FSRA
Financial Services
Regulatory Authority



QUARTERLY STATISTICAL BULLETIN

Q1_2023


FSRA
Financial Services
Regulatory Authority

TABLE OF CONTENTS

List of Tables and Figures	4
Abbreviations	5
FSRA Organisational Identity	6
NBFI Sector Highlights	7
Preface	8
Disclaimer	9
CEO's Remarks	10
Executive Summary	12
Editors Pick Article	13
Economic Developments	17
Industry Development and Performance	19
Capital Markets Sector	21
Credit and Savings Institutions	31
Insurance Sector	49
Retirement Funds Sector	64
NBFI Exposures	72
Annexures	76

LIST OF FIGURES

Figure 1 – ESE Share Index	Figure 41 – Performance in terms of GWP's
Figure 2 – ESE Market Capitalization	Figure 42 – Reinsurer's Solvency
Figure 3 - Trend of the Total Value of Assets	Figure 43 – RF's Assets by Location
Figure 4 – Geographical Allocation of Capital Markets Asset	Figure 44 – RF Overall Asset Allocation
Figure 4.1 – Geographical Allocation of Assets Comparison	Figure 45 – Local Investment Allocation
Figure 5 – Source of Funds	Figure 46 – Foreign Investment Allocation
Figure 6 - Value of Assets under Management	Figure 47 – RF Income and Expenditure
Figure 7 – CISs Source of Funds	Figure 48 – RF's Membership
Figure 8 - CISs Market Share in terms of AUM	Figure 49 – Statutory Funds Market Share
Figure 9 – CISs Investment Allocation	Figure 50 – Top 10 Standalone Funds by Assets
Figure 10 – Value of Assets Under Advisory	Figure 51 – Top 5 Umbrella Funds by Assets
Figure 11 – IA Source of Funds	Figure 52 – NBFI Exposures
Figure 12 - Market Share in terms of AUA	
Figure 13 – SACCO's Assets Evolution	
Figure 14 – SACCO's Loans and Advances	
Figure 15 – SACCO's Portfolio Risk	
Figure 16 – SACCO's Investment	
Figure 17 – SACCO's Savings Trend	
Figure 18 – SACCO's Market Share	
Figure 19 – Credit Institutions Assets	
Figure 20 – Credit Institutions Income	
Figure 21 – Credit Institutions Market Share	
Figure 22 – Retail Outlets and Liabilities	
Figure 23 – Retail Outlets Income and Expenses	
Figure 24 – Retail Outlets Market Share in terms of Assets	
Figure 25 – DFI's Income vs Expenses	
Figure 26 – DFI's Loans and Advances	
Figure 27 – DFI's Market Share in terms of Loans and Advances	
Figure 28 – DFI's Sectors Solvency	
Figure 29 – DFI's Market Share in terms of Assets	
Figure 30 – Building Societies Assets	
Figure 31 – Building Societies Credit Provision	
Figure 32 – Building Societies Market Share	
Figure 33 – LTI Market Share in terms of GWP	
Figure 34 – LTI Solvency Position	
Figure 35 – LTI Market Share in terms of Assets	
Figure 36 – Distribution of LTI Products	
Figure 37 – STI Market Share in terms of GWP	
Figure 38 – STI Solvency Position	
Figure 39 – STI Market Share in Terms of Assets	
Figure 40 – STI Products Distribution	

LIST OF TABLES AND ANNEXURES

Table 1 – LTI Gross Written Premiums
Table 2 – Claims and Policy Benefits
Table 3 – LTI Underwriting Results
Table 4 – LTI FHSIs for LTI
Table 5 – STI Gross Written Premiums
Table 6 – Net Claims Incurred
Table 7 – Net Underwriting Results
Table 8 – FHSIs for STI
Annexure 1– Number of Licensed Entities
Annexure 2– CISs Funds under Management
Annexure 3- CISs Source of Funds
Annexure 4- IAs Funds under Advisory
Annexure 5- SACC0s SFP
Annexure 6- Credit Institutions SFP
Annexure 7- DFIs SFP
Annexure 8- Retail Outlets SFP
Annexure 9- BSs SFP
Annexure 10- RFs SCI
Annexure 11 – RFs Assets
Annexure 12 – ST Industry Income Statement
Annexure 13 – ST Industry Financial Position
Annexure 14 – LT Industry Income Statement
Annexure 15 – LT Industry Financial Position
Annexure 16 – ST Reinsurers SCI
Annexure 17 – ST Reinsurers SFP
Annexure 18 – LT Reinsurers SCI
Annexure 19 – LT Reinsurers SFP

ABBREVIATIONS

AUA	-	Assets Under Advisory
AUM	-	Assets Under Management
AML/CFT	-	Anti-Money Laundering/Combating the Financing of Terrorism
BRs	-	Insurance Brokers
BS	-	Building Societies
CBE	-	Central Bank of Eswatini
CC Act	-	Consumer Credit Act, 2016 (As amended)
CISM	-	Collective Investment Scheme Manager
CISF	-	Collective Investment Scheme Fund
CMA	-	Common Monetary Area
CMD	-	Capital Markets Development
CSI	-	Credit and Savings Institutions
CSO	-	Central Statistical Office
CP	-	Credit Providers
CPI	-	Consumer Price Index
ESE	-	Eswatini Stock Exchange
EMDE	-	Emerging Markets and Developing Economies
FATF	-	Financial Action Task Force
FSRA	-	Financial Services Regulatory Authority
GDP	-	Gross Domestic Product
GWP	-	Gross Written Premiums
IA	-	Investment Advisor
IMF	-	International Monetary Fund
INS	-	Insurance
IRF	-	Insurance and Retirement Funds
LT	-	Long Term
NBFI	-	Non- Bank Financial Institutions
NPLs	-	Non-Performing Loans
OFS	-	Ombudsman of Financial Services
RF	-	Retirement Funds
SACCOs	-	Savings and Credit Cooperatives Societies
ST	-	Short Term

ORGANISATIONAL IDENTITY

We regulate and supervise financial services to protect stakeholders and foster a stable financial system in Eswatini.

To have a fully inclusive, sound, and innovative non-bank financial sector with 100% regulatory compliance.

We are an ethical and trusted regulator with a culture that promotes performance excellence, collaboration, innovation, accountability, fairness and inclusiveness. Open communication and satisfaction of our stakeholders is an important element of our everyday actions.

OUR VALUES

Service Excellence	We have a high-performance culture that strives for professional service delivery.
Fairness	We ensure a level playing field for industry participants.
Integrity	We base our conduct on ethical principles.
Collaboration	We work as a team with mutual respect and cooperation to satisfy our stakeholders.
Accountability	We respond in a transparent and honest manner and take responsibility for our actions.
Innovation	We adopt modern and emerging technologies to stay relevant.

FSRA
FINANCIAL SERVICES REGULATORY AUTHORITY

QUARTELY STATISTICAL BULLETIN HIGHLIGTHS

Q1_2023

NBFI INDUSTRY TOTAL ASSETS

E94.84 Bn ▲

E94.24 Billion : Q4 2022

NBFI LICENSED ENTITIES

485 ▼

514: Q4 2022

CAPITAL MARKETS ASSETS

Assets Under Advisory

E24.58 Bn ▲

E24.25 Bn: Q4 2022

Assets Under Management

E7.63 Bn ▼

E7.72 Bn: Q4 2022

SACCO MEMBER'S DEPOSITS

9% ▲

CREDIT INSTITUTIONS NET INCOME FROM LENDING

90% ▲

INSURANCE SECTOR GWP's

E480 Mn ▲

E453 Mn: Q1 2022

INSURANCE SECTOR ASSETS

E5.78 Bn ▼

E5.94 Bn: Q4 2022

INSURANCE SECTOR LIABILITIES

E4.46 Bn ▼

E4.64 Bn: Q4 2022

RETIREMENT FUNDS CONTRIBUTIONS

E696 Mn ▲

E677 Mn: Q1 2022

RETIREMENT FUNDS ASSETS

E43.31 Bn ▲

E41.87 Bn: Q1 2022

RETIREMENT FUNDS ASSETS INVESTED IN ESWATINI

E20.58 Bn ▼

E20.63 Bn: Q4 2022

NB: Assets sourced from Retirement Funds, Insurers, SACCOs and Credit Providers have a double counting effect on the total assets as they are counted first under their respective sectors and under the administration and management of investment advisors and managers.

PREFACE

The FSRA Quarterly Statistical Bulletin is compiled to provide consolidated statistics and analysis relating to the quarterly performance of the non-Banking financial Institutions and the trends observed by the Authority in the sector's performance.

This Report is based on the regulatory returns submitted to the FSRA by the licensed entities and on the supervisory and enforcement work conducted the FSRA. The quality and depth of analysis depends on the accuracy and quality of the data submitted by the entities.

The submission of accurately completed returns is important for supervisory purposes as it enables the FSRA to achieve the following:

- continuous monitoring of the financial soundness of regulated entities.
- Early identification of deteriorating financial positions.
- Identification and analysis of risks prevalent in the sector.

The FSRA endeavours to publish the quarterly statistical bulletin within 2 months of receipt of returns and therefore encourages regulated entities to ensure that returns are accurately completed and submitted on time.

The FSRA would like to thank our licensed entities for the timely submission of accurately completed returns and requests that those who struggle with the completion and timely submission of the returns to continue to liaise with the FSRA to address the challenges being encountered.

We would like to thank those entities that have reached out to us to give us feedback on the bulletin and request that you continue to reach out to us to enable us to continue to improve the quality of the results we produce for you.

DISCLAIMER

Whereas the Financial Services Regulatory Authority (FSRA) has taken all care in the preparation of this statistical bulletin, we do not, in any way whatsoever, warrant expressly or impliedly the accuracy and completeness of its contents and shall not be liable for any loss or damage (including, without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise suffered by any person / entity relying on the information contained in this statistical bulletin or arising from any shortcoming, defect or inaccuracy, through inadvertence or otherwise.

The contents of this statistical bulletin are meant for information purposes only. The FSRA is in no way whatsoever providing financial or other professional advice through this publication and none of its contents should be interpreted or relied on as such. Any discrepancy may be brought to the notice of the FSRA at: research@fsra.co.sz. The FSRA reserves the right to revise / amend any information published in this Statistical Bulletin.

This Statistical Bulletin contains references to certain Acts of Parliament and secondary legislation and in the event of any discrepancy or inconsistency therein, the authoritative version of these Acts as published in the Government Gazette will prevail.

EXECUTIVE SUMMARY

As of 31 March 2023, a slight growth of 0.64% was observed in the NBFI sector assets as they grew from E94.24 billion to E94.85 billion. In relation to the country's financial system, the NBFI assets accounted for 70.54% of the financial sector assets confirming their systemic importance in the system. Retirement funds however continue to be the anchor of the financial system and the NBFI sector as their assets accounted for 32.49% of the financial sector assets, 45.67% of the NBFI assets and 70.29% of the assets held by the local asset Managers.

Measured in terms of ROE and ROA, the NBFI sector remained profitable during this period however SACCOs and Building Societies continue to maintain a PAR above 5% and NPLs above 10%. The insurance sector however is showing signs of stability in terms of claims resulting from risk products, however savings and investment products adversely affected by current inflationary pressures. The decline in savings was also observed in the building societies. Short-term insurers however yielding benefits from the growth in the construction sector with premium growth observed in lines of business related to construction.

The local capital markets sector has also shown limited growth, this growth is affected mainly by the declining value of assets under management which have shown a steady decline since Q3 2022, while the assets under advisory have on the contrary been growing.

EDITORS PICK ARTICLE

Retail Outlets Credit Advances exceed E300 million



By: Magagula Sibusiso

Introduction

The Financial Services Regulatory Authority (FSRA) is mandated by the FSRA Act, 2010 to regulate and supervise the conduct of credit providers through the administration of the Consumer Credit Act, 2021 (as amended) (the CC Act). The CC Act provides for the regulation of consumer credit in the country and the dual administration of the Act between the banking and non-bank sector regulators i.e., the Central Bank of Eswatini and the FSRA.

The FSRA has licensed credit providers in the following categories, Developmental Finance Institutions; Credit Providers, Moneylenders; retail outlets. Other entities approved to provide credit are the building societies and SACCO's. In total, as of March 2023, there were 186 licensed credit institutions.

The focus of this article is on retail credit with the intention to highlight spending in the sector, demographics of spending, income bracket of borrowers and what consumers should be aware of in relation to overall credit matters. The article is based on Q4 2022 quarterly returns data sourced from retail credit providers which provides a yearly overview on spending based on their accumulative nature.

To paint a clearer picture, comparison against other credit sectors advances is made in particular developmental finance sector to show credit advances for business related pursuits against personal consumption.

Retail Credit Outlets

Of the 186 licensed credit institutions, 7 are designated as retail credit providers. These are: OK Bazaars; Lewis; Mr Price; Truworths; Foschini; JD Group and Ackerman's. For context, retail credit providers are retailers that supply goods or services under a discount transaction or hire purchase agreement in line with the dictates of the CC Act. The goods can relate to clothes, furniture, household appliances, consumer electronic and technological gadgets. Retail credit providers have a specific focus on the items they sell and for the purpose of this article, they are grouped according to their most dominant selling items as follows: OK Bazaars and Lewis – Furniture; Truworths, Mr Price, Foschini, Ackerman's – Clothing and JD Group for mixed retail encompassing the selling of household appliances, electronic and consumer technology goods.

Retail Outlets Credit Trend

Consumer spending on retail outlets has been on a steady increase resulting in credit advances in this sector rising to E338 million as of Q4 2022. As of Q1 2023 the value of advances declined by 6% to E320 million. Using Q4 2022 figures we realise an over E20 million increase on a quarterly basis from a figure of E318 million recorded and reported on per the FSRA Statistical Bulletin. Yearly, the changes have been significant with an improvement in credit advances of E97 million.

Further analysis indicates an increased uptake of retail credit between the months; January – March and September – December. The increase during these periods could vary but social influence arising out of shopping events and mass promotion or marketing events such as Black Friday, Cyber Monday and the festive season could be factors for December. For January to March, we can only speculate around the Valentines day as it is the major shopping event occurring within the period. However, a more in-depth analysis could be required to confirm or dispel this notion.

Retail Credit Consumer Behaviour

Based on the submitted data there seems to be reliance on credit for the purchase of furniture and clothing. Although there is no comparative data for cash purchases, the continued increase in credit advances by these retailers shows that consumers use credit to acquire furniture and clothing. Split according to area of specialization; the value of credit advances from the two retail outlets focusing on furniture translates to 74% of the total and therefore dominating the retail credit sector in terms of advances. The value of credit advances relating to clothes were 20% of the total value of advances and the balance of 6% being from the mixed retailer

Retail Credit Advances Demographics

To further understand the spending behaviour and or pattern, we must consider the demographics especially the income brackets and gender of consumers who have been advanced retail credit. We also considered the spending in terms of preferences amongst consumers based on the the classification of retail outlets. The total number of retail credit borrowers who accessed retail credit was 11 956 in the country in Q4 2022. The breakdown of the borrowers, data indicates that women constitute a higher number compared to men in a ratio of 3:1. In the period beginning September to December 2022, the 11 956 borrowers concluded credit agreements with retail outlets to the value of E69 million, of which E49 million was related to furniture purchases alone. The rest of the credit agreements amounting to E20 million were concluded between the clothing retailers and the mixed retailer. Analysis of data at our disposal indicates that men have accessed retail credit for purchasing furniture and in the mixed retail category. The data therefore shows that, women's access to credit is mostly for the purchase of clothing while men spend on household items. This is not uncommon as history has proven that *shopping is a woman's favourite past time.*

The lower income earning band of consumers amass a higher share of the total concluded value of credit agreements. Per segmentation, the lower earning group are those earning up to E3.5 thousand per month. This reflects that lower income earning consumers are desirous to access and use credit for their purchases like any other qualifying consumer but cannot immediately afford such instantly, hence opting for advances. This often results in over indebtedness if such spending spirals out of control.

Retail Outlets Cost of Credit

Retail outlets derive interest income and commission from extending credit to consumers like any other credit institution. The interest income is based on their standard rate charged from extending credit to consumers. Retail outlets charge interest rate ranging from 14.5% to 27.0%. The commission earned by retail outlets is from amongst others the sale of credit life insurance to cover the extended credit advances by acting as corporate agents for the insurers. In Q4 2022, the retail outlets value of interest and commission income was valued at E18 million. From the income streams, interest income contributed a higher share to their total income.

Retail Credit Advances compared to other forms of credit.

Credit advances generated through the retail credit sector stood at 4.2% compared to the overall credit sector, which was E7.9 billion (as at Q4 2022). Compared to DFI credit advances, the difference was 24%. This difference may also require further analysis to understand factors that contribute to higher spending on consumer credit than on development credit. Perhaps the answers lie in the ease of the access of these types of credit in particular the requirements for financing vis a vis the viability of prospective business venture and the overall cost of credit pertaining to the terms and conditions of the agreement.

Inverse to the increase in credit advances across all credit sectors as at excluding DFI's as at Q4 2022, the savings and investment component of SACCO's and Building Societies recorded a decline. Whilst this could point towards a decline in disposable income from consumers given the prevailing economic environment and continued hikes in interest rates, it would be thus expected that as part of cost containment / savings measures, consumers would equally avoid spending on credit. Based on the data presented, the opposite is true – consumers continue to access more retail credit whilst their savings and investment held through savings co-operatives and building societies declined. It could thus be subjectively concluded that amidst financial challenges, consumers tend to not adjust lifestyles but rather resort to credit to maintain the former.

Do Swazis afford the retail credit?

Retail outlets received a total number of 14 114 application for credit facilities as at the end of December 2022. Based on the assessment of the retail credit outlets, over 6 800 of these applications were rejected for various reasons which could include affordability amongst other factors. The highest number of applications were made to the clothing retailers which also conspicuously made the highest number of rejections. This means, as a consumer you are most likely to get approved for a retail credit advance in a furniture outlet than a clothing outlet. The opposite is expected to be true considering that the breakdown in value of credit agreement for clothing is expected to be lower overall to furniture as the latter is more expensive including mixed retail goods.

Retail credit defaults

As of December 2022, there were 77 000 accounts in the retail credit providers debtor's book. At least 1% of customerr accounts with a value of E3.2 million were written off from the debtor's book. This essentially means there are slightly over a thousand consumers having credit in the retail sector encountering difficulties with servicing their accounts. Repercussions to this is the possible handover of delinquent consumers to the credit bureau for blacklisting. From the data presented, the clothing retailers have a higher number of written off accounts during the period compared to furniture and mixed retailers. Given the difference in value and cost of furniture compared to either mixed retail and clothing, the monetary value of write off is higher in furniture compared to clothing

Conclusion

Is this much spending on retail warranted, one may ask, the answer differs from each person's perspective. At the end, credit is a service accessible for use by qualifying consumers based on due process outlined in the Consumer Credit Act (as amended). Whereas clothing is a basic need and in accordance with the Maslow's Hierarchy of need, it is listed amongst other physiological needs, but exactly what type of clothing is a basic need? It is common knowledge that clothing is now a statement of affirmation and sought to fulfil self esteem needs which has contributed to the overall success of the retail business as it leverages on the psychological affirmation required by consumers. Could the advent of Buy Now Pay Later (BNPL) type of credit an answer to acquiring the retail goods over time and getting access to use immediately over accessing them on credit with added charges? Time will tell.

Consumers need to be consistently empowered on the use of credit. This is not to say credit in its entirety is not warranted after all credit is known contributor to economic growth. An informed consumer is always able to make a rational decision when it comes to spending on credit. Whilst empowering consumers, the conversation should not be one sided and seem to impede on the right of the retailer insofar the granting of credit and recouping of their owed funds is concerned.

ECONOMIC DEVELOPMENTS

2. ECONOMIC DEVELOPMENTS

2.1 Global Economic Developments

According to the IMF Global Economic Outlook for the quarter, the world economy has been under immense pressure resulting from the adverse shocks from the past three years resulting from the Covid 19 pandemic, the invasion of Ukraine by Russia and the continued rise in interest rates by the Central Bank's. The IMF further anticipates that the on-going Russia-Ukraine war will slow down economic growth to 2.8%. This growth rate is 0.1% less than the growth projected early at the beginning of January 2023. The IMF further highlights that projected growth for developed economies is expected to decline to 1.3% during 2023; this slowdown is expected to contribute to higher unemployment levels. Emerging and developing economies although showing widely varying outcomes, the predicted stronger prospects with growth IMF expected to rise to 3.9%. Growth for developing economies is however projected at 5.1% with a per capita income growth averaging 2.8%. The IMF however anticipates that global inflation will remain elevated although signs of decline continue to show. The global inflation is expected to be 7.0% during 2023 and this is due to the declines in the prices of fuel and other commodities coupled with the cooling effects of monetary tightening on economic activity.

For the Sub-Saharan Africa region, the IMF forecasted a decline in growth from 3.9% to 3.6%. This decline is the result of heightened global interest rates which have led to increased borrowing costs for the region. The depreciation in the exchange rates also meant that US Dollar denominated debt and related interest payments have been expensive for the regions. The high cost of borrowing has also led to the value of interest payments to revenue increasing to 11%. The IMF highlights that inflation for the region will remain heightened with a projected median rate of 10% which is higher than that of developed countries and emerging and developing countries with food inflation continuing to be the highest and a bit of reprieve from increased fuel prices starting to be realised.

2.2 Global Financial Markets

Global equity markets ended the first quarter on a positive note for the first time in almost 2 years. The sudden failure of two mid-sized banks in the United States i.e., Silicon Valley Bank and Signature Bank of New York and the loss in market confidence in the Credit Suisse Bank which is a systematically important bank in Europe caused an unexpected stir in the banking sector. Swift regulatory interventions on these failures however helped restore market confidence in the banking sector and left a reminder that stringent monetary and financial conditions also exacerbate the financial sector's vulnerabilities. Despite the swift action the market sentiments remained fragile regarding the stability of the banking sector. The MSCI World Index recorded a positive quarterly return of 7.9% at the end of the quarter while the MSCI Emerging Markets Index recorded a 3.5% return. The tech heavy Nasdaq 100 was one of the best performing with a quarterly return above 20.8% and the S&P 500 showing a return of 7.05%.

The FTSE 100 also generated a positive return of 6.4% with the Hang Seng also showing recovery with a return of 2.8% and the MSCI China Index with 4.7%. Markets in Asia were trading up as some investors interpreted Alibaba's restructuring to mean a change in the regulatory approach for the tech industry in China.

2.3 South African Financial Markets

Never rains but pours, if it is not Eskom, playing with the lights, it is a company director authorizing the publishing of incorrect financial statements. To add to South Africa's economic troubles, the Financial Action Task Force (FATF) placed the country on the grey list for deficiencies in its AML/CFT policies and frameworks that need to be addressed. At the time the announcement was made, the country had already started working with FATF to resolve the identified the deficiencies.

The private sector on the other hand continues to demand credit, as it was projected to be at 7.5% but ended up being at 8.4%, the increase can be linked to the increase in the acquisition solar systems as an alternative means of power to combat the electricity crisis currently ravishing the economy. A Cabinet reshuffle and a new Minister of Energy to try stabilizing the country's electricity problem were some of the key activities during the quarter. Inflation stood at 7.1% which is up by 0.1% since February, the producer price index stood at 10.6% and GDP growth as of Q4 2022 stood at -1.3%, this is the sharpest contraction since Q3_2021 after the big surge in loadshedding.

The financial markets have remained resilient over the quarter, but it keeps on experiencing shocks, from external markets, with volatility hampering it. The JSE All Share Index ended a bit firmer at 4.2%, aligning with most of its peers around the world, and shrugging of the fall of the European and American banks. The SA Listed Properties Index however declined by 3.7% during the quarter under review while the JSE All Bond Index recorded a gain of 1.3%. The Rand depreciated by 4.2 % against the dollar, and this was largely due to the prolonged power supply shortages and the fact that S&P Global downgraded South Africa's sovereign credit rating outlook to negative also as a result of lack of reliable power supply.

2.4 Domestic Outlook

As of 31st March 2023, inflation stood at 5.6% a decrease of 0.1% noted by the Central Statistical Office. The Central Bank of Eswatini has continued to increase its interest rates, which is in line with the CMA (common market area) and the global economy and as the close of the quarter the prime lending rate stood at 10.25%. According to the Central Bank of Eswatini quarterly GDP growth grew by a slower rate of 3.8%. The Lilangeni also depreciated against the Dollar in line with the performance of the South African Rand.

2.5 Domestic Financial Market

The ESE All Share Index remained constant at 460.11 in February 2023 to the end of March 2023. Year-on-year, the All-Share index increased by 1.44% from 453.58 in March 2022 to 460.11 in March 2023. The local Eswatini Stock Exchange had 7 listed companies, with a total market capitalization of E4.36 billion. The market continues to be very optimistic as most investors prefer to buy and hold, limiting the activities that can be experienced and eventually blocking or preventing any new investors from purchasing, as old investors hog the shares. A market maker would play a critical role, but the issue is not liquidity.

Figure 1 - ESE All Share Index

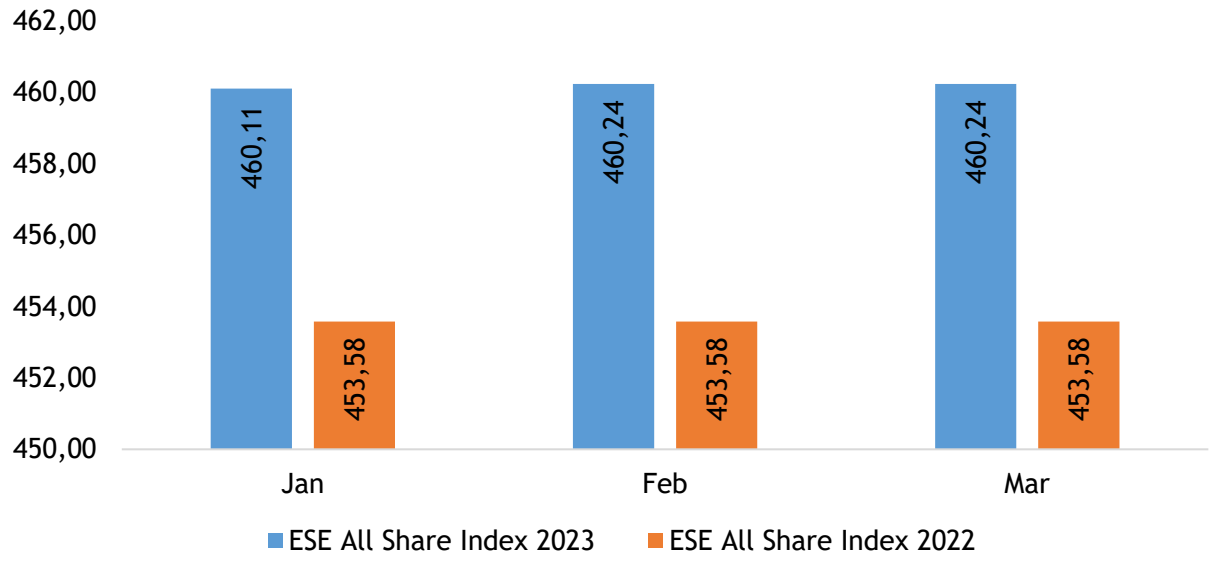
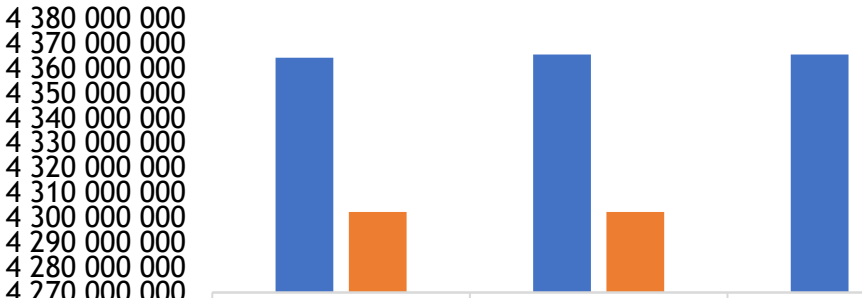


Figure 2 - ESE Market Capitalization



	Jan	Feb	Mar
ESE Market Capitalisation 2023	4 364 278 514	4 365 510 521	4 365 510 521
ESE Market Capitalisation 2022	4 302 346 581	4 302 346 581	4 302 346 581

Source: Adapted from ESE Quarterly Report

2.6 Bonds Market

The bond market value as of 31st March 2023 stood at E7.8 billion, where corporate bonds were valued at E1.6 billion and government bonds were valued and E6.2 billion. Bond SML915 commenced trading with a coupon of 13%, while bond SML 900 and FIN 202 with coupons 11% and 14% respectively matured during the quarter. The bond market has also had to be cautious as the increasing interest rates mean that they have to offer a better return for investors. The re-opening of bonds SG062, SG063, SG064, SG065, with coupon rates of 9.25%, 9.5%, 9.85% and 10.5% took place during the quarter.

