FSRA
Financial Services Regulatory Authority



QUARTERLY STATISTICAL BULLETIN. Q2_2023


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Regulatory Authority

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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.



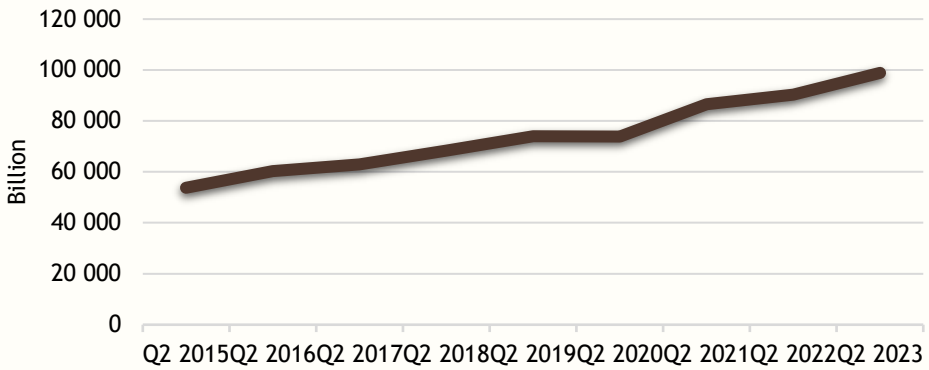
We are an ethical and trusted regulator with a culture that promotes performance excellence, collaboration, innovation, accountability, fairness and inclusiveness. Open communication and satisfaction of our stakeholders is an important element of our everyday actions.

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.

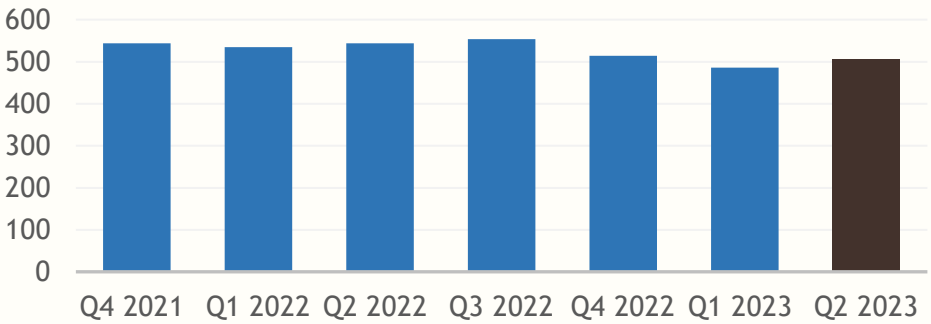
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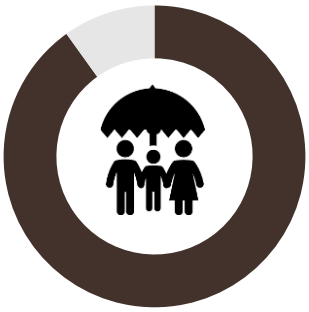
E98.84 Bn

Value of NBFI Assets Increased from E 93.97 Bn Quarterly.



506

Number of Licensed Entities Increased



LTI GWP's realised a cumulative growth of 89.18%



SACCOs' assets declined on a quarterly basis 1.65%



Gross income from lending increased by 39.25% quarterly.

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 30 June 2023, NBFI sector assets increased by 4.88% from E94.24 billion to E98.84 billion. This growth was mainly the result of the 16.61% increase in the short-term insurers assets and the 34.53% increase in the retail outlets assets. Retirement Funds, Investment Advisors and Collective Investment Schemes realised asset increases ranging from 3.65% to 7.30% while the other sectors realised asset declines ranging between 0.03% and 1.97%. Retirement funds remain systemically important accounting for 45.42% of the NBFI assets and 68.76% of the assets managed by the local asset managers.

A change in the performance of assets under management was observed this quarter as all collective investment schemes showed an increase in their assets with African Alliance and Old Mutual showing double digit growth. Growth under the investment advisory space was mainly driven by Stanlib and Imbewu Yesive while Inhlonhla and African Alliance showed slight losses in their portfolios.

Growth in the loans and advances portfolio held by the savings and credit institutions continues to be observed however this growth is accompanied by a growing NPL which remains as a concern and could be an indicator for the need to adjust the loan underwriting practices and or improve the loan recovery strategies.

Under the insurance sector, there seems to be a renewed interest annuities products as significant growth was observed in this class of business following a series of declines in the past. Another significant growth was observed in the health business underwritten by the short-term insurers.

Although the NBFI sector has remained solvent, there are few entities that have continued to accumulate losses some of which have had solvency challenges and have been put under regulatory intervention to ensure that their solvency is restored.

EDITORS PICK ARTICLE

Two-pot/ Component Retirement System



By: Velemseni Tsabedze

Picture Source: Internet

The lack of preservation of retirement fund savings is a persistent problem for retirement fund systems in many jurisdictions. But why is preservation necessary: the preservation of retirement fund savings is important as it supports the build-up of adequate retirement savings. Although adequate retirement savings are needed, life happens to most of us, at some point during our livelihoods we encounter significant financial losses or encounter challenges that put a financial strain on us. Although the first thought could be liquidation of existing savings, studies have shown that for most people emergency fund savings are non-existent. If the emergency fund is non-existence the next thought is a loan, although loans are helpful, they come at a hefty cost and are only available to a person if one is not already highly indebted. The question then becomes "what is the trade-off between adequate retirement funds savings and using some of these savings to cater for emergencies and alleviate financial strain during one's working life?" In trying to promote the preservation of retirement fund savings, Policy makers have been faced with finding a balance between citizens' financial vulnerability during their working life and promoting savings for retirement.

To address this social dilemma, countries have implemented different policies, for example Australia allows members of super-annuation funds to access their retirement savings before retirement under some of the following conditions:

a) Compassionate grounds e.g. member's or dependent's medical treatment, meeting costs for palliative care, death/ burial expenses and the prevention of the foreclosure of one's home.

b) Terminal medical condition.

c) Severe financial hardship.

The South African government has however proposed the introduction of the two-pot retirement fund system. The system will divide retirement savings of fund members into two pots:

a) A savings pot, which a member can access to cater for periods of financial distress and

b) A retirement pot which can only be accessed upon retirement.

The proposal has been under discussion for a while, but the Covid-19 pandemic fast tracked the discussions as it provided a clear highlight of the need for a retirement system that allows for both preservation and emergency access without the tax penalties for early access.

Although the system was expected to be rolled out by March 2024 the South African Finance Portfolio Committee has deferred implementation to September 2024 to allow for the following:

1. Approval of retirement fund rules amendments by the Financial Sector Conduct Authority for those funds that will be affected by the system;

2. System upgrades by the Fund Administrators to meet the new requirements;

3. Amendment of several pieces of legislation including the Pension Funds Act and the Income Tax Act to give effect to these changes and

4. Comprehensive members education to ensure that members understand how the new system will work especially its impact on their retirement benefits where one has accessed their savings pot during their working life.

So how is the system intended to work?

