

2025
ANNUAL REPORT

NBFIRA

Non-Bank Financial
Institutions Regulatory
Authority



Mandate

The Authority derives the mandate to regulate and supervise the Non-Bank Financial Institutions (NBFIs) sector from Section 5 of the NBFIRA Act (2023). The principal objective of the 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 Authority embraces a culture of high-performance and subscribes to the following Vision, Mission, and Values.

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 Authority, is required by Section 34 of the NBFIRA Act (2023), to publish an Annual Report for its financial year ending March 31 of the calendar year.

The **2025 NBFIRA Annual Report** is published in fulfilment of the statutory requirement and highlights the Authority's financial and operational performance for the financial year 2024/25. The financial performance of regulated entities, however, is based on the audited financial statements as at December 2024. Historical data is reported for purposes of comparison.



Abbreviations

AML/CFT & PF	Anti-Money Laundering/Combating the Financing of Terrorism/Combating Proliferation Financing
AUM	Assets Under Management
CDD	Customer Due Diligence
CEO	Chief Executive Officer
CIUs	Collective Investment Undertakings
COVID-19	Corona Virus Disease of 2019
CSD	Central Securities Depository
D-SIFIs	Domestic-Systemically Important Financial Institutions
EDD	Enhanced Customer Due Diligence
EDRMS	Electronic Document and Records Management System
ERM	Enterprise Risk Management
FIA	Financial Intelligence Agency
Fintech	Financial Technology
GDP	Gross Domestic Product
IFRS 17	International Financial Reporting Standard 17
IFSC	International Financial Services Centre
ILO	International Labour Organisation
IMF	International Monetary Fund
MANCO	Management Company
MFA	Multi-Factor Authentication
MoPR	Monetary Policy Rate
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
NBFIs	Non-Bank Financial Institutions
NBFIT	Non-Bank Financial Institutions Tribunal
NIST	National Institute of Standards and Technology
NRA	National Risk Assessment
PFR2	Pension Fund Investment Rules

Abbreviations (continued)

PPF	Policyholder Protection Fund
PRSIMLs	Prudential Rules for Systemically Important Micro Lenders
QMS	Quality Management System
RBSS	Risk Based Supervisory System
RTO	Recovery Time Objectives
SARs	Suspicious Activities Reports
SDDS	Special Data Dissemination Standards
SIBs	Securities Infrastructure Businesses
SIMLs	Systemically Important Micro Lenders
SMS	Bulk Short Messaging Services
SSA	Sub-Saharan Africa
STRs	Suspicious Transaction Reports
TA	Technical Assistance
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:

Any arrangement with respect to property of any description, including money, the purpose or effect of which is to enable persons taking part in the arrangement (the "participants"), whether by becoming owners of the property or any part of it or otherwise, to participate in or receive profits or income arising from the acquisition, holding, management or disposal of the property or sums paid out of such profits or income.

Custodian:

A person who holds the property, securities or money 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 Group:

A group of companies under common control comprising one or more prudentially regulated non-bank financial institutions and their subsidiaries.

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 and Securities (Amendment) 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 or not as a member of an association of underwriters.

Investment Advisor:

A person who, for remuneration advises another person on investment matters, issues or

Glossary of Terms (continued)

promulgates analysis or reports on securities, offers advice on the placement of monetary resources for the creation or acquisition of assets, including purchase of property or securities, acts as adviser or underwriter for long term finance, equity and debt in relation to the public issue of securities, or acts as a consultant, financial planner, corporate advisor or in such capacity as the Regulatory Authority may determine.

Management Company for a Collective Investment Undertaking:

A body corporate licensed, and responsible for the establishment, promotion, operation, investment management and administration of a separately constituted collective investment undertaking.

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; and trades in commodities.

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 body corporate holding the property constituting a unit trust undertaking on trust for the participants, which is eligible to be a trustee under the CIU Act and which carries out the duties and functions set out in Chapter V of the CIU Act.

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).

Table of Contents

Mandate, Vision, Mission and Values	i
Preamble	ii
Abbreviations	iii
Glossary of Terms	v
List of Tables	ix
List of Figures	xi
The Regulatory Framework for the NBFI Sector	1
Supervisory Developments	3
Board of Directors	4
Organisational Structure	5
Corporate Governance	6
Composition and Role of the Board of Directors	6
Committees of the Board	6
Chief Executive Officer's Report	10
Executive Management Team	13
Strategy Management	15
NBFIRA Corporate Strategy (2021 – 2026)	15
Risk and Quality Assurance	17
Risk Management Governance	17
Risk Culture and Risk Appetite	17
Key Risks	18
Health and Safety	18
Enforcement	20
Overview of Macro-Economic Conditions and Sector Performance	23
The Structure of the Botswana Financial System	24
The Financial Performance of the Botswana Financial System	24
Insurance and Medical Aid Funds	28
Structure of the Insurance and Medical Aid Funds Industry	28
Financial Overview of the Insurance and Medical Aid Industries	28
Market Performance	29
Financial Performance of the Insurance Industry	29
Medical Aid Funds Performance	32
Retirement Funds	33
Structure of the Retirement Funds Industry	33
Financial Performance of the Retirement Funds Industry	33
Offshore/Onshore Investment Assets Split	34
Membership Status	37
Capital Markets	39
Structure of Capital Markets Industry	39
Financial Performance of the Capital Markets Industry	40
Non-Bank Lending	46
Structure of the Non-Bank Lending Sector	46
Financial Overview of the Micro Lending Industry	46
Financial Performance of the IFSC Accredited Companies	48

Table of Contents (continued)

Anti-Money Laundering/Combating the Financing of Terrorism/Combating Proliferation Financing (AML/CFT/CPF)	50
Overview	50
Supervisory Activities	50
National Money Laundering, Terrorism Financing and Proliferation Financing Risks Outlook	50
Policy Development and Guidance	53
Human Resources and Administration	55
Organisation Review and Structure Alignment	55
Learning and Development	55
Data Management	56
Information Technology	57
Communication and Consumer Affairs	58
Finance	59
NBFIRA Financial Performance	59

List of Tables

Table 1: Financial Services Laws and their Applicability	1
Table 2: Retirement Funds Administrative Rules	3
Table 3: Board of Directors	6
Table 4: Finance, Risk and Audit Committee Members	7
Table 5: Human Resource Committee Members	7
Table 6: Regulatory and Enforcement Committee Members	8
Table 7: Main Board Meetings	8
Table 8: Finance, Risk and Audit Committee Meetings	8
Table 9: Human Resources Committee Meetings	9
Table 10: Regulatory and Enforcement Committee Meetings	9
Table 11: Implementation Status of 2023/2024 Strategic Initiatives	16
Table 12: Top 10 Risks	19
Table 13: Enforcement Matters as at March 31, 2025	21
Table 14: Administrative Penalties Imposed as at March 31, 2025	21
Table 15: Tribunal Matters Number of New Cases by Sector	22
Table 16: Domestic Real GDP Growth and Inflation	24
Table 2.1: Structure of the NBFIs by Sector as at March 31, 2025	24
Table 2.2: Integrated Balance Sheet of the Botswana Financial System (BWP Million)	25
Table 2.3: Integrated Income Statement of the NBFIs Sector (BWP Million)	26
Table 2.4: NBFIs' Risks	27
Table 3.01: Structure of the Insurance Industry and Medical Aid Funds as at March 31, 2025	28
Table 3.02: Abridged Balance Sheet of the Insurance Industry (BWP Million)	30
Table 3.03: Abridged Income Statement of the Insurance Industry (BWP Million)	31
Table 3.51: Abridged Statement of Financial Position for Medical Aid Funds (BWP Million)	32
Table 3.52: Abridged Statement of Comprehensive Income for Medical Aid Funds (BWP Million)	32
Table 4.1: Structure of the Retirement Funds as at March 31, 2025	33
Table 4.2: Retirement Funds Industry Investment Allocation (BWP Million) as at December 2024	35
Table 4.3: Abridged Balance Sheet of the Retirement Funds Industry (BWP Million)	35
Table 4.4: Abridged Income Statement/Expenditure of the Retirement Funds Industry (BWP Million)	36
Table 4.4.1: Retirement Funds Cost Analysis (BWP Million)	37
Table 4.5: Membership Statistics for the Retirement Funds Industry as at December 2024	37
Table 5.01: Structure of the Capital Markets Industry as at March 31, 2025	40
Table 5.02: Abridged Balance Sheet of the Capital Markets Industry (BWP Million)	41
Table 5.03: Abridged Income Statement of the Capital Markets Industry (BWP Million)	43
Table 5.18: Assets Under Management (AUM) as at March 31, 2025 (BWP Million)	45
Table 6.1: Structure of the Non-Bank Lending Sector as at March 31, 2025	46
Table 6.2: Abridged Balance Sheet of the Micro Lending Industry (BWP Million)	47
Table 6.3: Abridged Income Statement of the Micro Lending Industry (BWP Million)	47
Table 6.4: Financial Performance of IFSCs (BWP Million)	48
Table 6.5: SIMLs Ratios	49
Table 7.1: Comparison of STRs per sector as at March 2025	51
Table 7.2: Comparison of AML/CFT and PF inspections by sector as at March 2025	51
Table 7.3: Comparison of AML/CFT fines by sector	52

List of Tables (continued)

Table 8.1: Total Income of the Authority as at March 31, 2025 (BWP Thousand)	59
Table 8.2: Total Expenses of the Authority as at March 31, 2025 (BWP Thousand)	60

List of Figures

Figure 1: 2024/25 Organisational Structure	5
Figure 2: Achievement of Strategic Performance	15
Figure 3: Global Real GDP Growth and Inflation	23
Figure 4: Market Share of Assets and Insurance Revenue as at December 31, 2024	29
Figure 5: Membership Statistics as at December 31, 2023 and 2024	38
Figure 6: Financial Performance of NBFIRA as at March 31, 2025	59

The Regulatory Framework for The NBFIs Sector

The laws that govern the operations of both the Authority and the NBFIs are collectively referred to as the “Financial Services Laws”(Table 1). At the apex of these laws is the NBFIRA Act of 2023, which serves as the overarching legislation for regulating the NBFIs sector. The Act outlines the functions, responsibilities, and obligations of the Authority, covering areas such as corporate governance, staffing, financial management, and stakeholder reporting. It also establishes a robust licensing framework for regulated entities and grants the Authority the power to address imprudent practices, unethical behaviour and violations of the law.

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); Insurance Prudential Rules (2012)	Reinsurer Insurer Insurance Broker Insurance Corporate Agent and Representatives (Natural Persons) Medical Aid Funds International Insurance Firms
The International Insurance Act (2005)		
Retirement Funds Industry		
Retirement Funds Act (2014) Income Tax Act Part IV (1995)	Retirement Funds Regulations (2017) Administrative Rules (2024) Income Tax (Superannuation Funds Regulations (2022) Pensions Administrative Rules (2012)	Pension Funds Provident Funds Fund Administrators
Capital Markets Industry		
Securities Act, 2014 and Securities (Amendment) Act, 2023	Securities (Institutions Licensing) Regulations, 2017 Securities (Persons Operating a Securities Infrastructure Business) Regulations, 2017	Securities exchange Asset manager Investment advisor Securities services (previously buying and selling of securities) Central securities depository (CSD) Central counterparty Transfer agent or transfer secretary Custodian Participant in the CSD Market maker Securities broker or dealer Securities Exchange Central Securities Depository Clearance and settlement system other than Central Securities Depository Central Counterparty

Collective Investments Undertaking Act, 2021	NBFIRA (Persons Operating A Securities Infrastructure Business) Rules, 2012	Securities Exchange Central Securities Depository Clearance and settlement system other than Central Securities Depository Central Counterparty
	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 Custodians	Custodians
NBFIRA Act, 2023	Financial Resources Requirement Rules for Securities Brokers or Dealers, 2023	Securities broker or dealer
	NBFIRA (Capital Markets Sector Corporate Governance) Rules, 2023	All Non-Bank Financial Institutions under the Capital Markets Sector
	Collective Investments Undertakings Regulations, 2001	Operators of CIUs Custodian and Supervisory Custodian CIU Funds CIU Partnerships Trustee
	NBFIRA (Market Intermediaries' Conduct of Business) Rules, 2012	Asset Manager Securities broker or dealer Custodians Investment Advisor Central Securities Depository Central counterparty Securities Exchange A trustee of a Collective Investment Undertaking A person operating a Collective Investment Undertaking
Virtual Assets Act, 2025	Related Party Transactions Guidelines for Non-Bank Financial Institutions, 2023	All Non-Bank Financial Institutions
	NBFIRA (Capital markets Sector Corporate Governance) Rules, 2023	All Non-Bank Financial Institutions under the capital markets sector
	Guidelines on Protection of Clients' Assets, 2020	All securities institutions which manage clients' assets
	Virtual Assets Regulations, 2022	Virtual Assets Service Providers
Lending Activities 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

Source: NBFIRA

Note: Financial Intelligence Act (2022) and Financial Intelligence Regulations are applicable to the entire NBFI sector

Supervisory Developments

During the period under review, the Authority implemented eight Retirement Funds Administrative Rules (2024) effective December 2024 as depicted in Table 2. The purpose was to align the Rules with the current legislation, particularly the Retirement Funds Act (2022) and the Income Tax Act Superannuation Regulations, as well as to enhance the governance of retirement funds and fund administrators in line with international best practice. Moreover, during 2024, the Virtual Assets Act was reviewed and commenced in January 2025, incorporating latest guidance from Recommendation 15 of the Financial Action Task Force. Ongoing reforms are as follows:

Table 2: Retirement Funds Administrative Rules

Retirement Funds Administrative Rules	
PFR1-	(Funding Valuation Rules), 2024, Aligned with the new Act.
PFR2-	(Pension Fund Investment Rules), 2023, Aligned with the new Act and revised investment limits.
PFR6-	(Actuarial Triennial Report), 2024, Aligned with the new Act
PFR7-	(Conditions for Exemption from Actuarial Valuation), 2024, Aligned with the new Act.
PFR8-	(Sustainability of Retirement Funds Investments), 2024, Aligned with the new Act, and strengthen fund governance.
PFR10-	(Minimum Standards and Conduct of Board of Trustees), Aligned with the new Act, and strengthen fund governance.
PFR11-	(Fund Administrators Rules), 2024, New Rules, and strengthen governance and business operation.
PFR12-	(Pension and Provident Funds Benefit Payments Rules), 2024, Aligned with the new Act and revised life annuity options and guarantee periods rules.
PFR13-	(Pension Fund Member Rights Rules), 2024, New Rules and enhance member education and their rights.

Source: NBFIRA

The ongoing reforms are as follows;

Medical Aid Fund Bill

The Bill was formulated to establish a dedicated legal framework to regulate medical aid funds. It was passed by Parliament during the 2025 winter session and is currently awaiting Presidential assent and publication of its commencement date.

Health Insurance Bill

The Health Insurance Bill is designed to accommodate medical aid funds that choose to operate under the ‘for-profit’ model. The Bill is currently in the initial drafting phase.

Amendment of the Insurance Industry Act and Regulations

The review of the Insurance Industry Act (the Act) is ongoing with the intention to keep it current with the fast-paced developments within the insurance industry market. The insurance industry is highly dynamic in nature and the speed at which it evolves may at times out pace the legislative framework, hence there will always be the need to review the legislation in relation to the prevailing market circumstances.

Non-Bank Lenders Bill

The Bill aims to regulate and supervise the non-bank lenders including microlenders, pawnshops, finance and leasing companies. The Bill is currently at an advanced stage of drafting and is planned to be presented to the next sitting of Parliament.

Board of Directors



Mr. Thabo Gaadingwe
Chairperson



Ms. Patrinah P. Masalela*



Dr. Lesedi S. Senatla**



Ms. Hilda D. Hlanti



Ms. Lerang N. Maruping



Mr. Kgotso S. Gaamangwe



Ms. Thobo Rammidi



Ms. Tshegofatso B. Modise



Mr. Oduetse A. Motshidisi***

* Resigned on June 1, 2025

** Tenure ended August 31, 2025

*** Tenure ended August 31, 2025

Figure 1: 2024/25 Organisational Structure



Corporate Governance

Composition and Role of the Board of Directors

The Board of Directors, established in accordance with Section 6 of the NBFIRA Act (2023), is entrusted with the overall governance, strategic direction, and policy formulation for the Authority. It ensures accountable and effective corporate performance in alignment with the Authority's statutory mandate.

The Board provides strategic leadership, sets governance policies, and exercises oversight to promote and uphold principles of sound corporate governance. In executing its responsibilities, 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 its various Board Committees.

The composition of the Board as at year-end is presented in Table 3.

Table 3: Board of Directors

Board Member	Nature of Membership	Date of Appointment
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. 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

*Resigned on June 1, 2025

**Tenure ended August 31, 2025

***Tenure ended August 31, 2025

****Tenure ended July 2024 and reappointed in October 2024.

Committees of the Board

In accordance with Section 17 of the NBFIRA Act (2023), the Board of the Authority has established three sub-committees to support the execution of its oversight responsibilities. These are:

- (a) the Finance, Risk and Audit Committee,
- (b) the Human Resources Committee, and
- (c) the Regulatory and Enforcement Committee.

Each Committee operates under approved Terms of Reference and plays a critical role in enhancing the Board's effectiveness in key areas of governance.

Finance, Risk and Audit

The Finance, Risk and Audit Committee assists the Board in overseeing the effectiveness of the Authority's internal control systems, digitalisation initiatives, compliance with applicable legislation, and the implementation of risk management frameworks. Through this oversight, the Committee plays a critical role in ensuring that the Authority maintains sound financial health and remains a going concern.

The composition of the Finance, Risk and Audit Committee for the 2024/25 financial year is presented in Table 4 below.

Table 4: Finance, Risk and Audit Committee Members

Name	Position
Ms. Tshegofatso Modise	Chairperson
Ms. Lerang Maruping**	Member
Mr. Kgotso Gaamangwe	Member
Ms. Patrinah Masalela*	Member

* Resigned on June 1, 2025

**Tenure ended July 2024 and reappointed in October 2024.

Human Resources Committee

The Human Resources Committee advises the Board on matters relating to the Authority's human resources strategy, policies, manpower planning, and remuneration. In addition, the Committee is responsible for making recommendations to the Board on appointments to senior executive management positions and ensuring the overall well-being of the Authority's staff.

The composition of the Human Resources Committee for the 2024/25 financial year is presented in Table 5 below.

Table 5: Human Resource Committee Members

Name	Position
Dr. Lesedi S. Senatla**	Chairperson
Ms. Patrinah Masalela*	Member
Ms Thobo Rammidi	Member
Ms. Hilda D. Hlanti	Member

* Resigned on June 1, 2025

**Tenure ended August 31, 2025

Regulatory and Enforcement Committee

The Regulatory and Enforcement Committee provides oversight and strategic advice to the Board on licensing, regulatory compliance, and enforcement activities, ensuring alignment with the NBFIRA Act (2023), Financial Services Laws, and other relevant legislation.

The composition of the Regulatory and Enforcement Committee for the 2024/25 financial year is listed in Table 6 below.