INDUSTRY DEVELOPMENT & PERFOMANCE

CAPITAL MARKETS SECTOR HIGHLIGHTS

Total Assets under Management valued at **E32.21 billion**. [Increased by 0.75% Quarterly]	Value of Assets under Management by CISs **E7.63 billion** [Decreased by 2.56% Quarterly]	Assets under Advisory were valued at **E24.58 billion** [Increased by 1.40% Quarterly]
44.57% of the Total Assets are invested mainly in South African instruments.	A comparison between Q1 2022 and Q1 2023 shows a **1.05%** increase in total assets, confirming the slow recovery in market performance following financial market disruptions encountered in Q1-2022 due to the Russia - Ukraine war.	**21.** The number of portfolios with a minimum of two (2) portfolios amongst each CIS and a maximum of six (6).
40.89% of the Total Assets are invested in the domestic market.	CIS Assets Allocation. There was a slight increase in allocations to treasury bills from **21.05%** to **23.8%.**	Monthly debit orders into the portfolio start at **E250.00**
14.57% of the Total Assets are invested in offshore jurisdictions.	Offshore investments allocation compared to Q1 2021 shows a **11.77%** decrease.	CIS Market Share: Stanlib had an overall share of **43.94%** followed by African Alliance at **43.45%** and Old Mutual at **11.61%.**
70.29% of the Total Assets were sourced from **Retirement Funds.**	**5.74%** of the Total Assets were sourced from **Retail Investors.**	**12.90%** of the Total Assets were sourced from **Companies**

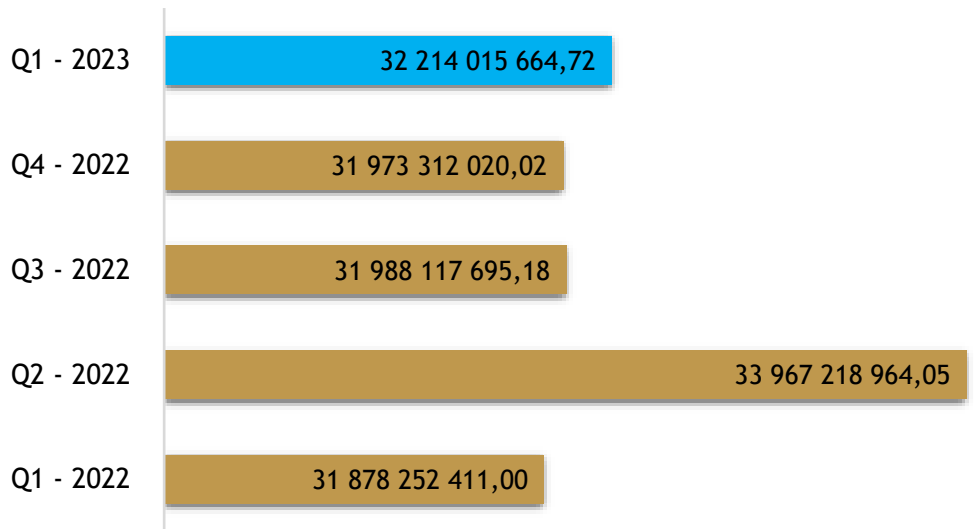
3. INDUSTRY DEVELOPMENT AND PERFORMANCE

3.1 Capital Markets

3.1.1 Performance Review

As of 31st March 2023, total assets under management stood at SZL32.21 billion, which was an increase of 0.75% compared to last quarter. This is a second increase in a short space of time. The increase can be attributed to several factors. The top factors that led to the increase were the Increase in Investments of funds by investors as they see a positive market with great returns, as asset managers are offering a better return than before; and or continuous increases in interest rates meaning other funds (treasury bills, bonds etc.) offer a higher interest and most fund managers invest in such instruments meaning the investor gets more value for their money invested. As a result, we find the market with assets under management increasing slowly due to the factors outlined above, but the market can never be predicted as some investors may be holding bonds that are to expire soon and may change things. The continuous increase in the value of shares in the CMA and offshore have had a different effect after the festive season, as investors see value in them. As much as a lot is happening in the world, it seems there is a positive outlook in Africa, and we are holding our own and valuing ourselves more than the usual offshore markets that have proven to be safe havens. A comparison between Q1 2022 and Q1 2023 shows a 1.05% increase in total assets, confirming the slow recovery in market performance following the financial market disruptions encountered in Q1-2022 due to the Russia -Ukraine war.

Figure 3 – Trend of the Total Value of Assets



3.1.2 Geographical Allocation of Assets

The value of Assets under Management (AUM) by CISs is valued at E7.63 billion as of 31 March 2023 marking a 2.56% decrease compared to last quarter. These assets were invested as follows: 65.27% in the Domestic market, 24.81% in the CMA region, and 9.92% in Offshore jurisdictions. A quarter-on-quarter comparison of the allocation shows a significant change across all three geographical locations but worth mentioning is the continuous increase in investments domestically.

Assets under Advisory (AUA) were valued at E24.58 billion as of 31 March 2023, showing an increase of 1.40% when compared to the previous quarter, and funds were invested as follows; 33.31% in the domestic market which remained constant from last quarter, 50.71% in the CMA region which was a 1% decrease compared to last quarter, and 15.98% in offshore jurisdictions indicating a 1% increase. Quarter-on-quarter comparison of the asset allocation indicates a shift toward investing more assets in the CMA area as the equities rise and the market continues to perform. Nevertheless, the offshore market is worth considering.

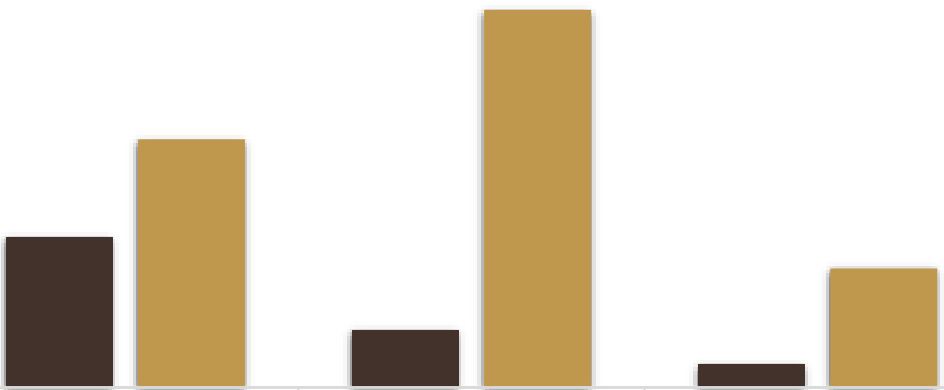
AUA increased by 1.40% in the period under review. The slow small unnoticed investments towards offshore instruments could be a strategy against the volatility that has plagued the financial markets.

and as a hedge against the domestic currency. More investors continue to buy back into investments, as well as Asian investors are finding our markets very lucrative.

AUM and AUA combined geographic investment showed that 44.57% of capital markets assets are invested in the CMA, mainly in South African instruments, and have decreased by 7.01%, with 40.89% invested in the domestic market which has increased by 8.02% and remaining constant at 14.57% is offshore jurisdictions as at the end of Q1 2023. Figure 4 below illustrates the above narration.

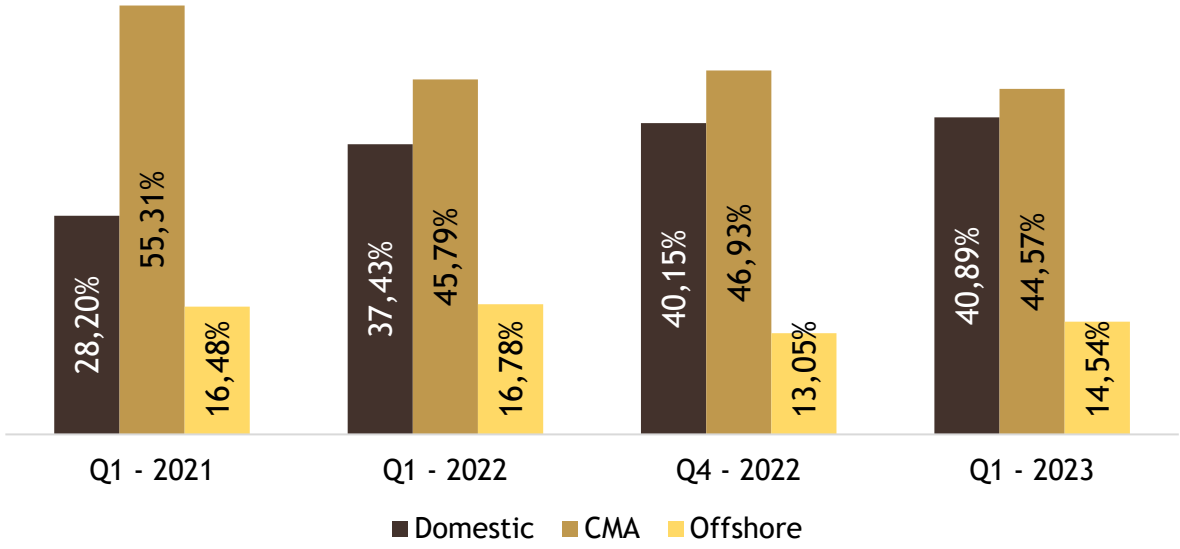
It is worth noting the changes over the years, and the comparison between this period and the previous periods, the domestic market indicates that a comparison between 2023 and 2021 Q1 was an increase of 45% and a comparison of 2023 and 2022 an increase of 9.24%. The CMA comparison of 2023 versus 2021 shows a decrease of 19.42% and 2023 versus 2022 shows a 2.66% decrease. Then when we look at the Offshore investments 2023 versus 2021 shows an 11.77% decrease and 2023 versus 2022 shows a 13.35%.

Figure 4 - Geographical Allocation of Capital Markets Assets



	Domestic	CMA	Offshore
AUM	4 981 863 124,41	1 893 517 441,60	757 031 168,66
AUA	8 188 958 903,43	12 464 427 674,57	3 928 217 352,05

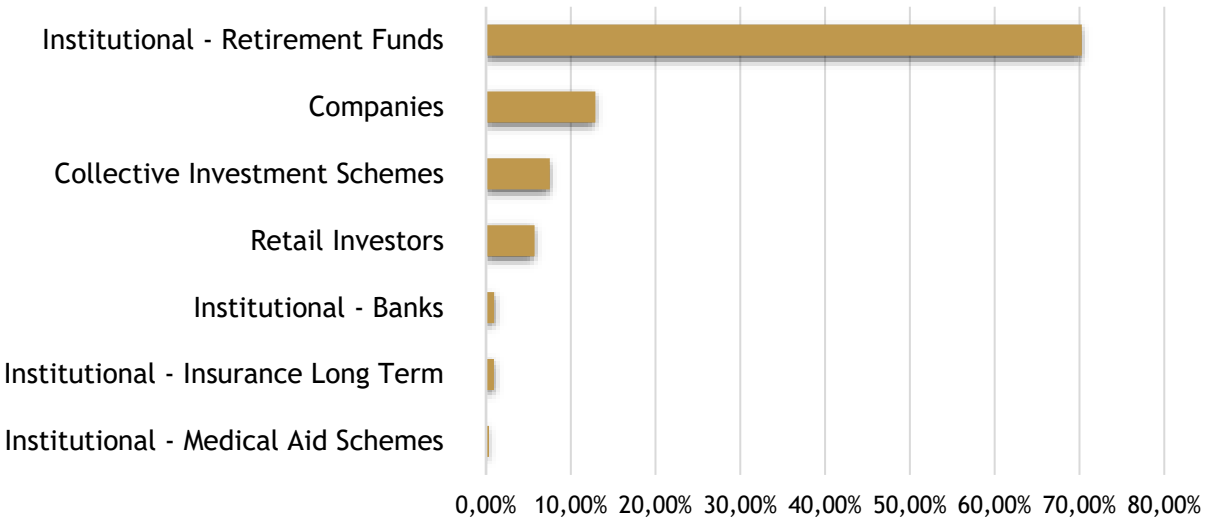
Figure 4.1- Geographical Allocation of Assets Comparison



3.1.3 Source of Funds

Retirement Funds remain the largest investors for the local capital markets and as of 31 March 2023, 70.29% of the assets under management and advisory were sourced from retirement funds. The rest of the funds were sourced as follows, Companies contributed 12.90%, CISs contributed 7.53%, and Long-Term Insurer had 0.95% contribution, with retail Investors coming in at 5.74%. The rest of the 'other' investors jointly contributed 2.59% of the overall funds in the sector were SACCOs, Banks, Short Term insurers, Politically Exposed Persons, Credit Providers, and Professional Investors. See figure 5 below which display the sectors source of funds.

Figure 5 - Source of Funds

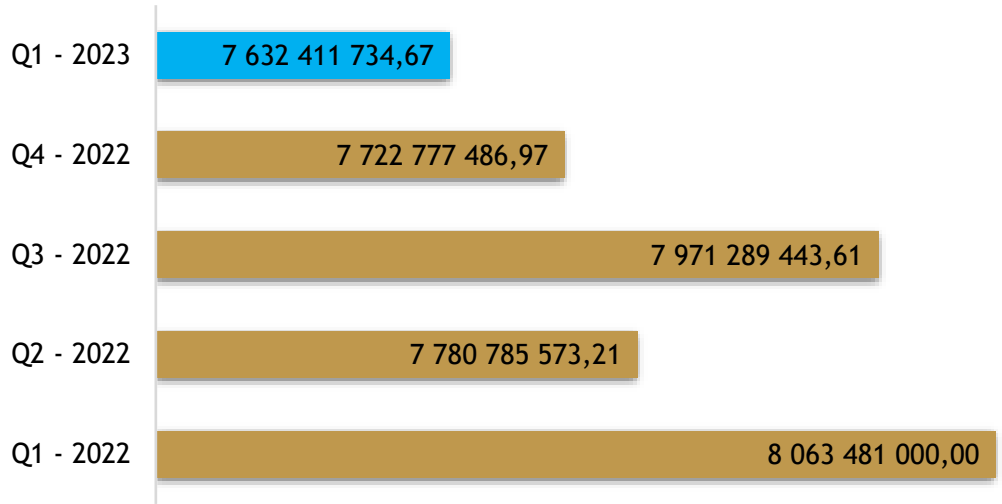


3.1.4 Collective Investment Schemes

3.1.4.1 Value of AUM

As of 31 March 2023, assets managed by CISs were valued at E7.63 billion. On a quarter-on-quarter basis, a 1.18% decrease in assets held by the CISs was observed and when we consider a year-on-year we note a 5.35% decline. AUM stand at E7.63 billion in the period under review. The E7.63 billion was distributed between the domestic market which had a total value of E4.98 billion, the CMA with E1.89 billion and Offshore investments at E757 million. Figure 6 below shows the evolution of assets under management.

Figure 6 -Value of Assets under Management

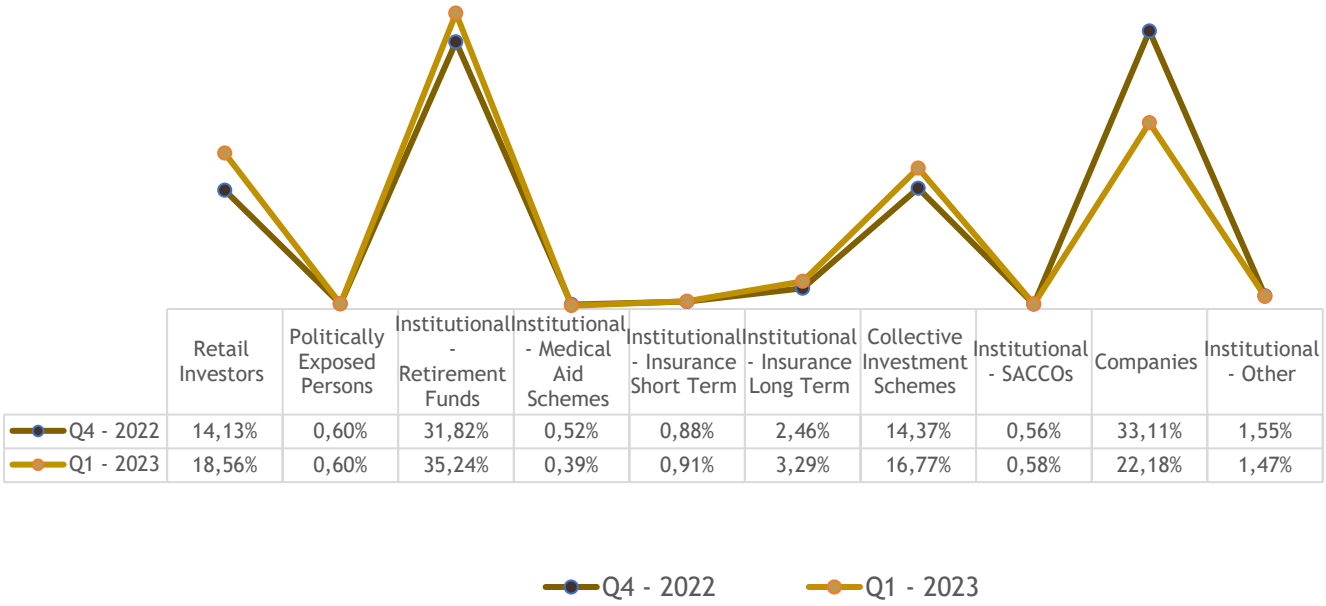


3.1.4.2 CIS Source of Funds

It is worth noting that in the previous quarter, 33.11% of the funds were from companies but in the period under review, companies only account for 22.18% of the funds. Increases were noticed from related CISs, which moved from 14.37% to 16.77%, retail clients moved from 14.13% to 18.56% the largest increase on a quarter-on-quarter comparison and Long-Term insurance moved from 2% to 3%. Politically Exposed Persons remained constant throughout the quarters at 0.60%, Retirement Funds saw an increase as they moved from 31.82% to 35.24%, Medical Aid Schemes saw a decline as they moved from 0.52% to 0.39% and other saw a decline as it moved from 1.55% to 1.47%.

Figure 7 shows CISs source of funds over two periods.

Figure 7 - CIS Source of Funds



	Retail Investors	Politically Exposed Persons	Institutional - Retirement Funds	Institutional - Medical Aid Schemes	Institutional - Insurance Short Term	Institutional - Insurance Long Term	Collective Investment Schemes	Institutional - SACCOs	Companies	Institutional - Other
Q4 - 2022	14,13%	0,60%	31,82%	0,52%	0,88%	2,46%	14,37%	0,56%	33,11%	1,55%
Q1 - 2023	18,56%	0,60%	35,24%	0,39%	0,91%	3,29%	16,77%	0,58%	22,18%	1,47%

3.1.4.3 CIS Market Share

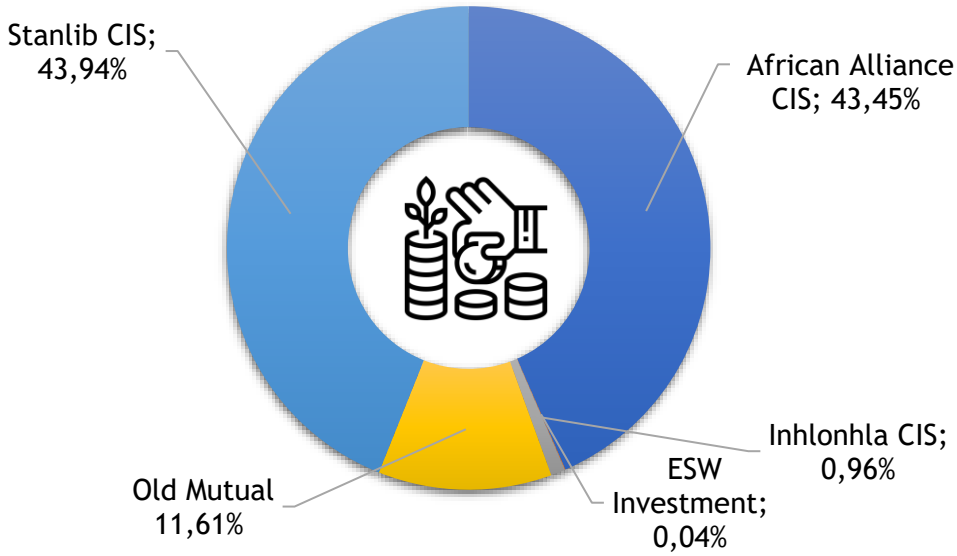
Stanlib had an overall share of 43.94% closely followed by African Alliance at 43.45% and Old Mutual at 11.61%. A quarter-on-quarter comparison indicates that African Alliance was at 45.19%, Stanlib at 42.32% and Old mutual at 11.57%.

A deep comparison over the years in terms of market share indicates that African Alliance stood at 42.69% in Q1 2021 and accounted for 65.48% of the retail clients. In Q1 2022, the market share declined to 42.50%, retail clients also fell and accounted for 43.95% of the total retail clients. In 2023 market share increased to 43.94% but retail clients continued a downward spiral and fell to 37.55%. A look at Old Mutual over the same period, Q1 2021 they had amassed 14.70% in market share, they accounted for 7.38% of total retail clients, in Q1 2022 the market share was 12.94% with retail clients declining to 6.74%, in Q1 2023 market share declined to 11.61% with retail clients standing at 0%. Looking at Stanlib, in Q1 2021 their market share stood at 41.54% and they accounted for 25.75% of the total retail clients. In Q1 2022 Stanlib's market share moved to 39.10%, a slight increase in retail clients, as they accounted for 26.49% of the total retail clients. In Q1 2023 market share increased to 43.94%, which also saw them take a big chunk of total retail clients as they closed the quarter with 61.87%.

Where are politically exposed people investing their funds? Let's explore, in 2021 African Alliance accounted for 21.84%, with Old Mutual at 10.97% and Stanlib stood at 63.18%. In 2022 African Alliance stood at 10.52% a huge drop compared to the previous quarter, ESW Investment had 1.19% and Stanlib accounted for 88.30%. In 2023 African Alliance accounted for 12.06% and Stanlib accounted for 87.94%. As at Q1 2023, only two asset managers sourced funds from Politically Exposed People.

Figure 8 shows the CIS market share in terms of AUM.

Figure 8 - CISs Market Share in terms of AUM

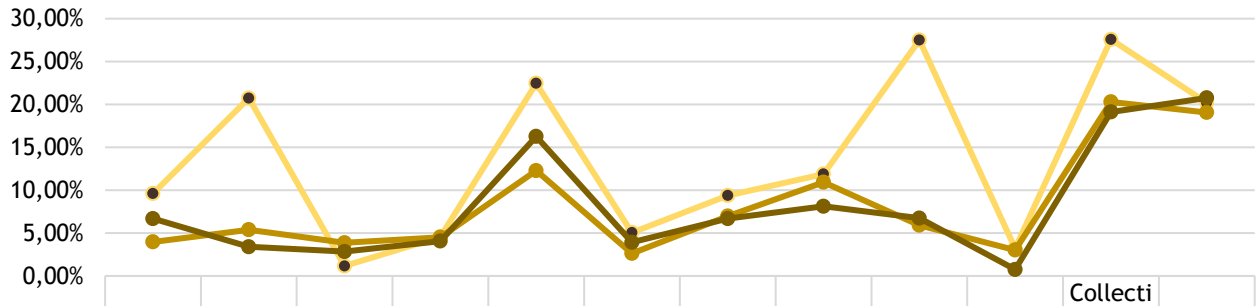


3.1.4.4 CIS Asset Allocation

Below is the review of the breakdown of how the funds are invested/allocated, across the domestic market, CMA, and offshore. Most of the funds are invested in CISs (Associated Entities) and other portfolio assets. It is worth noting that they stand at 36.88% and 40.05% respectively. There was a slight increase in allocations to treasury bills from 21.05% to 23.8%. Equity with primary listing went down from 18.72% to 15.67%, bond/debentures increased slightly from 12% to 12.9% and cash is king as it increased from 6.8% to 12.91%, which shows that the market is highly liquid, as disinvestments can be easily paid out before having to tap into other liquid assets like treasury bills, bankers' acceptance, and negotiable certificates of deposits. A year-on-year comparison shows that other portfolio assets were at 20.203%, CISs Associated Entities were at 27.58%, treasury bills were at 22.46%, equity with primary listing at 11.89%, and unlisted securities debt stood at 27.50%.

See figure 7 below which illustrate the CIS Investment Allocation over three reporting periods.

Figure 9 - CISs Investment Allocation



	Cash	Negotiable Certificate of Deposit	Banker's Acceptance	Commercial Paper	Treasury Bill	Corporate Bonds	Bonds/ Debentures	Equity with Primary lisiting	Unlisted Securities: Debt	Collective Investment Schemes	Collective Investment Schemes (Associated Entity)	Other Portfolio Assets
Q1 - 2022	9,61%	20,73%	1,16%	4,56%	22,46%	5,05%	9,38%	11,89%	27,50%	3,21%	27,58%	20,20%
Q4 - 2022	3,97%	5,39%	3,87%	4,52%	12,28%	2,63%	6,98%	10,93%	5,91%	3,02%	20,29%	19,06%
Q1 - 2023	6,69%	3,40%	2,85%	4,07%	16,27%	3,93%	6,69%	8,13%	6,75%	0,75%	19,12%	20,76%

3.1.4.5 CISs Portfolios

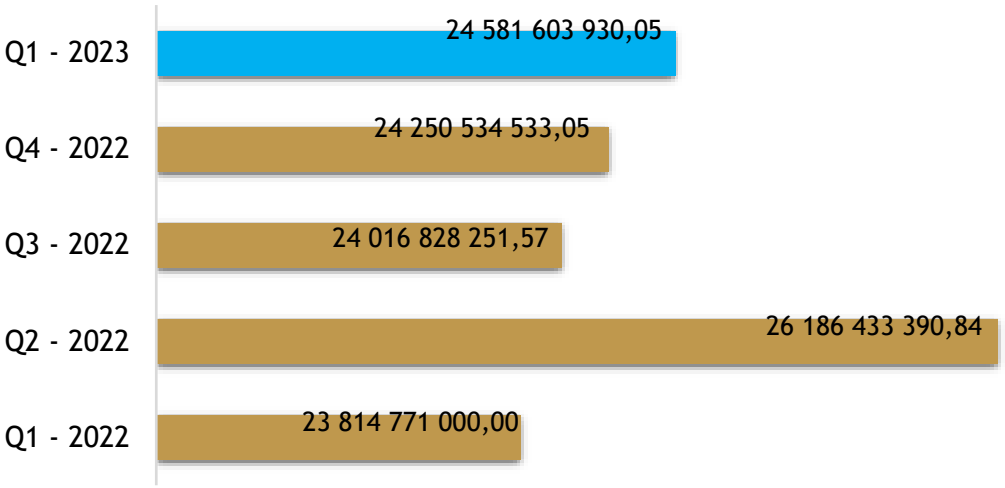
In Q1 2023,, CIS Managers had twenty-one (21) portfolios with a minimum of two (2) portfolios amongst each CIS and a maximum of six (6). The monthly debit orders into the portfolio start at E250.00. Risk criteria of the portfolio range from low risk to high risk. It is worth noting that medium risk is mostly preferred by their clients in the economy as it strikes a good balance. It is encouraged however to always assess your risk appetite to get maximum returns according to your lifestyle. Seek accredited financial advisors and planners before investing.

3.1.5 Investment Advisory

3.1.5.1 Value of Assets under Advisory

AUA stood at E24.58 billion in Q1 2023, of which E8.2 billion was invested or held domestically; E12.47 billion was invested or held in the CMA, and E3.93 billion was held Offshore. A comparison between Q1 2022 and Q1 2023 indicates an increase of 3.22% in AUA.