The Savings Pot

The savings pot will allow fund members to access up to 1/3rd of their retirement savings before retirement age, without having to resign or change jobs and it also does not have an age limit to when one can have access to the savings pot. In terms of the proposed reforms, the withdrawals from the savings pot will be subject to tax and can only be made once every 12 months, with a minimum value of R2,000 (South African minimum). The savings pot is intended to address financial distress and liquidity needs of fund members, especially during emergencies or crises.

The Retirement Pot

The retirement pot will preserve at least two-thirds of the retirement savings for the long term. The funds in the retirement pot will only be accessible at retirement age and will be subject to the annuitization rules that apply to pension funds and retirement annuities. The retirement pot is intended to ensure that fund members have adequate income for their retirement years and donot deplete their savings prematurely.

Applicability of the Two – Pot System

The two-pot system is intended to apply to pension funds, provident funds, and retirement annuity funds. However, there are some exceptions and exemptions for certain types of funds and members. For example, existing retirement savings will be transferred to a vested pot, which will follow the current rules and regulations. Also, legacy retirement annuity policies that have an insurance component and no fund value will be excluded from the two-pot system. Once the funds have been transferred to the vested component, ten percent or R30,000.00 whichever is lesser will be transferred to the savings component, this will be referred to as seed capital. The cap is to reduce liquidity constraints that may be experienced by retirement funds due to the increased level of withdrawals that that were not provided for in the current retirement fund system. Any contributions that come after the said date will be split between the savings pot and retirement pot, the split will be (1/3) into the savings component and (2/3) into the retirement component, while the vested component will continue to accumulate interest.

Accessing the Retirement Savings

For the administrative ease, members of existing retirement funds will not have to be re-enrolled instead existing funds will have to be adapted to accommodate the new fund structure running two accounts for each member i.e. the savings pot and the retirement pot.

Retirement fund rules will however need to be amended to accommodate the new structure of funds; the members rights attached to the existing savings will however remain protected. Withdrawals from the savings pot will be permissible once a member has accumulated minimum savings of at least R2000 and withdrawal is allowed once a year. Funds withdrawn from the savings pot are included in a member's taxable income and therefore taxed at the marginal tax rate. On retirement a member is allowed access to the retirement pot and any funds still available in the savings pot can be withdrawn or transferred to the retirement pot and be used to purchase an annuity.

Reforms Welcomed

The two-pot system has been welcomed by some experts and stakeholders as an innovative and beneficial reform that will offer the best of both worlds for fund members. However, there are also some challenges and concerns that need to be addressed before the implementation of the system. These include the administrative and operational costs and complexities, the communication and education of fund members and employers, the impact on home loans or guarantees granted by funds, and the alignment with other tax and regulatory frameworks.

The two-pot system is considered a significant change in the retirement fund landscape as it has the potential to improve the financial well-being and security of fund members, as well as to increase the overall savings rate in South Africa. However, it requires careful planning, preparation, and consultation from all parties involved, as well as ongoing monitoring and evaluation of its outcomes and impacts.

But what are the Risks?

Despite the good intentions of this policy reform several risks have been identified and require relevant mitigants;

1. Impact on the sustainability of the Retirement Fund System

It is important that the member education drives clearly articulate and dispel the expectation that the seed capital for the savings pot will recur, members should be made aware that the seed capital is a once-off and that the growth of the savings pot will be due to the investment returns and the 1/3 contributions. Strict adherence to the once-off seeding is important as any deviations may result in a huge outflow from the retirement funds and therefore threaten their sustainability.

2. Member Discontent

Considering the members immediate financial needs, members are likely to be disappointed by the value of the savings that they will receive when the system starts. The administrative burden of processing a high volume of withdrawals by the fund administrators is likely going to cause delays in the settlement of the withdrawals and this will also contribute to member dissatisfaction.

3. Execution Risk

The reform is quite significant and affects several market participants who also need to change their systems to cater for the reform. The implementation of the reform is likely to encounter some challenges in the initial implementation phase e.g. data and or system errors, slow turnaround times in the processing of withdrawals, a possible increase in complaints in relation to the adequacy of the withdrawals and it may highlight existing gaps regarding the maintenance of adequate member data.

Two-pot system Implications for neighbouring countries

It is common knowledge that in most cases reforms that take place in the South African economy do affect neighbouring countries or rather the neighbouring countries adopt similar policies. Considering the significance of this proposal and its quest to improve retirement outcomes and mitigate against early withdrawals which in the long run negatively affect the social well-being of members during retirement, it remains to be seen what the policy stance for the neighbouring countries will be in this regard.



ECONOMIC DEVELOPMENTS

2. ECONOMIC DEVELOPMENTS

2.1 Global Economic Developments

European Leaders have approved crypto rules which are essentially the world's first comprehensive rules to regulate cryptocurrencies. NATO alliance continues to supply ammunition for Ukraine as their war with Russia rages on. The United States administration continue to 'aide' Ukraine with aid valued at close to US$ 70 billion. Countries continue to trade with Russia as it offers lucrative deals that nations cannot seem to ignore, but on the other hand companies that wish to exit Russia are finding it difficult as the state considers nationalization of the companies. Business leaders continue to hammer on UK as it has now fallen six places down the global economic competitiveness rankings, as confidence in the country continues to dwindle. The Bank of England has also continued to increase its interest rates sparking different views from Economists as some now sense an unnecessary recession coming and others see it as a way of combating the ignorant and stubborn inflation.

Sudan's unexpected civil war has seen countries sending militaries to extract their citizens as the seems to be no end to the war. Whilst agreements and truces are made, they only last about three days, and the fighting begins again. Nigeria has declared an emergency food crisis as the country battles with continuous hikes in food prices. The country intends to embark on a massive deforestation project, to help increase farmland to bolster agricultural output and reduce dependency on imports of core foods. The President of Nigeria has also removed fuel subsidies. Projected global growth sits at 2.8% with advanced economies to grow at 1.3% and emerging and developing to grow at 3.9%.

2.2 Global Financial Markets

Global headline inflation is expected to be at 6.8% which would be a fall from 8.7% experienced in 2022. The quick response by the USA and Swiss authorities to manage the collapse of banks reduced the immediate risk of a financial sector turmoil. Inflation continues to be a major hindrance but may rise if other financial shocks occur within the year. Central Banks around the world continue to fight inflation by increasing interest rates which has become a lose-win situation, as more and more low-income earners find it hard to pay off debt. The well-off are earning higher interest rates, further increasing the wealth gap. The Nasdaq, S&P 500, and Dow Jones Industrial were up 32.32%, 16.89%, and 4.94% for the first half of the year, respectively. This was Nasdaq's best first half of a year, primarily due to growth in tech stocks driven by the surge in Artificial Intelligence. The global fixed income stood at 1.43%, international developed markets (MSCI World) stood at 11.29% and emerging markets equity stood at (MSCI) 4.89%.

2.3 South African Financial Markets

The South African economy continued to be mired by significant bouts of load shedding however GDP growth of 0.4% was observed during the quarter under review and the SARB once again increased the repo rate by 50 basis points to 8.25%, this was marked as the highest level over a 14-year period. June also saw a slight decline in food inflation which was a welcome reprieve for the consumers' pocket.

