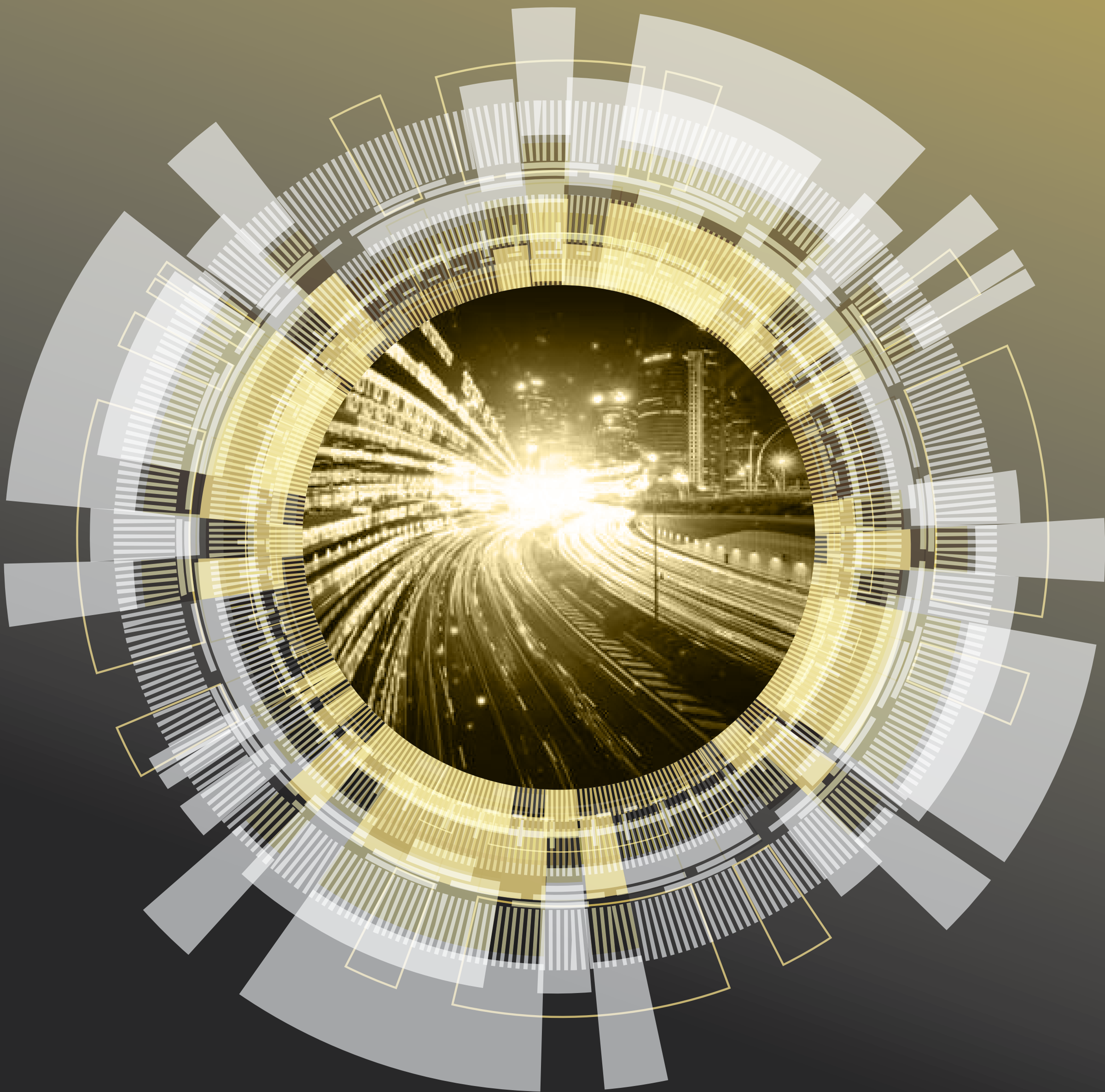
NAMFISA

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY



ANNUAL REPORT | 2024

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 and Public Enterprises 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).

CHAPTERS

01 ABOUT US

02 CORPORATE GOVERNANCE

03 RISK MANAGEMENT

04 EXECUTIVE MANAGEMENT

05 STRATEGY AND PERFORMANCE

06 DIVISIONAL ACTIVITIES

07 REGULATORY UPDATE

08 SUPERVISORY UPDATE

09 INDUSTRY DEVELOPMENTS

10 ANNUAL FINANCIAL STATEMENTS

11 STATISTICS

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF LEGISLATION

Banking Institutions Act, 1998 (No. 2 of 1998)
Financial Institutions (Investment of Funds) Act, 1984 (No. 39 of 1984)
Financial Institutions and Markets Act, 2021 (No. 2 of 2021)
Financial Intelligence Act, 2012 (No. 13 of 2012)
Friendly Societies Act, 1956 (No. 25 of 1956)
Income Tax Act, 1981 (No. 24 of 1981)
Labour Act, 2007 (No. 11 of 2007)
Long-term Insurance Act, 1998 (No. 5 of 1998)
Medical Aid Funds Act, 1995 (No. 23 of 1995)
Microlending Act, 2018 (No. 7 of 2018)
Namibia Financial Institutions Supervisory Authority Act, 2001 (No. 3 of 2001)
Namibia Financial Institutions Supervisory Authority Act, 2019 (No. 6 of 2019)
Namibia Financial Institutions Supervisory Authority Act, 2021 (No. 3 of 2021)
Pension Funds Act, 1956 (No. 24 of 1956)
Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (No. 4 of 2014)
Public Enterprises Governance Act, 2019 (No. 1 of 2019)
Public Procurement Act, 2015 (No. 15 of 2015)
Short-term Insurance Act, 1998 (No. 4 of 1998)
Stock Exchanges Control Act, 1985 (No. 1 of 1985)
Unit Trusts Control Act, 1981 (No. 54 of 1981)
Usury Act, 1968 (No. 73 of 1968)
Value-added Tax Act, 2000 (No. 10 of 2000)

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
BCP	Business Continuity Plan
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
FIM Bill	Financial Institutions and Markets Bill
FIMA	Financial Institutions and Markets Act
FINTECH	Financial Technology
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
ME	Mutual Evaluation
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)
POPR	Post-observation Period Report
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.

2023 AT A GLANCE

N$414.8 billion

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

14,393 regulated entities

NAMFISA regulates 788 financial institutions and 13,605 financial intermediaries.

627 (91.0 percent)

Total consumer complaints resolved out of 691 complaints received.

N$14,7 million

Total amount paid out to 172 complainants in 2023.

OUR FUNCTIONS

The Namibia Financial Institutions Supervisory Authority (NAMFISA) exists to supervise and regulate the business of financial institutions and financial services and to advise the Minister of Finance and Public Enterprises 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).

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 2023 is reflected in Table 1.

Table 1: Number of regulated entities as at 31 December 2023

Regulated financial institution or intermediary, by subsector	Number of entities per subsector, 31 December 2022	Number of entities per subsector, 31 December 2023
Active pension funds	85	78
Active medical aid funds	8	7
Active friendly societies	1	1
Long-term insurance companies (intermediaries)	14 (9,781)	14 (10,812)
Short-term insurance companies (intermediaries)	14 (2,461)	14 (2,793)
Special purpose vehicles	20	21
Unit trust management companies	20	21
Investment managers	31	31
Unlisted investment managers	30	31
Microlenders	417	560
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)	**649 (12,242)**	**788 (13,605)**

The NBFIs sector remained resilient in 2023. In addition, the NBFI assets rose by 13.3 percent to N$414.8 billion at the end of 2023.

[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."

The NBFIs sector remained resilient in 2023. In addition, the NBFI assets rose by 13.3 percent to N$414.8 billion at the end of 2023.

Table 2: Total assets per industry sector, 2019-2023 (N$ million)

Total assets per industry sector	2019	2020	2021	2022	2023
Long-term insurance	60,165	61,681	66,672	68,757	74,260
Short-term insurance	6,830	6,487	7,188	7,200	7,837
Medical aid funds	2,028	2,359	2,287	2,004	2,097
Pension funds	169,238	180,522	212,932	205,817	237,145
Collective investment schemes*	56,703§	59,390§	61,622	60,974	68,424
Investment managers**	7,669	8,775	12,584	14,654	17,888
Friendly societies	1.73	1.94	2.04	2.25	2.54
Microlenders	7,480	6,055	7,316	6,743	7,157
Total	**310,115**	**325,271**	**370,603**	**366,151**	**414,811**

* 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.

02

FOREWORD BY THE BOARD CHAIRPERSON

Hettie Garbers-Kirsten
Board Chairperson

Hettie Garbers-Kirsten
Board Chairperson

As Chairlady of the Namibia Financial Institutions Supervisory Authority (NAMFISA), I am honoured to reflect on our steadfast commitment to executing our mandate and fostering the best corporate governance practices within the non-bank financial industry in Namibia. I present this foreword to highlight the execution of our mandate, to emphasise best corporate governance practices, and to advocate innovation in Namibia's non-bank financial industry.

Over the years, NAMFISA has strived to uphold the highest standards of integrity, transparency and accountability, recognising the pivotal role these principles play in maintaining a stable and resilient financial sector. This is demonstrated by the Diamond Arrow Awards that PMR Africa bestowed on NAMFISA for "Best Annual Report in Namibia" and "Institutions Demonstrating Exceptional Managerial and Corporate Governance".

Innovation stands as a cornerstone of progress in the non-bank financial industry, and NAMFISA recognises its paramount importance in driving sustainable growth and development. Embracing technological advancements, fostering a culture of creativity, and encouraging innovation within our regulatory framework are essential to ensuring that Namibia remains competitive in the global landscape.

Stakeholder engagement lies at the heart of our regulatory approach, as we understand the significance of collaboration and inclusivity in achieving our objectives. By actively involving stakeholders in our decision-making processes, we not only enhance transparency but also foster a sense of ownership and shared responsibility, which ultimately contributes to the overall effectiveness of our regulatory framework.

Regulatory reform plays a pivotal role in shaping the future of the non-bank financial industry in Namibia. Moreover, regulatory reform plays a crucial role in adapting to the evolving dynamics of the non-bank financial industry and addressing emerging challenges. NAMFISA remains committed to fostering an enabling environment that promotes innovation, efficiency and competitiveness while safeguarding consumers' interests and maintaining financial stability. To this end, significant progress was made on the drafting of the Consumer Credit Bill, which also aims to reform the legislative landscape of the institutions that extends credit in Namibia.

As part of its five-year strategy, the Authority is currently executing various strategic projects. One of the strategic project is the NAMFISA building project, which aims to contribute to the strategic objectives of improving access to NAMFISA's services and improving financial stability, progressed well in the financial year. A contractor was awarded by the Central Procurement Board and construction of the building will commence in the ensuing financial year.

The Authority continues to discharge its obligation regarding combating money laundering, terrorist financing and proliferation financing, using a risk-based approach to safeguard and preserve the integrity of the non-banking financial industry. In this regard, the Authority, in collaboration with the Financial Intelligence Centre (FIC), executed, to a large extent, the Mutual Evaluation (ME) recommended actions during Namibia's post-evaluation observation period. This has significantly reduced the number of outstanding deficiencies and resulted in only two action items to be executed by NAMFISA, following Namibia's grey-listing by the Financial Action Task Force (FATF).

NAMFISA assures its dedication and commitment to the speedy execution of these two action items in the coming financial year to enable Namibia's exit from the FATF grey list in the shortest period.

The Board will continue to exercise oversight on the implementation of the Authority's Five-Year Strategic Plan to ensure successful execution of its mandate.

I would like to express my sincere gratitude on behalf of the Board of NAMFISA to the Minister of Finance

and Public Enterprises, Honourable Iipumbu Shiimi, for the unwavering support and exemplary leadership demonstrated in advancing our regulatory objectives. Your commitment to promoting a sound and inclusive financial sector is truly commendable and serves as an inspiration to us all.

I also extend my heartfelt appreciation to my dedicated fellow Board members and the leadership team at NAMFISA for their tireless efforts in executing our mandate and ensuring the smooth operation of our organisation. Together, we will continue to uphold the highest standards of governance, drive innovation, and enhance stakeholder engagement to safeguard the integrity and stability of the non-bank financial industry in Namibia.

Hettie Garbers-Kirsten
Board Chairperson

03

REVIEW BY THE CHIEF EXECUTIVE OFFICER

Mr Kenneth S. Matomola
Chief Executive Officer

Mr Kenneth S. Matomola
Chief Executive Officer

As we reflect on the past year, I am pleased to present NAMFISA's Annual Report, encapsulating our achievements, challenges, and the strategic roadmap ahead. In the dynamic landscape of Namibia's financial sector, NAMFISA continues to uphold its pivotal role in ensuring financial stability and safeguarding consumer protection.

The non-bank financial industry remains a cornerstone of Namibia's economic framework, contributing significantly to the nation's financial resilience and inclusivity. Through robust regulations and proactive risk-based oversight, NAMFISA has reinforced the integrity of this sector, fostering an environment conducive to sustainable growth and development.

The emergence of financial technology (FinTech) has reshaped the financial landscape, presenting both opportunities and challenges. Recognising the transformative potential of FinTech, NAMFISA has remained at the forefront of fostering innovation while maintaining regulatory certainty. Our commitment to embracing technological advancements is integral to enhancing financial accessibility, efficiency, and security for all Namibians. NAMFISA launched the NAMFISA Regulatory Sandbox in May 2023. This initiative provides a controlled environment for FinTech firms and start-ups to test new products, services, solutions, and business models under NAMFISA's regulatory supervision. The Regulatory Sandbox encourages innovation and collaboration while ensuring consumer protection and regulatory compliance. Tremendous interest was received from the first cohort for microlending innovations of the Regulatory Sandbox. Moreover, we look forward to future cohorts of the Regulatory Sandbox, which enable startups, FinTech firms and innovators to safely and successfully shape the future of financial innovation in Namibia.

NAMFISA has also embarked on a journey of regulatory reform, which focuses on the drafting of the NAMFISA Act and the Financial Institutions and Markets Act, and the Consumer Credit Bill. The FIMA and NAMFISA Act have been promulgated and are ready to be implemented on a date set by the Minister. Regarding the Consumer Credit Bill, the Authority undertook extensive consultations across the country, which stands as a testament to our collaborative approach with stakeholders. The Consumer Credit Bill is expected to be tabled in Parliament in the next financial year. This milestone underscores NAMFISA's unwavering dedication to promoting responsible lending practices and empowering consumers with transparent financial services.

During the reporting period, NAMFISA continued to improve operational efficiency through striving to optimise resources utilisation and streamline processes in order to deliver value with agility and precision to our consumers.

Stakeholder engagement continued to be a cornerstone of our approach, as we prioritised open dialogue and collaboration to address emerging challenges and to capitalise on new opportunities. By fostering constructive partnerships, we could collectively navigate the evolving financial landscape and drive sustainable growth.

In terms of human resources, NAMFISA remains one of the best companies to work for. In line with its brand and corporate culture, NAMFISA has attained the Deloitte Employee Engagement Score of 72.8 for the year 2023/24. According to Deloitte's standards, this constitutes a platinum award. This score is indicative of the general culture as well as a good working environment, through which our staff attain their best potential towards innovation by living the values of our organisation.

NAMFISA continues to have strategic and mutually beneficial relationships with regional and global standard-setting bodies, such as the International Organisation of Securities Commission (IOSCO), particularly in the capital markets sub-sector; the International Association of Insurance Supervision (IAIS), to align to best global insurance practices; and the International Organisation of Pension Supervision (IOPS) for the pension funds industry. As the Chairperson of the

Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA), Namibia ensures that the committee of authorities responsible for the supervision of insurance, securities, and non-banking financial institutions (NBFI) in SADC member states collaborate effectively.

Despite the significant adverse risks that prevailed since the onset of the COVID-19 pandemic, the non-banks financial sector has remained financially sound and stable. At the heart of our endeavours and success lie NAMFISA's core values: integrity, teamwork, service excellence, agility and accountability. These guiding principles permeate every aspect of our operations, instilling confidence in the non-banks financial sector and fostering trust among stakeholders.

Looking ahead, NAMFISA remains steadfast in pursuing strategic objectives aimed at fortifying our organisational resilience and efficacy, and stability in the non-bank system through operational efficiency, stakeholder engagement and innovation. The Authority will continue to focus on the skills development of its staff to ensure quality service delivery.

A word of sincere gratitude goes to our Minister, Honourable Iipumbu Shiimi, the Board of NAMFISA, and the government in general for the mutually beneficial relationship and steadfast leadership in helping the Authority achieve its noble mandate.

In conclusion, I extend my gratitude to our dedicated team, esteemed stakeholders, and regulatory partners for their unwavering support and commitment to our shared goals. Together, we will continue to uphold the integrity of Namibia's non-bank financial sector and promote sustainable growth for the benefit of all.

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



THE BOARD


Members of the Board 2023/24: 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 2023/24: 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 Alexander
- Chairperson, Legal and Supervisory Committee
- Appointed 2021
- BJuris
- LLB
- Member of the Law Society of Namibia
- Notary Public

Ms Shilongo-Alexander 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

CHIEF EXECUTIVE OFFICER AND DEPUTY CEOs

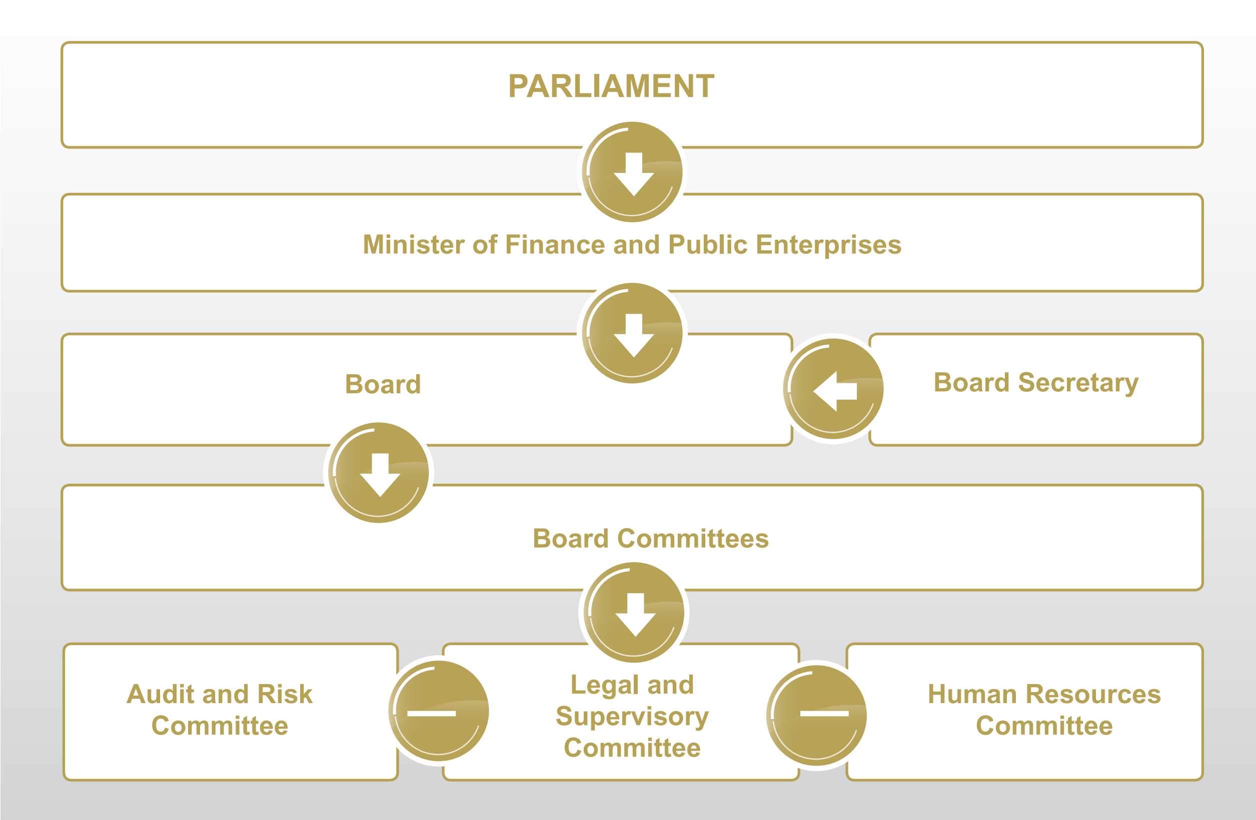
Mr Kenneth S. Matomola
Chief Executive Officer

Ms Erna Motinga
Deputy Chief Executive Officer:
Prudential Supervision

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

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 Chief Executive Officer (CEO) on an appropriate level of delegation of authority while reserving certain functions 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 three years, coming to an end on 31 August 2024. 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 practices, 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.

OFFICE OF THE CEO

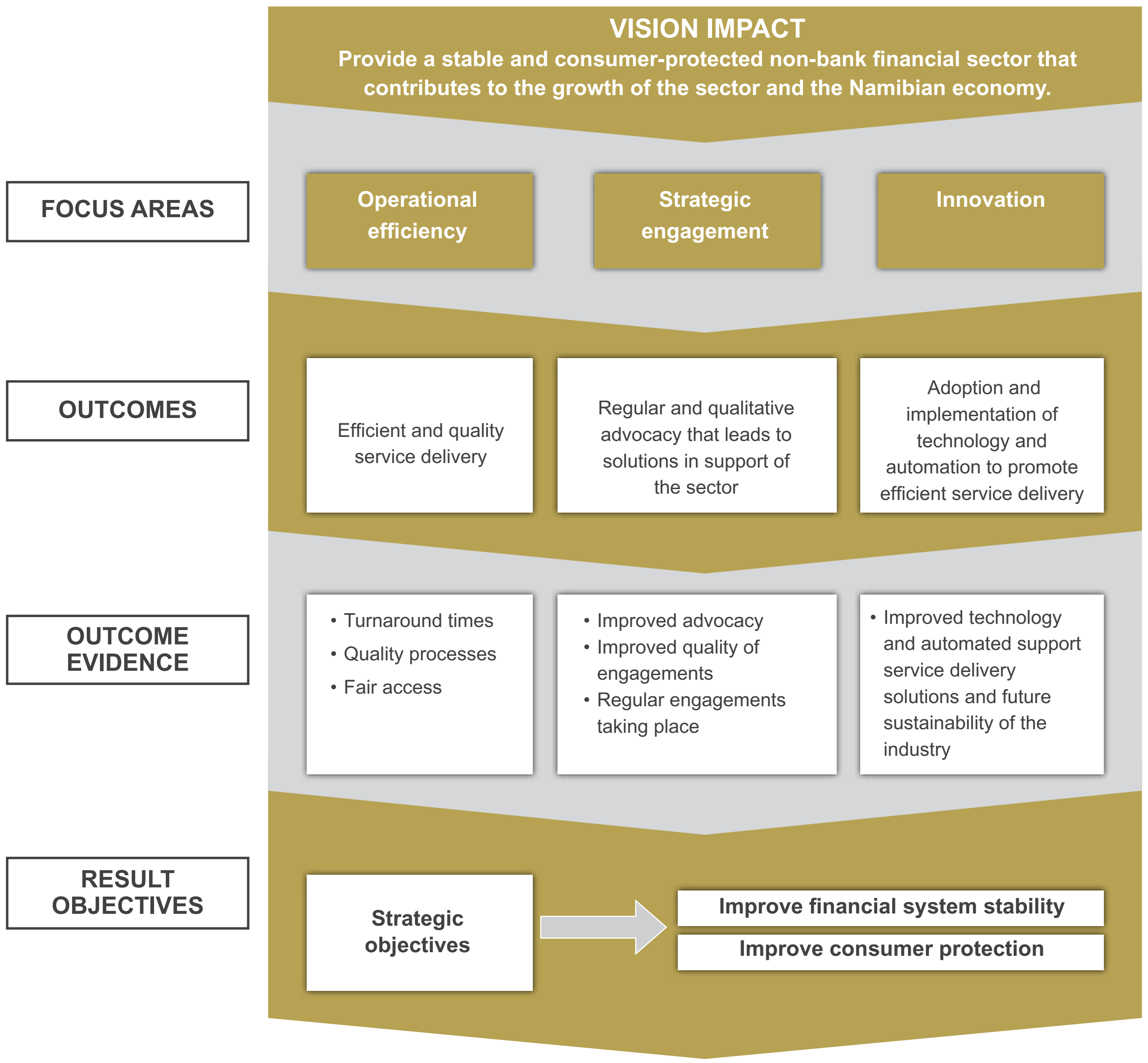
Ethical and value-based leadership

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 consisted of awareness sessions, 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 Ethics Culture.*

As part of the strategy for 2022 to 2027, the Board set out its vision and strategic themes for the next five years. Regarding the strategic themes, the Authority has set out its key strategic focus areas and the expected outcomes for the 2023/24 financial year (Figure 2).

Figure 2: Strategic focus areas and expected outcomes for the 2023/24 financial year



The Board ensures that the Authority achieves its strategic objectives. In this regard, the highlights for the 2023/24 financial year are as follows:

- The 2023/24 Business Plan, approved by the Minister of Finance and Public Enterprises, was successfully implemented.
- The Business Continuity and Disaster Recovery Plan was implemented to ensure that the Authority continues with minimum disruption to its activities should a disaster occur.
- The new Risk Appetite Statement and Risk Register aligned to the five-year strategy, as approved, was implemented.
- The Authority received an unqualified audit opinion on the annual financial statements by the external auditors.
- Various standards and regulations under the FIMA and the Microlending Act, 2018 were reviewed and approved.
- Key human resources policies, including the Basic Conditions of Service Policy, were reviewed and approved.
- Various finance and administration policies were approved.
- The Authority continued with the implementation of the succession plan.
- The Authority continued with the implementation of the Combined Assurance Framework.
- The Individual Board Members' Agreements with the Minister of Finance and Public Enterprises were signed.
- The Revised AML RBS Framework was reviewed and approved for implementation.
- The revised Code of Ethics was approved for implementation

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 strategy and budget;
- employment of the CEO and termination of his/her contract;
- remuneration of the CEO;
- institution of disciplinary procedures against the CEO;
- amendment of NAMFISA's organisational structure, including the creation of new positions and their respective gradings;
- approval of the annual report and annual financial statements;
- approval of policies; and
- approval of standards.

Certain matters are delegated to the three Board Committees. The scope of the mandate of each committee is set out in its respective 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 2023/24 financial year, Board members undertook a Strategy Development and Monitoring Training Course to enhance their skills and understanding of the Balanced Scorecard Strategy Framework and how to monitor the implementation thereof. The Chairperson and the CEO attended the Public Enterprises Conference, which was organised by the Ministry of Finance and Public Enterprises.

Meetings

Board meetings are held once per quarter and special meetings are convened as the need arises. There were four (4) ordinary Board meetings and one (1) special Board meeting during the reporting period (Table 3). The special Board meeting was held to discuss and approve the Authority's Turnaround Plan, as requested by the Minister of Finance and Public Enterprises, and to consider a salary increase for the CEO.

Table 3: 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	5/5 (Chairperson)	n/a	n/a	4/4
Amb. S. Katjiuanjo	5/5	4/4	4/4	n/a
Ms S. Ambunda	5/5	n/a	4/4 (Chairperson)	n/a
Mr J. Jansen	4/5	4/4 (Chairperson)	n/a	n/a
Ms N. Shilongo-Alexander	5/5	n/a	n/a	4/4 (Chairperson)

Board Committees

Audit and Risk Committee

Committee Charter

The Audit and Risk Committee was constituted under section 19 of the NAMFISA Act. The Committee assists the Board in fulfilling its oversight responsibilities for financial reporting, internal control, the audit process, and risk management. The Committee consists of two Board members, where one is appointed as the Chairperson. Meetings are held once per quarter, with the Chairperson and a member in attendance. The Committee may make decisions on a round-robin basis, and meetings may be held separately with the Head of Internal Audit and the Head of External Audit.

The Audit and Risk Committee is responsible for various duties, including integrated reporting, internal control, and the internal and external audits. The Committee evaluates financial risk management, internal control systems, and internal audit functions. In addition, the Committee reviews the annual budget and any disagreements between management and external auditors; the Authority's statement on internal controls, procedures for identifying business risks, fraud prevention, and compliance with regulatory requirements; external auditors' engagement letters, and the proposed audit scope, approach, fee and the coordination of audit efforts with the internal audit.

Membership and attendance of Board Committee meetings

The Audit and Risk Committee consisted of Mr J. Jansen (Chairperson), and Amb. S. Katjiuanjo for the 2023/24 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 4 details attendance of the Committee's meetings.

Key activities during 2023/24

- Reviewed the Authority's 2024/25 Budget and recommended it for Board approval.
- Reviewed the new external auditors' engagement letter, the proposed audit plan and approach, and the audit fee.
- Reviewed the 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 the Head of Governance, Risk and Compliance.
- Reviewed the Authority's risk management process, reviewed the maturity and effectiveness of its risk management activities, and identified the strategic risks facing NAMFISA as well as the emerging risks and the responses required to address them.
- Monitored the Authority's budget spending for the 2023/24 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, including the Code of Ethics.
- Reviewed and recommended the Authority's 2024/25 Risk Management Plan for Board approval.
- Reviewed and recommended the Authority's 2024/25 Compliance Management Plan for Board approval.
- Reviewed and recommended the 2024/25 Internal Audit Plan for Board approval.

Key focus areas for 2024/25

Financial Oversight:

- Ensure the accuracy and comprehensiveness of the financial statements through a review of the reporting processes.
- Evaluate both the internal and external auditors' independence, qualifications and performance.
- Review the internal and external audits' scope and findings.
- Oversee Management's response to the audit findings.

Risk Management:

- Assess the adequacy and effectiveness of the Authority's risk management framework.
- Monitor Management's identification and mitigation strategies for key risks that could affect the Authority and the industry at large.
- Review the internal audit reports regarding risk management practices.
- Ensure that the resources and expertise for risk management within the Authority are adequate.
- Stay informed about emerging threats at the intersection of financial services and technology, such as cyber-enabled financial crime or operational disruptions due to information technology (IT) outages.

ICT focus areas

Cybersecurity:

- Evaluate the regulator's cybersecurity position and preparedness for cyberattacks.
- Review and approve strategies for protecting sensitive data and systems.
- Monitor the effectiveness of implemented cybersecurity controls.
- Ensure the regulator's capacity to continue essential functions in the case of IT disruptions.

Technology Governance:

- Oversee the selection, implementation and management of IT systems used by the regulator.
- Ensure that IT investments align with the regulator's strategic goals.
- Monitor the IT project management processes and ensure that proper controls are in place.

Human Resources Committee

Committee Charter

The Human Resources Committee was established under the NAMFISA Act. The Committee's purpose is to ensure appropriate remuneration for Senior Management and staff, evaluate the adequacy of the corporate governance structure, and consider and recommend remuneration policies for all levels of the staff complement. The Committee is composed of two NAMFISA Board members (appointed by the NAMFISA Board), where one is appointed as Chairperson for a term of three years. The Committee holds four scheduled meetings per year as well as additional meetings at the request of the CEO or the Board. The Committee reviews the annual talent strategy, the workforce plan, the organisational structure, the management succession plan, the labour relations strategy, the corporate scorecard, and related human resource policies. The Committee's members must act in the interests of the Authority.

Remuneration philosophy

NAMFISA strives to be an employer of choice in its chosen market 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 guaranteed pay packages. 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 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 regarding 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 2023/24 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 4 details attendance of the Committee's meetings.

Key activities during 2023/24

- Reviewed proposals for salary increase and performance incentives and made recommendations to the Board.
- Conducted performance review reports for 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 various policies related to human resources.
- Reviewed various internal audit reports related to human resources and remuneration.
- Reviewed the 2023/24 Authority and CEO scorecards.

Key focus areas for 2024/25

Talent management and workforce strategy

- *Workforce planning:* Forecast required future skillsets and expertise, based on regulatory developments and industry trends.
- *Recruitment and selection:* Develop strategies for the attraction and selection of top talent with the necessary skills and integrity to uphold the regulatory standards.
- *Diversity and inclusion:* Foster a diverse and inclusive workplace that reflects the financial services industry that it regulates.
- *Learning and development:* Ensure a robust training and development programme that equips staff with the knowledge and skills necessary for them to effectively perform their duties.
- *Succession planning:* Develop a plan to ensure smooth transitions in leadership positions to maintain regulatory expertise and stability.
- Compensation and benefits
- *Competitive compensation:* Maintain competitive compensation and benefits packages to attract and retain skilled professionals, considering the specialised nature of financial services regulation.
- *Performance management:* Oversee a fair and effective performance management system that motivates and rewards high performers.
- *Employee relations:* Promote positive employee relations and address any employee concerns to maintain a healthy work environment.

Ethical conduct and culture

- *Code of ethics:* Implement a strong code of ethics and monitor adherence to this code, which fosters integrity, transparency and accountability.
- *Employee wellbeing:* Promote employee wellbeing through initiatives that address mental health, work-life balance, and workplace safety.

Additionally

- *HR technology*: Review and approve the use of HR technologies to streamline processes and to improve data-driven HR decisions.
- *HR metrics and reporting:* Monitor key HR metrics to assess the effectiveness of HR programmes and to identify areas for improvement.

Legal and Supervisory Committee

Committee Charter

The Legal and Supervision Committee was established under section 19 of the NAMFISA Act. The Committee's purpose is to study, analyse, review, and advise on legal proceedings by and against NAMFISA, its Board, the CEO or the Registrar.

The Committee receives reports from the CEO regarding the enforcement, supervising and regulating powers of the Authority with regard to the issuance of licences as well as the withdrawal and cancellation thereof. The Committee receives and reviews standards, according to various Acts under its management, for recommendation to the Board. The Committee's responsibilities include ensuring compliance with all relevant statutory and legal requirements; monitoring policies, processes and practices; providing strategic guidance; and overseeing the registration, deregistration, and licensing processes of the Authority. The Committee monitors the prudential and market conduct supervision activities of the Authority.

Membership and attendance of Board Committee meetings

The Legal and Supervisory Committee consisted of Ms N. Shilongo-Alexander (Chairperson) and Ms H. Garbers-Kirsten for the 2023/24 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 4 details attendance of the Committee's meetings

Key activities during 2023/24

- Provided oversight during the finalisation of the implementation plan relating to the new NAMFISA Act and the 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 recommendations to the Board.

- Monitored the implementation of the Microlending Act and its regulations.
- 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 2024/25

The Legal and Supervisory Committee holds the pivotal position of safeguarding the integrity and effectiveness of the Authority's regulatory framework. As such, the key focus areas are outlined below.

Legal and Regulatory Framework

- Review and update regulations: Oversee the review, update, and development of the regulations that govern the non-bank financial services industry.
- Regulatory impact assessments: Evaluate the potential impact of proposed regulations on the financial system, consumers, and regulated entities.
- Legal compliance: Ensure that the Authority's activities comply with the relevant laws and regulations.
- Enforcement actions: Review and approve the enforcement actions taken against financial institutions for non-compliance.

Supervisory oversight

- Supervisory strategy and approach: Review and approve the overall supervisory strategy and approach for the financial services industry.
- On-site inspections and data collection: Review the effectiveness of on-site inspections and data collection methods used for supervision.
- Risk-based supervision: Ensure that the regulator utilises a risk-based approach for supervision, and focuses on areas of highest risk.
- Supervisory coordination: Oversee collaboration and information sharing with other regulatory bodies.

Emerging issues and technology

- FinTech and innovation: Monitor and assess the implications of financial technology (FinTech) and innovation on the regulatory landscape.
- Cybersecurity and operational risk: Review the Authority's approach to cybersecurity risks and operational risk within the financial system.

Additionally

- Legal challenges: Review and guide potential legal challenges to the regulator's actions and decisions.
- Committee training: Ensure that committee members remain up-to-date regarding evolving legal and supervisory issues.
- Reporting to the Board: Provide regular reports to the Board on the Committee's activities and key regulatory developments.
- NAMFISA Act and the FIMA: Provide strategic oversight to the new NAMFISA Act and FIMA Implementation Project.

Board Fees

Table 5 sets out the fees paid to Board members during the 2023/24 financial year.

Table 4: Board fees , 2023/24

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	90,913.13	195,038.81	-	195,038.81
Mr J. Jansen	85,058.16	60,424.92	145,483.08	-	145,483.08
Amb. S. Katjiuanjo	85,058.16	78,738.51	163,796.67	151,320.00	315,116.67
Ms S. Ambunda	85,058.16	68,552.67	153,610.83	-	153,610.83
Ms N. Shilongo-Alexander	85,058.16	68,552.67	153,610.83	-	153,610.83
Total	**444,358.32**	**367,181.90**	**811,540.22**	**151,320.00**	**962,860.22**

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 5 sets out how the NamCode is applied by NAMFISA.

Table 5: 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 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

NAMFISA is committed to maintaining a robust and effective risk management framework. This framework helps us to achieve our core objectives of protecting consumers, promoting financial stability, and fostering a fair and efficient financial services industry in Namibia. This chapter highlights the key activities and achievements of the Risk Management Function within the Authority for the reporting period.

NAMFISA has a well-defined risk management framework that is aligned with 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 international best practices.

The framework includes the following key elements:

- Risk Appetite Statement: defines the level of risk NAMFISA is willing to accept in pursuit of its strategic objectives.
- Risk identification and assessment: to regularly identify and assess potential risks that could impact NAMFISA's ability to achieve its objectives.
- Risk mitigation strategies: to develop and implement mitigation strategies for identified risks, including risk avoidance, reduction, transfer, and acceptance.
- Monitoring and reporting: to continuously monitor the effectiveness of risk management strategies, and to report on key risks to the Board and Senior Management.

Philosophy

NAMFISA's risk philosophy is deeply rooted in its core beliefs and principles, which guide the Authority's approach to risk management. At the heart of this philosophy is a proactive stance towards risk identification and mitigation, where NAMFISA strives to identify and address potential risks before they materialise. This proactive approach is complemented by the integration of risk management into the Authority's strategic planning process. Risk tolerance levels are meticulously determined, based on NAMFISA's strategic objectives, which ensures alignment between risk management and the organisational goals.

Within NAMFISA, decisions are made with a comprehensive understanding of the associated risks, employing a risk-based approach throughout supervisory activities, resource allocation, and regulatory development. This approach ensures that the efforts dedicated to managing risks are proportionate to their potential impact on NAMFISA's ability to achieve its objectives. Furthermore, as NAMFISA is unwavering in its commitment to continuous improvement, it regularly reviews and updates its risk management framework to adapt to changes in both the internal and external environments.

Fostering a culture of open communication and transparency is also central to NAMFISA's risk philosophy. The organisation prioritises the clear and transparent communication of risks and mitigation strategies to relevant stakeholders, including the staff and the Board. This open dialogue ensures that all stakeholders are well-informed and engaged in the risk management process.

Accountability is a cornerstone of NAMFISA's risk management approach. The staff members are held accountable for the management of risks within their respective areas, and Senior Management bears the overall responsibility for the effectiveness of the risk management framework, which underscores the Authority's commitment to robust and accountable risk management practices.

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 NAMFISA Risk Appetite Statement aims to promote a fair, efficient and stable NBFI sector in which consumers and investors are protected. The statement emphasises regulatory, supervisory, policy advice, operational and governance principles; and it emphasises the importance of a risk-based supervisory approach that reduces the likelihood of financial institution failure and adheres to applicable laws and regulations.

Table 6: NAMFISA Risk Appetite Statement

Risk Category	Regulatory		Supervisory	Policy advice	Operational	Governance
Risk Appetite Statements	Promote a fair, efficient and stable NBFI sector in which consumers and investors are protected		All regulated entities must fully comply with applicable laws	Sound advice to inform national policy	Continuously improve the usage of resources to efficiently execute the mandate	Implement best corporate governance principles and practices
	• Prudential	• Market conduct				
Principles	• Foster a financially stable NBFI sector • Deterrence of financial crime	• Appropriate adjudication mechanism • Fair treatment of consumers • Promote continuous financial education	• Risk and principle-based supervisory approach • Reduce likelihood and impact of financial institution failures • Clearly define systemically important financial institutions • Identify and address material market conduct and compliance issues • Predictability (legal certainty) • Effectiveness • Efficiency • Accountability • Collaboration	• Accurate • Relevant • Timely • Best practice • Advice concerning: » prudential » market conduct • Implementation of plans, laws and regulations as per national priorities	• Target a financial break-even in executing the mandate • Efficiency: » cost-effective » budget management • Accountability • Supportive organisational structure and culture • Performance management systems • Continuous improvement of processes and systems • Combined assurance implementation • Drive innovation initiatives • Funding structure must not place an undue financial burden on consumers of financial services.	• Full compliance with applicable laws and regulations • Adoption of Namcode principles (King 4) • Zero tolerance of not abiding by the NAMFISA values • Components: » code of ethics and managing conflicts of interest » strategic planning and implementation » risk management » reasonable assurance (management controls, internal and external assurance) » governance of IT » stakeholder relationships management

Common Principles:

Accountability to: the industry, intermediaries, policy makers and consumers.

Adoption of relevant principles: International Organisation for Pension Supervisors (IOPS), International Association of Insurance Supervisors (IAIS), International Organisation of Securities Commissions (IOSCO), Committee of Insurance, Securities and Non-Banking Authorities (CISNA).

Compliance: Financial Action Task Force (FATF), applicable and relevant laws and regulations.

Adherence: Best practice, NAMCODE, King Code.

Methodology: Risk-based supervision approach.

The Risk Appetite Statements presented in Table 7 were approved by the Board for implementation in line with the Authority's five-year strategy that spans the 2022-2027 strategic period. During the year under review, the Authority began to monitor risks identified with the updated Risk Appetite Statement and the five-year strategy.

Strategic Risks

In the context of our annual report, it is imperative to address the strategic risks facing the Authority. As a regulatory body that oversees the NBFI sector, NAMFISA continually navigates a complex landscape characterised by evolving regulatory frameworks, technological advancements, and macroeconomic fluctuations. One of the foremost strategic risks lies in adapting to rapid changes in the financial industry, particularly the digitalisation of financial services and emerging FinTech innovations. It is crucial to ensure that our regulatory approaches remain relevant and effective in this dynamic environment. Additionally, maintaining stakeholder trust and confidence while promoting financial stability and inclusion presents an ongoing challenge. NAMFISA is committed to proactively identifying, assessing, and mitigating these strategic risks through robust risk management practices, stakeholder engagement, and continuous capacity-building initiatives. Our dedication to enhance regulatory resilience and responsiveness underscores our commitment to safeguarding the integrity and stability of Namibia's financial system.

The Authority has identified the following strategic risks as part of the development of the five-year strategy together with the adopted mitigating strategies:

1. Change management risk

Contributing factors:

The financial sector's dynamic landscape, legislative changes, regulatory changes, technological transitions, and work culture changes have increased change management risk within NAMFISA. These challenges require careful planning, strategic foresight, and robust change management strategies.

Mitigation strategies:

A culture change survey was conducted, and development of the 2024/25 action plan is underway. Change Management Committee meetings are held on a monthly basis to monitor active projects or transitions.

2. Reputational risk

Contributing factors:

Legal challenges, poor legislation implementation, slow FinTech adoption, negative staff morale, poor customer and stakeholder service experiences, and not meeting expectations can lead to the loss of reputation.

Mitigation strategies:

NAMFISA has implemented various strategies to effectively manage and mitigate reputational risks. Legal challenges are overseen by the CEOs and the Board through the Delegation of Authority, which ensures robust decision-making and accountability. Initiatives such as the Fintech Square and the NAMFISA Regulatory Sandbox demonstrate the Authority's commitment to fostering innovation in the financial sector. The Deloitte Culture Survey results were shared with staff, which led to the development of a comprehensive plan to enhance the organisational culture. Regular engagement with staff is maintained through quarterly meetings and corporate calendar events, and a staff retention framework is in progress. NAMFISA's commitment to stakeholder satisfaction is evident in the External Customer Survey result of 73 percent, with ongoing reporting mechanisms. EXCO has approved a Collaboration Strategy, for which the implementation is 85 percent complete.

3. Corporate governance risks

Contributing factors:

NAMFISA faces potential risks to its corporate governance due to a lack of succession planning, exemption under the Public Enterprises Governance Act, 2019 (No. 1 of 2019), and the ineffective delegation of authority and line ministry directives.

Mitigation strategies:

The Authority is implementing a Talent Management Policy to prepare staff for next-level positions. The Board tenure ends on 31 August 2024, and the Authority is engaging with the Minister of Finance and Public Enterprises on the succession plan. The Delegation of Authority is reviewed periodically, where the last review for Supervision and Operations was in September 2019.

4. Security risks

Contributing factors:

NAMFISA faces significant security risks in this digital age, including the increasing threat of cybercrime, potential data loss due to cyber-attacks, system malfunctions, human error, and the inadequate security of infrastructure. These factors can have severe operational and reputational implications.

Mitigation strategies:

The Authority is continuously enhancing cybersecurity education, performing periodic data backups and restorations, and conducting regular updates and testing on its ICT environment.

5. Technology risk

Contributing factors:

NAMFISA faces significant technology risks due to ineffective technologies, outdated systems, connectivity complications, poor data management practices, and challenges with data validation.

Mitigation strategies:

The Authority is enhancing its existing functionalities, including the Electronic Regulatory System (ERS), Enterprise Resource Planning (ERP), and the website. In addition, the Authority is working on the automation of critical reports by the end of the financial year, and it is implementing the remaining Data Validation Rules.

