2024 ANNUAL REPORT



Non-Bank Financial Institutions Regulatory Authority

# 2034 ANNUAL REPORT

#### **MANDATE**

**The Regulatory Authority** derives the mandate to regulate and supervise Non-Bank Financial Institutions (NBFIs) sector from Section 4 of the NBFIRA Act (2023). The principal objective of **the Regulatory Authority** is to foster the following:

- (a) Safety and soundness of the NBFIs,
- (b) The highest standards of conduct of business by the NBFIs,
- (c) Fairness, efficiency, and orderliness of the NBFIs,
- (d) Stability of the financial system,
- (e) Reduction and deterrence of financial crime.

#### VISION, MISSION, AND VALUES

To support its fundamental and principal objective, **the Regulatory Authority** subscribes to the following Vision, Mission, and Values to embrace a culture of a high-performance organisation.

#### **VISION**

To be an efficient and effective regulatory and supervisory authority in line with international best practices.

#### **MISSION**

To regulate and supervise the Non-Bank Financial Institutions for the purpose of contributing towards financial stability.

#### **VALUES**

(a) Integrity Adherence to the highest ethical standards,

**(b) Transparency** Openness and frankness in operations,

(c) Fairness Consistent promotion of equal treatment in dealings with

all stakeholders,

(d) Accountability Responsibility to stakeholders,

(e) Diligence Thoroughness and persistence in the execution of duties.



### **Preamble**

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA), also known as **the Regulatory Authority**, is required, by Section 34 of the NBFIRA Act (2023), to publish an Annual Report for its financial year.

The **2024 NBFIRA Annual Report** is published in fulfilment of the statutory requirement and highlights **the Regulatory Authority's** financial and operational performance for the financial year 2023/24. The financial performance of regulated entities, however, is based on the audited financial statements as at December 2023. Historical data is reported for purposes of comparison.

## **Abbreviations**

AML/CFT/CFP Anti-Money Laundering/Combating the Financing of Terrorism/ Combatting

the Financing of Proliferation

**ATM** Automated Teller Machine

**AUM** Assets Under Management

**BoB** Bank of Botswana

**BDC** Botswana Development Corporation

BIPS Botswana Investment Professionals Society

**BSE** Botswana Stock Exchange

**BPS** Botswana Pensions Society

**BWP** Botswana Pula

**COVID-19** Corona Virus Disease of 2019

**CEO** Chief Executive Officer

**CSD** Central Securities Depository

CIUs Collective Investment Undertakings

CEDA Citizen Entrepreneurial Development Agency

**CMC** Commissao do Mercado de Capitais

**ERTP** Economic Recovery and Transformation Plan

**ERP** Enterprise Resource Planning

**FIAct** Financial Intelligence Act

**FIA** Financial Intelligence Agency

**FSC** Financial Stability Council

**FRAC** Finance, Risk and Audit Committee

**GDP** Gross Domestic Product

**GFIN** Global Financial Innovation Network

**GWP** Gross Written Premium

ICVC Investment Companies with Variable Capital

**IFSC** International Financial Services Centre

# **Abbreviations (continued)**

**IMF** International Monetary Fund

IT Information Technology

MANCOs Management Companies

**MoUs** Memoranda of Understandings

**MVAF** Motor Vehicle Accident Fund

**NBFIs** Non-Bank Financial Institutions

**NBFIRA** Non-Bank Financial Institutions Regulatory Authority

**NIST** National Institute of Standards and Technology

NRA National Risk Assessment

**NTS** Nominated Transfer Secretaries

**PRSIML** Prudential Rules for Systemically Important Micro Lenders

**PFR2** Pension Fund Rules 2

**ROAA** Return on Average Assets

**ROE** Return on Equity

**RBSS** Risk-Based Supervision System

**SACCOS** Savings and Credit Cooperative Society

SADC Southern African Development Community

**SHE** Safety, Health and Environment

SIBs Securities Infrastructure Businesses

**SIIC** Securities Institutions and Investment Companies

**SVB** Silicon Valley Bank

**TNDP** Transitional National Development Plan

**UK** United Kingdom

**USA** United States of America

**VASPs** Virtual Asset Service Providers

**VAT** Value Added Tax

**WEO** World Economic Outlook

# **Glossary of Terms**

#### **Asset Manager:**

A person who, under an agreement with another person, applies assets of the other person by way of investment, whether the asset manager makes those investments in its own name or not but does not include a custodian or a trustee.

#### The administrator of a Pension or Provident Fund:

A person who provides administrative or similar services to the fund.

#### **Central Securities Depository:**

A facility for the deposit, clearing or settlement of securities transactions, whether physically, electronically, or otherwise.

#### **Collective Investment Undertaking:**

An arrangement, where the principal object of which is the collective investment of funds in real or personal property of whatever kind, including securities and liquid financial assets, with the aim of giving its members, or section-holders the benefit of the result of the management of funds and spreading investment risk and the units of which are at the request of holders, purchased, directly or indirectly out of those undertakings' assets.

#### **Custodian:**

A person who holds the property of another person for safekeeping.

#### Finance and Leasing Company:

A body corporate that provides loans, advances, or leasing product, but does not include a bank or a deposit-taking institution or a micro-lender.

#### **Financial Services Laws:**

Any of the following: NBFIRA Act, Insurance Industry Act, Financial Intelligence Act, International Insurance Act, Retirement Funds Act, Part XVI of the Income Tax Act, insofar as it relates to NBFIs, Securities Act, Collective Investments Undertakings Act, Virtual Assets Act, a law that declares itself to be a financial services law for the purposes of this definition or such legislation as the Minister may, by order, prescribe.

#### **Insurance Agent:**

A person who solicits applications for insurance for an insurer.

#### **Insurance Broker:**

A person who arranges insurance otherwise than as an agent of the insurer.

#### Insurer:

A person who undertakes liabilities by way of insurance (including general insurance, life insurance and reinsurance), whether as a member of an association of underwriters.

#### **Investment Advisor:**

A person who gives other people investment advice or recommendations (about holding and disposing of investments) in relation to securities or other assets.

#### Management Company for a Collective Investment Undertaking:

An incorporated body responsible for the establishment, promotion, management and administration of a collective investment undertaking.



# Glossary of Terms (continued)

#### Micro Lender:

A person who advances loans to persons, where the loans do not exceed a prescribed amount, but does not include a person licensed in terms of the Banking Act or the Building Societies Act.

#### **Pension Fund:**

Any fund with the principal objective of being to provide for the payment of a pension to a person, who has been a member of the fund, on their retirement.

#### **Provident Fund:**

Any fund which is not a pension fund where a lump sum payment is made at retirement.

#### **Risk-Based Supervisory Model:**

A forward-looking approach designed to assist the regulator to allocate its resources more effectively, prioritising supervision to those firms presenting the greatest risk.

#### **Securities Broker/Dealer:**

A person who carries on the business of buying and selling securities on behalf of other persons or a person who regularly buys or sells securities on his own behalf otherwise than through a licensed securities dealer.

#### **Securities Exchange:**

A market, exchange, place, or facility that provides for bringing together on a regular basis, buyers and sellers of securities to negotiate or conclude sales of securities.

#### **Trustee of a Collective Investment Undertaking:**

A person acting as a trustee of a section trust.

#### Trustee of a Pension or Provident Fund:

A person acting as a trustee of a pension or provident fund.

#### **Umbrella Fund:**

A fund which is established for the benefit of employees of different small employers to facilitate cost savings and pooled investments.

#### **Umbrella Act:**

The Non-Bank Financial Institutions Regulatory Authority Act (2023).

#### **Virtual Asset ATM**

Operates as a virtual asset Automated Teller Machine (ATM) that allows customers to deposit only Botswana fiat currency to buy virtual assets.

#### **Virtual Assets Exchange**

Provides a digital marketplace for the buying, selling, transfer and storage of virtual assets.

#### **Virtual Asset Payment Platform**

Facilitates the use of virtual assets for the purpose of conducting transactions and payments utilizing a digital platform.

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# The Regulatory Framework for the NBFI Sector

The statutes governing the operations of both *the Regulatory Authority* and the regulated NBFIs are known as the "Financial Services Laws". The NBFIRA Act (2023) is the Umbrella Act of the Laws for regulating the NBFI sector. The Act prescribes the operations, responsibilities, and accountabilities of *the Regulatory Authority*, including corporate governance, staffing, finances and reporting to stakeholders. It also provides a comprehensive licensing regime for supervised entities and provides *the Regulatory Authority* with powers to remedy imprudent practices, unethical conduct and contraventions of the law.

#### **Supervisory Developments**

#### **Medical Aid Fund Bill**

There is currently no specific legislation governing the Medical Aid Funds (MAF) as a unique service in the market, however, the Medical Aid Funds Bill is going through Government legislative approvals. **The Regulatory Authority** continues to regulate the sector under the NBFIRA Act and on the conditions set out in the letters of exemption issued to the medical aids.

#### **Health Insurance Bill**

It is of note that the Medical Aid Funds Bill referred to above is premised on the 'not for profit' model only, hence the development of Health Insurance Bill for the "for profit" entities has already been approved. The Health Insurance Bill drafting has been approved and is intended to accommodate medical aid funds that will adopt 'for profit model' for their business.

#### **Insurance Industry Act**

The review of the Insurance Industry Act (the Act) is ongoing with the intention to bridge the existing gaps to keep current with the fast-paced developing insurance industry market. The insurance industry is highly dynamic in nature and the speed at which it evolves may at times compromise the relevance of the legislative framework, hence there will always be the need to review the legislation in relation to the prevailing market circumstances. The process of amending the Act will follow due process taking into consideration the deficiencies that become obvious along the passage of time between the passing of the Act in 2015 and its effective date of 2019.

#### **Virtual Assets Act**

**The Regulatory Authority** is in the process of reviewing the Virtual Assets Act, 2022 and Virtual Assets Regulations, 2022. The review seeks to align the Act with best practice standards in the light of fast evolving regulatory framework worldwide.

#### Domestic-Systemically Important Financial Institutions (D-SIFIs) Framework

**The Regulatory Authority** has developed and implemented a supervisory framework for Domestic-Systemically Important Financial Institutions (D-SIFIs) in the insurance sector. D-SIFIs are the 'too-big-to-fail' entities given their significant size and impact on the broader financial system and the larger economy. Three D-SIFIs were identified, notified and an enhanced supervision applied to the said entities in accordance with the requirements of the framework.



#### Financial Intelligence Act (2022)

This Act applies to all NBFIs and is supported by Financial Intelligence Regulations of 2022 and Financial Intelligence (Implementations of United Nations Security Council Resolutions) Regulations of 2022.

#### **Retirement Funds Administrative Rules**

Over the reporting period, *the Regulatory Authority* reviewed the existing Administrative Rules, to align them with the current legislation, particularly the Retirement Funds Act 2022 and the Income Tax Act Superannuation Regulations as well as, to align with international best practice.

To enhance supervision, regulation, governance and risk management of the Retirement Funds industry, *the Regulatory Authority* developed and introduced additional Administrative Rules. As part of stakeholder consultation and engagement, the rules were shared with the retirement fund industry and relevant stakeholders for input and feedback.

These new Administrative Rules include the following;

- Member Rights Rules
- · Governance for Fund Administrators
- · Retirement Benefits and Annuity Rules

The regulated NBFIs and related laws, rules and regulations listed in Table 1 are detailed in Section 2 of the NBFIRA Act (2023).

Table 1: Financial Services Laws and their Applicability

The Umbrella Act - The Non-Bank Financial Institutions Regulatory Authority Act (2023)					
Name of Act Supporting Rules and Regulations		Type of NBFIs Governed by the Act			
	Insurance Industry				
The Insurance Industry Act (2015)	Insurance Industry Regulations (2019);	Reinsurer			
	Insurance Prudential Rules (2012)	Insurer			
		Insurance Broker			
		Insurance Corporate Agent			
The International Insurance Act (2005)		International Insurance Firms			
	Retirement Funds Industry				
Retirement Funds Act (2022)	Retirement Funds Regulations (2017)	Pension Funds, Provident Funds and Fund Administrators			
Income Tax Act Part IV (1995)	Administrative Rules (2023)	Pension Funds, Provident Funds and Fund Administrate			
	Income Tax (Superannuation Funds	Pension Funds, Provident Funds and Fund Administrator			
	Regulations (2022)				
	Prudential Rules (2012)	Pension Funds, Provident Funds and Fund Administrators			
	Capital Markets Industry				
Securities Act (2014) and Securities	Securities (Institutions Licensing) Regulations	A securities exchange.			
(Amendment) Act (2023)	(2017)	Asset Manager			
		Investment Advisor			
		Securities Services (previously			
		Buying and Selling of Securities)			
		Securities Exchange			
		Central Securities Depository (CSD)			
		Central counterparty			
		Transfer Agent or Transfer Secretary			

		Custodian
		Participant in the CSD
		Market Maker
		Securities broker or dealer
	Securities (Persons Operating a Securities	Securities Exchange
	Infrastructure Business) Regulations (2017)	Central Securities Depository (CSD)
		A clearance and settlement system other than Central
		Securities Depository
		Central Counterparty
		' '
	NBFIRA (Persons Operating a Securities Infrastructure Business) Rules (2012)	Securities Exchange
	initiasti ucture business) kules (2012)	Central Securities Depository (CSD)
		Central Counterparty
The Collective Investment Undertakings Act (2021).	Collective Investment Undertakings Regulations	Operations of a CIU
Ondertakings Act (2021).	Regulations	Custodian and Supervisory
		Custodians
		CIU Funds
		CIU Partnerships
		Trustee
Virtual Assets Act (2022)	Virtual Assets Regulations 2022	Virtual Asset Service Providers (VASPS)
	NBFIRA (Capital Markets Sector Corporate Governance) Rules (2023)	
	NBFIRA (Market Intermediary Licensing Rules)	Asset Manager
	(2012)	Securities broker or dealer
		Custodians
		Investment Advisor
		Management Company for a collective investment
		undertaking (MANCO)
		Central securities Depository (CSD)
		Central counterparty
		Securities Exchange
		A trustee of a Collective Investment Undertaking
		A person operating a Collective Investment Undertaking
	NBFIRA Market Intermediaries Licensing	Asset Manager
	Rules (2012)	Securities broker or dealer
		Custodians
		Investment Advisor
		Management Company for a collective investment
		undertaking (MANCO)
		Central Securities Depository (CSD)
		Central counterparty
		Securities Exchange
		A trustee of a Collective Investment Undertaking
		A person operating a Collective Investment Undertaking
	Securities (Online Trading Services) Regulations (2020)	Online Trading Service Providers
	Financial Resources Requirements Rules for Asset Managers (2023)	Asset Managers
	Financial Resources Requirements Rules for Custodian (2023)	Custodians
	Financial Resources Requirements Rules for Securities Brokers or Dealers (2023)	Securities broker or dealer
	Related Party Transactions Guidelines for Non-Bank Financial Institutions (2023)	All Non-Bank Financial Institutions
	Guidelines on Protection of Clients' Assets (2020)	All Non-Bank Financial Institutions which manage clients' assets
	1	i .



NBFIRA (Capital Markets Sector Corporate Governance) Rules (2023)		All Non-Bank Financial Institutions under the Capital Markets Sector			
	Non-Bank Lenders Industry				
	Micro Lending Regulations (2012)	Micro Lenders			
	Prudential Rules for Systemically Important Micro Lenders (PRSIML) (2018).				
	Guidelines Issued by NBFIRA	Finance Companies			
		Leasing Companies			
		Pawnshops			

# **Board of Directors**



**Mr. Thabo Gaadingwe** Chairperson



Ms. Motlalepula V. Kabomo\*



Ms. Patrinah P. Masalela



Dr. Lesedi S. Senatla



Ms. Ivy M. Ramalohlanye\*\*



Ms. Hilda D. Hlanti



Ms. Lerang N. Maruping



Mr. Kgotso S. Gaamangwe



Ms. Thobo Rammidi



Ms. Tshegofatso B. Modise



Mr. Oduetse A. Motshidisi

<sup>\*</sup>Chairperson (Tenure ended November 30, 2023).

<sup>\*\*</sup>Tenure ended September 30, 2023.

Figure 1: 2023/24 Organisational Structure



## **Corporate Governance**

#### Composition and Role of the Board of Directors

The Board of Directors, established under Section 6 of the NBFIRA Act (2023), is responsible for the overall governance, policy development, and strategic direction of **the Regulatory Authority**, ensuring accountable corporate performance in line with **the Regulatory Authority's** mandate. The Board provides administrative direction, formulates policies, and exercises oversight to uphold sound corporate governance.

In fulfilling its duties, the Board is guided by the NBFIRA Act (2023), the King IV Report on Corporate Governance, the Board Charter and the Terms of Reference for various Committees. The Board's composition at the end of the year is shown in Table 2.

**Table 2: Board of Directors** 

Board Member	Nature of Membership	Date of Appointment		
Ms. Motlalepula V. Kabomo	Chairperson*	01/11/2017		
Mr. Thabo Gaadingwe	Chairperson	01/04/2024		
Ms. Patrinah Masalela	Vice Chairperson (MoF Representative)	01/09/2017		
Dr. Lesedi S. Senatla	Board Member (BoB Representative)	01/09/2017		
Ms. Ivy M. Ramalohlanye	Board Member**	01/10/2017		
Ms. Hilda D. Hlanti	Board Member	01/05/2018		
Ms. Lerang N. Maruping	Board Member	01/08/2020		
Mr. Kgotso S. Gaamangwe	Board Member	01/11/2021		
Ms. Thobo Rammidi	Board Member	01/04/2024		
Ms. Tshegofatso B. Modise	Board Member	01/04/2024		
Mr. Oduetse A. Motshidisi	Chief Executive Officer (Ex Officio Member)	01/09/2020		

<sup>\*</sup>Tenure ended November 30, 2023, \*\*Tenure ended September 30, 2023

#### Committees of the Board

In terms of Section 17 of the NBFIRA Act (2023), the Board of **the Regulatory Authority** has established three sub-committees to assist it to carry out the oversight role being, the Finance, Risk and Audit Committee, the Human Resources Committee and the Regulatory and Enforcement Committee.

#### **Finance, Risk and Audit Committee**

The Finance, Risk and Audit Committee supports the Board with regard to the effectiveness of the system of internal controls, digitalisation, compliance with the relevant legislative requirements and implementation of risk management. This effectively ensures that **the Regulatory Authority** is always in a sound financial position and remains a going concern. The membership of the Finance, Audit and Risk Committee for the financial year 2023/24 is displayed in Table 3 below.

Table 3: Finance, Risk and Audit Committee Members

Name	Position
Ms. Patrinah P. Masalela	Chairperson
Ms. Lerang N. Maruping	Member
Mr. Kgotso S. Gaamangwe	Member
Ms. Motlalepula V. Kabomo	Member*

<sup>\*</sup>Tenure ended November 30, 2023

#### **Human Resources Committee**

The Human Resources Committee provides the Board with advice on *the Regulatory Authority's* human resources strategy, relevant policies, manpower plans and remuneration. Furthermore, the Committee is responsible for advising the Board on appointments for senior executive management positions within the organisation and the overall wellbeing of staff of *the Regulatory Authority*. The membership of the Human Resources Committee for the financial year 2023/24 is displayed in Table 4 below.

**Table 4: Human Resource Committee Members** 

Name	Position
Dr. Lesedi S. Senatla	Chairperson
Ms. Ivy M. Ramalohlanye	Vice Chairperson*
Ms. Patrinah P. Masalela	Member
Ms. Hilda D. Hlanti	Member

<sup>\*</sup>Tenure ended September 30, 2023

#### **Regulatory and Enforcement Committee**

The Regulatory and Enforcement Committee is responsible for providing oversight and advice on the licensing, regulation and enforcement measures to the Board in line with the NBFIRA Act (2023), the Financial Services Laws, and other applicable legislation. The membership of the Regulatory and Enforcement Committee for the financial year 2023/24 is listed in Table 5 below.

**Table 5: Regulatory and Enforcement Committee Members** 

Name	Position
Ms. Hilda D. Hlanti	Chairperson
Dr. Lesedi S. Senatla	Vice Chairperson
Ms. Ivy M. Ramalohlanye	Member*
Ms. Lerang N. Maruping	Member

<sup>\*</sup>Tenure ended September 30, 2023

#### **Board and Committee Meetings**

The Board is expected to meet at least four times annually in accordance with Section 14(2) of the Act, to discuss matters relating to, amongst other things, strategy and operational performance, financial position, risk management, human resource matters, sustainability and governance. The Board committees also meet at least four times annually in accordance with the Committees' respective terms of reference to assist the Board in effectively carrying out its mandate. Tables 6 to 9 below detail the intervals of Board and Committees meetings held during the year 2023/2024.

**Table 6: Main Board Meetings** 

Member	Q1 01-Jun-23	Q2 07-Sep-23	Q3 23-Nov-23	Q4 23-Feb-23	Total
Ms. Motlalepula V. Kabomo	✓	✓	✓	*	3
Ms. Patrinah P. Masalela	X	✓	✓	✓	3
Dr. Lesedi S. Senatla	✓	✓	×	✓	3
Ms. Ivy M. Ramalohlanye	✓	✓	**	**	2
Ms. Hilda D. Hlanti	✓	✓	✓	✓	4
Ms. Lerang N. Maruping	x	✓	✓	✓	3
Mr. Kgotso S. Gaamangwe	✓	✓	✓	✓	4
Mr. Oduetse A. Motshidisi	✓	✓	✓	✓	4

<sup>\*</sup>Tenure ended November 30 2023, \*\* Tenure ended in September 30 2023

#### Table 7: Finance, Risk and Audit Committee Meetings

Member	Q1 11-May-22	Q2 10-Aug-23	Q3 02-Nov-23	Q4 28-Feb-24	Total
Ms. Patrinah P. Masalela	Х	х	✓	✓	2
Ms. Lerang N. Maruping	✓	✓	✓	✓	4
Mr. Kgotso S. Gaamangwe	✓	✓	✓	✓	4
Ms. Motlalepula V. Kabomo	✓	✓	✓	*	3

<sup>\*</sup>Tenure ended November 30 2023

### Table 8: Human Resources Committee Meetings

Member	Q1 16-May-23	Q2 02-Aug-23	Q3 02-Nov-23	Q4 29-Feb-24	Total
Dr. Lesedi S. Senatla	✓	✓	✓	✓	4
Ms Patrinah P. Masalela	x	x	✓	✓	2
Ms. Hilda D. Hlanti	✓	✓	✓	✓	4
Ms. Ivy M. Ramalohlanye	✓	✓	**	**	2

<sup>\*\*</sup> Tenure ended September 30 2023

#### Table 9: Regulatory and Enforcement Committee Meetings

Member	Q1 10-May-23	Q2 17-May-23	Q3 02-Aug-23	Q4 28-Feb-24	Total
Ms. Hilda D. Hlanti	✓	✓	✓	✓	4
Dr. Lesedi S. Senatla	×	✓	✓	✓	3
Ms. Ivy M. Ramalohlanye	✓	✓	**	**	2
Ms. Lerang N. Maruping	✓	✓	×	✓	3

<sup>\*\*</sup> Tenure ended September 30 2023



# **Chief Executive Officer's Statement**

Oduetse A. Motshidisi Chief Executive Officer

I have the honour to present the 2024 Annual Report of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) in accordance with Section 34 of the NBFIRA Act (2023). The report highlights the progress made during 2023 in pursuit of *the Regulatory Authority's* 2021-2026 Corporate Strategy whose overall aim is to achieve the mandate of regulating, supervising and enforcing compliance within the NBFI sector to safeguard the soundness, stability, fairness and efficiency of the financial system. For the reporting period, similar to previous years, I wish to inform all stakeholders that the NBFI sector demonstrated resilience and growth. The performance of the sector was enabled by the timely and responsive regulatory and supervisory tools applied by *the Regulatory Authority*. In carrying out the regulatory mandate, *the Regulatory Authority* pursues efficiency and efficacy in regulation, ensuring clarity, fairness, consistency, transparency in the regulatory and supervisory interventions and reduction of moral hazard by implementing appropriate and timely responses and strengthening related infrastructure to mitigate risks, ensure consumer protection and stakeholder confidence.

The various industries namely, Retirement Funds, Insurance and Medical Aids, Capital Markets, Non-Bank Lending and Virtual Assets require different and specialised expertise and standards to remain profitable, stable and resilient while navigating complex global challenges of geo-political uncertainties and geo-economic fragmentation that worsen the prevailing macroeconomic imbalances. *The Regulatory Authority*, further endeavors to maintain a delicate balance between regulating and supervising, to ease regulatory burden in order to foster innovation in fast-moving and unpredictable market conditions. In this statement, I will briefly summarise the contents of the report under four headings, being, (a) Legal and Regulatory Reforms, (b) Strategic and Risk Management, (c) Financial Performance of the NBFIs and (d) *The Regulatory Authority's* Financial Position.

#### (a) Legal and Regulatory Reforms

There were significant developments on legal and regulatory reforms during the review period. The NBFIRA Act (2023), as the Umbrella Act of the Financial Services Laws for regulating and governing the operations of both *the Regulatory Authority* and the NBFIs was amended and commenced in January, 2024. The amendments made to the Act were meant to close gaps in legislation, largely created by the repealing of the old Act. *The Regulatory Authority* reviewed the existing Retirement Funds Administrative Rules to align them with the pensions legislation, particularly the Retirement Funds Act (2022) and the Income Tax Act Superannuation Regulations as well as to align the rules with international best practice. The new Administrative Rules include Member Rights Rules, Governance for Fund

Administrators and Retirement Benefits and Annuity Rules. Regarding the capital market reforms, the Securities Act was amended in 2023 and commenced in January 2024.

There is currently no specific legislation governing the Medical Aid Funds as a unique service in the market, however, the Medical Aid Funds Bill was developed during the year under review and now awaits Government legislative approvals. Moreover, drafting of the Health Insurance Bill has been approved and related work is ongoing. The Medical Aid Funds Bill referred to above will regulate the 'not for profit' entities, whereas, the Health Insurance Bill will govern the "for profit" medical aid funds. Other legal reforms ongoing include the Non-Bank Lending Bill and the review of the Insurance Industry Act.

#### (b) Corporate Strategy and Risk Management

The 2021 – 2026 Corporate Strategy was reviewed during the reporting period in consideration of key developments and respond to emerging issues that transpired after the Strategic Plan was developed, namely; the regulation of Virtual Assets Service Providers (VASPs), organisational structure realignment and the imperative to align the strategic plan with Government priorities. Of the fifteen strategic initiatives planned for completion in 2023/24, seven initiatives were completed, six are still ongoing, while two initiatives (develop and implement market conduct approach and conduct market conduct diagnostic study) were deferred to the 2024/25 period due to capacity and other constraints. Actual and potential risks relevant to the strategic and operational initiatives were identified and evaluated during the year under review. Seven out of ten risks were classified critical meaning that the risk tolerance is unacceptable and urgent and immediate action is required. The remaining three risks were considered high, thus the risk tolerance is unacceptable and immediate action is required.

NBFIs continue to be exposed to various risks such as currency risk, liquidity risk, credit risk, interest rate risk, contagion risk, concentration risk and fraud and cybercrime risk. These are partly driven by both adverse domestic and international economic conditions such as the recent and persistent higher-than-normal inflation. The high level of concentration and interconnectedness within NBFIs, and between NBFIs and the rest of the economy compound these vulnerabilities. Financial risks including funding and liquidity risks are mitigated by analysis of quarterly and audited financial statements to ensure adherence to solvency requirements, minimum financial resources requirements and liquidity requirements. Fraud related risks are mitigated through submission of fidelity/indemnity insurance cover at licensing stage, availability of whistleblowing platforms, onsite inspections and investigations, monitoring media reports and assessment of fraud issues and money laundering. To promote good market conduct, enforcement action is taken against non-compliant entities.

#### (c) Financial Performance of the NBFIs

NBFIs continued to demonstrate resilience, soundness and stability as attested by the integrated balance sheet and income statement shown in the report. The combined non-bank financial industries contributed the larger share of about 54 percent of the total size of the financial system assets in 2023. Such growth was primarily driven by retirement funds assets. However, values reported for the insurance industry are under-stated in the review period due to the ongoing transition in reporting from IFRS 4 to IFRS 17. Thus, the report covers accounts for life, general and reinsurance entities that reported under IFRS 17 only. Medical Aids Funds figures cover entities that reported based on IFRS 4 thus excluding one of the largest medical aid funds which reported under IFRS 17. Overall, licensed NBFIs grew in number from 822 reported last year to 867 (six percent) mainly driven by non-bank lenders and insurance companies. The assets of the NBFIs increased by about seven percent from P150 billion in 2023 due to good performance of the retirement funds. The capital and reserves

<sup>&</sup>lt;sup>1</sup> AUMs of about P10.3 billion deducted from P161 billion reported in 2022.



of the NBFIs grew by 32 percent from about P10 billion<sup>2</sup> to P13 billion during the same period, also driven by retirement funds. The NBFIs' liabilities increased by five percent, from P141 billion<sup>3</sup> in 2022 to P148 billion in 2023, again due to retirement funds.

Each of the NBFI industries is exposed to high concentration risk as they are dominated by a few players. The Herfindahl-Hirschmann Index (HHI) for the NBFI sector's assets, liabilities, capital and reserves ranges between 2,500 and 10,000 meaning that the NBFIs' concentration risk is very high and requires close monitoring to ensure financial stability. The high HH Index trend is mainly explained by the dominance of the retirement funds industry.

The integrated income statement on the other hand demonstrates that NBFIs' income (revenue) grew by 18 percent from P22 billion in 2022 to P26 billion in 2023. Retirement funds and insurance industries account for more than 80 percent of the total income in the review period. Total expenditure amounted to P8.9 billion in 2022 compared to P9.5 billion in 2023 (six percent increase). The share of insurance entities and medical aid funds stood at 61 percent of the total NBFI expenses in 2023. Non-bank lending expenses increased by about 44 percent explained by substantial growth in net impairments on financial assets of one of the systemically important micro-lenders.

#### (d) The Regulatory Authority's Financial Position

**The Regulatory Authority** generated total income of P106.8 million in the period under review, representing a nine percent increase, compared to a five percent increase to P98.1 million recorded in the prior year. Furthermore, **the Regulatory Authority** incurred expenditure amounting to P109.1 million in 2024 against P88.7 million expenses incurred in 2023, representing a 23 percent increase. Thus, **the Regulatory Authority's** surplus decreased by 99 percent from P11.9 million in 2023 to a marginal P0.2 million in 2024.

#### **Acknowledgements**

In an era where business environments are ever evolving, I wish to extend my gratitude first to the Board that continues to tirelessly guide **the Regulatory Authority** in a winning path. My regards equally go to the staff members that are dedicated to prudent regulation and supervision of the NBFI sector year in and year out. And to all stakeholders, I am forever indebted for your timely feedback and support that enabled **the Regulatory Authority** to perform its mandate well during the period under review.

At the time of publication, all efforts have been made to ensure that data used in this Annual Report are accurate, complete and timely. The figures presented in the report have been rounded off hence percentages may be affected. However, where material, revisions and corrections will be incorporated on the online version of the report, available on **the Regulatory Authority's** website.

**Oduetse A. Motskidisi** (Chief Executive Officer)



<sup>&</sup>lt;sup>2</sup> P975 million retirement funds reserves were omitted in the 2022 reported figure.

<sup>&</sup>lt;sup>3</sup> P116 billion retirement funds liabilities were omitted in the 2022 reported figure

# **Executive Management Team**



Mr. Oduetse A. Motshidisi Chief Executive Officer



**Mr. Cowell Habana**Deputy CEO - Professional Services



**Ms. Juliana White**Director - Capital Markets



Ms. Matlakala Raphaka Director - Insurance



**Ms. Ditshetsa Makepe**Director - Enforcement



**Ms. Ntema Modongo**Director – Lending Activities



**Dr. Thuto Mahlanza**Director - Retirement Funds



Mr. Mooketsi Ramanteba
Director – Anti-Money
Laundering, Combatting the Financing
of Terrorism and Combatting Financing
of Proliferation

# **Executive Management Team (continued)**



**Ms. Boa Ntebele**Head - Communications and
Consumer Affairs



Mr. Patrick Rampha Head - Data Management



Ms. Catherine Monageng
Head - Finance



**Dr. Kelesego Mmolainyane** Head - Financial Stability and Statistics



Mr. Dumedisang Dumedisang\*
Head - Human Resources and
Administration



**Mr. Moji Bale**Head - Information
Technology



**Ms. Ghadie Seromelo**Chief Internal Audit Executive



**Mr. Ogona Tshoswane**Head - Licencing



**Mr. Mbiganyi Modise** Head - Risk and Quality Assurance



**Ms. Gakepeo Masike** Head - Strategy Management



Mr. Kaelo Radira
Board Secretary, Head - Legal
and International Relations



Mr. Keabetswe Mathake
Head - Procument and
Administration

# Strategy Management

#### The NBFIRA 2021 - 2026 Corporate Strategy

**The Regulatory Authority** regularly reviews the strategic plan to align with the ever-changing operating environment. To this end, the 2021 – 2026 Corporate Strategy was reviewed during the reporting period with the following main objectives;

- (a) To reflect on the achievements and failures thus far, including identifying existing opportunities and barriers that hinder effective strategy implementation,
- (b) To review and/or reaffirm the Vision and Mission for *the Regulatory Authority's* 2021 2026 Corporate Strategy and to confirm the continued relevance of the strategic intents,
- (c) To respond to emerging issues and new developments and incorporate stakeholder expectations and requirements, where possible.