Financial market sentiment improved during June as investors increasingly believed that central banks were nearing the end of their hiking campaigns. South African equities also performed well with the JSE All Share Index up 4.0%, resulting from the positive performance by the financial services sector, the resources and industrial sectors and the listed properties.

2.4 Domestic Outlook

Consumer inflation saw a 0.3% increase, as it moved from 5.7% to 6%. The discount rate increased by 50 basis points to 7.75% leading to an increase in the prime rate by the same basis to 11.25%. The country's Gross Domestic Product increased by 6.2% in the quarter under review, with public debt standing at E33.7 billion indicating a 1.5% decline when compared to last quarter.

2.5 Domestic Financial Market

The ESE Market Capitalisation value increased slightly from E4.37 billion as of Q1 2023 to E4.40 billion at the end of the Q2 2023. There were two share price increases in all the trades for the period under review hence the slight increase. Year-on-year the market capitalisation increased by 1.83% from E4.32 billion to E4.40 billion due to the Nedbank and Swaziland Empowerment Limited share price increases. These share price increases also led to the increase in the year-on-year All-share index from 455.91 to 464.27, however the quarter-on-quarter All share index was 0.83% from 460.24 to 464.27.

A total turnover of E348,015.80 was recorded from a sale of 42,034 shares over a total of eight (8) trades concluded over the Q2 2023 period. Compared to Q1 2023, turnover increased by 32.02% from E263,572.00.

Figure 1 – ESE All Share Index

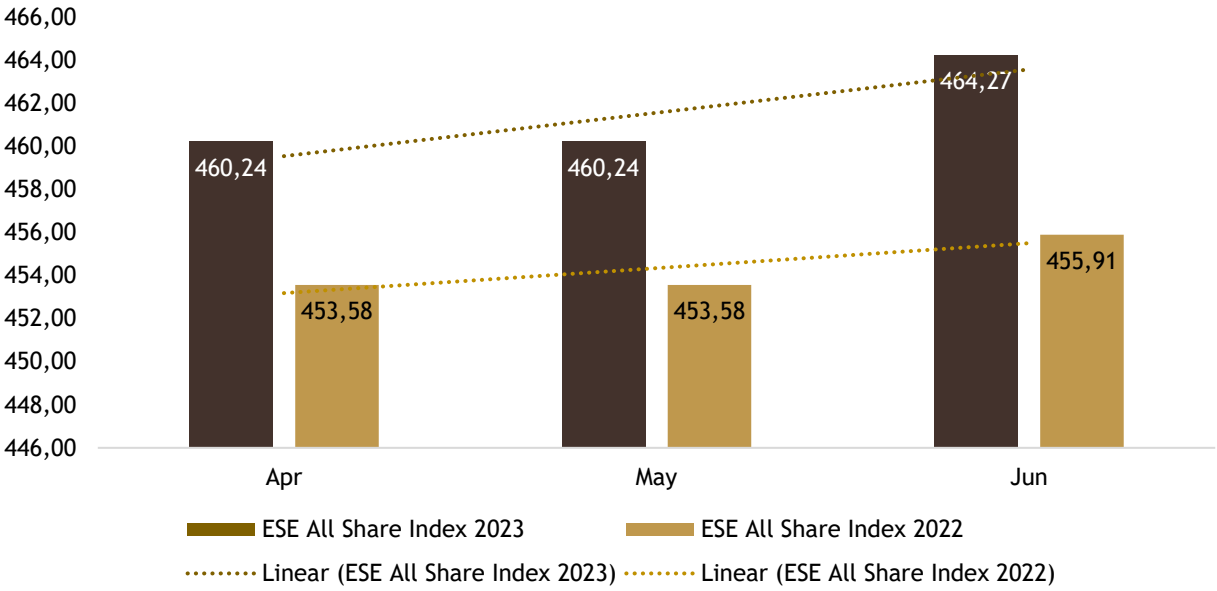
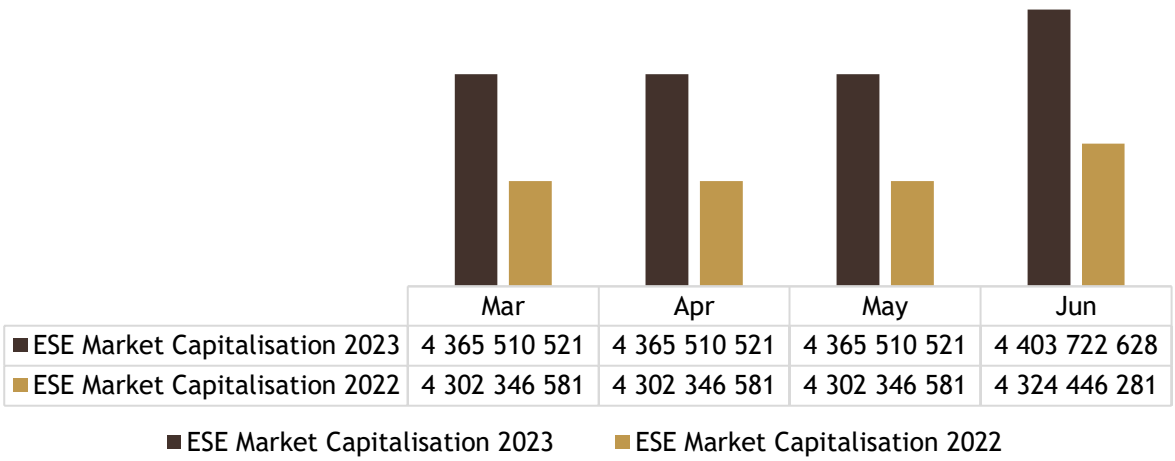


Figure 2 – ESE Market Capitalization



	Mar	Apr	May	Jun
ESE Market Capitalisation 2023	4 365 510 521	4 365 510 521	4 365 510 521	4 403 722 628
ESE Market Capitalisation 2022	4 302 346 581	4 302 346 581	4 302 346 581	4 324 446 281

ESE Market Capitalisation 2023 ESE Market Capitalisation 2022

Source: Adapted from ESE Quarterly Report

2.6 Bonds Market

As of Q2 2023, there were six new note issuances and no re-opening of corporate bonds, however six bonds matured during the quarter under review. This saw the cumulative corporate bonds outstanding as of 30 June 2023 increase by 0.89% to E1.62 billion, from the previous quarter's outstanding amount of E1.61 billion. During the period under review, the Government through the Central Bank of Eswatini (CBE) maintained 33 bonds with different maturity periods. The value of outstanding bonds at the end of Q2 2023 increased by 0.66% from E6.18 billion to E6.22 billion, due to the higher value of new bonds and re-openings while the value of maturities was lower in the period under review. was lower in the period under review.