6. Sustainability risk

Contributing factors:

NAMFISA faces several sustainability risks, including potential litigation cases, severe economic downturns, and evolving regulatory landscapes. Litigation can lead to financial liabilities and it can damage the organisation's reputation. Economic downturns can affect financial stability and operational continuity, potentially causing budget constraints and resource limitations.

Mitigation strategies:

NAMFISA addresses the sustainability risk from litigation; thus far, no immediate concerns have been found. However, ongoing litigation could pose financial and reputational risks. The Authority is actively addressing sustainability risk due to a severe economic downturn, using financial factors and IMF projections. The IMF's global economic projections and domestic challenges are crucial for financial planning and risk mitigation strategies. Youth unemployment and pension fund changes highlight the importance of prudent budgeting and financial preparedness. The Authority is not increasing the staff headcount, but it will engage stakeholders to source funding solutions that align with the legislation's objectives while maintaining fiscal responsibility.

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

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.

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 3).

Figure 3: 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 4.

Figure 4: 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; the General Manager of 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 and Licensing 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) (as amended) or with any regulation, order, circular, directive, notice or determination issued in terms of this Act. The Enforcement Committee was dissolved in December 2023, in line with the reviewed Enforcement Policy.

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.

Learning and Development Committee

The Deputy CEO for Market Conduct and Operations chairs the Learning and Development Committee and is deputised by the Deputy CEO for Prudential Supervision. The Committee's members include the General Manager of Human Resources and the General Manager of Finance and Administration. The Committee's primary purpose is to evaluate and recommend learning and development interventions within NAMFISA to the CEO for approval. It is further mandated to prioritise organisational short- and long-term learning and development objectives, in line with NAMFISAs strategic objectives and approved budgetary provisions for a given financial year. The Committee further aims to ensure that a Learning and Development Plan is in place, and to ensure fairness and equity throughout the Authority.

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.

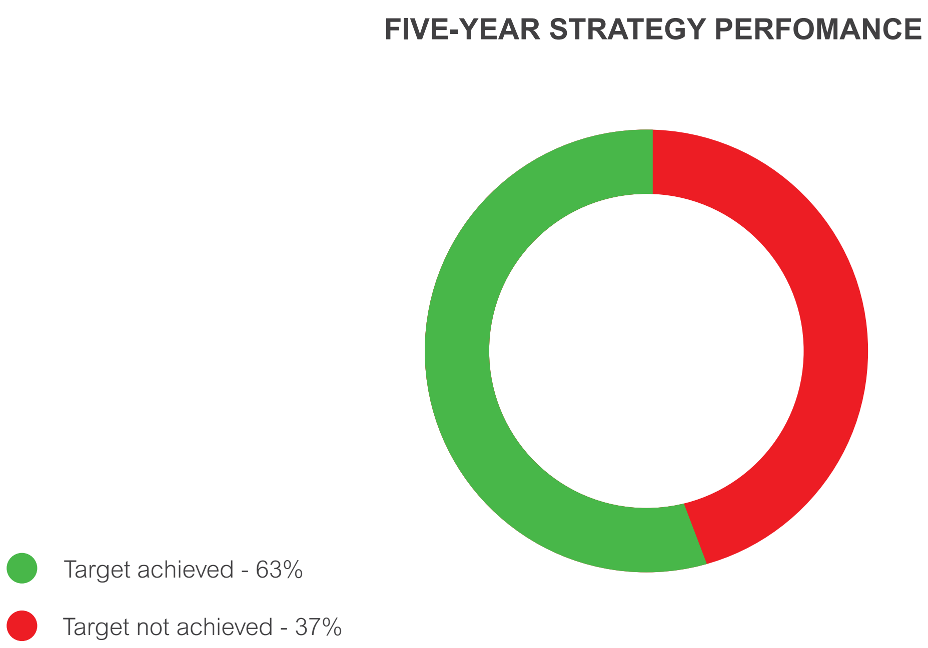
STRATEGY AND PERFORMANCE

Strategy

The 2023/24 financial year marks the second year of the Authority's 2022-2027 five-year strategy, which commenced on 1 April 2022. The key outcome is to focus on what will be delivered in the first year of the strategy by balancing strategic change and operational deliverables (business as usual). Eleven (11) strategic initiatives are earmarked to be achieved and completed by the end of the 2022-2027 five-year strategy. For the 2023/2024 financial year of the strategy, the Authority focused on the following eight (8) objectives:

1. Improved use of technology and innovation capabilities
2. Improved data management
3. Improved access to NAMFISA services
4. Improved knowledge and skills
5. Improved work culture
6. Improved service delivery
7. Improved customer and stakeholder engagement
8. Improved financial sustainability

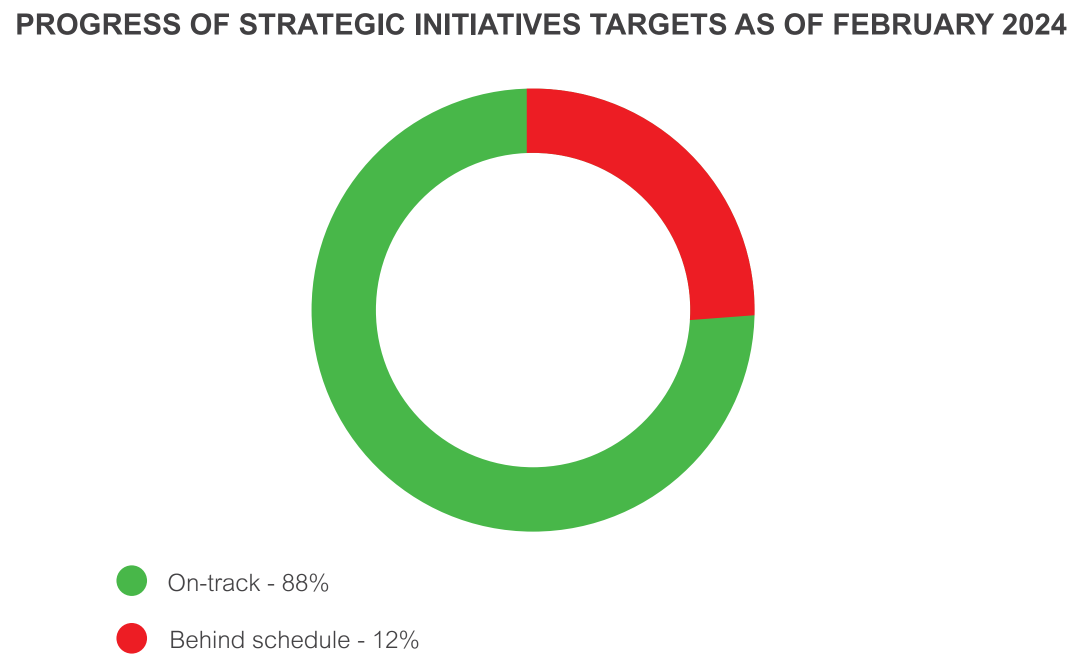
Figure 5: Achievement of strategic performance measures, five-year strategy, 2023/24



In respect of the second year's achievements of the five-year strategy targets, NAMFISA has achieved 54 percent of its strategic performance measures (Figure 5).

The performance of the Business Plan across the eight (8) strategic objectives constituted a 76 percent completion rate; however, 24 percent of these initiatives were behind schedule (Figure 6).

Figure 6: Completion of strategic initiatives for 2023/24



The Authority routinely conducts its annual strategy review to reflect and evaluate on the strategy performance as well as to refocus, which is vital to ensure that improvement remains continuous. In this regard, a Business Plan for the 2024/25 financial year has been devised, which will focus on the following eight (8) objectives:

- Improved use of technology and innovation capabilities
- Improved data management
- Improved access to NAMFISA services
- Improved knowledge and skills
- Improved work culture
- Improved process and systems integration
- Improved customer and stakeholder engagement
- Improved financial sustainability

Of the original eleven (11) strategic objectives, the Authority continued to monitor the performance of the remaining three (3) objectives through strategic performance measures during the reporting period, as some of these measures are in place operationally. 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 on a quarterly basis 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 regard to the achievement of its core activities. Table 8 presents the strategic objectives and key initiatives that will drive performance in the 2024/25 financial year.

Table 7: Strategic objectives and key strategic initiatives planned for 2024/25

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	• Organisational assessment and realignment
Improved work culture	• Implementation of a Culture Improvement Plan
Improved process and systems integration	• IFRS 17 readiness project
Improved customer and stakeholder engagement	• Collaborative stakeholder and customer engagement
Improved financial sustainability	• Explore new sources of top-line growth

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 conducted semi-annually to the Minister of Finance and quarterly to the Board through the Audit and Risk Committee. Executive Management continuously monitors budget implementation, ensuring compliance with budgetary requirements and financial transparency.

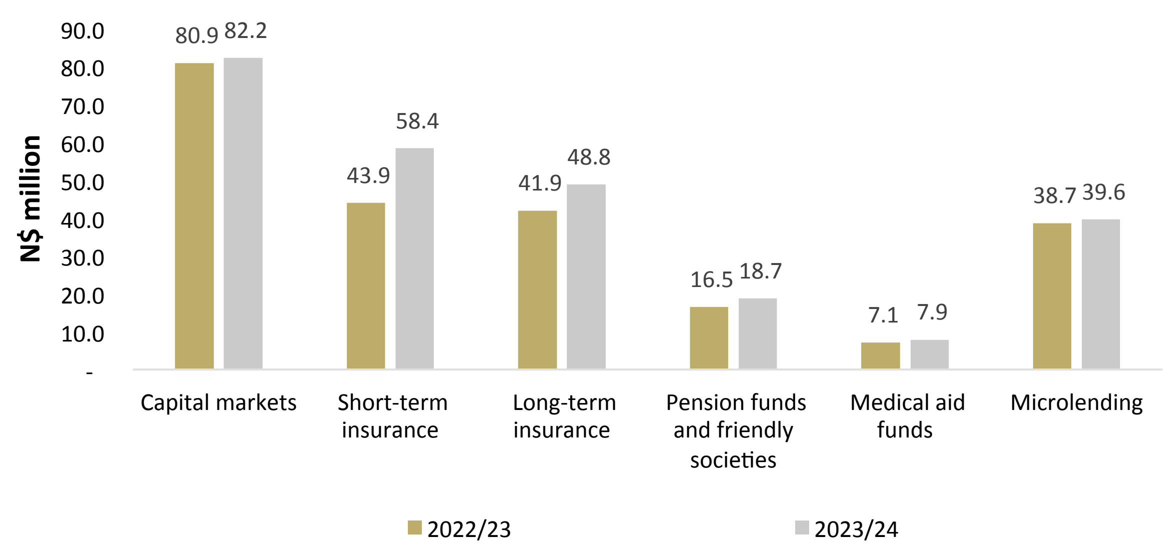
Overall performance

For the year ended 31 March 2024, the Group's total income amounted to N$279.5 million, with total expenditures amounting to N$254.7 million. Other comprehensive income amounted to N$12.8 million, resulting in a total comprehensive surplus of N$37.7 million, compared with a budgeted deficit of N$16.6 million.

Income

During the review period, levy income amounted to N$255.5 million, representing an increase of N$26.6 million (11.6%) compared to the previous financial year. This increase in levy income indicates that the Non-Banking Financial Institutions (NBFIs) remained financially stable, sound, and resilient.

Figure 7: Levy income per industry



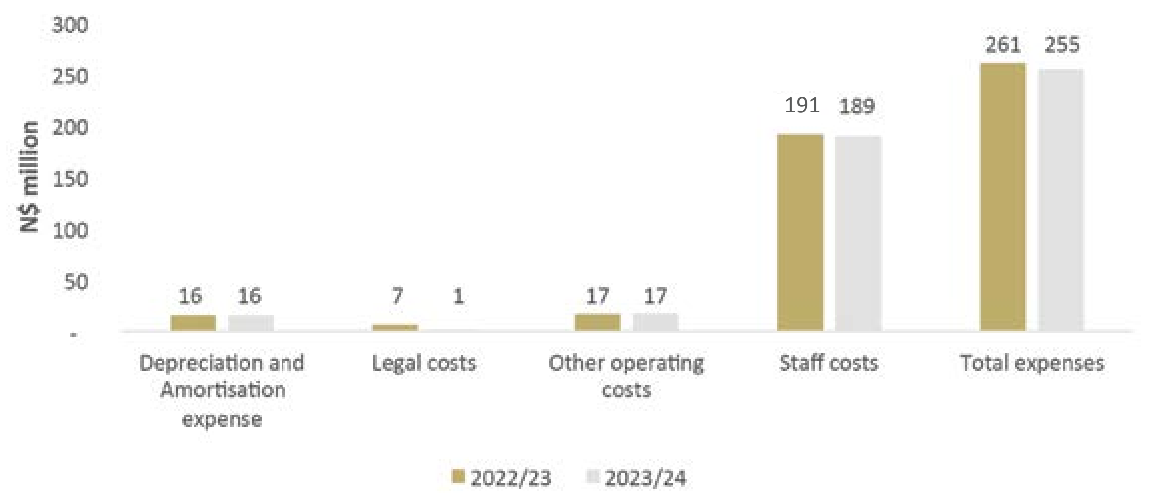
Expenditure

The Group's total expenditure for the review period was N$254.6 million, a decrease of N$5.9 million (2.3%) compared to the prior financial year. Staff costs, which make up the largest share of the total expenditure at 74%, decreased by 0.9% to N$189.4 million.

The decrease was primarily driven by a decrease in Legal Costs of N$5.3 million (78.4%) owing to fewer payments towards litigations than prior year, a decrease of N$4.4 million (147%) in Excepted Credit losses due to improved collection of levies and Employee costs decreased by N$1.8 million due to a reduction in performance bonuses. Additionally, there was a significant decline in training and development expenditures compared to the previous year.

Legal costs decreased by N$5.3 million (78.4%) owing to fewer payments towards litigations than prior year.

Figure 8: Operating expenditure



Financial position

As of 31 March 2024, the Group's total assets increased by N$34.4 million (11.3%) to N$339.0 million. This increase is attributable to an increase of N$25.1 million in investment and call account balances due to surplus cash from increased levy collection, and an increase of N$18.8 million in property plant and equipment due to additional assets purchased and an extension of the property lease term.

The Group's total liabilities decreased by N$3.2 million (2.7%) to N$115.3 million. This decrease is mainly attributable to the decrease of N$4.6 million (10.3%) in the Post-Retirement benefit obligation.

Human Resources Developments

Executive or key employee changes

Table 8a presents the new appointments made at the Management level to ensure proper execution of the Authority's mandate and strategy.

Table 8a: Management appointments

Seniority	Name	Position	Date of appointment
Management	Ms Julia Mukapuli	Legal Advisor	17 April 2023
Senior Management	Mr Erich Gariseb	GM: Insurance and Medical Aid Funds	1 May 2023
Management	Ms Ewaldine Neumbo	Manager: Capital Markets	1 October 2023
Management	Ms Rosalia Mboti	Policy Advisor	1 November 2023

Table 8b: Management resignations

Seniority	Name	Position	Date of appointment
Management	Mr John Siseho	Policy Advisor	30 June 2023
Senior Management	Mr Absalom Kapenda	GM: Capital Markets	30 November 2023

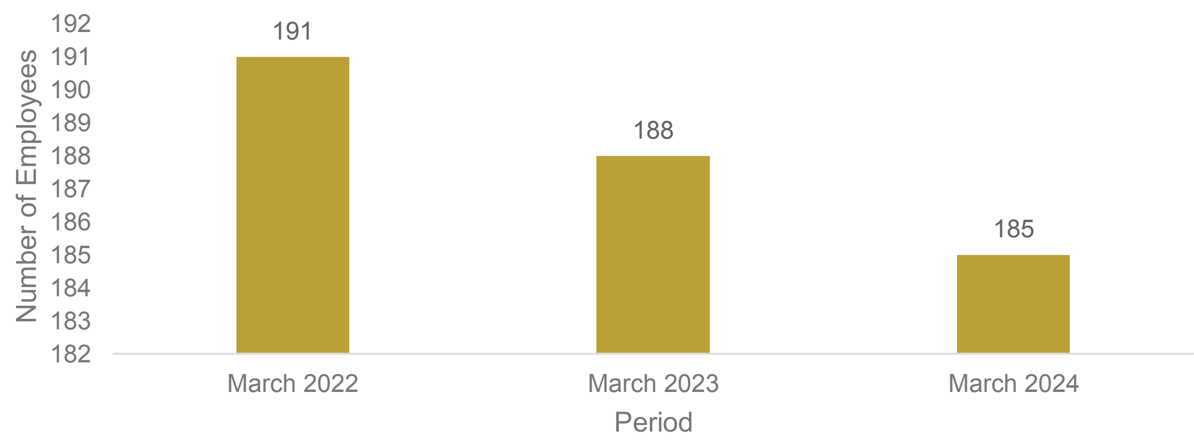
Labour turnover

The staff turnover rate as at 31 March 2024 was 8.45 percent, compared with 5.60 percent for the previous reporting period. This is above the institutional target limit of 5.0 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 185 on 31 March 2024. This represents a 1.60 percent reduction in the workforce, compared with the previous financial year (Figure 9).

Figure 9: Staff complement



NAMFISA remains an equal opportunity employer. In this regard, the reporting period saw a majority of female staff (57.84 percent) compared with male employees (42.16 percent).

Table 9: Staff complement

Office / Division	Permanent staff		Temporary staff		Total staff			% per Division
	Females	Males	Females	Males	Females	Males	Total	
Finance and Administration	17	7	1	1	18	8	26	14.05
Human Resources	6	1	0	0	6	1	7	3.78
Insurance and Medical Aid	9	12	0	0	9	12	21	11.35
Capital Markets	8	6	0	0	8	6	14	7.57
IT	5	7	0	0	5	7	12	6.49
Legal and Licensing Services	15	7	0	0	15	7	22	11.89
Office of the CEO	8	7	0	0	8	7	15	8.11
Research, Policy and Statistics (RPS)	4	10	1	0	5	10	15	8.11
Market Conduct	17	9	3	1	20	10	30	16.22
Strategic Projects	1	2	1	0	2	2	4	2.16
Pension Funds	11	8	0	0	11	8	19	10.27
Total	**99**	**80**	**5**	**4**	**104**	**84**	**185**	**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 implementation of the revised performance agreement template was actioned in April 2023, a basis on which all performance goals were developed and reviewed. Management will monitor its effectiveness through the performance moderation process.

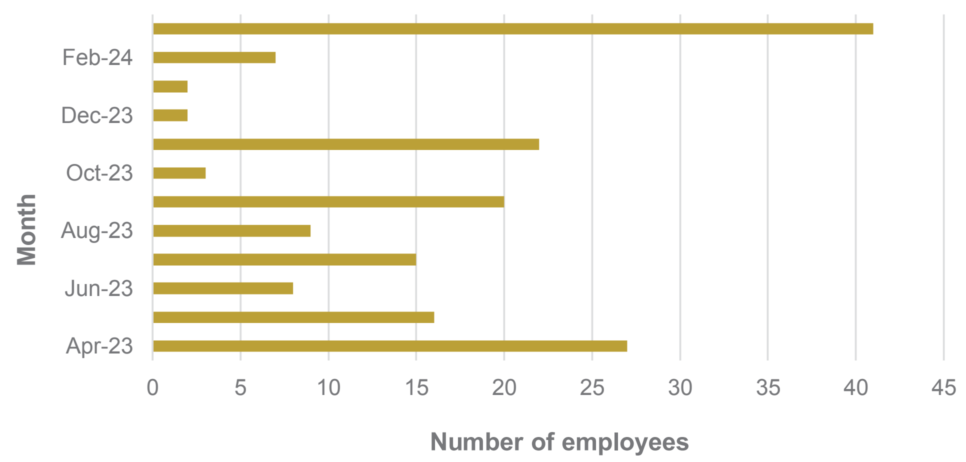
Performance monitoring and improvement is encouraged throughout the year, with formal employee reviews conducted at the end of September and March each year. Any identified gaps are addressed through the various learning and development strategies.

Training and development

NAMFISA continues to extend learning and development programmes to enable employees to remain relevant and skilled, and to keep pace with the changing business and regulatory environment. Several learning and development initiatives have been implemented, ranging from mandatory and technical skills training to soft-skills training, in line with the identified training needs. The learning programmes offered to employees allows them the flexibility to choose from a number of learning modalities, ranging from face-to-face, online or remote to a hybrid of options. Learning and development are critical human resources, as they keep employees motivated and engaged, which ultimately contributes to NAMFISAs strategic and operational goals.

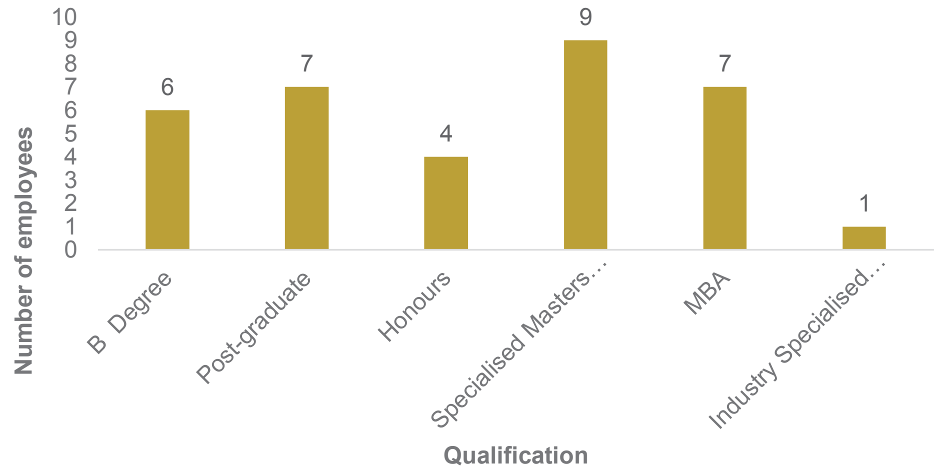
Figure 8 illustrates the number of training interventions attended during the reporting period.

Figure 10: **Staff development**



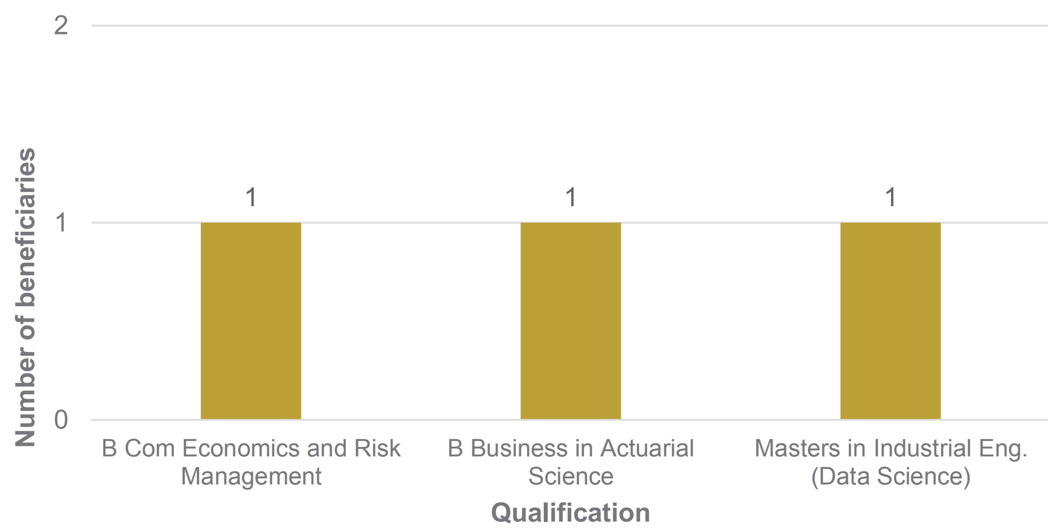
As part of fostering a learning organisational culture, NAMFISA extended interest-free employee study aid to its employees. However, following a comprehensive assessment of the available study aid budget for the current financial year and consideration of the Learning and Development Policy alongside the affordability principle, a moratorium was placed on all new study aid applications, effective from January 2024. NAMFISA remains committed to supporting the existing study aid beneficiaries and will focus on short courses. Currently, 34 employees make use of the study aid programme, as indicated in Figure 9.

Figure 11: **Study aid**



As part of NAMFISAs social responsibility and concerted efforts to design and implement programmes that can feed the required financial supervisory skills at the Authority and for the nation at large, three (3) bursaries were awarded, where studies are being pursued at various South African tertiary institutions, as indicated in Figure 12.

Figure 12: **Bursaries awarded**

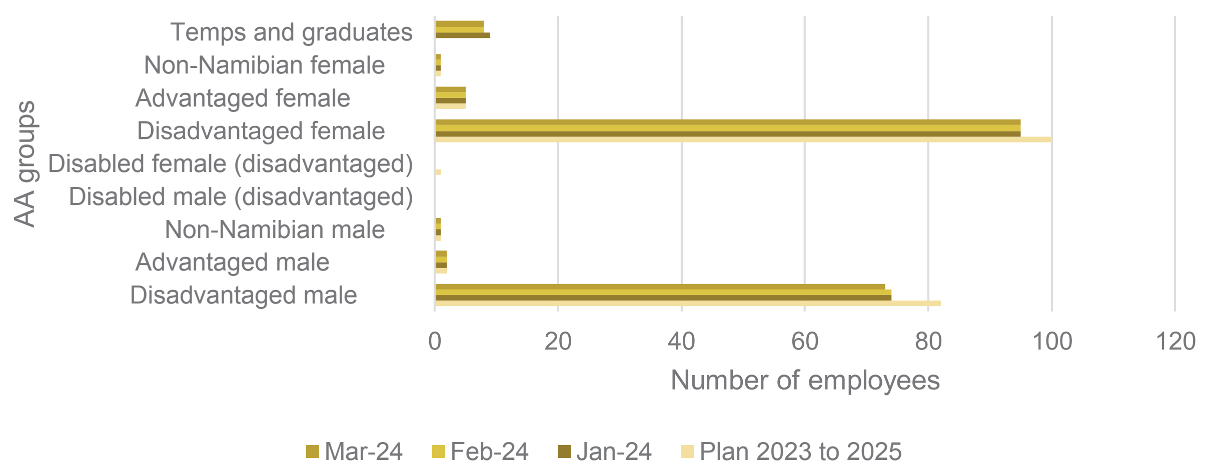


Employment equity

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 13 depicts the progress made towards completion of the 2023-2025 Affirmative Action Plan at the end of the reporting period in December 2023. The target for disadvantaged males and females has been exceeded. Due to the scarcity of skills in the actuarial field nationwide, the position of actuary is 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 continues to engage the Disability Council of Namibia with the intention of enhancing recruitment and diversity in this category.

Figure 13: Employment equity



Change in the workplace culture

In order to assess the effectiveness of the implemented Two-year Culture Improvement Action Plan interventions, a culture and engagement survey was conducted. The results reflected a 72.6 percent engagement score. Additional consultations with all staff were undertaken in order to derive strategies to address the identified areas of improvement. The Improvement Action Plan will be implemented during the 2024/25 financial year.

Corporate social responsibility and investment

NAMFISA, as a responsible corporate citizen, plays a meaningful role in society and remains committed to being socially responsible through the funding of projects and activities that contribute positively to national development in Namibia.

All the identified corporate social responsibility and investment (CSRI) activities supported by NAMFISA should create the highest level of impact for the institution's brand; as such, the contributions need to be sustainable. The Authority also encourages employee involvement in identifying and volunteering for worthwhile causes.

The corporate social responsibility operations are enshrined in the NAMFISA CSRI Policy, which focuses on the following areas:

- Educational initiatives
- Sports, arts and culture
- Information and communications technology (ICT)
- General (e.g. health, national concerns)

As consumers of financial services extend throughout all the regions in Namibia, sponsorships and investments need to be reflected. NAMFISA allocated N$262,589.00 for CSRI sponsorships of institutions, communities and initiatives. These investments have made a tangible difference in various communities throughout Namibia, fostering positive change and sustainable development.

NAMFISA remains committed to leveraging its resources and expertise to make a meaningful difference in the lives of Namibians.

Table 10 illustrates the institutions, communities and initiatives that benefited from NAMFISA's CSRI sponsorships.

Table 10: CSRI sponsorship beneficiaries: Institutions, communities and initiatives

Beneficiary	Description	Region
Namibia Consumer Trust (NCT)	The sponsorship included membership of Consumers International.	Khomas
Namibia University of Science and Technology (NUST)	Sponsorship was awarded to the five best performing students in the study fields of Economics, Accounting and Finance.	Khomas
Smiley's National Charity House	The Smiley's National Charity House is a charity organisation that provides those in need with food and clothes, rural senior citizens with accommodation, and unemployed men and women with training. The sponsorship included building material for a new structure.	Khomas
Onelago Combined School	The sponsorship included chairs and tables.	Omusati
Techstars Startup Weekend Windhoek	NAMFISA sponsored the Techstars Startup Weekend Windhoek, which is a three-day event where aspiring entrepreneurs can meet mentors, investors, co-founders, and potential sponsors.	Khomas
Faith Primary School	The Faith Primary School caters for 1,600 children from the Havana, Greenwell, Hakahana and Goreangab settlements. The sponsorship included building materials for the refurbishment of four classrooms.	Khomas
Mayeyi Traditional Authority	The sponsorship included the participation of the Cultural Expo.	Zambezi
Muketela Primary school	The sponsorship included stationery and furniture.	Zambezi
Schmelenville Combined School	The sponsorship included chairs and tables for the school's library renovation project for learners in Bethanie and surrounding areas.	Karas
The Brief	The sponsorship included a student internship programme.	National
Drimiopsis Primary School	The sponsorship included stationery for disadvantaged learners in Gobabis.	Omaheke
Heroes' Day Commemoration	NAMFISA sponsored the annual Heroes' Day commemoration.	National

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 aims to improve the efficiency and effectiveness of regulatory monitoring by improving the allocation of limited resources to high-risk areas in the sector.

Key activities during 2023/24

The Division continued with the readiness assessment to enable the seamless implementation of the new NAMFISA Act and the FIMA. Staff underwent rigorous in-house training interventions in preparation for the implementation of these Acts as well as the Risk-based Supervision (RBS) Framework.

The Division embarked on the implementation of the International Financial Reporting Standard (IFRS) 17 Insurance Contracts. IFRS 17 is effective for financial periods that commenced on or after 1 January 2023. NAMFISA's focus was on capacity building, as well as its alignment of regulatory reporting and its Electronic Regulatory System's reporting to IFRS 17, in as far as is practical. NAMFISA consulted with the industry and the Institute of Chartered Accountants of Namibia (ICAN) regarding the impact of IFRS 17 on solvency and operational risks posed by the transition.

The Division conducted quarterly off-site monitoring of all insurers and medical aid funds to ensure the timely identification of risks. The Division conducted an analysis of the audited financial statements of insurers and medical aid funds and reconciled the audited data to the quarterly submissions to ensure that the data submitted on a quarterly basis is valid, accurate and complete.

Key focus areas for 2024/25

- Reconfiguration of the ICT platform to achieve increased automation.
- Continue with the review of subordinate legislation under the FIMA to ensure seamless implementation once the Act is operationalised.
- Conduct on-site inspection(s) in accordance with the RBS Framework to cement the principles of RBS contained therein.
- Review and update of business processes with the aim of improving automation and alignment to the FIMA's requirements.
- Continue with capacity building required for the successful implementation of IFRS 17.
- Design the regulatory reporting templates and key performance indicators (KPIs) to be adopted under IFRS 17.

The Division will conduct quarterly off-site monitoring of all insurers to ensure the timely identification of risks. The Division will conduct an analysis of the audited financial statements and reconcile the audited data to the quarterly submissions to ensure that the data submitted on a quarterly basis is valid, accurate and complete.

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 (No.24 of 1956). The Division's function involves rendering supervisory oversight and regulation of financial market infrastructure and the stock exchange, stockbrokers, investment managers, unit trust management companies, linked investment service providers, unlisted investment managers, and special purpose vehicles.

PRUDENTIAL SUPERVISION FUNCTION

Capital Markets Division

Key activities during 2023/24

The Division assisted with the review of the first Central Securities Depository (CSD) application, which was granted approval in March 2024. In collaboration with the Pension Funds and Friendly Societies Division, the Division reviewed the Pension Fund Regulations and proposed eleven (11) amendments.

The Division continued to review industry comments on the FIMA standards that relate to the capital markets' chapters, and focused on enhancing internal processes to facilitate the smooth implementation of the FIMA.

With the approval of the RBS Framework, the Division conducted RBS on-site inspections and followed up on the action plans that emanated from previous inspections. The review and analysis of financial statements and unaudited financial reports continued during the financial year.

The Division continuously engaged with the One Chart of Account (OCoA) Project, which involved the ongoing development of financial and non-financial forms as well as the testing, updating and automation of returns, in line with the IMF data validation rules.

Key focus areas for 2024/25

The Division will focus on the implementation of the Central Securities Depository (CSD) Conditions and the FIMA, and it will continue to review the industry comments on the FIMA standards and regulations that relate to the capital markets' chapters.

The Division will conduct RBS on-site inspections as part of the RBS Capacity Building Project, and it will follow up on the implementation of the action plans that emanated from previous inspections. As part of the off-site inspection process, the Division will review and analyse the annual audited and unaudited financial statements during the ensuing financial year.

The Division will continue with the readiness assessment for the implementation of the new NAMFISA Act and the FIMA, and staff will continue to undergo rigorous in-house training interventions in preparation for the implementation of these Acts as well as the RBS Framework.

The Division will review the FinTech Square applications that pertain to the capital markets industries classified under the NAMFISA Regulatory Sandbox.

The Division will continue with the enhancement of the One Chart of Account (OCoA) Project, which involved the ongoing development of financial and non-financial forms as well as the testing, updating and automation of returns.

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 2023/24

During the period 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 continued to focus on ensuring the protection of pension fund members' interests, in accordance with the relevant legislation and supporting instruments.

The Division implemented the RBS methodology during its inspection process in the calendar year, and adopted the organisational risk-based framework as the basis of all its inspections conducted during the same period. This risk-based approach enabled the Division to take a forward-looking viewpoint while assessing the soundness of funds, and to proactively implement mitigation measures to safeguard the financial system.

The Division undertook familiarisation visits to pension funds, in line with the organisation's strategic objective to improve customer and stakeholder engagement. These engagements allowed the Division the opportunity to better understand the strategies and day-to-day operations of the funds visited, and they allowed the funds the opportunity to raise any challenges they may be experiencing and to discuss issues of mutual concern. The outlook of these visits was to foster stronger relationships with key stakeholders.

PRUDENTIAL SUPERVISION FUNCTION

Pension Funds and Friendly Societies Division

Key focus areas for 2024/25

The Division will continue to fulfil its mandate in the 2024/25 financial year by focusing on improving regulatory, supervisory, and operational efficiency. The Division will focus on refining its skills and processes for risk-based inspections, and it will undertake follow up inspections to monitor the implementation of remedial actions from prior assessments. The Division will also continue with familiarisation visits during the 2023/2024 financial year.

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 trends and financial and economic 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 and the annual report.

Key activities during 2023/24

The Division carried out research work on the sustainability of medical aid funds in Namibia, on the mitigation of cyber risks in the NBFI sector, and on the SupTech Paper relevant to NAMFISA. In addition, an RBS Framework for small firms in NBFIs was developed in collaboration with the supervisory divisions. The Division coordinated the finalisation of the diagnostic report on the Index-based Agriculture Insurance conducted by the World Bank. The Division provided actuarial support, which, among others, included an actuarial valuations review and an assessment of the insurance market's readiness for the implementation of IFRS-17 review.

Other key activities include the analysis of financial stability risks in the NBFI sector, drafting the Financial Stability Report, supported consultations pertaining to the standards and regulations of the FIMA, and participation in national consultations regarding the Consumer Credit Bill.

Key focus areas for 2024/25

During the 2024/25 financial year, the Division will focus on the implementation of ongoing research work. This will include the implementation of recommendations that originated from the following research output: sustainability of medical aid funds in Namibia, mitigation of cyber risks in the NBFI sector, and SupTech for improved supervision.

The Division will coordinate the implementation of the recommendations of the World Bank Diagnostic Report to develop and operationalise the National Disaster Risk Financing Framework, and to potentially develop a National Index-based Agriculture Insurance. The Division will provide technical assistance for the implementation of formal consultations on Subordinate Legislation under the FIMA.

Other focus areas include the finalisation of the NAMFISA Application for Ordinary IOSCO Membership, analytical work on the regulation of linked investment service providers in Namibia, alternative finance models or practices in Namibia, assessment of Environment and Social Governance (ESG) progress within NBFIs, assessing the impact of the IFRS17 implementation on the insurance sector, and the consideration of securitisation in the NBFI sector.

PRUDENTIAL SUPERVISION FUNCTION

Research, Policy and Statistics Division

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 2023/24

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. In this regard, 91.0 percent of the received complaints were resolved in 2023. This signifies a slight decrease compared with 94.9 percent resolved complaints in the previous year.

Special attention was given to enhanced stakeholder engagements with NBFIs to discuss the root causes of complaints, and to gain a greater understanding of the NBFIs' complaints management systems and strategies to improve customer service and the fair treatment of consumers. In this regard, the Department held bi-annual stakeholder engagements with those NBFIs that received the highest complaints. This resulted in the decrease of received complaints (from 730 to 691) during 2023.

Key focus areas for 2024/25

The Department will continue to focus on initiatives that increase consumer satisfaction by receiving and resolving complaints related to market conduct. The Department will ensure the full implementation of Circular MCD/2/2023, which requires NBFIs to establish and implement complaints-handling procedures to ensure that complaints are handled at the NBFIs before consumers engage with the Authority. The Department will continue its stakeholder engagements with NBFIs to understand the root causes of their complaints, and to gain an improved understanding of the NBFIs' complaints management systems and strategies being employed to improve customer service and fair treatment of consumers. The outlook of these engagements is to improve consumers' experience of the financial services.

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 to ensure compliance with the Financial Intelligence Act, 2012 (No.13 of 2012) (FIA) (as amended) and the Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (No. 4 of 2014) (PACOTPAA) (as amended), as well as their subordinate instruments. As the aforementioned mandate is informed by the understanding of the money laundering, terrorism financing, proliferation financing (ML/TF/PF) risks that the NBFI sector faces, it is executed according to a risk-based approach. Second, the Department is responsible for conducting targeted inspections into NBFI affairs, or any part of their affairs, when the need arises.

Key activities during 2023/24

During the year under review, the Department continued to apply a risk-based approach to AML/CFT/CPF supervision, in line with Namibia's Mutual Evaluation (ME) recommended actions. Namibia was placed under a 12-month observation period (September 2022-October 2023) by the FATF to follow up on the execution of the ME recommended actions. It is against this background that the Department focused its efforts on the ME recommended actions.

The Department updated the Sectoral Risk Assessment (SRA), covering all the accountable institutions (AIs) in the NBFI sector. The Department amended the Risk-based Supervision Framework, focusing on the frequency and intensity of supervision, in line with the risk-based supervision guidelines issued by the FATF in 2022. Subsequently, and according to its annual supervisory plan, the Department conducted on-site inspections of all the high-risk and medium high-risk AIs in line with the ME recommended actions. The Department conducted off-site inspections of the AIs, concentrating on the timely remediation of previously identified control weaknesses.

MARKET CONDUCT AND OPERATIONS FUNCTION

Market Conduct Division

MARKET CONDUCT AND OPERATIONS FUNCTION

Market Conduct Division (continued)

During these on-site inspections, the Department noted that some of the AIs showed significant improvements in the application of preventative measures, particularly in the capital markets sub-sectors. During the off-site inspections, the Department noted the timely remediation of previously identified deficiencies, which resulted in the Department's issuance of remediation closure letters, where applicable.

In line with the ME recommended actions, the Department conducted quarterly outreach activities, and issued guidelines on the application of a risk- based approach to AIs in the NBFI sector.

To demonstrate the effective execution of the ME recommended actions, the Department provided input to the Post-observation Period Report (POPR), which the country submitted to the FATF Joint Group at the end of the observation period in November 2023. Subsequently, the Department provided clarification on the execution of the ME recommended actions at the FATF Joint Group face-to-face meeting on 8 January 2024.

Insufficient progress on the execution of some of the ME recommended actions, across various implementing agencies in Namibia, resulted in Namibia being grey-listed by the FATF on 23 February 2024.

Key focus areas for 2024/25

The Department will continue to apply a risk-based approach to supervision. In this regard, frequent and intensive coverage will be given to high-risk and medium high-risk AIs, and less frequent and intensive coverage will be given to medium-low and low risk AIs. Similarly, more resources will be allocated to high-risk and medium high-risk AIs than to medium-low and low risk AIs. This will be done in line with the amended NAMFISA AML/CFT/CPF Risk-based Supervision Framework.

The outstanding ME recommended actions (i.e. the imposition of proportionate and dissuasive administrative sanctions; and ensuring the application of enhanced measures, including obligations related to beneficial ownership [BO], prominent influential persons [PIPs] and targeted financial sanctions [TFS]) will form part of the departmental Annual Supervisory Plan for the financial year 2024/2025. The Department's immediate execution of the outstanding ME recommended actions, together with other stakeholders' execution of the additional eleven (11) outstanding ME recommended actions, will enable Namibia's swift exit from the greylist.

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 2023/24

For the microlending sector, the Department's resources were steered towards enhancing the industry's understanding of the Microlending Act, 2018 (No. 7 of 2018), as well as towards ensuring alignment in the interpretation of the provisions of the Act. In this regard, the Department issued Circulars MC/CCD/1/2023 and MC/CCD/2/2023, dated 24 October 2023 and 1 December 2023, respectively.

The aim of Circular MC/CCD/1/2023 was to provide microlenders with guidance regarding NAMFISA's interpretation of the phrase "the total amount of loans disbursed" in paragraph 15 of the Government Gazette No. 6438 ('the Levy Gazette'), published under the Government Notice No. 265, dated 10 October 2017. Circular MC/CCD/2/2023 informed microlenders of the ruling by the NAMFISA Appeal Board, delivered on 7 August 2023. Regarding the latter circular, all microlenders were directed to ensure their compliance with all the provisions of the Microlending Act, including sections 23 and 24.

During July 2023, The Department issued an industry-wide directive to all regulated entities regarding 'conflict of interest'. The purpose of the directive was to give the providers of financial services guidance regarding the identification, evaluation, and management of conflicts of interest that may arise from practices relating to the entertainment of, receiving benefits from, or offering benefits to financial service providers or their representatives.

The Department continued to host the annual Microlending Industry Forum stakeholder engagements. The forums were held in the Karas, Khomas, Otjozondjupa and Erongo regions, in the respective towns of Keetmanshoop, Windhoek, Otjiwarongo and Swakopmund.

The Department focused on the approval of insurance dispensations in terms of section 2(2) of the Short-term Insurance Act, 1998 (No. 4 of 1998), and on the identification and remediation of market conduct malpractices and misconduct within the non-banking financial sector. Non-compliance includes the conducting of business by unregistered non-banking financial institutions and the issuance of fraudulent insurance policies by registered brokers, which resulted in the deregistration of various brokers.

Key focus areas for 2024/25

The Department will continue to focus its activities on ensuring the fair treatment of Namibian consumers. In this regard, the Department will continue with its supervision and regulation of the industry to ensure that the industry is compliant with the provisions of the Microlending Act. 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 work closely with the Research, Policy and Statistics Division to monitor the progress of the innovations currently being tested within NAMFISA's controlled Regulatory Sandbox environment for the microlender cohort.

As a key project for the 2024/25 fiscal year, the Department will focus on the implementation of the NAMFISA Market Conduct Supervision Framework, which will include capacity building, the development and enhancement of industry data requirements, internal processes and procedures, and supervisory tools.

The Department will conduct stakeholder engagements with registered insurance intermediaries to ensure continued compliance with the Short-term Insurance Act, 1998 (No. 4 of 1998) and the Long-term Insurance Act, 1998 (No. 5 of 1998), and to ensure consumer protection. As dispensation approval remains a key focus for the Department, we will continue to improve the turnaround approval times for applications. With the enhancement of the Electronic Regulatory System (ERS), the Department will be able to obtain relevant data, and effectively supervise and enforce compliance of the insurance intermediaries.

Internal Audit Department

The Internal Audit Department's activities are guided by the approved Internal Audit Charter and are aligned with the International Professional Practices Framework (IPPF), which is the conceptual framework that organises authoritative guidance promulgated by the Global 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 2023/24

The approved risk-based Internal Audit Plan for 2023/24 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, where sufficient audit coverage was achieved with completed reviews. This was undertaken as planned, and all material issues were reported to the appropriate levels of Management and the Audit and Risk Committee.

The follow-up on actions and the 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 2024/25

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 2024/25 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 2023/24

Ethics and governance

NAMFISA maintained a proactive stance on ethics and governance. While formal ethics training was not scheduled, ongoing awareness activities were led by the Ethics Officer in collaboration with Senior Management. Staff adherence to the Code of Ethics was evident, where all declarations of interest were reviewed and no transgressions reported. The Authority addressed all staff queries on ethical matters, reinforcing the ethical culture.

Risk management

NAMFISA achieved a reduction of 14 percent in residual risk ratings from Q2 to Q3 of 2023/24, which demonstrates commendable progress in risk management. Key divisions (i.e. Legal and Licensing Services, Corporate Communication, and Consumer Education) showed marked improvements in their management of operational risks. Despite this progress, emerging risks were identified.