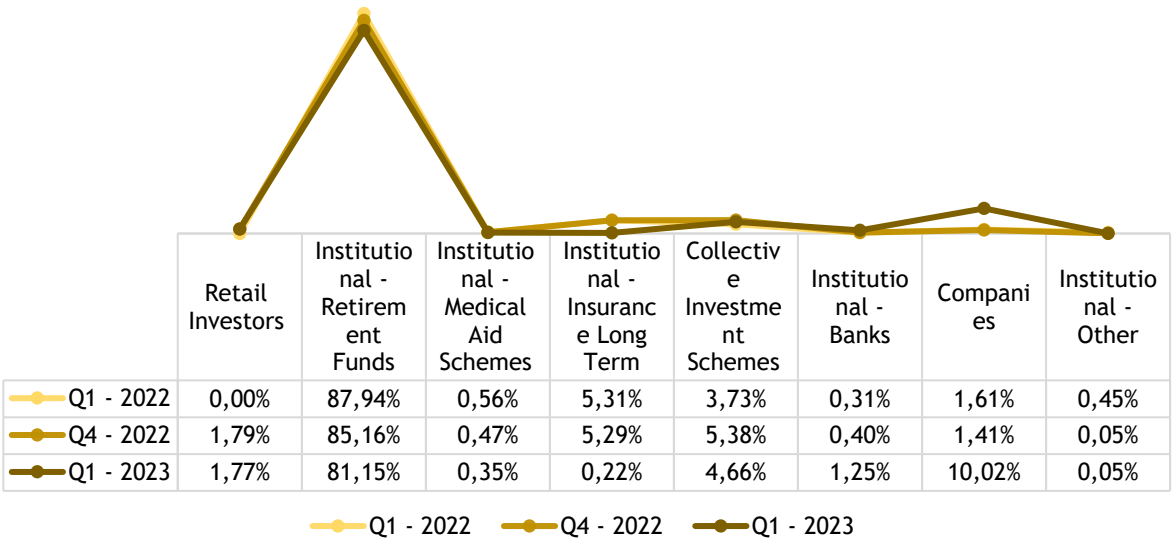
Figure 10: Value of Assets under Advisory



3.1.5.2 IA Source of Funds

Source of funds indicates that the number of retail clients fell quarter by quarter as in Q4 2022 they accounted for 1.79% and in Q1 2023 they accounted for 1.77%. Retirement funds accounted for 85.16% in Q4 2022 and fell to 81.15% in Q1 2023. Companies saw a huge increase as they moved from 1.41% to 10.02% on a yearly basis to highlight a few.

Figure 11 - Market Share in terms of AUA

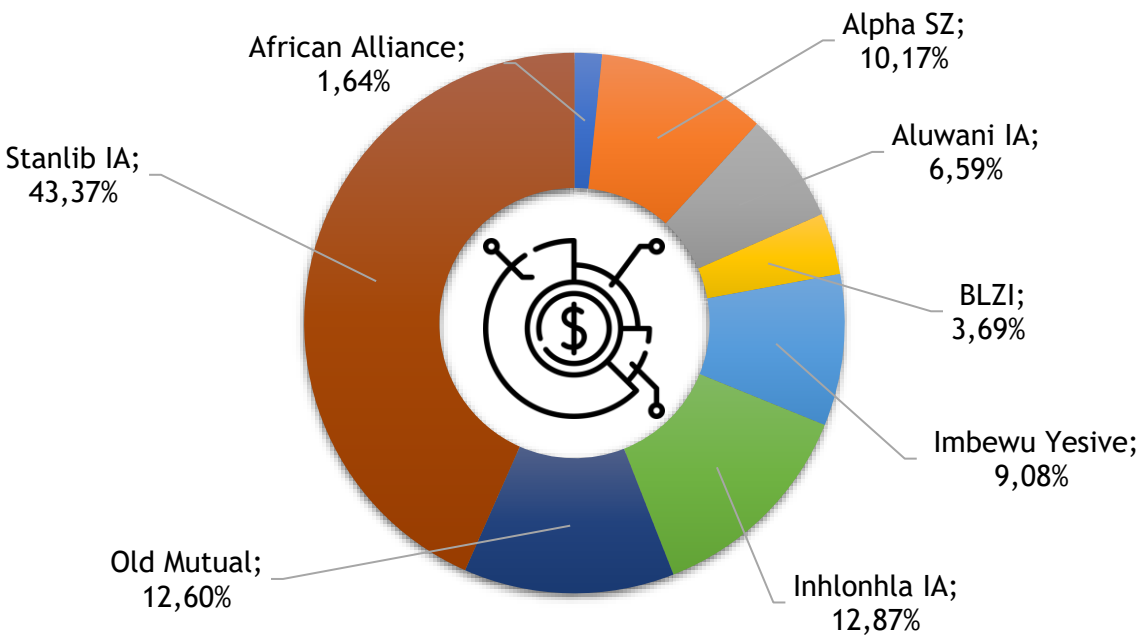


	Retail Investors	Institutional - Retirement Funds	Institutional - Medical Aid Schemes	Institutional - Insurance Long Term	Collective Investment Schemes	Institutional - Banks	Companies	Institutional - Other
Q1 - 2022	0,00%	87,94%	0,56%	5,31%	3,73%	0,31%	1,61%	0,45%
Q4 - 2022	1,79%	85,16%	0,47%	5,29%	5,38%	0,40%	1,41%	0,05%
Q1 - 2023	1,77%	81,15%	0,35%	0,22%	4,66%	1,25%	10,02%	0,05%

3.1.6.1 Market Share in terms of AUA

Figure 12 below depicts the breakdown of AUA according to each Investment Advisor (IA) market share. As at Q1 2023 Stanlib accounted for 43.37% and increase of 0.44%, Inhlonhla accounted for 12.87% a decrease of 0.48% and Old Mutual accounted for 12.60% which shows a 0.81% decline on a quarterly basis. A quarter-on-quarter comparison shows that Stanlib accounted for 42.93%, Old Mutual accounted for 13.41% and Inhlonhla accounted for 13.35%. A year-on-year comparison indicates that Stanlib accounted for 47.00% in Q1 2022 which shows a decrease in market share of 3.63%. Old Mutual accounted for 13.00% in Q1 2022 indicating a decrease of 0.4% and the third asset advisor was Sanlam which accounted for 10% but has since been replaced by Alpha SZ which accounts for 10.17% as of the current period.

Figure 12 – Market Share in terms of AUA



CREDIT & SAVINGS INSTITUTIONS SECTOR HIGHLIGHTS

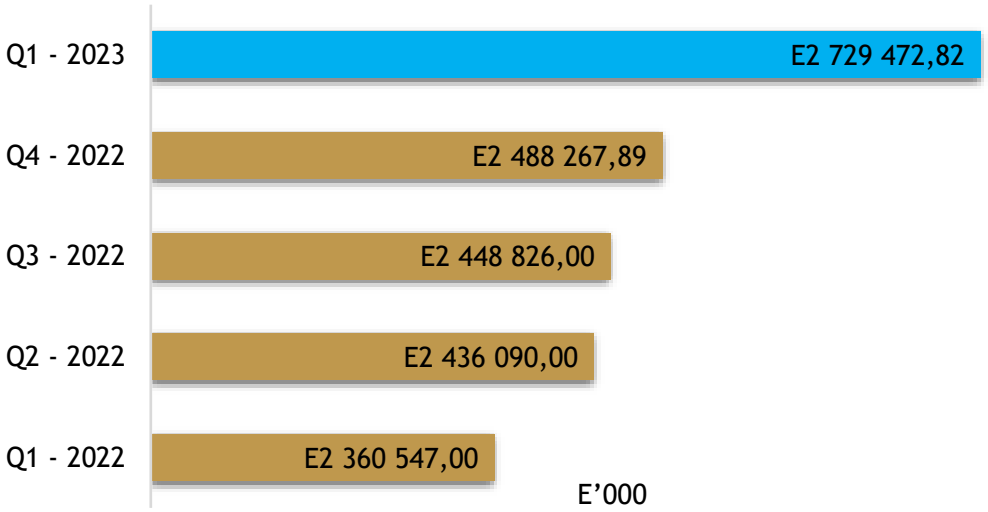
SACCO's Assets were valued at **E2.7 Billion**	**E4.2 Billion** Value of Credit Institutions Assets, increased by 1.6% Quarterly.	**E308 Million** Value of SACCO's Investments, increased by 9.41% Quarterly.
Value of SACCO's Savings **E1.87 Billion**	Credit Institutions Net Income from Lending increased by **90%** due to **77%** growth in interest income.	**E2.4 Billion** Value of Developmental Finance Institutions Assets.
SACCO's Loans & Advances **E1.91 Billion** [Increased by 6.18% Quarterly]	**E3.3 Billion** value of Building Societies Assets [Increased by 3.2%xxx]	**E453 Million** value of Developmental Finance Institutions Loans and Advances
SNAT SACCO is the biggest SACCO with **29%** of the SACCO industry Assets.	Building Societies Liabilities increased to **E1.7 Billion** Quarterly.	Developmental Finance Institutions Cost to Income Ratio improved to **76%.**
SACCOs Member deposits increased by **9%.** Non withdrawable savings increased by **1%**	Building Societies NPLs declined by **0.83%** to **12.4%** quarterly.	Developmental Finance Institutions disbursed **E67 Million** in loans. **8%** went to agricultural related activities.

3.2 Savings and Credit Institutions

3.2.1 SACCO's Assets

As of 31st March 2023, SACCO's total assets stood at E2.7 billion, indicating a 9.71% increase when compared to Q4 2022. The increase is mainly a result of the significant increase in cash and cash equivalents which are funds held temporarily to meet the high demand of member loans in the first quarter of the year. A slight decline of 9.41% was however observed and this could be that SACCOs' may have withdrawn funds from their investments to meet the member demand for loans. The loan portfolio showed an increase of 6.18% from E1.79 billion to E1.91 billion with the portfolio at risk showing a 0.55% decrease from 15.00% to 14.45%. A comparison of the sector's assets to Q1 2022 shows a 15.63% growth which is mainly driven by the increase in the SACCOs' loan portfolio which increased from E1.63 billion. Financial investments during this period showed a 3.8% decline. Figure 13 below shows the SACCO's Asset evolution.

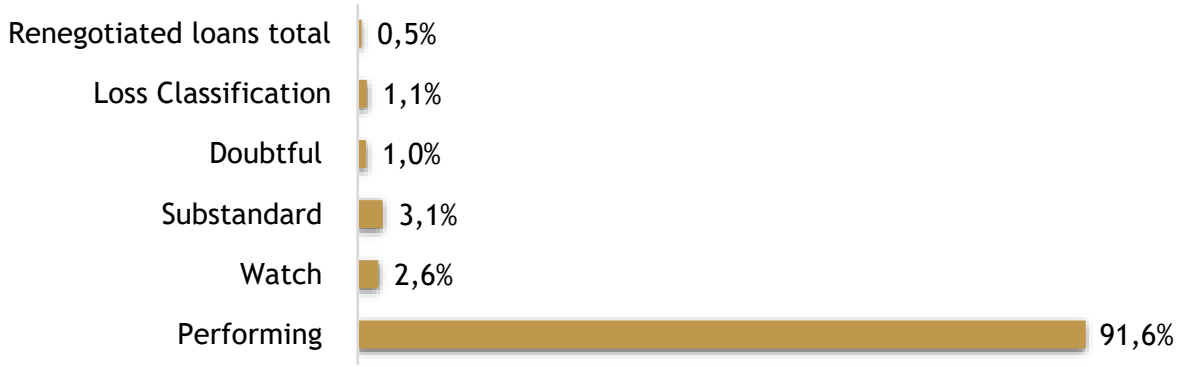
Figure 13 - SACCO's Assets Evolution



3.2.1.1 Loans and Advances

As of 31st March 2023, total loans and advances were valued at E1.91 billion indicating a 6.18% increase when compared to the previous period and non-performing loans provision stood at E160.5 million indicating an 8.57% increase quarterly. The Portfolio at risk decreased to 14.45% from 15.00% in the previous quarter. Performing loans accounted for 91.6% of the total loans, which meant that a majority of the members are paying back their loans and posing no risk; 2.6% are on the watchlist but pose no real risk; 3.1% are substandard but are on the risk list; 1% are doubtful and might not be able to pay back the loans. This shows an increase as last quarter it stood at 0.75%, a 1.1% loss has been accounted for, as some members will not be able to repay the loan and 0.5% of the total loans had to be renegotiated with members which is a decrease from 1.3% in the last quarter as shown in figure 14. The renegotiated loans relate to members who wanted to pay but could not afford to meet their obligations as per the loan agreements.

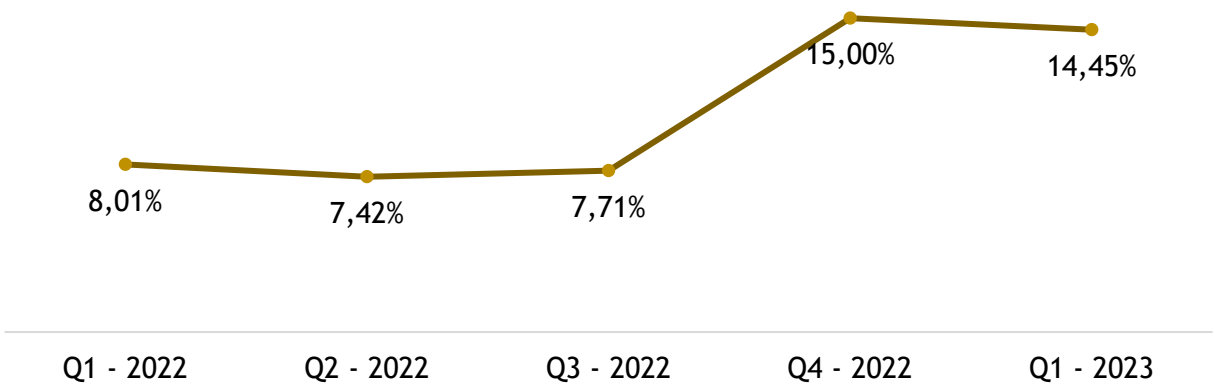
Figure 14: SACCO's Loans and Advances



3.2.1.2 Portfolio at Risk

Portfolio at risk continued its trend cycle as it declined to come into the new year, as it can be noted that in Q4 2022, it stood at 15% and when we look at 2021 it was 8.91% then the following year Q1 2022 it went down to 8.01% which has been observed again in Q1 2023 as it went down to 14%. A year-on-year comparison shows a 6.44 percentage points. See figure 15 below on the SACCO's Portfolio at Risk.

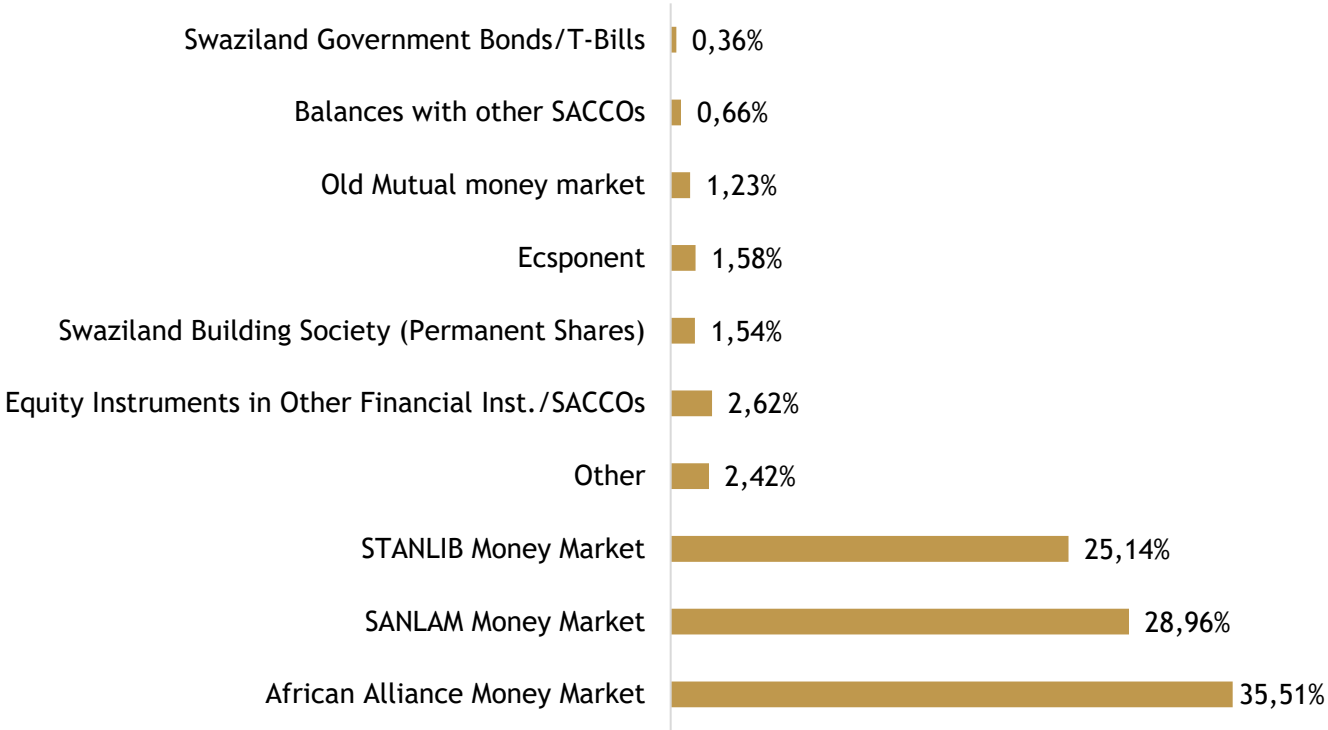
Figure 15: SACCO's Portfolio Risk



3.2.1.3 SACCO's Investments

Total investments were valued at E308 million as of 31 March 2023, indicating a 9.41% decline when compared to the previous quarter. Yearly comparison shows a decline of 3.76%. The bulk of the investments is held in the African Alliance money market accounting for 35.51% which saw a slight decline, followed by Sanlam money market now Alpha SZ which accounts for 28.96% which saw a slight decline, and Stanlib which accounts for 25.14% which saw an increase. Government bonds which range between 3,5,7 and 10 years, together with treasury bills which range from 90,180,270 and 365 days only accounted for 0.36% slight increase. ESW Investment accounted for 1.58% and has remained constant.

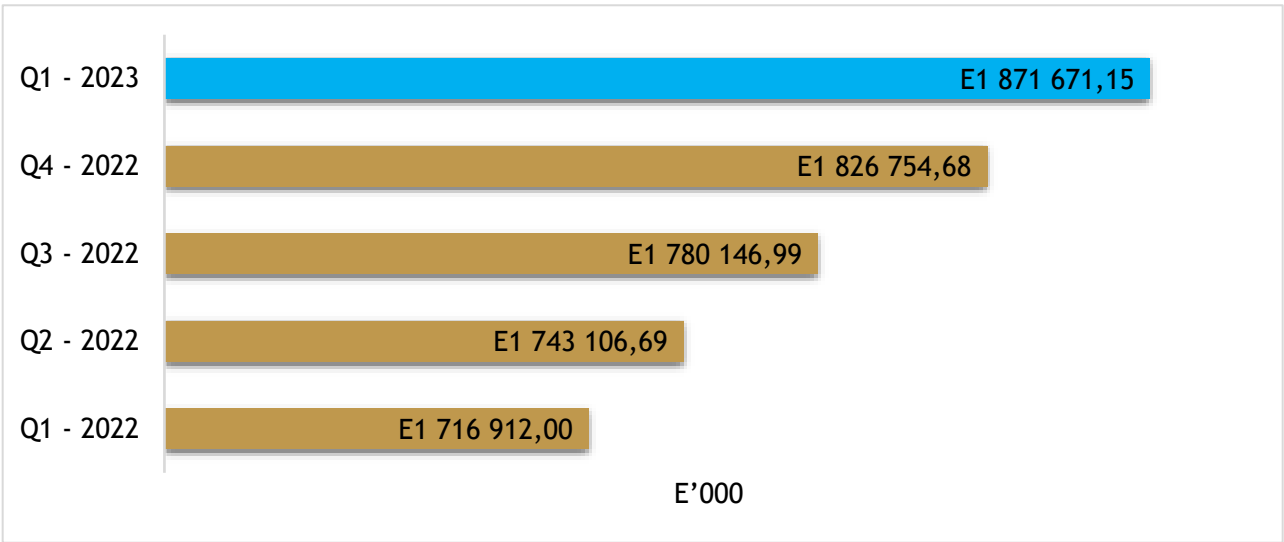
Figure 16: SACCO's Investments



3.2.1.4 SACCOs' Savings

Total savings amounted to E1.87 billion in the period under review indicating a slight increase of 2.46% when compared to the last quarter. A year-on-year comparison shows that the SACCO's member deposits have increased by 9.01%. Non-withdrawable savings had increased by 0.98% when compared to the previous period and term deposits also increased by 14.94%, bringing the total to E1.87 billion. A comparison between Q1 2022 and Q1 2023 we notice a 9.01% increase in the savings trends, which could have been influenced by several factors.

Figure 17: SACCO's Savings Trend



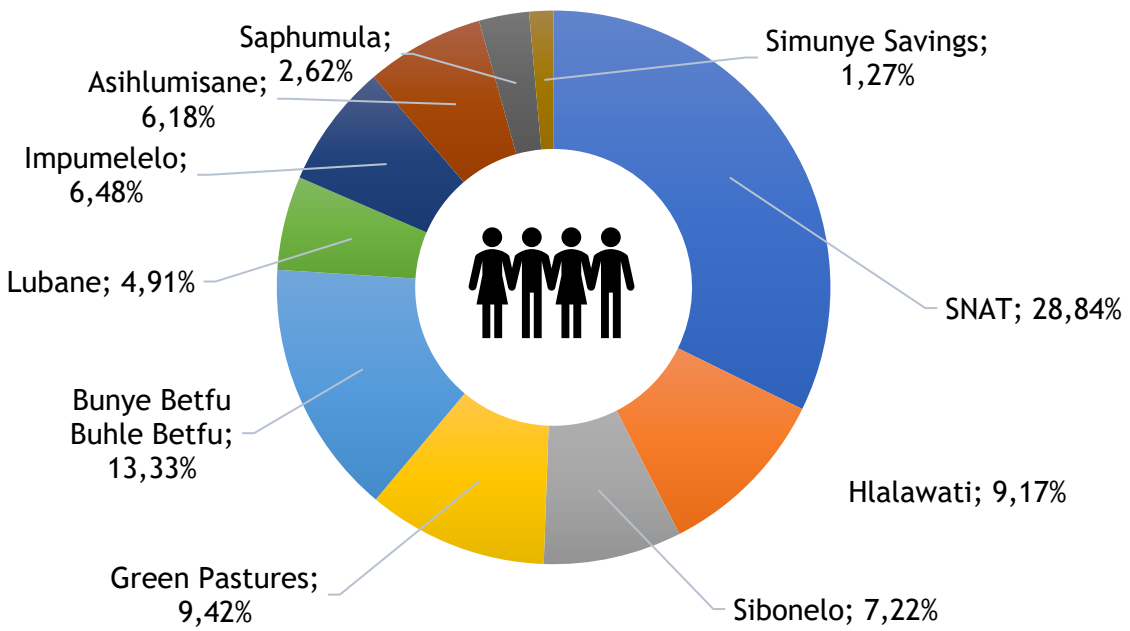
3.2.1.5 SACCOs' Profitability

A comparison of the SACCO's income and expenditure through the income statement shows that the SACCOs are growing. Looking at financial income from the loans' portfolio; in Q4 2022, the SACCO's had generated income of E121.6 million then in Q1 2023 an increase of 39.84% to E170.0 million was observed. This increase was expected following the increase in the loan portfolio highlighted above. Financial income from investment indicated a major increase of 47.62% from E12.9 million in Q4 2022 to E18.9 million as of Q1 2023. Financial expenses increased significantly by 49.49% from E69.2 million to E103.5 million. This increase was mainly due to the increase in interest expense provision on savings and deposits. Operating expenses also saw an increase over the compared periods, as they moved from E48 million to E68 million indicating a 41.32% increase over the periods driven by the increase in personnel, governance and administrative expenses. The net income showed a positive outlook for SACCO's as it stood at E18.3 million an increase of 69.74% when compared to the previous quarter. This shows that the rate of increase in the sector's income was higher than the rate of increase of the overall expenses. The operating margin ratio stood at 0.14 meaning for every Lilangeni of income earned by the SACCO's combined they approximately make a profit of 14 cents.

3.2.1.6 SACCOs' Market Share

The top 10 SACCO's accounted for 89.43% of the total assets. SNAT (Swaziland National Association of Teachers) accounted for 28.84%; followed by Bunye Betfu Buhle Betfu accounting for 13.33%; Green Pastures trailing behind at 9.42%, Hlalawati was the 4th largest accounting for 9.17%; Sibonelo accounted for 7.22% of the assets. The remaining five SACCO's jointly accounted for 21.46% of the total assets as illustrated in figure 18 below.

Figure 18: SACCO's Market Share



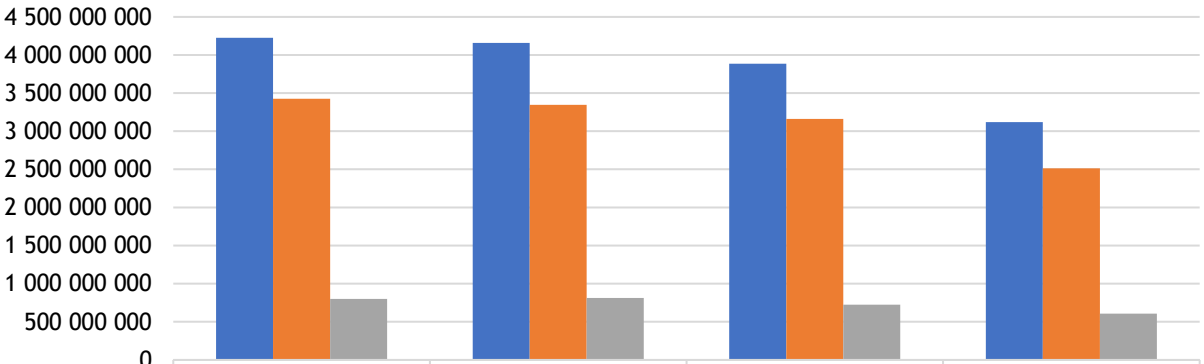
3.2.2 Credit Institutions

3.2.2.1 Credit Institutions Assets

The assets of credit providers are mostly made up of loans and advances and amounts owed by related parties which contribute over 70% of the total assets. As of 31 March 2023, the value of credit institutions assets increased by 1.59% quarter on quarter and by 8.76% year on year to E4.22 billion. Like in the preceding periods, the increase in assets continued to be driven by the demand for short-term and long-term loans.

Amounts owing to related parties continued to drive the increase in liabilities. When compared to the previous quarter, total liabilities increased by 2.37% to E3.42 billion. The slight increase in liabilities emanated mostly from the transactions between the credit institutions and its related parties. However, the sector remained solvent as equities were valued at E798.84 million which a 10.34% increase when compared with last year. Figure 19 below shows the sectors solvency.

Figure 19: Credit Institutions Assets



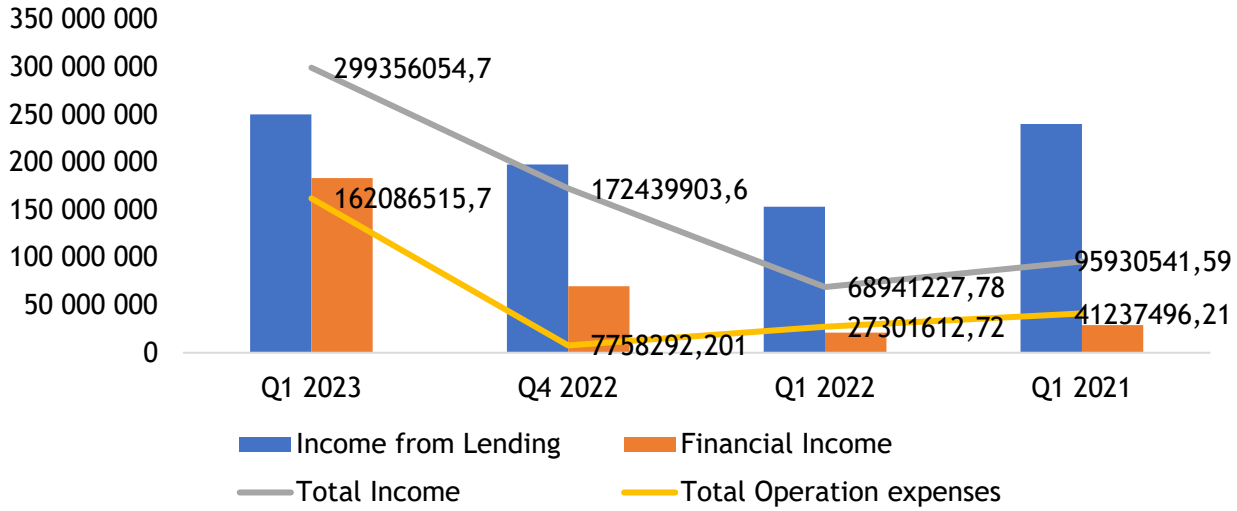
	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Assets	4 224 968 937	4 158 864 742	3 884 617 852	3 119 410 284
Liabilities	3 426 119 124	3 346 737 537	3 160 619 863	2 513 254 454
Equity	798 849 813	812 127 205	723 997 989	606 155 830

3.2.2.2 Credit Institutions Income

Total net income stood at E141.14 million indicating a 29.63% increase on a quarterly basis. On a yearly basis, an increase of more than 100% was noted. The quarterly increase was mainly driven by financial income from investments coupled with a 50.03% increase in interest income from loans due to the improvements in financial markets and the increasing interest rates in the country.