INDUSTRY DEVELOPMENT & PERFOMANCE

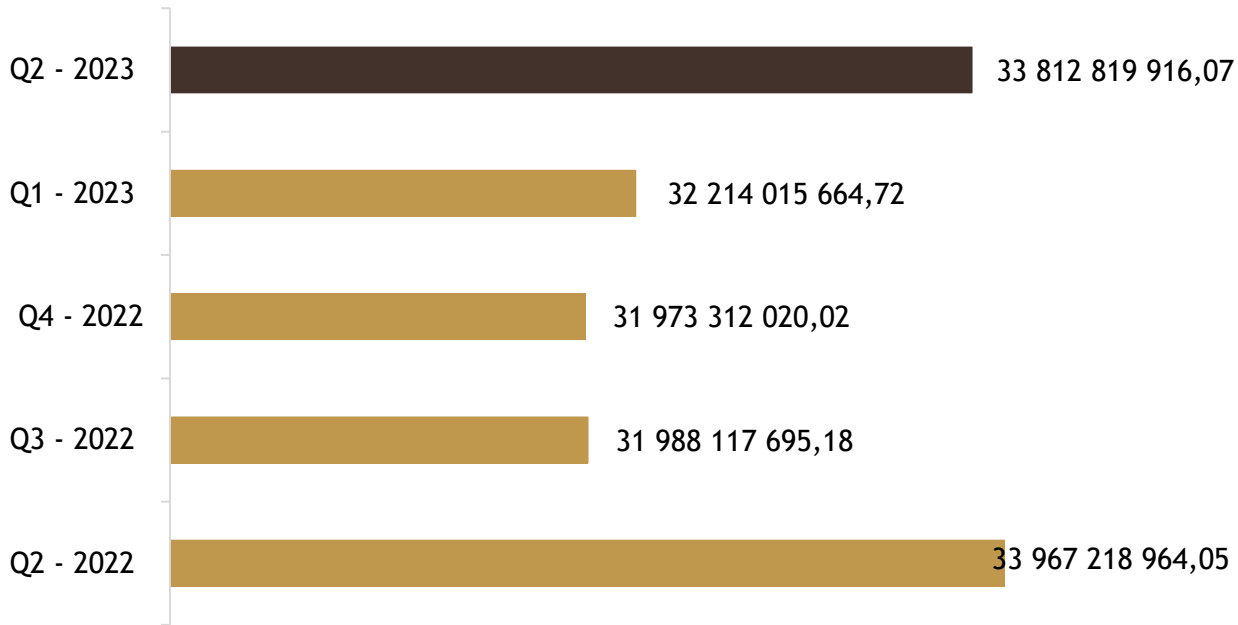
3. INDUSTRY DEVELOPMENT AND PERFORMANCE

3.1 Capital Markets

3.1.1 Performance Review

As of 30 June 2023, total assets under management stood at E33.81 billion, which was an increase of 4.96% when compared to last quarter which had total assets of E32.21 billion, however compared to Q2-2022 a 0.46% decline was observed. The increase was mainly driven by the 7.28% increase in assets under management by the collective investment scheme managers while the assets under advisory only increased by 4.96%. All collective investment schemes showed an increase in their assets with African Alliance and Old Mutual showing double digit growth. With respect to assets under advisory, the growth was mainly driven by Stanlib and Imbewu Yesive while Inhlonhla and African Alliance showed slight losses in their portfolios. Global markets including the JSE have been performed well by the close of Q2-2023 and this could have played a role in the increase in the value of total assets as 67.43% of capital markets are invested in the CMA region and off-shore.

Figure 3 - Trend of the Total Value of Assets



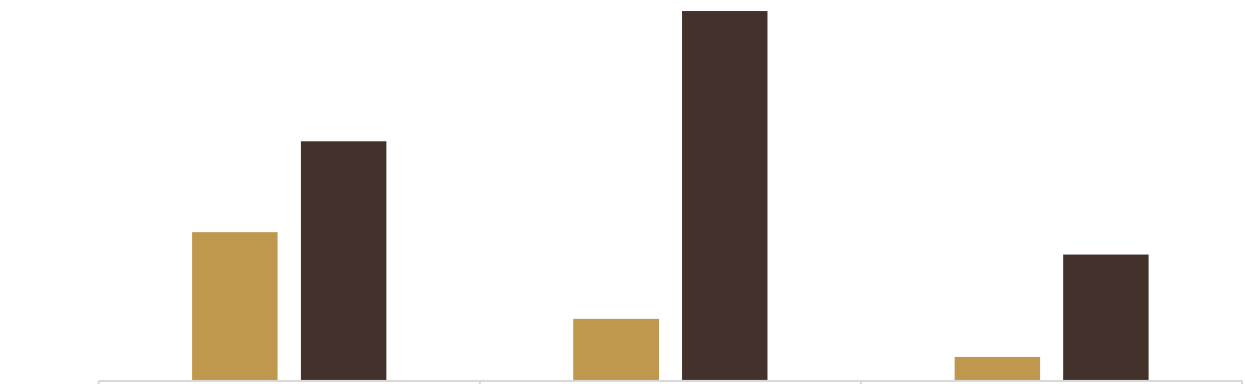
3.1.2 Geographical Allocation of Assets

The value of assets under management (AUM) by CISs is valued at E8.19 billion, showing an increase of 7.28% when compared to the previous quarter. The funds geographic asset allocation was follows; the domestic market accounted for 63.32% indicating an increase of 4.09%, the common market area (CMA) accounted for 26.44% indicating an increase of 14.35%, and the offshore market accounted for 10.24% indicating an increase of 10.78%. Funds continue to flow in the market as it is evidenced by the increase in investments in different geographic areas. This geographic allocation confirms compliance with the 50% local asset holding required by the Securities Act.

Assets under advisory (AUA) were valued at E25.62 billion as of 30 June 2023, showing an increase of 4.24% when compared to the previous quarter. The geographic allocation was as follows; domestic market 32.57% indicating an increase of 1.92%, the CMA accounted for 50.26% indicating an increase of 3.33%, and offshore also accounted for 17.16% indicating an increase of 11.95%. It should be mentioned that the increase offshore may be attributed to the continuous increase in financial instruments, making them more favourable, as they offer higher returns.

A look at the combination of AUM and AUA indicates that 40.02% of the total assets are held locally, indicating an increase of 2.74% when compared to the last quarter, the CMA area accounted for 44.49% indicating an increase of 4.78%, and the offshore market stood at 15.49% indicating an increase of 11.76% the largest increase of the three areas.