Table 6: Regulatory and Enforcement Committee Members

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

Tenure ended August 31, 2025

**Tenure ended July 2024 and reappointed in October 2024.

Board and Committee Meetings

In accordance with Section 14(2) of the NBFIRA Act (2023), the Board is required to meet at least four times annually to deliberate on key matters including strategy, operational performance, financial position, risk management, human resources, sustainability, and governance. Similarly, the Board Committees convene a minimum of four times per year, in accordance with their respective Terms of Reference, to support the Board in effectively fulfilling its mandate.

Details of the Board and Committee meeting schedules for the 2024/2025 financial year are provided in Tables 7 to 10 below.

Table 7: Main Board Meetings

Member	Q1 06-Jun-24	Q2 08-Aug-24	Q2 05-Sep-24	Q3 28-Nov-24	Q3 05-Dec-24	Q4 27-Mar-25	Total
Mr. Thabo E. Gaadingwe	✓	✓	✓	✓	✓	✓	6
Ms. Patrinah Masalela*	✓	✓	✓	✓	✓	x	5
Dr. Lesedi S. Senatla***	✓	✓	x	✓	✓	✓	5
Ms. Tshegofatso Modise	✓	✓	x	✓	✓	✓	5
Ms. Hilda D. Hlanti	✓	✓	✓	✓	✓	✓	6
Ms. Thobo Rammidi	✓	✓	✓	✓	✓	✓	6
Ms. Lerang Maruping**	✓	-	-	✓	✓	✓	4
Mr. Kgotsso S. Gaamangwe	✓	✓	✓	✓	✓	x	5
Mr. Oduetse A. Motshidisi****	✓	✓	✓	✓	✓	✓	6

* Resigned on June 1, 2025

** Tenure ended July 2024 and reappointed in October 2024.

*** Tenure ended August 31, 2025

**** Tenure ended August 31, 2025

Key: ✓ Present

x Absent

- Not yet appointed to committee

Table 8: Finance, Risk and Audit Committee Meetings

Member	Q1 08-May-24	Q2 31-July-24	Q3 06-Nov-24	Q4 6-Feb-25	Total
Ms. Tshegofatso Modise	-	-	-	✓	1
Ms. Lerang Maruping**	✓	✓	x	✓	3
Mr. Kgotsso S. Gaamangwe	✓	✓	✓	✓	4
Ms. Patrinah Masalela*	✓	✓	✓	✓	4

* Resigned on June 1, 2025

** Tenure ended July 2024 and reappointed in October 2024.

Key: ✓ Present

x Absent

- Not yet appointed to committee

Table 9: Human Resources Committee Meetings

Member	Q1 10-May-24	Q2 01-Aug-24	Q3 06-Nov-24	Q4 27-Feb-25	Total
Dr. Lesedi S. Senatla***	✓	✓	✓	✓	4
Ms Patrinah Masalela*	✓	✓	✓	✓	4
Ms. Hilda D. Hlanti	✓	✓	✓	✓	4
Ms. Thobo Rammidi**	-	-	-	✓	1

* Resigned on June 1, 2025

** Appointed to the Committee in November 28, 2024

*** Tenure ended August 31, 2025

Key: ✓ Present

x Absent

- Not yet appointed to committee

Table 10: Regulatory and Enforcement Committee Meetings

Member	Q1 10-May-24	Q2 01-Aug-24	Q3 06-Nov-24	Q4 28-Feb-24	Total
Ms. Hilda D. Hlanti	✓	✓	✓	✓	4
Dr. Lesedi S. Senatla**	✓	✓	✓	✓	4
Ms. Lerang Maruping*	✓	-	-	✓	2

* Tenure ended July 2024 reappointed in October 2024.

** Tenure ended August 31, 2025.

Key: ✓ Present

x Absent

- Not yet appointed to committee



CHIEF EXECUTIVE OFFICER'S REPORT

Mr. Oduetse A. Motshidisi

It is both an honour and a privilege to present the 2025 Annual Report of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) in compliance with Section 34 of the NBFIRA Act (2023). The Authority continues to regulate and enforce compliance in order to safeguard the soundness, stability, fairness and efficiency of the Non-Bank Financial Institutions (NBFI) sector. The report presents audited accounts of the entities as at December 2024, however, the Authority's financial performance, licenses and Assets Under Management figures are reported as at March 2025. Overall, the NBFI sector remains relatively stable and resilient amid the prevailing less-than-favourable global and domestic socio-economic environment. The statement will highlight; (a) legal and regulatory reforms, (b) financial performance of the NBFIs, (c) the corporate strategy and risk management as well as (d) the Authority's financial position.

(a) Legal and Regulatory Reforms

During 2024, the Authority focused on reinforcing the financial soundness and stability of the non-bank financial sector by strengthening key regulatory frameworks and oversight mechanisms. Notable efforts included the implementation of corporate governance Rules for fund administrators to align with the current legislation, particularly the Retirement Funds Act (2022) and the Income Tax Act Superannuation Regulations, as well as to enhance the governance of retirement funds and fund administrators in line with international best practice. The Authority commenced the development of a Policyholder Protection Fund (PPF) to enhance bailout arrangements for policyholders in the event of insurer failure. Moreover, during 2024, continued emphasis was placed on evolving the regulatory and supervisory framework for application of technology on Finance (FinTech). Virtual Assets Act was reviewed and commenced in January 2025, aimed at updating and expanding the scope of legislation to enable NBFIRA to better supervise emerging financial products and services and incorporate latest guidance from Recommendation 15 of the Financial Action Task Force.

In the fight against financial crime, progress was made towards automating Anti-Money Laundering (AML) processes within the Risk-Based Supervisory System (RBSS) and developing

risk profiling tools to strengthen compliance with AML/CFT obligations of the NBFIs. Some noteworthy ongoing legal and regulatory reforms initiated during the year are the Medical Aid Funds Act, legal framework to regulate medical aid scheme; Health Insurance Bill intended to accommodate medical aid funds operating under a for-profit model; amendment of Insurance Industry Act (2015) and Regulations (2019) to ensure the legislation keeps pace with the rapidly evolving insurance sector; and the Non-Bank Lenders Bill to regulate and supervise microlenders, pawnshops, finance and leasing companies.

(b) Financial Performance of the NBFIs

The NBFI sector continues to experience positive growth in number of licensed entities, assets and capital. The number of licensed NBFIs rose from 869 in 2024 to 980 in 2025, mainly driven by micro lenders startups. The NBFI sector remains the largest contributor to the growth of domestic financial sector assets, increasing from P165 billion in 2023 to P185 billion in 2024, and accounting for 55 percent of total financial sector assets. Retirement funds remained dominant, accounting for 80 percent of the total NBFI assets at P148 billion, followed by the insurance and medical aid funds, which held P27 billion (15 percent share), and non-bank lending activities with P9 billion or five percent of the sector. Capital market players experienced an increase in assets, falling to P819 million in 2024 from P680 million in 2023, constituting less than one percent share of the sector's total assets.

The capital and reserves of the NBFI sector increased from P12.9 billion in 2023 to P13.3 billion in 2024 also driven by the retirement funds, that accounted for P5 billion in 2024. The insurance and medical aid funds and non-bank lending activities contributed P4.6 billion and P3 billion, respectively, whereas the capital markets recorded P452 million, representing a three percent share of the NBFI sector.

The NBFI sector liabilities increased by 11 percent from P152 billion in 2023 to P172 billion recorded in 2024. The liabilities of the retirement funds accounted for 84 percent of the total NBFI sector.

(c) Corporate Strategy and Risk Management

In carrying out the mandate, the Authority pursues efficiency and efficacy in regulation, ensuring clarity, fairness, consistency, transparency in the regulatory and supervisory interventions and reduction of potential moral hazard by implementing appropriate and timely responses to emerging and ongoing trends as well as strengthening related infrastructure to mitigate risks, ensure consumer protection and stakeholder confidence. The Authority has a comprehensive Enterprise Risk Management (ERM) programme that ensures the consistent and effective application of risk management practices and protocols across the organisation, thus, the strategic risks were identified and mitigated accordingly during the year under review. In pursuit of excellence and agility, the Authority regularly reviews the strategic plan to align with the ever-changing operating environment and to incorporate emerging stakeholder expectations and requirements, where possible.

During 2024, the Authority enhanced its institutional excellence and regulatory integrity by fostering a results-driven and digitally enabled culture to improve key processes through the implementation of the Quality Management System (QMS). As a result, the Authority has been awarded a Certificate of Quality Management System also known as ISO 9001:2015 certification by Botswana Bureau of Standards (BOBS); attesting that the management and work processes adopted and followed by the Authority comply with the best international standards. Attaining

this significant milestone in the learning path is not the destination but rather a commitment by the Authority to be agile and adapt to the dynamic regulatory and market conditions that unfold at an ever-increasing speed, demanding swift, pragmatic and appropriate actions and reactions in the quest to balance regulatory burden with market innovation. Thus, the Authority continues to reflect on the achievements and challenges realised thus far, including identifying and maximising existing opportunities and removing barriers that hinder effective implementation of strategic objectives to enhance efficiencies in service delivery.

(d) The Authority's Financial Position

The Authority generated total income of P119.8 million in 2025, a 12 percent increase from P106.8 million recorded in the prior year. Additionally, the Authority incurred expenditure amounting to P112.7 million in 2025 against P109.1 million incurred in 2024, reflecting a three percent increase. Consequently, the Authority's surplus increased from P0.2 million to P8.3 million between 2024 and 2025.

Acknowledgements

I wish to acknowledge unqualified support of the Board and their dedication and leadership. The Authority's mandate aligns strongly with regional and continental goals that aspire for strong, credible institutions and harmonised regulatory frameworks to foster economic integration. Indeed, such quality-driven governance strengthens our capacity to participate meaningfully in the continental marketplace, enabling Botswana to contribute to and benefit from Africa's collective industrial and financial transformation. I also extend gratitude to all staff members of the Authority for their unwavering commitment and integrity in ensuring achievement of the organisation's vision and mission year-to-year. Our valued customers and stakeholders are appreciated for their continued feedback that enhanced our service delivery. Last but not least, I wish to sincerely thank the Ministry of Finance and other key stakeholders for their unwavering support in all sensitive facets and overall guidance during the year that was characterised by un-precedented economic and political developments.

At the time of publication, all efforts were made to ensure that data used in this annual report is accurate, complete and timely. However, where material, revisions and corrections will be incorporated into the online version of the report, available on the Authority's website.



Oduetse A. Motshidisi
Chief Executive Officer

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 - Non-Bank Lenders



Dr. Thuto Mahlanza
Director - Retirement Funds



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

Note: Vacant: Deputy CEO-Regulatory
* Tenure ended August 31, 2025

Executive Management Team



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



Ronald Kgafela**
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



Bosa Hirshfeldt-Sebolai
Acting Head - Strategy Management



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



Mr. Keabetswe Mathake
Head - Procurement and
Administration

* Resigned on May 31, 2025

** Resigned on August 31, 2025

Strategy Management

NBFIRA Corporate Strategy (2021 – 2026)

The 2024/25 reporting period marks the fourth year of implementation of the NBFIRA 2021–2026 Strategic Plan, which continues to serve as the Authority’s guiding framework for achieving its mandate.

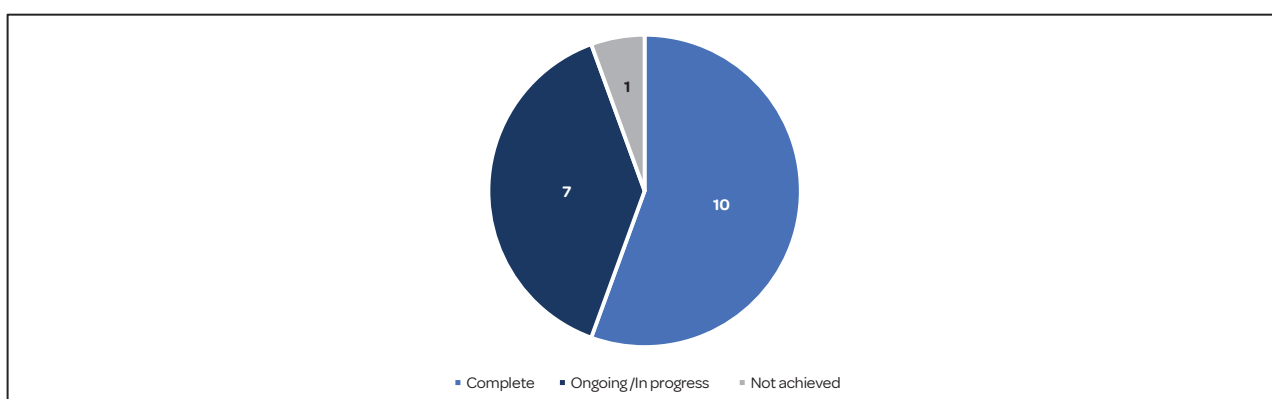
During the period under review, the Authority focused on reinforcing the financial soundness and stability of the non-bank financial sector by advancing key regulatory frameworks and oversight mechanisms. Notable efforts included the implementation of corporate governance rules for fund administrators and the development of a Policyholder Protection Fund (PPF) to enhance safeguards for insurance policyholders. The Authority also undertook work on developing a Domestic-Systemically Important Financial Institutions (D-SIFI) framework for the capital markets industry to proactively manage systemic risk of the capital market players and its transmission to the broader economy. More emphasis was placed on evolving the regulatory and supervisory framework for FinTech. In the fight against financial crime, progress was made towards automating Anti-Money Laundering (AML) processes within the Risk-Based Supervisory System (RBSS) and developing risk profiling tools to strengthen compliance with AML/CFT obligations.

To foster public confidence and support market integrity, the Authority implemented initiatives aimed at improving stakeholder engagement, promoting good market conduct and enhancing operational efficiency. This included implementation of recommendations from the stakeholder survey and advancing capacity building in market conduct supervision. The development of the consolidated Market Conduct Supervision Framework was, however, deferred to allow for finalisation of ongoing initiatives that have a direct impact on the proposed approach.

Internally, the Authority pursued a results-driven and digitally enabled culture through the implementation of the Quality Management System (QMS), a comprehensive digitalisation strategy and a new Data Management Framework. More emphasis was placed on embedding a performance-oriented culture through talent development, culture transformation and an integrated Performance Management Framework.

The Authority has committed to achieving ten (10) strategic objectives and eighteen (18) strategic initiatives in the final two (2) years of the five-year strategy. Performance of the objectives and initiatives to date is depicted in Figure 2 and Table 11 below;

Figure 2: Achievement of Strategic Performance



Source: NBFIRA

Table 11 : Implementation Status of 2023/24 Strategic Initiatives

Strategic Objective	Initiative	Implementation Status
1. Promote financial soundness	Implementation of corporate governance rules for fund administrators	Complete
2. Promote financial stability	Develop Domestic-Systemically Important Financial Institutions (D-SIFI) framework for the Capital Markets sector	In progress
	Develop and implement Policyholders Protection Fund (PPF)	In progress
3. Ensure AML/CFT compliance	Automation of AML process on Risk Based Supervisory System (RBSS)	Complete
	Review and implement AML risk profiling tools	Complete
4. Promote good market conduct	Capacity building on market conduct regulation	Complete
	Develop and implement a market conduct approach	Deferred
5. Improve stakeholder confidence	Develop and implement stakeholder engagement plan.	Complete
	Implement stakeholder survey findings	Complete
6. Improve key processes	Implementation of Quality Management System (QMS)	In progress
7. Drive digitalisation	Develop and implement NBFIRA digitalisation strategy	In progress
	Develop and implement Data Management Framework & strategy	Complete
8. Develop robust regulatory and supervisory framework	Review and implement Risk Based Supervisory model	In progress
	Develop and implement the regulatory framework for FinTech	Complete
9. Drive results-oriented culture	Implement Culture Transformation Initiatives	Complete
	Implement Performance Management Policy in line with annual performance management plan	Complete
10. Develop talent	Implement an integrated Talent Management Framework	In progress
	Develop and implement a leadership program and succession plan	In progress

Source: NBFIRA

Risk and Quality Assurance

In line with NBFIRA's Risk Management Framework, the Authority implemented an effective and robust approach designed to proactively identify, assess, and manage both actual and potential risks that may impact its strategic and operational objectives. During the reporting period, various risk responses were coordinated by measures including avoidance, termination, transfer, acceptance, exploitation, and mitigation. In many cases, a combined or integrated approach was adopted to ensure effective risk control across the organisation.

Operating in a dynamic and often unpredictable risk landscape, the Authority is constantly rebalancing its mandate to regulate and supervise the market while minimising regulatory burdens and delivering value to stakeholders. In this context, and in accordance with the Authority's risk management framework, the Board of Directors retains ultimate responsibility and accountability for the overall risk management process. Throughout the year under review, the Board effectively monitored the risk management environment and supported appropriate interventions recommended.

Risk Management Governance

The Authority is committed to upholding exemplary standards of corporate governance and a strong risk-awareness culture, as demonstrated through the establishment of a comprehensive Enterprise Risk Management (ERM) programme. The ERM program ensures the consistent and effective application of risk management practices and protocols across the organisation.

Risk management within the Authority follows a structured and systematic approach to identifying and assessing key risks at both strategic and operational levels, while also recognising and leveraging potential opportunities. The Authority has inculcated in its risk management governance processes regular reviews and updates of strategic, operational and regulatory risks (amongst others), and corroborating controls that mitigate identified risks.

The Executive Management team is accountable for identifying risks, evaluating their potential impact, and developing robust mitigation strategies for both strategic and operational risks.

Risk Culture and Risk Appetite

The Authority promotes a risk-based culture and supervision within its risk management processes and that involves embedding risk awareness into everyday decision-making, planning and operations. The Authority supports the principle that a strong risk management culture serves as the foundation for effective risk management practices. Fostering this culture ensures that risk evaluation is systematically embedded in decision-making processes across the organisation.

Risk appetite, as an integral component of the overall risk management approach, comprises clearly defined measures for identifying and assessing risks, implementing and monitoring the adequacy of control measures, and managing incidents and breaches. Performance against established risk appetite and tolerance thresholds is reported to the Board of Directors on a quarterly basis and included in the operational and strategic reports. This practice enables the Board to assess compliance against the defined appetite levels and ensures that the Authority remains within acceptable risk parameters while pursuing its strategic objectives.

Key Risks

The Authority monitors its overall risk profile through a corporate risk register, which is closely aligned with the Authority's mandate and strategic objectives. Table 12 below outlines the top 10 critical risks identified during the reporting period, along with their potential impacts. Seven risks were critical and unacceptable, whilst three risks were high and unacceptable, requiring immediate action.

Each risk is assigned two levels of rating; the inherent risk rating, reflecting the level of risk assuming no controls are in place, and the residual risk rating, which considers the effectiveness of existing controls and mitigation measures. The ratings presented below reflect the residual risk levels of the identified top 10 risks.