In the same period, it was noted that the net income from lending declined by 16.68% quarterly due to the high increase in impairment of loans and advances mainly driven by the growth in bad debts write off and interest paid (cost of funds). Yearly, the net income from lending increased by 89.60% mainly from a 77.29% growth in interest income from loans and income from administration fee.

Figure 20: Credit Institutions Income

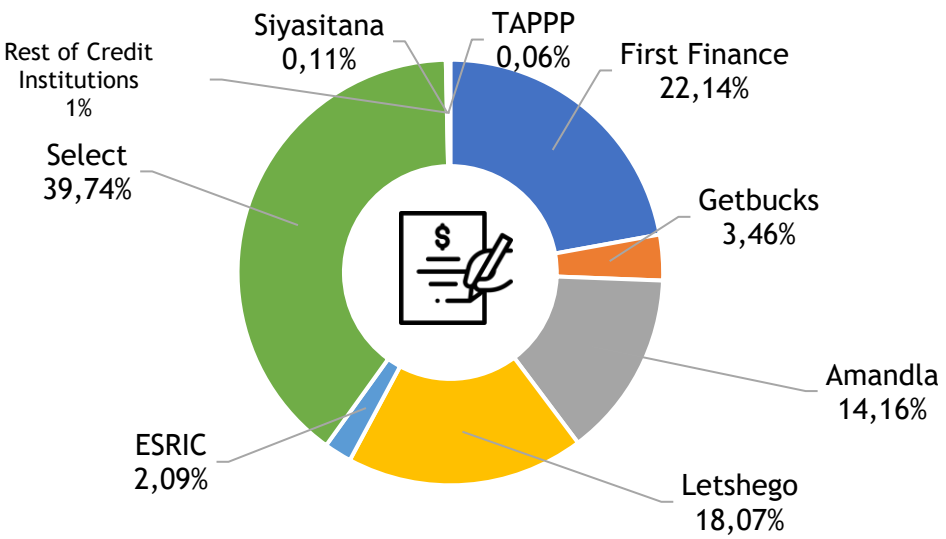


3.2.2.3 Credit Institutions Market Share

Consistent with the previous quarter and year-on-year comparison, the market share of credit institutions continued to be dominated by First Finance and Select, both contributing 80% of the total market share. However, during the period First Finance lost 1% share to Select. The other players market shares remained the same with Letshego 18.07%, Amandla 14.16%, Getbucks 3.46% and ESRIC 2.09%.

The credit institutions industry is not considered a competitive marketplace as it is highly concentrated with few bigger players and a Herfindahl-Hirschman Index (HHI) score of 2671 confirming the level of concentration. Figures 17 are market shares of credit institutions.

Figure 21: Credit Institutions Market Share



NB: ESRIC holds a credit provider licence for the policy loans they advance to policyholders with investment policies that provide for loans to be advanced against their accumulated value

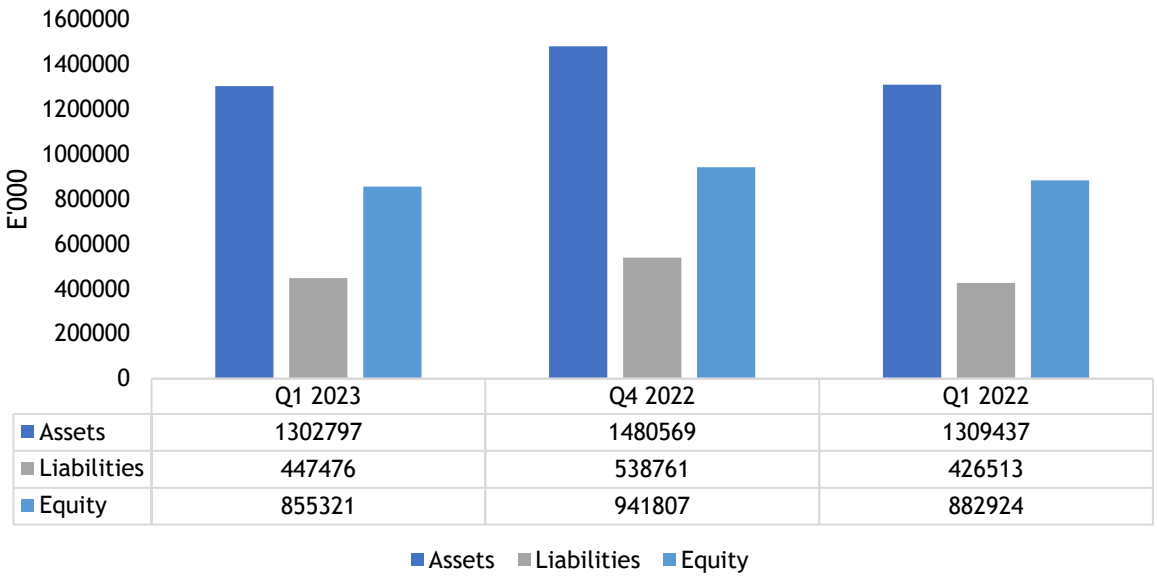
3.2.3 Retail Outlets

3.2.3.1 Retail Outlets Assets and Liabilities

As of March 2023, the value of retail outlets assets decreased by 12.01% on quarter-on-quarter to E1.30 billion. This decline was mainly influenced by decrease in cash and cash equivalents and provision of bad debts. This can be linked to the seasonal fluctuations in sales and the reduced credit risk due to changes in the retail outlet's customer base.

On the liability side, total liabilities decrease by 16.94% to E538.76 million quarterly. The decline was mainly driven by 17.00% decrease in payables and financial liabilities as well as 5.51% decrease in borrowing. This shows that retail outlets has been paying off some of its debts such as loans or accounts payable. The sector equity position decreased by 9.19% during the quarter due to the decline in retained income. Figure 22 below shows the sectors solvency.

Figure 22: Retail Outlets Assets and Liabilities

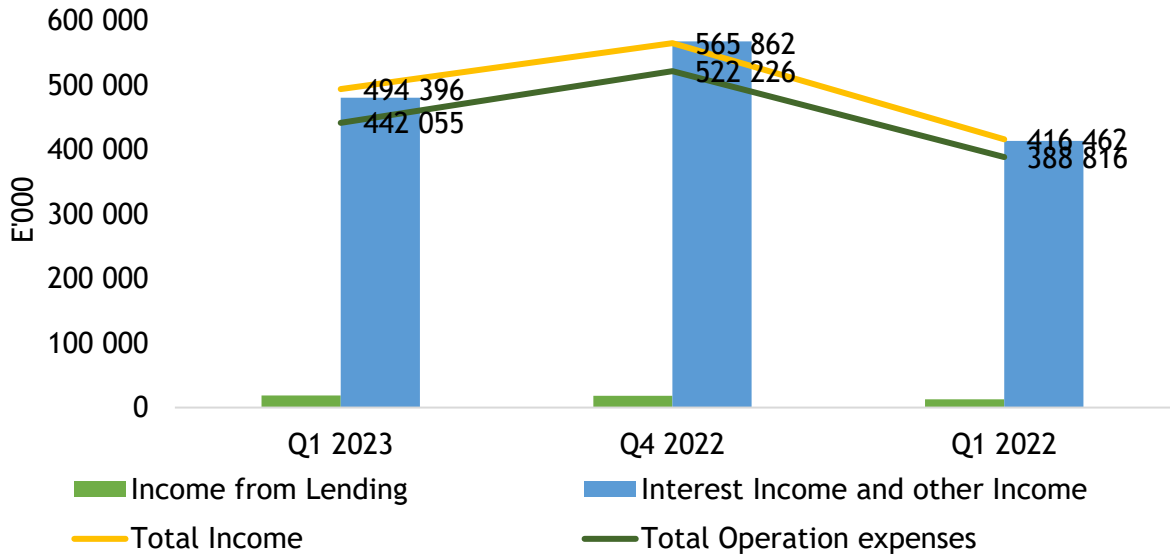


	Q1 2023	Q4 2022	Q1 2022
Assets	1302797	1480569	1309437
Liabilities	447476	538761	426513
Equity	855321	941807	882924

3.2.3.2 Retail Outlets Income and Expenses

The retail outlets gross income from credit extension increased by 2.39% on quarterly basis to E18.75 million. The growth was driven by a 6.46% increase in interest income from credit extension. Overall, total income decreased by 12.63% driven by decline in provision for bad debts and decline in bad debts recovered. This means that retail outlets are expecting fewer of its customers to default on their debts. Net operating income increased by 19.95% to E52.34 million, this was highly linked to decrease in operating expenses mainly on administrative expenses and personnel expenses which decline by more 60% combined. Figure 23 shows the sectors income vs expenses.

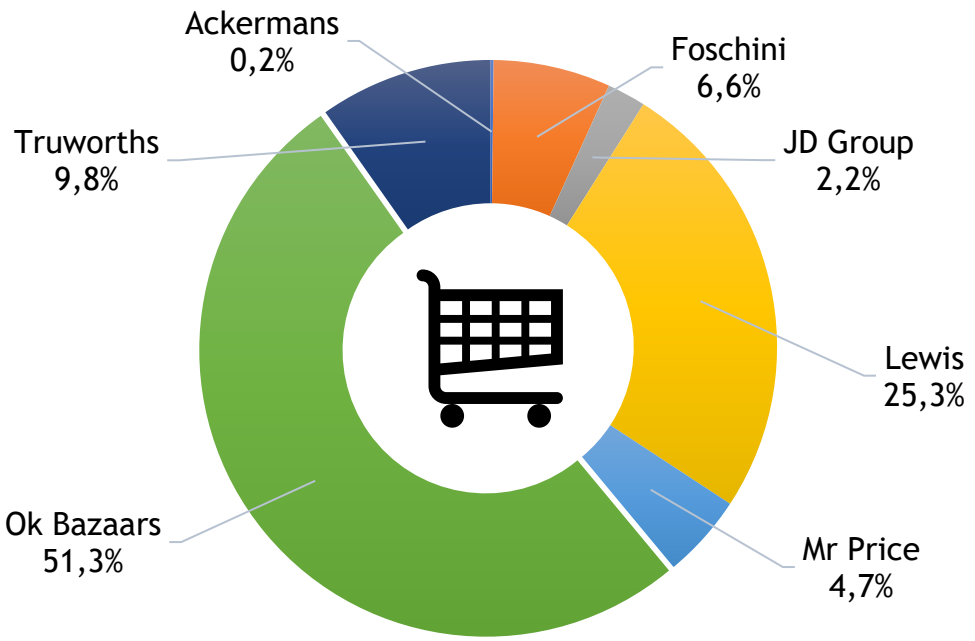
Figure 23: Retail Outlets Income and Expenses



3.2.3.2 Retail Outlets Market Share in terms of Assets

The retail outlets market share in terms of assets is highly concentrated with the Herfindahl-Hirschman Index (HHI) at 3 433 score. Ok Bazaars, Lewis and Truworths dominate the market with a share of 86.43% combined. The rest are Foschini, Mr Price, JD Group and Ackermans with a market share of 6.61%, 4.73%, 2.18% and 0.18% respectively as shown in figure 24 below.

Figure 24: Retail Outlets Market Share in terms of Assets



3.2.4 Development Finance Institutions

3.2.4.1 DFIs Income

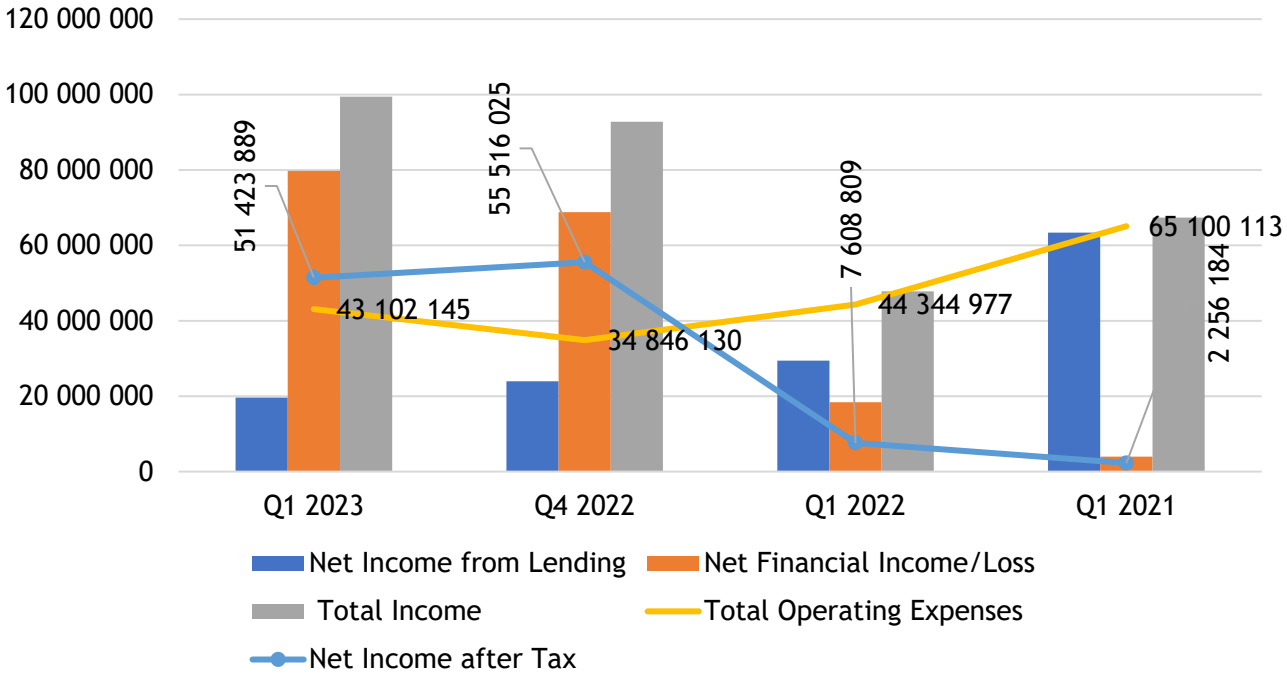
As at the end of Q1 2023, the DFI's sector gross income from lending increased on a quarterly basis by 30.37% from E52.3 million to E68.2 million. Despite a significant decline of 62.11% in the income from administration fees, an increase in interest income from loans coupled with the increase in fees and commission on loan portfolios resulted in the overall gross income from lending increase. On a yearly basis, the gross income from lending increased by 9.79%. This was hugely influenced by a 34.43% increase in interest income from loans. Considering Q1 2021, the sectors gross income from lending declined by 60.07%. The significant decline is due to an overall decline in all the factors contributing towards the gross income, mostly, a 58.78% which is valued at E81.9 million decline in interest income for one of the DFI entities. The provision for credit impairments continues to be on the rise, increasing by 71.31% from E28.35 million to E48.57 million. On a yearly basis, the impairments increased by 32.7%.

Total financial income improved both on a quarterly and yearly basis by 15.73% and 337.19% respectively. Similarly, the fees and expenses incurred in lieu of total value of financial income ranged between the minimum of 1.06% and the maximum of 2.04% An outlier only exists in Q1 2022 where the value of other financial expenses was E21.8 million yet in the other periods it ranged in the region of E1.5 million and E197 thousand.

Total income increased on a quarterly basis by 7.17% from E92.78 million to E99.43 million. On a yearly basis, the income increased by 107.90% on the back of improved financial income. Comparing this quarter to Q1 2021, the value of total income increased by 47.63%.

The period under review showed a strong liquidity position for the sector with a cash balance of E56.3 million. Despite a slight decline by 2.77% on a quarterly basis, the sectors liquidity position improved tremendously when compared to the pandemic period, Q1 2021 and Q1 2022 showing a tremendous recovery. Worth mentioning is the improvement in the cost to income ratio for the sector to 76.51% in the period under review. This is however a decline in the improvement from 60.14% recorded in Q4 2022. Net income after tax declined by 7.37% on a quarterly basis due to an increase in operating expenses in this quarter. On a yearly basis, the net income after tax increased significantly. Compared to Q1 2021, the sector's net income increased by significantly. The sector remained profitable. Figure 25 shows the DFI’s sectors Income vs Expenses.

Figure 25 - DFIs Income vs Expenses



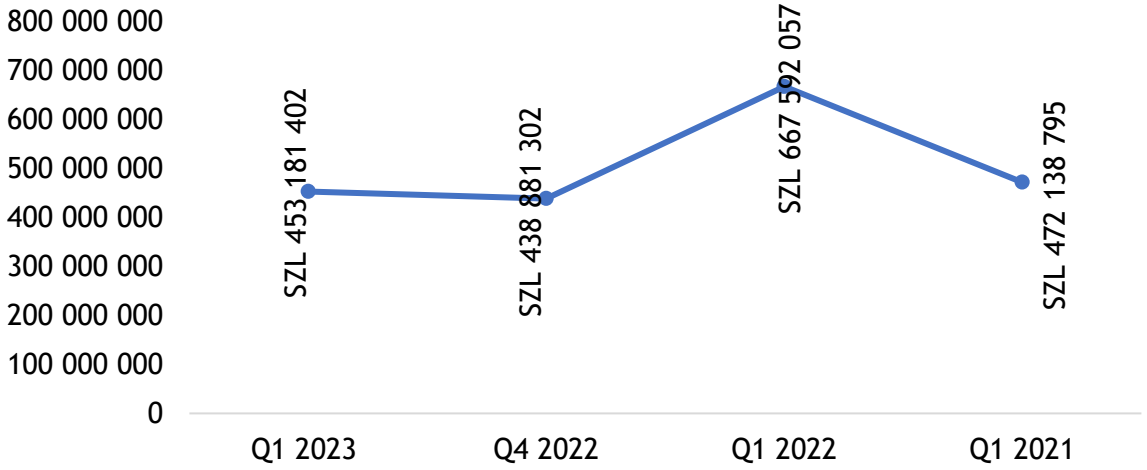
3.2.4.2 DFIs Loans and Advances

The value of loans and advances (long term portion) increased by 3.26% on a quarterly basis to E453.1 million from E438.8 million. On a yearly basis, the value of loans declined by 32.12% from E667.5 million. Similarly, compared to Q1 2021, the value of loans declined by 4.02% from E472.1 million. The decline in loans and advances on a yearly basis could be attributed to the higher costs of borrowing owing to the continued increase in interest rates. The higher value of loans and advances recorded in Q1 2022 is indicative of an economy that was emerging out of the COVID-19 pandemic resulting in the need to access developmental finance to fund business operations and scaling projects to resuscitate the economy.

The short-term portion of loans and advances was valued at E250 thousand and only one DFI disbursed a loan under that category.

As at the end of Q1 2023, the DFI sector disbursed E67.06 million in new loans. Based on submitted returns, IDCE new loans were valued at just 8% of the total sector loans disbursed during the period and mainly to agricultural related activities. Fincorp's newly issued loans make up the rest of the total value of loans disbursed during this period under review. The below figure 26 highlights the changes in the market share of the DFI sector per loans and advances.

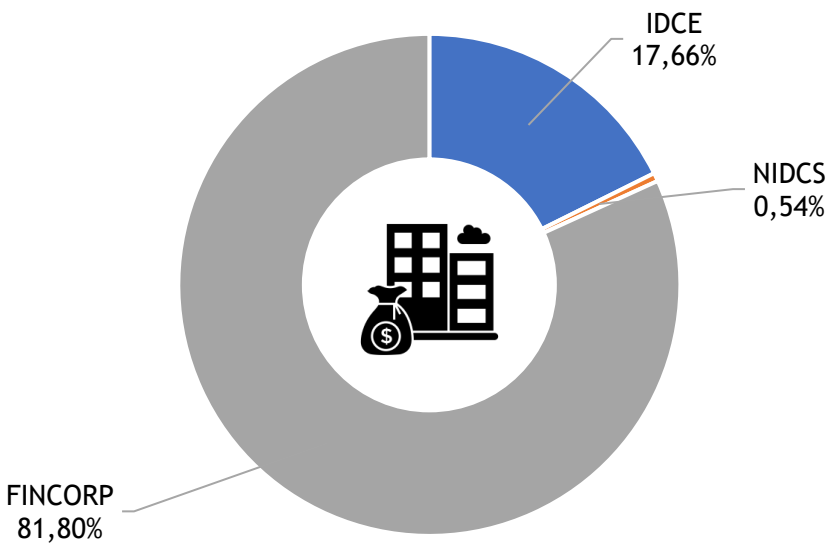
Figure 26: DFI's Loans and Advances Trend



3.2.4.3 DFIs Market Share in terms of Loans and Advances

The market share trend of DFI's indicates that NIDCS has consistently maintained a below 1% market share over the past four reporting periods. FINCORP's market share increased on a quarterly basis by a rounded-up figure of 6 percentage points from 76.10% to 81.80%. The increase is due to a decline in IDCE's market share from 23.34% to 17.66%. Yearly, the market share has changed significantly between IDCE and FINCORP as the former assumed market leadership in terms of loans and advances by 54.04%. Figure 27 shows the market share of the sector over four reporting periods.

Figure 27: DFI's Market Share in terms of Loans and Advances



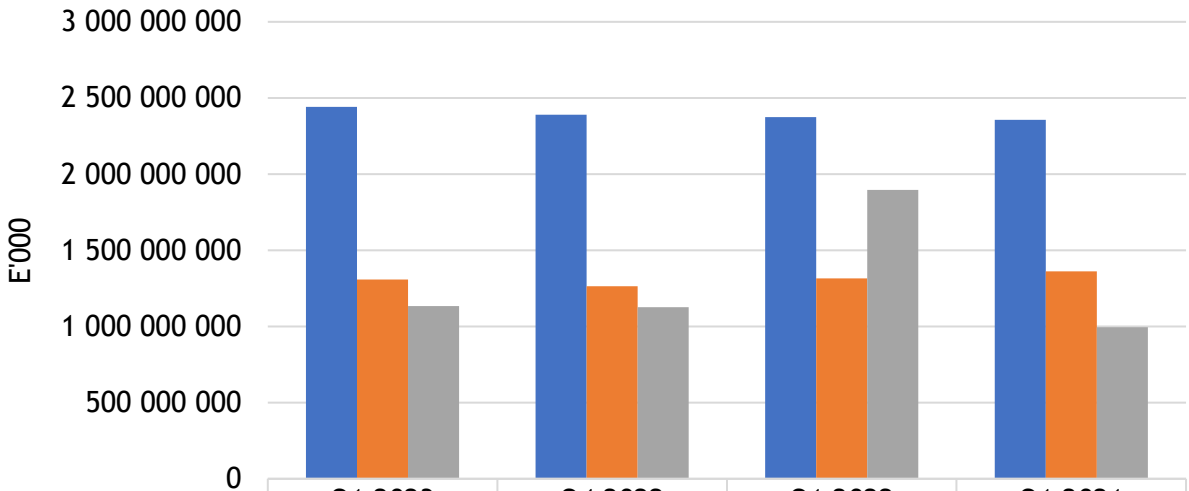
3.2.4.4 DFI's Solvency

The DFI's sectors balance sheet improved during this period under review maintaining its increasing trend over the reporting periods. On a quarterly basis, the asset base increased by 2.1% influenced by the increase in assets which is due to the 18.0% increase in cash held with financial institutions. On a yearly basis, the assets increased by 2.8% from E2.37 billion to E2.44 billion due to a 35.6% increase in investment in subsidiaries. When comparing the current quarter to Q1 2021, there is a 3.5% increase due to the recoveries in investment performance.

The sectors liabilities increased by 3.4% on a quarterly basis due to an increase in the non-current financial liabilities by E51.3 million. On a yearly basis, the liabilities increased by 4.1%. Compared to Q1 2021, the sectors liabilities indicate a 3.5% decline due to a decline and insignificant marginal increases in liability factors across the considered periods.

The sectors equity position improved slightly on a quarterly basis by 0.6%. Yearly, the increase is at 6.6% due to increases in retained income during the periods. When compared to Q1 2021, the sectors improvement is by 12.2%. Figure 28 below shows the solvency position of the DFI Sector.

Figure 28 - DFI's Sectors Solvency

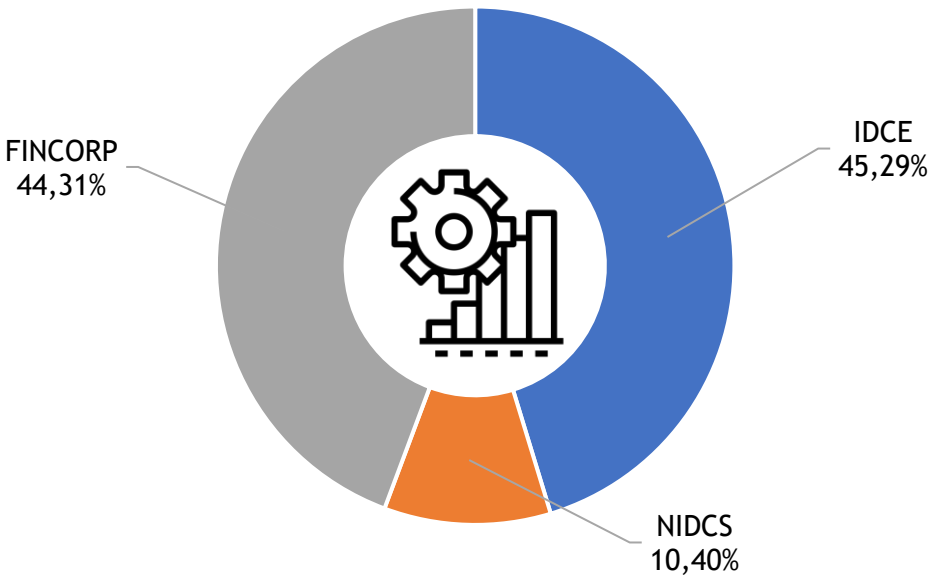


	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Total Assets	2 441 667 088	2 390 268 059	2 374 225 987	2 356 727 144
Total Liabilities	1 308 292 417	1 263 929 167	1 315 484 331	1 361 286 751
Total Equity	1 133 374 671	1 126 338 891	1 896 759 252	995 440 393

3.2.4.5 DFIs Market share in terms of Assets

The DFI sectors market share shows a fierce competition between IDCE and FINCORP. As at the end of the quarter, IDCE maintained a 45.29% market share indicating a decline from 46.62% recorded in Q4 2022. FINCORP's market share increased by 1.58% quarterly to 44.31%. Compared to Q1 2021, IDCE has gained a 3.19% market share whilst FINCORP assets lost value by 2.86%. NIDCS has maintained a 10.40% - 10.78% market share across the four periods. See graph below illustrating the changes in market share.