The review was also undertaken in consideration of key developments that transpired after the 2021-2026 Strategic Plan was developed, namely; the regulation of Virtual Assets Service Providers (VASPs), organisational structure realignment and the imperative to align the strategic plan with Government priorities as explained below.

Regulation of Virtual Assets Service Providers

**The Regulatory Authority** assumed the role of regulating and supervising VASPs in February 2022 after the enactment of the Act. The Strategic Plan was accordingly revised to include initiatives geared towards the effective supervision of VASPs.

Organisational Structure Realignment

During the period under review, changes were made to the organisational structure to effect structural changes including the centralisation of key supervisory activities such as licensing and complaints management as well as incorporate fintech responsibilities. New departments were created or amalgamated namely, Licencing, Data Management, Fintech and Procurement and Administration departments. The corporate scorecard was revised to incorporate these developments.

Alignment of the NBFIRA Strategic Plan with Government Priorities

The Strategy review process provided an opportunity to examine the alignment and contribution of the Strategic Plan towards the wider Government agenda as articulated in the Transitional National Development Plan, the Reset Agenda, Vision 2036 and the Ministry of Finance Strategic Plan (2021-2023). The strategic objectives were deemed to be aligned to Government priorities, with some of the objectives directly contributing to the national aspirations, namely, the digitilisation strategy and cultural transformation initiatives.





#### **Key Changes**

While the strategic intents of **the Regulatory Authority** were deemed to be still relevant in supporting **the Regulatory Authority** to achieve the mandate, some strategic objectives were merged to avoid duplication of efforts and overlapping initiatives. In addition, one objective (promote financial stability) was added to specifically address one of the principal objectives of **the Regulatory Authority** to foster stability of the financial system. Thirteen (13) strategic initiatives (as outlined in the Table 10) were added to the corporate scorecard to add impetus to strategy implementation efforts and to align with changes identified during the review process.

Table 10: Additional Objectives and Initiatives

Perspective	Strategic Objective	Initiatives
Regulatory and Stakeholder	Promote financial soundness	Implementation of corporate governance rules     for fund administrators
		Develop and implement consolidate supervision approach (embedded in RBS project)
	Promote financial stability	Implement DSIFI framework for the insurance sector
		4. Develop and implement DSIFI framework for a sectors
	Enforce AML/CFT compliance	5. Automation of AML/CFT processes on RBS (database platform)
		Review and implement AML/CFT risk profilir tools
	Promote good market conduct	7. Capacity building of regulatory staff on mark conduct
		8. Develop and implement market conduction framework
		Subject high-risk entities to market conductive regulations and comply to inspection cycle
Operations and Innovation	Improve key processes	10. Implementation of quality management syster
	Develop robust regulatory & Supervisory Framework	11. Develop and implement data management framework and strategy
		12. Review and implement regulatory framework for FinTechs
Leadership and Talent	Develop talent	13. Develop a criterion for measuring the leadersh index

The key changes made to the Strategy culminated in a revised strategy map illustrated in Figure 2 below. The strategy map highlights the critical strategic objectives that will drive the intended outcomes and impact of *the Regulatory Authority*.

Improve financial sustainability supervisory framework Improve regulatory Perspective Financial ACCESS TO FINANCIAL SERVICES Develop talent Enforce AML/CFT compliance Promote good market conduct ROBUST AND GROWING NBFI SECTOR digitilisation Drive Promote financial stability Drive results-oriented Improve stakeholder confidence Improve key processes Figure 2: The Strategy Map Promote financial soundness Innovation Perspective Perspective Perspective Stakeholder Segulatory & Leadership & Talent Operations & KRAs



#### **Implementation Progress**

The strategic initiatives that were planned for the financial year 2023/24 and the respective implementation status are highlighted under Table 11. Of the fifteen strategic initiatives planned for completion in 2023/24, seven initiatives were completed, six are still ongoing, while two initiatives (develop and implement market conduct approach and conduct market conduct diagnostic study) were deferred to the 2024/25 period due to capacity and other constraints.

Table 11: Implementation Status of 2023/24 Strategic Initiatives

Strategic Objective	Initiative	Implementation Status		
1. Promote financial soundness	1. Market conduct rules for capital markets	Ongoing		
2. Promote financial stability*	2. Develop DSIFI framework for the insurance sector	Completed		
3. Enforce AML/CFT compliance	3. Automation of AML process on Risk Based Supervisory System	Completed		
4. Ensure good market conduct	4. Develop and implement a market conduct approach	Deferred to 2024/25		
5. Improve stakeholder confidence	5. Develop and implement stakeholder engagement plan.	Completed		
6. Improve key regulatory processes     7. Drive digitilisation	6. Review and optimize value chain processes	Ongoing continuous activity		
Develop robust regulatory and supervisory	7. Implement NBFIRA digitilisation strategy	Ongoing continuous activity		
framework	8. Non-Bank Lenders Bill	Ongoing, at advanced stage of completion, stakeholder discussion ongoing		
9. Strengthen consumer protection	Conduct market conduct diagnostic study	Deferred to 2024/25		
10. Drive results-oriented culture	10. Develop the NBFIRA culture program.	Completed		
	11. Develop and implement a change management program.	Completed		
	12. Review and institute the performance management policy	Completed		
11. Develop talent	13. Align and implement the NBFIRA organisational structure	Completed		
	14. Implement integrated talent management strategy	Ongoing continuous activity.		
	15. Implement a talent management framework	Ongoing continuous activity		

<sup>\*</sup>The objective (promote financial stability) was incorporated in the review, however the DSIFI framework for the insurance sector was completed in the reporting year.



# **Risk Management**

The Risk Management framework of *the Regulatory Authority* involves identifying and evaluating actual and potential risk areas relevant to *the Regulatory Authority's* strategic and operational initiatives. For the period under review, *the Regulatory Authority's* Risk Management function coordinated risk containment initiatives encompassing various methods, including avoidance, termination, transfer, tolerance (acceptance), exploitation, sharing, maximising, enhancing or mitigation (treatment or control) of each identified risk. Often, a combined or integrated risk response approach was employed for effective control of the risk environment.

**The Regulatory Authority** operates in a dynamic and unpredictable risk landscape, facing pressures to balance regulation, supervision and easing the regulatory burden, while creating value for stakeholders. In this context, the Board of Directors retains ultimate responsibility and accountability for the overall Risk Management process and had effectively monitored the context for risk management and appropriate interventions in the year under review. The Finance, Risk and Audit Committee (FRAC) serves as a key Board Sub-Committee tasked with assisting the Board in overseeing and executing the risk management responsibilities, ensuring that **the Regulatory Authority** effectively identifies, evaluates and manages risks to safeguard the operations and stakeholder interests.

#### **Risk Management Governance**

**The Regulatory Authority** is committed to sound corporate governance and culture, demonstrated through the establishment of a comprehensive Enterprise Risk Management programme. The programme ensures the consistent and effective application of risk management practices and protocols across the organisation.

Risk management practise of **the Regulatory Authority** involves a structured approach to identify and assess key risks at both strategic and operational levels, while also exploiting available opportunities. The Executive Management team is responsible for identifying risks, assessing the related potential impact, and developing robust risk mitigation plans.

To ensure effective oversight, corporate risks are considered and reviewed by the Board of Directors on a quarterly basis. The review process monitors the adequacy and relevance of the risk management efforts undertaken by the Executive Management. Additionally, it provides assurance regarding the achievement of *the Regulatory Authority's* mandate and strategic objectives.

#### **Risk Culture and Risk Appetite**

**The Regulatory Authority** upholds the principle that a strong risk management culture is the cornerstone of effective risk management practise. Fostering such culture ensures that risk management is seamlessly embedded into most decision-making processes across the organisation.

Risk appetite as an integral part of risk management approach, comprising measures for identifying and assessing risk, implementing and monitoring the adequacy of control measures, managing incidents and breaches. Performance against the established risk appetite and tolerance measures is reported to the Board of Directors quarterly and yearly in the Annual Report. This practise enables the Board to review compliance with the set tolerance or appetite levels to ensure that **the Regulatory Authority** remains within the defined risk parameters while striving to meet the strategic goals.



#### **Key Risks**

A corporate risk register is used to monitor the risk profile of **the Regulatory Authority** in line with the mandate and strategic objectives. Various critical risks that have been identified, together with possible impacts are outlined under Table 12. Assuming no controls in place, the risks will have an inherently elevated rating but residually rated risks are those incorporating control effectiveness. The ratings below reflect the residual rating of the top ten risks. During the year under review, seven out of ten risks were classified critical meaning that the risk tolerance is unacceptable and urgent and immediate action is required. The remaining three risks were considered high, thus the risk tolerance is unacceptable and immediate action is required.

#### **Health, Safety and Environment**

During the review year, *the Regulatory Authority* continued to prioritise the health and safety of the workforce by conducting regular comprehensive training for the Emergency Response Team (First Aiders and Fire Marshals).



#### Table 12: Top 10 Risks

Number	Strategic Objectives	Risk Title	Impact	Rating
1	Drive digitalisation	Cyber attacks	<b>Severe;</b> The event could result in loss of confidential and critical data, unavailability of service, disruption of business operations, access to internal systems by unrestricted personnel, financial loss, and reputation damage for <i>the Regulatory Authority</i> .	
2	Drive digitalisation	Low adoption and resistance to embracing a digital culture (not up to speed with Technological advances in the market)	<b>Severe;</b> The event could result in inefficient processes, ineffective supervision of NBFIs, loss of confidence from the stakeholders and poor/ delayed provision of quality service.	
3	Develop robust regulatory and supervisory framework	Failure to proactively detect abuse of powers and misconduct by controllers of NBFIs.	<b>Severe;</b> The event could negatively impact the integrity of the non-bank financial market, loss of investment funds/capital to investors, and lead to reputational damage to <b>the Regulatory Authority.</b>	
4	Drive digitalisation	•	<b>Severe;</b> The event could result in business disruption, financial loss and reputational damage for <b>the Regulatory Authority.</b>	
5	Improve key processes	•	<b>Severe;</b> The event could result in increased operational inefficiencies, non-compliance to regulations and standards.	
6	Improve key processes	Non-compliance to service standards	<b>Severe;</b> The event could result in negative brand perception, loss of stakeholder confidence and customer/stakeholder dissatisfaction.	
7	Improve key processes	*	<b>Major:</b> The event could result in loss of trust by the public and regulated entities, reputational damage and Litigation.	
8	Ensure good market conduct	Inadequate detection and management of noncompliance	<b>Severe;</b> The event could result in failure to honour customer obligations by regulated entities, possible collapse of regulated entities, market instability, increased market/business misconduct and contraventions, diminishing confidence by stakeholders and reputational damage to <i>the Regulatory Authority</i> .	
9	Enforce AML / CFT compliance	ance in AML /CFT&P and inadequate deterrence of	Severe; The event could result in financial Crime by NBFIs (Money laundering/Financing Terrorism and proliferation), sanctions by international bodies (Grey listings), loss of integrity, adverse reputational damage and/or financial losses to investors, lack of investor confidence in the local NBFI sector, adverse impact on the achievement of NBFIRA mandate and litigation on the Regulatory Authority.	
10	Promote financial soundness	emerging or systemic	<b>Severe;</b> The event could result in financial instability in the NBFI sector, misinformed and/or delayed decisions on policy response and ineffective/inefficient macroprudential regulation.	

#### Legend:

(20-25) Level of risk is Critical. The risk tolerance is Unacceptable and urgent and immediate action is required.

(12.1-19.9) Level of risk is High. The risk tolerance is Unacceptable and immediate action is to be required.

**(9-12)** Level of risk is **Medium**. The risk tolerance is **Cautionary**, to consider whether action is required.

(0-8.9) Level of risk is low. The risk tolerance is Acceptable; no further action is required.



### **Enforcement**

Enforcement is one of the strategic tools of **the Regulatory Authority**, aimed at ensuring compliance with the regulatory framework by the regulated entities. This includes the NBFIRA Act (2023), financial services laws and other applicable legislation, regulations and rules. The enforcement mandate includes taking action against unlicensed entities and unauthorised or harmful activity.

#### The Regulatory Authority's powers of enforcement action include;

- (a) Request for information and production of such records or documents as required,
- (b) Issuance of directives,
- (c) Imposition of administrative penalties,
- (d) Suspension of licenses,
- (e) Cancellation of licenses,
- (f) Disqualification of controllers,
- (g) Temporary closures,
- (h) Freezing of accounts,
- (i) Appointment of statutory managers, and
- (j) Winding up of entities.

The types and numbers of enforcement actions taken against NBFIs for non-compliances as at March 31, 2024, compared to March 31, 2023 are reported on Table 13. *The Regulatory Authority* utilised a range of enforcement tools and sanctions available under financial services laws, during the reporting period.

The total number of enforcement actions nominally increased from 88 in 2023, to 89 in 2024. Similar to 2023, the non-bank lending and insurance sectors had the largest share of sanctions in 2024 at 46 percent and 40 percent, respectively. Non-bank lending sanctions increased from 33 in 2023 to 41 in 2024, whilst the insurance sector penalties decreased from 39 in 2023 to 36 in 2024. The bulk of the non-compliances in both the lending and insurance sectors comprised failure to submit statutory returns, as well as business non-compliant activities.

Administrative penalties decreased by 54 percent from 41 in 2023 to 19 in 2024, whilst cancellations of licences also decreased from 27 in 2023 to 13 in 2024. Warnings issued on the other hand, increased by more than 100 percent from 16 in 2023, to 37 in 2024. The significant decrease in cancellations and administrative penalties was against an increase in warnings issued, which is evidence of decreased serious and recurring non-compliances and a spike in minor non-compliances (emanating from the non-bank lending).

As at March 31, 2024, 13 directives were issued, compared to two in 2023. No temporary closure of operations was undertaken during the period under review. One statutory management appointment was made in 2024, compared to none in the previous year. There were no liquidations in both the current and previous reporting period.

Table 13: Enforcement Matters as at March 31, 2024

Enforcement Action	Insui 2023	rance 2024	Capital 2023	Markets 2024	Retireme 2023	ent Funds 2024	Non-Bar 2023	k Lending 2024	To 2023	tal 2024
Warnings	9	11	1	1	0	0	6	25	16	37
Directives	1	3	0	4	0	0	1	6	2	13
Administrative Penalties	17	10	10	3	1	3	13	3	41	19
Cancellations	12	7	3	0	0	0	12	6	27	13
Suspensions	0	0	1	1	0	0	0	0	1	1
Temporary Closure	0	0	0	0	0	0	0	0	0	0
Freezing of Accounts	0	1	0	0	0	0	0	0	0	1
Statutory	0	1	0	0	0	0	0	0	0	1
Management										
Liquidation	0	0	0	0	0	0	0	0	1	0
Fit and Proper	0	3	0	0	0	0	1	1	1	4
Total	39	36	15	9	1	3	33	41	88	89

Source: NBFIRA

Table 14 depicts the administrative penalties imposed in monetary terms. In total P2.8 million was imposed as fines. The insurance sector had the highest total penalties by value of P2.6 million which comprised mostly of AML/CFT contraventions.

Table 14: Administrative Penalties Imposed

Industry	Number	of Cases	Total Penalt	y Imposed (BWP)
	2023	2024	2023	2024
Insurance	17	10	3,110,000	2,585,000
Capital Markets	10	3	663,708	35,000
Retirement Funds	1	3	50,000	45,000
Lending Activities	13	3	100,000	85,000
Total	41	19	3,923,708	2,750,000

Source: NBFIRA

# Overview of Macro-Economic Conditions and Sector Performance

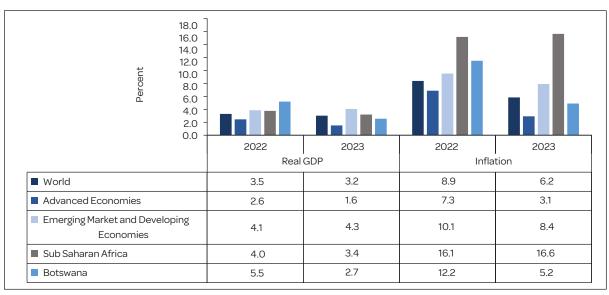
#### **Global Output and Inflation**

The world economy experienced a slight slowdown in real GDP growth of 3.2 percent in 2023 from 3.5 percent recorded in 2022 as shown in Figure 3. The global slowdown in growth was mainly attributable to intensification of geopolitical rifts, political instability, withdrawal of COVID-19 interventions, lingering high inflation and borrowing costs (especially for developing economies)<sup>4</sup>.

A notable slowdown in growth of 1.6 percent in real GDP was recorded in advanced conomies against the 2.6 percent recorded in the prior year, while Sub-Saharan Africa recorded a 3.4 percent real GDP growth in 2023 compared to 4.0 percent in 2022. Emerging markets and developing economies, however, showed a slight improvement of 4.3 percent in 2023 from 4.1 percent in 2022. Botswana's real GDP was recorded at 2.7 percent in 2023, compared to a higher growth of 5.5 percent in 2022<sup>5</sup> (Figure 3). Deteriorating global economic conditions, geopolitical events and poor performance of the local diamond industry have been identified as factors leading to decelerated domestic growth.

A general decline in global inflation rates was recorded in 2023 as shown in Figure 3, indicating a substantial easing of inflationary pressures worldwide. The world inflation decreased from 8.9 percent in 2022 to 6.2 percent in 2023. A significant drop in inflation from 7.3 percent to 3.1 percent was recorded for advanced economies during the same period. Emerging markets and developing economies also experienced a decrease in inflation from 10.1 percent in 2022 to 8.4 percent in 2023. The Sub-Saharan Africa region, on the contrary, remained exposed to high inflation recording a slight increase from 16.1 percent in 2022 to 16.6 percent in 2023. However, domestic inflation rate reduced from 12.2 percent in 2022 to 5.2 percent in 2023. Moreover, the Bank Rate was adjusted by 25 basis points from 2.65 percent in 2022 to 2.40 percent in 2023.

Figure 3: Global Real GDP Growth and Inflation



Source: IMF WEO, April 2024



<sup>&</sup>lt;sup>4</sup>International Monetary Fund, World Economic Outlook, April 2024; World Economic Forum, Chief Economists Outlook, May 2024

 $<sup>^{5}</sup>$  Bank of Botswana, Monetary Policy Report, April 2024

<sup>&</sup>lt;sup>6</sup> Bank of Botswana, Botswana Economics and Financial Statistics, April, 2024

#### The Structure of the Botswana Financial System

The domestic financial system comprises banks and NBFIs. In the review period, just like in past years, licenced NBFIs outnumber the banks at 867 and 11, respectively. Table 2.1 shows that the number of licensed NBFIs increased by six percent from 822 in 2023 to 867 in 2024. The increase was mainly driven by the non-bank lenders industry which grew by eight percent from 377 to 407 between 2023 and 2024, followed by insurance and medical aids with four percent from 241 to 251 entities during the same period. Of the 867 existing licenses in 2024, new approvals were 95, of which 56 (59 percent) were from the non-bank lenders industry. Moreover, 27 (28 percent) new licenses were approved for the insurance and medical aids sub-sector, mainly driven by corporate agents entry.

Table 2.1: Structure of the NBFIs by Sector as at March 31, 2024

NBFIs by Categories	2023 Number of Entities	New Licenses	Cancellations*	2024 Number of Entities	Percent of NBFI Sector	Percentage Change (2023-2024)
Total	822	95	50	867	100	5.5
Insurance and Medical Aids	241	27	17	251	29	4.1
Retirement Funds	88	3	0	91	10.5	3.4
Capital Markets	116	9	7	118	13.6	1.7
Non-Bank Lenders	377	56	26	407	46.9	8.0

Source: NBFIRA

#### The Financial Performance of the Botswana Financial System

The integrated balance sheet summary in Table 2.2 shows movements of assets, liabilities, capital and reserves of both banks and NBFIs in Botswana. However, values reported for the insurance industry are under-stated in the review period due to the ongoing transition in reporting from IFRS 4 to IFRS 17. Thus, the period under review accounts for life, general and reinsurance entities that reported under IFRS 17 only.

The domestic financial system assets recorded an increase of 10 percent from P272 billion in 2022 to P299 billion in 2023 mainly driven by the NBFIs. Of the P299 billion assets, NBFIs accounted for P161 billion (54 percent) having increased by seven percent from P150 billion in 2022. Retirement funds account for most of the NBFI assets at P130 billion (81 percent), insurance entities and medical aids accounted for P21 billion (13 percent), while capital markets and non-bank lending accounted for P921 million (0.6 percent) and P9 billion (5 percent), respectively.

The capital and reserves of the financial sector increased by 23 percent from P23 billion to P28 billion in the reporting period dominated by banks. Between 2022 and 2023, banks' capital and reserves increased from P13 billion in 2022 to P15 billion in 2023 whilst NBFIs moved from about P10 billion to P13 billion during the same period, mainly driven by retirement funds.

The financial sector liabilities increased by nine percent from P249 billion to P271 billion between 2022 and 2023 and mainly held by NBFIs (55 percent). NBFIs' liabilities increased by five percent, from P141 billion to P148 billion during the period under review, again due to retirement funds.

Each of the NBFI industries is exposed to high concentration risk as they are dominated by a few large players. Figure 4 demonstrates the Herfindahl-Hirschmann Index (HHI) for the NBFI sector's assets, liabilities, capital and reserves. HHI measures market concentration such that an HHI of 2,500 or more implies that the market place is highly concentrated. Between 1,500 and 2,500, the market is moderately concentrated, while HHI of less that 1,500 indicates an unconcentrated market. All the indices ranged between 2,500 and 10,000 meaning that the NBFIs' concentration risk is very high and requires close monitoring to attain financial stability. The high HH Index is mainly explained by the dominance of the retirement funds industry whose movements are depicted in Figure 5.

<sup>\*</sup>Includes voluntary withdrawals, acquisitions, dissolutions, transfers and revocations.

Table 2.2: Integrated Balance Sheet of the Botswana Financial System (BWP Million)

Indicator	Sector	2022	2023	Percentage of the financial system	Percentage of NBFI Sector	Annual Percent Growth
	Financial Sector*5	271,998	298,879	100	NA	9.9
	Banks	121,530	138,277	46.3	NA	13.8
A 4	NBFIs*6	150,468	160,602	53.7	100	6.7
Assets	Insurance and Medical Aid Funds*1	24,505	20,927	7.0	13.0	(14.6)
	Retirement Funds*3	117,109	130,023	43.5	81.0	11.0
	Capital Markets	895	921	0.3	0.6	2.9
	Non-bank lending*4	7,959	8,731	2.9	5.4	9.7
	Financial Sector*5	22,912	28,151	100	NA	22.9
	Banks	13,039	15,137	53.8	NA	16.1
Capital and	NBFIs*7	9,873	13,014	46.3	100	31.8
Reserves	Insurance and Medical Aid Funds*1	5,661	5,231	18.6	40.2	(7.6)
	Retirement Funds*2*3	975	4,580	16.3	35.2	369.7
	Capital Markets	464	476	1.7	3.7	2.6
	Non-bank lending*4	2,773	2,727	9.7	21.0	(1.7)
	Financial Sector*5	249,092	270,730	100	NA	8.7
	Banks	108,492	123,141	45.5	NA	13.5
	NBFIs*8	140,600	147,589	54.5	100	5.0
Liabilities	Insurance and Medical Aid Funds*1	18,843	15,694	5.8	10.6	(16.7)
	Retirement Funds*3	116,133	125,442	46.3	85.0	8.0
	Capital Markets	437	445	0.2	0.3	1.8
	Non-bank lending*4	5,187	6,008	2.2	4.1	15.8

Source: NBFIRA, Botswana Economic and Financial Statistics April 2024 (BEFS)

Note 1 IFRS17 for Life (4), General (6), Reinsurers (6), and IFRS4 for Medical Aids (4) and Brokers (69).

Note 2 Retirement Funds Industry Reserve.

Note 3 Includes investment holdings.

Note 4 Includes only 99 reporting Micro-Lenders.

Note 5 The financial system excludes the Bank of Botswana, CEDA, MVAF, BDC, SACCOS and the IFSC.

Note 6 AUMs of about P10.3 billion deducted from P161 billion reported in 2022.

Note 7 P975 million retirement funds reserves were omitted in the 2022 reported figure.

 $\textbf{Note 8} \quad \textbf{P116} \ \textbf{billion} \ \textbf{retirement} \ \textbf{funds} \ \textbf{liabilities} \ \textbf{were} \ \textbf{omitted} \ \textbf{in} \ \textbf{the} \ \textbf{2022} \ \textbf{reported} \ \textbf{figure}.$ 

The NBFI sector integrated income statement depicted under Table 2.3 shows that total revenue increased by 18 percent from P22 billion to P26 billion between 2022 and 2023. Positive revenue growth was recorded by all NBFI sectors, however, retirement funds contributed significantly to the revenue growth by 29 percent from P12 billion to P16 billion in 2022 and 2023, respectively. During the same period, insurance, capital markets and non-bank lending sectors' revenue increased from P7.2 billion to P7.3 billion (one percentage), P582 million to P695 million (19 percent) and from P2.1 billion to P2.4 billion (13 percent) respectively.

Similarly, total expenditure increased by six percent from P8.9 billion in 2022 to P9.5 billion in 2023. Insurance sector had the largest share of total expenditure at 61 percent. Non-bank lending expenditure rose from P1.3 billion to P1.8 billion (44 percent). Retirement Funds' expenses decreased from P1.5 billion to P1.4 billion (five percent) and capital markets recorded 12 percent increase from P421 million to P472 million during the same period.

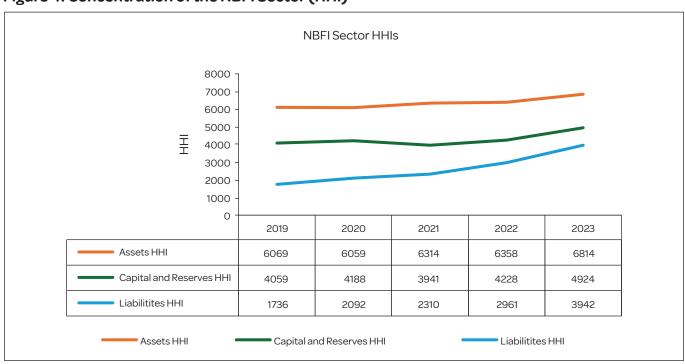
The NBFI profits decreased by four percent from P1.8 billion to P1.7 billion between 2022 and 2023. The profit decrease is mainly explained by non-bank lending increased expenditure attributed to a substantial growth in net impairments on financial assets of one of the Systemically Important Micro-Lenders (SIMLs).

Table 2.3: Integrated Income Statement of the NBFI Sector (BWP Million)

Total	2022	2023	Percentage of the Industry	Annual Percent Growth
Total Revenue*1	22,086	26,103	100	18
Insurance and Medical Aid Funds*2	7,188	7,267	27.8	1.1
Retirement Funds	12,177	15,717	60.2	29.1
Capital Markets	582	695	2.7	19.4
Non-Bank Lenders	2,139	2,424	9.3	13.3
Total Expenditure*1	8,934	9,461	100	6
Insurance and Medical Aid Funds	5,771	5,761	60.9	(0.2)
Retirement Funds (Administration & Management Expenses)	1,469	1,399	14.8	(4.8)
Capital Markets	421	472	5.0	12.1
Non-Bank Lenders	1,273	1,829	19.3	43.7
Profit/Loss before Tax*1	1,784	1,721	100	18
Insurance and Medical Aid Funds	757	903	52.5	19.3
Retirement Funds*2				
Capital Markets	161	223	13	43.9
Non-Bank Lenders	866	595	34.6	(31.3)

#### Source: NBFIRA

Figure 4: Concentration of the NBFI Sector (HHI)



Source: NBFIRA

#### Key

The sector contributions were multiplied by 100 when calculating the HHI

[0,1500): Unconcentrated

[1500, 2500): Moderately concentrated

[2500, 10000]: Highly concentrated

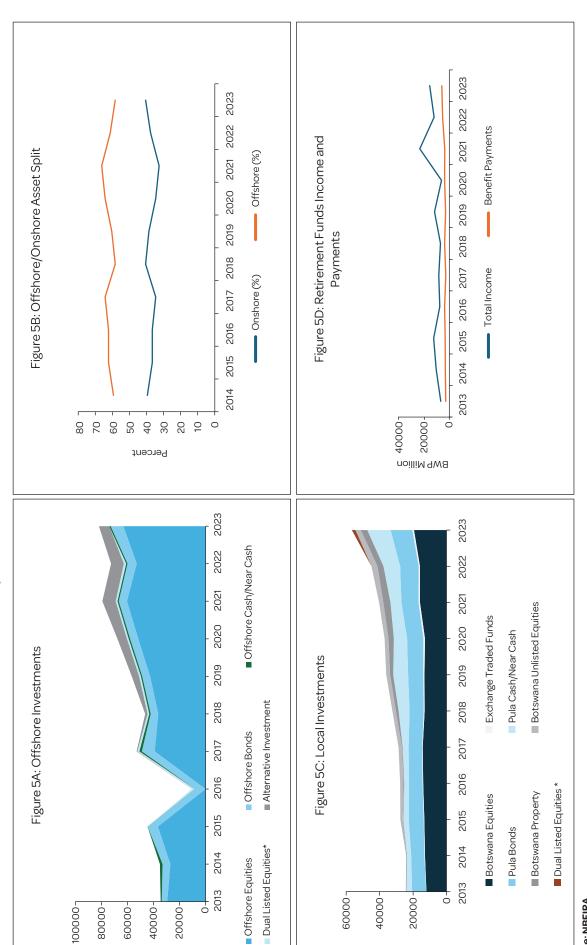


<sup>\*</sup> IFRS 17 numbers used accounting for insurance revenue only and not total revenue.

<sup>\*\*</sup> Total expenses include insurance service expenses and other operating expenses for Life insurers. For General insurers, total expenses include insurance service expenses, other operating expenses and net incurred claims.

<sup>\*\*\*</sup> Not applicable for retirement funds

Figure 5: Performance of the Retirement Fund Industry over Time





BWP Million



**BMP Millions** 

## **Insurance and Medical Aid Funds**

The Insurance and Medical Aid Fund industries are regulated and supervised by **the Regulatory Authority** through the NBFIRA Act (2023), the Insurance Industry Act (2015), Insurance Industry Regulations (2019), Insurance Administrative Rules, as well as other financial services laws relevant to the insurance and medical funds industries. There are various non-bank financial institutions which fall under the insurance and medical aid fund industries including reinsurers, insurers, insurance brokers, corporate agents and medical aid funds. The insurance entities operate under licenses issued in terms of the Insurance Industry Act (2015) while medical aid funds operate under letters of exemption issued under the NBFIRA Act pending the promulgation of the legislative framework which will govern their licensing and regulation.

During the period under review, the insurance industry was undergoing a transitional phase of reporting from IFRS 4 to IFRS 17 accounting standard which has significantly changed the way insurers present their financial statements. The International Accounting Standards Board issued a new international financial reporting standard, IFRS 17 in May 2017 which effected in January 2023 to replace IFRS 4 on accounting for insurance contracts. All insurance companies are expected and required to comply with the standard for the annual reporting periods beginning on/ or after the effective date. The objective of the standard is to set out the principles on how insurers should recognise, measure, present and disclose insurance contracts (including reinsurance). In that regard, the standard has mainly resulted in a change to the format of the Statement of Profit and Loss and has also had a bearing on the resultant profitability and financial health of the insurance companies as presented in the financial statements. The changes brought by IFRS 17 are more notable on the financial reporting of life insurance companies than general insurance companies. For instance, Gross Written Premiums will not be presented in the Statement of Profit and Loss under IFRS 17, rather, insurance revenue is recorded which is similar to earned premiums for non-life business. As a result, a new line item being insurance service result has been introduced to reflect net revenue directly attributable to insurance contracts issued. The overall objective is to ensure that an entity gives relevant information that represents insurance contracts faithfully by reflecting an entity's rights and obligations under the insurance contracts it issues and reinsurance contracts it holds. The implementation of IFRS 17 has significantly impacted data, systems and processes used by the insurance industry in producing information for financial reporting purposes.