Health and Safety

During the review period, the Authority prioritised the health and safety of its workforce through the comprehensive training of its Emergency Response Team, which includes First Aiders and Fire Marshals. The training is a critical component in creating a safe and resilient workplace environment. By equipping designated personnel with the necessary skills and knowledge to respond effectively to health and safety hazards and emergency situations, the Authority ensures a proactive approach to workplace safety. The continued investment in emergency response training reflects the Authority's ongoing commitment to safeguarding its employees and promoting a culture of safety and prevention. In addition, the Authority embarked on awareness presentations on health and safety to its staff members.

Table 12: Top 10 Risks

Number	Strategic Objectives	Risk Title	Impact	Rating
1	Drive digitalisation	Cyber attacks	Severe; 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 the Authority.	Critical
2	Drive digitalisation	Low adoption and resistance to embracing a digital culture (not up to speed with Technological advances in the market)	Severe; 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.	Severe; 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 the Authority.	
4	Drive digitalisation	Business Disruption and Continuity Risk: Inadequate business continuity planning.	Severe; The event could result in business disruption, financial loss and reputational damage for the Authority.	
5	Improve key processes	Ineffective implementation of key projects (e.g., system upgrade and QMS)	Severe; The event could result in increased operational inefficiencies, non-compliance to regulations and standards.	
6	Improve key processes	Non-compliance to service standards	Severe; The event could result in negative brand perception, loss of stakeholder confidence and customer/ stakeholder dissatisfaction.	
7	Improve key processes	Non-compliance to legislation, rules and standards governing the Authority	Major; 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 non-compliance	Severe; 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 the Authority.	High
9	Enforce AML/CFT compliance	Failure to detect non-compliance in AML/CFT&PF and inadequate deterrence of AML/CFT&PF non-compliance in the NBF sector.	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 NBF sector, adverse impact on the achievement of NBFIRA mandate and litigation on the Authority.	
10	Promote financial soundness	Failure to proactively identify emerging or systemic supervisory risks in the NBF sector.	Severe; The event could result in financial instability in the NBF sector, misinformed and/or delayed decisions on the Financial Stability Council policy response, delayed policy responses by the Financial Stability Council and ineffective/ inefficient macro-prudential 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 forms part of the strategic tools of the Authority aimed at ensuring compliance with the regulatory framework by regulated entities through the NBFIRA Act (2023), financial services laws and other applicable legislation, regulations and rules. The enforcement mandate includes taking action against unlicensed entities or persons and unauthorised or any harmful activity which threatens the achievement of the Authority's objectives and functions.

The Authority's powers of enforcement actions include;

- (a) Requests for information and production of such records or documents as required;
- (b) Issuance of directives;
- (c) Imposition of administrative penalties;
- (d) Suspension of licences;
- (e) Cancellation of licences;
- (f) Disqualification of controllers and key persons;
- (g) Temporary closure of operations;
- (h) Freezing of bank accounts;
- (i) Appointment of statutory managers and other third party experts;
- (j) Winding up of entities.

Table 13 below shows the types and numbers of enforcement actions taken against NBFIs for non-compliances as at March 31, 2025, compared to the prior period of 2024. During the reporting period, the Authority utilised a range of enforcement tools and sanctions available under the various applicable financial services laws.

The total number of enforcement actions significantly decreased from 89 as at March 31, 2024, to 33 as at March 31, 2025. However, the value of monetary penalties increased by 134 percent from P2.7 million in 2024 to P6.4 million in 2025. This was mainly attributable to a shift in enforcement philosophy where the Authority prioritised early intervention and ongoing monitoring, particularly in respect of high-risk entities.

The insurance sector had the largest number of sanctions in the reporting period at 30 percent, followed by retirement funds and non-bank lending sectors at 27 percent each. Capital markets on the other hand, recorded the smallest number of sanctions at 15 percent during the period under review.

The non-bank lending sanctions decreased from 41 to nine, insurance sector penalties decreased from 36 to 10, whilst capital markets sanctions decreased from nine to five in 2024 and 2025, respectively. However, the retirement funds sanctions increased from three to nine during the review period. The increase was mostly driven by fit and proper reviews of controllers arising from corporate governance non-compliances in the retirement funds sector. The bulk of the non-compliances comprised failure to submit statutory returns, AML/CFT contraventions, as well as carrying out unauthorised activities.

Overall, fit and proper reviews against controllers increased from four in 2024 to seven in 2025. The period under review recorded significant decreases in warnings issued, from 37 to five, directives from 13 to two and cancellations of licences from 13 to one. Administrative penalties decreased by one from 19 to 18.

There were no suspensions of licences, temporary closure of operations, freezing of bank accounts, statutory management and liquidations in the reporting period indicating a lower risk in the NBFi sector.

Table 13: Enforcement Matters as at March 31, 2025

Enforcement Action	Insurance		Capital Markets		Retirement Funds		Non-Bank Lenders		Total	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Warnings	11	1	1	1	0	0	25	3	37	5
Directives	3	1	4	0	0	0	6	1	13	2
Administrative Penalties	10	8	3	3	3	2	3	5	19	18
Cancellations	7	0	0	1	0	0	6	0	13	1
Suspensions	0	0	1	0	0	0	0	0	1	0
Temporary Closure	0	0	0	0	0	0	0	0	0	0
Freezing of Accounts	1	0	0	0	0	0	0	0	1	0
Statutory Management	1	0	0	0	0	0	0	0	1	0
Liquidation	0	0	0	0	0	0	0	0	0	0
Fit and Proper	3	0	0	0	0	7	1	0	4	7
Total	36	10	9	5	3	9	41	9	89	33

Source: NBFIRA

As at March 31, 2025, total administrative penalties imposed on the NBFi sector reached a value of P6.4 million, an increase from P2.8 million recorded as at March 31, 2024. The insurance sector and the non-bank lending activities recorded total penalties of P3.9 million and P2.3 million, respectively, primarily due to AML/CFT non-compliances as illustrated in Table 14.

Table 14: Administrative Penalties Imposed as at March 31, 2025

Industry	Number of Cases		Total Penalty Imposed (BWP)	
	2024	2025	2024	2025
Insurance	10	8	2,585,000	3,890,000
Capital Markets	3	3	35,000	245,000
Retirement Funds	3	2	45,000	45,000
Non-Bank Lenders	3	5	85,000	2,260,000
Total	19	18	2,750,000	6,440,000

Source: NBFIRA

The Non-Bank Financial Institutions Tribunal (NBFIT)

Table 15 below, depicts the number of Tribunal matters as at March 31, 2025 compared to a similar period in 2024. The Tribunal registered 15 new cases in 2025, a 32 percent decrease from 22 cases recorded in 2024. As at March 31, 2025, the insurance sector dominated the industry by recording the highest number of cases (10) followed by the retirement funds and non-bank lending sectors with three and two cases, respectively.

Nine judgments were issued in favour of the Authority in 2024, compared to three issued in 2025. There were no judgments issued against the Authority in both 2024 and 2025.

Table 15: Tribunal Matters Number of New Cases by Sector

Industry	2024	2025
Retirement Funds	12	4
Insurance	8	10
Non-Bank Lenders	2	2
Capital Markets	0	0
Total	22	15

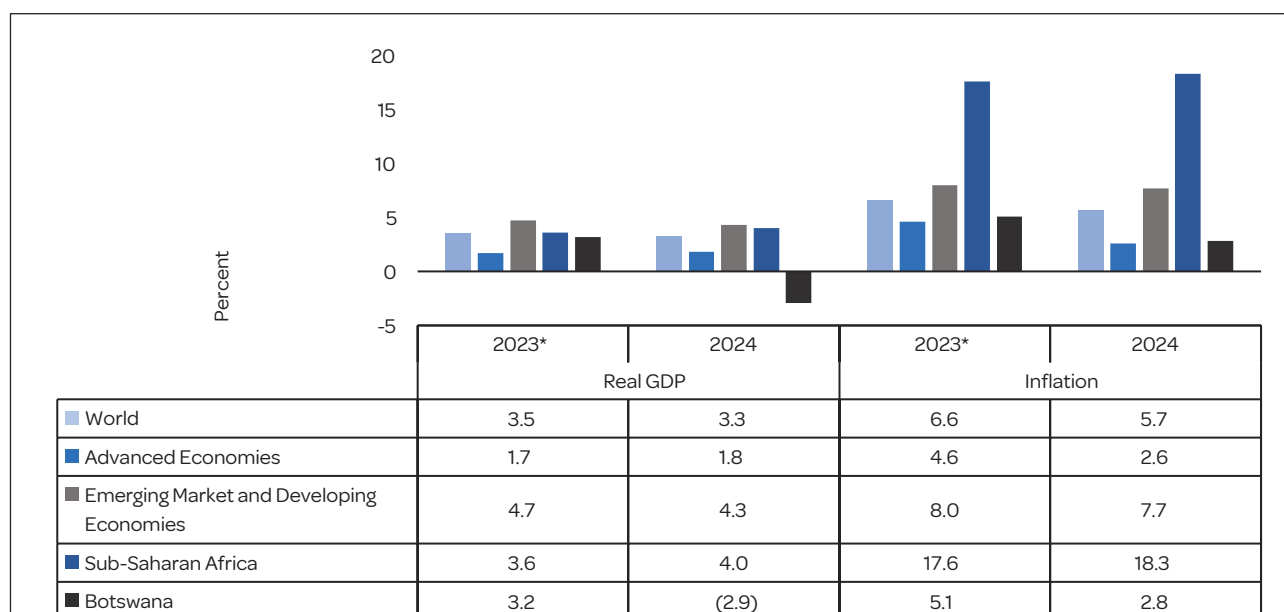
Source: NBFIRA

Overview of Macro-Economic Conditions and Sector Performance

Figure 3 depicts that global output expanded by 3.3 percent in 2024, a slightly lower increase from 3.5 percent recorded in 2023. This was attributable to the geoeconomic fragmentation that has led to heightened uncertainty in economic (trade and fiscal) policy, which may undermine the anticipated global economic growth due to increased tariffs and tight fiscal policy stances by the USA government. On the other hand, global inflation recorded in 2024 indicate a decline to 5.7 percent from the 6.6 percent recorded in 2023 primarily on account of an upward revision in the United States, offsetting downward revisions in other major economies.¹

Advanced economies experienced a growth of 1.8 percent in real Gross Domestic Product (GDP) in 2024 from a 1.7 percent real GDP recorded in 2023. The Sub-Saharan Africa (SSA) recorded a 4.0 percent growth in real GDP in 2024 compared to a 3.6 percent recorded in 2023 while the Emerging markets and developing economies slowed down to 4.3 percent growth in real GDP in 2024 from the 4.7 percent recorded in 2023. Advanced economies recorded a significant drop in inflation from 4.6 percent in 2023 to 2.6 percent in 2024. Emerging markets and developing economies also experienced a decrease in inflation from 8.0 percent in 2023 to 7.7 percent in 2024. The Sub-Saharan Africa experienced an increase in inflation from 17.6 percent recorded in 2023 to 18.3 percent in 2024.²

Figure 3: Global Real GDP Growth and Inflation



Source: International Monetary Fund, World Economic Outlook (WEO), April 2025

* The 2023 figures have been revised

On the domestic outlook, real GDP decreased by 3.0 percent in 2024 from a 3.2 percent increase recorded in 2023 as depicted in Table 16 below.³ The decline in domestic economic activity is mainly due to the downturn in the diamond industry stemming from subdued global demand and is further compounded by the weaker performance in non-mining sectors.⁴

¹ IMF, World Economic Outlook, A critical Juncture and Policy Shift, April 2025

² IMF, World Economic Output (WEO), April 2025

³ IMF, World Economic Output (WEO), April 2025

⁴ Statistics Botswana- Gross Domestic Product; Fourth Quarter of 2024

Similarly, domestic inflation rate reduced from 5.1 percent in 2023 to 2.8 percent in 2024, remaining below the medium-term inflation range of 3-6 percent.⁵ The Bank of Botswana also reduced the Monetary Policy Rate (MoPR) by 25 basis points from 2.40 percent in 2023 to 1.9 percent in 2024.⁶

Table 16: Domestic Real GDP Growth and Inflation

Economic Indicators	2021	2022	2023	2024	2025*
Real GDP Growth Rate	11.9	5.4	3.2	(3.0)	(0.4)
Inflation Rate	6.7	12.2	5.1	2.8	4.5
Bank Rate	3.75	2.65	2.4	1.9	

Source: Bank of Botswana, Botswana Economic and Financial Statistics, July 2025

* Real GDP Growth Rate and Inflation Rate projections

The Structure of the Botswana Financial System

The domestic financial system continues to experience positive growth in the total number of entities, primarily driven by NBFIs. The number of licensed NBFIs rose from 869 in 2024 to 980 in 2025, while the number of banks remained unchanged at 11 (comprising nine commercial banks and two statutory banks).⁷ This reflects the relevance of NBFI sector in channelling funds across the financial system outside traditional banks, financial inclusion and employment creation among others. As shown in Table 2.1, the 13 percent increase in NBFIs reflects growth across all four sectors. Non-bank lenders recorded the largest rise from 407 entities in 2024 to 495 in 2025. This indicates the role of non-bank lenders in the economy of Botswana as they provide small scale financial services which includes loans to individuals and businesses that may not qualify for traditional banking services. They also offer employment and promote diversification of the economy. Capital markets grew from 120 to 127 entities while retirement funds increased from 91 to 96 entities. The insurance and medical aids sector also increased from 251 to 262 entities over the same period.

Table 2.1: Structure of the NBFIs by Sector as at March 31, 2025

NBFIs by Categories	2024 Number of Entities	New Licenses	2025 Cancellations*	Number of Entities	Percentage of NBFI Sector	Percentage Change (2024-2025)
Total NBFIs	869	153	42	980	100	12.8
Insurance and Medical Aids	251	36	25	262	26.8	4.4
Retirement Funds Total	91	6	1	96	9.6	5.5
Capital Markets**	120	9	2	127	13.0	5.8
Non-Bank Lenders	407	102	14	495	50.6	21.6

Source: NBFIRA

* Includes voluntary withdrawals, acquisitions, dissolutions, transfers and revocations.

** The 2024 number of capital markets entities has been restated from 118 to 120

The Financial Performance of the Botswana Financial System

Table 2.2 shows an abridged balance sheet (assets, liabilities and capital and reserves) of the Botswana financial sector reported as at December 31, 2024. All insurance and medical aid funds entities reported their financials in accordance with the new IFRS 17 reporting standard, following implementation in 2023. Therefore, 2023 figures were restated to ensure comparability with the review period.

The total financial sector assets increased by 11 percent from P303 billion recorded in 2023 to P336 billion in 2024. This benefits the economy, households and businesses by ensuring

⁵ IMF, World Economic Output (WEO), April 2025

⁶ Bank of Botswana, Monetary Policy Report (MPR), May 2025

⁷ Bank of Botswana Annual Report, 2024

mobilisation of savings, increase access to credit and investment capital. The NBFI sector remains the largest contributor to the growth of domestic financial sector assets, increasing from P165 billion in 2023 to P185 billion in 2024. It accounted for 55 percent of total financial assets, whilst 45 percent was held by the banking sector. Within the NBFI sector, retirement funds remained dominant, accounting for 80 percent of the total NBFI assets at P148 billion, followed by the insurance and medical aid funds, valued at P27 billion (15 percent share), and non-bank lending activities with P9 billion or 5 percent of the sector. Capital market entities constituted less than one percent share of the sector's total assets, having increased from P680 million in 2023 to P819 million in 2024.

The total capital and reserves of the financial sector recorded an increase from P28 billion in 2023 to P29 billion in 2024. The banking sector accounted for 54 percent of the industry's capital and reserves at P15.5 billion in 2024, while the NBFI sector contributed 46 percent at P13.3 billion. During the period under review, the NBFI sector capital and reserves were also driven by the retirement funds, which accounted for P5 billion. The insurance and medical aid funds and non-bank lending activities contributed P4.6 billion and about P3 billion, respectively, during the period under review. The capital and reserves of the capital markets entities increased from P385 million in 2023 to P452 million in 2024, registering a four percent share of the NBFI sector. This highlights that NBFIs are able to absorb market shocks and have the capacity to grow. Further, increase in capital implies regulatory compliance and investor confidence.

The financial sector liabilities increased by 11 percent from P289 billion in 2023 to P321 billion recorded in 2024. Of the P321 billion, the NBFI's share was P172 billion (53 percent) compared to the P149 billion, or 47 percent contributed by the banking sector. The liabilities of the retirement funds accounted for 84 percent of the total NBFI sector, reflecting both bigger membership size and the nature of the business.

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

Indicator	Sector	2023	2024
Assets	Financial Sector*5	303,126	335,558
	Banks	138,277	150,633
	NBFIs	164,849	184,925
	Insurance and Medical Aid Funds*1	25,415	26,898
	Retirement Funds*3	130,021	148,480
	Capital Markets	680	819
	Non-Bank Lenders*4	8,733	8,728
Capital and Reserves	Financial Sector*5	28,025	28,727
	Banks	15,137	15,470
	NBFIs	12,888	13,257
	Insurance and Medical Aid Funds*1	5,202	4,609
	Retirement Funds*2*3	4,580	5,111
	Capital Markets	385	452
	Non-Bank Lenders*4	2,721	3,085
Liabilities	Financial Sector*5	289,224	320,938
	Banks	137,262	149,285
	NBFIs	151,962	171,653
	Insurance and Medical Aid Funds*1	20,213	22,275
	Retirement Funds*3	125,441	143,369
	Capital Markets	296	366
	Non-Bank Lenders*4	6,012	5,643

Source: NBFIRA, Botswana Economic and Financial Statistics (BEFS), April 2025

Note 1 IFSR 17 for Life (10), General (13), Reinsurers (7), Medical Aids (excludes medical aid funds which operate under a not-for-profit model) and Brokers (69).

Note 2 Retirement Funds Industry Reserve.

Note 3 Excludes 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 IFS.

Note 6 2023 figures restated in line with accounting standards.

Table 2.3 presents a summary of the NBFIs' abridged income statement as of December 31, 2024. Total revenue grew by 49 percent, primarily based on a substantial growth in the retirement funds industry that increased by 78 percent from P16 billion in 2023 to P28 billion, and representing 66 percent of the sector. Revenue also rose across other sectors during the same period. The insurance industry grew from P9 billion to P11 billion (25 percent share), non-bank lending increased from P2 billion to P3 billion (6 percent share), and capital markets rose from P704 million to P780 million (2 percent share).

Similarly, total expenditure for the sector rose by 23 percent, increasing from P19 billion in the previous year to P23 billion in 2024. This growth was largely driven by the retirement funds sector expenses that grew by 29 percent from P7 billion in 2023 to P10 billion in 2024. Insurance and medical aid funds expenses also increased to P11 billion in 2024 from P9 billion in the previous year, registering a 23 percent growth. Capital markets expenditure grew by 11 percent from P489 million to P542 million between 2023 and 2024. Consequently, the profit for the sector reduced from P1.7 billion in 2023 to P1 billion in 2024. This decrease is attributable to the insurance sector, which recorded an 89 percent decline from P985 million to P113 million in 2023 and 2024. On the other hand, the profit for non-bank lending activities and capital markets increased by 44 percent and 9 percent in 2024, respectively.