Figure 29 – DFI's Market share in terms of Assets



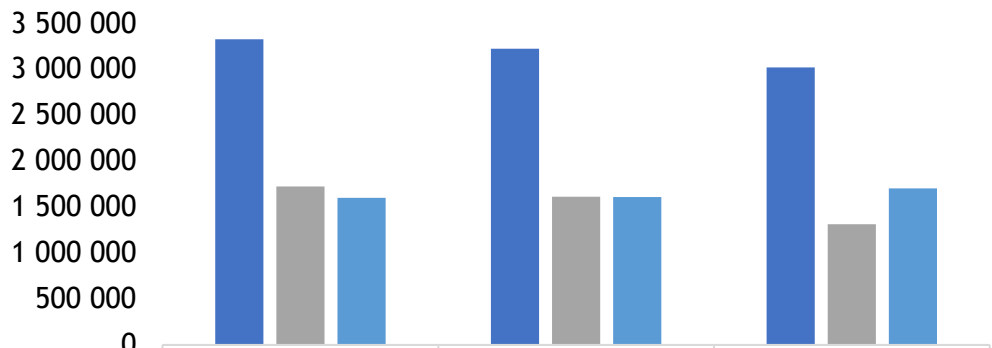
3.2.5 Building Societies

3.2.5.1 Building Societies Assets

As of 31st March 2023, building societies had total assets amounted to E3.32 billion which was a 3.19% increase quarterly and 10.16% yearly. The quarterly growth is mainly driven by marginal increase of 3.29% in loans and advances and a 5.69% increase in domestic investments. On a yearly basis, the growth was mainly driven by the increase in Nostro account from Central Bank of Eswatini mainly to settle international transactions and to maintain a foreign currency. The increasing demand of loans and advances also contributed to the yearly increase in assets.

On the liabilities side, total liabilities increased by 6.88% when compared to the previous quarter. This increase was driven by a 2.24% growth in deposits and 59.68% in Vostro accounts which means that some domestic commercial banks were making more deposits into the society, held in the societies' vostro account or the societies where borrowing more money from other commercial banks, and those loans are reflected in its vostro account. A 31.14% yearly increase was also observed on liabilities, which was also driven by 32.43% increase in deposits. Nonetheless, savings were experiencing a decline of 8.38% this may possibly be the effects of the high inflationary environment, the purchasing power of member savings decreases. In other words, their savings would not buy as much as they used to. This can cause members to withdraw their money and look for alternatives ways to use it.

Figure 30: Building Societies Assets



	Q1 2023	Q4 2022	Q1 2022
Assets	3 323 552	3 220 733	3 017 152
Liabilities	1 723 028	1 612 162	1 313 918
Capital and Reserves	1 600 524	1 608 571	1 703 234

3.2.5.2 Building Societies Performance

As of 31 March 2023, the value of building societies net income amounted to E5.77 million, which was an 85.17% decrease when compared to the previous quarter. The decline was largely influenced by a 74.15% decrease in interest and fee income largely from commercial and personal residents' mortgages and loans and advances. Compared to the previous quarter, non-interest and interest expenses also decreased by more than 50%. This may be because the society was able to pay off some loans.

On a yearly basis, net income decreased by 28.57% influenced by a high increase in interest expenses mostly on interest paid on deposits and dividends payable. However, on the same period, net interest income increased by 68.60% due to the growth in interest and fee income on mortgages and loan and advances. That is largely attributed by the increasing inflation, which causes the building societies to charge more in interest and fees to maintain the same level of profit.

3.2.5.3 Building Societies Credit Provision

The value of loans and advances and mortgages marginally increased by 2.86% quarter on quarter and by 29.2% year on year to E2.23 billion. The quarterly growth emanated from 5.77% increase in mortgages both on personal residents and commercial residents. On the same period, loan and advances decreased by 2.98% due to the decline in the demand of personal loans.

Non-performing loans have been declining since March 2022. During the quarter, NPLs decreased by 0.83% points to 12.40%. This may be due to the increase in the amount of collateral required to cover the cost of the loans after the period of COVID-19 where NPLs was at its peak, and it makes it less likely that the borrowers will default on their loans.

Figure 29: Building Societies Credit Provision

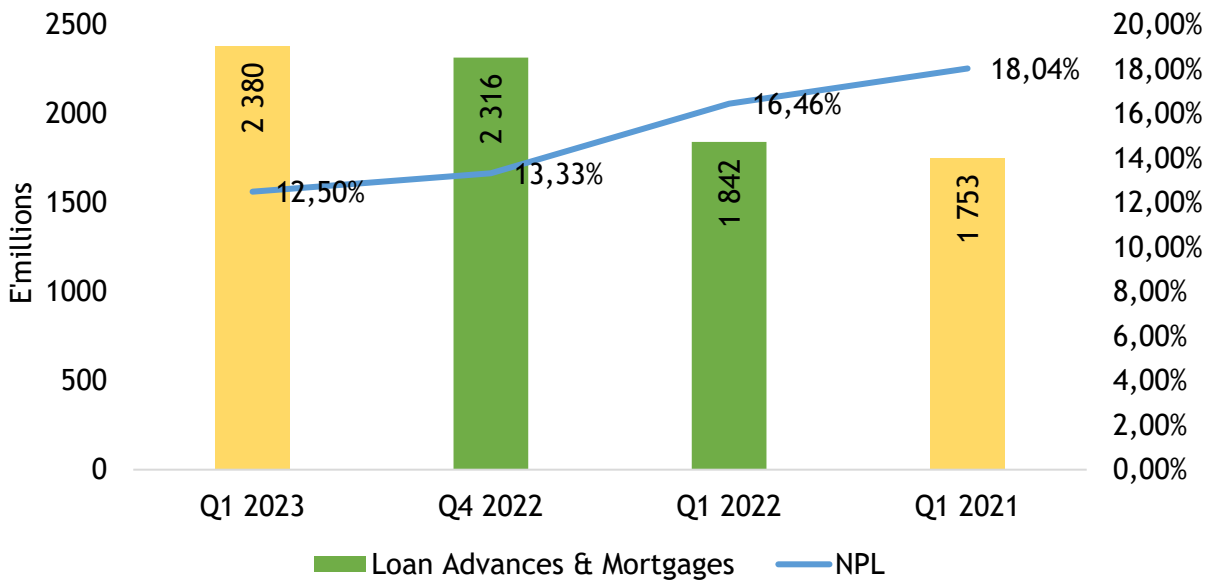
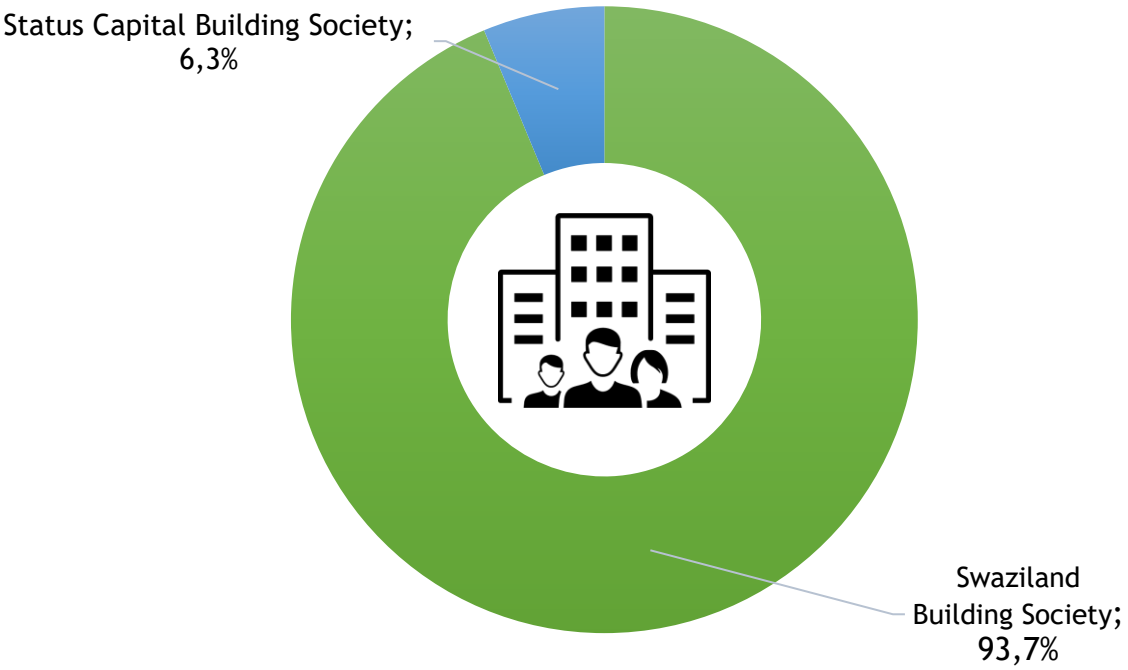


Figure 30: Building Societies Market Share



INSURANCE SECTOR HIGHLIGHTS

LTI GWPs was valued at **E283.1 Million**. [Increased by 6.04% yearly]	**ESRIC** and **Liberty Life** dominate the market recording **58%** market share in terms of premiums.	LTI sector assets decreased slightly by 0.27% quarterly to **E4.62 Billion** [increased by 37.09% yearly]
LTI liabilities side decreased by 1.5% quarterly to **E3.96 billion.**	LTI sector's claims experience improved by **8.15%** on a yearly basis.	**E150 Million** which is 53% of the LTI's GWP was generated through insurance intermediaries.
STI's GWP increased by 2.72% yearly to **E165.56 Million**	STI's net claims incurred increased by 33.57% to **E48.4 Million** yearly.	STI's sector assets increased by 2.88% yearly to **E1.09 Billion**
STI's sector liabilities were valued at **E474.81 Million.** [decreased by 18.96% quarterly]	Of the E165.55 million value of underwritten business, **78.29%** of was sourced through brokers.	ESRIC continued to dominate the industry with a market share of **68.15%**
The value of reinsurance sector's assets increased by 1.66% quarterly to **E131.49 Million**	The ST reinsurance sector realized a positive net income of **E4.32 Million** [increased by 49.5%yearly]	The LT reinsurance sector realised a net loss of **E521 thousand.**

3.3 Insurance Sector

3.3.1 Long Term Insurance

3.3.1.1 Gross Written Premiums

The long-term insurance sector is integrated with several factors such as economic growth, inflation, employment, and life expectancy, that is they move in tandem to each other in the long run. The GWPs as at the end of Q1 2023 were valued at E283.1 million. This indicates a slight growth of 6.04% year on year. The increase mainly resulted from the year-on-year increase in the premiums written relating to group life, funeral, retirement fund and disability products which observed a growth of 30.85%,16.63%, 16.10% and 14.78% respectively. In previous quarters, the claims rate for these lines of business showed continued growth. Therefore, the increase in premiums in these lines of business could be the result of an increase in premium rates by the insurers or the increase in the number of policyholders. Despite the overall increase in premiums written, annuities, endowments, credit life and unit linked savings experienced a decline of above 62.08% combined. This decrease could be an indicator of a shift in retirement fund members' preference for investing their retirement benefits, that is the members are now choosing other investment alternatives as opposed to the annuities offered by the long-term insurers. Unit linked savings are also affected by the retirement funds preferences as this line of business mainly attracted institutional investors whose preference has also been shifting to portfolio investments and or direct investments as opposed to investment products offered by the long-term insurers.

Table 1 below shows the changes in the value of premiums written per class of insurance business over five quarters and shows the sector had a better head start in terms of premiums written when compared to Q1 2021 and Q1 2022.

Table 1: LTI Gross Written Premiums

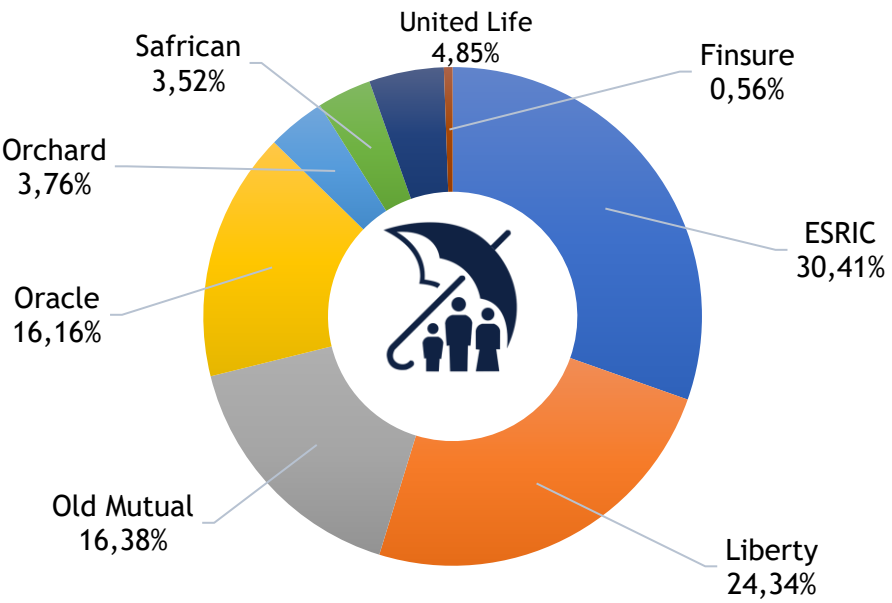
	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Class of business	E'000			
Annuities	13 832	59 816	19 858	17 464
Assistance	-	-	-	-
Credit life	35 431	158 728	33 919	41 080
Disability	3 815	13 845	3 324	2 894
Endowment	6 629	34 617	8 442	6 505
Funeral	48 190	153 604	41 676	44 614
Group life	36 355	112 473	27 784	24 480
Health	304	-	-	-
Individual life	31 868	129 665	30 685	31 653
Retirement fund	69 481	216 628	59 846	47 952
Unit linked savings	37 160	138 820	41 407	41 283
Other	-	12 627	-	-
Total	**283 064**	**1 030 823**	**266 940**	**257 925**

3.3.1.2 LTI Market Share in terms of GWP

Consistent with the previous quarter and year on year comparison, ESRIC and Liberty still dominate the market recording 54.75% market share in terms of premiums written. A slight change was observed during the quarter as ESRIC lost 3.12% of the market share, United Life and Oracle also lost 1.04% each which was subsequently gained by Old Mutual and Safrican respectively.

Year on year, ESRIC lost 4.12% as so did Liberty and Orchard lost 1.01% of the market share, respectively. Conversely, Old Mutual and Oracle gained 1.32% and 1.00%, respectively. Finsure Assurance and United life remained unchanged. See figure 33 below indicating the market share in terms of GWP.

Figure 33: LTI Market Share in terms of GWP



3.3.1.3 LTI Net Claims and Policy Benefits

Compared to Q1 2022, the sector's claims experience improved by 8.15%. This decline in overall claims was mainly due to the significant decline in claims relating to funeral covers and group life covers which declined by 49.06% and 61.97% respectively. These declines could be indicative of an improvement in the country's death rate in the first quarter of 2023 when compared to the past 2 years' first quarters which were influenced by Covid-19. Disability covers, credit life covers, and unit linked savings also showed declines of 9.07%, 1.73% and 6.50% respectively. When compared to Q1 2022, claims on endowment policies increased significantly by 117.43%. This significant increase could be an indicator that the persistent rise in interest rates and heightened inflation continue to put a strain on policyholders' disposable incomes which may have led to the early surrender of policies and or taking loans against the policies to meet the first quarters' households' expenses which include tuition fees for most families.

Table 2 : LTI Claims and Policy Benefits

Class of business	Q1 2023	Q4 2022	Q1_2022	Q1 2021
	E'000			
Annuities	13 412	49 012	12 056	13 641
Assistance	-	-	-	-
Credit life	9 965	30 538	10 140	19 662
Disability	1 023	4 603	1 125	1 116
Endowment	4 840	12 314	2 226	4 424
Funeral	17 771	118 152	34 884	53 941
Group life	7 327	50 226	19 267	31 712
Health	-	-	-	-
Individual life	28 827	110 424	21 265	24 418
Retirement fund	57 274	159 931	52 196	24 794
Unit linked savings	13 847	975 529	14 814	15 851
Total	**154 285**	**1 446 629**	**167 973**	**189 559**

3.3.1.4 LTI Total Assets and Liabilities

The LTI sector assets decreased slightly by 0.27% quarter-on-quarter from E4.63 billion to E4.62 billion and increased by 37.09% year-on-year from E3.36 billion. The quarter-on-quarter marginal decline in assets is due to a 0.27% decrease in the value of underlying investment instruments that the sector holds and a 5.57% decrease in premium receivables.

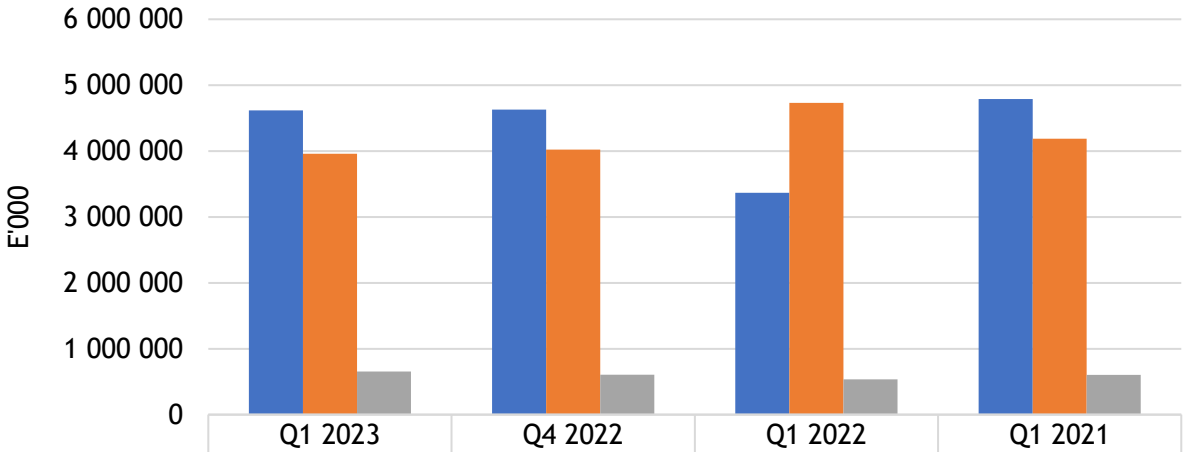
However, the year-on-year increase is the result of an increase in the net fair value of financial instrument, increase, in premiums receivable and reinsurance receivables as well as amounts due from related parties.

On the liabilities side, the sector recorded a decrease of 1.53% quarterly to E3.96 billion. The quarterly decline was mainly from insurance contract liabilities, investment contract liabilities and reinsurance liability which decreased by 2.01%, 3.80% and 29.73% respectively. Year on year, the sector's liabilities decreased by 16.29%. This shows that the sector has been settling most of its claims.

3.3.1.5 LTI Solvency

The sector's net equity positions increased by 8.11% quarter-on-quarter from E607.18 million to E656.43 million and 8.68% on year-on-year . This was directly driven by an increase in retained earnings which means the sector retained most of the earnings rather than paying them out as dividends, this was also confirmed by the decline in liabilities. All the insurers' solvency margins are within acceptable cover limits, as the net equity of each insurer was above E2 million. Figure 34 below illustrates the industry solvency position.

Figure 34: LTI Solvency Position

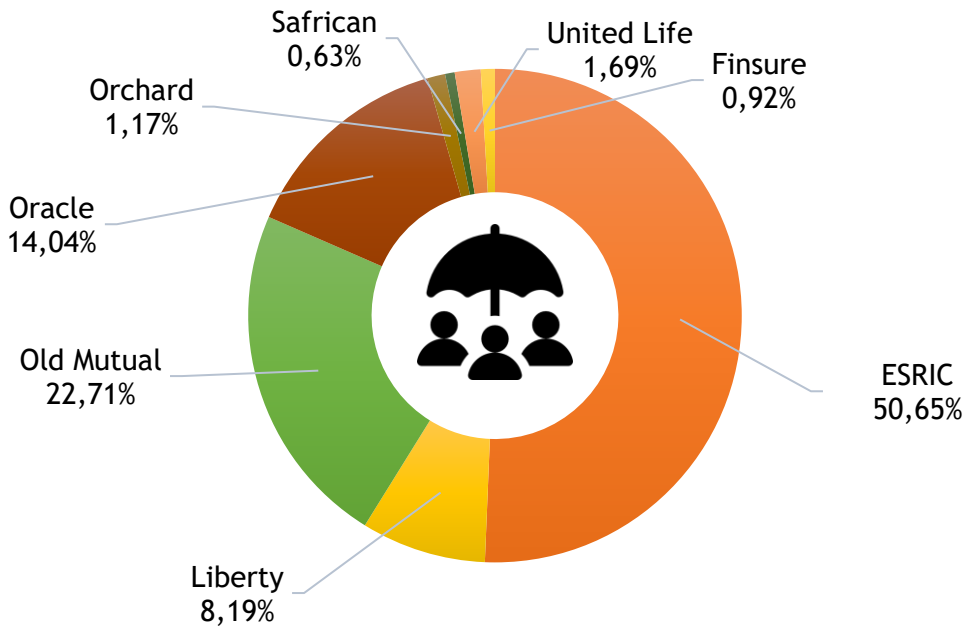


	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Assets	4 617 037	4 629 353	3 367 719	4 791 188
Liabilities	3 960 606	4 022 175	4 731 071	4 187 174
Net equity	656 431	607 177	536 649	604 014

3.3.1.6 LTI Market Share in terms of Assets

There were no significant changes in the sector's market share in both quarter on quarter and year-on-year. The changes across all the players were +/- 1% and 2%. Accordingly, ESRIC continues to lead the industry with 50.65%, followed by Old Mutual with 22.71%, then Oracle with 14.04%. The other players; liberty, Orchard, Safrican, United life and Finsure share the remaining 12.64%.

Figure 35: LTI Market Share in terms of Assets Held



3.3.1.7 LTI Underwriting Results and Profitability

An overall performance in the sector's profitability was observed when compared with to Q1 2022. As highlighted in the premiums section above, also observed was an 8.24% increase in net premiums and a significant improvement in investment income. A decline into total policy benefits paid also led to the improved performance head start for the sector. The return on equity ROE was positive at 9% this was due to improved underwriting performance coupled with the increased investment income while other expenses components showed declines. This was a positive change when compared to Q1 last year where the sector yielded a negative ROE.

Positive improvements were also observed in the investment income ratio and ROA which stood at 2.33% and 1.28% respectively. Table 3 below provides the underwriting results per class of business whilst table 4 shows the industry's FHSIs.

Table 3: LTI Underwriting Results

	Direct premiums	Premiums ceded	Net premiums	Claims and Policy Benefits	Net Commission and Acquisition Costs	Net Underwriting Results
	E1,000					
Annuities	13 832	-	13 832	13 412	137	282
Assistance	-	-	-	-	-	-
Credit life	35 431	5 228	30 203	9 965	3 423	16 816
Disability	3 815	634	3 181	1 023	339	1 819
Endowment	6 629	-	6 629	4 840	489	1 300
Funeral	48 190	5 861	42 328	17 771	952	23 605
Group life	36 355	4 190	32 165	7 327	841	23 998
Health	304	9	295	-	17	278
Individual life	31 868	648	31 219	28 827	2 004	389
Retirement fund	69 481	-	69 481	57 274	981	11 226
Unit linked savings	37 160	-	37 160	13 847	185	23 128
Total	**283 064**	**16 571**	**266 492**	**154 285**	**9 367**	**102 840**

NB: Commission and acquisition costs are net of reinsurance commission received
Results per class of business are exclusive of Investment Income, Other Income and Management Expenses as the Regulatory returns do not require the items be broken per class of business.

3.3.1.8 LTI Financial Health and Soundness Indicators

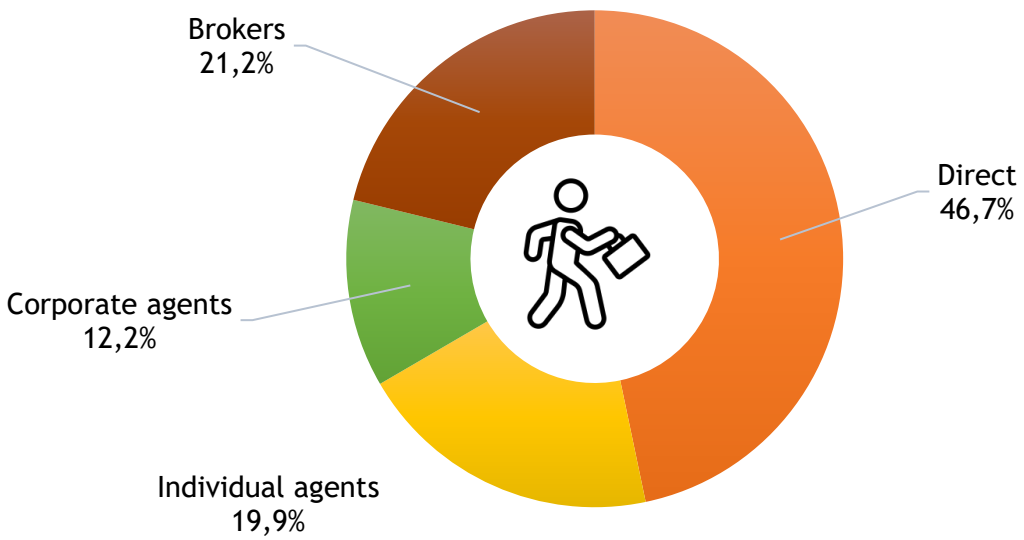
Table 4 - LTI FHSI for LTI

Indicators	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Claims ratio	84,9%	72,0%	93,0%	83,0%
Gross claims ratio	83,3%	71,0%	90,0%	46,0%
Expense ratio	30,4%	27,0%	76,0%	26,0%
Investment income ratio	37,5%	14,0%	8,0%	66,0%
Investment income/ average assets	2,3%	3,0%	1,0%	7,0%
Return on equity (ROE)	9,0%	24,0%	-13,0%	12,0%
Return on assets (ROA)	1,3%	3,0%	0,0%	2,0%
Personnel expenses / GWP	9,4%	5,0%	22,0%	2,0%
Operating expenses / GWP	25,4%	21,0%	71,0%	23,0%

3.3.1.9 LTI Distribution of Products

The LTI relies mostly on intermediation services to distribute their products. As of March 2023, E150.03 million which is 53.30% of the GWP was generated through insurance intermediaries. When compared to previous quarters and yearly a +/- 2% change was observed on the distribution of products whereby 46.70% was generated directly, 21.19% through brokers and the rest was sourced through individual agents and corporate agents with 19.89% and 12,21% respectively.

Figure 36: Distribution of LTI Products



3.3.2 Short Term Insurance

3.3.2.1. STI GWP

The STI GWP increase was more moderate, at 2.72% on year-on-year to E165.56 million from E161.18 million. This increase is mainly attributed to the increased in the uptake of health, property, guarantee and engineering which observed a growth of 92.58%, 65.77%, 32.08% and 27.27% respectively. This increase can be driven by several factors such as repricing of insurance products due to inflation and rising costs mostly under health insurance.

Despite the increase, some policies experienced declines in premiums mostly under agriculture, workman's compensation and legal expenses which decreased by 87.70%, 6.56%, 4.94% respectively.

Table 5. STI Gross Written Premiums

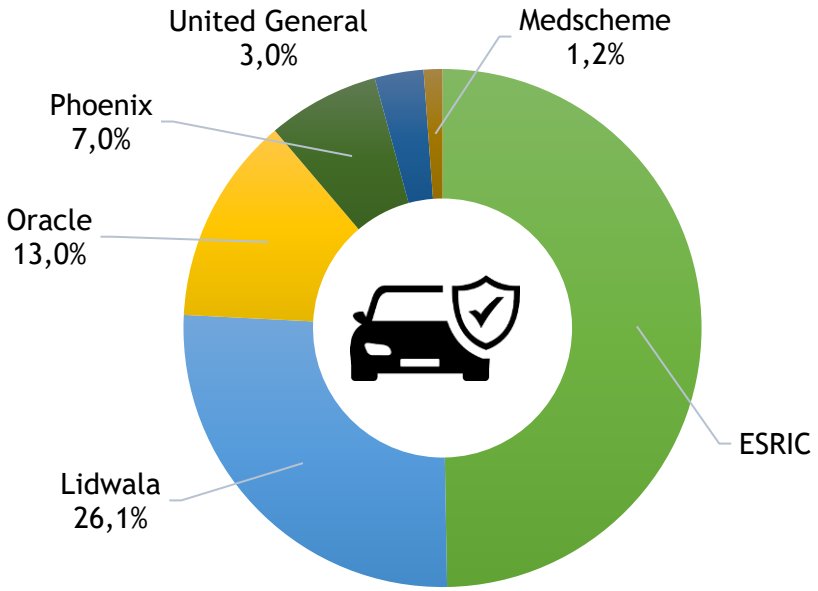
	Q1 2023	Q4 2022	Q1 2022	Q1 2021
			E1,000	
Accident	2 543	19 998	2 321	1 926
Agriculture	38	9 182	307	391
Engineering	6 718	55 484	5 279	1 335
Guarantee	6 633	31 855	5 022	1 630
Health	15 083	32 514	7 832	7 840
Legal expenses	154	582	162	139
Liability	10 816	56 552	11 576	10 955
Motor	49 036	221 134	41 211	45 030
Property	58 311	333 375	35 176	26 705
Transportation	8 028	13 419	6 528	4 002
Travel	-	-		
Workman's compensation	2 691	114 606	2 862	3 829
Other	5 509	44 852	43 512	25 342
Totals	**165 559**	**933 553**	**161 175**	**129 124**

3.3.2.2. STI Market Share in terms of GWP

Market share in terms of GWP indicates that ESRIC continued to be the market leader with 49.72% followed by Lidwala with 26.09%, then Oracle with 12.99% and Phoenix with 6.99% and UGI with 3.05% lastly Medscheme with 1.17% share of written premiums.