#### Structure of the Insurance and Medical Aid Funds Industry

As of March 31, 2024, *the Regulatory Authority* had a total of 251 insurance and medical aid funds licensed entities comprising of seven reinsurers, 10 life insurers, 13 general insurers, 69 insurance brokers, 147 corporate agents and 5 medical aid funds as illustrated in Table 3.01.

Table 3.01: Structure of the Insurance Industry and Medical Aid Funds as of March 31, 2024

		2024				
Insurance and Medical Aids Industry	2023 Number of Entities	New Licenses	Cancellations*	Number of Entities	Percent of NBFI Sector	Percentage Change (2023-2024)
Total	241	27	17	251	100	4.1
Life Insurers	9	1	0	10	4.0	11.1
General Insurers	11	2	0	13	5.2	18.2
Reinsurers	5	2	0	7	2.8	40.0
Medical Aid Funds	5	0	0	5	2.0	-
Brokers	60	9	0	69	27.5	15.0
Corporate Agents	151	13	17	147	58.6	(2.6)

#### Financial Performance of the Insurance and Medical Aid Funds Industry

The report for the financial performance of the life insurers and general insurers is based on those that reported in line with the IFRS 17 standard. The reported entities significantly represent their respective industries with the selected life insurers representing 77 percent of gross written premiums and 81 percent of life insurance total assets while the general insurers represent a total market share of 63 percent of gross written premiums and 58 percent of general insurance assets. All reinsurers have submitted their financial results in the IFRS 17 reporting format. However, medical aid funds financial statements are based on IFRS 4 reporting standard because 80 percent of them had financial years which commenced before IFRS 17 reporting came into effect. The 2023 results are used in comparison with the restated IFRS 17 2022 results for the reported life insurers, general insurers and reinsurers.

Abridged balance sheet figures for the insurance and medical aid funds industry are shown under Table 3.02. Life insurance industry continues to dominate the sector even in the period under review as the life insurers herein account for 80 percent of total insurers' assets and the general insurers accounted for eight percent. However, life insurance dominates the insurance industry assets by 92 percent. Total assets of the life insurers also reported growth of six percent from P15.7 billion in 2022 to P16.7 billion in 2023 mainly due to higher balances of financial investments. Long term insurers' total liabilities increased from P12.6 billion in 2022 to P13.7 billion during the year under review, largely attributable to a rise in insurance contract liabilities. The results also show a decrease in retained earnings owing to dividend payouts, which led to total capital contracting by two percent, having fallen from P3.1 billion in 2022 to P3 billion during the year under review.

The general insurance market experienced growth of five percent in total assets from nearly P1.4 billion in 2022 to P1.5 billion in 2023. An increase in total capital was recorded from P540 million in 2022 to P592 million in 2023, representing an increase of 10 percent, which was attributable to higher retained earnings and reserves. Total capital and reserves accounted for 41 percent of assets while liabilities accounted for 59 percent of total assets.

The reinsurance sector recorded an increase of 40 percent in total assets from P786 million in 2022 to P1.1 billion 2023. The growth is consistent with the 23 percent increase in insurance revenue recorded by reinsurers. The increase in assets was mainly attributable to the insurance and reinsurance contract assets, that represent balances due from insurers and reinsurance companies, as well as cash and cash equivalents. Total liabilities increased by 40 percent from P402 million to P562 million in 2022 and 2023, respectively, due to a surge in insurance and reinsurance contract liabilities. Total capital also increased from P384 million in 2022 to P534 million in 2023, representing a 39 percent change, attributable to the issuance of additional shares, higher retained earnings and increase in reserves.

<sup>\*</sup>Includes voluntary withdrawals, acquisitions, dissolutions, transfers and revocations

On the intermediaries side, total assets for insurance brokers continue to experience growth as demonstrated by an increase of 18 percent, from P554 million in 2022 to P655 million in the year under review as shown in Table 3.02. The increase in assets was mainly due to recently licensed entities who submitted their first audited financial statements, and several other factors including a significant increase in cash and cash equivalents due to premiums which were held by brokers, as well as in trade receivables. Total liabilities increased at a higher rate than usual from P280 million in 2022 to P352 million during the year under review; an increase of 26 percent mainly because of growth in trade payables, being the premiums held by brokers while awaiting remittance to insurers. Total capital increased from P274 million in 2022 to P303 million, equivalent to 10 percent, caused by the new reporting entities as well as larger holdings of retained earnings. The proportion of total liabilities and total capital accounted for 54 percent and 46 percent of total assets, respectively.

The medical aid funds' total assets recorded a marginal decrease of two percent from P1.1 billion in 2022 to P1 billion in 2023 as shown in Table 3.02. Total capital also reduced by seven percent from P847 million to P791 million between 2022 and 2023, mainly due to drawdown of accumulated profits which were utilised to cushion the losses by some medical aid funds. Total liabilities increased by 14 percent from the P218 million reported in the prior year to P249 million in 2023, mainly due to outstanding claims reserve to meet future claims obligations. The proportion of total capital to total assets decreased from 80 percent to 70 percent due to higher liabilities and the decline in capital.

Table 3.02: Abridged Balance Sheet of the Insurance and Medical Aid Funds Industry (BWP Million)

Indicator	2022	2022*	2023	Percent of the Industry	Annual Percent Growth
Assets	24,505	19,498	20,927	100	7.3
Life Insurers	19,052	15,713	16,683	79.7	6.2
General Insurers	2,553	1,380	1,453	6.9	5.3
Reinsurers	842	786	1,096	5.2	39.4
Medical Aid Funds	1,504	1,065**	1,040	5.0	(2.3)
Brokers	554	554	655	3.1	18.2
Capital & Reserves	5,661	5,117	5,231	100	2.2
Life Insurers	3,188	3,071	3,011	57.6	(2.0)
General Insurers	771	540	592	11.3	9.6
Reinsurers	299	384	534	10.2	39.1
Medical Aid Funds	1,129	847**	791	15.1	(6.6)
Brokers	274	274	303	5.8	10.6
Liabilities	18,843	14,381	15,694	100	9.1
Life Insurers	15,864	12,641	13,671	87.1	8.1
General Insurers	1,781	840	860	5.5	2.4
Reinsurers	543	402	562	3.6	39.8
Medical Aid Funds	375	218**	249	1.6	14.2
Brokers	280	280	352	2.2	25.7

Source: NBFIRA

Note: \*Reinstated 2022 Statements using IFRS 17, except for brokers.



<sup>\*\*</sup>Reinstated 2022 figures to match the number of reporting entities in 2023.

Table 3.03 shows that life insurance performance influences almost all of the movements in the abridged income statement for the industry. As a share of insurance revenue (not total revenue), the life industry accounted for 69 percent while the short-term industry accounted for 31 percent during the year under review. All the life insurers reported growth in insurance revenue during the year under review of three percent from P2.8 billion in 2022 to P2.9 billion in 2023 (Table 3.03). Insurance services expenses similarly experienced a slight increase of one percent from P2,508 million in 2022 to P2,538 million in 2023. The changes contributed to a 12 percent increase in the insurance service result which grew from P303 million in 2022 to P338 million in 2023. Other operating expenses grew by 15 percent from P98 million in 2022 to P114 million in 2023, mainly due to higher professional fees and staff costs.

Insurance revenue of the general insurers recorded a growth of 16 percent during the year under review from P1.1 billion in 2022 to P1.3 billion in 2023 (Table 3.03). Net incurred claims increased by five per cent from P356 million in 2022 to P372 million in 2023. Insurance service result on the other hand increased by 50 percent from P108 million in 2022 to P161 million in 2023. Operating expenses increased by 19 percent from P72 million to P86 million. There were notable increases in costs relating to consultancy, additions to computer equipment, audit, legal and tax fees as well as staff remuneration and related staff costs which largely contributed to the rise in operating costs.

The insurance revenue for reinsurers increased by 23 percent from P711 million in 2022 to P873 million in 2023, indicating the potential of the reinsurance market for continued growth. Though most reinsurers reported higher revenue figures, a notable change was the new market entrants. In addition, insurance service results before reinsurance contracts increased by 233 percent from P72 million in 2022 to P239 million in 2023, which accounted for 90 percent of insurance service expenses to insurance revenue in 2022 and 73 percent in 2023, respectively. Of the P873 million insurance revenue generated, 29 percent was ceded through retrocessions, being a decrease of 39 percent reported in the prior year, indicating the reinsurers willingness and capacity to retain relatively more risk in comparison to the prior years when COVID-19 was prevalent.

The net profit after tax for reinsurers increased by 197 percent from P33 million in 2022 to P98 million in 2023, due to high insurance revenue, specifically by the new market entrants that have so far recovered from the prior year losses incurred. During the year under review, reinsurers experienced a marginal seven percent decrease in gross claims from P312 million in 2022 to P293 million in 2023. Total operating expenses increased from P23 million to P38 million in 2022 and 2023, respectively. However, the proportion of total operating expenses to insurance service revenue is minimal at four percent and three percent in 2023 and 2022, respectively. Consequently, the effect of eroding profits is less as compared to that of insurance service expenses, which account for 73 percent and 90 percent in 2023 and 2022 as indicated above. The increased operational cost were largely brought about by the IFRS 17 standard. All reinsurers recorded net profit after tax compared to the prior year.

The financial performance for insurance brokers during the year under review as depicted through Table 3.03 improved in terms of total revenue. There was an increase in total revenue of 2.2 percent from P509 million reported in 2022 to P520 million in 2023. The increase is aligned with the 2.1 percent adjustment in total commissions. Other sources contributed P134 million

towards total revenue from P131 million in the prior year. The increase in other revenue was attributable to higher administration fees and consultancy fees amongst others. The insurance brokers' total expenses increased by 9.6 percent from P397 million in 2022 to P435 million in 2023. Given that the increase in expenses as highlighted above outpaced the increase in revenues, the resultant effect is a decrease in profits. Consequently, net profit before tax reported a 41 percent decline from P112 million in 2022 to P66 million during the year under review.

Equally, gross contributions for medical aid funds increased from P1.4 billion in 2022 to P1.6 billion in 2023<sup>7</sup>, (15 percent). Total claims paid by the medical aid funds increased by 16 percent from P1.4 billion in 2022 to P1.6 billion in 2023, indicating no change to the claims ratio which remained the same for both 2022 and 2023 at 96 percent. The after-effects of the COVID-19 pandemic and related health costs as well as a rise in non-communicable diseases are the main factors for the increase in claims and the impact of non-communicable diseases is expected to rise in the upcoming years. Non-health expenditure recorded an increase from P182 million in 2022 to P197 million in 2023, (eight percent). An aggregated industry net loss of P56 million in 2023 compared to P20 million in 2022 was experienced, which arose from the higher claims and non-health expenditure. Of the four medical aids, two registered losses for the 2023 financial year.

Table 3.03: Abridged Income Statement of the Insurance and Medical Aids Funds Industry (BWP Million)

Indicator	2022	2022*	2023	Percent of the Industry	Annual Percent Growth
Total Revenue	9,225	6,613	7,267	100	9.9
Insurance Revenue**	6,239	3,970	4,235	NA	6.7
Life	5,101	2,822	2,909	40.0	3.1
General	993	1,148	1,326	18.2	15.5
Reinsurers	356	711	873	12.0	22.8
Medical Aid Funds	2,266	1,423****	1,639	22.6	(27.7)
Brokers	509	509	520	7.2	2.2
Total Expenditure***	6,425	3,655	4,165	100	14.0
Life	4,513	2,607	2,652	63.7	1.7
General	885	536	619	14.9	15.5
Reinsurers	306	95	277	6.7	191.6
Medical Aid Funds	324	20****	182	4.4	810.0
Brokers	397	397	435	10.4	9.6
Profit/Loss before Tax	757	508	903	100	77.8
Life Insurers	588	314	696	77.1	121.7
General Insurers	108	69	99	11.0	43.5
Reinsurers	50	33	98	10.9	197.0
Medical Aid Funds	(101)	(20)****	(56)	(6.2)	180.0
Brokers	112	112	66	7.3	(41.1)

#### Source: NBFIRA

<sup>&</sup>lt;sup>7</sup>The medical aid funds results are based on IFRS 4 reporting standard with the exclusion of one whose results are on IFRIS 17 because its year ran from January to December 2023, the year when IFRS 17 came into effect.



<sup>\*</sup>Reinstated 2022 Statements using IFRS 17, except for brokers.

<sup>\*\*</sup>GWP is presented instead of insurance revenue for 2022 figures for Life, general and reinsurers revenue only

<sup>\*\*\*</sup> Total expenses include insurance service expenses and other operating expenses for Life insurers. For General insurers, total expenses include insurance service expenses, other operating expenses and net incurred claims.

<sup>\*\*\*\*</sup>Reinstated 2022 figures to match the number of reporting entities in 2023.

## **Retirement Funds**

**The Regulatory Authority** regulates and supervises the Retirement Funds in accordance with the NBFIRA Act (2023), the Retirement Funds Act (2022), Regulations and other financial service laws. The retirement funds industry comprises the Retirement Funds (Pension Funds and Provident Funds) and Fund Administrators. The retirement funds industry continues to be a major driver and a significant contributor in Botswana's economy (GDP) due to the continual increase and capital appreciation of assets of the industry.

#### Structure of the Retirement Funds Industry

Table 4.01 shows that during the period under review, there were 91 licensed entities in the retirement funds industry compared to 88 recorded in the previous year. Of the 91 entities, 85 are retirement funds and six are fund administrators. Of the 85 retirement funds 78 are pension funds while seven are provident funds. There has been an increase in the number of licensed retirement funds from 83 in the previous year to 85 funds, due to two new licenses of stand-alone funds under the provident funds. Comparatively, there has been no change in the licensed umbrella funds compared to the previous year number of seven. At the end of the review period, one fund administrator was licensed, increasing the number of licensed fund administrators from five in the prior year to six entities.

Table 4.01: Structure of the Retirement Funds Industry as at March 31, 2024

			2024			
Retirement Funds Industry	2023 Number of Entities	New Licenses	Cancellations*	Number of Entities	Percent of Industry	Percent Change (2023-2024)
Total**	88	3	0	91	100	3.4
Fund Administrators	5	1	0	6	6.6	20.0
Retirement Funds	83	2	0	85	93.4	2.4
Provident Funds	5	2	0	7	-	40.0
Stand Alone	3	2	0	5	-	66.7
Umbrella	2	0	0	2	-	-
Pension Funds	78	0	0	78	-	-
Stand Alone	73	0	0	73	-	-
Umbrella	5	0	0	5	-	-
Sub Fund	367	22	0	389	-	6

Source: NBFIRA

Note: \*Includes voluntary withdrawals, acquisitions, dissolutions, transfers and revocations.

#### Financial Performance of the Retirement Funds Industry

As per Table 4.11, the retirement funds investment holdings amounted to P139 billion in 2023 representing an increase of 18 percent from the P118 billion recorded in 2022. This significant growth is attributable to the improvement in the performance of investment returns, which were positively impacted by buoyant equities markets and other offshore investments.

During the period under review, almost all investment asset classes showed positive results, except for offshore alternative investment and Botswana unlisted equities, which experienced a decline in returns of 20 percent and 10 percent, respectively. In 2023, allocation of retirement funds to both local and offshore

<sup>\*\*</sup>Excludes Sub Funds

equities increased by 64 percent from P74 billion in 2022 to P88 billion. Total bonds accounted for 16 percent of total retirement funds assets in the current reporting period, comprising domestic bonds of P13 billion and offshore bonds of P10 billion. Cash and near cash accounted for 11 percent of invested assets comprising P14 billion locally and an equivalent of P1 billion in foreign cash, while the remaining P13 billion or 9 percent of total assets were held in Exchange Traded Funds, local property and alternative investments.

Retirement funds had invested P83 billion (60 percent) in listed equities, of which P64 billion (77 percent) is held in offshore equities and only P19 billion (13 percent) is held in local listed equities. A higher allocation in equities is in line with pension funds' longterm time horizon investment strategies underpinned by their membership risk profiles.

#### Offshore/Onshore Investment Assets Split

The new Pension Fund Investment Rule (PFR2) was effected in June 2023 and, increased the limit on domestic investments from 30 percent to 50 percent. However, the transition will be achieved through a five-year transitional plan. According to the transitional plan, the retirement funds were required to invest minimum of 38 percent of assets in domestic markets by December 2023.

In the event, domestic investments accounted for 41 percent and offshore investments were 59 percent as set out in Table 4.11. Comparatively as of December 2022, offshore investments were P73 billion or 62 percent of total retirement funds assets while local assets accounted for P45 billion or 38 percent. Accordingly, the retirement funds industry is compliant with the investment limits as set out in the revised PFR2. Domestic investments are expected to continue increasing until they reach a minimum of 50 percent in the year 2027.

According to Table 4.12, the retirement funds industry's assets grew by 11 percent from P117 billion in 2022 to P130 billion in 2023, mainly driven by offshore investments. The sector's liabilities grew by eight percent from P116 billion to P125 billion, while the reserves increased significantly from P975 million to P5 billion during the reporting period mainly due to improvements in investment performance and increase in employer contributions which grew by 29 percent.

Table 4.11: Retirement Funds Industry Investment Allocation (BWP Million) as at December 2023

Indicator	2022	2023	Percentage of Investments	Annual Percent Growth
Investment Allocations	117.954	139,038	100	17.9
Onshore Investments	44,802	56,509	40.6	26.1
Botswana Equities (Listed)	15,821	19,395	13.9	22.6
Dual Listed Equities*	-	2,130	1.5	-
Exchange Traded Funds	846	998	0.7	18.0
Pula Bonds	10,964	12,996	9.3	18.5
Pula Cash/Near Cash	10,019	13,905	10.0	38.8
Botswana Property	3,615	3,905	2.8	8.0
Botswana Unlisted Equities	3,537	3,179	2.3	(10.1)
Offshore Investments	73,152	82,529	59.4	12.8
Offshore Equities (Listed)	53,244	63,650	45.8	19.5
Offshore Bonds	7,210	9,779	7.0	35.6
Offshore Cash/Near Cash	986	1,165	0.8	18.1
Dual Listed Equities*	1,816	-	-	-
Alternative Investment	9,896	7,935	5.7	(19.8)
Offshore Investment (Percent)	62	59	-	(4.3)
Onshore Investment (Percent)	38	41	-	6.9
Equities (Listed and Unlisted)	74,418	88,355	63.5	18.7
Listed	69,065	83,045	59.7	20.2
Bonds	18,174	22,775	16.4	25.3
Cash and Near Cash	11,005	15,070	10.8	36.9
Others	14,357	12,838	9.2	(10.6)

Note: \*Moved from Offshore to Onshore Investments in 2023

Table 4.12: Abridged Balance Sheet of the Retirement Funds Industry (BWP Million)

Indicator	2022	2023	Annual Percent Growth
Assets	117,109	130,023	11.0
Liabilities	116,133	125,442	8.0
Reserves	975	4,580	369.7

Source: NBFIRA

The retirement funds sector's Abridged Income/Expenditure Statement as shown under Table 4.13, recorded an increase of 29 percent in total income from P12 billion reported in 2022 to P16 billion in 2023. Investment income accounts for the larger share in terms of total income received by retirement funds at 57 percent in 2023 compared to 53 percent in the prior year. This is followed by employer contributions, which remained unchanged at 30 percent. The investment income growth was attributable to favourable market conditions and improvement in investment performance from offshore financial markets, particularly equities and bonds. The five largest retirement funds which include the Botswana Public Officers Pension Fund (BPOPF) and Debswana Pension Fund (DPF), accounted for nearly 80 percent of the total income of the industry from the previous year. Total contributions increased by approximately 17 percent from P6 billion in 2022 to P7 billion in absolute terms in the period under review due to a rise in membership.

In the current reporting period, total expenditure for retirement funds increased from P6.9 billion in 2022 to P7.4 billion representing a growth of nearly eight percent from the prior year. Benefit payments paid to



members and beneficiaries increased by 11 percent from P5 billion in 2022 to P 6 billion in 2023 accounting for the overall increase in expenditure during the period under review. Benefit payments increased due to the amendments in the Retirement Funds Act of 2022 and the Income Tax (Superannuation Funds) Regulations that allowed higher commutable proportions at retirement and other enhanced benefits deductions by deferred members.

General administration costs and other fees decreased from P1.5 billion to P1.4 billion due to lower inflation compared to the same period in the prior year. *The Regulatory Authority* continues to monitor and encourage the retirement funds industry to come up with strategies to control or reduce costs to ensure financial efficiency and sustainability of member funds.

The net cashflow, being the difference between total contributions and total benefits paid has increased to P598 million from P223 million in the same period in the past year. The positive net cash flow indicates that there were sufficient funds available to meet short-term obligations such as expenses as well as investing in growth prospects.

Table 4.13: Abridged Income/Expenditure Statement of the Retirement Funds Industry (BWP Million)

Indicator	2022	2023	Percentage	Annual Percent Growth
Total Income	12,177	15,717	100	29.1
Contributions	5,610	6,587	42.0	17.4
Member Contributions	1,937	1,842	12.0	(4.9)
Employer Contributions	3,673	4,745	30.0	29.2
Income	6,567	9,130	58.0	39.0
Investment Income	6,457	8,917	57.0	38.1
Income from life insurance	7	7	-	(0.7)
Other Income	103	206	1.0	100.1
Expenditure	6,864	7,416	47.0	8.0
Benefit payments	5,387	5,990	38.0	11.2
Insurance Premiums	8	20	-	150.0
Administration, Management Expenses and Fees and Other expenses	1,469	1,399	9.0	(4.8)

Source: NBFIRA

#### **Membership Status**

During the reporting year the total membership of retirement funds was 376,158, a slight increase of about four percent compared to the 360,147 reported in the prior year (Table 4.14). The growth was due to an increase in the number of approved sub funds under umbrella funds. The total membership comprised of 292,544 active members, 68,308 deferred members and 15,306 pensioners. As at the end of the reporting year, active member figures grew by two percent while deferred membership status increased by 18 percent, demonstrating that a significant movement from active member category to deferred member group, perhaps because during 2023, some employers reduced the size of their workforce due to the reported financial situation of their entities.

The proportion of active members to total membership was 78 percent, while the ratio of deferred members to total membership was 18 percent which increased by two percent from the prior year.

Despite the increase in membership of retirement funds by nearly four percent, the coverage ratio (the ratio of total membership to labour force) remains low at approximately 38 percent as of December 2023, indicating that majority of employees are without retirement savings and are not covered under retirement savings schemes.

**Table 4.14: Membership Statistics** 

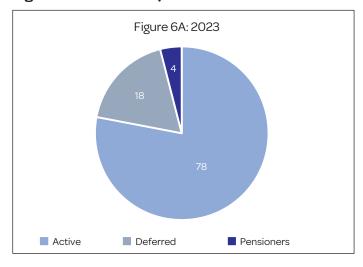
Membership Status	Membership as at December 2023	Membership as at December 2022	Percent Change
Active	292,544	287,891	1.6
Deferred	68,308	57,803	18.2
Pensioners	15,306	14,453	5.9
Total*	376,158	360,147	4.4

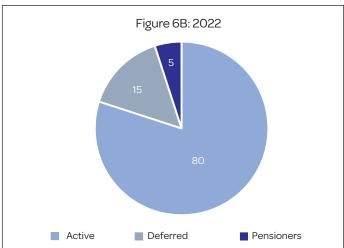
Source: NBFIRA

Note: \*Total membership is slightly overstated as it includes deferred members who may still be active members, as well as members who are active in more than one fund.

Figure 6 illustrates the proportion of active members (members who are still contributing or having contributions made on their behalf), deferred members (members who are no longer contributing but have preserved pension rights from prior savings) and pensioners (members receiving pension) to total membership.

Figure 6: Membership Statistics as at December 31, 2023, and 2022





Source: NBFIRA

## **Capital Markets**

**The Regulatory Authority** regulates and supervises the capital markets sector through the Securities Act (2014), Securities (Amendment) Act (2023), the Collective Investment Undertakings Act (2021) and the Virtual Assets Act (2022) as well as exercising supervisory oversight on the International Financial Services Centre (IFSC) accredited entities which undertake securities business and collective investment undertakings, in line with the Income Tax Act (1995) and the NBFIRA Act (2023). The Acts are accompanied by their corresponding sub-regulatory frameworks, namely, Regulations, Rules and Guidelines aimed at fostering the safety and financial soundness of the capital markets sector.

#### Structure of the Capital Markets Industry

As shown under Table 5.01, the capital markets sector comprises five sub-sectors being:

- Securities Institutions: Asset Managers, Securities Brokers or Dealers, Custodians, Transfer Agents or Transfer Secretaries, Market Makers, Investment Advisors, and entities which conduct Securities Services.
- 2. Investment Institutions and Approved Funds: Operators of Collective Investment Undertakings (CIUs), Custodians, Supervisory Custodians, Trustees for CIUs, CIU funds and CIU Partnerships. CIU funds include locally approved, and funds licensed offshore but recognised in Botswana.
- 3. Securities Infrastructure Businesses (SIBs): these are Exchanges, Central Securities Depositories, Clearance and Settlement Systems other than Central Securities Depositories, and Central Counterparties.
- 4. IFSC Accredited Entities: entities that are issued with a Tax Certificate and are based in Botswana but do business predominantly with clients outside Botswana.
- 5. Virtual Asset Service Providers (VASPs): means a person who -
  - (a) under an agreement, as part of a business, undertakes a virtual asset service on behalf of another person; or
  - (b) is a dealer or is willing to deal, on own account, by buying and selling virtual assets at prices set by that person, and includes a
    - (i) market maker or liquidity provider,
    - (ii) system that provides virtual liquidity, allowing traders to buy and sell derivatives on the block-chain, or
    - (iii) virtual automated market maker

During the review period, the number of licensed capital market entities increased by two percent from 116 in 2023 to 118 in 2024. Investment institutions and approved funds account for the largest portion of the industry (56 percent) whilst securities institutions follows at 38 percent.

Table 5.01: Structure of Capital Markets Sector

			2024			
Capital Markets	2023 Number of Entities	New Licenses	Cancellations*	Number of Entities	Percent of Industry	Percentage Change (2023-2024)
Total	116	9	7	118	99.9	1.7
Securities Institutions	48	4	7	45	38.1	(6.3)
Asset Managers	19	3	2	20	44.4	5.3
Securities Brokers or Dealers	3	0	0	3	6.7	-
Investment Advisors	19	1	2	18	40.0	(5.3)
Market Makers	2	0	0	2	4.4	-
Securities Services**	1	0	0	1	2.2	-
Transfer Secretaries	4	0	3	1	2.2	(75.0)
Investment Institutions and Approved Funds	63	3	0	66	55.9	4.8
Trustees	3	0	0	3	4.5	-
Custodians	3	0	0	3	4.5	-
Management Companies	9	0	0	9	13.6	-
Local CIU Funds	46	3	0	49	74.2	6.5
ICVC	2	0	0	2	3.0	-
Securities Infrastructure Businesses	2	О	0	2	1.7	-
IFSC Accredited Entities	1	0	0	1	0.8	-
Virtual Asset Service Providers***	2	2	0	4	3.4	100

#### **Financial Performance of the Capital Markets Industry**

Assets under management as depicted under Table 5.02, show that total assets for asset managers and management companies for CIUs increased by 19 percent from P68 billion recorded in 2023 to P80 billion in 2024. Institutional pension funds sector accounted for the largest share of 77 percent (P62 billion). Institutional other, insurance and retail sectors accounted for nine percent, eight percent, six percent, respectively, with professional investors holding the smallest percentage of 0.1 percent of the assets under management (AUMs).

 $<sup>^{\</sup>star}$ Includes voluntary withdrawals, acquisitions, dissolutions, transfers and revocations.

<sup>\*\*</sup>Buying and selling now referred to as Securities Services

<sup>\*\*\*</sup>Includes 1 virtual asset payment platform, 2 virtual asset exchange and 1 virtual ATM

Table 5.02: Asset Under Management (AUMs) as at March 31, 2024 (BWP Million)

Asset Under Management	2023	2024	Percentage of sector	Annual Percent Growth
Total	67,728	80,289	100	18.5
Retail	4,571	5,176	6.4	13.2
Professional Investor	19	29	0.1	52.6
Institutional Pension	52,358	61,676	76.8	17.8
Institutional Insurance	5,037	6,230	7.8	23.7
Private/Other	5,743	7,178	8.9	25
Non-ClUs	51,544	61,557	100	19.4
Retail	184	192	0.3	4.3
Professional Investor	5	11	0	120
Institutional Pension	45,422	54,070	87.8	19
Institutional Insurance	2,429	3,429	5.6	41.2
Private/Other	3,504	3,855	6.3	10
CIUs	16,184	18,732	100	15.7
Retail	4,387	4,984	26.6	13.6
Professional Investor	14	18	0.1	28.6
Institutional Pension	6,936	7,606	40.6	9.7
Institutional Insurance	2,608	2,801	15	7.4
Private/Other	2,239	3,323	17.7	48.4

Table 5.11 shows the abridged balance sheet of the capital market. Total industry assets grew by three percent from P895 million in 2022 to P921 million in 2023. The total assets of the SIBs rose by 16 percent to P174 million in 2023 from P150 million in 2022. Total equity grew by 20 percent to P146 million in 2023 from P121 million in 2022. Overall liabilities decreased slightly by three percent from P29 million in 2022 to P28 million in 2023. For the period under review, the total assets for securities brokers increased by 58 percent from P46 million in 2022 to P73 million in 2023, due to a major increase in one of the broker's assets. Total liabilities for securities brokers stood at P37 million in 2023 being a 26 percent increase from P29 million reported in 2022 and equity increased by more than hundred percent, from P17 million in 2022 to P36 million in 2023.

Table 5.11 also depicts changes in the financial position of management companies and asset managers. Total assets and total equity of management companies increased by 53 percent and 16 percent, respectively, while total assets and total equity of asset managers declined by five percent and eight percent respectively. Total assets for management companies stood at P49 million in 2022 and at P75 million in 2023 while equity was at P29 million in 2022 and at P34 million in 2023. Total assets for asset managers were P571 million in 2022 and P542 million in 2023, while equity was P256 million in 2022 and P237 million in 2023.

On the contrary, total liabilities for management companies increased by more than a hundred percent from P20 million in 2022 to P41 million in 2022. Total liabilities for asset managers declined by five percent from P320 million in 2022 to P305 million in 2023.

Total assets for the IFSC company declined by 84 percent from P23 million in 2022 to P4 million in 2023. The company's liabilities rose by 16 percent from P8 million in 2022 to P9 million in 2023. Equity declined by 136 percent from P15 million in 2022 to negative P5 million in 2023. The company engaged in a restructuring exercise which resulted in the transfer of some of the subsidiaries to the parent company, resulting in a significant decrease in total assets and equity in the subsidiary.

Table 5.11 below, shows that total assets for the investment advisory sector increased by 6 percent from P48 million in 2022 to P51 million in 2023. Total equity increased by 24 percent from P23 million in 2022 to P29 million in 2023, whereas total liabilities decreased by 15 percent from P26 million in 2022 to P22 million in 2023.

Over the period under review, three of the four transfer secretaries did not renew their licenses, leaving the sector with only one entity. Table 5.11 below, shows that the transfer secretarial business total assets declined by 58 percent from P8 million in 2022 to P3 million in 2023, whilst liabilities dropped by 42 percent from P5 million in 2022 to P3 million in 2023. Equity dropped by 83 percent from P3 million in 2022 to P1 million in 2023.

Table 5.11: Abridged Balance Sheet of the Capital Markets (BWP Million)

Capital Markets	2022	2023	Percentage of sector	Annual Percent Growth
Assets*	895	921	100	2.9
Securities Institutions	673	669	72.6	(0.7)
Asset Managers	571	542	58.8	(5.1)
Securities Brokers or Dealers	46	73	7.9	58.0
Investment Advisors	48	51	5.5	5.8
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	8	3	0.4	(57.5)
Investment Institutions and Approved Funds	49	75	8.1	52.7
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	49	75	8.1	52.7
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	150	174	18.9	15.9
IFSC Accredited Entities	23	4	0.4	(83.5)
Virtual Asset Service Providers	-	-	-	-
Capital and Reserves	464	476	100	2.5
Securities Institutions	299	302	63.5	0.9
Asset Managers	256	237	49.8	(7.5)
Securities Brokers or Dealers	17	36	7.6	112.4
Investment Advisors	23	29	6.1	23.9
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	3	1	0.3	(82.5)
Investment Institutions and Approved Funds	29	34	7.0	15.5
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	29	34	7.1	15.5
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	121	146	30.6	20.3
IFSC Accredited Entities	15	(5)	(1.1)	(136.0)
Virtual Asset Service Providers	-	-	-	-

Liabilities	437	445	100	1.9
Securities Institutions	380	367	82.5	(3.5)
Asset Managers	320	305	68.5	(4.7)
Securities Brokers or Dealers	29	37	8.3	26.2
Investment Advisors	26	22	4.9	14.6
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	5	3	0.7	(42.2)
Investment Institutions and Approved Funds	20	41	9.2	106.5
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	20	41	9.2	106.5
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	29	28	6.3	(2.5)
IFSC Accredited Entities	8	9	2.0	15.5
Virtual Asset Service Providers	-	-	-	-

The abridged income statement for the capital market industry depicted under Table 5.12, shows that in 2023, total revenue for SIBs grew by 44 percent from P53 million in 2022 to P77 million recorded in 2023 while total expenses grew by 19 percent from P42 million in 2022 to P50 million in 2023 resulting in the profit before tax reaching P26 million in 2023; being a 140 percent increase in the profit from the P11 million recorded in 2022 because total income increased by a larger margin than the growth in expenses in 2023.