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

Total	2023	2024
Total Revenue	28,139	41,988
Insurance and Medical Aid Funds*	9,311	10,653
Retirement Funds	15,717	27,891
Capital Markets	704	780
Non-Bank Lenders	2,407	2,664
Total Expenditure	18,517	22,727
Insurance and Medical Aid Funds*	8,803	10,819
Retirement Funds (Administration & management expenses)	7,408	9,547
Capital Markets	489	542
Non-Bank Lenders	1,817	1,819
Profit/Loss	1,659	1,007
Insurance and Medical Aid Funds*	985	113
Retirement Funds**		
Capital Markets	216	236
Non-Bank Lenders	458	658

Source: NBFIRA

*Figures for Life, General, Reinsurers and Medical Aid Funds were reporting under IFRS17. The figures include Medical Aid Funds.

**Not applicable for Retirement Funds

Note: 2023 figures restated in line with accounting standards.

NBFI Risks and Vulnerabilities

NBFIs continue to be exposed to currency, liquidity, credit, interest rate, contagion, concentration and cybercrime risks, as a result of their high levels of concentration and interconnectedness. NBFIs have, however, managed to contain these risks due to the application of an efficient and effective risk-based regulatory and supervisory approach, as illustrated in Table 2.4 below.

Table 2.4: NBFIs' Risks

Risks	Mitigation
1. Financial risks including funding and liquidity risks.	Analysis of quarterly and audited financial statements to ensure adherence to; (a) solvency requirements; (b) minimum financial resources requirements; and (c) liquidity requirements.
2. Operational risks	Operational risks monitored through review of company policies. Full and appropriate implementation of these policies is tested during offsite and onsite supervision.
3. Fraudulent risks	Fraudulent risks are mitigated through: (a) Submission of fidelity/indemnity insurance cover at licensing stage; (b) Availability of whistleblowing platforms at NBFIRA – Deloitte. (c) Onsite inspections and investigations; and (d) Monitoring reports from newspapers, radio stations and social media etc. (e) AML Department with the mandate to assess issues of fraud and money laundering. NB: Non-compliance issues are communicated to regulated entities through management letter which directs rectification within a specific timeframe, of any anomalies uncovered, and a company is also required to submit a plan on when it will comply. Non-compliant entities are referred to Legal and Enforcement Department for enforcement action when they fail to fulfil the prescribed requirements.

Source: NBFIRA

Insurance and Medical Aid Funds

The Authority is mandated to regulate and supervise the Insurance and Medical Aid Fund industries in Botswana. This authority is derived from the NBFIRA Act (2023), the Insurance Industry Act (2015), Insurance Industry Regulations (2019), the various Insurance Administrative rules as well as other financial services laws which apply to the insurance industry. The industry comprise reinsurers, insurers, insurance brokers, corporate agents and medical aid funds. The insurance industry entities are licensed under the Insurance Industry Act (2015), while the medical aid funds operate under letters of exemption pending the promulgation of a legal framework for the regulation of Medical Aid Funds.

In 2024, all insurance entities and medical aid funds reported in accordance with the International Financial Reporting Standard (IFRS) 17, which was implemented in 2023. As a result, the insurers which reported in accordance with the standard for the first time in 2024 had their prior year financials restated in order to use comparable figures in reviewing the industry's performance between 2023 and 2024.

Structure of the Insurance and Medical Aid Funds Industry

As at March 31, 2025, the Authority recorded a total of 262 licensed insurance entities and registered medical aid funds which comprised eight reinsurers, 11 life insurers, 14 general insurers, five medical aid funds, 81 brokers and 143 insurance corporate agents as shown in Table 3.01 below. The number of insurance and medical aid funds licensed entities increased by four percent from 251 realised as at March 31, 2024.

Table 3.01: Structure of the Insurance Industry and Medical Aid Funds as at March 31, 2025

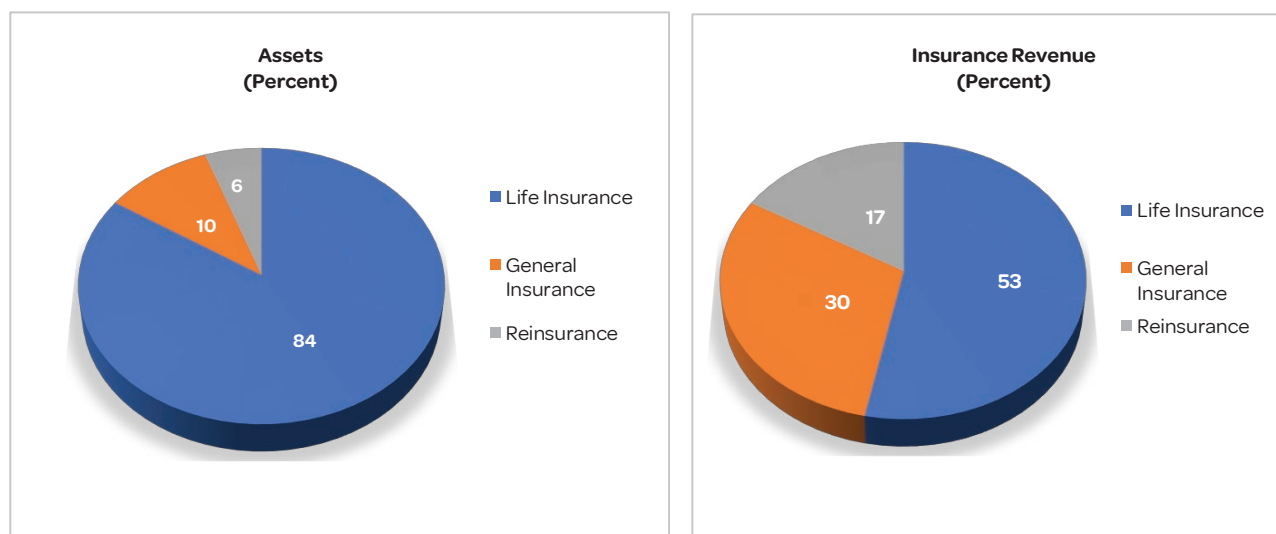
Insurance and Medical Aids Industry	2024 Number of Entities	2025			Percentage of the Industry	Percentage Change (2024-2025)
		New Licenses	Cancellations	Number of Entities		
Total	251	36	25	262	100	4.4
Life Insurers	10	1	0	11	4.2	10
General Insurers	13	1	0	14	5.3	7.7
Reinsurers	7	1	0	8	3.1	14.3
Medical Aid Funds	5	0	0	5	1.9	0
Brokers	69	12	0	81	30.9	17.4
Corporate Agents	147	21	25	143	54.6	(2.7)

Source: NBFIRA

Financial Overview of the Insurance and Medical Aid Industries

The life insurance business dominates the insurance sector, with a market share of 84 percent in terms of assets and 53 percent in terms of insurance revenue (Figure 4).

Figure 4: Market Share of Assets and Insurance Revenue as at December 31, 2024



Source: NBFIRA

Market Performance

For the year ended December 31, 2024, all three sub sectors of the insurance industry (life insurers, general insurers and reinsurers) recorded growth in insurance revenue and assets. Total insurance revenue increased by 13.6 percent from P6.2 billion recorded as at December 31, 2023 to P7.1 billion realised during the year under review. Total assets also increased by five percent from P23.4 billion in the prior year to P24.5 billion in year 2024.

Financial Performance of the Insurance Industry

Table 3.02 below shows abridged balance sheet of the insurance industry. Total assets for the life insurance sector increased by three percent, from P20.1 billion to P20.7 billion in years 2023 and 2024, respectively, mainly due to growth in insurance contract assets and investments. Similarly, the total liabilities for the life insurers grew by eight percent, from P16.6 billion reported in the prior year to P17.9 billion in the reporting year, due to an increase in insurance contract liabilities as more business was onboarded. Total equity on the other hand, decreased by 22 percent from P3.5 billion to P2.8 billion in years 2023 and 2024, respectively, due to lower retained income as entities had an overall loss.

Total assets of the general insurers stood at P2.5 billion, compared to P2.1 billion recorded in year 2023 representing a 19 percent increase as shown in Table 3.02 below. Total liabilities also increased by 28 percent from the P1.3 billion reported in the prior year to P1.7 billion in 2024. The growth was mainly attributable to increase in insurance contract liabilities from onboarding more business. Similarly, total equity increased by four percent from P807 million to P838 million in years 2023 and 2024, respectively.

In the review period, all the seven reporting reinsurers' financial statements were presented in accordance with the IFRS 17 standard which was implemented in January 2023. The reinsurance sector recorded a 21 percent increase in total assets from P1.1 billion in 2023 to P1.3 billion in 2024. The growth in asset base is mainly due to higher insurance contract assets. Total liabilities increased by 25 percent from P555 million to P694 million in 2023 and 2024, respectively, mainly attributable to the corresponding higher insurance and reinsurance contract liabilities. Total

equity of the reinsurance sector also reported an increase of 17 percent, from P539 million in prior year to P629 million in 2024 due to higher retained earnings from profits realised during the year under review.

There was a 16 percent increase in total assets for insurance brokers from P655 million in year 2023 to P757 million in the year under review as shown in Table 3.02. The upsurge in assets was mainly due to an increase in the number of insurance brokers in the market. Total liabilities grew by nearly 17 percent from P352 million to P411 million in years 2023 and 2024, respectively, while total capital amounted to P332 million in the year under review, registering approximately 10 percent increase from P303 million in the prior year.

Table 3.02: Abridged Balance Sheet of the Insurance Industry (BWP Million)

Indicator	2023	2023*	2024	Percentage of the Industry	Annual Percentage Growth
Assets	19,887	24,008	25,285	100	5.3
Life	16,683	20,121	20,670	81.8	2.7
General	1,453	2,138	2,534	10.0	18.5
Reinsurance	1,096	1,094	1,324	5.2	21.0
Brokers	655	655	757	2.9	15.6
Capital and Reserves	4,440	5,182	4,569	100	(11.8)
Life	3,011	3,533	2,770	60.6	(21.6)
General	592	807	838	18.3	3.8
Reinsurance	534	539	629	13.8	16.7
Brokers	303	303	332	7.3	9.6
Liabilities	15,445	18,825	20,702	100	10.0
Life	13,671	16,587	17,900	86.5	7.9
General	860	1,331	1,697	8.2	27.5
Reinsurance	562	555	694	3.4	25.0
Brokers	352	352	411	2.0	16.8

Source: NBFIRA

Note: *Restated 2023 Statements using IFRS17

The life insurance sector reported a 10 percent growth in insurance revenue from P3.4 billion to P3.8 billion in years 2023 and 2024, respectively as depicted in Table 3.03 below. Similarly, insurance service expenses increased by 16 percent from P3.1 billion recorded in the prior year to P3.6 billion in the reporting year due to higher incurred claims. Other operating expenses also increased by 73 percent from P680 million in 2023 to P1.2 billion in 2024 as a result of an increase in impairments in investment of subsidiaries as well as employee costs. The effect of the increase in expenses led to a decrease in net profit after tax, from P759 million in the prior year to a loss of P283 million during the year under review.

Total insurance revenue for the general insurance segment increased by 12 percent from P1.9 billion in year 2023 to P2.1 billion in year 2024. The general insurers reported an increase of 26 percent in incurred claims from P718 million in 2023 to P907 million in 2024. Consequently, insurance services expenses increased by 24 percent from P1.1 billion in 2023 to P1.4 billion in 2024. Other expenses increased by 43 percent from P137 million to P196 million in 2023 and 2024, respectively. The result was a marginal decrease in net profit after tax of 0.1 percent having reduced from P134.1 million in 2023 to P 134.0 million in 2024.

For the same period total insurance revenue for the reinsurers increased by 33 percent from P878 million to P1.2 billion in 2023 and 2024, respectively. Of the P1.2 billion insurance revenue, 86 percent was redistributed to cover insurance service expenses, which increased by 54 percent from P653 million in 2023 to P1 billion in 2024. This increase in expenses resulted in a 12 percent decline in total insurance service result, from P118 million to P104 million in 2023 and 2024, respectively.

Insurance brokers' total revenue increased by 27 percent from P520 million in 2023 to P660 million in 2024 as a result of increases in total commissions which accounted for 80 percent of total revenue. Total commissions increased by 36 percent from P386 million in 2023 to P526 million in 2024. Total expenses on the other hand increased by 23 percent from P435 million to P536 million in 2023 and 2024, respectively, the net effect was that net profit after tax increased by 44 percent from P66 million in the prior year to P95 million.

Table 3.03: Abridged Income Statement of the Insurance Industry (BWP Million)

Indicator	2023	2023*	2024	Percent of the Industry	Annual Percentage Growth
Total Revenue	5,628	6,750	7,739	100	14.7
Insurance Revenue	4,235	5,352	5,914	N/A	10.5
Life	2,909	3,440	3,766	48.7	9.5
General	1,326	1,912	2,148	27.8	12.3
Reinsurance	873	878	1,165	15.1	32.7
Brokers	520	520	660	8.5	26.9
Of which Total Commissions		386	526	N/A	36.3
Total Expenditure	3,983	6,128	7,904	6.8	29.0
Life	2,652				
Insurance Service Expenses		3,053	3,551	N/A	16.3
Other Operating Expenses		680	1,174	N/A	72.6
General	619				
Insurance Service Expenses		1,129	1,405	N/A	24.4
Other Operating Expenses		137	196	N/A	43.1
Reinsurance	277				
Insurance Service Expenses		653	1002	N/A	53.4
Other Operating Expenses		41	40	N/A	(2.4)
Brokers	435				
Total Expenses		435	536	6.8	23.2
Profit/Loss after Tax		1,021	17	4.9	(98.3)
Life		759	(283)	(83.5)	(137.3)
General		134.1	134.0	39.5	(0.1)
Reinsurance		62	71	20.9	14.5
Brokers		66	95	28.0	43.9

Source: NBFIRA

Note: *Restated 2023 Statements using IFRS 17.

Medical Aid Funds Performance

The number of principal members of medical aids increased by five percent from 156,861 in 2023 to 163,949 in 2024. Total lives, which includes dependents, increased by four percent from 359,938 to 375,332 in years 2023 and 2024, respectively. The modest increase in membership demonstrates that the public awareness in the importance of medical cover is having a positive impact. Total assets for the Medical Aid Funds industry increased by 15 percent from P1.4 billion to P1.6 billion in years 2023 and 2024, respectively as depicted in Table 3.51. The growth was mainly due to an increase in investments and insurance contract assets. Similarly, the total liabilities for the medical aid funds sector increased by 13 percent, from P1.4 billion in 2023 to P1.6 billion in 2024 due to the insurance contract liabilities from more business uptake. Liability for future use on the other hand, increased by nine percent from P1.1 billion to P1.2 billion in years 2023 and 2024, respectively due to surpluses retained for the future.

Table 3.51: Abridged Statement of Financial Position for Medical Aid Funds (BWP Million)

Indicator	2023*	2024	Annual Percentage Growth
Assets	1,407	1,613	14.6
Total liabilities	1,388	1,573	13.3
Liability to future members	1,068	1,164	9

Source: NBFIRA

Note: *Under IFRS 17, equity is now classified as liability for future members. The liability for future use only applies to entities which operate on a not-for profit model.

During the period under review, the Medical Aid Funds reported P2.9 billion insurance revenue representing a 14 percent increase from P2.6 billion realised in year 2023 as shown under Table 3.52 below. Insurance service expenses paid by the medical aid funds increased by eight percent from P2.5 billion in 2023 to P2.7 billion in the reporting period, which was a lower rate relative to sharp increases experienced in year 2021 and subsequent years. As a result, a decrease in the claims ratio from 99 percent to 94 percent in the prior period was experienced, which could be an indicator that the industry performance is returning to pre-COVID-19 pandemic levels. Non health expenditure also increased by 19 percent from P144 million to P172 million in years 2023 and 2024, respectively. During the year under review, the industry experienced an aggregated net surplus of P96 million compared to a loss of P36 million in year 2023, attributable to an increase in the insurance services performance from P11.6 million to P155 million in years 2023 and 2024, respectively. The improvement was mainly due to growth in membership and lower claims experience. The declaration by Government in 2023 fiscal year to remove Value Added Tax (VAT) on health care services, which were previously borne by private medical services also contributed to the slowdown in healthcare costs. All the four reporting medical aid funds registered surplus during the period under review.

Table 3.52: Abridged Statement of Comprehensive Income for Medical Aid Funds (BWP Million)

Indicator	2023	2024	Annual Percentage Growth
Insurance Revenue	2,561	2,914	13.8
Insurance Service Expenses	2,531	2,743	8.4
Non-Health Expenditure	144	172	19.4
Net Surplus	(36)	96	(366.7)

Source: NBFIRA

Retirement Funds

The Retirement Funds industry is regulated and supervised by the Authority in accordance with the NBFIRA Act (2023), the Retirement Funds Act (2022), Regulations, Administrative Rules (2024) and other financial service laws. The retirement funds sector comprises two sub sectors; the Retirement Funds (Pension Funds and Provident Funds) and Fund Administrators.

Structure of the Retirement Funds Industry

As depicted in Table 4.1 below, the number of licensed entities under the retirement funds industry grew by 5.5 percent from 91 entities in 2024 to 96 entities in 2025. This increase was due to licensing of six stand-alone retirement funds in 2025. The afore-mentioned number consists of 90 retirement funds and six fund administrators. The 90 retirement funds consists of 81 pension funds and nine provident funds. As at March 31, 2025 there were 370 sub funds under the multi employer (umbrella funds), a decrease of 4.9 percent from 389 reported in the previous year. The number of licensed fund administrators remained unchanged from the previous period.

Table 4.1: Structure of the Retirement Funds as at March 31, 2025

Retirement Funds Industry	2024 Number of Entities	2025			Percentage of the Industry	Percentage Change (2024-2025)
		New Licenses	Cancellations*	Number of Entities		
Total**	91	6	1	96	100	5.5
Fund Administrators	6	0	0	6	6.3	0
Retirement Funds	85	6	1	90	93.7	5.9
Provident Funds	7	2	0	9	-	28.6
Stand Alone	5	0	0	5	-	0
Umbrella	2	2	0	4	-	100
Pension Funds	78	4	1	81	-	3.8
Stand Alone	73	3	0	76	-	4.1
Umbrella	5	1	1	5	-	0
Sub Funds	389	15	34	370	-	(4.9)

Source: NBFIRA

Note: *Includes voluntary withdrawals, acquisitions, dissolutions, transfers, revocations and correction of duplication.

**Excludes Sub Funds

Financial Performance of the Retirement Funds Industry

Retirement Funds Investment Assets

The retirement funds industry plays a crucial role in managing the retirement savings for thousands of Batswana, ensuring their financial security during retirement. The industry's investments continue to contribute to the development of Botswana's economy with a total asset to GDP ratio of 58 percent as of December 2024.

Table 4.2 below shows that the retirement funds' Assets Under Management (AUM) grew by 9.6 percent from P139 billion reported in December 2023 to P152 billion recorded as at December 2024. The upsurge in the AUM was mainly driven by developments in the investment environment and constant performance delivered by both local and offshore equities.

