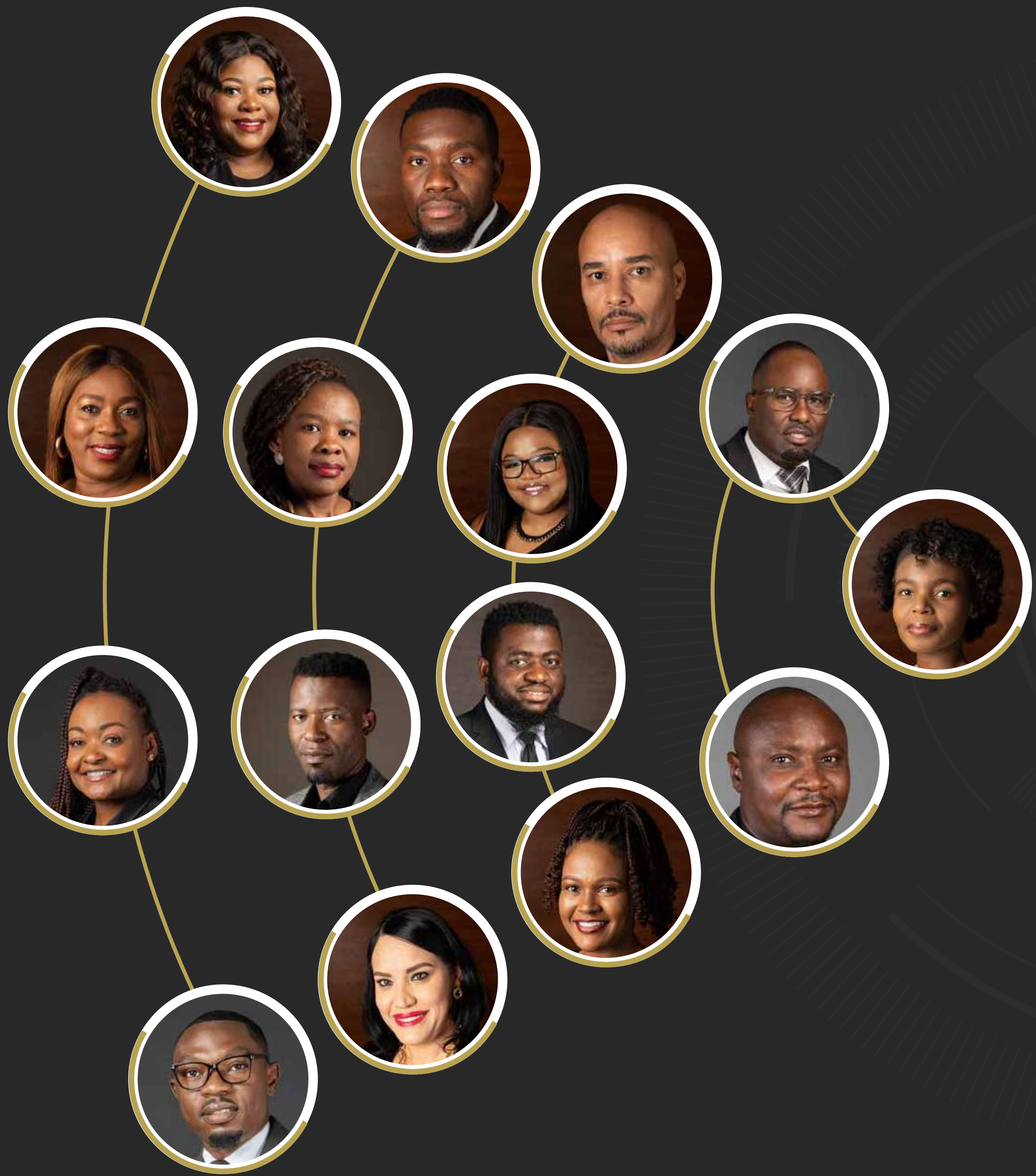
CHIEF EXECUTIVE OFFICER AND DEPUTY CEOs

Mr Kenneth S. Matomola
Chief Executive Officer

Ms Erna Motinga
Deputy Chief Executive Officer: Prudential Supervision

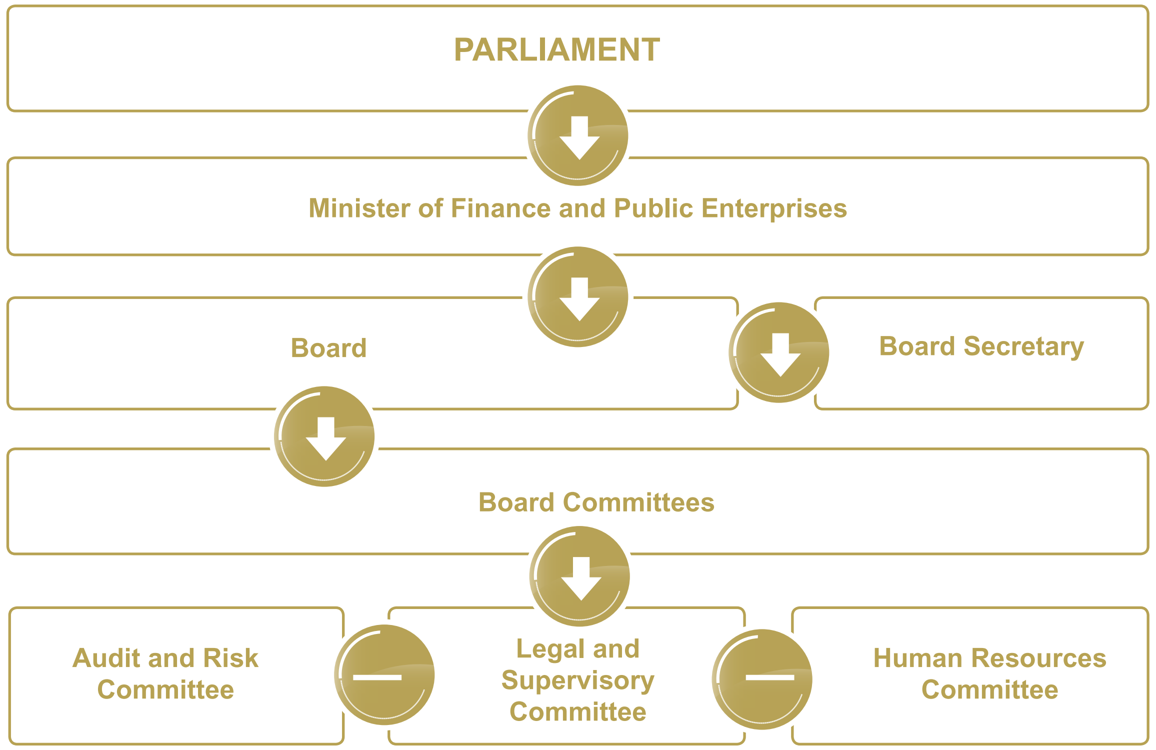
Mr Johannes Smit
Deputy Chief Executive Officer: Market Conduct and Operations

OFFICE OF THE CEO



The Board is established in terms of section 10 of the NAMFISA Act and provides strategic direction of and control over the Authority's affairs (Table 3). The Board is also the custodian of corporate governance for the Authority's affairs. It has established committees and has agreed with the CEO on an appropriate level of delegation of authority, while reserving certain duties for itself. The delegation of authority also sets out several material factors for the matters decided by the various governance forums within the Authority (Figure 1).

Figure 1: Board governance structure



Composition

The Minister of Finance and Public Enterprises appoints Board members in terms of the NAMFISA Act and the Public Enterprises Governance Act for a three-year term. The current Board members' appointments were effective on 1 September 2021 for a period of three years. The Board members remain independent from the Authority's operations and from the industry it regulates. The balance of skill and experience of the current Board is appropriate for the execution of the Authority's mandate.

The Board exercises its oversight function through the following three principal committees:

- Audit and Risk
- Human Resources
- Legal and Supervisory

The CEO attends Board meetings but has no voting rights. Board members have access to the advice and services of a Board Secretary. The Board Secretary is responsible for advising the Board on governance and for guiding the Board in its duties as set out in the NAMFISA Act and other relevant legislation and best practice, including the Corporate Governance Code for Namibia (NamCode).[2]

[2] The NamCode is based on King III (the King Code of Governance Principles and the King Report on Governance) and provides guidance to all Namibian corporate entities on various governance-related aspects. The NamCode confirms the role of the Board as the focal point for corporate governance.

Ethical and value-based leadership

The Board provides leadership to the Authority that is premised on the ethical foundation as set out in the Code of Ethics and embedded in the following values rolled out throughout the organisation during the period under review: **teamwork, integrity, service excellence, accountability, and agility.**

The Board continued to implement its Ethics Programme throughout the Authority in the financial year under review. The programme consists of training courses, declarations of interest and a whistleblower hotline. The purpose of the hotline is to reinforce NAMFISA's ethical culture, and to provide assurance to all employees, contractors and other stakeholders related to NAMFISA of their protection from any penal action or victimisation arising from any legitimate concerns that are reported through any of the reporting channels provided by NAMFISA. The executive leadership is also required to adhere to the Code of Ethics as well as the Leadership Creed. The ethics theme for the reporting year was *Counterproductive work behaviours*.

Table 4: Strategic themes for the 2022/23 financial year

Operational efficiency	Stakeholder engagement	Innovation
Improved service delivery through efficient and qualitative processes, structure and system alignment, and building a culture and human capacity to deliver on our mandate.	Regular and qualitative advocacy with customers and stakeholders to influence and improve the changes in the sector and deliver qualitative supervisory and advisory services.	Adopt technology to support automation, and include new technologies in the sectors to promote efficiency in our service delivery and sustainable delivery on our mandate.

The Board also ensures that the Authority achieves its strategic themes. In this regard, the highlights for the 2022/23 financial year are as follows:

- The 2022/23 Business Plan, approved by the Minister of Finance and Public Enterprises, was successfully implemented.
- The Business Continuity and Disaster Recovery Plan was implemented to deal with the effects of the COVID-19 pandemic.
- The Risk Appetite Statements and the Risk Register were successfully implemented.
- The new Risk Appetite Statement and the new Risk Register, aligned to the five-year strategy, were approved.
- The annual financial statements received an unqualified audit opinion.
- Various standards and regulations under FIMA were reviewed and approved.
- Key human resources policies were approved.
- Key finance and administration policies were approved.
- The delegation of authority relating to the Financial Institutions and Markets Act, 2021 (No. 2 of 2021) and the new Namibia Financial Institutions Supervisory Authority Act, 2021 (No. 3 of 2021) was reviewed and approved.
- Recruitment of a Chief Executive Officer was completed.
- The Authority's succession planning was implemented.
- The Combined Assurance Framework was implemented.
- Relevant Committee Charters were reviewed and approved.
- The Governance Agreement with the Minister of Finance and Public Enterprises was signed.

Delegation of Authority

The Board has an approved Delegation of Authority Framework but reserves specific powers for itself. These powers include:

- authority to approve the NAMFISA budget and strategy;
- employment of the CEO and termination of his/her contract;
- remuneration of the CEO in consultation with the Minister of Finance and Public Enterprises;
- institution of disciplinary procedures against the CEO;
- amendment of NAMFISA's organisational structure, including the creation of new positions;
- approval of the annual report and annual financial statements; and
- approval of policies.

Certain matters are delegated to the three Board Committees. The scope of the mandate of each committee is set out in its Charter. The Chairperson of the Board is not only responsible for setting the ethical tone for the Board and the Authority, but also for providing overall leadership, overseeing the development of the Board Plan, and presiding over Board meetings.

The CEO is responsible for directing and leading the Authority's operations. The CEO's duties include ensuring operational efficiency, strategic planning, the execution of agreed strategic initiatives, and the implementation of Board-approved policies and resolutions.

Training and development

Board members are presented with opportunities to gain new skills and/or enhance their existing skills with continuous education, training and development on matters relevant to the Authority. During the 2022/23 financial year, Board members undertook a risk-based supervision training course to enhance their skills and understanding of the Risk-based Supervision Framework and the shift in new regulatory dynamics.

Meetings

Board meetings are held at least quarterly and special meetings are convened as the need arises. There were four (4) ordinary Board meetings and two (2) special Board meetings during the reporting period (Table 5). The special Board meetings were held to discuss and approve the standards and regulations under FIMA, and the appointment of the CEO.

The NAMFISA Act requires the CEO to attend Board meetings. The Deputy CEO for Prudential Supervision, the Deputy CEO for Market Conduct and Operations, the General Manager of Finance and Administration and other Executive Committee members attend Board meetings at the invitation of the CEO.

Table 5: **Membership and attendance of Board and Board Committee meetings**

Member	NAMFISA Board (7 meetings)	Audit and Risk Committee (4 meetings)	Human Resources Committee (4 meetings)	Legal and Supervisory Committee (4 meetings)
Ms H. Garbers-Kirsten	6/7 (Chairperson)	n/a	n/a	4/4
Amb. S. Katjiuanjo	7/7	4/4	4/4	n/a
Ms S. Ambunda	6/7	n/a	4/4 (Chairperson)	n/a
Mr J. Jansen	6/7	4/4 (Chairperson)	n/a	n/a
Ms N. Shilongo-Alex-ander	7/7	n/a	n/a	4/4 (Chairperson)
Mr N. Kalili	2/7	1/4	n/a	1/4

Board Committees

Audit and Risk Committee

Committee Charter

The Audit and Risk Committee continued to implement the Board-approved revised Charter during the reporting period. Furthermore, the Committee reviewed the Charter to ensure its alignment with the new NAMFISA Act and FIMA.

Membership and attendance of Board Committee meetings

The Audit and Risk Committee consisted of Mr J. Jansen (Chairperson), Mr N. Kalili (1 April 2022 to 15 July 2022) and Amb. S. Katjiuanjo for the 2022/23 financial year. Members of Management, external auditors and internal auditors attend committee meetings by invitation. The terms of office of these committee members coincide with their terms of office as Board members.

As required, the Committee held four quarterly meetings during the financial year to deliberate on the matters delegated to them. Table 5 details attendance of the Committee's meetings

Key activities during 2022/23

- Reviewed the Authority's 2023/24 Budget and recommended it for Board approval.
- Reviewed and recommended the new Risk Appetite Statement and Risk Register for Board approval.
- Reviewed the external auditors' engagement letter, proposed the audit plan and approach, reviewed the audit fee, and coordinated the audit with the Internal Audit Department.
- Reviewed the group annual financial statements to consider whether they were complete, consistent with information known to the committee members, and reflected appropriate accounting principles before recommending them to the Board.
- Reviewed the external auditor's management report and Management's responses to it.
- Considered the effectiveness of the Authority's internal control system, including controls over financial reporting, risk management, and information and communications technology (ICT) security.
- Together with Management and the Head of Internal Audit, implemented the Combined Assurance Framework, activities, staffing, and organisational structure of the Internal Audit Department.
- Reviewed the internal audit reports presented by the Head of Internal Audit.
- Reviewed the compliance reports presented by Management.
- Reviewed the Authority's risk management process, reviewed the maturity and effectiveness of its risk management activities, and identified the key risks facing NAMFISA as well as the responses required to address them.
- Monitored the Authority's budget spending for the 2022/23 financial year and the debt collection process for long-outstanding levies.
- Received and evaluated the progress reports on the implementation of ICT projects.
- Reviewed and recommended various policies to the Board for approval.
- Reviewed and recommended the Authority's 2023/24 Risk Management Plan for Board approval.
- Reviewed and recommended the Authority's 2023/24 Compliance Management Plan for Board approval.
- Reviewed and recommended the 2023/24 Internal Audit Plan for Board approval.

Key focus areas for 2023/24

- Continue with the review of the Authority's risk maturity to improve its maturity level.
- Implement the Risk Management Policy and Framework and monitor the risk management process.
- Update the Code of Ethics.
- Continue overseeing the Authority's integrated reporting as well as its internal audit and risk management functions.
- Review the adequacy and effectiveness of the internal control environment and the oversight of the risk, internal audit and financial management functions.
- Review and monitor the resilience of the ICT control environment.
- Review and monitor the progress of projects and strategic initiatives.
- Implement the reviewed Risk Appetite Statements and the Risk Register in line with the current five-year strategy (2022/23-2026/27).
- Continue to act as the Board's speciality committee in respect of matters of finance, risk, audit, ICT and corporate communications and consumer education.
- Ensure that the Authority proactively identifies emerging risks and manages these risks accordingly.

Human Resources Committee

Committee Charter

The Human Resources Committee assists the Board in ensuring that the Authority's remuneration and employment principles and practices are aligned to the various approved policies, best practices, and its long-term objectives. This ensures that the Authority can attract and retain the skills required to carry out its mandate effectively. The Committee therefore considers and recommends human resources and remuneration-related policies and reports to the Board. The Committee also makes recommendations to the Board in respect of the remuneration of the CEO.

Remuneration philosophy

NAMFISA strives to be an employer of choice by creating an environment where people deliver great results. The Authority understands that remuneration and reward policies and practices play a critical role in attracting, motivating, and retaining solid and high-performance individuals as well as people with scarce and/or critical skills.

NAMFISA's remuneration philosophy provides for a guaranteed pay package. The Board sets the Authority's performance scorecard and targets, which are in turn cascaded to all staff. The remuneration model is linked to the Performance Management System, and bonus payments are provided for above-average performers on a sliding-scale basis. The remuneration of employees is based on the Total Guaranteed Package. This approach offers certain flexible structuring choices to employees.

The remuneration of the Board is set out in regulations issued by the Ministry of Finance and Public Enterprises. Board fees comprise a retainer fee as well as a sitting fee; the latter is only paid to members who attend a meeting. The Authority covers expenses incurred by the Board in relation to the execution of Board duties.

Membership and attendance of Board Committee meetings

The Human Resources Committee consisted of Ms S. Ambunda (Chairperson) and Amb. S. Katjiuanjo for the 2022/23 financial year. Members of Senior Management attend committee meetings by invitation from the CEO. The terms of office of these committee members coincide with their terms of office as Board members.

As required, the Committee held four quarterly meetings during the financial year to deliberate on the matters delegated to them. Table 5 details attendance of the Committee's meetings.

Key activities during 2022/23

- Reviewed proposals for salary increase and performance incentives and made recommendations to the Board.
- Conducted performance review reports in respect of the Authority and the CEO.
- Reviewed and recommended to the Board the quantum of the annual bonus pool.
- Approved the design of and determined the targets for a performance-related pay scheme and approved annual payments under the scheme.
- Reviewed the Authority's Remuneration Policy, basic conditions of service, and the Coaching and Mentoring Policy.
- Reviewed various internal audit reports related to human resources and remuneration.
- Reviewed the organisational structure in line with the current five-year strategy (2022/23-2026/27).

Key focus areas for 2023/24

- Continue with the implementation of talent management and succession planning.
- Continue with the review of the organisational structure in line with the current five-year strategy (2022/23-2026/27).
- Review the Authority's Performance Management System for implementation.
- Review the human resources policies and recommend the implementation of necessary adjustments to the Board for approval.
- Continue advising the Board in respect of the human resources function.
- Manage the risks related to leadership continuity and payroll automation within the Authority.
- Monitor the implementation of the Recognition Agreement with the union that represents the employees.

Legal and Supervisory Committee

Committee Charter

The Legal and Supervisory Committee receives reports on the enforcement, regulation, and supervision of the NBFI sector. In accordance with section 3(b) of the NAMFISA Act, the Committee makes recommendations to the Board, which in turn advises the Minister of Finance and Public Enterprises, on matters related to financial institutions and financial services. The Committee makes such recommendations either of its own accord or at the Minister's request.

Membership and attendance of Board Committee meetings

The Legal and Supervisory Committee consisted of Ms S. Shilongo-Alexander (Chairperson), Ms H. Garbers-Kirsten and Mr N. Kalili (1 April 2022 to 15 July 2022) for the 2022/23 financial year. Members of Senior Management attend committee meetings by invitation of the CEO. The terms of office of these committee members coincide with their terms of office as Board members.

As required, the Committee held four quarterly meetings during the financial year to deliberate on the matters delegated to them. Table 5 details attendance of the Committee's meetings.

Key activities during 2022/23

- Provided oversight during the finalisation of the implementation plan relating to the new NAMFISA Act and FIMA.
- Discussed the progress of legal proceedings in which the Authority is engaged.
- Reviewed the draft subordinate legislation for the various laws that fall within the Authority's mandate and made due recommendations to the Board.
- Monitored the drafting of the Consumer Credit Bill.
- Exercised strategic oversight in respect of the supervision and regulation of the sector within the parameters of the relevant legislative instruments.

Key focus areas for 2023/24

- Provide strategic oversight to the new NAMFISA Act and FIMA Implementation Project.
- Review draft legislation and subordinate legislative instruments.
- Continue to act as the Board's specialist committee in respect of legal, regulatory and supervisory matters.

Board Fees

Table 6 sets out the fees paid to Board members during the 2022/23 financial year.

Table 6: Board fees, 2022/23

Name	Retainer fee (N$)	Sitting fee (N$)	Total Board remuneration (N$)	Daily subsistence allowance (N$)	Total per member (N$)
Ms H. Garbers-Kirsten	104,125.68	129,268.61	233,394.29	-	233,394.29
Mr J. Jansen	85,058.16	101,063.67	186,121.83	-	186,121.83
Amb. S. Katjiuanjo	85,058.16	117,494.41	202,552.57	120,717.76	323,270.33
Mr N. Kalili	24,977.40	33,908.19	58,885.59	-	58,885.59
Ms S. Ambunda	85,058.16	92,935.92	177,994.08	-	177,994.08
Ms N. Shilongo-Alexander	85,058.16	94,085.19	179,143.35	-	179,143.35
Total	**469,335.72**	**568,755.99**	**1,038,091.71**	**120,717.76**	**1,158,809.47**

Application of the NamCode

The Board upholds good corporate governance principles as required by the NAMFISA Act, the Public Enterprises Governance Act, 2019 (No. 1 of 2019), and best governance practices as enshrined in the NamCode. Table 7 sets out how the NamCode is applied by NAMFISA.

Table 7: Application of the NamCode to guide governance-related aspects

#	Governance principle	How the Authority applies the NamCode
1	Ethical leadership and corporate citizenship	The Board provides effective leadership based on ethical considerations. NAMFISA has a Corporate Social Responsibility and Investments Programme with both an inward and outward focus. The Authority also has an approved Ethics Programme, which is effectively managed by an Ethics Officer.
2	Board and Board members	The Board provides effective leadership to the Authority. To this end, it requires appropriate reporting and provides direction on key matters such as information and communications technology (ICT), ethics, risk management, internal controls, integrated disclosures, effective governance structures and reporting, and stakeholder engagement.
3	Audit committees	NAMFISA has an effective Audit and Risk Committee, which is chaired by an independent Board member. The Committee oversees the yearly internal and external audit activities, risk management, compliance, finance and ICT, and reviews the expertise of the Finance, Risk Management, Compliance and Internal Audit teams.
4	Governance of risk	The Board has delegated the governance of risk to the Audit and Risk Committee. The Committee sets levels of risk tolerance and delegates the responsibility for designing, implementing and monitoring risk management to NAMFISA Management. The Board and NAMFISA stakeholders receive periodic and ad hoc reports from the Committee on risks as per the escalation procedure. Although the Committee has only two members, key Executive Management members are invited to attend committee meetings.
5	Governance of ICT	The Board has an approved ICT Governance and Security Framework as well as various ICT policies, which are aligned to its mandate and duly deployed ICT infrastructure. ICT risk management remains a key focus area for the Board and NAMFISA Management.
6	Compliance with laws, codes, rules and standards	The Authority's Regulatory Risk Management Framework sets the governance parameters for compliance risk and the risk appetite. The Board receives information and reports from the Head of Compliance on the compliance risks to which the Authority is exposed.
7	Internal audit	The Internal Audit Charter, which is approved by the Audit and Risk Committee, prescribes that NAMFISA adopts a risk-based approach to internal audit. Since the Head of Internal Audit is a permanent invitee to the Authority's Executive Management meetings, s/he is strategically placed to ensure that the Authority achieves its internal audit objectives.
8	Governing stakeholder relationships	The Board has delegated the proactive management of stakeholders to Management through the Stakeholder Engagement Plan. The management of reputational risk is a key strategic risk, which is addressed by the CEO with Management's assistance. The Authority ensures that its engagement with stakeholders is transparent, timely, appropriate in detail and equitable. A dispute resolution mechanism is prescribed in the NAMFISA Act for the regulated industry and additional mechanisms are in place for other stakeholders.
9	Integrated reporting and disclosure	The Board engages external consultants to ensure the integrity of the NAMFISA Annual Report. The Authority's sustainability and its impact on the external environment are disclosed in the annual report.

03 RISK MANAGEMENT

Risk management is the identification and evaluation of actual and potential risk areas as they pertain to the Authority in its totality, followed by a process of avoiding, sharing or transferring, accepting, or mitigating each risk, or a response that combines two or more of these treatments. Risks may stem from a variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents, and natural disasters.

RISK MANAGEMENT

Philosophy

NAMFISA's Risk Management Policy and Framework embed and enhance the risk management processes at both strategic and operational levels. During the reporting period, the Board committed to a process of risk management that is aligned to the NAMFISA Act (and any future amendments and/or repeals thereof), the International Organization for Standardization's ISO 31000:2018, the King Code of Governance Principles, the King Report on Governance 2016 (King IV), the NamCode, and generally accepted good practice.

The realisation of NAMFISA's business strategy depends on the Authority's Management being able to take calculated risks in a way that does not jeopardise stakeholders' direct interests. The sound management of risk enables the Authority not only to anticipate and respond to changes in its business environment, but also to make informed decisions under conditions of uncertainty.

NAMFISA is further committed to establishing appropriate mechanisms to serve as an early warning system for emerging or unpredictable risks. Equally, compliance with relevant legislation is ensured and fulfils the expectations of NAMFISA's employees as well as the communities and other stakeholders it serves in terms of due care and corporate governance.

NAMFISA's enterprise-wide approach to risk management means that every identified material risk is included in a structured and systematic process that deals with risks in terms of a unitary framework, which is aligned to the Authority's corporate governance responsibilities. During the reporting period, the Authority's risk management function coordinated risk management initiatives that included business continuity management, health and safety compliance, information security management, and ethics management.

Governance of Risk Management

The Board retains accountability and responsibility for the overall process of risk management. The Audit and Risk Committee, in its capacity as a Board Committee, is tasked with assisting the Board in carrying out its risk management responsibilities. The Governance, Risk and Compliance Department is primarily responsible for the administration function of risk management. The responsibility for implementing risk management processes is devolved to the Line Management in each NAMFISA division, department, or operation or business unit. Furthermore, NAMFISA's internal audit function provides independent assurance on the risk management process.

Risk Appetite

The Authority has adopted a Risk Appetite Statement that aims to strike a balance between the risks taken by the organisation in pursuance of its mandate and the opportunities and rewards associated with taking such risks. In this regard, the following broad Risk Appetite Statements were approved by the Board as part of the current five-year strategy spanning the 2022/23-2026/27 financial years:

- *Regulatory:* Promote a fair, efficient, and stable non-bank financial (NBF) sector in which consumers and investors are protected.
- *Supervision:* All regulated entities must fully comply with applicable laws.
- *Policy advice:* Sound advice to inform national policy.
- *Operational:* Continuously improve the usage of resources to efficiently execute its mandate.
- *Governance:* Implement best corporate governance principles and practices.

Key Risks

The Authority's Risk Register is aligned to its core mandate and objectives. Table 8 lists various crucial risks that have been identified and outlines their accompanying mitigating measures. The registered risks have an elevated inherent rating and, thus, present a high risk with respect to the execution of NAMFISA's mandate and sustainability.

Table 8: Risk Register, 2022/23

Risk	Current status/Progress made
Multiple changes being brought about through strategic initiatives but resulting in: • low staff morale; • staff burnout; and • high staff turnover.	The change management programme and culture change initiatives are operational.
Inadequate resources, leading to the inability to effectively deliver on the mandate.	The optimal resource vs mandate execution assessment has been completed and the recommendations are being implemented.
Inability to effectively implement new legislation.	The final operational stage of the two Acts (NAMFISA and FIMA) is currently on hold. However, 95 percent of the annual planned activities has been implemented. The implementation date of the draft Regulation on Preservation of Retirement Benefits (Regulation RF.R.5.10) has been postponed until further notice by the Minister of Finance and Public Enterprises. This postponement allows for broader consultation concerning the envisaged regulation. A dedicated task team has been set up by the Minister to conduct consultations concerning Regulation RF. R.5.10.
Delays in processing new legislation, leading to delays in regulatory transformation.	The NAMFISA Act and FIMA have been promulgated. However, the date for the Acts to become operational has been postponed until further notice by the Minister of Finance and Public Enterprises.
Lower than expected levy collection due to the current economic climate.	A new levy collection plan has been developed for 2023-2025
Lack of consumer access to NAMFISA services owing to limited outreach.	Activities related to the Mobile Van continue. Of the entire consumer awareness plan, 84 percent of the annual planned activities, to date, were achieved.
Rapidity of financial, technological and economic innovation.	The Market Conduct Risk-based Supervisory Framework was approved for implementation. Implementation of the FinTech Square to gauge innovations within the NBFI sector is ongoing. The NAMFISA Regulatory Sandbox was approved by the Board.

04
EXECUTIVE MANAGEMENT

The CEO drives the implementation of the Authority's five-year strategy and steers the direction of policy. In this regard, the CEO presides over organisational, regulatory and supervisory operations. This leadership is provided to accomplish the regulatory and supervisory objectives that are conferred on the Authority by the statutes it administers. The CEO's duties are supported by an Executive Committee and various auxiliary committees within NAMFISA's Management structure.

EXECUTIVE MANAGEMENT

Organisational Structure

NAMFISA's organisational structure reflects that operations are clustered into two key functions, namely Prudential Supervision and Market Conduct and Operations, which together enhance the execution of its mandate. A Deputy CEO heads each cluster (Figure 2).

Figure 2: Executive Management organisational structure

Executive Committee

The CEO chairs the Executive Committee, and both Deputy CEOs of the clusters and all General Managers of the various divisions in NAMFISA's organisational structure serve as members. The Head of Internal Audit; the Head of Governance, Risk and Compliance; the Head of Strategy and Projects; and the Manager of Corporate Communications attend Executive Committee meetings by invitation.

The Executive Committee's three functions are Supervision, Strategy and Operations. Thus, they discuss and monitor regulatory and supervisory matters, monitor organisational activities, implement the Authority's strategy, and manage risks. Assisting the Executive Committee in these functions are various other committees, each with its own respective area of technical specialisation, as set out in Figure 3.

Figure 3: Executive Committee and its supporting committees

Risk Management Committee

The CEO chairs the Risk Management Committee. Its members include the two Deputy CEOs; all General Managers; the Head of Internal Audit; the Head of Governance, Risk and Compliance; the Head of Strategy and Projects; and the Manager of Corporate Communications. The Committee assists the CEO in identifying and managing risks within the Authority and ensures the maintenance of ethical conduct throughout the organisation.

Licensing and Litigation Committee

The Deputy CEO for Market Conduct and Operations chairs the Licensing and Litigation Committee. Its members include the Deputy CEO for Prudential Supervision; the General Manager of Capital Markets; the General Manager of Insurance and Medical Aid Funds; the General Manager of Pension Funds and Friendly Societies; the General Manager of Research, Policy and Statistics; the General Manager of Market Conduct; General Manager of Licensing and Legal Services; the Head of Governance, Risk and Compliance; the Head of Internal Audit; and the Legal Officer in Market Conduct. The Committee considers applications for the approval or registration of NBFIs and makes recommendations to the CEO for decision making. The Committee also considers litigation by or against the Authority and recommends appropriate action to the CEO.

Data Management and Information Technology Operations Committee

The General Manager of the Information and Communications Technology Division chairs the Data Management and Information Technology Operations Committee. Its members include the operational managers: Managers of NAMFISA's supervisory divisions; ICT Managers; the Head of Governance, Risk and Compliance; and the Manager for Corporate Communications and Consumer Education. The Head of Internal Audit and the Project Managers of the Strategy and Projects Office are invited to attend when required. The primary responsibility of this Committee is to resolve operational data issues and recommend strategic and policy decisions to the Executive Committee. The Committee also serves as the executor of data quality and related projects. Furthermore, it resolves business issues relating to ICT, ensures that a sound relationship exists between the ICT function and NAMFISA's stakeholders, and resolves any operational issues pertaining to the use of the Authority's ICT systems and services.

Investment Committee

The Deputy CEO for Market Conduct and Operations chairs the Investment Committee. Its members include the General Manager of Finance and Administration, the Manager of Finance, and other General Managers and Managers designated by the CEO. The Committee has the duty to ensure that surplus funds are invested according to guidelines stipulated in the Investment Policy.

Procurement Committee

The Deputy CEO for Market Conduct and Operations chairs the Procurement Committee and is deputised by the Head of Governance, Risk and Compliance. The Committee's members include the General Manager of Legal and Licensing Services, the General Manager of Finance and Administration, and other Managers designated by the CEO. The Committee's primary purpose is to ensure that the Authority's procurement process is conducted as per the Public Procurement Act, 2015 (No. 15 of 2015), thus assuring that NAMFISA remains fully compliant with the provisions of this Act.

Enforcement Committee

The Deputy CEO for Market Conduct and Operations chairs the Enforcement Committee, and the General Manager of Market Conduct serves as its secretary. The Committee's members include the General Manager of Legal Services, General Managers from the respective prudential divisions, and a representative of the Financial Intelligence Centre responsible for enforcement activities. The Committee was established in terms of NAMFISA's Enforcement Policy, and it has the mandate to make recommendations to the CEO on the appropriate administrative sanctions to be imposed for any non-compliance with the Financial Intelligence Act, 2012 (No. 13 of 2012) or with any regulation, order, circular, directive, notice or determination issued in terms of this Act.

Corporate Social Responsibility and Investment Committee

The Deputy CEO for Market Conduct and Operations chairs the Corporate Social Responsibility and Investment (CSRI) Committee and is deputised by the General Manager of the Human Resources Division. The Committee's members include the General Manager of Finance and Administration; the General Manager of Research, Policy and Statistics; the Manager of the Corporate Communications and Consumer Education Department; and the Chairpersons for the Sports and Social Clubs. The Committee recommends all CSRI activities to the CEO for approval. Its operations are enshrined in the Authority's institutional policies by way of a CSRI Policy that focuses on education, sports, arts and culture, ICT, and national priorities.

Ad-hoc committees

A variety of other committees are constituted by the CEO to work on pertinent issues from time to time.

05
STRATEGY AND PERFORMANCE

An organisation needs a clear, well-defined strategy to operate successfully. The management of performance in terms of this strategy is vital to ensure that the organisational goals are effectively met.

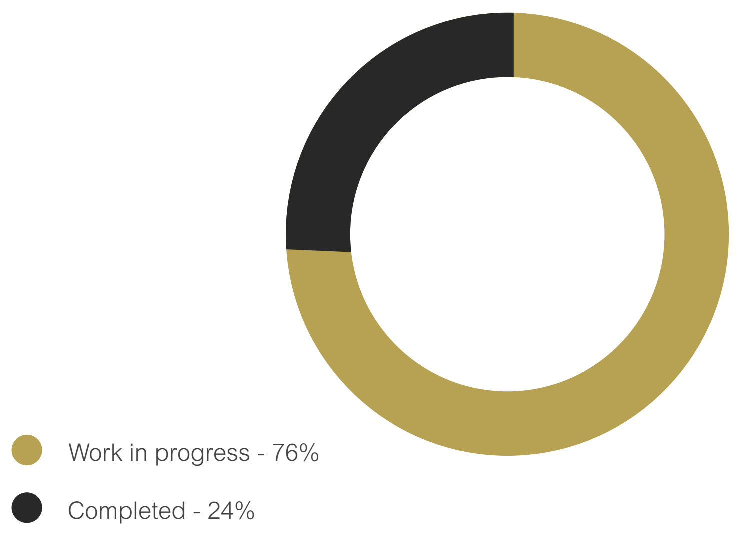
STRATEGY AND PERFORMANCE

Strategy

The 2022/23 financial year marks the first year of the Authority's 2022-2027 five-year strategy, which commenced on 1 April 2022. Of the 11 strategic objectives set for the five-year strategy period, only those that created a foundation and extended the most impact during the strategic period constituted the key focus, which included:

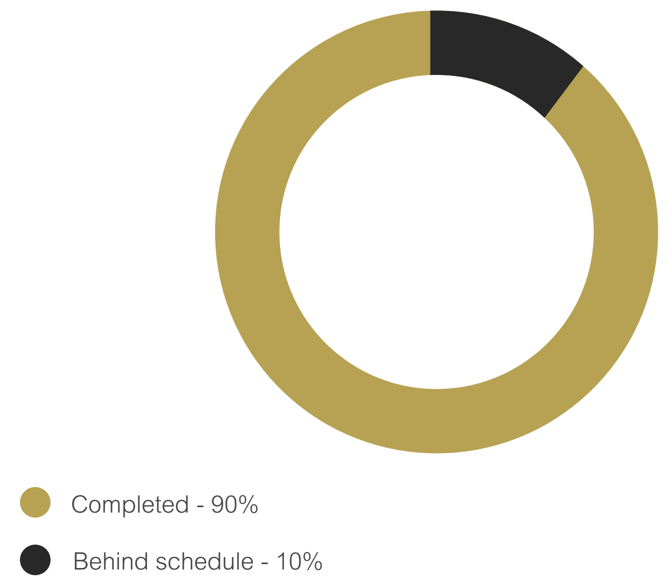
- Improve access to NAMFISA services
- Improve data management
- Improve usage of technology and capabilities
- Improve processes and systems integration
- Improve financial sustainability
- Improve service delivery

Figure 4: Achievement of strategic performance measures, five-year strategy, 2022-2027



In respect of the first year's achievements of the five-year strategy targets, NAMFISA managed to achieve 24 percent of its strategic performance measures (Figure 4). Across the six (6) strategic objectives, seven (7) strategic initiatives were executed and a 90 percent completion rate was achieved (Figure 5). In addition, Figure 5 indicates that 10 percent of these initiatives were behind schedule.

Figure 5: Completion of strategic initiatives for 2022/23



The Authority took note of the above outcomes and recognised that the first year of implementation gathered beneficial experiences and lessons learned. As is customary, the Authority conducted its annual strategy review to reflect on and evaluate the strategy performance, and to refocus, which is vital for continuous improvement. In this regard, a Business Plan for the 2023/24 financial year was devised, which will focus on the following eight (8) objectives:

- Improved use of technology and innovation capabilities
- Improved data management
- Improved access to NAMFISA service
- Improved knowledge and skills
- Improved work culture
- Improved service delivery
- Improved customer and stakeholder engagement
- Improved financial sustainability

The Authority continued to monitor the performance of the remaining five (5) strategic objectives through strategic performance measures at an operational level during the reporting period. By continuously measuring and monitoring its performance, the Authority can effectively deliver on its overall five-year strategy. These activities involve monitoring strategic progress every month at different levels in the Authority, which is reported quarterly to the Board.

Although NAMFISA identifies objectives (priority areas) on which to focus each financial year, these objectives do not represent the totality of the Authority's work; instead, they are used to drive decisions about thematic projects and inform areas that require specific attention with regards to the achievement of its core activities. Table 9 presents the strategic objectives and key initiatives that will drive performance in the 2023/24 financial year.

Table 9: Strategic objectives and key strategic initiatives planned for 2023/24

Strategic objectives	Key strategic initiatives
Improved use of technology and innovation capabilities	• Review and increase the functionality of existing systems
Improved data management	• Requirements and needs analysis for data management • Develop and deploy validation rules
Improved access to NAMFISA services	• Construction of the NAMFISA building
Improved knowledge and skills	• Implementation of the Knowledge Management Plan
Improved work culture	• Implementation of the Culture Improvement Plan
Improved service delivery	• Business process improvement (alignment) • Implementation of new legislation • Implementation of innovation initiatives
Improved customer and stakeholder engagement	• Collaborative stakeholder and customer engagement
Improved financial sustainability	• Budget variance monitoring

Financial Performance

Financial sustainability

The Authority and its subsidiary Metropol (Pty) Ltd (hereinafter, the Group) managed their financial resources prudently, in line with the approved budget. Financial reporting is done on a six-monthly basis to the Minister of Finance and Public Enterprises and on a quarterly basis to the Board through the Audit and Risk Committee. Executive Management continually monitors budget implementation, which ensures compliance with budgetary requirements and financial transparency.

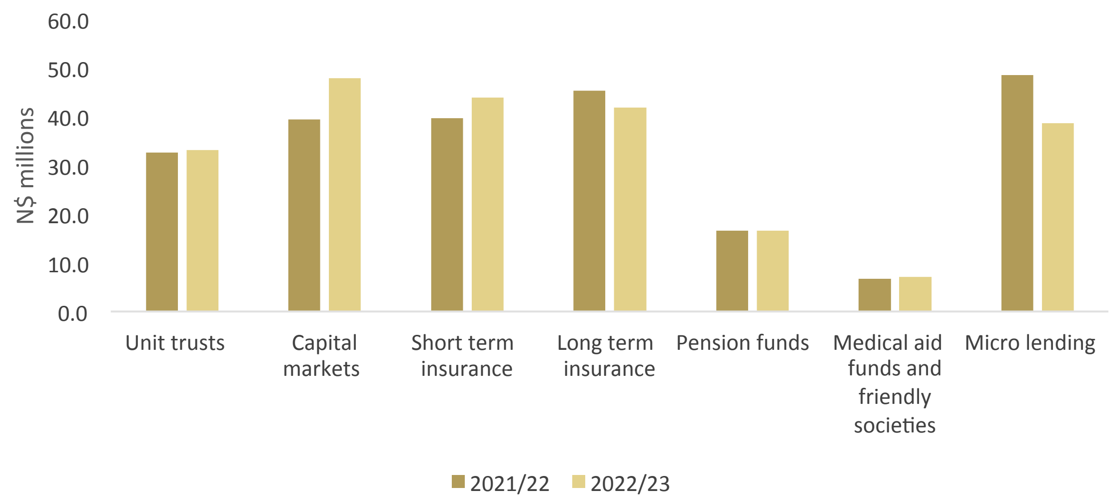
Overall performance

The Group's total income for the year ending 31 March 2023 amounted to N$246.7 million and expenditure totalled N$260.6 million. Other comprehensive income amounted to N$5 million. The total comprehensive deficit for the year amounted to N$8.9 million, compared with a budgeted deficit of N$22.8 million.

Income

During the review period, levy income amounted to N$228.9 million (Figure 6). This represents an increase of N$0.2 million (0.09 percent), compared with the levy income recorded for the previous financial year. The increase in levy income indicates that the NBFIs remained financially stable, sound and resilient, despite the challenging economic environment.

Figure 6: Levy income per industry



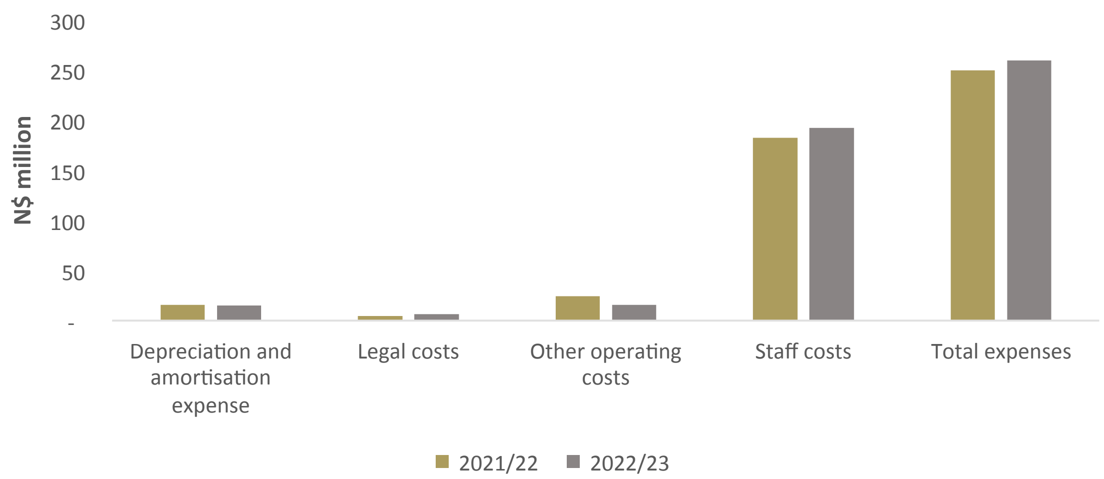
Expenditure

The Group incurred a total expenditure of N$260.6 million during the review period (Figure 7). This constitutes a N$10.8 million (4.3 percent) increase, compared with the previous financial year's total expenditure.

As a regulator, NAMFISA is highly reliant on its human resources. Consequently, staff costs make up the largest share (73 percent) of the total expenditure. Staff costs increased by 4.8 percent to N$191.2 million, compared with the previous financial year.

Inspection and enforcement costs decreased by N$6 million (-93.8 percent), compared with the previous financial year. This decrease was driven by fewer triggered inspections and enforcement activities during the review period. A further contributor to the increase in total expenses was the increase in depreciation on the Right-of-Use Asset for the office lease. During the current financial year, a fair value loss on the property of N$2.32 million was incurred. The loss had to be recognised through the profit and loss as an expense, being the value by which the Revaluation surplus in reserves was exceeded.

Figure 7: Operating expenditure



Financial position

The Group's total assets decreased by N$13.5 million (4.2 percent) to N$304.6 million as at 31 March 2023. This decrease is the result of a total comprehensive deficit of N$8.9 million plus a decrease in liabilities of N$4.5 million. The decrease in liabilities results mainly from a decrease in the Long-term Lease Liability of N$12.7 million (34 percent) to N$25.2 million as at 31 March 2023.

Human Resources Developments

Executive or key employee changes

Table 10a indicates the new appointments made at the Management level to ensure proper execution of the Authority's mandate and strategy. Table 10b indicates the employment terminations at the Management level.

Table 10a: Management appointments

Seniority	Name	Position	Date of appointment
Senior Management	Mr Johannes Smit	Deputy CEO: Market Conduct and Operations	1 May 2022
Senior Management	Ms Ndahambelela Ndoroma-Ipinge	General Manager: Finance and Administration	1 October 2022
Senior Management	Mr John Uusiku	General Manager: Insurance and Medical Aid Funds	1 October 2022
Management	Mr Kennedy Johannes	Manager: Licensing and Registration	1 August 2022
Management	Mr Shikesho Lazarus	Manager: Pension Funds and Friendly Societies	17 October 2022
Management	Mr Sydney Lishokomosi	Manager: Insurance and Medical Aid Funds	1 December 2022
Management	Melissa Hanmer	Manager: Licensing and Registration	4 January 2023

Table 10b: Management terminations

Seniority	Name	Position	Date of termination
Senior Management	Ms Grace Mohamed	General Manager: Insurance and Medical Aid Funds	31 July 2022
Senior Management	Mr John Uusiku	General Manager: Insurance and Medical Aid Funds	31 December 2022
Management	Ms Sandi Isaacs	Legal Advisor	30 November 2022
Management	Ms. Ndahambelela Ndoroma-Ipinge	Manager: Licensing and registration	30 September 2022

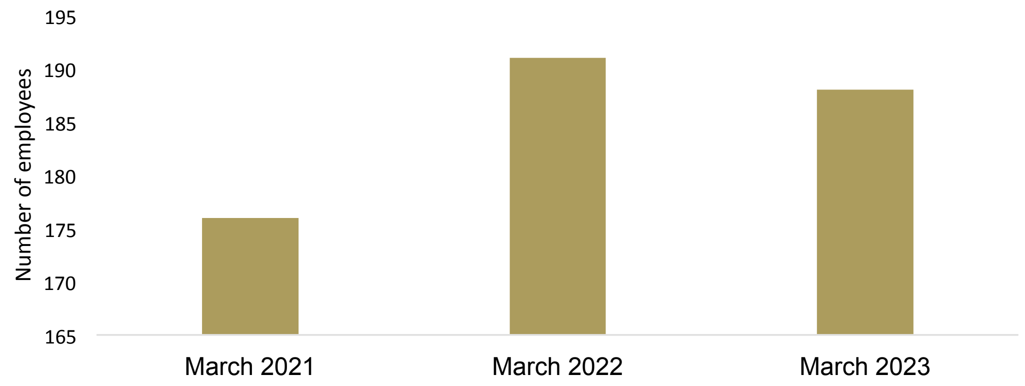
Labour turnover

The staff turnover rate as at 31 March 2023 was 5.6 percent, compared with 3.1 percent for the previous reporting period. This is above the institutional target limit of 5 percent. The Human Resources Division will focus on enhancing the staff retention strategies to assist with the retention of employees.

Staff complement

The staff complement, including temporary staff, stood at 188 on 31 March 2023. This represents a 1.6 percent reduction in the workforce, compared with the previous financial year (Figure 8 and Table 11).

Figure 8: Staff complement



NAMFISA remains an equal opportunity employer. In this regard, the reporting period saw a majority of female staff (55.32 percent) compared with male employees (44.68 percent).

Table 11: Staff complement

Office / Division	Permanent staff		Temporary staff		Total staff			Percentage per Office/ Division
	Females	Males	Females	Males	Females	Males	Total	
Market Conduct	16	10	2	1	18	11	29	15.43
Finance and Administration	16	7	1	1	17	8	25	13.30
Legal and Licensing Services	13	7	1	1	14	8	22	11.70
Insurance and Medical Aid	9	10	0	0	9	10	19	10.11
Pension Funds	11	7	0	0	11	7	18	9.57
Capital Markets	8	9	0	0	8	9	17	9.04
Office of the CEO	9	7	0	0	9	7	16	8.51
Research, Policy and Statistics	3	13	0	0	3	13	16	8.51
Information and Communication Technology	6	7	0	0	6	7	13	6.91
Human Resources	7	1	0	1	7	2	9	4.79
Strategic Projects	1	2	1	0	2	2	4	2.13
Total	**99**	**80**	**5**	**4**	**104**	**84**	**188**	**100**

Staff development

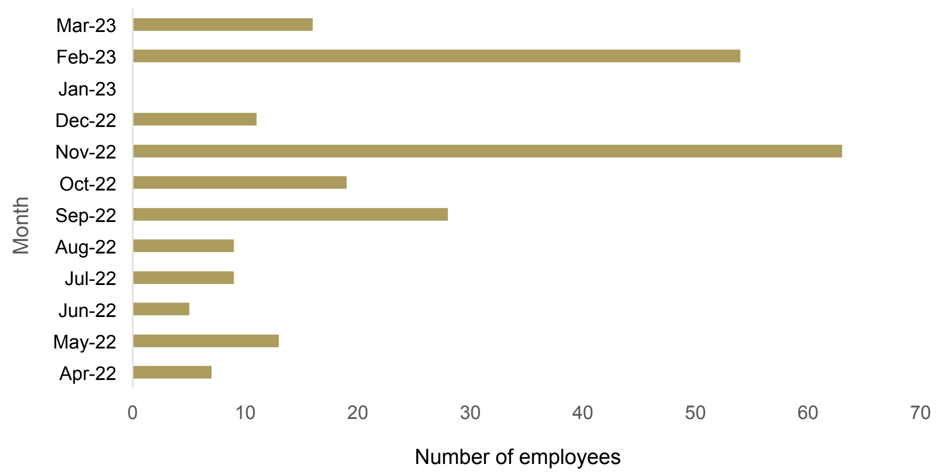
Performance management

Towards the achievement of its mandate, the Authority places significant importance on managing performance. To this end, the related governance documents are continuously enhanced to ensure that the Authority drives its key purpose and addresses new developments aligned with best practice. The review of the Performance Management Policy and associated guidelines progressed positively during the reporting period. Additionally, a review of the Performance Scorecard Template, which was initiated during 2020, has been finalised and shall be utilised for the 2023/24 performance agreements. Monitoring of performance is encouraged throughout the year, and formal employee reviews are conducted at the end of September and March each year.

Training and development

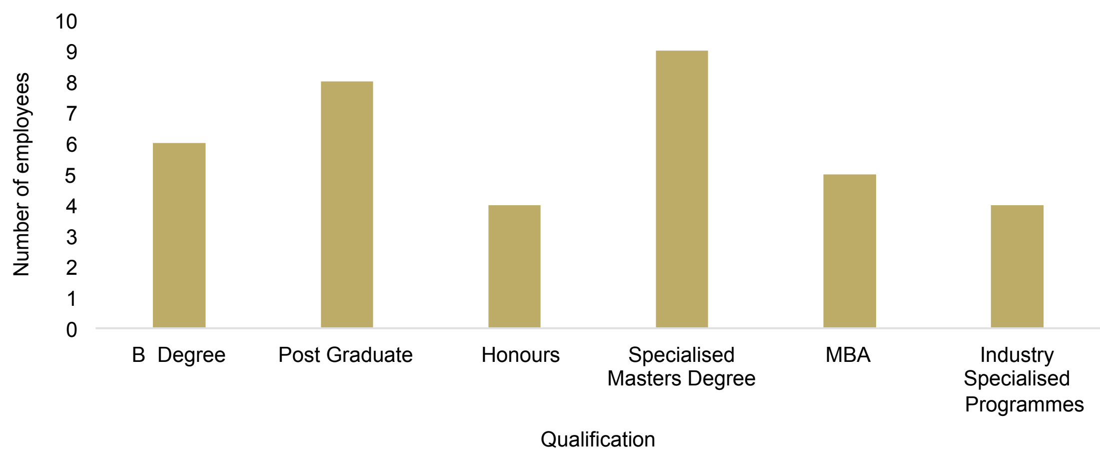
In a post-pandemic world, NAMFISA continues to create a culture of continuous learning that enables employees to thrive in the new normal. One of the most significant shifts is the increased use of e-learning and virtual training platforms to upskill and reskill employees. In addition to technical skills, soft skills are incorporated as part of our learning and development programmes to help employees navigate the new normal and to thrive in a rapidly changing business environment. Overall, learning and development remains a critical component for the achievement of NAMFISA's strategic and operational goals. Figure 9 illustrates the number of training interventions attended during the reporting period.

Figure 9: Staff development



As part of fostering a learning organisational culture, NAMFISA continues to extend interest-free employee study aid to its employees. Currently, 36 employees make use of the study aid programme, as indicated in Figure 10.

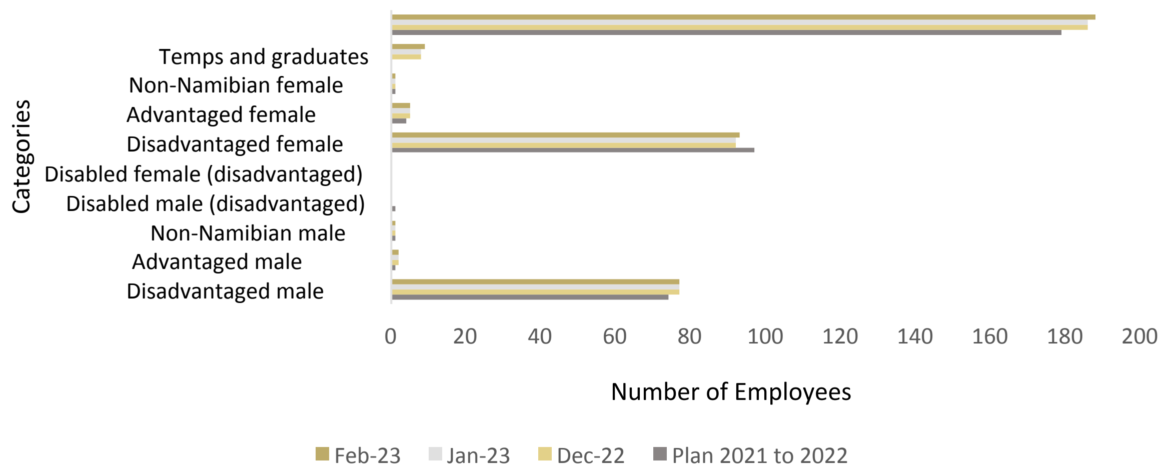
Figure 10: Study aid



Employment equity

As an equal opportunity employer, NAMFISA remains committed to the Employment Equity Code of Good Practice. To ensure that this commitment is sustained and that progress in respect of enhanced equality is duly monitored, regular updates are made to Management as well as the Board concerning the quarterly implementation progress of the Employment Equity Plan. Figure 11 depicts the progress made towards completing the 2020-2022 Affirmative Action Plan at the end of the reporting period in December 2022. While the target for disadvantaged males has been exceeded, the target for disadvantaged females fell short with 4.1 percent. Due to the scarcity of skilled actuaries nationwide, the position of actuary has been filled by an expatriate on a work permit. This profession is considered a scarce skill. The male and female disability category remains a challenge. In this regard, NAMFISA has started to engage the Disability Council of Namibia with the intention of enhancing recruitment and diversity in this category. The Authority has developed new targets for the new three-year period (2023-2025).