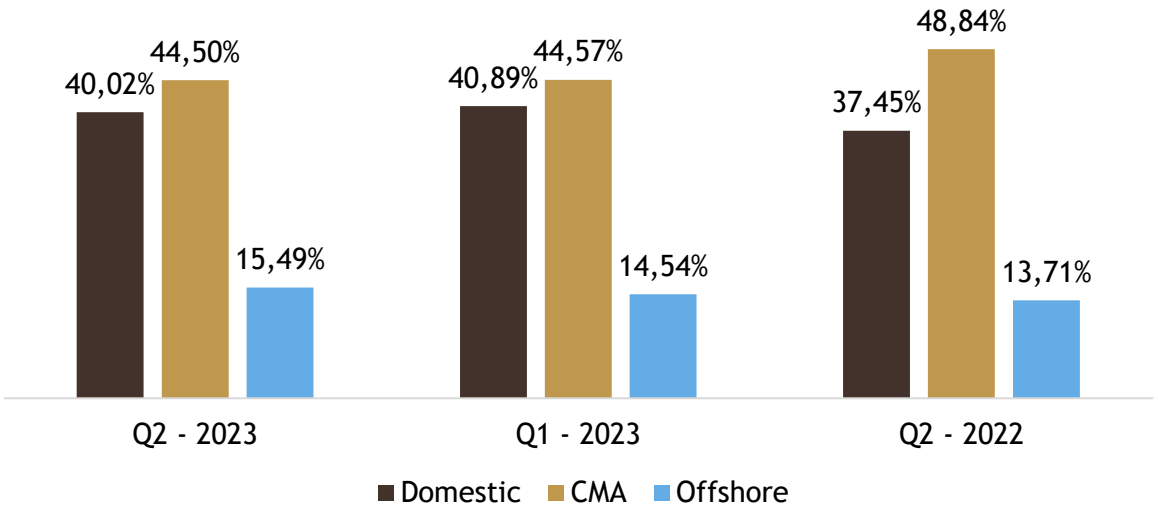
Figure 4 - Geographical Allocation of Capital Markets Assets



	Domestic	CMA	Offshore
AUM	5 185 595 628,09	2 165 162 271,86	838 651 338,83
AUA	8 346 234 284,39	12 879 540 797,18	4 397 635 595,71

Looking at the historical events we note some movements between the years, a look at a year-on-year comparison, the domestic market has improved as the domestic asset holding has increased by 11.77%, while the CMA holdings have declined by 4.72% when compared to the previous year, and the offshore market has realised an increase of 18.16%.

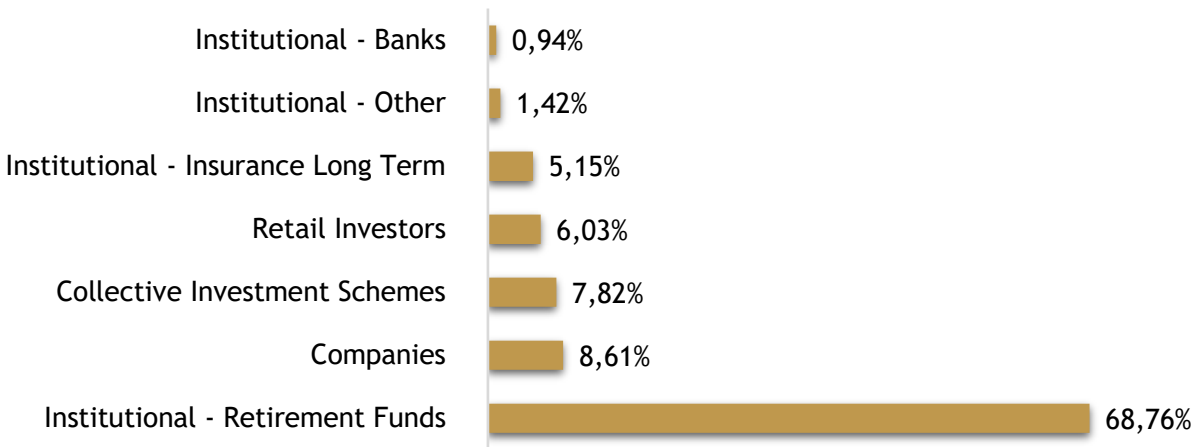
Figure 4.1- Geographical Allocation of Assets Comparison



3.1.3 Source of Funds

Retirement Funds remain the largest investors for the local capital markets. As of 30 June 2023, 68.76% of the assets under management and advisory were sourced from retirement funds which had a slight decline as previously it sat at 70.29%. The rest of the funds were sourced as follows, Companies contributed 8.61% which was also a decline as previously assets from companies were 12.79%, CISs contributed 7.82% which was also a decline compared to the 8.12% recorded in the previous quarter, and Long-Term Insurers had 5.15% contribution which was a big increase from the previous 0.94%, with retail Investors coming in at 6.03% as they also moved from 5.71%. The rest of the 'other' investors jointly contributed 1.27% of the overall funds in the sector, which were SACCOs, Banks, Short Term insurers, Politically Exposed Persons, Credit Providers, and Professional Investors.

Figure 5 - Source of Funds

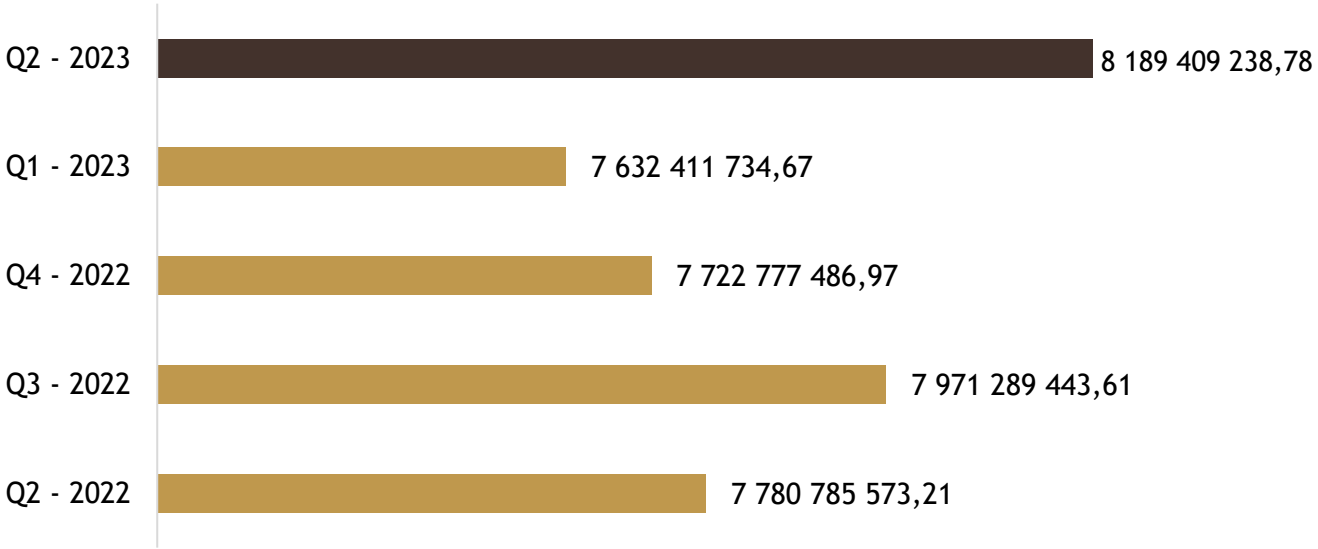


3.1.4 Collective Investment Schemes

3.1.4.1 Value of AUM

As of 30 June 2023, assets managed by CIS were valued at E8.19 billion which was an increase of 7.28% when compared to the last quarter, considering a year-on-year comparison we note an increase of 5.25%. Looking at the source of funds, we continue to notice the big role played by retirement funds as they accounted for 30.92% which was a drop from the previous quarter's 35.24%, retail investors seem to dwindle a bit as they moved from 18.56% to 17.97%. An increase was observed from collective investment schemes as they moved from 16.77% to 17.38%, and companies continue to show the highest increase in recent years moving from 22.18% to 27.79%. As highlighted earlier, Old Mutual CIS and African Alliance CIS were the growth leaders showing increases of 12.21% and 11.92% respectively while Stanlib's growth was 1.64% and Inhlonhla showing a loss of 0.15%.