The mitigation measures for these emerging risks include:

- Medical aid funds sustainability: The Authority was actively engaged in assessing the long-term viability of the medical aid funds industry, emphasizing stakeholder engagement, policy research, and regulatory amendments to bolster sustainability.
- IFRS 17 reporting requirements: In order to mitigate the potential inaccuracies that arise from unfamiliarity with new financial reporting standards, NAMFISA has approved an IFRS 17 Implementation Plan, which encompasses industry consultations and phased adoption strategies.
- Stakeholder expectations: Efforts are underway to enhance stakeholder engagement through strategy implementation, survey reviews, and regular reporting to ensure alignment with stakeholder needs and expectations.
- Staff turnover in AML and inspections: As the Authority acknowledges the potential of staff challenges in vital departments, it is formulating retention strategies to mitigate talent loss and to uphold operational efficiency.

Strategic risks

Five (5) strategic risks were identified and meticulously analysed, and have been placed under continuous monitoring.

The mitigation measures for these risks include:

- Change management: The Authority is navigating organisational changes, legislative implementations, and technological adoptions through comprehensive change management plans and monthly monitoring mechanisms.
- Reputational risk: Measures are in place to safeguard the Authority's reputation by addressing legal challenges, enhancing staff morale, improving customer service experiences, and aligning with stakeholder expectations.
- Corporate governance risk: To ensure effective governance, the Authority is implementing talent management policies, succession planning, and periodic reviews of authority delegations.
- Security and technology risks: The Authority is proactively combating cyber threats through ongoing education, regular data backups, and infrastructure upgrades. Technology enhancements are aligned with operational needs to ensure seamless digital transformations.
- Sustainability risk: Despite external economic challenges and litigation concerns, the Authority is adopting prudent financial planning strategies and stakeholder engagement to ensure long-term sustainability.

Business continuity management

The Business Continuity Plan (BCP) remained a cornerstone for ensuring uninterrupted service delivery during disruptions. Following the BCP simulation presentation held during the previous financial period, the Department incorporated all of the acquired knowledge into the BCP as well as relevant operating procedures within the Authority. Ongoing efforts were focused on refining and implementing the BCP in order to effectively address potential business interruptions.

Compliance risk management

The Department conducted compliance reviews on the Income Tax Act, 1981 (No. 24 of 1981); no major non-compliance issues were noted. The Department updated its standard operating procedures, in compliance with the relevant best practice. While the compliance review of the Public Procurement Act, 2015 (No. 15 of 2015) (as amended) was temporarily deferred due to an ongoing internal audit, the Authority maintained rigorous monitoring of standing and ad hoc non-compliance items. This proactive approach ensures adherence to regulatory requirements and internal policies, safeguarding the Authority's integrity and reputation.

NAMFISA's unwavering commitment to governance, risk management and compliance is evident through its proactive initiatives, continuous improvement efforts, and stakeholder-centric approach. Despite the challenges posed by emerging risks and operational disruptions, the Authority's resilience, adaptability, and strategic focus place it in a stable position for sustained resilience, stakeholder trust, and operational excellence in the years ahead.

Key focus areas for 2024/25

Risk management is not merely a periodic activity. It is also an ongoing, forward-looking process integral to both business and technical management. It serves as a sentinel to identify potential obstacles that could impede the achievement of the Authority's objectives. The Authority's approach emphasises a continuous cycle of identification, evaluation and mitigation, which aims to address risks that have a significant impact on its operations and stakeholders.

Risk management activities

The Risk Management Plan for the 2024/25 financial year delineates a structured roadmap for risk management activities. The plan will commence with an awareness drive during staff meetings in the first quarter to ensure that all members are aligned with the Authority's risk management objectives. Subsequent activities include a comprehensive review of the Risk Register, controls, and action plans in the second quarter; the implementation of the Internal Audit findings in the third quarter; and facilitated risk discussions throughout all divisions in the fourth quarter, aimed at encouraging collaboration and knowledge-sharing to enhance risk awareness and preparedness.

Business continuity management: Ensuring operational resilience

In an era marked by increasing uncertainties and disruptions, the Business Continuity Management (BCM) Plan assumes paramount importance. This plan goes beyond mere disaster recovery in that it encompasses a holistic approach to sustaining business operations during unplanned disruptions. It outlines contingencies for business processes, assets, human resources and business partners, with particular emphasis on IT disaster recovery strategies. The BCM activities for the 2024/25 financial year have been meticulously planned to ensure operational resilience. These activities include reviewing and monitoring BCM test recommendations in the first quarter, conducting BCP awareness sessions during staff meetings in the second quarter, executing BCP simulation tests in the third quarter, and a comprehensive review of the BCM Policy in the fourth quarter. These activities aim to enhance the Authority's preparedness and responsiveness to potential disruptions, which will ensure the seamless continuity of business operations.

Ethics management: Upholding integrity and responsibility

Integrity and ethical conduct form the foundation of the Authority's reputation and stakeholder trust. The Ethics Management Plan is designed to formalise structures that ensure the perception of the Authority as fair, honest, responsible and just. The plan emphasises the broader social framework, the welfare of stakeholders, respect for organisational diversity, and the objective evaluation of situations. The ethics management activities for the 2024/25 financial year include managing declarations of interest in the first quarter, advising staff on ethics matters in the second quarter, sharing ethical conduct information through various communication channels in third quarter, and raising awareness of the Code of Ethics Policy during staff meetings in the fourth quarter. These activities aim to foster a culture of integrity, accountability and ethical conduct throughout the Authority, which will reinforce its commitment to upholding the highest standards of governance and professionalism.

Importance of compliance management

As organisations navigate an increasingly complex regulatory landscape, the importance of robust compliance management cannot be overstated. The Compliance Management Plan for the 2024/25 financial year will serve as a comprehensive blueprint, outlining the Authority's commitment to upholding legal and regulatory standards. In today's business environment, compliance management goes beyond mere regulatory adherence; in addition, it represents an organisation's commitment to integrity, transparency, and responsible governance. The Authority's Compliance Management Plan is designed as an ongoing process, which encompasses monitoring, assessment, organisation, planning, control, and leadership activities. It aims to ensure compliance with numerous legal, regulatory, and policy requirements, reflecting the Authority's unwavering dedication to ethical conduct and stakeholder trust.

Transparency and accountability are essential for effective compliance management. In this regard, the compliance office will continue to maintain a Non-compliance Log, which is regularly updated to track non-compliance issues identified through reviews and reports from stakeholders within the Authority. This systematic tracking mechanism facilitates timely identification, escalation, and resolution of non-compliance issues, ensuring that the Authority remains agile and responsive in addressing compliance challenges. The Compliance Management Plan for the 2024/25 financial year will encompass compliance reviews of the Labour Act, 2007 (No. 11 of 2007), the Mobile Communication Devices Policy, the Value-added Tax Act, 2000 (No. 10 of 2000), and the Job Evaluation Policy.

Corporate Communications and Consumer Education Department

The Corporate Communications and Consumer Education Department, as a support function to the office of the CEO, is responsible for improved customer and stakeholder engagement. These engagement activities are premised on collaboration, trust, and active engagement. The Department is responsible for improving the Authority's brand perception and for safeguarding the Authority's reputation. The Department manages the Authority's CSRI, events, consumer education, and the Communications Strategy by managing the corporate calendar, leading internal and external communication functions, customer management, and media relations.

Key activities during 2023/24

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.

A key activity accomplished in the review period includes 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 and Divisional Plan). In addition, the Authority reached a media effectiveness score of 84 percent, against an 80-percent benchmark, which rates the effectiveness of the engagement activities and usage of all digital and traditional media channels in Namibia. Additional key activities accomplished in the review period include assistance with the facilitation of media briefings, industry meetings, and workplace forums to raise awareness of the Authority's strategy and operational plans.

A notable accomplishment included receiving the Diamond Arrow Award, which PMR Africa bestowed on NAMFISA for demonstrating exceptional managerial and corporate governance qualities, for their contribution to economic growth and the development of Namibia, and for the best annual report.

MARKET CONDUCT AND OPERATIONS FUNCTION

Information and Communications Technology Division

Key focus areas for 2024/25

The Department will continue to serve as strategic communications, consumer education, and brand advisors to the Authority, and to facilitate 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 remain vital, roadshows and workplace forums will continue to be hosted using different media platforms. The effectiveness of these activities will be measured through a feedback process. This feedback is significant, as it will be used to design key messages for stakeholders and customers.

The Department will host activities and events that focus on corporate social investment and consumer education, which will be communicated through its various communication platforms.

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 2023/24

Activities for the 2023/24 financial year were centred around supporting existing functions, as well as the acquisition of services for the improvement of the automation and integration of the finance and procurement functions. The new release of the ERS was also finalised, which went live during the year, incorporating a wide range of new functionalities and consolidating the existing ones. Improvement of the NAMFISA Data Warehouse and Business Intelligence and Analytics Platforms continued during the period under review.

The Microsoft Power Business Intelligence (BI) tool was improved and enhanced in order to support and streamline data composition and the collation of management reports.

Key focus areas for 2024/25

The Division will continue to support, maintain and enhance the data management processes for risk-based supervision, and to support the existing functionalities of the ERP while placing considerable effort into completing the rollout of the Finance and Procurement modules of the ERP project.

Additional key focus areas include continued improvements and upgrades of existing IT systems, such as the Electronic Regulatory System, in line with the FIMA; and continued evolution of the Business Intelligence and Analytics Portfolio, particularly capital markets and insurance and medical aid fund divisions.

The Division is looking at enhancing the Authority's cybersecurity capabilities by, among others, continuously monitoring the network for abnormal activity, identifying and neutralising potential threats before they can cause damage to the Authority assets, and the continuation of user awareness campaigns.

Strategy and Projects Division

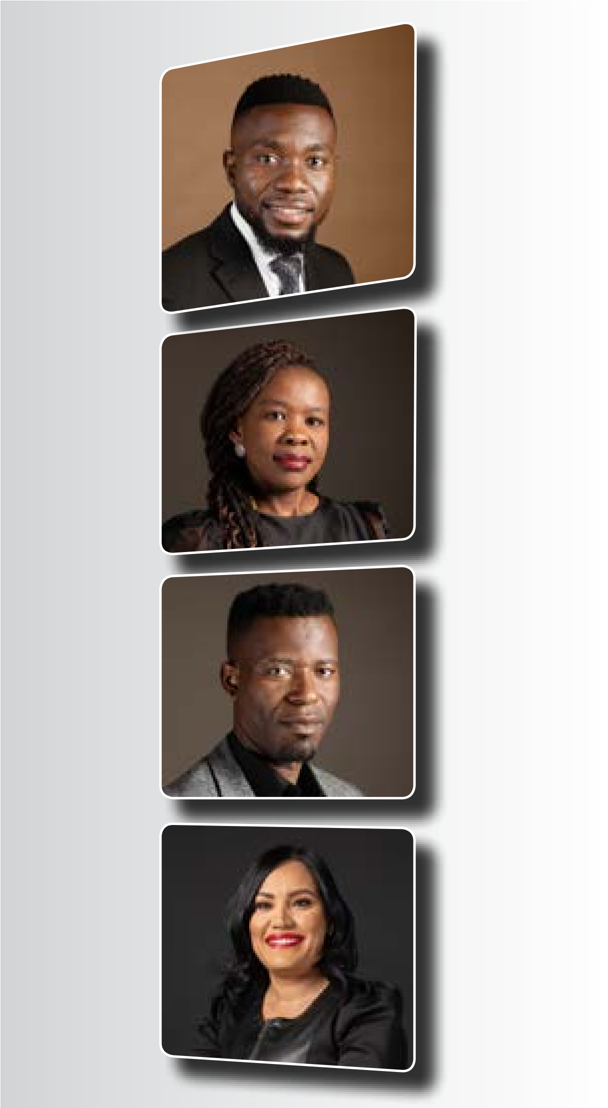
The Strategy and Projects Division is mandated to develop and facilitate the formulation and implementation of the organisation's five-year strategy. The Division also defines and maintains the Strategy and Project Management Framework within NAMFISA.

Key activities during 2023/24

The Division facilitated and managed the development of the 2024/25 Business Plan, which was subsequently approved by the Minister of Finance and Public Enterprises. The Division facilitated and coordinated projects regarding the Consumer Credit Bill and the New Dawn Project. The Division implemented enterprise resource planning, the NAMFISA Head Office building project, the Innovation Framework, and the Knowledge Management Project.

Key focus areas for 2024/25

The Division will continue to contribute to the ongoing development of the Authority's work culture by facilitating and coordinating the Innovation Drive, the construction of the Head Office building, the Consumer Credit Bill, the New Dawn Project, and the implementation of an integrated system for support divisions.



Finance and Administration Division

The Finance and Administration Division is responsible for controlling the Authority's finances and providing essential procurement and administrative services. The Division's responsibilities encompass financial accounting and reporting, revenue collection, and procurement services. The Division facilitates the completion of external audits, integrated strategic budgeting, and the production of annual financial statements; it manages contracts and records; and it ensures office security and maintenance. The Division has contributed to the Authority's financial stability, operational efficiency, and compliance with regulatory requirements.

Key activities during 2023/24

The Division led initiatives to ensure the Authority's financial integrity and operational efficiency during the 2023/24 financial year. This included overseeing the preparation of the annual financial statements and compilation of the budget. The Division implemented the Safety and Security Policy, and initiated the review of the NAMFISA Levy Gazette for enhanced operational efficiency and stakeholder engagement. Additionally, efforts were dedicated to advancing the Enterprise Resource Planning System, and to initiating the procurement process and financing arrangements for the construction of NAMFISA's Head Office building.

Key focus areas for 2024/25

The Division will actively engage stakeholders from various industries to deliberate on ideas and comments regarding NAMFISA's levy imposition on financial institutions, as outlined in the Government Gazette No. 2947, 1 April 2003. This engagement aims to refine the levy collection process for improved efficiency. The Division will finalise financing arrangements for the construction of NAMFISA's Head Office building and secure the necessary resources for the successful realisation thereof.

Legal and Licensing Services Division

Licensing and Registration Department

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 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 2023/24

The Department's key activities included the 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.

Importantly, the Central Securities Depository (CSD) was approved in terms of section 4(1)(f) of the Stock Exchanges Control Act, 1985 (No. 1 of 1985). It is envisaged that the CSD will contribute to the objectives of the Namibian Financial Sector Strategy.

Key focus areas for 2024/25

Once the FIMA becomes operational, the Department will ensure that it is ready for the implementation of the Act. The Department will commence with the utilisation of the navigation system in the Business Suite, which involves the automation of functions within the Department to improve efficiency, including the transition from paper-based applications to automated digital application processes. The Department aims to improve service delivery and engagement with customers by contributing to the development of a comprehensive webpage. The purpose of the webpage is to educate applicants about the application processes and to provide links to relevant information, documentation, and educational videos on NAMFISA's website.

Legal Services Department

The Legal Services Department is responsible for providing advice to the Board, the Office of the CEO, and the supervisory and other divisions within the Authority on all financial services and other laws administered by the Authority, and for offering support in the drafting and review of principal and subordinate legislation as well as internal and external communications. The Department ensures that the Authority duly defends or opposes any legal proceedings against it, including proceedings before the Board of Appeal, established in terms of the NAMFISA Act, and for managing such proceedings.

The Department 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 Department 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.

Key activities during 2023/24

The Department dedicated a large part of its resources to drafting and reviewing the NAMFISA Act and the FIMA, which was promulgated in October 2021, as well as subordinate legislation to be issued thereunder. Throughout the country, face-to-face consultations were held regarding the draft Consumer Credit Bill, and the resulting comments were collated. The Department's additional activities included dealing with the customary requests from the Authority for legal advice and opinions, instructions for litigation, enforcement advice, and general legal support on regulatory and supervisory issues. The Department managed all litigation in compliance with the applicable rules and prescribed periods.

Key focus areas for 2024/25

Apart from continuing to provide general legal advice and support to the Authority, the Department will focus on enhancing regulatory and supervisory effectiveness, and on keeping abreast of legislative reform and development through research and the drafting of required legislation. The Department will continue to consult and/or review subordinate legislation in respect of the effective implementation of the new NAMFISA Act and the FIMA, which will be made operational on a date to be determined by the Minister of Finance and Public Enterprises. Additional focus areas include incorporating and considering all the comments received on the Consumer Credit Bill. The second draft will be shared with the Consumer Credit Bill Steering Committee for consideration, which will then be submitted to the Minister of Finance and Public Enterprises by December 2024.

MARKET CONDUCT AND OPERATIONS FUNCTION

Finance and Administration Division

MARKET CONDUCT AND OPERATIONS FUNCTION

Finance and Administration Division (continued)

MARKET CONDUCT AND OPERATIONS FUNCTION

Legal and Licensing Services Division

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 resource's 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.

The Division continued to facilitate the commemoration of several national and international wellness days and to distribute and circulate information pamphlets to create awareness of 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; Performance Management Policy; Remote Work Policy; Policy on Conduct, Discipline and Grievance; Graduate Development Policy; Coaching and Mentoring Policy; and Basic Conditions of Service to ensure their alignment to the strategy and effectiveness of processes. To enhance employee experience and work-life balance, a Remote Work Policy was developed and approved for implementation. As part of the 'improved knowledge and skills' strategic objective, implementation of the Knowledge Management Project progressed positively, which is due for finalisation during 2024/25.

The Division continued to facilitate the coaching and mentoring programme. The general job description reviews and evaluation of roles, conducted across the Authority and which commenced during the 2021/22 financial year, is nearing completion. This process will be finalised during the 2024/25 financial year.

Key focus areas for 2024/25

The Division will pursue the finalisation of the review and evaluation of all job descriptions, and it will continue to facilitate the implementation of the Culture Improvement Action Plan. Other focus areas include the implementation of the Knowledge Management Project, and the review of identified processes and procedure manuals. Further policy reviews will take place to ensure that the policies are effective. The reviews for the recognition agreement between NAMFISA and the Namibia Financial Institutions Union (NAFINU) will be finalised. Once the agreement is signed, the changes will be implemented during the 2024/25 financial year to ensure a healthy working relationship.

Selected Key Activities Undertaken by NAMFISA During the Review Period

Culture Day

As part of the Authority's journey towards organisational culture improvement, the importance of convening a culture day was identified through a culture assessment exercise in 2021. This event is designed to practically demonstrate living the organisational corporate values in order to deepen the workplace culture. As a first event of this kind for NAMFISA, the Change Champions did an outstanding job in facilitating the design of and staff participation in the event, as well as overseeing the event's implementation. The NAMFISA Culture Day was held on 29 September 2023.

The culture day embraced participatory activities and learning exposure. Dynamic staff teams dramatized our corporate values through interactive role-plays, which were aimed at promoting the practical application of our values in order to help guide our actions, decisions, and interactions with stakeholders. Additionally, a culture expert engaged the staff on the foundational elements of cementing a functional workplace culture. The key objective was to place the stepping stone that leads towards fostering a culture where collaboration flourishes, change is embraced, service is exceptional, accountability is paramount, and integrity is sacred. The culture expert's assessment of the event brought to light the areas that require improvement, which will be integrated into the Annual Action Plan. These experiences serve as essential growth cornerstones for the Authority's progress on its supervisory and regulatory enhancement through innovation and excellence.

MARKET CONDUCT AND OPERATIONS FUNCTION

Human Resources Division

Exploring Financial Innovations through the NAMFISA Regulatory Sandbox

Over the past year, NAMFISA has seen remarkable progress and successes regarding financial innovation and digital transformation. During the 2023 NAMFISA FinTech Square event, Honourable Maureen Hinda-Mbuende, the Deputy Minister of Finance and Public Enterprises, proudly launched the NAMFISA Regulatory Sandbox. Shortly after the inauguration of the NAMFISA Regulatory Sandbox, the first cohort was opened for financial innovations in the microlending sector.

The Regulatory Sandbox provides a controlled environment for testing innovative financial products, services, solutions, and business models under the Authority's supervision to enhance the accessibility of and improve efficiency in financial services. The Sandbox has emerged as a pivotal platform, fostering collaboration and driving financial inclusion and innovation within Namibia's non-banking financial sector.

For the first cohort, a total of ten (10) applications were received. This large number of applicants indicates a keen interest in FinTech innovation, it proves that there is a need for regulatory approaches, it shows that confidence in the regulatory framework, as implemented by NAMFISA, exists, and it underscores the Regulatory Sandbox's relevance and effectiveness in facilitating experimentation while ensuring regulatory compliance. Figures A and B provide more details regarding the applications received for the NAMFISA Regulatory Sandbox's microlending cohort.

Figure A: Successful applications

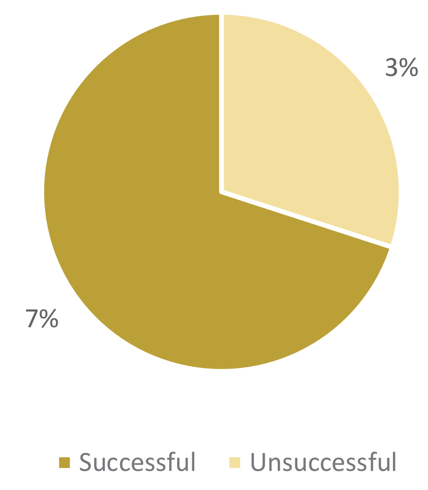
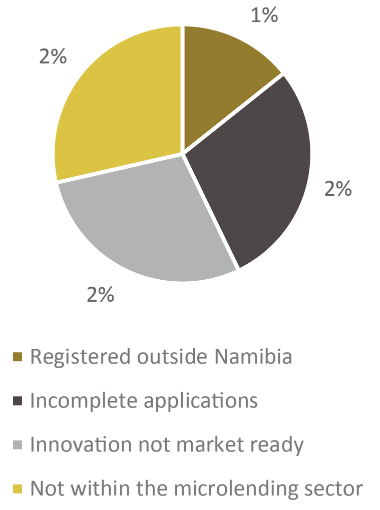


Figure B: Reasons for unsuccessful applications



Note: During the finalisation of the selection phase, one entity was delayed for commencement with the Sandbox programme due to challenges regarding market readiness.

Through its engagement with the Sandbox participants, NAMFISA has gained valuable insights into emerging technologies and business models. These insights inform the regulatory approach, enabling NAMFISA to effectively adapt the regulations to the evolving financial landscape.

Looking ahead, NAMFISA remains committed to nurturing innovation through the Regulatory Sandbox, prioritising the integrity and stability of the financial system as well as the effective protection of consumers. As technology continues to transform the financial sector, the NAMFISA Regulatory Sandbox will play an increasingly crucial role in enabling Namibia to harness the opportunities presented by innovation while safeguarding the interests of consumers.

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 drafting of and consultations for the Consumer Credit Bill is ongoing.

Table 11 summarises the purpose and status of the abovementioned legislations that affect NAMFISA's regulatory and supervisory mandates.

Table 11: 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).	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, approved by the Minister of Finance and Public Enterprises, and gazetted.
The 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 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.	The drafting of the Bill is ongoing, and completion is envisaged by December 2024.
Standards under the FIMA	Subordinate legislation	The drafting of critical standards and consultations are ongoing.

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:

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 12). 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 12: 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 Insurance Division supervises long- and short-term insurance institutions and intermediaries (insurance brokers and agents) in terms of the governing laws.

Market size review

Long-term insurance

The number of financial institutions increased by 10.5 percent to 10,827 institutions during the review period. This increase is mainly attributable to the growth in the number of intermediaries (i.e. brokers and agents). No new life insurance companies were registered or deregistered during the 2023 calendar year.

Table 13: Long-term insurance industry participants, 2022-2023

	31 December 2022	Registration	Deregistration	31 December 2023
Insurers	14	0	0	14
Reinsurers	1	0	0	1
Agents	8,393	984	72	9,305
Brokers: legal persons	493	54	12	535
Brokers: natural persons	895	85	8	972
Total	**9,796**	**1,123**	**92**	**10,827**

Although 14 insurers were registered for all classes of insurance business as at 31 December 2023, most insurers traded only in a few classes, depending on their risk appetite.

Table 14: Long-term insurers, 2019-2023

Classes of life insurance business	2019	2020	2021	2022	2023
All six classes of insurance	15	14	14	14	14
Funeral only	0	0	0	0	0
Fund only	1	1	1	1	1
Total	**16**	**14**	**15**	**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 institutions increased by 13.4 percent to 2,808 as at 31 December 2023. The increase in short-term insurers is mainly attributable to the growth in the number of intermediaries (i.e. brokers and agents). No new short-term insurance companies were registered or deregistered during the 2023 calendar year.

Table 15: Short-term insurance industry participants, 2022-2023

Type of participant	31 December 2022	Registration	Deregistration	31 December 2023
Insurers	14	0	0	14
Reinsurers[4]	1	0	0	1
Brokers	787	87	15	859
Agents	1,674	285	25	1,934
Total	**2,476**	**372**	**40**	**2,808**

One (1) insurer remained registered for the miscellaneous business class of insurance during the review period (Table 17).

Table 16: Short-term insurers, 2019-2023

Classes of insurance business	2019	2020	2021	2022	2023
All classes	14	13	13	13	13
Miscellaneous (only)	1	1	1	1	1
Total	**15**	**15**	**14**	**14**	**14**

[4] Ibid.

Inspections

During the reporting period, the Authority conducted one (1) on-site and 28 off-site inspections, which included both long- and short-term insurance entities.

Key inspection findings

Long-term and short-term insurance

- Board composition not in line with the eminent requirements of the incoming FIMA, which requires a minimum of five (5) directors and of which at least a third should be independent.
- Incorrect reporting of financial information: Since the implementation of the One Chart of Accounts returns in the third quarter of 2018, some insurers continued to submit incorrect and incomplete quarterly returns, stretching the timelines required for the finalisation of entity and industry reports.
- Non-compliance with Regulation 15: Some insurers continued to contravene the prescribed investment limits per category, as per the amended Regulation 15.
- Some insurers failed to meet regulatory submission deadlines, causing additional and/or continuous requests for extensions, which resulted in delays in the issuing of industry data.
- Some insurers were exposed to contagion and liquidity risks and other resultant spillover effects due to extensive party transactions and balances with related parties.

Directive number	Directive name	Directive description
MCD/1/2023	Conflict of interest	The objective of this directive is to prohibit undue behaviour and give the providers of financial services guidance regarding the identification, evaluation, and management of conflicts of interest that may arise from practices relating to the entertainment of, receiving benefits from, or offering benefits to financial service providers or their representatives.
MCD/2/2023	Claims handling procedures	The purpose of this directive is to inform financial institutions on how NAMFISA will be handling complaints, and to set out the steps that financial institutions can take when handling consumer complaints to ensure the efficient and effective handling of consumer complaints in the non-banking financial institutions sector.
I/LTI/01/2024	Submission of quar-terly reports and au-dited annual financial statements	The purpose of this directive is to notify the short-term and long-term insurance industries of the quarterly and annual reporting requirements henceforth, in light of the International Financial Reporting Standard ("IFRS") 17 that became effective from 1 January 2023.

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

Namibia's medical aid funds industry consists of a mix of open and closed (restricted) funds, with distinct characteristics and implications for both the members and the healthcare system. Open funds are open to the general public (i.e. anyone can join open funds), and closed funds are those whose membership is restricted to specific employer groups. There were eight (8) registered medical aid funds as at 31 December 2023, of which five (5) are open funds and three (3) are closed funds (Table 17).

A reduction in the number of funds within the industry is eminent given that one open fund, although still registered as at 31 December 2023, ceased operations on 31 August 2023. This fund is currently undergoing voluntary liquidation, which was put into effect on 27 September 2023. However, the dissolution of this fund does not have a material impact on the size of the industry in terms of total membership and its overall risk pool, given that the members of this fund have joined other open funds.

Table 17: Registered medical aid funds, 2019-2023

Type of medical aid fund	Size of fund	2019	2020	2021	2022	2023
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***	3	3	2	1	1
	Total	**4**	**4**	**3**	**3**	**3**
Total	Large*	3	3	3	3	3
	Medium**	2	2	2	3	3
	Small***	4	4	3	2	2
	Total	**9**	**9**	**8**	**8**	**8**

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

Open funds, which constitute a larger proportion (63 percent) of the total number of registered funds, compared with closed funds (as per Table 18), have a larger risk pool and tend to take advantage of the economies of scale where the law of large numbers often leads to substantial cross-subsidies from low-risk to high-risk individuals. On the other hand, closed funds are generally medium- or small-sized, given their restrictive nature. A smaller membership base translates to a smaller risk pool, which significantly increases the risk of volatility in claims. Based on the law of large numbers, the larger the risk pool, the more accurately the probability of the risk can be calculated. Conversely, a smaller risk pool makes it harder to accurately determine the probability that a risk event will occur. An increase in claims volatility will ultimately increase the likelihood of financial ruin.

Inspections

A total of 40 off-site inspections (including the analysis of annual financial statements and quarterly statutory returns) were conducted for the eight (8) registered medical aid funds during the 2023/24 financial year.

The Registrar conducts off-site inspections on a quarterly basis on all medical aid funds registered in terms of section 23 of the Medical Aid Funds Act, 1995 (No. 23 of 1995). The status of all registered medical aid funds is continuously assessed in terms of their risk exposure to financial viability and insolvency. Consequently, all funds are classified in accordance with the provisions of the NAMFISA Ladder of Supervisory Intervention.

Off-site inspection findings

The following paragraphs summarise the off-site inspection findings.

Solvency and fund sustainability: Three (3) funds reported reserve levels below the required 25 percent prudential benchmark as at 31 December 2023. One (1) fund is in the process of voluntarily dissolution.

Healthcare costs: The cost of healthcare has increased exponentially over the past two financial years, due to various factors such as the increase in the utilisation of benefits by members, the increase in the number of healthcare service providers, fraud, waste and abuse embedded in healthcare claims, and medical inflation. The industry's compound annual growth rate (CAGR) of healthcare costs was 5.67 percent during the period 2019 to 2023, compared with the CAGR of 4.97 percent in gross contributions for the same period. The CAGR of claims is greater than the CAGR of contributions, which creates a financial imbalance that jeopardises the financial soundness of the industry. This has consequently led to substantial contribution increases during the 2024 financial year, coupled with benefit reductions. Escalating healthcare costs continue to diminish reserve levels to below the required minimum benchmark, posing risks to the industry.

Supervisory interventions undertaken

The status of all registered medical aid funds is continuously being assessed in terms of risk to financial viability and insolvency. As at 31 December 2023, three (3) medical aid funds reported reserve levels below the 25 percent benchmark. Due to the reduction in the industry's reserve levels and the increased risk of insolvency, the Registrar commenced with the monthly monitoring of funds that pose a greater than normal risk to the overall financial soundness of the medical aid funds industry. This monitoring process will ensure that regulatory interventions are implemented in a timely manner.

The Registrar appraised the Minister of Finance and Public Enterprises on the relatively high and escalating cost of healthcare and the threat it poses to the long-term sustainability of the medical aid funds industry in Namibia. The briefing included various recommendations to deal with concerns stemming from supply-side factors, billing procedures, utilisation of healthcare benefits, and medical inflation. Engagements with the Minister of Finance and Public Enterprises on the subject is ongoing through the 2024/25 financial year.

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 2023 stood at 189, of which 78 are domestic funds and the remaining 111 are foreign funds.

Table 18: Number of local and foreign pension funds

	31 December 2022	31 December 2023
Domestic active retirement funds	70	70
Dormant retirement funds	8	8
Foreign active retirement funds	69	15
Dormant foreign retirement funds	55	96
Total registered funds	**202**	**189**

Inspections

The Division implemented the RBS Methodology for its inspections during the calendar year, ended 31 December 2023. Forty-eight (48) off-site inspections were conducted during the year.

Key inspection findings

- Non-compliance with fund rules in areas such as board composition, number of trustee meetings, quorum requirements, and the remuneration of trustees.
- Inadequate measures in the fund's rules for ensuring that contributions are paid in a timely manner in compliance with section 13A of the Pension Funds Act, 1956 (No. 24 of 1956).
- Failure to publish a detailed statement of amounts, and to pay such amounts over to the Master of the High Court as required by section 93 of the Administration of Estates Act, 1965 (No. 66 of 1965).
- Non-compliance with the investment's requirements as set out in Regulation 13 of the Pension Funds Act.
- The rules do not set out the nature, extent, and conditions applicable to benefits as required by section 11(d) of the Pension Funds Act.
- No performance appraisals were conducted for fund service providers and Board of Trustee members.
- The regulatory reporting of financial data, unclaimed benefits, and member data was inaccurate.
- Long-serving service providers posed a potential conflict of interest and exposed the fund to familiarity risks.

Supervisory interventions undertaken

The inspection findings were communicated to the affected funds together with the subsequent corrective recommendations and directives.

The recommended actions to be undertaken by the affected funds include:

- Funds were directed to ensure full compliance with the regulations made under the Pension Funds Act, 1956 (No. 24 of 1956).
- Funds were directed to comply with the requirements of section 93 of the Administration of Estates Act, 1965 (No. 66 of 1965).
- Funds were recommended to apply various facets of risk management, including the implementation of controls, monitoring thereof, and risk reporting.
- Funds were directed to develop procedure manuals and controls for key processes.
- Funds were directed to ensure compliance with their own approved rules in matters related to Board composition.
- Funds were directed to demonstrate how they manage familiarity risks.
- Funds were directed to ensure compliance with sections 9 and 15 as well as the regulations made under the Pension Funds Act, 1956 (No. 24 of 1956).

Friendly societies

As at 31 December 2023, 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

Capital markets

The Capital Markets Division supervises financial market infrastructure and intermediaries 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 113 registered entities, of which 79 were active and 34 were dormant. Investment managers constituted the majority of active entities with 22 active entities. Unlisted investment managers constituted the majority of dormant entities with 18 dormant entities (Table 19).

Table 19: Registered capital markets entities, 31 December 2023

Type of entity	31 December 2022	Registration	Deregistration	31 December 2023
Investment managers	31	2	2	31
Linked investment service providers	4	0	0	4
Unit trust management companies	20	1	0	21
Stockbrokers	4	0	0	4
Stock exchanges	1	0	0	1
Unlisted investment managers	30	2	1	31
Special purpose vehicles	20	1	0	21
Total	**110**	**2**	**1**	**113**

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 20: Active and dormant capital markets entities, 31 December 2023

Type of entity	Active licences	Dormant licences	Total
Investment managers	22	9	31
Linked investment service providers	4	0	4
Unit trust management companies	18	3	21
Stockbrokers	4	0	4
Stock exchanges	1	0	1
Unlisted investment managers	13	18	31
Special purpose vehicles	17	4	21
Total	**79**	**34**	**113**

Inspections

During the review period, the Division conducted three (3) on-site inspections, which included one (1) full-scope RBS inspection of an investment manager and two (2) thematic inspections of stockbrokers. In addition, the Division conducted 16 off-site inspections on high impact entities, and early warning reviews were conducted on a quarterly or bi-annual basis upon receipt of returns from all entities (including low-impact entities).

On- and off-site inspection findings

Governance	The composition of the Board was not in line with the NamCode (i.e. the non-independent directors were a minority).
	The approach to the internal audit lacked a risk-based approach.
Legal and Compliance	The compliance universe was not comprehensive.
	Failure to submit or the late submission of audited annual financial statements and compliance reports.
	Policies were not aligned to Namibian legislations.
	Failure to maintain sufficient liquid assets to cover 13/52 weeks of annual expenses.
Operational	No strategy or policy for the retention of critical skills.
	No succession of planning policies.
	No segregation of duties.
	Business Continuity Plans not tested.
	Risk Management Framework or policies not implemented.

Supervisory interventions undertaken

The Authority utilised the Ladder of Supervisory Intervention tool to monitor and supervise entities that fall within its supervisory mandate. The entities were requested to provide action plans and to detail their approach for addressing the shortcomings raised during the on- and off-site inspections.

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 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

In pursuit of its mission to protect consumers, the Authority resolved 629 complaints out of 691 received complaints during 2023. Compared with 2022, the total number of received complaints represented a decrease of 5.3 percent (Table 21).

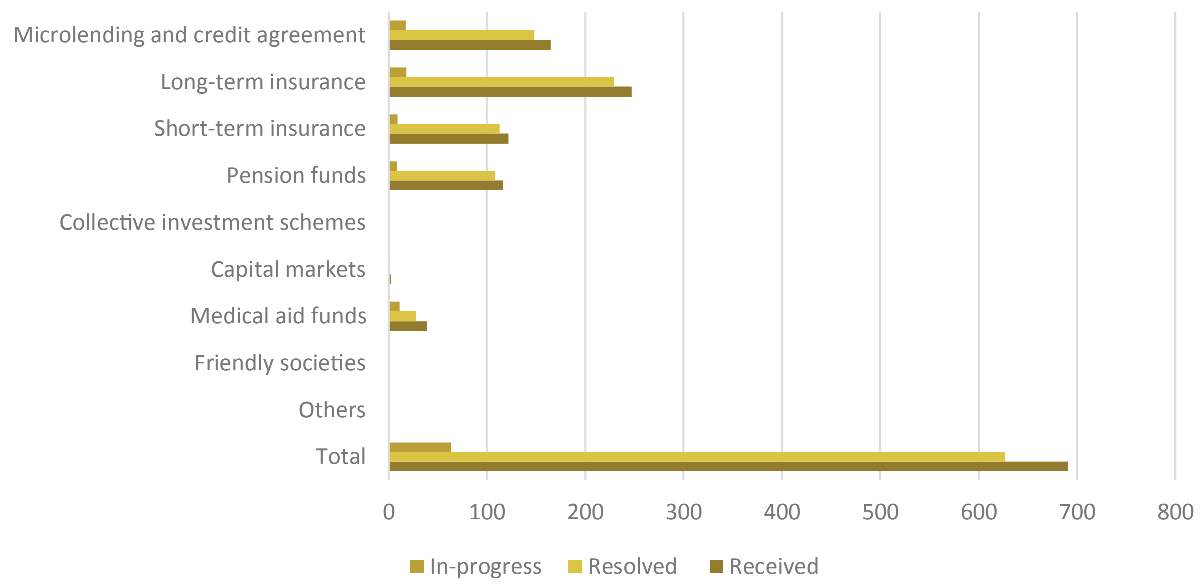
The decrease in complaints is attributed to the Authority's engagements with the NBFIs, which addressed the root causes of received complaints, and the development of strategies to reduce complaints. The Authority ensured that all complaints were first dealt with by the NBFIs, which resulted in some complaints being resolved at the entity level.

Table 21: Complaints received per industry, 2019-2023

Industry	Number of complaints received				
	2019	2020	2021	2022	2023
Long-term insurance	303	315	321	220	247
Microlending and credit agreement	358	396	178	172	165
Short-term insurance	188	180	151	144	122
Pension funds	148	152	116	156	116
Medical aid funds	14	15	15	35	39
Capital markets	2	1	1	3	2
Total	**1,013**	**1,059**	**782**	**730**	**691**

The Authority was able to resolve 91.0 percent of the 691 received complaints. This represented a decrease in the resolution rate, compared with 94.9 percent for resolved complaints recorded in 2022. The remaining 9.0 percent was pending as at 31 December 2023 and therefore carried over to 2024. 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 14: Complaints received, resolved and in progress per industry, 2023



The highest number of complaints (247) were lodged against the long-term insurance industry, followed by 165 complaints against the microlending industry, 122 against the short-term insurance industry, 116 against the pension funds industry, 39 against the medical aid funds industry, and two (2) against the capital markets industry (Table 22).

Although the complaints lodged against the microlending and credit agreement industry, short-term insurance industry, and pension funds industry decreased compared with 2022, they remained the top four industries in terms of complaints received during 2023. In this regard, these industries together accounted for 94.0 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 benefit payments;
- overcharged interest and failure to refund such charges;
- delays in death benefit payments;
- repudiation of motor vehicle claims and funeral claims;
- disagreements in investment/savings values;
- failure to deliver quality services;
- failure to cancel contracts;
- illegal deductions;
- policies issued without consumers' consent; and
- failure to provide requested information.

Table 22: Top five complaints per industry

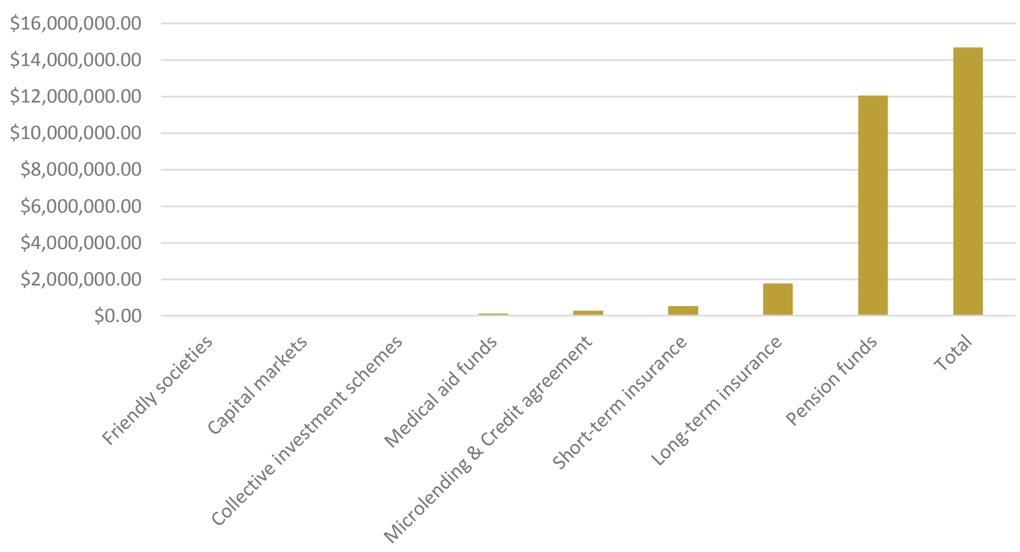
Industry	Type of complaint
Long-term insurance companies	• Repudiation of funeral benefit claims • Non-payment of death benefit claims • Lapsed policies • Fraudulent policies • Non-cancellation of contracts
Microlenders and credit agreement	• Overcharging of interest • Illegal deductions • Non-payment of refunds • Extension of loan periods • Retention of personal documents • Services not delivered and/or not acceptable
Pension funds	• Non-payment of pension benefits • Non-payment of death benefits • Dispute: Accuracy of amounts received • Non-payment of retirement annuities • Non-provision of information
Short-term insurance companies	• Repudiation of motor vehicle accident claims • Dispute: Motor vehicle accident claims • Repudiation of insurance claims • Repudiation of legal representation claims • Repudiation of property insurance/conveyance claims

Across all the industries, the main reasons for the recurrence of some of the complaints include:

- non-communication of delays in the processing of claims;
- non-disclosure on how interest is charged;
- signing agreements without reading and/or understanding them;
- terms and conditions not properly explained to consumers;
- non-disclosure of material information at the underwriting stage;
- a lack of proper affordability assessments conducted at the loan application stage;
- defaults in loan repayments resulting in higher repayable debt;
- missed premiums resulting in the lapsing of policies; and
- poor customer service.

The total value of payments made to complainants per sector during the review period, owing to the Authority's intervention, are illustrated in Figure 15.

Figure 15: **Payments to complainants per sector**



On account of the Authority's intervention, the total amount paid to complainants increased significantly by N$9.0 million to N$14.7 million as at 31 December 2023. This amount was paid out to 172 complainants. The highest amount, totalling N$12.1 million, was recovered from the pension funds industry, followed by N$1.7 million from the long-term insurance industry, N$514,410 from the short-term insurance industry, N$267,792 from the microlending and credit agreement industry, and N$99, 258 from the medical aid funds industry.

Consumer education

Consumer Education plays a pivotal role in nurturing enhanced and mutually advantageous relationships with consumers and stakeholders. The primary focus is to build trust and to foster active and productive consumer engagement. The goal is to enhance financial literacy and to deepen consumers' comprehension of the Authority's role in safeguarding and protecting consumers within the non-banking financial sectors.

The Consumer Education Programme is specifically tailored to enhance consumers' financial literacy and expand their understanding of consumer rights and obligations. The programme employs a diverse range of media platforms that resonate with the intended audience, which include print materials such as comic books and flyers, roadshows, radio and television broadcasts, and social and digital media.

During the period under review, NAMFISA conducted educational awareness campaigns in various regions, and implemented a series of workplace forums aimed at diverse audiences, including high schools, labour unions and various institutions, and public forums at shopping malls.

Strategic partnership with the media

The Authority uses the services of a media monitoring company to measure its reputation and effective use of media channels. Media engagement and monitoring is done through a media effectiveness score (MES), which is reported as a share of voice. The industry's MES norm is 65 percent and NAMFISA' s target is 80 percent. The MES for the year stood at 85 percent.

The media releases produced during the period focused on addressing the queries surrounding the Consumer Credit Bill, the benefits of the FIMA, medical aid premiums, and microlenders' retention of bank cards and pins.
The consumer education media engagement activities regarding the Consumer Credit Bill were extensive, incorporating a variety of consumer education initiatives such as media releases, ongoing informative social media campaigns, a consumer education website featuring tailored content for consumers, and regional engagement with stakeholders.

The Authority has extended its educational reach to consumers through radio broadcasts in several local languages. The radio stations include Kati FM, Omurari FM, Hardklop FM, NBC National Radio, Kaisames FM, Nwanyi FM, Wato FM, Setchaba FM, Funkhaus FM, Shipi FM, Desert Radio, and Omulunga Radio.