As illustrated in Table 5.12 below, total revenue for the securities brokers surged by 173 percent, from P 16 million in 2022 to P44 million in 2023. Total expenses rose by 24 percent from P18 million in 2022 to P22 million in 2023. The securities brokers experienced a significant turnaround in profitability, with profit before tax of P22 million in 2023 compared to a loss of P2 million recorded in 2022. Total revenue and profit before tax for securities brokers grew substantially as a result of a one-time huge transaction by one of the securities brokers.

Table 5.12 shows that total revenue for management companies increased by 96 percent from P20 million in 2022 to P39 million in 2023, due to higher management fees charged by the institutions on asset under management. Asset managers total revenue rose by 11 percent from P353 million in 2022 to P392 million in 2023, Profit before tax for management companies increased by 268 percent from P2 million in 2022 to P7 million in 2023. Asset managers recorded a profit before tax increase of 11 percent from P121 million in 2022 to P135 million in 2023. Expenses for management companies increased by 77 percent from P18 million in 2022 to P32 million in 2023, owing to increases in expenses such as administration fees, staff costs and commission fees, while asset managers expenses grew by 11 percent from P232 million in 2022 to P257 million in 2023.

The performance of the only IFSC-accredited entity showed that total revenue declined by 29 percent from P16 million in 2022 to P11 million in 2023, due to notable drop from other income (income recovery from related parties). Expenses declined by 24 percent from P17 million in 2022 to P13 million in 2023. The entity 's loss before tax increased by 105 percent from P1 million in 2022 to P2 million in 2023, attributable to notable decrease in revenue.

<sup>\*</sup>AUMs of about P10.3 billion deducted from P11.1 billion reported in 2022

Table 5.12 also shows that the investment advisors recorded a revenue increase of 12 percent from P114 million in 2022 to P128 million in 2023. Total expenses increased by 9 percent from P85 million in 2022 to P93 million in 2023. Profit before tax increased by 22 percent from P29 million in 2022 to P35 million in 2023.

Total revenue for the transfer secretarial business segment declined by 58 percent from P10 million in 2022 compared to P4 million registered in 2023. Expenses dropped by 52 percent from P9 million in 2022 to P4 million in 2023. Profit before tax decreased by 110 percent from P1 million in 2022 to a loss of P0.1 million in 2023 due to the exit of the three transfer secretaries.

Table 5.12: Abridged Income/Expenditure Statement of the Capital Markets (BWP Million)

Capital Markets	2022	2023	Percentage of sector	Annual Percent Growth
Gross Income	582	695	100	20
Securities Institutions	493	568	81.7	15.2
Asset Managers	353	392	56.4	11.1
Securities Brokers or Dealers	16	44	6.3	173.3
Investment Advisors	114	128	18.4	12.3
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	1	4	0.6	(57.8)
Investment Institutions and Approved Funds	20	39	5.6	96
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	20	39	5.6	96
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	53	77	11.1	44.4
IFSC Accredited Entities	16	11	1.6	(28.6)
Virtual Asset Service Providers	-	-	-	-
Total Expenditure	421	472	100	12
Securities Institutions	344	376	79.7	9
Asset Managers	232	257	54.4	11
Securities Brokers or Dealers	18	22	4.7	24
Investment Advisors	85	93	19.7	9
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	9	4	0.8	(52)
Investment Institutions and Approved Funds	18	32	6.8	77
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	18	32	6.8	77
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	42	50	10.6	19
IFSC Accredited Entities	17	13	2.8	(23.5)
Virtual Asset Service Providers	-	-	-	_

Profit/Loss before Tax	161	223	100	39
Securities Institutions	149	192	86.1	29
Asset Managers	121	135	60.5	11
Securities Brokers or Dealers	(2)	22	9.9	1175
Investment Advisors	29	35	15.7	22
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	1	-	-	(110)
Investment Institutions and Approved Funds	2	7	3.1	268
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	2	7	3.1	268
Local CIU Funds	-	-	-	-
	-	-	-	-
Securities Infrastructure Businesses	11	26	11.7	140
IFSC Accredited Entities	(1)	(2)	0.9	105
Virtual Asset Service Providers	-	-	-	-

## **Non-Bank Lending**

Micro lenders are regulated and supervised in accordance with the NBFIRA Act (2023) and the Micro Lending Regulations (2012). Prudential Rules for Systemically Important Micro Lenders (2018) have been incorporated into the regulatory framework to improve the supervision of Systemically Important Micro Lenders (SIMLs). Pawnshops, Finance and Leasing entities are granted exemptions to operate pending the promulgation of sector-specific legislation, which is at an advanced stage of development.

#### Structure of the Non-Bank Lending Industry

The structure of the Non-Bank Lending sector as presented in Table 6.01 below shows that the industry consists of 407 entities in 2024 compared to 377 in 2023 (eight percent growth). The industry is dominated by micro lenders being 282 entities, followed by 68 finance companies, 52 pawnshops, three leasing companies, all of which also operate as finance companies and two International Financial Services Centre (IFSC)-accredited companies. The micro-lending industry had 208,713 clients as of December 31, 2023, compared to 164,402 as of December 31, 2022.

Table 6.01: Structure of the Non-Bank Lending Sector as at March 31, 2024

Non-Bank Lenders	2023 Number of Entities	New Licenses	2024 Cancellations*	Number of Entities	Percent of Industry	Percentage Change (2023-2024)
Total	377	56	26	407	100	8.0
Micro-Lenders	248	47	13	282	69.3	13.7
Finance Companies	66	4	2	68	16.7	3.0
Pawn shops	58	5	11	52	12.8	(10.3)
Leasing Companies	3	0	0	3	0.7	-
IFSC Accredited Companies	2	0	0	2	0.5	-

Source: NBFIRA

#### Financial Performance of the Non-Bank Lending Industry

The reported financial performance analysis is from 99 micro lenders eligible for reporting, a decrease from 117 entities in 2022 due to failure by some entities to submit annual financial statements. **The Regulatory Authority** has restated the 2022 figures in line with the new population size.

The abridged balance sheet presentation under Table 6.11 shows that micro lenders' total assets increased by 10 percent from P8 billion in 2022 to P9 billion in 2023. The increase was mainly due to the growth of total loan book value, which grew by 14 percent, from P7 billion in 2022 to P8 billion in 2023. The growth in total loan book value shows the continued growth in demand for loans by the borrowers. Also important to note is that six entities designated as SIMLs constitute 96 percent of the industry's total loan book value. Total liabilities for the industry followed a similar trend, with an increase from P5 billion in 2022 to P6 billion in 2023. The increase in total liabilities was attributed to the higher borrowings by SIMLs that rose significantly from P4billion in 2022 to P5 billion in 2023.

<sup>\*</sup>Includes voluntary withdrawals, acquisitions, dissolutions, transfers and revocations

Table 6.11: Abridged Balance Sheet of the Non-Bank Lending Sector (BWP Million)

Indicator	2022	2023	Annual Percent Growth
Non-Current Assets	842	835	(0.9)
Loan Book Values	6,636	7,564	14
Current Assets	481	363	(24.6)
Total Assets	7,959	8,761	10.1
Equity	2,773	2,728	(1.6)
Current Liabilities	1,994	4,513	126.3
Non-Current Liabilities	3,193	1,504	(52.9)
Total Liabilities	5,187	6,017	16
Total Equity and Liabilities	7,960	8,744	9.9

When considering the industry's total revenue, an increase of 13 percent was recorded from P2.1 billion reported in the previous period to P2.4 billion reported in 2023 as depicted in Table 6.12 below. Total interest income followed the same trend as total revenue, consistent with the increase in the total loan book value. The micro lending industry experienced a 31 percent dip in profit before tax from P866 million in 2022 to P596 million in 2023, as total expenses grew from P1 billion in 2022 to P2 billion in 2023. The increase in total expenditure was attributed to a substantial growth in net impairments on financial assets of one of the larger micro lenders.

Table 6.12: Abridged Income Statement of the Non-Bank Lending Sector (BWP Million)

Indicator	2022	2023	Annual Percent Growth
Interest Income	1,707	1,976	15.8
Other Income	432	448	3.6
Total Income	2,139	2,424	13.3
Interest Expenses	421	501	18.9
Other Expenses	852	1,329	55.9
Total Expenses	1,273	1,829	43.7
Net Income Before Tax	866	595	(31)
Tax	195	133	(32)
Net Income after tax	671	462	(31)

Source: NBFIRA

#### Financial Performance of the IFSC Accredited Companies

Table 6.13 below shows an abridged statement of financial position for the two IFSC accredited companies. The companies experienced an increase in total assets of five percent from P20 billion in 2022 to P21 billion in 2023. Total liabilities also increased due to a surge in companies' borrowings and customer deposits. Total equity declined from P7 billion in 2022 to P6 billion in 2023, as one of the entities declared dividends while the other's reserves were depleted by the losses incurred. Total income also increased slightly by five percent from P2 billion in 2022 to P3 billion in 2023, while expenses experienced a higher increase of 22 percent from P1.5 billion in 2022 to P1.8 billion in 2023, as shown in Table 6.13 below. Correspondingly, the total profit before tax declined significantly by 90 percent due to adjustments in the calculation of one of the entity's expected credit loss (ECL) allowances and the impact of IAS 29 financial

reporting in hyperinflationary economies by one of the subsidiaries operating in a hyperinflationary economy. In addition, one of the entities incurred a loss due to adjustment in the fair value of sovereign debt securities it invested in.

Table 6.13: Financial Performance of IFSCs (BWP Billion)

Indicator	2022	2023	Annual Percent Growth
Total Assets	20	21	5
Total Liabilities	7	6	(14.3)
Total Equity and Liabilities	20	27	35
Income	2	3	50
Expenses	1	2	100
Profit Before Tax	2	0.2	(90)

Source: NBFIRA

#### Ratio Analysis of the Micro-Lenders

Year-on year ratios for the micro lenders are indicated in Table 6.14 below. The increase in total income did not result in increased shareholders' equity due to higher expenditure that resulted in lower profit-before tax noted under Table 6.14, thus a decline in return on equity. Portfolio value improved by 3.8 percent from the previous year, indicating that the total loan book value constitutes 86 percent of the total assets of the industry as is expected for intermediation rate of micro lenders. The debt-to-equity ratio increased slightly from 1.87 in 2022 to 2.20 times in 2023, showing increased reliance on debt financing by micro lenders.

All six entities designated as systemically important micro lenders met the prescribed minimum liquidity ratio of two percent and capital adequacy ratio of five percent during the period under review. The industry's average capital adequacy ratio decreased from 36 percent to 33 percent, whereas the average liquidity ratio increased from 50 percent to 132.7 percent indicating that overall, the micro lending industry poses low risk to the stability of the financial system.

Table 6.14: Micro-Lenders' Ratios

Ratio	2022	2023	
Portfolio Yield (Percent)	25.7	26.2	
Operating cost Ratio	0.5	0.7	
Net Profit Ratio	0.4	0.2	
Portfolio Value as a Percentage of Total Assets	83.3	86.5	
Debt-to-Equity	1.9	2.2	
Average Capital Adequacy	36	33	
Average Liquidity	50	132.7	
Return on Equity (ROE)	24.3	16.8	

Source: NBFIRA

#### Loan Book values for Pawnshops, Finance Companies and Leasing Companies

The loan book values for pawnshops in 2023 amounted to P31 million, being an increase of 46 percent from P21 million\*. This was mainly driven by increased uptake of pawn-and-drive, indicating growing consumer appetite for this product. Loan book values for finance companies increased by 6 percent from P100 million in 2022 to P106 million in 2023. Conversely, the loan book values for leasing companies decreased by 16 percent from P256 million in 2022 to P215 million in 2023.



<sup>\*</sup>Erroneously captured as P21,438 million in the 2023 Annual Report

# Anti-Money Laundering/Combatting the Financing of Terrorism/Combatting the Financing of Proliferation (AML/CFT/CFP)

Over the past year, *the Regulatory Authority*, continued efforts to combat financial crimes and ensure the integrity of the financial sector. The objective remains to protect the financial system from illicit activities and to promote transparency, accountability, and compliance across all institutions. Significant improvements in compliance practices across the non bank financial sector were observed. This reflects the sector's commitment to maintaining robust Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation frameworks.

#### National Money Laundering, Terrorism Financing and Proliferation Financing Risks Outlook

The National Risk Assessment (NRA) exercise began in November 2022 and was indorsed by the National Coordinating Committee on Financial Intelligence (NCCFI) in December 2023. The NRA is an important exercise that identified and evaluated the country's money laundering and terrorism financing threats and vulnerabilities.

#### **Threats**

The national money laundering (ML) and terrorism financing (TF) threats were rated medium high and medium, respectively, consistent with their rating of the 2017 NRA.

Table 7.11 shows proceeds generating crimes that pose threat of money laundering as compared to those identified in the 2017 NRA.

Table 7.11: Comparative Ranking of Predicate Offences

Predicate offences	2023	2017
Drug trafficking	High	Not Assessed
2. Non remittance of withholding tax	High	Medium high (Tax evasion)
3. Overall tax offences	High	
4. Obtaining by false pretenses	Medium high	Medium
5. Theft of motor vehicles	Medium high	Medium high
6. Unlawful possession of elephant tusk	Medium high	High (poaching)

Source: NBFIRA

#### **Emerging Threats to Money Laundering**

Cash-in-transit robberies and unlawful keeping of protected live wildlife (mostly pangolin) were identified as emerging predicate offences.

#### **National Vulnerability**

The overall national vulnerability to money laundering for the period under review is rated medium. The rating is an improvement from the medium high rating recorded during the 2017 assessment.

Table 7.12: Comparison of Sector Vulnerability Ratings (2017 and 2023 NRAs)

Number	Sectors	Rat	ing
		2023	2017
1.	Securities Sector	Medium Low	Medium
2.	Insurance Sector	Medium Low	Medium high
3.	New Technologies and Virtual Assets Service Providers	High	Not Assessed
4.	Non-Bank Lending	Medium high	
5.	Retirement Funds	Medium Low	High (Overall Rating)
6.	Finance companies	Medium	
7.	Leasing companies	Medium	

Except for the Virtual Assets Service Providers (VASPs) and Non-Bank Lending sectors which were rated high and medium high respectively, the sectors vulnerability to money laundering is medium (Table 7.12). The rating of high for new technologies and VASPs was influenced by the dynamic nature of new technologies and recent legislative changes. The assessment showed that the rating may alter in the next VASP risk assessment as the sector matures with more and effective controls implemented to deal with the vulnerabilities.

#### **Risk Based Supervision and Monitoring**

During the year under review, *the Regulatory Authority* received 39 institutional risk assessments and policies for review compared to 159 in the preceding period (Table 7.13). This decline of entity requests for reviews is attributed to supervisory interventions which involved targeted awareness activities particularly in low compliance sectors, issuance of guidance notes on conducting risk assessments and documenting AML/CFT policy as well as model policy documents. *The Regulatory Authority* noted an overall improvement in compliance with obligations on risk management systems and policies.

Table 7.13: Comparison of AML/CFT&P Policies and Risk Assessments by Sector as at March 2024

Period	Insurance	Capital Markets	Retirement Funds	Non-Bank Lending	VASPs	Total
2022/2023	23	12	3	121	0	159
2023/2024	17	5	3	10	4	39
Change	(6)	(7)	0	(111)	4	(120)

Source: NBFIRA

Following comprehensive review of the risk profiles of NBFIs to identify vulnerabilities and areas requiring enhanced oversight, *the Regulatory Authority* observed an emerging trend on fraud related cases in the non-bank lending sector. In such instances, perpetrators illegally acquire personally identifiable information (PII) to secure fraudulent loans. The criminals are increasingly exploiting vulnerabilities in customer verification processes as stolen information is then used to apply for credit facilities under false identities.

As non-bank lenders typically offer faster and more streamlined application processes compared to traditional banks, they have become attractive targets for fraudsters. The trend not only poses significant financial risks to lenders but also causes considerable distress and financial damage to the victims of identity theft, highlighting the urgent need for enhanced security measures and more rigorous identity verification protocols within the sector.

#### **Regulatory Inspections**

Based on the comprehensive understanding of the ML/TF/PF risk profiles of entities, *the Regulatory Authority* conducted targeted on-site inspections to establish the level of adherence to AML/CFT obligations and effectiveness of internal controls as shown under Table 7.14.

Table 7.14: Comparison of AML/CFT&P Inspections by Sector as at March 2024

Period	Insurance	Capital Markets	Retirement Funds	Non-Bank Lending	VASPs	Total
2022/2023	4	4	0	10	N/A	18
2023/2024	2	1	0	4	2	9
Change	(2)	(3)	0	(6)	2	9

Source: NBFIRA

**The Regulatory Authority** noted from the inspections conducted, that medium to large sized NBFIs have invested in sophisticated technology and analytics to improve transaction monitoring capabilities, leading to more efficient detection of suspicious activities.

Many NBFIs have strengthened their internal controls and procedures, including customer due diligence (CDD) processes to ensure compliance with regulatory standards.

Suspicious transaction reports (STRs) reports per sector are as depicted under Table 7.15. There has been a noticeable increase in the quality and timeliness of STRs submitted to the Financial Intelligence Agency (FIA), reflecting a better understanding of reporting requirements by the regulated entities.

Table 7.15: Comparison of STR Reports by Sector as at March 2024

Period	Insurance	Capital Markets	Retirement Funds	Non-Bank Lending	VASPs	Total
2022/2023	2	1	0	3	0	6
2023/2024	10	5	0	12	9	36
Change	(5)	(4)	0	(9)	(9)	(30)

Source: NBFIRA

#### **Referral for Enforcement**

While there have been significant improvements in compliance practices, a small number of entities were identified as significantly non-compliant with AML/CFT&P legislation and subsequently referred for appropriate enforcement action. The entities failed to meet the minimum standards required for effective AML/CFT&P practices, including deficiencies in customer due diligence, transaction monitoring and reporting of suspicious activities. The non-compliance was often characterised by inadequate internal controls, insufficient staff training, and lack of timely updates of their AML/CFT&P policies and procedures. As a result, such entities were subjected to fines and directives to implement corrective actions (Table 7.16). The referrals underscore the regulatory commitment to maintaining the integrity of the financial system and ensuring that all institutions adhere to the highest standards of AML/CFT compliance.

Table 7.16: Comparison of AML/CFT Fines by Industry as at March 2024

Year	Fined	Total (BWP)	Suspended (BWP)
2022/2023	3	1,600,000	1,480,000
2023/2024	2	1,300,000	-
Total	5	2,900,000	1,480,000

#### **Training and Capacity Building**

**The Regulatory Authority** conducted training workshops and participated in national conferences where financial institutions attended with a view to collaborating and enhancing their understanding of AML/CFT&P regulations and international best practices.

#### **Training Workshops**

Three awareness workshops were conducted by **the Regulatory Authority** during the reporting period. Of these, one was a collaboration with the FIA on AML/CFT& P Red Flags, Suspicious Transactions and Reporting held in Gaborone and the other two were sector-specific workshops conducted for the Capital Markets industry. These were the risk assessment training for securities brokers in collaboration with Botswana Stock Exchange and a working meeting with asset management entities on the sectoral risk assessment tool that **the Regulatory Authority** is currently developing.

#### **Conferences**

**The Regulatory Authority** participated at a conference organised by the Botswana Institute of Banking and Finance (BIBF) and the FIA, themed "Building a Sound AML/CFT Framework: A Responsibility for All." This event brought together experts, regulators, and industry leaders to discuss and develop strategies to enhance collective efforts in combating money laundering and financing of terrorism. The sessions highlighted the importance of a robust and collaborative approach, emphasising that the responsibility for a secure financial system extends beyond regulators to encompass financial institutions, law enforcement and the public.

**The Regulatory Authority** also participated in the AML/CFT&P conference organised by the FIA which was attended by different sectors including NBFIs. The conference provided valuable insights and updates on current trends, regulatory expectations and best practices in combating financial crime.

#### **Courtesy Call Visits**

**The Regulatory Authority** engaged with 19 entities through bilateral meetings where issues of concern were on the agenda. Selection of these entities was based on the size of the entity and significance of risks identified. **The Regulatory Authority** used the bilateral platforms to encourage entities to not only comply with AML/CFT legislation but embed it in their processes and take proactive measures to detect and prevent financial crimes in spirit of the law. Entities also raised their challenges and proposed possible solutions for consideration, but committed to align with national efforts on AML/CFT.

#### **Collaboration with Other Agencies**

**The Regulatory Authority** strengthened partnerships with law enforcement agencies to facilitate the exchange of information and collaborative investigations.

#### **Information Sharing**

During the year, *the Regulatory Authority* held several meetings with the FIA. The meetings provide a platform for exchange of information on statistics and quality of suspicious transactions reported by NBFIs, trends, and typologies related to money laundering and terrorist financing. The exchange helps both authorities stay informed about emerging threats and vulnerabilities within the NBFI sector. The meetings also serve as a forum for discussing regulatory updates, legislative amendments and international standards that impact AML/CFT&P efforts. The collaboration ensures that both *the Regulatory Authority* and the FIA are up-to-date and can implement necessary supervisory changes in a coordinated manner.

#### **Supervisory Forum**

**The Regulatory Authority** actively participated in all the four AML/CFT&P Supervisory Forum meetings scheduled during the year. The AML/CFT&P supervisory forum meeting provides a collaborative platform where supervisors, law enforcement agencies, and other AML/CFT&P competent authorities regularly convene to discuss matters of mutual interest related to combatting financial crime. These meetings aim to enhance coordination, share insights and intelligence, discuss emerging trends and challenges and develop joint strategies to effectively address AML/CFT issues. They foster open communication and cooperation, with the aim of strengthening the overall AML/CFT&P legal framework, ensure compliance with regulatory standards and protect the financial system from illicit activities.

#### **Supervisory College**

In October 2023, *the Regulatory Authority* participated in the Supervisory College hosted by the South African Reserve Bank's Prudential Regulatory Authority. The Supervisory College saw diverse supervisors from across the African continent convene to engage on issues of prudential and market conduct supervision including AML/CFT.

#### **Development of Supervisory Instruments**

**The Regulatory Authority** continued with development of sectoral risk assessment tools through assistance from the International Monetary Fund. Two tools for life insurance and asset management industries were being piloted with a view to commissioning final versions and conducting sectoral assessment by the end of the following financial year. Also, as at the end of the reporting period, plans were underway to develop a risk assessment tool for the non-bank lending industry.

#### **Policy Development and Guidance**

In an effort to supplement training, *the Regulatory Authority* issued new and updated existing AML/CFT&P guidelines to reflect changes in international standards and emerging risks. The following are new and updated guidance notes;

- (a) Guidance Note on Conducting a ML/TF/PF Institutional Risk Assessments
- (b) Guidance Note on Documenting a Policy on Anti-Money Laundering/ Combatting the of Terrorism and Proliferation (AML/CFT&P)
- (c) Guidance Note on ML/TF/PF Risk Assessment on New Technologies
- (d) Guidance Note on Identification of Beneficial Owners of Legal Persons and Arrangements





- (e) Guidelines for Completing Life Insurers Risk Profiling Return
- (f) Guidelines for Completing Asset Management Risk Profiling Return

Moreover, **the Regulatory Authority** provided ongoing guidance and support to NBFIs in implementing effective AML/CFT&P controls through elaborate post-inspection communication and follow-up reviews.

## **Human Resources and Administration**

**The Regulatory Authority** adheres to inclusive human resource development and management activities that facilitate the attraction and retention of suitably qualified and productive staff and thereby contributing achievement of **the Regulatory Authority's** mandate.

#### **Human Resources**

#### **Staffing**

**The Regulatory Authority** had a staff complement of 98 in 2023 compared to 90 in the previous year against an approved establishment of 110 staff.

#### **Staff Turnover**

**The Regulatory Authority** experienced a turnover of approximately five percent in 2024 similar to five percent reported in 2023. This was mainly driven by resignations in pursuit of better opportunities. **The Regulatory Authority** has, therefore, embarked on various measures to retain staff.

#### **Employee Wellness Programmes**

Consistent with the United Nations' Sustainable Development Goal of a healthy workforce and creation of an effective and positive environment, during the year under review, *the Regulatory Authority's* emphasis was on physical fitness. Staff members were issued health club membership and encouraged to participate in various physical fitness activities like wellness day and marathon runs. To promote psychosocial wellbeing, free counselling service is availed to staff. Moreover, *the Regulatory Authority* has revamped the Employee Wellness Committee to enhance the effectiveness and sustainability of wellness initiatives.

#### **Learning and Development**

In optimising *the Regulatory Authority's* strategic objective of developing talent, the training budget was increased by 70 percent from P1,456,660 in 2022/23 to P2,474,343 for the year 2023/24. The budget was spent on staff training with specific reference to satisfying the Continuous Professional Development requirements, aligning academic qualifications to the requirements of the schemes of service and upskilling staff with the skills and competencies required for optimal performance in their respective roles.



## **Data Management**

**The Regulatory Authority** intensified efforts to improve data management during the year under review as data is considered an invaluable asset. Thus, **the Regulatory Authority** is continuing to find innovative ways to capture, preserve and derive value from data.

#### Development of the Data Management Framework and Strategy

During the period under review, *the Regulatory Authority* commenced a project for the development of data management framework and strategy. The framework and strategy will ensure consistent data management practices across *the Regulatory Authority* with the aim of building a good culture of handling data and ensure that there are adequate processes, systems and skills. Furthermore, it will serve as a guiding instrument on data handling and setting out how changes to the data management system will be agreed and implemented.

#### **Data Requests from Stakeholders**

As in previous years, in 2023, **the Regulatory Authority** continued sharing data with various stakeholders and cooperating partners both domestically and internationally. Even though **the Regulatory Authority** collects data through periodic returns, data gaps still remain a challenge and efforts to improve on collection tools are ongoing.

#### **Enhancement and Usage of the Regulatory System**

During the period under review, *the Regulatory Authority* improved on the Risk-Based Supervision System (RBSS) by adding on the new functions such as licensing, anti-money laundering, complaints management and additional functionalities on the existing modules.

**The Regulatory Authority** endeavours to improve the usage of the RBSS for data collection and processing by continually training NBFIs on the usage of the system. The training of the regulated entities also helps with the improvement of data completeness. During the period under review **the Regulatory Authority** trained the microlending and retirement funds industries.



## **Information Technology**

#### Implementation of the Digitalisation Strategy

The NBFIRA Digitalisation Strategy (2022 – 2026) has been adopted to provide a framework for the coordinated and controlled identification, acquisition, and implementation of digitalisation initiatives. In pursuit of the strategy implementation, *the Regulatory Authority* engaged in the following ongoing projects during the review period:

- (a) Implementation of Electronic Documents and Records Management System records management ensures records are properly stored, accessed and managed in a secure manner.
- (b) Bulk SMS to improve on stakeholder engagement and information sharing.
- (c) User requirements for implementation of Artificial Intelligence, Fintech, Regtech, Suptech and Sandboxes.

Consultancy work on the Fintech strategy was initiated during the reporting period.

#### **IT Security**

**The Regulatory Authority** continues to ensure protection of the organisation's IT assets—computer systems, networks, digital devices, data—from unauthorised access, data breaches, cyberattacks and other malicious activity.

#### (a) Security and Threat Detection

**The Regulatory Authority** has invested in upgrading its IT infrastructure to ensure a robust and secure foundation for better network visibility. With higher visibility, the IT security teams can identify threats and anomalies more quickly by monitoring traffic patterns, unauthorised connection attempts, anomalous user behaviour and more. Complete visibility enables early threat detection and rapid incident response.

#### (b) Employee Training and Awareness

Employees are critical in maintaining a secure IT environment, *the Regulatory Authority* continues to carry out cyber security awareness training programmes on threats to information security and train users to protect themselves and the institutions from harmful threats.

#### (c) Cyber Security Risk Management Framework (CSF)

**The Regulatory Authority** continues to manage cyber security through the adoption of the NIST Cyber Security Framework. The main goal of the NIST CSF is to prioritise cybersecurity and incorporate risk assessments into organisational decisions. By doing so, the framework aims to help **the Regulatory Authority** understand, manage, and reduce cybersecurity risks effectively.

#### (d) Network and Systems Infrastructure Improvements

**The Regulatory Authority** is continually investing on upgrading and expanding the infrastructure to enhance systems availability, performance, ensuring security and data recovery to support business growth. Such upgrades led to improved operational efficiency, reduced downtime and a better overall user experience.

## **Communication and Consumer Affairs**

Effective stakeholder management and consumer protection are important components in the implementation of *the Regulatory Authority's* mandate to contribute to the soundness and stability of the financial system, through the effective and efficient regulation and supervision of the NBFI sector.

#### Stakeholder Engagement and Public Education

**The Regulatory Authority** ensured the timely dissemination of regulatory and supervisory updates and public education information to stakeholders. **The Regulatory Authority's** financial education efforts are geared toward informing consumers about the mandate as well as their rights and responsibilities when accessing products and services from the NBFI sector.

During the period under review, stakeholder engagement had a particular emphasis on access to pension credit as per the Retirement Funds Act, 2022 and the allocation of death benefits, the benefits and risks of virtual assets, insurance Policyholder Protection Rules, the administration and repudiation of Funeral Insurance Policies and the NBFIRA Ethics Hotline. *The Regulatory Authority* relayed these messages to the public through broadcast media avenues such as radio interviews and announcements and a BTV news interview. Other avenues utilised were social media platforms, the corporate website and newspaper placements. Furthermore, *the Regulatory Authority* featured in the Forbes Africa March 2023 issue expounding on the significance of the NBFIs sector's contribution to the local economy.

**The Regulatory Authority** fittingly participated in a number of stakeholder outreach events including holding a mall activation in Gaborone to promote consumer protection and financial education, participating in the Ministry of Finance's national budget preparation and economic update held in Mochudi and the Budget Awareness Roadshows in Kasane, Maun and Francistown. Other outreach events included taking part in panel discussions during the BITC EU-Botswana Business Forum on a topic focused on innovation and green financial services, the Consumer Fair, Botswana Pensions Society Annual Conference, and the UNICEF International Day of the Girl Child by hosting secondary school age female students and apprising them of valuable insights into **the Regulatory Authority's** mandate and career development.

**The Regulatory Authority** duly honoured a number of invitations to participate in industry events including the Botswana Investment Professionals Society's (BIPS) webinar on the fundamentals of asset segregation and a symposium on insurance penetration.

Media relations were maintained through the effective response to media enquiries which addressed topics including the impact of the Local Asset Status on the repatriation of offshore pension funds as per the revised PFR2, some NBFIT judgements and the infamous ponzi scheme Ecoplexus.

#### **Complaints Management**

**The Regulatory Authority** has the responsibility of protecting consumers of NBFIs and this entails addressing consumers' complaints against NBFIs, where the parties have failed to reach an amicable solution. The volume and nature of complaints lodged with **the Regulatory Authority** by consumers is one of the indicators of the state of market conduct of the NBFI sector. As part of the organisational restructuring, in March 2023, the complaints management function was centralised for enhanced efficiency. Table 7.17 states the categorisation of complaints into Tiers and the respective turnaround times.

Table 7.17: Categorisation of Complaints

Tier	Level of Complexity	Turnaround Time
1	Non-complex Complaints	10 Working Days (2 weeks)
2	Complaints that have low levels of complexity	35 Working Days (7 weeks)
3	Complaints that have moderate levels of complexity	85 Working Days (17 weeks)
4	Complaints that have high levels of complexity	150 Working Days (30 weeks)

During the period under review, *the Regulatory Authority* received a total of 227 complaints and resolved 104, yielding a closure rate of 46 percent.



## **Finance**

#### **NBFIRA Financial Performance**

**The Regulatory Authority** generated total income of P106.8 million in 2024, representing a nine percent increase, compared to a five percent increase (P98.1 million) recorded in the prior year. Furthermore, **the Regulatory Authority** incurred expenditure amounting to P109.1 million in 2024 against P88.7 million expenses incurred in 2023, representing a 23 percent increase. Thus, **the Regulatory Authority's** surplus decreased by 99 percent from P11.9 million in 2023 to a marginal P0.2 million in 2024 as depicted in Figure 7.