Figure 11: Employment equity



Change in the workplace culture

In accordance with the organisation's objective of improved work culture, the residual interventions of the culture improvement initiative from the previous financial year were implemented, which recorded 91 percent progress by 31 March 2023. Highlights of the implementation include the review of the performance contract template, approval of the culture index, review of the learning and development policy to cater for secondments and job rotations, sourcing of preferential home loan schemes, and an organisation-wide communications training programme. The culture improvement initiative has been strengthened by the Change Champions, whose role is to facilitate liaison and reciprocal upward communication in the workplace. The Authority has launched the NAMFISA Appreciation and Recognition Award the NAMFISA Galaxy award, this award is accorded on a quarterly and annual basis to staff that illustrates the corporate values in their work and social conduct., which recognises employees who live the Authority's values. A culture and engagement survey is expected to be conducted during 2023, to assess staff perceptions on and effectiveness of the various interventions implemented thus far.

Corporate social responsibility and investment

NAMFISA, as a responsible corporate citizen, operates on behalf of consumers and the industry it regulates. Thus, the Authority needs to play a meaningful role in society and act in a socially responsible manner. It does so by funding projects and activities that positively contribute to national development in Namibia. All identified CSRI activities create the highest level of impact for the institution's brand. For this reason, the contributions also need to be sustainable. Furthermore, all employees are encouraged to actively participate in projects through identifying needy causes or volunteering their time towards such causes.

NAMFISA's CSRI operations are enshrined in its institutional ethos by way of a CSRI Policy with specific focus on educational initiatives, sport, arts and culture, and ICT. Since its establishment, the CSRI Committee has produced a Business Plan of initiatives for NAMFISA. All CSRI activities are obliged to be recommended to the CEO for approval. As consumers of financial services extend throughout Namibia, any CSRI sponsorship by NAMFISA needs to be reflected. As such, the following national and community platforms received NAMFISA support during the year under review:

- University of Namibia Postgraduate Student Support Services (Khomas Region)
- National Youth Service and Public Enterprise Sports Games (Otjozondjupa Region)
- My Culture, My Pride Project (National)
- Zambezi Regional Council (Zambezi Region)
- Ohangwena Governor's Office (Ohangwena Region)
- Ohangwena Youth for Change (Ohangwena Region)
- Parliamentary Standing Committee and Economics and Public Administration (Oshikoto Region)
- Kunene Regional Council's Development Fund (Kunene Region)
- Shack Dwellers Federation of Namibia (National)
- The Young Men's Christian Association (YMCA) of Namibia (Khomas Region)
- Orange Babies Namibia Foundation (Khomas and Otjozondjupa Regions)
- Inge's Kindergarten (Khomas Region)
- Marembo Foundation's Spoon for Hope Soup Kitchen (Khomas Region)
- The Namibian Newspaper (Khomas Region)
- Consumer News (Khomas Region)
- Highline Secondary School (Khomas Region)

06
DIVISIONAL ACTIVITIES

NAMFISA's operations are clustered into two key functions: Prudential Supervision and Market Conduct and Operations. The operational outputs are outlined in this chapter.

PRUDENTIAL SUPERVISION FUNCTION

Insurance and Medical Aid Funds Division

Prudential Supervision Function

Insurance and Medical Aid Funds Division

The Insurance and Medical Aid Funds Division is tasked with supervising both the insurance and medical aid funds industries. The ambit of the Division's duties includes ensuring that the respective short- and long-term insurance and medical aid funds industry players adhere to the Short-term Insurance Act, 1998 (No. 4 of 1998); the Long-term Insurance Act, 1998 (No. 5 of 1998); and the Medical Aid Funds Act, 1995 (No. 23 of 1995). The regulator's approach has gradually changed from being compliance-based to risk-based. The latter is aimed at enhancing efficient and effective regulatory supervision by improving the allocation of limited resources to high-risk areas identified in the industry.

Key activities during 2022/23

The Division's main focus during the review period was to ensure that insurance companies and medical aid funds remained financially sound, considering developments in the domestic and global economies, and to ensure that policyholders and members remained protected. The Division continued to conduct routine assessments through on- and off-site inspections to assess the financial soundness of regulated entities, which include the analysis of quarterly statutory returns and annual audited financial statements. These inspections are a crucial component of the supervision process because they provide the Division with knowledge regarding the ongoing and future issues within the regulated entities which could not have otherwise been identified.

In addition, indicators for the Early Warning System were developed, and amendments to the governing rules of medical aid funds were considered during the year under review. The Division finalised and issued the Model Rules Template, which aims to provide the industry with guidance and retain consistency in the structure of fund rules throughout the industry. The Division collaborated with the Research, Policy and Statistics Division to conduct formal consultations with the industry on the standards and regulations for insurers and medical aid funds (IMAF) during the year under review.

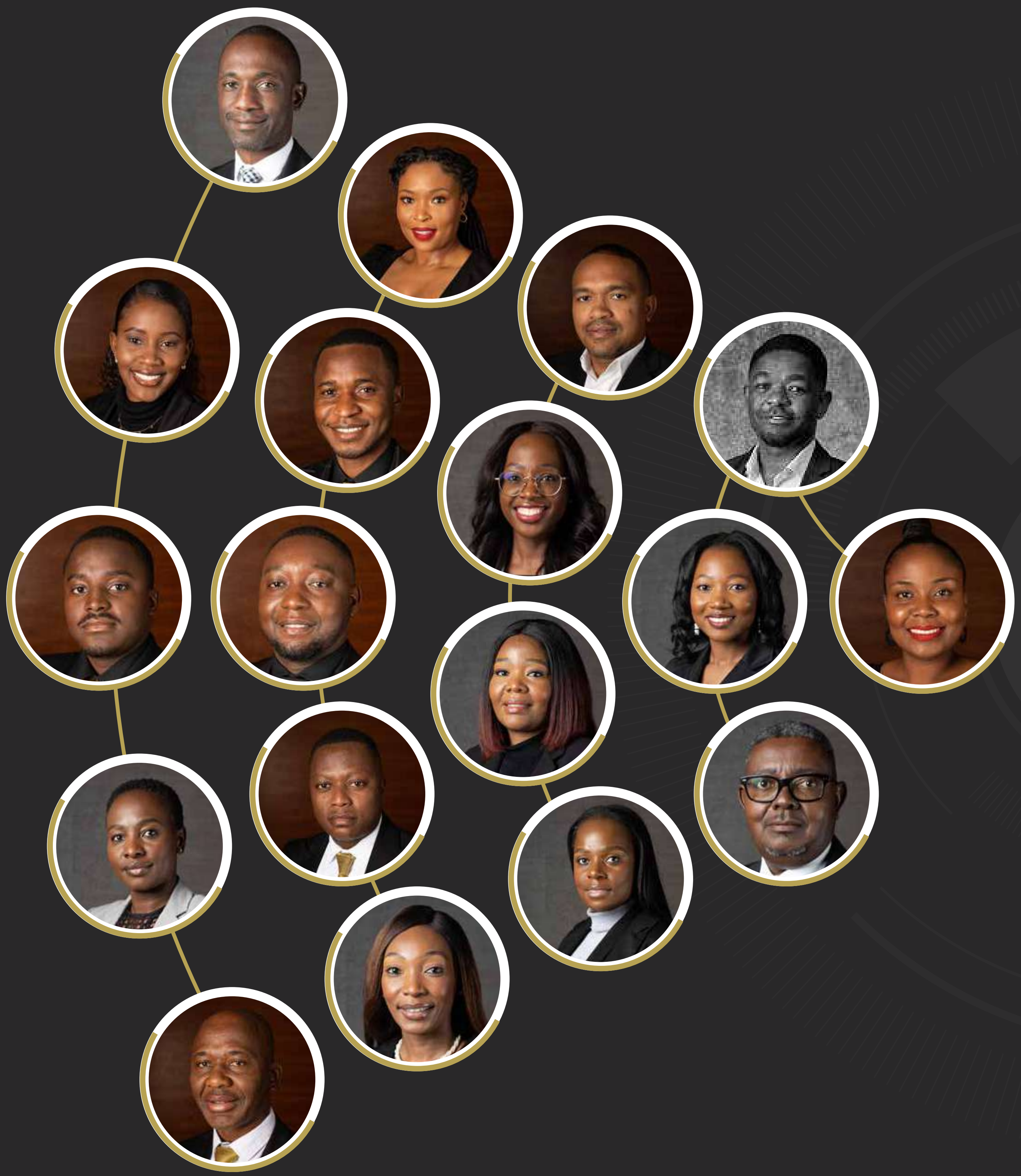
Key focus areas for 2023/24

The Division will continue to fulfil its mandate of promoting a safe and stable environment for insurance policyholders and medical aid fund members in the 2023/24 financial year by focusing on improving regulatory and supervisory effectiveness as well as operational efficiency. With the prospective implementation of the Financial Institutions and Markets Act, 2021 (No. 2 of 2021) (FIMA), continuous engagements with stakeholders, including industry participants, policyholders, members of medical aid funds and the general public, will form part of the Division's focus areas for the financial year. In preparation for the implementation of the FIMA, staff will continue to receive training with regards to the implementation requirements of the new laws as well as the relevant rules and standards.

During the 2023/24 fiscal year, the Division will concentrate on the rollout and implementation of risk-based supervision. The Division will focus on the implementation of International Financial Reporting Standard (IFRS) 17 Insurance Contracts. IFRS 17 is effective for financial periods that commence on or after 1 January 2023. Additional aspects of the IFRS 17 implementation include NAMFISA levy considerations, development of key performance indicators suitable for IFRS 17 reporting, and the alignment of prudential standards under the FIMA to IFRS 17. Endeavours to acquaint new and existing staff members with the core principles of insurance through the Chartered Insurance Institute (CII) certifications will be continued.

PRUDENTIAL SUPERVISION FUNCTION

Capital Markets Division



Capital Markets Division

The Capital Markets Division regulates and supervises entities that operate within the capital markets space. The Division's responsibilities are carried out in terms of the Unit Trusts Control Act, 1981 (No. 54 of 1981); the Financial Institutions (Investment of Funds) Act, 1984 (No. 39 of 1984); the Stock Exchanges Control Act, 1985 (No. 1 of 1985), and part 8 of the Pension Funds Regulations, which is issued under the Pension Funds Act. The Division's function involves rendering supervisory oversight and regulation of financial market infrastructure such as the stock exchange, stockbrokers, investment managers, unit trust management companies, linked investment service providers, unlisted investment managers, and special purpose vehicles.

Key activities during 2022/23

The Division conducted formal consultations for the drafting and formulation of the Central Securities Depository (CSD) regulations. In collaboration with the Research, Policy and Statistics Division and Toronto Centre, the Division provided the exemption guidelines and criteria for the FinTech Square applications that pertain to the capital markets industry.

The Division engaged in the FIMA readiness assessment, which involved ongoing drafting of necessary standards and regulations relating to the capital markets' chapters, training sessions for the various standards included in chapters 3 and 4 as well as other general chapters, and enhancing internal processes in order to facilitate the smooth implementation of the Act. The Division was continuously engaged with the One Chart of Account (OCoA) Project, which involved ongoing development of financial and non-financial forms as well as the testing, updating and automation of returns, in line with the International Monetary Fund (IMF) data validation rules. In conjunction with the Toronto Centre, the Division rolled out the Risk-based Supervision Framework for Capital Markets and conducted a pilot test of the RBS on-site inspection as part of the three-year RBS Framework project. The Division continued to conduct its on- and off-site inspections and followed up on action plans that emanated from previously conducted inspections. The review and analysis of annual audited and unaudited financial statements continued during the financial year.

As part of its research projects for the year, the Division drafted an evaluation paper concerning the impact of the deregistration of special purpose vehicles on pension fund investors. The Division collaborated with the Research, Policy and Statistics Division to review the position paper on cryptocurrencies and made recommendations in respect of its classification to the Registrar.

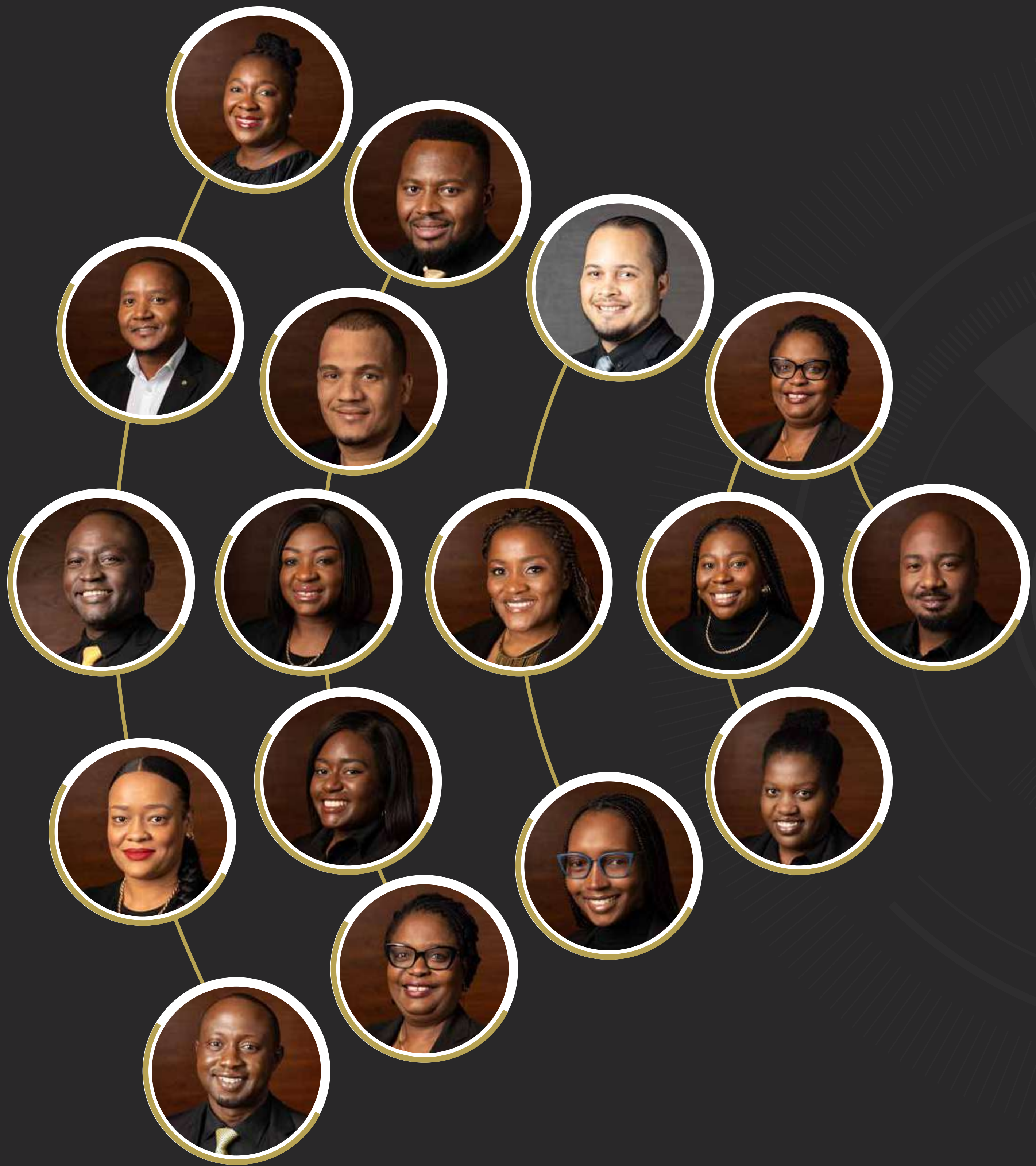
Key focus areas for 2023/24

The Division will focus on the implementation of the CSD regulations, FIMA and RBS Framework. The Division continues to review industry comments on the FIMA standards and regulations that relate to the capital markets' chapters. The Division will continue with the readiness assessment for the implementation of the new FIMA and NAMFISA Act, and staff will continue to undergo rigorous in-house training interventions in preparation for the implementation of these Acts. With the approval of the RBS Framework, the Division will conduct RBS on- and off-site inspections on an ongoing basis and will follow up on the implementation of the action plans that emanated from previous inspections.

The Division's review of the Pension Fund Regulations will focus on unlisted investment managers and special purpose vehicles. The review will identify gaps within the Regulations and propose for amendments to the Regulations, in conjunction with the Pension Funds Division. The Division will continue with the OCoA Project, which involves the ongoing development of financial and non-financial forms as well as the testing, updating and automation of the OCoA. Furthermore, the Division will continue to review and analyse the annual audited and unaudited financial statements during the following financial year.

PRUDENTIAL SUPERVISION FUNCTION

Pension Funds and Friendly Societies Division



Pension Funds and Friendly Societies Division

The Pension Funds and Friendly Societies Division is responsible for supervising and regulating the business of pension funds and friendly societies that are registered and operate in Namibia. The Division is also responsible for promoting a safe and stable environment for members of retirement funds. These functions are performed in accordance with the Pension Funds Act, 1956 (No. 24 of 1956) and the Friendly Societies Act, 1956 (No. 25 of 1956) and their respective regulations, as well as any directives or circulars issued by the respective Registrars of Pension Funds and Friendly Societies.

Key activities during 2022/23

During the year under review, the Division focused on its mandate to ensure that Pension Funds and Friendly Societies remained financially sound, considering developments in the domestic and global environments, particularly the impact of geopolitical conflicts on financial markets. The Division's focus remained on ensuring the protection of pension fund members' interests, in accordance with the relevant legislation and supporting instruments.

As the domestic economy continues to recover from the impacts of the COVID-19 pandemic, the Division recognised improvements in pension fund performance. However, the gains achieved were reversed due to developments in the global markets affecting pension fund investments. The Division continued to conduct routine assessments through on- and off-site inspections, which covered operational areas such as contribution payments by participating employers, investment performance, asset allocations, solvency and liquidity, compliance with laws, corporate governance, and risk management. These inspections are an important part of the supervisory process as they provide the Division with information about both current and impending issues within regulated entities that may not have been otherwise detected.

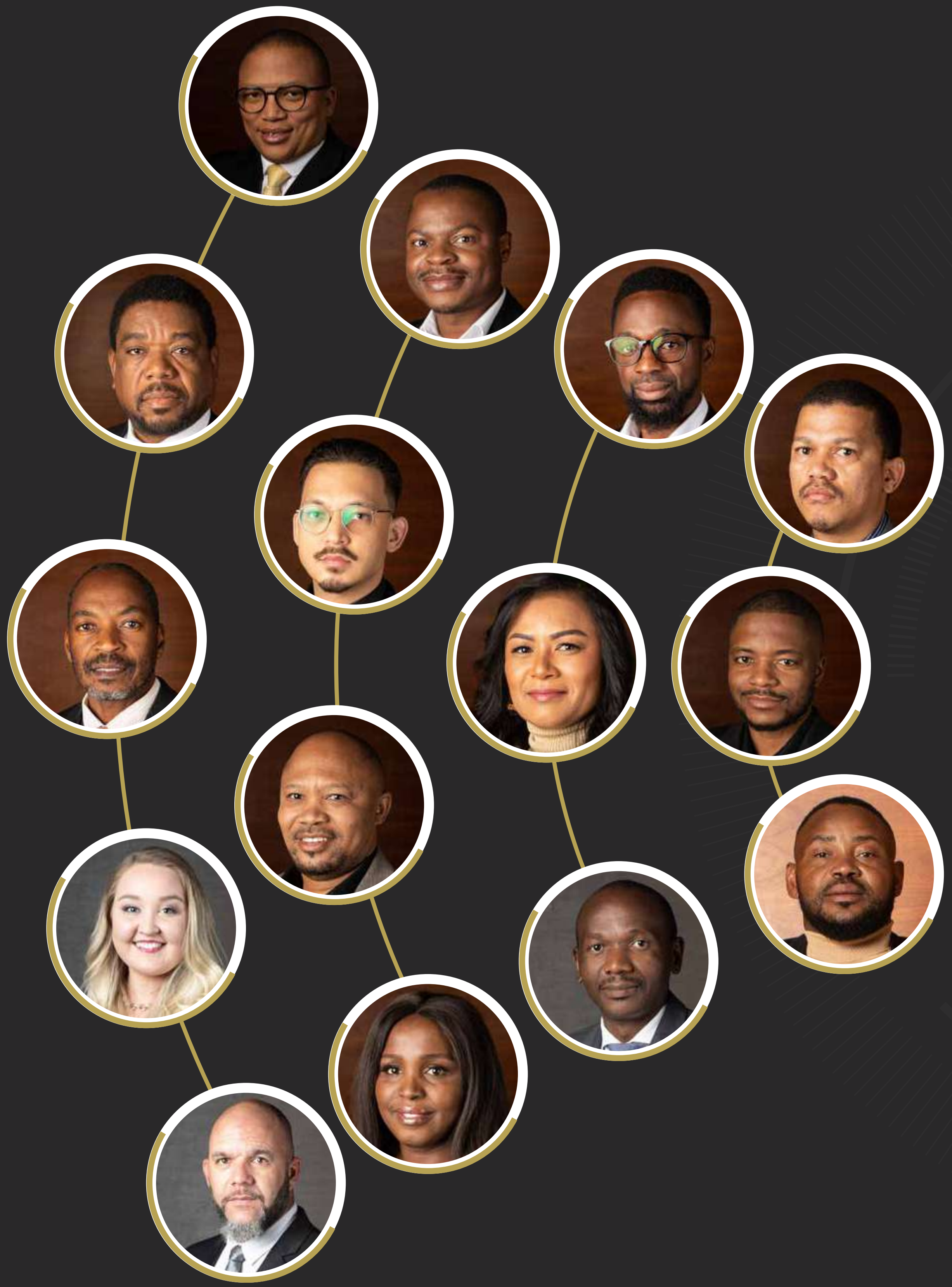
Key focus areas for 2023/24

The Division will continue to fulfil its mandate of promoting a safe and stable environment for pension funds and friendly society members in the 2023/24 financial year by focusing on improving regulatory and supervisory effectiveness as well as operational efficiency. With the imminent implementation of the FIMA, continuous engagements with stakeholders, including industry players, members of pension funds and the general public, will form part of the Division's focus areas for the financial year. The Division will conduct thematic inspections, focusing on the risks present in the regulated entities; and it will undertake follow-up inspections, focusing on the implementation of remedial actions from previous assessments.

In preparation for the implementation of the FIMA, staff will continue to receive training with regards to the implementation requirements of the new laws as well as the associated regulations and standards. The Division will focus on the rollout and implementation of RBS in the 2023/2024 financial year.

PRUDENTIAL SUPERVISION FUNCTION

Research, Policy and Statistics Division



Research, Policy and Statistics Division

The Research, Policy and Statistics Division's objective is to provide sound policy advice to the Authority and to remain at the forefront of global economic and financial developments. In this regard, the Division has conducted extensive work focused on policy advice, actuarial analysis, data analysis, and drafting reports such as the quarterly statistical bulletin.

Key activities during 2022/23

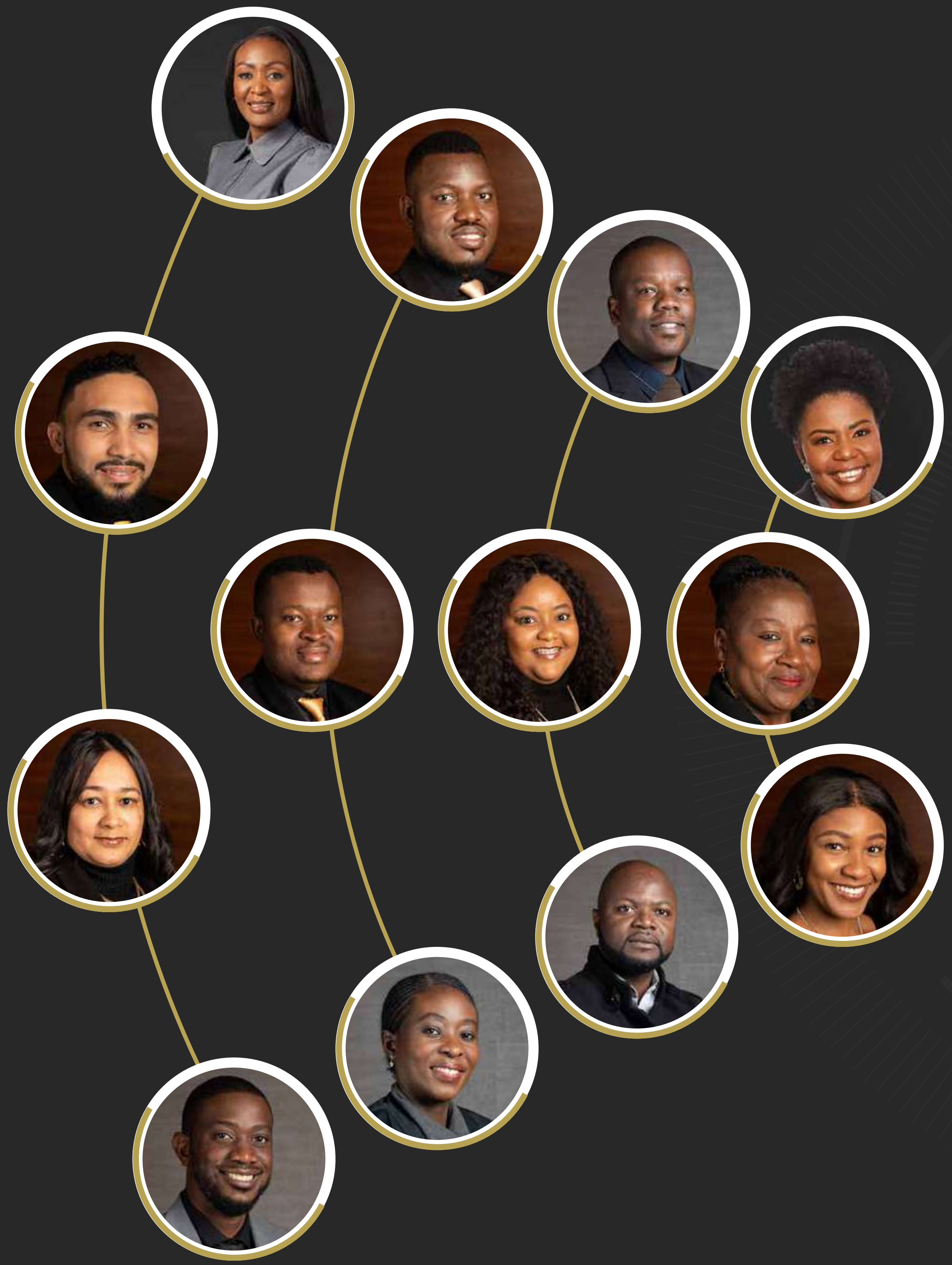
The Division carried out research work on the NAMFISA Regulatory Sandbox, Agri-index Insurance (in collaboration with the World Bank) and developing the regulatory framework for Virtual Assets and Virtual Asset Providers in Namibia. Together with other supervisory divisions, the Division drafted the Risk-based Supervision Framework with the objective of allocating resources to areas where key risks are present. The Division worked on improving the AML/CFT/CPF Risk Model for all industries, which is already being implemented by the AML Division. The Division supported consultations pertaining to the standards and regulations of the FIMA. Other areas of focus include the analysis of financial stability risks in the NBFI sector, in collaboration with the Bank of Namibia, and drafting the Financial Stability Report. In addition, the Division supported the team in drafting the Consumer Credit Bill.

Key focus areas for 2023/24

During the 2023/24 financial year, the Division will focus on the implementation of ongoing work. This, in particular, includes further consultation on the Consumer Credit Bill, consumer education on the FIMA, implementation of the RBS Framework, implementation of the NAMFISA Regulatory Sandbox, hosting the FinTech Square 2023, and implementation of the Agri-index Insurance. Other areas of focus include supporting the Market Conduct Division with the implementation of the Market Conduct Supervision Framework (aligned to the Treating Customer's Fairly Framework), and the continuation of work on quarterly and other statutory reports.

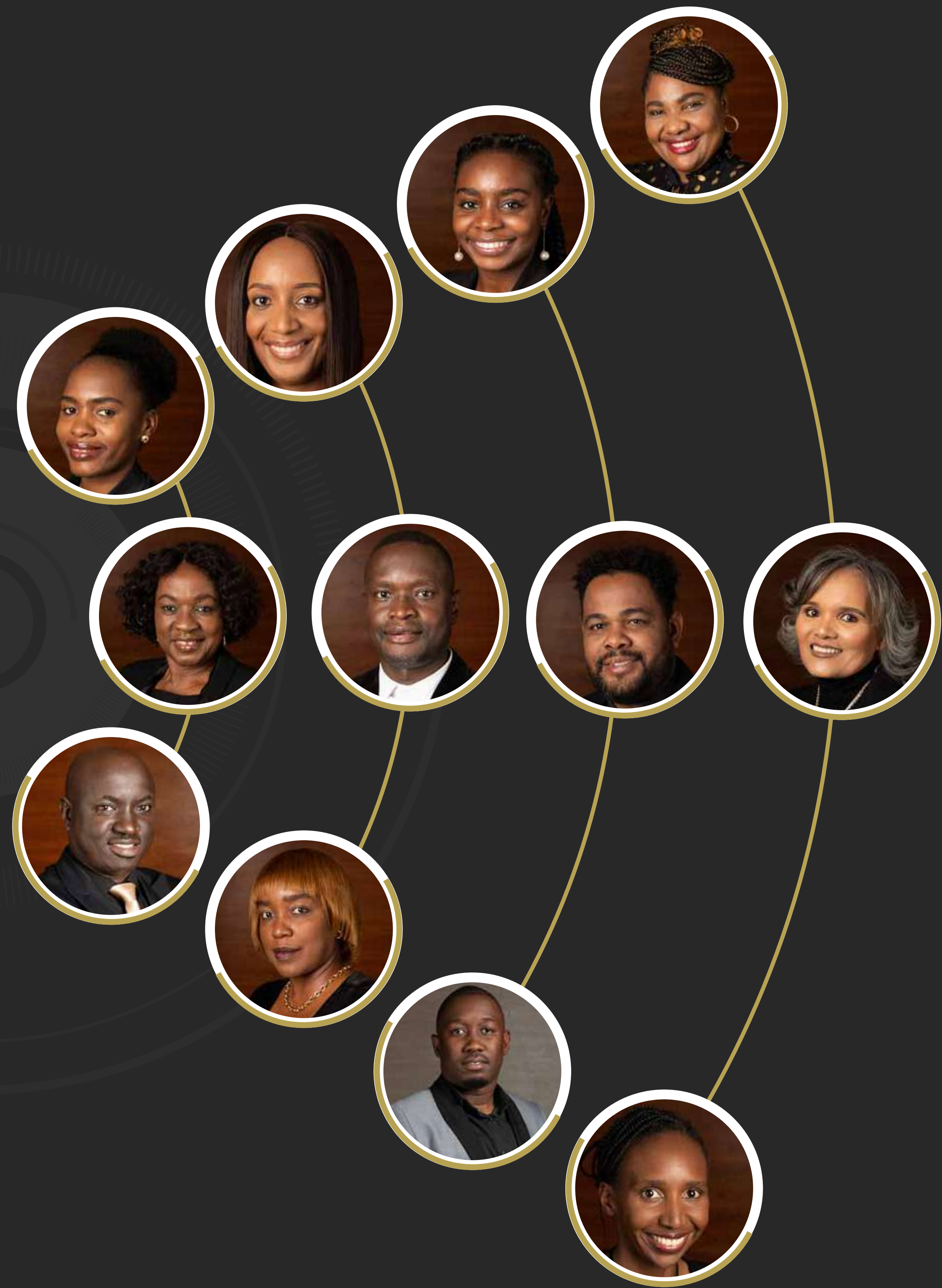
MARKET CONDUCT AND OPERATIONS FUNCTION

Market Conduct Division



MARKET CONDUCT AND OPERATIONS FUNCTION

Market Conduct Division (continued)



Market Conduct and Operations Function

Market Conduct Division

The Market Conduct Division comprises the Consumer Complaints Department, the Anti-money Laundering and Inspections Department, and the Conduct and Compliance Department.

Consumer Complaints Department

The Consumer Complaints Department's role is to receive and resolve complaints lodged by the consumers of NBFI services, in order to ensure fair treatment of the consumers in the NBFI sector.

Key activities during 2022/23

The Department's key activities for the reporting period focused on initiatives that increased consumer satisfaction through receiving and resolving complaints related to market conduct. Special attention was given to stakeholder engagements with NBFIs to understand and discuss the root causes of received complaints, and to gain an enhanced understanding of the NBFIs' complaints management systems and strategies to improve customer service and the fair treatment of consumers.

As such, the Department held bi-annual stakeholder engagements with those NBFIs that received the highest complaints to understand the root causes of the complaints and to obtain an understanding of their strategies to avoid the re-occurrence of similar complaints. Furthermore, the Department stood firm in advising consumers to first raise their grievances with the relevant NBFI before requesting the Authority's remedial intervention. The stakeholder engagements and referral of consumers to the relevant NBFIs resulted in a decrease of complaints by 6.6 percent to 730 during 2022/23.

Key focus areas for 2023/24

The Department will continue to focus on initiatives that increase consumer satisfaction by receiving and resolving complaints related to market conduct. Furthermore, the Department will continue to hold stakeholder engagements with NBFIs to discuss the root causes of complaints and to gain an improved understanding of the strategies to enhance the NBFIs' complaints management systems and to ensure the fair treatment of consumers.

Anti-money Laundering and Inspections Department

The Anti-money Laundering and Inspections Department has two distinctive roles. First, the Department is responsible for executing the Authority's mandate with regards to ensuring compliance with the Financial Intelligence Act, 2012 (No.13 of 2012) (FIA) and the Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (No. 4 of 2014) (PACOTPAA), as well as their subordinate instruments. Secondly, the Department is responsible for conducting targeted inspections into NBFI affairs, or any part of their affairs, when the need arises. The Department employs a risk-based approach in executing the AML/CFT/CPF mandate.

Key activities during 2022/23

Following the adoption of Namibia's Mutual Evaluation Report (MER) in September 2022, the Department developed an action plan (aligned to the national action plan) that outlines activities required to address the deficiencies and focus on the recommended actions identified during the mutual evaluation. The Department concentrated on gathering input regarding the amendment of laws, notably the FIA, PACOTPAA, the Prevention of Organised Crime Act, 2004 (No. 29 of 2004) (POCA), the Companies Act, 2004 (No. 28 of 2004), and the Trust Property Control Act, 1988 (No. 57 of 1988). The Department conducted risk-based on- and off-site inspections, carried out outreach activities, and held industry engagements to promote an understanding of money laundering, terrorism financing, proliferation financing (ML/TF/PF) risks, and AML/CFT/CPF obligations across the sectors within the purview of the Authority. With the assistance of the Research Policy and Statistics Division, the Department refined the Sectoral Risk Assessment (SRA) Tool to address the shortcomings identified during the mutual evaluation and to update the SRA.

In collaboration with the Namibia Savings and Investment Association (NaSIA), the Department produced a typology of third-party payments, to be used as an educational tool regarding the possible manifestation of ML/TF/PF risks in as far as third-party payments are concerned, and to guide institutions in the capital markets space on the application of appropriate AML/CFT/CPF measures to mitigate the ML/TF/PF risks associated with third-party payments. Additionally, the Department explored the possibility of deploying supervisory and regulatory technologies to ensure operational efficiencies. In this regard, the Department identified processes that can be automated as well as processes that require artificial intelligence (robotics).

Key focus areas for 2023/24

The Department will continue to conduct on-site inspections, focusing on high-risk institutions, as well as execute outreach activities and industry engagements to promote an understanding of ML/TF/PF risks and AML/CFT/CPF obligations across the sectors within the purview of the Authority. In collaboration with the Financial Intelligence Centre (FIC) at the Bank of Namibia, the Department will purvey guidelines to institutions within the purview of the Authority on the AML/CFT/CPF obligations relating to the reporting of suspicious transactions and activities, prominent influential persons (PIPs), and beneficial ownership (BO), as recommended in the MER.

The Department will update the supervisory tools (i.e. RBS Framework and Inspections Manual) based on the outcome of the SRA. The Department will continue to identify breaches, apply remedial actions, and impose appropriate administrative sanctions in a timely manner, as recommended in the MER.

Conduct and Compliance Department

The Conduct and Compliance Department is responsible for the regulation and supervision of microlenders and insurance intermediaries, as well as the supervision of the general business conduct of all regulated NBFIs in order to deter the unfair treatment of consumers in the NBFI sector. In carrying out its supervision of business conduct, the Department's objective is to support the Authority's mandate of consumer protection and financial stability.

Key activities during 2022/23

In terms of stakeholder engagements, the Annual Industry Forum took place during the period under review. Owing to the COVID-19 restrictions on public gatherings, the Department continued to host the Microlending Industry Forum virtually. The Department participated in the development of the methodology and templates for the three-year RBS Framework, with the aim to ensure the incorporation of market conduct supervision. The Department assisted with the finalisation of the Market Conduct Supervision Framework, which will serve as an operational guide regarding the unfair treatment of consumers in the NBFI sector.

Key focus areas for 2023/24

The Department will focus on ensuring a common understanding of the issued penalty regulations, directives and circulars; the requirements for quarterly financial and statistical data returns; and compliance with the provisions of the Microlending Act in general. On- and off-site inspections of microlending entities and insurance intermediaries will be conducted to ensure their full compliance with the relevant legislation. The Department will continue to focus on the implementation of the NAMFISA Market Conduct Supervision Framework. Furthermore, the Department will work closely with the Research, Policy and Statistics Division on sector-wide consultations for the Treating Customers Fairly Standard as well as the launch of NAMFISA's first Regulatory Sandbox.

The Department will continue with the approval of insurance dispensation applications as a key activity for insurance intermediaries. To further enhance the effectiveness of supervision over intermediaries, stakeholder engagements and overall compliance with the provisions of the Short-term Insurance Act, 1998 (No. 4 of 1998) and Long-term Insurance Act, 1998 (No. 5 of 1998) will be enhanced.

Internal Audit Department

The Internal Audit Department's activities are guided by the approved Internal Audit Charter and are aligned to the International Professional Practices Framework (IPPF), which is the conceptual framework that organises authoritative guidance promulgated by the Institute of Internal Auditors. The Department reports functionally to the Audit and Risk Committee and administratively to the Chief Executive Officer and has unrestricted access to the Chairperson of the Audit and Risk Committee. The objective of the Department is to provide independent and objective assurance and consulting services designed to add value and improve the achievement of the Authority's business strategy and operational performance. It assists the Authority by systematically reviewing internal control processes by applying a risk-based approach to establish the adequacy of the design and operational effectiveness of internal controls, risk management, and governance processes.

Key activities during 2022/23

The approved risk-based Internal Audit Plan for 2022/23 provided comprehensive assurance and consulting services regarding risk, control, and governance processes to mitigate risks. The Department executed its risk-based internal audits as per the approved Internal Audit Plan. All material issues were reported to the appropriate levels of management and the Audit and Risk Committee, and sufficient audit coverage was achieved with completed reviews.

The follow-up on actions and tracking of issues raised for audit reports were prioritised through quarterly reports to the Risk Management Committee and the Audit and Risk Committee. The implementation action rate was satisfactory during the period under review.

Key focus areas for 2023/24

The Department will continue to support and focus on projects, strategy and operations of the Authority through the execution of its agile and forward-looking approved 2023/24 Internal Audit Plan.

Governance, Risk and Compliance Department

The Governance, Risk and Compliance Department provides secretarial services and renders a risk and governance advice function to the Board. In this regard, the Department is responsible for facilitating the management of strategic and operational risk and for informing the Board's Audit and Risk Committee accordingly. In addition, it performs a compliance function for the Authority. The Department is also tasked with business continuity management as well as ethics management for the Authority.

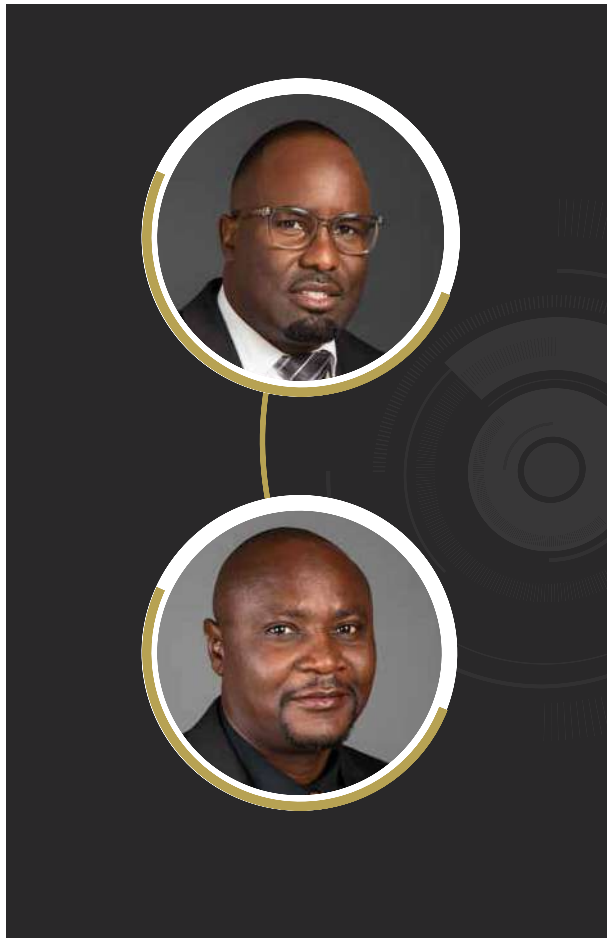
Key activities during 2022/23

The Department continued with its mandate to offer guidance to the Board in respect of governance best practices. The Department continued to conduct activities in respect of the previous period's theme Risk Maturity, a theme that resonated with the Authority in that it has over the years achieved great strides in the field of risk management. The Department held extensive discussions with respective departments and divisions to align risk reporting within the Authority. Following the surprise advent of the COVID-19 pandemic, the Authority made it mandatory to proactively identify emerging risks in order to address them in sufficient time. In this regard, the Authority uses different sources such as the Allianz Risk Barometer and the World Economic Forum to identify national, regional and global emerging risks.

During the reporting period, the Department reviewed the Risk Appetite Statement and its accompanying Risk Register for alignment to the current five-year strategy and the Risk-based Supervision Framework. Extensive consultative sessions were held with Risk Champions through the Authority as part of the risk identification process and risk appetite development. The Risk Appetite Statement and its accompanying Risk Register were subsequently approved by the Board for implementation on 1 April 2023. The Department continued to monitor the risk management process, to oversee the Authority's integrated reporting, and to monitor the implementation of the Business Continuity Plan, internal audit, and risk management functions. Additional key activities include the assessment of the adequacy and effectiveness of the internal control environment; oversight of the risk, internal audit and financial management functions; and the review of the Authority's compliance with various laws, policies and regulations.

Key focus areas for 2023/24

The Department will continue to offer guidance to the Board in respect of governance best practices. The Department will continue to use Risk Maturity as the theme for the 2023/24 financial period. The Department will focus on the effective implementation of the approved Risk Appetite Statement and its accompanying Risk Register.



The Department will continue to monitor the risk management process; to oversee the Authority's integrated reporting, internal audit and risk management functions; to monitor the Authority's compliance with various laws, regulations and policies; and to monitor the implementation of the Code of Ethics. The Department will review the Code of Ethics as per the Authority review cycle timelines. The Department will continue the review of the Business Continuity Management Plan to align it with the Authority's Disaster Recovery Plan and the ever-changing risk environment. Additional key focus areas include assessing the adequacy and effectiveness of the internal control environment; oversight of the risk, internal audit and financial management functions; and monitoring adherence to the Code of Ethics.

Corporate Communications and Consumer Education Department

The Corporate Communications and Consumer Education Department is responsible for fostering improved beneficial relationships with its customers and stakeholders, premised on collaboration, trust, and productive and active engagement aimed at improving how the Authority is perceived as a brand and safeguarding the Authority's reputation. The Department executes the Authority's Consumer Education Strategy.

Furthermore, the Department leads the Authority's internal and external communication functions with clear and consistent strategic messages, and manages its stakeholder engagement and coordination, customer management, media relations, corporate social responsibility and investment (CSRI), and events.

Key activities during 2022/23

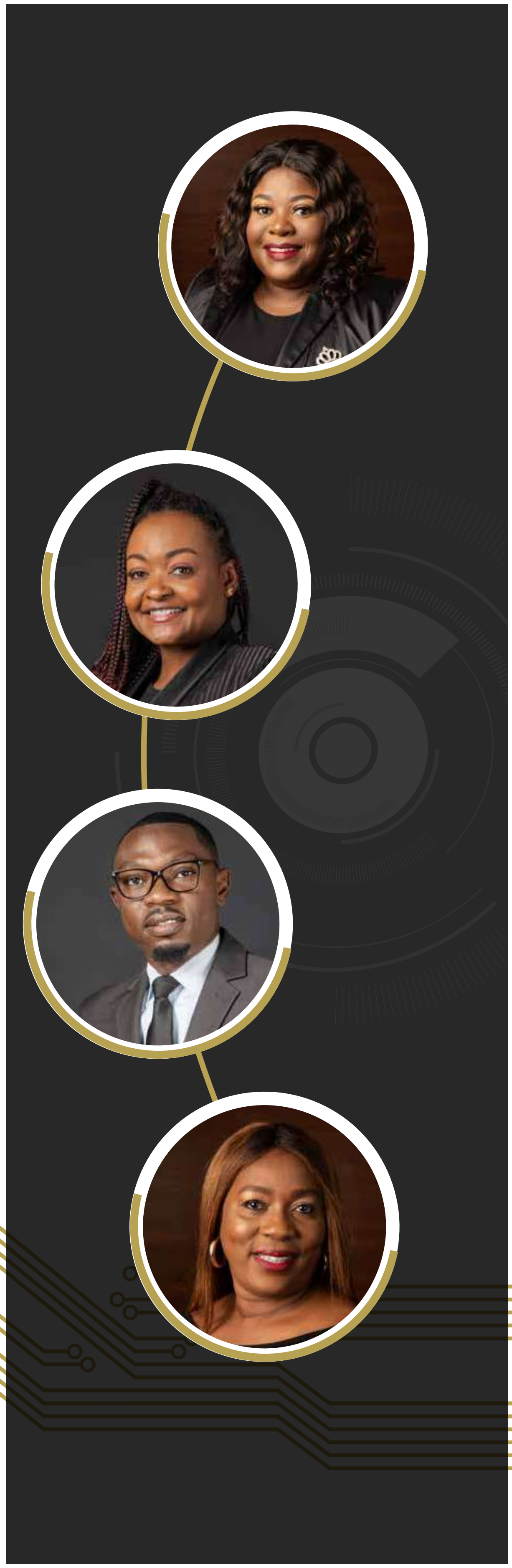
The Department continued to implement the Authority's plans in respect of stakeholder and customer engagement, brand awareness, and CSRI. The Authority has a corporate calendar, which is a holistic tool that is used to manage activities such as industry engagements, quarterly meetings, sports days, wellness days, and staff engagements. To uphold the continued value of staff members as priority stakeholders, the Department conducted regular internal communication and engagements.

Additional key activities accomplished in the review period include the implementation of the Department's stakeholder engagement plan (94 percent), which included staff, industry and media engagements and consumer education activities (as per the NAMFISA corporate calendar), assisting with the facilitation of press conferences and media coverage to launch the Authority's Annual Report, raising awareness on industry engagements, and organising opportunities for the media to engage with the Authority. The most notable accomplishments include the successful planning, coordination and hosting of the Authority's 21st anniversary commemoration, and the hosting of the annual media engagement event. The annual media engagement event brought senior editors and journalists together to foster a better understanding of the Authority's mandate and functions and it afforded them the opportunity to engage with NAMFISA executives.

Key focus areas for 2023/24

The Department will host activities and events that focus on corporate social investment, which will be communicated through its website and social media platforms. The feedback that the Authority elicits through satisfaction surveys is critical for the design of key messages for its stakeholders and customers.

Additional key focus areas include continuously serving as strategic communications and brand advisors to the Authority, and facilitating the timely production of periodicals to ensure that all relevant customers and stakeholders remain updated with the latest developments regarding the Authority's operations. As customer engagement and consumer education remains vital, roadshows and workplace forums will continue to be hosted using different media platforms. The effectiveness of these activities will be measured.



Information and Communications Technology Division

The Information and Communications Technology Division is responsible for providing technological direction and enablement to ensure that the Authority is best equipped with effective information and communication technology solutions and platforms, enabling the Authority to execute its mandate. The Division, primarily, carries out the planning, acquisition, implementation and maintenance of ICT infrastructure, systems and services.

Key activities during 2022/23

Activities for the 2021/22 period were centred around the implementation of the Enterprise Resource Planning (ERP) project in order to automate and integrate support function processes (i.e. finance and procurement). A new release of the Electronic Regulatory System (ERS) was finalised which, after going live during the year, offers a wide range of new functionalities. Improvement of the NAMFISA Data Warehouse and Business Intelligence and Analytics platforms continued during the period under review.

After the introduction of the Microsoft Power Business Intelligence (BI) tool in the previous year, improvement and enhancement thereof was affected to support and streamline data composition and the collation of management reports.

Key focus areas for 2023/24

The Division will continue its efforts to complete the rollout and improvement of the Finance and Procurement modules of the Enterprise Resource Planning (ERP) project, as well as continue its support, maintenance and enhancement of data management processes for risk-based supervision. Key focus areas include the continued improvements and upgrades of existing IT systems, such as the Electronic Regulatory System, in line with the FIMA and Consumer Complaints System; continued evolution of the Business Intelligence and Analytics portfolio; and ongoing improvement of ICT governance at the Authority, in line with the Control Objectives for Information and Related Technologies (COBIT) Framework. The Division will look at enhancing the Authority's cybersecurity capabilities by, among others, continuously monitoring the network for abnormal activity, and identifying and neutralising potential threats before they cause damage. The Division will roll out SharePoint to all users for improved collaboration, streamlined document management, and increased productivity. SharePoint is a Cloud-based content collaboration and management platform that can assist teams to work remotely, work together and work smarter.

Human Resources Division

The Human Resources Division is tasked with the responsibility of managing human resources strategically and aligning such management to NAMFISA's corporate strategy. Human resources policies, procedures and infrastructure exist to ensure that the Authority recruits, retains and develops a diverse, talented and committed workforce while meeting its obligations as an employer. The human resources function serves to ensure that, as an organisation, NAMFISA remains the employer of choice through brand loyalty and by ensuring that it remains up-to-date with current practices and trends in the labour market. The Division focuses on restoring healthy employee relations within the institution. Furthermore, the Division enhances the employees' voice through various internal staff consultative forums, and it seeks to maintain and foster positive relationships between employees and Management.

Key activities during 2022/23

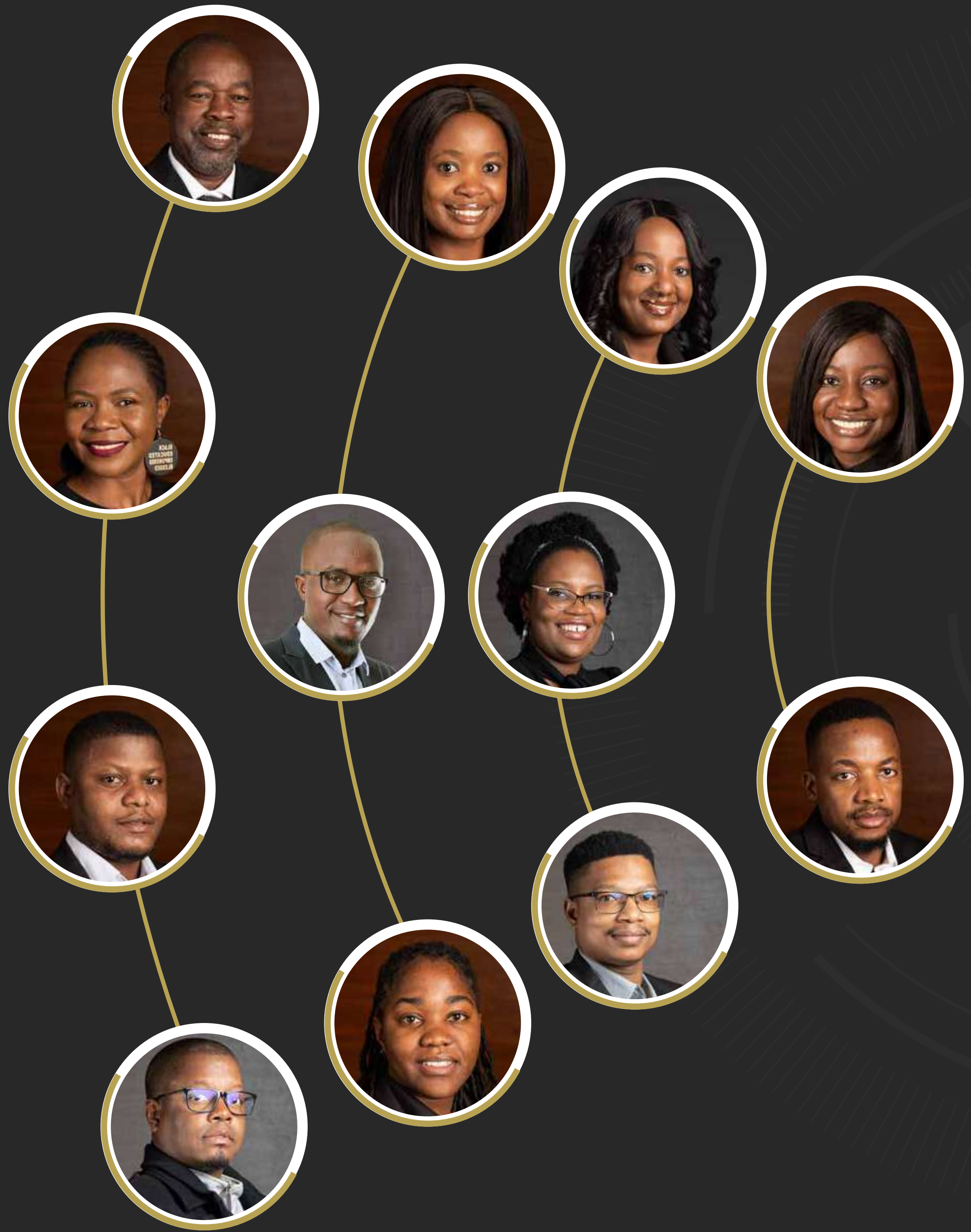
The Division continued to facilitate the commemoration of several national and international wellness days and to distribute and circulate information pamphlets to create awareness on the importance of employee health. Various wellness-related topics were scheduled as online sessions. Certain human resources policies were reviewed, including the Learning and Development Policy, Knowledge Management Policy and Remuneration Policy, to ensure their alignment to the strategy and the effectiveness of their processes. The general job description review, conducted across the Authority and which commenced during the 2021/22 financial year, is nearing conclusion and the evaluation of the reviewed job descriptions has started. This process will be finalised during the 2023/2024 financial year.