NAMFISA's participation in the NBC television programme 'Good Morning Namibia' broadcasted an informed discussion about the Consumer Credit Bill and the FIMA. As a result, these collective efforts have facilitated a broad-based comprehension and engagement among consumers and stakeholders.

The consumer education-oriented NAMFISA Comic Booklet was released, which focused on the life cycle of a credit agreement under the Consumer Credit Bill, as well as the purpose and scope of NAMFISA.

Survey management

NAMFISA reviewed the internal and external stakeholder engagement survey questionnaires to ensure that they are tailor-made for the various stakeholders in order to achieve collaborative outcomes during the engagement forums. The survey results are used for the continuous improvement or our engagements approaches.

Social media

Various social media and awareness campaigns were conducted on NAMFISA's social media platforms, particularly in respect of consumer education, which included financial literacy, the regional consultations regarding the Consumer Credit Bill, festive season messages, consumer rights and responsibilities, and our mission, vision and values.
NAMFISA has increased its digital footprint on X, LINKEDIN, FACEBOOK, Instagram, and YouTube.

Money laundering and the financing of terrorist and proliferation activities

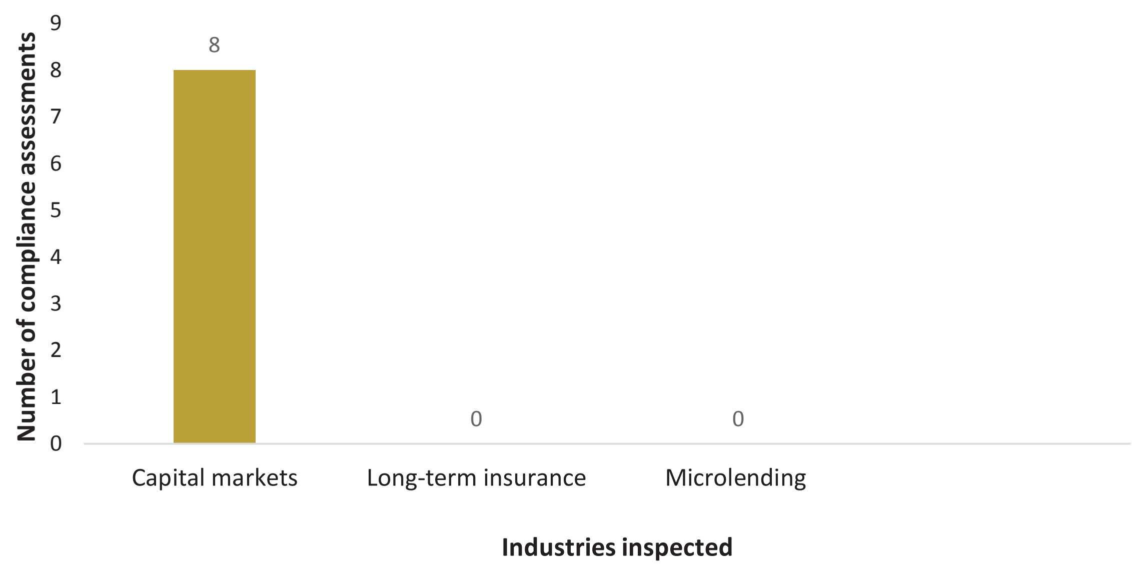
NAMFISA has a statutory mandate to supervise AIs under its purview for AML/CFT/CPF purposes. As a result, supervisory activities are conducted in terms of an annual Supervisory Plan on a risk sensitive basis. In executing this plan during the reporting period, the Authority conducted various on- and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

Inspections

On-site inspections

The Authority conducted eight (8) risk-based on-site inspections of AIs in the capital markets space (Figure 16).

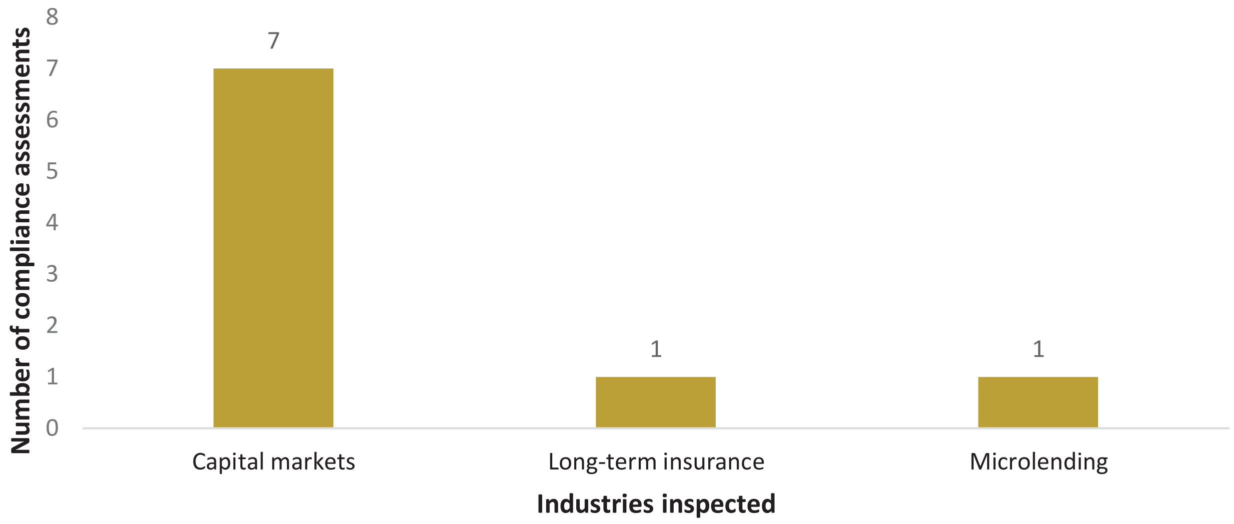
Figure 16: **On-site AML/CFT/CPF inspections conducted**



Off-site inspections

The Authority conducted nine (9) off-site AML/CFT/CPF inspections of AIs, which included seven (7) AIs in the capital markets industry, one (1) AI in the long-term insurance industry, and one (1) AI in the microlending industry. The objective of these inspections was to assess the adequacy of compliance policies and the effectiveness of remedial measures adopted by AIs to address control weaknesses identified during the previous assessments.

Figure 17: 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;
- non-reporting of cash transactions above the prescribed threshold amount of N$999 999.99;
- 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; and
- inadequate screening of clients against the United Nations Security Council Sanctions (UNSC) Lists.

Supervisory interventions undertaken

Administrative sanctions

The Authority issued financial penalties amounting to N$4.2 million to seven (7) AIs in the capital markets industry for non-compliance with the obligations of a) risk management processes, b) customer due diligence, c) monitoring of transactions, d) enhanced due diligence, e) screening customers against the UNSC Sanctions 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 one (1) caution to a unit trust manager for the failure to submit records within the given timelines. The Authority issued two (2) reprimands to AIs in the capital markets industry for the failure to meet a) remediation timelines and b) the directive issued under section 54(2) of the FIA. Four (4) appeals against administrative sanctions imposed by NAMFISA are pending before the Appeal Board.

Remedial actions

To address the identified areas of non-compliance and control weaknesses, the Authority directed the AIs to apply remedial measures within given timelines. For the AIs that successfully completed remediation within the given timelines, remediation closure letters were issued by the Authority.

Mutual evaluation

Following the conclusion of Namibia's ME, the FATF placed Namibia under a 12-month observation period (September 2022-October 2023) to follow up on the execution of the ME recommended actions. In this regard, Cabinet approved the National Action Plan to ensure the execution of the 72 ME recommended actions during the observation period. At the end of the observation period, Namibia submitted a POPR to the FATF Joint Group for the assessment of progress made. The FATF Joint Group noted a lack of sufficient progress with regard to 13 ME recommended actions. As a result, the FATF grey-listed Namibia at the FATF Plenary,19-23 February 2024, where new action items and timelines were agreed upon.

Of the 13 outstanding ME recommended actions, two (2) are relevant to NAMFISA, which include:

1. NAMFISA must by January 2026 have imposed effective, proportionate, and dissuasive administrative sanctions and ensure that remedial actions have been taken.
2. NAMFISA must by May 2025 have enforced compliance with the obligations related to:
   - the application of Enhanced Due Diligence measures regarding beneficial ownership (BO) and prominent influential persons (PIPs); and
   - the effective application of the Targeted Financial Sanctions Obligation regarding terrorist financing and proliferation financing, with particular focus on the 'without delay' requirement.

These action items will be incorporated into the AML/CFT/CPF Annual Supervisory Plan for the 2024/2025 financial year.

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. Due to the failure to submit valid PI covers, nine (9) corporate brokers were deregistered as per section 59(1) of the Long-term Insurance Act. The deregistration of twelve (12) corporate brokers and eleven (11) natural brokers is pending, for which finalisation is expected by the end of March 2024.

In terms of section 2(2) of the Short-term Insurance Act, 1998 (No. 4 of 1998), the Authority continued to process the insurance dispensation applications, as reflected in Table 23.

Table 23: Number of insurance intermediaries

Type of applications	Received	Approved	Declined	Pending	Returned	Not re-submitted
Lloyd's exemptions	184	165	2	10	7	3
Non-Lloyd's exemptions	155	141	1	6	7	4
Reinsurance	335	222	1	28	46	17
TOTAL	**674**	**528**	**4**	**44**	**60**	**24**

Inspections

Market Conduct Supervision

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

- misconduct by insurance intermediaries;
- the collection of funds from the public while conducting unregistered insurance or medical aid fund business, and
- the conducting of unregistered microlending business.

On-site inspections

The Authority completed two (2) on-site inspections of unregistered persons suspected of carrying out the business of a microlender, and one (1) follow-up on-site inspection of a registered microlender. The objective of the first two on-site inspections was to determine whether the suspected persons were indeed conducting the business of a microlender in contravention of the Microlending Act, and the objective of the latter follow-up on-site inspection was to determine whether the proposed remedial actions had been implemented, as directed in the initial inspection findings report that was issued.

On-site inspection findings

The on-site inspection findings include:

- persons conducting the business of a microlender, while not duly registered in terms of the Microlending Act;
- a discrepancy between quarterly returns and levy returns; and
- the use of incomplete documents to determine discretionary income.

Off-site inspections

During the period under review, the Authority conducted eleven (11) off-site assessments of registered payday lenders. The objective of the off-site assessments was to confirm whether the payday lenders were calculating and charging the correct NAMFISA levy for loans disbursed.

Off-site inspection findings

The off-site inspections revealed no adverse findings.

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.

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 economy

During the World Economic Outlook (WEO) in April 2024, the IMF estimated the deceleration in global economic growth for 2023. The global economy was estimated to grow by 3.2 percent in 2023, slowing from a 3.5 percent growth rate realised in 2022. This was mainly due to a debt ceiling crisis in the US, accompanied by a credit rating downgrade, steep global interest rate hikes, the continued effect of the Russia-Ukraine conflict on the energy market, challenges in the Chinese property market, and the effects of climate change. The IMF identified rising trade distortions and geoeconomic fragmentation as risk factors to the level of global trade. Reduced global trade levels has the adverse effect of worsening inflation, as observed in the Russia-Ukraine tension. The IMF, therefore, forecasts a 3.2 percent global economic growth for both 2024 and 2025.

Domestic economy

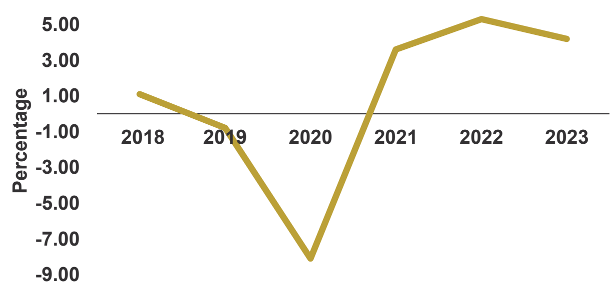
The domestic economy continued to expand in 2023, realising a third consecutive yearly growth since its last contraction observed in 2020. However, the domestic economy's expansion slowed from 5.3 percent in 2022 to 4.2 percent in 2023. The deceleration in the growth rate observed in 2023 is attributable to the interest rates hikes in 2023, as well as the weakening of the Namibian dollar against major currencies. Interest rates increased by 100 basis points in 2023.

The Bank of Namibia's 2023 Annual Report reported a slowed growth in credit extended to the private sector, from 4.2 percent in 2022 to 1.9 percent in 2023. This coincides with the relatively higher borrowing costs consequent to the previously mentioned interest rate hikes. Similarly, the private household consumption expenditure increased at a slower rate, by 4.7 percent in 2023 compared with 14.4 percent in 2022, owing mainly to elevated inflation levels and the higher cost of borrowing. Despite the increase in exports by 14.1 percent during the review period, the domestic economy recorded a negative trade balance in 2023. Imports were reported to expand by a faster rate of 22.7 percent over the same period. The sizable increase in the level of imports is attributable to exchange rate fluctuations and the relatively poor rainfall recorded in the 2022/2023 rainfall season, which affected the agriculture sector.

The fiscal consolidation efforts undertaken by the government resulted in the narrowing of government debt to the GDP ratio. The government debt to GDP ratio contracted by 1.5 percent to 65.3 percent in 2023.

The Bank of Namibia's Economic Outlook Update March 2024 forecasted a 3.7 percent and 4.1 percent expansion in the domestic economy in 2024 and 2025, respectively.

Figure 18: **Domestic GDP growth rate**



(Source: Namibia Statistics Agency)

Long-term insurance

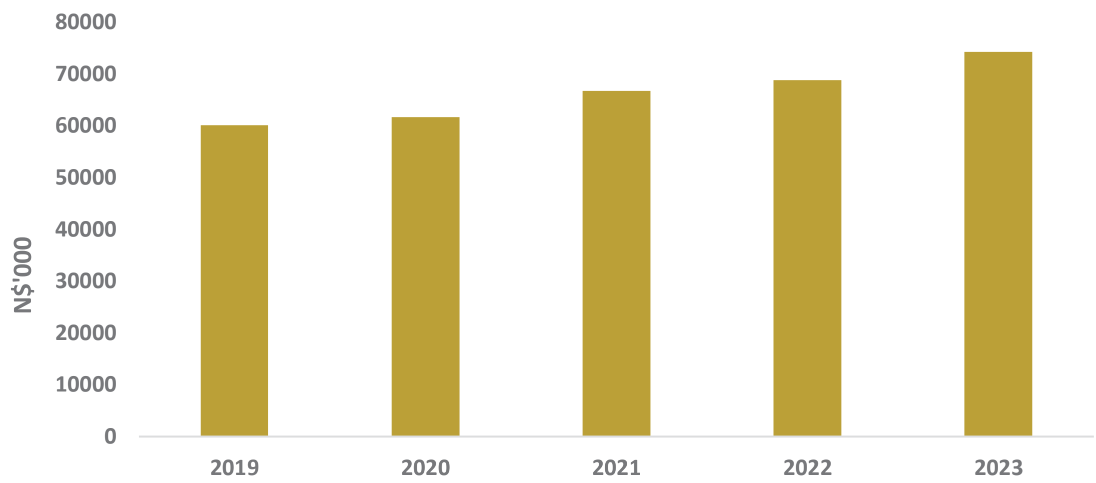
Performance review

The long-term insurance industry witnessed growth in its assets, primarily attributed to rebounds in both the global and domestic financial markets during the year. There was a modest 0.5 percent rise in the industry's excess assets, driven by a relative high growth in total liabilities compared with total assets. Despite this marginal increase, the industry maintained its solvency and liquidity at levels deemed adequate to meet the minimum prudential requirements.

Assets

The value of the industry's assets increased by 8.0 percent to N$74.3 billion as at 31 December 2023, compared with the previous year (Figure 17). The substantial expansion in the industry's investment portfolio is mainly responsible for propelling the growth in the total asset value. The robust recoveries in financial markets following the COVID-19 pandemic, coupled with renewed investor confidence amid geopolitical tensions such as the Israel-Hamas conflict, contributed to improved performance across most markets, thereby driving growth in the investment portfolio.

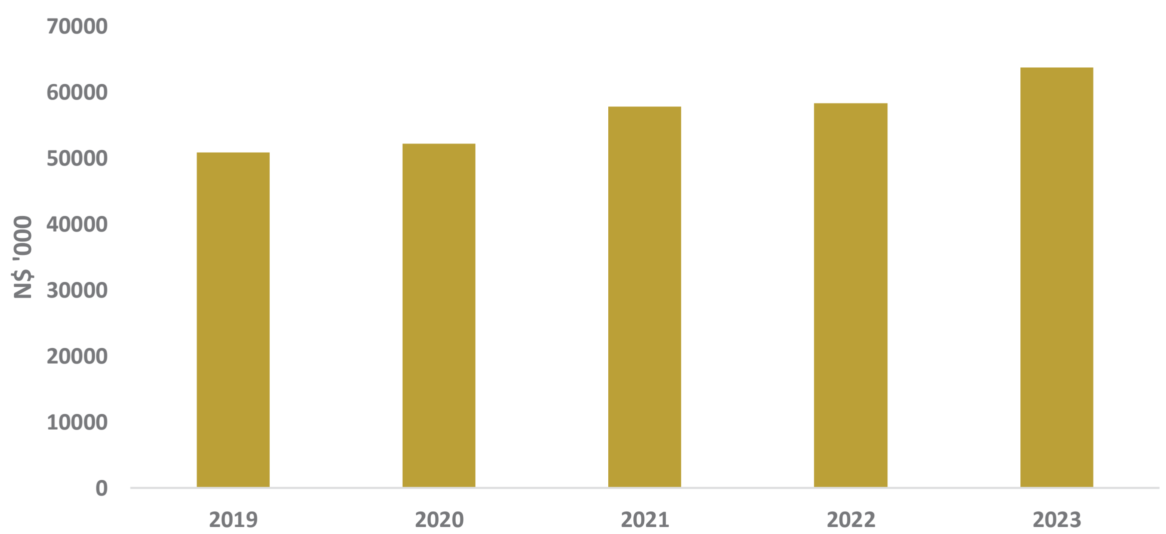
Figure 19: **Long-term insurance industry: Total assets**



Liabilities

The industry's total liabilities grew by 9.4 percent to N$63.8 billion as at 31 December 2023 (Figure 20). The increase in total liabilities resulted from the expansion of policyholders' liabilities, driven by the issuance of high-value policies throughout the year. During the year, individual investments and risk-class categories accounted for the highest-value policies underwritten, comprising 52.1 percent and 20.6 percent, respectively. Policyholders' liabilities represent the core business of the industry and they represent more than 95.0 percent of industry liabilities; therefore, a significant movement in policyholder liabilities will influence the change in liabilities.

Figure 20: **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 cover ratio increased by 0.5 percent to 172.1 times as at 31 December 2023, resulting from a marginal growth in excess assets.

Table 25 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 25.2 percent to 7.4 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 2023.

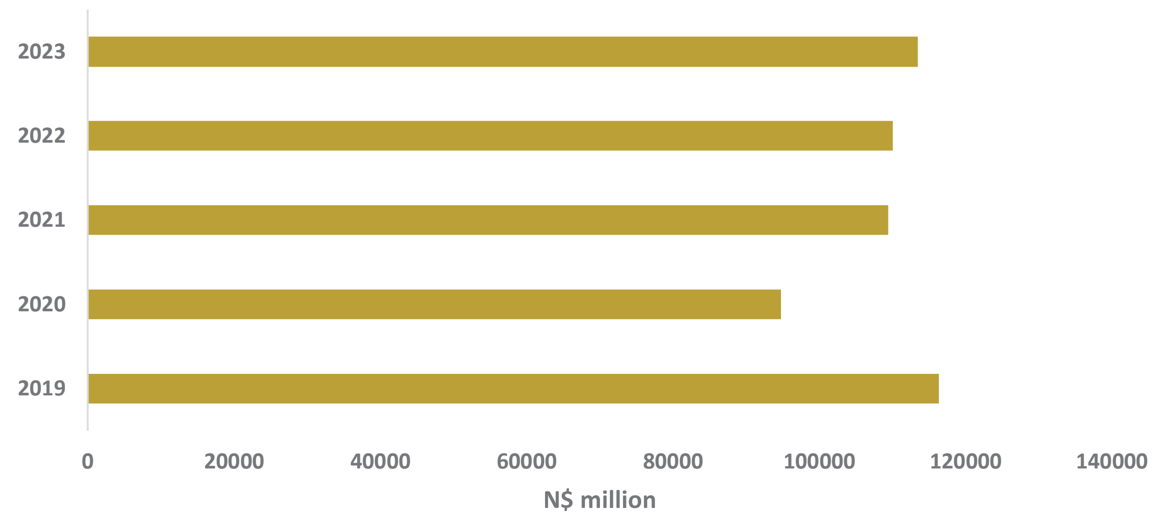
Table 24: **Long-term insurers: Cover in terms of capital adequacy requirements**

Ratio of surplus assets to capital adequacy re-(quirement (CAR cover	Number of long-term insurers				
	2019	2020	2021	2022	2023
Cover 1 time	1	0	0	0	0
Cover 1-2 times	3	2	0	1	0
Cover 2-5 times	0	1	2	2	2
Cover 5-10 times	1	0	0	0	1
Cover 10+ times	11	11	12	11	11
Total	**16**	**14**	**14**	**14**	**14**

Gross written premium

The industry's gross written premium (GWP) increased by 3.0 percent to N$11.3 billion at the end of 31 December 2023 (Figure 19). The increase in GWP was fuelled by the expansion in the issuance of new policies during the year. The spike in the uptake of insurance products is largely due to the continuous recovery of certain sectors, which have steadily increased their business activities subsequent to the COVID-19 pandemic.

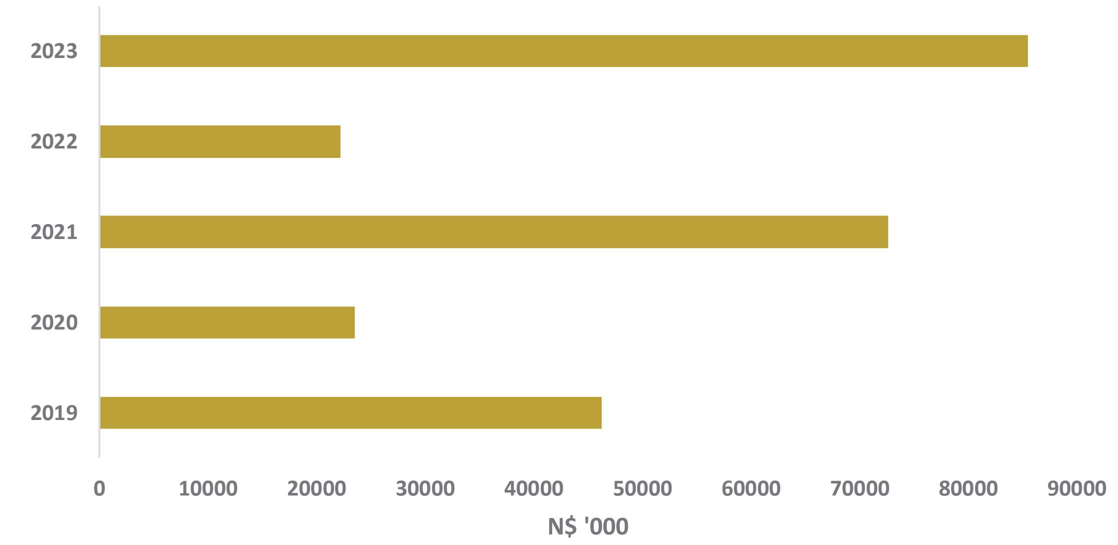
Figure 21: **Long-term insurance industry: Gross written premium**



Investment income

The industry's investment income experienced a significant increase of 285.4 percent to N$8.6 billion during the year (Figure 22). This remarkable increase in investment income is primarily attributed to the strong performance of financial markets, which led to fair value gains in the equity and shares market. The robust performance observed in financial markets stemmed from substantial reinvestments, driven by renewed investor confidence despite the prevailing geopolitical tensions.

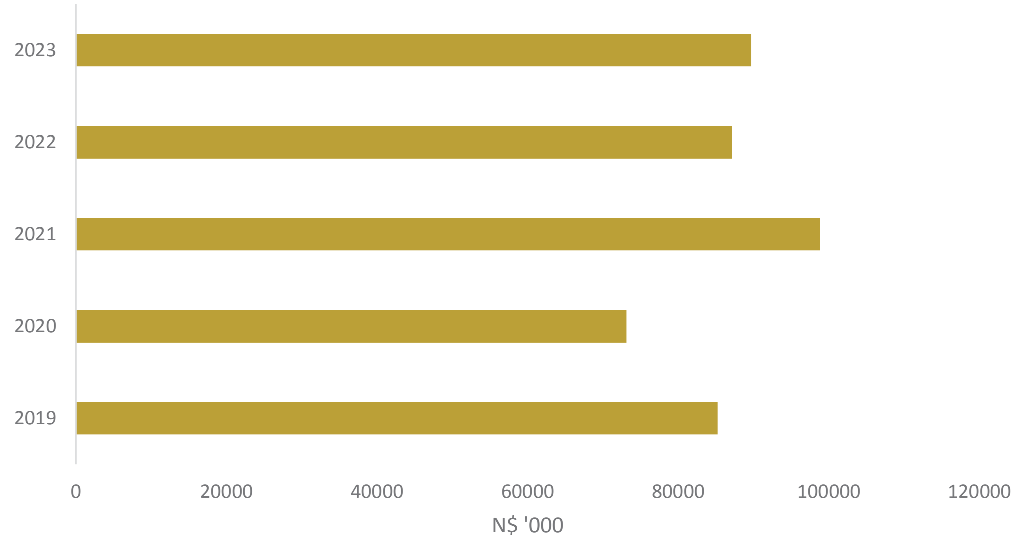
Figure 22: Long-term insurance industry: Investment income



Claims and expenses

The industry's net claims paid increased by 2.9 percent to N$8.9 billion at the end of the review period (Figure 23). The increase in total claims incurred was primarily driven by the unfavourable and high-value claims encountered throughout the year. During the year, insurance claims were predominantly attributed to the risk and fund investment classes, accounting for 60.7 percent and 14.7 percent, respectively.

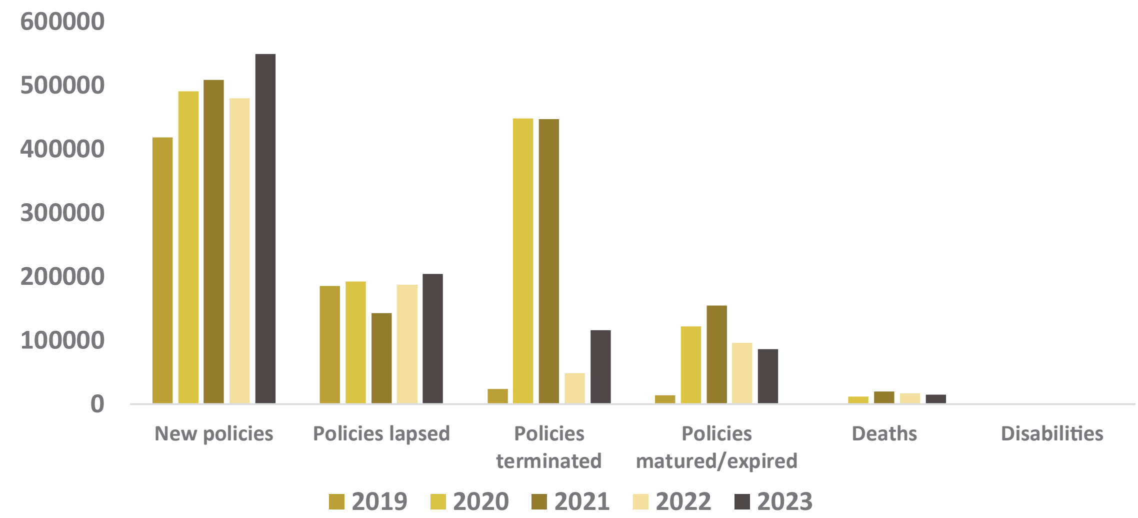
Figure 23: Long-term insurance industry: Gross claims paid



Policy statistics

The number of total active policies increased by 7.5 percent to 1,916,466 policies at the end of 2023 (Figure 22). The increase in the number of new policies underwritten during the year contributed to the increase in the total number of active policies at the end of the review period.

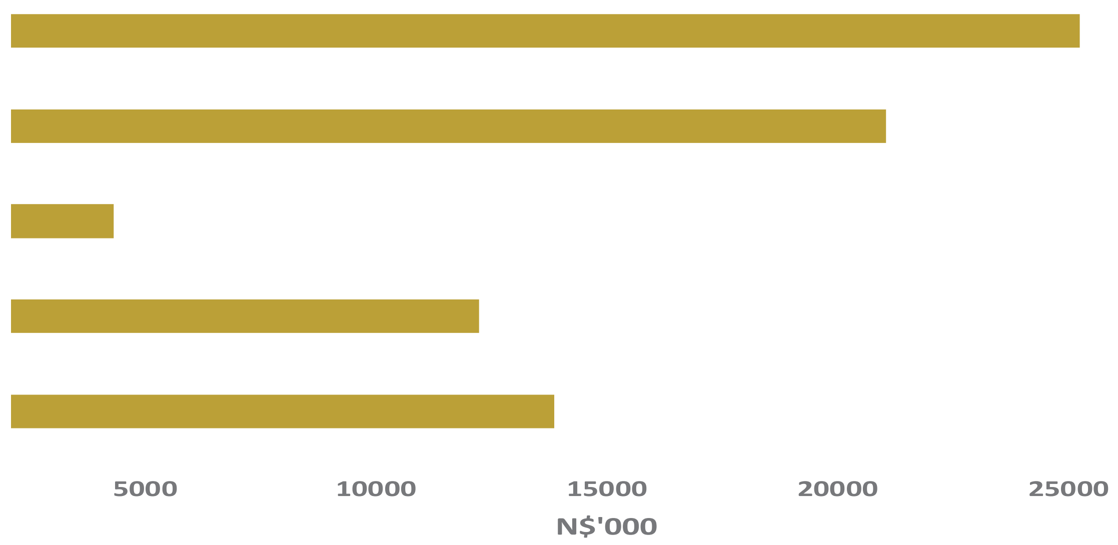
Figure 24: Long-term insurance industry policy statistics



Profit before tax

The industry's profit before tax increased by 19.9 percent to N$2.5 billion at the end of the year (Figure 25). The increase in profit before tax was driven by the robust recoveries in investment income, and partially augmented by the rise in new business underwritten by the industry.

Figure 25: Long-term insurance industry: Profit before tax



Short-term insurance

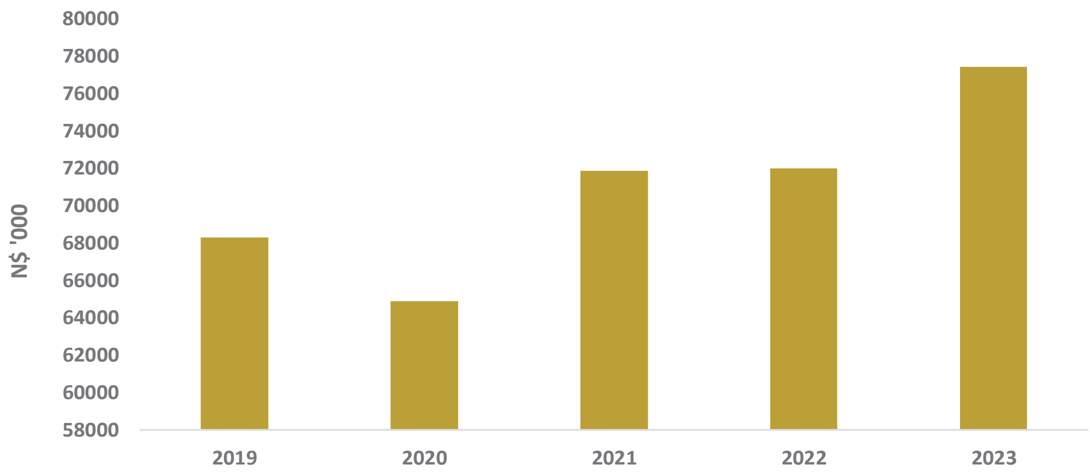
Performance review

The short-term insurance industry demonstrated strong performance in the financial markets and maintained resilience throughout the year. The industry's excess (surplus) assets increased by 13.0 percent to N$2.4 billion as at 31 December 2023. Additionally, liquidity and solvency positions improved by 26.3 percent and 2.2 percent, respectively.

Assets

The total assets of the industry increased by 7.6 percent to N$7.7 billion as at 31 December 2023 (Figure 24). The increase in the total assets was mainly driven by recoveries in the financial markets (i.e. unit trusts) during the year.

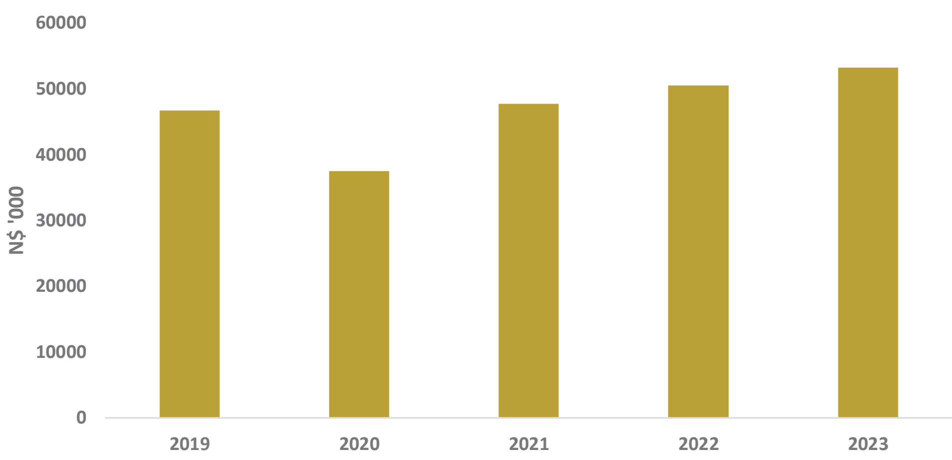
Figure 26: Short-term insurance industry: Total assets



Liabilities

The industry's total liabilities grew by 5.3 percent to N$5.3 billion as at 31 December 2023 (Figure 25). The increase in the industry's liabilities stemmed primarily from the expansion of technical liabilities due to an increase in the gross provision for unearned premiums, aligned with the growth in gross written premiums (GWP). The increase in other liabilities, stemming from provisions made for unpaid operational business expenses, further contributed to the overall growth in total liabilities.

Figure 27: Short-term insurance industry: Total liabilities



Solvency

The short-term insurance industry's solvency ratio[5] increased by 2.1 percent to 1.45 times as at 31 December 2023. As shown in Table 26, all insurers met the expected minimum prudential requirements; however, most of the insurers fell below 25 percent. The Authority will continue to monitor these insurers to ensure compliance and improvement. In the event of an adverse occurrence, a solvency ratio of 1.45 times is sufficient to cover the core financial obligations of the industry.

The liquidity position increased significantly by 26.3 percent to 9.0 times, compared with the previous reporting period.

Table 25: Short-term insurance industry: Solvency ratio, 2019-2023

Solvency ratio	Number of short-term insurance companies				
	2019	2020	2021	2022	2023
1-20%	0	8	9	9	9
21-25%	2	3	2	1	0
26-30%	1	2	0	2	2
31-35%	2	0	1	0	2
>35%	8	2	2	2	1
Total	**13**	**15**	**14***	**14**	**14**

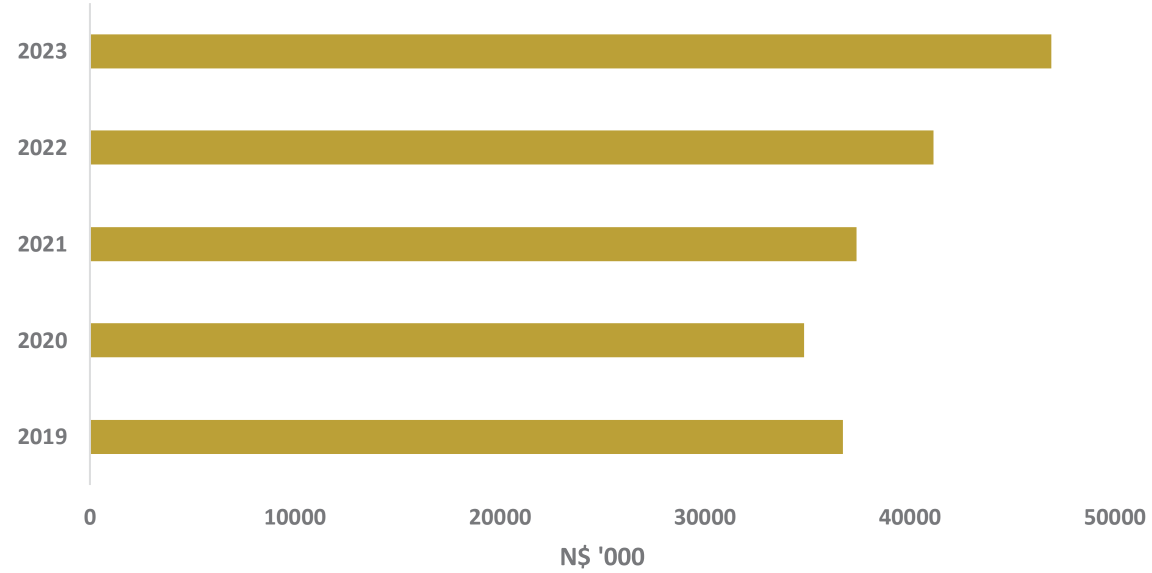
*One (1) insurer was deregistered during the period under review.

[5] The solvency ratio is calculated as total assets over total liabilities.

Gross written premium

The industry's gross written premium (GWP) increased by 14.0 percent to N$4.7 billion for the year ending 31 December 2023 (Figure 26). The increase in the GWP stemmed mainly from the underwriting of high-value business policies during the year. The rise in the uptake of high-value insurance products is largely attributed to a heightened interest in the mining and construction sectors. The motor-only commercial and property commercial sectors accounted for the largest proportions of the observed GWP, with 19.9 percent and 18.3 percent, respectively.

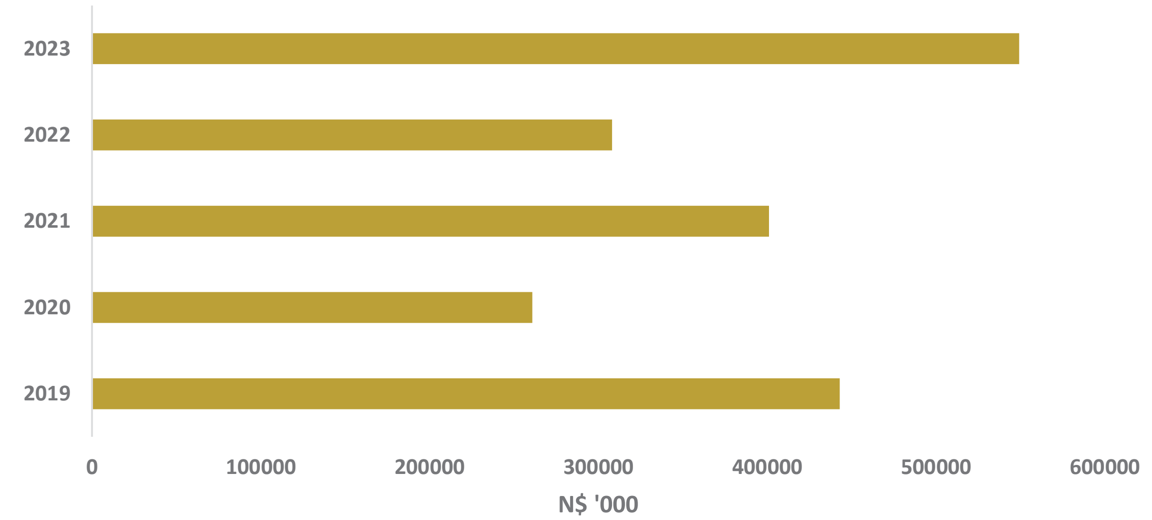
Figure 28: Short-term insurance industry: Gross written premium



Investment income

The industry observed a significant increase in investment income, rising by 78.3 percent to N$549.3 million at the end of the year (Figure 29). The boost in investment income stemmed mainly from substantial recoveries in the financial markets, particularly in the unit trust and money markets, where insurers have allocated a significant portion of their investments.

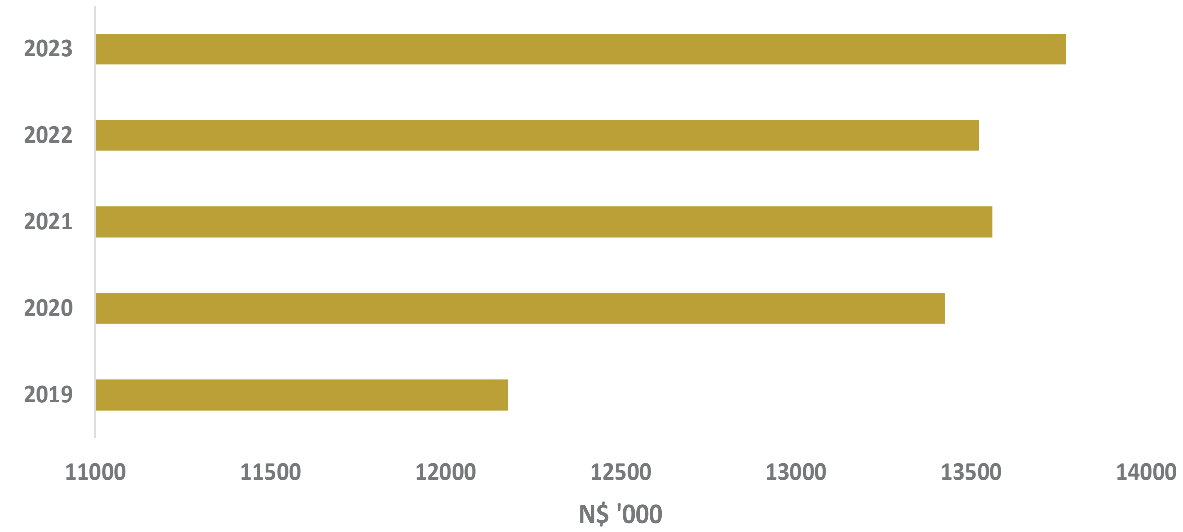
Figure 29: Short-term insurance industry: Investment income



Claims and expenses

The industry's net claims experienced a moderate increase of 1.8 percent to N$1.4 billion by 31 December 2023 (Figure 30). The increase in net claims is primarily attributed to changes in 'incurred but not reported' (IBNR) balances, as insurers settled business interruption claims that arose from the post-COVID-19 pandemic period. Many of the reported business interruption claims following the pandemic were delayed, pending the resolution of lawsuits and the processing of payments only in 2023.

Figure 30: Short-term insurance industry: Claims and expenses



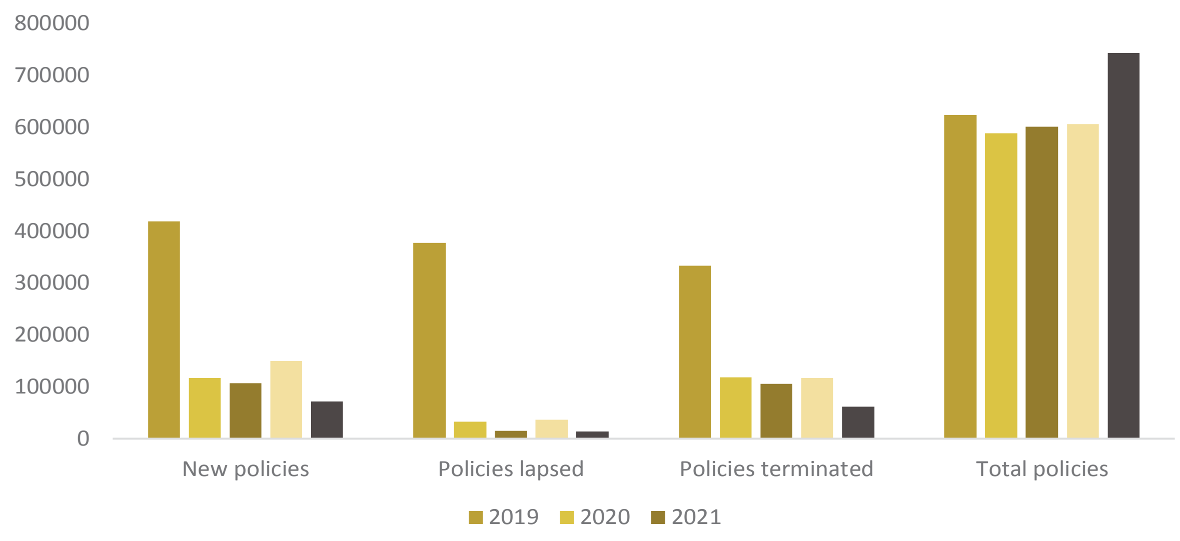
Management expenses surged by 11.7 percent to N$1.13 billion during the review period. The rise in management expenses is primarily attributed to the costs associated with preparing for and implementing the reporting requirements of IFRS 17. As many insurers operate with parallel systems in order to comply with both international financial reporting standards and regulatory obligations, additional resources are needed, which leads to the increase in management expenses.