In the current reporting period, offshore equities and local equities continued to be dominant compared to other investment asset classes with an upward growth of about eight percent and 13 percent respectively. The growth was due to steady interest rates and stable inflation, providing positive conditions for investments in this asset class. The allocation of retirement funds assets to both local and offshore equities also increased from P88 billion recorded in 2023 to P97 billion recorded in 2024, accounting for 64 percent of the total AUM.

Total bonds accounted for approximately 18 percent of total retirement fund assets in the period under review, comprising domestic bonds of P16 billion and offshore bonds of P11 billion. Cash and near cash accounted for 10 percent of invested assets comprising P14 billion locally and an equivalent of P538 million in foreign cash, while the exposure to Exchange Traded Funds, Local Property, Infrastructure and Alternative Investments constituted P13.7 billion or nine percent of the total AUM.

During the review year, there was an increasing tilt towards Exchange Trade Funds and Dual Listed Equities with a surge of 52 percent and 73 percent, respectively, compared to the same period in the prior year. The tilt requires that the look through principle under PFR2 is adhered to by retirement funds to ensure that potential over-exposures in underlying assets in these investment instruments is monitored.

Offshore/Onshore Investment Assets Split

The Retirement Funds Act (2022) and the revised Pension Investment Rules (PFR2)-2023 set the maximum investment limit on domestic investments for retirement funds from 30 percent to 50 percent. The transition is crucial for supporting diversification of investments and promote domestic growth ensuring prudent management of retirement funds assets. The transition will be achieved through a five-year transition plan which will end in 2027.

As at December 2024, the domestic and offshore investments stood at 42 percent or P65 billion and 58 percent or P88 billion, respectively as depicted in Table 4.2 below. These milestones exceed the target of 41 percent domestic investments limit set to be achieved by December 2024 according to the five-year transition plan. Comparatively as of December 31, 2023, offshore investments were 59 percent or P83 billion of total retirement funds assets while local assets accounted for 41 percent or P57 billion, meaning that the retirement funds industry exceeded the domestic investment target of 38 percent as set out in the five-year transition plan under PFR2 to be achieved by December 2023.

Table 4.2: Retirement Funds Industry Investment Allocation (BWP Million) as at December 2024

Indicator	2023	2024	Percentage of Investments	Annual Percentage Growth
Investment Allocations	139,037	152,340	100	9.6
Onshore Investments*	56,508	64,554	42	14.2
Botswana Equities (Listed)	19,395	21,903	14	13
Dual Listed Equities	2,130	3,684	2	73
Exchange Traded Funds	998	1,517	1	52
Pula Bonds	12,996	16,056	11	24
Pula Cash/Near Cash	13,905	14,138	9	2
Botswana Property	3,905	4,428	3	13
Botswana Unlisted Equities	3,179	2,813	2	(12)
Local Infrastructure	-	15	-	-
Offshore Investments	82,529	87,786	58	6.4
Offshore Equities (Listed)	63,650	68,566	45	8
Offshore Bonds	9,779	10,927	7	12
Offshore Cash/Near Cash	1,165	538	0	(54)
Alternative Investment	7,935	7,755	5	(2)
Offshore Investment (Percent)	59	58	-	(2)
Onshore Investment (Percent)	41	42	-	2
Equities (Listed and Unlisted)	88,354	96,966	64	10
Listed and Dual Listed**	83,045	94,153	62	10.5
Bonds	22,775	26,983	18	19
Cash and Near Cash	15,070	14,676	10	(3)
Others	12,838	13,700	9	7

Source: NBFIRA

*The retirement funds AUMs are invested through onshore/offshore asset managers, and some investments are held directly in line with Section 16 (3) of the Retirement Funds Act and PFR2"

** 2024 figure includes Dual Listed Equities

Table 4.3 below shows that total retirement fund assets recorded an increase of 14 percent from P130 billion recorded as at December 2023 to P148 billion as at December 2024. The industry's liabilities grew by 14 percent from P125 billion in 2023 to P143 billion recorded as at December 2024. Moreover, in the current reporting period, the reserves reached P5 billion, a 12 percent increase from the P4.6 billion reported in the prior year, mainly attributable to an increase in contributions and asset growth.

Table 4.3: Abridged Balance Sheet of the Retirement Funds Industry (BWP Million)

Indicator	2023	2024	Annual Percentage Growth
Assets	130,021	148,480	14.2
Liabilities	125,441	143,369	14.3
Reserves	4,580	5,111	11.6

Source: NBFIRA

The Retirement Funds Industry's Abridged Income/Expenditure Statement as depicted in Table 4.4 below, shows a growth of 78 percent in total income from P15.7 billion reported in 2023 to P27.9 billion in 2024. The change was mostly attributable to positive performance of both local and offshore equities.

Investment income accounted for 72 percent of the retirement funds total income standing at P20 billion, an increase from P8.9 billion recorded in the prior year mainly derived from dividend income, interest income and net profit on disposal of investments. Total member and employer contributions in the current reporting period amounted to P7.2 billion, representing a nine percent growth from P6.6 billion reported in the prior year.

Total expenditure for retirement funds grew from P7.4 billion in 2023 to P9.5 billion in 2024 representing an increase of 29 percent from the previous year. Benefit payments paid to members and beneficiaries also grew by 25 percent from P6.0 billion in 2023 to P7.5 billion in 2024 mainly as a result of a surge in retirements and resignations. The increase in benefit payments is also attributable to the amended Retirement Funds Act (2022) and the Income Tax (Superannuation Funds) Regulations that allows for higher commutable proportions at retirement and other enhanced benefits deductions by deferred members.

General administration costs, investment management fees and others including among others, audit, actuarial, levies and trustee fees grew by 37 percent from P1.4 billion reported in 2023 to P1.9 billion recorded in the year under review. The growth is mainly driven by increase in investment management fees and other fees which jumped by 41 percent and 187 percent, respectively, as shown under Table 4.4.1. Investment management fees represented the largest component of retirement funds' total costs for the year under review accounting for 43 percent, while other costs and administration costs accounted for 39 percent and 18 percent, respectively.

The upsurge in retirement funds costs will ultimately affect members of the retirement funds in an adverse way, by reducing their preserved benefits. During the period under review, an average annual cost per member (total retirement funds industry costs/total membership) amounted to P4,880 per member per year, which is up 31 percent compared to P3,719 per member in the prior period. A three-year trend shows that member cost increased by 30 percent to the period under review. The Authority continues to monitor and encourage the Retirement Funds industry especially Board of Trustees to implement new cost-effective measures and leverage innovative technology driven products and service that reduce the overall cost per member in the medium to long term, as well as to ensure sustainability of member savings and retirement funds.

Table 4.4: Abridged Income Statement/Expenditure of the Retirement Funds Industry (BWP Million)

Indicator	2023	2024	Percentage of Investments	Annual Percentage Growth
Total Income	15,717	27,891	100	78
Contributions	6,587	7,176	26	9
Member Contributions	1,842	1,953	7	6
Employer Contributions	4,745	5,223	19	10
Income	9,130	20,715	74	127
Investment Income	8,917	20,049	72	125
Income from life insurance	7	217	1	3,022
Other Income	206	449	2	118
Expenditure	7,408	9,547	34	29
Benefit payments	5,990	7,506	27	25
Insurance Premiums	20	126	1	530
Administration, Management Expenses and Fees and Other expenses	1,399	1,915	7	37

Source: NBFIRA

Table 4.4.1: Retirement Funds Cost Analysis (BWP Million)

Indicator	2023	2024	Percentage Allocation	Annual Percentage Growth
Total	1,147,283	1,889,970	100	64.7
Investment Management Costs	576,059	811,443	43	40.9
Administrative Costs	309,251	339,963	18	9.9
Levies	6,985	7,281	0	4.2
Others	254,988	731,283	39	186.8

Source: NBFIRA

Membership Status

During the current reporting period, the total membership of retirement funds stood at 388,646, a slight increase of 3.3 percent compared to 376,158 reported in the previous year as depicted in Table 4.5 below. The growth was due to an increase in the number of approved sub funds under multi-employer funds. The total membership comprised 295,288 active members, 76,816 deferred members and 16,542 pensioners. Active member figures grew by 0.9 percent while deferred membership status increased by 12.5 percent as at December 2024, showing a significant movement from active member category to deferred member status, attributable to closure and/ or termination of some funds /participating employers particularly small employers, because of adverse economic conditions.

Figure 6 illustrates the proportion of active members (members who are still contributing or having made contributions on their behalf by employers), deferred members (members who are no longer contributing but have preserved pension rights from prior savings) and pensioners (members receiving pension) to total membership. The proportion of active members to total membership was 76 percent as at December 2024, a two percent decrease from the previous year. On the other hand, the ratio of deferred members to total membership grew by 20 percent in the reporting period compared to 18 percent recorded in December 2023.

Comparatively, the coverage ratio (the ratio of total membership to labour force) remains very low at approximately 39 percent as of December 2024 compared to 38 percent in the prior year. The low coverage correlates with the fact that pension funds coverage is not mandatory in Botswana.

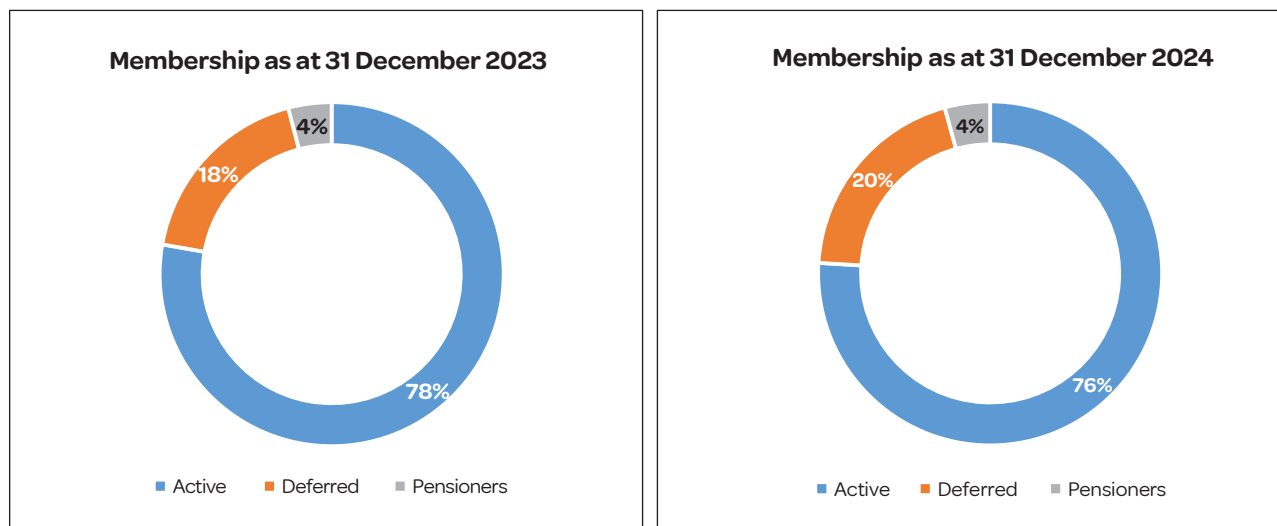
Table 4.5: Membership Statistics for the Retirement Funds Industry as at December 2024

Membership Status	Membership as at December 2023	Membership as at December 2024	Percentage Change
Active	292,544	295,288	0.9
Deferred	68,308	76,816	12.5
Pensioners	15,306	16,542	8.1
Total*	376,158	388,646	3.3

Source: NBFIRA

Note: *Total membership may slightly be overstated or likely double-counted as some deferred members are still active members in other occupational pension funds, or an individual has membership in more than one retirement fund.

Figure 5: Membership Statistics as at December 31, 2023 and 2024



Capital Markets

Structure of Capital Markets Industry

As shown under Table 5.01, the capital markets industry comprises five sectors being:

(a) Securities Institutions: Asset Managers, Securities Brokers or Dealers, Custodians, Transfer Agents or Transfer Secretaries, Market Makers, Investment Advisors, Participants in the Central Securities Depository and entities which conduct Securities Services.

(b) Investment Institutions and Approved Funds: Operators of Collective Investment Undertakings (CIUs), Custodians, Supervisory Custodians, Trustees for CIUs, CIU funds, Investment Company and CIU Partnerships. CIU funds include locally approved funds, and funds licensed offshore but recognised in Botswana.

(c) Securities Infrastructure Businesses (SIBs): these are Exchanges, Central Securities Depositories, Clearance and Settlement Systems other than Central Securities Depositories, and Central Counterparties.

(d) IFSC Accredited Entities: entities that are issued with a Tax Certificate and are based in Botswana but do business predominantly with clients outside Botswana.

(e) Virtual Asset Service Providers (VASPs): means a person who –

- (a) under an agreement, as part of a business, undertakes a virtual asset service or any of the following activities for or on behalf of another person,
 - (i) the exchange between virtual assets and fiat currencies,
 - (ii) the exchange between one or more forms of virtual assets,
 - (iii) the transfer of virtual assets,
 - (iv) the safekeeping or administration of virtual assets or instruments enabling control over virtual assets, and
 - (v) the participation in and provision of financial services related to an issuer's offer or sale of a virtual asset; 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 blockchain, or
 - (iii) virtually automated market maker.

The number of licensed entities increased by six percent from 120 in 2024 to 127 in 2025. Further, Investment Institutions and Approved Funds made up the largest percentage of the sector at 57 percent in 2025 followed by Securities Institutions at 36 percent. VASPs increased by 50 percent from four in 2024 to six in 2025. Of the six licensed VASPs, only three are currently operational while three are yet to commence operations.

Table 5.01: Structure of the Capital Markets Industry as at March 31, 2025

Capital Markets	2024 Number of Entities	2025			Percentage of the Industry	Percentage Change (2024-2025)
		New Licenses	Cancellations	Number of Entities		
Total	120	9	2	127	100.0	5.8
Securities Institutions	47	1	2	46	36.2	(2.1)
Asset Managers*	22	0	1	21	16.5	(4.5)
Securities Brokers	3	0	0	3	2.4	0
Investment Advisors	18	1	1	18	14.2	0
Market Makers	2	0	0	2	1.6	0
Securities Services	1	0	0	1	0.8	0
Transfer Secretaries	1	0	0	1	0.8	0
Investment Institutions and approved Funds	66	6	0	72	56.7	9.1
Trustees	3	0	0	3	2.4	0
Custodians	3	2	0	5	3.9	66.7
Management Companies	9	0	0	9	7.1	0
Local CIU Funds**	49	4	0	53	41.7	8.2
ICVC	2	0	0	2	1.6	0
Securities Infrastructure Businesses	2	0	0	2	1.6	0
IFSC Accredited Entities	1	0	0	1	0.8	0
Virtual Asset Service Providers	4	2	0	6	4.7	50

Source: NBFIRA

Notes: * The number of licensed asset managers restated from 20 to 22 in 2024.

**Funds licensed in other jurisdictions and marketed in Botswana are not included in the list of investment institutions and approved funds.

Financial Performance of the Capital Markets Industry

The abridged balance sheet for capital market industry as shown under Table 5.02 below depicts that total industry assets increased by 20.4 percent from P680.4 million reported in 2023 to P819.3 million in 2024. Total assets for the investment advisory sub-sector increased substantially by 79.6 percent from P54 million in 2023 to P97 million in 2024. This was attributable to a new entrant in the sub-sector and the acquisition of property and equipment, lease improvements and investments in subsidiaries. Equity grew by 35.7 percent from P28 million in 2023 to P38 million in 2024. Total liabilities increased significantly by 126.9 percent from P26 million in 2023 to P59 million in 2024, due to the higher values of variables such as related party payables, deferred tax, lease liabilities and acquisition of loans.

Total assets for the sole IFSC-accredited entity dropped by 25 percent from P4 million in 2023 to P3 million in 2024. Equity decreased significantly by 160 percent worsening from a negative P5 million in 2023 to a negative P13 million in 2024, due to the surge in revenue deficit of the company. Total liabilities recorded a major increase of 77.8 percent from P9 million in 2023 to P16 million in 2024, due to increased related parties payables.

Total assets for the only remaining licensed transfer secretary declined by 2.9 percent from P3.4 million in 2023 to P3.3 million in 2024. Total liabilities declined by 13.8 percent from P2.9 million in 2023 to P2.5 million in 2024. Equity notably increased by 60 percent from P0.5 million in 2023 to P0.8 million in 2024, primarily due to the increase in retained earnings.

SIBs registered total assets of P172 million in 2023 compared to P197 million in 2024 signifying an increase of 14.5 percent. Total equity increased by 9.7 percent from P144 million in 2023 to P158 million in 2024. There was an upsurge of 35.7 percent in liabilities from P28 million in 2023 to P38 million in 2024 due to a current tax payable of P10 million in 2024 which was not there in 2023.

The total assets for securities brokers decreased by 37 percent from P73 million in 2023 to P46 million in 2024, due to voluntary suspension of licence of one of the securities brokers which affected the overall variables of the securities brokerage sub-sector. In addition, total liabilities decreased by 41.7 percent from P36 million reported in 2023 to P21 million in 2024. Similarly, overall equity decreased by 35.1 percent, from P37 million in 2023 to P24 million in 2024.

Table 5.02 below also shows changes in the financial position of asset managers and management companies. The significant increase in the financial position of asset managers and management companies is mainly attributed to two new entrants in the asset management business during the review period. Total assets for asset managers increased from P295 million to P362 million representing a 22.7 percent growth, while total assets for management companies also grew by 22.7 percent from P75 million to P92 million in 2023 and 2024 respectively. Total equity and total liabilities of asset managers increased by 36.2 percent (from P149 million to P203 million) and 8.9 percent (from P146 million to P159 million), respectively, between 2023 and 2024. Total equity for management companies increased by 23.5 percent while total liabilities increased by 24.4 percent over the reporting period.

Table 5.02 also depicts the balance sheet for the two operational VASPs, showing notable growth with total assets increasing by 375 percent from P4 million in 2023 to P19 million in 2024, primarily due to capital expansion activities. Liabilities rose by 171.4 percent during the same period, suggesting a greater dependence on internal and/or external funding sources. The equity deficit improved by 83.3 percent, reducing the consolidated net capital shortfall. The negative equity of P0.5 million recorded in 2024 is directly attributable to cumulative losses incurred over the reporting period. Despite the equity remaining negative, the improvement in assets to P19 million reported in 2024, signals progress in capital structuring to stabilise operations.