Key focus areas for 2023/24

The Division will finalise the review and evaluation of all job descriptions. The Division will facilitate the implementation of the employee engagement and culture survey as well as the resultant action plan. Other focus areas include the implementation of the Knowledge Management Project as well as the review of

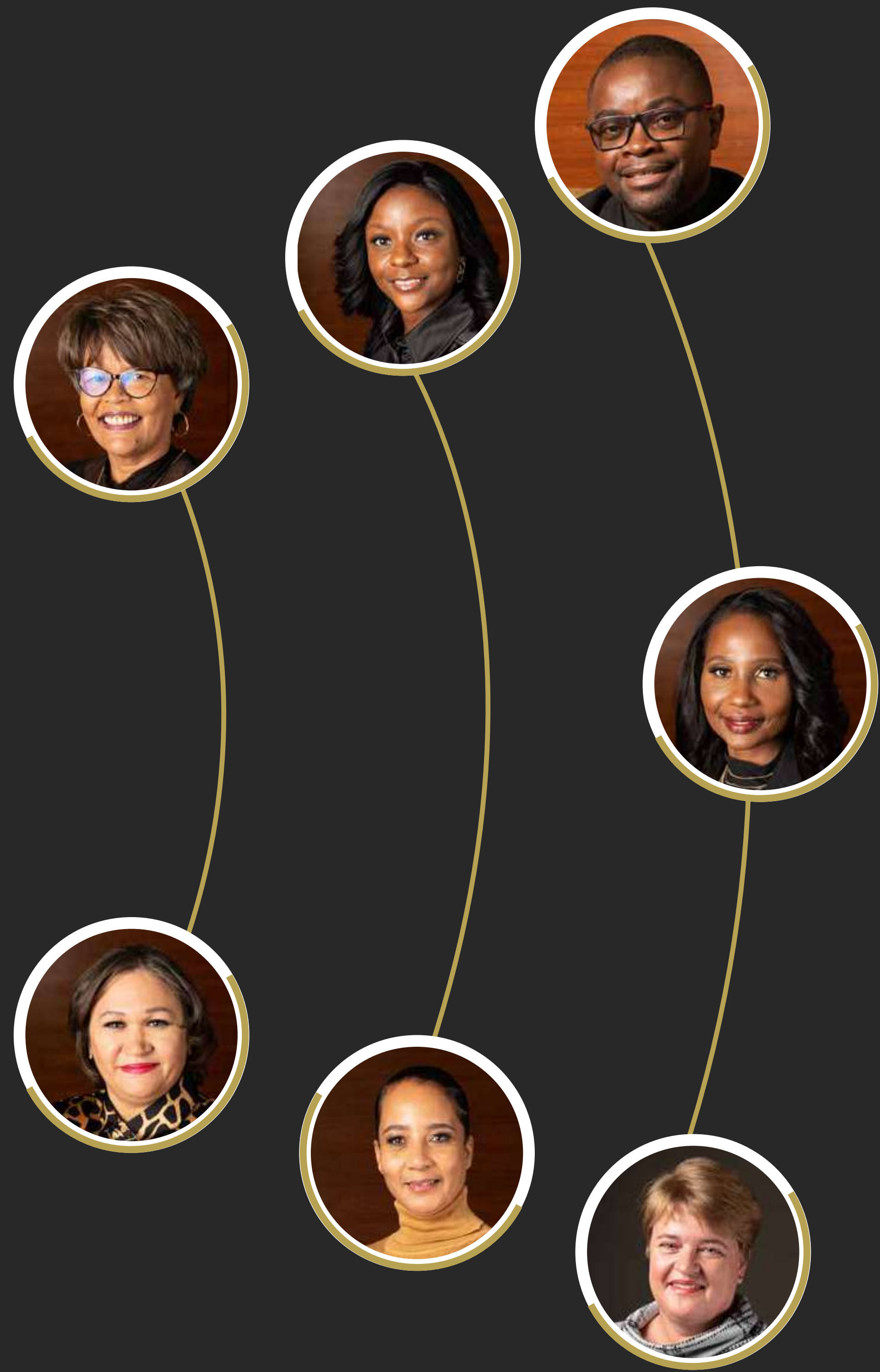
MARKET CONDUCT AND OPERATIONS FUNCTION

Information and Communications Technology Division

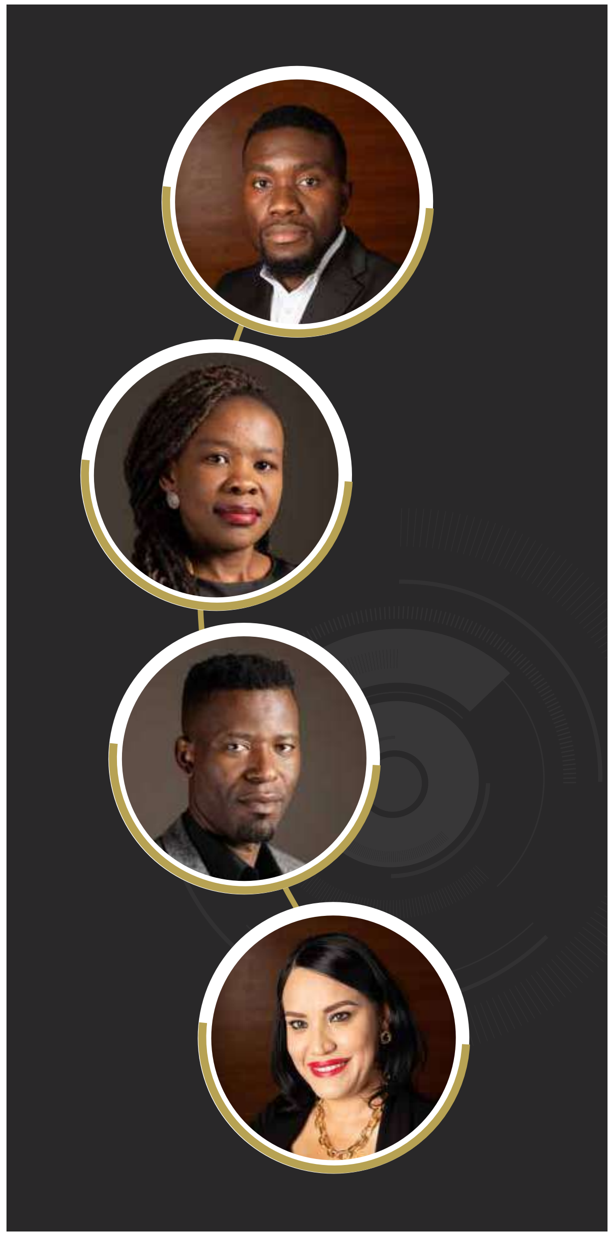


MARKET CONDUCT AND OPERATIONS FUNCTION

Human Resources Division



identified processes and procedure manuals. Appointed successors will be evaluated to ensure the effectiveness of the talent management initiatives and further policy reviews will take place. The recognition agreement between NAMFISA and the Namibia Financial Institutions Union (NAFINU) will be reviewed to ensure a healthy working relationship.



Strategy and Projects Division

The Strategy and Projects Division is mandated to develop and facilitate the formulation and implementation of the organisation's five-year strategy. The Division also defines and maintains the Strategy and Project Management Framework within NAMFISA.

Key activities during 2022/23

The Division facilitated and managed the development of the 2023/24 Business Plan, which was subsequently approved by the Minister of Finance and Public Enterprises. The Division facilitated and coordinated the promulgation of bills, the Consumer Education Bill project, enterprise resource planning, and the finalisation of the Innovation Framework.

Key focus areas for 2023/24

The Division will continue contributing to the ongoing development of the Authority's work culture by facilitating and coordinating, among other projects, the Innovation Drive, the construction of the Head Office building, and the implementation of an integrated system for support divisions.

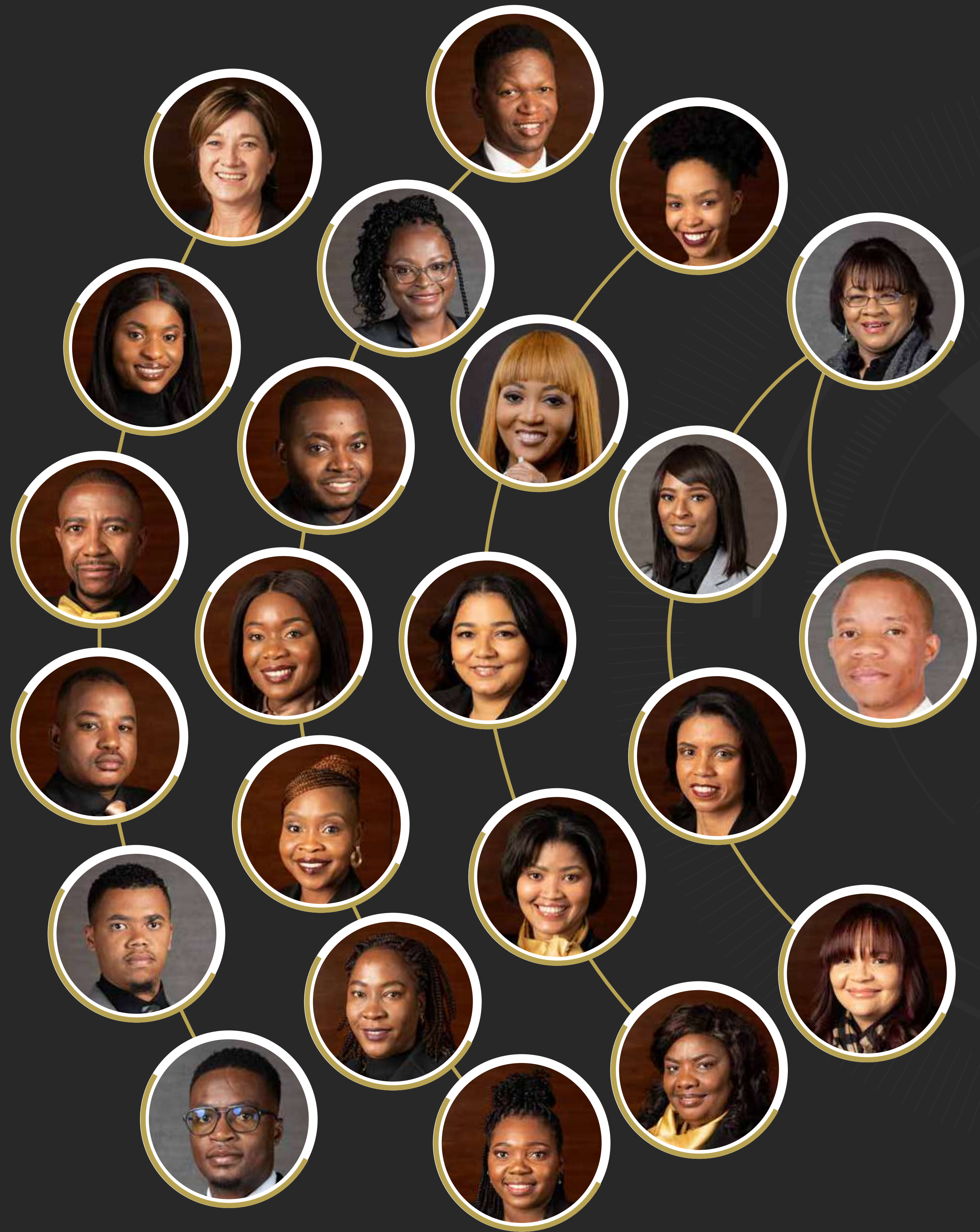
Legal and Licensing Services Division

Prior to the 2022/23 financial year, the Authority's Legal Division and Licensing and Registration Division functioned as two separate units. In the financial year 2022/23, the Authority reviewed its organisational structure and found it prudent to merge these two units to enhance the effective use of inhouse human resource expertise and to align organisational operations. The Division's legal unit is responsible for providing advice to the Board, the Office of the CEO, and the supervisory divisions on all financial services and other laws administered by the Authority, and for offering support in the drafting and reviewing of principal and subordinate legislation. Furthermore, the legal unit is responsible for ensuring that the Authority duly defends or opposes any legal proceedings against it, including proceedings before the NAMFISA Board of Appeal, and for managing these proceedings. The legal unit also initiates legal proceedings, where necessary, in a court of law through the Authority's legal practitioners or before any other tribunal. In managing such proceedings, the legal unit is responsible for enabling the Authority to enforce its powers in supervising financial institutions and provides legal advice and support with respect to the Authority's operations.

The licensing and registration (L&R) unit is tasked with the licensing and registering of all regulated financial institutions and individual persons. This responsibility entails evaluating, reviewing and (where applicable) approving applications for registration; deregistration; AML/FAP assessments; name changes; name reservations; transfers of shareholding; registration

MARKET CONDUCT AND OPERATIONS FUNCTION

Legal and Licensing Services Division



of principal officers, auditors and valuators; issuance of certification of good standing; and reviewing constitutional documents from regulated entities for all industries.

Key activities during 2022/23

The Division dedicated a large part of its resources to drafting and reviewing the NAMFISA Act and the FIMA, which were promulgated in October 2021, as well as the subordinate legislation to be issued thereunder. Additional activities included dealing with customary requests from the Authority for legal advice and opinions and instructions for litigation, and providing enforcement advice and general legal support on regulatory and supervisory issues. The Division managed all litigation in compliance with the applicable rules and prescribed periods. The key activities relating to licensing and registration included registration and deregistration of financial institutions; name changes; name reservations; transfers of shareholding; registration of principal officers, auditors and valuators; issuance of certification of good standing; and reviewing constitutional documents from regulated entities for all industries. In addition, the licensing and registration unit focused on imparting skills through targeted training interventions to address the skill gaps identified during the organisational capacity framework assessment.

Key focus areas for 2023/24

Apart from continuing to provide general legal advice and support to the Authority, the Division will focus on enhancing regulatory and supervisory effectiveness, keeping abreast of legislative reform and development through research and drafting required legislation, and consulting and/or reviewing subordinate legislation in respect of the effective implementation of the FIMA and NAMFISA Act, which will be made operational on a date to be determined by the Minister of Finance and Public Enterprises. The Division will focus on drafting the Consumer Credit Bill and obtaining feedback thereof from stakeholders. The Division's licensing and registration unit will continue to focus on imparting skills through targeted training interventions to address the identified skill gaps and to address training needs that could not be met during the previous financial year. Key focus will be given to ensuring that the Division is prepared for the implementation of the FIMA once it becomes operational. The Division will commence with the utilisation of the navigation system in the Business Suite, which involves, among others, the automation of functions to improve efficiency.

Finance and Administration Division

The Finance and Administration Division is responsible for controlling the Authority's finances and for providing procurement and general administrative services. The Division's main duties include financial accounting and reporting, revenue collection, and procurement services. In addition, the Division facilitates the completion of external and internal audits, the integration of strategic budgeting, the production of annual financial statements, budgetary control, treasury management, tax compliance, contract management, records management, office security, general maintenance, insurance, fleet management, and the control of fixed assets.

Key activities during 2022/23

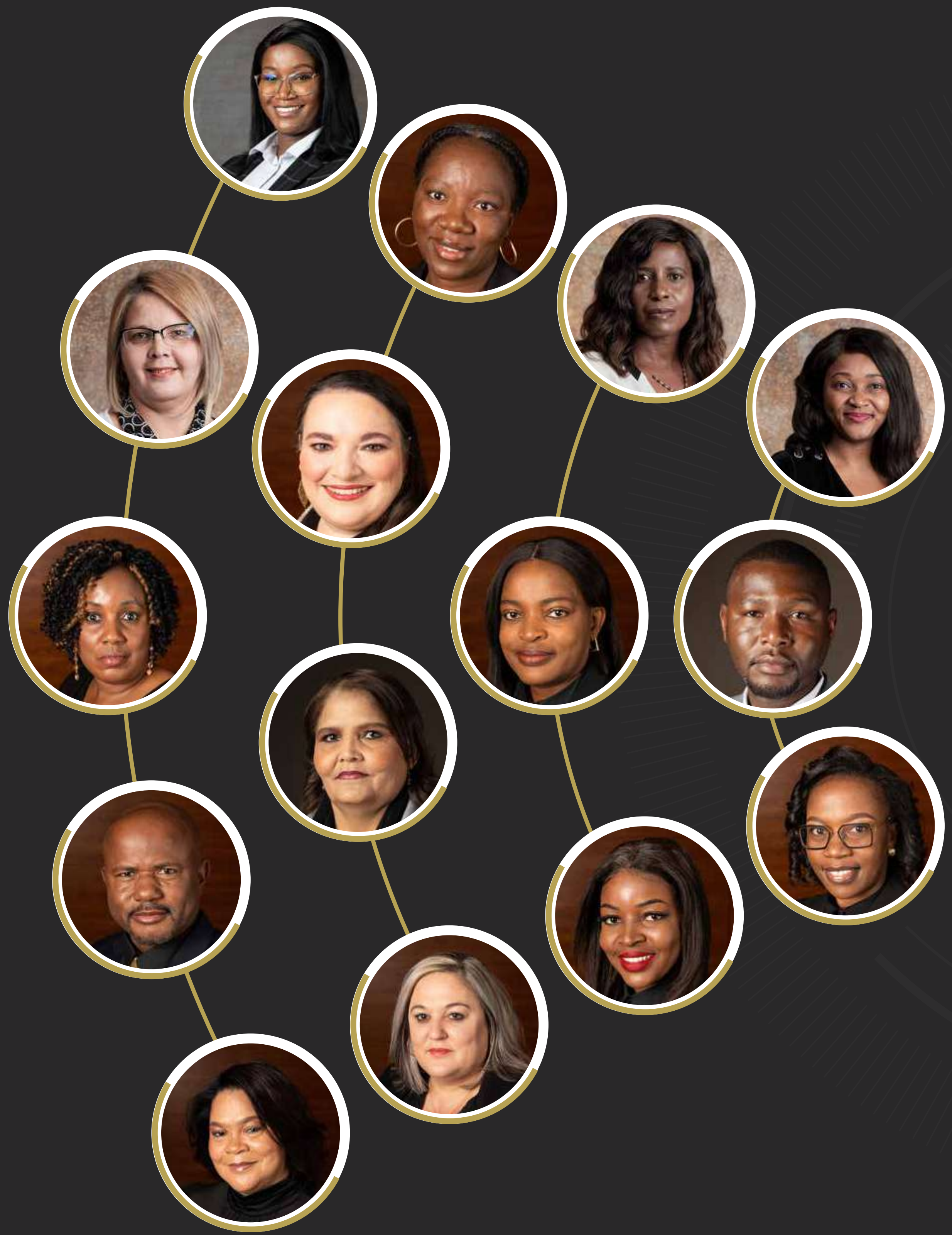
The Division facilitated the successful completion of the 2022/23 annual financial statements and the 2023/24 budget, ensuring the Authority's continued compliance with relevant laws and regulations. The Division initiated the implementation of the Records Management Policy, as well as the revised Travel Policy. Significant time was invested in the implementation of the Enterprise Resource Planning System, which will contribute towards enhancing operational efficiency once successfully concluded. The Division was involved in the initiation of the procurement process for a contractor for the construction of NAMFISA's own office building.

Key focus areas for 2023/24

Attention will be given to the finalisation of the Finance and Administration section of the Enterprise Resource Planning System. The Division will review NAMFISA's imposition of levies on financial institutions, as published in the Government Gazette No. 2947 of 1 April 2003, to improve the efficiency of the levy collection process. The Division will finalise the implementation of the Records Management Policy. The Division will be involved in the conclusion of the procurement of a contractor for the construction of NAMFISA's own building.

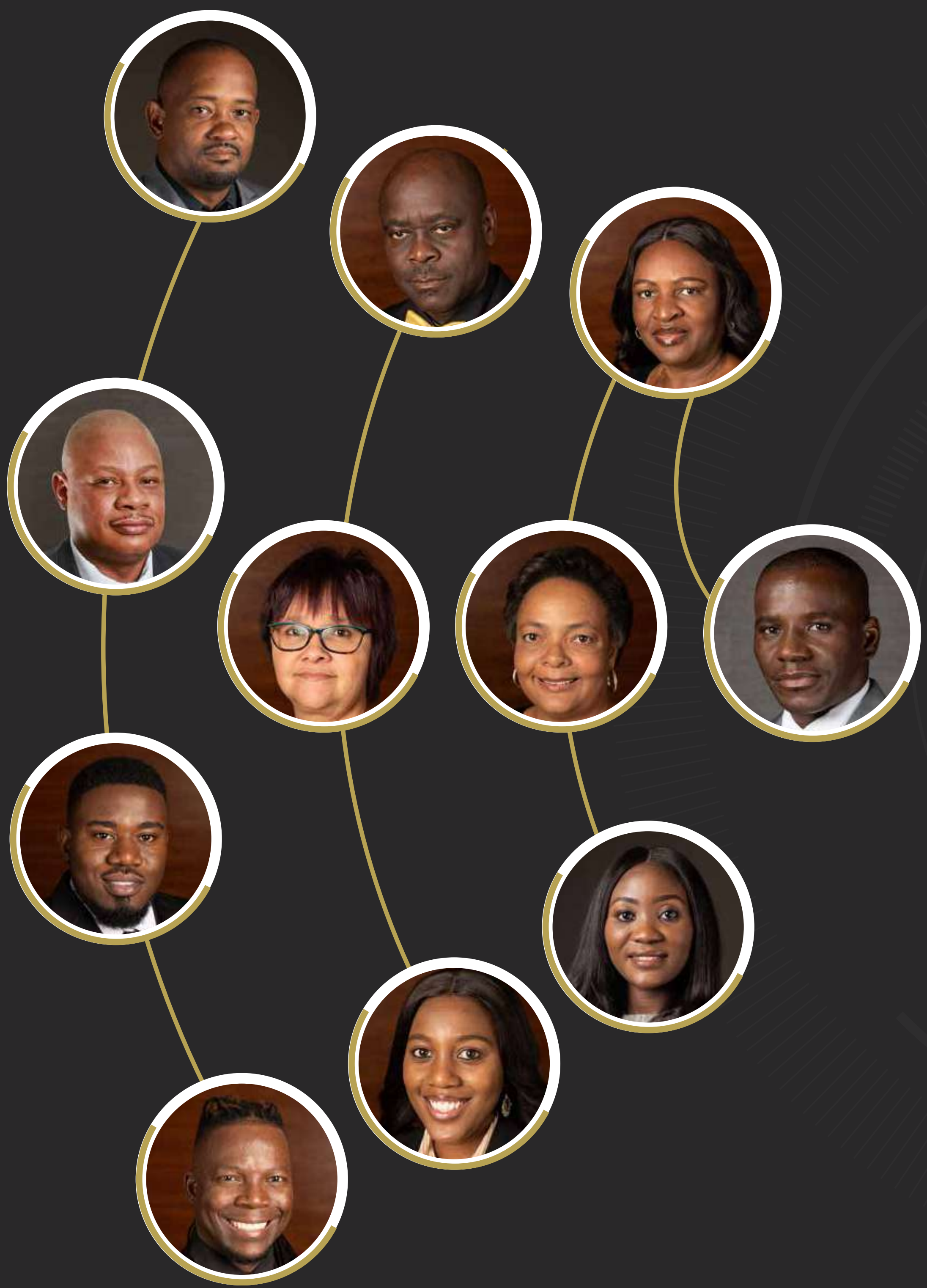
MARKET CONDUCT AND OPERATIONS FUNCTION

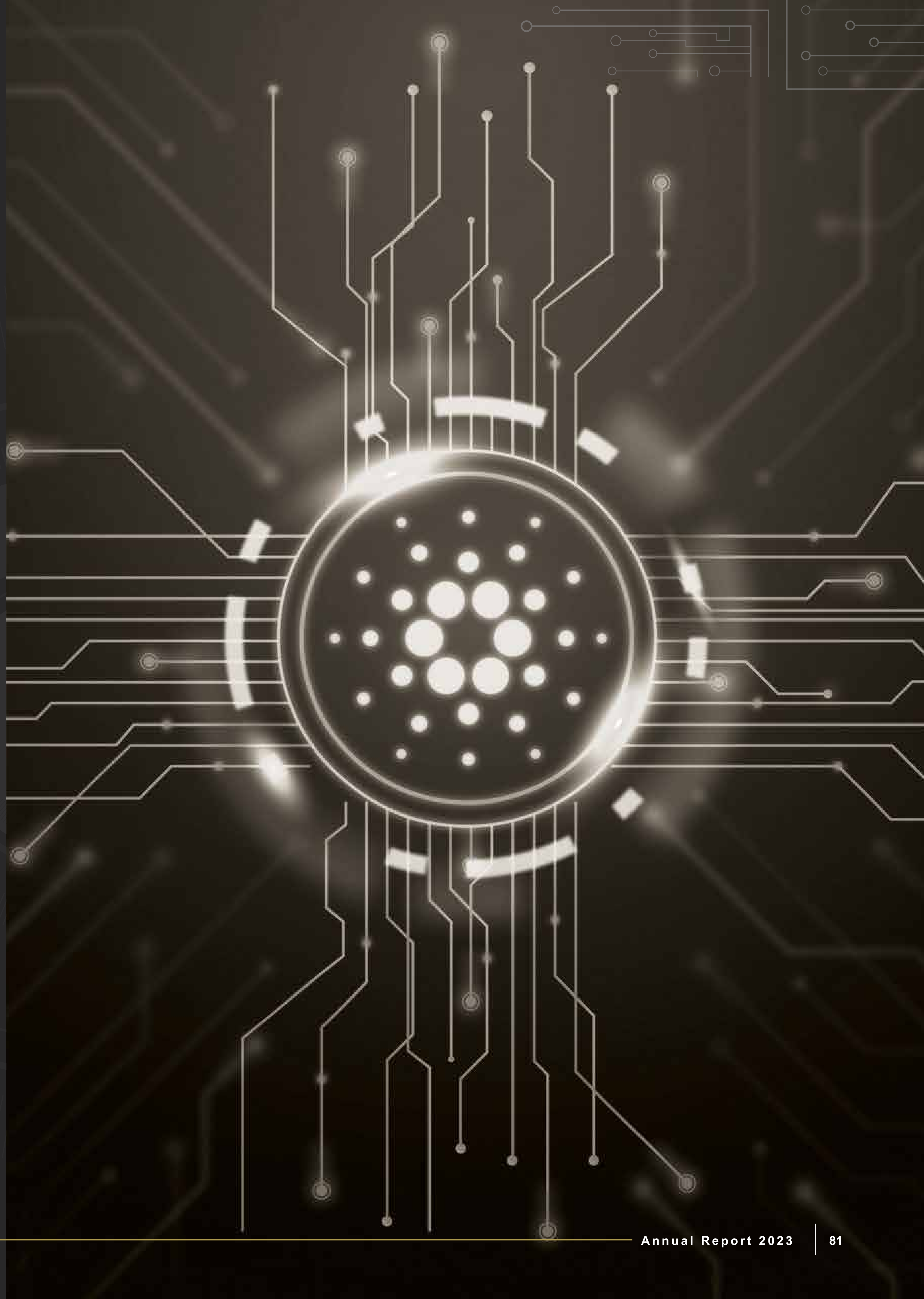
Finance and Administration Division



MARKET CONDUCT AND OPERATIONS FUNCTION

Finance and Administration Division (continued)





SELECTED KEY ACTIVITIES UNDERTAKEN BY NAMFISA DURING THE REVIEW PERIOD

NAMFISA's 21st Anniversary

NAMFISA commemorated its 21st year of existence during the review period. To celebrate this journey, the Authority hosted several engagements with different stakeholders. On 14 September 2023, the Authority hosted a gala dinner for all the relevant stakeholders, which included the Minister of Finance and Public Enterprises, the Board, sister regulatory bodies, regulated entities, industry members, and former and present NAMFISA staff members. At this event, selected stakeholders reflected on the events that have led to the Authority's current status, delivered messages of encouragement, and expressed their expectations for the future of NAMFISA.

On 17 September 2023, the Authority hosted a family fun and sports day for the Board and NAMFISA staff and their families. This event celebrated a day of togetherness, recreation and social interaction that was immensely enjoyed by all.

21 YEARS ANNIVERSARY

At this event, selected stakeholders reflected on the events that have led to the Authority's current status, delivered messages of encouragement, and expressed their expectations for the future of NAMFISA.

Legislative and Supervisory Reform Conference

> *The aim of the conference was to discuss the regulatory and supervisory transformation currently taking place in the financial services sector in preparation for the imminent promulgation of the NAMFISA Act and the Financial Institutions and Markets Act (FIMA) to political office bearers, the Board, senior executives, principal officers, captains of industry from the non-banking financial services industry, and other key stakeholders.*

The NAMFISA Legislative and Supervisory Reform Conference was held on 12-13 October 2022 in Swakopmund. The aim of the conference was to discuss the regulatory and supervisory transformation currently taking place in the financial services sector in preparation for the imminent promulgation of the NAMFISA Act and the Financial Institutions and Markets Act (FIMA) to political office bearers, the Board, senior executives, principal officers, captains of industry from the non-banking financial services industry, and other key stakeholders. NAMFISA invited international speakers from the Toronto Centre, the World Bank, Global Advisory Alliance, South Africa, Kenya, Ghana and Canada. The invited speakers presented and shared their country experiences, which included a wide range of topics such as risk-based supervision as a supervisory framework, the context of corporate governance in relation to the Twin Peaks Experience, supervision of market infrastructures, the context of social security protection in Namibia, and the South African insurance experience.

During the conference, the Authority introduced the Risk-based Supervision (RBS) Methodology to the industry. RBS is a formally structured supervisory framework that the Authority uses to assess the institutional risk profile of a regulated entity, with supervisory emphasis on focusing on what matters: assessing the degree of risk in business operations to determine the allocation of supervisory resources commensurate with the level of risk. The conference was accessible to the public and the entire proceedings were streamed live on NAMFISA's social media platforms.

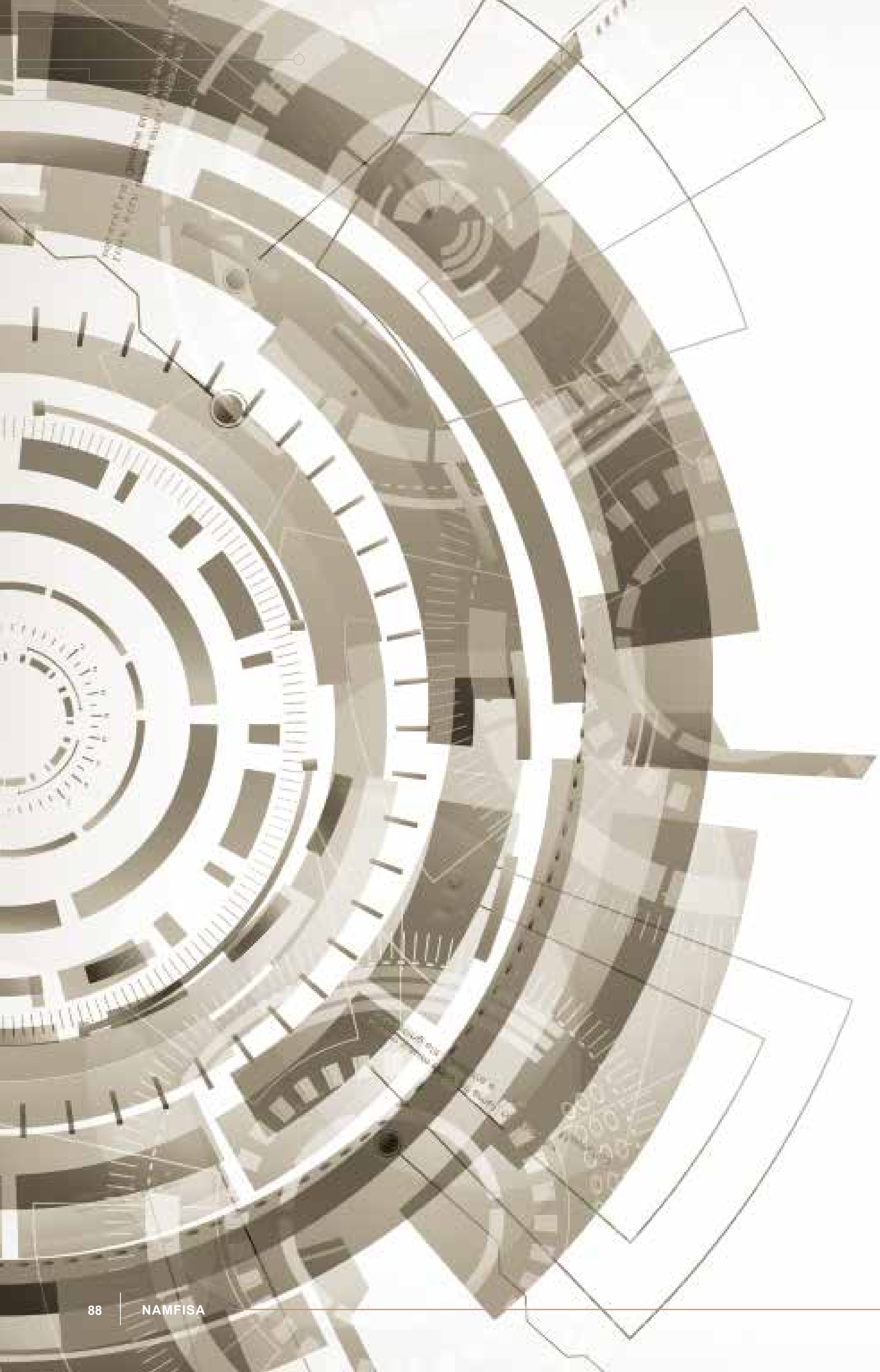
Launch of the NAMFISA Regulatory Sandbox

In a significant move to foster innovation and drive the growth of the financial sector, NAMFISA and the Deputy Minister of Finance and Public Enterprises, Hon. Maureen Hinda-Mbuende, launched the highly anticipated Regulatory Sandbox on 10 May 2023 in Windhoek. As a result of this significant event, NAMFISA now officially accepts applications from interested innovators in the microlending industry with business-to-business or business-to-consumer solutions.

This groundbreaking initiative is set to revolutionize the landscape of financial services in Namibia, providing a safe space for testing and refining innovative ideas and products within a controlled regulatory environment. The NAMFISA Regulatory Sandbox will stimulate a wave of digital innovation and creativity, and ultimately accelerate the development of cutting-edge financial technologies in the country.

NAMFISA
NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY
FINTECH SQUARE
NAMFISA Innovation Station

The NAMFISA Regulatory Sandbox will stimulate a wave of digital innovation and creativity, and ultimately accelerate the development of cutting-edge financial technologies in the country.



07 REGULATORY UPDATE

In line with its regulatory function under the NAMFISA Act, the Authority made concerted efforts during the reporting period to review the legislation that governs NBFIs. Legislative reform sharpened its focus on revisions to ensure a smooth transition from compliance to RBS and to promote consumer protection in line with NAMFISA's vision.

New and Amended Legislation

The commencement dates for the FIMA and NAMFISA Act are still to be determined by the Minister of Finance and Public Enterprises. The Financial Services Adjudicator (FSA) Bill has been held in abeyance as the Minister is yet to determine who will assume the powers of the FSA. During the review period, the first draft of the Consumer Credit Bill was completed.

The working group discussed the comments and agreed on the amendments for incorporation into the second draft of the Consumer Credit Bill. Drafting of the Bill is ongoing.

An additional development during the review period includes the Authority's finalisation of the drafting of the conditions in terms of section 4(1)(f) of the Stock Exchanges Control Act, 1985 (No. 1 of 1985) for the intended establishment of a Central Securities Depository, which has been gazetted.

Table 12: Purpose and status of new regulatory instruments in development

Title of regulatory instrument	Purpose	Status
Namibia Financial Institutions Supervisory Authority Act, 2021 (No. 3 of 2021)	To reform the Authority by expanding its mandate, increasing its supervisory powers, and improving its governance capacity.	The new Act was promulgated in October 2021. The commencement date is still to be determined by the Minister of Finance and Public Enterprises.
Financial Institutions and Markets Act, 2021 (No. 2 of 2021)	To consolidate and modernise the laws that govern all industries that the Authority currently regulates, except for the Usury Act, 1968 (No. 73 of 1968) and the Microlending Act, 2018 (No. 7 of 2018).	The Act was promulgated in October 2021. The commencement date is still to be determined by the Minister of Finance and Public Enterprises.
Determination of conditions relating to the operation of a Central Securities Depository	To determine the conditions with which a person, contemplated in section 4(1)(f) of the Stock Exchanges Control Act, 1985 (No. 1 of 1985), intending to operate a Central Securities Depository must comply.	The conditions were finalised and submitted to the Minister of Finance and Public Enterprises, and subsequently promulgated on 28 July 2022.
Consumer Credit Bill	To consolidate, harmonise and reform the laws regulating the provision of credit and credit agreements; to establish the Consumer Credit Regulators; to provide for the regulation of credit	The third draft was completed and submitted to the Minister of Finance and Public Enterprises, who has authorised public consultation.

Table 12: Purpose and status of new regulatory instruments in development (continued)

Title of regulatory instrument	Purpose	Status
Consumer Credit Bill	providers, credit bureaus and debt collectors; to provide for the regulation of credit agreements in terms of which movable and immovable goods are purchased on credit, services are rendered on credit, and the borrowing of money; to provide for the limitation and disclosure of interest, costs, fees and other charges levied in respect of the provision of credit; to provide for improved standards of consumer protection; to promote responsible lending and borrowing practices and market conduct; to repeal the Usury Act, 1968, the Credit Agreements Act, 1980, and the Microlending Act, 2018; and to provide for related incidental matters.	
Subordinate legislation under the FIMA	Subordinate legislation for the implementation of the FIMA.	In addition to those issued in December 2021, supplementary critical standards and regulations were issued for formal consultations in March 2022. Feedback was provided to the industry in March 2023.

08 SUPERVISORY UPDATE

NAMFISA supervises its regulated entities in accordance with the NAMFISA Act. It also subscribes to principles adopted by various international standard-setting bodies.

Supervisory Principles

NAMFISA's supervisory principles include the following:

- International Organisation for Pension Supervisors (IOPS) standards for the supervision of pension funds
- International Association of Insurance Supervisors (IAIS) core principles of supervision for insurance
- International Organization of Securities Commissions (IOSCO) principles and standards for securities regulation
- SADC Committee of Insurance, Securities and Non-banking Financial Authorities (CISNA) guidelines
- Financial Action Task Force (FATF) International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation

An additional principle that is fundamental to NAMFISA's operations is the ongoing review of its policies and practices to ensure that the Authority remains effective and efficient, cognisant of the needs of Namibia's financial sector, and aligned to international best practice.

NBFIs that form part of a local banking group are supervised on a consolidated basis. Thus, the Joint Supervision Framework that exists between NAMFISA and the Bank of Namibia and the Memorandum of Understanding signed between two institutions in this regard permits the exchange of supervisory and other information between the two regulators for the purpose of facilitating consolidated supervision.

Ladder of Supervisory Intervention

Various Acts provide for a wide range of discretionary intervention powers for the Authority to address situations that give it cause for concern. NAMFISA, therefore, devised a guide to its Ladder of Supervisory Intervention (Table 13). This sets out the procedures that the Authority will generally follow when it has cause for concern regarding the operations of a regulated entity or when a regulated entity does not comply with applicable NAMFISA legislation, regulations, standards, guidelines or directives.

Table 13: Ladder of Supervisory Intervention

Indicator category	Stage of intervention	Reason for or nature of intervention
No significant problems	Stage 1	Pursuant to its mandate, the Authority carries out ongoing supervisory and regulatory activities on a regulated entity.
Early warning	Stage 2	The Authority identifies some deficiencies in policies or procedures or the existence of other practices, conditions and circumstances that could lead to the development of problems requiring a Stage 3 intervention.
Risk to viability or solvency	Stage 3	Situations or problems exist that, although not presenting an immediate threat to viability or solvency, could deteriorate into a Stage 4 situation if not addressed promptly.
Future viability in serious doubt	Stage 4	Situations or problems described at Stage 3 pose a material threat to future viability or solvency unless prompt, effective and corrective measures are applied.
Entity not viable or insolvency imminent	Stage 5	Severe financial, operational or market conduct difficulties are indicated, which will result in one or more of the following: • Failure or imminent failure of the regulated institution to meet capital adequacy and solvency requirements, coupled with an inability to rectify the situation within a short period. • Failure of the regulated institution to develop and implement an acceptable business plan, thus making either of the two preceding circumstances inevitable within a short period. • Prolonged and consistent failure to comply with the Registrar's directives.

The objectives of the guide to the Ladder of Supervisory Intervention are to:

- identify areas of concern early and to intervene effectively to protect the users of financial services;
- promote awareness and enhance the transparency of the system of intervention for regulated entities and other stakeholders;
- summarise the circumstances under which intervention measures may be expected; and
- set out NAMFISA's core supervisory principles, outline its supervisory activities and provide the framework for remedial supervisory intervention.

Prudential Supervision Function

This section presents NAMFISA's prudential supervisory developments during the review period.

Long and short-term insurers and Medical aid funds

The Insurers and Medical Aid Funds Division supervises long- and short-term insurance institutions and medical aid funds in terms of the governing laws. The Market Conduct Division supervises insurance intermediaries (insurance brokers and agents). The Medical Aid Division supervises registered medical aid funds and is mandated to monitor and promote the financial soundness of the medical aid funds industry, which is executed by analysing and reporting on the financial performance of medical aid funds and ensuring adherence to the requirements of the Medical Aid Funds Act, 1995 (No. 23 of 1995).

Market size review

Long-term insurance

The total number of market participants in respect of long-term insurance increased by 13.5 percent to 9,796 participants during the review period (Table 14). As is customary, brokers and agents constituted the bulk of these participants with 1,240 new registered intermediaries. No new insurance companies were registered or deregistered during the 2022 calendar year.

Table 14: Long-term insurance industry participants, 2021-2022

	31 December 2021	Registration	Deregistration	31 December 2022
Insurers	14	0	0	14
Reinsurers[3]	1	0	0	1
Agents	7,379	1,081	67	8,393
Brokers: legal persons	439	56	2	493
Brokers: natural persons	801	103	9	895
Total	**8,634**	**1,240**	**78**	**9,796**

Although 14 insurers were registered for all classes of insurance business as at 31 December 2022, most only traded in those classes for which they had a risk appetite (Table 15).

Table 15: Long-term insurers, 2018-2022

Classes of life insurance business	2018	2019	2020	2021	2022
All six classes of insurance	15	15	14	14	14
Fund insurance only	1	1	1	1	1
Total	**16**	**16**	**14**	**15**	**15**

[3] The reinsurer has a composite licence (i.e. life and non-life insurance).

Short-term insurance

The total number of short-term insurance industry participants increased by 12.4 percent to 2,476 as at 31 December 2022 (Table 16). The participants consisted mainly of brokers and agents, with only 14 insurers and one (1) active registered reinsurer in Namibia. Table 16 presents all the participants in the short-term industry as at 31 December 2022 and compares the totals with the same period in 2021.

Table 16: Short-term insurance industry participants, 2021-2022

Type of participant	31 December 2021	Registration	Deregistration	31 December 2022
Insurers	14	0	0	14
Reinsurers[4]	1	0	0	1
Brokers	709	81	3	787
Agents	1,486	195	7	1,674
Total	**2,210**	**276**	**10**	**2,476**

Compared with the thirteen (13) insurers registered for all classes of insurance business, one (1) insurer remained registered for the miscellaneous business class of insurance during the period under review. (Table 17).

Table 17: Short-term insurers, 2018-2022

Classes of insurance business	2018	2019	2020	2021	2022
All classes	14	14	13	13	13
Miscellaneous (only)	1	1	1	1	1
Total	**15**	**15**	**15**	**14**	**14**

Inspections

During the reporting period, the Authority conducted one (1) on-site and 117 off-site inspections, which included both long- and short-term insurance entities.

On- and off-site inspection findings

- Incorrect reporting of financial information: The sustained submission of inaccurate data by some insurers occurred during the year under review, which adversely affects the timelines required to finalise entity and industry reports.
- Non-compliance with Regulations 8 and 15: Some insurers continue to contravene the prescribed investment limits per category as per amended Regulations 8 and 15.
- Some insurers were exposed to contagion and liquidity risks and other resultant spill-over effects due to extensive transactions and balances that insurers have with related parties.
- The expense ratio for some insurers was above the prudential acceptable range of 30 to 40 percent. The high expense ratios signal an escalation in these insurers' exposure to operational risk, which could eventually lead to an adverse impact on the solvency position of these entities.
- Some insurers failed to meet the minimum capital requirements, as prescribed under section 20 (read with section 29) of the Short-term Insurance Act, 1998 (No. 4 of 1998).

Supervisory interventions undertaken

A directive and circulars were issued during the year under review, focusing on updating regulated entities on the status of the FIMA and NAMFISA Act and notifying the industry on the correct interpretation of Regulations 8 and 15.

Medical aid funds

The Insurance and Medical Aid Funds Division supervises registered medical aid funds and is mandated to monitor and promote the financial soundness of the medical aid funds industry. This is done by analysing and reporting on the financial performance of medical aid funds and ensuring adherence to the requirements of the Medical Aid Funds Act, 1995 (No. 23 of 1995).

Market size review

The medical aid funds industry constituted eight (8) registered funds as at 31 December 2022, of which five (5) are open medical aid funds and three (3) are closed medical aid funds.

Open medical aid funds are open to members of the public who can afford to pay the contribution premiums, and closed medical aid funds are those whose membership is restricted to specific participating employer groups.

[4] Ibid.

Table 18: Registered medical aid funds, 2018-2022

Type of medical aid fund	Size of fund	2018	2019	2020	2021	2022
Open	Large*	3	3	3	3	3
	Medium**	1	1	1	1	1
	Small***	1	1	1	1	1
	Total	**5**	**5**	**5**	**5**	**5**
Closed	Large*	0	0	0	0	0
	Medium**	1	1	1	2	2
	Small***	4	3	3	1	1
	Total	**5**	**4**	**4**	**3**	**3**
Total	Large*	3	3	3	3	3
	Medium**	2	2	2	3	3
	Small***	5	4	4	2	2
	Total	**10**	**9**	**9**	**8**	**8**

* Large fund = ≥ 30,000 beneficiaries
** Medium fund = ≥ 6,000 members but < 30,000 beneficiaries
*** Small fund = < 6,000 members

Inspections

A total of 39 off-site inspections (including the analysis of audited annual financial statements) were conducted on the eight (8) registered medical aid funds during the 2022 financial year. No on-site inspections were conducted.

Off-site inspection findings

- Solvency and fund sustainability concerns.
- Submission of incomplete and inaccurate One Chart of Account (OCoA) data in the quarterly returns.

Supervisory interventions undertaken

The medical aid funds that failed to meet the minimum prudential solvency levels are under close monitoring supervision. Administrative penalties were issued for non-compliance with the respective legislation. All the funds were provided with direction with regards to furnishing accurate and complete OCoA statutory return information before submission to NAMFISA.

Pension funds

The Pension Funds and Friendly Societies Division is responsible for supervising and regulating the business of pension funds and friendly societies that are registered and operate in Namibia. The Division is also responsible for promoting a safe and stable environment for the members of retirement funds. These functions are performed in accordance with the Pension Funds Act, 1956 (No. 24 of 1956) and the Friendly Societies Act, 1956 (No. 25 of 1956) and their respective regulations, as well as any directives or circulars issued by the respective Registrars of Pension Funds and Friendly Societies.

Market size review

The number of local pension funds registered with NAMFISA as at 31 December 2022 remained constant at a total of 83. At the end of the reporting period, the number of active foreign funds had increased by two (2) to 69 funds, and the inactive foreign funds remained at 55 (Table 19).

Table 19: Number of local and foreign pension funds

Pension funds	Status	31 December 2021	Registration	Deregistration	Re-classification	31 December 2022
Local	Active	76	-	(1)[5]	-	75
	Dormant	7	-	-	1[6]	8
Foreign	Active	67	2	-	-	69
	Dormant	55	-	-	-	55

Of the 75 local active funds, three (3) are defined benefit funds, while the remainder are defined contribution funds, of which 26 are insured funds. Dormant funds are defined as those whose operations have ceased and whose deregistration is actively being pursued.

Inspections

The Authority conducted 38 off-site inspections during the period 1 January to 31 December 2022. These inspections are performed based on information provided to the Authority in the supervised entities' quarterly returns (submitted via the OCoA), annual financial statements, and actuarial valuation reports. In addition, the Authority conducted four (4) on-site follow-up thematic inspections and one (1) RBS pilot on-site inspection during the reporting period.

On- and off-site inspection findings

- Breaches of good corporate governance concerning risk management in respect of service providers and conflicts of interest.
- Non-compliance with pension fund rules in areas such as Board composition, number of trustee meetings, quorum requirements, and the remuneration of trustees.
- Late payment and non-payment of pension contributions (section 13A of the Pension Funds Act).
- Market conduct concerns such as delayed payments of benefits that have become due.
- Non-compliance with section 37C of the Pension Funds Act.
- Non-compliance with section 93 of the Administration of Estates Act.
- Non-compliance with the provisions of Regulation 13(5) on unlisted investments.
- Non-compliance with various issued circulars and directives.
- Non-compliance with statutory requirements regarding submission of the OCoA, annual financial statements, and actuarial valuation reports.

Supervisory interventions undertaken

Administrative penalties

In line with Regulation 42(1), administrative penalties amounting to N$451,000.00 were issued to the entities concerned during the calendar year for the late submission of statutory returns such as the OCoA, annual financial statements, and actuarial valuation reports.

Friendly societies

As at 31 December 2022, the number of registered friendly societies remained unchanged at one (1). This friendly society was established with the objective to provide funeral benefits to its members.

[5] The decrease in movement observed in the local active fund category is due to the deregistration of the MMI Holding Namibia Staff Provident Fund in December 2022.
[6] The increase in local dormant funds is due to an application to liquidate Air Namibia Retirement, which has been reclassified from the active funds category to the inactive (dormant) funds category.

Capital markets

The Capital Markets Division supervises financial market infrastructure such as the stock exchange, stockbrokers, investment managers, unit trust management companies, linked investment service providers, unlisted investment managers, and special purpose vehicles.

Market size review

The Capital Markets Division supervised 110 registered entities (Table 20), of which 78 were active and 32 were dormant. Investment managers constituted the majority of the active entities with 22 active entities. Unlisted investment managers constituted the majority of dormant entities with 16 dormant entities (Table 20).

Table 20: Registered Capital Markets entities, 31 December 2022

Type of entity	31 December 2021	Registration	Deregistration	31 December 2022
Investment managers	31	0	0	31
Linked investment service providers	4	0	0	4
Unit trust management companies	19	1	0	20
Stockbrokers	4	0	0	4
Stock exchanges	1	0	0	1
Unlisted investment managers	29	1	0	30
Special purpose vehicles	21	0	1	20
Total	**109**	**2**	**1**	**110**

For the year under review, two (2) entities were registered, and one (1) special purpose vehicle was deregistered due to its failure to comply with the provisions of the Pension Funds Regulations.

Table 21: Active and dormant Capital Markets 1 entities, 31 December 2022

Type of entity	Active licences	Dormant licences	Total
Investment managers	22	9	31
Linked investment service providers	4	0	4
Unit trust management companies	17	3	20
Stockbrokers	4	0	4
Stock exchanges	1	0	1
Unlisted investment managers	14	16	30
Special purpose vehicles	16	4	20
Total	**78**	**32**	**110**

Inspections

During the review period, the Authority conducted four (4) on-site inspections, which included one (1) pilot RBS on-site inspection at a stockbroker under the RBS Pilot Project, two (2) at incubator investment managers, and one (1) at an unlisted investment manager. In addition, the Authority conducted 55 off-site inspections.

On- and off-site inspection findings

- The composition of the Board not in line with the NamCode.
- Board performance evaluations not conducted.
- Policies and Board Charters not maintained and/or approved.
- The Declaration of Conflict of Interest registers not maintained and/or updated.
- Board Committees' terms of reference not approved by the Board.
- Failure to maintain sufficient paid-up share capital and reserves.
- Failure to submit or the late submission of audited annual financial statements and compliance reports.
- Failure to maintain the minimum co-investment requirements.
- Failure to maintain sufficient liquid assets to cover 13/52 weeks of annual expenses.
- IT risks, and monitoring and assurance processes not adequately addressed.
- High solvency, liquidity and profitability risks.
- Lack of business continuity or contingency plans.
- No documented procedures in place for the monitoring of outsourced services and the management of succession planning.
- No employee training on the FIA and AML-related topics was conducted.

Supervisory interventions undertaken

The Authority utilised the Ladder of Supervisory Intervention tool to monitor and supervise entities that fall within its supervisory mandate.

Where applicable, and in instances of perceived severe or persistent non-compliance, the Authority issued a letter of intention to cancel the entity's registration and to grant it a period within which to respond to the Registrar accordingly.

Market Conduct and Compliance Function

This section presents the Authority's supervisory developments in respect of NBFI market conduct and compliance during the review period.

Consumer complaints

The Authority continued to pursue its mission to protect consumers despite the decrease in the number of complaints received. The total number of complaints received decreased by 6.6 percent to 730 as at 31 December 2022 (Table 22).

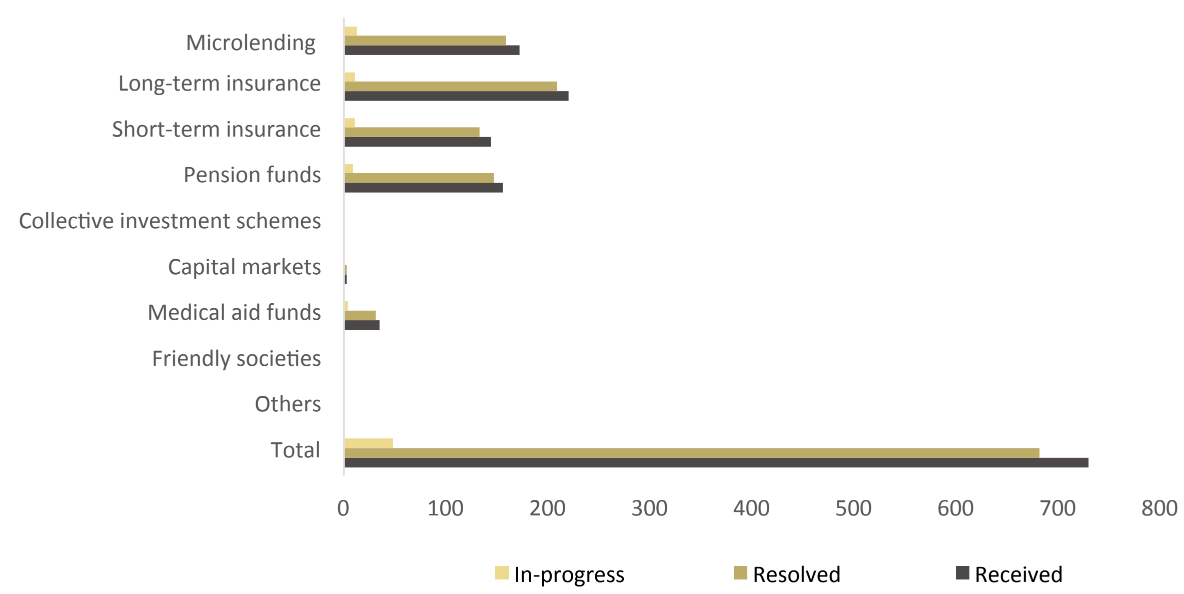
The decrease in complaints is attributed to the Authority's engagements with NBFIs, which addressed the root causes of received complaints and the development of strategies to reduce the re-occurrence of similar complaints. The reduction in received complaints was further influenced by the Authority's direct referral of consumers to the NBFIs, which resulted in some complaints being successfully resolved at the relevant NBFIs.

Table 22: Complaints received per industry, 2017-2021

Industry	Number of complaints received				
	2018	2019	2020	2021	2022
Long-term insurance	326	303	315	321	220
Microlending and credit agreement	400	358	396	178	172
Pension funds	178	148	152	116	156
Short-term insurance	151	188	180	151	144
Medical aid funds	13	14	15	15	35
Capital markets	3	2	1	1	3
Collective investment schemes	1	0	0	0	0
Friendly societies	0	0	0	0	0
Other	0	0	0	0	0
Total	**1,072**	**1,013**	**1,059**	**782**	**730**

The Authority was able to resolve 93.4 percent of the 730 received complaints. This represents a decrease, compared with 94.9 percent for resolved complaints recorded in 2021. The remaining 6.6 percent was pending as at 31 December 2022 and therefore carried over to 2023. All complaints that were received and resolved and which are still in progress per industry are depicted in Figure 12.

Figure 12: Complaints received, resolved and in progress per industry, 2022



The highest number of lodged complaints (220) were against the long-term insurance industry, followed by 172 complaints against the microlending and credit agreement industry, 156 against the pension funds industry, 144 against the short-term insurance industry, 35 against the medical aid funds industry, and three (3) against the capital markets industry (Table 22).

Although the complaints lodged against the long-term insurance industry, the microlending and credit agreement industry, and the short-term insurance industry decreased compared with 2021, they remained among the top four industries in terms of complaints received during 2022. In this regard, these top four industries together accounted for 94.7 percent, on aggregate, of all complaints lodged during the reporting period.

The nature of the complaints, which remained diverse (Table 23), include:

- delays in pension benefits payments;
- overcharged interest and failure to refund such charges;
- illegal deductions;
- repudiation of motor vehicle claims, funeral claims, death benefit claims and property insurance claims;
- failure to cancel contracts;
- failure to provide requested information within an acceptable period;
- disagreements in investment/savings values;
- Illegal policies;
- non-payment of funeral claims within an acceptable period;
- extension of loan periods; and
- failure to deliver quality services.