The industry's commission paid increased by 13.2 percent to N$532.8 million during the year. The increase in the industry's commission is mainly attributed to the high-value policies recorded in 2023. The motor-only commercial and property commercial sectors accounted for the largest proportions of the observed GWP, with 19.9 percent and 18.3 percent, respectively.

Policy statistics

The number of total active policies increased by 22.7 percent to 743,666 policies in 2023 (Figure 29). The increase in the total number of active policies at the end of 2023 was driven by a decrease in lapses and terminations. The reduction in lapses and terminations stemmed mainly from the ongoing recovery of post-COVID-19 business activities.

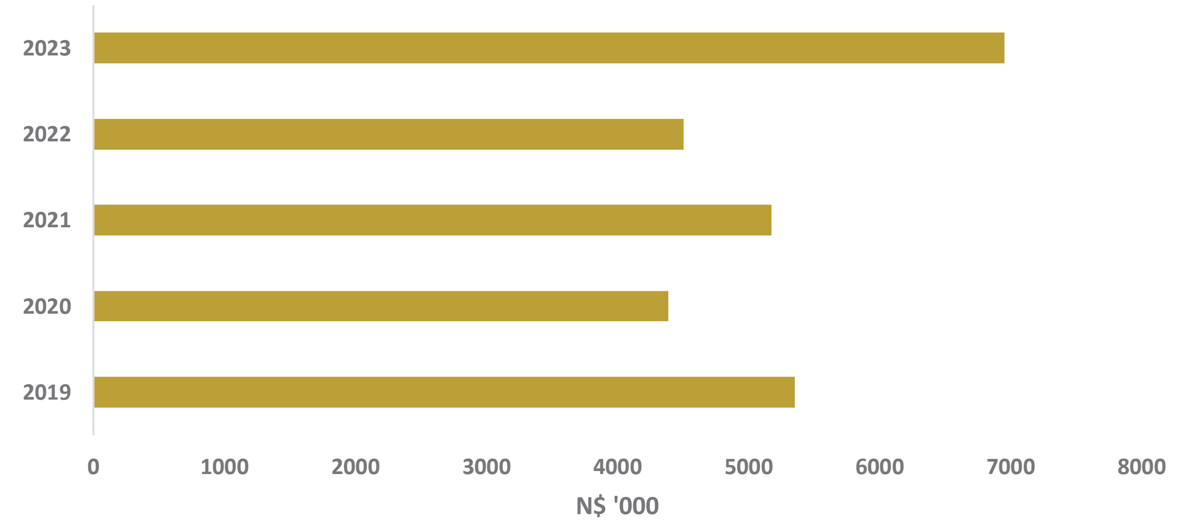
Figure 31: **Short-term insurance industry: Policy statistics**



Profit before tax

The industry's profit before tax increased significantly by 54.4 percent to N$695.5 million for the period ending 31 December 2023 (Figure 32). The surge in profit before tax stemmed mainly from the robust recoveries in investment income, alongside the underwriting of high-value business throughout the year.

Figure 32: **Short-term insurance industry: Profit before tax**



Foreign insurance and reinsurance

Table 26 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 26: **Short-term insurance exemptions: Lloyd's and non-Lloyd's cover**

Class of insurance	2019	2020	2021	2022	2023
	'000	**'000**	**'000**	**'000**	**'000**
Aviation	49,656	53,276	48,159	39,553	57,788
Fire	12,664	16,271	5,131	180	37,428
Marine	156,538	152,611	167,613	253,056	222,078
Miscellaneous	27,552	41,260	84,418	156,263	299,324
Vehicle	-	-	-	-	-
Personal	220	47	-	-	-
Guarantee	63,805	63,375	25,247	35,666	-
Co-insurance	-	-	-	-	20
Total	310,435	326,840	330,568	484,718	616,638
Number of exemptions	**345**	**321**	**236**	**258**	**321**

The value of foreign insurance exemptions granted by the Registrar increased by 27.2 percent to N$616.6 million in 2023. The marine and miscellaneous classes of insurance contributed the most to the increase in both Lloyd's and non-Lloyd's cover, with 48.5 and 36.0 percent, respectively.

The Lloyd's and non-Lloyd's market mostly underwrite marine, miscellaneous 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 regard to insuring or retaining such risk, hence the lack of appetite from local insurers. Despite the increase in the value of foreign insurance exemption leaving the country, the number of exemptions increased by 24.4 percent to 321 exemption applications approved in 2023.

Medical aid funds

Performance review

The medical aid funds industry reported a net surplus for the period under review and remained well capitalised. The industry's claims experience improved during 2023, and the industry's reserves level exceeded the minimum prudential reserves level requirement of 25.0 percent. Therefore, the industry is deemed to be financially sound.

Beneficiaries

The number of beneficiaries increased by 3.0 percent to 215,766 as at 31 December 2023. The increase was due to various reasons, including the return of persons who withdrew membership due to pressures on their disposable income, and employers enrolling staff in medical aid funds (Table 27).

Table 27: **Medical aid fund beneficiaries**

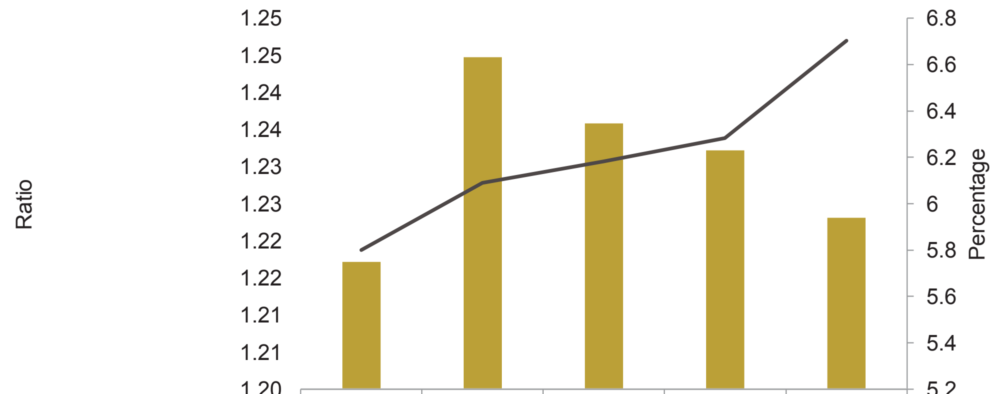
Total industry membership	2019	2020	2021	2022	2023
Principal members	85,795	*83,745	85,902	96,985	90,883
Dependants	104,424	*104,242	106,156	112,560	111,162
Pensioners	11,695	12,214	12,655	12,861	13,721
Total beneficiaries	**201,914**	**200,201**	**204,713**	**209,545**	**215,766**
		Percentage			
Change in principal members	5.3	-2.0	2.2	2.6	3.1
Change in dependants	1.1	-0.1	1.8	2.3	2.4
Change in pensioners	6.0	4.4	3.6	1.6	6.7
Change in total beneficiaries	**3.1**	***-0.8**	**2.3**	**2.4**	**3.0**

*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 1.22 for 2023, marginally lower than the ratio reported for the previous year (Figure 33). A low dependant ratio is desirable, as higher-contributing principal members outnumbering lower-contributing dependants reduces financial pressure on medical aid funds. Pensioner beneficiaries accounted for 6.7 percent of all beneficiaries as at 31 December 2023. 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. The pensioner beneficiaries increased by 6.7 percent to 13,721 during 2023.

Figure 33: Medical aid funds industry: Dependant and pensioner ratios, 2017-2021

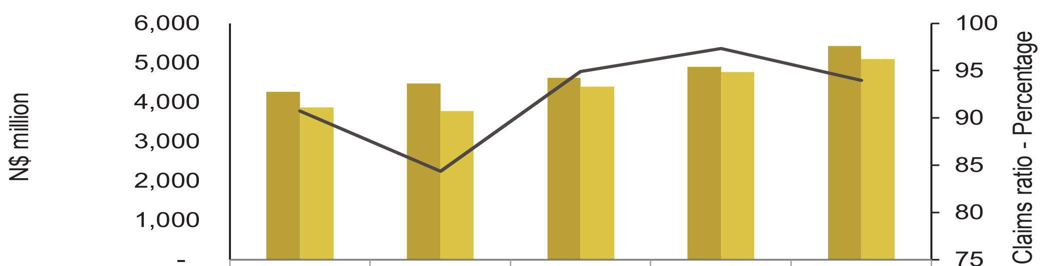


	2019	2020	2021	2022	2023
Dependant ratio	1.22	1.24	1.24	1.23	1.22
Pensioner ratio (RHS)	5.8	6.1	6.2	6.3	6.7

Income

Gross contributions received increased by 11.0 percent to N$5.4 billion for the 2023 financial year. The increase in contributions was due to a combination of increased membership and annual increases in contributions paid by members. On average, gross contributions increased by 6.2 percent over the last five years, and claims grew at a higher average rate of 7.2 percent over the same five-year period. In addition, the claims ratio was above 90.0 percent for four of the past five years, including 2023 (Figure 34). Contributions were thus sufficient to settle healthcare expenditure, with excess funds available to cover a portion of the non-healthcare expenses.

Figure 34: Medical aid funds industry: Gross contributions vs gross expenditure



	2019	2020	2021	2022	2023
Contributions received	4,263	4,481	4,626	4,893	5,429
Claims	3,868	3,780	4,391	4,764	5,101
Claims ratio (RHS)	90.8	84.4	94.9	97.4	94.0

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

Healthcare expenditure

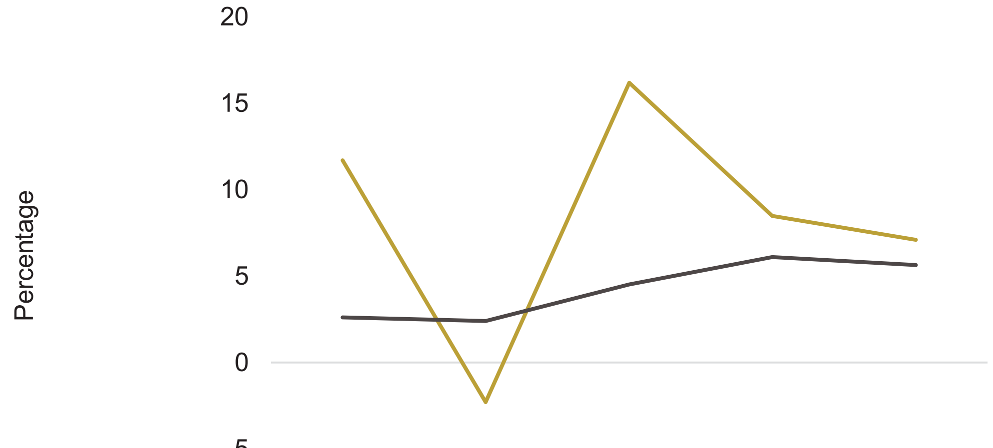
Healthcare expenditure is the sum of the benefits paid from the risk pool of medical aid funds. During the 2023 financial year, healthcare expenditure amounted to N$5.1 billion, which is 7.1 percent higher than the healthcare expenditure reported for the previous year. The increase in healthcare expenditure during 2023 was due to inflationary increases in healthcare prices as well as increases in healthcare consumption. The average healthcare expenditure amount per beneficiary per annum (PBPA) reported for 2023 was N$23,643, which is 4.0 percent higher than in 2022.

Table 28: Medical aid funds industry: Distribution of healthcare benefits paid in 2022

Health service provider	2022	2023
Percentage		
Hospitals	34.9	32.8
General practitioners	8.6	9.0
Pharmacies (medicines dispensed)	16.6	15.8
Specialists	12.3	12.4
Auxiliary services	4.6	5.0
Pathologists	5.5	5.6
Optometrists	2.8	2.9
Dentists	4.7	4.9
Radiologists	5.5	5.7
Dental specialists	0.5	0.5
Dental therapists	0.3	0.3
Psychiatric institutions	0.3	0.3
Optic pay-outs	0.0	0.0
IBNR movement	-0.1	1.4
Other	3.8	3.4

As experienced in previous years, hospitals, pharmacies, medical specialists and general practitioners comprised the bulk of healthcare expenditure in 2022 (Table 29). Claims associated with these four groups accounted for 70.1 percent or N$3.6 billion of the total benefits paid. Hospital claims were the highest at N$1.7 billion, followed by pharmacies (medicines dispensed) at N$805.4 million. Specialist claims paid amounted to N$634.5 million, and general practitioners amounted to N$459.8 million. During 2023, healthcare expenditure increased at a rate higher than the Namibia Consumer Price Index (NCPI), similar to 2022 when the healthcare expenditure growth exceeded the NCPI (Figure 35).

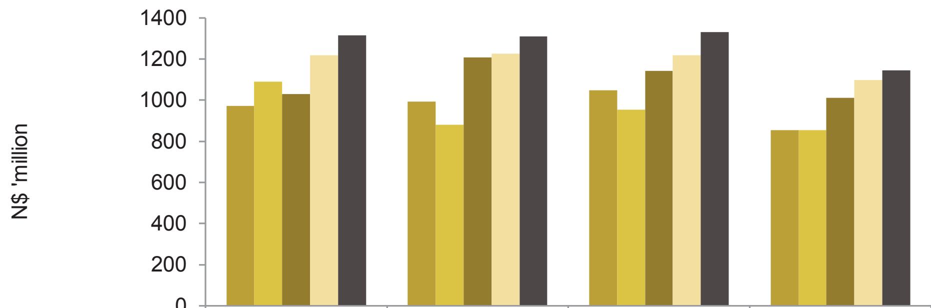
Figure 35: Medical aid funds industry: Healthcare expenditure growth vs Namibia Consumer Price (Index (NCPI



	2019	2020	2021	2022	2023
Healthcare costs increases	11.7	-2.3	16.2	8.5	7.1
NCPI	2.6	2.4	4.5	6.1	5.7

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 36a). Furthermore, healthcare expenditure has steadily increased over the past five years.

Figure 36a: Medical aid funds industry: Claim seasonality, 2019-2023



	March	June	September	December
2019	972	994	1048	854
2020	1091	880	955	854
2021	1,029	1,209	1,142	1,011
2022	1,220	1,227	1,218	1,099
2023	1,315	1,310	1,332	1,145

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 36b).

Figure 36b: Medical aid funds industry: Annual healthcare expenditure

	2019	2020	2021	2022	2023
Claims	3,868	3,780	4,391	4,764	5,101

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 6.8 percent to N$541.1 million, on an annual basis. Administration costs continued to be the largest component of non-healthcare expenditure, which grew by 8.4 percent to N$376.8 million in 2023 due to inflationary adjustments of the fee charged per member and variable charges due to member activity.

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 which is paid per registered member of a medical aid fund. Administration costs accounted for 69.6 percent of all non-healthcare expenditure.

The growth in gross contributions received and in healthcare and non-healthcare costs was higher than the NCPI (Table 29).

Table 29: Medical aid funds industry: Percentage of change in gross contributions and gross expenditure vs Namibia Consumer Price Index inflation rate, 2019-2023

	Gross contributions received	Gross healthcare costs	Gross non-healthcare costs	Namibia Consumer Price Index (NCPI)
Reporting period	Percentage change	Percentage change	Percentage change	
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
2023	11.0	7.1	6.8	5.7

Managed care costs increased by 2.4 percent to N$59.7 million in 2023. Increased hospitalisation and elective procedures during 2023 resulted in the growth of the managed care cost expense. Managed care accounted for 11.0 percent of the total non-healthcare costs incurred and amounted to 1.1 percent of the gross contributions in 2023. In aggregate, managed care and administration costs constituted 8.0 percent of the total contributions in 2023.

Membership of medical aid funds continued to experience affordability challenges during the review period; as such, members continued to remain with cheaper health benefit options. Healthcare expenditure and administration costs accounted for 100.9 percent of the gross contributions in 2023 (Table 30). The industry therefore had to rely on investment income and reserves to fund the 0.9 percent shortfall, for which the contributions were not sufficient.

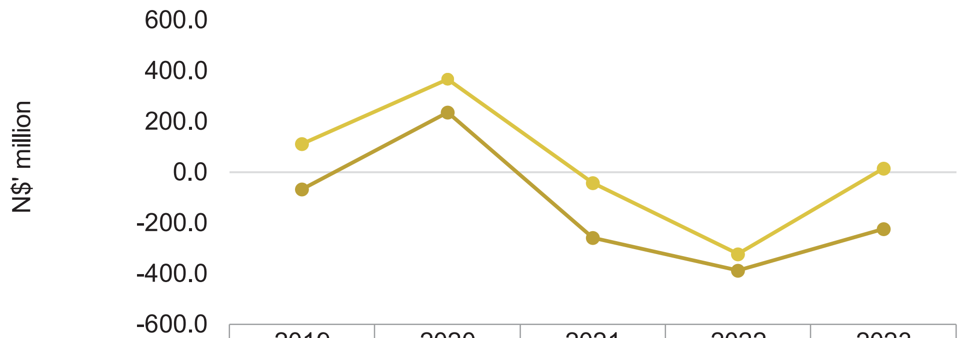
Table 30: Medical aid funds industry: Ratio of healthcare costs (claims) to administration costs, 2019-2023

	For the period ended 31 December				
Item	**2019**	**2020**	**2021**	**2022**	**2023**
Healthcare costs as a percentage of gross contributions (percent)	90.8	84.4	94.9	97.4	94.0
Administration costs as a percentage of gross contributions (percent)	6.7	6.9	7.2	10.6	10.1
Healthcare costs and administration costs as a percentage of gross contributions (percent)	97.4	91.2	102.1	107.9	104.1

Net healthcare results

The industry reported an operational deficit (the result after deducting healthcare and non-healthcare costs from net contributions[7] before investment and other income) of N$223.0 million for 2023, which was lower than the operational deficit of N$387.3 million reported for 2022. The total expenditure increased at a higher rate than contributions, hence the operational deficit reported for the reporting period. The trend in the operational results and the net surplus of the medical aid fund industry fluctuated during the period 2019-2023, showing the reversal of the downward trend (Figure 37).

Figure 37: Medical aid funds industry: Operational surplus and net surplus, 2019-2023



	2019	2020	2021	2022	2023
Underwriting surplus(deficit)	-66.5	236.4	-258.1	-387.3	-223.0
Net surplus(deficit)	112.7	366.9	-41.7	-321.9	14.8

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

The net result (operational result plus investment and other income) increased on an annual basis from a net deficit of N$321.9 million to a net surplus of N$14.8 million reported for the 2023 financial year. Open medical aid funds reported a net surplus of N$14.6 million and closed medical aid funds reported a net surplus of N$155,000. The net surplus in 2023 resulted from significant growth in investment returns reported by the industry for the 2023 calendar year. Investment income increased by 284.2 percent to N$233.4 million during the review period. The increase in investment returns was due to the positive returns on investments held by the industry, which originated from a combination of appreciation in the value of investments and investment income cashflows (i.e. dividends and interest income).

Assets and liabilities

The total industry assets grew by 4.8 percent to N$2.1 billion as at 31 December 2023. The increase resulted in an increase in cash and cash equivalents, growth in the accounts receivables balance, and lower total expenditure reported by the industry for the year under review. The industry's total liabilities increased by 16.8 percent to N$631.0 million as at 31 December 2023.

Receivables increased by 9.6 percent to N$46.9 million as at 31 December 2023. The receivables comprised contributions receivable of N$38.3 million and other receivables of N$8.6 million. The increased receivable balance was a result of the delayed 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 2023. 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 decreased to 0.8 percent as at 31 December 2023, higher than the 0.6 percent reported as at 31 December 2022. 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$1.9 billion and current obligations of N$631.0 million, which represents a liquidity gap of N$1.2 billion. Therefore, the industry was able to settle its current liabilities as at 31 December 2023.

Current ratio

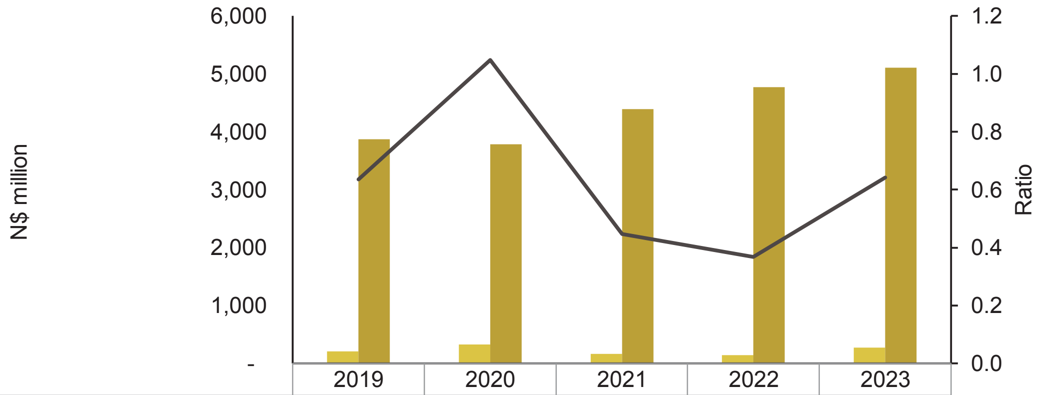
The current ratio[8] measures whether the industry held sufficient current assets with which to settle its current liabilities. The industry reported a current ratio of 2.9:1 as at 31 December 2023, which is lower than the ratio of 3.4:1 reported as at 31 December 2022. The total current assets grew by 0.2 percent and the current liabilities increased by 16.8 percent; therefore, the current ratio decreased as at 31 December 2023. Current assets increased due to a lower utilisation of cash and cash equivalents), and current liabilities grew due to an increase in provisions for outstanding claims (IBNR), roll-over (savings[9]) benefit liability, 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 2.9:1 is within the aforementioned benchmark range, and the current liquidity position offers the industry safety against unexpected adverse claims experiences.

Cash coverage

The liquidity position of a fund is further measured by its ability to pay claims from cash and cash equivalents. Figure 36 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.

[8] Current assets to current liabilities ratio.
[9] The roll-over (or savings) liability comprises the balance of unused benefits that members are permitted to carry over to subsequent years.

Figure 38: Medical aid funds industry: Liquidity by cash coverage of claims, 2019-2023



	2019	2020	2021	2022	2023
Cash and cash equivalents	205	330	164	146	273
Healthcare expenditure	3,868	3,780	4,391	4,764	5,101
Months of cover (RHS)	0.6	1.0	0.4	0.4	0.6

During 2023, the downward trend in the cash coverage of claims ratio was reversed due to the improved cash and equivalents balance reported by the industry at 31 December 2023. The cash held by the industry as at 31 December 2023 could cover more than two weeks' worth of claims, evidenced by a cash coverage of claims ratio of 0.6. The 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 2023.

Investments

The industry's total investments decreased by 2.0 percent to N$1.8 billion as at 31 December 2023, due primarily to the liquidation of investments during the year. While the investment value decreased marginally during the year under review, the industry reported a significant increase in investment income due to positive market performances and positive investment income cashflows. 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 56.7 percent of their assets in Namibia as at 31 December 2023. The medical aid funds held 45.0 percent of investments in unit trusts, followed by cash and cash equivalents and fixed interest instruments, such as bonds, at 17.4 percent and 27.0 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.

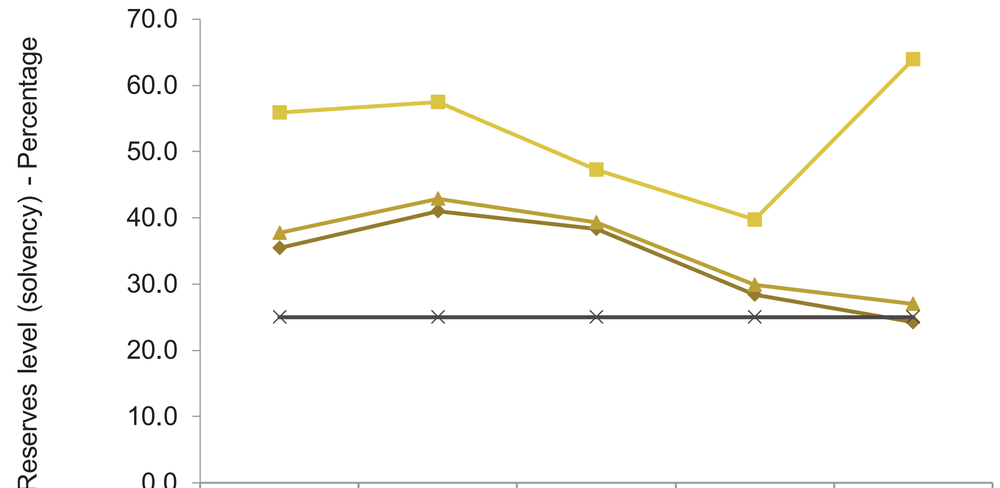
Reserves

The medical aid funds industry reported a decrease of 0.3 percent in its net assets (accumulated funds or reserves) to N$1.5 billion as at 31 December 2023. The accumulated funds (reserves) of medical aid funds must be maintained at the required minimum prudential 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 2023 the industry remained adequately capitalised, with the solvency ratio being above the minimum prudential required level. Due to the low net surplus reported for the year and the high increase in contributions, the solvency ratio for 2023 was 27.0 percent, lower than the 29.9 percent reported for 2022. While the industry complied with the prudential solvency requirement, three (3) open funds 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 24.3 percent as at 31 December 2023, a decrease from 28.4 percent at the end of 2022. The solvency ratio for closed funds increased from 39.8 percent to 64.0 percent as at 31 December 2023, although the monetary value of closed funds' reserves may be significantly reduced by volatile, high-value claims (Figure 39).

Figure 39: Medical aid funds industry: Solvency trend, 2019-2023



	2019	2020	2021	2022	2023
Open funds	35.5	41.0	38.4	28.4	24.3
Closed funds	55.9	57.5	47.2	39.8	64.0
Industry reserves level	37.8	42.9	39.3	29.9	27.0
Prudential reserves level	25.0	25.0	25.0	25.0	25.0

Friendly societies

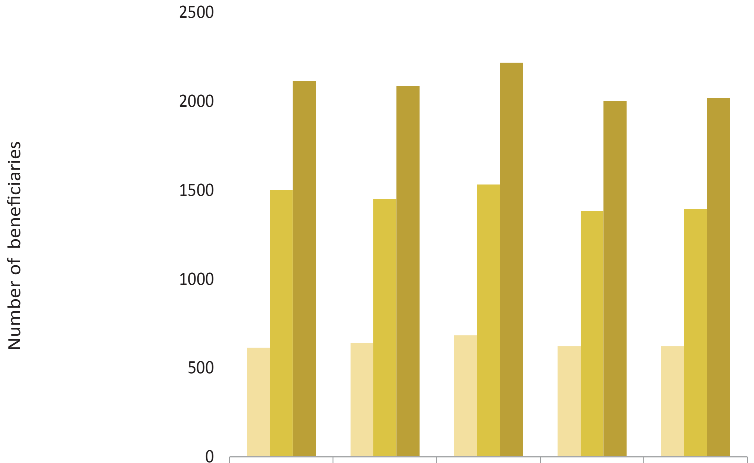
Performance review

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 0.8 percent to 2,019 as at 31 December 2023 on account of the recruitment of new members by the single active society (Figure 40).

Figure 40: Friendly societies: Total beneficiaries



	2019	2020	2021	2022	2023
Number of Principal Members	614	641	684	622	623
Number of Dependants	1,500	1,449	1,533	1,381	1,396
Total members	2,114	2,085	2,217	2,003	2,019

Contributions and expenses

The total contributions received by the industry increased by 6.6 percent to N$211,500, and the principal membership[12] increased by 0.2 percent to 623 members as at 31 December 2023. While the growth in principal membership was low, a number of new enrolments and re-enrolments during the year resulted in the contributions, which include a joining fee, growing at a disproportionately higher rate than principal membership. Claims expenditure increased by 55.8 percent to N$93,500 for the year ended 31 December 2023. The increase was due to intensified burial claims during the year.

Operational expenditure increased by 72.2 percent to N$55,814 for the year ended 31 December 2023. During the 2023 financial year, expenses included NAMFISA levies, bank charges, indemnity fees, investment management fees, trustee fees, and expenses related to debt that was written off. The operational expenses for 2022 included NAMFISA levies, bank charges, audit fees, and indemnity fees.

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 11.9 percent to N$2.4 million as at 31 December 2023, and cash and cash equivalents decreased by 51.2 percent to N$24,359 as at 31 December 2023.

The industry's investment income, which primarily includes interest returns, was N$209,773 for the review period, which is 94.2 percent higher than the industry's investment income reported for the 2022 year. The increase in investment income was due to higher interest earned during the year under review, owing to the prevalent higher interest rates during 2023.

Assets and liabilities

As at 31 December 2023, the total assets stood at N$2.5 million after an increase of 13.1 percent during 2023. The increase in total assets was influenced by the investment of surplus cash and the re-investment of investment income. The accounts receivables increased by 51.3 percent to N$24,359 as at 31 December 2023 and constituted 11.5 percent of the total annual contributions received. The outstanding contributions were higher at year end, as the contributions were collected after 31 December 2023. 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 as at 31 December 2023 was 11.6:1, up from 11.0:1 reported for 2022, which is well above the prudential ratio of 0.25:1.

Pension funds

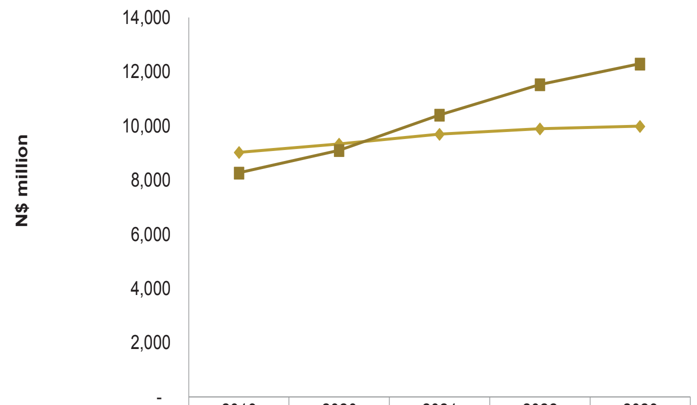
Performance review

The industry's total investments increased during the 2023 year. The increase was due to positive performances in equity and debt markets during the year under review. The retirement funds' benefits and expenses exceeded contributions received by the industry. The industry's funding level remained above 100.0 percent as at 31 December 2023.

Contributions and benefits

The total contributions received increased by 0.9 percent to N$10.0 billion for the year ended 31 December 2023 (Figure 39), which is lower than the annual inflation rate of 5.7 percent reported for the previous period. The slow recovery in economic activity, which had an impact on employment and members' contributions during the year, resulted in contributions not rising at the same level as inflation during the year under review.

Figure 41: Contributions and benefits



	2019	2020	2021	2022	2023
Total contributions	9,022	9,330	9,699	9,904	9,991
Total Benefits	8,270	9,095	10,409	11,534	12,295

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.

[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.

The total benefits paid in 2023 increased by 6.6 percent to N$12.3 billion, compared with the previous year (Figure 39). The growth in benefits correlates with continued withdrawals due to retirements and early withdrawals from members who resigned or were dismissed during the year. In addition, withdrawals due to retrenchments and deaths also contributed to total benefits paid. 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 that prompt responses are taken to address potential threats to the continued payment of members' benefits.

Expenses

The industry's total expenses increased significantly by 46.2 percent to N$2.5 billion, due to a significant increase in investment fees. Investment fees increased by 138.6 percent to N$1.3 billion for the 2023 year. The growth in investment fees resulted from an in increase in performance fees, which was brought on by an increase 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) increased by 7.3 percent to N$797.0 million reported for 2023. Insurance premiums decreased by 6.4 percent to N$410.6 million for the same period. The increase in administration and other costs resulted from, among others, higher actuarial fees, benefit consultancy, and variable administration costs. The insurance premiums decrease was in line with the risk cover held by pension funds to maintain coverage for members.

Investment management fees constituted the largest component of expenses at 52.6 percent, followed by administration fees and other costs at 31.3 percent. Insurance premiums constituted the smallest component of expenses at 31.3 percent (Table 31).

Table 31: Pension fund industry: Cost experience, 2019-2023

Cost category	Amount (N$ '000)				
	2019	2020	2021	2022	2023
Administration fees and other costs	661,188	1,292,643	939,705	742,469	796,988
Insurance premiums	379,380	389,230	390,716	438,602	410,642
Investment management fees	744,398	847,577	2,519,951	562,519	1,342,116
Total	**1,436,799**	**1,784,966**	**2,529,450**	**3,850,372**	**2,549,746**
Cost category	**Percentage of total**				
Administration fees and other costs	37.0	51.1	24.4	42.6	31.3
Insurance premiums	21.3	15.4	10.1	25.2	16.1
Investment management fees	41.7	33.5	65.4	32.3	52.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Assets and liabilities

Pension fund assets increased by 15.2 percent to N$237.1 billion in 2023 (Table 32), and current liabilities decreased by 3.2 percent to N$2.6 billion as at 31 December 2023. The decrease in current liabilities resulted from the lower benefits payable balance reported as at 31 December 2023. The active members' share account increased by 6.6 percent to N$121.4 billion as at 31 December 2023, and the pensioner accounts increased by 2.0 percent N$39.1 on the same date. Additionally, the amount in reserve accounts increased by 44.9 percent to N$69.9 billion as at 31 December 2023 (Table 33). The change in active member and pensioner accounts correlates with the increase in the value of reserve accounts reported for the 2023 year as these amounts reflect movement increases in investment asset values that contributed to the increase in the all the reserve types.

Table 32: Pension fund industry: Assets, 2019-2023

	Amount (N$ million)				
Balance sheet	**2019**	**2020**	**2021**	**2022**	**2023**
Non-current assets	167,264	178,763	210,811	204,101	235,229
Current assets	1,974	1,759	2,120	1,716	1,916
Total assets	**169,238**	**180,522**	**212,932**	**205,817**	**237,145**
Accumulated funds and reserves	166,535	178,113	209,538	203,176	234,590
Current liabilities	2,703	2,409	3,394	2,641	2,555
Total funds and liabilities	**169,238**	**180,522**	**212,932**	**205,817**	**237,145**

The industry reported an unclaimed benefits balance of N$218.7 million as at 31 December 2023, lower than the N$229.1 million reported as at 31 December 2022. This is an encouraging movement observed in the reporting period, as it indicates that more members (or their dependants) whose pension fund membership ended without receiving their benefits were traced and paid.

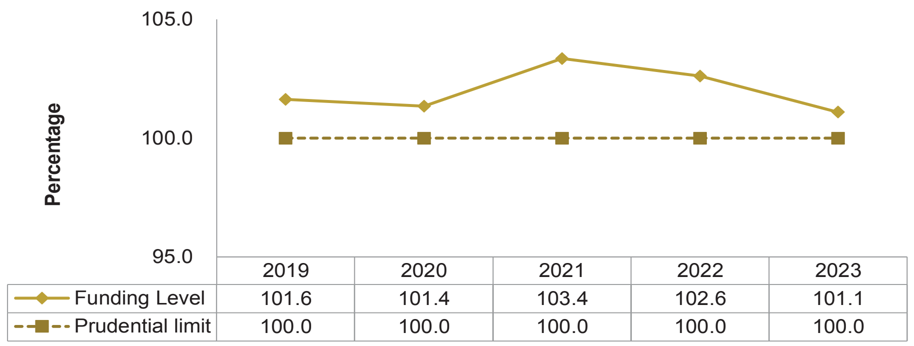
Table 33: Pension fund industry: Liabilities, 2019-2023

	Amount N$ million				
	2018	**2019**	**2020**	**2021**	**2022**
Active members' accounts	137,737	104,357	112,401	113,932	121,449
Pensioners accounts	24,062	25,513	25,807	38,348	39,098
Reserve accounts	2,857	29,750	67,541	48,282	69,944
Other reserves(1)	1,879	18,493	244	0	4,099
Total liabilities	**166,535**	**178,113**	**205,993**	**200,562**	**234,590**

Note: (1) 'Other reserves' comprise unallocated reserves that are normally allocated during the actuarial review period every three years.

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 liabilities. The industry has maintained a funding level between 101.1 and 103.4 percent for the five-year period of 2019-2023 (Figure 42).

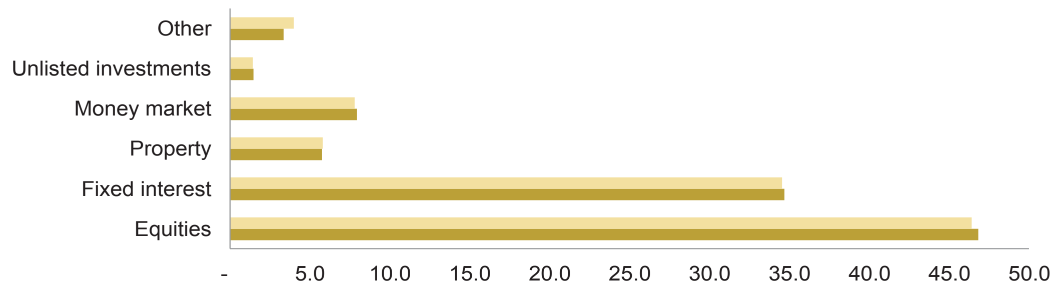
Figure 42: Pension fund industry: Funding level, 2019-2023



Assets by class allocation

Shares comprised 46.8 percent of the total investments, which is commensurate with the long-term nature of pension funds (Figure 43). Fixed interest-bearing assets constituted 34.7 percent of the total investments, compared with 34.6 percent reported for 2022, which was the second highest asset class after investments in shares. The industry held 16.8 percent of its investments in Namibian government bonds (Table 36). Exposure to asset classes such as property, money market and other classes was collectively lower than 15.0 percent of the total investments.

Figure 43: Pension fund asset allocations per asset class, 2019-2023



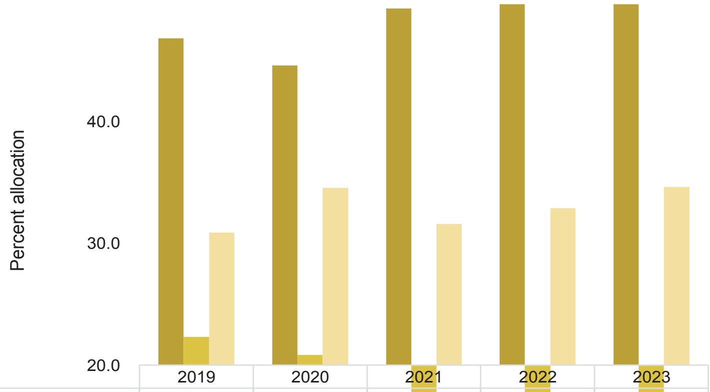
	Equities	Fixed interest	Property	Money market	Unlisted investments	Other
2022	46.4	34.6	5.8	7.8	1.4	4.0
2023	46.8	34.7	5.8	7.9	1.5	3.3

Assets by geographic allocation

Exposure to Namibian assets stood at 50.0 percent as at 31 December 2023, which is higher than the Namibian investment exposure of 49.7 reported during the previous period. The level of exposure to Namibian assets was due to the industry's required compliance with the domestic investment levels as set out in Regulation 13.

Investments in the Common Monetary Area (CMA) decreased to 15.4 percent, lower than the 17.4 percent in the previous year, and investments outside the CMA increased to 34.6 percent, compared with 32.9 percent reported as at 31 December 2021 (Figure 44). 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 review period, which will be continually monitored for compliance.

Figure 44: Pension fund assets, per geographic allocation

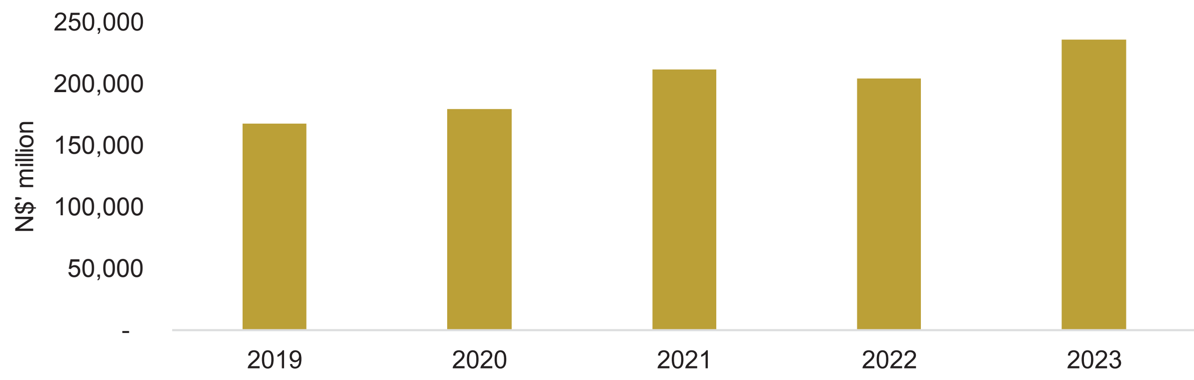


	2019	2020	2021	2022	2023
Namibia	46.8	44.6	49.3	49.7	50.0
Common Monetary Area (CMA)	22.3	20.8	17.7	17.4	15.4
Outside CMA	30.9	34.5	31.6	32.9	34.6

Investments

The total investments increased by 15.2 percent to N$235.8 billion as at 31 December 2023 (Figure 45). The direct investments held by the industry increased by 15.6 percent to N$208.7 billion, and the value of insurance policies increased by 12.3 percent to N$27.1 billion as at 31 December 2023.

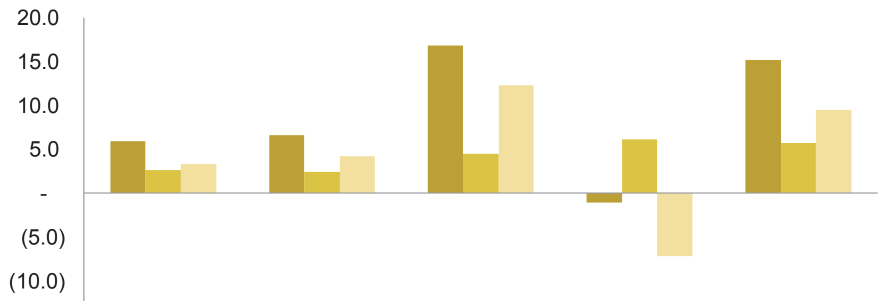
Figure 45: Pension fund investments, 2019-2023



Return on investments

The industry's investment returns were positive for four out of the past five years, with the nominal return on investments ranging from minus 1.1 to 16.8 percent (Figure 46). The return on investments comprised components such as interest and dividend income, returns on sale of investment assets, and changes in the capital value of investment assets.

Figure 46: Return on investments,[15] 2019-2023



	2019	2020	2021	2022	2023
ROI (Nominal)	5.9	6.6	16.8	(1.1)	15.2
NCPI	2.6	2.4	4.5	6.1	5.7
ROI (Real)	3.3	4.2	12.3	(7.2)	9.5

[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 = 2i

A+B-i

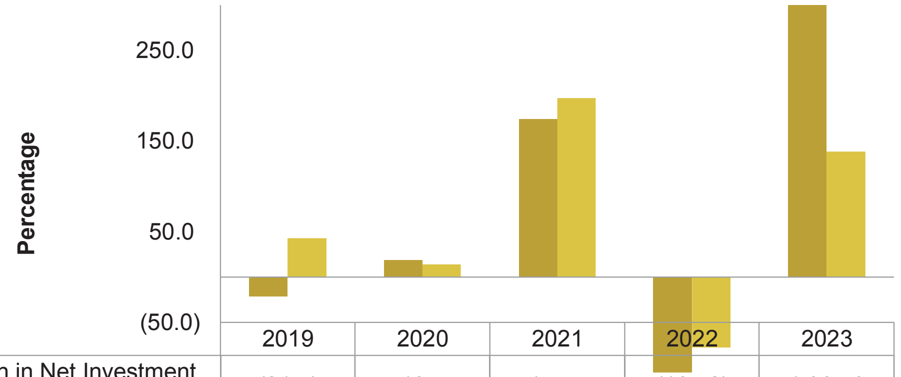
Where: R = Return on investments, A = Initial Value of investments, B = End Value of Investments,

I = Net investment income plus Capital appreciation minus Investment costs.

The Namibian All Bonds Index (ALBI) grew by 15.0 percent and the Namibia Stock Exchange (NSX) Overall Index increased marginally by 0.1 percent during 2023, and the NSX Local Index increased by 32.5 percent during the same period. The high level of profits 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 increased by 5.3 percent, 5.3 percent and 13.7 percent, respectively. The profits reported by companies in various sectors (i.e. finance, technology, mining and industrial) caused the rise in the aforementioned indices. The anticipation of future interest rate reductions further contributed to the positive performances of investment assets.

The growth in investment management fees for 2023 was in line with the growth in investments. Investment management fees comprise fixed costs and performance-based fees; therefore, the investment management fees increased as the value of investments increased during the year under review (Figure 47).

Figure 47: Pension funds: Growth in net investment income vs growth in investment management fees



	2019	2020	2021	2022	2023
Growth in Net Investment income	(21.4)	18.7	174.7	(105.2)	1,935.9
Growth in Investment costs	42.9	13.9	197.3	(77.7)	138.6

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 review period, the industry's liquidity worsened from 77.0 percent to 67.3 percent, compared with the previous period. The decrease in liquidity reflects a 0.9 percent increase in contributions received, compared with the 15.4 percent increase in benefits and expenses paid during the year under review. The industry could rely on investment income to cover the liquidity gap in 2023, as it did between 2018 to 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.