Figure 7: Financial performance



Source: NBFIRA

Government continues to be an important partner in financially supporting *the Regulatory Authority* to be able to meet the operational costs. *The Regulatory Authority* received funding from Government amounting to P9.1 million in the period under review, an increase from the P7.8 million received in 2023. The subvention received (P9.1 million in 2024) was split between a revenue grant at P4.5 million and a capital grant at P4.6 million. The supervisory levies remain the largest contributor to total income, increasing by 12 percent from P85.7 million in 2023 to P95.8 million in 2024 (Table 7.18).

Table 7.18: Total Income of the Regulatory Authority (BWP Thousand)

Total Income	2024	2023	Annual Percentage Change
Government Subvention	4,491	4,833	(7)
Supervisory Levies	95,820	85,699	12
Amortisation of Government Grants	1,276	1,187	7
Other operating income	5,208	6,402	(19)
Total	106,796	98,121	9

Source: NBFIRA

Of the P109.1 million total expenses incurred in 2024, staff costs accounted for the largest share at 63 percent whereas credit loss allowances were the least at one percent as depicted in Table 7.19.

Table 7.19: Total Expenses of the Regulatory Authority (BWP Thousand)

Total Expenses	2024	2023	Annual Percentage Change
Credit loss allowances	1,573	1,902	(17)
Staff costs	69,060	57,584	20
Consultancy costs	5,838	7,391	(21)
Administrative costs	14,901	10,459	43
Other operating expenses	17,772	11,316	57
Total expenses	109,145	88,652	23

Source: NBFIRA

NBFIRA Norther francial Institution Regulatory



## **Annual Financial Statements**

Non-Bank Financial Institutions Regulatory Authority Annual Financial Statements for the year ended 31 March 2024



Annual Financial Statements for the year ended 31 March 2024

#### **General Information**

**Country of domicile** Botswana

Nature of operations and

principal activities

Safeguard the fairness, stability and efficiency of

the non-bank financial sector.

**Directors** Ms. M. V. Kabomo (Chairperson) (Tenure ended on 30-11-2023)

Ms. L. Maruping

Ms. P. Masalela

Dr. L. S. Senatla

Ms. I. M. Ramalohlanye

Ms. H. D. Hlanti Mr. K Gaamangwe

Mr. T. E. Gaadingwe (Chairperson)

Ms. T. Modise Ms. T. Rammidi (Tenure ended on 31-08-2023)

(Tenure ended on 31-07-2024)

(Appointed on 01-04-2024)

(Appointed on 01-04-2024)

(Appointed on 01-04-2024)

**Chief Executive Officer** Mr. O.A.Motshidisi

**Registered office** 3rd Floor

Exponential building

Plot 54351

Central Business District

Off PG Matante

Gaborone

**Business address** Plot 54351

Central Business District

Off PG Matante

Gaborone, Botswana

Stanbic Bank of Botswana Limited **Bankers** 

**Auditors** Forvis Mazars

**Certified Auditors** 

Botswana Pula "BWP" **Functional Currency** 



Annual Financial Statements for the year ended 31 March 2024

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Annual Financial Statements for the year ended 31 March 2024

#### **Board Responsibilities and Approval of the Annual Financial Statements**

The directors are required in terms of the Non-Bank Financial Institutions Regulatory Authority Act, 2023 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Authority's cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the Authority has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on pages 65 to 68.

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Annrova	l ot tinancial	statements
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Director

Director

Gaborone



forv/s mazars

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# **Independent Auditor's Report**

# To the Members of Non-Bank Financial Institutions Regulatory Authority

#### **Opinion**

We have audited the annual financial statements of Non-Bank Financial Institutions Regulatory Authority set out on pages 69 to 102, which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Non-Bank Financial Institutions Regulatory Authority as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

# **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the authority in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of Auditor's Responsibilities for the audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





# **Independent Auditor's Report**

Key Audit Matter	How our audit addressed the key audit matter
Recognition of Revenue Received	Our audit procedures included the following:
The Authority receives Supervisory levies which are a significant portion of the total revenue received. For the year ended 31 March 2024 the supervisory levies constituted 89.73% of the total revenue received by the authority.	<ul> <li>We reviewed the rates used as per the second schedule of the NBFIRA Supervisory Levies Regulations, 2023 and assessed whether these had been properly applied to the regulated entities.</li> </ul>
We have focused attention on this area as the Supervisory levies are significant combined with the different rates and basis applied for the nature of entities.	We performed recalculations on the sample of invoices based on the information provided by the regulatory division and verified that these have been accurately processed and recorded in the general ledger
Impairment of Trade receivables	Our audit procedures included the following:
On 31 March 2024, the Authority had net trade receivables of P419,481 after recognising a total impairment allowance of P2,783,105 on its statement of financial position.	We assessed the Authority's grouping assessment based on the credit profile.
The Authority applies a provisioning matrix as a practical expedient to determine the expected credit losses for trade receivables. Trade receivables have been assessed on a collective basis for all trade and other receivables in totality.	We assessed the Authority's impairment model against the requirements of IFRS 9 Financial instruments ("IFRS 9")      We tested, on the sample basis, the data utilised in the
Trade receivables are considered irrecoverable when the customer has not made any payment within 120 days is in severe financial difficulty and there is no realistic prospect of recovery or has	impairment model as at 31 March 2024, including ageing of debtor balances and debt recovery rates.
entered in a bankruptcy proceedings.	We assessed the judgements made by the Authority in determining adjustments to loss rates for forward looking
In determining the impairment, key judgements were applied by the Authority in selecting and applying an appropriate model and in determining the credit losses which are expected to be incurred	macroeconomic factors through discussion with management and our knowledge of the operations and gained through our audit
once it is considered irrecoverable.	In conclusion we considered the judgements applied on the
Impairment of trade receivables was a matter of most significance to the current year audit due the significance of the trade receivable balance, as well as the judgements and estimates applied in determining an appropriate level of impairment is disclosed in:  Note 1: Accounting policy and Note 17: Trade and other receivables.	valuations of the trade receivable applying the IFRS 9 model and related financial statements disclosures to appropriate.





Independent Auditor's Report

#### Other information

The directors are responsible for the other information. The other information comprises the Detailed income statement set out on pages 103 to 104 which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 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 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 Annual Financial Statements

The directors of the Authority are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing 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 authority or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the 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 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 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 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 authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

# Reporting on Other Legal and Regulatory Requirements

As required by the Non-Bank Financial Institutions Regulatory Authority Act, 2023, we report to you based on our audit that:

- All the information and explanation which to the best of auditor's knowledge and belief, were necessary for the performance of the auditor's duties.
- The records and related records of the Regulatory Authority have been properly kept.
- The regulatory Authority has complied with all the financial provisions of this Act which is its duty to comply with; and
- The statement of accounts prepared by the Authority was prepared on a basis consistent with that of the preceding year and represents a true and fair view of the transactions and the financial affairs of the regulatory authority.

FORUIS MAZARS

Forvis Mazars
Certified Auditors

Practicing member: Devika Rayirath Membership number: CAP 0037 2024 Date: 16/09/2024

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Annual Financial Statements for the year ended 31 March 2024

# $Statement\ of\ Profit\ or\ Loss\ and\ Other\ Comprehensive\ Income\ for\ the\ year\ ended\ 31\ March\ 2024$

Figures in Pula	Note	2024	2023
_			
Revenue	2	4 401 40 4	4 000 000
Government grants	3	4,491,404	4,832,830
Amortisation of government grants	4	1,275,902	1,186,988
Other operating income	5	5,208,123	6,401,573
Supervisory levies	6	95,820,370	85,699,270
Total revenue		106,795,799	98,120,661
Movement in credit loss allowances	7	(1,573,172)	(1,902,287)
Administrative expenses	8	(14,900,844)	(10,458,568)
Operating expenses	9	(17,772,265)	(11,315,687)
Consultancy cost	10	(5,838,139)	(7,391,441)
Staff costs	11	(69,060,366)	(57,584,097)
Total operating expenses		(109,144,786)	(88,652,080)
Operating surplus/(deficit)		(2,348,987)	9,468,581
Finance income	12	3,136,415	3,004,313
Finance costs	13	(631,961)	(588,583)
Total operating surplus for the year		155,467	11,884,311
Total comprehensive income for the year		155,467	11,884,311



Annual Financial Statements for the year ended 31 March 2024

# Statement of Financial Position as at 31 March 2024

Non-Current Assets	Figures in Pula	Note	2024	2023
Non-Current Assets         Property, plant and equipment         14         17,152,557         9,230,205         Right-of-use assets         15         8,013,087         12,383,862         18,013,087         12,383,862         18,013,087         633,313         25,655,431         22,247,206         22,247,206         22,247,206         22,247,206         22,247,206         22,247,206         23,309,541         22,247,206         23,309,541	Assats			
Property, plant and equipment         14         17,152,557         9,230,205           Right-of-use assets         15         8,013,087         12,383,862           Intangible assets         16         489,787         633,139           Current Assets         Trade and other receivables         17         3,739,764         2,369,541           Cash and cash equivalents         18         48,937,017         57,510,673           Cash and Lashilities         78,332,212         82,127,420           Funds and Liabilities         Funds and Liabilities           Reserves         Accumulated surplus         8,978,765         8,978,765           Accumulated surplus         8,978,765         8,978,765           Accumulated surplus         8,978,765         35,693,094         35,537,627           44,671,859         44,516,339         44,516,339           Current Liabilities         15         4,404,454         9,172,345           Government grants         19         13,763,108         10,457,414           Trade and other payables         20         6,263,022         8,377,60           Lasse liabilities         15         4,767,892         4,220,978				
Right-of-use assets       15       8,013,087       12,383,862         Intangible assets       16       489,787       633,133         Current Assets       7       25,655,431       22,247,206         Trade and other receivables       17       3,739,764       2,369,541         Cash and cash equivalents       18       48,937,017       57,510,673         Total Assets       52,676,781       59,880,214         Funds and Liabilities         Funds and Liabilities         8,978,765       8		14	17 152 557	9 230 205
Intangible assets         16         489,787         633,139           Current Assets         25,655,431         22,247,206           Trade and other receivables         17         3,739,764         2,369,541           Cash and cash equivalents         18         48,937,017         57,510,673           Total Assets         78,332,212         82,127,420           Funds and Liabilities           Funds           8,978,765         8,978,765         8,978,765           Accumulated surplus         8,978,765         8,978,765         35,693,094         35,537,627           44,671,859         44,516,392         44,516,392         44,516,392         44,516,392           Lease liabilities         15         4,404,454         9,172,345         9,172,345         9,172,345         19,629,759         19,629,759         19,629,759         19,629,759         19,629,759         19,629,759         19,629,759         19,629,759         19,629,759         1,767,892         4,220,978         2,20,978         2,20,978         2,20,978         2,20,978         2,20,978         2,20,978         2,20,978         2,20,978         2,20,978         2,20,978         2,20,978         2,20,278         2,20,278         2,20,278         2,20,278				
Current Assets         25,655,431         22,247,206           Current Assets         17         3,739,764         2,369,541           Cash and cash equivalents         18         48,937,017         57,510,673           Total Assets         78,332,212         82,127,420           Funds and Liabilities           Funds           8,978,765         8,978,765           Accumulated surplus         8,978,765         8,978,765           Accumulated surplus         8,978,765         35,693,094         35,537,627           44,671,859         44,516,339         44,516,339           Current Liabilities         15         4,404,454         9,172,345           Government grants         15         4,404,454         9,172,345           Furrent Liabilities         13,167,562         19,629,789           Current Liabilities         20         6,263,022         8,377,760           Lease liabilities         20         6,263,022         8,377,760           Lease liabilities         20         6,263,022         8,377,760           Lease liabilities         15         4,767,892         4,220,978           Share training trainin				
Current Assets       7 3,739,764       2,369,541         Cash and cash equivalents       18       48,937,017       57,510,673         52,676,781       59,880,214         Total Assets       78,332,212       82,127,420         Funds and Liabilities         Funds and Liabilities         8,978,765       8,978,765       8,978,765       8,978,765       35,693,094       35,537,627       35,693,094       35,537,627       24,671,859       44,516,392       44,516,392       44,516,392       44,516,392       10,457,414       13,763,108       10,457,414       13,763,108       10,457,414       18,167,562       19,629,759       19,629,759       10,467,414       10,467,462       19,629,759       10,467,462       19,629,759       10,457,414       10,467,462       10,467,462       10,457,414       10,467,462	8			
Trade and other receivables         17         3,739,764         2,369,541           Cash and cash equivalents         18         48,937,017         57,510,673           52,676,781         59,880,214           76 332,212         82,127,420           Funds and Liabilities           Funds           Reserves         8,978,765         8,978,765           Accumulated surplus         8,978,765         35,693,094         35,537,627           44,671,859         44,516,392         44,516,392           Lease liabilities         15         4,404,454         9,172,345           Government grants         15         4,404,454         9,172,345           Government grants         15         4,404,454         9,172,345           Government grants         20         6,263,022         8,377,60           Lease liabilities         20         6,263,022         8,377,60           Lease liabilities         15         4,767,892         4,220,978           Short-term employee benefits         15         4,767,892         4,220,978           Total Liabilities         15         4,461,877         5,382,531           15         4,461,877         5,382,531         15 <tr< td=""><td>Current Assets</td><td></td><td></td><td></td></tr<>	Current Assets			
Cash and cash equivalents         18         48,937,017         57,510,673           Total Assets         52,676,781         59,880,214           Funds and Liabilities           Funds           Reserves         8,978,765         8,978,765           Accumulated surplus         8,978,765         35,693,094         35,537,627           44,671,859         44,516,392         44,516,392         44,516,392           Lease liabilities         15         4,404,454         9,172,345           Government grants         15         4,404,454         9,172,345           Government grants         15         4,404,454         9,172,345           Trade and other payables         20         6,263,022         8,377,760           Lease liabilities         20         6,263,022         8,377,760           Lease liabilities         21         4,461,877         5,382,531           Short-term employee benefits         21         4,461,877         5,382,531           Total Liabilities         33,660,353         37,611,028		17	3 739 764	2 369 541
Total Assets         52,676,781         59,880,214           Funds and Liabilities           Funds           Reserves           Accumulated surplus         8,978,765         8,978,765           Accumulated surplus         8,978,765         35,693,094         35,537,627           44,671,859         44,516,392         44,516,392           Non-Current Liabilities           Lease liabilities         15         4,404,454         9,172,345           Government grants         15         4,404,454         9,172,345           19         13,763,108         10,457,414           19         13,763,108         10,457,414           10         13,763,108         19,629,759           10         4,617,562         19,629,759           10         2,626,3022         8,377,760           10         2,626,3022         8,377,760           10         4,767,892         4,220,978           10         4,461,877         5,382,531           10         4,461,877         5,382,531           10         4,461,871         5,382,531           10         4,461,871         5,382,531           10         4,461				
Total Assets         78,332,212         82,127,420           Funds         Secures         Secure	Caon and Caon Cquivalents	10		
Funds         Reserves       8,978,765       8,978,765         Accumulated surplus       35,693,094       35,537,627         44,671,859       44,516,392         Liabilities         Non-Current Liabilities       5       4,404,454       9,172,345         Lease liabilities       15       4,404,454       9,172,345         Government grants       15       4,404,454       10,457,414         18,167,562       19,629,759         Current Liabilities       20       6,263,022       8,377,760         Lease liabilities       20       6,263,022       8,377,760         Lease liabilities       15       4,767,892       4,220,978         Short-term employee benefits       21       4,461,877       5,382,531         Total Liabilities       33,660,353       37,611,028	Total Assets			
Funds         Reserves       8,978,765       8,978,765         Accumulated surplus       35,693,094       35,537,627         44,671,859       44,516,392         Liabilities         Non-Current Liabilities       5       4,404,454       9,172,345         Lease liabilities       15       4,404,454       9,172,345         Government grants       15       4,404,454       10,457,414         18,167,562       19,629,759         Current Liabilities       20       6,263,022       8,377,760         Lease liabilities       20       6,263,022       8,377,760         Lease liabilities       15       4,767,892       4,220,978         Short-term employee benefits       21       4,461,877       5,382,531         Total Liabilities       33,660,353       37,611,028	Funds and Liabilities			
Reserves       8,978,765       8,978,765       8,978,765       8,978,765       8,978,765       8,978,765       8,978,765       8,978,765       8,978,765       8,978,765       8,978,765       8,978,765       44,61,899       44,516,392       8,172,345       9,172,345       9,172,345       19,4629,759       13,763,108       10,457,414       18,167,562       19,629,759       Current Liabilities       20       6,263,022       8,377,760       Lease liabilities       20       6,263,022       8,377,760       Lease liabilities       15       4,461,877       5,382,531       15,492,791       17,981,269       Total Liabilities       33,660,353       37,611,028				
Accumulated surplus       8,978,765 35,693,094 35,537,627 35,693,094 44,516,392 44,671,859 44,516,392 44,671,859 44,516,392         Liabilities         Non-Current Liabilities       5       4,404,454 9,172,345 9,172,345 19 13,763,108 10,457,414 19 1				
35,693,094   35,537,627   44,671,859   44,516,392   44,671,859   44,516,392   44,671,859   44,516,392   44,671,859   44,516,392   4,20,454   5,10,254   4,404,454   5,172,345   5,20,2759   1,20,275			8.978.765	8.978.765
44,671,859       44,516,392         Liabilities         Non-Current Liabilities       15       4,404,454       9,172,345         Government grants       15       4,404,454       9,172,345         19       13,763,108       10,457,414         18,167,562       19,629,759         Current Liabilities       20       6,263,022       8,377,760         Lease liabilities       20       6,263,022       8,377,760         Short-term employee benefits       15       4,767,892       4,220,978         Short-term employee benefits       21       4,461,877       5,382,531         Total Liabilities       33,660,353       37,611,028	Accumulated surplus			
Non-Current Liabilities         Lease liabilities       15       4,404,454       9,172,345         Government grants       19       13,763,108       10,457,414         Current Liabilities         Trade and other payables       20       6,263,022       8,377,760         Lease liabilities       15       4,767,892       4,220,978         Short-term employee benefits       21       4,461,877       5,382,531         Total Liabilities       33,660,353       37,611,028				
Lease liabilities       15       4,404,454       9,172,345         Government grants       19       13,763,108       10,457,414         19       18,167,562       19,629,759         Current Liabilities         10       20       6,263,022       8,377,760         10       4,767,892       4,220,978         15       4,461,877       5,382,531         15       4,461,877       5,382,531         15       4,461,877       5,382,531         15       4,461,877       17,981,269         15       4,461,877       17,981,269         15       4,461,877       3,3660,353       37,611,028	Liabilities			
Lease liabilities       15       4,404,454       9,172,345         Government grants       19       13,763,108       10,457,414         19       18,167,562       19,629,759         Current Liabilities         10       20       6,263,022       8,377,760         10       4,767,892       4,220,978         15       4,461,877       5,382,531         15       4,461,877       5,382,531         15       4,461,877       5,382,531         15       4,461,877       17,981,269         15       4,461,877       17,981,269         15       4,461,877       3,3660,353       37,611,028	Non-Current Liabilities			
Government grants       15 4,404,454 9,172,345 19 13,763,108 10,457,414 19 13,763,108 10,457,414 10,457				
19       13,763,108       10,457,414         18,167,562       19,629,759         Current Liabilities         Trade and other payables       20       6,263,022       8,377,760         Lease liabilities       15       4,767,892       4,220,978         Short-term employee benefits       21       4,461,877       5,382,531         Total Liabilities       33,660,353       37,611,028		15	4,404,454	9,172,345
Current Liabilities         Trade and other payables       20       6,263,022       8,377,760         Lease liabilities       15       4,767,892       4,220,978         Short-term employee benefits       21       4,461,877       5,382,531         Total Liabilities       33,660,353       37,611,028	8. s	19		10,457,414
Trade and other payables       20       6,263,022       8,377,760         Lease liabilities       15       4,767,892       4,220,978         Short-term employee benefits       21       4,461,877       5,382,531         Total Liabilities       15,492,791       17,981,269         33,660,353       37,611,028			18,167,562	19,629,759
Trade and other payables       20       6,263,022       8,377,760         Lease liabilities       15       4,767,892       4,220,978         Short-term employee benefits       21       4,461,877       5,382,531         Total Liabilities       15,492,791       17,981,269         33,660,353       37,611,028	Command Link liking			
Lease liabilities       15       4,767,892       4,220,978         Short-term employee benefits       21       4,461,877       5,382,531         15,492,791       17,981,269         Total Liabilities       33,660,353       37,611,028		20	6 262 022	0 277 760
Short-term employee benefits         21         4,461,877         5,382,531           15,492,791         17,981,269           Total Liabilities         33,660,353         37,611,028	, ,			
15,492,791       17,981,269         Total Liabilities       33,660,353       37,611,028				
Total Liabilities 33,660,353 37,611,028	Short-term employee benefits	21		
=======================================	Total Liabilities			
	Total Funds and Liabilities		78,332,212	82,127,420



Annual Financial Statements for the year ended 31 March 2024

#### Statement of Changes in Funds for the year ended 31 March 2024

Figures in Pula	Revaluation	Statutory	Total	Accumulated	Total Funds
	reserve	reserve	reserves	surplus	
Balance at 01 April 2022	624,775	6,021,540	6,646,315	25,985,765	32,632,080
Surplus for the year	_	-	-	11,884,312	11,884,312
Transfer between reserves		2,332,450	2,332,450	(2,332,450)	_
Total changes recognised directly	-	2,332,450	2,332,450	(2,332,450)	-
in Statement of Funds					
Balance at 31 March 2023	624,775	8,353,990	8,978,765	35,537,627	44,516,392
Surplus for the year	-	-	-	155,467	155,467
Balance at 31 March 2024	624,775	8,353,990	8,978,765	35,693,094	44,671,859

#### **Statutory Reserve**

Section 31 (1) of the Non-Bank Financial Institutions Regulatory Act, 2023 requires that an annual estimate not exceeding 10 percent (10%) of the total expenditure provided for in the estimates, be provided for as a reserve. The Statutory Reserve provided is adequate for the level of expenditure incurred. The purpose of the reserve is to be utilised for unforseen regulatory expenditure.

The Regulatory Authority believes that based on the current budget, the statutory reserve is adequate and in compliance with Section 31 (1) of Non-Bank Financial Institutions Regulatory Act, 2023.



Annual Financial Statements for the year ended 31 March 2024

# Statement of Cash Flows for the year ended 31 March 2024

Figures in Pula	Note	2024	2023
Cash flows from operating activities			
Cash (used in)/generated from operations	22	(1,860,050)	16,797,102
Finance costs		(631,961)	(588,583)
Net cash from operating activities		(2,492,011)	16,208,519
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(9,578,678)	(5,682,429)
Interest income		3,136,415	3,004,313
Net cash from investing activities		(6,442,263)	(2,678,116)
Cash flows from financing activities			
		4,581,596	2,942,170
Government grants		(4,220,977)	(2,934,615)
Payment on lease liabilities		360,619	7,555
Net cash from financing activities			
Total cash and cash equivalents movement for the year		(8,573,655)	13,537,958
Cash and cash equivalents at the beginning of the year		57,510,672	43,972,715
Total cash and cash equivalents at end of the year	18	48,937,017	57,510,673

Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

# 1. Significant accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis (except for certain financial instruments measured at fair value) and incorporate the principal accounting policies set out below. They are presented in Pula.

These accounting policies are consistent with the previous period.

# 1.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the Non-Bank Financial Institutions Regulatory Act, 2023.

# 1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with the International Financial Reporting Standards requires the use of certain critical accounting estimates and judgements concerning the future. Estimates and judgements are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the Authority's accounting policies, management has made the following estimates that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next year.

# Key Areas of estimation and judgement

The key assumption concerning the future and other key sources of estimation uncertainty and judgements at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year as this involves assessments or decisions that are particularly complex or subjective, are discussed below:

#### Depreciation charges and residual values

For depreciation purposes, a significant component is defined as equal to or greater than 20% of total cost of the asset and each significant component with different useful lives is depreciated separately. The depreciation methods reflects the pattern in which economic benefits attributable to the assets flow to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to the technological obsolescence, maintenance programs, refurbishments, product life cycles and the intention of management. Residual values of assets are determined by estimating the amount that the entity would currently obtain from the disposal of the asset already of age and in the condition expected at the end of its useful life. The estimation of the useful life and residual values of an asset is a matter of judgement based on the past experience of the Authority with similar assets and the intention of management. Assessment of the asset condition and usefulness are key assumptions used to determine the assets' useful lives and residual values.

#### **Supervisory Levies**

Where supervisory levies are calculated on information that has not been audited, the Regulatory Authority assumes that estimates have been used and will place reliance on the information submitted by the regulated entities as a basis for calculation.





Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

## 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply and demand, together with economic factors such as exchange rates, inflation and interest.

#### **Provisions**

Provisions were raised and management determined an estimate based on information available.

#### 1.3 Property, plant and equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any. All plant and equipment are measured at historical cost less depreciation and impairment losses. Historical costs includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs such as replacement parts and major inspections are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All day-to-day repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Motor vehicles is subsequently measured at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year. The assets are revalued every 2-3 years.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

# 1.3 Property, plant and equipment (continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives on a straight-line basis, to estimated residual values. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated separately over their useful lives. The methods of depreciation, useful lives and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Leasehold property	Lease Term	Lease Term
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4-5 years
Office equipment	Straight line	6-7 years
Computer equipment	Straight line	3-7 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

## 1.3 Property, plant and equipment (continued)

#### Capital work in progress

Capital work in progress represents cost incurred to date on property, plant and equipment which is still under construction but not yet completed. For capital work in progress, no depreciation is recorded until the asset is placed in service. When the project is completed, the asset is reclassified as tangible asset and is capitalised and depreciated.

# 1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- · the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Average useful life
Risk Based Supervisory System (RBSS)	5 years
Enterprise Resource Planning (ERP)	5 years
Barn owl (Risk and Audit Management System)	5 years

#### 1.5 Financial instruments

Financial instruments held by the Authority are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Authority, as applicable, are as follows:

#### Financial assets:

Amortised cost.

#### Financial liabilities:

Amortised cost.

Note 26 Financial instruments and risk management presents the financial instruments held by the Authority based on their specific classifications.

Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

# 1.5 Financial instruments (continued)

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

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Authority are presented below:

#### Trade and other receivables

#### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 17).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Authority's business model is to collect the contractual cash flows on trade and other receivables.

# **Recognition and measurement**

Trade and other receivables are recognised when the Authority becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### **Impairment**

The Authority recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Authority measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

# Measurement and recognition of expected credit losses

The Authority makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.



Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

## 1.5 Financial instruments (continued)

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in Note 17.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance Note 17.

# Write off policy

The Authority writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Authority recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### **Credit risk**

Details of credit risk are included in the trade and other receivables note (Note 17) and the financial instruments and risk management note (Note 26).

# **Derecognition**

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

#### Trade and other payables

#### Classification

Trade and other payables (Note 20), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

#### **Recognition and measurement**

They are recognised when the Authority becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an



Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

## 1.5 Financial instruments (continued)

integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables expose the Authority to liquidity risk and possibly to interest rate risk. Refer to Note 26 for details of risk exposure and management thereof.

# **Derecognition**

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

#### Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash, cash deposits on call and short-term fixed deposit accounts in banks. Cash and cash equivalents are subsequently carried at amortised cost. Due to the short-term nature of these, the amortised cost approximates its fair value.

The Authority's financial assets include cash and cash equivalents and trade and other receivables.

#### Derecognition

#### **Financial assets**

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## **Financial liabilities**

The Authority derecognises financial liabilities when, and only when, the Authority obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 1.6 Leases

The Authority assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.





Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

#### 1.6 Leases (continued)

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Authority has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

#### **Authority as lessee**

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Authority is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Authority recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Authority has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Authority is a lessee are presented in Note 15 Leases (Authority as lessee).

# **Lease liability**

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 rate implicit in the lease. If this rate cannot be readily determined, the Authority uses its incremental borrowing rate.

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

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- 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 Authority under residual value guarantees;
- the exercise price of purchase options, if the Authority is reasonably certain to exercise the option;



Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

# 1.6 Leases (continued)

- lease payments in an optional renewal period if the Authority is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (Note 15).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (Note 13).

The Authority remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Authority will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case
  the lease liability is remeasured by discounting the revised lease payments using the initial 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);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.





Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

## 1.6 Leases (continued)

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

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- · any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset
  or the site on which it is located, when the Authority incurs an obligation to do so, unless these costs
  are incurred to produce inventories; and
- · less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

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

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

#### 1.7 Employee benefits

#### **Pension**

The Regulatory Authority operates a defined contribution scheme for the employees. Payments to the scheme are charged as an expense to the statement of comprehensive income as they fall due.

#### Gratuity

The Regulatory Authority provides for gratuity benefits for employees on fixed term contracts in line with the Employment Act Chapter 47:01 and the relevant employment contracts. Gratuity expenses are recognised immediately, to the extent that the benefits are amortised on a straight-line basis over the period of service, until the benefits become payable. The charge is made to expenses in the statement of comprehensive income and a separate provision in the statement of financial position.



Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

## 1.7 Employee benefits (continued)

#### Leave pay provision

The Regulatory Authority recognises, in full, employee's right to annual leave entitlement in respect of past service. The recognition is made each year and is calculated based on accrued leave days not taken during the year. The charge is made to expenses in the statement of comprehensive income and a separate provision in the statement of financial position.

#### 1.8 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect of the time value of money is material.

#### 1.9 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Authority will comply with the conditions attaching to them; and
- · the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants relating to the acquisition of property, plant and equipment are credited to the income statement on a straight line basis over the expected useful lives of the related assets. The related costs are shown at cost less accumulated depreciation. When an asset financed through grants is disposed of, the total unamortised portion of the grant relating to the asset is recognised in profit and loss in the year of disposal.

## 1.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Regulatory Authority had no eligible assets or borrowing costs for the period reported.



Annual Financial Statements for the year ended 31 March 2024

#### **Accounting Policies**

## 1.11 Translation of foreign currencies

#### Foreign currency transactions

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Foreign exchange translation gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those used when translating at initial recognition during the period or in the financial statements are taken to the statement of comprehensive income in the period they arise.

#### 1.12 Impairment of non-financial assets

At each financial reporting date, the Authority reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash generating section to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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 (or cash-generating section) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the surplus or deficit in those categories consistent with the function of the impaired asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating section) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in the prior years. A reversal of an impairment loss is recognised in the surplus or deficit.

#### 1.13 Revenue from regulated entities

The Authority recognises revenue from the following major sources:

- · Supervisory levies
- License fees
- · Penalties and interest
- · Finance income
- Government Grant

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Authority recognises revenue when it transfers control of a product or service to a customer.



Annual Financial Statements for the year ended 31 March 2024

# **Accounting Policies**

#### The Supervisory levies

The supervisory levies and licence fees were promulgated into law through Statutory Instrument No.55 of 2023 of the Republic of Botswana, which was published in the Government Gazette of the 16th June 2023. Supervisory levies are charged and are payable in two equal portions, on or before the 30th April and 31st October of each financial year. Registered non-bank financial institutions are required to pay levies on an annual basis in terms of the Non-Bank Financial Institutions Regulatory Authority Act, 2023. Supervisory levies are recognised at point in time. The Regulatory Authority may, on application, waive payment of some or all of a supervisory levy, penalty levy or a fee. The levies are fixed in nature and there are no separate performance obligations identified.

#### License fees

License fees are recognised on licensing of the relevant supervised entities and are recognised at the point in time. Some classes of regulated entities are charged annual licence fees, such fees are recognised by the Authority as revenue.

#### Penalties and interest

Penalties and interest are recognised in the surplus or deficit on penalizing those regulated entities that have defaulted in meeting the necessary regulatory guidelines.

# Finance income

Revenue is recognised as interest accrues (using the effective interest method). Finance income is recognised in the surplus or deficit.

#### **Government Grant**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to the purchase of an asset, it is recognised as capital grant in the statement of financial position and released to the statement of comprehensive income in equal amounts over the expected useful life of the related asset. Where the Authority receives a nonmonetary grant, the asset and the grant are recorded at nominal amounts and released to the total surplus or deficit over the expected useful life of the relevant asset by equal annual installments.

#### 1.14 Related Parties

Related parties are considered to be related if one party has the ability to control or jointly control the other parties or exercise significant influence over the other party in making financial and other operating decisions. Key management personnel are also regarded as related parties. Key Management personnel are those having authority and responsibility for planning, directly and controlling the activities of the entity, directly or indirectly including all executive and non executive directors. NBFIRA was established through an Act of Parliament enacted by the Government of Botswana.