When compared against the previous year same quarter, ESRIC dropped 4.01% which resulted in gains of 2.12% by Phoenix, and 1.32% by Oracle. Lidwala also gained their market share 6.34% which was mostly from a transfer of UHI health book to Lidwala insurance company.

Figure 37 - STI Market Share in Terms of GWP



3.3.2.3 STI Net Claims Incurred

The net claims incurred increased by 33.57% from E36.2 million to E48.4 million on year-on-year. This increase reflects the degree of uncertainty which exists mostly under health, guarantee and engineering, which all increased by more than 100%. This was also confirmed by the 13.32% points increase in the sector's claims ratio.

Despite the increase in claims in other lines of business, declines were observed in agriculture and workmen's compensation business, this declined by 83.98% and 1.72% respectively. Additionally, on quarter on quarter, the claims ratio also increased by 13 percentage points.

Table 6 - Net Claims Incurred

Net Claims Incurred	Q1 2023	Q4 2022	Q1 2022	Q1 2021
	E'000			
Accident	843	1 188	431	452
Agriculture	10	1 023	62	
Engineering	1 989	3 858	423	428
Guarantee	1 178	1 577	289	2 022
Health	4 476	11 731	309	2 911
Legal expenses	31	97	20	33
Liability	2 496	3 835	2 129	769
Motor	14 721	61 126	12 969	20 975
Property	15 406	36 620	9 348	7 423
Transportation	539	253	103	753
Travel	-	-	-	-
Workman's compensation	5 713	20 186	5 813	-10 782
Other	1026	1 403	4 360	-9 480
Totals	48 427	142 897	36 256	13 353

3.3.2.4 Assets and Liabilities

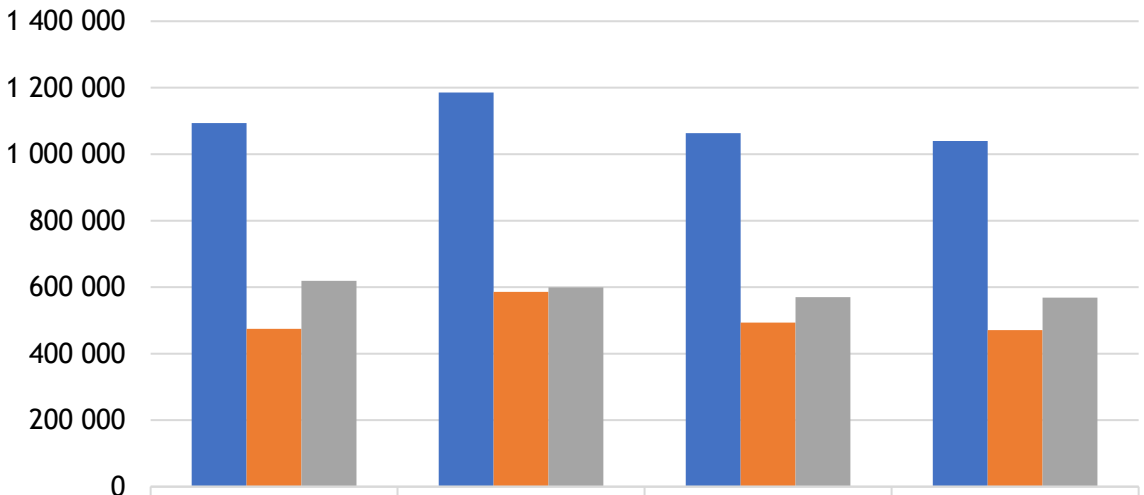
The STI industry assets increased by 2.88% on year-on-year to E1.09 billion. The yearly increase stemmed mainly from positive performance in financial instruments which resulted from the fair value gains, the increase in premiums receivable as well as reinsurance receivables. However, on a quarter-on- quarter basis, the sector experienced a decline of 7.74% this was due to the 2.38% decline in investments, the 11.38% decline in premiums receivable as well as a 21.64% decrease in reinsurance receivables.

On liability side, the STI sector liabilities were valued at E474.81 million and decreased by 18.96% quarter on quarter and by 3.7% year on year. The decrease in both periods resulted from the decline of insurance liabilities and technical provisions and trade and other payables. This may be due to the increase in investment income, this means an increase in cashflow for the insurers which can be used to settle outstanding liabilities therefore leading to a decrease in its overall liabilities level and technical provision.

3.3.2.5 STI Solvency

The STI sector's solvency is based on the insurer's net equity position as per section 82 of the insurance act, 2005 and Form RDI 7. In terms of these provisions each insurer must maintain a positive net equity which is equal to the high of E2 million or 15.00% of the insurer's net premium in respect of the previous financial year or 12 months preceding the date on which the amount is calculated. Based on the net equity review all insures' solvency margins are within acceptable cover limits during the review period. An improvement of 3.23% was observed quarterly and 8.61% yearly.

Figure 38: STI Solvency Position

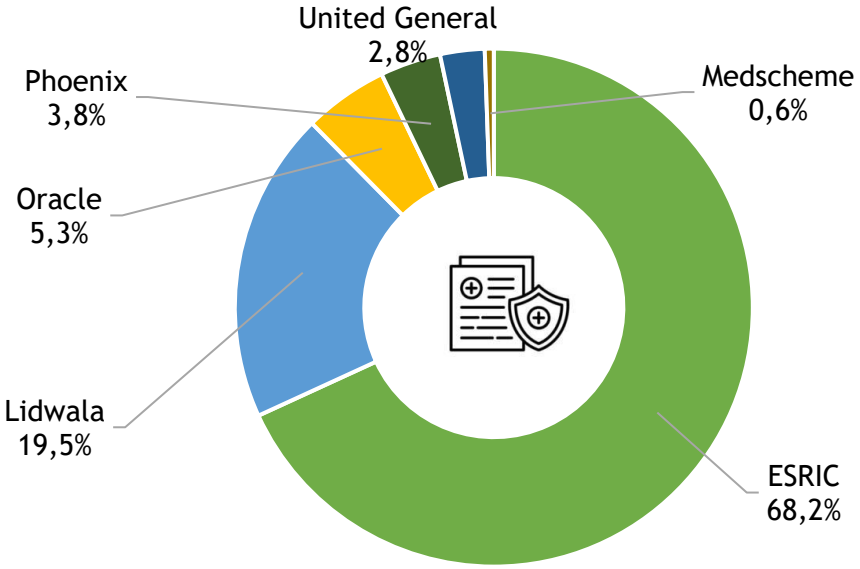


	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Assets	1 093 659	1 185 364	1 063 085	1 039 504
Liabilities	474 817	585 882	493 281	470 977
Net Equity	618 843	599 481	569 804	568 527

3.3.2.6 STI Market Share in Terms of Assets

The STI industry is highly concentrated with the Herfindahl-Hirschman Index (HHI) at 5027 score. ESRIC continued to dominate the industry with a market share of 68.15% followed by Lidwala with 19.46% and then Oracle with 5.26% and the rest are United General, Phoenix and Medscheme with 2.78%, 3.79% and 0.56% respectively. When compared with previous quarter and yearly there was a slight change of +- 2% across the players.

Figure 39: STI Market Share in Terms of Assets



3.3.2.7 Profitability

Despite the year-on-year improvement in the sector's gross premium written highlighted under paragraph 3.3.2.1, the year-on-year increase in underwriting expenses was much higher than the premium income and this led to the sector starting the year with a net underwriting position that was 57.23% lower than Q1 2022. The 43.82% increase investment income however has augmented the sector's results. Although the sector showed positive underwriting results, this was earned by the two top insurers as the rest of the insurers posted underwriting losses, however their losses were augmented by their investment income. Below table 7 shows the underwriting results of the sector.

Table 7 - Net Underwriting Results

	Gross Premiums	Net premiums	Net claims incurred	Net commission and other acquisition costs	Net underwriting results
	E1,000				
Accident	2 543	1 594	843	103	648
Agriculture	38	20	10	1	10
Engineering	5 781	3 804	833	234	2 737
Guarantee	6 633	2 802	1 178	(146)	1 770
Health	15 083	11 258	4 476	902	5 880
Legal expenses	154	116	31	(5)	90
Liability	10 816	2 304	2 496	409	-601
Motor	49 036	36 461	14 721	2 072	19 668
Property	34 162	27 559	8 016	2 567	16 976
Transportation	8 028	1 409	539	79	791
Travel	-	-	-	-	-
Workman's compensation	2 691	8 519	5 713	113	2 693
Other	30 595	22 222	9 572	3 256	9 394
Totals	**165 559**	**118 068**	**48 427**	**9 584**	**60 057**

Note:

- *Commission and acquisition costs are net of reinsurance commission received*
- *Results per class of business are exclusive of Investment Income, Other Income and Management Expenses as the Regulatory returns do not require the items be broken per class of business.*

3.3.2.8 STI Financial Health and Soundness Indicators

The STI sector financial health and soundness indicators are calculated focusing on the following key areas: capital adequacy, asset quality, reinsurance, earnings and liquidity. Table 8 below shows some selected FHSIs for STI sector.

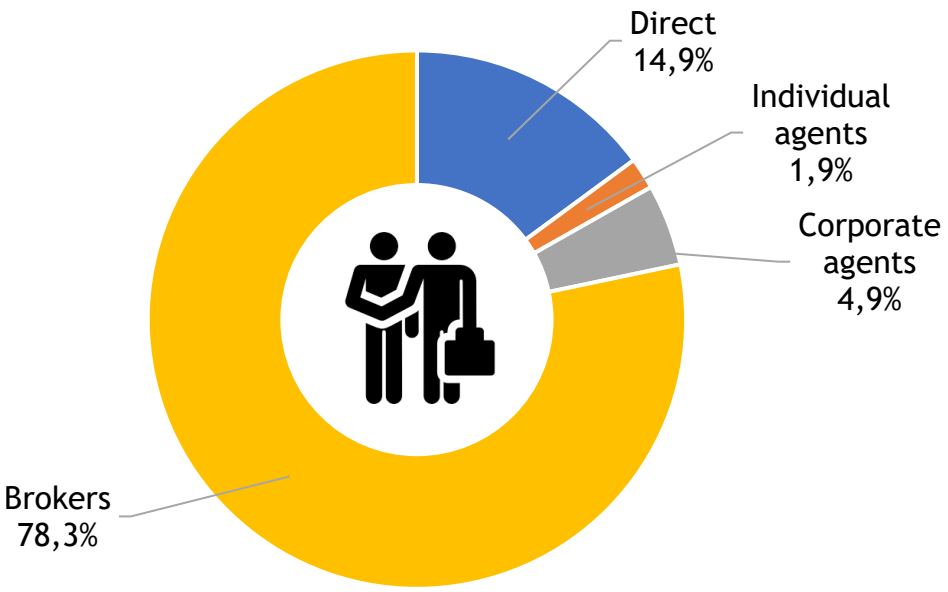
Table 8 - FHSIs for STI

	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Claims ratio	41,02%	27,58%	27,70%	18,70%
Gross claims ratio	43,21%	23,82%	39,00%	19,50%
Expense ratio	42,92%	44,19%	66,00%	61,50%
Investment income ratio	13,99%	6,51%	13,90%	6,90%
Investment income / average invested assets	1,92%	5,28%	1,30%	4,40%
Combined ratio	83,94%	71,77%	93,70%	80,10%
Operating ratio	69,95%	65,26%	79,80%	73,00%
Profitability ratio	32,76%	30,73%	38,70%	44,00%
Return on equity (ROE)	4,90%	26,56%	8,90%	23,00%
Return on assets (ROA)	2,48%	13,43%	4,80%	10,00%
Risk retention ratio	54,19%	56,90%	61,10%	62,00%
Reinsurance recoveries + reinsurance commissions ratio	36,58%	28,42%	43,10%	35,00%

3.3.2.9 STI Distribution of Products

Insurance intermediaries serve as the critical link between insurance companies seeking to place insurance policies and consumers seeking to procure insurance coverage. Of the E165.55 million value of underwritten business in this quarter, 78.29% of the business was sourced through brokers which was 3 points increase when compared to previous year. About 14.91% of the premiums were direct business and individual agents and corporate agents continued to maintain 1.90% and 4.90%, respectively.

Figure 40: STI Product Distribution



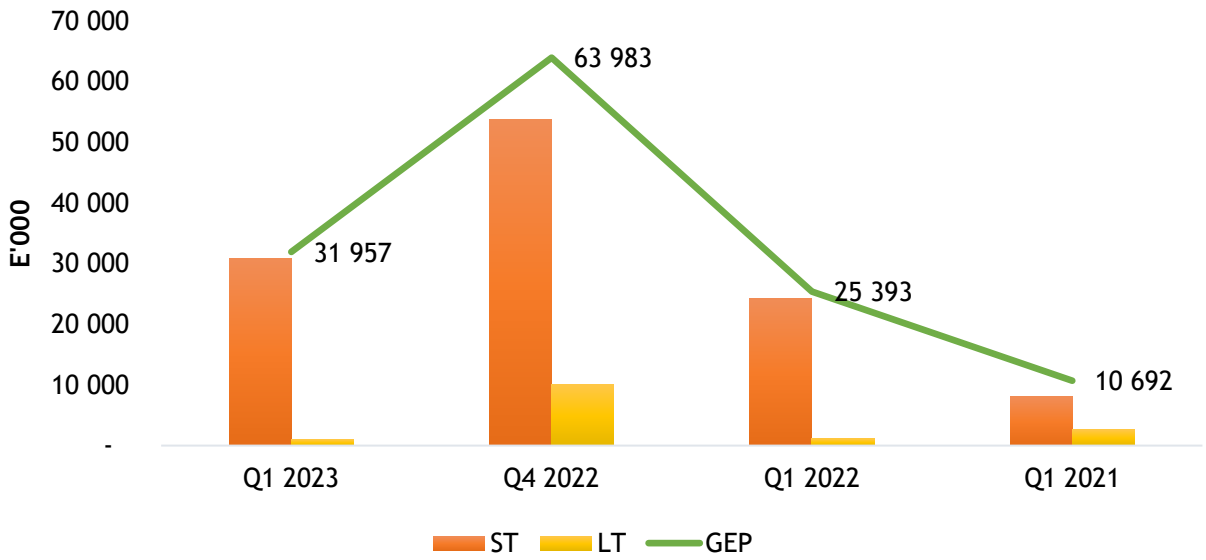
3.3.3 Reinsurance Business

3.3.3.1 Reinsurance Performance

As of 31 March 2023, the value of ST re-insurance business grew by 27.74% to E30.89 million year-on-year. The continued growth of GWP is supported by not only price increases but also higher policy retention and organic growth. The commencement of other lines of business by the Eswatini Re and Ezulwini Re has resulted in a discernible and sustained increase in the value of premiums. The growth has mainly been observed under engineering and property business lines. The uptake of engineering and property both increased by more than 100% on year-on-year. It was also noted that Eswatini Re extended their cover for the first time to include the motor and transportation business during the period. Comparatively, Eswatini Re contributes 3.32% and Ezulwini Re contributes 96.68% of the STI GWP.

In terms of the LT reinsurance business, the total value of GWP by decreased by 12.02% to E1.06 million year on year. This decline was mainly driven by funeral, individual life and group life business which decreased by 56.12%, 55.80% and 47.13%, respectively. Figure 41 below illustrates the GWP over the past quarters.

Figure 41 – Performance in terms of GWP's

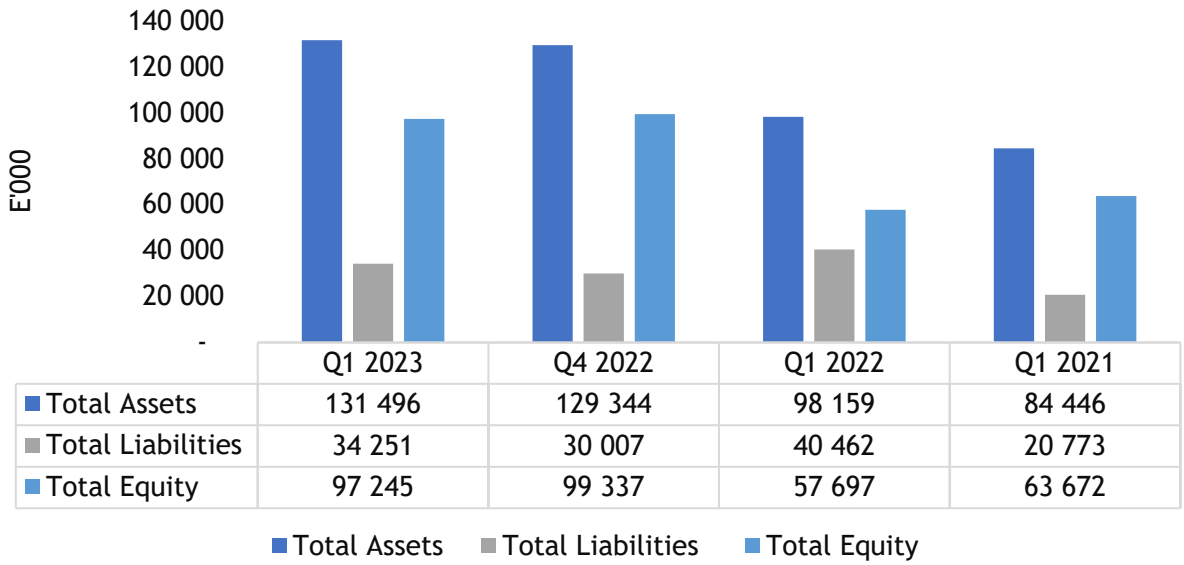


3.3.3.2 Assets and Liabilities

The value of reinsurance sector's assets increased by 1.66% quarter on quarter and 33.96% year on year to E131.49 million. The quarterly growth in value of assets was mainly driven by the increase in investment assets and cash and premiums receivables which was significant on the long-term reinsurers side. The year-on-year growth is also attributed by the favourable investments assets during the quarter which increased by more than 100%.

On the liability side, a decrease of 15.35% was observed year-on-year which was due to the 19.46% decline in insurance liabilities and technical provisions and 75.28% decline in reinsurance liabilities. However, a 14.14% increase on quarter on quarter was observed which was driven by a 22.69% growth in reinsurance liabilities while insurance liabilities and technical provisions decreased during the quarter. In terms of solvency, the sector remained solvent at E97.24 million equity however a marginal decline of 2.11% was observed during the quarter. Figure 42 below illustrates the sectors solvency over the past quarters.

Figure 42: Reinsurer's Solvency



	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Total Assets	131 496	129 344	98 159	84 446
Total Liabilities	34 251	30 007	40 462	20 773
Total Equity	97 245	99 337	57 697	63 672

3.3.3.3 Profitability

The ST reinsurance sector realized a positive net income of E4.32 million which is an increase of 49.5% year-on-year. This was due to the favorable underwriting results which was influenced by the 36.0% increase in premiums and 27.1% increase in investment income.

The LT reinsurance sector on the other hand realised a net loss of E521 thousand during the period. This was due to the high insurance benefits and claims that were experienced accompanied by the 12.1% decrease in net earned premiums and more than 100% increase in management expenses on year on year.

RF SECTOR HIGHLIGHTS

RF Assets were valued at **E43.31 Billion** [Q1 2022: E41.87 Billion]	**E22.61 Billion** is invested in Equities. [Q1 2022: E22.26 Billion]	**E4.39 Billion** is held as Deposits. [**87%** in South Africa vs **13%** in Eswatini]
Investments in Eswatini **E20.58 Billion** [Q4 2022: E20.63 Billion]	**44% /E9.03 Billion** of the Locally Allocated Assets are invested in long term instruments.	**17% /E3.61 Billion** of the Locally Allocated Assets are held as debt of /Loans to NBFI's.
Foreign Allocated Assets **E22.73 Billion** [Q4 2022: E21.84 Billion]	**E12.67 Billion** in invested in Ordinary Listed Shares in South Africa & internationally.	**E36 Billion** of RF Assets belong to Statutory Funds which include; **PSPF; ENPF; MOPADO PF and DC MOPADO**
Contributions valued at **E696.67 Million** [Q1 2022: E677 Million]	Value of Investment Income **E1.34 Billion** [Q1 2022: E1.04 Billion]	Number of RF members **252 385** **56%** are Males: **44%** are females
E706 Million Value of Current Benefits Paid. [Q1 2022: E766 Million]	Additional Voluntary Contributions were valued at **E13 Million** [Q1 2022: E1.04 million]	Top 3 Private Pension Funds Excl. Statutory Funds are; **Sibaya Pension Fund**: **RSSC Provident Fund** and **UNESWA Pension Fund.**

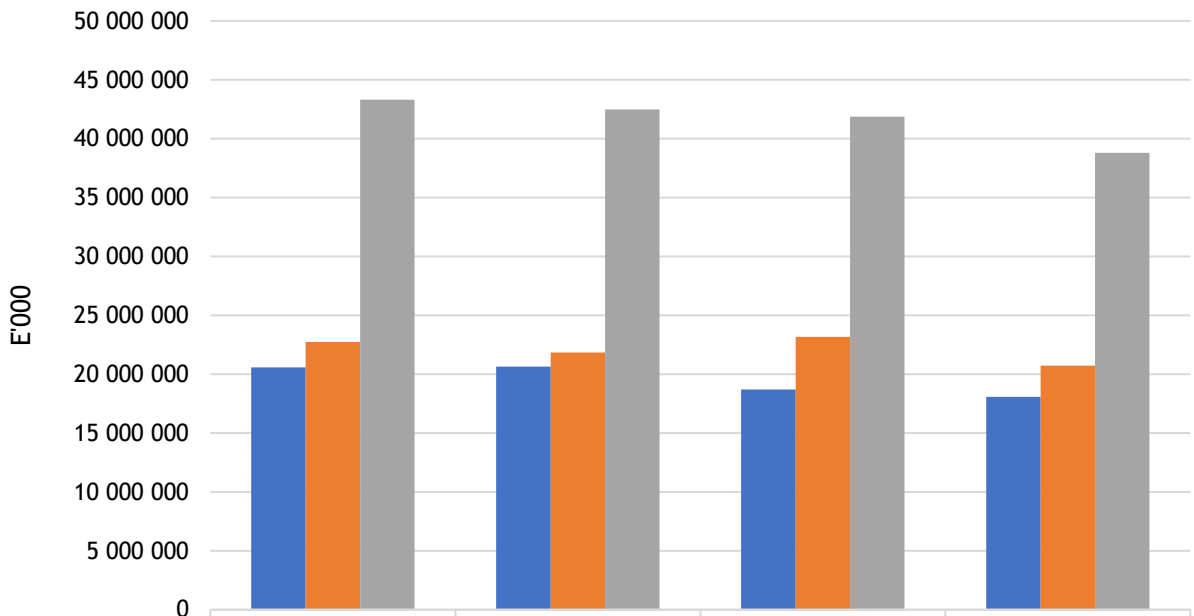
3.4 Retirement Funds

3.4.1 RFs Assets

As at the end of Q1 2023, the RF's industry total assets were valued at E43.3 billion. This indicates a 1.96% increase quarter on quarter and a 3.44% increase on a yearly basis. Over the past two reporting periods, the sector's assets have been on an upward trend showing a recovery from the decline first recorded in Q2-2022 and the subsequent decline in Q3-2022. When comparing the current quarter with Q1 2021, we note an impressive growth of the sector's assets by 11.56% which translates to E4.5 billion in monetary terms. This is attributed to a 29.4% increase in the fair value of investments coupled with the additional investments from the contribution's periods.

Based on the total value of assets, local allocation declined slightly in this period under review by 2.19% but increased on a yearly basis by 6.42% to E20.5 billion. Compared to Q1 2021, the local allocation of the sectors assets increased by 2.10% from 18.0 billion. As a result, 47.52% of the sectors assets are invested locally declining from 48.58% on a quarterly basis but increasing from 44.65% on a yearly basis. Notable changes in the foreign assets' portfolio is an above 20% increase in money market and long-term debt instruments assets on a quarterly basis. See below figure showing the RFs assets over the past quarters.

Figure 43 - RFs Assets by Location



	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Local Assets	20 582 625	20 637 920	18 697 586	18 070 909
Foreign Assets	22 733 327	21 844 447	23 176 692	20 729 310
Total Assets	43 315 952	42 482 367	41 874 278	38 800 219

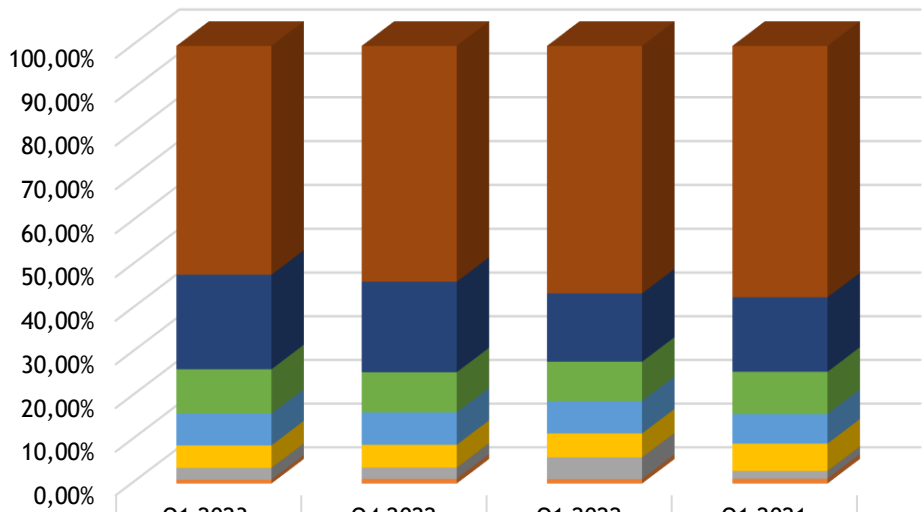
3.4.2 Allocation of Investments

Overall, investment in equities which accounted for 52.21% of the RF's assets in this reporting period continue to bring underwhelming returns having realised a 1.05% decline on a quarterly basis and 4.63% decline yearly due to the continued interest rates hikes, inflationary pressures and weakened dollar rate against major currencies.

The sector realised an increase in investment assets under the long-term debt instruments by 6.47% on a quarterly basis and by 43.04% on a yearly basis to E9.3 billion. This trend has continued from Q1 2021, as the investment have increased by 41.63% when compared to this period.

A 7.94% increase in alternative investments was observed in this quarter, the assets increased to E1.1 billion from E1.08 billion from Q4 2022. On a yearly basis, the assets declined by 43.44%, however when compared to Q1 2021, an increase of 70.81% from E685.2 million was observed. The dilly-dallying in this asset class is inherent in the asset class as their valuations are subjective. Synonymous with the increase in deposits in foreign assets, the overall investment assets under deposits increased by 12.58% to E4.3 billion. This has resulted in investment assets held as deposits composing of 10.14% of the total industry's assets.