[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.

Table 34: Pension fund liquidity experiences, 2019-2023

	Amount N$ '000				
Liquidity	**2019**	**2020**	**2021**	**2022**	**2023**
Contributions due and received	9,022,346	9,329,893	9,699,089	9,903,934	9,991,169
Expenses and benefits due and paid	10,055,253	11,624,013	11,739,102	12,864,048	14,844,488
Ratio[17] (percent)	**89.7**	**80.3**	**82.6**	**77.0**	**67.3**

Compliance with Regulation 13

Investments of pension funds' assets are regulated in terms of Regulation 13 of the Pension Funds Act, 1956 (No. 24 of 1956). Table 36 illustrates the industry's exposure to different asset classes as at 31 December 2023 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 2023.

Table 35: Pension fund industry compliance with Regulation 13

Asset class	Percentage of aggregate of investments	Reg. 28 limit
Credit balances	7.9	95.0
Government bonds	16.8	95.0
State-owned enterprise, local authority and regional council bonds	0.1	50.0
Corporate bonds	10.5	50.0
Foreign bonds	7.3	50.0
Property	5.8	25.0
Shares	46.8	75.0
Other claims	1.1	25.0
Other assets	2.2	2.5
Unlisted investments (drawn down capital)	1.5	1,75 - 3,50
Other limits		
Regulation 13(1)(a)	52.6	90.0
Regulation 13(1)(b)	55.9	95.0
Regulation 13(2)	49.9	45.0
Regulation 13(3)(e)	8.1	10.0
Regulation 13(5)	2.4	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 2023 year.

[17] Contributions due and received and expenses and benefits due and paid.

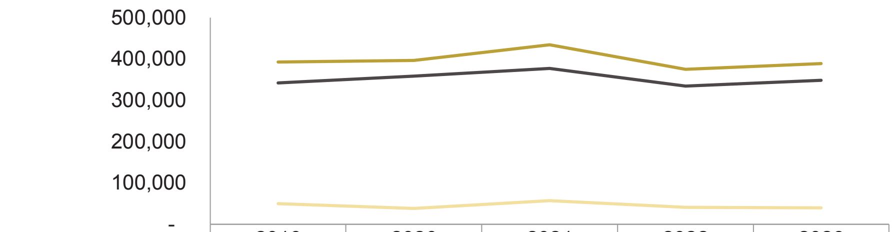
Other limits

The industry's committed capital to unlisted investments was 2.4 percent of their investments and drawn down capital was 1.5 percent (Table 36). 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 increased by 3.6 percent to 374,949 as at 31 December 2023, which comprised 348,895 active members and 39,508 pensioners (Figure 48). The increase in membership was due to new entrants into the sector owing to various factors such as additional employment and/or more employed persons being offered retirement benefits.

Figure 48: Membership, 2019-2023



	2019	2020	2021	2022	2023
Active Members	341,873	358,060	377,050	334,362	348,895
Pensioners	50,103	38,404	57,217	40,587	39,508
Total	391,976	396,464	434,267	374,949	388,403

Figure 46: Membership, 2019-2023

Microlending

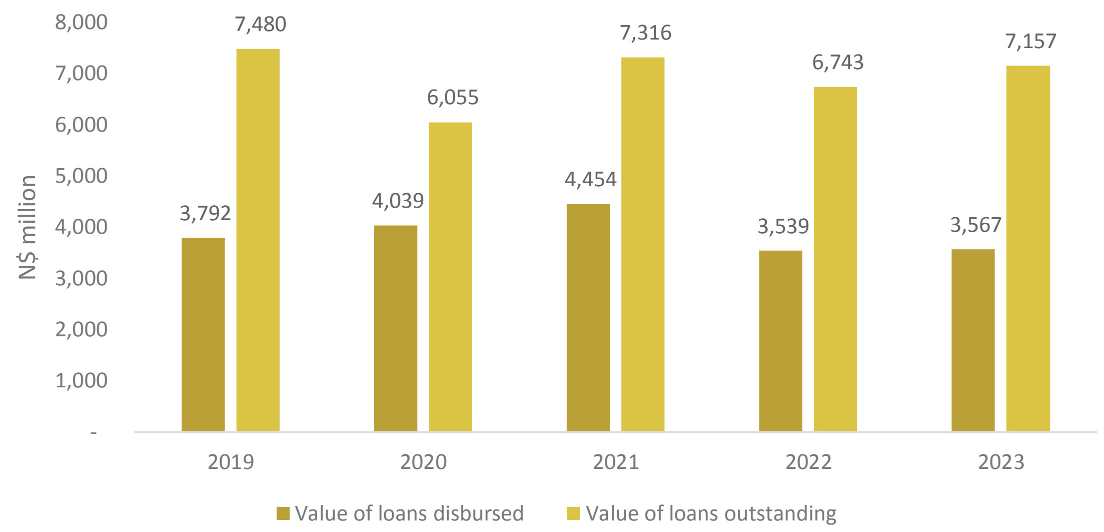
Performance review

The microlending loan book experienced a year-on-year increase in value by the end of 2023, which was mirrored in disbursement figures. Significantly, the rise in disbursement value was driven by term lenders, while payday lenders experienced a decline in disbursed amounts during the same period. Consequently, although the number of newly issued loans rose, the number of borrowers decreased by the end of 2023.

Loan book value

The outstanding value of the loan book grew by 6.1 percent year-on-year, reaching N$7.2 billion at the end of 2023 (Figure 49). Similar to the previous year, the majority share of the loan book's value was attributed to term lenders, amounting to N$6.9 billion, and represented approximately 96 percent of the total share.

Figure 49: Value of microlending disbursements and the loan book



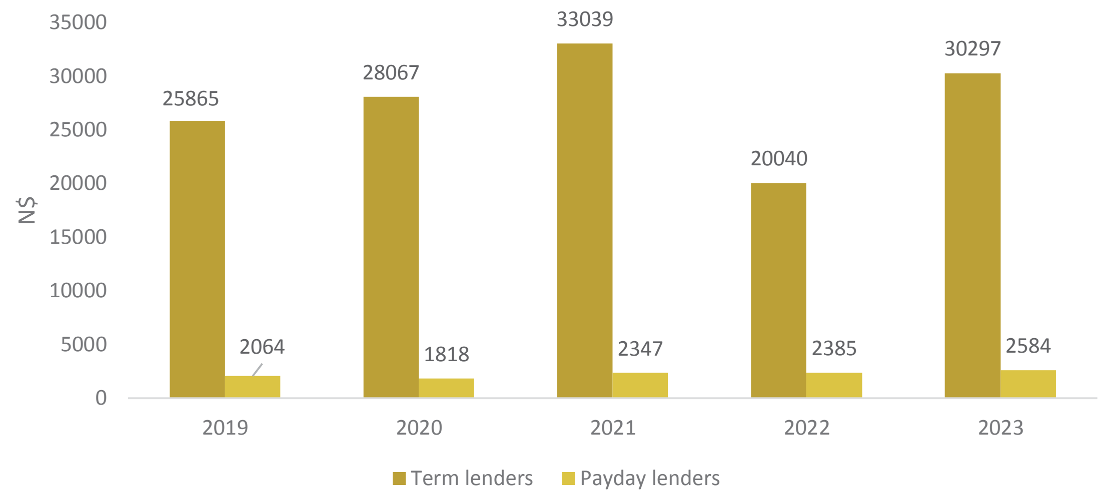
Disbursements

In 2023, the total value of disbursed loans increased slightly by 0.8 percent, compared with the previous year, reaching N$3.6 billion (Figure 49). The increase arose from transactions between term lenders and term borrowers, which experienced growth during the year. In addition, credit extended by term lenders increased by 1.4 percent year-on-year, and the credit extended by payday lenders declined by 0.3 percent over the same period.

Average loan amount

Term lenders consistently extended loans with a higher average amount compared to payday lenders. Throughout the period under review, the average loan amount from term lenders stood at N$30,297, while the average loan amount from payday lenders closed at N$2,584 year-on-year (Figure 50). Therefore, regarding the legislative requirement that loan disbursements should not exceed N$100,000, the industry continued to maintain operations below the maximum limit.

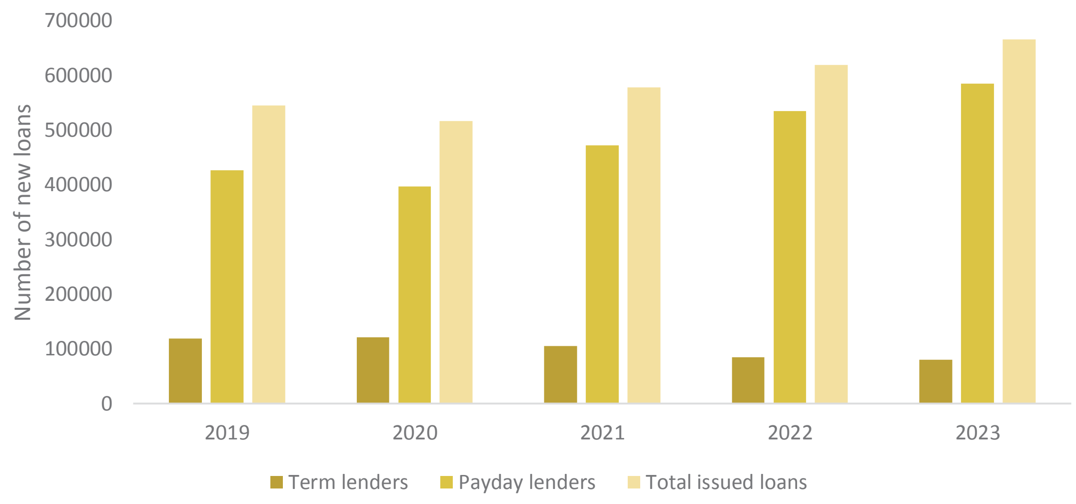
Figure 50: Average microlending loan amounts



Number of new loans

In correlation with the rise in the value of disbursed loans, the number of new loans issued increased by 7.5 percent annually, totalling 665,290 loans by 31 December 2023 (Figure 51). The increase in the total number of new loans issued is in line with that of payday lenders, and the total the number of new loans issued by term lenders declined. Consequently, payday lenders constituted 88.0 percent of the total number of new loans issued and term lenders accounted for the remainder.

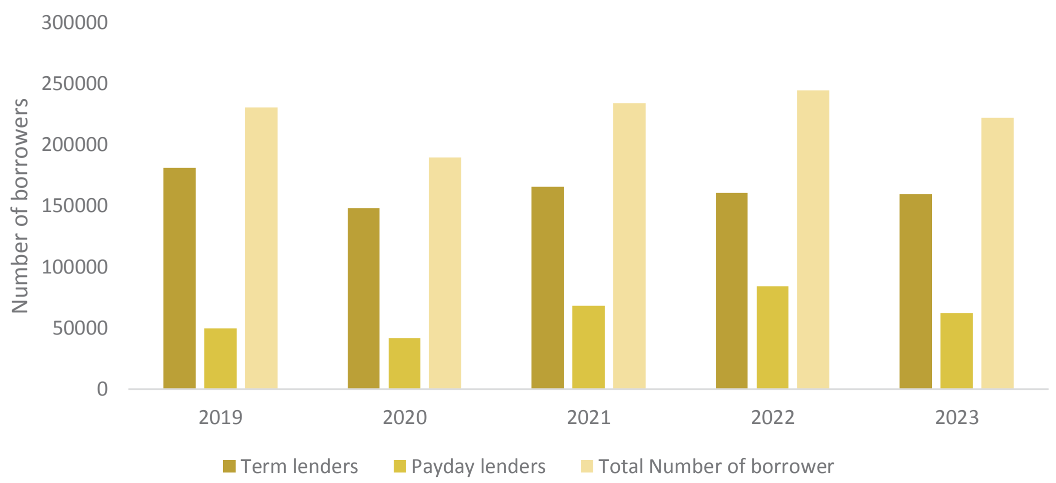
Figure 51: Number of new microlending loans disbursed



Number of borrowers

The cumulative number of household borrowers experienced an annual decline of 9.3 percent to 221,841 beneficiaries by the end of 2023 (Figure 52). This reduction in the number of borrowers was evident in both categories of household borrowers transacting with payday lenders and term lenders. The number of household borrowers transacting with payday lenders decreased by 25.8 percent year-on-year during the same period, and the number of household borrowers transacting with term lenders experienced a marginal decline of 0.7 percent. At the close of 2023, the number of term borrowers remained higher than the number of payday borrowers in relation to the total number of household borrowers.

Figure 52: Number of microlending borrowers



Capital markets

Performance review

The overall market capitalisation[18] of companies listed on the NSX decreased by 2.8 percent, compared with the previous year, ending at N$2.21 trillion as at 31 December 2023. Despite this downward trend, the NSX overall index increased marginally by 0.1 percent, ending at 1 633.33 points, while the NSX local index increased by 32.5 percent, ending at 671.73 points.

Investment managers' assets under management increased by 19.3 percent during the period under review, ending at N$251.6 billion as at 31 December 2023, up from N$210.9 billion as at 31 December 2022. 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, with holdings totalling N$18.6 billion. 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 could be mainly attributed to the implementation of Regulation 13(2) of the Regulations under the Pension Funds Act. This Regulation increased the minimum requirement to 45 percent in respect of pension funds' domestic asset investments, effective from 31 March 2019. Investments by pension funds are governed by Regulation 13, which sets out the minimum and maximum investment limits across different asset classes. This increase in the local market led to investment managers rebalancing portfolios by allocating more to fixed income assets, which was driven by a perceived illiquidity in the local equity market.

Securities and investment markets

Equity markets

The NSX had 50 securities listed as at 31 December 2023, the same number of securities as the previous year. During the reporting period, one (1) entity delisted and one (1) entity listed. The companies concerned included 30 listings on the Main Board, of which 12 were primary listings; eight (8) on the Development Capital Board; 11 on the Exchange-traded Fund (ETF) Board; and one (1) company was quoted on the Over-the-counter Board. In the same period, Mediclinic International PLC delisted from the Main Board and Osino Resources Corporation listed on the Development Capital Board of the NSX.

The market capitalisation of securities listed on the NSX Main Board fell by 2.8 percent from N$ 2.27 trillion on 31 December 2022 to N$2.21 trillion on 31 December 2023. The local market capitalisation increased by 20.6 percent from the end of 2022 to N$44.1 billion at the end of 2023, due mainly to the positive market performance. The local market capitalisation comprised 1.61 percent of the Main Board market capitalisation. The market capitalisation of ETFs increased by 32.5 percent to N$51.4 billion, compared with the previous reporting period of N$38.78 billion. The capitalisation on the Development Capital Board rallied significantly by 93 percent to N$23.1 billion as at 31 December 2023 from N$ 11.99 billion in 31 December 2022. This increase resulted from the continued raising of capital through new share issuances for further exploration as well as the listing of Osino Resources Corporation on the board.

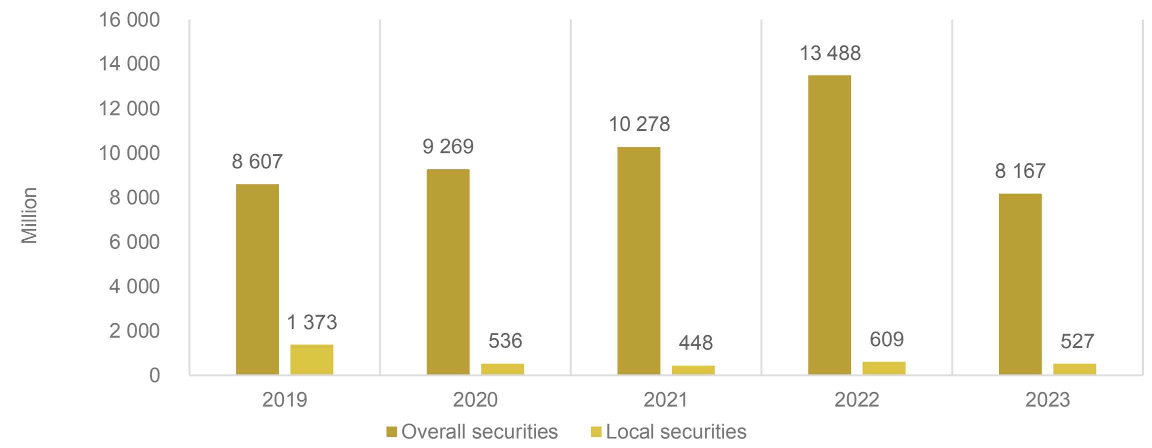
In terms of values traded, the overall securities traded between 31 December 2022 and 31 December 2023 declined by 39.4 percent to N$8.2 billion (Figure 53). Similarly, the local value of securities traded fell by 13.5 percent to N$527.3 million during the same period.

[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.

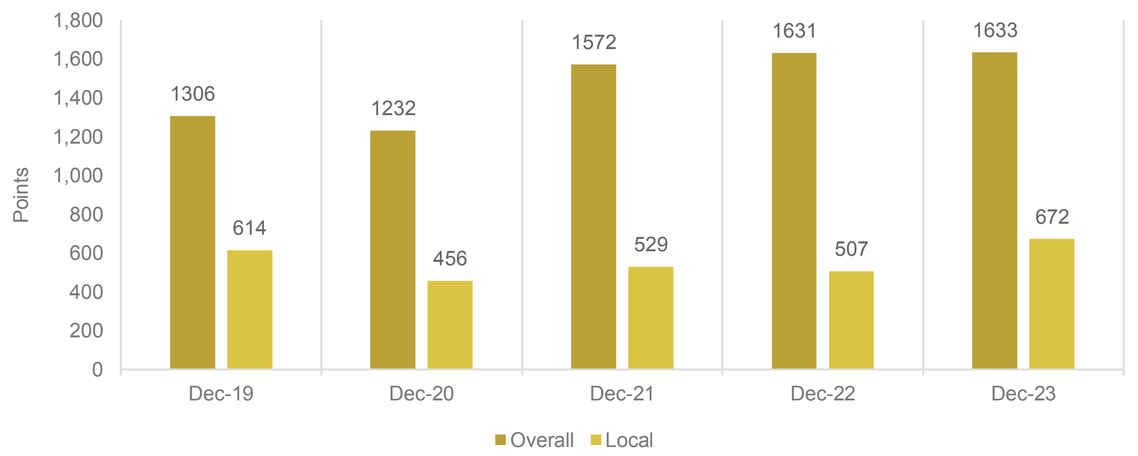
[20] Wholesale investors are high net-worth individuals or companies with minimum balances of at least N$1,000,000.

Figure 53: **NSX values traded**



The Overall Index increased by 0.1 percent to end at 1,633.33 points, and the Local Index advanced by 32.5 percent to end at 671.73 points for the year ending 31 December 2023. (Figure 54).

Figure 54: **NSX Indices**

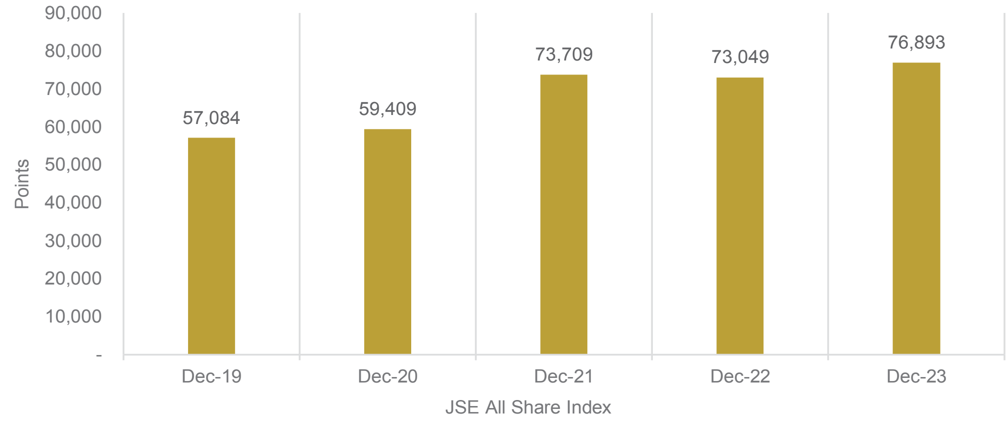


The FTSE[21]/JSE[22] All Share Index (Figure 55) returned 5.3 percent, relative to 2022 levels, ending at 76,893.20 points as at 31 December 2023. Most shares that are dual-listed on the NSX are primary-listed on the JSE. The dual-listed shares accounted for 88.7 percent of the overall NSX market capitalisation, making the FTSE/JSE All Share Index an important and widely followed index in Namibia.

[21] Financial Times Stock Exchange.

[22] Johannesburg Stock Exchange Ltd.

Figure 55: **FTSE/JSE All Share Index**

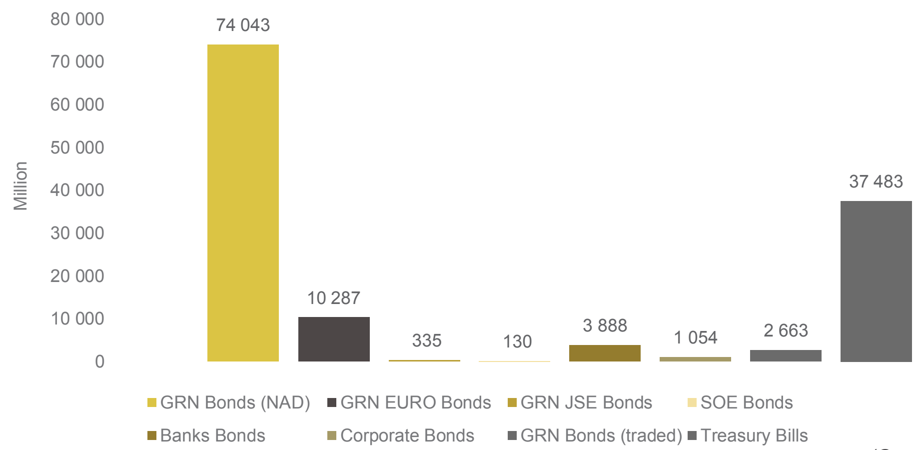


(Source: JSE)

Debt markets

The total listed debt increased by 6.1 percent year-on-year to N$127.2 billion as at 31 December 2023, driven largely by an increase in total government and corporate bonds. In the same period, the total government debt increased by 8.1 percent to register at N$148.8 billion by the end of 2023. The rise in domestic debt resulted from an increase in the issuance of both treasury bills and Internal Registered Stock. The total debt as a percentage of the GDP decreased to 65.3 percent at the end of December 2023, a decrease of 1.5 percent from the previous year.[22] Treasury bills increased by 6.5 percent to N$37.5 billion between the two reporting years. Since the previous review period, debt issuance by banking institutions in listed debt decreased by 16 percent to end at N$3.9 billion by 31 December 2023. Debt incurred by public enterprises decreased significantly by 79.4 percent to end at N$130 million by 31 December 2023 (Figure 56).

Figure 56: **Debt markets: Debt outstanding**



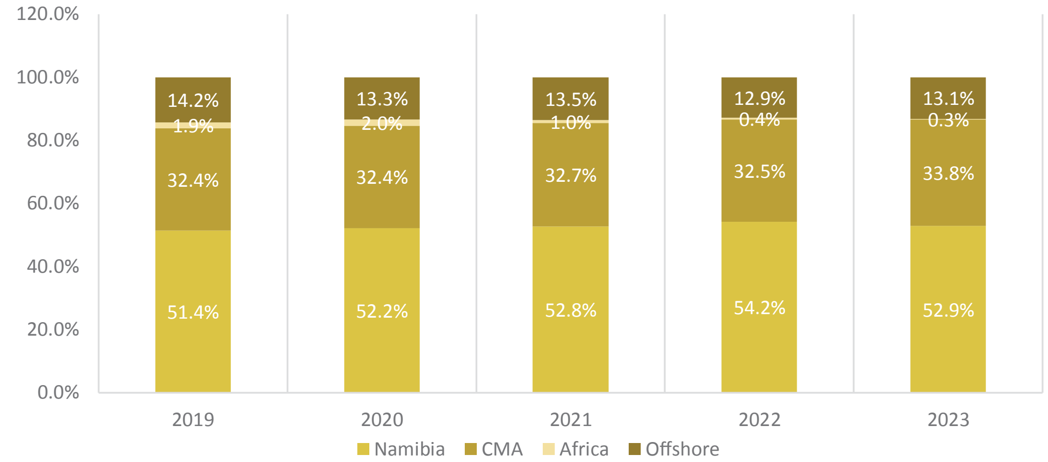
(Source: NSX & BoN)

Investment management

Investment managers' assets under management increased by 19.3 percent to N$251.6 billion as at 31 December 2023, compared with the previous period. Pension funds and unit trust schemes accounted for the biggest inflows, contributing 46.2 percent and 32.4 percent, respectively. In terms of the geographic allocation of assets under management, domestic assets constituted 52.9 percent of the total (Figure 57). 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 since then.

[22] https://www.bon.com.na/CMSTemplates/Bon/Files/bon.com.na/84/848db3c3-1ad1-40d0-a94d-a17b14c30439.pdf.

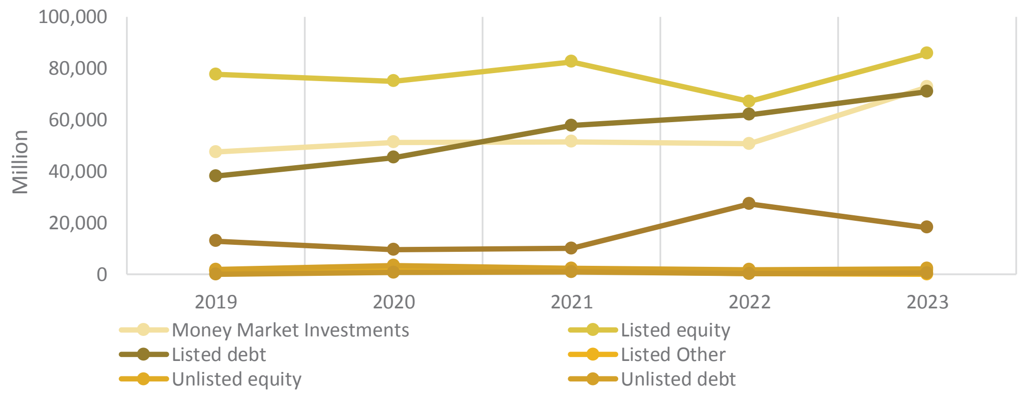
Figure 57: Investment managers' assets under management, per geographic allocation



A total of 47.1 percent of investment managers' assets under management were invested outside Namibia as at the end of the 2023 reporting period. Of this, 33.8 percent was invested in the CMA, predominantly in South African securities, and 13.1 percent was invested in offshore markets. A total of 0.3 percent was invested in the rest of Africa.

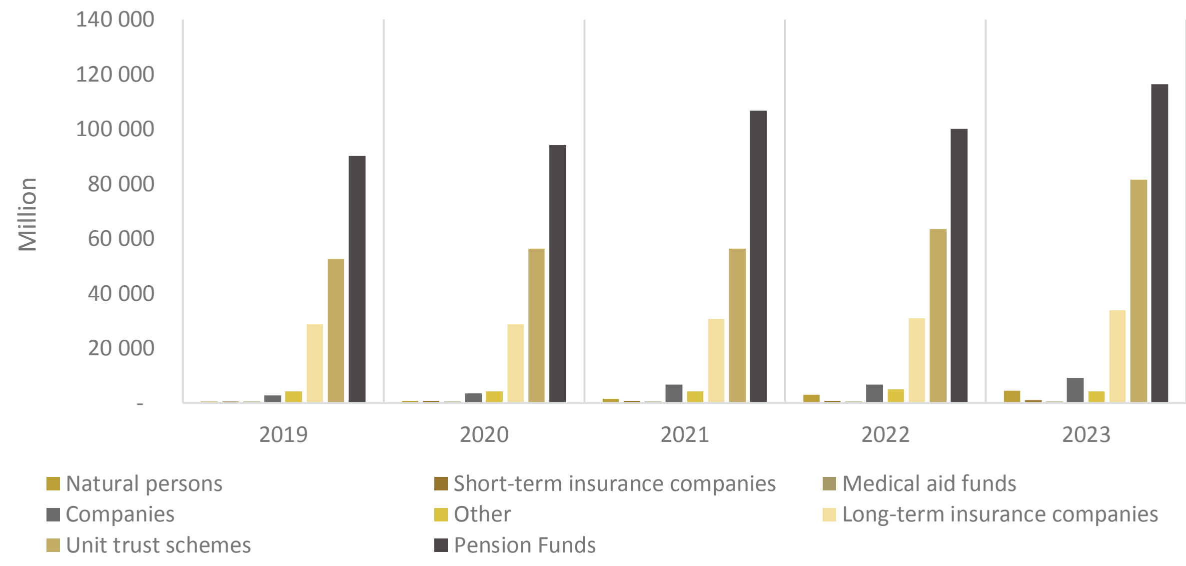
In terms of investment instruments, the assets under management show that investment managers held 34.1 percent of investments in listed equity as at 31 December 2023. Money market instruments accounted for 28.9 percent, and listed debt stood at 28.2 percent. Collectively, 57.1 percent of the total assets was invested in fixed-income (debt and money market) instruments. Unit trust schemes, unlisted equity, unlisted debt, and unlisted property accounted for 8.8 percent of the total assets during the review period (Figure 58).

Figure 58: Investment managers' assets under management, per asset class



In respect of sources of funds, as in 2022, pension fund assets maintained the biggest portion of assets under management by investment managers, accounting for 46.2 percent of the total as at 31 December 2023. The second-largest source of funds was from unit trust schemes, which constituted 32.4 percent of the total assets under management. Long-term insurers contributed 13.5 percent of the remaining share. Investments from natural persons, short-term insurers, medical aid funds, and companies ranged from 0.3 percent to 3.6 percent of the total assets (Figure 59).

Figure 59: Investment managers' assets under management, per source of funds (investor)

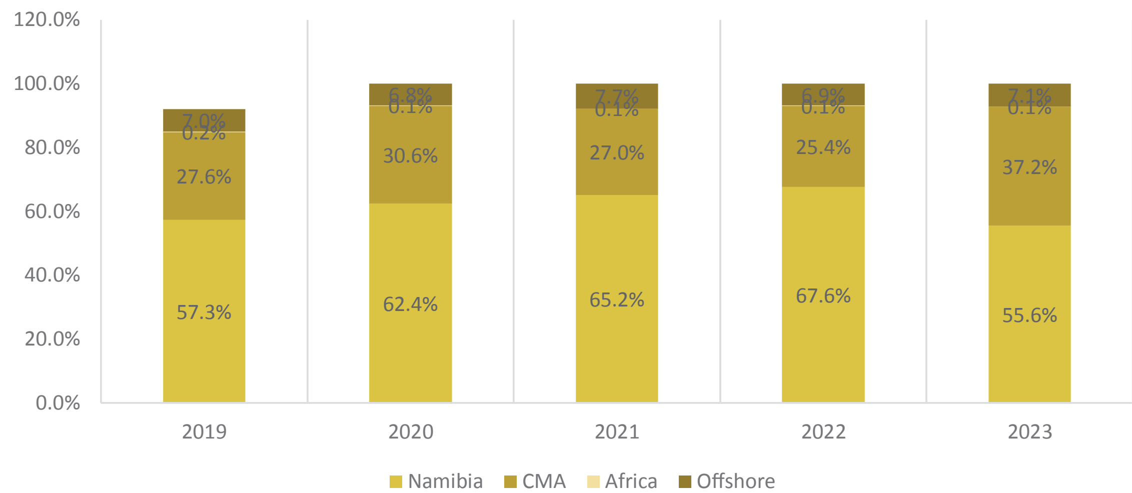


Collective Investment Schemes

The total assets under management in respect of collective investment schemes increased by 12.7 percent to N$89.2 billion as at 31 December 2023, compared with 2022. In terms of geographical distribution, domestic assets constituted 55.6 percent of the funds in collective investment schemes, followed by 37.2 percent in the CMA, 7.1 percent in offshore markets, and 0.1 percent in Africa outside of the CMA.

The mandate of a collective investment scheme specifies the asset class and the geographic location in which the investment manager may invest in. Compared with the previous reporting year, assets under management as at 31 December 2023 reveal that assets invested in the Namibian market fell by 7.4 percent to N$49.5 billion, and those invested in the CMA rose by 65.2 percent to N$33.2 billion, and offshore investments increased by 16.2 percent to N$6.3 billion between the two reporting periods. Similarly, investments in the rest of Africa increased by 16.7 percent, compared with 2022, registering N$117million at the end of 2023 (Figure 60).

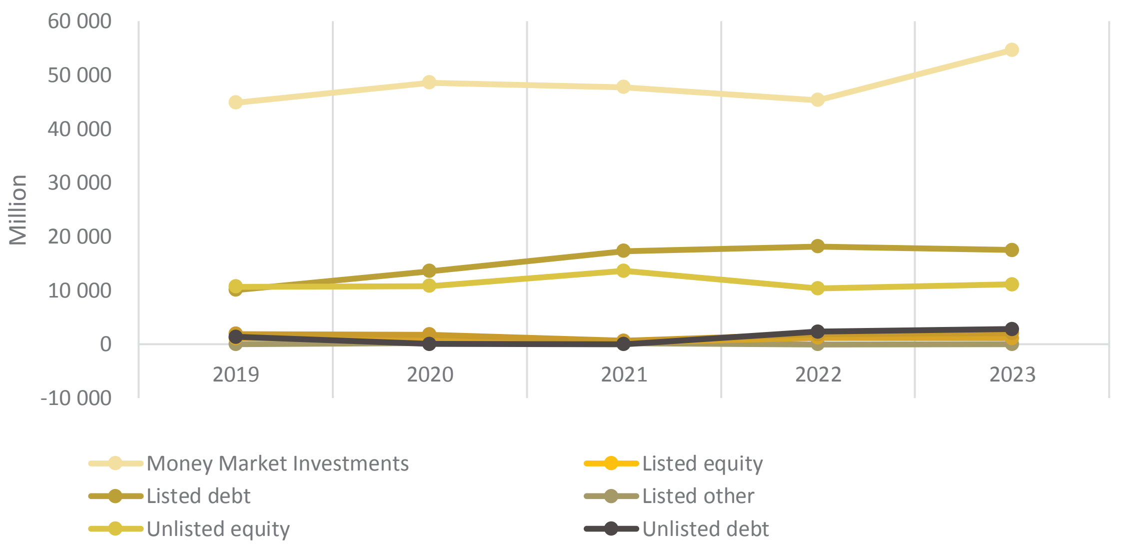
Figure 60: Collective investment scheme assets under management, per geographic allocation



The asset allocations per investment instrument show that money market investments continued to be the asset class of choice, accounting for 61.3 percent of the total assets under management during the reporting period.

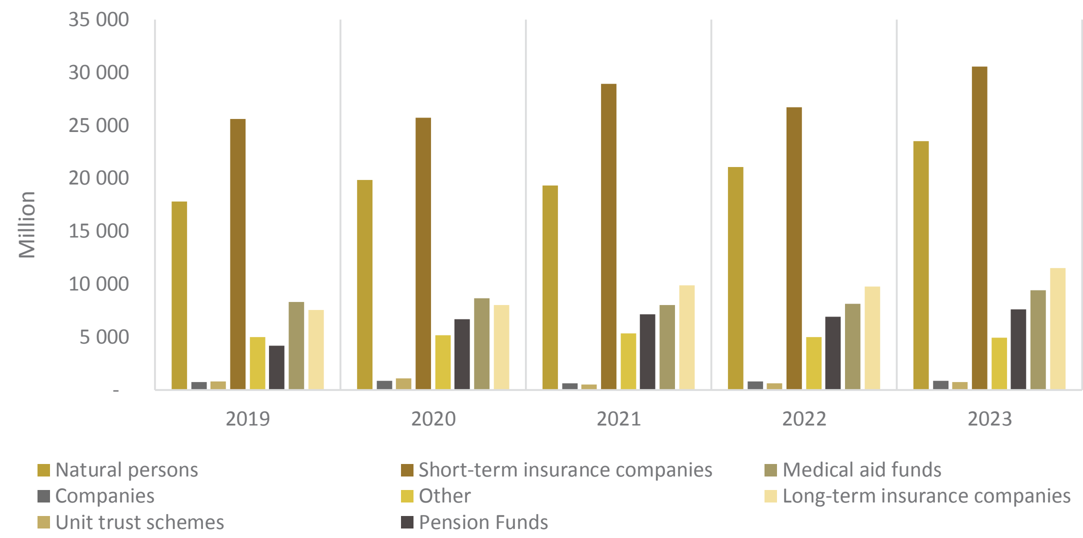
Listed debt constituted 19.6 percent of the total assets for 2023, and the remaining 19.1 percent was spread among listed and unlisted equities, unlisted debt, and unit trust schemes (Figure 61).

Figure 61: Collective investment scheme assets under management, per asset class



In terms of allocation per source of funds, companies were the largest source at 34.3 percent, followed by individual persons, who had a 26.3 percent share of the total collective investment scheme funds as at 31 December 2023. Pension funds held 12.9 percent of the total collective investment scheme funds, and unit trust schemes held 10.6 percent. Other sources of funds include long-term insurers and other collective investment schemes, all of which hold between 0.8 and 8.5 percent of the total funds (Figure 62).

Figure 62: Collective investment scheme assets under management, per source of funds (investor)



Linked investment service providers

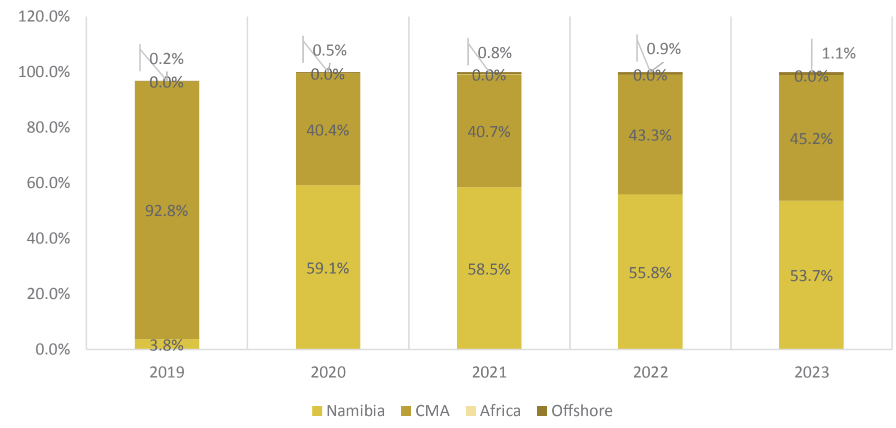
Linked investment service providers are financial institutions whose principal business consists wholly or partly of implementing or capturing investment instructions given by or on behalf of clients in relation to investments. A linked investment service provider packages, distributes and administers 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.

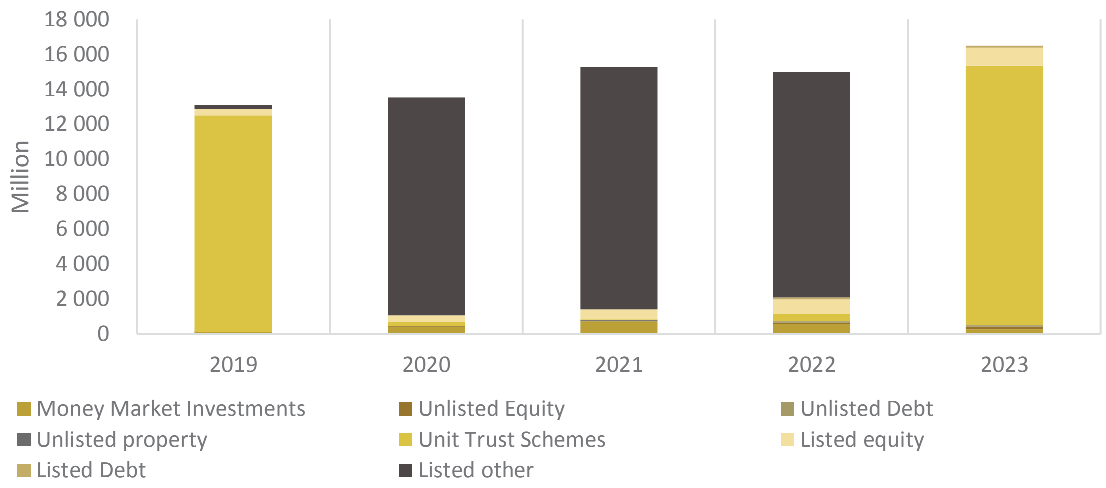
As at the end of December 2023, the total assets under administration in respect of linked investment service providers increased by 10.2 percent to N$16.5 billion, compared with N$14.98 million registered at the end of 2022. The geographic allocation of assets under administration indicates that 53.7 percent was invested in domestic assets, with 45.2 percent in the CMA, 1.1 percent in offshore markets, and 0.01 percent in Africa outside of the CMA. (Figure 63).

Figure 63: Linked investment service providers, per geographical allocation



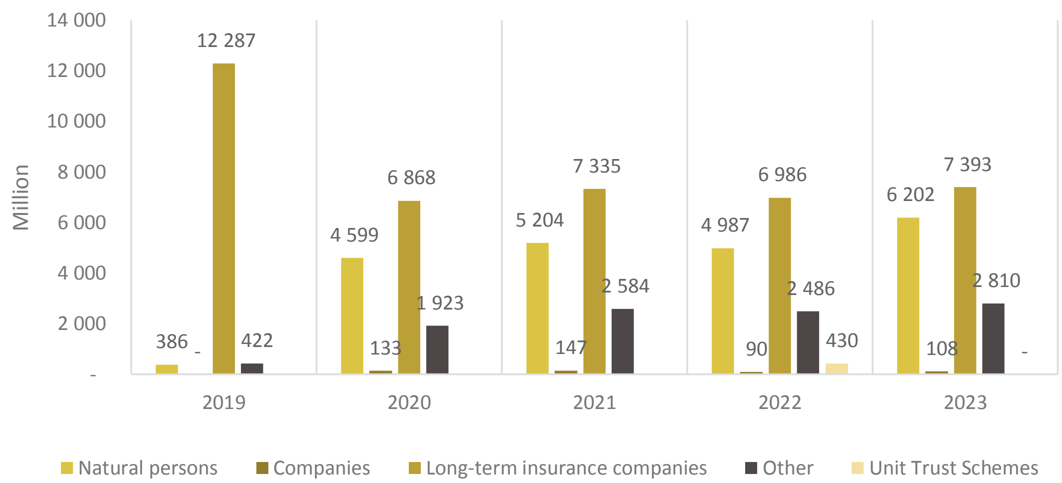
The asset allocations per type of investment instrument shows that unit trust schemes are the asset class of choice, accounting for 89.9 percent of the total assets under administration during the reporting period. Listed equity constituted 6.3 percent of the total assets for 2023, and the remaining 3.8 percent was spread among money market instruments, listed debt, unlisted equity, and unlisted property (Figure 64).

Figure 64: Linked investment service providers, assets under management, per asset class



The bulk of the assets administered were sourced from long-term insurance companies, followed by natural persons (Figure 65).

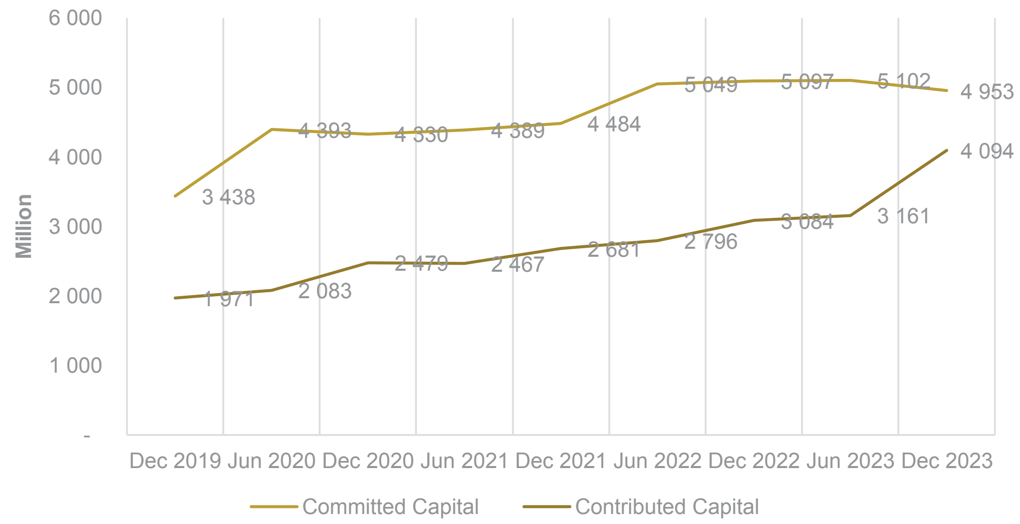
Figure 65: Linked investment service providers, per source of funds (investors)



Unlisted investments

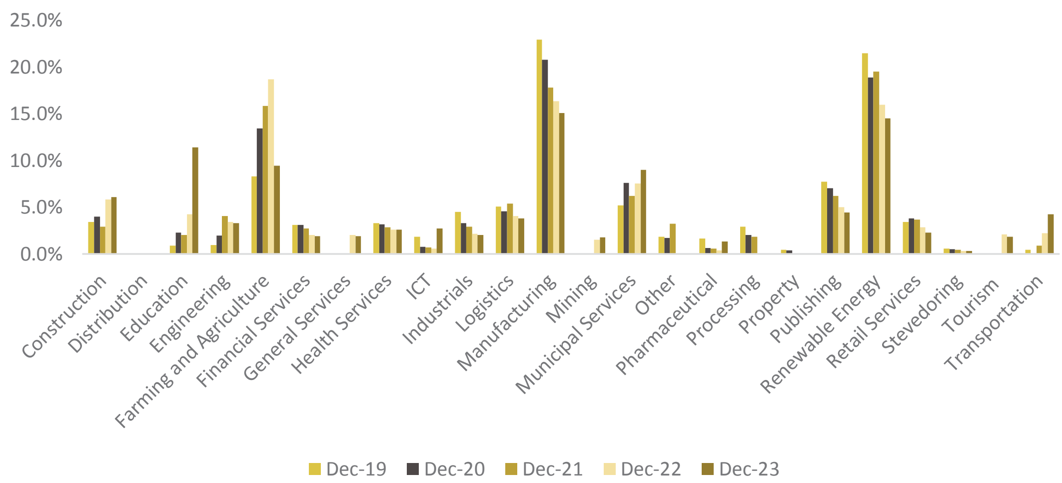
The total investments in unlisted portfolio companies as at 31 December 2023 stood at N$4.1 billion, an increase of 6.7 percent on an annual basis from the previous reporting period ended 31 December 2022. By the end of the period under review, the total committed capital had fallen slightly by 2.8 percent to N$4.95 billion. The decrease in committed capital can be attributed to a termination of a subscription agreement.