Related party transactions are those where a transfer of resources or obligations between related occur, regardless of whether or not a price is charged.





Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

# 2. New Standards and Interpretations

# 2.1 Standards and interpretations not yet effective

The Authority has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the authority's accounting periods beginning on or after 01 April 2024 or later periods:

# IFRS 7 Financial Instruments: Disclosure IAS 7 Statement of Cash Flows

Amendment: Supplier finance arrangements requiring disclosure

- about how supplier finance arrangements affect an entity's liabilities and cash flow.
- as to whether supplier finance agreements have been accessed providing extended payment terms or early payment terms for suppliers.
- of the effects of exposure to liquidity risk including the impact if the supplier finance arrangements are no longer available.

The effective date of the standard is for years beginning on or after 01 January 2024.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.

# **IFRS 16 Leases**

Narrow scope amendment: Lease Liability in a Sale and Leaseback:

- Subsequent measurement for sale and leaseback transactions meeting the IFRS 15 requirements for sale only.
- Seller-lessee to measure the lease liability in such a manner so that any gain or loss recognised relates only to rights transferred to buyer-lessor. No gain or loss may be recognised on the right of use retained.

The effective date of the standard is for years beginning on or after 01 January 2024.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.

# IFRS 18 Presentation and Disclosure in Financial Statements

New standard: This standard deals with the presentation and disclosure of information in general purpose financial statements; new requirements:

- · specified totals or subtotals within the statement of profit or loss;
- disclosure of management-defined performance measures;
- aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes; and consequential amendments to other accounting standards.

The effective date of the standard is for years beginning on or after 01 January 2027.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

# 2. New Standards and Interpretations (continued)

#### IAS 1 Presentation of Financial Statements

Amendment: Classification of Liabilities as Current or Non-current:

- Classification to be based on whether the right to defer settlement by at least twelve months exists at the end of the reporting period.
- Classification is not affected by expectation of settlement.
- Clarifies that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The effective date of the standard is for years beginning on or after 01 January 2024.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.

#### IAS 1 Presentation of IAS 1 Presentation of Financial Statements

Amendment: Classification of Long-term Debt Affected by Covenants:

- Classify debt as non-current only if the company can avoid settling the debt within 12 months after the reporting date.
- Specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date.
- Requirement to disclose information about covenants in the notes to the financial statements.

The effective date of the standard is for years beginning on or after 01 January 2024.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.

#### IAS 21 The Effect of Changes in Foreign Exchange Rates

Amendment: Lack of Exchangeability

- · Currency exchangeability explained.
- Requirement to estimate currency that is not exchangeable by using either an observable exchange rate without adjustment or using another estimation technique.
- Additional disclosures are required when an exchange rate requires estimation.

The effective date of the standard is for years beginning on or afte 01 January 2025

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.





Annual Financial Statements for the year ended 31 March 2024

**Notes to the Annual Financial Statements** 

#### 2. New Standards and Interpretations (continued)

#### IFRS S1 General Requirements for Disclosure of Sustainability-Related Financial Information

New Standard: requiring entities to disclose inf about sustainability-related risks and opportunities that are useful to users relating to providing resources to the entity

- Entities are required to disclose information about sustainability-related risks and opportunities reasonably expected to affect their prospects.
- Prescribes how the entity prepares and reports its sustainability-related disclosures, setting out general requirements for content and presentation thereof.
- To provide an understanding of the entity's governance processes & controls, strategy to manage, identification processes & controls and performance in relation to the sustainability-related risks and opportunities and targets set.

The effective date of the standard is for years beginning on or after 01 January 2024.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.

#### **IFRS S2 Climate-related Disclosures**

New Standard: requiring entities to disclose information about the climate-related risks (physical and transition) an entity is exposed to and the opportunities available to that may be useful to investors and capital providers.

- Entities are required to disclose information about climate-related risks and opportunities reasonably expected to affect their cash flows, access to finance or cost of capital over the short, medium- or long term.
- To provide an understanding of the entity's governance processes & controls, strategy, identification processes & controls and performance in relation to the climate-related risks and opportunities and targets set.

The effective date of the standard is for years beginning on or after 01 January 2024.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.

# Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that related to the right of use retained by the seller-lessee.

The effective date of the amendments is for years beginning on or after 01 January 2024.

It is unlikely that the amendment will have a material impact on the Authority's annual financial statements.



Annual Financial Statements for the year ended 31 March 2024

# Notes to the Annual Financial Statements

Figures in Pula	2024	2023
3. Government Grants		
Revenue grants	4,491,404	4,832,830
The total grant received from the government are as follows:		
Revenue grants	4,491,404	4,832,830
Capital grants	<u>4,581,596</u> <b>9,073,000</b>	2,942,170 <b>7,775,000</b>
	9,073,000	7,775,000
4. Amortisation of government grants		
Amortisation of property, plant and equipment	1,275,902	1,186,988
5. Other operating income		
Interest and penalties, registration and renewals	3,760,950	4,229,509
Other income	1,447,173	2,172,064
	5,208,123	6,401,573
6. Supervisory levies		
Supervisory levies-Capital Markets	169,488	169,488
Supervisory levies-Insurance	16,794,929	15,682,701
Supervisory levies-Retirement fund and investment institutions	24,988,533	22,718,058
Supervisory levies-Medical Aid	3,115,125	3,054,225
Supervisory levies-Non-Bank lending activities	50,752,295	44,074,798
	95,820,370	85,699,270
7. Movement in credit loss allowance		
Tue de au de atheur ve a si vale les	1 570 170	1,000,007
Trade and other receivables	1,573,172	1,902,287
8. Administrative expenses		
Advertising	427,323	518,989
Audit fees	124,545	131,385
Administrative expenses	188,955	174,745
Bank charges	64,120	41,198
Depreciation	6,027,101	4,297,069
Amortization of Barn Owl	143,352	83,622
Insurance	836,123	664,125
Motor vehicle expenses	46,302	40,044
Office expenses	306,611	62,788
Printing and Stationery	622,595	612,070
Recruitment	702,679	1,050,050
Telephone and Fax	1,085,556	995,771
relephone and rax		440,350
Travel	2,834,233	770,000
•	2,834,233 620,849	824,713
Travel		
Travel Staff costs	620,849	824,713

Annual Financial Statements for the year ended 31 March 2024

# **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023
9. Operating expenses		
Board costs	1,350,562	629,846
Branding and communications	864,796	1,058,233
Cleaning	316,125	225,697
Internet	1,126,301	965,924
Legal fees	2,865,673	596,028
Repairs and maintenance	584,458	664,110
License fees	6,028,408	4,115,194
Security	199,670	141,684
Subscriptions	948,418	1,224,692
Training	3,487,854	1,694,279
	17,772,265	11,315,687
10. Consultancy costs		
Other consultancy cost	5,615,966	7,089,635
Inspection	222,173	301,806
	5,838,139	7,391,441
11. Staff costs		
Staff costs		
Basic salaries	37,257,857	32,449,358
Allowances	23,894,846	18,255,509
Defined contribution plan expenses	7,907,663	6,879,230
	69,060,366	57,584,097
12. Finance income		
Interest income Investments in financial assets:		
Bank	3,136,415	3,004,313
13. Finance costs		
Interest expense for leasing arrangements	631,961	588,583



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023

#### 14. Property, plant and equipment

	2024				2023	
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	10,928,246	(4,197,857)	6,730,389	4,588,700	(3,593,873)	994,827
Motorvehicles	1,353,314	(194,718)	1,158,596	397,296	(99,325)	297,971
Office equipment	537,105	(319,630)	217,475	436,625	(285,379)	151,246
IT equipment	10,913,487	(5,304,946)	5,608,541	8,711,390	(4,382,249)	4,329,141
Leasehold improvements	125,714	(125,714)	-	125,714	(125,714)	-
Capital - Work in progress	3,437,556	-	3,437,556	3,457,020	-	3,457,020
Total	27,295,422	(10,142,865)	17,152,557	17,716,745	(8,486,540)	9,230,205

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers	Depreciation	Total
Furniture and fixtures	994,827	-	6,339,545	(603,983)	6,730,389
Motorvehicles	297,971	956,019	-	(95,394)	1,158,596
Office equipment	151,246	100,480	-	(34,251)	217,475
IT equipment	4,329,141	2,202,098	-	(922,698)	5,608,541
Capital - Work in progress	3,457,020	6,320,081	(6,339,545)	-	3,437,556
	9,230,205	9,578,678	-	(1,656,326)	17,152,557

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Transfers	Depreciation	Total
Furniture and fixtures	1,359,160	-	-	(364,333)	994,827
Motorvehicles	377,431	-	-	(79,460)	297,971
Office equipment	70,434	101,397	-	(20,585)	151,246
IT equipment	2,844,117	2,124,012	-	(638,988)	4,329,141
Capital - Work in progress	916,560	3,457,020	(916,560)	-	3,457,020
	5,567,702	5,682,429	(916,560)	(1,103,366)	9,230,205

#### Revaluations

The Authority's motor vehicles are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the asset differs materially from their fair value.

The revaluations of the motor vehicles were performed on 31 December 2021 by independent valuers who have appropriate knowledge and experience in the market values of the vehicles.

The carrying value of the revalued assets under the cost model would have been:

Motor vehicles 1 1 1

Other information

Fully depreciated property, plant and equipment still in use 5,861,637 2,155,847



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023
15. Right-of-use assets		
Net carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are included in the following line items:	0.010.007	10,000,000
Buildings	8,013,087	12,383,862
Additions to right-of-use assets		4,237,456
Buildings		4,237,430
Depreciation recognised on right-of-use assets		
Depreciation recognised on each class of right-of-use assets, is presented below. It includ expensed in the total depreciation charge in profit or loss, as well as depreciation which has other assets.	•	

	(4,220,977)	(2,972,316)
Total cash outflow from leases	(4,852,938)	(3,560,899)
Interest expense on lease liabilities	631,961	588,583
Other disclosures		
Buildings	4,370,775	3,193,704

#### Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year Two to five years	5,144,115 <u>4,498,979</u>	4,852,939 9,643,094
Less finance charges component	9,643,094 (470,748)	14,496,033 (1,102,710)
	9,172,346	13,393,323
Non-current liabilities Current liabilities	4,404,454 4,767,892	9,172,345 4,220,978
	9,172,346	13,393,323

The table below describes the nature of the Authority's leasing activities by type of right of use asset recognised on balance sheet. There were no leases with variable payments linked to an index and termination option.

Right of use assets	No of right of use assets leased	Range of remaining term (months)	Average remaining lease term (months)	No of leases with extension options	No of leases with option to purchase
Building	2	44	44	1	



Annual Financial Statements for the year ended 31 March 2024

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Notes to the Annual Financial State	ements					
Figures in Pula					2024	2023
16. Intangible assets						
3		2024			2023	
	Cost/	Accumulated	Carrying	Cost/	Accumulated	Carrying
	Valuation	amortisation	value	Valuation	amortisation	value
Barn Owl	716,761	(226,974)	489,787	716,761	(83,622)	633,139
Reconciliation of intangible assets	- 2024					
				Opening balance	Amortisation	Total
Barn Owl				633,139	(143,352)	489,787
Reconciliation of intangible assets	- 2023					
Ü			Opening balance	Transfers	Amortisation	Total
Barn Owl		_	-	716,761	(83,622)	633,139
17. Trade and other receivables						
Financial instruments:						
Trade receivables					3,202,586	2,477,115
Loss allowance						(2,334,039)
Trade receivables at amortised cost					419,481	143,076
Deposits					320,764	320,764
Employees salary advance BURS- Other withholding taxes					6,667 6,268	34,667
Prepayments					2,986,584	1,871,034
Total trade and other receivables					3,739,764	2,369,541
Split between non-current and cur	rent portions					
Current assets					3,739,764	2,369,541
Categorisation of trade and other r	eceivables					
Trade and other receivables are categ	orised as follow	vs in accordance	with IFRS 9: F	inancial instru	ments.	
At amortised cost					3,739,764	2,369,541



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023

#### 17. Trade and other receivables (continued)

#### Exposure to credit risk

Trade receivables inherently expose the Authority to credit risk, being the risk that the Authority will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the Authority only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Trade receivables arise from supervisory levies. The customer base is large and widespread, with a result that there is no specific significant concentration of credit risk from these trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Authority measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The Authority's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

#### **Expected credit loss rate:**

Not past due: 0.082%

Less than 30 days past due: 0%

61 - 90 days past due: 82.59% (2023: 87.08%)

More than 90 days past due: 100% (2023: 98.5%)

**Total** 

2024	2024	2023	2023
Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
255,025	(208)	-	-
343	-	14,211	-
943,884	(779,563)	804,777	(700,838)
2,003,334	(2,003,334)	1,658,127	(1,633,201)
3,202,586	(2,783,105)	2,477,115	(2,334,039)



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023

#### 17. Trade and other receivables (continued)

#### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Closing balance	(2,783,105)	(2,334,039)
Provision raised on new trade receivables	(1,573,172)	(1,902,287)
Write offs	508,934	1,796,919
Recoveries during the year	615,172	1,258,013
Opening balance	(2,334,039)	(3,486,684)

#### Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

#### 18. Cash and cash equivalents

Cash and cash equivalents consist of:

	48,937,017	57,510,673
Bank balances	48,935,373	57,509,280
Cash on hand	1,644	1,393

The cash and cash equivalents are earning interest at the floating rate based on a daily bank deposit rates. The Regulatory Authority has maintained separate gratuity account to ring-fence the post employment benefits relating to gratuity.

#### Credit quality of cash at bank excluding cash on hand

The credit quality of cash at bank, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. Commercial Banks in Botswana are not rated, however, these financial institutions are subsidiaries of rated banks in South Africa.

#### 19. Government grants

1,323,000	-
(1,275,902)	(1,186,988)
3,258,596	2,942,169
10,457,414	8,702,233
	3,258,596 (1,275,902)

#### 20. Trade and other payables

#### **Financial instruments:**

	6,263,022	8,377,760
Other payables	649,913	799,842
Trade payables	5,613,109	7,577,918

#### Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023

#### 21. Short-term employee benefits

#### Reconciliation of short-term employee benefits - 2024

	Opening balance	Additions	Utilised during the year	Total
Gratuity accruals	783,372	1,334,912	-	2,118,284
Leave accruals	4,599,159	987,922	(3,243,488)	2,343,593
	5,382,531	2,322,834	(3,243,488)	4,461,877

#### Reconciliation of short-term employee benefits - 2023

	Opening balance	Additions	Utilised during the vear	Total
Gratuity accruals Leave accruals	2,217,401 4,206,887	1,583,025 1,549,498	(3,017,054) (1,157,226)	783,372 4,599,159
	6,424,288	3,132,523	(4,174,280)	5,382,531

# 22. Cash (used in)/generated from operations

	(1,860,050)	16,797,102
Trade and other payables	(2,114,737)	4,790,708
Trade and other receivables	(2,943,395)	(1,716,221)
Changes in working capital:		
Amortisation of government grants	(1,275,902)	(1,186,988)
Transfer from capital work in progress to consultancy fees	-	199,799
Movements in short-term employee benefits	(920,654)	(1,041,757)
Net Impairments and movements in credit loss allowances	1,573,172	1,902,287
Finance costs	631,961	588,583
Interest income	(3,136,415)	(3,004,313)
Depreciation and amortisation	6,170,453	4,380,692
Adjustments for:		
Surplus before taxation	155,467	11,884,312

#### 23. Taxation

No provision for taxation is required as the Regulatory Authority is exempt from taxation in terms of the second Schedule of the Income Tax Act (Chapter 52:01).



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023

# 24. Changes in liabilities arising from financing activities

# Reconciliation of liabilities arising from financing activities - 2024

	Opening balance	Finance costs	New lease	Total repayment including interest	Total
Finance lease liabilities	13,393,323	631,961	-	(4,852,939)	9,172,345
Total	13,393,323	631,961	-	(4,852,939)	9,172,345

# Reconciliation of liabilities arising from financing activities - 2023

	Opening balance	Finance costs	New lease	Total repayment including interest	Total
Finance lease liabilities	12,090,482	588,583	4,237,456	(3,523,198)	13,393,323
Total	12,090,482	588,583	4,237,456	(3,523,198)	13,393,323



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023
1 1001 00 11 11 01101	===:	

#### 25. Related parties

#### Relationships

The Regulatory Authority was set up by the Non-Bank Financial Institutions Regulatory Authority Act, 2023 and is therefore related to the Government of the Republic of Botswana. Transactions with related parties are in the normal course of business. The following transaction were carried out with related parties.

Members of key management

Mr. O. A. Motshidisi

Mr. C. Habana (Appointed on August 2023)

Mr. M. Rampha

Ms. N. Modongo

Ms. M. Raphaka

Ms. D. Makepe

Ms. J. White

Mr. M. Bale

Ms. G. Masike

Mr. D. Dumedisang

Mr. O. Tshoswane

Mr. W. Bungile (Resigned on August 2023)

Ms. G. Seromelo

Ms. B. Ntebele

Ms. C. Monageng

Dr. K. Mmolainyane

Mr. K. Radira

Dr. T. Mahlanza (Appointed on September 2023)

Mr. M. Ramanteba (Appointed on August 2023)

Mr. M. Modise (Appointed on August 2023)

Mr. K. Mathake (Appointed on August 2023)

### **Related party transactions**

#### **Grant received**

	22.392.141	17.046.173
Other benefits	1,959,638	1,230,605
Gratuity and pension benefits	3,289,072	2,036,411
Short-term employee benefits	17,143,431	13,779,157
Compensation to directors and other key management		
Board costs Board allowances and other costs	1,350,562	629,846
Government of Republic of Botswana	9,073,000	7,775,000

Compensation paid to key personnel of the Authority. The amounts presented comprise 20 executive staff members (2023:19 executive staff members).



Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Pula	2024	2023

### 26. Financial instruments and risk management

### **Categories of financial instruments**

### **Categories of financial assets**

### 2024

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	17	3,739,764	3,739,764	3,739,764
Cash and cash equivalents	18	48,941,671	48,941,671	48,941,671
		52,681,435	52,681,435	52,681,435

### 2023

	Note(s)	<b>Amortised</b>	Total	<b>Fair value</b>
		cost		
Trade and other receivables	17	2,369,541	2,369,541	2,369,541
Cash and cash equivalents	18	57,510,673	57,510,673	57,510,673
		59,880,214	59,880,214	59,880,214

### **Categories of financial liabilities**

#### 2024

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	20	6,263,022	-	6,263,022	6,263,022
Lease liabilities	15	-	9,172,346	9,172,346	9,172,346
		6,263,022	9,172,346	15,435,368	15,435,368

### 2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	8,377,759	8,377,759	8,377,759
Lease liabilities	15	13,393,323	13,393,323	13,393,323
	_	21,771,082	21,771,082	21,771,082





Annual Financial Statements for the year ended 31 March 2024

### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023

### 26. Financial instruments and risk management (continued)

#### **Risk management**

Capital includes all funds and reserves as per the face of the statement of financial position. The Authority's objective when managing funds are to safeguard its ability to continue as a going concern in order to perform the mandate for which it was created for. Management is of the view that these objective are being met. During 2024, the Authority did not have borrowings. The Regulatory Authority is supported by the licensed Non-Bank Financial Institutions and the Government of the Republic of Botswana, currently the necessary support is provided to sustain the operations of the Regulatory Authority. The NBFIRA Act stipulates that an annual estimate of the Regulatory Authority's expenditure for a financial year shall include provision for a Statutory Reserve of not more than 10% of the total expenditure provided in the estimate.

Based on the regulatory Authority Act the current statutory reserve is adequate and in line with the provisions of the Act.

#### Financial risk management

#### **Credit risk**

The Regulatory Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is the risk that the regulated and supervised Non-Bank Financial Institutions and other counter parties will not be able or willing to pay or fulfil their obligations in accordance with Non-Bank Financial Institutions Regulatory Authority Act. The Authority uses reputable financial institutions for investing purposes.

All cash and cash equivalents are placed with financial institutions registered in Botswana.

The maximum exposure to credit risk is represented by the carrying amount of accounts receivable and cash and cash equivalents, as shown in the statement of financial position.

#### Concentration of credit

The Regulatory Authority is currently funded by the Government of Botswana and the regulated entities through Supervisory Levies and License Fees. The Regulatory Authority's credit risk is primarily attributable to its cash and cash equivalents, and receivable from regulated entities. Financial assets that potentially subject the Board to concentration of credit risk consists primarily of cash and cash equivalent as well as accounts receivable. Cash and cash equivalents are placed with reputable financial institutions in the normal trading course. Expenditure and controls have been put in place to manage credit risk. The Regulatory Authority has no significant concentration of credit risk as its exposure is spread over a number of counterparties.

The Regulatory Authority does not have any significant credit risk exposure to any single counterparty. As at year end there was no significant credit risk, the cash position as at year end was P 48,937,017 (2023: P 57,510,673)



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023

### 26. Financial instruments and risk management (continued)

		-					
			2024			2023	
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	17	6,522,869	(2,783,105)	3,739,764	4,703,580	(2,334,039)	2,369,541
Cash and cash equivalents	18	48,937,017	-	48,937,017	57,510,673	-	57,510,673
		55,459,886	(2,783,105)	52,676,781	62,214,253	(2,334,039)	59,880,214

### Liquidity risk

The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring losses or risking damage to the Regulatory Authority's reputation. The ultimate responsibility for liquidity risk management procedures for the management of the Regulatory Authority's funding and liquidity management requirements.

The Regulatory Authority manages liquidity risk by maintaining adequate cash and cash equivalents to settle liabilities when they become due, by continuously monitoring forecasts actual cash flows, and by matching the Government Subvention to the maturity profile of the financial liabilities.

The following table summarises the maturity profile of the Regulatory Authority's financial liabilities as at 31 March 2024 based on contractual undiscounted payments:

#### 2024

	Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities Lease liabilities	-	4,404,454	4,404,454	4,404,454
Current liabilities Lease liabilities	4,767,892 <b>4,767,892</b>	4,404,454	4,767,892 <b>9,172,346</b>	4,767,892 <b>9,172,346</b>



Annual Financial Statements for the year ended 31 March 2024

#### **Notes to the Annual Financial Statements**

Figures in Pula	2024	2023

### 26. Financial instruments and risk management (continued)

#### 2023

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities Lease liabilities		-	9,172,345	9,172,345	9,172,345
Current liabilities Trade and other payables Lease liabilities	20 .	8,377,760 4,220,978 <b>12,598,738</b>	9,172,345	8,377,760 4,220,978 <b>21,771,083</b>	8,377,760 4,220,978 <b>21,771,083</b>

#### Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer to note 12). Interest rates applicable to these financial instruments compare favourably with those currently available in the market. The following table demonstrates the sensitivity to a reasonable possible change in interest rates at reporting date, with all other variables held constant, of the Regulatory Authority's (deficit)/surplus for the year (through the impact on floating rate financial instruments), funds and reserves at reporting date. The reasonable possible change is based on past trends of interest and expected future changes. The impact was calculated by applying the reasonable changes to the exposures at reporting date, and with reference to the next 12 months. There is no other direct impact on the Regulatory Authority's funds and reserves.

Increase of 0.1% in interest rate  Decrease of 0.1% in interest rate	48,178 (48,178)	44,442 (44,442)
	-	-

#### 27. Events after the reporting period

Directors are not aware of any material events occurring between the year-end date and the date of approval of the financial statements, which require disclosure.



Annual Financial Statements for the year ended 31 March 2024

### **Detail Income Statement**

Figures in Pula	Note	2024	2023
Revenue			
Government grants	3	4,491,404	4,832,830
Supervisory levies	6	95,820,370	85,699,270
Total revenue	_	100,311,774	90,532,100
Other operating income Other income	_	1,275,902	1,186,988
Other operating gains (losses)			
Other operating income		5,208,123	6,401,573
Movement in credit loss allowances	7	(1,573,172)	(1,902,287)
Expenses (Refer to page 47)	_	(107,571,614)	(86,749,792)
Operating surplus		(2,348,987)	9,468,582
Finance income	12	3,136,415	3,004,313
Finance costs	13	(631,961)	(588,583)
Surplus for the year	_	155,467	11,884,312



Annual Financial Statements for the year ended 31 March 2024

### **Detail Income Statement**

Figures in Pula	Note(s)	2024	2023
Administrative fees		188,955	174,745
Advertising		427,323	518,989
Amortisation		143,352	83,622
Auditors remuneration		124,545	131,385
Bank charges		64,120	41,198
Board fees		1,350,562	629,846
Branding and communication	9	864,796	1,058,233
Cleaning		316,125	225,697
Consulting and professional fees	10	5,838,139	7,391,441
Depreciation		6,027,101	4,297,070
Employee costs	11	69,060,366	57,584,097
Insurance		836,123	664,125
Internet		1,126,301	965,924
Legal fees		2,865,673	596,028
Licenses		6,028,408	4,115,194
Motor vehicle expenses		46,302	40,044
Office expenses		306,611	62,788
Printing and stationery		622,595	612,070
Recruitment		702,679	1,050,050
Repairs and maintenance		584,458	664,110
Security		199,670	141,684
Staff costs		620,849	824,713
Subscriptions		948,418	1,224,692
Telephone and fax		1,085,556	995,771
Training		3,487,854	1,694,279
Travel-local		2,885,192	440,349
Utilities		819,541	521,648
Total operating expenses		107,571,614	86,749,792





# **Appendices**

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## **Appendix 1A**

### Life Insurers, General Insurers and Reinsurers

#### **LIFE INSURERS**

- 1 Absa Life Botswana (Pty) Ltd
- 2 Afritec Life Insurance (Pty) Ltd
- 3 Bona Life Insurance (Pty) Ltd
- 4 Botswana Life Insurance Limited
- 5 Hollard Life Botswana (Pty) Ltd t/a Hollard Life Botswana
- 6 Liberty Life Botswana
- 7 Metropolitan Life of Botswana Limited
- 8 Old Mutual Life Insurance Company Botswana (Pty) Ltd
- 9 Westlife Insurance Botswana (Pty) Ltd
- 10 Exclusive Life Insurance (Pty) Ltd

#### **GENERAL INSURERS**

- 1 Alpha Direct Insurance Company (Pty) Ltd
- 2 B.I.C.B Limited t/a Bryte Risk Services Botswana
- 3 BIHL Insurance Company Limited
- 4 Botswana Insurance Company Limited
- 5 Export Credit Insurance & Guarantee Company (Botswana) (Pty) Ltd
- 6 Hollard Insurance Company of Botswana (Pty) Ltd
- 7 Old Mutual Short Term Insurance Company of Botswana Ltd
- 8 Phoenix of Botswana Assurance
- 9 Sesiro Insurance Company
- 10 Sunshine Insurance Company
- 11 Westsure Insurance Botswana
- 12 Legal Expenses Insurance Botswana (Pty) Ltd t/a Leza Legal wise Botswana
- 13 Active Drive Capital (Pty) Ltd

#### REINSURERS

- 1 Continental Re-Insurance Company
- 2 Emeritus Reinsurance (Pty) Ltd
- 3 FBC Re (Botswana) (Pty) Ltd
- 4 FMRE
- 5 Grand Reinsurance Botswana (Pty) Ltd
- 6 P & C Reinsurance Company (Pty) Ltd
- 7 Saha Reinsurance (Pty) Ltd



## **Appendix 1B**

#### **List of Medical Aid Funds**

- 1 Botsogo
- 2 BOMAID
- 3 Botswana Public Officers Medical Aid Scheme
- 4 Doctors Aid
- 5 Pula Medical Aid

## **Appendix 1C**

### **IFSC Company**

1 Emeritus International Reinsurance

## **Appendix 1D**

### **List of Insurance Brokers**

- 1 Abovelife Insurance Brokers (Pty) Ltd
- 2 Absolute Insurance Brokers (Pty) Ltd
- 3 Alexander Forbes Financial Services Botswana (Pty) Ltd
- 4 Babereki Insurance Brokers (Pty) Ltd
- 5 Best Cover (Pty) Ltd
- 6 BOC Consulting (Pty) Ltd t/a BOC Insurance Brokers
- 7 Bofus Insurance Brokers (Pty) Ltd
- 8 Bombshell Investments (Pty) Ltd t/a Flexi-Link Insurance Brokers
- 9 Brastorne Enterprises
- 10 Calma Enterprises (Pty) Ltd t/a Travis Insurance Services
- 11 Capricorn Insurance Services (Pty) Ltd
- 12 CBAE (Pty) Ltd t/a Spectrum Insurance Brokers
- 13 CG Re (Africa) (Proprietary) Ltd
- 14 CIH Insurance Brokers (Pty) Ltd
- 15 Complete Insurance Brokers t/a Purple Waves
- 16 Cradle Insurance Brokers (Pty) Ltd
- 17 Dokata Investments (Pty) Ltd t/a Coverlink Insurance Brokers
- 18 Dolarrose Investments (Pty) Ltd
- 19 Dynamic Insurance Brokers (Pty) Ltd
- 20 Fiducia Insurance Brokerage (Pty) Ltd
- 21 Finsef (Pty) Ltd
- 22 First Heritage (Pty) Ltd
- 23 First Sun Alliance (Pty) Ltd
- 24 FNB Insurance Brokers (Botswsana) (Pty) Ltd
- 25 Hilrange (Pty) Ltd t/a Redhill Risk Solutions
- 26 Hirsch Vic Insurance Brokers (Pty) Ltd



- 27 Insure Me Pty (Ltd)
- 28 Insure-rite (Pty)Ltd
- 29 Investments House (Pty) Ltd
- 30 Kalahari Insurance Brokers (Pty) Ltd
- 31 Kebonang Holings (Pty) Ltd t/a Lebone Insurance Brokers
- 32 Keycode Investments (Pty) Ltd
- 33 Kgare Insurance Brokers (Pty) Ltd
- 34 Legal Expenses Insurance Botswana (Pty) Ltd t/a Leza Legalwise Botswana
- 35 Letsema Insurance Brokers (Pty) Ltd
- 36 Marsh (Pty) Ltd
- 37 Marvel-Gate Investments (Pty) Ltd t/a Paragon Insurance Brokers
- 38 Mercantile Insurance Brokers (Pty) Ltd
- 39 Minet Botswana (Pty) Ltd
- 40 Mogakolodi Consultants (Pty) Ltd
- 41 Mothotota Investments (Pty) Ltd t/a Assure Wealth
- 42 Mukfin Botswana (Pty) Ltd
- 43 Nnawalt Holdings (Pty) Ltd t/a Brightside Insurance Brokers
- 44 Penrich Insurance Brokers (Pty) Ltd
- 45 Ponelo Wealth Group (Pty) Ltd t/a Ponelo Insure
- 46 Plenz Sure
- 47 Quality Services (Pty) Ltd t/a Chartered Insurance Brokers
- 48 Saley's Agencies (Botswana) (Pty) Ltd t/a Saley's Insurance Brokers
- 49 Satib Africa (Botswana) (Pty) Ltd t/a Safari and Tourism Insurance Brokers
- 50 South-sure (Pty) Ltd
- 51 Super Insurance Brokers (Pty) Ltd
- 52 Tadzata Construction Company (Pty) Ltd t/a Botshabelo Insurance Brokers
- 53 Thanya Solutions (Pty) Ltd t/a Thanya Insurance Brokers
- 54 The Intrepid Group (Pty) Ltd
- 55 Trinity Insurance Consultancy & Risk Managers (Pty) Ltd
- 56 Trustwave Insurance Brokers (Pty) Ltd
- 57 Tsagae Promotions (Pty) Ltd
- 58 U & Me Investments (Pty) Ltd t/a U & Me Insurance Brokers
- 59 Ultimate Care Insurance Brokers (Pty) Ltd
- 60 Wealth Cover Insurance (Pty) Ltd
- 61 Wiras Investments (Pty) Ltd t/a Wiras Insurance and Reinsurance Brokers
- 62 CEDA Insurance Brokers (Pty) Ltd
- 63 Alexander Forbes Solution Botswana (Pty) Ltd
- 64 Southern Summit Reinsurance Company (Pty) Ltd
- 65 Sapphire Woman (Pty) Ltd t/a Medi Insurance Brokers
- 66 Elect Concepts (Pty) Ltd
- 67 Pristine Risk Services (Pty) Ltd
- 68 Proper Life
- 69 Forbes Insurance Agency (Pty) Ltd t/a Pula Insurance