Figure 44 - RF Overall Asset Allocation



	Q1 2023	Q4 2022	Q1 2022	Q1 2021
Equity (excl. property-related)	52,21%	53,80%	56,47%	57,37%
Debt maturing after 12 months	21,64%	20,72%	15,65%	17,05%
Deposits	10,14%	9,19%	8,99%	9,65%
MM & debt maturing within 12mnths	7,28%	7,43%	7,42%	6,78%
Property investments	5,17%	5,22%	5,50%	6,27%
Other	2,70%	2,55%	4,94%	1,77%
Insurance policies	0,87%	1,09%	1,03%	1,11%
Cash on hand	0,00%	0,00%	0,00%	0,00%

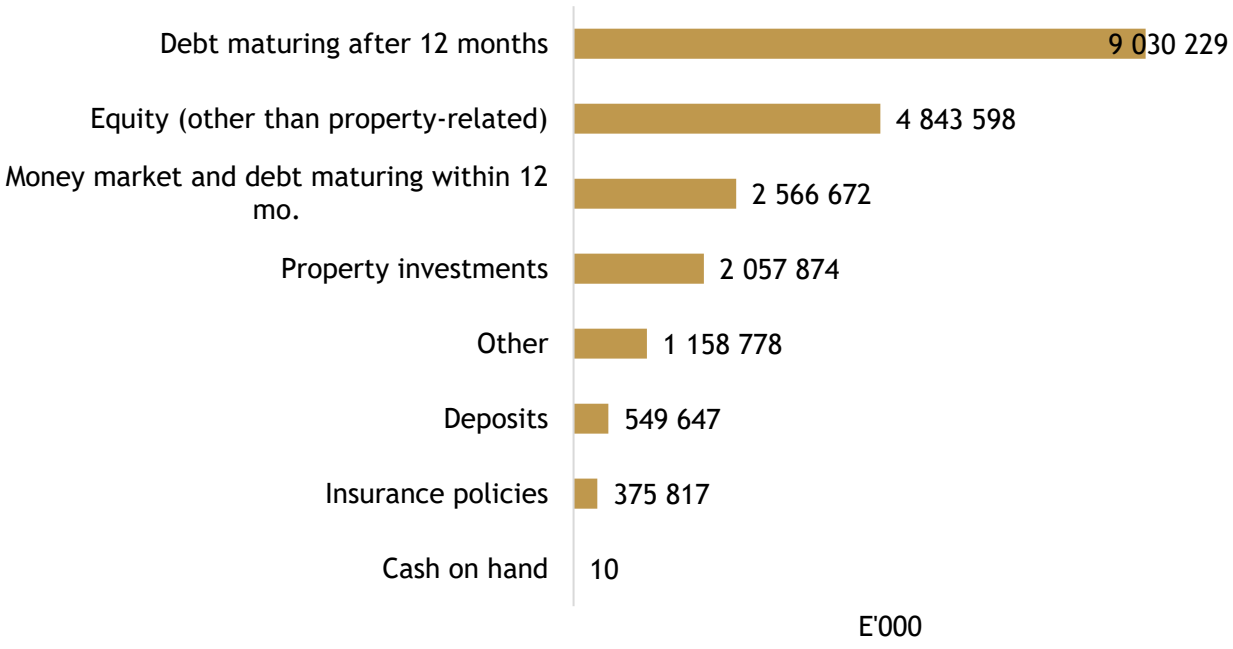
3.4.2.1 RFs Local Allocation of Assets

The total investments of assets held locally declined in this quarter under review slightly by 2.19% on a quarterly basis from E20.63 billion but increased on a yearly basis by 6.42% from E18.69 billion to E20.58 billion. The quarterly decline of assets held locally was due to the 33.59% decline in deposits with local banks, the 6.69% decline in money-market assets and the 2.19% decline in local equities. Other components of the local investments however showed a slight increase. The decline in the deposits could be due to a temporary hold of cash balances before the rebalancing of the retirement funds portfolio through the allocation of funds to long-term instruments which are aligned or matching with retirement funds long-term obligations.

Long-term debt instruments continue to be the preferred local investment for retirement funds as the figure below shows that 43.87% of the local asset holding was in debt maturing after 12 months. As at Q1 2023 this portfolio was valued at E9.03 billion, which was a 5.83% increase on a quarterly basis from E8.53billion. However, on a yearly basis an increase of 42.69% was observed from E6.32 billion. Increase in the allocation of assets across the reviewed periods under long term debt instruments is mainly due to an increase in assets invested with government securities and the NBFI sector. As of 31 March 2023, 17.56% of the RFs local assets related to loans to NBFIs, whereas in Q4 2022 the allocation was 16.81% while in Q1 2022 loans to NBFIs stood at 8.66% of the local investments.

Overall, and considering foreign assets allocation, 96.01% of long-term debt instrument assets are invested locally. Allocation in this asset class has increased by E2.75 billion on a yearly basis. Figure 45 indicates the local investment allocation as of the quarter under review.

Figure 45 - Local Investment Allocation



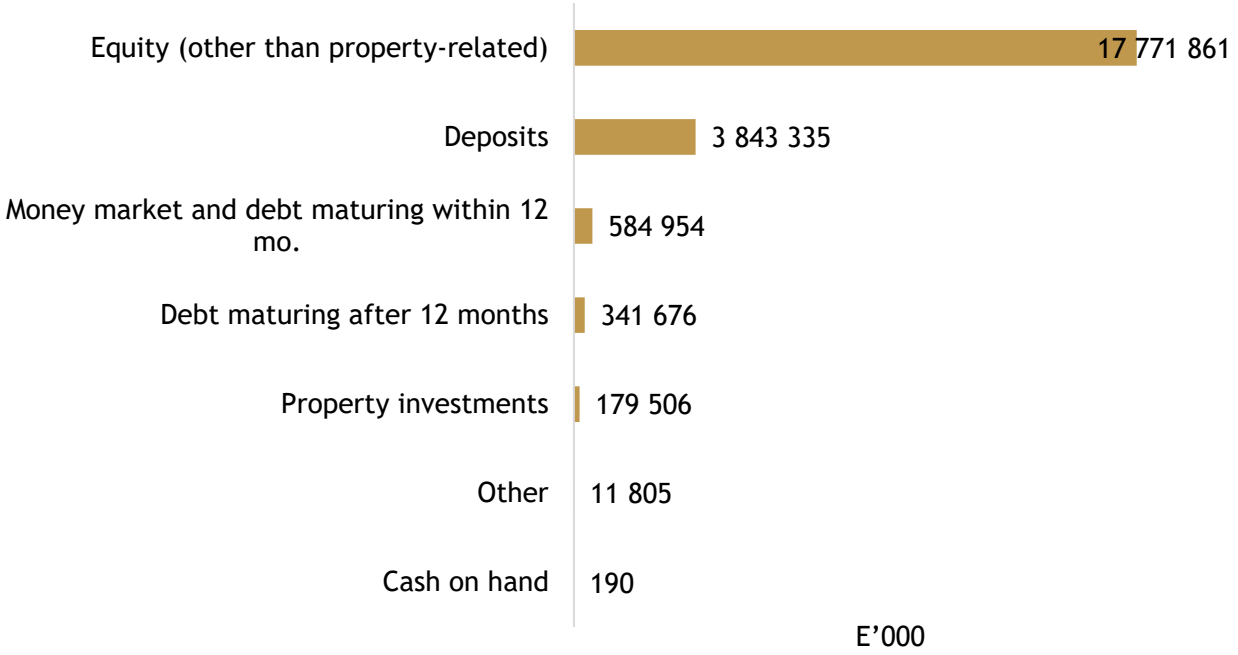
3.4.2.2 Foreign Assets Allocation

Converse to the decline in local assets on a quarterly basis, the foreign allocation of the sectors assets increased by 4.07% but declined by 1.91% on a yearly basis to E22.73billion. The quarterly increase in assets is due to a 25.12% increase in deposits which were valued at E3.84 billion. Compared to Q1 2021, the foreign allocation of assets increased by 9.67%.

Investment assets in equities realised slight increase of 0.36% on a quarterly basis and a 6.26% increase on a yearly basis. Compared to Q1 2021, assets in equities increased by 5.21%. In this quarter under review, equity assets held as ordinary listed shares declined by 17.66% from E15.39 billion to E12.67 billion on a quarterly basis. Although a decline in ordinary listed assets was observed, the appears to be a change in the strategy of retirement funds as E2.67 billion was invested in ordinary unlisted equities. This has resulted in investment assets under ordinary listed shares declining yearly from E16.52 billion to E12.67 billion in the quarter under review indicating a E3.85 billion change over this period. Despite the noted decline, assets invested in equities account for 78.2% of the total allocation of foreign assets.

There was a significant increase in assets invested in the money market quarterly by 31.04% and by 6.91% yearly. Figure 46 indicates the foreign allocation of investment as of the period under review.

Figure 46: Foreign Investment Allocation



3.4.3 RFs Income and Expenditure

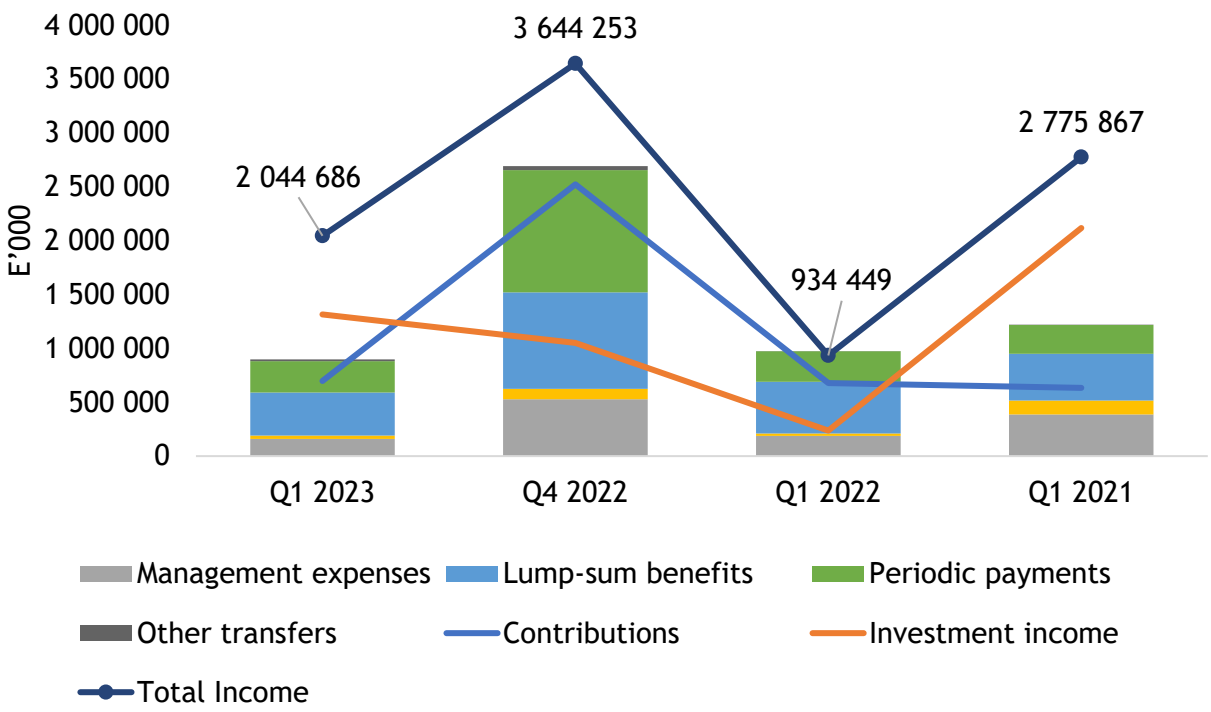
3.4.3.1 Income and Expenditure

The value of contributions in this period under review was E696.67million which is an increase of 2.87% on a yearly basis from E677.2 million. Compared to Q1 2021, the value of contributions increased by 10.01% from E633.23 million. Of the E696.67million recorded in the quarter under review, E231.03 million related to member contributions whilst the employer contribution amounted to E465.63 million. As part of the member contributions, on a yearly basis, there has been a steady increase in voluntary additional contributions made by RF's members from E2.17 million in Q1 2021 to E12.74 million in the quarter under review. This could point towards members being more aware of the importance of saving for their retirement and improving their chances of meeting their target replacement ratio.

64.33% of the retirement funds income is earned from investments, when compared to Q1 2022, the investment income earned during this period had improved significantly from E1.04 billion to E1.31 billion as of Q1 2023. An improvement of 84.83% in recoveries from insurers was also observed together with 34.07% increase in transfers into the funds. These events and corresponding transaction led to the retirement funds total income for Q1 2023 being significantly higher than the income earned in Q1 2022.

When compared to Q1 2022, retirement funds expenses were 8.19% lower, and this was mainly due to the 17.31% decline in the lump sum benefits and the 8.08% decline in total current benefits, while management expenses were 14.37% lower.

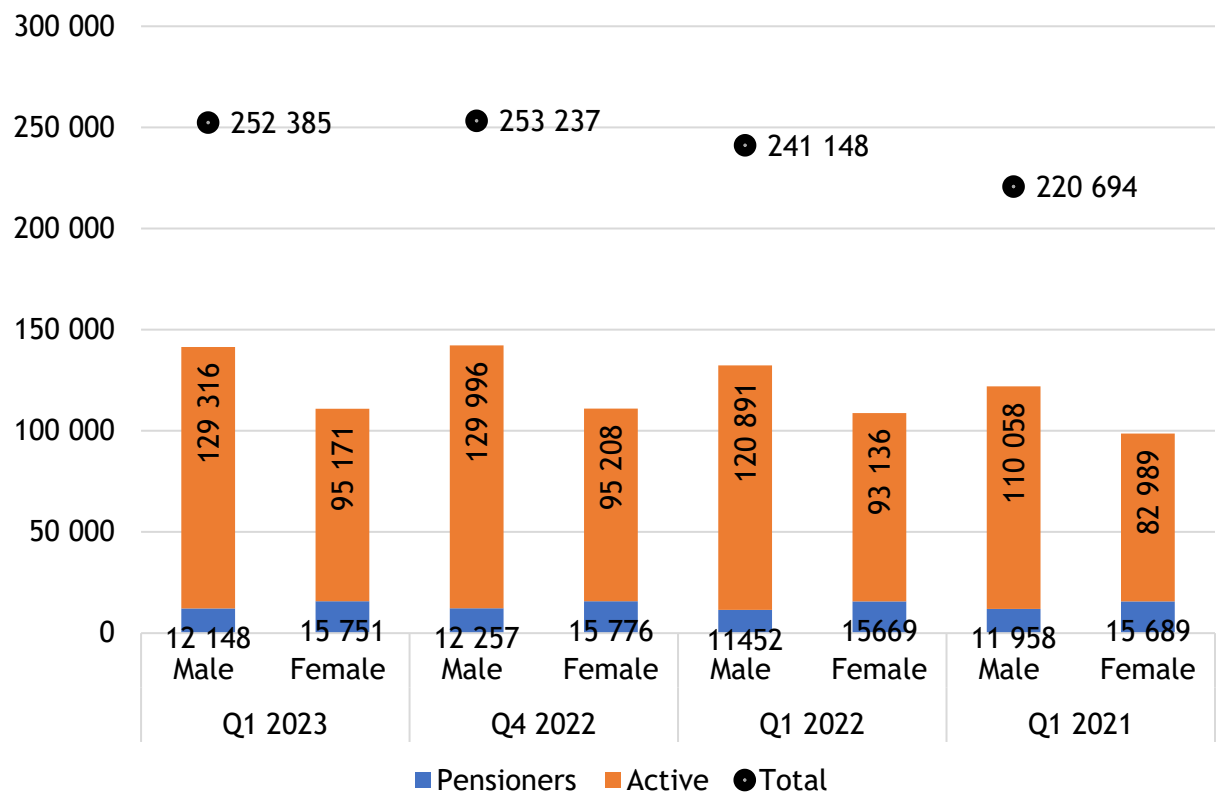
Figure 47: RF Income and Expenditure



3.4.4 RFs Membership

In the quarter under review, there were 252 385 members of RF's. Split according to gender, the composition of members is 56% males and 44% females. Split according to active and pensioner classification across both genders, the 89% of the RF's members are active and the remainder (11%) are pensioners. Amongst the pensioners, the largest number of them are retired Members, followed by dependants and surviving spouses. On a quarterly basis, the members percentage split did not change. Changes are minimal across all the reviewed periods and range between 54% - 56% male composition.

Figure 48: RFs Membership



3.4.5 RF's Market Share in terms of Assets

Statutory funds continue to be the anchor of the retirement funds sector with their assets accounting for 84.27% of the country's retirement funds assets. The combined value of statutory funds' assets is E36.50 billion indicating a 2.17% growth on a quarterly basis from E35.44 billion. The top ten (10) private pension funds excluding, umbrella funds' assets were valued at E3.39 billion and account for 7.83% of the total sectors assets.

The top five (5) umbrella funds' assets were valued at E1.86 billion and accounted for 4.31% of the total sectors total assets. Combined, the 19 cited RFs' assets are valued at E41.76 billion which is 96.41% of the total sectors assets. See figure 49,50 and 51 showing the different market shares.

Figure 49: Statutory Funds Market Share

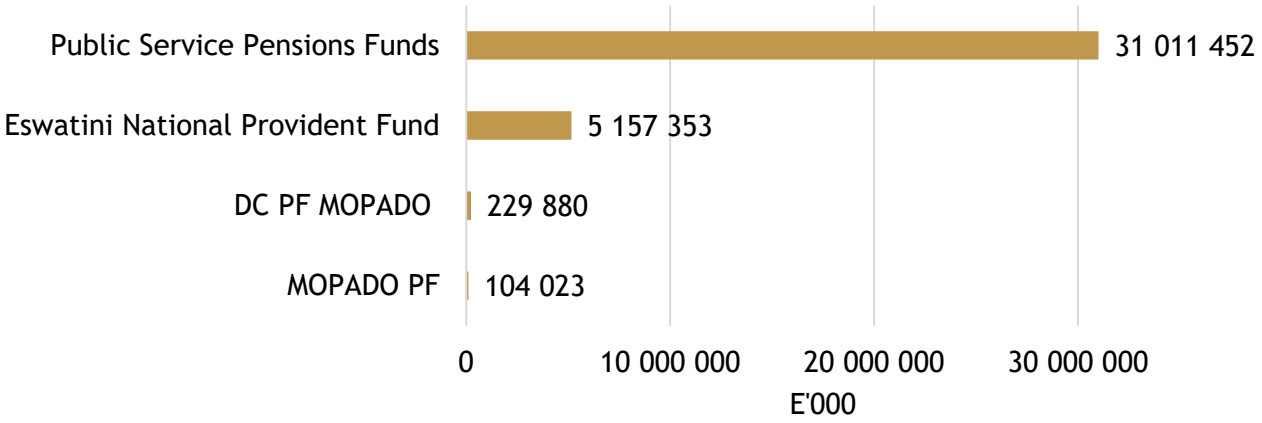


Figure 50: Top 10 Private Funds excl. Umbrella Funds

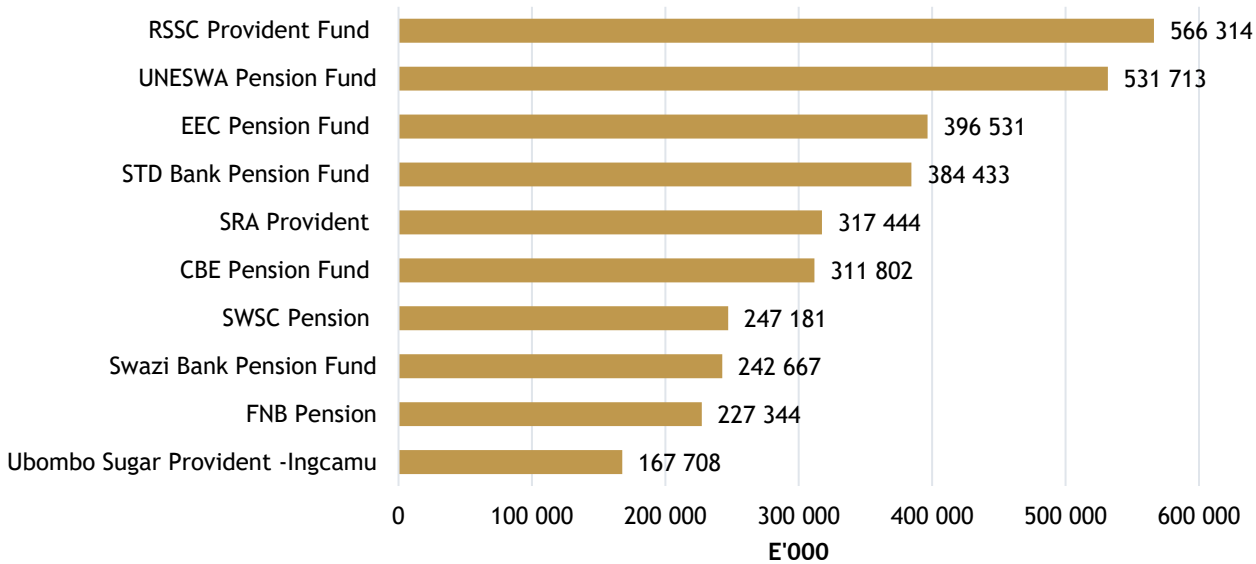
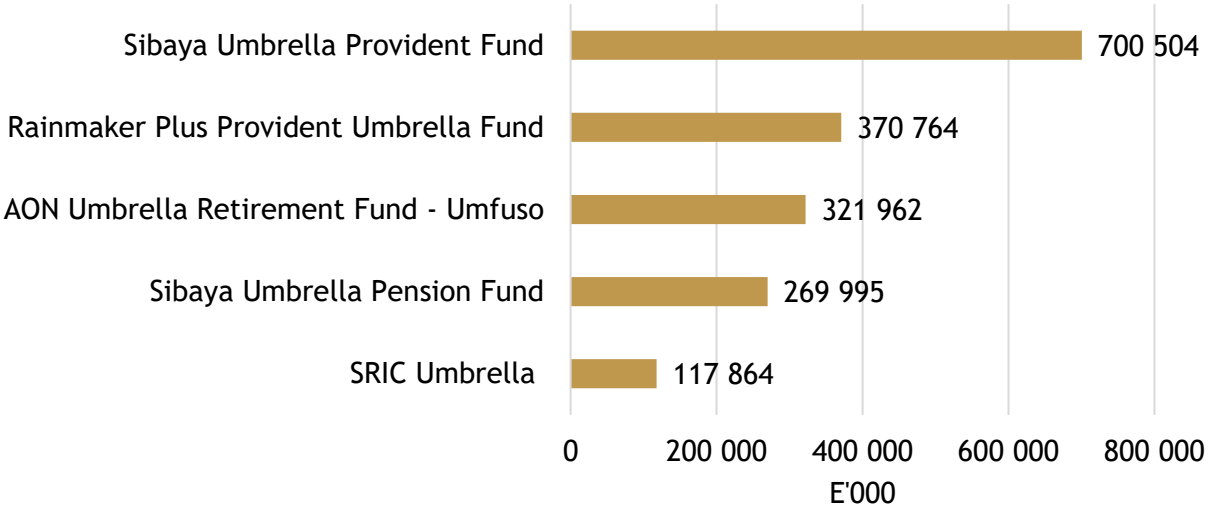


Figure 51: Top 5 Umbrella Funds Market Share



NBFI SECTOR EXPOSURES

4. NBFI SECTOR EXPOSURES

4.1 NBFI Exposure to the Economy

Retirement funds, Insurers, and SACCO's domestic asset holdings stood at E25.16 billion as of 31 March 2023. The exposure analysis only considers the domestic assets and how they are diversified within the Kingdom. Foreign denominated assets are not considered in this exposure analysis.

4.2 Retirement Funds

4.2.1 Banking and Building Societies

The largest investors in the local economy, boasting assets of E20,58 billion. 2.34% of those assets are held as deposits with the local banks, and loans to these same banks accounting for 1.53%, bringing the total exposure to the banking sector to 3.87%. This is generally accepted as it is below 5% as it is generally accepted exposure and shows limited exposure to the banks. Building societies exposure however stood at 0.31% of the local assets.

4.2.2 Local Asset Managers

Local asset managers held 12.56% of the retirement funds assets, which further filtered back into the economy as indirect investments. The exposure is significantly high when looked at as a collective but due to different investment strategies, diversification reduces the overall exposure to the economy and the impact felt.

4.2.3 Government and Corporate Bonds

Retirement Funds holdings in treasury bills and government bonds accounted for 14.49% of the local holdings a very high exposure, as it is almost triple the recommended exposure, but considering systematic risk, government bonds and treasury bills fall under risk-free assets, as they are relatively safe investment instruments. Commercial bonds account for 2.86%, a fair exposure, as the market has proven to be resilient to a certain extent. 17.57% of the local asset holdings are in private equity holdings, property developments and other infrastructure developments. This significant exposure however may attract unsystematic risk, which in turn would then affect the long-term performance of the retirement funds.

4.3 Insurers

Short-term and Long-term total local asset holdings were valued at E1,89 billion. short-term insurers had 32.02% of their total assets held as deposits in the local banks, a very high exposure but due to the nature of their business and the fact that they need to be liquid, the exposure is acceptable. Exposure to the building societies stood at 7.09% a diversification strategy as building societies have shown some resilience to market shocks. Local asset managers' exposure stood at 60.89% of their assets mostly held in the money-market instruments, which is also in line with the short-term insurers' business model.

Long-term insurers had a 14.19% exposure to the banks which is more than half the exposure when compared to short-term insurance. This is expected as long-term insurance companies have more leeway and time to diversify their assets to ensure a prudent asset liability match. The high exposure to banks may be explained by the need for fast liquidity in times of crisis. There is also a 0.69% loans to the same banks, meaning loaned assets. Exposure to local asset managers was 48.40% a very high exposure but due to the nature and longevity of insurance funds, the exposure is worth the risk, as they will expect higher returns. Treasury and government bills accounted for 16.28%, a risk-free and liquid instrument.

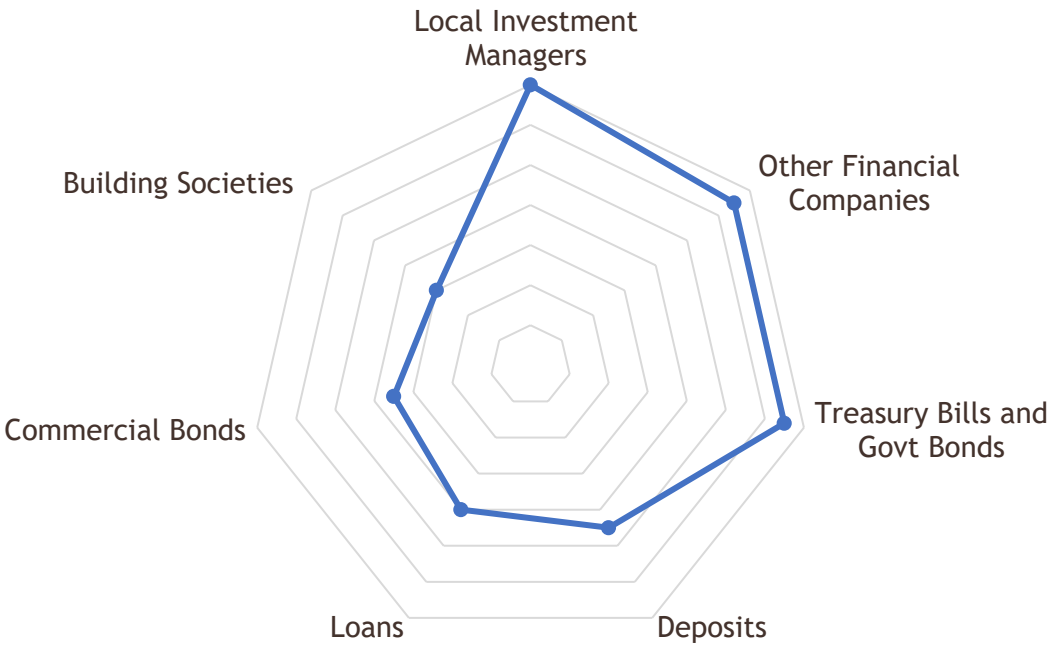
4.4 SACCOs

Local asset holding for SACCOs stood at E2.72 billion. 11.31% were held as bank deposits, liquidity is key in this sector for meeting the demand for regular credit applications by the members. A 0.17% is exposure to building societies was also observed. Local asset managers' exposure is 10.42%, a high exposure but expected to generate returns for the members savings accounts.

4.5 NBFI Sector

The non-bank financial intermediary (NBFI) sector continues to gain relevance and increasingly provides credit intermediation and funding services to the real economy. This results in both direct and indirect interconnectedness between the NBFI's and banks through multiple channels. The NBFI sector continues to grow and has the potential to cause financial stability concerns, as systematically important companies (too big too fail) start to grow and mature in the country. At the same time, cooperation between domestic policymakers and between national authorities is essential. This helps in identifying risks and managing crises before the is a spillover, not forgetting international coordination can assist in reducing the risks of cross-border spillovers, regulatory arbitrage, and market fragmentation, especially with related companies. It is crucial to assess the level of observable data to improve the visibility of interconnectedness between banks and NBFIs to minimize unsystematic risk.