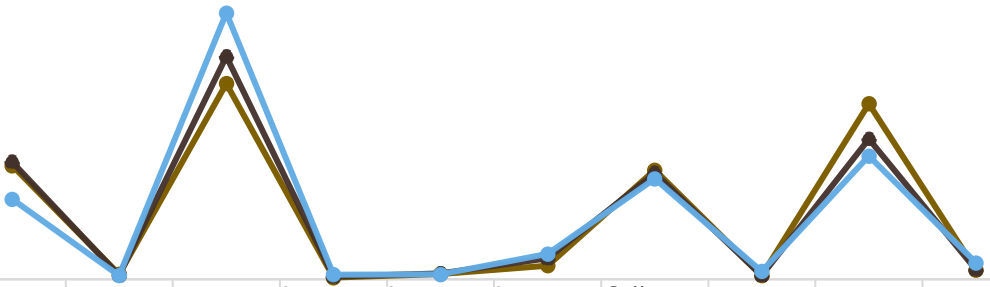
Figure 6 - Value of Assets under Management



3.1.4.2 CIS Source of Funds

While Retirement Funds continue to be the largest source of funds for Collective Investment Schemes, the value of assets from the Retirement Funds declined to 30.92% in Q2 2023 from 35.34% in Q1 2023. A year-on-year comparison shows a continuing decline in the value of assets from the retirement funds as they declined from 42.13% as of 31 June 2022. 27.29% of assets under management were sourced from companies, this is an increase as when looking at the previous quarter, companies had invested 22.18% of their assets with CISs, and a year-on-year comparison shows that only 19.50% of the assets were sourced from companies as of 30 June 2022. Assets sourced from other institutions although insignificant have been declining as evident in figure 7 below.

Figure 7 - CIS Source of Funds



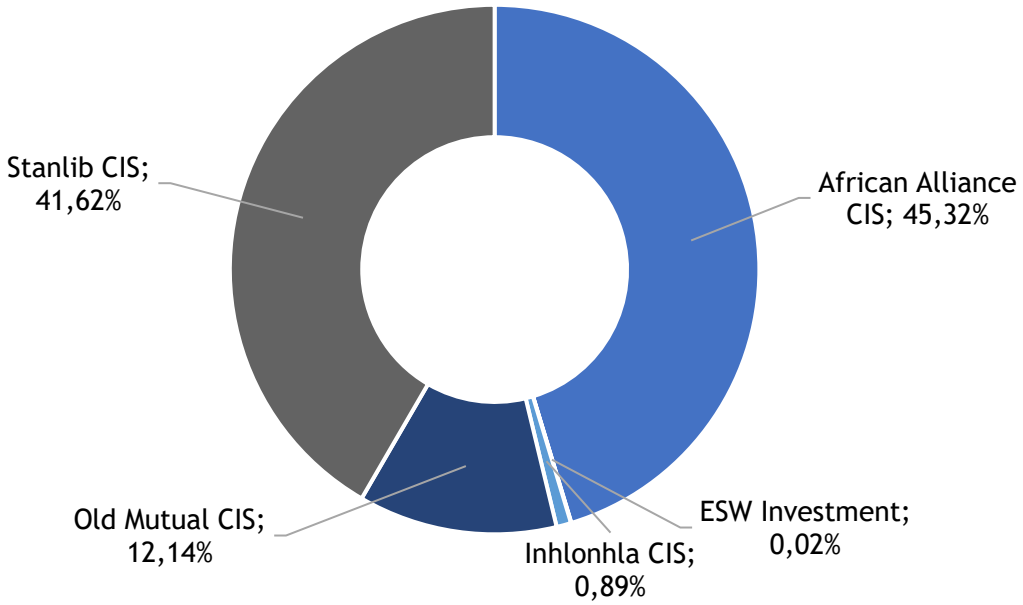
	Retail Investors	Politically Exposed Persons	Institutional - Retirement Funds	Institutional - Medical Aid Schemes	Institutional - Insurance Short Term	Institutional - Insurance Long Term	Collective Investment Schemes	Institutional - SACCOs	Companies	Institutional - Other
Q2 - 2023	17,97%	0,77%	30,95%	0,25%	0,83%	2,14%	17,27%	0,58%	27,76%	1,46%
Q1 - 2023	18,56%	0,60%	35,24%	0,39%	0,91%	3,29%	16,77%	0,58%	22,18%	1,47%
Q2 - 2022	12,65%	0,57%	42,13%	0,71%	0,76%	4,00%	15,89%	1,23%	19,50%	2,58%

Q2 - 2023 Q1 - 2023 Q2 - 2022

3.1.4.3 CIS Market Share

Assets under Management (AUM) stand at E8.19 billion in the current period. The domestic market had a total of E5.19 billion allocated to it, indicating an increase of 4.22% when compared to last quarter, the Common Monetary Area (CMA) accounted for E2.17 billion, indicating an increase of 14.81% within three months, and the offshore investments amounted to E 838 million which is an increase of 10.70% when compared to the previous quarter. African Alliance rose to the podium and held 45.32% of the total assets moving from 43.45%, followed by Stanlib which held 41.62% of the assets slightly dropping from 43.94% which they held in the previous quarter, Old Mutual had an increase as it held 12.14% in the current period moving up from 11.61% in the previous period.

Figure 8 - CISs Market Share in terms of AUM



A peak under the blanket, looking at the performance of ESW Investments and Inhlonhla over a certain period. 2022 saw ESW own a market share of 0.07% of the total market share, a fall from 5.2% in the past years. Retail made up the bulk of their source of funds as they accounted for 68.35%, Companies made up 12.82% and Other made up 16.14%. A look at 2022 we notice Retail Clients accounted for 100% of source of funds. 2023 paints the same picture as Retail Clients seem to be the only source of funding and the market share has further declined to 0.02%. The market has been performing well, and other asset managers have taken advantage of this upswing. In 2022, Inhlonhla accounted for 0.47% of the market share, and it sourced its investments from Retail Clients which accounted for 23.76%, Retirement Funds accounted for 61.05% and Companies accounted for 15.20%. In 2023, the market share grew slightly as it went up to 0.89% taking advantage of the current upswing to try to maximize returns. Retail clients dropped as they accounted for 13.54%, with Retirement Funds declining to 59.09% and Companies saw an increase as they jumped all the way to 27.37%. It should however be noted that the drops may not be necessary drops in funding but rather an increase in money sourced resulting in new holdings.

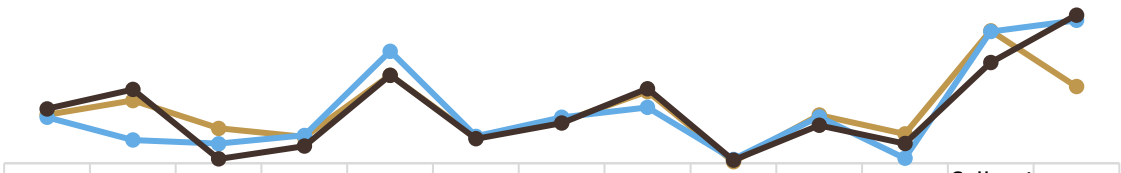
Where are companies investing their money?