Table 23: Top five complaints per industry

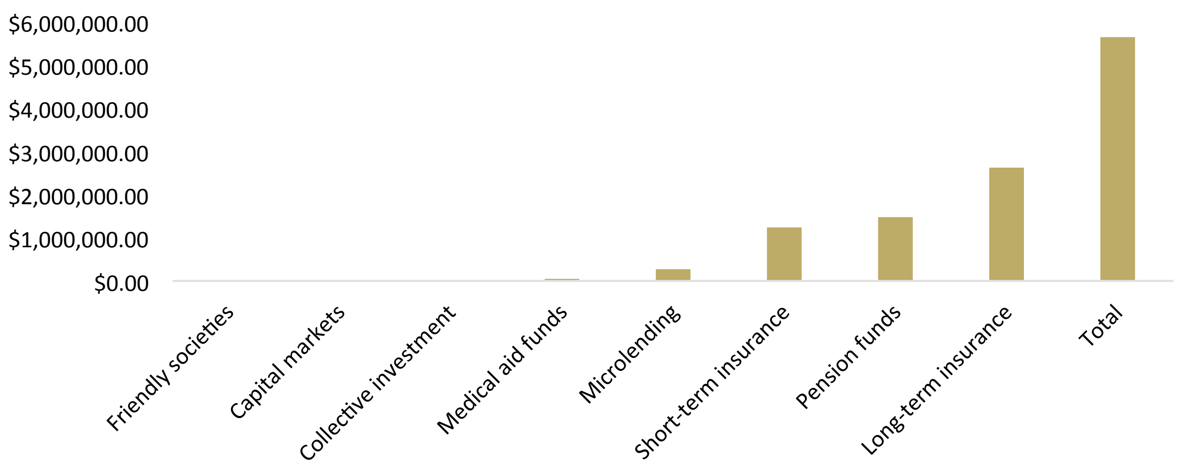
Industry	Type of complaint
Long-term insurance companies	• Non-payment of death benefits • Repudiation of funeral benefits • Illegal policies • Non-cancellation of contracts • Services not delivered and/or not acceptable
Microlenders and credit agreement	• Overcharging of interest • Non-payment of refunds • Illegal deductions • Extension of loan periods • Services not delivered and/or not acceptable
Pension funds	• Non-payment of pension benefits • Non-payment of death benefits • Non-provision of information • Inaccuracy of investment/savings amounts • Services not delivered and/or not acceptable
Short-term insurance companies	• Repudiation of property insurance/conveyance • Repudiation of motor vehicle claims • Repudiation of legal representation claims • Disputes concerning motor vehicle accident claims • Services not delivered and/or not acceptable

Across all the industries, the root causes for some of the complaints recurring include:

- non-disclosure of pre-existing conditions at the underwriting stage;
- defaults resulting in higher repayable debt;
- signing agreements without reading and/or understanding them;
- terms and conditions not properly explained to consumers;
- non-disclosure of how interest is charged;
- short-payments of instalments due to uncommunicated affordability limits at pay-points;
- a lack of proper affordability assessments conducted at the loan application stage; and
- a lack of communication regarding delays in the processing of claims.

The total value of payments made to complainants per sector during the review period, owing to the Authority's intervention, are illustrated in Figure 13.

Figure 13: Payments to complainants per sector



On account of the Authority's intervention, the total amount paid to complainants decreased significantly by 52.1 percent to N$5.6 million as at 31 December 2022, compared with 2021. This amount was paid out to 149 complainants. The highest amount, totalling N$2.6 million, was recovered from the long-term insurance industry, followed by N$1.5 million from the pension fund industry, N$1.2 million from the long-term insurance industry, N$270,041 from the microlending and credit agreement industry, and N$40,806 from the medical aid funds industry.

Consumer education

In view of the structural changes to the Corporate Communications and Consumer Education Department and the introduction of the Consumer Education Specialist, the Department continues to align its processes and procedure manuals to enhance stakeholder engagement.

With the purpose of successfully informing and safeguarding consumers, NAMFISA engaged and educated various organisations, workers, farmers, and the general public through a variety of campaign platforms such as roadshows, workplace forums, publications, radio, social media, and television interviews throughout the review period. The aim was to convey information about, among others, NAMFISA's mandate, financial education, complaint channels, observed malpractices, financial institution operations, and regulatory developments pertaining to the FIMA.

Strategic partnership with the Financial Literacy Initiative

NAMFISA is a platform supporter of the Financial Literacy Initiative (FLI) and remains actively involved in the planning and execution of its initiatives. As a national platform, the purpose of the FLI is to improve the financial education of individuals and micro, small and medium-sized enterprises. The FLI was initiated by the Ministry of Finance and several platform supporters on 15 March 2012.

Publications

The Authority distributed 20,000 copies of the consumer education-oriented NAMFISA Comic Booklet as inserts in daily local newspapers to various institutions throughout the country. The comic booklet discusses current issues and educates readers about new regulations, especially the FIMA. The NAMFISA Comic Booklet: Part 17 (The Benefits of FIMA) informs consumers about the benefits of the FIMA, and Comic Booklet: Part 18 (Chapters of FIMA) introduces consumers to the chapters of the FIMA.

Radio interventions

The Authority partnered with various radio stations to expand its informative reach to the public. Through the 'Did You Know' broadcast, listeners were informed about the benefits of the FIMA and life insurance. The radio awareness campaign was broadcast as live interviews and pre-recorded messages on nine (9) NBC radio stations: Omurari FM, National FM, Kati FM, Kaisames FM, Hartklop FM, Funkhaus Namibia, Tirelo ya Sechaba FM, Wato FM, and Nwanyi FM.

Television interviews

The Authority conducted monthly interviews on the National Broadcasting Corporation's Good Morning Namibia television show. The interviews covered various topics that are pertinent to and have an impact on consumers of financial services.

Roadshows, workplace forums and student engagement events

NAMFISA held successful educational roadshows and workplace forums in 11 regions during the review period. A total of 4,033 consumers from 55 institutions attended and benefited from these educational activities (Table 24). These interventions aimed to increase consumers' awareness on NAMFISA's role of protecting NBFI service consumers, explain consumers' rights and responsibilities, and contribute to financial inclusion. The Authority also reminded the public of their role in combating money laundering as customers of non-bank financial institutions.

Table 24: Total number of institutions visited by region and number of attendees

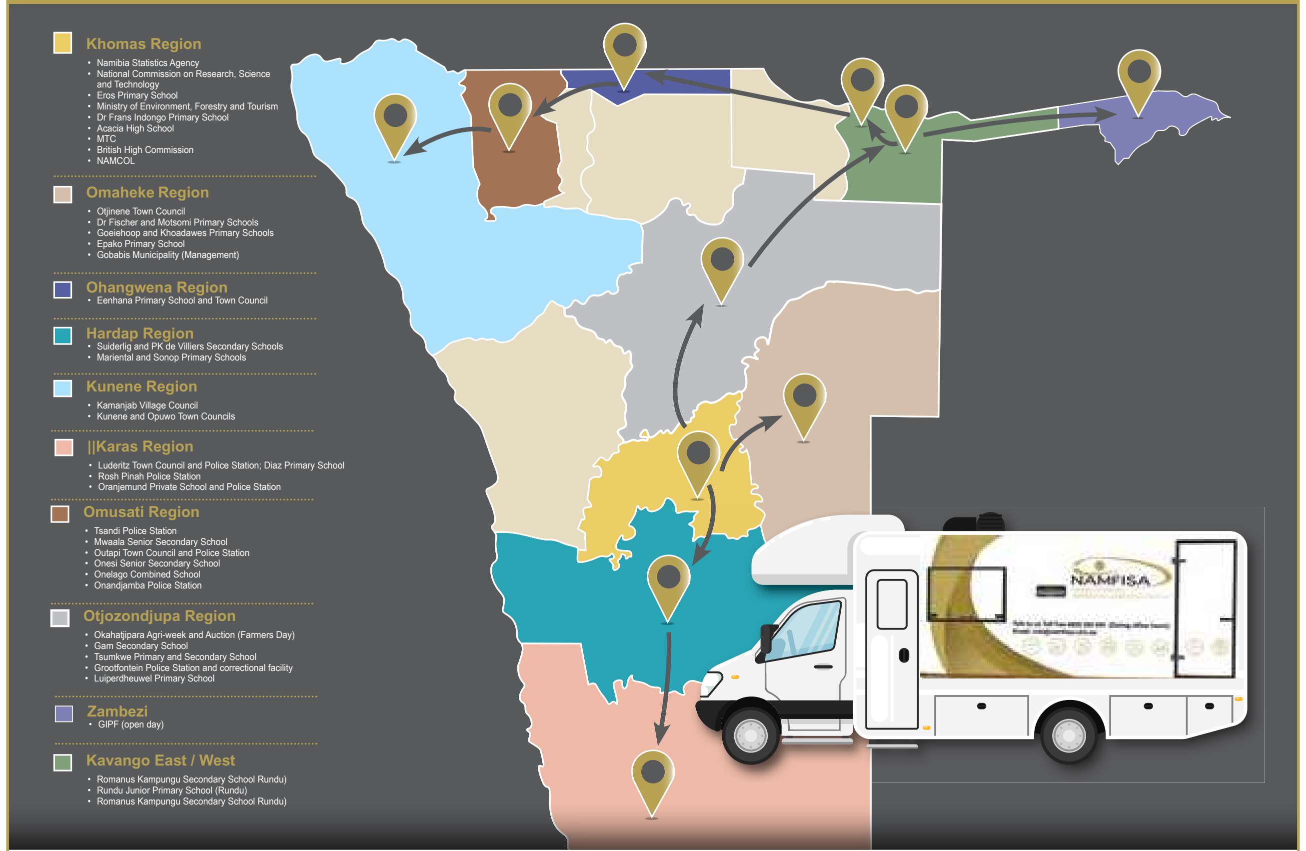
Region	Date	No. of institutions visited	Attendance per region
Omaheke	May 2022	7	512
Hardap	May 2022	4	419
Kharas	June 2022	6	420
Kunene	August 2022	5	504
Omusati	August 2022	8	338
Ohangwena	August 2022	2	157
Oshikoto	August 2022	0	67
Oshana	September 2022	0	367
Zambezi	October 2022	0	202
Otjozondjupa	February 2023	14	379
Khomas	Throughout the financial year	9	668
Total		**55**	**4,033**

The Authority engaged in workplace interventions where consumers, regulated entities, and regulators gathered under one roof to deliberate issues impacting the public. The attendants included:

- The Allen Gray, Kuleni Preservations Fund, PSEMAS, First Capital, and NAMRA were among the organisations that delivered presentations at the Government Institute Pensions Funds (GIPF) member engagement function in the Zambezi Region.
- The Authority was invited to the NAMCOL clarity conference with Benchmark, where contention over the distribution of death benefits was discussed.
- On Farmers Day (28 April 2022), the Authority held an informative presentation and discussion on agriculture index insurance with farmers at the Okahatjipara Agri-week and Auction in the Otjozondjupa Region.

Table 25: Total number of institutions visited by region and number of participants

ENTITIES IN VARIOUS REGIONS VISITED BY NAMFISA



Institution	Region	Number of participants
Otjinene Town Council	Omaheke	15
Dr Fischer and Motsomi Primary Schools	Omaheke	83
Goeiehoop and Khoadawes Primary Schools	Omaheke	86
Epako Primary School	Omaheke	34
Gobabis Municipality (Management)	Omaheke	12
Luderitz Town Council and Police Station; Diaz Primary School	||Karas	81
Rosh Pinah Police Station	||Karas	9
Oranjemund Private School and Police Station	||Karas	39
Suiderlig and PK de Villiers Secondary Schools	Hardap	66
Mariental and Sonop Primary Schools	Hardap	81
Outjo Secondary School and Town Council	Okunene	86
Kamanjab Village Council	Okunene	16
Kunene and Opuwo Town Councils	Okunene	43
Tsandi Police Station	Omusati	10
Mwaala Senior Secondary School	Omusati	14
Outapi Town Council and Police Station	Omusati	61
Onesi Senior Secondary School	Omusati	30
Onelago Combined School	Omusati	27
Onandjamba Police Station	Omusati	15
Eenhana Primary School and Town Council	Ohangwena	37
National Commission on Research, Science and Technology	Khomas	44
Eros Primary School	Khomas	52
Ministry of Environment, Forestry and Tourism	Khomas	17
Dr Frans Indongo Primary School	Khomas	44
Acacia High School	Khomas	20
MTC	Khomas	206
British High Commission	Khomas	61
NAMCOL	Khomas	25
GIPF (open day)	Zambezi	210
Okahatjipara Agri-week and Auction (Farmers Day)	Otjozondjupa	56
Gam Secondary School	Otjozondjupa	12
Tsumkwe Primary and Secondary School	Otjozondjupa	48
Grootfontein Police Station and correctional facility	Otjozondjupa	13
Luiperdheuwel Primary School	Otjozondjupa	14
Total		**1,694**

NAMFISA Consumer Protection Month

The Authority declared October as Consumer Protection Month to coincide with World Savings Day. The goal was to strengthen consumer protection efforts and to educate consumers about the Authority's mandate, consumer rights and responsibilities, complaint channels, and financial issues. A number of interactive and informative activities took place at assembled stalls in shopping malls and workplace forums at various institutions in Windhoek, which, together with the NAMFISA mascot Tulonga, all contributed towards increasing brand visibility and consumer education.

Money laundering and the financing of terrorist and proliferation activities

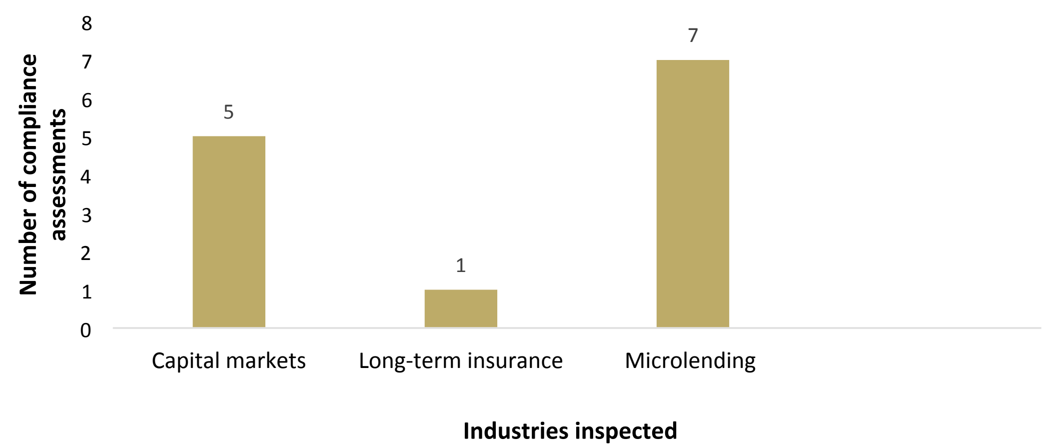
The Authority has a statutory mandate to supervise accountable and reporting institutions under its purview for AML/CFT/CPF purposes. As a result, supervisory activities are conducted in terms of an annual Supervisory Plan. In executing this Plan during the reporting period, the Authority conducted various on- and off-site inspections.

Inspections

On-site inspections

The Authority conducted twelve (12) risk-based on-site inspections of accountable institutions (AIs) in the capital markets space and the microlending space (Figure 14).

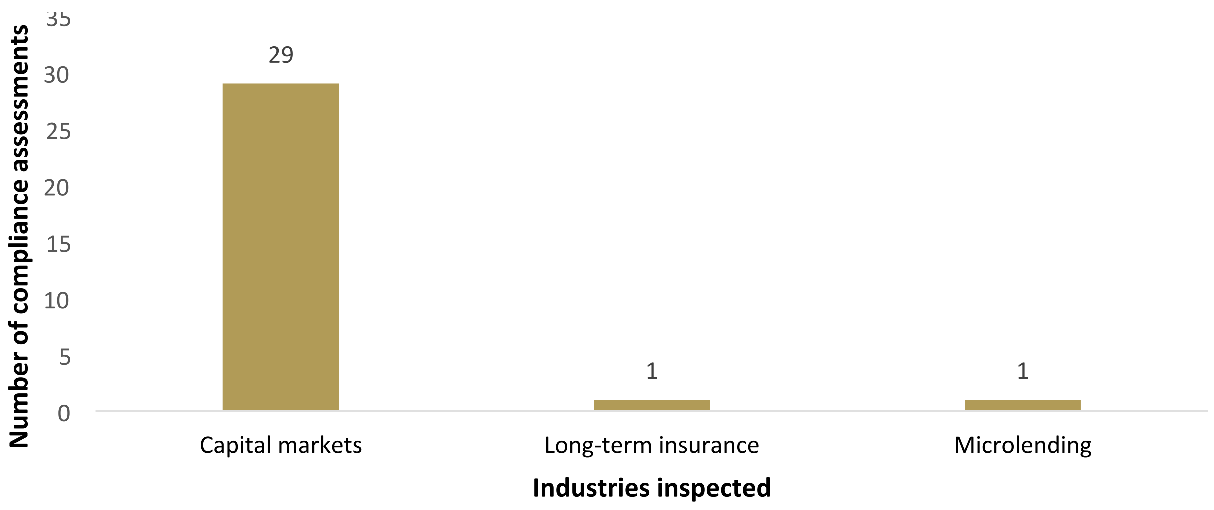
Figure 14: On-site AML/CFT/CPF inspections conducted



Off-site inspections

The Authority conducted 31 AML/CFT/CPF off-site inspections of AIs in the capital markets space, life insurance, and microlending space. The objective of these inspections was to assess the adequacy of compliance policies as well as the effectiveness of remedial measures adopted by AIs to address control weaknesses identified during the previous off-site inspections. The off-site inspections were aimed at identifying compliance gaps and providing guidance.

Figure 15: **Off-site AML/CFT/CPF inspections conducted**



Common on- and off-site inspection findings

The Authority identified various common compliance contraventions throughout the NBFI sector, which include:

- inadequate institutional risk assessments and risk management processes in respect of money laundering and the financing of terrorist and proliferation activities;
- inadequate information in respect of customer due diligence and enhanced due diligence;
- inadequate or ineffective account and transaction monitoring;
- non-reporting of suspicious transactions and activities;
- inadequate scope for an independent audit function to evaluate the adequacy and effectiveness of AML/CFT/CPF controls;
- inadequate AML/CFT/CPF staff training and awareness;
- inadequate screening of clients against the United Nations Security Council sanctions lists; and
- unsatisfactory or a lack of progress towards the remediation of non-compliance detected during previous on-site inspections.

Supervisory interventions undertaken

Administrative sanctions

The Authority issued a financial penalty amounting to N$1 million to one AI in the capital markets space for non-compliance with a) the risk management processes, b) customer due diligence, c) the monitoring of transactions, d) enhanced due diligence, e) screening customers against the United Nations Security Council Sanctions (UNSC) Lists, f) reporting suspicious transactions to the FIC, g) reporting cash transactions above the reporting threshold of N$99,999.99, and h) the directive to apply adequate remedial actions to address the deficiencies identified during previous assessments.

The Authority issued three (3) cautions to microlenders for non-compliance with a) customer due diligence, b) keeping up-to-date customers' records, and c) screening customers against the UNSC Lists. In this regard, the Authority imposed lighter sanctions as the affected industry is rated as low risk in terms of the ML/TF/PF risks.

The Authority issued three (3) cautions to AIs in the capital markets space for the failure to a) meet the remediation timelines, b) make clients' records available within the given timelines, and c) identify a politically exposed person (PEP). Furthermore, the Authority issued a Reprimand to one AI in the capital markets space for failure to provide records within the given timelines.

Regarding AIs in the life insurance space, the Authority issued one (1) caution to one AI for non-compliance with a) the risk management processes, b) ongoing customer due diligence, and c) performing an independent audit on all AML/CFT/CPF controls adopted to mitigate ML/TF/PF risks.

Following the amendment of the 2015 Financial Intelligence Act regulations, the AML/CFT/CPF Appeal Board commenced with the appeal process in respect of the appeals lodged by AIs against financial penalties imposed by the Authority in the previous reporting period. The Appeal Board is yet to deliver judgments concerning these matters.

Mutual evaluation

The Authority provided comments on the draft Mutual Evaluation Report (MER) before being finalised and adopted in September 2022 by the Eastern and Southern Africa Anti-money Laundering Group (ESAAMLG) Council of Ministers in Livingstone, Zambia. As a result of deficiencies identified during the mutual evaluation, Namibia was referred to the International Cooperation Review Group (ICRG) of the Financial Action Task Force (FATF) for enhanced monitoring. As such, Namibia is expected to demonstrate the achievement of progress with regard to addressing the deficiencies identified during the ME in order to exit the enhanced follow-up process. Therefore, the Authority is making strides to ensure that all the deficiencies in respect of the Authority's execution of its AML/CFT/CPF mandate are timeously addressed.

Conduct and compliance

During the review period, the Authority once again prepared an annual Supervisory Plan to guide its supervisory activities. In its supervisory approach, the supervisory activities included the inspection of microlenders, market conduct investigations, and a review of quarterly statistical and other statutory returns, including the submission of financial statements and professional indemnity covers in terms of section 54 of the Short-term Insurance Act and section 56 of the Long-term Insurance Act.

Insurance intermediaries

In terms of the requirements of section 54 of the Short-term Insurance Act and section 56 of the Long-term Insurance Act, brokers are required to have valid professional indemnity insurance (PI cover) in place. Out of the 696 registered brokers as at 31 December 2022, 301 brokers did not have valid PI covers in place. These brokers were issued with notices of intention to cancel their registration in the event of failure to renew their PI covers within the stipulated timeframe.

In terms of section 2(2) of the Short-term Insurance Act, the Authority continued to process the insurance dispensation applications, as summarised in Table 26.

Table 26: **Number of insurance intermediaries**

Type of applications	Received	Approved	Declined	Pending	Returned	Not re-submitted
Lloyd's Exemptions	119	111	0	0	8	3
Non-Lloyd's Exemptions	88	81	0	1	6	4
Reinsurance	178	147	0	3	28	17
Total	**385**	**339**	**0**	**4**	**42**	**24**

Inspections

Market conduct supervision

The Authority conducted various off-site reviews aimed at identifying and remedying market conduct malpractices. These review findings include:

- misinterpretation and inaccurate application of insurance policy wording;
- non-provision of insurance policy contracts;
- delayed settlement of funeral claims and overcharged interest refunds; and
- operation of unregistered insurance, microlending and fund business.

On-site inspections

The objective of the on-site inspection was to determine the accuracy of the calculation of principal debt and, consequently, finance charges in accordance with the provisions of the Usury Act, 1968 (No. 73 of 1968) (the Usury Act) read with the applicable provisions of the Microlending Act, 2018 (No. 7 of 2018) (the Microlending Act). Additionally, the on-site inspections were aimed at determining the entities' compliance with the Microlending Act as it pertains to the conduct of the microlender.

On-site inspection findings

The on-site inspection findings include:

- a lack of affordability assessments when granting loans to borrowers;
- inclusion of ineligible amounts in the calculation of principal debt;
- finance charges in excess of the prescribed rates; and
- inadequate complaints management processes.

Off-site inspections

During the period under review, the Authority conducted off-site assessments of registered term lenders. The objective of the off-site assessments was to confirm the implementation of Directive MC/CCD/1/2021, which deals with the calculation of principal debt and finance charges.

Off-site inspection findings

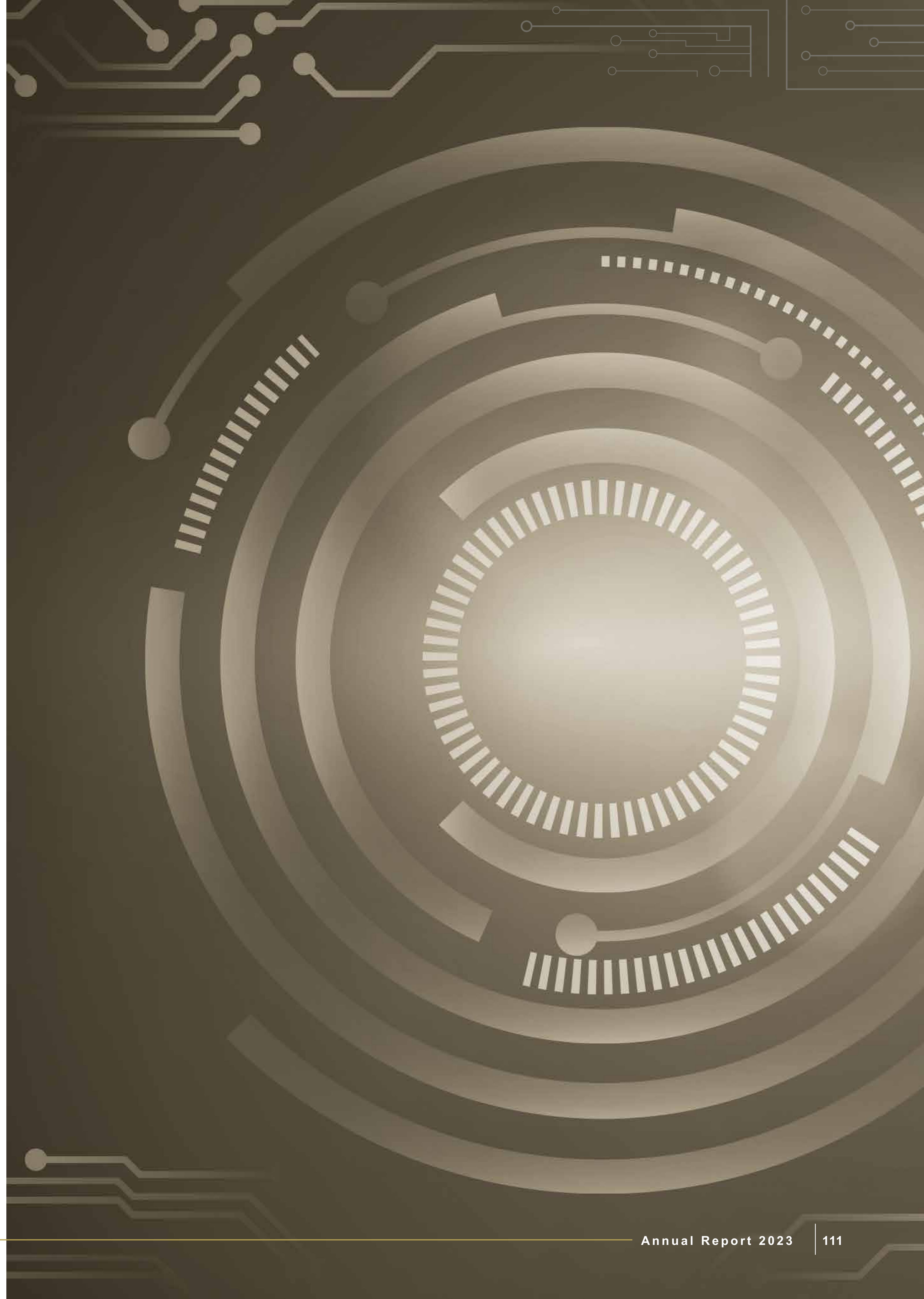
The off-site inspection findings include:

- inconsistency in the calculation of principal debt according to the provisions of the Microlending Act and Usury Act;
- understated monthly repayment instalments resulting in the repayment period exceeding the maximum allowable loan period;
- finance charges in excess of the prescribed rate;
- stamp duties in excess of the prescribed amount for microlending agreements;
- inclusion of ineligible insurance premiums; and
- incorrect calculation of the NAMFISA levy in the case of loan consolidations.

The Authority continues to conduct regular file updates in order to assess the compliance status of all microlenders. This is also relevant for aiding the determination of whether a microlender's application for renewal, as per the Microlending Act, should be approved or declined.

Supervisory interventions undertaken

The Authority issued Circulars MC/CCD/1/2022 and MC/CCD/2/2022, dated 9 May 2022 and 25 October 2022, respectively. The purpose of Circular MC/CCD/1/2022 was to clarify the components of principal debt as well as the finance charges applicable to payday lenders. Circular MC/CCD/2/2022 informed the microlending industry of the amendments to the regulations relating to penalties (the Penalty Regulations) payable for non-compliance with the Microlending Act, 2018 (No. 7 of 2018). Furthermore, the Authority issued three (3) directives, of which two (2) addressed issues concerning the misconduct of microlenders, and the third concerned the applicable amount of stamp duties payable in respect of (microlending) loan agreements, in accordance with the provisions of the Stamp Duties Act, 1993 (No. 15 of 1993) (Stamp Duties Act).



09
INDUSTRY DEVELOPMENTS

This chapter presents an overview and analysis of developments in the global, regional and domestic economies and financial systems.

INDUSTRY DEVELOPMENTS

Global and Regional Economic Developments

Global growth prospects have contracted on the back of the cumulative effects of adverse shocks such as three years of COVID-19, Russia's invasion of Ukraine, and rising prices during the review period. Based on the IMF World Economic Outlook for April 2023, global real gross domestic product (GDP) was estimated to have expanded by 2.3 percent in 2022, a decline compared with a growth of 6.3 percent in 2021. Nonetheless, growth is expected to increase by another 2.8 percent and 3.0 percent in 2023 and 2024, respectively.

On the other hand, growth in the advanced economies is projected to slow down by half in 2023 to 1.3 percent, before rising to 1.4 percent in 2024. About 90 percent of advanced economies are projected to experience a decline in GDP growth in 2023. With this sharp slowdown, these economies are expected to see higher unemployment: a rise of 0.5 percent point on average from 2022 to 2024.

The economic prospects for emerging market and developing economies are on average stronger than for advanced economies. The impact of Russia's invasion of Ukraine in early 2022 continues to have multiplier adverse effects globally. In 2022 the economic activity in Europe was more resilient than expected, given the large negative terms-of-trade fallout from the war and associated economic sanctions. With the hike in prices of gas flows, with marked increases in non-Russian pipeline and natural gas deliveries to Europe, together with a demand compression in the context of a mild winter and adjustments by industries to substitute gas and change production processes where feasible, oil and gas prices began to trend downward from their peaks in mid-2022. Together, these actions and channels have dampened the negative effects of the energy crisis in Europe, with better than expected levels of consumption and investment in the third quarter of 2022. In China, the surge in COVID-19 infections compounded the headwinds of property market stresses. Declining property sales and real estate investment posed a drag on economic activity last year.

According to the IMF's World Economic Outlook in April 2023, global headline inflation has been declining since mid-2022 at a three-month seasonally adjusted annualised rate due to a fall in fuel and energy commodity prices, particularly in the United States, Latin America and the euro area. As a remedial approach to dampen demand and reduce underlying (core) inflation, most central banks around the world have been raising interest rates since 2021. Inflation, excluding volatile food and energy prices, has been declining at a three-month rate. Furthermore, the effects of earlier cost shocks and historically tight labour markets are also translating into more persistent underlying price pressures and stickier inflation.

According to the IMF's Regional Economic Outlook for sub-Saharan Africa in April 2023, the region's growth will slow down to 3.6 percent in 2023, from 3.9 percent in 2022 following the strong rebound of 2021. This moderate outlook for sub-Saharan Africa marks a second consecutive year of slowdown in growth. Contributing factors towards this growth underperformance include, among others, the rise in central bank rates to fight inflation and the war in Ukraine, which has dampened global economic activity and therefore export demand for the region. Many of the region's countries will register a small increase in growth this year, especially for non-resource-intensive economies; however, the regional average will be weighed down by sluggish growth in some key economies, such as South Africa with an anticipated contraction of 2.3 percent. Furthermore, the region will experience a funding squeeze due to global inflation and tighter monetary policies. The funding squeeze will also impact the region's longer-term outlook. A shortage of funding may force countries to reduce resources for critical development sectors (i.e. health, education and infrastructure), weakening the region's growth potential. Sub-Saharan Africa is poised to grow by 4.2 percent in 2024, from 3.6 percent in 2023. Most countries are projected to register a growth pickup in 2024, driven by higher private consumption and investment. Importantly, the economic recovery of sub-Saharan Africa is linked to global developments.

Domestic economic developments

In the 2022 National Accounts, the Namibia Statistics Agency reported that the domestic economy grew by 4.6 percent in 2022, compared with a growth of 3.5 percent recorded in 2021. In nominal terms, the size of the economy increased by N$22.3 billion to N$206.2 billion, relative to the N$183.9 billion in 2021, representing an increase of 12.1 percent.

The increase in domestic economy activities that led to this positive trajectory was observed across all industries of the economy. The main driver includes the primary industries, which recorded a growth of 12.9 percent in 2022, relative to a growth of 6.4 percent registered in 2021. The performance in the primary industries is due to the 'mining and quarrying' sector, under the subsector of diamond mining, which posted a growth of 45.1 percent in 2022, relative to a flat growth in 2021. The secondary industries rebounded from a contraction of 3.6 percent in real value added in 2021 to a strong performance of 3.3 percent in 2022. The performance is due to a recovery in the manufacturing and the electricity and water sectors, which posted a growth of 5.0 percent and 10.3 percent, respectively, following contractions recorded in 2021. Real value added expanded in the tertiary industries, which posted a growth of 2.2 percent, compared with a growth of 1.8 percent recorded in 2021.

Private household consumption expenditure, which accounts for 78.2 percent of the GDP, posted a growth of 14.4 percent, compared with a growth of 12.7 percent measured in 2021. Government expenditure for goods and services slowed to 0.7 percent, from 1.5 percent recorded in 2021; and the Gross Fixed Capital Formation (GFCF) contracted to 10.7 percent during the reporting period, from a growth of 18.4 percent registered in 2021. For external balance of goods and services, exports grew to 20.0 percent from 1.4 percent recorded in 2021, driven largely by an increase in the export of diamonds, live animals, fruit produce, and manufactured products. Import of goods and services grew by 23.6 percent in 2022, riding on the back of refined petroleum products and medical and related instruments, which increased in real terms by 108.0 percent and 40.2 percent, respectively, compared with 32.1 percent and 28.6 percent in the preceding year, respectively.

The Bank of Namibia, in its March 2023 Economic Outlook Update, reports that the economy is expected to slow down during 2023 and 2024, due largely to a weaker global demand. A real GDP growth of 3.0 percent is anticipated for 2023, compared with 4.2 percent in 2022. The projected improvement for 2022 was mainly attributed to higher production volumes in the diamond mining sector. Growth for 2024 is anticipated to moderate to 2.9 percent.

Global and Domestic Financial System Developments

According to the IMF's Global Financial Stability Report (GFSR) issued in April 2023, financial stability risks have increased rapidly in the last six months as the resilience of the global financial system has been severely tested. In the aftermath of the global financial crisis, despite extremely low interest rates, compressed volatility and ample liquidity, market participants increased their exposure to liquidity, often using financial leverage to boost returns. These vulnerabilities have kept financial stability risks elevated, as flagged in previous issues of the Global Financial Stability Report. Furthermore, these vulnerabilities are coming to the fore in the current high-inflation environment as central banks have aggressively tightened monetary policy and removed liquidity to bring inflation back on target. However, with a slower than anticipated disinflationary process, the rapid pace of policy tightening is causing fundamental shifts in the financial risk landscape.

The recent failures of the Silicon Valley Bank and Signature Bank in the United States, caused by liquidity constraints, and the state supported merger of Credit Suisse and UBS in Europe have significantly impacted market confidence and triggered emergency responses by the respective authorities. These bank failures pose a threat to global financial stability as further contagion could have far reaching implications, thus highlighting the importance of safeguarding the financial system. According to the GFSR issued in April 2023, the subsequent targeted response by policymakers and regulators to contain systemic risks managed to reduce market anxiety. In the United States, bank regulators took steps to guarantee uninsured deposits at the two failed institutions and to provide liquidity through the new Bank Term Funding Program to prevent further bank runs. In Switzerland, the Swiss National Bank provided emergency liquidity support to Credit Suisse, which was then taken over by UBS through a state-supported acquisition. However, market sentiment remains fragile, and strains are still evident across several institutions and markets as investors reassess the fundamental health of the financial system.

According to the Namibia Financial Stability Report, issued by NAMFISA and the Bank of Namibia (BON) in April 2023, the Namibian financial system remained sound and resilient in 2022; however, projected vulnerabilities in the global financial system could potentially impact the financial system. Risks are centred around global and domestic output developments coupled with the anticipated tighter financial conditions globally. The domestic financial system continued to function effectively and efficiently; however, corporate and household debt increased during the reporting period. Furthermore, the banking sector remained adequately capitalised and profitable while maintaining liquidity levels well above the prudential requirement and managing credit risk accordingly. Similarly, the non-bank financial institutions (NBFIs) maintained stable, sound, and profitable operations during the period under review. The payment system infrastructure continued to reliably contribute towards the efficiency of the financial system. Overall, risks to the financial system have mostly increased; however, the probability of this persisting is medium with a medium impact.

Although some risks to Namibia's financial system's stability have eased, other risks have increased, compared with 2022. These increased risks are primarily associated with developments in the macroeconomic environment, which have a subsequent impact on household and corporate debt, the banking sector, and NBFIs. The upsurge in risks in the macroeconomic environment has resulted mainly from the significant slowdown in global output, increased global financial turbulence, the depreciation of the Namibia dollar (NAD) against major trading currencies, and sovereign credit rating downgrades.

Long-term insurance

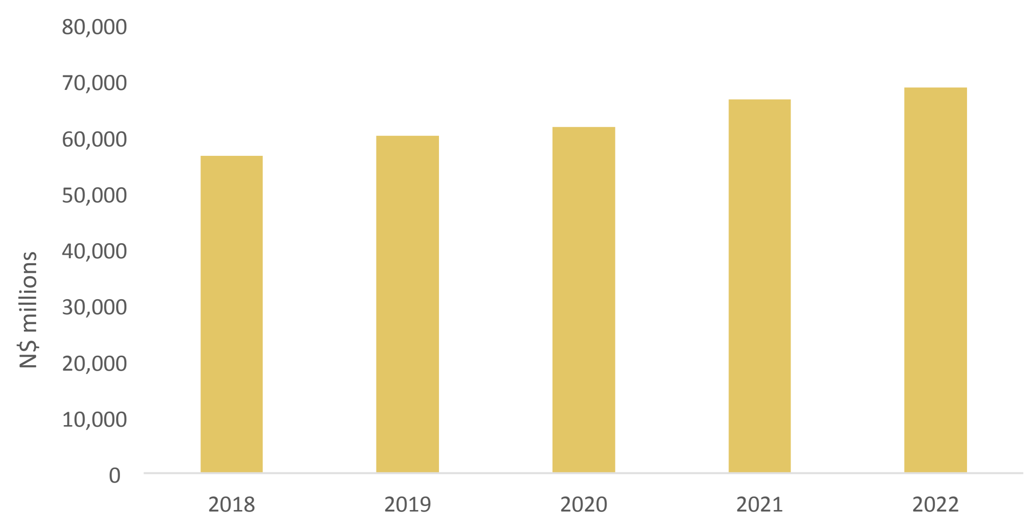
Performance review

The long-term insurance industry's total assets grew amidst volatility in the financial market, exacerbated by the Ukraine-Russia war and increasing commodity prices during the year. The solvency and liquidity levels improved during the review period due to the growth of excess assets. Overall, the industry held sufficient capital reserves to meet the minimum prudential requirements.

Assets

The industry's total assets grew by 3.1 percent to N$68.8 billion as at 31 December 2022, compared with the previous year (Figure 16). The growth in total assets is mainly attributed to an increase in the total investments portfolio due to favourable performance in the bonds markets, resulting from the uptake of both Treasury Bills (TBs) and Internal Registered Stock (IRS).

Figure 16: Long-term insurance industry: Total assets

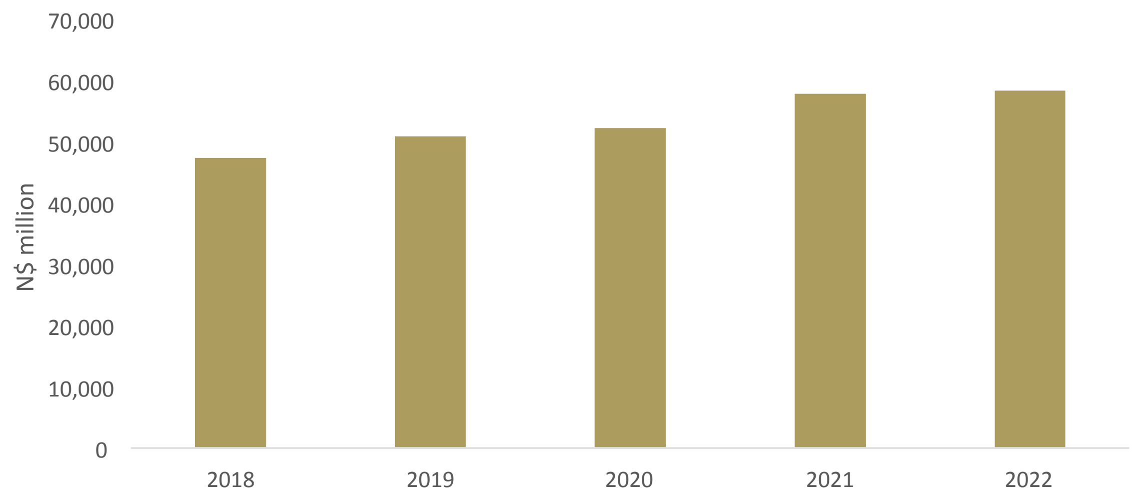


Liabilities

The industry's total liabilities grew marginally by 0.8 percent to N$58.3 billion as at 31 December 2022 (Figure 17). The increase in total liabilities resulted from significant growth in other liabilities, despite the noted decrease in policyholder liabilities.

The decrease in policyholder liabilities was due to a decrease in post-COVID mortality claims. Policyholder liabilities constitute 94 percent of the industry's total liabilities.

Figure 17: Long-term insurance industry: Total liabilities



Capital adequacy requirement

The financial soundness of long-term insurers is measured by calculating the ratio of the value of excess assets to the capital adequacy requirement (CAR). The CAR ratio increased by 36.3 percent to 197.1 times as at 31 December 2022, resulting from a growth in excess assets, which indicates the financial soundness of the industry.

Table 27 provides an overview of industry solvency relative to the capital requirement of each insurer. All the insurers complied with the recommended ratio of one-time coverage and 11 of the insurers were covered more than 10+ times, indicating an adequate solvency position. The liquidity levels increased by 5.3 percent to 5.9 times, compared with the previous year. The increase in the liquidity levels resulted from strong growth in the current assets, compared with the current liabilities, as at 31 December 2022.

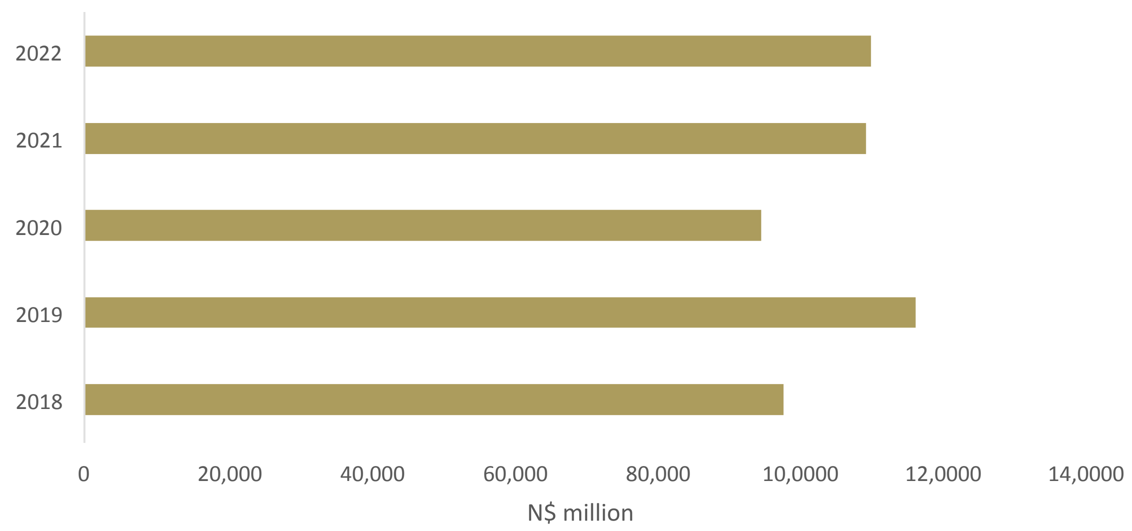
Table 27: Long-term insurers: Cover in terms of capital adequacy requirements

Ratio of surplus assets to capital adequacy (requirement (CAR cover	Number of long-term insurers				
	2018	2019	2020	2021	2022
Cover 1 time	0	1	0	0	0
Cover 1-2 times	3	3	2	0	0
Cover 2-5 times	1	0	1	2	2
Cover 5-10 times	1	1	0	0	1
Cover 10+ times	11	11	11	12	11
Total	**16**	**16**	**14**	**14**	**14**

Gross written premium

The industry's gross written premium (GWP) increased moderately by 0.6 percent to N$11.0 billion for the period ending 31 December 2022 (Figure 18). The marginal growth in the GWP resulted mainly from the increase in insurance business underwritten during the review period, relative to the increase in the number of active policies for the period. Additionally, a reduction in the number of policy terminations (matured or expired) contributed to the moderate increase in the GWP during the year.

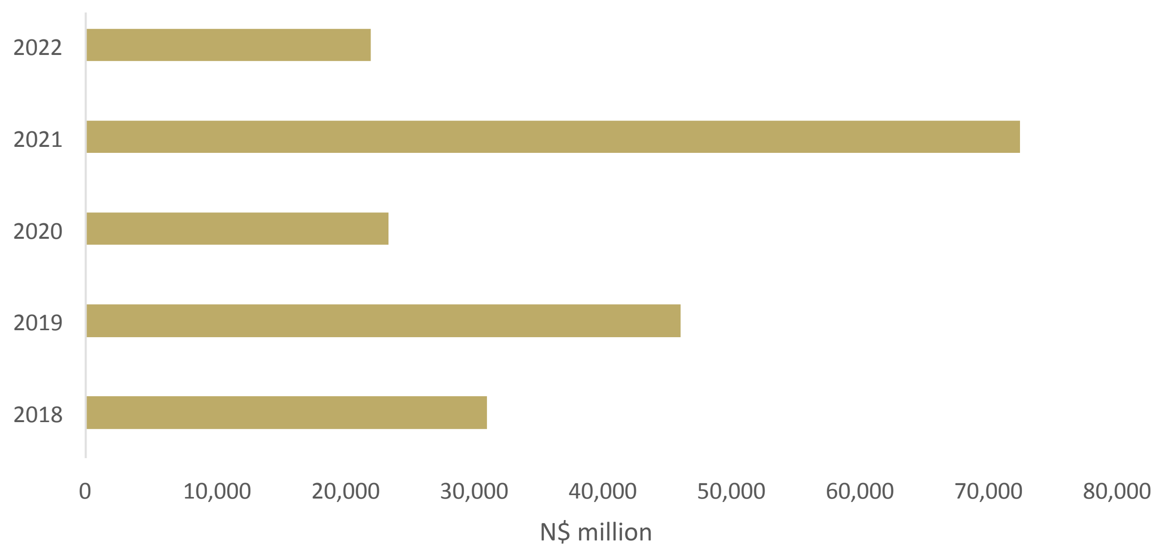
Figure 18: **Long-term insurance industry: Gross written premium**



Investment income

The industry's investment income declined by 69.5 percent to N$2.2 billion during the year under review (Figure 19). The significant decline is mainly attributed to the overall losses experienced due to volatility in the financial markets (especially exposure of the equity market to the international market), which has resulted from the effects of the Russia-Ukraine conflict during the year.

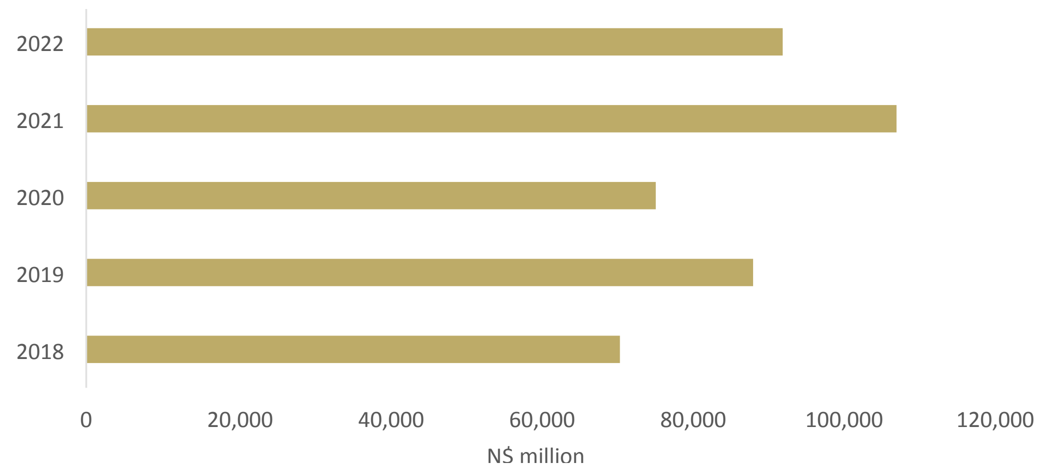
Figure 19: **Long-term insurance industry: Investment income**



Claims and expenses

The gross claims paid declined by 14.0 percent to N$9.2 billion at the end of the year under review (Figure 20). The decrease in total claims incurred was due mainly to a decrease in post-COVID mortality claims. The industry experienced unusually high death claims in 2021 due to the COVID-19 pandemic. The industry's commission paid increased by 6.2 percent to N$898.2 million during the period under review. The increase in commission paid by the industry is attributed to the increase in the number of new businesses underwritten during the period.

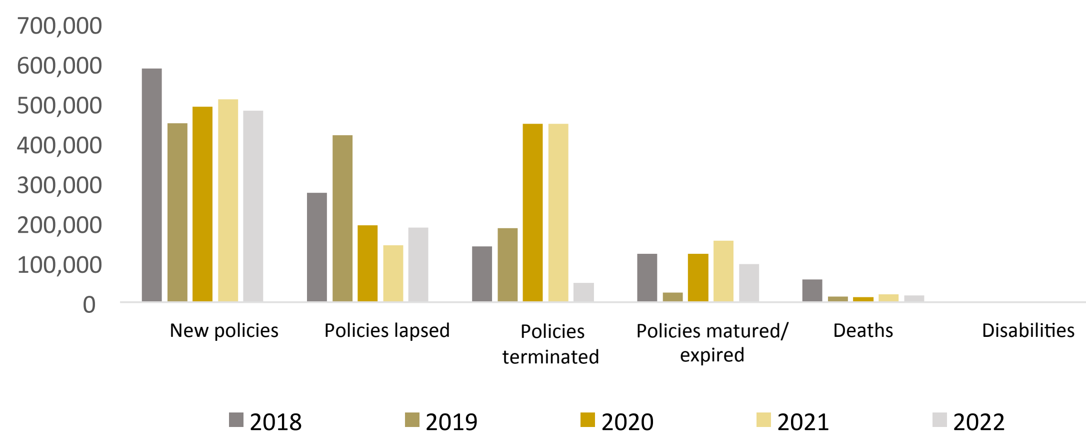
Figure 20: **Long-term insurance industry: Gross claims paid**



Policy statistics

The number of total active policies increased by 1.6 percent to 1,783,287 policies as at 31 December 2022 (Figure 21). Despite the increase in the number of active policies, driven by reduced terminations and matured and expired policies, the total number of new policies underwritten during the year declined by 5.7 percent to 479,746 policies. The decline resulted mainly from a low demand for single premium policies, especially for the sinking funds class of insurance.

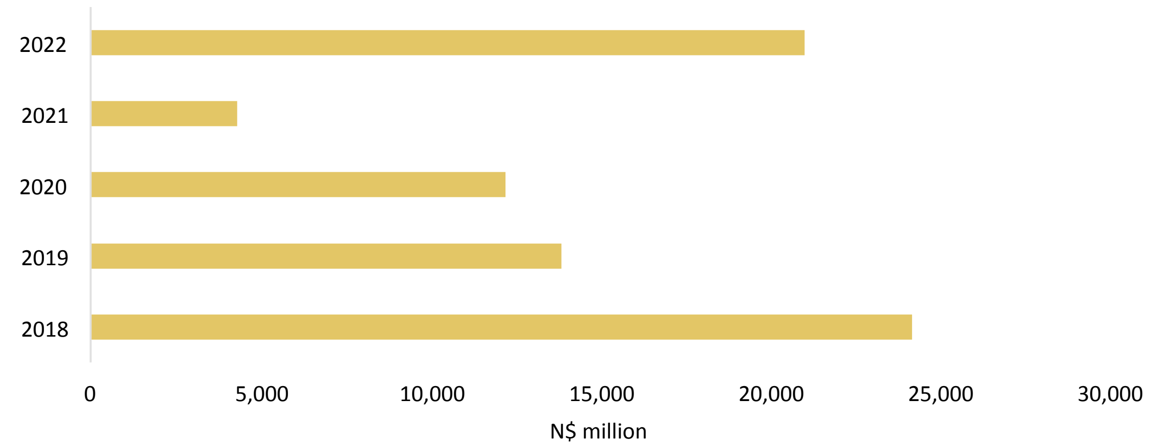
Figure 21: **Long-term insurance industry policy statistics**



Profit before tax

The long-term insurance industry's profit before tax (PBT) increased significantly by 386.7 percent to N$2.1 billion at the end of the year (Figure 22). The strong increase in PBT is attributed to the underwritten profits resulting from favourable claims experienced during the post-COVID period.

Figure 22: Long-term insurance industry: Profit before tax



Short-term insurance

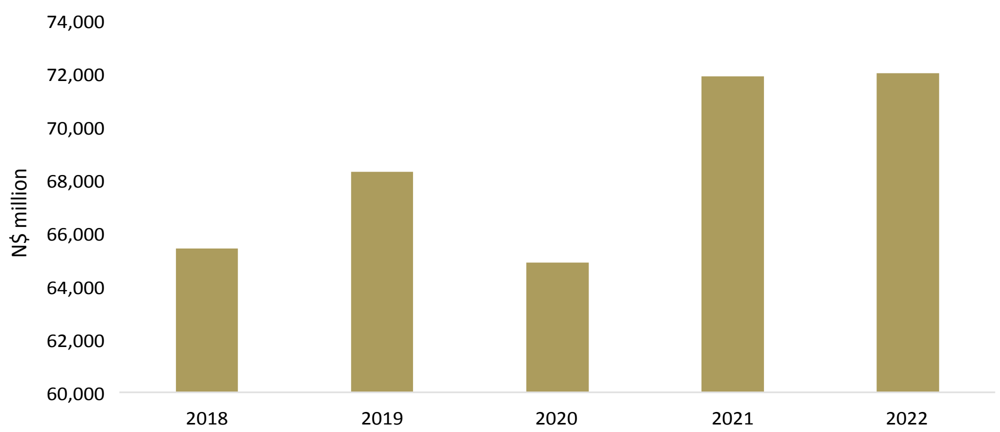
Performance review

The short-term insurance industry weathered the volatility in the financial markets and remained resilient during the year, despite reporting a decline in excess assets by 11.3 percent to N$2.1 billion as at 31 December 2022. The solvency position declined by 5.5 percent; however, it remained above the minimum prudential requirement set by section 26 of the Short-term Insurance Act. Similarly, the liquidity levels were kept above the minimum acceptable requirement in 2022. Therefore, the industry remained in a sound financial position.

Assets

The total assets of the industry increased slightly by 0.2 percent to N$7.2 billion as at 31 December 2022 (Figure 23). The increase was due mainly to growth in unit trust and other investment instruments during the year. The industry experienced an increase in secured investment, extended to policyholders, due to the low inherent risk associated with the portfolio as at 31 December 2022.

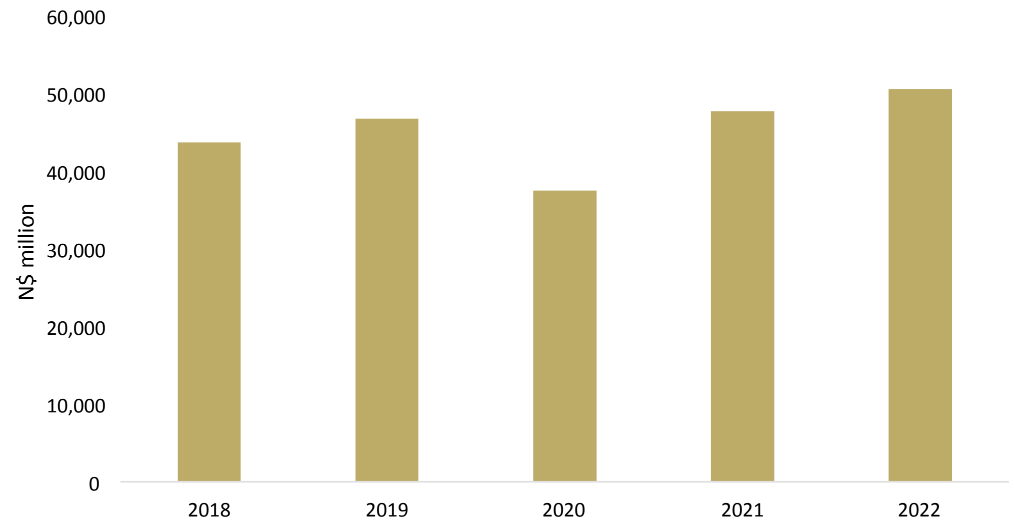
Figure 23: Short-term insurance industry: Total assets



Liabilities

The industry's total liabilities grew by 0.6 percent to N$5.1 billion as at 31 December 2022 (Figure 24). The increase in liabilities resulted from a marginal increase in technical liabilities, arising from an increase in gross provision for unearned premiums during the year under review. The increase in gross provision for unearned premiums was driven by an increase in the new business risks underwritten in 2022.

Figure 24: Short-term insurance industry: Total liabilities



Solvency

The short-term insurance industry's solvency ratio declined by 5.5 percent to 1.42 times as at 31 December 2022. A solvency ratio of 1.42 times is sufficient to cover the core financial obligations of the industry in the event of an adverse occurrence. As shown in Table 28, all insurers met the minimum prudential requirements; however, most of the insurers fell within the 1.0-2.0 times ratio category. The Authority will continue to monitor these insurers to ensure compliance and improvement.