Table 5.02: Abridged Balance Sheet of the Capital Markets (BWP Million)

Capital Markets	2023*	2024	Percentage of the Industry	Annual Percentage Growth
Assets	680.4	819.3	100	20.4
Securities Institutions	425.4	508.3	62.0	19.5
Asset Managers	295	362	44.2	22.7
Securities Brokers or Dealers	73	46	5.6	(37.0)
Investment Advisors	54	97	11.8	79.6
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	3.4	3.3	0.4	(2.9)
Investment Institutions and Approved Funds	75	92	11.2	22.7
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	75	92	11.2	22.7
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-

Securities Infrastructure Businesses	172	197	24.0	14.5
IFSC Accredited Entities	4	3	0.4	(25.0)
Virtual Asset Service Providers**	4	19	2.3	375.0
Capital and Reserves	384.5	452.3	100	17.6
Securities Institutions	214.5	265.8	58.8	23.9
Asset Managers	149	203	44.9	36.2
Securities Brokers or Dealers	37	24	5.3	(35.1)
Investment Advisors	28	38	8.4	35.7
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	0.5	0.8	0.2	60.0
Investment Institutions and Approved Funds	34	42	9.3	23.5
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	34	42	9.3	23.5
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	144	158	34.9	9.7
IFSC Accredited Entities	(5)	(13)	(2.9)	(160.0)
Virtual Asset Service Providers**	(3)	(0.5)	(0.1)	83.3
Liabilities	295.9	365.5	100	23.5
Securities Institutions	210.9	241.5	66.1	14.5
Asset Managers	146	159	43.5	8.9
Securities Brokers or Dealers	36	21	5.7	(41.7)
Investment Advisors	26	59	16.1	126.9
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	2.9	2.5	0.7	(13.8)
Investment Institutions and Approved Funds	41	51	14.0	24.4
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	41	51	14.0	24.4
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	28	38	10.4	35.7
IFSC Accredited Entities	9	16	4.4	77.8
Virtual Asset Service Providers**	7	19	5.2	171.4

Notes: * 2023 figures were rectified due to restatements and reclassifications of some of the figures reported by entities in the previous period.

** One of the VASPs operates both virtual asset and fiat-based payment services, however, its audited financial statements do not disaggregate these activities.

Total revenue for the investment advisors increased by 7.8 percent, rising from P129 million in 2023 to P139 million in 2024. The revenue growth was accompanied by a 6.4 percent increase in total expenses, increasing from P94 million in 2023 to P100 million in 2024. Despite the rise in expenses, the sub-sector's profit before tax increased by 8.6 percent from P35 million in 2023 to P38 million in 2024.

Total revenue for the IFSC-accredited company declined by 45.5 percent, from P11 million in 2023 to P6 million in 2024, attributable to the decrease in income from dividends received, gains on

buy-back of shares and foreign exchange gains of the company. Total expenses rose by 7.7 percent from P13 million in 2023 to P14 million in 2024. As a result, the loss before tax widened from P2 million in 2023 to a loss of P8 million in 2024, representing a 300 percent increase.

The transfer secretary's total revenue grew by 50 percent from P4 million in 2023 to P6 million in 2024. Total expenses also increased by 50 percent from P4 million in 2023 to P6 million in 2024. The loss before tax improved from negative P0.1 million in 2023 to a profit of P0.2 million in 2024.

Table 5.03 indicates total revenue for SIBs rose by 7.8 percent from P77 million recorded in 2023 to P83 million in 2024. For the same period, total expenses increased by 7.7 percent from P52 million in 2023 to P56 million in 2024. Consequently, profit before tax increased by four percent from the P25 million recorded in 2023 to P26 million in 2024.

The total revenue for the securities brokers significantly declined by 61.4 percent, from P44 million in 2023 to P17 million in 2024 while total expenses decreased from P22 million in 2023 to P17 million in 2024 with a downward 22.7 percent change. The securities brokers experienced a substantial opposite trajectory from P22 million profit recorded in 2023, to a loss before tax of P0.4 million in 2024 being a 101.8 percent decline. The loss was precipitated by a significant decline in revenue registered by one of the brokers.

Table 5.03 shows that revenue for asset managers increased by 14.7 percent from P395 million in 2023 to P453 million in 2024. Similarly, expenses increased by 8.2 percent resulting in a 27.3 percent increase in profits before tax from P128 million to P163 million from 2023 to 2024. The growth was due to contributions from the new entrants and the restatement of financials by some of the entities. Revenue for management companies significantly increased by 84.6 percent from P39 million in 2023 to P72 million in 2024 mainly owing to other income sources such as initial fees and investment income. Likewise, expenses increased significantly by 71.9 percent from P32 million in 2023 to P55 million in 2024 due to the increase in administration fees, commissions and professional fees. The profit before tax increased by 142.9 percent from P7 million to P17 million between 2023 and 2024.

Total revenue for the two operational VASPs declined by 20 percent from P5 million in 2023 to P4 million in 2024. During the same period, total expenses rose by 7.9 percent from P3.8 million in 2023 to P4.1 million in 2024 thereby placing pressure on profitability. As a result, profit before tax declined by 73.3 percent from P1.5 million in 2023 to P0.4 million in 2024.

Table 5.03: Abridged Income Statement of the Capital Markets (BWP Million)

Capital Markets	2023**	2024	Percentage of the Industry	Annual Percentage Growth
Gross Income	704	780	100	10.8
Securities Institutions	572	615	78.8	7.5
Asset Managers	395	453	58.1	14.7
Securities Brokers or Dealers	44	17	2.2	(61.4)
Investment Advisors	129	139	17.8	7.8
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	4	6	0.8	50.0
Investment Institutions and Approved Funds	39	72	9.2	84.6

Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	39	72	9.2	84.6
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	77	83	10.6	7.8
IFSC Accredited Entities	11	6	0.8	(45.5)
Virtual Asset Service Providers*	5	4	0.5	(20.0)
Total Expenditure	488.8	542.1	100	10.9
Securities Institutions	388	413	76.2	6.4
Asset Managers	268	290	53.5	8.2
Securities Brokers or Dealers	22	17	3.1	(22.7)
Investment Advisors	94	100	18.4	6.4
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	4	6	1.1	50.0
Investment Institutions and Approved Funds	32	55	10.1	71.9
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	32	55	10.1	71.9
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	52	56	10.3	7.7
IFSC Accredited Entities	13	14	2.6	7.7
Virtual Asset Service Providers*	3.8	4.1	0.8	7.9
Profit/Loss before Tax	216.4	236.2	100	9.1
Securities Institutions	184.9	200.8	85.0	8.6
Asset Managers	128	163	69.0	27.3
Securities Brokers or Dealers	22	(0.4)	(0.2)	(101.8)
Investment Advisors	35	38	16.1	8.6
Market Makers	-	-	-	-
Securities Services	-	-	-	-
Transfer Secretaries	(0.1)	0.2	0.1	300.0
Investment Institutions and Approved Funds	7	17	7.2	142.9
Trustees	-	-	-	-
Custodians	-	-	-	-
Management Companies	7	17	7.2	142.9
Local CIU Funds	-	-	-	-
ICVC	-	-	-	-
Securities Infrastructure Businesses	25	26	11.0	4.0
IFSC Accredited Entities	(2)	(8)	(3.4)	(300.0)
Virtual Asset Service Providers*	1.5	0.4	0.2	(73.3)

Source: NBFIRA

Notes: * One of the VASPs operates both virtual asset and fiat-based payment services, however, its audited financial statements do not disaggregate these activities.

** 2023 figures were rectified due to restatements and reclassifications of some of the figures reported by entities in the previous period.

Table 5.18 below depicts that Assets Under Management (AUM) for asset managers increased by 17.3 percent while AUM of management companies for CIUs decreased by 5.6 percent. Cumulatively, total AUM for both sectors increased by 11.9 percent from P80 billion recorded in 2024 to 90 billion in 2025. The largest portion of AUM was attributable to the institutional pension sector at 79.5 percent (P71 billion). Institutional other, institutional insurance and retail sectors accounted for 10.9 percent, 7.6 percent, and two percent, respectively, while the smallest AUM holding was from professional investors at 0.1 percent. The AUM for retail investors declined significantly by 65.2 percent while AUM for professional investors increased by 72.4 percent due to client misclassification in 2024 between the two client groups which was rectified in 2025.

Table 5.18: Assets Under Management (AUM) as at March 31, 2025 (BWP Million)

Asset Under Management	2024	2025	Percentage of the Industry	Annual Percentage Growth
Total	80,289	89,866	100	11.9
Retail	5,176	1,801	2.0	(65.2)
Professional Investor	29	50	0.1	72.4
Institutional Pension	61,676	71,435	79.5	15.8
Institutional Insurance	6,230	6,804	7.6	9.2
Institutional Other	7,178	9,776	10.9	36.2
Non-CIUs	61,557	72,178	100	17.3
Retail	192	179	0.2	(6.8)
Professional Investor	11	11	0.0	0.0
Institutional Pension	54,070	63,668	88.2	17.8
Institutional Insurance	3,429	3,658	5.1	6.7
Institutional Other	3,855	4,662	6.5	20.9
CIUs	18,732	17,688	100	(5.6)
Retail	4,984	1,622	9.2	(67.5)
Professional Investor	18	39	0.2	116.7
Institutional Pension	7,606	7,767	43.9	2.1
Institutional Insurance	2,801	3,146	17.8	12.3
Institutional Other	3,323	5,114	28.9	53.9

Source: NBFIRA

Non-Bank Lending

The Non-Bank Lending industry, comprising micro lenders, pawnshops, finance and leasing companies, is regulated and supervised under the NBFIRA Act (2023). Micro lending activities are further guided by the Micro Lending Regulations (2012), and oversight of Systemically Important Micro Lenders (SIML) has been strengthened through the Prudential Rules for Systemically Important Micro Lenders (2018). Pawnshops, finance and leasing companies currently operate under exemptions, pending the finalisation of the sector-specific legislation.

Structure of the Non-Bank Lending Industry

The Non-Bank Lending industry as shown under Table 6.1 below, comprised 495 licensed entities as at March 31, 2025, reflecting a 21.6 percent increase from 407 entities recorded in the previous year. This increase was mainly driven by a 22.7 percent growth in the number of micro lenders from 282 in 2024 to 346 entities in 2025. Finance companies increased by 19.1 percent from 68 to 81 in same period while the number of pawnshops rose from 52 to 63 reflecting a 21.2 percent growth. The number of leasing companies and International Financial Services Centre (IFSC) accredited companies remained unchanged at three and two respectively.

Table 6.1: Structure of the Non-Bank Lending Industry as at March 31, 2025

Non-Bank Lenders	2024 Number of Entities	2025			Percentage of the Industry	Percentage Change (2024-2025)
		New Licenses	Cancellations	Number of Entities		
Total	407	102	14	495	100	21.6
Micro Lenders	282	70	6	346	69.9	22.7
Finance Companies	68	17	4	81	16.4	19.1
Pawnshops	52	14	3	63	12.7	21.2
Leasing Companies	3	1	1	3	0.6	0
IFSC Accredited Companies	2	0	0	2	0.4	0

Source: NBFIRA

Financial Overview of the Micro Lending Industry

The number of reporting entities remained unchanged at 99 micro lenders, indicating the continued failure by some entities to submit annual financial statements. However, this number covers more than 99 percent of the industry. While the overall reporting population remained unchanged, some entities restated their 2023 financials, and the data has been updated accordingly.

Table 6.2 below shows an abridged balance sheet for the micro lending industry. There was a notable 44.2 percent decrease in non-current assets from P822 million in 2023 to P459 million in 2024, mainly driven by a reduction in the foreign currency swap assets and taxation receivable reported by one of the larger micro lenders. This was offset by current assets which increased by 50.5 percent, resulting in total assets remaining steady at P8.7 billion in 2024. The industry's loan book slightly increased by 2.3 percent from P7.5 billion in 2023 to P7.7 billion in 2024, which is significantly lower compared to the previous five years where it increased at an average of 14.7 percent. The decrease is attributed to a decline in the loan book and a substantial write-off by one of the larger micro lenders, contributing to the overall deceleration in industry growth. It is worth noting that six SIMLs continue to dominate the industry, collectively accounting for 95 percent of the total industry loan book value.

On the other hand, total liabilities across the micro lending industry were P6 billion and P5.6 billion in 2023 and 2024, respectively. The decline is an indication of funding constraints faced by the industry. In contrast, equity levels rose significantly by 13.4 percent, increasing from P2.7 billion in 2023 to P3.1 billion in 2024, suggesting that the shareholders are injecting capital to ease liquidity pressure.

Table 6.2: Abridged Balance Sheet of the Micro Lending Industry (BWP Million)

Indicator	2023*	2024	Annual Percentage Growth
Non-Current Assets	822	459	(44.2)
Loan Book Values	7,541	7,712	2.3
Current Assets	370	557	50.5
Total Assets	8,733	8,728	(0.1)
Equity	2,721	3,085	13.4
Current Liabilities	3,045	2,479	(18.6)
Non-Current Liabilities	2,967	3,164	6.6
Total Liabilities	6,012	5,643	(6.1)
Total Equity and Liabilities	8,733	8,728	(0.1)

Source: NBFIRA

* Restated 2023 figures

In 2024, the industry recorded notable improvement in profitability driven by both income growth and effective cost management as depicted by Table 6.3 below. Total income increased by 10.7 percent, from P2.4 billion in 2023 to P2.7 billion in 2024. This growth was largely driven by an increase of 27.3 percent in non-interest income, largely stemming from increased loan fees, charges and commissions from credit life insurance. Interest income, which remains the sector's primary income driver increased by seven percent in line with the increase in the industry's loan book.

Total expenses increased marginally by 0.1 percent, as the increase in interest expenses was offset by the reduction in non-interest expenses. The higher income growth coupled with effectively managed expenses resulted in the industry reporting a 43.2 percent increase in profit before tax compared to a 31 percent dip recorded in the previous year. Correspondingly, net income after tax grew by 43.6 percent, indicating a recovery in profitability compared to the decline recorded in the prior year.

Table 6.3: Abridged Income Statement of the Micro Lending Industry (BWP Million)

Indicator	2023*	2024	Annual Percentage Growth
Interest Income	1,973	2,112	7.1
Other Income	433	551	27.3
Total Income	2,407	2,664	10.7
Interest Expenses	497	547	10.0
Other Expenses	1,320	1,272	(3.6)
Total Expenses	1,817	1,819	0.1
Profit Before Tax	590	845	43.2
Tax	132	187	41.7
Profit After Tax	458	658	43.6

Source: NBFIRA

* Restated 2023 figures

Financial Performance of the IFSC Accredited Companies

IFSC accredited companies experienced a marginal decline in total assets, registering a 2.6 percent decrease from P21 billion in 2023 to P20 billion in 2024 (Table 6.4). The decrease was accompanied by a 1.9 percent reduction in total liabilities, from P15 billion in the prior year to P14 billion in 2024. Total equity remained unchanged at about P6 billion, indicating a stabilised capital position despite the slight contraction in the balance sheet. Total income and expenses also remained unchanged at about P2 billion while profitability increased significantly.

Table 6.4: Financial Performance of IFSCs (BWP Million)

Indicator	2023*	2024	Annual Percentage Growth
Total Assets	20,871	20,331	(2.6)
Total Equity	6,268	6,012	(4.1)
Total Liabilities	14,603	14,319	(1.9)
Income	2,047	2,272	11.0
Expenses	1,787	1,938	8.5
Profit Before Tax	260	334	28.5

Source: NBFIRA

* Restated 2023 figures

Loan Book Values for Pawnshops, Finance Companies and Leasing Companies

The loan book for pawnshops decreased from P31 million in 2023 to P20 million in 2024. The decline was mainly driven by a change in the financial reporting of one of the larger pawnshops, which resulted in a significant loan write-off, mainly because of failed repossessions. In contrast, finance companies recorded a 62.3 percent increase, with loan book values rising from P106 million in 2023 to P172 million in 2024. Meanwhile, leasing companies experienced a slight decrease of 0.1 percent in the loan book, which declined from P215 million to P204 million during the same period.

Financial Ratio Analysis for Key Indicators-SIMLs

Table 6.5 below presents the year-on-year financial ratios for SIMLs and reflects improved profitability and capital strength in 2024, as shown by the return on equity, which increased by 27.9 percent from 16.7 in 2023 to 21.3 in 2024. The increase in the return on equity was due to higher profit generated by the micro lenders. The loan portfolio remained central to asset composition, as indicated by the 2.3 percent slight increase in portfolio value-to-total assets ratio from 86.4 in 2023 to 88.4 in 2024.

The debt-to-equity ratio declined from 2.2 in 2023 to 1.8 in 2024 signalling reduced reliance on debt financing. In addition, the average liquidity ratio declined from 132.7 in 2023 to 59 in 2024. While the average liquidity ratio remains above the regulatory minimum threshold of two percent, the significant decline in the ratio and the lower debt-to-equity ratio are an indication of the combined liquidity and funding challenges besieging the micro lending industry and the financial sector in general. Due to increased shareholder funding which possibly sought to avert the liquidity and funding challenges, the capital adequacy ratio strengthened to 34.9 percent in 2024. Overall, the sector remains financially sound and poses minimal risk to the stability of the financial system.

Table 6.5: SIMLs Ratios

Ratio	2023	2024
Portfolio Yield (Percent)	26.17	27.11
Operating cost Ratio	0.67	0.6
Net Profit Ratio	0.23	0.31
Portfolio Value as a Percentage of Total Assets	86.35	88.36
Debt-to-Equity	2.21	1.83
Average Capital Adequacy	33	34.9
Average Liquidity	132.7	59
Return on Equity (ROE)	16.67	21.32

Source: NBFIRA

Anti-Money Laundering/Combating the Financing of Terrorism/Combating Proliferation Financing (AML/CFT/CPF)

Overview

During the year under review, the Authority, continued dedicated efforts to combat financial crimes and ensure the integrity of the financial sector. The objective was to safeguard the financial system from illicit activities while ensuring transparency, accountability and compliance among the non-bank financial institutions. Notably, significant improvements were observed in compliance practices, reflecting the sector's commitment to maintaining robust AML/CFT frameworks.

Supervisory Activities

During the year under review, the Authority's activities and assessment of the NBFIs sector's compliance with AML/CFT and PF legal framework entailed the following:

National Money Laundering, Terrorism Financing and Proliferation Financing Risks Outlook

There is an ongoing exercise to update the 2023 National Risk Assessment (NRA), with the revised NRA report envisaged for completion by the end of September 2025. The NRA is an important exercise that identifies and evaluates the country's money laundering and terrorism financing threats and vulnerabilities (ML/TF risks).

Risk Based Supervision and Monitoring

Following a comprehensive review of the risk profiles of NBFIs to identify vulnerabilities and areas requiring enhanced oversight, the 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 taking advantage of weaknesses in customer verification systems, using stolen information to fraudulently apply for credit under false identities. Non-bank lenders often provide quicker and more streamlined application processes than traditional banks, therefore, 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, underscoring the urgent need for enhanced security measures and more rigorous identity verification protocols within the sector.

The Authority has noted marginal to no changes in the number of Suspicious Transactions (STRs) submitted by regulated entities to FIA between 2023/2024 and 2024/2025 periods as shown under Table 7.1 below. This may be largely attributable to the dissatisfactory levels of registration on the goAML platform and an inadequate understanding of reporting requirements by the regulated entities. The Authority will focus on enforcing compliance in this regard coupled with increased awareness of reporting requirements.