In the period under review, we note that African Alliance holds 51.52% of funds sourced from companies; followed by Stanlib which accounts for 44.03%; Old Mutual at 3.63%; Inhlonhla at 0.82%; and ESW. The funds have however been fluctuating over the years and quarters.

3.1.4.4 CIS Asset Allocation

Allocation of funds is a crucial process, as it determines the returns earned for the investors. Collective Investment Schemes (Associated Entities) are where most of the funds were invested, as it was allocated 19.24%, a slight increase from 19.12% in the previous quarter, and an increase of 14.62% on a year-on-year comparison. Treasury bills also had an uptake as they were allocated 12.79% a decrease from the previous quarter as it stood at 16.27% while a year-on-year comparison shows an allocation of 12.79% exactly the same as the current period. Negotiable Certificates of Deposits (NCD's) saw a triple jump from the previous quarter as it moved from 3.40% to 9.12% in the current period, accompanied by Equity in primary listing as this allocation also showed a slight jump from 8.13% to 10.43%. Year-on-year comparisons we note that both are lower as NCD's stood at 10.73% and Equity with primary listing stood at 10.84%.

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	Equity with Secondary Lisiting	Unlisted Securities: Debt	Collective Investment Schemes	Collective Investment Scheme s (Associated Entity)	Other Portfolio Assets
Q2 - 2023	7,07%	9,12%	5,08%	3,83%	12,79%	3,77%	6,01%	10,43%	0,23%	7,01%	4,27%	19,24%	11,14%
Q1 - 2023	6,69%	3,40%	2,85%	4,07%	16,27%	3,93%	6,69%	8,13%	0,59%	6,75%	0,75%	19,12%	20,76%
Q2 - 2022	7,91%	10,73%	0,65%	2,52%	12,79%	3,57%	5,86%	10,84%	0,47%	5,52%	2,88%	14,62%	21,52%

Q2 - 2023 Q1 - 2023 Q2 - 2022

3.1.4.5 CISs Portfolios

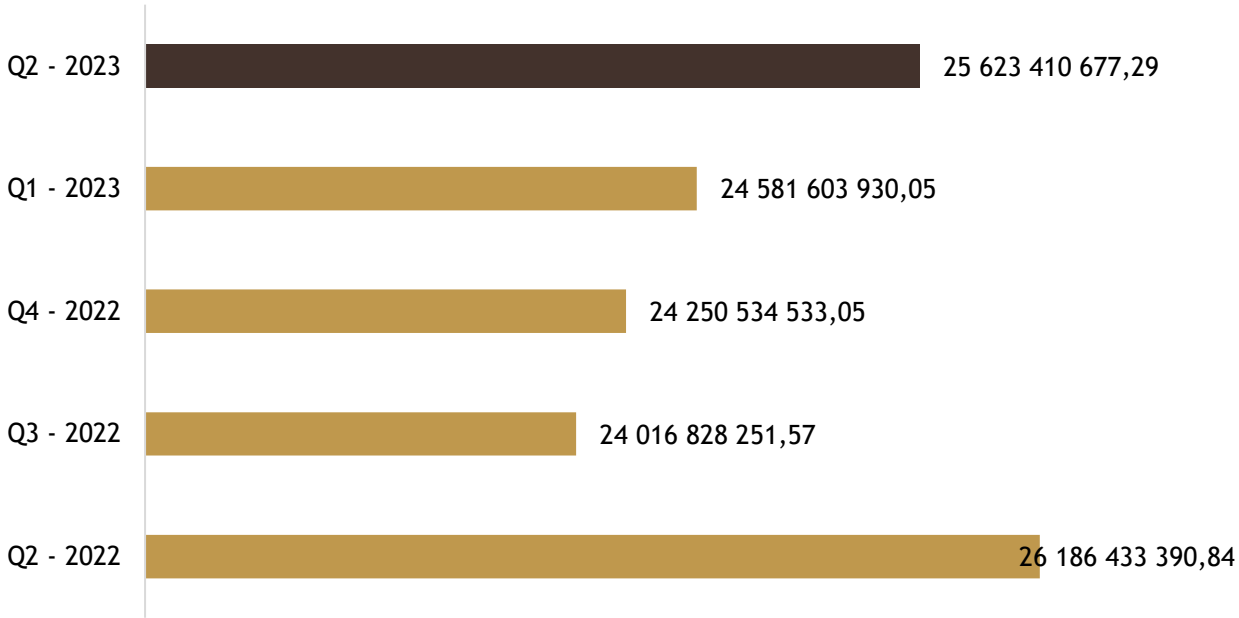
As of Q2 2023, the number of CIS portfolios remained at 21 with a minimum of 2 portfolios for each CIS and a maximum of six (6). The monthly debit orders into the portfolio start from as little as E250.00. The risk criteria of the portfolio range from low risk to high risk. It is worth noting that medium risk is mostly preferred by the CIS clients in the economy as it strikes a good balance. Consumers are however encouraged to always assess your risk appetite to get maximum returns according to their lifestyle and seek advice from accredited financial advisors and planners before investing.

3.1.5 Investment Advisory

3.1.5.1 Value of Assets under Advisory

Assets Under Advisory (AUA) stood at E25.62 billion in the period under review, indicating an increase of 4.24% when compared to the previous quarter, a year-on-year comparison indicates a 2.15% decrease. The advisory had allocated E8.35 billion of the funds in the domestic market, E12.88 billion in the Common Monetary Area, and E4.40 billion offshore.

Figure 10: Value of Assets under Advisory



3.1.5.2 IA Source of Funds

Retail investors are steadily tapping into the advisory space, as they provided 2.16% of the funds, an increase from 1.77% in the previous quarter. Retirement funds continue to be the largest source of funds as they owned 81.01% of the funds under advisory, a slight decrease from the previous quarter as it stood at 81.15%. Long-term insurers assets accounted for 6.12% of the funds an increase when compared to the last quarter where it stood at 0.22%, and companies had the biggest upset as they moved from 10.02% in the previous quarter to 2.40% in the current period.