Table 28: Short-term insurance industry solvency ratio, 2018-2022

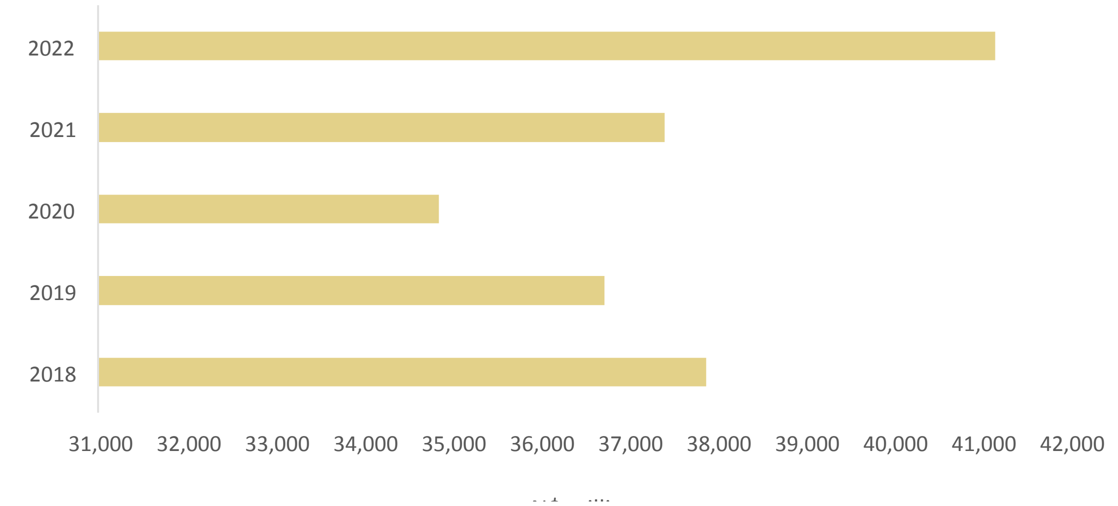
Solvency ratio	Number of short-term insurance companies				
	2018	2019	2020	2021	2022
2.6-3.0 times	1	1	2	0	2
3.1-3.5 times	3	2	0	1	0
>3.5 times	8	8	2	2	2
Total	**15**	**13**	**15**	**14***	**14**

*One (1) insurer was deregistered during the period under review.

Gross written premium

The industry's gross written premium (GWP) increased by 10.0 percent to N$4.1 billion for the period ending 31 December 2022 (Figure 25). Growth in the GWP stemmed mainly from the significant growth of new businesses underwritten in the 2022 post-COVID period. In 2021, several businesses closed due to restrictions and lockdown measures imposed by the government to contain the spread of the COVID-19 virus, which negatively affected the uptake of insurance contracts in that year.

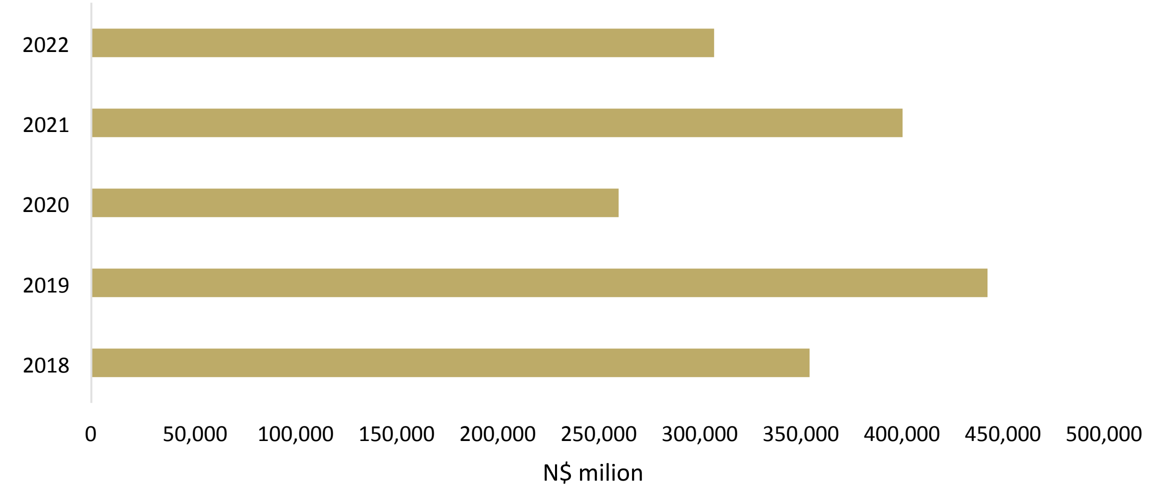
Figure 25: **Short-term insurance industry: Gross written premium**



Investment income

The industry's investment income decreased by 23.2 percent to N$308.1 million at the end of the review period (Figure 26). The decrease in investment income resulted mainly from reduced yields due to the withdrawal of capital from the money markets portfolio to pay for the industry's claims and dividends.

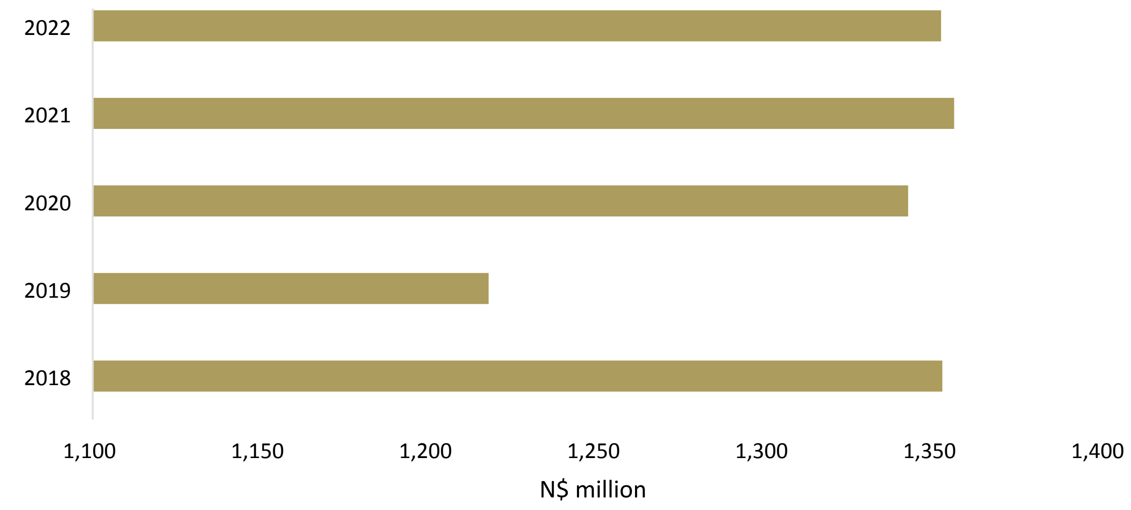
Figure 26: **Short-term insurance industry: Investment income**



Claims and expenses

The total number of claims declined marginally by 0.3 percent to the value of N$1.35 billion for the period ending 31 December 2022 (Figure 27). The decrease in claims was due mainly to a reduction in the recoveries from reinsurers and business interruption claims, which were high in 2021 due to high COVID-19-related claims. Claims normalised in 2022, which accounts for the observed decline in claims experienced during the year.

Figure 27: **Short-term insurance industry: Claims and expenses**



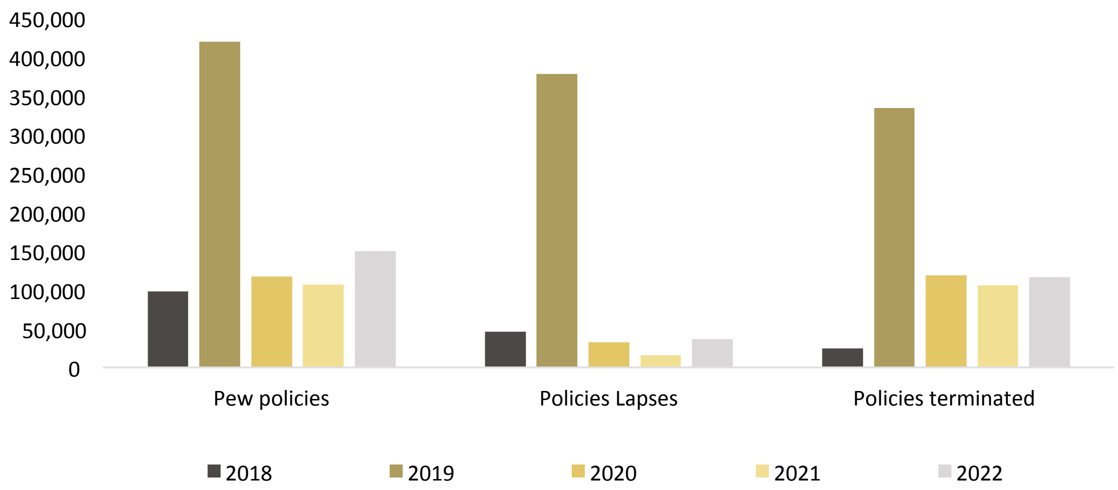
Management expenses increased significantly by 51.0 percent to N$1.0 billion at the end of 2022. The increase was mainly attributed to dividends IFRS 17 preparation- and implementation-related expenses.

The industry's commission paid increased by 3.0 percent to N$470.5 million. The increase in commission paid is tied to the increase in the number of new policies recorded in 2022.

Policy statistics

The number of new policies increased by 40.8 percent to 605,954 total active policies in 2022 (Figure 28). The increase in the demand of new policies resulted from an increase in post-COVID business activities.

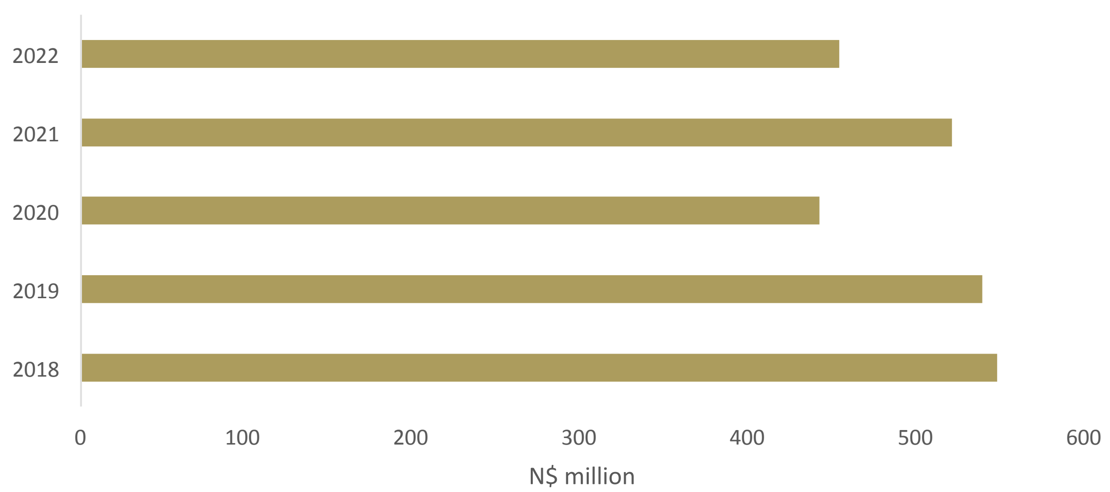
Figure 28: **Short-term insurance industry: Policy statistics**



Profit before tax

The industry's profit before tax declined by 13.0 percent to N$450.5 million for the period ending 31 December 2022 (Figure 29). The decrease in profit before tax resulted mainly from a significant decrease in investment income and growth in management expenses during the year.

Figure 29: **Short-term insurance industry: Profit before tax**



Foreign insurance and reinsurance

Table 29 provides an overview of insurance coverage by foreign insurers over the previous five reporting years, following the Authority's granting of exemptions to foreign insurers in terms of sections 2(2), 3(1)(c)(ii) and 65 of the Short-term Insurance Act to issue reinsurance policies in Namibia for risks that local insurers have no appetite or capacity to underwrite. These figures include the business of Lloyd's and non-Lloyds, which are approved insurers in terms of the Short-term Insurance and Long-term Insurance Acts.

Table 29: **Short-term insurance exemptions: Lloyd's and non-Lloyd's cover**

Exemptions Lloyd's and non-Lloyd's					
N$ '000					
Class of Insurance	**2018**	**2019**	**2020**	**2021**	**2022**
Class of insurance					
Aviation	17,610	49,656	53,276	48,159	39,553
Fire	267	12,664	16,271	5,131	180
Marine	55,367	156,538	152,611	167,613	253,056
Miscellaneous	31,202	27,552	41,260	84,418	156,263
Vehicle	55,436	-	-	-	-
Personal	11,231	220	93,014	-	-
Guarantee	**10,808**	**63,805**	**63,375**	**25,247**	**35,666**
Total	**181,920**	**310,435**	**419 807**	**330,568**	**484,718**
Number of exemptions	**274**	**345**	**321**	**236**	**286**

The value of foreign insurance exemptions gWranted by the Registrar increased by 46.6 percent to N$484.7 million in 2022. Marine and miscellaneous classes of insurance contributed the most to the increase in both Lloyd's and non-Lloyd's cover with 52.2 and 32.2 percent, respectively. The Lloyd's and non-Lloyd's market mostly underwrite marine and aviation insurance risks that have the potential to wipe out single insurers; therefore, a large portion of the risk is insured outside the country. The Namibian market's capacity is limited with regards to insuring or retaining such risk, hence the lack of appetite from local insurers. The number of exemptions declined by 21.2 percent to 286 exemption applications approved in 2022.

Medical aid funds

Performance review

The medical aid funds industry reported a net deficit for the period under review; however, it remained well capitalised. While the industry recorded an adverse claim experience due to the lasting health impacts of COVID-19 on some beneficiaries and increased claims during 2022, the industry's reserves level exceeded the minimum prudential reserves level requirement of 25.0 percent. Therefore, it is deemed to be financially sound.

Beneficiaries

The number of beneficiaries increased by 2.4 percent to 209,545 as at 31 December 2022. The relaxation of restrictive COVID-19 measures during 2022 and the resumption of economic activities resulted in the marginal increase of membership (Table 30).

Table 30: **Medical aid fund beneficiaries**

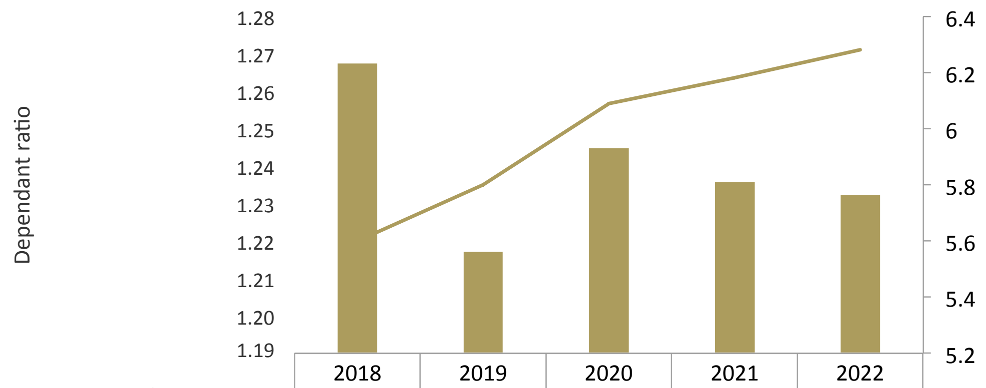
Total industry membership	**2018**	**2019**	**2020**	**2021**	**2022**
Principal members	81,490	85,795	*83,745	85,902	96,985
Dependants	103,282	104,424	*104,242	106,156	112,560
Pensioners	11,033	11,695	12,214	12,655	12,861
Total beneficiaries	**195,805**	**201,914**	**200,201**	**204,713**	**209,545**
Change in principal members	*-0.6%	5.3%	-2.0%	2.2%	2.6%
Change in dependants	0.4%	1.1%	-0.1%	1.8%	2.3%
Change in pensioners	4.4%	6.0%	4.4%	3.6%	1.6%
Change in total beneficiaries	**0.2%**	**3.1%**	***-0.8%**	**2.3%**	**2.4%**

*These figures have been restated from the 2021 Annual Report due to the reclassification of data.

Dependant and pensioner ratios

The dependant ratio measures the average number of dependants per principal member, and stood at 1.23 for 2022, marginally lower than the ratio reported for the previous year (Figure 30). A low dependant ratio is desirable, as higher-contributing principal members outnumbering lower-contributing dependants reduces financial pressure on medical aid funds. Pensioner beneficiaries[7] accounted for 6.3 percent of all beneficiaries as at 31 December 2022. The pensioner beneficiaries' level has increased over the past five years. This increase could raise the claims expenditure of the industry in the future, as older beneficiaries tend to suffer from more serious health ailments that require more costly treatment. In nominal terms, pensioners increased by 1.6 percent to 12,861, compared with 2021.

Figure 30: Medical aid funds industry: Dependant and pensioner ratios, 2017-2021

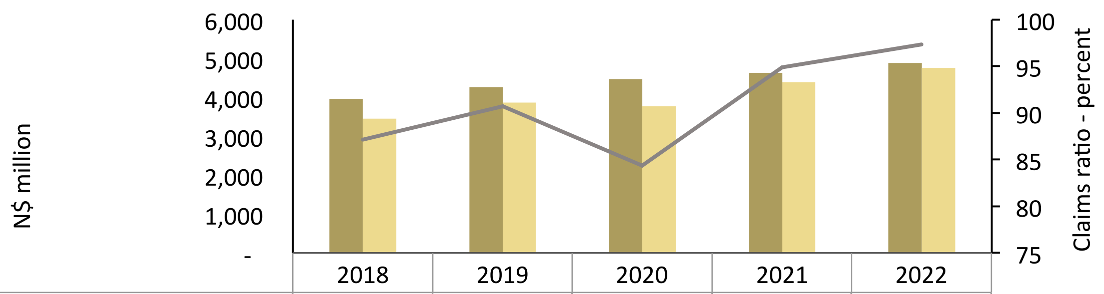


	2018	2019	2020	2021	2022
Dependant ratio	1.27	1.22	1.24	1.24	1.23
Pensioner ratio (RHS)	5.6	5.8	6.1	6.2	6.3

Income

Gross contributions received increased by 5.8 percent to N$4.9 billion for the 2022 financial year. The increase in contributions was due to a combination of increased membership and an increase in contributions paid by members. On average, gross contributions increased by 5.7 percent over the last five-year period, and claims grew at a higher average rate of 8.4 percent over the same period. In addition, the claims ratio has remained below 100 percent over the last five-year period (84.4-97.4 percent), with the highest ratio experienced during the 2022 year (Figure 31). Contributions were thus sufficient to settle healthcare expenditure, with excess funds available to cover a portion of the non-healthcare expenses.

Figure 31: Medical aid funds industry: Gross contributions vs gross expenditure



	2018	2019	2020	2021	2022
Contributions received	3,971	4,263	4,481	4,626	4,893
Claims	3,462	3,868	3,780	4,391	4,764
Claims ratio (RHS)	87.2	90.8	84.4	94.9	97.4

[7] Pensioner beneficiaries are principal members and dependants of 60 years or older.

Healthcare expenditure

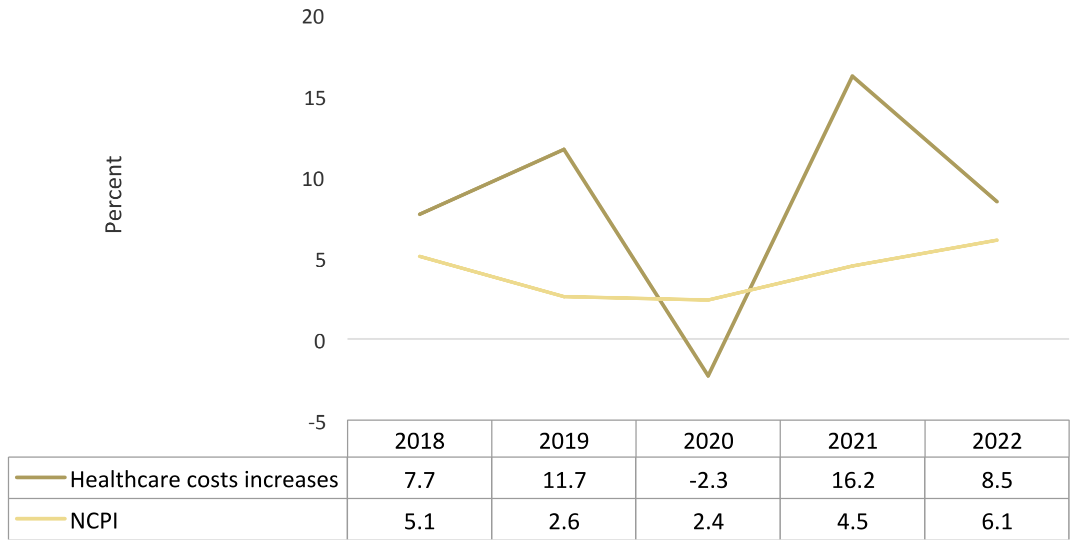
Healthcare expenditure is the sum of the benefits paid from the risk pool of medical aid funds. During the 2022 financial year, healthcare expenditure amounted to N$4.8 billion, which is 8.5 percent higher than the healthcare expenditure reported for the previous year. The increase in healthcare expenditure during 2022 was due to the usual increases in healthcare consumption as well as the long-haul COVID-19-related healthcare expenditure. Testing and treatment of members with COVID-19 constituted 9.2 percent or N$437.5 million of the total healthcare costs; however, treatment for long-haul COVID-19 symptoms was not reported separately, which is anticipated to continue influencing the industry's healthcare expenditure in the future. The average healthcare expenditure amount per beneficiary per annum (PBPA) reported for 2022 was N$22,733, which is 6.0 percent higher than in 2021.

Table 31: Medical aid funds industry: Distribution of healthcare benefits paid in 2021 and 2022

Health service provider	2021	2022
Hospitals	35.1%	34.9%
General practitioners	8.5%	8.6%
Pharmacies (medicines dispensed)	17.0%	16.6%
Specialists	11.8%	12.3%
Auxiliary services	4.6%	4.6%
Pathologists	6.1%	5.5%
Optometrists	3.1%	2.8%
Dentists	4.5%	4.7%
Radiologists	5.2%	5.5%
Dental specialists	0.4%	0.5%
Dental therapists	0.3%	0.3%
Psychiatric institutions	3%	0.3%
Optic pay-outs	0.0%	0.0%
IBNR movement	-0.5%	-0.1%
Other	3.5%	3.8%

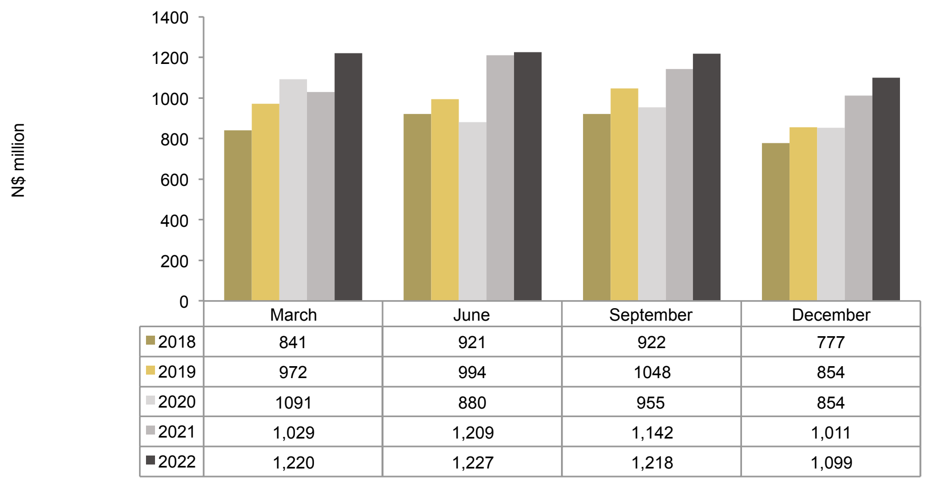
As experienced in previous years, hospitals, pharmacies, medical specialists and general practitioners comprised the bulk of healthcare expenditure in 2022 (Table 31). Claims associated with these four groups accounted for 72.4 percent or N$3.4 billion of the total benefits paid. Hospital claims were the highest at N$1.7 billion, followed by pharmacies (medicines dispensed) at N$789.4 million. Specialist claims paid amounted to N$585.2 million and general practitioners amounted to N$409,9 million. During 2022, healthcare expenditure increased at a rate higher than the Namibia Consumer Price Index (NCPI), similar to 2021 when the healthcare expenditure growth exceeded the NCPI (Figure 32).

Figure 32: Medical aid funds industry: Healthcare expenditure growth vs Namibia Consumer Price (Index (NCPI



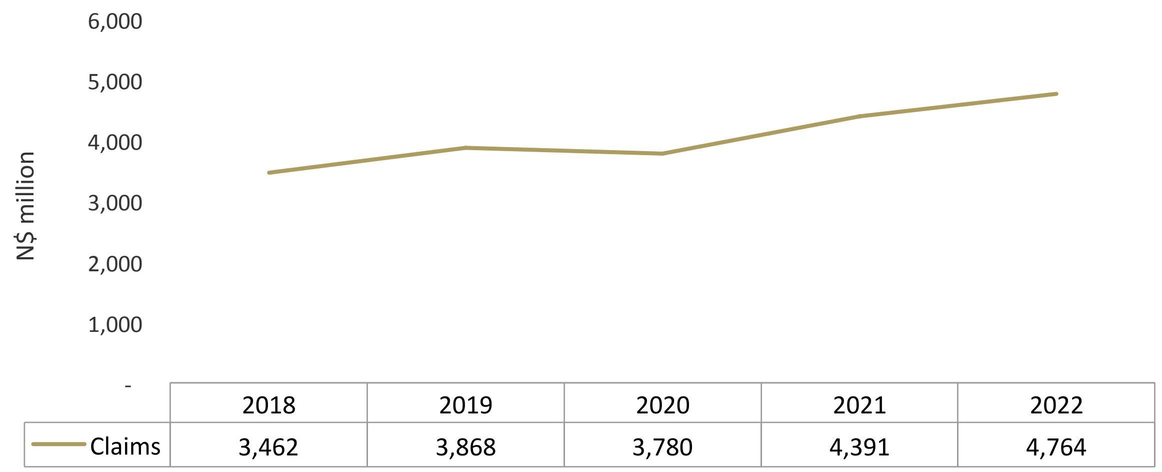
Depending on the time of the year, medical aid funds experience fluctuations in benefit claim patterns. In this regard, a trend can be observed for different quarters of the year, where claims in the second and third quarters are generally higher, covering the maladies associated with the winter season (Figure 33a). Furthermore, healthcare expenditure has steadily increased over the past five years.

Figure 33a: Medical aid funds industry: Claim seasonality, 2018-2022



Claims generally increase during the first quarter, ending 31 March, as members gain access to new benefits, and the lowest frequency of claims is experienced in the last quarter as the benefits are depleted. Furthermore, beneficiaries often do not access extensive health treatment during the last quarter of the year; instead, beneficiaries opt to postpone such treatment to the first quarter of the new benefit year when annual benefits are renewed. Additionally, the lower claims generally experienced in the fourth quarter stem from fewer people becoming sick during the summer, beneficiaries whose annual benefits have run out, and beneficiaries being on holiday travels (Figure 33b).

Figure 33b: Medical aid funds industry: Annual healthcare expenditure



Non-healthcare expenditure

The non-healthcare expenditure of medical aid funds primarily consists of administration expenditure, managed care expenditure (fees for managing healthcare benefits), operational expenditure and consultant fees. Non-healthcare expenditure increased by 5.0 percent to N$506.7 million, on an annual basis. Administration costs continued to be the largest component of non-healthcare expenditure, which grew by 5.0 percent to N$347.5 million in 2022 due to inflationary adjustments of the fee charged per member.

The administration of medical aid funds is the largest activity outsourced by funds and is comprised of fixed costs that are paid, regardless of a fund's membership, and a variable cost element that is paid per registered member of a medical aid fund. Administration costs accounted for 68.6 percent of all non-healthcare expenditure.

The growth in gross contributions received was lower than the NCPI, and the growth in healthcare and non-healthcare costs was higher than the NCPI (Table 32).

Table 32: Medical aid funds industry: Percentage of change in gross contributions and gross expenditure vs Namibia Consumer Price Index inflation rate, 2018-2022

	Gross contributions received	Gross healthcare costs	Gross non-healthcare costs	Namibia Consumer Price Index (NCPI)
Reporting period	Percentage change	Percentage change	Percentage change	
2018	7.2	7.7	9.2	5.1
2019	7.3	11.7	9.2	2.6
2020	5.1	-2.3	3.1	2.4
2021	3.2	16.2	6.1	4.5
2022	5.8	8.5	5.0	6.1

Managed care costs increased by 7.8 percent to N$58.0 million in 2022. Increased hospitalisation and assessed elective procedures during 2022 resulted in the growth of the managed care cost expense. Managed care accounted for 11.5 percent of the total non-healthcare costs incurred and amounted to 1.2 percent of the gross contributions in 2022. In aggregate, managed care and administration costs constituted 8.3 percent of the total contributions in 2022.

Membership of medical aid funds continued to experience affordability challenges during the 2022 year; as such, members continued to remain with cheaper options. Healthcare expenditure and administration costs accounted for 102.1 percent of the gross contributions in 2021 (Table 33). The industry therefore had to rely on investment income and reserves to fund the 2.1 percent shortfall, for which the contributions were not sufficient.

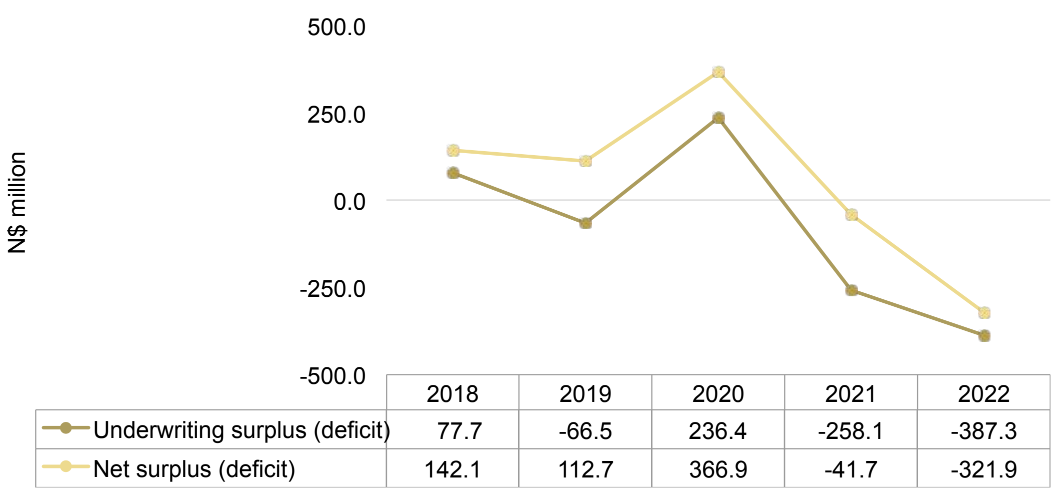
Table 33: Medical aid funds industry: Ratio of healthcare costs (claims) to administration costs, 2018-2022

	For the period ended 31 December				
Item	**2018**	**2019**	**2020**	**2021**	**2022**
Healthcare costs as a percentage of gross contributions (percent)	87.2	90.8	84.4	94.9	97.4
Administration costs as a percentage of gross contributions (percent)	6.8	6.7	6.9	7.2	7.1
Healthcare costs and administration costs as a percentage of gross contributions (percent)	93.9	97.4	91.2	102.1	104.5

Net healthcare results

The industry reported an operational deficit (the result after deducting healthcare and non-healthcare costs from net contributions[8] before investment and other income) of N$387.3 million for 2022, which exceeded the operational deficit of N$258.1 million reported for 2021. The total expenditure increased at a higher rate than contributions, hence the operational deficit reported for the 2022 financial year. The trend in the operational results and the net surplus of the medical aid fund industry fluctuated during the period 2018-2022, showing a downward trend for this period (Figure 34).

Figure 34: Medical aid funds industry operational surplus and net surplus, 2018-2022



[8] Net contributions are gross contributions less savings contributions and health reinsurance.

The net result (operational result plus investment and other income) decreased on an annual basis from a net deficit of N$41.7 million to N$321.9 million reported for the 2022 financial year. Open medical aid funds reported a net deficit of N$209.7 million and closed medical aid funds reported a net surplus of N$22.2 million. The net deficit in 2022 resulted from the growth of total expenditure at a higher rate than the contribution income and investment returns reported by the industry for the 2022 financial year. Investment income decreased by 71.4 percent to N$60.7 million during the 2021 year. The decline in investment returns was due to negative returns on investments held by the industry, which originated from a combination of reduced-value liquidated investments and low cashflows from investments (i.e. dividends and interest income).

Assets and liabilities

The total industry assets contracted by 12.5 percent to N$2.0 billion as at 31 December 2022. The decrease resulted from the higher utilisation of cash and cash equivalents and liquidation of investments to settle the higher amount of total expenditure reported by the industry for the year under review. The industry's total liabilities increased by 15.2 percent to N$540.5 million as at 31 December 2022.

Receivables decreased by 22.0 percent to N$42.8 million as at 31 December 2022. The receivables comprised contributions receivable of N$30.8 million and other receivables of N$12.0 million. The decreased receivable balance was a result of the timely submission of employer groups' reconciled records and payments to medical aid funds. The industry considered the contributions receivable from these employer groups as recoverable as at 31 December 2022. The collection of these contributions will be closely monitored by the Authority to appropriately inform the industry of corrective action should the outstanding contributions prove to no longer be recoverable. The arrear contributions ratio[9] decreased to 0.6 percent as at 31 December 2022, lower than the 1.3 percent reported as at 31 December 2021. The reported arrear contribution ratio remains lower than the prudential limit of 1.5 percent.

Liquidity

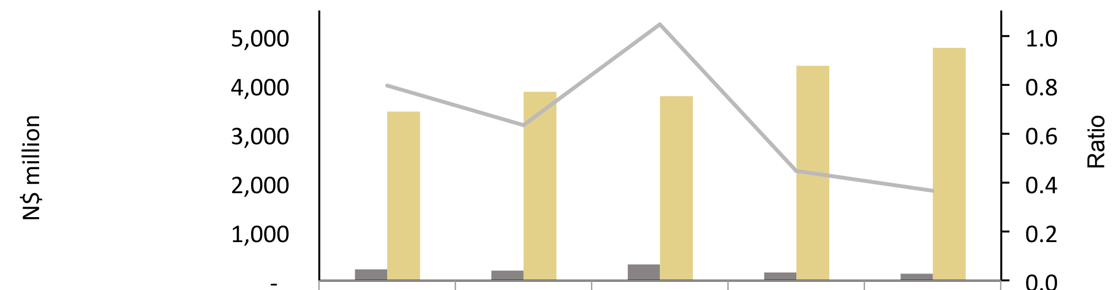
The difference between a fund's current assets and its current liabilities constitutes the liquidity gap. A positive value indicates that a fund has sufficient current assets to meet its current liabilities. The industry held current assets of N$1.8 billion and current obligations of N$540.5 million, which represents a liquidity gap of N$1.3 billion. Therefore, the industry was able to settle its current liabilities as at 31 December 2022.

The current ratio[10] measures whether the industry held sufficient current assets with which to settle its current liabilities. The industry reported a current ratio of 3.4:1 as at 31 December 2022, which is lower than the ratio of 4.7:1 reported as at 31 December 2021. Current assets decreased due to the higher utilisation of cash and cash equivalents and the liquidation of investments to settle expenses, and current liabilities grew due to an increase in provisions for outstanding claims (IBNR) and accounts payable (creditors) balances. A liquidity ratio ranging between 1.5:1 and 3:1 is considered acceptable by the Authority. The industry's ratio of 3.4:1 is above the aforementioned benchmark range, and the current liquidity position offers the industry safety against unexpected adverse claims experiences.

The liquidity position of a fund is further measured by its ability to pay claims from cash and cash equivalents. Figure 35 illustrates the industry's ability to pay claims, measured in months of cover. The cash coverage of claims measures the number of months that a fund's available cash and cash equivalents can be used to pay for claims if no contributions are received by the fund.

[9] Arrear contributions ratio is overdue contributions divided by annual contributions.
[10] Current assets to current liabilities ratio.

Figure 35: **Medical aid funds industry: Liquidity by cash coverage of claims, 2018-2022**



	2018	2019	2020	2021	2022
Cash and cash equivalents	230	205	330	164	146
Healthcare expenditure (annualised)	3,462	3,868	3,780	4,391	4,764
Months of cover (RHS)	0.8	0.6	1.0	0.4	0.4

Over the last five years, the cash coverage of claims ratio showed a slight downward trend and has been consistent for the past two years. The cash held by the industry as at 31 December 2022 could cover less than one month's worth of claims, evidenced by a cash coverage of claims ratio of 0.4. The low cash coverage ratio is a result of the industry's cash management governance policies, which require the funds to invest excess cash reserves. The industry held a firm liquidity position as at 31 December 2022.

Investments

The industry's total investments decreased by 12.4 percent to N$1.8 billion as at 31 December 2022, due primarily to the liquidation of investments during the year. Regulation 9 (Government Notice, No. 193 of 2018) requires that all medical aid funds invest a minimum of 45.0 percent of their total assets in Namibia. The medical aid funds held 52.6 percent of their assets in Namibia as at 31 December 2022. The medical aid funds held 35.7 percent of investments in unit trusts, followed by cash and cash equivalents and fixed interest instruments, such as bonds, at 23.8 percent and 21.2 percent, respectively.

Due to the short-term nature of the industry's liabilities, medical aid funds held the bulk of their investments in unit trusts and cash and cash equivalents, which are low risk instruments that can be easily liquidated.

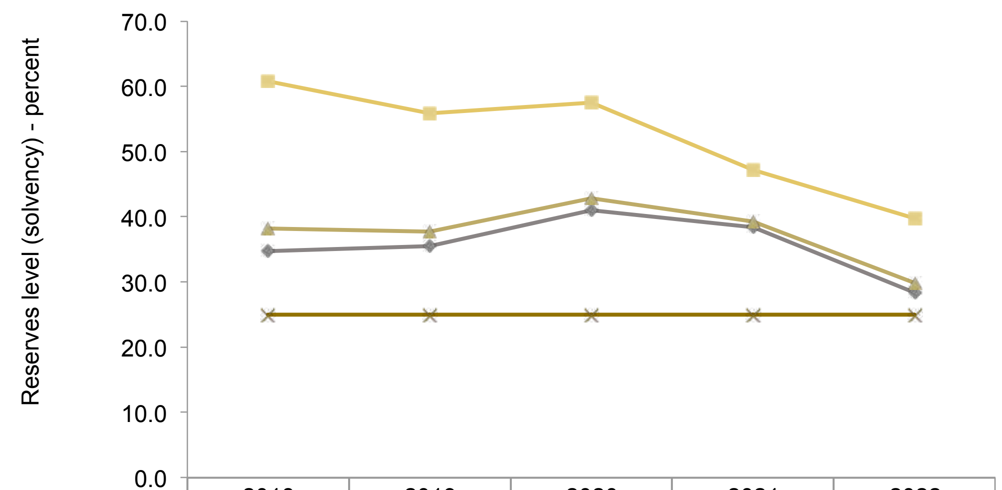
Reserves

The medical aid funds industry reported a decrease of 19.6 percent in its net assets (accumulated funds or reserves) to N$1.5 billion as at 31 December 2022. The accumulated funds (reserves) of medical aid funds must be maintained at the required minimum prudential reserves level (reserves level) of 25.0 percent of gross contributions. This reserves level is used as a benchmark to determine the ability of medical aid funds to absorb losses as they occur. A high solvency margin (reserves level) serves to protect members' interests and to provide assurance of the industry's ability to continue operations should it experience unforeseen adverse claims.

During 2022 the industry remained adequately capitalised, with the solvency ratio above the minimum prudential required level. Due to the net deficit reported for the year, the solvency ratio[11] for 2022 was 29.9 percent, lower than the 39.3 percent reported for 2021. While the industry complied with the prudential solvency requirement, one (1) open fund and one (1) closed fund breached the 25.0 percent prudential limit. These funds are under close supervision and are required to submit monthly compliance reports, together with strategies detailing how they intend to increase reserve levels to the prudential limit. The progress of these funds' strategies to reach the prudential limit is monitored quarterly.

The average solvency ratio for open medical aid funds was 28.4 percent as at 31 December 2022, a decrease from 38.4 percent at the end of 2021. The solvency ratio for closed funds decreased from 472 percent to 39.8 percent as at 31 December 2022 (Figure 36).

Figure 36: **Medical aid funds industry: Solvency trend, 2018-2022**



	2018	2019	2020	2021	2022
Open funds	34.7	35.5	41.0	38.4	28.4
Closed funds	60.8	55.9	57.5	47.2	39.8
Industry reserves level	38.2	37.8	42.9	39.3	29.9
Prudential reserves level	25.0	25.0	25.0	25.0	25.0

[11] The solvency ratio is determined by dividing accumulated funds by the annual gross contributions.

Friendly societies

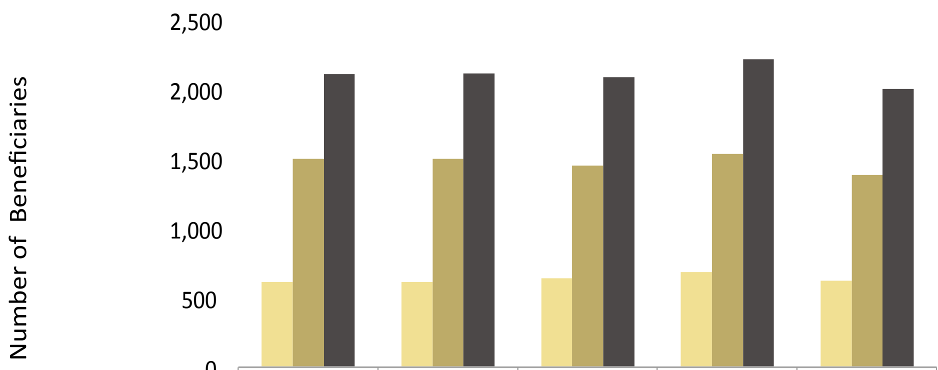
Performance review

The friendly societies industry, which comprised a single friendly society, remained financially sound at year end. The industry's assets were significantly more than its liabilities and it held sufficient cash and cash equivalents to settle obligations when they became due.

Membership

The total number of active beneficiaries increased by 1.3 percent to 2,003 as at 31 December 2022 on account of the recruitment of new members by the single active society (Figure 37).

Figure 37: Friendly societies: Total beneficiaries



	2018	2019	2020	2021	2022
Number of principal members	611	614	641	684	622
Number of dependants	1,498	1,500	1,449	1,533	1,381
Total members	2,109	2,114	2,085	2,217	2,003

Contributions and expenses

The total number of contributions received by the industry decreased by 7.5 percent to N$198,420, commensurate with the 9.1 percent decrease in principal membership[12], which was 622 as at 31 December 2022. Claims expenditure increased by 34.2 percent to N$60,000 for the year ended 31 December 2022. The increase was due to intensified burial claims during the year.

Operational expenditure increased by 287.7 percent to N$32,406 for the year ended 31 December 2022. During the 2022 financial year, expenses were limited to NAMFISA levies and bank charges. In addition to the NAMFISA levies and bank charges, audit fees, insurance, and printing and stationery expenses were incurred during the 2022 financial year.

Investments and investment income

Investment assets, which comprised money market accounts, increased due to capitalised investment gains and the investment of surplus cash. Investments increased by 12.1 percent to N$2.02 million as at 31 December 2022, and cash and cash equivalents decreased by 36.4 percent to N$46,817 as at 31 December 2022.

The industry's investment income, which primarily includes interest returns, was N$108,018 for the 2022 year, which is 36.6 percent higher than the industry's investment income reported for the 2021 year. The increase in investment income resulted from a decrease in claims and operational expenditure during the year under review, which enabled more available cash for additional investments.

[12] A single friendly society operates in the industry and only the principal members of the society pay a fixed monthly contribution, along with a joining fee when members first enroll or re-enroll with the society.

Assets and liabilities

As at 31 December 2022, the total number of assets increased by 10.1 percent to N$2.3 million. The increase was influenced by the re-investment of investment income and the reported net surplus. The accounts receivables decreased by 20.2 percent to N$16,098 as at 31 December 2022 and constituted 8.1 percent of the total annual contributions received. Outstanding contributions decreased significantly due to the relaxation of COVID-19 restrictive measures and more outstanding contributions were settled during the review period. When contributions are outstanding for longer than six months, membership is automatically terminated; therefore, no significant impact on the solvency of the industry is anticipated from the balance of the receivables. The solvency ratio[13] as at 31 December 2022 was 11.0:1, up from 9.1:1 reported for 2021, which is well above the prudential ratio of 0.25:1.

[13] The solvency ratio is determined by dividing the industry's accumulated funds by annualised contributions.

Pension funds

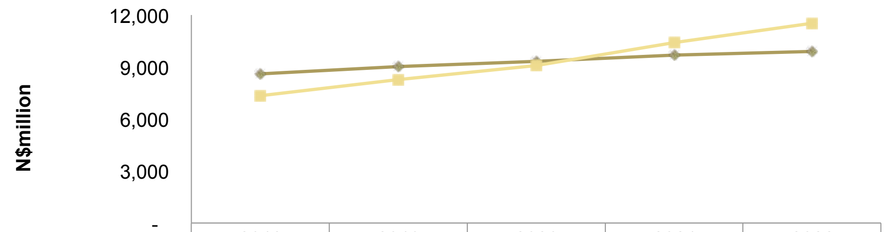
Performance review

The industry's total investments declined during the 2022 year. The decline was due to rising uncertainties in the financial markets as a result of inflation, interest rate rises, and geopolitical tension in Europe (Russia's invasion of Ukraine). The retirement funds' benefits and expenses exceeded contributions received by the industry. In spite of the decline in investment values and high expenses, the industry's funding level remained above 100.0 percent as at 31 December 2022.

Contributions and benefits

The total number of contributions received increased by 2.1 percent to N$9.9 billion for the year ended 31 December 2022 (Figure 38), which is lower than the NCPI (or inflation) of 6.1 percent reported for the 2021 financial year. Owing to high inflation and rapidly rising interest rates faced by employees and employers, the immediate need for cash during the year under review resulted in pension savings not rising in line with the NCPI.

Figure 38: Contributions and benefits



	2018	2019	2020	2021	2022
Total contributions	8,589	9,022	9,330	9,699	9,904
Total Benefits	7,343	8,270	9,095	10,409	11,534

Note: The contribution data for 2018 and 2019 was sourced from audited financial statements, which reflects financial year data that extends beyond calendar years. This explains the significant change in contributions between 2017 and 2018.

The slow growth in contributions during the 2022 year reflects the occurring trend since 2018, which coincides with the decline in economic growth observed in the country. This slow economic growth was worsened by the advent of the COVID-19 pandemic in 2020, geopolitical tension in Europe caused by Russia's invasion of Ukraine, and supply chain difficulties.

The total amount of benefits paid in 2022 was N$11.5 billion, an increase of 10.8 percent from the previous year (Figure 38). The growth in benefits correlates with continued withdrawals due to retrenchments and dismissals on account of economic pressures. In addition, retirement benefits paid continued to increase at rates higher than contributions. The benefits paid out by the industry have been growing for the past five years. The Authority will continue its close monitoring of the industry to ensure prompt responses are taken to address potential threats to the continued payment of members' benefits.

Expenses

The industry's total expenses decreased significantly by 56.4 percent to N$1.7 billion, due to a significant decrease in investment fees and administration fees, as detailed in Table 35. Investment fees decreased by 77.7 percent to N$560.5 million for the 2022 year. The growth in investment fees resulted from a decrease in performance fees, which was brought on by a decline in investment assets during the year.

Administration fees and other costs (including, among others, actuarial, audit, consultancy, legal and principal officer fees as well as levies) decreased from N$939.7 million reported for 2021 to N$742.5 million reported for 2022. Insurance premiums increased by 12.3 percent to N$438.6 million for 2022. The decrease in administration and other costs resulted from, among others, reduced actuarial fees, benefit consultancy, and variable administration costs.

Insurance premiums accounted for 25.2 percent of the total cost and investment management fees constituted 32.3 percent of the industry's total expenses. Administration fees represented the largest component of expenses for the year under review.

Table 34: Pension fund industry: Cost experience, 2018-2022

Cost category	Amount (N$ '000)				
	2018	2019	2020	2021	2022
Administration fees and other costs	570,433	661,188	1,292,643	939,705	742,469
Insurance premiums	345,580	379,380	389,230	390,716	438,602
Investment management fees	520,786	744,398	847,577	2,519,951	562,519
Total	**1,436,799**	**1,784,966**	**2,529,450**	**3,850,372**	**1,743,590**
Cost category	**Percent of total**				
Administration fees and other costs	39.7	37.0	51.1	24.4	42.6
Insurance premiums	24.1	21.3	15.4	10.1	25.2
Investment management fees	36.2	41.7	33.5	65.4	32.3
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Assets and liabilities

Pension fund assets decreased by 3.3 percent to N$205.8 billion in 2022 (Table 35), and current liabilities decreased by 22.2 percent to N$2.6 billion as at 31 December 2022. The decrease in current liabilities resulted from the lower benefits payable balance reported as at 31 December 2022. The active members' share account increased by 1.4 percent to N$113.9 billion as at 31 December 2022, and the pensioner accounts increased from N$25.8 billion to N$38.3 billion on the same date. Additionally, the amount in reserve[14] accounts decreased from N$67.5 billion to N$48.3 billion as at 31 December 2022 (Table 37). The change in active member and pensioner accounts correlates with the decrease in the value of reserve accounts reported for the 2022 year as these amounts reflect movement from reserve accounts to member and pensioner accounts.

Table 35: Pension fund industry: Assets, 2018-2022

	Amount (N$ million)				
	2018	2019	2020	2021	2022
Active members' accounts	128,529	137,737	104,357	112,401	113,932
Pensioners accounts	23,692	24,062	25,513	25,807	38,348
Reserve accounts	2,349	2,857	29,750	67,541	48,282
Others	1,408	1,879	18,493	244	0
Total liabilities	**155,978**	**166,535**	**178,113**	**205,993**	**200,562**

The industry reported an unclaimed benefits balance of N$229.1 million as at 31 December 2022, higher than the N$176.4 million reported as at 31 December 2021. This observed increase during the reporting period is discouraging, as it indicates that more members (or their dependants) whose pension fund membership ended without receiving their benefits were neither traced nor paid.

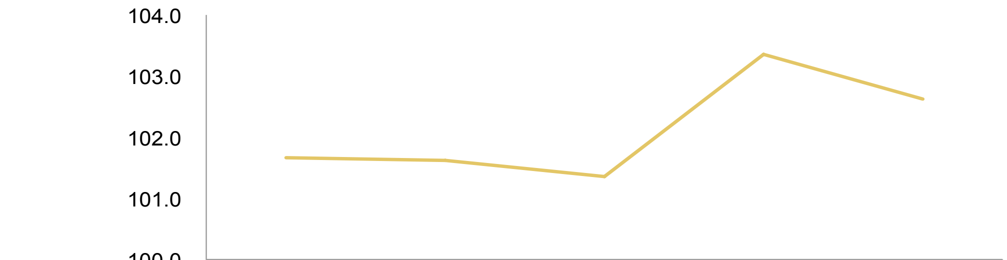
[14] Pension funds reconcile their members, pensioner and reserve accounts during the audit of their financial statements and/or assign their values from reserve accounts during actuarial valuations, hence the figures reported for the 2018 and 2019 years are lower than the figures reported for the 2020 and 2021 years, which reflects unaudited data.

Table 36: Pension fund industry: Liabilities, 2018-2022

	Amount N$ million				
	2018	2019	2020	2021	2022
Active members' accounts	128,529	137,737	104,357	112,401	113,932
Pensioners accounts	23,692	24,062	25,513	25,807	38,348
Reserve accounts	2,349	2,857	29,750	67,541	48,282
Others	1,408	1,879	18,493	244	0
Total liabilities	**155,978**	**166,535**	**178,113**	**205,993**	**200,562**

The funding level is assessed by matching the assets and liabilities of retirement funds. A funding level below 100 percent indicates that assets are not sufficient to cover benefits. The industry has maintained a funding level between 101.4 and 103.4 percent for the five-year period of 2018-2022 (Figure 39).

Figure 39: Pension fund industry: Funding level, 2018-2022

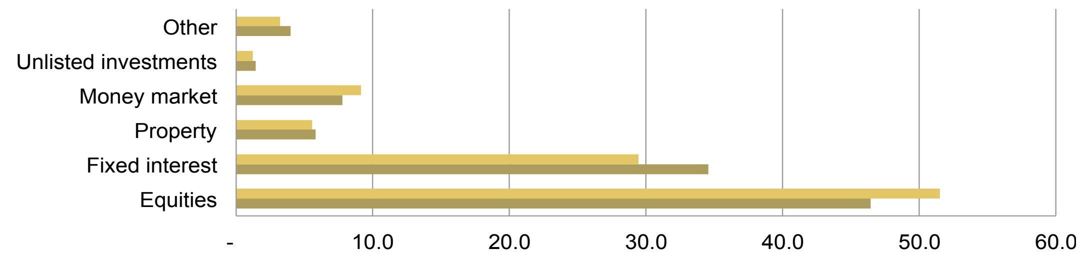


	2018	2019	2020	2021	2022
Funding level	101.7	101.6	101.4	103.4	102.6

Assets by class allocation

Shares comprised 46.4 percent of the total investments, which is commensurate with the long-term nature of pension funds (Figure 40). Fixed interest-bearing assets increased during 2022 to 34.6 percent, compared with 29.4 percent the previous year, the second highest asset class after investments in shares. The industry held 15.3 percent of its investments in Namibian government bonds (Table 38). Exposure to asset classes such as property, money market and other classes was collectively lower than 10.0 percent of the total investments.

Figure 40: Pension fund asset allocations per asset class, 2018-2022



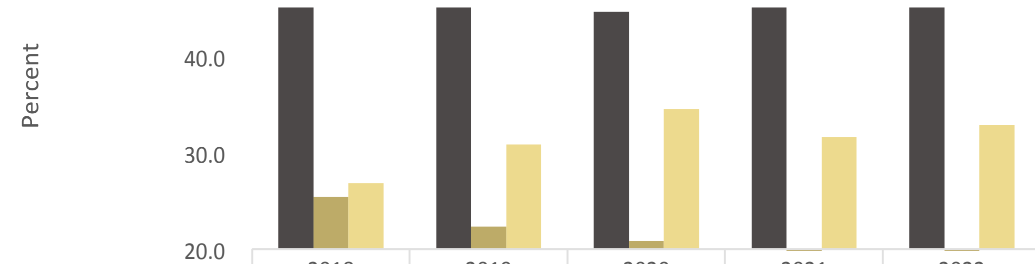
	Equities	Fixed interest	Property	Money market	Unlisted investments	Other
2021	51.5	29.4	5.5	9.1	1.2	3.2
2022	46.4	34.6	5.8	7.8	1.4	4.0

Assets by geographic allocation

Exposure to Namibian assets stood at 49.7 percent as at 31 December 2022, which is higher than the Namibian investment exposure of 49.3 reported for the 2021 year. The rise in Namibian asset exposure was due to the industry's increased investments in Namibia in order to comply with the domestic investment requirement of Regulation 13.

Investments in the Common Monetary Area (CMA) decreased to 17.4 percent, compared with 17.7 percent in the previous year, and investments outside the CMA increased to 32.9 percent, compared with 31.6 percent as at 31 December 2021 (Figure 41). The industry complied with Regulation 13, which requires it to hold at least 45.0 percent of its total investments in Namibia. The industry's exposure to domestic holdings increased throughout the 2022 year, which will be continually monitored for compliance.