Figure 52: NBFI Exposures



ANNEXURES

Annexure 1: Number of Licensed Financial Service Providers

	31-Mar-23	31-Dec-22
Collective Investment Scheme Managers	4	5
Investment Advisors	8	12
Trustees	2	3
Exempt Dealers	1	1
Securities Brokers	2	1
Securities Exchanges	1	1
Credit Providers (Non-deposit taking)	128	135
SACCOs	56	62
Building Societies	2	2
Credit Bureaus	2	2
Debt Counsellors	0	1
Reinsurers	2	2
Insurers	16	15
Insurance Brokers	34	35
Corporate Agents	33	35
Individual Agents	95	107
Standalone Funds	40	40
Umbrella Funds	16	14
Beneficiary Funds	3	3
Insured Funds	13	7
Foreign funds	17	20
Fund Administrators	8	8
Medical Schemes	3	3
	486	514

NB: There are 317 participating employers under the 16 licensed Umbrella Funds.

Annexure 2: CISs – Funds under Management

	Mar-23	Dec-22
Geographic Allocation		
Domestic	4,981,863,124.41	4,831,502,078.02
Common Monetary Area	1,893,517,441.60	2,290,027,199.53
Offshore	757,031,168.66	601,248,209.42
Total Assets under Management	**7,632,411,734.67**	**7,722,777,486.90**
Asset Allocation		
Cash	510,845,043.28	306,662,518.38
Negotiable Certificate of Deposit	259,655,031.98	416,135,625.34
Banker's Acceptance	217,359,113.88	299,014,633.57
Commercial Paper	310,540,308.22	348,838,048.63
Treasury Bill	1,241,637,024.52	948,539,316.35
Corporate Bonds	299,821,763.01	203,422,253.41
Bonds/Debentures	510,381,163.98	539,098,480.33
Equity with Primary Listing	620,301,540.84	843,900,104.85
Equity with Secondary Listing	44,869,270.00	65,785,079.00
Equity Index-Linked Securities	-	-
Listed Securities: Debt	-	18,388,328.76
Unlisted Securities: Equity	-	3,181,448.23
Unlisted Securities: Debt	514,937,937.02	456,406,929.49
Collective Investment Schemes	57,471,379.99	233,225,219.09
Collective Investment Schemes (Associated Entity)	1,459,328,839.85	1,567,296,992.47
Property - Shares	779,177.00	779,177.00
Property - Land	-	-
Property - Buildings	-	-
Other Portfolio Assets	1,584,484,141.50	1,472,103,332.00
Total	**7,632,411,734.67**	**7,722,777,486.90**

Annexure 3: CISs Source of Funds

	Mar-23	Dec-22
Retail Investors	1,416,400,587.08	1,091,332,773.61
Politically Exposed Persons	45,952,403.73	46,366,387.95
High Networth Individuals		-
Professional Investors	-	-
Institutional - Retirement Funds	2,689,638,878.04	2,457,133,539.13
Institutional - Medical Aid Schemes	29,631,169.30	40,329,608.11
Institutional - Insurance Short Term	69,393,096.43	67,664,970.52
Institutional - Insurance Long Term	251,116,885.89	189,796,607.81
Collective Investment Schemes	1,280,262,850.13	1,109,855,137.57
Institutional - Credit Providers		-
Institutional - SACCOs	44,558,650.72	43,409,134.33
Institutional - Banks		-
Companies	1,692,933,652.27	2,556,880,225.57
Institutional - Other	112,523,561.86	120,009,101.43

Annexure 4: IAs - Funds under Advisory

	Mar-23	Dec-22
Geographic Allocation		
Domestic	8,188,958,903.43	8,005,087,365.52
Common Monetary Area	12,464,427,674.57	12,715,159,616.24
Offshore	3,928,217,352.05	3,530,287,551.29
Total Assets under Management	**24,581,603,930.05**	**24,250,534,533.05**
IA Source of Funds		
Retail Investors	434,915,293.18	436,001,021.22
Politically Exposed Persons	-	-
High Networth Individuals	110,836,553.72	-
Professional Investors	-	-
Institutional - Retirement Funds	19,979,018,601.40	20,702,066,205.01
Institutional - Medical Aid Schemes	85,202,069.00	115,100,243.00
Institutional - Insurance Short Term		
Institutional - Insurance Long Term	54,049,608.62	1,275,107,484.92
Collective Investment Schemes	1,146,702,321.72	1,306,736,502.00
Institutional - Credit Providers	4,116,067.51	1,825,223.27
Institutional - SACCOs	10,588,410.58	
Institutional - Banks	308,687,602.60	97,996,815.95
Companies	2,466,901,036.45	302,976,614.03
Institutional - Other	13,111,238.95	12,724,423.51
Total	**24,581,603,930.05**	**24,250,534,532.91**

Annexure 5: Savings and Credit Cooperative Societies Statement of Financial Position

	Mar-23	Dec-22
	E'000	E'000
Cash and Cash Equivalents	346,232.15	235,021.28
Prepayments & Sundry Receivables	5,137.54	3,562.23
Financial Investments	307,890.28	339,923.71
Net Loan Portfolio	1,713,901.58	1,762,042.64
Gross Loan Portfolio	1,908,335.08	1,797,869.26
Less: Provision for Loan Loss	36,978.68	35,826.62
Accounts Receivables	94,647.66	49,052.34
Unremitted Salary Deductions	39,405.71	18,046.26
Staff loans	4,743.98	6,046.86
Tax Recoverable	50.00	51.31
Unallocated Funds	4,546.88	4,778.04
Other Accounts Receivables	45,901.10	20,129.87
Property & Equipment & Other assets	104,208.79	98,665.68
Land & Buildings	91,933.87	86,533.87
Plant & Equipment	10,649.91	11,550.78
Prepaid Lease rentals	7.13	7.13
Intangible Assets	24.32	61.64
Other Assets	1,593.57	512.26
Total Assets	2,572,018.01	2,488,267.89
Total Deposit liabilities (Note 3)	1,871,671.15	1,826,754.68
Short Term Liabilities	199,977.63	173,604.26
Accounts payable	70,518.40	69,581.51
Tax Payable	3,725.26	2,460.32
Dividends Payable	75,332.52	55,233.16
Retirement Benefits Liability	1,405.36	1,602.65
Bank Overdraft	-	-
Other Short-term liabilities	48,996.10	44,726.62
Total Short-Term Liabilities	2,071,648.78	2,000,358.94
Long Term Liabilities	6,837.09	6,575.98
External Borrowings	2,996.78	1,431.76
Other Long-Term Liabilities	3,840.31	5,144.22
Total Liabilities	2,078,485.87	2,006,934.92
EQUITY	161,548.76	158,339.84
Permanent and Non-withdrawable share (Note 4)	160,511.05	**157,258.70**
Capital Grants and Donations	1,037.71	1,081.13
Retained Earnings	99,922.41	**94,742.42**
Prior Retained Earnings	81,562.37	84,086.21
Current Surplus	18,360.04	**10,656.21**
Other Equity Accounts	232,060.97	**228,718.66**
Statutory Reserve	67,170.66	67,828.66
General Reserves	121,008.44	116,018.79
Revaluation Reserves (Not part of core capital)	14,004.19	14,004.19
Share Transfer Fund	14,870.73	16,433.83
Education Fund	11,098.92	11,452.35
Central Cooperative Fund	2,018.94	2,659.02
Adjustment to Equity	1,889.09	321.83
Total Equity	493,532.14	**481,800.91**
Total Liabilities and Equity	**2,572,018.01**	**2,488,735.83**

Annexure 7: Developmental Finance Institutions Statement of Financial Position

	Mar- 2023	Dec - 2022
ASSETS		
Property, Plant and Equipment	127 885 617,76	130 900 003,05
Investments in Subsidiaries	1 021 544 541,09	1 017 750 205,53
Deferred Tax	28 156 258,45	16 214 014,51
Loans and Advances (long term) portion)	453 181 402,45	438 881 301,60
Other Assets	30 119 300,00	30 120 000,00
Total Non-current Assets	1 660 887 119,75	1 633 865 524,69
Current Assets		
Amounts Owing by Related Parties	508 190 045,00	512 584 666,00
Current Tax Receivable	12 635 720,00	12 635 720,00
Loans and Advances (short term) portion)		
Trade and other Receivables	100 313 570,76	100 356 674,95
Cash at Bank (with financial institutions)	159 621 782,90	130 814 053,66
Cash in Hand	18 850,00	11 420,00
Total Current Assets	780 779 968,66	756 402 534,61
Total Assets	2 441 667 088,41	2 390 268 059,30
EQUITY AND LIABILITIES		
Equity		
Share Capital	93 049 690,00	93 049 690,00
Reserves	609 511 279,08	609 511 279,08
Retained Income	430 813 702,39	423 777 922,32
Total Equity	1 133 374 671,47	1 126 338 891,40
Non-current Liabilities		
Security Deposits	101 169 123,00	102 780 705,00
Amounts Owing to Related Parties	15 095 850,00	15 095 850,00
Other Financial Liabilities	1 119 562 650,77	1 068 165 246,13
Deferred Tax		
Total Non-current Liabilities	1 235 827 623,77	1 186 041 801,13
Current Liabilities		
Amounts owing to Related Parties		
Trade and Other Payable	76 769 188,17	76 895 395,37
Current tax payable	(4 304 395,00)	(1 541 567,60)
Other financial liabilities		2 533 538,00
Total Current Liabilities	72 464 793,17	77 887 365,77
Total Liabilities and Equity	2 441 667 088,41	2 390 268 058,30

Annexure 8: Retail Outlets Statement of Financial Position

	Mar-23	Dec-22
Assets	E'000	E'000
Property, Plant and Equipment	85 952	87 247
Investments	0	0
Gross Debtors (credit extension)	319 852	337 603
Provision for bad debt	120 846	146 515
Net debtors	199 005	191 088
Other assets	903 116	1 012 900
Cash and cash equivalents	114 723	189 334
Total Assets	1 302 797	1 480 569
Equity		
Share Capital	390	390
Retained Income	854 931	941 417
Total Equity	855 321	941 807
	0	
Liabilities	0	
Borrowings	2 333	2 470
Other payables and financial Liabilities	445 143	536 291
Total Liabilities	447 476	538 761
Total Liabilities and Equity	1 302 797	1 480 569

Annexure 9: Building Societies Statement of Financial Position

	Mar-23	Dec-22
NOTES AND COINS	30 306,00	56 861,00
Emalangeni Notes and Coin	30 306,00	56 861,00
Rands		-
DUE FROM BANKS 'NOSTRO'	77 633,25	60 700,00
Central Bank of Swaziland	19 161,00	17 397,00
Domestic Commercial Banks	58 078,25	42 914,00
Non resident Banks	394,00	389,00
INVESTMENTS	544 738,44	519 634,49
Domestic	494 104,44	467 509,94
Foreign	50 634,00	52 124,55
BILLS RECEIVABLE		
NET LOANS AND ADVANCES	2 239 609,00	2 168 230,02
Gross Loans & Advances	2 380 849,00	2 316 047,02
Less: General Provisions	17 219,00	17 219,00
Less: Other Deductions	124 021,00	130 598,00
UNCLEARED EFFECTS		
FIXED ASSETS (Net of Depreciation)	318 887,37	309 528,37
Land and Buildings	147 400,73	149 366,73
Furniture, Fixtures, Equipment and Vehicles	171 486,64	160 161,64
OTHER REAL ESTATE OWNED	11 391,00	9 528,00
OTHER ASSETS	100 986,45	96 250,67
TOTAL ASSETS	3 323 551,51	**3 220 732,54**
LIABILITIES		
DEPOSITS	1 571 291,60	1 536 798,08
Transmission/Demand	86 437,26	283 397,00
Savings	1 013 575,00	997 911,20
Term	471 279,34	255 489,88
DUE TO BANKS 'VOSTRO'	7 149,00	4 477,00
Central Bank of Swaziland		-
Domestic Commercial Banks	7 149,00	4 477,00
Nonresident Banks		-
BILLS PAYABLE		1 946,40
INTERBRANCH BALANCES IN ESWATINI (If Net Credit Balance)		-
OTHER BORROWINGS		-
OTHER LIABILITIES	144 587,39	68 940,39
TOTAL LIABILITIES	1 723 027,99	1 612 161,87
CAPITAL AND RESERVES	1 600 523,61	1 608 570,99
Paid Up / Issued Share Capital	1 062 750,77	1 073 599,99
Permanent Shares	1 026 567,57	1 036 869,99
Subscription Shares	36 183,20	36 730,00
Statutory Reserves	52 432,00	49 262,00
Retained Income (Prior Years)	419 405,00	415 561,00
Income (Loss) to Date	-6 812,16	(2 600,00)
Revaluation Reserves	72 748,00	72 748,00
Other Reserves		-
TOTAL LIABILITIES, CAPITAL AND RESERVES	3 323 551,60	**3 220 732,86**

Annexure 10: Retirement Fund Statement of Comprehensive Income

INCOME	Mar- 2023	Dec - 2022
TOTAL CONTRIBUTIONS (from C13)	696 673 900	2 522 950 940
Investment income	1 315 531 926	1 049 970 670
Transfers to the fund	20 444 361	48 744 008
Benefits paid by insurers (to the fund)	11 428 332	18 029 113
Other income	607 867	4 557 861
TOTAL INCOME	2 044 686 386	**3 644 252 591**
EXPENSES		
Management expenses	159 937 356	528 230 619
Premiums for insured benefits (Note 4)	30 992 159	96 703 604
Annuities purchased from insurers		3 311 000
Lump-sum benefits:		
Withdrawal - cash	96 100 111	302 517 541
Withdrawal - transfers to other retirement funds	22 013 745	15 979 136
Accident and sickness		1 825 232
Disability	623 140	3 211 611
Death	43 336 103	128 129 210
Retirement	134 427 428	435 380 070
Voluntary early retirement	102 317 290	7 992 052
Total lump-sum benefits	**398 817 817**	895 034 853
Periodic payments:		
Disability	255 000	810 000
Death	109 000	400 000
Retirement	290 375 168	1 133 887 823
Total periodic payments	**290 739 168**	1 135 097 823
Other transfers	16 965 312	36 617 531
TOTAL CURRENT BENEFITS	**706 522 296**	2 070 061 208
Change in future benefits liability	678 069 332	1 428 833 573
TOTAL EXPENSES	**1 575 521 143**	**4 123 829 004**
EXCESS OF INCOME OVER EXPENSES	**469 165 337**	**- 479 576 413**

Annexure 11: Retirement Funds Investments

Invested Assets and Cash - Local	Mar - 2023	Dec - 2022
Item		
Cash on hand	10	2
Deposits:		
First National Bank	47 753	295 336
Nedbank	82 259	162 576
Eswatini Bank	210 340	143 349
Standard Bank	141 747	213 627
Swaziland Building Society	63 888	13 544
Other banks (explain)	3 209	1 295
Other non-bank financial institutions (explain)	451	530
Total deposits	549 647	830 257
Money market and debt maturing within 12 mo.:		
Central Bank of Eswatini	14 653	
Government of Eswatini	98 049	111 009
Local authorities	53 125	51 917
Parastatals		
Money market collective investment schemes	1 751 264	1 882 966
Banks (debt of or loan to banks, other than deposits)	52 766,000	51 701
Non-bank financial institutions (debt of or loan to NBFIs, other than deposits)		
Commercial paper and bonds	393 549	426 336
Other (explain)	203 265	193 123
Total money market and debt maturing within 12 mo.	2 566 672	2 717 052
Debt maturing after 12 months:		
Central Bank of Eswatini	50 010	50 010
Government of Eswatini	2 819 015	2 635 348
Local authorities	277 223	274 944
Parastatals	1 267 125	1 262 529
Fixed income collective investment schemes	546 030	491 234
Banks (debt of or loan to banks, other than deposits)	262 511	256 529
Non-bank financial institutions (debt of or loan to NBFIs, other than deposits)	3 613 590	3 467 107
Commercial bonds	194 725	95 330
Other (explain)		
Total debt maturing after 12 months	9 030 229	8 533 031
Equity (other than property-related):		
Ordinary shares - listed	983 640	1 004 946
Ordinary shares - unlisted	3 573 080	3 601 809
Preference shares - listed		
Preference shares - unlisted		
Convertible debentures - listed		
Equity and balanced collective investment schemes	286 878	383 176
Total equity	4 843 598	4 989 931
Property investments:		
Land and buildings	1 871 300	1 829 789
Mortgages		
Loans to property developers	167 464	171 267
Shares of property developers	19 110	19 110
Property collective investment schemes		
Total property investments	2 057 874	2 020 167
Insurance policies	375 817	462 967
Other (explain)	1 158 778	1 084 511
TOTAL LOCAL ASSETS	20 582 625	20 637 920

Annexure 11: Retirement Funds Investments

Invested Assets and Cash - Foreign		
Item		
Cash on hand	190	214
Deposits	3 843 335	3 071 826
Money market and debt maturing within 12 mo.:		
Central banks	9 915	9 305
National governments and international agencies	573	
Local authorities		
Parastatals		
Money market collective investment schemes	452 541	288 179
Banks (debt of or loan to banks, other than deposits)	947	
Non-bank financial institutions (debt of or loan to NBFIs, other than deposits)	24	
Commercial paper and bonds	120 952	140 236
Other (explain)	3	
Total money market and debt maturing within 12 mo.	584 954	437 720
Debt maturing after 12 months:		
Central banks		
National governments and international agencies	11 032	6 438
Local authorities		
Parastatals		
Fixed income collective investment schemes	231 784	228 400
Banks (debt of or loan to banks, other than deposits)		
Non-bank financial institutions (debt of or loan to NBFIs, other than deposits)		
Commercial bonds	98 525	34 568
Other (explain)	335	
Total debt maturing after 12 months	341 676	269 406
Equity (other than property-related):		
Ordinary shares - listed	12 672 809	15 391 295
Ordinary shares - unlisted	2 739 751	
Preference shares - listed	2 467	2 191
Preference shares - unlisted		
Convertible debentures - listed		
Convertible debentures - unlisted		
Equity and balanced collective investment schemes	2 356 834	2 472 721
Total equity	17 771 861	17 866 208
Property investments:		
Land and buildings	1 972	
Mortgages		
Loans to property developers		
Shares of property developers	152 538	166 120
Property collective investment schemes	24 996	32 955
Total property investments	179 506	199 074
Insurance policies		
Other (explain)	11 805	
TOTAL FOREIGN ASSETS	22 733 328	21 844 447
TOTAL ASSETS	43 315 953	42 482 367

Annexure 12: Short term Insurers Statement of Comprehensive Income

	Mar 2023	Dec 2022
Gross premiums written	165 559	933 553
Direct premiums	165 559	933 553
Assumed reinsurance premiums	-	-
Less premiums ceded	75 849	402 399
Net insurance premiums revenue	89 710	**531 153**
Change in unearned premium and unexpired risk provision (Note 2)	28 358	- 13 079
Net earned premiums	118 068	518 074
Net incurred claims	48 427	142 897
Commission and other acquisition costs	20 332	109 096
Reinsurance commission received	10 748	68 828
Net commission expenses	9 584	40 268
Management expenses	41 095	188 655
Total underwriting expenses	99 106	371 820
Underwriting income/(loss)	18 962	146 254
Investment income	12 547	34 572
Other income	9 341	36 186
Income/(loss) before tax	40 850	217 012
Taxation	11 465	57 792
Net income for the period	29 386	159 220
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	29 386	159 220

Annexure 13: Short term Insurers Statement of Financial Position

	Mar 2023	Dec 2022
Assets		
Property, plant and equipment	112 486	100 890
Intangible assets	7 451	7 527
Investment assets and cash	639 235	654 840
Deferred acquisition costs	11 744	14 738
Deferred income tax assets	3 260	4 281
Prepaid taxes	4	43 536
Reinsurance receivables	81 690	104 244
Amounts due from related parties	3 009	3 767
Premiums receivable	131 624	148 521
Loans	4 768	6 968
Other	98 388	96 053
Total Assets	1 093 659	1 185 364
	-	-
Liabilities	-	-
Insurance liabilities and technical provisions	341 606	463 837
Amounts due to related parties	3 885	2 980
Reinsurance liabilities	63 631	68 492
Borrowings	-	-
Trade and other payables	39 611	50 394
Current tax payable	18 951	- 3 432
Deferred income tax liabilities	97	93
Cell fund liabilities	7 037	3 518
Total Liabilities	474 817	585 882
	-	-
Equity	-	-
Share capital	27 462	27 462
Share premium	23 730	23 730
Statutory reserves	10 636	10 731
Other reserves	11 951	13 323
Retained earnings	545 064	524 235
Accumulated other comprehensive income	-	-
Total Equity	618 843	599 481
Total Equity and Liabilities	1 093 660	1 185 363

Annexure 14: Long-term Insurers Statement of Comprehensive Income

	Mar 2023	Dec 2022
Gross earned premiums	283 064	1 030 823
Direct premiums	283 064	1 030 823
Assumed reinsurance premiums	-	-
Less premiums ceded	16 571	73 285
Net earned premiums	266 492	957 538
Investment income	100 039	136 071
Other income	2 830	20 571
Total income	369 362	**1 114 180**
Insurance benefits and claims	154 285	1 446 629
Change in policy liabilities	71 880	(754 041)
Total policy benefits	226 166	**692 588**
Commission and other acquisition costs	11 908	48 146
Reinsurance commission received	2 540	10 610
Net commission expenses	9 367	**37 536**
Management expenses	71 757	218 071
Total expenses	307 291	**948 194**
Income/(loss) before tax	62 071	165 986
Taxation	2 956	18 529
Net income for the period	59 115	**147 457**
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	59 115	**147 457**

Annexure 15: Long-term Insurers Statement of Financial Position

	Mar 2023	Dec 2022
Assets		
Property, plant and equipment	9 419	10 150
Intangible assets	10 313	8 942
Investment assets and cash	4 300 456	4 312 293
Deferred acquisition costs	21 168	17 586
Deferred income tax assets	9 174	13 651
Prepaid taxes	444	15 021
Reinsurance receivables	12 704	22 928
Amounts due from related parties	53 368	48 739
Premiums receivable	42 237	44 731
Loans	86 010	76 656
Other	71 744	58 655
Total Assets	4 617 037	**4 629 353**
Liabilities		
Insurance contract liabilities	1 608 586	1 641 636
Investment contract liabilities	2 069 229	2 151 073
Amounts due to related parties	5 506	6 845
Reinsurance liabilities	44 046	62 686
Borrowings	3 536	3 808
Trade and other payables	224 426	153 716
Current tax payable	- 402	2 412
Deferred income tax liabilities	5 680	-
Total Liabilities	3 960 606	**4 022 175**
	-	
Equity	-	-
Share capital	51 362	51 362
Share premium	105 871	105 871
Statutory reserves	2 400	2 400
Other reserves	10 787	10 787
Retained earnings	486 010	436 757
Accumulated other comprehensive income	-	-
Total Equity	656 431	607 177
Total Equity and Liabilities	4 617 037	**4 629 353**

Annexure 16: Short-term Reinsurance Statement of Comprehensive Income

	Mar 2023	Dec 2022
Gross premiums written (Note 1)	30 896	53 850
Direct premiums (Note 1)	30 896	53 850
Assumed reinsurance premiums (Note 1)	-	-
Less premiums ceded (Note 1)	12 458	26 396
Net insurance premiums revenue	18 438	27 454
Change in unearned premium and unexpired risk provision (Note 2)	697	5 009
Net earned premiums	19 135	32 463
Net incurred claims (Note 3)	3 755	8 442
Commission and other acquisition costs (Note 4)	7 990	13 914
Reinsurance commission received (Note 4)	2 310	4 212
Net commission expenses (Note 4)	5 680	9 702
Management expenses (Note 5)	4 345	15 435
Total underwriting expenses	13 780	33 579
Underwriting income/(loss)	5 355	- 1 116
Investment income (Note 6)	999	3 277
Other income (Note 7)	-	-
Income/(loss) before tax	6 354	2 161
Taxation	2 032	1 507
Net income for the period	4 322	654
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	4 322	654

Annexure 17: Short-term Reinsurance Statement of Financial Position

	Mar 2023	Dec 2022
Assets		
Property, plant and equipment	1 209	1 221
Intangible assets	-	-
Investment assets and cash (Note 8)	74 191	73 112
Deferred acquisition costs (Note 9)	-	-
Deferred income tax assets (Note 9)	790	2 175
Prepaid taxes (Note 9)	-	-
Reinsurance receivables (Note 9)	-	-
Amounts due from related parties (Note 9)	-	-
Premiums receivable (Note 9)	33 141	30 367
Loans (Note 9)	-	-
Other (Note 9)	5 665	3 874
Total Assets	114 997	110 749
	-	-
Liabilities	-	-
Insurance liabilities and technical provisions (Note 10)	10 800	11 224
Amounts due to related parties (Note 11)	13 283	-
Reinsurance liabilities (Note 11)	5 224	4 258
Borrowings (Note 11)	-	-
Trade and other payables (Note 11)	3 654	12 061
Current tax payable (Note 11)	-	-
Deferred income tax liabilities (Note 11)	-	-
Cell fund liabilities (Note 12)	-	-
Total Liabilities	32 961	27 543
	-	-
Equity	-	-
Share capital (Note 13)	82 918	82 918
Share premium (Note 13)	-	-
Statutory reserves (Note 13)	-	-
Other reserves (Note 13)	-	-
Retained earnings (Note 13)	4 322	654
Accumulated other comprehensive income (Note 13)	- 5 204	- 366
Total Equity (Note 13)	82 036	83 206
Total Equity and Liabilities	114 997	110 749

Annexure 18: Long-term Reinsurance Statement of Comprehensive Income

	Mar - 2023	Dec - 2022
Gross earned premiums	1 061	10 133
Direct premiums (Note 1)	1 061	10 133
Assumed reinsurance premiums (Note 1)	-	-
Less premiums ceded (Note 1)	318	3 040
Net earned premiums	743	7 093
Investment income (Note 6)	207	636
Other income (Note 7)	-	-
Total income	950	7 729
Insurance benefits and claims (Note 2)	613	4 764
Change in policy liabilities (Note 3)	-	-
Total policy benefits	613	4 764
Commission and other acquisition costs (Note 4)	-	532
Reinsurance commission received (Note 4)	32	304
Net commission expenses	(32)	228
Management expenses (Note 5)	889	2 810
Total expenses	1 470	7 802
Income/(loss) before tax	(521)	(73)
Taxation	-	-
Net income for the period	(521)	(73)
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	(521)	(73)

Annexure 19: Long-term Reinsurance Statement of Financial Position

	Mar 2023	Dec 2022
Assets		
Property, plant and equipment	32,55	32
Intangible assets		-
Investment assets and cash (Note 8)	11 958	11 197
Deferred acquisition costs (Note 9)	-	-
Deferred income tax assets (Note 9)	198	504
Prepaid taxes (Note 9)	-	-
Reinsurance receivables (Note 9)	-	-
Amounts due from related parties (Note 9)	-	-
Premiums receivable (Note 9)	3 258	5 579
Loans (Note 9)	-	-
Other (Note 9)	1 053	505
Total Assets	16 499	17 818
		-
Liabilities		-
Insurance liabilities and technical provisions (Note 10)	-	-
Amounts due to related parties (Note 11)	-	-
Reinsurance liabilities (Note 11)	-	-
Borrowings (Note 11)	376	95
Trade and other payables (Note 11)	-	-
Current tax payable (Note 11)	914	1 258
Deferred income tax liabilities (Note 11)	-	-
Cell fund liabilities (Note 12)	-	-
Total Liabilities	1 290	1 353
		-
Equity		-
Share capital (Note 13)	15 729	16 204
Share premium (Note 13)	-	-
Statutory reserves (Note 13)	-	-
Other reserves (Note 13)	-	-
Retained earnings (Note 13)	- 521	261
Accumulated other comprehensive income (Note 13)	-	-
Total Equity (Note 13)	15 209	16 465
Total Equity and Liabilities	16 499	17 818

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Tel: (+268) 2406 8000

Website: https://www.fsra.co.sz/about/bulletin/

Email: research@fsra.co.sz for any comments on the information published on the Bulletin.