Figure 66: Investments versus committed capital



The composition of unlisted investments has shifted towards debt financing. Equity investments decreased from 56.2 percent to 49.9 percent, and debt funding increased from 43.8 percent to 50.1 percent during the period under review. In the previous period, debt funding increased to 80.1 percent on 31 December 2023, up from 26 percent, and advanced and total investments in the form of equity decreased from 74 percent to 19.9 percent.

Figure 67: Unlisted investment managers' assets under management, per sector, as at 31 December 2023



The manufacturing and renewable energy industries and education were the principal sectors targeted for unlisted investments (Figure 65). The three sectors accounted for 15 percent, 14.5 percent and 11.4 percent, respectively, of the total commitments in unlisted investments as at 31 December 2023. Investments in education increased by 185.9 percent during the review period; however, investments in manufacturing and renewable energy decreased by 1.7 percent and 2.7 percent, respectively. The increase of investments in education was due to an increase in drawdowns in existing unlisted portfolio companies.

10

ANNUAL FINANCIAL STATEMENTS

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

TABLE OF CONTENTS

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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, (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 147 to 149.

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 150 to 207 was approved and authorised for issue by NAMFISA Board and are signed on its behalf by:

………………………………………………	………………………………………………
Hettie Garbers-Kirsten	**Jauque Jansen**
Chairperson: Board	Chairperson: Audit and Risk Committee
Date: 20 June 2024	Date: 20 June 2024

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 annual financial statements of the Namibia Financial Institutions Supervisory Authority ("the Authority") and its Subsidiary ("the Group") set out on pages 150 to 207 which comprise the consolidated and separate statements of financial position as at 31 March 2024, 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 annual financial statements, including a summary of material accounting policies and the report of the Board.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Authority as at 31 March 2024, 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 Annual Financial Statements'' section of our report. We are independent of the Group and Authority 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 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. The other information does not include the consolidated and the separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Namibia 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual 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 the Authority and/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 annual 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 annual 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 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 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 annual 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 Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual 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 annual 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.

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: RN Beukes
Partner
Windhoek
28 June 2024

REPORT OF THE BOARD

31 March 2024

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 2024 ("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 (Act 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 (Act 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 154 to 207.

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
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 (Act 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 2024, 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$ 7 671 676 at 31 March 2024 (2023: N$ 4 137 080). See note 23.1 in the annual financial statements for the contingent liability.

Litigation:

Alwyn Petrus van Straten//NAMFISA
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. NAMFISA awaits directions on the Appellant's condonation application. This was the same status as at 31 March 2023.

Aiso Cash Loan CC & 25 Others VS NAMFISA & 6 OTHERS
Constitutional challenge by various Cash Loan entities (26 in total) against various sections of the Microlending Act 7 of 2018. The claim is not a legal claim however there is an estimated cost approximating N$11 000 000 to Namfisa once the case is settled.

Hendrik Christian
The plaintiff instituted action against NAMFISA in the High Court of Namibia relating to the damages related to short term insurance. Litigation claims amount to N$2 911 402.15, together with interest on the aforesaid amount at the rate of 20% per annum from September 2002 to date of payment. The matter is scheduled for hearing.

Renaissance Health Medical Aid Fund // The Registrar of Medical Aid Funds
Matter is set down for hearing from 24-27 June 2024, amount claimed N$358 154.50

The Registrar of Medical Aid Funds vs Heritage Health Medical Aid
Liquidation application which was dismissed in the High Court however an appeal has been lodged with the Supreme Court. Cost to be paid by NAMFISA to the respondent is approximately N$1 000 000.

SUBSEQUENT EVENTS

Financing for Construction of Building:

NAMFISA acquired 100% equity interest in Metropol (Pty) Ltd on 27 October 2014 for a purchase consideration of N$42 000 000. The entity holds ownership of Erf 1503 Independence Avenue. The acquisition was strategically undertaken to facilitate the development of the NAMFISA Head Office on the property, with Metropol (Pty) Ltd subsequently leasing the building to NAMFISA.

Strategic Considerations for Acquisition:

- Mitigating the shortage of office space to accommodate the Authority's staff and operational requirements
- Enhancing fiscal sustainability and strengthening financial positions through capital investment in owned property
- Improving brand visibility and corporate presence
- Reducing operational costs associated with rental expenses
- Providing a centralized location for consumer accessibility

The project's status as at the date of issue of these financial statements is that the appointment of the contractor by the Central Procurement Board of Namibia has been finalized. The forthcoming activities on the building project include the execution of the loan agreement, site handover, groundbreaking ceremony, and the initiation of construction, which is projected to span over two years.

Financial Arrangements as of 2024:

Following a comprehensive evaluation of financing proposals, NAMFISA reached a preliminary agreement with Standard Bank on 28 April 2023. The agreement outlines the provision of the following financial facilities:

1. **Development Loan Facility:** N$185 000 000 (One Hundred and Eighty-Five Million Namibia Dollars) extended to Metropol (Pty) Ltd. The loan is structured for repayment over ten (10) years, featuring a fifty percent (50%) bullet payment upon maturity. NAMFISA will serve as the guarantor for Metropol (Pty) Ltd and will contribute an equity injection of N$70 000 000 (Seventy Million Namibia Dollars) sourced from the NAMFISA General Reserve.
2. **VAT Facility:** N$20 000 000 (Twenty Million Namibia Dollars), to be settled on a cash sweep basis following the term debt service. This facility will operate as a revolving credit facility available until twelve (12) months post the practical completion date.

The signing of the loan agreement is scheduled for the second quarter of the 2025 financial year.

REPORT OF THE BOARD - 31 MARCH 2024 (CONTINUED)

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 surplus after tax for the year ended 31 March 2024 of N$24 671 963 (Group: N$24 872 306) and, as at that date, current assets exceed current liabilities by N$217 761 818 (Group: N$161 848 958)

Management asserts that NAMFISA is well-prepared to navigate economic downturns, considering various resilience factors outlined in these financial statements. The evaluation of NAMFISA's financial sustainability, especially regarding levy collection from regulated entities, is informed by factors outlined in the NAMFISA and Bank of Namibia Financial Stability Report. NAMFISA's levy collection may encounter pressure due to slower economic activity affecting regulated entities' financial health. Increasing household and corporate debt, albeit at a slower pace, could affect these entities' ability to meet levy obligations. However, the demonstrated resilience of the non-banking financial institutions (NBFIs) sector amidst a contractionary monetary policy environment evidenced in the revenue collection suggests stability in revenues.

Overall, NAMFISA maintains a strong financial position with ample capital and liquidity to support operational activities and debt obligations. The Authority's strategies and policies for budgeting, credit risk, and liquidity risk management are detailed in its annual financial statements. NAMFISA is expected to continue as a going concern.

STATEMENTS OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2024

		GROUP		AUTHORITY	
		2024	2023	2024	2023
	Notes	N$	N$	N$	N$
Revenue from exchange transactions	2	1 548 500	1 007 600	1 548 500	1 007 600
Income from non-exchange transactions	2	255 488 900	228 927 104	255 488 900	228 927 104
Investment income	3	12 635 964	9 520 413	12 635 964	9 520 413
Other income	4	9 863 026	7 195 232	9 863 026	7 195 232
Total Income		**279 536 390**	**246 650 349**	**279 536 390**	**246 650 349**
Consumer education costs		(693 308)	(772 872)	(693 308)	(772 872)
Employee costs	5	(189 393 295)	(191 204 710)	(189 393 295)	(191 204 710)
Other operating costs	5	(31 873 350)	(26 831 293)	(30 898 427)	(25 953 749)
Depreciation of right-of-use assets	7	(12 291 145)	(12 409 580)	(12 291 145)	(12 409 580)
Fair value loss adjustment on property	7	-	(2 320 000)	-	-
Depreciation and amortisation of other assets	7&9	(3 705 558)	(3 405 809)	(3 705 558)	(3 405 809)
Impairment of investment in subsidiary	8	-	-	(984 073)	(3 206 695)
Impairment of loan to subsidiary	18.3	-	-	(200 343)	-
Expected credit losses – movement	11	1 409 192	(3 002 709)	1 409 192	(3 002 709)

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY

STATEMENTS OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*
for the year ended 31 March 2024

		GROUP		AUTHORITY	
		2024	2023	2024	2023
	Notes	N$	N$	N$	N$
Finance charges – Lease liabilities	14	(4 082 104)	(3 143 946)	(4 082 104)	(3 143 946)
Office rental expenses	14	(745 811)	(839 456)	(745 811)	(839 456)
Municipal charges		(4 221 774)	(3 407 717)	(4 221 774)	(3 407 717)
Finance charges – Post-retirement benefits	15.1	(5 936 000)	(5 104 000)	(5 936 000)	(5 104 000)
Inspection and enforcement costs		(59 512)	(391 657)	(59 512)	(391 657)
Legal costs		(1 448 406)	(6 716 149)	(1 448 406)	(6 716 149)
Professional and consulting fees		(1 623 004)	(1 021 722)	(1 613 854)	(1 012 572)
Total Expenses		**(254 664 075)**	**(260 571 621)**	**(254 864 418)**	**(260 571 621)**
SURPLUS / (DEFICIT) FOR THE YEAR BEFORE TAXATION	5	**24 872 315**	**(13 921 272)**	**24 671 972**	**(13 921 272)**
Taxation	6	-	-	-	-
SURPLUS / (DEFICIT) FOR THE YEAR AFTER TAXATION		**24 872 315**	**(13 921 272)**	**24 671 972**	**(13 921 272)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Actuarial gain – Post-retirement medical benefits	15.1	12 905 000	4 647 000	12 905 000	4 647 000
Actuarial (loss)/ gain – Severance benefits	15.1	(97 000)	349 000	(97 000)	349 000
TOTAL COMPREHENSIVE SURPLUS / (DEFICIT) FOR THE YEAR		**37 680 315**	**(8 925 272)**	**37 479 972**	**(8 925 272)**

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2024

	Notes	GROUP 2024 N$	GROUP 2023 N$	AUTHORITY 2024 N$	AUTHORITY 2023 N$
ASSETS					
Non-current assets					
Property, plant and equipment	7	140 711 843	121 916 257	52 850 074	38 950 156
Intangible assets	9	1 573 158	2 162 712	1 573 158	2 162 712
Investment in subsidiary	8	-	-	31 748 567	32 732 640
Total non-current assets		**142 285 001**	**124 078 969**	**86 171 799**	**73 845 508**
Current assets					
Accounts receivable	11	14 169 650	11 171 122	13 397 479	10 286 779
Other financial assets	10	115 460 266	90 294 802	115 460 266	90 294 802
Loan to subsidiary	18.3	-	-	57 040 381	51 240 723
Cash and cash equivalents	12	67 103 549	79 030 718	66 582 116	78 749 656
Total current assets		**196 733 465**	**180 496 642**	**252 480 242**	**230 571 960**
TOTAL ASSETS		**339 018 466**	**304 575 611**	**338 652 041**	**304 417 468**
RESERVES AND LIABILITIES					
Reserves					
Accumulated income		111 758 723	91 078 409	111 558 381	91 078 409
General reserve	16	112 000 000	95 000 000	112 000 000	95 000 000
Total reserves		**223 758 723**	**186 078 409**	**223 558 381**	**186 078 409**
Non-current liabilities					
Post-retirement benefit obligations	15.1	39 992 149	44 603 149	39 992 149	44 603 149
Long-term lease liabilities	14	40 383 087	25 239 842	40 383 087	25 239 842
Total non-current liabilities		**80 375 236**	**69 842 991**	**80 375 236**	**69 842 991**
Current liabilities					
Accounts payable	13	23 774 715	36 279 019	23 608 632	36 120 876
Short-term lease liabilities	14	11 109 792	12 375 192	11 109 792	12 375 192
Total current liabilities		**34 884 507**	**48 654 211**	**34 718 424**	**48 496 068**
TOTAL RESERVES AND LIABILITIES		**339 018 466**	**304 575 611**	**338 652 041**	**304 417 468**

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY

STATEMENTS OF CHANGES IN RESERVES

for the year ended 31 March 2024

	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 2022	**105 003 681**	**105 003 681**	**90 000 000**	**-**	**195 003 681**	**195 003 681**
Deficit for the year	(13 921 265)	(13 921 265)	-	-	(13 921 265)	(13 921 265)
Other comprehensive income	4 996 000	4 996 000	-	-	4 996 000	4 996 000
Total Comprehensive deficit	**(8 925 265)**	**(8 925 265)**	**-**	**-**	**(8 925 265)**	**(8 925 265)**
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**
Surplus for the year	24 872 315	24 671 972	-	-	24 872 315	24 671 963
Other comprehensive income	12 808 000	12 808 000	-	-	12 808 000	12 808 000
Total Comprehensive surplus	**37 680 315**	**37 479 972**	**-**	**-**	**37 680 315**	**37 479 963**
Transfer (to)/ from general reserve	(17 000 000)	(17 000 000)	17 000 000	-	-	-
Balance at 31 March 2024	**111 758 723**	**111 558 381**	**112 000 000**	**-**	**223 758 723**	**223 558 381**

- See note 16 for the disclosure of the General Reserve

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2024

	Notes	GROUP 2024 N$	GROUP 2023 N$	AUTHORITY 2024 N$	AUTHORITY 2023 N$
Cash flows from operating activities					
Net cash generated by operating activities	20	23 444 077	8 098 260	24 308 040	8 896 100
Cash flows from investing activities					
Acquisition of property, plant and equipment	7	(33 907 741)	(6 362 011)	(29 012 074)	(632 246)
Proceeds on disposal of equipment		271 434	12 629	271 434	12 629
Acquisition of intangible assets	9	(400 942)	-	(400 942)	-
Loan to subsidiary	18.2	-	-	(6 000 000)	(6 400 000)
Interest received	3	5 469 781	4 594 096	5 469 781	4 594 096
Additions of investment		(50 000 000)	(55 000 000)	(50 000 000)	(55 000 000)
Withdrawal of investments		32 000 720	101 757 050	32 000 720	101 757 050
Net cash (utilised) /generated in investing activities		(46 566 748)	45 001 764	(47 671 081)	44 331 529
Cash flows from financing activities					
Interest paid on lease liability	14	(2 682 342)	(3 591 994)	(2 682 343)	(3 591 994)
Acquisition/ (Repayment) of lease liabilities	14	13 877 844	(10 553 664)	13 877 844	(10 553 664)
Net cash generated/ (utilised) by financing activities		11 195 502	(14 145 658)	11 195 501	(14 145 658)
Net (decrease)/ increase in cash and cash equivalents		(11 927 169)	38 954 365	(12 167 540)	39 081 971
Cash and cash equivalents at beginning of the year		79 030 718	40 076 353	78 749 656	39 667 685
Cash and cash equivalents at end of the year	12	67 103 549	79 030 718	66 582 116	78 749 656

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

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 2024 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 for the 31 March 2024 year-end:

Number	Effective date	Summary
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Annual periods beginning on or after 1 January 2023. (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. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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 measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
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 entities to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)	The application of the exception and disclosure of that fact is effective immediately, the other diclosure requirements are effective for annual reporting periods beginning on or after 1 January 2023 (Issued: 23 May 2023)	The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2024

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 S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024 (Issued: 26 June 2023)	IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
Classification of Liabilities as Current or Non-current - Deferral of Effective Date (Amendment to IAS 1)	Immediately available. (Issued: 15 July 2020)	The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.
Amendment 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 aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	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)	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
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024 (Issued: 25 May 2023)	The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantittive information about supplier finance arrangements.
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025 (Issued: 15 August 2023)	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
Amendments to the SASB standards to enhance their international applicability	1 January 2025 (Issued: 19 December 2023	The amendments remove and replace jurisdiction specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

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.

1.2.1. 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.

1.2.1.1. 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.

1.2.1.2. 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.

1.2.2. 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. ACCOUNTING POLICIES (CONTINUED)

1.2. Significant judgements and sources of estimation uncertainty (Continued)

1.2.2. Key sources of estimation uncertainty (Continued)

1.2.2.1. 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.

1.2.2.2. 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.

1.2.2.3. 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.

1.3. Investment in Subsidiaries

Investments in subsidiaries, for the preparation of separate financial statements, 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 entity; plus
- any costs directly attributable to the purchase of the subsidiary.

1.4. Property, plant and equipment

1.4.1. Recognition and Measurement

Land held for use in operations or administrative purposes is stated at revalued amounts, which represent the fair value at the revaluation date, less any accumulated depreciation and impairment. Revaluations are conducted with sufficient regularity to ensure that the carrying amounts closely align with fair values.

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Property, plant and equipment (Continued)

1.4.1 Recognition and Measurement (Continued)

Any increase resulting from revaluation is recognized in other comprehensive income, except when it reverses a previous decrease recorded in profit or loss. Decreases are recognized in profit or loss, limited to any previous revaluation surplus related to the asset.

Properties under construction are carried at cost, which includes related professional fees and borrowing costs capitalized as per the Group's policy. Depreciation begins when assets are ready for their intended use.

1.4.2. Depreciation and Derecognition

Revalued buildings are depreciated and the depreciation expense is recognized in profit or loss. Each significant part of an item is depreciated separately. Depreciation rates are reviewed at each period-end.

Freehold land is not depreciated.

Assets are derecognized upon disposal or when no future economic benefits are expected. Any gain or loss on disposal is calculated as the difference between sales proceeds and the carrying amount.

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. ACCOUNTING POLICIES (CONTINUED)

1.7. Revenue and income recognition (continued)

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.

1.8. 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 exempt from income tax, but the group is subject to taxation. Income tax expense or revenue is based on the current period's taxable income adjusted for changes in deferred tax assets and liabilities due to temporary differences and unused tax losses.

Current income tax charge is based on applicable tax rates enacted or substantively enacted by the end of the financial year. Management evaluates tax return positions and establishes provisions where necessary based on expected payments to tax authorities.

Deferred income tax is provided using the liability method for temporary differences between tax bases and carrying amounts. Deferred tax is not recognized if it arises from initial recognition of an asset/liability in a transaction not affecting accounting or taxable profit. Tax rates enacted by the reporting date and expected to apply when the deferred tax asset is realized or liability settled are used.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses if future taxable amounts will be available to utilize them. Current tax is recognized in profit and loss, except for items 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

Recognition and Initial Measurement

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Transaction costs are added or deducted as appropriate, except for those at fair value through profit or loss (FVTPL), where costs are recognized immediately in profit or loss.

1.12.1. Financial Assets

Classification and Subsequent Measurement

Debt instruments classified under the amortized cost category are held primarily to collect contractual cash flows consisting of principal and interest. Debt instruments classified as Fair Value Through Other Comprehensive Income (FVTOCI) are held to both collect contractual cash flows and sell the asset. Debt instruments that do not meet the criteria for amortized cost or FVTOCI, as well as those designated at Fair Value Through Profit or Loss (FVTPL) to eliminate or reduce an accounting mismatch, are classified under the FVTPL category.

Equity instruments are classified as Fair Value Through Profit or Loss (FVTPL) unless they are designated as Fair Value Through Other Comprehensive Income (FVTOCI). An irrevocable designation to FVTOCI can be made at initial recognition, provided the equity instruments are not held for trading or as contingent consideration arising from a business combination. Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss, including any dividends or interest earned.

Foreign Exchange Gains and Losses

Financial assets denominated in a foreign currency are translated at the spot rate at the end of each reporting period:

- Amortized Cost: Exchange differences recognized in profit or loss.
- FVTOCI Debt Instruments: Exchange differences on amortized cost recognized in profit or loss; others in other comprehensive income.
- FVTPL: Exchange differences recognized in profit or loss.
- FVTOCI Equity Instruments: Exchange differences recognized in other comprehensive income.

Impairment of Financial Assets

The Group recognizes a loss allowance for expected credit losses (ECL) on financial assets measured at amortized cost or FVTOCI, lease receivables, trade receivables, contract assets, and financial guarantee contracts. ECLs are updated at each reporting date.

- Lifetime ECL: Recognized for trade receivables, contract assets, and lease receivables.
- 12-Month ECL: Recognized for other financial instruments unless there is a significant increase in credit risk.

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2024

1. ACCOUNTING POLICIES (CONTINUED)

1.12. Financial Instruments (Continued)

1.12.1. Financial Assets (Continued)

Significant Increase in Credit Risk

The Group assesses whether credit risk has increased significantly since initial recognition using quantitative and qualitative information, including:

- Deterioration in credit ratings
- Significant increases in credit spreads or default swap prices
- Adverse changes in business, financial, or economic conditions
- Increases in credit risk on other financial instruments of the same debtor

The Group presumes a significant increase in credit risk if payments are more than 30 days past due unless otherwise supported.

Low Credit Risk

A financial instrument is considered low credit risk if:

- Low risk of default
- Strong capacity to meet obligations
- Economic or business conditions are unlikely to affect the debtor's ability to meet obligations

Assets rated 'investment grade' or 'performing' are considered low credit risk.

Default Definition

An event of default for internal credit risk management is when:

- There is a breach of financial covenants by the debtor; or
- The debtor is unlikely to pay its creditors in full.

Default is presumed when a financial asset is more than 90 days past due unless otherwise supported.

Credit-Impaired Financial Assets

A financial asset is credit impaired if:

- Significant financial difficulty of the issuer or borrower
- A breach of contract (e.g., default or past due)
- Lender concessions due to financial difficulty
- Probable bankruptcy or financial reorganization
- Disappearance of an active market due to financial difficulties

Write-Off Policy

Financial assets are written off when recovery is not realistic, such as in cases of liquidation or bankruptcy, or when trade receivables are over two years past due. Recoveries are recognized in profit or loss.

Measurement and Recognition of Expected Credit Losses

ECLs are based on the probability of default, loss given default, and exposure at default, considering historical data and forward-looking information.

1. ACCOUNTING POLICIES (CONTINUED)

1.12. Financial Instruments (Continued)

1.12.1. Financial Assets (Continued)

De-Recognition of Financial Assets

A financial asset is de-recognized when:

- Contractual rights to cash flows expire, or
- The asset and substantially all risks and rewards are transferred.

The difference between the asset's carrying amount and consideration received is recognized in profit or loss, except for equity instruments at FVTOCI, where gains or losses are transferred to retained earnings.

1.12.2. Financial liabilities and equity

Classification as Debt or Equity

Debt and equity instruments are classified as financial liabilities or equity based on the substance of the contractual arrangements.

Equity Instruments and Compound Instruments

Equity instruments, evidencing residual interest in assets after deducting liabilities, are recognized at proceeds received net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity without impacting profit or loss.
Convertible loan notes are classified separately into financial liabilities and equity based on contractual arrangements. The liability component is recorded at fair value using the market interest rate and amortized using the effective interest method. The equity component is the residual amount after deducting the liability component from the fair value of the compound instrument. Transaction costs are allocated proportionally between liability and equity components.

Financial Liabilities at FVTPL:

- Classified as FVTPL if they are contingent consideration in a business combination, held for trading, or designated as FVTPL.
- Held for trading if acquired for repurchase in the near term, part of a short-term profit-taking portfolio, or a derivative not part of a hedging relationship.
- Designation as FVTPL to eliminate accounting inconsistencies, manage on a fair value basis, or include embedded derivatives.

Financial liabilities at FVTPL are measured at fair value with gains or losses recognized in profit or loss, except for changes in credit risk, which are recognized in other comprehensive income unless it creates an accounting mismatch.

Subsequent Measurement at Amortized Cost

Financial liabilities not classified as FVTPL are measured at amortized cost using the effective interest method. This method allocates interest expense over the liability's life, incorporating all related fees and transaction costs.

Financial Guarantee Contracts

Initially measured at fair value, subsequently at the higher of the loss allowance per IFRS 9 or the amount initially recognized less cumulative amortization.

Foreign Exchange Gains and Losses

Foreign exchange gains and losses for financial liabilities at amortized cost are recognized in profit or loss unless part of a designated hedging relationship. For liabilities at FVTPL, gains or losses include the foreign exchange component.

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Financial Instruments (Continued)

1.12.2. Financial liabilities and equity

De-Recognition of Financial Liabilities

Financial liabilities are de-recognized when discharged, cancelled, or expired. Differences between the carrying amount and consideration paid are recognized in profit or loss. Substantial modifications or exchanges of debt instruments are treated as extinguishments, with new liabilities recognized.

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. ACCOUNTING POLICIES (CONTINUED)

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.

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.

1. ACCOUNTING POLICIES (CONTINUED)

1.15. Leases (Continued)

1.15.1. Leases in terms of IFRS 16 (Continued)

The Group as a lessee

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.

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.

2. INCOME

An analysis of the Authority's income for the year is as follows:	GROUP		AUTHORITY	
	2024	2023	2024	2023
	N$	N$	N$	N$
Revenue from contracts with customers	1 548 500	1 007 600	1 548 500	1 007 600
Income from non-exchange transactions	255 488 900	228 927 104	255 488 900	228 927 104
Levies per Industry segment				
Unit Trusts	35 520 328	33 077 824	35 520 328	33 077 824
Capital Markets	46 675 384	47 818 990	46 675 384	47 818 990
Short Term Insurance	58 350 323	43 883 844	58 350 323	43 883 844
Long Term Insurance	48 750 164	41 875 055	48 750 164	41 875 055
Pension Funds and Friendly Societies	18 748 231	16 546 390	18 748 231	16 546 390
Medical Aid Funds	7 882 610	7 067 890	7 882 610	7 067 890
Micro Lending	39 561 860	38 657 111	39 561 860	38 657 111
	255 488 900	228 927 104	255 488 900	228 927 104

3. INVESTMENT INCOME

	GROUP		AUTHORITY	
	2024	2023	2024	2023
	N$	N$	N$	N$
Interest received				
-Investments at amortised cost	250 543	1 424 592	250 543	1 424 592
-Bank and call deposits	5 219 238	3 169 504	5 219 238	3 169 504
	5 469 781	4 594 096	5 469 781	4 594 096
Dividend received				
-Unit trusts	7 166 183	4 926 317	7 166 183	4 926 317
	12 635 964	9 520 413	12 635 964	9 520 413

4. OTHER INCOME

	GROUP		AUTHORITY	
	2024	2023	2024	2023
	N$	N$	N$	N$
Interest on late payments	98 241	1 035 630	98 241	1 035 630
Rules amendments	2 280	4 910	2 280	4 910
NTA levy claims	61 175	-	61 175	-
Expense recovery	-	4 207 917	-	4 207 917
Penalty fees	6 633 000	1 852 000	6 633 000	1 852 000
Sundry income	404 214	94 775	404 214	94 775
Sponsorship received	2 664 116	-	2 664 116	-
	9 863 026	7 195 232	9 863 026	7 195 232

5. SURPLUS/ (DEFICIT) FOR THE YEAR BEFORE TAXATION

Surplus/ (deficit) for the year is derived after taking into account the following items:	GROUP		AUTHORITY	
	2024	2023	2024	2023
	N$	N$	N$	N$
Employee costs:				
- Salaries and bonuses	118 794 228	122 403 775	118 794 228	122 403 775
- Housing and transport allowances	30 551 157	28 979 225	30 551 157	28 979 225
- Defined contribution pension plan	17 928 830	18 065 242	17 928 830	18 065 242
- Defined benefit medical aid plan	3 157 000	3 130 000	3 157 000	3 130 000
- Other medical aid costs	9 899 420	9 662 435	9 899 420	9 662 435
- Training and development	4 785 866	6 854 049	4 785 866	6 854 049
- Other employee costs	4 276 803	2 109 984	4 276 803	2 109 984
	189 393 304	191 204 710	189 393 304	191 204 710

		GROUP		AUTHORITY	
		2024	2023	2024	2023
		N$	N$	N$	N$
Other operating expenses:					
Audit fees		668 898	693 395	579 658	608 695
External auditor fees – audit		223 066	-	223 066	-
Board members' emoluments – for services as Board members:					
Hettie Garbers-Kirsten	Chairperson	195 039	233 394	195 039	233 394
Steve Katjiuanjo	Vice-Chairperson	163 797	202 553	163 797	202 553
Jauque Jansen		145 483	186 122	145 483	186 122
Selma Ambunda		153 611	177 994	153 611	177 994
Namene Kalili		-	58 886	-	58 886
Nelao Shilongo		153 611	179 143	153 610	179 143
Total board members' emoluments		811 540	1 038 092	811 540	1 038 092
(Profit)/Loss on disposal of fixed assets		(165 483)	58 791	(165 483)	58 791

5. SURPLUS/ (DEFICIT) FOR THE YEAR BEFORE TAXATION (CONTINUED)

	GROUP		AUTHORITY	
	2024	2023	2024	2023
	N$	N$	N$	N$
Industry meetings and consultations	3 528 482	2 863 437	3 528 482	2 863 437
Information and communication technology	8 618 700	6 361 634	8 618 700	6 361 634
Insurance	477 849	421 642	477 849	421 642
Municipal charges – Metropol	879 513	788 016	-	-
Regulatory seminars	5 552 274	3 457 864	5 552 274	3 457 864
Social responsibility	585 248	543 618	585 248	543 618
Stakeholder engagement and publications	3 335 651	3 827 376	3 335 651	3 827 376
Stationery and printing	766 439	691 770	766 439	691 770
Subscriptions and membership fees	2 858 333	2 311 151	2 858 333	2 311 151
Telephone expenses	1 258 872	1 291 511	1 258 872	1 291 511
Other expenses	2 473 968	2 482 996	2 467 798	2 478 168
Total Other operating expenses	**31 873 350**	**26 831 293**	**30 898 427**	**25 953 749**

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2024

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

Namibian Normal taxation	2024	2023
	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

	2024	2023
Loss before tax	(984 073)	(3 206 695)
Tax at applicable tax rate of 32% (2023: 32%)	(314 903)	(1 026 142)
Tax effect of adjustments on taxable income		
Non-taxable loss – Fair value adjustments	314 903	742 400
Deferred tax asset not recognized	-	283 742
	-	-

The current tax expense is N$ Nil (2023: 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 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
Additions	716 661	251 022	175 736	2 348 693	1 804 257	5 296 370
Lease adjustment	-	-	-	-	23 715 704	23 715 704
Disposals	-	(18 067)	(352 633)	(1 573 313)	-	(1 944 014)
At 31 March 2024	3 190 190	5 729 313	857 490	12 359 799	88 906 636	111 043 428
Accumulated depreciation						
At 1 April 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
Depreciation for the year	325 995	515 802	100 028	1 781 638	12 291 145	15 014 608
Disposals	-	(17 929)	(348 102)	(1 480 435)	-	(1 846 466)
At 31 March 2024	1 868 229	2 268 827	649 102	8 942 512	44 464 684	58 193 354
Carrying amount						
At 31 March 2023	931 295	3 725 404	137 211	2 943 110	31 213 136	38 950 156
At 31 March 2024	1 321 961	3 460 486	208 388	3 417 287	44 441 952	52 850 074

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 7 years (2023: 5years). Refer to note 14.

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 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
Additions	-	4 895 666	716 661	251 022	175 736	2 348 693	1 804 257	10 192 036
Lease adjustment							23 715 704	23 715 704
Disposals	-	-	-	(18 067)	(352 633)	(1 573 313)	-	(1 944 014)
At 31 March 2024	37 120 000	50 741 769	3 190 190	5 729 313	857 490	12 359 799	88 906 636	198 905 195
Accumulated depreciation								
At 1 April 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
Depreciation for the year	-	-	325 995	515 802	100 028	1 781 638	12 291 145	15 014 608
Disposals	-	-	-	(17 929)	(348 102)	(1 480 435)	-	(1 846 466)
At 31 March 2024	-	-	1 868 229	2 268 827	649 102	8 942 512	44 464 684	58 193 354
Carrying amount								
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
At 31 March 2024	37 120 000	50 741 769	1 321 961	3 460 486	208 388	3 417 287	44 441 952	140 711 843

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 7 years (2023: 5 years). Refer to note 14.

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

This property consists of land on Erf 1503, Independence Avenue, Windhoek.

	2024	2023
	N$	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)	(2 320 000)
- Fair value adjustments – 2024	-	-
	37 120 000	37 120 000

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 2024 the fair value of the investment property equates the highest and best use of approximately N$37 120 000 (2023: N$37 120 000). Independent professional valuations were received from Eaton Property Valuations (N$39 440 000) and Property Valuations Namibia (N$37 120 000). Management opted to maintain the property's value without adjustment.

An independent professional valuator performs a valuation of the investment property on an annual basis with the next valuation due during the 2025 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.

8. INVESTMENT IN SUBSIDIARY

	PERCENTAGE HELD		AUTHORITY	
	2024	2023	2024	2023
	%	%	N$	N$
32 970 ordinary shares of N$2 each	100%	100%	42 000 000	42 000 000
Impairment loss			10 251 433	9 267 360
Total shares at cost			31 748 567	32 732 640

Loss: N$984 073 (2023 Loss: N$3 206 695).

9. INTANGIBLE ASSETS

	Group and Authority
	Computer Software
	N$
Cost	
At 1 April 2022	11 964 050
Additions	1 900 774
Work in progress	(1 900 774)
At 31 March 2023	11 964 050
Additions	400 942
Disposal	(533 925)
At 31 March 2024	11 811 067
Depreciation & Amortisation	
At 1 April 2022	8 869 042
Charge for the year	932 296
At 31 March 2023	9 801 338
Charge for the year	982 095
Disposal	(545 524)
At 31 March 2024	10 237 909
Carrying amount	
At 31 March 2023	2 162 712
At 31 March 2024	1 573 158

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)

	2024	2023
	N$	N$
Investments carried at fair value through profit and loss (FVTPL)		
Unit trusts – Opening balance	90 294 803	87 369 155
- Invested	50 000 000	55 000 000
- Withdrawal	(32 000 720)	(57 000 670)
- Dividends received	7 166 182	4 926 317
	115 460 266	90 294 802
Total other financial assets	115 460 266	90 294 802

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.

There were no financial assets at amortised cost at the end of the financial year.

11. ACCOUNTS RECEIVABLE

	GROUP		AUTHORITY	
	2024	2023	2024	2023
	N$	N$	N$	N$
Gross receivables	19 841 238	20 167 833	19 841 238	20 167 833
Allowance for expected credit losses	(14 332 983)	(15 976 177)	(14 332 983)	(15 976 177)
Net levies receivable	5 508 255	4 191 656	5 508 255	4 191 656
Prepaid expenses and accrued income	6 400 698	4 739 383	6 400 698	4 739 383
Staff advances – study loans	1 488 526	1 355 740	1 488 526	1 355 740
Debtors in subsidiary – VAT receivable	772 171	884 343	-	-
	14 169 650	11 171 122	13 397 479	10 286 779

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2024

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 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	-	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
ECL-movement	(736 262)	(815 902)	(1 581 269)	391 699	(179 778)	1 371 561	-	(1 409 192)
Amounts written off as uncollectable	(79 500)	(10 467)	(2 122)	(942)	(211)	-	-	(234 002)
Balance at 31 March 2024	819 412	5 011 502	1 661 960	4 403 158	241 471	1 793 852	401 627	14 332 983

12. CASH AND CASH EQUIVALENTS

	GROUP		AUTHORITY	
	2024	2023	2024	2023
	N$	N$	N$	N$
Call account bank balances at amortised cost	64 272 479	58 356 792	64 272 479	58 356 792
Current account bank balances at amortised cost	2 831 070	20 673 926	2 309 637	20 392 864
Cash and bank balances at amortised cost	67 103 549	79 030 718	66 582 116	78 749 656

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	
	2024	2023	2024	2023
	N$	N$	N$	N$
Payables and other accruals	3 178 565	9 257 543	3 101 933	9 184 290
Audit fees	669 108	636 200	579 658	551 310
Levy creditors	6 268 074	13 539 729	6 268 074	13 539 729
Accrued employee costs	1 918 910	1 422 742	1 918 910	1 422 742
Employee leave benefits	11 740 056	11 422 805	11 740 056	11 422 805
	23 774 714	36 279 019	23 608 631	36 120 876

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:	2024	2023
	N$	N$
-Depreciation of right-of-use assets	12 291 145	12 409 580
-Interest expense on lease liabilities	4 082 104	3 143 946
-Total low value and short-term leases	745 810	839 456
Expense relating to leases of low value items	534 638	561 893
Expense relating to short-term leases	211 172	277 564
	17 119 059	16 392 982
Lease liabilities		
Analysed as:		
Current	11 109 793	12 375 192
Non-current	40 383 086	25 239 842
1 to 2 years	11 398 553	14 331 412
2 years to 3 years	28 984 533	10 908 430
	51 492 879	37 615 034

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. During the current year, the lease liability and right of use assets has been adjusted to reflect the extension of the lease for a period of 2 years.

The total cash outflow for leases amount to N$16 470 032 (2023: N$14 985 114) of which N$745 810 is in respect of short-term and low value leases (2023: N$839 456).

The municipal charges are variable lease payments related to water, electricity, rates and taxes payable to the lessor.

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2024

15. RETIREMENT BENEFIT PLANS

15.1. Defined benefit plans

	2024	2023
	N$	N$
Post-retirement medical aid benefits	38 205 149	42 832 149
Severance pay benefits	1 787 000	1 771 000
	39 992 149	44 603 149

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$664 000 (2023: N$398 000).

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 2024 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 18 years as at 31 March 2024 (2023: 19 years), which is also the weighted average duration of the obligation. The recommended discount rate used is 15.23% as at 31 March 2024 (2023: 13.04%).
Medical aid inflation	The rate of medical aid inflation was set as the calculated value of CPI plus 2.5% (2023: 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 2024 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 2024.

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1. Defined benefit plans (Continued)

Post-retirement medical aid benefits (Continued)

	2024 N$	2023 N$
The amounts recognized in the statement of financial position are as follows:		
Net liability at beginning of the year	42 832 149	39 797 149
Service cost – current	3 157 000	3 130 000
Interest cost	5 743 000	4 896 000
Re-measurement (gains)/losses:		
Actuarial (gains)/losses from changes in economic assumptions	(6 967 000)	(1 230 000)
Actuarial (gains)/ losses – demographic and experience adjustments	(5 938 000)	(3 417 000)
Benefits paid	(622 000)	(344 000)
Net liability recognized in the statement of financial position	38 205 149	42 832 149
The amounts recognized in the statement of surplus or deficit and other comprehensive income are as follows:		
Current service cost	3 157 000	3 130 000
Benefits paid	(622 000)	(344 000)
	2 535 000	2 786 000
Interest on obligation	5 743 000	4 896 000
Actuarial losses /(gains)from changes in economic assumptions	(6 967 000)	(1 230 000)
Actuarial (gains)/ losses – demographic and experience adjustments	(5 938 000)	(3 417 000)
Total	(4 627 000)	3 035 000

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 2024	1 year down rate	Valuation assumption	1 year up rate
-Effect on defined benefit obligation	39 358 000	38 205 149	37 045 000
-Effect on Interest cost	6 147 000	5 966 000	5 783 000
-Effect on service cost	2 731 000	2 650 000	2 568 000

The effect of 1% movement in the assumed medical aid inflation is as follows:

At 31 March 2024	-1% Medical aid inflation	Valuation assumption	+1% Medical aid inflation
-Effect on defined benefit obligation	32 192 000	38 205 149	45 744 000
-Effect on Interest cost	5 014 000	5 966 000	7 161 000
-Effect on service cost	2 154 000	2 650 000	3 284 000
Key assumptions used:		31/03/2024	31/03/2023
Discount rate		15.23%	13.04%
Consumer price inflation rate		9.56%	8.33%
Medical aid contribution inflation rate		12.06%	10.83%
Net effective discount rate		2.5%	2.50%

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 post-retirement medical benefits is as follows:	2024 N$	2023 N$
Less than one year	-	4 337 000
Between 1 and 2 years	-	-
Between 2 and 5 years	2 855 000	1 994 000
Beyond 5 years	35 350 149	36 501 149
Total	38 205 149	42 832 149

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1 Defined benefit plans (Continued)

Post-retirement medical aid benefits (Continued)

	2024	2023
	N$	N$
Present value of obligation:		
2024	38 205 149	-
2023	42 832 149	42 832 149
2022	39 797 149	39 797 149
2021	33 864 149	33 864 149
2020	34 816 149	34 816 149

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$ 117 000 (2023: N$ 102 000). 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 2024 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 10 years as at 31 March 2024 (2023: 11 years), which is also the weighted average duration of the obligation. The recommended discount rate used is 13.43% as at 31 March 2023 (2023: 11.77%).
Salary inflation	The rate of salary inflation was set as the calculated value of CPI plus 2.0% (2023: 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 2024 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 2024.

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1 Defined benefit plans (continued)

Severance benefits liability (continued)

	2024	2023
	N$	N$
The amounts recognized in the statement of financial position are as follows:		
Net liability at beginning of the year	1 771 000	1 752 000
Current Service cost	238 000	254 000
Interest cost	193 000	208 000
Re-measurement (gains)/losses:		
Actuarial (gains)/losses from changes in economic assumptions	(123 000)	(98 000)
Actuarial gains – demographic and experience adjustments	220 000	(251 000)
Benefits paid – Estimate	(512 000)	(94 000)
Net liability recognized in the statement of financial position	1 787 000	1 771 000

The amounts recognized in the statement of surplus or deficit and other comprehensive income are as follows:	2024	2023
	N$	N$
Current service cost	238 000	254 000
Interest on obligation	193 000	208 000
Actuarial (gains)/losses from changes in economic assumptions	(123 000)	(98 000)
Actuarial gains – demographic and experience adjustments	220 000	(251 000)
Benefits paid	(512 000)	(94 000)
Total	16 000	19 000

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1. Defined benefit plans (continued)

Severance benefits liability (continued)

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.

The effect of 1 year movement in the assumed mortality age rating is as follows:

At 31 March 2024	1 year down rate	Valuation assumption	1 year up rate
-Effect on defined benefit obligation	1 901 000	1 787 000	1 685 000
-Effect on service cost	236 000	224 000	212 000
-Effect on Interest cost	262 000	247 000	233 000

The effect of 1% movement in the assumed salary inflation is as follows:

At 31 March 2024	-1% normal salary inflation	Valuation assumption	+1% normal salary inflation
-Effect on defined benefit obligation	1 605 000	1 787 000	1 997 000
-Effect on service cost	197 000	224 000	255 000
-Effect on Interest cost	221 000	247 000	277 000

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.1. Defined benefit plans (continued)

Severance benefits liability (continued)

Key assumptions:	31/03/2024	31/03/2023
Discount rate	13.43%	11.77%
Consumer price inflation rate	7.86%	6.85%
Normal salary increase inflation rate	9.86%	8.85%
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:	2024	2023
	N$	N$
Less than one year	-	46 000
Between 1 and 2 years	-	97 000
Between 2 and 5 years	15 000	201 000
Beyond 5 years	1 772 000	1 427 000
Total	1 787 000	1 771 000

	2024	2023
Present value of obligation:	N$	N$
2024	1 787 000	-
2023	1 771 000	1 771 000
2022	1 752 000	1 752 000
2021	1 500 000	1 500 000
2020	1 234 000	1 234 000

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.

15. RETIREMENT BENEFIT PLANS (CONTINUED)

15.2 Defined contribution plans (Continued)

	2024	2023
	N$	N$
The total value of the contributions to the pension fund during the year amounted to:		
Employer contributions	17 928 830	18 065 242
Employee contributions	7 843 863	7 903 543
Total contributions for the period	25 772 693	25 968 785

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 2024, NAMFISA held N$ 112 million (2023: N$95 million) in reserves. N$ 42 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.

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

NAMFISA regards the Ministry of Finance and Public Enterprises and other state-owned enterprises falling under the same ministry as related parties as well as board members and key management who can exercise control and influence over the affairs of the Authority.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

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 2024	Expenses	Income	Amount owed by party
	N$	N$	N$
Government of Namibia	505 990	1 272 593	-
Namibia Post Limited	2 026	41 410	1 081 448
Other state owned enterprises	4 775 642	2 044 545	771 523
	5 283 658	3 358 548	1 852 971

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

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.