Figure 41: Pension fund assets, per geographic allocation

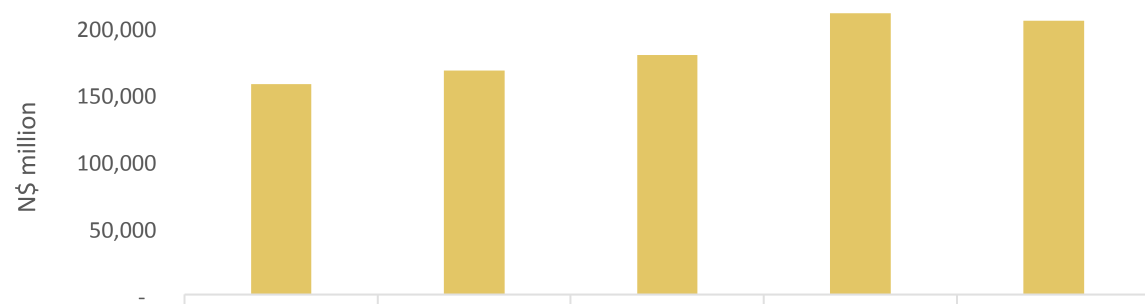


	2018	2019	2020	2021	2022
Namibia	47.7	46.8	44.6	49.3	49.7
Common Monetary Area (CMA)	25.4	22.3	20.8	17.7	17.4
Outside CMA	26.9	30.9	34.5	31.6	32.9

Investments

The total number of investments decreased by 3.3 percent to N$204.6 billion as at 31 December 2022 (Figure 42). The direct investments held by the industry decreased by 4.0 percent to N$180.5 billion, and the value of insurance policies increased by 2.0 percent to N$24.1 billion as at 31 December 2022.

Figure 42: Pension fund investments, 2018-2022

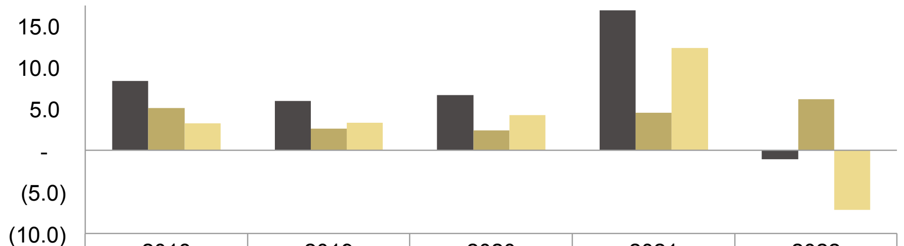


	2018	2019	2020	2021	2022
N$ million	157,334	167,697	179,270	211,649	204,595

Return on investments

The industry's investment returns were positive for four out of the past five years (2018-2022), with the nominal return on investments ranging from 1.1 to 16.8 percent (Figure 43). The return on investments comprised interest and dividend income, returns on the sale of investment assets, and changes in the capital value of investment assets.

Figure 43: Return on investments,[15] 2018-2022

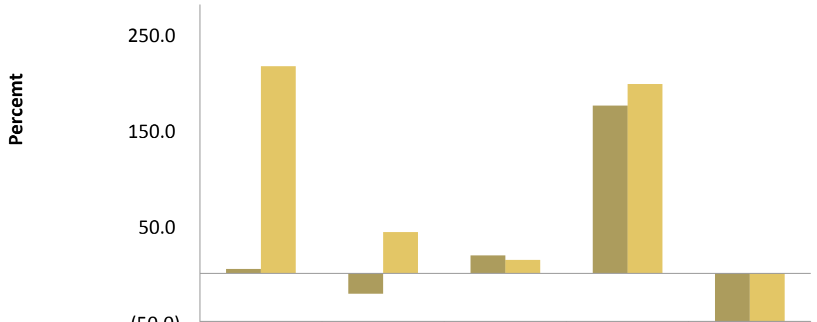


	2018	2019	2020	2021	2022
ROI (nominal)	8.3	5.9	6.6	16.8	(1.1)
NCPI	5.1	2.6	2.4	4.5	6.1
ROI (real)	3.2	3.3	4.2	12.3	(7.2)

The Namibian All Bonds Index (ALBI) grew by 23.6 percent and the Namibia Stock Exchange (NSX) Overall Index increased by 3.8 percent during 2022, and the NSX Local Index decreased by 4.2 percent during the same period. The high levels of profit reported by local Namibian listed entities and new debt issuances contributed to the positive performance of local instruments. The Johannesburg Stock Exchange All Share Index (JSE ALSI), Johannesburg Stock Exchange Top 40 (JSE Top 40) Index, and the Dow Jones Industrial Average (DJIA) Index decreased by 0.9 percent, 0.1 percent, and 8.8 percent, respectively, during 2022. The impact of inflation, rising interest rates, geopolitical tension caused by Russia's invasion of Ukraine, supply chain challenges, and the anticipated recession have brought about the decrease in equity and debt markets outside Namibia.

The decline in investment management fees for 2022 was in line with the decline in investments. Investment management fees comprise fixed costs and performance-based fees, therefore the investment management fees decreased as the value of investments decreased during the year under review (Figure 44).

Figure 44: Pension funds: Growth in net investment income vs growth in investment management fees



	2018	2019	2020	2021	2022
Growth in net investment income	4.5	(21.4)	18.7	174.7	(105.2)
Growth in Investment costs	215.8	42.9	13.9	197.3	(77.7)

[15] An error in the return on investment figures was adjusted in the report for the period (2016). NCPI figures were sourced from price statistics from the NSA in its March 2022 edition.

$$R = \frac{2i}{A+B-i}$$

Where: R = Return on investments, A = Initial Value of investments, B = End Value of Investments, I = Net investment income plus Capital appreciation minus Investment costs.

Liquidity

Liquidity is a measure of the ability of funds to meet their short-term financial obligations as they fall due. In the retirement funds industry, monthly contributions play an important role in meeting the funds liquidity needs as they are used to pay for the fund's ongoing liability (benefits) and thus reduce the necessity to disinvest money from the market to pay for benefit claims when they fall due. Thus, the industry's liquidity is measured as a ratio of contributions due and received to expenses and benefits due and paid. A ratio of one hundred percent means the contributions would be able to cover the payment of the costs and benefits, and a value of less than one hundred percent indicates that contributions received would fall short.

During the 2022 financial year, the industry's liquidity worsened from 82.6 percent to 77.0 percent. The decrease in liquidity reflects the 2.1 percent increase in contributions received compared to the 9.6 percent increase in benefits and expenses paid during the year under review. The industry could not rely on investment income to cover the liquidity gap in 2022 as it did between 2018 and 2021.[16] The industry's liquidity will be monitored by the Authority to ensure timely corrective action is taken to avoid the realisation of risks to the viability of the pension industry.

Table 37: Pension fund liquidity experiences, 2018-2022

	Amount N$ '000				
Liquidity	**2018**	**2019**	**2020**	**2021**	**2022**
Contributions due and received	8,588,604	9,022,346	9,329,893	9,699,089	9,903,934
Expenses and benefits due and paid	8,779,556	10,055,253	11,624,013	11,739,102	12,864,048
(Ratio[17] (percent	97.8	89.7	80.3	82.6	77.0

Compliance with Regulation 13

Investments of pension funds' assets are regulated in terms of Regulation 13 of the Pension Funds Act, 1956. Table 38 illustrates the industry's exposure to different asset classes as at 31 December 2022 regarding the maximum exposure limits as prescribed under Regulation 13. For the purposes of assessing the industry's compliance with Regulation 13, the assets invested in insurance policies are excluded as they are not regarded as assets of the fund for the purposes of Regulation 13. The industry complied with all limits in various investment classes as at 31 December 2022.

[16] The industry reported a net investment income of N$12.8 billion in 2018, N$10.1 billion in 2019, N$11.9 billion in 2020, and N$32.8 billion in 2021.
[17] Contributions due and received and expenses and benefits due and paid.

Table 38: **Pension fund industry compliance with Regulation 13**

Asset class	Percentage of aggregate of investments	Reg. 28 limit
Credit balances	7.8	95.0
Government bonds	15.3	95.0
State-owned enterprise, local authority and regional council bonds	0.3	50.0
Corporate bonds	11.6	50.0
Foreign bonds	7.4	50.0
Property	5.8	25.0
Shares	46.4	75.0
Other claims	1.3	25.0
Other assets	2.7	2.5
Unlisted investments (drawn down capital)	1.4	1,75 - 3,50
Other limits		
Regulation 13(1)(a)	52.2	90.0
Regulation 13(1)(b)	56.2	95.0
Regulation 13(2)	49.7	45.0
Regulation 13(3)(e)	7.8	10.0
Regulation 13(5)	2.7	1,75 - 3,50

Domestic asset limit

The industry complied with the minimum domestic asset requirement of 45.0 percent as prescribed under Regulation 13(2) due to increased investment in the Namibian market during the 2022 year.

Other limits

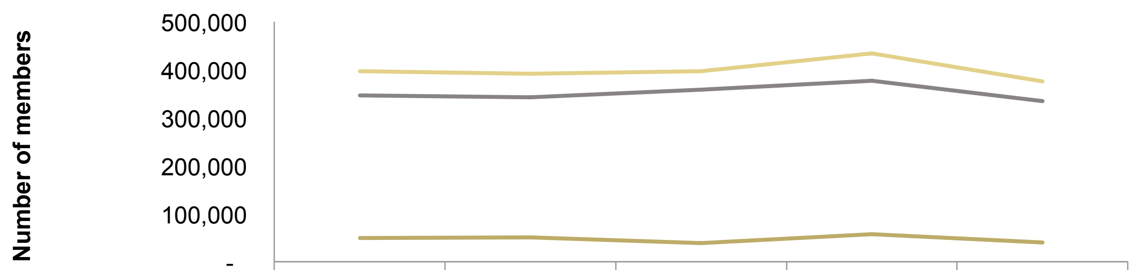
The industry's committed capital to unlisted investments was 2.7 percent of their investments and drawn down capital was 1.4 percent (Table 38). The compliance is measured at committed capital and should be between 1.75 and 3.5 percent, as per Regulation 13(5)(e).

The industry complied with the investment limits as per Regulation 13.

Membership

The total retirement fund industry membership decreased by 13.7 percent to 374,949 as at 31 December 2022, which comprised 334,362 active members and 40,587 pensioners (Figure 45). The decrease in membership was due to continued resignations, dismissals and retrenchments of employees and business closures on account of the economic challenges faced during the year under review.

Figure 45: **Membership, 2018-2022**



	2018	2019	2020	2021	2022
Active members	346,450	341,873	358,060	377,050	334,362
Pensioners	49,754	50,103	38,404	57,217	40,587
Total	396,204	391,976	396,464	434,267	374,949

Microlending

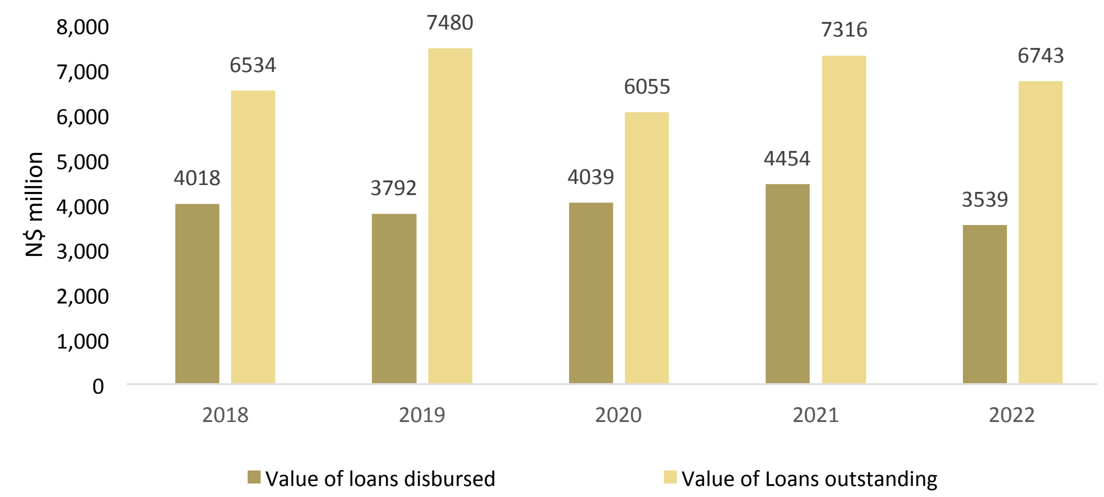
Performance review

The value of the microlending loan book contracted year-on-year at the end of 2022, which also reflected in the value of disbursements. In this regard, the contraction in the value of the disbursements was driven by term lenders as well as the values disbursed by pay day lenders. Consequently, the number of payday loan borrowers and new loans issued for the same type of borrowers rose annually at the end of 2022.

Loan book value

The value of the loan book (outstanding value) declined year-on-year at the end of 2022 by 7.8 percent to N$6.7 billion (Figure 46). As in the previous year, the value of the loan book continued to be dominated by the stock for term lenders, which stood at N$6.5 billion and accounted for almost 96 percent of the total share.

Figure 46: **Value of microlending disbursements and the loan book**



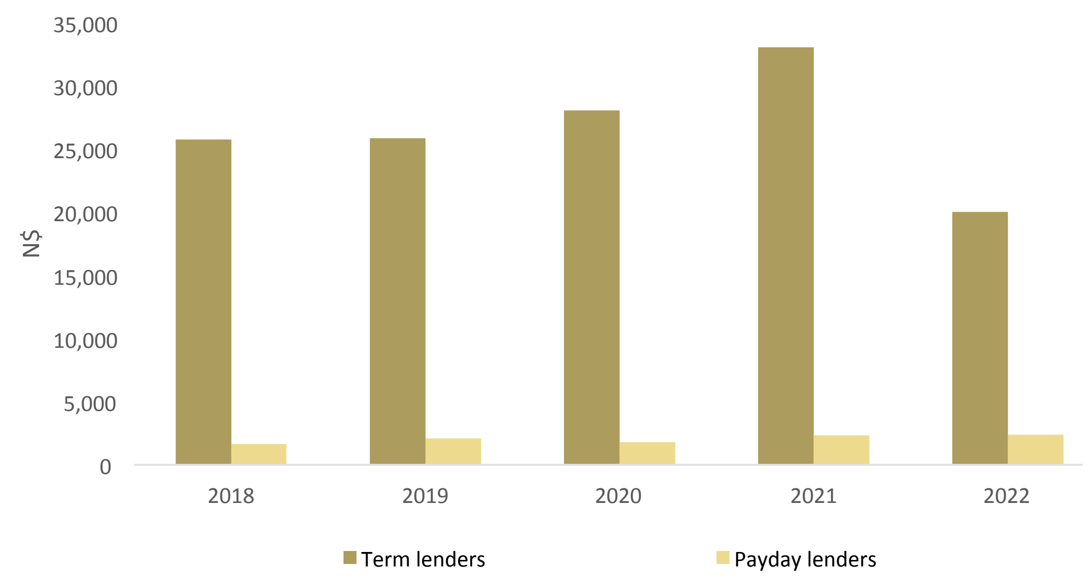
Disbursements

During the year 2022, the total value of loans disbursed decreased year-on-year by 20.5 percent to N$3.5 billion (Figure 46). The decrease originated from the value of the transactions between term lenders and term borrowers, which recorded a contraction during the year 2022. The credit extended by term lenders decreased year-on-year by 31.1 percent, and the credit extended by payday lenders rose year-on-year by 11.5 percent. This led to a decline in the total loan book for microlenders, as term lenders account for a larger portion of the loan book with significant declines recorded during this period.

Average loan amount

The average amount of loans extended by term lenders continued to be larger than loans issued by payday lenders. During the period under review, the average amount of loans extended by term lenders decreased by 39.9 percent and the number issued by payday lenders rose by 1.6 percent year-on-year to N$20,040 and N$2,385, respectively (Figure 47). Therefore, relative to the legislative requirement that loan disbursements should not exceed N$100,000, the industry continued to operate below the maximum limit.

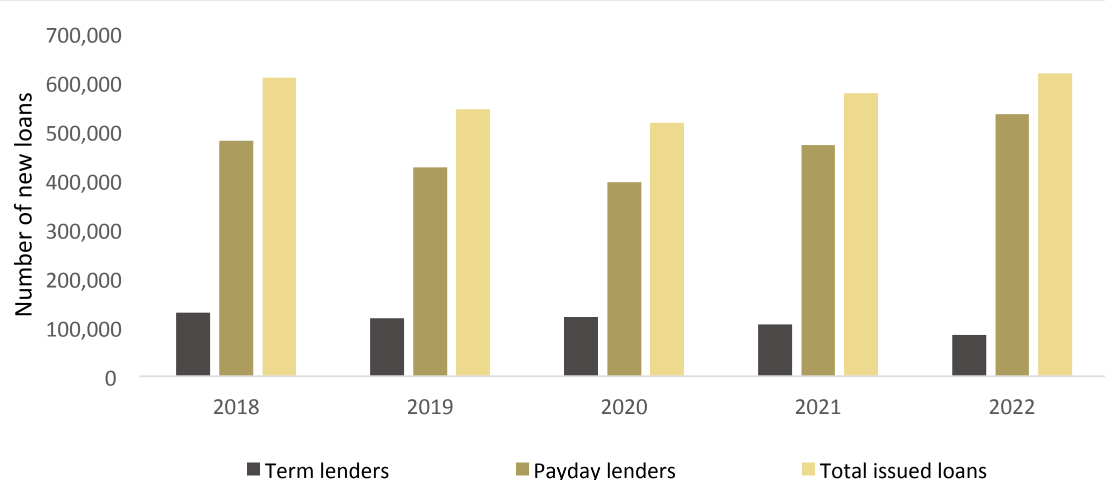
Figure 47: Average microlending loan amounts



Number of new loans

Despite the decrease in the value of the loans disbursed, the number of new loans issued rose by 7.1 percent on an annual basis to 618,675 loans as at 31 December 2022, mostly accounted for by payday lenders (Figure 48). The increase in the total number of new loans issued is consistent with that of the payday lenders, and the total number of new loans issued by term lenders declined. Consequently, the payday lenders accounted for 86.0 percent of the total number of new loans issued and the term lenders accounted for the remainder.

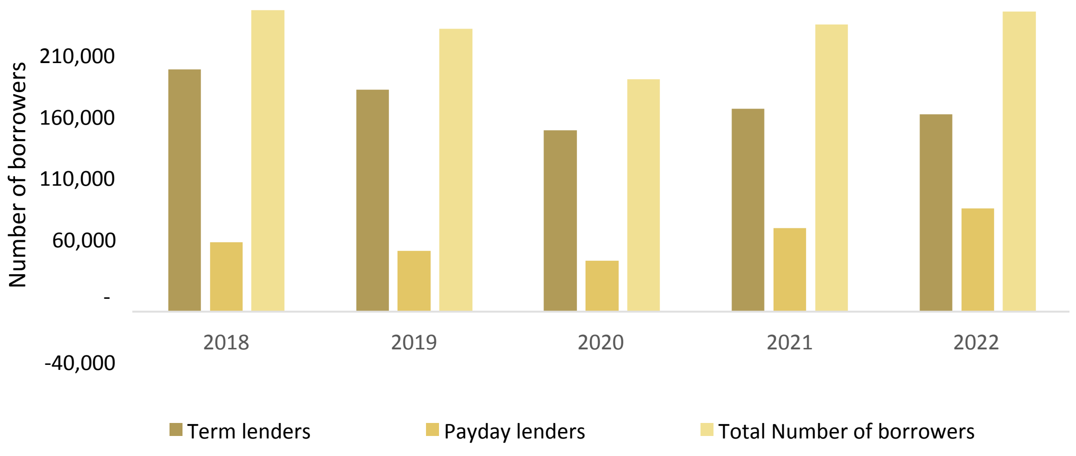
Figure 48: Number of new microlending loans disbursed



Number of borrowers

The cumulative number of household borrowers rose on an annual basis by 4.7 percent to 244,697 beneficiaries at the end of 2022 (Figure 49). This increase in the number of borrowers was reflected in the category of household borrowers transacting with payday lenders; however, it decreased with term lenders. As a result, the number of household borrowers transacting with payday lenders rose by 23.3 percent year-on-year at the end of 2022, and the number of household borrowers transacting with term lenders declined by 3.1 percent. Despite this observed inconsistency, the number of term borrowers remained greater than the number of payday borrowers in relation to the total number of household borrowers as at 31 December 2022.

Figure 49: Number of microlending borrowers



Capital markets

Performance review

The overall market capitalisation[18] of companies listed on the NSX increased by 4.65 percent, compared with the previous year, ending at N$2.27 trillion as at 31 December 2022. In line with this upward trend adjustment, the NSX overall index[19] also increased. The NSX Local Index fell over the one-year period to 31 December 2022. The Overall Index increased by 3.78 percent, ending at 1,631.05 points; and the Local Index decreased by 4.16 percent, ending at 507.05 points.

Investment managers' assets under management increased by 1.5 percent during the period under review, ending at N$210.87 billion as at 31 December 2022, up from N$207.83 billion as at 31 December 2021. Investment managers play an important role in integrating the financial system, linking institutional investors to financial markets and banks, and managing funds on behalf of pension funds, insurance companies, collective investment schemes, medical aid funds, and other wholesale investors[20]. Investment managers continue to be the main conduit between NBFIs and other sectors within the financial system.

Pension funds maintained their position as the largest investors in the local market. In terms of geographic allocation, the domestic market had the most investments, followed by the CMA and the offshore market. The increase in domestic assets, which amounted to N$4.69 billion, could be mainly attributed to the implementation of Regulation 13(2) of the Regulations under the Pension Funds Act. The said Regulation increased the minimum requirement to 45 percent in respect of pension funds' domestic asset investments, effective from 31 March 2019. This increase in the local market led to investment managers rebalancing portfolios and boosting allocations to fixed income assets due to a perceived illiquidity of the local equity market.

Securities and investment markets

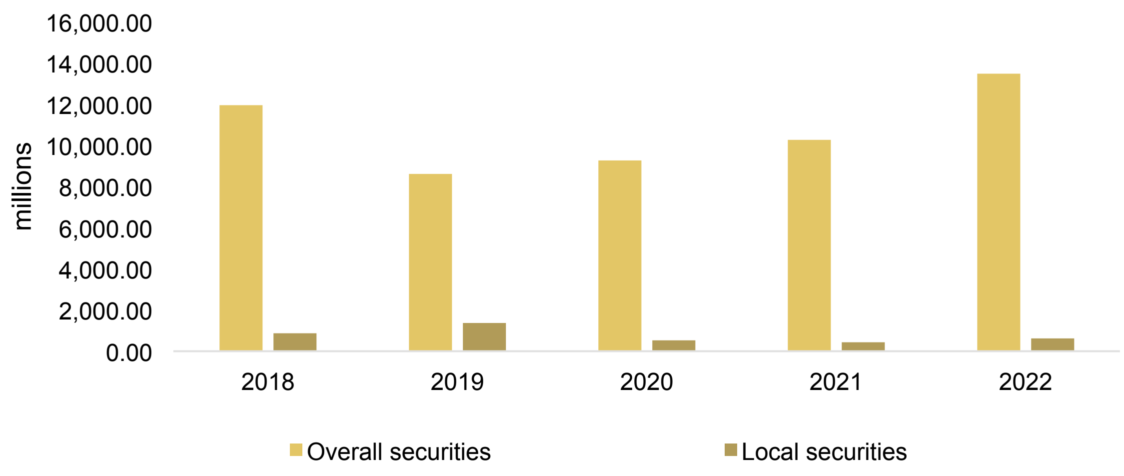
Equity markets

The NSX had 50 securities listed as at 31 December 2022. During the reporting period, two (2) entities delisted. The companies concerned included 31 listings on the Main Board, of which 12 were primary listings; seven (7) on the Development Capital Board; 11 on the Exchange-traded Fund (ETF) Board; and one (1) was quoted on the Over-the-Counter Board. In the same period, Barloworld Limited and Bravura Holdings Limited delisted from the NSX.

Market capitalisation of the securities listed on the NSX Main Board rose by 4.7 percent from 31 December 2021 to N$2.27 trillion as at 31 December 2022. Local market capitalisation decreased by 3.87 percent from the end of 2021 to N$36.57 billion at the end of 2022, due mainly to the negative market performance. Local market capitalisation comprised 1.61 percent of the Main Board market capitalisation. Market capitalisation of ETFs decreased by 6.35 percent to N$38.78 billion, compared with the previous reporting period. The capitalisation on the Development Capital Board rallied by 19.28 percent to N$11.99 billion as at 31 December 2022. This increase resulted from the continued raising of capital through new share issuances for further exploration.

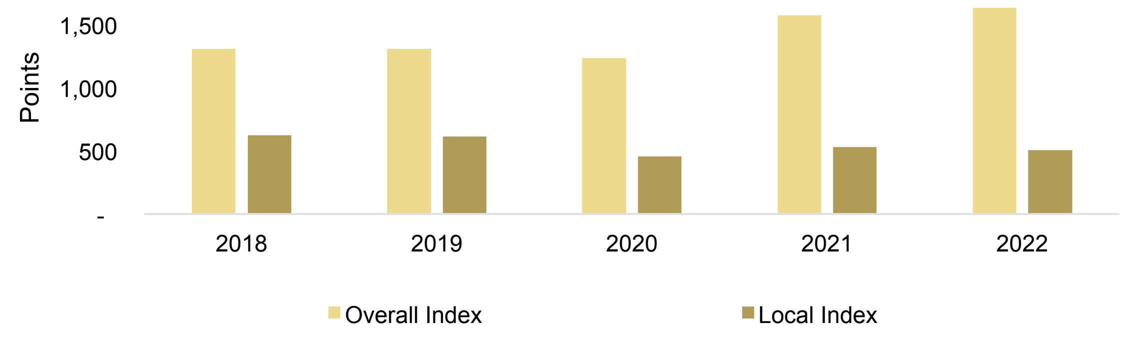
In terms of values traded (Figure 50), the overall securities traded between 31 December 2021 and 31 December 2022 were up by 31.23 percent to N$13.49 billion. Similarly, the local values of securities traded rose by 36.0 percent to N$609.47 million during the same period.

Figure 50: NSX values traded



In line with the increase in market capitalisation, the Overall Index adjusted upwards and the Local Index of the NSX adjusted downwards over the one-year reporting period to 31 December 2022. The Overall Index increased by 3.8 percent, ending at 1,631.05 points; and the Local Index retreated by 4.2 percent, ending at 507.05 points for the year (Figure 51).

Figure 51: NSX Indices



The FTSE[21]/JSE[22] All Share Index (Figure 52) fell by 0.90 percent, relative to 2021 levels, ending at 73,048.60 points as at 31 December 2022. Most shares that are dual-listed on the NSX are primary-listed on the JSE. The dual-listed shares accounted for 98.8 percent of the overall NSX market capitalisation, making the FTSE/JSE All Share Index an important and widely followed index in Namibia.

[18] Market capitalisation, which is commonly referred to as the market cap, is calculated by multiplying a company's outstanding shares by the current market price of one share.

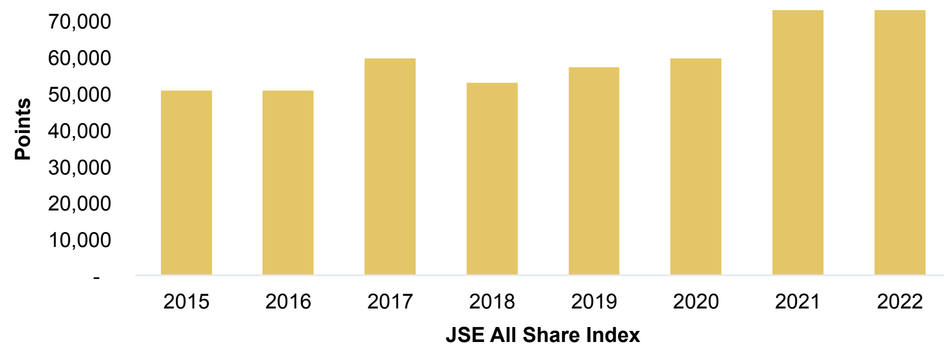
[19] A market index (plural: indices) is a hypothetical portfolio of investment holdings (shares listed on an exchange), which represents a segment of the financial market (e.g. Top 40, medium-caps companies, small-caps companies, or the overall market). The calculation of the index value is derived from the prices of the underlying holdings/shares. Some indices have values based on market-cap weighting, revenue-weighting, float-weighting, or fundamental-weighting. Weighting is a method of adjusting the individual impact of items in an index.

[20] Wholesale investors are high net-worth individuals or companies with minimum balances of at least N$1,000,000.

[21] Financial Times Stock Exchange.

[22] Johannesburg Stock Exchange Ltd.

Figure 52: FTSE/JSE All Share Index

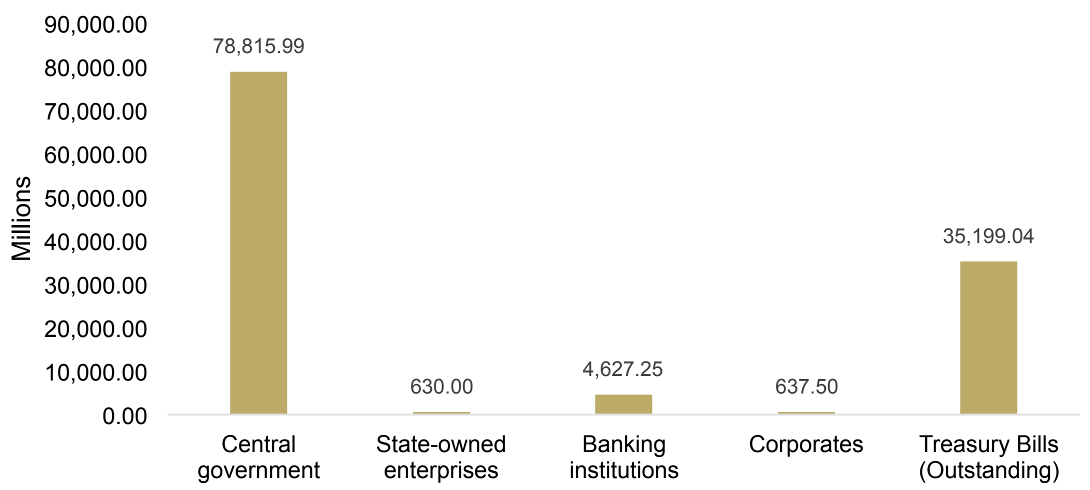


(Source: JSE)

Debt markets

The total listed debt increased by 8.5 percent year-on-year to N$119.91 billion as at 31 December 2022, driven largely by an increase in total government and corporate bonds. In the same period, central government debt increased by 8.8 percent, registering N$78.82 billion at the end of 2022. Treasury bills increased by 10.8 percent to N$35.19 billion between the two reporting years. Since the previous review period, debt issuance as listed debt by banking institutions decreased by 14.8 percent, ending at N$4.63 billion as at 31 December 2022. Debt incurred by public enterprises increased by a modest 4.0 percent, ending at N$630.0 million as at 31 December 2022 (Figure 53).

Figure 53: Figure 53: Debt markets: Debt outstanding



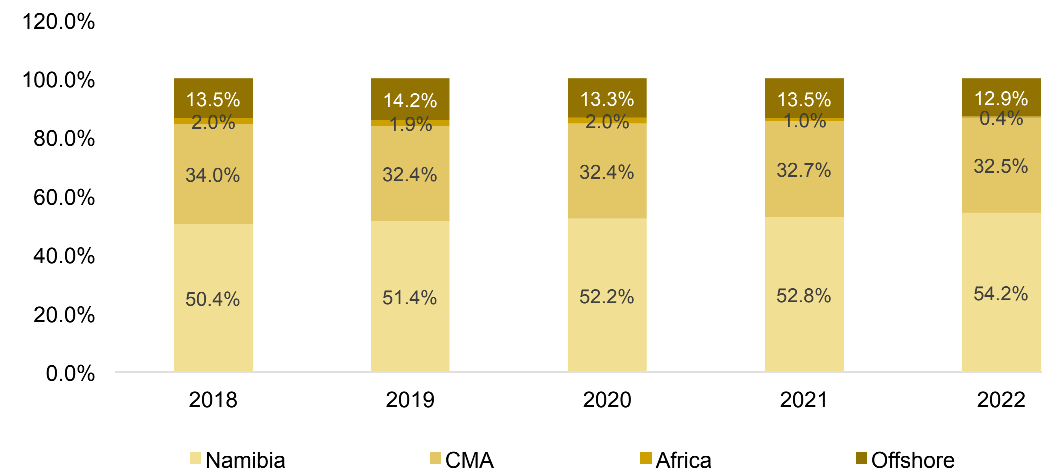
(Source: JSE)

Investment management

Investment managers' assets under management increased by 1.5 percent to N$210.9 billion as at 31 December 2022, compared with 31 December 2021. Pension funds and unit trust schemes accounted for the biggest inflows, contributing 47.5 percent and 30.2 percent, respectively.

In terms of geographic allocation, the assets under management indicate that domestic assets constituted 54.2 percent of the total (Figure 54). Although Regulation 13(2) of the Regulations under the Pension Funds Act increased the minimum domestic asset investments by pension funds to 45 percent as from 31 March 2019, investment managers have consistently held above 50 percent of their total assets in domestic assets over the five-year period from 2018.

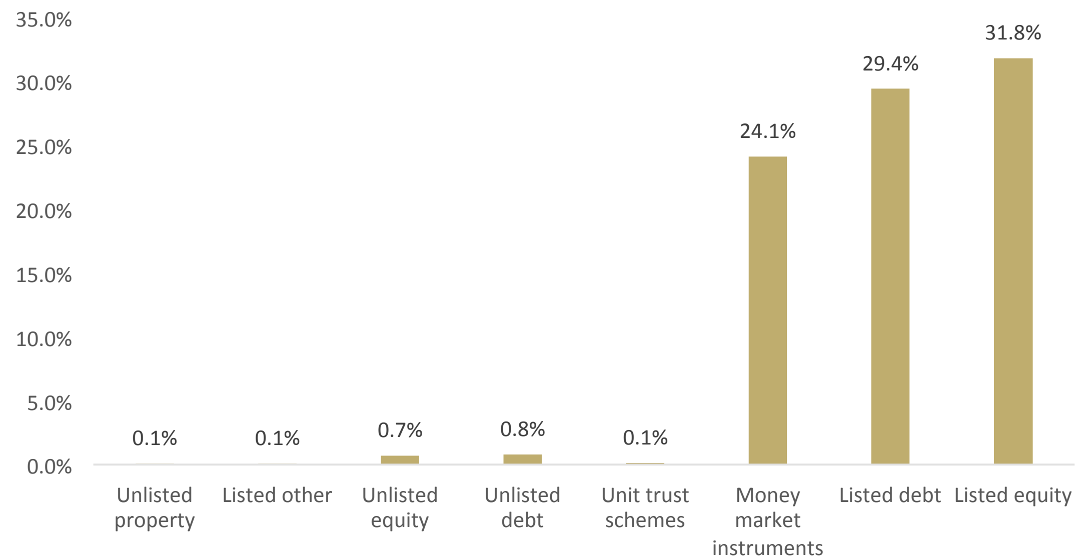
Figure 54: Investment managers' assets under management, per geographic allocation



A total of 45.8 percent of investment managers' assets under management were invested outside Namibia as at the end of the 2022 reporting period. Of this, 32.5 percent was invested in the CMA, predominantly in South African securities; and 12.9 percent was invested in offshore markets. A total of 0.4 percent was invested in Africa outside of the CMA.

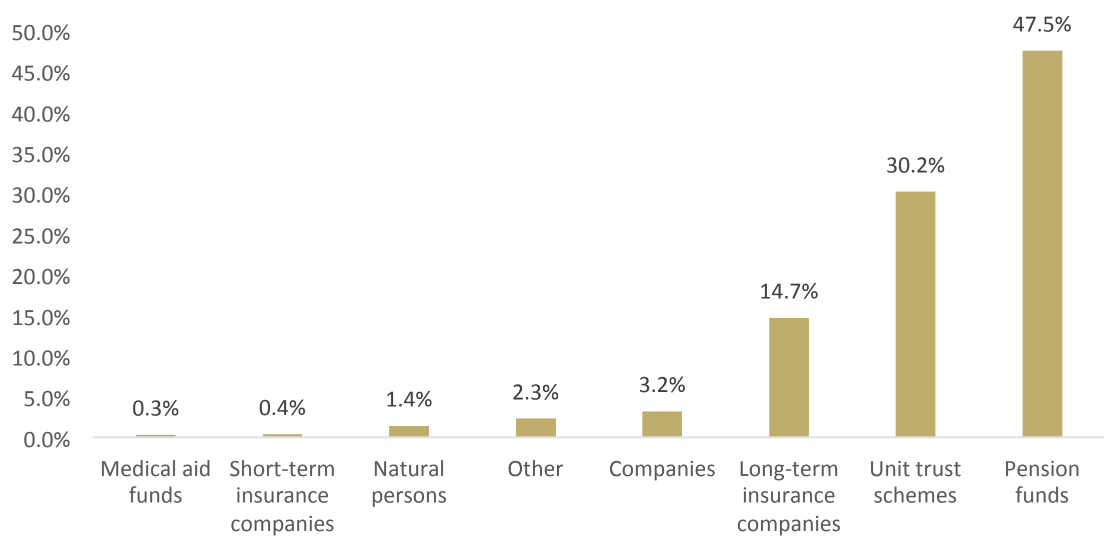
In terms of investment instruments, the assets under management show that investment managers held 31.8 percent of investments in listed equity as at 31 December 2022. Money market instruments accounted for 24.1 percent, with listed debt at 29.4 percent. Collectively, 53.5 percent of the total assets was invested in fixed-income (debt and money market) instruments. Other assets, comprising derivatives and foreign exchange instruments, accounted for 13 percent of the total assets during the review period (Figure 55).

Figure 55: Investment managers' assets under management, per asset class



In respect of sources of funds, as in 2021, pension fund assets continued to constitute the biggest portion of assets under management by investment managers, accounting for 47.5 percent of the total as at 31 December 2022. The second-largest source was from unit trust schemes, which constituted 30.2 percent of the total assets under management. The 14.7 percent of funds sourced from long-term insurers represented the bulk of the remaining share, which included natural persons, short-term insurers, medical aid funds, and companies with investments ranging from 0.3 percent to 3.2 percent of the total assets (Figure 56).

Figure 56: Investment managers' assets under management, per source of funds (investor)

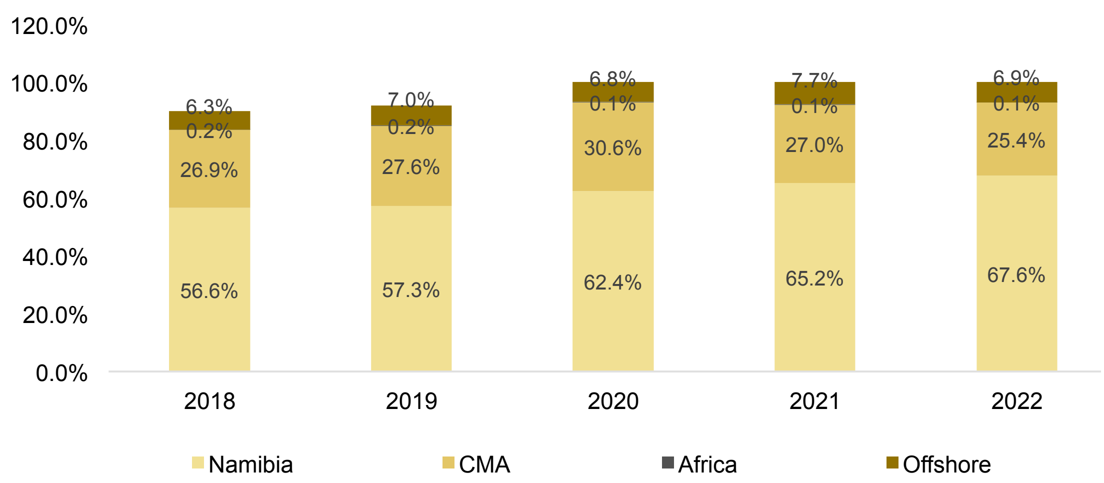


Collective Investment Schemes

The total assets under management in respect of collective investment schemes decreased by 0.8 percent to N$79.1 billion as at 31 December 2022, compared with the same period in 2021. The bulk (67.6 percent) of the funds in collective investment schemes were invested in Namibia, followed by 25.4 percent in the CMA, 6.9 percent in offshore markets, and 0.1 percent in Africa outside of the CMA.

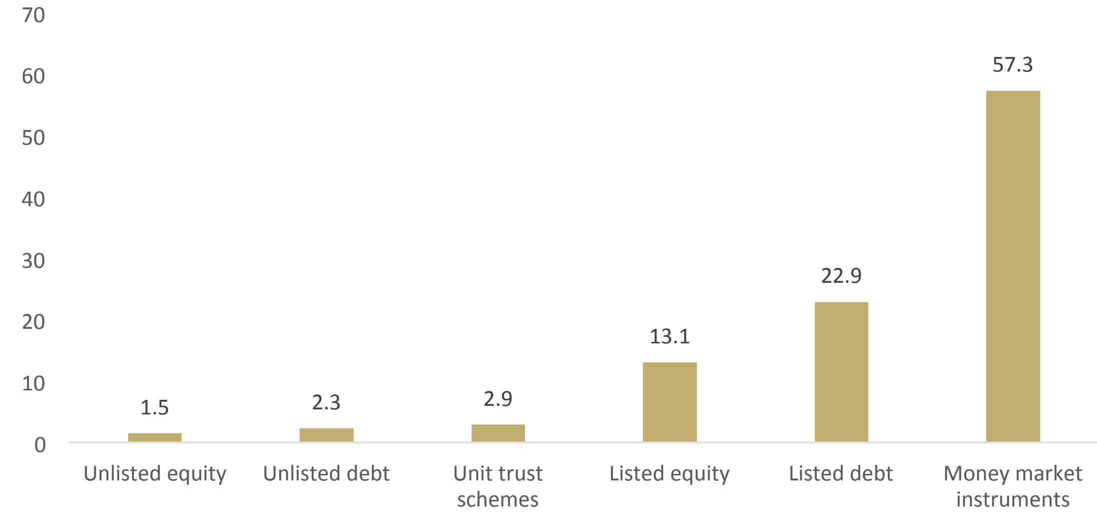
The mandates of individual collective investment schemes largely dictate the asset allocation universe in which investment managers allocate funds among geographic locations as well as asset classes. Compared with the previous reporting year, assets under management as at 31 December 2022 reveal that assets invested in the Namibian market rose by 2.9 percent to N$53.5 billion, assets invested in the CMA fell by 6.9 percent to N$20.1 billion, and offshore investments decreased by 11.3 percent to N$5.4 billion between the two reporting periods. Similarly, investments in Africa outside of the CMA decreased by 15.3 percent, compared with 2021, registering N$100.1 million at the end of 2022 (Figure 57).

Figure 57: Collective investment scheme assets under management, per geographic allocation



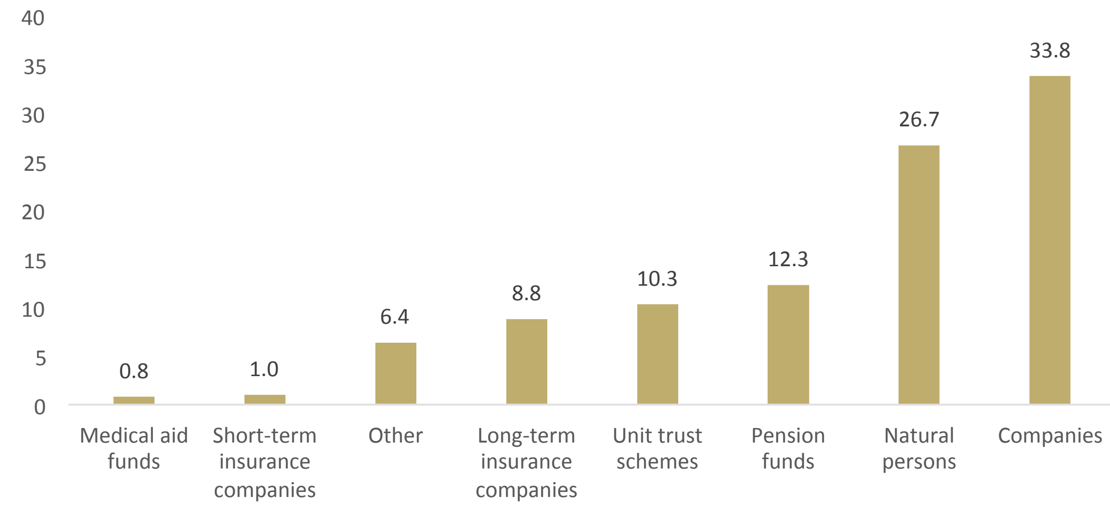
The asset allocations per type of investment instrument show that money market investments continued to be the asset class of choice, accounting for 57.3 percent of the total assets under management during the reporting period. Listed debt constituted 22.9 percent of the total assets for 2022, and the remaining 19.8 percent was spread among listed and unlisted equities, unlisted debt, and unit trust schemes (Figure 58).

Figure 58: Collective investment scheme assets under management, per asset class



In terms of allocation per source of funds, companies were the largest source at 33.8 percent, followed by individual persons, who had a 26.7 percent share of the total collective investment scheme funds at 31 December 2022. Unit trust schemes held 10.3 percent of the total collective investment scheme funds, and pension funds held 12.3 percent. Other sources of funds include long-term insurers and other collective investment schemes, all of which held between 0.8 and 8.8 percent of the total funds (Figure 59).

Figure 59: Collective investment scheme assets under management, per source of funds (investor)



Linked investment service providers

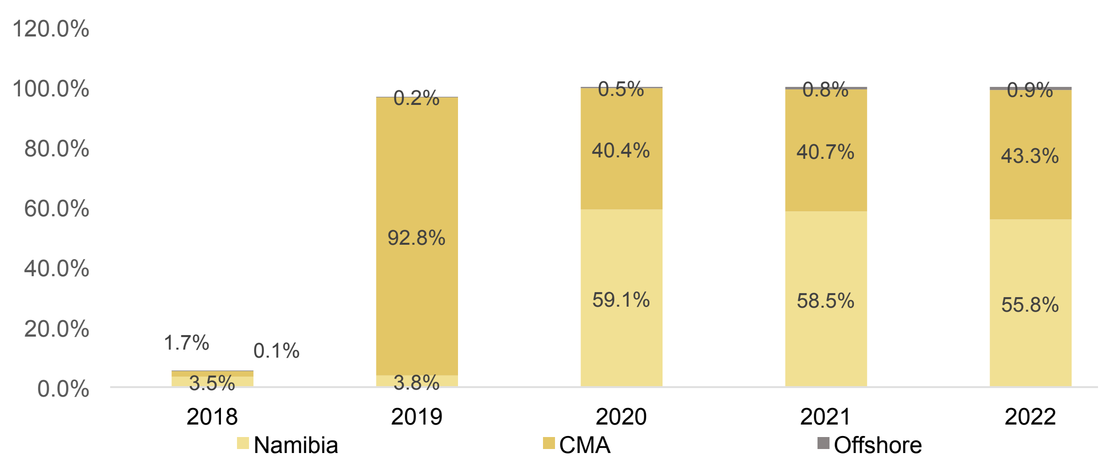
Linked investment service providers are financial institutions whose principal business consists wholly or partly of implementing or capturing investment instructions given by or on behalf of clients in relation to investments. A linked investment service provider packages, distributes and administers a broad range of unit-trust-based investments, with the primary purpose of providing the investor with access to various investment products from a single point of view. Linked investment service providers hold, purchase or sell such investments in bulk on instructions from clients.

The term bulk (or bulking) refers to the aggregation (totalling or summing-up of several amounts) by the linked investment service provider of:

1. clients' funds when buying or investing in financial products on behalf of clients, and the subsequent allocation of such financial products to each client separately in the linked investment service provider's records; and
2. the financial products belonging to clients when selling such financial products on their behalf, and the subsequent allocation of the proceeds of such sale to each client separately in the linked investment service provider's records.

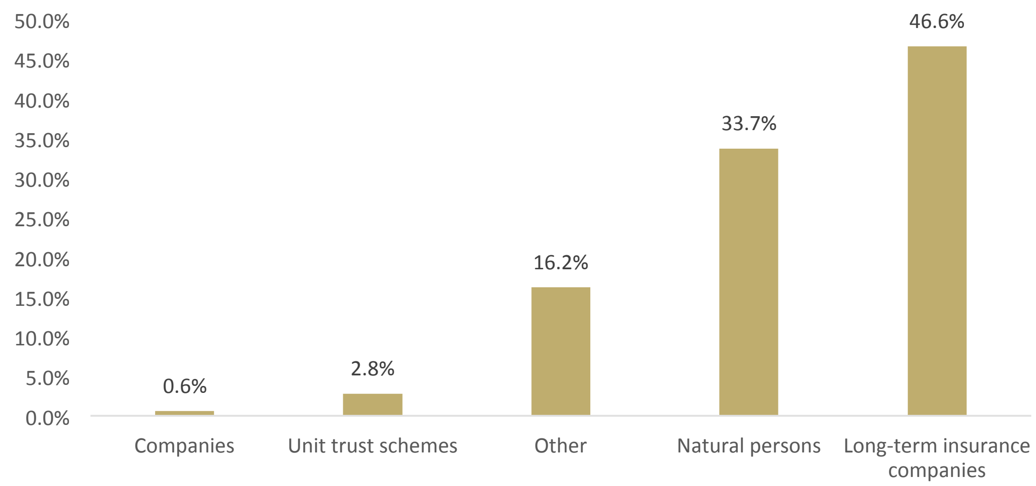
As at the end of December 2022, the total assets under management in respect of linked investment service providers decreased by 1.9 percent to N$14.98 billion, compared with N$15.3 million registered at the end of 2021. The geographic allocation of assets under management indicates that 55.8 percent was invested in domestic assets, with 43.3 percent in the CMA and 0.9 percent in offshore markets (Figure 60).

Figure 60: Linked investment service providers, per geographical allocation



The bulk of the assets administered were sourced from long-term insurance companies, followed by natural persons (Figure 61).

Figure 61: Linked investment service providers, per source of funds (investors)

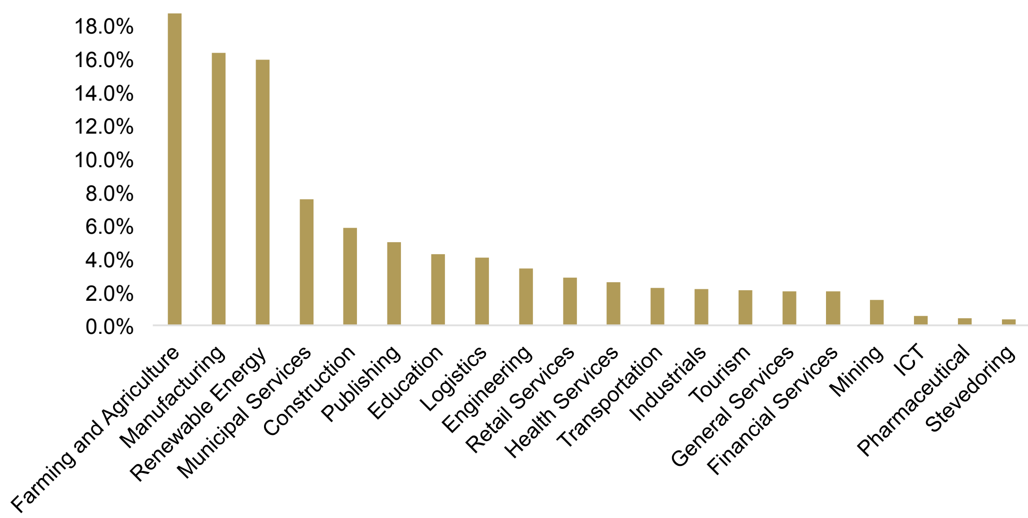


Unlisted investments

The total investments in unlisted companies as at 31 December 2021 stood at N$2.93 billion, which represents an increase of 16.9 percent on an annual basis from the previous reporting period ended 31 December 2021. By the end of the period under review, the total committed capital had risen slightly by 12.0 percent to N$5.09 billion. The increase in committed capital can be attributed to additional capital committed to SPVs. This increase in committed capital indicates that pension funds are continuing to comply with the Regulations by allocating additional capital for investment in unlisted companies through SPVs.

The total investments made in the form of equity decreased from 64 percent to 56.2 percent as at 31 December 2022, and the total investments made in the form of debt funding increased to 43.8 percent from 36 percent in the same comparative period. However, most of the funding advanced during the period was from equity fund SPVs. The total investments made in the form of equity remained at 74 percent on 31 December 2021, and the total investments in the form of debt decreased from 27 percent to 26 percent in the same comparative period. The deceleration of economic activity due to COVID-19-induced lockdowns and uncertainties experienced in 2020 and 2021, even on the back of low interest rates during this time, may well have deterred the use of debt by special purpose vehicles.

Figure 62: Unlisted investment managers' assets under management, per sector, as at 31 December 2022



The farming and agriculture, manufacturing, and renewable energy industries were the principal sectors targeted for investments (Figure 62). The three sectors accounted for 18.7 percent, 16.3 percent and 15.9 percent, respectively, of the total commitments in unlisted investments as at 31 December 2022, representing an increase in renewable energy compared with the same period in 2021. The investments in renewable energy in Namibia may well be attributed to a desire for energy independence and reduced reliance on South Africa for electricity, given the uncertainty of load-shedding currently taking place in South Africa. Additionally, Namibia's focus on increasing energy generation through green energy in order to align with the international efforts of combatting climate change and reducing carbon emissions could be a driving force behind the shift towards renewable energy investments.

10
ANNUAL FINANCIAL STATEMENTS

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

BOARD'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of the Authority is responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Namibia Financial Institutions Supervisory Authority Act No. 3 of 2001("NAMFISA Act"). The Authority's independent external auditors have audited the annual financial statements and their report appears on pages 158 to 160.

The Board is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by experienced personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the Board to indicate that the Authority will not remain a going concern for the foreseeable future.

BOARD'S APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 161 to 228 were approved and authorised for issue by the NAMFISA Board and are signed on its behalf by:

....	....
Hettie Garbers-Kirsten	**Jauque Jansen**
Chairperson: Board	Chairperson: Audit and Risk Committee
22 June 2023	22 June 2023
....	....
Date	Date

Grand Namibia
Chartered Accountants & Auditors

REPORT OF INDEPENDENT AUDITORS

To the Directors of Namibia Financial Institutions Supervisory Authority

Opinion

We have audited the consolidated and separate financial statements of the Namibia Financial Institutions Supervisory Authority ("the Authority") and its Subsidiary (together "the Group") set out on pages 161 to 228 which comprise the consolidated and separate statements of financial position as at 31 March 2023, and the consolidated and separate statements of surplus or deficit and other comprehensive income, the consolidated and separate statements of changes in reserves and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the report of the Board.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Authority and the Group as at 31 March 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Namibia Financial Institutions Supervisory Authority Act (Act 3 of 2001).

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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable in performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the group for the year ended 31st March 2022 were audited by PricewaterhouseCoopers Registered Accountants and Auditors (Namibia) who expressed an unmodified opinion on those statements on 24 June 2022.

Other information

The directors are responsible for the other information. The other information comprises the Board's responsibility for financial reporting, which we obtained prior to the date of this auditor's report and the information included in the Namibia Financial Institutions Supervisory Authority Integrated Annual Report, which we 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.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Financial Institutions Supervisory Authority Act (Act 3 of 2001), 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 and the Authority'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 Authority 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 Authority'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 Authority'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 Authority 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, related safeguards.

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: RN Beukes - Partner
Windhoek
29 June 2023

REPORT OF THE BOARD

31 March 2023

The Board of the Authority has pleasure in presenting their report on the activities of the Namibia Financial Institutions Supervisory Authority ("NAMFISA") and its subsidiary (the "Group") for the year ended 31 March 2023 ("the period").

GENERAL REVIEW

NAMFISA was established by the Government of the Republic of Namibia on 14 May 2001 in terms of the Namibia Financial Institutions Supervisory Authority Act, 2001 (No.3 of 2001) ("NAMFISA Act").

NAMFISA was established to exercise supervision over the businesses of financial institutions and over financial services, and to advise the Minister of Finance on matters related to financial institutions and financial services.

NAMFISA also has an auxiliary function to supervise, monitor and enforce compliance with the Financial Intelligence Act, 2012 (No. 13 of 2012) in respect of all accountable and reporting institutions supervised by NAMFISA in terms of the NAMFISA Act.

RESULTS

The financial results of NAMFISA and the Group are set out in the attached annual financial statements on pages 165 to 228.

BOARD MEMBERS AND SECRETARY

The composition of the board is as follows:

Board members	Designation	Date
Hettie Garbers-Kirsten	Chairperson	Re-appointed: 1 September 2021
Jauque Jansen	Member	Re-appointed: 1 September 2021
Steve Katjiuanjo	Vice-Chairperson	Appointed: 1 September 2021
Selma Ambunda	Member	Appointed: 1 September 2021
Namene Kalili	Member	Appointed: 1 September 2021 Resigned: 15 July 2022
Nelao Shilongo	Member	Appointed: 1 September 2021

The secretary to the board of NAMFISA is Bryan Kandjiriomuini, appointed as from 01 December 2017.