## Appendix 1E

### **List of Corporate Agents**

- 1 Absa Insurance Services (Pty) Ltd
- 2 Aflon (Pty) Ltd
- 3 Aga Sure (Pty) Ltd
- 4 Adluc Investments (Pty) Ltd
- 5 Alfa First Projects (Pty) Ltd
- 6 Alphacom Investments (Pty) Ltd
- 7 Arise & Shine For the light (Pty) Ltd t/a Arise and Shne Insurance Agency
- 8 NMI Durban South Motors Botswana (Pty) Ltd t/a Barloworld Motor Botswana
- 9 Basic Instincts (Pty) Ltd
- 10 BBS Insurance Agency (Pty) Ltd
- 11 Belleview
- 12 Best Life Insurance Services (Pty) Ltd
- 13 BG Insurance Agency (Pty) Ltd
- 14 Bizotic (Pty) Ltd t/a TM-Fairsure Insurance Agency
- 15 BSB Insurance Agency (Pty) Ltd
- 16 Calvin's Investment (Pty) Ltd
- 17 Carlton Insurance Agency (Pty) Ltd
- 18 Carningham Investments (Pty) Ltd T/A Carningham Insurance Agency
- 19 Central Coffins Botswana (Pty) Ltd
- 20 Centre Piece Insurance Agencies (Pty) Ltd
- 21 Competence Life (Pty) Ltd
- 22 Coverite (Pty) Ltd
- 23 Delta Insurance Agency (Pty) Ltd
- 24 Deontic Holdings (Pty) Ltd t/a Deontic Insurance Group
- 25 Dzivakwi Investments (Pty) Ltd t/a Chama Insurance Agency
- 26 Esmoga Investments (Pty) Ltd
- 27 Express Credit (Pty) Ltd
- 28 Fincity Investments (Pty) Ltd t/a Futureguard Insurance Agency
- 29 Fine Brass Investments (Pty) Ltd
- 30 Firstcred Limited
- 31 Fortunesgate (Pty) Ltd
- 32 FSG Assurance (Pty) Ltd
- 33 Furniture Mart (Pty) Ltd
- 34 Gama Insurance (Pty) Ltd
- 35 GERANIUM INVESTMENTS
- 36 Getsure Legal (Pty) Ltd
- 37 Grey Palm Investments (Pty) Ltd
- 38 GWTK Holdings
- 39 Harvey Botswana t/a Harvey Insurance Agency
- 40 Hindsight (Pty) Ltd t/a F&I
- 41 Homepark (Pty) Ltd T/A Mmadale Insurance Agency



- 42 Inerca Holdings (Pty) Ltd
- 43 Innovative Ideas (Pty) Ltd T/A Innovative Insurance Agency
- 44 Innovex Consultants (Pty) Ltd T/A Innovex Insurance Agency
- 45 Intimo Creations (Pty) Ltd t/a Royal Advisory Services
- 46 Jaole Investments (Pty) Ltd
- 47 Jetwig Enterprises (Pty) Ltd t/a Capital Bank Insurance Agency
- 48 Joint Perfections
- 49 Joshua Doore Russells Botswana (Pty) Ltd
- 50 Kafar Life And Risk Managers (Pty) Ltd
- 51 Kaleu (Pty) Ltd t/a Banc ABC
- 52 Kamoso Wealth Agency (Pty) Ltd
- 53 Kehumile Insurance Agency (Pty) Ltd
- 54 Kenmal Holdings (Pty) Ltd t/a Malsure Insurance
- 55 Koko Enterprises (Pty) Ltd t/a Smart Cover Insurance Agency
- 56 Kgagaripa Investments (Pty) Ltd
- 57 Kganya Botswana
- 58 Kingstons Group (Pty) Ltd t/a Kingsure Insurance Agency
- 59 Legend Insurance Agent (Pty) Ltd
- 60 Legora Insurance
- 61 Lele High Tech Enterprises (Pty) Ltd t/a Pearl Insurance
- 62 Lelentle Insurance Agency
- 63 Lemon Insurance Agency (Pty) Ltd
- 64 Lere Mckay Holdings (Pty) Ltd t/a Royalgram
- 65 Letlotlo Insurance (Pty) Ltd
- 66 Letshego Financial Services (Pty) Ltd
- 67 Lewis Stores (Botswana) (Pty) Ltd t/a Lewis, Best Home & Electric and Beares
- 68 Libra Insurance Agency (Pty) Ltd
- 69 Linclu Investments (Pty) Ltd
- 70 Losika Funeral Services (Pty) Ltd
- 71 Market Touch Insurance Services (Pty) Ltd
- 72 Maron Dawson (Pty) Ltd
- 73 Marshall Grove Holdings (Pty) Ltd
- 74 Medvest Life Agency (Pty) Ltd
- 75 Medvest Short-Term (Pty) Ltd
- 76 Mega Avenues (Pty) Ltd
- 77 Metbai Holdings (Pty) Ltd
- 78 Millennium Insurance Agency
- 79 Mokaulengwe Benefit Scheme (Pty) Ltd
- 80 Money Quest Investments (Pty) Ltd T/A Bayport Financial Services
- 81 Monlife (Pty) Ltd
- 82 Mosfara Holdings (Pty) Ltd
- 83 Mosireletsi Legal Services (Pty) Ltd
- 84 Motor Centre (Botswana) (Pty) Limited
- 85 Mphemphe (Pty) Ltd



- 86 Naalano (Pty) Ltd
- 87 Naledi Motors (Pty) Ltd
- 88 National Development Insurance Agency (Pty) Ltd
- 89 Nchecheni (Pty) Ltd t/a BDF Welfare Fund Insurance Agency
- 90 Neitaw (Pty) Ltd
- 91 Nguvu Investments (Pty) Ltd t/a Sakari
- 92 Normlife (Pty) Ltd
- 93 Odinfin Botswana (Pty) Ltd
- 94 Pasmac (Pty) Ltd
- 95 Passionate People (Pty) Ltd
- 96 Pendisa Insurance Agency (Pty) Ltd
- 97 Premier Life
- 98 Pristine Risk Services (Pty) Ltd
- 99 Proctor Insurance Services (Pty) Ltd
- 100 Propel Optimum (Pty) Ltd
- 101 Proper Life Pty Ltd
- 102 Providence Legal Insurance (Pty) Ltd
- 103 Pule Insurance (Pty) Ltd
- 104 Qubeka Investments (Pty) Ltd
- 105 Rabboni Insurance Agency (Pty) Ltd
- 106 Radical Change Agency (Pty) Ltd
- 107 Real Value (Pty) Ltd T/A Universal Life
- 108 Refresh-Link (Pty) Ltd
- 109 Resmack (Pty) Ltd
- 110 Retail Holdings Botswana (Pty) Ltd
- 111 Rock Insurance Agencies (Pty) Ltd
- 112 S.M.P Insurance Agency (Pty) Ltd
- 113 Safe Line Marketing (Pty) Ltd
- 114 Segai le Thebe Insurance Scheme (Pty) Ltd T/A Thebe Legal Insurance
- 115 Senatla Insurance Agency (Pty) Ltd
- 116 Sepapane Group (Pty) Ltd t/a Creative Gains Investment
- 117 Sepipi Construction (Pty) Ltd t/a Side Group Consultancy
- 118 Seriti Business Solutions (Pty) Ltd
- 119 Skyplex Investments (Pty) Ltd t/a Mowana Insurance Agency
- 120 Spaar Botswana Group Management Services (Pty) Ltd T/A G.R.F Management Services
- 121 Stanbic Insurance Services (Pty) Ltd
- 122 Standard Chartered Insurance Agency
- 123 Sterling Management Services (Pty) Ltd
- 124 Tau Insurance Services (Pty) Ltd
- 125 The Diary Life Insurance (Pty) Ltd
- 126 The O'Mach Insurance Agency (Pty) Ltd
- 127 The Tushiya Wisdom Insurance Company (Pty) Ltd
- 128 Tishbo Holdings (Pty) Ltd
- 129 Tri-Unity Holings (Pty) Ltd t/a Botsure Insurance Agencies



- 130 Tsodilo Capital (Pty) Ltd
- 131 Tsogang Insurance Agency (Pty) Ltd
- 132 Unicoin (Pty) Ltd
- 133 Uyalicious Holdings (Pty) Ltd t/a Green Life Insurance
- 134 Wealth Achieve Advisors (Pty) Ltd
- 135 Wealth Genix (Pty) Ltd
- 136 Weaver Insurance Agency (Pty) Ltd
- 137 Wisepillars (Pty) Ltd
- 138 Zee Light Holding (Pty) Ltd
- 139 Winning Pillar (Pty) Ltd
- 140 Orbit Insurance (Pty) Ltd t/a Orbitlife
- 141 City Group (Pty) Ltd
- 142 Bonu Insurance Agency
- 143 Family First Insurance
- 144 Abundance International Insurance Agency (Pty) Ltd
- 145 World Cover Training Institute (Pty) Ltd
- 146 Carthcart Holdings (Pty) Ltd t/a Carthcart Wealth Managers
- 147 Centric Sure (Pty) Ltd

## Appendix 2A

### **List of Beneficiary Funds**

- Mmila Beneficiary Fund
- 2 Alexander Forbes Beneficiary Fund
- 3 Glenrand MIB Orphans Fund

## Appendix 2B

### **List of External Funds**

- 1 Carrier South Africa Provident Fund-External Fund
- 2 Knight Pie Sold Pension Fund
- 3 WIKA Instrument Pension Fund (External Fund)

## Appendix 2C

### **List of Individual Retirement Funds**

- 1 Alexander Forbes Individual Member Retirement Fund
- 2 Botswana Life Retirement Annuity Fund
- 3 Morula Individual Retirement Fund
- 4 Akani Retirement Fund
- 5 Free Standing Additional Voluntary Contributions Retirement Fund

## **Appendix 2D**

### **List of Pension Funds**

- 1 Air Botswana Pension Fund
- 2 AON Botswana Staff Pension Fund
- 3 Apex Pension Fund
- 4 Bank of Botswana Defined Contribution Fund
- 5 ABSA Bank of Botswana Ltd. Staff Pension Fund
- 6 BCL Staff Pension Fund
- 7 BOCODOL Staff Pension Fund (Botswana Open University
- 8 Bolux pension Fund sub fund?
- 9 Botswana Agricultural Marketing Board Pension Fund
- 10 Botswana Ash Staff Pension Fund
- 11 Botswana Building Society Defined Contribution Pension Fund
- 12 Botswana Bureau of Standards Staff Pension Fund
- 13 Botswana College of Agriculture Pension Fund (BUAN)
- 14 Botswana Examinations Council Pension Fund
- 15 Botswana Housing Corporation Pension Fund
- 16 Botswana Meat Commission Pension Fund
- 17 Botswana Medical Aid Society Pension Fund



18 Botswana Post Pension Fund 19 Botswana Power Corporation Staff Pension Fund 20 Botswana Public Officers Pension Fund 21 Botswana Railways Staff Pension Fund Botswana Savings Bank Pension Fund 22 23 Botswana Communications Regulatory Authority Pension Fund 24 Botswana Telecommunications Corporation Staff Pension Fund 25 Botswana Unified Revenue Service Employees Pension Fund Botswana International University of Science and Technology Staff Pension Fund 26 27 Botswana Vaccine Institute Pension Fund Citizen Entrepreneurial Development Agency Staff Pension Fund 28 Civil Aviation of Botswana Pension Fund 29 30 Debswana Pension Fund Delloitte& Touche' 31 32 Engen Botswana Retirement Fund 33 Fincraft Retirement Fund 34 First National Bank of Botswana Pension Fund FSN Retirement Plan 35 36 Glenrand MIB Botswana Pension Fund 37 Institute of Development Management Pension Fund 38 J. Haskins & Sons Pension Fund 39 Local Enterprise Authority Pension Fund 40 Mascom Wireless Staff Pension Fund 41 Metropolitan Staff Pension Fund 42 Motor Vehicle Accident Pension Fund National Development Bank Staff Pension Fund 43 National Food & Technology Research Centre(NARDI) 44 Orange Pension Fund 45 Puma Energy Staff Pension Fund 46 47 Scales and Associates Pension Fund Sefalana Group Staff Pension Fund 48 49 Shell Oil Botswana Pension Fund

50

51

52

53 54

55

56

Stanbic Bank Botswana Pension Fund

Total Botswana Pension Fund

Boswe Pension Fund

Fedics Pension Fund

Standard Chartered Bank Botswana Pension Fund

Water Utilities Corporation Staff Pension Fund

University of Botswana Defined Contribution Staff Pension Fund

## **Appendix 2E**

#### **List of Presevation Funds**

- Alexander Forbes Preservation Fund
- 2 AON Preservation Pension Fund
- 3 Deferred Pensioners Pension Fund
- 4 Fiducia Preservation Fund
- 5 Mmila Preservation Fund

## **Appendix 2F**

### **List of Provident Funds**

- Metropolitan Staff Provident Fund
- 2 Mmila Provident Fund
- 3 Naledi Provident Fund
- 4 Fiducia Umbrella (Provident )Fund
- 5 Africa 53 Provident Fund (Umbrella Fund)
- 6 Lekuka Umbrella Fund (Umbrella Fund)

## **Appendix 2G**

### **List of Retirement Fund Administrators**

- 1 Alexander Forbes Financial Services
- 2 Minet Botswana Retirement Solutions
- 3 Fiducia Financial Services
- 4 Mmila Fund Administrator
- 5 NMG Botswana Pty Ltd
- 6 Fairheads Pty Ltd

## Appendix 2H

### **List of Stand Alone Funds**

1 Caltex Botswana Pension Fund/ Chevron Pension Fund

## **Appendix 21**

### List of Umbrella Funds

- 1 Alexander Forbes Retirement Fund
- 2 Sentlhaga Pension Fund
- 3 Fiducia Umbrella Pension Fund
- 4 Mmila Umbrella Fund
- 5 Millennium Retirement Fund
- 6 Fairheads (Pty) Ltd Umbrella fund



# Appendix 2J

## List of Sub Funds of Umbrella Funds

NAM	IE OF PARTICIPATING EMPLOYER (SUB-FUND)	UMBRELLA FUND
1	AFA	Africa 53 Provident Fund
2	Air Botswana	Africa 53 Provident Fund
3	Alpha Direct Insurance Company	Africa 53 Provident Fund
4	Atlas Copco	Africa 53 Provident Fund
5	Baylor Botswana	Africa 53 Provident Fund
6	BBS	Africa 53 Provident Fund
7	BH Botswana	Africa 53 Provident Fund
8	BOCODOL	Africa 53 Provident Fund
9	Botgood Investments (Fashion World)	Africa 53 Provident Fund
10	Bytes Technology Group Botswana	Africa 53 Provident Fund
11	C.E.B Maintenance	Africa 53 Provident Fund
12	CEDA	Africa 53 Provident Fund
13	Dialogue Group	Africa 53 Provident Fund
14	Extreme Customs Clearing Services (Pty) Ltd	Africa 53 Provident Fund
15	Fsn Provident	Africa 53 Provident Fund
16	Gaborone Sun	Africa 53 Provident Fund
17	Giz	Africa 53 Provident Fund
18	Hatfiled Consultants Africa	Africa 53 Provident Fund
19	Joy Global Botswana	Africa 53 Provident Fund
20	Kanye College Of Nursing Sda	Africa 53 Provident Fund
21	Kingsley & Associates	Africa 53 Provident Fund
22	Kwena Concrete Products	Africa 53 Provident Fund
23	Lenmed Bokamoso Private Hospital	Africa 53 Provident Fund
24	MTN	Africa 53 Provident Fund
25	NA Sera General Sales	Africa 53 Provident Fund
26	NTT Nissan Group	Africa 53 Provident Fund
27	Otraco Botswana	Africa 53 Provident Fund
28	Ovais	Africa 53 Provident Fund
29	Rural Metro	Africa 53 Provident Fund
30	The Bidvest Group Limited	Africa 53 Provident Fund
31	University Of Botswana	Africa 53 Provident Fund
32	Wilderness Safari	Africa 53 Provident Fund
33	XCCS (Pty)Ltd	Africa 53 Provident Fund
34	Zimbabwean Embassy	Africa 53 Provident Fund
35	Alexander Forbes Financial Services Botswana	Africa 53 Provident Fund
36	Sally Diary	Alexander Forbes Financial Services Botswana
37	Schindler Lifts	Alexander Forbes Financial Services Botswana
38	AbsaLife	Alexander Forbes Retirement Fund
39	Ace Gibb	Alexander Forbes Retirement Fund
40	Ackermans	Alexander Forbes Retirement Fund



NAN	IE OF PARTICIPATING EMPLOYER (SUB-FUND)	UMBRELLA FUND
41	Acute Global Limited	Alexander Forbes Retirement Fund
42	Ael Minning	Alexander Forbes Retirement Fund
43	AFFS	Alexander Forbes Retirement Fund
44	Afrox (Pty) Ltd	Alexander Forbes Retirement Fund
45	AirLiquide	Alexander Forbes Retirement Fund
46	Allan Gray	Alexander Forbes Retirement Fund
47	Alpha Direct	Alexander Forbes Retirement Fund
48	Amigear Ventures	Alexander Forbes Retirement Fund
49	Anglican Botswana	Alexander Forbes Retirement Fund
50	Astron	Alexander Forbes Retirement Fund
51	Atlas Copco	Alexander Forbes Retirement Fund
52	Bamalete	Alexander Forbes Retirement Fund
53	Bank Gaborone	Alexander Forbes Retirement Fund
54	Beverages Manufacturers Limited	Alexander Forbes Retirement Fund
55	BH Botswana	Alexander Forbes Retirement Fund
56	Bible Society	Alexander Forbes Retirement Fund
57	Bidvest	Alexander Forbes Retirement Fund
58	BITC	Alexander Forbes Retirement Fund
59	BNPC	Alexander Forbes Retirement Fund
60	Bobonong Multipurpose Corp	Alexander Forbes Retirement Fund
61	BOCCIM	Alexander Forbes Retirement Fund
62	Bokomo Botswana	Alexander Forbes Retirement Fund
63	Bona Life	Alexander Forbes Retirement Fund
64	Bona Life Pension Plan Fund	Alexander Forbes Retirement Fund
65	Bookbinder Business Law	Alexander Forbes Retirement Fund
66	BOPEU	Alexander Forbes Retirement Fund
67	Botswana Accountancy College	Alexander Forbes Retirement Fund
68	Botswana National Olympic Committee	Alexander Forbes Retirement Fund
69	Botswana Oil	Alexander Forbes Retirement Fund
70	Botswana Qualifications Authority	Alexander Forbes Retirement Fund
71	Botswana Service Pension Association	Alexander Forbes Retirement Fund
72	Botswana Tourism Organisation	Alexander Forbes Retirement Fund
73	BPOPF Secretariat	Alexander Forbes Retirement Fund
74	British Council Botswana	Alexander Forbes Retirement Fund
75	British High Commission	Alexander Forbes Retirement Fund
76	Cape Union Mart	Alexander Forbes Retirement Fund
77	Capital Bank	Alexander Forbes Retirement Fund
78	Cash Bazaar Holdings Group	Alexander Forbes Retirement Fund
79	Cashbuild	Alexander Forbes Retirement Fund
80	Cheshire	Alexander Forbes Retirement Fund

NAM	IE OF PARTICIPATING EMPLOYER (SUB-FUND)	UMBRELLA FUND
81	Chobe Holdings	Alexander Forbes Retirement Fund
82	Choppies	Alexander Forbes Retirement Fund
83	Clover	Alexander Forbes Retirement Fund
84	Collegium Pension Fund	Alexander Forbes Retirement Fund
85	Collins	Alexander Forbes Retirement Fund
86	Companies & Intellectual Property Authority (Cipa)	Alexander Forbes Retirement Fund
87	Continental Reinsurance	Alexander Forbes Retirement Fund
88	Cotton On	Alexander Forbes Retirement Fund
89	Danhoer Contracting Botswana & Danhoer Botswana Plant	Alexander Forbes Retirement Fund
90	Data Networks	Alexander Forbes Retirement Fund
91	Delta Automotive Technology	Alexander Forbes Retirement Fund
92	Desert Secretarial Services	Alexander Forbes Retirement Fund
93	Dimension Data	Alexander Forbes Retirement Fund
94	Distell	Alexander Forbes Retirement Fund
95	Doppota Game Reserve	Alexander Forbes Retirement Fund
96	Dunns	Alexander Forbes Retirement Fund
97	Dynamic Road Services	Alexander Forbes Retirement Fund
98	Easigas	Alexander Forbes Retirement Fund
99	Edcon-Jet & Edgars	Alexander Forbes Retirement Fund
100	ERB	Alexander Forbes Retirement Fund
101	Ericsson Botswana	Alexander Forbes Retirement Fund
102	Ernst & Young	Alexander Forbes Retirement Fund
103	Eurostar	Alexander Forbes Retirement Fund
104	Exclusive Insurance Solutions	Alexander Forbes Retirement Fund
105	Express Credit	Alexander Forbes Retirement Fund
106	Fleming	Alexander Forbes Retirement Fund
107	Foschini	Alexander Forbes Retirement Fund
108	Frankiln Covey	Alexander Forbes Retirement Fund
109	Fresenius Medical Care	Alexander Forbes Retirement Fund
110	FSN Botswana	Alexander Forbes Retirement Fund
111	Gaborone Container Terminal	Alexander Forbes Retirement Fund
112	Gaborone Sun (Avani)	Alexander Forbes Retirement Fund
113	Gambling Authority	Alexander Forbes Retirement Fund
114	Game Stores	Alexander Forbes Retirement Fund
115	Gia Botswana	Alexander Forbes Retirement Fund
116	Giz	Alexander Forbes Retirement Fund
117	Global Holdings	Alexander Forbes Retirement Fund
118	Golder Assoc.	Alexander Forbes Retirement Fund
119	Gph	Alexander Forbes Retirement Fund
120	Great Explorations Botswana	Alexander Forbes Retirement Fund



NAN	IE OF PARTICIPATING EMPLOYER (SUB-FUND)	UMBRELLA FUND
121	Hilton Garden Inn	Alexander Forbes Retirement Fund
122	Homec Investments	Alexander Forbes Retirement Fund
123	Horizon Ogilvy & Mather	Alexander Forbes Retirement Fund
124	Horn Of Africa	Alexander Forbes Retirement Fund
125	Hotwire (Pty)Ltd	Alexander Forbes Retirement Fund
126	ICL Botswana	Alexander Forbes Retirement Fund
127	Incredible Connection	Alexander Forbes Retirement Fund
128	INQ Botswana	Alexander Forbes Retirement Fund
129	Investec	Alexander Forbes Retirement Fund
130	Ipro Botswana	Alexander Forbes Retirement Fund
131	Irvines	Alexander Forbes Retirement Fund
132	JD Group	Alexander Forbes Retirement Fund
133	Johnson Crane Hire	Alexander Forbes Retirement Fund
134	Joy Global	Alexander Forbes Retirement Fund
135	Jwala Game Reserve	Alexander Forbes Retirement Fund
136	Kalcon	Alexander Forbes Retirement Fund
137	Kanye Hospital	Alexander Forbes Retirement Fund
138	Kanye SDA College Of Nursing	Alexander Forbes Retirement Fund
139	Kgalagadi Breweries Ltd	Alexander Forbes Retirement Fund
140	Kgori Capital	Alexander Forbes Retirement Fund
141	Komatsu	Alexander Forbes Retirement Fund
142	Kromberg & Schubert	Alexander Forbes Retirement Fund
143	Kudu Communications	Alexander Forbes Retirement Fund
144	Las	Alexander Forbes Retirement Fund
145	Laurelton Diamonds	Alexander Forbes Retirement Fund
146	Leo Schachter	Alexander Forbes Retirement Fund
147	Letshego Holdings Ltd	Alexander Forbes Retirement Fund
148	Lewis Group Botswana	Alexander Forbes Retirement Fund
149	Limkokwing	Alexander Forbes Retirement Fund
150	Liquid Intelligent Technologies	Alexander Forbes Retirement Fund
151	Magnum Freight	Alexander Forbes Retirement Fund
152	Mapleton Group	Alexander Forbes Retirement Fund
153	Marsh	Alexander Forbes Retirement Fund
154	Maru-A-Pula School	Alexander Forbes Retirement Fund
155	Mass Mart	Alexander Forbes Retirement Fund
156	Master Products	Alexander Forbes Retirement Fund
157	Medical Regulatory Authority	Alexander Forbes Retirement Fund
158	Medlane Healthcare	Alexander Forbes Retirement Fund
159	Medplus	Alexander Forbes Retirement Fund
160	Mochudi Resource Ctr	Alexander Forbes Retirement Fund

NAM	TE OF PARTICIPATING EMPLOYER (SUB-FUND)	UMBRELLA FUND
161	Moitiri Capital (Pty)Ltd	Alexander Forbes Retirement Fund
162	Moribame Matthews	Alexander Forbes Retirement Fund
163	Motswedi Rehabilitation Centre	Alexander Forbes Retirement Fund
164	Motswedi Securities	Alexander Forbes Retirement Fund
165	Mr Price	Alexander Forbes Retirement Fund
166	Multichoice	Alexander Forbes Retirement Fund
167	Multiwaste	Alexander Forbes Retirement Fund
168	Multotec	Alexander Forbes Retirement Fund
169	Nampak	Alexander Forbes Retirement Fund
170	Nampak Divfood	Alexander Forbes Retirement Fund
171	National Olympic Committee	Alexander Forbes Retirement Fund
172	NBL Botswana	Alexander Forbes Retirement Fund
173	New Era	Alexander Forbes Retirement Fund
174	Ngamiland Adventure Safaris	Alexander Forbes Retirement Fund
175	NMG Botswana	Alexander Forbes Retirement Fund
176	Non-Bank Financial Institutions Regulatory Authority	Alexander Forbes Retirement Fund
177	NTS Pick & Pay	Alexander Forbes Retirement Fund
178	NTT Nissan Group	Alexander Forbes Retirement Fund
179	Old Mutual	Alexander Forbes Retirement Fund
180	Orthosurge	Alexander Forbes Retirement Fund
181	Otraco Botswana	Alexander Forbes Retirement Fund
182	Parmalat	Alexander Forbes Retirement Fund
183	PCI	Alexander Forbes Retirement Fund
184	Peak Pullets	Alexander Forbes Retirement Fund
185	Peermont Global	Alexander Forbes Retirement Fund
186	Penrich Insurance Brokers	Alexander Forbes Retirement Fund
187	Pep	Alexander Forbes Retirement Fund
188	Pluczenik Botswana	Alexander Forbes Retirement Fund
189	Plural Innovations	Alexander Forbes Retirement Fund
190	PPADB	Alexander Forbes Retirement Fund
191	Prefsure	Alexander Forbes Retirement Fund
192	Primedia	Alexander Forbes Retirement Fund
193	PST Sales & Distribution	Alexander Forbes Retirement Fund
194	Pudulogong Rehab Centre	Alexander Forbes Retirement Fund
195	Pump Services	Alexander Forbes Retirement Fund
196	Real Pay	Alexander Forbes Retirement Fund
197	Riverside Hospital	Alexander Forbes Retirement Fund
198	RTT Logistics	Alexander Forbes Retirement Fund
199	Safari Destinations Pty Ltd	Alexander Forbes Retirement Fund
200	Safari Distributors	Alexander Forbes Retirement Fund



NAMI	E OF PARTICIPATING EMPLOYER (SUB-FUND)	UMBRELLA FUND
201	Sandvik	Alexander Forbes Retirement Fund
202	Scania	Alexander Forbes Retirement Fund
203	Seabelo's Express	Alexander Forbes Retirement Fund
204	Seed Co	Alexander Forbes Retirement Fund
205	Shoprite	Alexander Forbes Retirement Fund
206	Sidilega Private Hospital	Alexander Forbes Retirement Fund
207	Silver Pack Investments T/A Earth Vitamins	Alexander Forbes Retirement Fund
208	Sir Ketumile Masire Teaching Hospital	Alexander Forbes Retirement Fund
209	Skip Hire	Alexander Forbes Retirement Fund
210	SMC Brands	Alexander Forbes Retirement Fund
211	SOS Childrens Village	Alexander Forbes Retirement Fund
212	South African High Commission	Alexander Forbes Retirement Fund
213	St. Joseph	Alexander Forbes Retirement Fund
214	State Bank Of India	Alexander Forbes Retirement Fund
215	Stefannutti	Alexander Forbes Retirement Fund
216	Stockfort Health	Alexander Forbes Retirement Fund
217	Storage Solutions	Alexander Forbes Retirement Fund
218	Style Clothing	Alexander Forbes Retirement Fund
219	Tescareco Botswana	Alexander Forbes Retirement Fund
220	Time Projects	Alexander Forbes Retirement Fund
221	Trioptimum Logistics	Alexander Forbes Retirement Fund
222	Tsebo Botswana	Alexander Forbes Retirement Fund
223	Turnstar	Alexander Forbes Retirement Fund
224	UCCSA	Alexander Forbes Retirement Fund
225	Unitrans	Alexander Forbes Retirement Fund
226	Unitrans Rentals (Botswana) Pty Ltd T/A Hertz	Alexander Forbes Retirement Fund
227	UPT	Alexander Forbes Retirement Fund
228	VDDB	Alexander Forbes Retirement Fund
229	Veolia Water Technologies Botswana	Alexander Forbes Retirement Fund
230	Viola Water Technologies	Alexander Forbes Retirement Fund
231	Virgin Active	Alexander Forbes Retirement Fund
232	Weekend Post	Alexander Forbes Retirement Fund
233	Western Insurance Botswana	Alexander Forbes Retirement Fund
234	Wilderness Safaris	Alexander Forbes Retirement Fund
235	Winners Chapel	Alexander Forbes Retirement Fund
236	Woolworths Botswana	Alexander Forbes Retirement Fund
237	xccs	Alexander Forbes Retirement Fund
238	Yarona Fm	Alexander Forbes Retirement Fund
239	Limpopo Lipadi Investments Limited	Alexander Forbes Retirement Fund
240	Franklin Electric	Alexander Forbes Retirement Fund

NAME OF PARTICIPATING EMPLOYER (SUB-FUND)	UMBRELLA FUND
241 COSBOTS: Participating Employer Under Afrf	Alexander Forbes Retirement Fund
242 Schindler Lifts	Alexander Forbes Retirement Fund
243 Camusat	Alexander Forbes Retirement Fund
244 Afa Staff Pension Fund	Fiducia Umbrella Fund
245 Africa Lighthouse Capital	Fiducia Umbrella Fund
246 BAMB	Fiducia Umbrella Fund
247 BDO Staff Pension Fund	Fiducia Umbrella Fund
248 Boitekanelo Group Staff Pension Fund	Fiducia Umbrella Fund
249 Botswana Stock Exchange	Fiducia Umbrella Fund
250 Bushway	Fiducia Umbrella Fund
251 Construction Industry Trust	Fiducia Umbrella Fund
252 Fairgrounds Holdings	Fiducia Umbrella Fund
253 G4s Staff Pension Fund	Fiducia Umbrella Fund
254 Kanu Equipment	Fiducia Umbrella Fund
255 Ms Group	Fiducia Umbrella Fund
256 PKF Pension Fund	Fiducia Umbrella Fund
257 Vunani Fund Managers	Fiducia Umbrella Fund
258 Wilderness Botswana	Fiducia Umbrella Fund
259 East Port Ventures Pension Fund	Fiducia Umbrella Fund
260 DHL Staff Pension Fund	Fiducia Umbrella Fund
261 Ngamiland Adventure Safaris	Fiducia Umbrella Fund
262 Health Risk Management Botswana Pension Fund	Fiducia Umbrella Fund
263 Waygard Security	Fiducia Umbrella Fund
264 Spedu Pension Fund	Fiducia Umbrella Fund
265 Rivoliyer Holdings	Fiducia Umbrella Provident Fund
266 Geoflux Staff Provident Fund	Fiducia Umbrella Provident Fund
267 Ausdrill Mining Surface Botswana	Fiducia Umbrella Provident Fund
268 Barminco Staff Provident Fund	Lekuka Umbrella Provident Fund
269 ABM University	Millenium Botswana Retirement Fund
270 Alredodo	Millenium Botswana Retirement Fund
271 Ampcontrol	Millenium Botswana Retirement Fund
272 Antalis	Millenium Botswana Retirement Fund
273 Aon Botswana Staff Pension Fund	Millenium Botswana Retirement Fund
274 Assemblies Of God	Millenium Botswana Retirement Fund
275 BancABC	Millenium Botswana Retirement Fund
276 Bank Abc	Millenium Botswana Retirement Fund
277 Bank Of Baroda	Millenium Botswana Retirement Fund
278 Bayport	Millenium Botswana Retirement Fund
279 BNSC	Millenium Botswana Retirement Fund
280 BOIB	Millenium Botswana Retirement Fund