Table 7.1: Comparison of STRs per sector as at March 2025

Period	Insurance	Capital Markets	Retirement Funds	Lending Activities	VASPs	Total
2023/2024	10	5	0	12	9	36
2024/2025	11	5	0	12	4	32
Change	1	0	0	0	(5)	(4)

Source: FIA

In response to the above, the Authority has recently disseminated guidance notes on treatment of Suspicious Transaction Reports (STRs) and Suspicious Activities Reports (SARs) related to fraud. Furthermore, awareness activities have been held with representatives of various NBFIs including board committee members responsible for risk and compliance to ensure that a culture of AML/CFT compliance is cascaded from the top by the entities.

Regulatory Inspections

Based on a detailed analysis of the ML/TF/PF risk profiles of entities, the Authority conducted targeted onsite inspections to evaluate the extent of compliance with AML/CFT and PF obligations as well as effectiveness of internal controls as depicted in Table 7.2 below.

From the inspections that have been conducted, the Authority has observed that medium to larger size 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, particularly in Customer Due Diligence (CDD) and Enhanced Customer Due Diligence (EDD) processes, to better comply with regulatory standards.

Table 7.2: Comparison of AML/CFT and PF inspections by sector as at March 2025

Period	Insurance	Capital Markets	Retirement Funds	Lending Activities	VASPs	Total
2023/2024	2	1	0	4	2	9
2024/2025	5	0	0	7	0	12
Change	3	(1)	0	3	(2)	3

Source: NBFIRA

The Authority has noted some discrepancies in the quality and timeliness of STRs submitted to the Financial Intelligence Agency (FIA), thus prompting the Authority to conduct training of NBFIs on understanding of reporting requirements.

Referral for Enforcement

Although there have been significant improvements in compliance practices, a small number of entities were identified as significantly non-compliant with AML/CFT and PF legislation and subsequently referred for appropriate enforcement action during the review period. These entities failed to meet the minimum standards required for effective AML/CFT and PF practices, including deficiencies in customer due diligence, transaction monitoring and reporting of suspicious activities. Inadequate internal controls, insufficient staff training, and lack of timely updates of their AML/CFT and PF policies and procedures contributed to non-compliances. As a result, these entities were subjected to fines and directives to implement corrective actions.

These referrals highlight 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 7.3: Comparison of AML/CFT fines by sector

Period	Sector	Number of entities	Amount Fined (BWP)
2019 - 2024	Insurance	6	5,200,000
	Capital Markets	1	230,000
	Lending Activities	3	2,950,000
	Total	10	8,380,000

Source: NBFIRA

Training and Capacity Building

In the review period, the Authority conducted training workshops and participated in national conferences where financial institutions attended with a view to collaborate and enhance their understanding of AML/CFT and PF regulations and international best practices.

Training Workshops

The Authority conducted six awareness workshops during the reporting period. These workshops were general awareness training on AML/CFT and PF obligations of specified parties under the Financial Intelligence Act (FI Act), with focus on how to conduct an Institution Risk Assessment, Customer Due Diligence, Suspicious Transactions Monitoring and Reporting. The workshops were held in Maun, Letlhakane, Francistown, Palapye, Selibe Phikwe and Jwaneng. The Authority also hosted an engagement with Virtual Assets Service Providers (VASPs), where VASPs were making presentations to the Authority on their operations and market trends.

Conferences

The Authority participated in the AML/CFT and PF conference organised by the FIA, which had representation across different sectors, including NBFIs. The conference provided valuable insights and updates on current trends, regulatory expectations, and best practices in combating financial crime.

The Authority also participated in a Virtual Assets conference organised by one of the local banks aimed at exploring how virtual assets can be leveraged to enhance AML/CFT and PF strategies. The conference was a welcome initiative as it contributed to promotion of financial inclusion examining how virtual assets can bridge financial gaps and foster economic participation in Botswana as well as strengthening regulatory collaboration between banks, regulators, law enforcement and technology providers.

Courtesy Meetings

The Authority held a courtesy meeting with twenty-five (25) entities sharing regulatory updates and observations, including but not limited to the FI Act and its Amendment and its implications to the industry, as well as the status of industry compliance with respect to AML/CFT ahead of the 2027 Mutual Evaluation. Selection of these entities was based on the size of the entities and significance of risks identified.

Collaboration with other Agencies

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

Information sharing

As at March 2025, the Authority held several meetings with the FIA. These regular 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. This exchange of information helps both authorities to stay informed about emerging threats and vulnerabilities within the NBF sector.

The meetings also serve as a forum for discussing regulatory updates, legislative amendments, and international standards that impact AML/CFT and PF efforts. This collaboration ensures that both the Authority and the FIA are up-to-date and can implement necessary supervisory changes in a coordinated manner.

Supervisory Forum

During the period under review, the Authority actively participated in all the AML/CFT and PF Supervisory Forum meetings scheduled. The AML/CFT and PF supervisory forum meetings provide a collaborative platform where supervisors, law enforcement agencies, and other AML/CFT and PF competent authorities regularly convene to discuss matters of mutual interest related to combatting financial crime. The objective of the forum meetings is to enhance coordination, share insights and intelligence, discuss emerging trends and challenges, and develop joint strategies to effectively address AML/CFT and PF issues. They also foster open communication and cooperation, with the aim of strengthening the overall AML/CFT and PF legal framework, ensuring compliance with regulatory standards, and protecting the financial system from illicit activities.

Development of Supervisory Instruments

The Authority continued its development of sectoral risk assessment tools through Technical Assistance (TA) from the International Monetary Fund. Three tools for life insurance, asset management and micro lending sectors were piloted with a view to commissioning final versions and conducting sectoral assessment before the end of the year under review.

Policy Development and Guidance

As at the end of the reporting period, the Authority as a way of supplementing training, issued new and updated existing AML/CFT and PF guidelines and directives to reflect changes in international standards and emerging risks. The following are new and updated guidance notes;

- (a) Guidance Note on Treatment of Suspicious Activity and Transaction Reports (STRs/ SARs) related to Fraud.
- (b) Directive to Establish an AML/CFT Compliance Function.
- (c) Guidance Note on Documenting a Policy on Anti-Money Laundering/ Combatting the Financing of Terrorism and Proliferation Financing (AML/CFT&PF)
- (d) Guidelines for Completing Life Insurers Risk Profiling Return
- (e) Guidelines for Completing Asset Management Risk Profiling Return

(f) Guidelines for Completing Micro Lending Risk Profiling Return

Additionally, the Authority continuously offered guidance and support to NBFIs in implementing robust AML/CFT and PF measures through elaborate post-inspection communication and subsequent follow-up reviews.

Human Resources and Administration

During the 2024/25 financial year, the Authority continued to deliver on the broader strategic objective of human resource development, focusing on high performance culture, talent development, employee engagement, and organisational capability enhancement.

Organisation Review and Structure Alignment

To ensure the Authority remains agile and fit-for-purpose, an organisation-wide structural review is currently underway. This project seeks to align the organisational design to strategic priorities, eliminate overlapping responsibilities, clarify role accountabilities, and ensure optimal resource utilisation. The review is being conducted in consultation with relevant stakeholders and is expected to result in improved service delivery, role clarity, and career progression pathways.

Learning and Development

The Authority continues to invest significantly in the capacity building and upskilling of its workforce. The emphasis remains on future-proofing talent, developing regulatory capacity and supporting leadership succession.

During the review period, a key area of progress has been the digitisation of human resources processes, with a focus on leveraging the capabilities of Oracle HCM system. Key enhancements included strengthening of employee data protection measures in compliance with the Data Protection Act.

Wellness and Engagement

The Authority places high value on employee wellness and engagement as drivers of productivity and satisfaction. Chief Executive Officer's engagement session held in December 2024 continued as a key channel for staff communication, transparency, and alignment. These engagements offered opportunities for direct feedback, organisational updates, and recognition of employee contributions.

Staffing, Turnover and Internship Programme

As at March 31, 2025, the Authority's vacancy rate spiralled to 15.2 percent compared to the previous year especially in the lower levels of its workforce. However, the Authority continues to promote Graduate Youth Empowerment through its structured internship programme. Since inception, over 50 percent of interns have been absorbed or transitioned into permanent roles, contributing to the Authority's "Homegrown Talent Index" and long-term workforce sustainability.

Data Management

The Authority has taken an initiative to improve on its data management processes. It intends to streamline all data management processes by organising and enhancing the workflows and also improve data governance by establishing the appropriate governance structures and the necessary policies and procedures. The aim is to make the Authority a data driven organisation where high quality data is used for decision making.

Development of the Data Management Framework and Strategy

In pursuit of improving its data management and governance approach, the Authority has developed a data management strategy and data governance framework.

The Data Management strategy emphasises the importance of data integrity, accessibility, and security while aligning data initiatives with the organisation's strategic objectives. It is intended to provide a comprehensive roadmap for implementing effective data management practices.

The data Governance Framework provides a structured approach to managing data as a strategic asset within the Authority. It is aimed at enhancing data quality, security, compliance, and operational efficiency. The framework defines clear roles, responsibilities, processes, and tools for data governance within the Authority.

Data governance is essential for managing the Authority's data assets throughout their lifecycle. By ensuring data quality, security, accessibility, and compliance, the framework aligns with best practices and supports strategic goals.

Contribution to International Financial Data and Statistics

The Authority participates in international data management facilitated by international bodies such as the IMF and other standards setting bodies. During the period under review, the Authority participated in the Special Data Dissemination Standards (SDDS) project. The project is aimed at ensuring that Botswana provides comprehensive, timely, accessible, and reliable economic and financial data. To date, the Authority's data for micro lending, insurance, capital markets and retirement funds sectors are SDDS compliant.

The Authority also participated in the Financial Inclusion Survey and the Financial Access Survey by IMF, as well as the Employment Survey by International Labour Organisation (ILO).

Enhancement and Usage of the Supervision System

During the period under review, the Authority trained entities in the non-bank lending activities' sector on the usage of the RBSS. These entities covered all subsectors under the non-bank lending activities namely the micro lenders, pawn shops, financing and leasing companies. A total of 210 entities out of the expected 262 attended the training.

Information Technology

Implementation of the Digitalisation Strategy

The Authority adopted the NBFIRA Digitalisation Strategy (2022-2026) to provide a framework for the coordinated and controlled identification, acquisition and implementation of digitalisation initiatives. The following projects have been implemented as part of the digitalisation strategy:

- (a) Bulk Short Messaging Services (SMS) and website chatbot (Monthusi) to increase stakeholder engagement channels.
- (b) Carry out User Requirements on the improvements of the Authority's SupTech System.
- (c) Aligned the ERP System regarding the revised procurement processes.

The strategy implementation is still ongoing with the following projects still in progress:

- (a) Migration of physical records to the Electronic Document and Records Management System (EDRMS).
- (b) Further enhancements to Oracle ERP and SupTech to automate processes.

IT Security

Cybersecurity Enhancements through the implementation of Multi-Factor Authentication (MFA) across the Authority has been carried out during the year under review. Furthermore, there is continued roll out of cybersecurity awareness training for all staff members, to further enhance protection against emerging risks.

Infrastructure and Network Upgrades

In the period under review, the Authority have upgraded core network infrastructure to improve bandwidth, uptime, and remote work capabilities. It has also enhanced backup and disaster recovery procedures, reducing Recovery Time Objectives (RTO).

Incident Response and Disaster Recovery

The Authority having adopted the NIST cyber security framework, continues to enhance the adoption by carrying out assessment and implementation of the latest version that incorporates the governance component.

The Authority's future plans entails integration of the Authority's systems to ensure ease of collaboration and reporting; strengthen IT governance and policy compliance monitoring and; introduce AI-powered analytics to support decision-making.

The Authority therefore, remains committed to driving operational excellence through secure, reliable and innovative technology solutions.

Communication and Consumer Affairs

The Authority is responsible for effective stakeholder management and consumer protection which are critical components to the Authority's mandate of contributing to the soundness and stability of the financial system.

In the current reporting period, stakeholder engagement focused on the Insurance Industry Act, Insurance Policyholder Protection Rules, Virtual Assets Act, and the Authority Ethics hotline. Moreover, the Authority participated in several stakeholder outreach events including holding a mall activation in Gaborone to promote consumer protection and financial education, participating in the Ministry of Finance's Financial Literacy Programme for Pensioners as well as taking part at the BOCCIM trade fair in Francistown. Furthermore, the Authority featured in the Forbes Africa March 2024 issue expounding on the significance of the NBFIs sector's contribution to the local economy.

The Authority's communication strategy includes stakeholder engagement, production of publications, media relations as well as events management, social media platforms, corporate websites, newspaper placements, radio and television interviews.

Complaints Management

The state of market conduct of the NBFIs sector is indicated by the volume and nature of complaints lodged with the Authority by consumers. Insurance related complaints accounted for more than half of the total complaints received, followed by non-bank lending activities. Complaints received centred on the following;

- (a) Insurance and medical aid funds: Repudiation of claims, request for refunds, delays in processing claims, deductions after policy termination;
- (b) Retirement funds: Request to access annuity, request to pay debt with pension, disputed allocation of death benefits, request for encashment of pension, request for calculation of pension.
- (c) Non-bank lending activities: Disputed total payable amount, disputed interest charged, pawned goods sold without consent, disputed sale price of pawned goods; request for settlement statement, overcommitment.
- (d) Capital markets: Mismanagement of investment portfolio, blocked trading account, unauthorised transfers, untraceable shares.
- (e) Outside purview: Complaints against banks, burial societies, mortuaries, employer employee disputes.

Finance

NBFIRA Financial Performance

Figure 6 below shows the financial performance of the Authority as at March 31, 2025. The Authority generated total income of P119.8 million in 2025, a 12 percent increase from P106.8 million recorded in the prior year. Additionally, the Authority incurred expenditure amounting to P112.6 million in 2025 against P109.1 million incurred in 2024, reflecting a three percent increase. Consequently, the Authority’s surplus increased from P0.2 million to P8.3 million in 2024 and 2025 respectively.

Figure 6: Financial Performance of NBFIRA as at March 31, 2025



Source: NBFIRA

The Government continues to be an important partner in supporting funding for the Authority to be able to meet its operational costs. During the period under review, the Authority received P4.9 million funding from Government, marking a significant reduction from the P9.1 million received in 2024. The received subvention of P4.9 million in 2025 is split between a revenue grant of P2.9 million and a capital grant amounting to P2 million. The supervisory levies remain the largest contributor to total income and have recorded an 11 percent increase from P95.8 million in 2024 to P106.6 million in 2025.

Table 8.1: Total Income of the Authority as at March 31, 2025 (BWP Thousand)

Indicator	2024	2025	Percentage Allocation	Annual Percentage Change
Total	106,796	119,813	100	12.2
Government Grants	4,492	2,873	2	(36)
Supervisory Levies	95,820	106,600	89	11
Amortisation of Government Grants	1,276	2,454	2	92
Other operating income	5,208	7,886	7	51

Source: NBFIRA

Out of the total expenses of P112.6 million incurred in 2025, staff costs constituted the largest share at 69 percent while credit loss allowances were the least at one percent as depicted in Table 8.2.

Table 8.2: Total Expenses of the Authority as at March 31, 2025 (BWP Thousand)

Indicator	2024	2025	Percentage Allocation	Annual Percentage Change
Total	109,145	112,609	100	3.2
Loss on sale of assets	0	146	0	0
Movement in credit loss allowances	1,574	792	1	(50)
Staff costs	69,060	77,154	69	12
Consultancy costs	5,838	2,044	2	(65)
Administrative costs	14,901	14,225	13	(5)
Operating expenses	17,772	18,248	16	3

Source: NBFIRA

Annual Financial Statements

Non-Bank Financial Institutions
Regulatory Authority
Annual Financial Statements
for the year ended 31 March 2025

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

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	Mr. Thabo E. Gaadingwe (Chairperson) Ms. Patrinah P. Masalela (Ministry of Finance Representative) Dr. Lesedi S. Senatla (Bank of Botswana Representative) Ms. Hilda D. Hlanti (Board member) Mr. Kgotso Gaamangwe (Board member) Ms. Tshegofatso B. Modise (Board member) Ms. Thobo Rrammidi (Board member) Ms. Lerang N. Maruping (Board member) (Appointed on 01-10-2024)
Chief Executive Officer	Mr. Oduetse 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
Bankers	Stanbic Bank of Botswana Limited
Auditors	Forvis Mazars Certified Auditors
Functional Currency	Botswana Pula "BWP"

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Index

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

	Page
Board Responsibilities and Approval of the Annual Financial Statements	64
Independent Auditor's Report	65-68
Statement of Profit or Loss and Other Comprehensive Income	69
Statement of Financial Position	70
Statement of Changes in Funds	71
Statement of Cash Flows	72
Accounting Policies	73-86
Notes to the Annual Financial Statements	87-101
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income statement	102-103

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

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 IFRS® Accounting standards as issued by the International Accounting Standard Board. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS Accounting standards as issued by the International Accounting Standard Board 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 2026 and, in light of this review and the current financial position, they are satisfied that the Authority has or will have 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.

The annual financial statements set out on pages 69 to 101, which have been prepared on the going concern basis, were approved by the board of directors on ~~4 SEPTEMBER 2025~~ and were signed on their behalf by:

Approval of financial statements



Director



Director

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 69 to 103, which comprise the statement of financial position as at 31 March 2025, 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 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting standards as issued by the International Accounting Standard Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the 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 The Authority receives Supervisory levies which are a significant portion of the total revenue received. For the year ended 31 March 2025 the supervisory levies constituted 88.97% of the total revenue received by the Authority. 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.	Our audit procedures included the following: • 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. • 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 On 31 March 2025, the Authority had net trade receivables of P 843,573 after recognising a total impairment allowance of P 2,466,256 on its statement of financial position. 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. 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 entered in a bankruptcy proceedings. 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 once it is considered irrecoverable. Impairment of trade receivables was a matter of most significance to the current year audit due to 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.	Our audit procedures included the following: • We assessed the Authority's grouping assessment based on the credit profile. • 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 impairment model as at 31 March 2025, including ageing of debtor balances and debt recovery rates • We assessed the judgements to loss rates for forward looking macroeconomic factors through discussion with management and our knowledge of the operations and gained through our audit. In conclusion we considered the judgements applied on the 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 page 102 to 103 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 IFRS Accounting standards as issued by the International Accounting Standard Board 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.

Those charged with governance are responsible for overseeing the Authority's financial reporting processes.

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

Independent Auditor's Report

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 controls.

- Obtain an understanding of internal controls 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 controls.
- 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 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 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 preceeding year and represents a true and fair view of the transactions and the financial affairs of the regulatory Authority.