REGISTERED OFFICE

The registered office for the secretary and NAMFISA is:

Business address:
51-55 Werner List Street
Gutenberg Plaza
WINDHOEK
Namibia

Postal address:
P O Box 21250
WINDHOEK
Namibia

FINANCIAL YEAR END

The financial year end of NAMFISA is defined in the NAMFISA Act as 28 March of every year. The Board is of the view that the intention of the legislature was that the year-end be 31 March, and therefore the financial statements have been prepared as of 31 March. The Board's view is in line with the new Namibia Financial Institutions Supervisory Authority Act, 2021 (No. 3 of 2021), which is yet to become effective.

SUBSIDIARY

NAMFISA acquired Metropol (Pty) Ltd on 27 October 2014. The company is an investment property holding company and owns a property situated in Independence Avenue, Windhoek. The investment in the subsidiary is listed in note 8 of the annual financial statements. The financial year-end of the subsidiary is the same as that of the holding entity.

OTHER MATTERS

Post-retirement medical liability:

In terms of NAMFISA's staff rules it is a condition for staff to be members of a medical aid fund approved by NAMFISA in order to qualify for the Post-Retirement Medical Aid benefit. As at 31 March 2023, there are some employees who do qualify for Post-Retirement Medical Aid benefit but are not currently on a qualifying medical aid scheme. The contingent liability for these employees amounts to N$ 4 137 080 at 31 March 2023 (2022: N$ 3 026 016). See note 23.2 in the annual financial statements.

Litigation:

As is public record, NAMFISA is a co-defendant in a case brought against the Authority by Alwyn Petrus van Straten N.O. and others on 12 March 2012 claiming a total amount of N$105 million.

On 04 March 2022, judgment was delivered by the High Court ordered that NAMFISA is not liable towards the Plaintiffs.

Furthermore, Judge Oosthuizen dismissed the Plaintiffs' claims with costs.

On 04 April 2022, the Plaintiffs filed a Notice of Appeal against the whole judgment and the orders of Judge Oosthuizen delivered on 04 March 2022. The High Court order was suspended, pending the appeal.

The parties filed an agreement in terms of which they agreed to a period of 6 months from date of judgment within which the record was to be filed. NAMFISA awaited Appellants to engage in respect of a Bond of Security for Costs.

The legal practitioners of the parties realised that the completing and finalising of the record in this appeal matter was taking longer than expected. Therefore, the parties agreed to a further extension from 4 September 2022 to 31 October 2022 for the filing of the appeal record.

On 18 October 2022, the Appellants requested a further extension from 31 October 2022 to 30 November 2022 for the filing of the appeal record. NAMFISA refused to grant a further extension as it would have led to a delay in the finalisation of this matter.

The Appellants did not file the record on 31 October 2022. Instead, the Appellants applied to the Supreme Court seeking an order condoning their non-compliance with the extended time period and asked for the appeal, which by then was deemed withdrawn, to be reinstated.

NAMFISA awaits directions on the Appellant's condonation application.

At 31 March 2023 potential claims from other litigation cases amounted to N$5 million.

COVID-19 pandemic

As of the date of these Annual Financial Statement, the risk assessment related to COVID-19 has significantly decreased due to successful containment measures, widespread vaccination efforts, and the overall improvement in the global health situation. We have activated our business continuity plans to ensure continued performance of essential functions even under stressed conditions and have identified appropriate mitigating initiatives to address any challenges that might be faced.

NAMFISA is well capitalized and liquid. We are also working closely with our clients to identify and remediate any potential challenges and are confident that the right attention is being applied across the spectrum of risks that need to be managed.

There is no indication that COVID-19 will have a significant impact on any of NAMFISA's financial and non-financial assets and operations for the year ended 31 March 2023. While the risk assessment for COVID-19 has diminished, we note that uncertainties and risks related to the pandemic may still exist.

We will remain vigilant, monitor the situation closely, and adapt our strategies as necessary to mitigate any potential impacts that may arise in the future.

SUBSEQUENT EVENTS

Financing for construction of Building

NAMFISA acquired 100% shareholding in Metropol (Pty) Ltd on 27 October 2014 at a purchase consideration of N$42 000 000. The entity owns Erf 1503 Independence Avenue. The purchase was concluded with an objective to develop the NAMFISA Head Office on the property and Metropol (Pty) Ltd to lease the building to NAMFISA.

The acquisition was necessitated by the following strategic considerations:

- The shortage of office space for the Authority's staff complement and operational requirements;
- The creation of fiscal sustainability and improvement in the financial positions through investing in its own building;
- The creation of brand visibility and corporate presence;
- The reduction in rental operating costs;
- The fostering of all-in-one accessibility to the consumer.

During September 2021, NAMFISA invited interested parties to submit proposals for the financing of the construction of the NAMFISA building by way of advertisements that ran in the local newspapers and the NAMFISA website.

NAMFISA proceeded to evaluate the proposals received with the key consideration being that of affordability. Affordability for NAMFISA means that the total cash outflows (inclusive of interest, capital and fees) of the loan repayment were in line with the Cash flow projections and financial sustainability initiatives of the Authority.

Based on the proposal evaluations NAMFISA proceeded to engage Standard Bank for the loan for the construction of the NAMFISA Head Office building. A preliminary agreement was reached on 28 April 2023 in terms of which Standard Bank will provide the following facilities:

1. A development loan facility of the amount of N$ 185 000 000 (One Hundred and Eighty Five Million Namibia Dollar) to Metropol (Pty) Ltd. The capital is repayable over a period of ten (10) years with a fifty percent (50%) bullet payment upon maturity. NAMFISA will act as Guarantor for Metropol (Pty) Ltd and provide an equity contribution of N$70 000 000 (Seventy Million Namibia Dollar). This amount (N$70 000 000) will be funded from the NAMFISA General Reserve.

2. A VAT facility, of the amount of N$20 000 000 (Twenty Million Namibia Dollar), which will be repaid on a cash sweep basis after the term debt service. The VAT facility will be provided in the form of a revolving credit facility available until twelve (12) months from practical completion date.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that NAMFISA will be able to meet the repayment of its liabilities. The authority has recognized a deficit after tax for the year ended 31 March 2023 of N$13 921 272 (Group: N$13 921 272) and, as at that date, current assets exceed current liabilities by N$182 075 892 (Group: N$131 842 431).

Management acknowledges the existence of COVID19 as described in other matters above. However, as described above, management has a reasonable expectation that the Authority has adequate resources to continue in operational existence for the foreseeable future.

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY

STATEMENTS OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023

		GROUP		AUTHORITY	
		2023	2022	2023	2022
	Notes	N$	N$	N$	N$
Revenue from exchange transactions	2	1 007 600	654 500	1 007 600	654 500
Income from non-exchange transactions	2	228 927 104	228 727 020	228 927 104	228 727 020
Investment income	3	9 520 413	6 949 151	9 520 413	6 949 151
Other income	4	7 195 232	1 831 755	7 195 232	1 751 755
Total Income		**246 650 349**	**238 162 426**	**246 650 349**	**238 082 426**
Consumer education costs		(772 872)	(1 410 170)	(772 872)	(1 410 170)
Employee costs	5	(191 204 710)	(182 441 082)	(191 204 710)	(182 441 082)
Other operating costs	5	(26 831 294)	(16 979 813)	(25 953 749)	(16 095 550)
Depreciation of right-of-use assets	7	(12 409 580)	(11 031 047)	(12 409 580)	(11 031 047)
Fair value loss adjustment on property	7	(2 320 000)	(2 560 000)	-	-
Depreciation and amortisation of other assets	7&9	(3 405 809)	(4 999 195)	(3 405 809)	(4 999 195)
Impairment of investment in subsidiary	8	-	-	(3 206 695)	(5 284 850)
Expected credit losses – movement	11	(3 002 709)	(2 920 389)	(3 002 709)	(2 920 389)
Finance charges – Lease liabilities	14	(3 143 946)	(4 330 445)	(3 143 946)	(4 330 445)

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY

STATEMENTS OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

for the year ended 31 March 2023

	Notes	GROUP 2023 N$	GROUP 2022 N$	AUTHORITY 2023 N$	AUTHORITY 2022 N$
Office rental expenses	14	(839 456)	(1 288 588)	(839 456)	(1 288 588)
Municipal charges		(3 407 717)	(3 277 950)	(3 407 717)	(3 277 950)
Finance charges – Post-retirement benefits	15.1	(5 104 000)	(5 222 000)	(5 104 000)	(5 222 000)
Inspection and enforcement costs		(391 657)	(6 329 289)	(391 657)	(6 329 289)
Legal costs		(6 716 149)	(4 695 857)	(6 716 149)	(4 695 857)
Professional and consulting fees		(1 021 722)	(2 283 516)	(1 012 572)	(2 282 929)
Total Expenses		**(260 571 621)**	**(249 769 341)**	**(260 571 621)**	**(251 609 341)**
DEFICIT FOR THE YEAR BEFORE TAXATION	5	**(13 921 272)**	**(11 606 915)**	**(13 921 272)**	**(13 526 915)**
Taxation	6	**-**	**-**	**-**	**-**
DEFICIT FOR THE YEAR AFTER TAXATION		**(13 921 272)**	**(11 606 915)**	**(13 921 272)**	**(13 526 915)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Actuarial gain – Post-retirement medical benefits	15.1	4 647 000	1 560 000	4 647 000	1 560 000
Actuarial (loss)/ gain – Severance benefits	15.1	349 000	(7 000)	349 000	(7 000)
Revaluation loss	7	-	(1 920 000)	-	-
TOTAL COMPREHENSIVE DEFICIT FOR THE YEAR		**(8 925 272)**	**(11 973 915)**	**(8 925 272)**	**(11 973 915)**

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2023

	Notes	GROUP 2023 N$	GROUP 2022 N$	AUTHORITY 2023 N$	AUTHORITY 2022 N$
ASSETS					
Non-current assets					
Property, plant and equipment	7	121 916 257	132 254 271	38 950 156	52 697 936
Intangible assets	9	2 162 712	3 095 008	2 162 712	3 095 008
Investment in subsidiary	8	-	-	32 732 640	35 939 335
Total non-current assets		**124 078 969**	**135 349 279**	**73 845 508**	**91 732 279**
Current assets					
Accounts receivable	11	11 171 122	10 489 498	10 286 779	9 508 763
Other financial assets	10	90 294 802	132 125 535	90 294 802	132 125 535
Loan to subsidiary	18.3	-	-	51 240 723	44 840 723
Cash and cash equivalents	12	79 030 718	40 076 353	78 749 656	39 667 685
Total current assets		**180 496 642**	**182 691 385**	**230 571 960**	**226 142 705**
TOTAL ASSETS		**304 575 611**	**318 040 664**	**304 417 468**	**317 874 984**
RESERVES AND LIABILITIES					
Reserves					
Accumulated income		91 078 409	105 003 681	91 078 409	105 003 681
General reserve	16	95 000 000	90 000 000	95 000 000	90 000 000
Total reserves		**186 078 409**	**195 003 681**	**186 078 409**	**195 003 681**
Non-current liabilities					
Post-retirement benefit obligations	15.1	44 603 149	41 549 149	44 603 149	41 549 149
Long-term lease liabilities	14	25 239 842	37 967 399	25 239 842	37 967 399
Total non-current liabilities		**69 842 991**	**79 516 548**	**69 842 991**	**79 516 548**
Current liabilities					
Accounts payable	13	36 279 019	33 091 103	36 120 876	32 925 423
Short-term lease liabilities	14	12 375 192	10 429 332	12 375 192	10 429 332
Total current liabilities		**48 654 211**	**43 520 435**	**48 496 068**	**43 354 755**
TOTAL RESERVES AND LIABILITIES		**304 575 611**	**318 040 664**	**304 417 468**	**317 874 984**

STATEMENTS OF CHANGES IN RESERVES
for the year ended 31 March 2023

	ACCUMULATED INCOME		GENERAL RESERVE	REVALUATION SURPLUS	TOTAL RESERVES	
	Group N$	Authority N$	Authority & Group N$	Group N$	Group N$	Authority N$
Balance at 1 April 2021	**135 057 596**	**136 977 596**	**70 000 000**	**1 920 000**	**206 977 596**	**206 977 596**
Deficit for the year	(11 606 915)	(13 526 915)	-	-	(11 606 915)	(13 526 915)
Other comprehensive income	1 553 000	1 553 000	-	(1 920 000)	(367 000)	1 553 000
Total Comprehensive deficit	**(10 053 915)**	**(11 973 915)**	**-**	**(1 920 000)**	**(11 973 915)**	**(11 973 915)**
Transfer (to)/ from general reserve	(20 000 000)	(20 000 000)	20 000 000	-	-	-
Balance at 31 March 2022	**105 003 681**	**105 003 681**	**90 000 000**	**-**	**195 003 681**	**195 003 681**
Deficit for the year	(13 921 272)	(13 921 272)	-	-	(13 921 272)	(13 921 272)
Other comprehensive income	4 996 000	4 996 000	-	-	4 996 000	4 996 000
Total Comprehensive deficit	**(8 925 272)**	**(8 925 272)**	**-**	**-**	**(8 925 272)**	**(8 925 272)**
Transfer (to)/ from general reserve	(5 000 000)	(5 000 000)	5 000 000	-	-	-
Balance at 31 March 2023	**91 078 409**	**91 078 409**	**95 000 000**	**-**	**186 078 409**	**186 078 409**

- See note 16 for the disclosure of the General Reserve

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2023

	Notes	GROUP 2023 N$	GROUP 2022 N$	AUTHORITY 2023 N$	AUTHORITY 2022 N$
Cash flows from operating activities					
Net cash generated by operating activities	20	8 098 260	20 852 738	8 896 100	22 543 114
Cash flows from investing activities					
Acquisition of property, plant and equipment	7	(6 362 011)	(7 466 561)	(632 246)	(1 584 985)
Proceeds on disposal of equipment		12 629	31 189	12 629	31 189
Acquisition of intangible assets	9	-	(161 477)	-	(161 477)
Loan to subsidiary	18.2	-	-	(6 400 000)	(7 860 000)
Interest received	3	4 594 096	2 444 487	4 594 096	2 444 487
Additions of investment		(55 000 000)	(69 099 255)	(55 000 000)	(69 099 257)
Withdrawal of investments		101 757 050	60 579 456	101 757 050	60 579 455
Net cash utilized in investing activities		45 001 764	(13 672 161)	44 331 529	(15 650 588)
Cash flows from financing activities					
Interest paid on lease liability	14	(3 591 994)	(4 330 445)	(3 591 994)	(4 330 445)
Repayment of lease liabilities	14	(10 553 664)	(8 456 980)	(10 553 664)	(8 456 980)
Net cash utilized by financing activities		(14 145 658)	(12 787 425)	(14 145 658)	(12 787 425)
Net increase in cash and cash equivalents		38 954 365	(5 606 848)	39 081 971	(5 894 899)
Cash and cash equivalents at beginning of the year		40 076 353	45 683 201	39 667 685	45 562 584
Cash and cash equivalents at end of the year	12	79 030 718	40 076 353	78 749 656	39 667 685

1. ACCOUNTING POLICIES

The annual financial statements of NAMFISA and the Group are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB. The Authority uses International Public Sector Accounting Standards Board's ("IPSASB") International Public Sector Accounting Standards ("IPSAS") 23 for the recording and recognition of Revenue from non-exchange transactions as allowed for in IFRS.

The annual financial statements of NAMFISA and the Group are prepared on the historical cost basis except for the following financial assets and liabilities that have been measured at fair value:

- Financial assets and financial liabilities classified as held for trading;
- Financial assets and financial liabilities designated at their fair value; and
- Financial assets classified as at fair value.
- Land

Non-current assets held for sale are stated at the lower of it's carrying amount and fair value less costs to sell.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements with the exception of revised standards adopted in the current year.

In the preparation of the financial statements, NAMFISA and the Group recorded various assets and liabilities on the presumption that the Group is a going concern.

1.1. Adoption of new and revised standards

The Authority adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASI that are relevant to its operation and effective for the first time for 31 March 2023 year-end. However, the adoption of the Standards and Interpretations did not result in any material adjustments to the reported figures.

The following table contains International Financial Reporting Standards and International Accounting Standards issued and effective from the 31 March 2023 year-end:

Number	Effective date	Summary
Amendments to IFRS 3 (Reference to the Conceptual Framework)	Annual reporting periods beginning on or after 1 January 2022 (Issued: 14 May 2020)	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
Amendments to IAS 16 (Property, Plant and Equipment—Proceeds before Intended Use)	Annual reporting periods beginning on or after 1 January 2022 (Issued: 14 May 2020)	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

1. ACCOUNTING POLICIES (CONTINUED)

1.1 Adoption of new and revised standards (continued)

Number	Effective date	Summary
Amendments to IAS 37 (Onerous Contracts - Cost of Fulfilling a Contract)	Annual reporting periods beginning on or after 1 January 2022 (Issued: 14 May 2020)	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	Annual reporting periods beginning on or after 1 January 2022 (Issued: 14 May 2020)	These amendments include minor changes to: IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

1. ACCOUNTING POLICIES (CONTINUED)

1.1 Adoption of new and revised standards (Continued)

The following table contains International Financial Reporting Standards and International Accounting Standards recently issued but not yet effective, which have not been early adopted by the authority and that might affect future financial periods:

Number	Effective date	Summary
IFRS 17 - Insurance contracts. (Including the June 2020 and December 2021 amendments to IFRS 17)	Annual periods beginning on or after 1 January 2023 (Issued: 25 June 2020)	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to nine areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	Immediately available. (Issued: 25 June 2020)	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that the entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
Amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between and Investor and its Associate or Joint Venture)	Effective date not set. (Issued: 11 September 2014)	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.
Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2024 (Issued: January 2020)	The amendments clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Issued: 12 February 2021)	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added.

1. ACCOUNTING POLICIES (CONTINUED)

1.1 Adoption of new and revised standards (Continued)

Number	Effective date	Summary
Definition of Accounting Estimates (Amendments to IAS 8)	Annual periods beginning on or after 1 January 2023. (Issued: 12 February 2021)	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measure uncertainty"
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Issued: 7 May 2021)	The amendments require companies to recognise deffered tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)	On election to apply the amendment. (Issued: 9 December 2021	The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	Annual reporting periods beginning on or after 1 January 2024 (Issued: 22 September 2022)	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
Non-current Liabilities with Covenants (Amendments to IAS 1)	Annual reporting periods beginning on or after 1 January 2024. (Issued: 31 October 2022)	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The above amendments to standards and interpretations do not have a significant impact on the Group's financial statements.

1. ACCOUNTING POLICIES (CONTINUED)

1.2 Significant judgements and sources of estimation uncertainty

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. Refer to note 1.17 for details.

The Authority uses International Public Sector Accounting Standards Board's ("IPSASB") International Public Sector Accounting Standards ("IPSAS") 23 for the measurement and recognition of Revenue from non-exchange transactions as allowed for in IFRS.

1.3 Consolidation

1.3.1 Basis of preparation and consolidation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the NAMFISA Act No. 3 of 2001.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies, which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the Authority's functional currency.

The consolidated financial statements incorporate the financial statements of the Authority and all entities controlled by the Authority.

These accounting policies are consistent with the previous period.

The Authority has control of an entity when:

- it has power over the investee;
- it is exposed, or has rights to the variable returns from its involvement with the investee; and
- it has the ability to use its power over the investee to affect the amount of the investor's returns.

The Authority reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

1.3.2 Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Consolidation (Continued)

1.3.2 Subsidiaries (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income and inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The results are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

All intragroup transactions and balances are eliminated in full on consolidation.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured at fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

1.4 Property, plant and equipment

Land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for administrative processes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to appropriate categories of buildings and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Property, plant and equipment (Continued)

Depreciation of revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Land and buildings are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of land and buildings is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Equipment is stated at cost, less accumulated depreciation and impairment losses. Depreciation is calculated on cost, less residual value over the estimated useful lives of the assets using the straight-line method.

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from de-recognition of an item of equipment is included in profit or loss when the item is derecognised. The gain or loss arising from de-recognition of an item of equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The depreciation rates applicable are as follows:

Computer equipment	3 – 20 years
Office equipment	3 – 20 years
Furniture and fittings	10 – 20 years
Motor vehicles	5 – 10 years

1.5 Intangible assets

The Group carries capitalised software assets at cost less amortisation and any impairment losses and amortises these assets on a straight-line basis at a rate applicable to the expected useful life of the asset, but not exceeding fifteen (15) years.

1.6 Investment property

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent to initial measurement investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Revenue and income recognition

1.7.1 Revenue from exchange transactions

Revenue comprises fees for registration applications and license renewals.

Revenue from registration and licence fees is recognised at the point in time when the Authority has a present right to receive payment of fees for registration applications and license renewals in terms of the relevant legislation.

Revenue is measured at the prescribed fee as per relevant legislation.

1.7.2 Income from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

This income is recognized when the asset is recognized and if obligation arises from the receipt of the asset, the income is recognized to the extent that there is no further obligation. Income from non-exchange transactions comprises levies. All registered entities are required to pay annual levies to maintain their licences in terms of the NAMFISA Act 3 of 2001. Levies are raised in terms of the regulations published in the Government Gazette and are accounted for on an accrual basis.

There is no direct link between the levy paid by a specific consumer and the value provided (performance obligation) by NAMFISA to that specific consumer in return. As such the criteria of recognition and measurement of IFRS15 in terms of related performance obligations are not fully met.

As per IAS 8 guidance, the Authority considered the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in paragraph 11. [IAS 8.12]. The Authority has therefore adopted International Public Sector Accounting Standards ("IPSAS") 23 in respect of Levy income as it does not conflict with the concepts discussed in IAS 8.11 -12.

In terms of IPSAS 23 Levy income is recognised and measured as Income from non-exchange transactions.

Where levy payments are received in advance it is recognised as a current liability and accounted for as Levy Creditors.

1.7.3 Other Income

Fines and penalties for late submissions of returns are recognized on an accrual basis. This Income from fines and penalties is credited to the Statements of Surplus or Deficit and Other Comprehensive Income, but as this income is not considered to form part of the normal operating activities of NAMFISA, it is recorded under Other income.

1.7.4 Investment Income

Investment income comprise interest and dividend income received. Interest income is accrued on an apportionment basis, with reference to the principal outstanding using the effective interest method.

Dividend income is recognised when NAMFISA's right to receive payment is established.

1. ACCOUNTING POLICIES (CONTINUED)

1.8 Interests in subsidiaries

In NAMFISA's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the authority; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.10 Taxation

The Authority is exempted from income tax by the Ministry of Finance and is therefore not liable to income taxation.

The income tax expense or revenue for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for the jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial year. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

1. ACCOUNTING POLICIES (CONTINUED)

1.11. Employee Benefits

1.11.1. Retirement benefits

Contributions to the NAMFISA provident fund are calculated so as to provide funding at a constant percentage of pensionable remuneration. Contributions are therefore charged to profit or loss as incurred.

1.11.2. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

1.11.3. Post-retirement benefits

1.11.3.1. Medical benefits

The Group provides for post-retirement medical benefits in the form of a medical aid scheme for eligible employees and pensioners. The cost of providing benefits is determined using the Projected Unit Credit Method prescribed by IAS19 Employee Benefits. The liability for the Group's contribution to the scheme is in respect of current and future periods, provided for by means of a liability on the statement of financial position. The magnitude of the liability is based on an annual actuarial valuation. Actuarial gains and losses on the post-retirement medical benefits are accounted for in the year in which they arise.

The amount recognised in the statement of position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

1.11.3.2. Severance pay

In accordance with the Namibian Labour Act of 2007, severance benefits are payable to an employee, if:

- Is dismissed for reasons of retrenchment;
- Dies while employed; or
- Retires on reaching the age of 65.

Due to NAMFISA's normal retirement age being 60 years, staff will not be able to retire on reaching the age of 65. Provision is therefore not made for the payment of severance benefits on reaching the age of 65.

The obligation for severance benefits to current employees is actuarially determined in respect of all its employees and is provided for in full. The cost of providing benefits is determined using the Projected Unit Credit Method, prescribed by IAS 19 Employee Benefits, with actuarial valuations being carried out at each reporting date.

Actuarial gains and losses on severance pay are accounted for in the year in which they arise. The magnitude of the liability is based on an annual actuarial valuation. The amount recognised in the statement of financial position represents the fair value of the severance pay obligation adjusted for unrecognised actuarial gains and losses.

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments

1.12.1 Financial Instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Initial measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1.12.2 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).
Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.2 Financial assets (continued)

Classification of financial assets (continued)

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

Amortized cost and effective interest method
The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset. For purchased or originated credit impaired financial assets, the Group recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the "investment income" line item.

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.2 Financial assets (continued)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not being reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria and are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the investment income line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
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1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.2 Financial assets (continued)

Foreign exchange gains and losses (continued)

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.2 Financial assets (continued)

Significant increase in credit risk (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

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1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.2 Financial assets (continued)

Definition of default (continued)

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit - impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write - off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.2 Financial assets (continued)

Measurement and recognition of expected credit losses (continued)
If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

De-recognition of financial assets
The Group de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on de-recognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

1.12.3 Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.3 Financial liabilities and equity (continued)

Compound instruments
The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible loan notes using the effective interest method.

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is

- contingent consideration of an acquirer in a business combination,
- held for trading or
- it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short term profit taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.3 Financial liabilities and equity (continued)

Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Initial measurement of financial liabilities

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon de-recognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.3 Financial liabilities and equity (continued)

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

De-recognition of financial liabilities

The Group de-recognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after modification, should be recognized in profit or losses.

1. ACCOUNTING POLICIES (CONTINUED)

1.13 Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at the revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

1.15 Leases

1.15.1 Leases in terms of IFRS 16

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate of prime plus 0.5%.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Leases (Continued)

1.15.1 Leases in terms of IFRS 16 (continued)

The Group as a lessee (Continued)

The lease liability is presented as a separate line in the statements of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in surplus or deficit.

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Leases (Continued)

1.15.1 Leases in terms of IFRS 16 (continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its property.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.16 Critical accounting estimates and judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the annual financial statements.

1.16.1 Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

1.16.2 Recovery of deferred tax assets

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods. Refer note 1.10 and 6.

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1. ACCOUNTING POLICIES (CONTINUED)

1.17 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

1.17.1 Calculation of loss allowance

When measuring expected credit losses (ECL), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Refer to notes 11 and 19.1.

1.17.2. Levy estimates

Included in income is an estimate of levies resulting from late submission of returns by institutions. The value of the estimate is based on the previous half-yearly returns submitted during the year by the institutions. Refer to note 19.2.

1.17.3. Post-retirement benefits

Severance benefits as well as Post-retirement medical benefits are provided to all qualifying employees who are entitled to the benefit in accordance with their employment agreements. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, healthcare inflation cost and rates of increase in compensation costs. Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates are included in note 15 – Retirement Benefit plans.

2. INCOME

An analysis of the Authority's income for the year is as follows:

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Revenue from contracts with customers	1 007 600	654 500	1 007 600	654 500
Income from non-exchange transactions	228 927 104	228 727 020	228 927 104	228 727 020
Levies per Industry segment				
Unit Trusts	33 077 824	32 543 744	33 077 824	32 543 744
Capital Markets	47 818 990	39 412 437	47 818 990	39 412 437
Short Term Insurance	43 883 844	39 690 930	43 883 844	39 690 930
Long Term Insurance	41 875 055	45 244 403	41 875 055	45 244 403
Pension Funds and Friendly Societies	16 546 390	16 619 995	16 546 390	16 619 995
Medical Aid Funds	7 067 890	6 680 949	7 067 890	6 680 949
Micro Lending	38 657 111	48 534 562	38 657 111	48 534 562
	228 927 104	228 727 020	228 927 104	228 727 020

3. INVESTMENT INCOME

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Interest received				
-Held-to-maturity investments	1 424 592	750 481	1 424 592	750 481
-Bank and call deposits	3 169 504	1 694 006	3 169 504	1 694 006
	4 594 096	2 444 487	4 594 096	2 444 487
Dividend received				
-Unit trusts	4 926 317	4 504 664	4 926 317	4 504 664
	9 520 413	6 949 151	9 520 413	6 949 151

4. OTHER INCOME

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Interest on late payments	1 035 630	45 578	1 035 630	45 578
Rules amendments	4 910	685	4 910	685
NTA levy claims	-	623 363	-	623 363
Expense recovery	4 207 917	-	4 207 917	-
Penalty fees	1 852 000	1 069 101	1 852 000	1 069 101
Sundry income	94 775	13 028	94 775	13 028
Metropol sundry income	-	80 000	-	-
	7 195 232	1 831 755	7 195 232	1 751 755

5. DEFICIT FOR THE YEAR BEFORE TAXATION

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Deficit for the year is derived after taking into account the following items:				
Employee costs:				
- Salaries and bonuses	122 403 775	113 168 050	122 403 775	113 168 050
- Housing and transport allowances	28 979 225	28 476 397	28 979 225	28 476 397
- Defined contribution pension plan	18 065 242	17 595 724	18 065 242	17 595 724
- Defined benefit medical aid plan	3 130 000	2 814 000	3 130 000	2 814 000
- Other medical aid costs	9 662 435	9 053 110	9 662 435	9 053 110
- Training and development	6 854 049	5 805 838	6 854 049	5 805 838
- Other employee costs	2 109 984	5 527 963	2 109 984	5 527 963
	191 204 710	182 441 082	191 204 710	182 441 082

		GROUP		AUTHORITY	
		2023	2022	2023	2022
		N$	N$	N$	N$
Other operating expenses:					
Audit fees					
External auditor fees – audit		693 395	729 527	608 695	634 563
Loss / (Profit) on disposal of equipment and intangibles		58 791	(31 189)	58 791	(31 189)
Board members' emoluments – for services as Board members:					
Gersom Katjimune	Chairperson	-	105 639	-	105 639
Jauque Jansen		186 122	154 760	186 122	154 760
Leonie Dunn		-	77 477	-	77 477
Hettie Garbers-Kirsten	Chairperson	233 394	193 076	233 394	193 076
Simeon Amunkete		-	83 058	-	83 058
Steve Katjiuanjo	Vice-Chairperson	202 553	96 664	202 553	96 664
Selma Ambunda		177 994	86 809	177 994	86 809
Namene Kalili		58 886	89 685	58 886	89 685
Nelao Shilongo		179 143	86 808	179 143	86 808
Total board members' emoluments		1 038 092	973 976	1 038 092	973 976

5. DEFICIT FOR THE YEAR BEFORE TAXATION (CONTINUED)

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Industry meetings & consultations	2 863 437	21 980	2 863 437	21 980
Information and communication technology	6 361 634	5 469 736	6 361 634	5 469 736
Insurance	421 642	402 894	421 642	402 894
Municipal charges – Metropol	788 018	782 440	-	-
Regulatory seminars	3 457 864	197 058	3 457 864	197 058
Social responsibility	543 618	282 715	543 618	282 715
Stakeholder engagement & publications	3 827 376	2 340 916	3 827 376	2 340 916
Stationery and printing	725 247	595 317	725 247	595 317
Subscriptions and membership fees	2 288 766	2 042 187	2 288 766	2 042 187
Telephone expenses	1 280 419	1 518 517	1 280 419	1 518 517
Other expenses	2 482 996	1 653 739	2 478 168	1 646 880
Total Other operating expenses	**26 831 294**	**16 979 813**	**25 953 749**	**16 095 550**

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6. TAXATION

6.1 Authority

The Authority is exempted from income taxes in terms of section 16(1) I of the Income Tax Act, No 24 of 1981.

6.2 Group

	2023	2022
Namibian Normal taxation	N$	N$
Current tax – current year	-	-
Deferred tax – current year	-	-
	-	-
Income tax expense		
Income tax – current year	-	-
Deferred income tax – current year	-	-
	-	-
Reconciliation of the tax expense		
Loss before tax	(3 206 695)	(5 284 850)
Tax at applicable tax rate of 32% (2022: 32%)	(1 026 142)	(1 691 152)
Tax effect of adjustments on taxable income		
Non-taxable loss – Fair value adjustments	742 400	1 433 600
Deferred tax asset not recognized	283 742	257 552
	-	-

The current tax expense is N$ Nil (2022: N$ Nil). The Group does not have any current tax as the subsidiary did not have any taxable income.

Deferred tax assets are not brought to account as the generation of sufficient future taxable income to utilise such asset is not probable.

7. PROPERTY, PLANT AND EQUIPMENT

Authority	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Right-of-use assets	Total
	N$	N$	N$	N$	N$	N$
Cost						
At 1 April 2021	2 441 881	5 439 357	1 212 823	10 594 580	60 670 757	80 359 398
Additions	31 648	-	-	1 518 377	34 960	1 584 985
Lease adjustment	-	-	-	-	2 141 486	2 141 486
Disposals	-	-	(54 698)	(513 495)	-	(568 193)
At 31 March 2022	2 473 529	5 439 357	1 158 125	11 599 462	62 847 203	83 517 676
Additions	-	251 597	51 748	328 901	-	632 246
Lease adjustment	-	-	-	-	574 432	574 432
Disposals	-	(194 596)	(175 486)	(343 944)	(34 960)	(748 986)
At 31 March 2023	2 473 529	5 496 358	1 034 387	11 584 419	63 386 675	83 975 368
Accumulated depreciation						
At 1 April 2021	885 629	937 523	856 562	5 344 380	8 732 912	16 757 006
Depreciation for the year	323 994	530 994	183 748	2 561 145	11 031 047	14 630 928
Disposals	-	-	(54 699)	(513 495)	-	(568 194)
At 31 March 2022	1 209 623	1 468 517	985 611	7 392 030	19 763 959	30 819 740
Depreciation for the year	332 611	490 378	82 119	1 568 405	12 409 580	14 883 093
Disposals	-	(187 941)	(170 554)	(319 126)	-	(677 621)
At 31 March 2023	1 542 234	1 770 954	897 176	8 641 309	32 173 539	45 025 212
Carrying amount						
At 31 March 2022	1 263 906	3 970 840	172 514	4 207 432	43 083 244	52 697 936
At 31 March 2023	931 295	3 725 404	137 211	2 943 110	31 213 136	38 950 156

The Authority reviewed the useful lives of all items used for the purposes of depreciation calculations during the period. The impact of the review is reflected in note 24. The carrying value of property, plant and equipment is assessed on an annual basis.

The Authority leases office buildings and office equipment. The Group does not recognise right-of-use assets for office equipment as they are regarded as low value leases. The average lease term for office buildings is 5 years (2022: 5 years).

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Property	Building work in progress	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Right-of-use assets	Total
	N$	N$	N$	N$	N$	N$	N$	N$
Cost								
At 1 April 2021	43 920 000	34 234 759	2 441 881	5 439 357	1 212 823	10 594 580	60 670 757	158 514 157
Additions	-	5 881 577	31 648	-	-	1 518 377	34 960	7 466 562
Lease adjustment	-	-	-	-	-	-	2 141 486	2 141 486
Fair value adjustment	(4 480 000)	-	-	-	-	-	-	(4 480 000)
Disposals	-	-	-	-	(54 698)	(513 495)	-	(568 193)
At 31 March 2022	39 440 000	40 116 336	2 473 529	5 439 357	1 158 125	11 599 462	62 847 203	163 074 012
Additions	-	5 729 765	-	251 597	51 748	328 901	-	6 362 011
Lease adjustment	-	-	-	-	-	-	574 432	574 432
Fair value adjustment	(2 320 000)	-	-	-	-	-	-	(2 320 000)
Disposals	-	-		(194 596)	(175 486)	(343 944)	(34 960)	(748 986)
At 31 March 2023	37 120 000	45 846 101	2 473 529	5 496 358	1 034 387	11 584 419	63 386 675	166 941 469
Accumulated depreciation								
At 1 April 2021	-	-	885 629	937 523	856 562	5 344 380	8 732 912	16 757 006
Depreciation for the year	-	-	323 994	530 994	183 748	2 561 145	11 031 047	14 630 928
Disposals	-	-	-	-	(54 699)	(513 495)	-	(568 194)
At 31 March 2022	-	-	1 209 623	1 468 517	985 611	7 392 030	19 763 959	30 819 740
Depreciation for the year	-	-	332 611	490 378	82 119	1 568 405	12 409 580	14 883 093
Disposals	-	-	-	(187 941)	(170 554)	(319 126)	-	(677 621)
At 31 March 2023	-	-	1 542 234	1 770 954	897 176	8 641 309	32 173 539	45 025 212
Carrying amount								
At 31 March 2022	39 440 000	40 116 335	1 263 906	3 970 840	172 514	4 207 432	43 083 244	132 254 271
At 31 March 2023	37 120 000	45 846 101	931 295	3 725 404	137 211	2 943 110	31 213 136	121 916 257

The Group reviewed the useful lives of all items used for the purposes of depreciation calculations during the period. The impact of the review is reflected in note 24. The carrying value of property, plant and equipment is assessed on an annual basis.

The Group leases office buildings and office equipment. The Group does not recognise right-of-use assets for office equipment as they are regarded as low value leases. The average lease term for office buildings is 5 years (2022: 5 years).

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

This property consists of land on Erf 1503, Independence Avenue, Windhoek.

	2023 N$	2022 N$
Cost at acquisition	42 000 000	42 000 000
- Fair value adjustments – 2018	5 400 000	5 400 000
- Fair value adjustments – 2021	(3 480 000)	(3 480 000)
- Fair value adjustments – 2022 – Profit & Loss	(2 560 000)	(2 560 000)
- Fair value adjustments – 2022 – Other Comprehensive Income	(1 920 000)	(1 920 000)
- Fair value adjustments - 2023 - Profit & Loss	(2 320 000)	-
	37 120 000	39 440 000

During the 2015 financial year NAMFISA acquired 100% shareholding in the company. At acquisition date the investment property in the company was valued by two independent professionally qualified valuators who hold recognised relevant professional qualifications and have experience in the locations and segments of the property valued.

The valuators, Pierewiet Wilders Valuations and FA Frank-Schultz Property Valuer/Town Planner, valued the property at N$39 295 000 and N$45 700 000 respectively. NAMFISA and the seller reached agreement that N$42 000 000 represented the fair market value of the investment property.

As at 31 March 2023 the fair value of the investment property equates the highest and best use of approximately N$37 120 000.00 (2022: N$39 440 000) as per the valuation performed by Property Valuations Namibia on 31 March 2023 (2022: Property Valuations Namibia).

An independent professional valuator performs a valuation of the investment property on an annual basis with the next valuation due during the 2024 financial year.

The old building previously standing on the property was demolished in the 2017 financial year in accordance with the building project plan to construct the office of NAMFISA on the land.

Building Work In Progress relates mainly to architect's, engineers', project manager's fees, quantity surveyor's fees and demolition costs in connection with construction of the new building for NAMFISA.

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8. INVESTMENT IN SUBSIDIARY

	PERCENTAGE HELD		AUTHORITY	
	2023 %	2022 %	2023 N$	2022 N$
32 970 ordinary shares of N$2 each	100%	100%	42 000 000	42 000 000
Impairment loss			9 267 360	6 060 665
Total shares at cost			32 732 640	35 939 335

Loss: N$3 206 695 (2022 Loss: N$5 284 850).

9. INTANGIBLE ASSETS

	Group and Authority Computer Software N$
Cost	
At 1 April 2021	11 802 573
Additions	-
Work in progress	161 477
At 31 March 2022	11 964 050
Additions	1 900 774
Work in progress	(1 900 774)
At 31 March 2023	11 964 050
Depreciation & Amortisation	
At 1 April 2021	7 469 727
Charge for the year	1 399 315
At 31 March 2022	8 869 042
Charge for the year	932 296
At 31 March 2023	9 801 338
Carrying amount	
At 31 March 2022	3 095 008
At 31 March 2023	2 162 712

The Group annually assesses intangible assets for impairment. The recoverable amount of the assets is determined as the greater of market value less costs to sell or value in use. The key assumptions for the market value are those regarding current prices of computer software, obsolescence, demand for second hand assets and general availability of these particular assets. The assessment did not indicate a requirement for an adjustment to the carrying values used in the current or prior year.

10. OTHER FINANCIAL ASSETS

GROUP AND AUTHORITY	2023	2022
	N$	N$
Financial assets at amortized cost		
Fixed deposits	-	35 134 438
Treasury bills	-	9 621 942
	-	44 756 380
Investments carried at fair value through profit and loss (FVTPL)		
Unit trusts – Opening balance	87 369 155	88 443 946
- Invested	55 000 000	55 000 000
- Withdrawal	(57 000 670)	(60 579 455)
- Dividends received	4 926 317	4 504 664
	90 294 802	87 369 155
Total other financial assets	90 294 802	132 125 535

Unit trusts are classified as current financial assets as it is the intention of the Authority to utilise the funds within a period not extending more than 1 year. The directors consider that the carrying amount of these financial assets approximate their fair value. The Expected Credit Loss impact on investments was immaterial. Refer to note 22.6 for more details.

11. ACCOUNTS RECEIVABLE

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Gross receivables	20 167 833	16 510 657	20 167 833	16 510 657
Allowance for expected credit losses	(15 976 177)	(12 971 441)	(15 976 177)	(12 971 441)
Net levies receivable	4 191 656	3 539 216	4 191 656	3 539 216
Prepaid expenses and accrued income	4 739 383	5 235 505	4 739 383	5 235 505
Staff advances – study loans	1 355 740	734 042	1 355 740	734 042
Debtors in subsidiary – VAT receivable	884 343	980 735	-	-
	11 171 122	10 489 498	10 286 779	9 508 763

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11. ACCOUNTS RECEIVABLE (CONTINUED)

AUTHORITY AND GROUP – MOVEMENT IN ALLOWANCE FOR ECL

	Capital Markets	Life Insurance	Short term Insurance	Micro Lenders	Pension Funds	Medi-cal Aid Funds	Other	Carrying Amount
	N$	N$	N$	N$	N$	N$	N$	N$
Balance at 1 April 2021	429 680	13 452 231	2 742 155	1 790 278	209 582	84 281	401 627	19 109 834
ECL-movement	92 264	2 042 907	425 871	(121 594)	199 806	271 680	9 456	2 920 390
Amounts written off	(141 971)	(7 468 135)	(1 231 274)	(206 511)	(1 436)	-	(9 456)	(9 058 783)
Balance at 31 March 2022	379 973	8 027 003	1 936 752	1 462 173	407 952	355 961	401 627	12 971 441
ECL-movement	1 255 201	(2 191 159)	1 308 601	2 550 228	13 508	66 330	-	3 002 709
Amounts written off as uncollectable	-	2 027	-	-	-	-	-	2 027
Balance at 31 March 2023	1 635 174	5 837 871	3 245 353	4 012 401	421 460	422 291	401 627	15 976 177

12. CASH AND CASH EQUIVALENTS

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Call account bank balances at amortised cost	58 356 792	39 325 279	58 356 792	39 325 279
Current account bank balances at amortised cost	20 673 926	751 074	20 392 864	342 406
Cash and bank balances at amortised cost	79 030 718	40 076 353	78 749 656	39 667 685

Term deposits are presented as cash equivalents if they are repayable with 24 hours' notice with no loss of interest.

13. ACCOUNTS PAYABLE

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Payables and other accruals	9 257 543	5 889 732	9 184 290	5 818 416
Audit fees	636 200	728 466	551 310	634 102
Levy creditors	13 539 729	9 963 069	13 539 729	9 963 069
Accrued employee costs	1 422 742	3 318 770	1 422 742	3 318 770
Employee leave benefits	11 422 805	13 191 066	11 422 805	13 191 066
	36 279 019	33 091 103	36 120 876	32 925 423

The board considers the carrying amount of trade and other payables to approximate its fair value.

14. LEASES

Until the 2019 financial year, leases of property, plant and equipment were classified as operating leases. From 1 April 2019, qualifying leases are recognised as a right-of-use asset and a corresponding lease liability is raised at the date at which the leased asset is available for use by the group.

The Group leases office buildings and office equipment. Right-of-use assets are disclosed under Note 7 above.

Amounts recognized in deficit/surplus:	2023	2022
	N$	N$
-Depreciation of right-of-use assets	12 409 580	11 031 047
-Interest expense on lease liabilities	3 143 946	4 330 445
-Total low value and short-term leases	839 457	1 288 588
Expense relating to leases of low value items	561 893	497 060
Expense relating to short-term leases	277 564	791 528
	16 392 983	16 650 080
Lease liabilities		
Analysed as:		
Current	12 375 192	10 429 332
Non-current	25 239 842	37 967 399
Current to 2 years	14 331 412	12 233 620
2 years to 3 years	10 908 430	14 250 336
More than 3 years	-	11 483 443
	37 615 034	48 396 731

14. LEASES (continued)

NAMFISA entered into a lease agreement with United Africa Group from 1 January 2020 until March 2020. Up to relocating to leased offices at Gutenberg Plaza in June 2020, NAMFISA was leasing office buildings from Broll Namibia on a month-to-month basis. The leased offices located at Gutenberg Plaza was occupied from 15 June 2020. The lease at Gutenberg Plaza is for a period of 5 years and 6 months, termination date of 30 November 2025, with an option to renew for a further period of 2 years.

The total cash outflow for leases amount to N$14 985 114 (2022: N$14 076 013) of which N$839 456 is in respect of short-term and low value leases (2022: N$1 288 588).

The municipal charges are variable lease payments related to water, electricity, rates and taxes payable to the lessor.

15. RETIREMENT BENEFIT PLANS

15.1 Defined benefit plans

	2023 N$	2022 N$
Post-retirement medical aid benefits	42 832 149	39 797 149
Severance pay benefits	1 771 000	1 752 000
	44 603 149	41 549 149

Post-retirement medical aid benefits

NAMFISA provides post-retirement medical benefits to all qualifying employees who are entitled to the benefit in accordance with their employment agreements. The post-retirement medical aid benefits are unfunded. For the following year, the expected benefits to be paid is N$398 000 (2022: N$418 000)

The post-retirement medical aid benefits expose the authority to actuarial risks such as discount rate risk, medical aid inflation risk and mortality rate risk.

Discount rate	The nominal and real zero yield curves as at 31 March 2023 supplied by the JSE to determine the discount rate and consumer price inflation was used. The implied duration used in determining the discount rate to use was calculated to be 19 years as at 31 March 2023 (2022: 18 years), which is also the weighted average duration of the obligation. The recommended discount rate used is 13.04% as at 31 March 2023 (2022: 11.90%).
Medical aid inflation	The rate of medical aid inflation was set as the calculated value of CPI plus 2.5% (2022: 2.5%)
Mortality rate	Mortality before retirement has been based on the SA 85-90 mortality tables. Mortality post-employment has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to HIV/AIDS.

An actuarial valuation has been performed at 31 March 2023 to determine the present value of the employer's subsidy towards the post-employment medical scheme of current and future pensioners of NAMFISA. A provision for the liability has been created which covers the total liability, i.e. the accumulated post-retirement medical benefits at present value. The present value of the obligation and the related current service cost and past service cost was measured using the projected unit credit method. For the period under review, the current service cost and interest is accounted for as reflected in the actuarial valuation report as at 31 March 2023.

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15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1 Defined benefit plans (continued)

	2023 N$	2022 N$
The amounts recognized in the statement of financial position are as follows:		
Net liability at beginning of the year	39 797 149	33 864 149
Service cost – current	3 130 000	2 814 000
Interest cost	4 896 000	5 023 000
Re-measurement (gains)/losses:		
Actuarial (gains)/losses from changes in economic assumptions	(1 230 000)	2 281 000
Actuarial (gains)/ losses – demographic and experience adjustments	(3 417 000)	(3 841 000)
Benefits paid	(344 000)	(344 000)
Net liability recognized in the statement of financial position	42 832 149	39 797 149
The amounts recognized in the statement of surplus or deficit and other comprehensive income are as follows:		
Current service cost	3 130 000	2 814 000
Benefits paid	(344 000)	(344 000)
	2 786 000	2 470 000
Interest on obligation	4 896 000	5 023 000
Actuarial losses /(gains)from changes in economic assumptions	(1 230 000)	2 281 000
Actuarial (gains)/ losses – demographic and experience adjustments	(3 417 000)	(3 841 000)
Total	3 035 000	5 933 000

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the cost of providing post-retirement medical aid benefits are mortality rate and medical aid inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented below may not be representative of the actual change in the cost of providing post-retirement medical aid benefits, as it is unlikely that the changes in assumptions would occur in isolation of one another.

In presenting the below sensitivity analysis, the present value of cost of providing post-retirement medical aid benefits has been calculated using the projected unit credit funding method at the end of the reporting period, which is the same as that applied in calculating the obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1 Defined benefit plans (continued)

Post-retirement medical aid benefits (continued)

Sensitivity Analysis (continued)

The effect of 1 year movement in the assumed mortality age rating is as follows:

At 31 March 2023	1 year down rate	Valuation assumption	1 year up rate
-Effect on defined benefit obligation	42 503 000	42 832 149	41 425 000
	-0,77%		-3,29%
-Effect on Interest cost	5 721 000	5 758 000	5 567 000
-Effect on service cost	3 263 000	3 157 000	3 052 000
	0,77%		-3,31%

The effect of 1% movement in the assumed medical aid inflation is as follows:

At 31 March 2023	-1% Medical aid inflation	Valuation assumption	+1% Medical aid inflation
-Effect on defined benefit obligation	35 511 000	42 832 149	52 180 000
	-17,09%		21,82%
-Effect on Interest cost	4 763 000	5 758 000	7 028 000
-Effect on service cost	2 520 000	3 157 000	3 987 000
	-18,31%		23,56%

Key assumptions used:	31/03/2023	31/03/2022
Discount rate	13,04%	11.90%
Consumer price inflation rate	8,33%	7.36%
Medical aid contribution inflation rate	10,83%	9.86%
Net effective discount rate	2.50%	2.50%

Current service and interest cost in the analysis are based on the valuation assumption for the year following the valuation date.

	2023	2022
The expected maturity analysis of the post-retirement medical benefits is as follows:	N$	N$
Less than one year	4 337 000	4 122 000
Between 1 and 2 years	-	432 000
Between 2 and 5 years	1 994 000	797 000
Beyond 5 years	36 501 149	34 446 149
Total	42 832 149	39 797 149

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1 Defined benefit plans (Continued)

Post-retirement medical aid benefits (Continued)

Sensitivity Analysis (continued)

	2023	2022
	N$	N$
Present value of obligation:		
2023	42 832 149	-
2022	39 797 149	39 797 149
2021	33 864 149	33 864 149
2020	34 816 149	34 816 149
2019	28 844 149	28 844 149

Severance benefits liability

In accordance with the Namibian Labour Act of 2007, NAMFISA has an obligation to provide for severance pay benefits to all staff members. The severance benefits liability is unfunded. For the following year, the expected benefits to be paid is N$ 102 000 (2022: N$ 95 000). The severance pay benefits expose the authority to actuarial risks such as discount rate risk, salary inflation risk and mortality rate risk.

Discount rate	The nominal and real zero yield curves as at 31 March 2023 supplied by the JSE to determine our discount rate and consumer price inflation was used. The implied duration used in determining the discount rate to use was calculated to be 11 years as at 31 March 2023 (2022: 12 years), which is also the weighted average duration of the obligation. The recommended discount rate used is 11.77% as at 31 March 2023 (2022: 11.35%).
Salary inflation	The rate of salary inflation was set as the calculated value of CPI plus 2.0% (2022: 2.0%)
Mortality rate	Mortality before retirement has been based on the SA 85-90 mortality tables. No explicit assumption was made about additional mortality or health care costs due to HIV/AIDS.

An actuarial valuation has been performed at 31 March 2023 to determine the present value of the employer's obligation in terms of severance benefits towards current employees of NAMFISA. The present value of the obligation and the related current service cost and past service cost was measured using the projected unit credit method. For the period under review, the current service cost and interest is accounted for as reflected in the actuarial valuation done at 31 March 2023.

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1 Defined benefit plans (continued)

Severance benefits liability (continued)

	2023	2022
	N$	N$
The amounts recognized in the statement of financial position are as follows:		
Net liability at beginning of the year	1 752 000	1 500 000
Current Service cost	254 000	227 000
Interest cost	208 000	199 000
Re-measurement (gains)/losses:		
Actuarial (gains)/losses from changes in economic assumptions	(98 000)	23 000
Actuarial gains – demographic and experience adjustments	(251 000)	(16 000)
Benefits paid – Estimate	(94 000)	(181 000)
Net liability recognized in the statement of financial position	1 771 000	1 752 000

The amounts recognized in the statement of surplus or deficit and other comprehensive income are as follows:	2023	2022
	N$	N$
Current service cost	254 000	227 000
Interest on obligation	208 000	199 000
Actuarial (gains)/losses from changes in economic assumptions	(98 000)	23 000
Actuarial gains – demographic and experience adjustments	(251 000)	(16 000)
Benefits paid	(94 000)	(181 000)
Total	19 000	252 000

Sensitivity Analyses:

Significant actuarial assumptions for the determination of the cost of providing severance pay benefits are mortality rate and salary inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented below may not be representative of the actual change in the cost of providing severance pay benefits, as it is unlikely that the changes in assumptions would occur in isolation of one another.

In presenting the below sensitivity analysis, the present value of cost of providing severance pay benefits has been calculated using the projected unit credit funding method at the end of the reporting period, which is the same as that applied in calculating the obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1 Defined benefit plans (continued)

Severance benefits liability (continued)

Sensitivity Analyses (continued)

The effect of 1 year movement in the assumed mortality age rating is as follows:

At 31 March 2023	1 year down rate	Valuation assumption	1 year up rate
-Effect on defined benefit obligation	1 880 000	1 771 000	1 671 000
	6.19%		-5.61%
-Effect on service cost	251 000	238 000	227 000
-Effect on Interest cost	229 000	216 000	204 000
	5.69%		-5.14%

The effect of 1% movement in the assumed salary inflation is as follows:

At 31 March 2023	-1% normal salary inflation	Valuation assumption	+1% normal salary inflation
-Effect on defined benefit obligation	1 580 000	1 771 000	1 991 000
	-10.76%		12.44%
-Effect on service cost	208 000	238 000	273 000
-Effect on Interest cost	192 000	216 000	244 000
	-11.94%		13.97%

Key assumptions:	31/03/2023	31/03/2022
Discount rate	11.77%	11.35%
Consumer price inflation rate	6.85%	6.90%
Normal salary increase inflation rate	8.85%	8.90%
Net effective discount rate	2.00%	2.00%

Current service and interest cost in the analysis are based on the valuation assumption for the year following the valuation date.

The expected maturity analysis of the severance benefits liability is as follows:	2023	2022
	N$	N$
Less than one year	46 000	92 000
Between 1 and 2 years	97 000	85 000
Between 2 and 5 years	201 000	169 000
Beyond 5 years	1 427 000	1 406 000
Total	1 771 000	1 752 000

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1 Defined benefit plans (continued)

Severance benefits liability (continued)

<u>Sensitivity Analyses (continued)</u>

	2023	2022
	N$	N$
Present value of obligation:		
2023	1 771 000	-
2022	1 752 000	1 752 000
2021	1 500 000	1 500 000
2020	1 234 000	1 234 000
2019	1 395 000	1 395 000

15.2 Defined contribution plans

The Authority established the NAMFISA Provident Fund on 1 April 2007. The Fund is a defined contribution fund for all qualifying employees. The total expense recognized in the statement of surplus or deficit and other comprehensive income represents the contributions payable to the Fund at the rate of 16% of pensionable remuneration. Employees contribute to the Fund at a rate of 7% of pensionable remuneration. The fund was last valued as at 31 March 2022 and was found to be sound.

	2023	2022
	N$	N$
The total value of the contributions to the pension fund during the year amounted to:		
Employer contributions	18 065 242	17 595 724
Employee contributions	7 903 543	7 698 129
Total contributions for the period	25 968 785	25 293 853

16. GENERAL RESERVE

In terms of the reserves policy, the Authority is required to hold sufficient reserves to fund unforeseen expenses, income shortfalls and significant once-off expenditures. The amount to be held in the general reserve is determined at the beginning of the Authority's strategic cycle and represents the desired general reserve balance as at the end of the specific strategic cycle.

As at 31 March 2023, NAMFISA held N$ 95 million (2022: N$90 million) in reserves. N$ 25 million of this balance was held to fund unforeseen expenses and income shortfalls whilst the remaining N$ 70 million was held to fund significant once-off future expenditures in the form of planned expenditure on the cost of constructing an office building for own use.

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17. CAPITAL COMMITMENTS

As at the end of the financial year, the Group had no contracted capital expenditures, which were not recognized in the financial statements.

18. RELATED PARTY TRANSACTIONS

18.1 Government of Namibia and / or state owned enterprises

During the year, the Authority entered into the following transactions with the Government of Namibia and/or state owned enterprises:

State owned enterprises – March 2023	Expenses	Income	Amount owed by party
	N$	N$	N$
Namibia Post Limited	25 392	36 305	1 040 038
Other state owned enterprises	6 894 441	1 776 248	-
	6 919 833	1 812 553	1 040 038

State owned enterprises – March 2022	Expenses	Income	Amount owed by party
	N$	N$	N$
Namibia Post Limited	20 471	-	11 000 000
Other state owned enterprises	5 821 908	2 186 798	-
	5 842 379	2 186 798	11 000 000

Amounts owed by Namibia Post Limited relates to funds held on a call account. The balance will be settled in cash. No guarantees have been given or received. No provision for expected credit losses have been raised against the amount outstanding, and no expense has been recognised during the period in respect of expected losses from related parties.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

18.2 Subsidiary

An amount of N$6 400 000 was transferred to Metropol (Pty) Ltd as loan (2022: N$7 860 000). Details of the intercompany loan is disclosed under note 18.3.