NAME OF PARTICIPATING EMPLOYER (SUB-FUND)	UMBRELLA FUND
281 Botho University	Millenium Botswana Retirement Fund
282 Botsalo	Millenium Botswana Retirement Fund
283 Botswana Couriers	Millenium Botswana Retirement Fund
284 Botusafe	Millenium Botswana Retirement Fund
285 BSE	Millenium Botswana Retirement Fund
286 C1ty Lodge	Millenium Botswana Retirement Fund
287 Cashbuild	Millenium Botswana Retirement Fund
288 CCB	Millenium Botswana Retirement Fund
289 CITF	Millenium Botswana Retirement Fund
290 Cleanall Services	Millenium Botswana Retirement Fund
291 Cowburn	Millenium Botswana Retirement Fund
292 Cresta	Millenium Botswana Retirement Fund
293 Dynamic	Millenium Botswana Retirement Fund
294 Ellerine	Millenium Botswana Retirement Fund
295 Genesis Orthodontis	Millenium Botswana Retirement Fund
296 Geoflux	Millenium Botswana Retirement Fund
297 Grant Thornton	Millenium Botswana Retirement Fund
298 Heinemenn	Millenium Botswana Retirement Fund
299 ITC	Millenium Botswana Retirement Fund
300 Khoemacau	Millenium Botswana Retirement Fund
301 Khumo	Millenium Botswana Retirement Fund
302 Khupe	Millenium Botswana Retirement Fund
303 LCW	Millenium Botswana Retirement Fund
304 Letlole La Rona	Millenium Botswana Retirement Fund
305 LSC	Millenium Botswana Retirement Fund
306 Macmillan	Millenium Botswana Retirement Fund
307 Manica	Millenium Botswana Retirement Fund
308 Master Farmer	Millenium Botswana Retirement Fund
309 Metropolitan Health	Millenium Botswana Retirement Fund
310 More Power	Millenium Botswana Retirement Fund
311 Murray & Roberts	Millenium Botswana Retirement Fund
312 Okavango Diamond	Millenium Botswana Retirement Fund
313 Otis	Millenium Botswana Retirement Fund
314 Prefhold	Millenium Botswana Retirement Fund
315 PWC	Millenium Botswana Retirement Fund
316 Botswana Geoscience Institute	Millenium Botswana Retirement Fund

## Appendix 3A

### **List of Securities Infrastracture Businesses**

- 1 Central Securities Depository Company of Botswana
- 2 Botswana Stock Exchange Limited

## Appendix 3B

### **List of Asset Managers\***

- 1 Aluwani Fund Managers (Pty) Ltd
- 2 African Alliance Botswana Advisory (Pty) Ltd
- 3 Allan Gray (Botswana) (Pty) Ltd
- 4 BIFM Limited
- 5 BlackThread Capital (Pty) Ltd
- 6 FinCraft (Pty) Ltd
- 7 Ninety One Botswana (Pty) Ltd
- 8 Kgori Capital (Pty) Ltd
- 9 Ipro (Botswana) (Pty) Ltd
- 10 Morula Capital Partners (Pty) Limited
- 11 Vunani Fund Managers (Pty) Ltd
- 12 Inkunzi Investments
- 13 Taslo Holdings (PTY) Ltd t/a 5th Quarter Investment Managers
- 14 Greyhorn Assets Management

### **Asset Managers (Private Equity)**

- 15 BLP Capital (Proprietary) Limited t/a Africa Lighthouse Capital (ALC)
- 16 Aleyo Capital (Pty) Ltd
- 17 MHMK Capital Botswana Limited
- 18 Ticano Capital
- 19 Symbiotic Capital (Pty) Ltd

Note: \*One Asset Manager is under voluntary suspension

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## Appendix 3C

### **List of Investment Advisors**

- 1 Alexander Forbes Asset Consultants (Pty) Ltd
- 2 Alexander Forbes Financial Services (Pty) Ltd
- 3 SCI Wealth (Pty) Ltd
- 4 Luxiant Services (Pty) Ltd trading as Exclusive Insurance Solutions
- 5 FNB Insurance Brokers Botswana (Pty) Ltd
- 6 Key Wealth (Pty) Ltd
- 7 Malaczynski Burn Risk Management (Pty) Ltd
- 8 Standard Chartered Investment Advisory (Pty) Ltd
- 9 Ticano Group (Pty) Ltd
- 10 DeVere Acuma Botswana (Pty) Ltd
- 11 Riscura Botswana (Pty) Ltd
- 12 Strategic Wealth (Pty) Ltd
- 13 Serala Capital (Pty) Ltd
- 14 Fiducia Advisory Services (Pty) Ltd
- 15 MHMK Advisory (Pty) Ltd
- 16 Stanbic Financial Services (Pty) Ltd
- 17 Absa Securities Botswana (Pty) Ltd
- 18 Lima Consulting (Pty) Ltd

## Appendix 3D

### **List of Transfer Secretaries**

1 DPS Consulting Services (Pty) Ltd

## Appendix 3E

### **List of Market Makers**

- 1 Stanbic Financial Services (Pty) Ltd
- 2 Absa Securities Botswana (Pty) Ltd

## Appendix 3F

### **List of Securities Services**

1 FNB Insurance Brokers (Pty) Ltd

## Appendix 3G

### **List of Custodians**

- 1 Stanbic Bank Botswana Limited
- 2 First National Bank of Botswana Limited
- 3 Standard Chartered Bank Botswana Limited

## Appendix 3H

#### **List of Trustees**

- 1 Stanbic Bank Botswana Limited
- 2 First National Bank of Botswana Limited
- 3 Standard Chartered Bank Botswana Limited

## Appendix 31

### **List of Investment Companies with Variable Capital**

1 IPRO Ponelopele (Pty) Ltd

## Appendix 3J

### **List of Management Companies**

- 1 African Alliance Botswana Management Company (Pty) Ltd
- 2 BIFM Unit Trusts (Pty) Ltd
- 3 IPRO Botswana Fund Management (Pty) Ltd
- 4 Ninety One Fund Managers Botswana (Pty) Ltd
- 5 Vunani Management Company (Pty) Ltd
- 6 IPRO Ponelopele
- 7 Prime Collective Investments (Pty) Ltd
- 8 Morula Capital Partners Management Company (Pty) Ltd
- 9 First Light t/a Multi Management Company (Pty) Ltd

## Appendix 3K

### **List of IFSC Accredited Entities**

1 Imara Holdings (Pty) Ltd

## Appendix 3L

### **List of Securities Brokers**

- Motswedi Securities (Pty) Ltd
- 2 Imara Capital Securities (Pty) Ltd
- 3 Stock Brokers Botswana Pty Ltd

## Appendix 3M

### **List of Virtual Assets Service Providers**

- 1 Express Minds Pty Ltd
- 2 Kalahari Exchange (Pty) LTD
- 3 PAA Capital Botswana Pty Ltd
- 4 Yellow Card Botswana Pty Ltd



## **Appendix 4A**

- 1 Abakwa Investments (Pty) Ltd
- 2 Abercorn (Pty) Ltd
- 3 Adima Morokotso O Monnye (Pty) Ltd
- 4 Adimanang (Pty) Ltd t/a Adimanang Cashloan
- 5 Affluent Wealth (Pty) Ltd
- 6 Africa Origin Broker (Pty) Ltd
- 7 Afriservices (Pty) Ltd T/A Africash Flow
- 8 Afritec (Pty) Ltd
- 9 Agapeestate (Ptd) Ltd
- 10 Alafisa (Pty) Ltd
- 11 Alecorn Investments (Pty) Ltd t/a Crebsberg
- 12 Alvinah Investments (Pty) Ltd
- 13 Apple Craft Investments (Pty) Ltd
- 14 Approved Cash (Pty) Ltd
- 15 Areka Ark Investment (Pty) Ltd
- 16 AT &T Monnakgotla Transport (Pty) Ltd T/A Macheng Cashloans
- 17 Babereki Investments (Pty) Ltd
- 18 Bakasonny Investments (Pty) Ltd
- 19 Bamenda Holdings (Pty) Ltd t/a Alo Fastcash
- 20 Baraldman Investments (Pty) Ltd t/a Morph CashLoans
- 21 Bare Minimum (Pty) Ltd
- 22 Batho le Madi Investments (Pty) Ltd
- 23 Beacon Bouquet (Pty) Ltd t/a Tshepong Financial Service
- 24 Belezeni Investments (Pty) Ltd
- 25 Black and Blu (Pty) Ltd
- 26 Blacklion Mosinyi Holdings
- 27 Blue Berry Supreme Services (Pty) Ltd
- 28 Bolk Holdings (Pty) Ltd
- 29 Bond Inc. Bw (Pty) Ltd
- 30 Bong Cash Loan & Consultants (Pty) Ltd
- 31 Bophirima Investments (Pty) Ltd
- 32 Botlhale Investments (Pty) Ltd
- 33 Boxlink Holdings (Pty) Ltd
- 34 Brainlead (Pty) Ltd
- 35 Brastorne Enterprises (Pty) Ltd t/a Fin 4 U
- 36 Bratax Holding (Pty) Ltd t/a Loago Financial Services
- 37 Bright Employee Benefits (Pty) Ltd
- 38 Business Giants (Pty) Ltd
- 39 Business Shot (Pty) Ltd t/a Buckwise Micro Lenders
- 40 Business Paradise (Pty) Ltd



- 41 Caftan (Pty) Ltd
- 42 Calvom Investments (Pty) Ltd
- 43 CAMPULA (PTY) LTD
- 44 Capital Express (Pty) Ltd
- 45 Cash Briefcase
- 46 Cash Plug (Pty) Ltd
- 47 Cash-Tab
- 48 KNK General Supplies (Pty) Ltd t/a Cash Connexions Micro Lenders
- 49 Cash Boss (Pty) Ltd
- 50 Cash Genie (Pty) Ltd
- 51 Catbok Investments (Pty) Ltd
- 52 Chaffinch Investments Pty Ltd t/a Cashpower Selebi-Phikwe
- 53 Chanel 21 (Pty) Ltd
- 54 Clemmar Services (Pty) Ltd
- 55 Close Friends Investments (Pty) Ltd
- 56 CO88 Holdings (Pty) Ltd
- 57 Con Amor 1 (Pty) Ltd
- 58 Consultek Investments (Pty) Ltd
- 59 Coracle Investments (Pty) Ltd t/a Legae La Batho
- 60 Coventry (Pty) Ltd t/a Loanstar
- 61 Credible Standards (Pty) Ltd
- 62 Creditnet (Pty) Ltd
- 63 Credwiz Microlenders (Pty) Ltd
- 64 Currency Links (Pty) Ltd
- 65 Damont Holdings (Pty) Ltd
- 66 Deta Investments (Pty) Ltd
- 67 De Rien Cash Loan
- 68 Derunde Capital Funding (Pty) Ltd
- 69 Des Nuages (Pty) Ltd
- 70 Destination Reached (Pty) Ltd t/a M & R Eazy-Get-Loans
- 71 Digimoola (Pty) Ltd
- 72 Dithebepele Wealth Microlending (Pty) Ltd
- 73 Dotted Strands (Pty) Ltd
- 74 Drizzles (Pty) Ltd
- 75 Duhamel Investments (Pty) Ltd t/a SBB Cashloan
- 76 Eagle Flight (Pty) Ltd
- 77 Earth Funders (Pty) Ltd
- 78 Eco Shop (Pty) Ltd T/A Eco Capital
- 79 Emisang Investments (Pty) Ltd
- 80 Endless Mega (Pty) Ltd t/a Tshola Cashloan

- 81 Executive Decision (Pty) Ltd
- 82 Expresscredit (Pty) Ltd
- 83 Equifin (Pty) Ltd
- 84 Feelbay Investment (Pty) Ltd T/A Kay & Ree Services
- 85 Feron Investments (Pty) Ltd
- 86 Fima Enterprises (Pty) Ltd
- 87 Fin-All Enterprises (Pty) Ltd
- 88 Finflick (Pty) Ltd
- 89 Fincare (Pty) Ltd
- 90 Finseeds (Pty) Ltd
- 91 Fiki Lame Enterprises (Pty) Ltd T/A Mawatle Micro Lending
- 92 First Class Benefits (Pty) Ltd
- 93 Flexellent (Pty) Ltd
- 94 Freshair Cinemas (Pty) Ltd t/a Fresh Lending
- 95 Fringilla (Pty) Ltd
- 96 Frigo Court (Pty) Ltd t/a Frigo Financing
- 97 The Galaxy Micro Lenders (Pty) Ltd
- 98 Firstcred Limited
- 99 Galaletsang Molabi (Pty) Ltd T/A Phumelela Micro Lending
- 100 Gigaba Investments (Pty) Ltd t/a Gigaba Micro Lending
- 101 Glambuh Enterprises (Pty) Ltd
- 102 Global Way (Pty) Ltd
- 103 Global Base (Pty) Ltd t/a Flexi Capital
- 104 Golden Sycamore Tree (Pty) Ltd t/a Advance Plus Microlending
- 105 Goldscreen (Pty) Ltd
- 106 Good Invention (Pty) Ltd
- 107 Green Flap (Pty) Ltd T/A Green Flap Cash Loan
- 108 Grey Wings Enterprises (Pty) Ltd T/A Grey Wings Cashloans
- 109 Hey Cashloan (Pty) Ltd
- 110 House of Hazel (Pty) Ltd T/A Down Town Micro Lenders
- 111 Hudson Financial Advisors & Consultants (Pty) Ltd t/a Hudson Cash
- 112 Ideas Board (Pty) Ltd
- 113 Instazaka (Pty) Ltd
- 114 I-Six Logistics (Pty) Ltd t/a I-Six Capital Enterprises
- 115 Jago Investments (Pty) Ltd
- 116 Jak Micro Loans (Pty) Ltd
- 117 Jentles Investments (Pty) Ltd t/a Mbakiso Micro lenders
- 118 Jogasi Investments (Pty) Ltd
- 119 Jong Fortunes (Pty) Ltd T/A Jong Finance
- 120 JPC Cash Services (Pty) Ltd

- 121 JRS Ventures (Pty) Ltd
- 122 Kamanle's Group (Pty) Ltd
- 123 Keshmoni (Pty) Ltd
- 124 Kgaswane & Sons (Pty) Ltd
- 125 Kgolo Capital (Pty) Ltd
- 126 Khispha Investments (Pty) Ltd
- 127 Kodwa Munthu Cashloan (Pty) Ltd
- 128 Kredicell (Pty) Ltd
- 129 Kumbi Beat Holdings Proprietary Limited t/a skycap
- 130 Lamuse (Pty) Ltd
- 131 Laposh Posh Holdings (Pty) Ltd T/A Cash-Tower
- 132 Laxzo Vee (Pty) Ltd
- 133 Le Crest Massif (Pty) Ltd
- 134 Legald Investments (Pty) Ltd T/T Unald Loans
- 135 Lego Investments (Pty) Ltd t/a Mabo's Cashloan
- 136 Lendone (Pty) Ltd
- 137 Letshego Financial Services (Pty) Ltd
- 138 Leshoa (Pty) Ltd
- 139 Likhaka (Pty) Ltd
- 140 Lilly Tee and Sech Investments (Pty) Ltd
- 141 Lims Consortium Botswana
- 142 Lindenvilla Holdings (Pty) Ltd t/a S&T Micro lenders
- 143 Lobmicrofin (Pty) Ltd
- 144 Lotus Enterprises (Pty) Ltd t/a Matshelo Cashloans
- 145 Loyalcorp Holdings (Pty) Ltd
- 146 Luisa Enterprises (Pty) Ltd
- 147 Luame Enterprises (Pty) Ltd
- 148 Luphomas (Pty) Ltd
- 149 Mabote Investments (Pty) Ltd
- 150 Madi Madi Investments (Pty) Ltd
- 151 Maisonette Investments (Pty) Ltd
- 152 Mankge Holdings (Pty) Ltd t/a MaatlaCashloans
- 153 Manual Workers Union Benefits Scheme (Pty) Ltd
- 154 Mapleton (Pty) Ltd
- 155 Mapororo Cash Loan (Pty) Ltd
- 156 Mapula (Pty) Ltd
- 157 Mabelega Cash Source (Pty) Ltd
- 158 MAMS (Pty) Ltd
- 159 Masha Micro Lender (Pty) Ltd
- 160 Matric Services (Pty) Ltd

- 161 Menlyn-Ridge Holdings (Pty) Ltd
- 162 MFS Investments (Pty) Ltd
- 163 Midi Micro Lenders (Pty) Ltd
- 164 Midrow Enterprises (Pty) Ltd
- 165 Mirage Views (Pty) Ltd t/a Poloko Micro Lenders
- 166 M'Kay (Pty) Ltd T/A Elite Capital
- 167 Mlets
- 168 Mmolai Ntombela JV (Pty) Ltd T/A Sefhvill Micro Lending
- 169 Mocqa Supplies and Works (Pty) Ltd t/a Mocqa Cashloan
- 170 Moltee & Offsprings Investments (Pty) Ltd t/a Moltee Quick Cashloan
- 171 Momatts Investments (Pty) Ltd
- 172 Monei Capital (Pty) Ltd
- 173 Money Quest Investments (Pty) Ltd t/a Bayport Financial Services
- 174 Moneywise Botswana (Pty) Ltd
- 175 More Mula (Pty) Ltd
- 176 Mossmai (Pty) Ltd
- 177 Motshe Cash (Pty) Ltd
- 178 Mumsy Investments (Pty) Ltd
- 179 Muscat (Pty) Ltd
- 180 Muttyclee (Pty) Ltd
- 181 Navy Stone (Pty) Ltd
- 182 Nicho's Cashloan (Pty) Ltd
- 183 Nnoig (Pty) Ltd t/a Nnoig Micro Lenders
- 184 North Star Enterprises (Pty) Ltd
- 185 Northring Complex (Pty) Ltd T/A Northring Cashloan
- 186 Notewise (Pty) Ltd
- 187 Northern Sparrow (Pty) Ltd t/a Gwizi
- 188 Ntshekisang Screen Cash-Loan (Pty) Ltd
- 189 Nuff Cashloans (Pty) Ltd
- 190 Nyika Investments (Pty) Ltd
- 191 Obmass (Pty) Ltd
- 192 O'FM Investment Pty Ltd t/a Dlamini's Services/Cash Loan
- 193 OI-Globe Holdings (Pty) Ltd t/a OI-Globe Capital
- 194 Globe High (Pty) Ltd T/A Pier Capital
- 195 Ooslo Investments (Pty) Ltd
- 196 Open Lenders (Pty) Ltd
- 197 Pachi Micro Solutions (Pty) Ltd
- 198 Payday 365 (Pty) Ltd
- 199 P.C. Net Financial Services (Pty) Ltd
- $200 \quad \text{Pecuniary Services (Pty) Ltd t/a Teachers Capital} \\$

- 201 Peo Finance (Pty) Ltd
- 202 People's House Jwaneng (Pty) Ltd
- 203 Peubo Investments (Pty) Ltd
- 204 Phana Romic (Pty) Ltd
- 205 Pioneering Fin (Pty) Ltd
- 206 Pink Olives Enterprises (Pty) Ltd
- 207 Polonic Investments (Pty) Ltd t/a Polonic Cashloan
- 208 Progressive Capital (Pty) Ltd
- 209 Puku Holdings (Pty) Ltd t/a Imali Cashloan
- 210 Quick Start Services (Pty) Ltd
- 211 Quick Capital (Pty) Ltd
- 212 Quick Cred (Pty) Ltd
- 213 Rachelwa Investments (Pty) Ltd
- 214 Rafitha (Pty) Ltd T/A Rafitha Fast Cash
- 215 Reathusa (Pty) Ltd
- 216 Reboz (Pty) Ltd t/a PromptDeal
- 217 Red Button Cash Loan (Pty) Ltd
- 218 Red Tree (Pty) Ltd
- 219 Reliance Holdings (Pty) Ltd t/a Paper Cash loan
- 220 Relone Investments (Pty) Ltd
- 221 RG Kemane (Pty) Ltd
- 222 Rise & Shine Budget Beaters (Pty) Ltd
- 223 Robilishious Fast Cash Pty Ltd
- 224 Robust Credit (Pty) Ltd
- 225 Robustic Investments (Pty) Ltd t/a Harmite Cashloan.
- 226 Rosherville Investments (Pty) Ltd
- 227 Rosslyn And Ross (Pty) Ltd T/A Wallet Assist
- 228 Sarakie Investments (Pty) Ltd t/a Sarakie Micro Lending
- 229 Save & Spend Cashloans (Pty) Ltd
- 230 Sechaba Capfund (Pty) Ltd
- 231 Secured Cash (Pty) Ltd
- 232 Sentle Investments (Pty) Ltd
- 233 SilverDollar Investments (Pty) Ltd
- 234 Sizewell (Pty) Ltd
- 235 Skyquest (Pty) Ltd
- 236 Sloca Enterprises (Pty) Ltd t/a Bonno Cash Loans
- 237 Smart Cash Investments (Pty) Ltd
- 238 Smartplan (Pty) Ltd
- 239 Smartribe (Pty) Ltd
- 240 Sonaga Investments (Pty) Ltd



- 241 Speedy Marketing (Pty) Ltd T/A Precise Lending
- 242 Spicewekz Cash Loan (Pty) Ltd
- 243 Stealth Realm (Pty) Ltd
- 244 Stims Enterprises (Pty)Ltd t/a Stims Microlending
- 245 Strategic Concepts (Pty) Ltd
- 246 Sum of All (Pty) Ltd
- 247 Sunset Letsatsi (Pty) Ltd t/a Boop Kono Cashloan
- 248 Suzu- Rih Enterprises (Pty) Ltd t/a Immediate Cashloan
- 249 Sytic (Pty) Ltd t/a The Cash Source
- 250 T&B Industries (Pty) Ltd
- 251 The Grand Express Cash and Pawn (Pty) Ltd T/A The Grand Express Micro Lender
- 252 The Planet Cashi Casher (Pty) Ltd
- 253 Tlhabo Global (Pty) Ltd
- 254 Thito Holdings (Pty) Ltd
- 255 Tide Waters Investments (Pty) Ltd
- 256 Tietic Investments (Pty) Ltd
- 257 Tiego's Cash Loans (Pty) Ltd
- 258 Tit4tat (Pty) Ltd
- 259 Top Ted Investments (Pty) Ltd
- 260 Tshepo Mosinyi t/a Ezweleni Cash Loan
- 261 Tshipidi (Pty) Ltd
- 262 TU Loans (Pty) Ltd
- 263 Tuk-Tuk Botswana (Pty) Ltd
- 264 U-W Farmers Pty Ltd
- 265 Unibonn Group
- 266 Vitalmed Scheme (Pty) Ltd
- 267 Versagold (Pty) Ltd t/a Day Service Cash Loan
- 268 Wakalevike (Pty) Ltd
- 269 Wandi's Group (Pty) Ltd t/a Optimum Advisors
- 270 Wa Tshwara (Pty) Ltd Atla Pedi
- 271 Watdon (Pty) Ltd t/a NK 2011 Micro Lenders
- 272 Wealth bucket (Pty) Ltd
- 273 Wealth Hive (Pty) Ltd
- 274 Wealthy Roadways (Pty) Ltd
- 275 Wealth Private Scheme
- 276 Wewa Trading (Pty) Ltd
- 277 Whitsun (Pty) Ltd t/a Yours and Mine
- 278 Wallet Care (Pty) Ltd
- 279 Wildberry Works (Pty) Ltd
- 280 Winmark Keosekile Investment (Pty) Ltd T/A Winmark Micro Lenders

- 241 Speedy Marketing (Pty) Ltd T/A Precise Lending
- 242 Spicewekz Cash Loan (Pty) Ltd
- 243 Stealth Realm (Pty) Ltd
- 244 Stims Enterprises (Pty)Ltd t/a Stims Microlending
- 245 Strategic Concepts (Pty) Ltd
- 246 Sum of All (Pty) Ltd
- 247 Sunset Letsatsi (Pty) Ltd t/a Boop Kono Cashloan
- 248 Suzu- Rih Enterprises (Pty) Ltd t/a Immediate Cashloan
- 249 Sytic (Pty) Ltd t/a The Cash Source
- 250 T&B Industries (Pty) Ltd
- 251 The Grand Express Cash and Pawn (Pty) Ltd T/A The Grand Express Micro Lender
- 252 The Planet Cashi Casher (Pty) Ltd
- 253 Tlhabo Global (Pty) Ltd
- 254 Thito Holdings (Pty) Ltd
- 255 Tide Waters Investments (Pty) Ltd
- 256 Tietic Investments (Pty) Ltd
- 257 Tiego's Cash Loans (Pty) Ltd
- 258 Tit4tat (Pty) Ltd
- 259 Top Ted Investments (Pty) Ltd
- 260 Tshepo Mosinyi t/a Ezweleni Cash Loan
- 261 Tshipidi (Pty) Ltd
- 262 TU Loans (Pty) Ltd
- 263 Tuk-Tuk Botswana (Pty) Ltd
- 264 U-W Farmers Pty Ltd
- 265 Unibonn Group
- 266 Vitalmed Scheme (Pty) Ltd
- 267 Versagold (Pty) Ltd t/a Day Service Cash Loan
- 268 Wakalevike (Pty) Ltd
- 269 Wandi's Group (Pty) Ltd t/a Optimum Advisors
- 270 Wa Tshwara (Pty) Ltd Atla Pedi
- 271 Watdon (Pty) Ltd t/a NK 2011 Micro Lenders
- 272 Wealth bucket (Pty) Ltd
- 273 Wealth Hive (Pty) Ltd
- 274 Wealthy Roadways (Pty) Ltd
- 275 Wealth Private Scheme
- 276 Wewa Trading (Pty) Ltd
- 277 Whitsun (Pty) Ltd t/a Yours and Mine
- 278 Wallet Care (Pty) Ltd
- 279 Wildberry Works (Pty) Ltd
- 280 Winmark Keosekile Investment (Pty) Ltd T/A Winmark Micro Lenders
- 281 Wise wallet (Pty) Ltd
- 282 Zufire & Co (Pty) Ltd



## **Appendix 4B**

### **List of Finance Companies**

- 1 Active Drive
- 2 Basmod (Pty) Ltd
- 3 Africa Origin Khumoetsile (Pty) Ltd
- 4 Benning (Pty) Ltd
- 5 Benchmark Capital
- 6 Boop-Kono Capital
- 7 Borogo Holdings (Pty) Ltd t/a Khana Capital
- 8 Brand Nu Agency (Pty) Ltd t/a Purchase Order Finance
- 9 Blue Jay Capital (Pty) Ltd
- 10 Business Portal (Pty) Ltd
- 11 Capital Value (Pty) Ltd
- 12 Chaba Capfund (Pty) Ltd
- 13 Chameleons (Pty) Ltd
- 14 Current Future (Pty) Ltd T/a Vision Pula
- 15 Vix Capital (Pty) Ltd
- 16 Everrain Capital (Pty) Ltd
- 17 Fundarrr (Pty) Ltd
- 18 Funding Gate
- 19 Fima Enterprises (Pty) Ltd
- 20 Golden Peal
- 21 Guile & Khoison Capital (Pty) Ltd
- 22 I Am Papers (Pty) Ltd
- 23 Intelgia Holdings (Pty) Ltd t/a BSN Bonds
- 24 Incinbo Angels (Pty) Ltd
- 25 Isago Capital (Pty) Ltd
- 26 Kemello Group (Pty) Ltd
- 27 Kika Funding (Pty) Ltd
- 28 King Unicorn (Pty) Ltd
- 29 Ticano Group (Pty) Ltd t/a Ticano Enterprises Development
- 30 Langford Holdings (Pty) Ltd t/a Langford and David
- 31 Lanny Holdings (Pty) Ltd
- 32 Lendico Holdings (Pty) Ltd
- 33 Lereko Landers (Pty) Ltd
- 34 Letshego Financial Services (Pty) Ltd
- 35 Lupos Investments (Pty) Ltd T/A Lupos Capital
- 36 MaxAur Marketing Services
- 37 Mathai Investments (Pty) Ltd
- 38 Maruping Minds Investments (Pty)Ltd
- 39 Moffat Capital (Pty) Ltd
- 40 Moola Group (Pty) Ltd t/a Moola Capital

### **List of Finance Companies**

- 41 Nichell finance
- 42 Northeaven(Pty) Ltd
- 43 Petrogo (Pty) Ltd
- 44 Profirst (Pty) Ltd
- 45 Prolude (Pty) Ltd t/a Prolude Capital
- 46 Plural Innovations (Pty)Ltd t/a Plural Factors
- 47 Prime Lending (Pty) Ltd
- 48 Rain Capital (Pty) Ltd
- 49 Retain It (Pty) Ltd
- 50 Savanna Land (Pty) Ltd
- 51 Saverin (Pty) Ltd
- 52 Silvertronic (Pty) Ltd T/A Qodesh Gold Enterprises
- 53 Smartcred (Pty) Ltd
- 54 Smartplan (Pty) Ltd
- 55 Spectral Energy (Pty) Ltd
- 56 Sundas Capital (Pty) Ltd
- 57 Sure-Burst Investments (Pty) Ltd
- 58 The Business Platform (Pty) Ltd
- 59 The Business Towers Consultant (Pty) Ltd
- 60 Thebe Capital (Pty) Ltd
- 61 Thito Holdings (Pty) Ltd
- 62 Topmarket Capital (Pty) Ltd
- 63 TTQ (Pty) Ltd
- 64 Trade Fin Capital (Pty) Ltd
- 65 Versagold (Pty) Ltd
- 66 Wallet Care (Pty) Ltd t/a Walletcare Business Unit
- 67 Water Solutions Mining Botswana (Pty) Ltd t/a Toplend
- 68 Yaria (Pty)Ltd

## **Appendix 4C**

### **List of Pawnshops**

- 1 Africou (Pty) Ltd
- 2 Anthoniorose (Pty) Ltd
- 3 Blessed Dreams Investments (Pty) Ltd
- 4 Big Bawn Shop t/a Baba's Big
- 5 Bripo Tam Investments (Pty) Ltd T/A Speedy Cash Pawnshop
- 6 Candy-Bee Pawnshop (Pty) Ltd
- 7 Cash Converters (Pty) Ltd
- 8 Cash Crusaders (Pty) Ltd t/a Progressive Retail Holdings
- 9 Capital Wise (Pty) Ltd
- 10 Dancy NB & Co. Proprietary Limited
- 11 Dela On Desert (Pty) Ltd t/a Ntshwarelela Pawn Shop
- 12 Drive Along (Pty) Ltd
- 13 Domithas (Pty) Ltd
- 14 Fanston (Pty) Ltd
- 15 Freeman Pawnshop (Pty) Ltd
- 16 G\_Amour Investments (Pty) Ltd
- 17 Glofin Pawshop (Pty) Ltd
- 18 Green Flap (Pty) Ltd t/a GF Pawnshop
- 19 Jack Cage Pawn Shop
- 20 KG Jon Investments (Pty) Ltd
- 21 Jatinwa Investments (Pty) Ltd t/a Jatinwa Pawn Shop
- 22 Lacox Holdings (Pty) Ltd
- 23 Lanny Capital (Pty) Ltd t/a Pawn Express
- 24 LBJ Technology Holdings (Pty) Ltd t/a Reliable Pawnshop
- 25 Lizah's Pawnshop
- 26 Loapi Pawn Shop (Sober Deals Investments) (Pty) Ltd
- 27 Midascar's Investments
- 28 Martim (Pty) Ltd
- 29 Magic Plum (Pty) Ltd
- 30 Med-Tint Group (Pty) Ltd T/A Tumo Pawnshop
- 31 Mind Coaches (Pty) Ltd
- 32 Moriting Accountancy Services (Pty) Ltd t/a Moriting Pawnshop
- 33 Mor's Pawnshop
- 34 Mmapolase Pawnshop
- 35 MPL Pawn Group
- 36 Nomek Holdings (Pty) Ltd
- 37 Novel Vision Projects (Pty) Ltd t/a Pula Pawnshop
- 38 Pakma Investments
- 39 Pawn It (Pty) Ltd
- 40 Peam Motors (Pty) Ltd t/a Main Pawshop



### **List of Pawnshops**

- 41 Property Database (Pty) Ltd
- 42 Quick Cash t/a Cash Box Pawnshop
- 43 Resostore (Pty) Ltd
- 44 Sxheku Holdings (Pty)Ltd T/A Sxheku PawnShop
- 45 Setso Capital (Pty) Ltd
- 46 Tebo Group (Pty) Ltd
- 47 The Best Galore (Pty) Ltd
- 48 Thobela Pawn Shop
- 49 Tswana Pawnshop (Pty) Ltd
- 50 Turnbright Pawnshop
- 51 Water Solution Mining Botswana (Pty) Ltd
- 52 Wild Power (Pty) Ltd

# **Appendix 4D**

### **List of IFSC Accredited Companies**

- 1 Letshego Financial Services (Pty) Ltd
- 2 Norsad Finance Ltd

# **Appendix 4E**

### **List of Leasing Companies**

- 1 Kemello Group (Pty) Ltd
- 2 Ticano Group (Pty) Ltd t/a Ticano Enterprises Development
- 3 Scania Finance Southern Africa (Pty) Ltd



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