Forvis Mazars

Forvis Mazars
Certified Auditors
Practicing Member : Devika Rayirath
Membership Number : CAP0037 2025

Date 17/09/2025

Gaborone

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note	2025	2024
Revenue			
Government grants	3	2,873,291	4,491,404
Amortisation of government grants	4	2,453,966	1,275,902
Other operating income	5	7,885,897	5,208,123
Supervisory levies	6	106,600,340	95,820,370
Total revenue		119,813,494	106,795,799
Other operating loss			
Loss on sale of assets		(146,430)	-
Movement in credit loss allowances	7	(791,934)	(1,573,172)
Administrative expenses	8	(14,224,641)	(14,900,844)
Operating expenses	9	(18,248,010)	(17,772,265)
Consultancy cost	10	(2,043,698)	(5,838,139)
Staff costs	11	(77,153,568)	(69,060,366)
Total operating expenses		(112,608,281)	(109,144,786)
Operating surplus/(deficit)		7,205,213	(2,348,987)
Finance income	12	1,466,134	3,136,415
Finance costs	13	(376,224)	(631,961)
Total operating surplus for the year		8,295,123	155,467
Other comprehensive income:			
Gains on property revaluation		521,931	-
Other comprehensive income for the year		521,931	-
Total comprehensive income for the year		8,817,054	155,467

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

Figures in Pula	Note	2025	2024
Assets			
Non-Current Assets			
Property, plant and equipment	14	19,332,730	17,152,557
Right-of-use assets	15	3,642,313	8,013,087
Intangible assets	16	346,435	489,787
		23,321,478	25,655,431
Current Assets			
Trade and other receivables	17	3,689,575	3,739,764
Cash and cash equivalents	18	56,904,787	48,937,017
		60,594,362	52,676,781
Total Assets		83,915,840	78,332,212
Funds and Liabilities			
Funds			
Reserves		12,325,347	8,978,765
Accumulated Surplus		41,163,566	35,693,094
		53,488,913	44,671,859
Liabilities			
Non-Current Liabilities			
Lease liabilities	15	-	4,404,454
Government grants	19	11,305,662	11,309,142
		11,305,662	15,713,596
Current Liabilities			
Trade and other payables	20	5,080,609	6,263,022
Lease liabilities	15	4,404,454	4,767,892
Employee benefits	21	7,618,513	4,461,877
Government grants	19	2,017,689	2,453,966
		19,121,265	17,946,757
Total Liabilities		30,426,927	33,660,353
Total Funds and Liabilities		83,915,840	78,332,212

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Funds

Figures in Pula	Revaluation reserve	Statutory reserve	Total reserves	Accumulated surplus	Total Funds
Balance at 01 April 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
Surplus for the year	-	-	-	8,295,123	8,295,123
Other comprehensive income	521,931	-	521,931	-	521,931
Transfer between reserves	-	2,824,651	2,824,651	(2,824,651)	-
Total changes recognised directly in statement of funds	-	2,824,651	2,824,651	(2,824,651)	-
Balance at 31 March 2025	1,146,706	11,178,641	12,325,347	41,163,566	53,488,913

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 unforeseen 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.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Statement of Cash Flows

Figures in Pula	Note	2025	2024
Cash flows from operating activities			
Cash generated from/(used in) operations	22	16,429,867	(1,860,050)
Finance costs		(376,224)	(631,961)
Net cash from operating activities		16,053,643	(2,492,011)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(4,440,935)	(9,578,678)
Sale of property, plant and equipment	14	96,576	-
Interest income		1,466,134	3,136,415
Net cash from investing activities		(2,878,225)	(6,442,263)
Cash flows from financing activities			
Movement in government grants		(439,756)	4,581,596
Payment on lease liabilities		(4,767,892)	(4,220,977)
Net cash from financing activities		(5,207,648)	360,619
Total cash movement for the year		7,967,770	(8,573,655)
Cash at the beginning of the year		48,937,017	57,510,672
Total cash at end of the year	18	56,904,787	48,937,017

1. Significant accounting policies

The annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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 IFRS Accounting Standards as issued by the International Accounting Standard Board 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.

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

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

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

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

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

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:

1.5 Financial instruments (continued)

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.

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.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.5 Financial instruments (continued)

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.

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.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.5 Financial instruments (continued)

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 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,

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.5 Financial instruments (continued)

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.

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).

1.6 Leases (continued)

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;
- 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;

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.6 Leases (continued)

- 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.

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.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.6 Leases (continued)

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.

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

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.9 Government grants (continued)

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.

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.

1.12 Impairment of non-financial assets (continued)

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.

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.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.13 Revenue from regulated entities (continued)

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 parties occur, regardless of whether or not a price is charged.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
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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 2025 or later periods:

• IFRS 7 Financial Instruments: Disclosure	01 April 2025	Unlikely there will be a material impact
• IAS 7 Statement of Cash Flows	01 April 2025	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current- Amendment to IAS 1	01 April 2025	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 April 2025	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 April 2025	Unlikely there will be a material impact
• IFRS 9 Financial Instruments	01 April 2025	Unlikely there will be a material impact
• Amendments to IAS 7: Disclosure initiative	01 April 2025	Unlikely there will be a material impact

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 after 01 January 2025.

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

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
3. Government Grants		
Revenue grants	2,873,291	4,491,404
The total grant received from the government are as follows:		
Revenue grants	2,873,291	4,491,404
Capital grants	2,014,209	4,581,596
	4,887,500	9,073,000
4. Amortisation of government grants		
Amortisation of property, plant and equipment	2,453,966	1,275,902
5. Other operating income		
Interest and penalties, registration and renewals	6,721,146	3,760,950
Other income	1,164,751	1,447,173
	7,885,897	5,208,123
6. Supervisory levies		
Supervisory levies-Capital Markets	169,488	169,488
Supervisory levies-Insurance	18,087,205	16,794,929
Supervisory levies-Retirement fund and investment institutions	27,132,541	24,988,533
Supervisory levies-Medical Aid	3,204,445	3,115,125
Supervisory levies-Non-Bank lending activities	58,006,661	50,752,295
	106,600,340	95,820,370
7. Movement in credit loss allowance		
Trade and other receivables	791,934	1,573,172
8 Administrative expenses		
Advertising	482,168	427,323
Audit fees	129,960	124,545
Administrative expenses	185,364	188,955
Bank charges	50,582	64,120
Depreciation	6,910,465	6,027,101
Amortization of Barn Owl	143,352	143,352
Insurance	1,000,298	836,123
Motor vehicle expenses	38,652	46,302
Office expenses	353,564	306,611
Printing and Stationery	623,346	622,595
Recruitment	249,857	702,679
Telephone and Fax	1,116,698	1,085,556
Travel	1,183,503	2,834,233
Staff costs	700,470	620,849
Utilities	900,364	819,541
Exchange rate Variance loss	155,998	50,959
	14,224,641	14,900,844

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
9. Operating expenses		
Board costs	2,089,830	1,350,562
Branding and communications	1,913,866	864,796
Cleaning	345,215	316,125
Internet	1,247,967	1,126,301
Legal fees	857,698	2,865,673
Repairs and maintenance	523,708	584,458
License fees	7,740,752	6,028,408
Security	284,482	199,670
Subscriptions	1,510,500	948,418
Training	1,733,993	3,487,854
	18,248,011	17,772,265

10. Consultancy costs

Other consultancy	1,897,271	5,615,966
Inspection	146,426	222,173
	2,043,697	5,838,139

11. Staff costs

Staff costs

Basic salaries	40,439,215	37,257,857
Allowances	28,743,117	23,894,846
Defined contribution plan expenses	7,971,236	7,907,663
	77,153,568	69,060,366

12. Finance income

Interest income

Investments in financial assets:

Bank	1,466,134	3,136,415
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13. Finance costs

Interest expense for leasing arrangements	376,224	631,961
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14. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	15,434,385	(4,707,968)	10,726,417	10,928,246	(4,197,857)	6,730,389
Motor vehicles	2,022,396	(56,177)	1,966,219	1,353,314	(194,718)	1,158,596
Office equipment	630,766	(262,014)	368,752	537,105	(319,630)	217,475
IT equipment	10,346,476	(4,849,194)	5,497,282	10,913,487	(5,304,946)	5,608,541
Leasehold improvements	125,714	(125,714)	-	125,714	(125,714)	-
Capital - Work in progress	774,060	-	774,060	3,437,556	-	3,437,556
Total	29,333,797	(10,001,067)	19,332,730	27,295,422	(10,142,865)	17,152,557

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
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14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Furniture and fixtures	6,730,389	-	(51,682)	5,090,221	-	(1,042,511)	10,726,417
Motor vehicles	1,158,596	655,530	-	-	521,932	(369,840)	1,966,219
Office equipment	217,475	-	-	212,166	-	(60,889)	368,752
IT equipment	5,608,541	1,146,514	(191,324)	-	-	(1,066,450)	5,497,282
Capital - Work in progress	3,437,556	2,638,891	-	(5,302,387)	-	-	774,060
	17,152,557	4,440,935	(243,006)	-	521,932	(2,539,690)	19,332,730

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
Motor vehicles	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

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
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14. Property, plant and equipment (continued)

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 effective date of the revaluation was 31 March 2025. Revaluations were performed by an independent valuer Julesh motor vehicle consultants who are not connected to the Authority and have recent experience in the vehicles being valued.

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

Motor vehicles	1	1
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Other information

Fully depreciated property, plant and equipment still in use	1,261,232	2,155,847
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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:

Buildings	3,642,313	8,013,087
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Additions to right-of-use assets

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss, as well as depreciation which has been capitalised to the cost of other assets.

Buildings	4,370,775	4,370,775
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Other disclosures

Interest expense on lease liabilities	376,224	631,961
Total cash outflow from leases	(5,144,115)	(4,852,938)
	(4,767,891)	(4,220,977)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	4,498,979	5,144,115
Two to five years	-	4,498,979
	4,498,979	9,643,094
Less finance charges component	(94,525)	(470,748)
	4,404,454	9,172,346

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
15. Right-of-use assets (continued)		
Non-current liabilities	-	4,404,454
Current liabilities	4,404,454	4,767,892
	4,404,454	9,172,346

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	22	22	1	-

16. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Barn Owl	716,761	(370,326)	346,435	716,761	(226,974)	489,787

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Barn Owl	489,787	(143,352)	346,435

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Barn Owl	633,139	(143,352)	489,787

17. Trade and other receivables

Financial instruments:

Trade receivables	3,309,829	3,202,586
Loss allowance	(2,466,256)	(2,783,105)
Trade receivables at amortised cost	843,573	419,481
Deposits	320,764	320,764
Employees salary advance	5,667	6,667

Non-financial instruments:

BURS Other withholding taxes	-	6,268
Prepayments	2,519,571	2,986,584

Total trade and other receivables	3,689,575	3,739,764
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Split between non-current and current portions

Current assets	3,689,575	3,739,764
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Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
17. Trade and other receivables (continued)		
Financial instrument and non-financial instrument components of trade and other receivables		
At amortised cost	1,170,004	746,912
Non-financial instruments	2,519,571	2,992,852
	3,689,575	3,739,764

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:

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
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17. Trade and other receivables (continued)

	2025	2025	2024	2024
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due: 0.00%(2024: 0.007%)	147,532	-	255,025	(208)
Less than 30 days past due: 0.0041% (2024:0.347%)	50,524	(10,293)	343	-
31 - 60 days past due: 0% (2024:0.118%)	7,362	(2,922)	-	-
61 - 90 days past due: 18.626% (2024: 28.010%)	766,490	(459,055)	943,884	(779,563)
More than 90 days past due: 80.907% (2024:71.981%)	2,337,922	(1,993,986)	2,003,334	(2,003,334)
Total	3,309,830	(2,466,256)	3,202,586	(2,783,105)

Reconciliation of loss allowances

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

Opening balance	(2,783,105)	(2,334,039)
Recoveries during the year	630,970	615,172
Writeoff	477,813	508,934
Provision raised on new trade receivables	(791,934)	(1,573,172)
Closing balance	(2,466,256)	(2,783,105)

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:

Cash on hand	2,761	1,644
Bank balances	56,902,026	48,935,373
	56,904,787	48,937,017

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.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
19. Government grants		
Opening balance	13,763,108	10,457,414
Received during the year	2,014,209	3,258,596
Amortisation of government grants	(2,453,966)	(1,275,902)
Deferred subvention received -EDRMS	-	1,323,000
	13,323,351	13,763,108

20. Trade and other payables

Financial instruments:

Trade payables	4,277,516	5,613,109
Other payables	803,093	649,913
	5,080,609	6,263,022

Fair value of trade and other payables

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

21. Employee benefits

Reconciliation of employee benefits - 2025

	Opening balance	Additions	Utilised during the year	Total
Gratuity accruals	2,118,284	2,668,834	(475,534)	4,311,585
Leave accruals	2,343,593	1,432,053	(468,719)	3,306,928
	4,461,877	4,100,887	(944,253)	7,618,513

Reconciliation of 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

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Pula	2025	2024
22. Cash generated from/(used in) operations		
Surplus before taxation	8,295,123	155,467
Adjustments for:		
Depreciation and amortisation	7,053,817	6,170,453
Losses on disposals, scrappings and settlements of assets and liabilities	146,430	-
Interest income	(1,466,134)	(3,136,415)
Finance costs	376,224	631,961
Net Impairments and movements in credit loss allowances	791,934	1,573,172
Movements in short-term employee benefits	3,156,636	(920,654)
Amortisation of government grants	-	(1,275,902)
Changes in working capital:		
Trade and other receivables	(741,745)	(2,943,395)
Trade and other payables	(1,182,418)	(2,114,737)
	16,429,867	(1,860,050)

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).

24. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2025

	Opening balance	Finance costs	New lease	Total repayment including interest	Total
Finance lease liabilities	9,172,345	376,224	-	(5,144,115)	4,404,454
Total	9,172,345	376,224	-	(5,144,115)	4,404,454

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

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

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

- Ms. Ghadie Seromelo (Chief Internal Audit Executive)
- Dr. Kelesego Mmoilanyane (Head of Financial Stability and Statistics)
- Ms. Gakepeo Masike (Head of Strategy) (Deceased on December 2024)
- Ms. Ditshetsa Makepe (Head of Enforcement)
- Mr. Ronald Kgafela (Head of Human Resources) (Appointed on February 2025)
- Mr. Monkgogi Rampha (Head of Data Management)
- Ms. Ntema Modongo (Director Lending Activities)
- Ms. Juliana White (Director Capital Markets)
- Ms. Matlakala Raphaka (Director Insurance)
- Ms. Boa Ntebele (Head of Communications and Consumer Affairs)
- Mr. Mbiganyi Modise (Head of Risk & Quality Assurance)
- Mr. Oduetse Motshidisi (Chief Executive Officer)
- Ms. Catherine Monageng (Head of Finance)
- Dr. Jonathan Thuto Mahlanza (Director Retirement Funds)
- Mr. Ogona Tshoswane (Head of Licensing)
- Mr. Mooketsi Ramanteba (Director AML/CFT)
- Mr. Cowell Habana (Deputy CEO-Professional Services)
- Mr. Kaelo Radira (Board Secretary , Legal and International Relations)
- Mr. Moji Bale (Head of Information Technology)
- Mr. Keabetswe Mathake (Head of Procurement & Administration)
- Mr. Dumedisang Dumedisang (Head of Human Resources) (Retired on April 2024)

Related party transactions

Grant received

Government of Republic of Botswana	4,887,500	9,073,000
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Board Costs

Board allowances and other costs	2,089,830	1,350,562
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Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

25. Related parties (continued)

Compensation to directors and other key management

Short-term employee benefits	18,786,687	17,143,431
Gratuity and pension benefits	4,172,508	3,289,072
Other benefits	2,180,898	1,959,638
	25,140,093	22,392,141

Compensation paid to key personnel of the Authority. The amounts presented comprise 20 executive staff members (2024:20 executive staff members).

26. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2025

	Note(s)	Amortised cost	Non financial instruments	Total	Fair value
Trade and other receivables	17	1,170,004	2,519,571	3,689,575	1,170,004
Cash and cash equivalents	18	56,904,787	-	56,904,787	56,904,787
		58,074,791	2,519,571	60,594,362	58,074,791

2024

	Note(s)	Amortised cost	Non financial instruments	Total	Fair value
Trade and other receivables	17	746,912	2,992,852	3,739,764	746,912
Cash and cash equivalents	18	48,941,671	-	48,941,671	48,941,671
		49,688,583	2,992,852	52,681,435	49,688,583

Categories of financial liabilities

2025

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	5,080,605	5,080,605	5,080,605
Lease liabilities	15	-	-	4,404,454
		5,080,605	5,080,605	5,080,605

2024

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

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

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 objectives are being met. During 2025, 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 56,904,787 (2024: P48,937,017)

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

26. Financial instruments and risk management (continued)

		2025			2024		
		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	6,155,831	(2,466,256)	3,689,575	6,522,869	(2,783,105)	3,739,764
Cash and cash equivalents	18	56,904,787	-	56,904,787	48,937,017	-	48,937,017
		63,060,618	(2,466,256)	60,594,362	55,459,886	(2,783,105)	52,676,781

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 2025 based on contractual undiscounted payments:

2025

	Less than 1 year	Total	Carrying amount
Current liabilities			
Trade and other payables	5,080,605	5,080,605	5,080,605
Lease liabilities	4,404,454	4,404,454	4,404,454
	9,485,059	9,485,059	9,485,059

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	-	4,767,892	4,767,892
	4,767,892	4,404,454	9,172,346	9,172,346

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

26. Financial instruments and risk management (continued)

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	24,394	48,178
Decrease of 0.1% in interest rate	(24,394)	(48,178)
	-	-

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.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Detailed Income Statement

Figures in Pula	Note	2025	2024
Revenue			
Government grants	3	2,873,291	4,491,404
Supervisory levies	6	106,600,340	95,820,370
Total revenue		109,473,631	100,311,774
Other operating income			
Other income	4	2,453,966	1,275,902
Other operating gains			
Other operating income	5	7,739,467	5,208,123
Movement in credit loss allowances	4	(791,934)	(1,573,172)
Expenses (Refer to page 43)		(111,669,919)	(107,571,614)
Operating surplus (deficit)	4	7,205,213	(2,348,987)
Finance income	5	1,466,134	3,136,415
Finance costs		(376,224)	(631,961)
Surplus for the year		8,295,123	155,467

The supplementary information presented does not form part of the annual financial statements and is unaudited

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2025

Detailed Income Statement

Figures in Pula	Note	2025	2024
Other operating expenses			
Administration and management fees		185,364	188,955
Advertising		482,168	427,323
Amortisation		143,352	143,352
Auditor's remuneration	4	129,960	124,545
Bank charges		50,582	64,120
Board fees		2,089,830	1,350,562
Branding and commission		1,913,866	864,796
Cleaning		345,215	316,125
Consulting and professional fees		2,043,698	5,838,139
Depreciation		6,910,465	6,027,101
Employee costs		77,153,568	69,060,366
Insurance		1,000,298	836,123
Internet		1,247,967	1,126,301
Legal fees		857,698	2,865,673
Licenses		7,740,752	6,028,408
Motor vehicle Expenses		38,652	46,302
Office expense		353,564	306,611
Printing and stationery		623,346	622,595
Recruitment		249,857	702,679
Repairs and maintenance		523,708	584,458
Security		284,482	199,670
Staff cost		700,470	620,849
Subscriptions		1,510,500	948,418
Telephone and fax		1,116,698	1,085,556
Training		1,733,993	3,487,854
Travel - local		1,339,502	2,885,192
Utilities		900,364	819,541
Total operating expenses		111,669,919	107,571,614

The supplementary information presented does not form part of the annual financial statements and is unaudited