18.3 Related party balances

Loan to subsidiary	2023	2022
	N$	N$
Metropol (Pty) Ltd	51 240 723	44 840 723

The loan to the subsidiary is unsecured, interest free and repayable on demand. Management performed an assessment of the impairment of the loan and considered the effect thereof to be immaterial at 31 March 2023.

18.4 Compensation of board members and key management personnel

	Short Term benefits	Post-Retirement benefits	Total
	N$	N$	N$
At 31 March 2023			
Board member's fees	1 038 092	-	1 038 092
Other key management	24 693 231	2 598 030	27 291 261
	25 731 323	2 598 030	28 329 353
At 31 March 2022			
Board member's fees	973 976	-	973 976
Other key management	22 037 546	2 266 092	24 303 638
	23 011 522	2 266 092	25 277 614

NAMFISA board members are remunerated in accordance with Government Gazette No. 6572 dated 16 April 2018. Key management refers to General Managers, Deputy Chief Executive Officers and the Chief Executive Officer.

18.5 Loans to key management personnel

The loans granted to key management constitutes study loans granted in terms of the Authority's learning and development policy. 50% of the funds advanced is repayable by the employees on a monthly basis, commencing the first practical pay day after the loan has been advanced. As at 31 March 2023 loans granted to key management amounted to N$343 138 (2022: N$213 003)

19. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

19.1 Calculation of expected credit loss allowance

When measuring Expected Credit Losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring Expected Credit Losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. A total expected credit loss allowance of N$15 976 177 (2022: N$12 971 441) exists at the end of the current year. Refer to note 11.

19.2 Levy estimates

NAMFISA has included in income, an estimate of levies amounting to N$1 139 916 (2022: N$6 176 155). The estimates are as a result of late submission of returns by the institutions and the calculation was based on the previous half-yearly returns submitted during the year.

19.3 Post-retirement benefits

Severance benefits as well as Post-retirement medical benefits are provided to all qualifying employees who are entitled to the benefit in accordance with their employment agreements. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, healthcare inflation cost and rates of increase in compensation costs. Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates are included in note 15 – Retirement Benefit plans.

20. RECONCILIATION OF DEFICIT TO CASH GENERATED BY OPERATIONS

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Deficit for the year before taxation	(13 921 272)	(11 606 915)	(13 921 272)	(13 526 915)
Adjusted for:				
Depreciation and amortization	15 815 389	16 030 242	15 815 389	16 030 242
Finance charges on leases	3 591 994	4 330 445	3 591 994	4 330 445
Lease adjustment – effect of initial costs	(354 418)	-	(354 418)	-
Lease adjustment – effect of non-cash amount in finance charges	(448 048)	-	(448 048)	-
Interest received	(4 594 096)	(2 444 487)	(4 594 096)	(2 444 487)
Dividends received	(4 926 317)	(4 504 664)	(4 926 317)	(4 504 664)
Loss / (Profit) on disposal of equipment and intangibles	58 791	(31 189)	58 791	(31 189)
Increase in expected credit losses net of write off	3 002 709	2 904 765	3 002 709	2 920 390
Fair value loss adjustment on property	2 320 000	2 560 000	-	-
Impairment of investment in subsidiary	-	-	3 206 695	5 284 850
Increase in employee benefit obligations	8 050 000	7 738 000	8 050 000	7 738 000
Operating surplus before working capital changes	8 594 732	14 976 197	9 481 427	15 796 672
Working capital changes	496 472	5 876 541	585 327	6 746 442
Increase in accounts receivable	(3 684 330)	(4 417 138)	(3 780 722)	(3 518 771)
Increase in accounts payable	3 187 858	10 293 679	3 195 395	10 265 213
Cash generated by operations	8 098 260	20 852 738	8 896 100	22 543 114

21. CREDIT FACILITIES

The Authority maintains current accounts at First National Bank of Namibia Ltd and Standard Bank of Namibia Ltd as well as credit card and fleet management facilities at Standard Bank of Namibia Ltd.

	2023	2022
	N$	N$
The following is a summary of facilities maintained:		
Fleet management	30 000	30 000
Credit cards	200 000	200 000
Performance Guarantee - City of Windhoek	120 000	-
	350 000	230 000

The performance guarantee was issued by Standard Bank of Namibia on behalf of NAMFISA to City of Windhoek to serve as security for NAMFISA's performance of certain obligations in terms of the construction of the office building. The guarantee expires on 31 December 2025.

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22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

	GROUP		AUTHORITY	
	2023	2022	2023	2022
Financial assets	N$	N$	N$	N$
Financial assets at amortised cost	-	44 756 380	-	44 756 380
Loans and receivables	6 531 505	4 154 495	5 647 162	4 154 495
Loan to subsidiary	-	-	51 240 723	44 840 723
Cash and cash equivalents	79 030 718	40 076 353	78 749 656	39 667 685
Financial assets at FVTPL	90 294 802	87 369 155	90 294 802	87 369 155
Financial liabilities				
Amortized cost	73 894 053	81 487 834	73 735 910	81 322 154

22.2 Market risk

The Authority's exposure to market risk is principally with regard to interest rates on cash placed with banks and investment houses.

22.3 Significant accounting policies

Details of the accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the basis of recognition of income and expenses) for each class of financial asset and financial liability are disclosed in note 1.12

22.4 Capital risk management

The Authority's objective in managing its capital is to safeguard the Group's ability to continue as a going concern by ensuring a sufficient cushion against unexpected deficits. There is no statutory capital adequacy requirements imposed upon the Group and capital comprises of accumulated income and reserves.

22.5 Interest rate risk management

As part of the process of managing the Authority's interest rate risk, interest rate characteristics of new investments and the refinancing of existing investments are positioned according to expected movements in interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for both variable and fixed interest rate instruments at the reporting date. A 50 basis point increase or decrease is used to compute interest rate sensitivity and represents the Authority's assessment of reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's income for the year ended 31 March 2023 would increase/decrease by N$832 372 (2022: N$834 193). This is mainly attributable to the Authority's exposure to interest rates on variable rate financial assets held.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Credit risk management

The Group is exposed to credit risk through its cash surpluses that it places with banks and investment houses as well as the defaulting of levy payments by the regulated industry players. The Authority only invests with banks and investment houses of high quality credit standing. Exposure to banks and investment houses are monitored on a regular basis and surplus funds are spread across approved financial institutions in accordance with the Investment Policy which limits the exposure to 25% for any given institution. Receivables are spread across industry segments. The Group does not have any significant credit risk exposure to any single counterparty. Concentration of credit risk did not exceed 6% of gross monetary assets at 31 March 2023 (2022: 8%) Exposure to credit risk related to receivables is mitigated by fully providing for impaired receivables.

The table below shows the maximum exposure to credit risk relating to receivables, before and after taking allowance for doubtful debts into account:

	Maximum credit risk			
	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Exposure per industry segment:	20 167 833	16 510 656	20 167 833	16 510 656
Capital Markets	2 077 369	601 804	2 077 369	601 804
Collective Investments	-	1	-	1
Life Insurance	6 875 192	10 587 801	6 875 192	10 587 801
Short term insurance	4 276 805	2 162 190	4 276 805	2 162 190
Microlenders	5 032 871	1 716 970	5 032 871	1 716 970
Pension Funds and Friendly Societies	646 240	653 150	646 240	653 150
Medical Aid Funds	857 729	387 113	857 729	387 113
Other	401 627	401 627	401 627	401 627
	20 167 833	16 510 656	20 167 833	16 510 656
Age analysis:				
Older than 120 days	16 015 181	12 487 990	16 015 181	12 487 990
60 to 120 days	265 299	26 628	265 299	26 628
Less than 60 days	3 887 353	3 996 038	3 887 353	3 996 038
	20 167 833	16 510 656	20 167 833	16 510 656
Allowance for Expected Credit Losses	(15 976 177)	(12 971 441)	(15 976 177)	(12 971 441)
Net exposure	4 191 656	3 539 215	4 191 656	3 539 215

At year-end the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Credit risk management (continued)

Impairment of financial assets

The group applies the expected credit loss model on the following financial assets:

Cash and cash equivalents

For the purposes of impairment assessment, the bank deposits are considered to have low credit risk as the counterparties to these financial assets had ratings better than BBB- as determined by the Global Credit Rating Company (Pty) Ltd. towards the end of 2022. The identified impairment loss was immaterial.

Intercompany loan

NAMFISA holds 100% shareholding in Metropol, and there is no historical evidence of Metropol defaulting on its obligations, nor NAMFISA. NAMFISA can recover the loan portion equating the property value from sale. Impairment loss on the intercompany loan was determined to be immaterial.

Employee study loans

The loans granted to employees constitute study loans granted in terms of the Authority's learning and development policy. 50% of the funds advanced is repayable by the employees on a monthly basis, commencing the first practical pay day after the loan has been advanced. As at 31 March 2023 loans granted to employees amounted to N$1 355 740 (2022: N$734 042).

Trade receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of trade receivables over a period of 24 months before 31 March 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the economic indicators in Ladder of Supervisory Inter-ventions report of NAMFISA to be the most relevant factors, and accordingly adjusts the historical loss rates based on those economic indicators past default rates. Other relevant economic factors such as COVID-19 are also adjusted for.

The Group writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Credit risk management (continued)

Trade receivables (continued)

The following table details the risk profile of receivables based on the Group's provision matrix and the loss allowance as at 31 March 2023.

2023:	Current	60 to 90 days	> 120 days	Total
Gross receivables excluding credit balances	3 887 353	244 702	16 035 778	20 167 833
Expected credit loss rate	**41%**	**44%**	**89%**	
Expected credit losses - 2023	1 606 694	106 690	14 262 793	15 976 177

2022:	Current	60 to 90 days	> 120 days	Total
Gross receivables excluding credit balances	3 996 038	26 628	12 487 990	16 510 656
Expected credit loss rate	**23%**	**80%**	**97%**	
Expected credit losses - 2022	911 058	21 229	12 039 154	12 971 441

The table below indicates the exposure in other financial assets spread among banks and other investment institutions:

Institution	Amortised cost investments	Investments at FVTPL	Total
	N$	N$	N$
Bank Windhoek	-	23 103 261	23 103 261
First National Bank	-	12 703 755	12 703 755
Simonis Storm Securities	-	26 415 470	26 415 470
Old Mutual	-	28 072 316	28 072 316
Balance as at 31 March 2023	**-**	**90 294 802**	**90 294 802**
Bank Windhoek	10 051 781	21 690 479	31 742 260
First National Bank	-	11 945 778	11 945 778
Simonis Storm Securities	-	20 512 655	20 512 655
Bank of Namibia	9 621 942	-	9 621 942
Standard Bank	5 025 342	-	5 025 342
Old Mutual	-	33 220 243	33 220 243
NamPost	20 057 315	-	20 257 315
Balance as at 31 March 2022	**44 756 380**	**87 369 155**	**132 125 535**

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.8 Liquidity risk management

The Authority has minimized its liquidity risk by ensuring adequate cash balances and maintaining adequate reserves.

Summary of exposure to interest rate risk:

	GROUP		AUTHORITY	
Liabilities	2023	2022	2023	2022
	N$	N$	N$	N$
Non-financial labilities 1 – 12 months	11 422 805	13 191 066	11 422 805	13 191 066
Staff accruals	11 422 805	13 191 066	11 422 805	13 191 066
Non-interest bearing financial liabilities				
1 to 3 months	15 003 572	13 313 612	15 003 572	13 313 612
Levy creditors	13 539 729	9 963 069	13 539 729	9 963 069
Staff accruals	1 463 843	3 350 542	1 463 843	3 350 542
Financial liabilities at amortized cost				
Interest bearing 1 to 3 months	9 852 643	6 618 199	9 694 500	6 452 519
Accounts payables accruals	9 216 443	5 857 960	9 143 190	5 786 644
Audit fees provision	636 200	728 466	551 310	634 102
Lease liabilities				
Payments analysed as:				
Current	12 375 192	10 429 332	12 375 192	10 429 332
Non-current	25 239 842	37 967 400	25 239 842	37 967 400
2 years	14 331 412	12 233 620	14 331 412	12 233 620
More than 2 years	10 908 430	25 733 780	10 908 430	25 733 780
	73 894 053	81 487 835	73 735 910	81 322 155

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.8 Liquidity risk management (continued)

Financial assets

The following table shows expected maturity for financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where cash flow may occur in a different period.

	GROUP		AUTHORITY	
	2023	2022	2023	2022
	N$	N$	N$	N$
Variable interest rate instruments: FVTPL				
Less than 1 month	79 030 718	40 076 353	78 749 656	39 667 685
1 to 3 months	90 294 804	87 369 155	90 294 804	87 369 155
	169 325 522	127 445 510	169 044 460	127 036 842
Fixed interest rate instruments: Amortized Cost				
1 to 3 months	4 484 065	3 539 216	4 484 065	3 539 216
3 months to 1 year	-	44 756 380	-	44 756 380
	4 484 065	48 295 596	4 484 065	48 295 596
Weighted average return	5.59%	4.87%	5.59%	4.87%
Non-interest bearing instruments:				
1 to 3 months	6 979 466	6 950 281	6 095 123	5 969 547
3 months to 1 year		-		-
	6 979 466	6 950 281	6 095 123	5 969 547
	180 789 051	182 691 385	179 623 646	181 301 982

22.9 Foreign currency risk management

As required, the Group may undertake transactions denominated in foreign currencies and consequently exposures to exchange rate fluctuations arise. The Group may enter into Foreign Exchange Cover for foreign denominated transactions in order to obtain certainty of foreign currency risks and hence hedge foreign currency risks. As at 31 March 2023, the Group had foreign currency denominated current financial liabilities amounting to USD 8 640.45, CHF 21 216.90, MUR3 340.00 and EURO 19 216.02 (31 March 2022:NIL).

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22. FINANCIAL INSTRUMENTS (CONTINUED)

22.10 Fair value measurements

22.10.1 Valuation

In terms of IFRS, the Group is required to measure certain assets and liabilities at fair value. The Group has established control frameworks and processes to independently validate its valuation techniques and inputs used to determine its fair value measurements.

Fair value is defined as 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 i.e. an exit price. Fair value is therefore a market based measurement and when measuring fair value, the Group uses the assumptions that market participants would use when pricing an asset or liability under current market conditions, including assumptions about risk. When determining fair value, it is presumed that the entity is a going concern, and the fair value is therefore not an amount that represents a forced transaction, involuntary liquidation or a distressed sale.

Fair value measurements are determined by the group on both a recurring and non-recurring basis.

Financial instruments

When determining the fair value of a financial instrument, where the financial instrument has a bid or ask price (for example in a dealer market), the Group uses the price within the bid-ask spread that is most representative of fair value in the circumstances. Although not a requirement, the group uses the bid price for financial assets or the ask/offer price for financial liabilities where this best represents fair value.

When determining the fair value of a financial liability or the Group own equity instruments the quoted price for the transfer of an identical or similar liability or own equity instrument is used. Where this is not available, and an identical item is held by another party as an asset, the fair value of the liability or own equity instrument is measured using the quoted price in an active market of the identical item, if that price is available, or using observable inputs (such as the quoted price in an inactive market for the identical item) or using another valuation technique.

Where the group has any financial liability with a demand feature the fair value is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid where the time value of money is significant.

Non-financial assets

When determining the fair value of a non-financial asset, a market participant’s ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use, is taken into account. This includes the use of the asset that is physically possible, legally permissible and financially feasible.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.10 Fair value measurements (continued)

22.10.1 Valuation (continued)

Non-recurring fair value measurements

Non-recurring fair value measurements are those triggered by particular circumstances and include the classification of assets and liabilities as non-current assets or disposal groups held for sale under IFRS 5 where fair value less costs to sell is the recoverable amount, IFRS 3 business combinations where assets and liabilities are measured at fair value at acquisition date, and IAS 36 impairments where fair value less costs to sell is the recoverable amount. These fair value measurements are determined on a case by case basis as they occur.

Other fair value measurements

Other fair value measurements include assets and liabilities not measured at fair value but for which fair value disclosures are required under another IFRS e.g. financial instruments at amortised cost. The fair value for these items is determined by using observable quoted market prices where these are available or in accordance with generally acceptable pricing models such as a discounted cash flow analysis. For all other financial instruments at amortised cost the carrying value is equal to or a reasonable approximation of the fair value.

22.10.2 Fair value hierarchy and measurements

The Group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. If this information is not available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The valuation techniques employed by the Group include, inter alia, quoted prices for similar assets or liabilities in an active market, quoted prices for the same asset or liability in an inactive market, adjusted prices from recent arm's length transactions, option-pricing models, and discounted cash flow techniques.

Level 1

Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities where this is readily available and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis.

Level 2

Fair value is determined using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly such as quoted prices for similar items in an active market or for an identical item in an inactive market, or valuation models using observable inputs or inputs derived from observable market data.

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22. FINANCIAL INSTRUMENTS (CONTINUED)

22.10 Fair value measurements (continued)

22.10.2 Fair value hierarchy and measurements (continued)

Level 3

Fair value is determined using a valuation technique and significant inputs that are not based on observable market data (i.e. unobservable inputs) such as an entity's own assumptions about what market participants would assume in pricing assets and liabilities.

Land

Level 3 values of the land have been derived using the sale comparison method, investment method and income approach and with reference to market evidence of the value of similar properties, analysing the land's capacity to generate income. The value of the land as determined by valuation of the independent valuator is N$37.12 million at 31 March 2023 (2022: N$39.44 million).

The inputs underlying the valuations by the independent valuators include market rent, business profitability, forecast growth rates, yields, discount rates, construction costs, professional fees, planning fees, developer's profit including contingencies, planning and construction timelines, lease re-gear costs, planning risk and sales prices based on known market transactions for similar properties. The inputs underlying the internal assessment of the value of the land by the independent valuators include consideration of the asking prices for comparable properties.

The table below sets out the valuation techniques applied by the Group for recurring fair value measurements of assets and liabilities categorised as Level 1 to Level 3 in the fair value hierarchy:

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of Level 3 items
Fixed Deposits	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable
Unit Trusts/ Treasury Bills	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.10 Fair value measurements (continued)

22.10.2 Fair value hierarchy and measurements (continued)

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of Level 3 items
Land	Level 3	Valuation by the board and/ or independent valuators	Sale comparison method, investment method and income approach and with reference to market evidence of the value of similar properties, analysing the properties' capacity to generate income	Yields and discount rates	Market rent, business profitability, forecast growth rates, lease re-gear costs, planning risk and sales prices based on known market transactions for similar properties

During the year there were no changes in the valuation techniques used by the Group or changes in the Level 1- 3 classifications.

23. CONTINGENT LIABILITY

23.1 Litigation cases

As is public record, NAMFISA is a co-defendant in a case brought against the Authority by Alwyn Petrus van Straten N.O. and others on 12 March 2012 claiming a total amount of N$105 million. On 04 March 2022, judgment was delivered by the High Court ordered that NAMFISA is not liable towards the Plaintiffs. Furthermore, Judge Oosthuizen dismissed the Plaintiffs' claims with costs.

On 04 April 2022, the Plaintiffs filed a Notice of Appeal against the whole judgment and the orders of Judge Oosthuizen delivered on 04 March 2022. The High Court order was suspended, pending the appeal. The parties filed an agreement in terms of which they agreed to a period of 6 months from date of judgment within which the record was to be filed. NAMFISA awaited Appellants to engage in respect of a Bond of Security for Costs.

The legal practitioners of the parties realised that the completing and finalising of the record in this appeal matter was taking longer than expected. Therefore, the parties agreed to a further extension from 4 September 2022 to 31 October 2022 for the filing of the appeal record. On 18 October 2022, the Appellants requested a further extension from 31 October 2022 to 30 November 2022 for the filing of the appeal record. NAMFISA refused to grant a further extension as it would have led to a delay in the finalisation of this matter. The Appellants did not file the record on 31 October 2022. Instead, the Appellants applied to the Supreme Court seeking an order condoning their non-compliance with the extended time period and asked for the appeal, which by then was deemed withdrawn, to be reinstated.

NAMFISA awaits directions on the Appellant's condonation application.

At 31 March 2023 potential claims from other litigation cases amounted to N$5 million.

23. CONTINGENT LIABILITY (CONTINUED)

23.2 Post-retirement medical benefits

In terms of NAMFISA's staff rules it is a condition for staff to be members of a medical aid fund approved by NAMFISA in order to qualify for the Post-Retirement Medical Aid benefit. As at 31 March 2023, there are some employees who do qualify for Post-Retirement Medical Aid benefit but are not currently on a qualifying medical aid scheme. The contingent liability for these employees amounts to N$ 4 137 080 at 31 March 2023 (2022: N$ 3 026 016).

Members not on medical scheme	2023	2022
Number of Members	8	8
Contingent Liability (N$)	4 137 080	3 026 016

24. CHANGE IN ACCOUNTING ESTIMATE

Revision of useful life of property, plant, equipment and intangible assets

During the year, the Authority revised the useful life of property, plant, equipment and intangible assets by increasing their useful lives. The revision of the useful life was treated as a change in accounting estimates and therefore accounted for prospectively in the financial statements, i.e. the effect of the change was incorporated in the current financial year. The effect of the change in the accounting estimate in the current accounting financial year is reflected below:

Financial statement item	GROUP	AUTHORITY
	2023	2022
Decrease in depreciation and amortization	1 243 211	1 243 211
Increase in carrying amount of property, plant equipment	912 951	912 951
Increase in carrying amount of intangible assets	330 260	330 260

The amount of the effect in future periods is not disclosed because estimation of it is impracticable.

25. SUBSEQUENT EVENTS

25.1. Financing for construction of Building

NAMFISA acquired 100% shareholding in Metropol (Pty) Ltd on 27 October 2014 at a purchase consideration of N$42 000 000. The entity owns Erf 1503 Independence Avenue. The purchase was concluded with an objective to develop the NAMFISA Head Office on the property and Metropol (Pty) Ltd to lease the building to NAMFISA.

The acquisition was necessitated by the following strategic considerations:

- The shortage of office space for the Authority's staff complement and operational requirements;
- The creation of fiscal sustainability and improvement in the financial positions through investing in its own building;
- The creation of brand visibility and corporate presence;
- The reduction in rental operating costs;
- The fostering of all-in-one accessibility to the consumer.

During September 2021, NAMFISA invited interested parties to submit proposals for the financing of the construction of the NAMFISA building by way of advertisements that ran in the local newspapers and the NAMFISA website.

NAMFISA proceeded to evaluate the proposals received with the key consideration being that of affordability. Affordability for NAMFISA means that the total cash outflows (inclusive of interest, capital and fees) of the loan repayment were in line with the Cash flow projections and financial sustainability initiatives of the Authority

Based on the proposal evaluations NAMFISA proceeded to engage Standard Bank for the loan for the construction of the NAMFISA Head Office building. A preliminary agreement was reached on 28 April 2023 in terms of which Standard Bank will provide the following facilities:

1. A development loan facility of the amount of N$ 185 000 000 (One Hundred and Eighty Five Million Namibia Dollar) to Metropol (Pty) Ltd. The capital is repayable over a period of ten (10) years with a fifty percent (50%) bullet payment upon maturity. NAMFISA will act as Guarantor for Metropol (Pty) Ltd and provide an equity contribution of N$70 000 000 (Seventy Million Namibia Dollar). This amount (N$70 000 000) will be funded from the NAMFISA General Reserve.
2. A VAT facility, of the amount of N$20 000 000 (Twenty Million Namibia Dollar), which will be repaid on a cash sweep basis after the term debt service. The VAT facility will be provided in the form of a revolving credit facility available until twelve (12) months from practical completion date.

11 INDUSTRY STATISTICS

This chapter includes the collection and analysis of numerical data, specifically for the purpose of expanding on the quantitative data in the Industry Developments chapter.

STATISTICS

Table S1: Long-term insurance – Income statement, 2018-2022 (N$'000)

Income and expenses	2018	2019	2020	2021	2022
Single premiums	2,284,394	4,862,324	3,140,615	4,750,344	3,865,659
Recurring premiums	3,074,271	6,778,761	6,339,382	6,194,976	7,147,650
Gross premiums written	5,358,666	11,641,085	9,479,997	10,945,320	11,013,309
Less: Reinsurance premium	152,509	396,318	392,519	458,261	526,874
Net premiums written	5,206,157	11,244,767	9,087,478	10,487,059	10,486,435
Gross policyholder benefits paid	3,909,549	8,834,158	7,542,003	10,734,341	9,227,319
Reinsurance recoveries	97,199	309,724	224,664	852,020	505,686
Net policyholders' benefits	3,812,350	8,524,434	7,317,339	9,882,321	8,721,633
Change in policyholder liabilities	532,686	3,499,209	875,288	5,410,229	(424,476)
Commission paid	341,006	804,212	828,888	846,010	898,227
Policyholder benefits and commission	4,686,042	12,827,855	9,021,515	16,138,560	9,195,384
GROSS PROFIT/(LOSS)	**520,115**	**(1,583,089)**	**65,963**	**(5,651,501)**	**1,291,051**
Investment income	1,162,589	4,627,672	2,353,414	7,267,103	2,219,113
Other income	174,625	143,257	260,907	193,189	354,627
TOTAL INCOME	**1,337,214**	**4,770,929**	**2,602,057**	**7,460,292**	**2,573,740**
Management expenses	701,979	1,796,688	1,441,226	1,376,152	1,759,022
Other expenses	84,461	3,188	398	-	-
Finance costs	95	1	2,004	-	-
TOTAL EXPENSES	**786,535**	**1,799,877**	**1,443,628**	**1,376,152**	**1,759,022**
PROFIT BEFORE TAXATION	**1,070,795**	**1,387,964**	**1,224,392**	**432,639**	**2,105,769**

Table S2: Long-term insurance – Balance sheet, 2018-2022 (N$ '000)

Assets and liabilities	2018	2019	2020	2021	2022
Immovable property	413,500	435,572	420,642	422,637	429,553
Property, plant and equipment	33,746	40,743	38,855	38,810	52,258
Intangible assets	277,646	85,240	95,814	78,443	127,748
Deferred tax	1,000	237,011	-	-	-
Other assets	4,238,164	1,498,464	1,052,665	1,173,564	1,260,717
Investments	44,713,393	46,449,214	50,214,325	53,868,564	52,996,499
NON-CURRENT ASSETS	**49,677,449**	**48,746,244**	**51,822,301**	**55,582,018**	**54,866,775**
Reinsurers' debtors	92,695	149,162	269,977	512,055	450,619
Premium debtors	395,629	431,660	257,051	319,622	268,840
TECHNICAL ASSETS	**488,324**	**580,822**	**527,028**	**831,677**	**719,459**
Cash and cash equivalents	1,305,545	1,453,027	1,846,211	2,553,576	1,980,824
Receivables	1,340,474	1,572,486	1,898,101	1,561,007	2,508,025
Investments	3,828,495	7,812,033	5,587,004	6,143,776	8,681,975
CURRENT ASSETS	**6,474,514**	**10,837,546**	**9,331,316**	**10,258,359**	**13,170,824**
TOTAL ASSETS	**56,640,287**	**60,164,612**	**61,680,645**	**66,672,055**	**68,757,058**
Ordinary share capital	108,995	88,176	80,577	80,576	80,578
Share premium	1,677,411	1,834,245	1,877,170	1,877,171	2,412,882
Retained earnings	8,585,580	8,363,888	8,575,199	7,935,897	9,026,117
Other reserves	(-1,080,761)	(-1,031,653)	(-1,036,649)	(-1,075,250)	(-1,073,390)
CAPITAL AND RESERVES	**9,291,226**	**9,254,656**	**9,496,297**	**8,818,394**	**10,446,187**
Deferred tax	12,373	-	-	-	14274
Other liabilities	480,012	624,823	654,240	338,387	727,839
NON - CURRENT LIABILITIES	**492,385**	**624,823**	**654,240**	**338,387**	**742,113**
Policyholder liabilities	44,834,171	48,794,966	49,706,266	55,209,491	54,822,747
Reinsurance creditors	982,679	459,847	349,646	481,455	522,527
TECHNICAL LIABILITIES	**45,816,850**	**49,254,813**	**50,055,912**	**55,690,946**	**55,345,274**
Trade and other payables	582,776	785,699	1,201,403	1,800,215	1,621,501
Current income taxation	963	1,541	93	1,214	39
CAR	-	-	2,756	-	-
Other liabilities	456,088	243,080	269,945	22,894	601,945
CURRENT LIABILITIES	**1,039,827**	**1,030,320**	**1,474,197**	**1,824,323**	**2,223,485**
TOTAL LIABILITIES	**47,349,062**	**50,909,956**	**52,184,349**	**57,853,656**	**58,310,872**
EXCESS ASSETS	**9,291,226**	**9,254,656**	**9,496,296**	**8,818,399**	**10,446,186**

Table S3: Short-term insurance – Income statement, 2018-2022 (N$'000)

Income and expenses	2018	2019	2020	2021	2022
Gross premiums written	3,788,126	3,673,499	3,485,655	3,741,330	4,115,487
Less: Reinsurance expense	1,038,480	1,098,693	1,155,938	1,311,833	1,225,842
Net premiums written	**2,749,645**	**2,574,807**	**2,329,717**	**2,429,497**	**2,889,645**
Change in provision for UPR	248,586	166,454	75,840	222,431	310,489
Net premiums earned	2,501,059	2,408,352	2,253,877	2,207,066	2,579,156
Gross claims and loss adjustment expenses	1,917,090	1,809,700	1,661,110	1,912,941	1,953,588
Change in IBNR	(6,046)	1,324	68,027	43,471	(84,437)
Less: Gross claims and loss adjustment expenses recovered from reinsurers	553,386	593,297	386,531	600,118	516,543
Net claims incurred	**1,352,892**	**1,216,825**	**1,342,606**	**1,356,294**	**1,352,608**
Commission incurred	433,282	457,431	428,353	456,710	470,471
Less: Commission earned	220,251	237,569	220,639	330,075	311,266
Net commission incurred	**213,031**	**219,862**	**207,714**	**126,635**	**120,753**
CLAIMS AND COMMISSION	1,565,922	1,437,589	1,550,320	1,482,929	1,473,361
Underwriting surplus	935,137	979,514	703,557	724,137	1,105,795
Management expenses	657,980	829,705	677,353	763,546	1,014,272
Finance costs	582	24,350	40	-	-
Investment income	355,386	443,283	260,877	401,349	308,078
Other income	59,784	80,711	287,133	155,580	88,972
Other expenses	**28,816**	**1,341**	**(507)**	**-**	**-**
Profit before tax	662,929	648,111	438,710	517,520	450,465
Income tax expense	**118,605**	**112,603**	**154,891**	**74,699**	**131,234**
PROFIT FOR THE YEAR	544,324	535,508	283,819	442,821	319,231
Other comprehensive income for the quarter	**(3,045)**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	541,279	535,508	283,819	442,821	357,339
Year	2018	2019	2020	2021	2022
Cession ratio	27%	30%	33%	35%	30% [23]
Net loss ratio	54%	50%	60%	60%	52% [24]
Expense ratio	37%	41%	31%	33%	41% [25]
Net combined ratio	99%	105%	109%	115%	110% [26]

[23] The cession ratio is calculated by dividing the net reinsurance premiums written by the gross premiums written during the year.

[24] The underwriting result ratio is calculated by dividing the underwriting surplus (or deficit) by the net premiums earned during 2022.

[25] The expense ratio calculates the sum of all expenses (management expenses, finance costs, other expenses and commission incurred) over the net premiums earned.

[25] The net combined ratio calculates the sum of both the expense ratio and the net loss ratio.

Table S4: Short-term insurance – Industry experience per class of business, 2018-2022

Experience per class of business					
Year	**2018**	**2019**	**2020**	**2021**	**2022**
Premium earned by class (% of total)					
Fire	12%	12%	0%	0%	14%
Marine	1%	1%	1%	2%	1%
Aviation	0%	0%	23%	19%	0%
Vehicles	24%	24%	40%	38%	20%
Guarantee	1%	2%	22%	18%	3%
Miscellaneous	20%	18%	-2%	2%	24%
Personal	45%	31%	16%	21%	38%
Loss ratio by class					
Fire	99%	8%	-39%	0%	7%
Marine	37%	61%	-4%	0%	1%
Aviation	20%	2%	29%	28%	0%
Vehicles	56%	67%	49%	49%	32%
Guarantee	-27%	13%	22%	19%	0%
Miscellaneous	-184%	11%	-7%	0%	8%
Personal	56%	59%	1197%	5%	48%
Fire	99%	8%	-39%	0%	7%
Underwriting results (% of premiums earned)					
Fire	-1%	62%	0%	0%	0%
Marine	0%	16%	3%	2%	1%
Aviation	0%	62%	52%	26%	0%
Vehicles	8%	12%	44%	43%	19%
Guarantee	0%	63%	37%	-21%	4%
Miscellaneous	12%	68%	-28%	3%	29%
Personal	16%	23%	-7%	48%	48%
Fire	-1%	62%	0%	0%	0%

[21] These figures has been restated from the 2020 Annual Report due to the reclassification of data.

Table S5: Short-term insurance – Balance sheet, 2018-2022 (N$'000)

Assets and liabilities	2018	2019	2020	2021	2022
NON-CURRENT ASSETS	**1,380,994**	**735,796**	**752,822**	**881,472**	**532,329**
Immovable property	1,388	1,351	-	-	-
Property, plant and equipment	17,984	37,931	55,104	48,080	56,985
Intangible assets	39,846	41,005	33,477	29,898	31,678
Deferred tax	38,433	42,636	34,354	41,146	45,023
Other assets	53,801	75,360	84,306	97,018	108,087
Investments	1,229,542	537,513	545,581	665,330	290,556
TECHNICAL ASSETS	**1,466,064**	**1,560,075**	**898,719**	**1,081,033**	**1,022,338**
Reinsurers' share of unearned premiums	308,042	208,584	398,854	440,548	454,001
Reinsurers' share of outstanding claims	363,436	518,118	230,242	354,409	300,354
Reinsurers' share of claims incurred but not reported	55,266	47,821	55,759	119,492	98,893
Commission receivable	716	744	1,101	10,167	22,392
Premium debtors	738,604	784,808	212,763	156,417	146,698
CURRENT ASSETS	**3,693,358**	**4,534,179**	**4,835,843**	**5,225,760**	**5,645,410**
Cash and cash equivalents	908,552	767,796	561,014	624,076	745,456
Other receivables	271,267	349,416	364,747	587,897	568,787
Investments	2,513,538	3,416,967	3,910,082	4,013,787	4,331,167
TOTAL ASSETS	**6,540,417**	**6,830,050**	**6,487,384**	**7,188,265**	**7,200,077**
CAPITAL AND RESERVES	**2,172,407**	**2,153,512**	**2,307,100**	**2,415,777**	**2,143,025**
Ordinary share capital	67,305	66,902	65,691	65,660	65,623
Share premium	209,085	217,785	248,230	254,741	257,779
Retained earnings	1,814,573	1,787,849	1,901,596	1,915,628	1,586,907
Contingency reserve	74,946	80,177	79,389	79,971	84,299
Other reserves	6,499	799	12,195	99,777	148,417
NON-CURRENT LIABILITIES	**59,592**	**62,111**	**87,134**	**87,063**	**110,508**
Deferred taxation	1,195	1,274	10,384	21,648	32,222
Other liabilities	58,397	60,837	76,750	65,415	78,286
TECHNICAL LIABILITIES	**3,820,792**	**3,992,651**	**3,362,127**	**3,959,804**	**4,150,576**
Gross provision for unearned premiums	2,139,702	2,432,005	2,433,927	2,616,892	2,995,986
Gross outstanding claims	775,783	776,316	554,764	801,858	660,066
Gross claims incurred but not reported	221,621	224,916	284,303	329,891	310,656
Commission due	118,552	90,107	82,064	100,596	106,914
Reinsurance creditors	565,134	469,307	7,069	110,567	76,954
CURRENT LIABILITIES	**487,625**	**621,776**	**731,022**	**725,621**	**795,968**
Trade and other payables	326,447	559,082	622,613	563,092	690,682
Current income taxation	3,289	4,070	29,911	2,038	3,016
Other liabilities	157,889	58,624	78,498	160,491	102,270
Total liabilities	**4,368,009**	**4,676,538**	**4,180,283**	**4,772,488**	**5,057,052**
TOTAL EQUITY AND LIABILITIES	**6,540,417**	**6,830,050**	**6,487,384**	**7,188,265**	**7,200,077**
SOLVENCY RATIO (Total assets/Total liabilities)	**1.50**	**1.46**	**1.55**	**1.51**	**1.42**[27]

[27] The solvency ratio is determined by dividing the total assets by the total liabilities.

Table S6: Table S6: Medical aid funds – Membership, 2018-2022

Membership	2018	2019	2020	2021	2022
Principal members	81,490	85,795	83,745	85,902	88,112
Dependants	103,282	104,424	104,242	106,156	108,572
Pensioners	11,033	11,695	12,214	12,655	12,861
Total members	**195,805**	**201,914**	**200,201**	**204,713**	**209,545**

Table S7: Medical aid funds – Income statement, 2018-2022 (N$'000)

Income and expenses ('000)	2018	2019	2020	2021	2022
Contributions received	3,971,310	4,262,583	4,480,538	4,626,003	4,893,151
Less: Healthcare cost	3,461,965	3,868,327	3,779,645	4,391,362	4,763,567
Add: Net income/(expenses) from Risk Transfer Arrangements	(-27,619)	(-19,686)	(-9,669)	(-10,145)	(-10,141)
Gross healthcare result	**481,725**	**374,570**	**691,224**	**224,496**	**119,443**
Less: Administrative fees	268,837	285,147	306,970	330,908	347,534
Less: Operational expenses	75,866	92,059	82,715	96,461	99,108
Less: Managed care: Management services	59,315	63,736	64,015	53,813	58,000
Less: Consultant fees/Professional fees	-	146	1,143	1,341	2,106
Total non-healthcare cost	**404,019**	**441,088**	**454,843**	**482,523**	**506,748**
Surplus/(deficit) from operations	**77,707**	**(-66,518)**	**236,381**	**(-258,027)**	**(-387,305)**
Add: Other income (sundry income)	8,515	12,945	4,534	4,254	4,639
Add: Net investment income	55,874	166,247	125,941	212,155	60,742
Net surplus/(deficit) for the year/period	**142,095**	**112,674**	**366,856**	**(41,618)**	**(321,924)**

Table S8: Medical aid funds – Claims typology, 2018-2022 (N$'000)

	2018	2019	2020	2021	2022
Hospitals	1,198,124	1,372,958	1,278,898	1,540,503	1,662,201
Pharmacies/Medicine	554,083	469,038	646,432	746,988	789,445
General practitioners	299,823	457,873	331,619	373,134	409,861
Specialists	438,522	480,055	467,980	516,723	585,161
Pathologists	193,944	209,090	220,192	266,075	260,362
Optometrists	95,279	165,823	83,676	136,935	131,568
Dentists	159,812	128,238	188,895	199,519	222,584
Auxiliary services	170,264	180,587	178,277	202,146	217,306
Radiologists	181,810	216,731	216,701	229,721	260,520
Dental specialists	17,575	17,645	17,777	18,957	21,519
Psychiatric institutions	8,932	11,372	12,785	14,073	13,976
Dental therapists	6,380	10,463	11,308	11,976	13,749
Optic pay-outs	8,163	33,839	34,788	-	-
Other	106,043	133,386	129,192	155,616	181,056
IBNR movement	23,211	(-18,771)	(-38,875)	(-21,004)	(-5,741)
Total	**3,461,965**	**3,868,327**	**3,779,645**	**4,391,362**	**4,763,567**

Table S9: Medical aid funds – Balance sheet, 2018-2022 (N$'000)

N$ ('000)	2018	2019	2020	2021	2022
Non-current assets	**68,955**	**112,247**	**139,422**	**104,711**	**151,729**
Property, plant and equipment	4,090	4,257	4,046	4,372	3,982
Long-term investments	64,865	107,990	135,376	100,339	147,747
Current assets	**1,856,431**	**1,915,505**	**2,219,332**	**2,182,310**	**1,849,698**
Short-term investments	1,605,801	1,682,390	1,853,518	1,963,717	1,660,984
Accounts receivable (debtors)	20,184	28,188	40,910	54,870	42,812
Cash and cash equivalents	230,446	204,927	324,904	163,723	145,902
Total assets	**1,925,386**	**2,027,752**	**2,358,754**	**2,287,021**	**2,001,427**
FUNDS AND LIABILITIES					
Members' funds	**1,517,641**	**1,609,321**	**1,922,712**	**1,818,061**	**1,460,972**
Accumulated funds	1,517,641	1,609,321	1,922,712	1,818,061	1,460,972
Current liabilities	**407,745**	**418,431**	**436,042**	**468,960**	**540,455**
Accounts payable (creditors)	106,586	113,441	142,853	142,136	175,186
Provision for outstanding claims/IBNR	261,864	252,627	233,552	251,834	289,708
Roll-over benefit liability	39,295	52,363	59,637	74,990	75,561
Short-term loans payable	-	-	-	-	-
Total funds and liabilities	**1,925,386**	**2,027,752**	**2,358,754**	**2,287,021**	**2,001,427**

Table S10: Medical aid funds – Capital investments, 2018-2022 (N$'000)

	2018	2019	2020	2021	2022
Investments in Namibia	**988,988**	**905,637**	**991,659**	**1,113,337**	**951,674**
Government and other stock/(bonds)	163,965	209,837	125,990	249,988	246,146
Shares/equities	93,670	124,309	23,190	53,167	79,730
Unit trust schemes	438,421	243,168	672,393	561,035	481,104
Debentures	-	-	-	-	-
Fixed deposit and savings accounts	7,635	9,512	11,971		108,349
Cash and equivalents (call accounts)	233,968	253,832	144,436		1,218
Treasury bills	35,732	49,919	6,229	241,697	27,677
Properties	15,597	15,060	7,450	7,450	7,450
Loans stock investment	-	-	-	-	-
Investments outside Namibia	**681,678**	**884,743**	**997,235**	**950,719**	**857,057**
Government and other stock/(bonds)	22,402	44,475	17,496	74,393	108,687
Shares/equities	90,576	374,951	797,857	184,650	255,531
Unit trusts	90,963	108,795	39,753	543,585	165,034
Money market instruments	477,737	356,522	129,305	135,371	318,823
Property	-	-	4,951	12,720	5,941
Debentures	-	-	7,873	-	1,105
Credit/debit balances (excluding cash and cash equivalents)	-	-	-	-	1,936
Total investment assets	**1,670,666**	**1,790,380**	**1,988,894**	**1,988,894**	**2,064,056**
Percentage of Namibian assets to total assets	63.33%	54.77%	55.82%	55.82%	55.84%
Percentage outside Namibia	36.67%	45.23%	44.18%	44.18%	44.16%

Table S11: Pension funds – Cost experience, 2018-2022

Cost category	Amount (N$ '000)				
	2018	2019	2020	2021	2022
Administration fees and other costs	570,433	661,188	1,292,643	939,711	742,469
Insurance premiums	345,580	379,380	389,230	390,716	438,602
Investment management fees	520,786	744,398	847,577	2,519,951	562,519
Total	**1,436,798**	**1,784,966**	**2,529,450**	**3,850,378**	**1,743,590**
Cost category	**Percent (%) of total**				
Administration fees and other costs	39.7	37.0%	51.1%	24.4%	42.6%
Insurance premiums	24.1	21.3%	15.4%	10.1%	25.2%
Investment management fees	36.2	41.7%	33.5%	65.4%	32.3%
Total	**100.0**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Table S12: Pension funds – Industry assets, 2018-2022

Balance sheet	Amount (N$ million)				
	2018	2019	2020	2021	2022
Non-current assets	156,060	167,264	178,763	210,811	204,101
Current assets	2,514	1,974	1,759	2,120	1,716
Total assets	**158,574**	**169,238**	**180,522**	**212,932**	**205,817**
Accumulated funds and reserves	155,979	166,535	178,113	209,538	203,176
Current liabilities	2,595	2,703	2,409	3,394	2,641
Total funds and liabilities	**158,574**	**169,238**	**180,522**	**212,932**	**205,817**

Table S13: Pension funds – Industry liabilities, 2018-2022

	Amount (N$ million)				
	2018	2019	2020	2021	2022
Active members' accounts	128,529	137,737	104,357	112,401	113,932
Pensioners' accounts	23,692	24,062	25,513	25,807	38,348
Reserve accounts	2,349	2,857	29,750	67,541	48,282
Other	1,408	1,879	18,493	244	0
Total liabilities	**155,979**	**166,535**	**178,113**	**205,993**	**200,562**

Table S14: Pension funds – Liquidity experiences, 2018-2022

Amount (N$'000)	Amount (N$ '000)				
Liquidity	2018	2019	2020	2021	2022
Contributions due and received	8,588,604	9,022,346	9,329,893	9,699,089	9,903,934
Expenses and benefits due and paid	8,779,556	10,055,253	11,624,013	11,739,108	12,864,048
Ratio[28] (percent)	97.8%	89.7%	80.3%	82.6%	77.0%

Table S15: Pension funds – Asset allocation, 2018-2022 (N$ million)

N$ million	2018	2019	2020	2021	2022
Total investments in:					
Equities	79,641	83,080	82,731	96,800	83,802
Fixed interest	35,060	41,798	47,549	55,342	62,377
Property	4,434	4,848	7,606	10,420	10,467
Money market	17,409	10,782	14,105	17,149	14,065
Unlisted investments	690	1,239	1,647	2,273	2,604
Other	1,511	5,365	6,225	6,025	7,185
Total	**138,745**	**147,113**	**159,863**	**188,009**	**180,500**

[28] Contributions due and received/Expenses and Benefits due and paid.

Table S16: Friendly societies membership, 2018-2022

	2018	2019	2020	2021	2022
Number of principal members	611	614	641	684	622
Number of dependants	1,498	1,500	1,449	1,533	1,381
Total members	**2,109**	**2,114**	**2,090**	**2,217**	**2,003**

Table S17: Friendly societies income statement, 2018-2022 (N$)

Income and expenses	2018	2019	2020	2021	2022
Income and expenses	2018	2019	2020	2021	2022
Contributions received	194,376	194,454	206,164	214,592	198,420
Net contributions	194,376	194,454	206,164	214,592	198,420
Claims	47,467	103,526	82,500	110,718	60,000
Administration fees	-	-	-	-	-
Operational expenses	43,772	69,857	11,986	46,464	32,406
Underwriting surplus	103,137	21,071	100,056	57,410	106,014
Other income	1,078	1,727	525	1,674	765
Investment income	96,458	128,774	113,013	79,099	108,018
Net surplus	**200,673**	**151,572**	**213,594**	**138,183**	**214,797**

Table S18: Friendly societies balance sheet, 2018-2022 (N$)

Assets and liabilities	2018	2019	2020	2021	2022
ASSETS					
Current assets	1,572,901	1,734,943	1,941,319	2,044,013	2,250,920
Accounts receivable	21,646	21,359	98,219	20,168	16,098
Cash and cash equivalents	40,253	74,537	91,596	73,642	46,817
Short-term investments	1,511,002	1,639,047	1,751,504	1,950,203	2,186,205
Total assets	**1,572,901**	**1,734,943**	**1,941,319**	**2,044,013**	**2,250,920**
FUNDS AND LIABILITIES					
Members' funds	1,499,301	1,650,872	1,866,810	1,966,061	2,177,933
Accumulated funds	1,499,301	1,650,872	1,866,810	1,966,061	2,177,933
Revaluation reserve – investments	-	-	-	-	-
Current liabilities	73,600	84,071	74,509	77,952	72,987
Accounts payable (creditors)	14,600	25,071	15,509	18,952	22,987
Future claims liability	50,000	50,000	50,000	50,000	50,000
Other liabilities	-	-	-	-	-
Provision for bad debt	9,000	9,000	9,000	9,000	9,000
Total funds and liabilities	**1,572,901**	**1,734,943**	**1,932,319**	**2,044,013**	**2,250,920**

Table S19: Collective investment schemes (CIS) – Total funds under management, 2018-2022 (N$ million)

	2018	2019	2020	2021	2022
Country allocation					
Namibia	39,591	43,5856	47,492	51,992	53,523
Common Monetary Area	18,860	20,962	23,292	21,555	20,073
Africa	0.00	122	112	118	100
Offshore	4,562	5,317	5,160	6,132	5,436
Total	**63,014**	**69,987**	**76,056**	**79,797**	**79,132**
Asset allocation					
Money market investments:	39,611	44,837.83	48,563.83	47,727.05	45,330.99
Treasury bills	**5,205**	**6,218.13**	**13,102.18**	**15,407.95**	**13,583.32**
Negotiable certificates of deposit	**18,911**	**20,484.65**	**12,510.78**	**10,893.43**	**11,480.41**
Bankers' acceptances	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Debentures	**620**	**652**	**736**	**701**	**586**
Notice, call and other deposits	**7,590**	**12,241**	**19,219**	**16,975**	**14,665**
Other	**7,285**	**5,242**	**2,996**	**3,750**	**5,017**
Listed equity	11,162	10,704	10,826	13,627	10,358
Listed debt	7,663	10,048	13,586	17,321	18,1278
Listed other	0.00	0.00	213	190	0.05
Unlisted equity	1,257	1,108	1,055	308	1,162
Unlisted debt	2,248	1,925	1,782	646	1,820
Unlisted property	0.00	0.86	0.45	0.47	0.00
Other assets	1,074	1,363	30	(-22)	2,334
Total Funds Under Management	**63,014**	**69,987**	**76,056**	**79,797**	**79,132**

Table S20: Collective investment schemes (CIS) – Source of funds, 2018-2022 (N$ million)

Unit trust funds per sector	2018	2019	2020	2021	2022
Pension funds	6,348	17,824	19,866	19,344	21,094
Short-term insurance companies	803	738	843	633	826
Long-term insurance companies	3,202	834	1,094	499	631
Medical aid funds	407	25,593	25,716	28,929	26,729
Unit trust schemes	8,021	4,993	5,158	5,326	5,027
Companies	22,918	4,166	6,717	7,128	6,951
Natural persons	17,858	8,293	8,650	8,024	8,124
Other	3,455	7,545	8,011	9,915	9,750
Total	**63 014**	**69,986**	**76,055**	**79,797**	**79,132**

Table S21: Investment managers – Total funds under management, 2018-2022 (N$ million)

Total funds under management	2018	2019	2020	2021	2022
Country allocation					
Namibia	82,717	92,743	98,776	109,690	114,386
Common Monetary Area	55,891	58,474	61,348	68,001	68,459
Africa	3,327	3,481	3,852	2,046	900
Offshore	22,217	25,699	25,177	28,097	27,127
Total	**164,152**	**180,398**	**189,153**	**207,834**	**210,872**
Asset allocation					
Money market investments:	43,450	47,527	51,214	51,515	50,730
Treasury bills	*4,766*	*7,192*	*10,506*	*11,658*	*10,299*
Negotiable certificates of deposit	*18,910*	*19,957*	*13,548*	*13,959*	*13,687*
Bankers' acceptances	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
Debentures	*620*	*733*	*812*	*776*	*658*
Notice, call and other deposits	*15,578*	*18,214*	*23,978*	*20,690*	*21,038*
Other	*3,576*	*1,431*	*2,370*	*4,433*	*5,048*
Listed equity	71,657	77,623	75,002	82,505	67,154
Listed debt	33,014	38,155	45,370	57,726	62,042
Listed other	0	1,004	1,468	1,213	177
Unlisted equity	2,047	1,361	2,536	1,600	1,433
Unlisted debt	1,854	1,862	3,383	2,318	1,741
Unlisted property	0.00	0.00	618	911	271
Other assets	12,129	12,866	9,563	10,046	27,325
Total Funds Under Management	**164,152**	**180,398**	**189,154**	**207,834**	**210,872**

Table S22: Investment managers – Source of funds, 2018-2022 (N$ million)

Source of funds (capital markets)	2018	2019	2020	2021	2022
Pension funds	81,742	678	855	1,568	2,992
Short-term insurance companies	542	664	701	879	909
Long-term insurance companies	26,607	489	573	671	577
Medical aid funds	495	2,839	3,585	6,639	6,755
Unit trust schemes	46,971	4,152	4,335	4,377	4,907
Companies	2,843	28,677	28,625	30,621	30,899
Natural persons	458	52,623	56,363	56,295	63,634
Other	4,494	90,276	94,115	106,784	100,199
Total	**164,152**	**180,398**	**189,152**	**207,834**	**210,872**

Table S23: Capital market – Market performance, 2018-2022

Market performance	2018	2019	2020	2021	2022
NSX overall index (points)	1,307	1,306	1,232	1,572	1,631
NSX local index (points)	621	614	456	529	507
JSE All Share Index (points)	52,737	57,084	59,409	73,709	73,048
Overall value of equity securities traded (N$ million)	11,949	8,607	9,269	10,278	13,487
Local value of equity securities traded (N$ million)	886	1,373	536	448	609
Total shares in issue (N$ million) NSX overall index	28,841	29,515	29,515	33,157	35,336
Total shares in issue (N$ million) NSX local index	2,071	2,410	2,427	3,177	3,177
Overall market capitalisation (N$ million)	1,965,664	1,943,009	1,738,143	2,167,587	2,268,308
Local market capitalisation (N$ million)	35,406	36,339	27,440	38,040	36,568
Overall volume of securities traded (N$ million)	183	203	206	215	254
Local volume of securities traded (N$ million)	35	92	29	32	37

Table S24: Capital market – Nominal debt issued, 2018-2022 (N$ million)

Nominal debt issued	2018	2019	2020	2021	2022
Central government	49,390	55,232	62,783	72,418	78,816
State-owned enterprises	1,241	991	606	606	630
Banking institutions	4,816	4,353	4,324	5,431	4,627
Corporate	309	263	263	283	638
Treasury bills (outstanding)	21,789	24,247	27,330	31,765	35,199
Total	**77,545**	**85,086**	**95,306**	**110,504**	**119,910**

Table S25: Capital market – Nominal debt issued, 2018-2022 (N$ million)

Debt securities traded	2018	2019	2020	2021	2022
Central government	530	2,389	2,685	805	3,223
State-owned enterprises	0	0	0	0	0
Banking institutions	0	0	0	0	12
Corporate	0	0	0	0	0
Total	**530**	**2,389**	**2,685**	**805**	**3,235**

Table S26: Microlender credit extension, 2018-2022 (N$ million)

CREDIT EXTENTION	2018	2019	2020	2021	2022
Loans outstanding (N$ '000)					
Total loans	**6,447**	**7,480**	**6,055**	**7,316**	**6,741**
Term lenders	6,408	7,396	5,959	7, 074	6,501
Payday lenders	39	84	96	242	240
Loans disbursed (N$ '000)					
Total loans	**4,078**	**3,792**	**4,039**	**4,454**	**3,540**
Term lenders	3,189	3,012	3,248	3,346	2,304
Payday lenders	889	780	791	1,108	1,236
Number of loans					
Total loans	**609,399**	**545,363**	**516,970**	**577,529**	**618,675**
Term lenders	129,353	118,976	120,609	105,477	84,404
Payday lenders	480,046	426,387	396,361	472,052	534,271
Average loan amount					
Term lenders (N$)	25,755	25,865	28,067	33,039	20,040
Payday lenders (N$)	1,667	2,064	1,818	2,347	2,385

Table S27: Complaints – Number of received complaints by industry, 2018-2022

Industry	2018	2019	2020	2021	2022
Long-term insurance	276	326	303	315	321
Microlending and credit agreements	345	400	358	396	178
Short-term insurance	138	151	188	180	151
Pension funds	209	178	148	152	116
Medical aid funds	8	13	14	15	15
Capital markets	6	3	2	1	1
Collective investment schemes	1	1	0	0	0
Friendly societies	0	0	0	0	0
Other	7	0	0	0	0
Total	**990**	**1,072**	**1,013**	**1,059**	**782**

Table S28: Number of resolved complaints by industry, 2018-2022

Industry	2018	2019	2020	2021	2022
Industry	2018	2019	2020	2021	2022
Microlending	374	323	351	170	159
Long-term insurance	308	289	296	305	209
Short-term insurance	135	176	163	145	133
Pension funds	167	137	134	107	147
Collective investments schemes	13	0	0	0	0
Capital markets	1	1	0	1	3
Medical aid funds	3	13	15	14	31
Friendly societies	0	0	0	0	0
Other	0	0	0	0	0
Total	**1001**	**939**	**959**	**742**	**682**

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