18.2. Subsidiary

An amount of N$6 000 000 was transferred to Metropol (Pty) Ltd as loan (2023: N$6 400 000). Details of the intercompany loan is disclosed under note 18.3.

18.3. Related party balances

Loan to subsidiary	2024	2023
	N$	N$
Metropol (Pty) Ltd	57 040 381	51 240 723

The loan to the subsidiary is unsecured, interest free and repayable on demand. Management performed an assessment of the impairment of the loan and recognized an impairment loss of N$200 343 at 31 March 2024.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

18.4. Compensation of board members and key management personnel

	Short Term benefits	Post-Retirement benefits	Total
	N$	N$	N$
At 31 March 2024			
Board member's fees	811 540	-	811 540
Board members - other expenses	151 320	-	151 320
Other key management	23 681 391	2 616 446	26 297 837
	24 644 251	2 616 446	27 260 697
At 31 March 2023			
Board member's fees	1 038 092	-	1 038 092
Board members - other expenses	120 718	-	120 718
Other key management	24 693 231	2 598 030	27 291 261
	25 852 041	2 598 030	28 450 071

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 2024 loans granted to key management amounted to N$425 343 (2023: N$343 138)

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$14 332 983 (2023: N$15 976 177) exists at the end of the current year. Refer to note 11.

19. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

19.2 Levy estimates

NAMFISA has included in income, an estimate of levies amounting to N$1 969 421 (2023: N$1 139 916). 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 SURPLUS TO CASH GENERATED BY OPERATIONS

	GROUP		AUTHORITY	
	2024	2023	2024	2023
	N$	N$	N$	N$
Surplus/ (Deficit) for the year before taxation	24 872 306	(13 921 272)	24 671 963	(13 921 272)
Adjusted for:				
Depreciation and amortization	15 996 703	15 815 389	15 996 703	15 815 389
Finance charges on leases	4 082 103	3 591 994	4 082 103	3 591 994
Lease adjustment – effect of initial costs	-	(354 418)	-	(354 418)
Lease adjustment – effect of non-cash amount in finance charges	(1 399 762)	(448 048)	(1 399 762)	(448 048)
Interest received	(5 469 781)	(4 594 096)	(5 469 781)	(4 594 096)
Dividends received	(7 166 183)	(4 926 317)	(7 166 183)	(4 926 317)
(Profit)/ Loss on disposal of equipment and intangibles	(165 483)	58 791	(165 483)	58 791
(Decrease)/Increase in expected credit losses net of write off	(234 002)	3 002 709	(234 002)	3 002 709
Fair value loss adjustment on property	-	2 320 000	-	-
Impairment of investment in subsidiary	-	-	984 073	3 206 695
Impairment of loan to subsidiary	-	-	200 343	-
(Decrease)/Increase in employee benefit obligations	8 197 000	8 050 000	8 197 000	8 050 000
Operating surplus before working capital changes	38 712 901	8 594 732	39 696 974	9 481 427
Working capital changes	(15 268 824)	(496 472)	(15 388 935)	(585 327)
Increase in accounts receivable	(2 764 525)	(3 684 330)	(2 876 695)	(3 780 722)
(Decrease)/Increase in accounts payable	(12 504 299)	3 187 858	(12 512 240)	3 195 395
Cash generated by operations	23 444 077	8 098 260	24 308 039	8 896 100

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.

	2024	2023
	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	120 000
	350 000	350 000

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

22. FINANCIAL INSTRUMENTS

22.1. Categories of financial instruments

	GROUP		AUTHORITY	
	2024	2023	2024	2023
Financial assets	N$	N$	N$	N$
Financial assets at amortised cost	-	-	-	-
Loans and receivables	15 390 689	13 207 924	14 618 518	12 323 582
Loan to subsidiary	-	-	57 040 381	51 240 723
Cash and cash equivalents	67 103 549	79 030 718	66 582 116	78 749 656
Financial assets at FVTPL	115 460 266	90 294 802	115 460 266	90 294 802
Financial liabilities				
Amortized cost	75 267 594	73 894 053	75 101 511	73 735 910

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

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2024

22. FINANCIAL INSTRUMENTS (CONTINUED)

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 2024 would increase/decrease by N$829 450 (2023: N$832 372). This is mainly attributable to the Authority's exposure to interest rates on variable rate financial assets held.

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 2024 (2023: 6%) 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	
	2024	2023	2024	2023
	N$	N$	N$	N$
Exposure per industry segment:	20 613 408	20 167 833	19 841 237	20 167 833
Capital Markets	1 237 095	2 077 369	1 237 095	2 077 369
Collective Investments	-	-	-	-
Life Insurance	6 422 676	6 875 192	6 422 676	6 875 192
Short term insurance	3 066 061	4 276 805	3 066 061	4 276 805
Microlenders	6 218 957	5 032 871	6 218 957	5 032 871
Pension Funds and Friendly Societies	512 623	646 240	512 623	646 240
Medical Aid Funds	1 982 198	857 729	1 982 198	857 729
Other	1 173 797	401 627	401 627	401 627
	20 613 408	20 167 833	19 841 237	20 167 833

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6. Credit risk management (Continued)

	GROUP		AUTHORITY	
	2024 N$	2023 N$	2024 N$	2023 N$
Age analysis:				
Older than 120 days	16 743 483	16 015 181	16 743 483	16 015 181
60 to 120 days	(30 074)	265 299	(30 074)	265 299
Less than 60 days	3 899 999	3 887 353	3 127 828	3 887 353
	20 613 408	20 167 833	19 841 237	20 167 833
Allowance for Expected Credit Losses	(14 332 983)	(15 976 177)	(14 332 983)	(15 976 177)
Net exposure	6 280 425	4 191 656	5 508 254	4 191 656

At year-end the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

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 2023. 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 2024 loans granted to employees amounted to N$1 488 526 (2023: N$1 355 740).

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 2024 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 Interventions 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 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)

22.6. 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 2024.

2024:	Current	60 to 90 days	> 120 days	Total
Gross receivables excluding credit balances	1 723 506	566 594	16 692 130	18 982 230
Expected credit loss rate	**27%**	**117%**	**79%**	
Expected credit losses - 2024	469 795	664 443	13 198 743	14 332 981

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

The table below indicates the exposure in other financial assets spread among banks and other investment institutions:

Institution	Amortised cost investments N$	Investments at FVTPL N$	Total N$
Bank Windhoek	-	35 455 334	35 455 334
First National Bank	-	23 520 155	23 520 155
Simonis Storm Securities	-	41 193 358	41 193 358
Old Mutual	-	10 284 447	10 284 447
Momentum	-	5 006 972	5 006 972
Balance as at 31 March 2024	**-**	**115 460 266**	**115 460 266**
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**

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7. 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	**2024**	**2023**	**2024**	**2023**
	N$	**N$**	**N$**	**N$**
Non-financial labilities 1 – 12 months	11 740 056	11 422 805	11 740 056	11 422 805
Staff leave provision	11 740 056	11 422 805	11 740 056	11 422 805
Non-interest bearing financial liabilities				
1 to 3 months	8 199 664	15 003 572	8 199 664	15 003 572
Levy creditors	6 268 074	13 539 729	6 268 074	13 539 729
Staff accruals	1 931 590	1 463 843	1 931 590	1 463 843
Financial liabilities at amortized cost				
Interest bearing 1 to 3 months	3 834 995	9 852 643	3 668 911	9 694 500
Accounts payables accruals	3 165 887	9 216 443	3 089 253	9 143 190
Audit fees provision	669 108	636 200	579 658	551 310
Lease liabilities				
Payments analysed as:				
Current	14 978 859	12 375 192	14 978 859	12 375 192
Non-current	36 514 020	25 239 842	36 514 020	25 239 842
2 years	11 398 553	14 331 412	11 398 553	14 331 412
More than 2 years	25 115 467	10 908 430	25 115 467	10 908 430
	75 267 594	73 894 053	75 101 510	73 735 910

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2024

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7. 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	
	2024	**2023**	**2024**	**2023**
	N$	**N$**	**N$**	**N$**
Variable interest rate instruments: FVTPL				
Less than 1 month	67 103 549	79 030 718	66 582 116	78 749 656
1 to 3 months	115 460 266	90 294 804	115 460 266	90 294 804
	182 563 815	169 325 522	182 042 382	169 044 460
Fixed interest rate instruments: Amortized Cost				
1 to 3 months	5 508 255	4 484 065	5 508 255	4 484 065
3 months to 1 year		-		-
	5 508 255	4 484 065	5 508 255	4 484 065
Weighted average return	7.20%	5.59%	7.20%	5.59%
Non-interest bearing instruments:				
1 to 3 months	8 661 395	6 979 466	7 889 224	6 095 123
3 months to 1 year				
	8 661 395	6 979 466	7 889 224	6 095 123
	196 733 465	180 789 051	195 439 861	179 623 646

22.8. 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 2024, the Group had foreign currency denominated current financial liabilities amounting to Nill (31 March 2023: USD 8 640.45, CHF 21 216.90, MUR3 340.00 and EURO 19 216.02)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.9. Fair value measurements

22.9.1. 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.

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY AND SUBSIDIARY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2024

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.9. Fair value measurements (continued)

22.9.1. 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.

22.9.2 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.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.9. Fair value measurements (continued)

22.9.2. Fair value hierarchy and measurements (continued)

Level 3

Land

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.

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 2024 (2023: N$37.12 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)

22.9. Fair value measurements (continued)

22.9.2. 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. 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 2024, 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$7 671 676 at 31 March 2024 (2022: N$4 137 080).

Members not on medical scheme	2024	2023
Number of Members	8	8
Contingent Liability (N$)	7 671 676	4 137 080

23.2. Litigation cases

Alwyn Petrus van Straten//NAMFISA
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. NAMFISA awaits directions on the Appellant's condonation application. This was the same status as at 31 March 2023.

Aiso Cash Loan CC & 25 Others VS NAMFISA & 6 OTHERS
Constitutional challenge by various Cash Loan entities (26 in total) against various sections of the Microlending Act 7 of 2018. The claim is not a legal claim however there is an estimated cost approximating N$11 000 000 to Namfisa once the case is settled.

Hendrik Christian
The plaintiff instituted action against NAMFISA in the High Court of Namibia relating to the damages related to short term insurance. Litigation claims amount to N$2 911 402.15, together with interest on the aforesaid amount at the rate of 20% per annum from September 2002 to date of payment. The matter is scheduled for hearing.

23. CONTINGENT LIABILITY (CONTINUED)

23.2. Litigation cases (Continued)

Renaissance Health Medical Aid Fund // The Registrar of Medical Aid Funds
Matter is set down for hearing from 24-27 June 2024, amount claimed N$358 154.50

The Registrar of Medical Aid Funds vs Heritage Health Medical Aid
Liquidation application which was dismissed in the High Court however an appeal has been lodged with the Supreme Court. Cost to be paid by NAMFISA to the respondent is approximately N$1 000 000.

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
	2024 N$	2024 N$
Decrease in depreciation and amortization	628 756	628 756
Increase in carrying amount of property, plant equipment	143 385	143 385
Increase in carrying amount of intangible assets	485 371	485 371

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% equity interest in Metropol (Pty) Ltd on 27 October 2014 for a purchase consideration of N$42 000 000. The entity holds ownership of Erf 1503 Independence Avenue. The acquisition was strategically undertaken to facilitate the development of the NAMFISA Head Office on the property, with Metropol (Pty) Ltd subsequently leasing the building to NAMFISA.

The acquisition was necessitated by the following strategic considerations:

- Mitigating the shortage of office space to accommodate the Authority's staff and operational requirements
- Enhancing fiscal sustainability and strengthening financial positions through capital investment in owned property
- Improving brand visibility and corporate presence
- Reducing operational costs associated with rental expenses
- Providing a centralized location for consumer accessibility

The project's status as at the compilation of the financial statements is that the appointment of the contractor by the Central Procurement Board of Namibia has been finalized. The forthcoming activities on the building project include the execution of the loan agreement, site handover, groundbreaking ceremony, and the initiation of construction, which is projected to span two years.

25. SUBSEQUENT EVENTS (CONTINUED)

25.1. Financing for construction of Building (Continued)

Financial Arrangements as of 2024:

Following a comprehensive evaluation of financing proposals, NAMFISA reached a preliminary agreement with Standard Bank on 28 April 2023. The agreement outlines the provision of the following financial facilities:

1. **Development Loan Facility:** N$185 000 000 (One Hundred and Eighty-Five Million Namibia Dollars) extended to Metropol (Pty) Ltd. The loan is structured for repayment over ten (10) years, featuring a fifty percent (50%) bullet payment upon maturity. NAMFISA will serve as the guarantor for Metropol (Pty) Ltd and will contribute an equity injection of N$70 000 000 (Seventy Million Namibia Dollars) sourced from the NAMFISA General Reserve.
2. **VAT Facility:** N$20 000 000 (Twenty Million Namibia Dollars), to be settled on a cash sweep basis following the term debt service. This facility will operate as a revolving credit facility available until twelve (12) months post the practical completion date.

The signing of the loan agreement is scheduled for the second quarter of the 2025 financial year.

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.

INDUSTRY STATISTICS

Table S1: Long-term insurance – Income statement, 2019-2023 (N$'000)

Income and expenses	2019	2020	2021	2022	2023
Single premiums	4,862,324	3,140,615	4,750,344	3,865,659	3,942,063
Recurring premiums	6,778,761	6,339,382	6,194,976	7,147,650	7,406,439
Gross premiums written	11,641,085	9,479,997	10,945,320	11,013,309	11,348,502
Less: Reinsurance premium	396,318	392,519	458,261	526,874	578,890
Net premiums written	11,244,767	9,087,478	10,487,059	10,486,435	10,769,612
Gross policyholder benefits paid	8,834,158	7,542,003	10,734,341	9,227,319	9,234,724
Reinsurance recoveries	309,724	224,664	852,020	505,686	262,440
Net policyholders' benefits	8,524,434	7,317,339	9,882,321	8,721,633	8,972,284
Change in policyholder liabilities	3,499,209	875,288	5,410,229	(424,476)	5,400,558
Commission paid	804,212	828,888	846,010	898,227	844,312
Policyholder benefits and commission	12,827,855	9,021,515	16,138,560	9,195,384	15,217,154
GROSS PROFIT/(LOSS)	**(1,583,089)**	**65,963**	**(5,651,501)**	**1,291,051**	**(-4,447,542)**
Investment income	4,627,672	2,353,414	7,267,103	2,219,113	8,552,686
Other income	143,257	260,907	193,189	354,627	413,800
TOTAL INCOME	**4,770,929**	**2,602,057**	**7,460,292**	**2,573,740**	**8,966,486**
Management expenses	1,796,688	1,441,226	1,376,152	1,759,022	1,993,377
Other expenses	3,188	398	-	-	-
Finance costs	1	2,004	-	-	-
TOTAL EXPENSES	**1,799,877**	**1,443,628**	**1,376,152**	**1,759,022**	**1,993,377**
PROFIT BEFORE TAXATION	**1,387,964**	**1,224,392**	**432,639**	**2,105,769**	**2,525,567**

Table S2: **Long-term insurance – Balance sheet, 2019-2023 (N$'000)**

Assets and liabilities	2019	2020	2021	2022	2023
Immovable property	435,572	420,642	422,637	429,553	317,523
Property, plant and equipment	40,743	38,855	38,810	52,258	212,916
Intangible assets	85,240	95,814	78,443	127,748	76,222
Deferred tax	237,011	-	-	-	0
Other assets	**1,498,464**	**1,052,665**	**1,173,564**	**1,260,717**	**1,364,684**
Investments	46,449,214	50,214,325	53,868,564	52,996,499	55,808,629
NON-CURRENT ASSETS	**48,746,244**	**51,822,301**	**55,582,018**	**54,866,775**	**57,779,974**
Reinsurers' debtors	149,162	269,977	512,055	450,619	550,131
Premium debtors	431,660	257,051	319,622	268,840	298,007
TECHNICAL ASSETS	**580,822**	**527,028**	**831,677**	**719,459**	**848,138**
Cash and cash equivalents	1,453,027	1,846,211	2,553,576	1,980,824	2,213,769
Receivables	1,572,486	1,898,101	1,561,007	2,508,025	2,354,140
Investments	7,812,033	5,587,004	6,143,776	8,681,975	11,064,442
CURRENT ASSETS	**10,837,546**	**9,331,316**	**10,258,359**	**13,170,824**	**15,632,351**
TOTAL ASSETS	**60,164,612**	**61,680,645**	**66,672,055**	**68,757,058**	**74,260,463**
Ordinary share capital	88,176	80,577	80,576	80,578	66,467
Share premium	1,834,245	1,877,170	1,877,171	2,412,882	2,426,993
Retained earnings	8,363,888	8,575,199	7,935,897	9,026,117	9,073,994
Other reserves	(-1,031,653)	(-1,036,649)	(-1,075,250)	(-1,073,390)	(-1,070,394)
CAPITAL AND RESERVES	**9,254,656**	**9,496,297**	**8,818,394**	**10,446,187**	**10,497,060**
Deferred tax	-	-	-	14274	772
Other liabilities	624,823	654,240	338,387	727,839	409,795
NON-CURRENT LIABILITIES	**624,823**	**654,240**	**338,387**	**742,113**	**410,567**
Policyholder liabilities	48,794,966	49,706,266	55,209,491	54,822,747	60,678,624
Reinsurance creditors	459,847	349,646	481,455	522,527	566,777
TECHNICAL LIABILITIES	**49,254,813**	**50,055,912**	**55,690,946**	**55,345,274**	**61,245,401**
Trade and other payables	785,699	1,201,403	1,800,215	1,621,501	1,571,938
Current income taxation	1,541	93	1,214	39	220,512
CAR	-	2,756	-	-	0
Other liabilities	243,080	269,945	22,894	601,945	314,984
CURRENT LIABILITIES	**1,030,320**	**1,474,197**	**1,824,323**	**2,223,485**	**2,107,434**
TOTAL LIABILITIES	**50,909,956**	**52,184,349**	**57,853,656**	**58,310,872**	**63,763,402**
EXCESS ASSETS	**9,254,656**	**9,496,296**	**8,818,399**	**10,446,186**	**10,497,060**

Table S3: **Short-term insurance – Income statement, 2019-2023 (N$'000)**

Income and expenses	2019	2020	2021	2022	2023
Gross premiums written	3,673,499	3,485,655	3,741,330	4,115,487	4,692,213
Less: Reinsurance expense	1,098,693	1,155,938	1,311,833	1,225,842	1,364,294
Net premiums written	**2,574,807**	**2,329,717**	**2,429,497**	**2,889,645**	**3,327,919**
Change in provision for UPR	166,454	75,840	222,431	310,489	584,729
Net premiums earned	2,408,352	2,253,877	2,207,066	2,579,156	2,743,190
Gross claims and loss adjustment expenses	1,809,700	1,661,110	1,912,941	1,953,588	1,997,003
Change in IBNR	1,324	68,027	43,471	(84,437)	(61,890)
Less: Gross claims and loss adjustment expenses recovered from reinsurers	593,297	386,531	600,118	516,543	557,765
Net claims incurred	**1,216,825**	**1,342,606**	**1,356,294**	**1,352,608**	**1,377,348**
Commission incurred	457,431	428,353	456,710	470,471	532,777
Less: Commission earned	237,569	220,639	330,075	311,266	340,478
Net commission incurred	219,862	207,714	126,635	120,753	192,299
CLAIMS AND COMMISSION	**1,437,589**	**1,550,320**	**1,482,929**	**1,473,361**	**1,569,647**
Underwriting surplus	979,514	703,557	724,137	1,105,795	1,173,543
Management expenses	829,705	677,353	763,546	1,014,272	1,132,594
Finance costs	24,350	40	-	-	-
Investment income	443,283	260,877	401,349	308,078	549,315
Other income	80,711	287,133	155,580	88,972	105,237
Other expenses	1,341	(507)	-	-	-
Profit before tax	648,111	438,710	517,520	450,465	695,501
Income tax expense	112,603	154,891	74,699	131,234	117,467
PROFIT FOR THE YEAR	**535,508**	**283,819**	**442,821**	**319,231**	**578,034**
Other comprehensive income for the quarter	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**535,508**	**283,819**	**442,821**	**357,339**	**578,034**
Performance ratios	**2019**	**2020**	**2021**	**2022**	**2023**
Cession ratio	30%	33%	35%	30%	29%[24]
Net loss ratio	50%	60%	60%	52%	50%[25]
Underwriting result	41%	31%	33%	41%	43%[26]
Net combined ratio	105%	109%	115%	110%	111%[27]

[24] The cession ratio is calculated by dividing the net reinsurance premiums written by the gross premiums written during the year.

[25] The expense ratio calculates the sum of all expenses (management expenses, finance costs, other expenses and commission incurred) over net premiums earned.

[26] The underwriting result ratio is calculated by dividing the underwriting surplus (or deficit) by the net premiums earned during 2023.

[27] 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, 2019-2023**

Experience per class of business					
Year	**2019**	**2020**	**2021**	**2022**	**2023**
Premium earned by class (% of total)					
Fire	12%	0%	0%	14%	12%
Marine	1%	1%	2%	1%	1%
Aviation	0%	23%	19%	0%	0%
Vehicles	24%	40%	38%	20%	27%
Guarantee	2%	22%	18%	3%	-3%
Miscellaneous	18%	-2%	2%	24%	26%
Personal	31%	16%	21%	38%	37%
Loss ratio by class					
Fire	8%	-39%	0%	7%	12%
Marine	61%	-4%	0%	1%	1%
Aviation	2%	29%	28%	0%	0%
Vehicles	67%	49%	49%	32%	31%
Guarantee	13%	22%	19%	0%	1%
Miscellaneous	11%	-7%	0%	8%	12%
Personal	59%	1197%	5%	48%	44%
Fire	99%	8%	-39%	0%	7%
Underwriting results (% of premiums earned)					
Fire	62%	0%	0%	0%	10%
Marine	16%	3%	2%	1%	1%
Aviation	62%	52%	26%	0%	0%
Vehicles	12%	44%	43%	19%	22%
Guarantee	63%	37%	-21%	4%	-6%
Miscellaneous	68%	-28%	3%	29%	44%
Personal	23%	-7%	48%	48%	29%
Fire	-1%	62%	0%	0%	0%

Table S5: **Short-term insurance – Balance sheet, 2018-2022 (N$'000)**

Assets and liabilities	2019	2020	2021	2022	2023
NON-CURRENT ASSETS	**735,796**	**752,822**	**881,472**	**532,329**	**530,274**
Immovable property	1,351	-	-	-	-
Property, plant and equipment	37,931	55,104	48,080	56,985	73,490
Intangible assets	41,005	33,477	29,898	31,678	58,899
Deferred tax	42,636	34,354	41,146	45,023	41,000
Other assets	75,360	84,306	97,018	108,087	93,012
Investments	537,513	545,581	665,330	290,556	263,873
TECHNICAL ASSETS	**1,560,075**	**898,719**	**1,081,033**	**1,022,338**	**896,389**
Reinsurers' share of unearned premiums	208,584	398,854	440,548	454,001	460,946
Reinsurers' share of outstanding claims	518,118	230,242	354,409	300,354	211,907
Reinsurers' share of claims incurred but not reported	47,821	55,759	119,492	98,893	75,171
Commission receivable	744	1,101	10,167	22,392	5,847
Premium debtors	784,808	212,763	156,417	146,698	142,518
CURRENT ASSETS	**4,534,179**	**4,835,843**	**5,225,760**	**5,645,410**	**6,317,874**
Cash and cash equivalents	767,796	561,014	624,076	745,456	781,106
Other receivables	349,416	364,747	587,897	568,787	545,547
Investments	3,416,967	3,910,082	4,013,787	4,331,167	4,991,221
TOTAL ASSETS	**6,830,050**	**6,487,384**	**7,188,265**	**7,200,077**	**7,744,537**
CAPITAL AND RESERVES	**2,153,512**	**2,307,100**	**2,415,777**	**2,143,025**	**2,420,730**
Ordinary share capital	66,902	65,691	65,660	65,623	73,623
Share premium	217,785	248,230	254,741	257,779	247,779
Retained earnings	1,787,849	1,901,596	1,915,628	1,586,907	1,826,042
Contingency reserve	80,177	79,389	79,971	84,299	93,276
Other reserves	799	12,195	99,777	148,417	180,010
NON-CURRENT LIABILITIES	**62,111**	**87,134**	**87,063**	**110,508**	**107,023**
Deferred taxation	1,274	10,384	21,648	32,222	35,923
Other liabilities	60,837	76,750	65,415	78,286	71,100
TECHNICAL LIABILITIES	**3,992,651**	**3,362,127**	**3,959,804**	**4,150,576**	**4,511,470**
Gross provision for unearned premiums	2,432,005	2,433,927	2,616,892	2,995,986	3,378,357
Gross outstanding claims	776,316	554,764	801,858	660,066	468,057
Gross claims incurred but not reported	224,916	284,303	329,891	310,656	302,921
Commission due	90,107	82,064	100,596	106,914	88,629
Reinsurance creditors	469,307	7,069	110,567	76,954	273,506
CURRENT LIABILITIES	**621,776**	**731,022**	**725,621**	**795,968**	**705,314**
Trade and other payables	559,082	622,613	563,092	690,682	459,141
Current income taxation	4,070	29,911	2,038	3,016	1,060
Other liabilities	58,624	78,498	160,491	102,270	245,113
Total liabilities	**4,676,538**	**4,180,283**	**4,772,488**	**5,057,052**	**5,323,807**
TOTAL EQUITY AND LIABILITIES	**6,830,050**	**6,487,384**	**7,188,265**	**7,200,077**	**7,744,537**
SOLVENCY RATIO (Total assets/Total liabilities)	**1.46**	**1.55**	**1.51**	**1.42**	**1.45**[28]

[28] The solvency ratio is determined by dividing the total assets by the total liabilities.

Table S6: **Medical aid funds – Membership, 2019-2023**

Membership	2019	2020	2021	2022	2023
Principal members	85,795	83,745	85,902	88,112	90,883
Dependants	104,424	104,242	106,156	108,572	111,162
Pensioners	11,695	12,214	12,655	12,861	13,721
Total members	**201,914**	**200,201**	**204,713**	**209,545**	**215,766**

Table S7: Medical aid funds – Income statement, 2018-2022 (N$'000)

Income and expenses ('000)	2019	2020	2021	2022	2023
Contributions received	4,262,583	4,480,538	4,626,003	4,893,151	5,429,461
Less: Healthcare cost	3,868,327	3,779,645	4,391,362	4,763,567	5,101,438
Add: Net income/(expenses) from Risk Transfer Arrangements	(-19,686)	(-9,669)	(-10,145)	(-10,141)	(-9,934)
Gross healthcare result	374,570	691,224	224,496	119,443	318,089
Less: Administrative fees	285,147	306,970	330,908	347,534	376,754
Less: Operational expenses	92,059	82,715	96,461	99,108	102,679
Less: Managed care: Management services	63,736	64,015	53,813	58,000	59,378
Less: Consultant fees/Professional fees	146	1,143	1,341	2,106	2,310
Total non-healthcare cost	441,088	454,843	482,523	506,748	541,121
Surplus/(deficit) from operations	(-66,518)	236,381	(-258,027)	(-387,305)	(-223,032)
Add: Other income (sundry income)	12,945	4,534	4,254	4,639	4,480
Add: Net investment income	166,247	125,941	212,155	60,742	233,361
Net surplus/(deficit) for the year/period	**112,674**	**366,856**	**(41,618)**	**(321,924)**	**14,809**

Table S8: Medical aid funds – Claims typology, 2019-2023 (N$'000)

	2019	2020	2021	2022	2023
Hospitals	1,372,958	1,278,898	1,540,503	1,662,201	1,675,764
Pharmacies/Medicine	469,038	646,432	746,988	789,445	805,366
General practitioners	457,873	331,619	373,134	409,861	459,774
Specialists	480,055	467,980	516,723	585,161	634,513
Pathologists	209,090	220,192	266,075	260,362	283,746
Optometrists	165,823	83,676	136,935	131,568	150,097
Dentists	128,238	188,895	199,519	222,584	247,622
Auxiliary services	180,587	178,277	202,146	217,306	253,274
Radiologists	216,731	216,701	229,721	260,520	288,769
Dental specialists	17,645	17,777	18,957	21,519	23,086
Psychiatric institutions	11,372	12,785	14,073	13,976	12,969
Dental therapists	10,463	11,308	11,976	13,749	14,483
Optic pay-outs	33,839	34,788	-	-	-
Other	133,386	129,192	155,616	181,056	179,158
IBNR movement	(-18,771)	(-38,875)	(-21,004)	(-5,741)	72,817
Total	**3,868,327**	**3,779,645**	**4,391,362**	**4,763,567**	**5,101,438**

Table S9: Medical aid funds – Balance sheet, 2019-2023 (N$'000)

N$ ('000)	2019	2020	2021	2022	2023
Non-current assets	**112,247**	**139,422**	**104,711**	**151,729**	**242,732**
Property, plant and equipment	4,257	4,046	4,372	3,982	5,458
Long-term investments	107,990	135,376	100,339	147,747	237,274
Current assets	**1,915,505**	**2,224,370**	**2,182,310**	**1,849,698**	**1,854,127**
Short-term investments	1,682,390	1,853,518	1,963,717	1,660,984	1,534,503
Accounts receivable (debtors)	28,188	40,910	54,870	42,812	**46,911**
Cash and cash equivalents	204,927	329,942	163,723	145,902	272,713
Total assets	**2,027,752**	**2,363,792**	**2,287,021**	**2,001,427**	**2,096,859**
FUNDS AND LIABILITIES					
Members' funds	**1,609,321**	**1,921,327**	**1,818,061**	**1,460,972**	**1,465,835**
Accumulated funds	1,609,321	1,921,327	1,818,061	1,460,972	1,456,576
Other reserves					9,259
Current liabilities	**418,431**	**442,465**	**468,960**	**540,455**	**631,024**
Accounts payable (creditors)	113,441	148,229	142,136	175,186	175,577
Provision for outstanding claims/IBNR	252,627	234,599	251,834	289,708	374,104
Roll-over benefit liability	52,363	59,637	74,990	75,561	81,343
Short-term loans payable	-	**-**	-	-	**-**
Total funds and liabilities	**2,027,752**	**2,363,792**	**2,287,021**	**2,001,427**	**2,096,859**

Table S10: Medical aid funds – Capital investments, 2019-2023 (N$'000)

	2019	2020	2021	2022	2023
Investments in Namibia	**905,637**	**991,659**	**1,113,337**	**951,674**	**1,004,542**
Government and other stock/(bonds)	209,837	125,990	249,988	246,146	380,664
Shares/equities	124,309	23,190	53,167	79,730	36,673
Unit trust schemes	243,168	672,393	561,035	481,104	345,989
Debentures	253,832	144,436	-	-	-
Listed securities in Namibia	49,919	6,229	241,697	-	-
Money market instruments/(fixed deposit)	-	-	-	108,349	233,766
Fixed deposit and savings accounts – unlisted securities in Namibia	15,060	7,450	7,450	-	-
TB credit/debit balances (excluding cash and cash equivalents)	-	-	-	27,677	-
Properties	9,512	11,971	-	7,450	7,450
Other investments (not defined)				1,218	-
Investments outside Namibia	**884,743**	**997,235**	**950,719**	**857,057**	**767,235**
Government and other stock/(bonds)	44,475	17,496	74,393	108,687	97,304
Shares/equities	374,951	797,857	184,650	255,531	142,110
Unit trusts	108,795	39,753	543,585	165,034	451,467
Money Market instruments/cash outside Namibia	356,522	129,305	135,371	318,823	75,389
Property	-	4,951	12,720	5,941	965
Debentures	-	7,873	-	1,105	-
Credit/debit balances (excluding cash and cash equivalents)				1,936	-
Other investments (not defined)					
Total investment assets	**1,790,380**	**1,988,894**	**2,064,056**	**1,808,731**	**1,771,777**
Percentage of Namibian assets to total assets	50.58%	49.86 %	53.94%	52.62%	56.70%
Percentage outside Namibia	49.42%	50.14%	46.06%	47.38%	43.30%

Table S11: Pension funds – Cost experience, 2019-2023

Cost category	Amount (N$ '000)				
	2019	2020	2021	2022	2023
Administration fees and other costs	661,188	1,292,643	939,711	742,469	796,988
Insurance premiums	379,380	389,230	390,716	438,602	410,642
Investment management fees	744,398	847,577	2,519,951	562,519	1,342,116
Total	**1,784,966**	**2,529,450**	**3,850,378**	**1,743,590**	**2,549,746**
Cost category	**Percent (%) of total**				
Administration fees and other costs	37.0%	51.1%	24.4%	42.6%	31.3%
Insurance premiums	21.3%	15.4%	10.1%	25.2%	16.1%
Investment management fees	41.7%	33.5%	65.4%	32.3%	52.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Table S12: Pension funds – Industry assets, 2019-2023

Balance sheet	Amount (N$ million)				
	2019	2020	2021	2022	2023
Non-current assets	167,264	178,763	210,811	204,101	235,229
Current assets	1,974	1,759	2,120	1,716	1,916
Total assets	**169,238**	**180,522**	**212,932**	**205,817**	**237,145**
Accumulated funds and reserves	166,535	178,113	209,538	203,176	234,590
Current liabilities	2,703	2,409	3,394	2,641	2,555
Total funds and liabilities	**169,238**	**180,522**	**212,932**	**205,817**	**237,145**

Table S13: Pension funds – Industry liabilities, 2019-2023

	Amount (N$ million)				
	2019	2020	2021	2022	2023
Active members' accounts	137,737	104,357	112,401	113,932	121,449
Pensioners' accounts	24,062	25,513	25,807	38,348	39,098
Reserve accounts	2,857	29,750	67,541	48,282	69,944
Other	1,879	18,493	244	0	4,099
Total liabilities	**166,535**	**178,113**	**205,993**	**200,562**	**234,590**

Table S14: Pension funds – Liquidity experiences, 2019-2023

Amount (N$'000)	Amount (N$ '000)				
Liquidity	2019	2020	2021	2022	2023
Contributions due and received	9,022,346	9,329,893	9,699,089	9,903,934	9,991,169
Expenses and benefits due and paid	10,055,253	11,624,013	11,739,108	12,864,048	14,844,488
Ratio[28] (percent)	89.7	80.3	82.6	77.0	67.3

Table S15: Pension funds – Asset allocation, 2019-2023 (N$ million)

N$ million	2019	2020	2021	2022	2023
Total investments in:					
Equities	83,080	82,731	96,800	83,802	97,705
Fixed interest	41,798	47,549	55,342	62,377	72,410
Property	4,848	7,606	10,420	10,467	12,002
Money market	10,782	14,105	17,149	14,065	16,558
Unlisted investments	1,239	1,647	2,273	2,604	3,076
Other	5,365	6,225	6,025	7,185	6,971
Total	**147,113**	**159,863**	**188,009**	**180,500**	**208,723**

[28] Contributions due and received/Expenses and Benefits due and paid.

Table S16: Friendly societies membership, 2019-2023

	2019	2020	2021	2022	2023
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, 2019-2023 (N$)

Income and expenses	2019	2020	2021	2022	2023
Income and expenses	2018	2019	2020	2021	2022
Contributions received	194,454	206,164	214,592	198,420	211,500
Net contributions	194,454	206,164	214,592	198,420	211,500
Claims	103,526	82,500	110,718	60,000	93,500
Administration fees	-	-	-	-	-
Operational expenses	69,857	11,986	46,464	32,406	55,814
Underwriting surplus	**21,071**	**100,056**	**57,410**	**106,014**	**118,000**
Other income	1,727	525	1,674	765	2,442
Investment income	128,774	113,013	79,099	108,018	209,773
Net surplus	**151,572**	**213,594**	**138,183**	**214,797**	**274,401**

Table S18: Friendly societies balance sheet, 2019-2023 (N$)

Assets and liabilities	2019	2020	2021	2022	2023
ASSETS					
Current assets	1,734,943	1,941,319	2,044,013	2,250,920	2,545,550
Accounts receivable	21,359	98,219	20,168	16,098	24,359
Cash and cash equivalents	74,537	91,596	73,642	46,817	75,862
Short-term investments	1,639,047	1,751,504	1,950,203	2,186,205	2,445,329
Total assets	**1,734,943**	**1,941,319**	**2,044,013**	**2,250,920**	**2,545,550**
FUNDS AND LIABILITIES					
Members' funds	1,650,872	1,866,810	1,966,061	2,177,933	2,452,479
Accumulated funds	1,650,872	1,866,810	1,966,061	2,177,933	2,452,479
Revaluation reserve – investments	-	-	-	-	-
Current liabilities	84,071	74,509	77,952	72,987	93,071
Accounts payable (creditors)	25,071	15,509	18,952	22,987	17,071
Future claims liability	50,000	50,000	50,000	50,000	67,000
Other liabilities	-	-	-	-	-
Provision for bad debt	9,000	9,000	9,000	9,000	9,000
Total funds and liabilities	**1,734,943**	**1,941,319**	**2,044,013**	**2,250,920**	**2,545,550**

Table S19: Collective investment schemes (CIS) – Total funds under management, 2019-2023 (N$ million)

	2019	2020	2021	2022	2023
Country allocation					
Namibia	43,5856	47,492	51,992	53,523	49,541
Common Monetary Area	20,962	23,292	21,555	20,073	33,167
Africa	122	112	118	100	117
Offshore	5,317	5,160	6,132	5,436	6,319
Total	**69,987**	**76,056**	**79,797**	**79,132**	**89,145**
Asset allocation					
Money market investments:	44,837.83	48,563.83	47,727.05	45,330.99	54,627
Treasury bills	6,218.13	13,102.18	15,407.95	13,583.32	15,352
Negotiable certificates of deposit	20,484.65	12,510.78	10,893.43	11,480.41	17,625
Bankers' acceptances	0.00	0.00	0.00	0.00	657
Debentures	652	736	701	586	16,396
Notice, call and other deposits	12,241	19,219	16,975	14,665	4,597
Other	5,242	2,996	3,750	5,017	11,071
Listed equity	10,704	10,826	13,627	10,358	17,464
Listed debt	10,048	13,586	17,321	18,1278	-
Listed other	0.00	213	190	0.05	1,107
Unlisted equity	1,108	1,055	308	1,162	2,054
Unlisted debt	1,925	1,782	646	1,820	-
Unlisted property	0.86	0.45	0.47	0.00	-
Other assets	1,363	30	(-22)	2,334	2,822
Total Funds Under Management	**69,987**	**76,056**	**79,797**	**79,132**	**89,145**

Table S20: Collective investment schemes (CIS) – Source of funds, 2019-2023 (N$ million)

Unit trust funds per sector	2019	2020	2021	2022	2023
Pension funds	17,824	19,866	19,344	21,094	23,486
Short-term insurance companies	738	843	633	826	855
Long-term insurance companies	834	1,094	499	631	739
Medical aid funds	25,593	25,716	28,929	26,729	30,534
Unit trust schemes	4,993	5,158	5,326	5,027	4,953
Companies	4,166	6,717	7,128	6,951	7,610
Natural persons	8,293	8,650	8,024	8,124	9,451
Other	7,545	8,011	9,915	9,750	11,516
Total	**69,986**	**76,055**	**79,797**	**79,132**	**89,145**

Table S21: Investment managers – Total funds under management, 2019-2023 (N$ million)

Total funds under management	2019	2020	2021	2022	2023
Country allocation					
Namibia	92,743	98,776	109,690	114,386	133,004
Common Monetary Area	58,474	61,348	68,001	68,459	84,924
Africa	3,481	3,852	2,046	900	657
Offshore	25,699	25,177	28,097	27,127	32,987
Total	**180,398**	**189,153**	**207,834**	**210,872**	**251,571**
Asset allocation					
Money market investments:	47,527	51,214	51,515	50,730	72,691
Treasury bills	*7,192*	*10,506*	*11,658*	*10,299*	*16,829*
Negotiable certificates of deposit	*19,957*	*13,548*	*13,959*	*13,687*	*18,814*
Bankers' acceptances	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
Debentures	*733*	*812*	*776*	*658*	*657*
Notice, call and other deposits	*18,214*	*23,978*	*20,690*	*21,038*	*31,890*
Other	*1,431*	*2,370*	*4,433*	*5,048*	*4,502*
Listed equity	77,623	75,002	82,505	67,154	85,748
Listed debt	38,155	45,370	57,726	62,042	70,926
Listed other	1,004	1,468	1,213	177	11
Unlisted equity	1,361	2,536	1,600	1,433	1,537
Unlisted debt	1,862	3,383	2,318	1,741	2,142
Unlisted property	0.00	618	911	271	412
Other assets	12,866	9,563	10,046	27,325	18,103
Total Funds Under Management	**180,398**	**189,154**	**207,834**	**210,872**	**251,571**

Table S22: Investment managers – Source of funds, 2019-2023 (N$ million)

Source of funds (capital markets)	2019	2020	2021	2022	2023
Pension funds	678	855	1,568	2,992	4,508
Short-term insurance companies	664	701	879	909	1,170
Long-term insurance companies	489	573	671	577	631
Medical aid funds	2,839	3,585	6,639	6,755	9,133
Unit trust schemes	4,152	4,335	4,377	4,907	4,247
Companies	28,677	28,625	30,621	30,899	33,998
Natural persons	52,623	56,363	56,295	63,634	81,571
Other	90,276	94,115	106,784	100,199	116,312
Total	**180,398**	**189,152**	**207,834**	**210,872**	**251,571**

Table S23: Capital market – Market performance, 2019-2023 (N$ million)

Market performance	2019	2020	2021	2022	2023
NSX overall index (points)	1,306	1,232	1,572	1,631	1,633
NSX local index (points)	614	456	529	507	627
JSE All Share Index (points)	57,084	59,409	73,709	73,048	76,893
Overall value of equity securities traded (N$ million)	8,607	9,269	10,278	13,487	8,167
Local value of equity securities traded (N$ million)	1,373	536	448	609	527
Total shares in issue (N$ million) NSX overall index	29,515	29,515	33,157	35,336	35,902
Total shares in issue (N$ million) NSX local index	2,410	2,427	3,177	3,177	3,274
Overall market capitalisation (N$ million)	1,943,009	1,738,143	2,167,587	2,268,308	2,205,684
Local market capitalisation (N$ million)	36,339	27,440	38,040	36,568	44,088
Overall volume of securities traded (N$ million)	203	206	215	254	187
Local volume of securities traded (N$ million)	92	29	32	37	29

Table S24: Capital market – Nominal debt issued, 2019-2023 (N$ million)

Nominal debt issued	2019	2020	2021	2022	2023
Central government	55,232	62,783	72,418	78,816	84,665
State-owned enterprises	991	606	606	630	130
Banking institutions	4,353	4,324	5,431	4,627	3,888
Corporate	263	263	283	638	1,054
Treasury bills (outstanding)	24,247	27,330	31,765	35,199	37,483
Total	**85,086**	**95,306**	**110,504**	**119,910**	**127,219**

Table S25:Capital market – Nominal debt traded, 2019-2023 (N$ million)

Debt securities traded	2019	2020	2021	2022	2023
Central government	2,389	2,685	805	3,223	2,663
State-owned enterprises	0	0	0	0	0
Banking institutions	0	0	0	12	0
Corporate	0	0	0	0	0
Total	**2,389**	**2,685**	**805**	**3,235**	**2,663**

Table S26: **Microlender credit extension, 2019-2023 (N$ million)**

CREDIT EXTENTION	2019	2020	2021	2022	2023
Loans outstanding (N$ '000)					
Total loans	**7,480**	**6,055**	**7,316**	**6,741**	**7,157**
Term lenders	7,396	5,959	7, 074	6,501	6,881
Payday lenders	84	96	242	240	276
Loans disbursed (N$ '000)					
Total loans	**3,792**	**4,039**	**4,454**	**3,540**	**3,567**
Term lenders	3,012	3,248	3,346	2,304	2,336
Payday lenders	780	791	1,108	1,236	1,231
Number of loans					
Total loans	**545,363**	**516,970**	**577,529**	**618,675**	**665,290**
Term lenders	118,976	120,609	105,477	84,404	80,501
Payday lenders	426,387	396,361	472,052	534,271	584,789
Average loan amount					
Term lenders (N$)	25,865	28,067	33,039	20,040	30,297
Payday lenders (N$)	2,064	1,818	2,347	2,385	2,584

Table S27: **Complaints – Number of received complaints by industry, 2019-2023**

Industry	2019	2020	2021	2022	2023
Long-term insurance	303	315	321	220	247
Microlending and credit agreements	358	396	178	172	165
Short-term insurance	188	180	151	156	122
Pension funds	148	152	116	144	116
Medical aid funds	14	15	15	35	39
Capital markets	2	1	1	3	2
Collective investment schemes	0	0	0	0	0
Friendly societies	0	0	0	0	0
Other	0	0	0	0	0
Total	**1,013**	**1,059**	**782**	**730**	**691**

Table S28: **Number of resolved complaints by industry, 2019-2023**

Industry	2019	2020	2021	2022	2023
323	351	170	159	148	229
289	296	305	209	229	113
176	163	145	133	113	108
137	134	107	147	108	0
0	0	0	0	0	1
1	0	1	3	1	28
13	15	14	31	28	0
0	0	0	0	0	0
0	0	0	0	0	627
939	**959**	**742**	**682**	**627**	**682**

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