Figure 11 - Market Share in terms of AUA

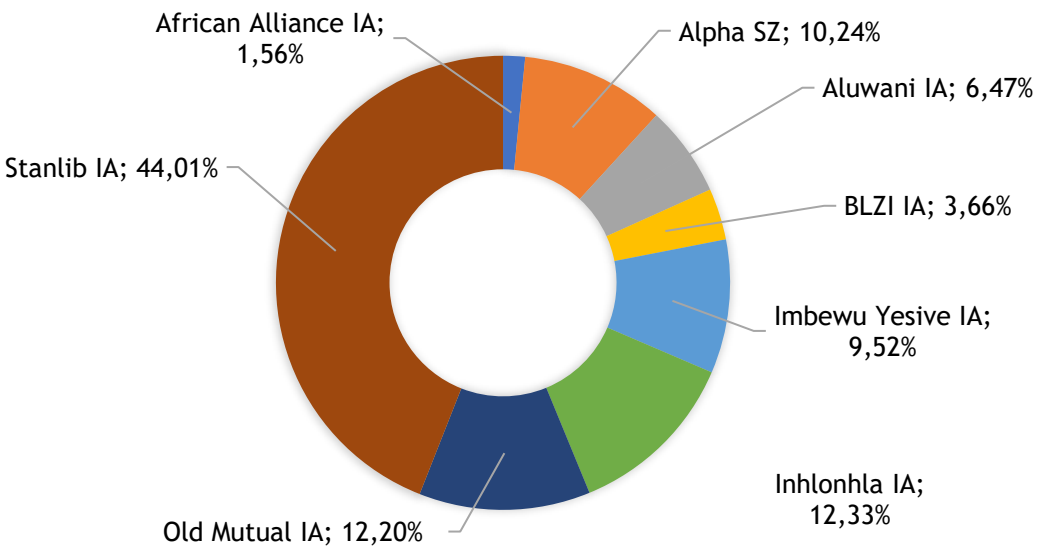


	Retail Investors	Institutional - Retirement Funds	Institutional - Medical Aid Schemes	Institutional - Insurance Long Term	Collective Investment Schemes	Institutional - Banks	Companies	Institutional - Other
Q2 - 2023	2,16%	81,31%	0,32%	6,12%	4,75%	1,24%	2,40%	1,41%
Q1 - 2023	1,77%	81,15%	0,35%	0,22%	4,66%	1,25%	10,02%	0,05%
Q2 - 2022	0,00%	82,71%	0,00%	5,46%	5,06%	0,00%	2,43%	4,34%

Q2 - 2023 Q1 - 2023 Q2 - 2022

Stanlib continued to dominate the assets under advisory as it controlled 44.01% of the total assets. A year-on-year comparison shows an increase as Stanlib had 43.40% of the assets last year over the same period, and a quarter-on-quarter comparison indicates it held 43.37% as of 31 March 2023. Inhlonhla which currently manages 12.33% in the current period, was managing 12.87% in the previous quarter, which indicates a slight decline. A year-on-year comparison indicates that Inhlonhla had 13.06% of the total assets which is higher than the period under review. Old Mutual had 12.20% of the total assets, in the current period, and when compared to the previous period it had 12.60% of the total assets indicating a decline between the two periods, with a look at the year-on-year comparison we note that they had 11.77% indicating an increase when compared to the period at hand.

Figure 12 - Market Share in terms of AUA

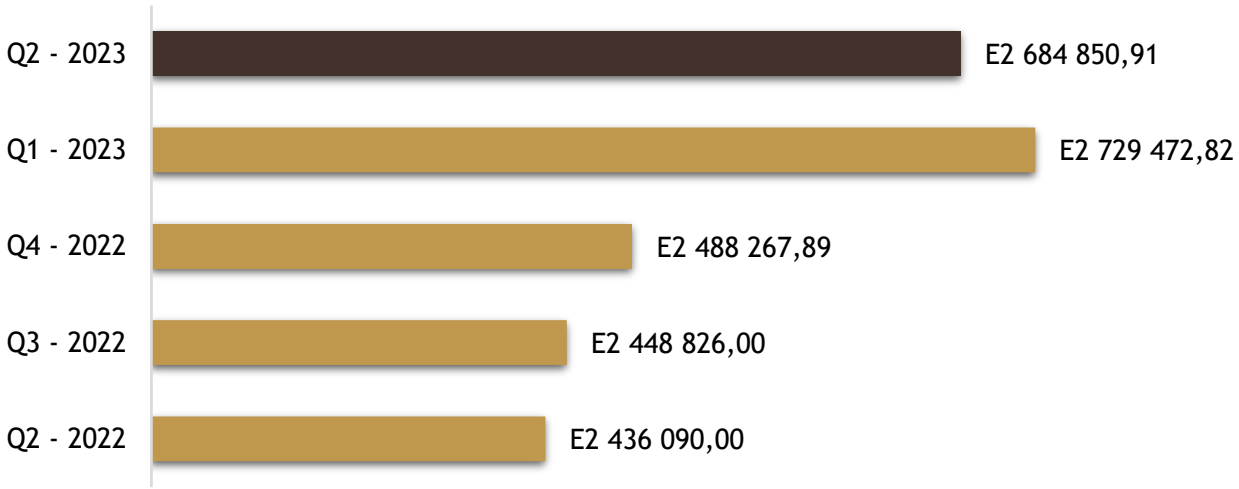


3.2 Savings and Credit Institutions

3.2.1 SACCO's Assets

As of 30 June 2023, total assets stood at E2.68 billion, indicating a decline of 1.65% on a quarter-on-quarter basis. The decline is accounted for by cash and cash equivalents as they declined by 33.48% from E346.23 million to E230.20 million. Loans and advances stood at E1.94 billion, a slight increase of 2.1% from the previous quarter while the portfolio at risk showed a steep decline of 38.48 percentage points to 8.89%. Investments stood at E322.20 million indicating an increase of 4.55% when compared to the previous quarter. A look at the property and equipment we note an increase of 10.58% when compared to the previous quarter, and it stood at E115 million.

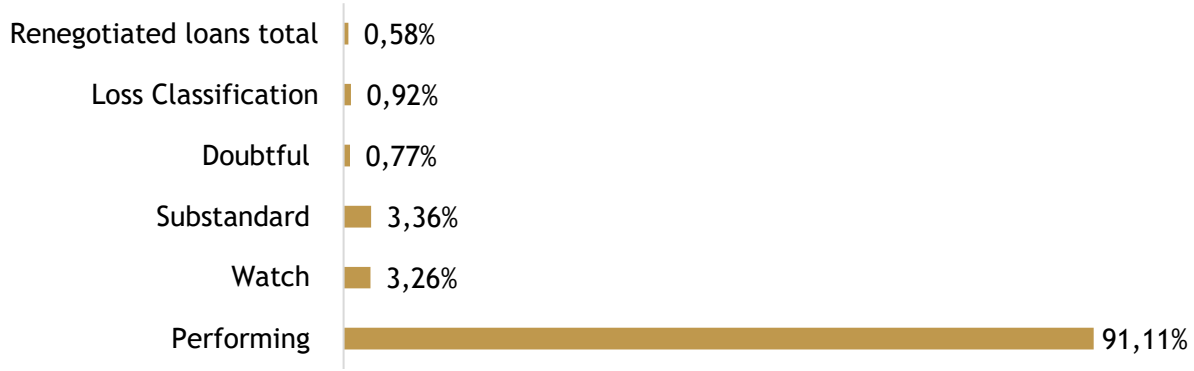
Figure 13 – SACCO's Assets Evolution



3.2.1.1 Loans and Advances

As of 30 June 2023, total loans and advances equated to E1.94 billion indicating an increase of 1.65% from E1.91 billion in the previous quarter. Non-performing loans stood at E172 million which is an increase of 7.41% when compared to the previous period, which is a concern, as a continued rise in the NPLs can have an adverse impact on the future performance and sustainability of the SACCOs.

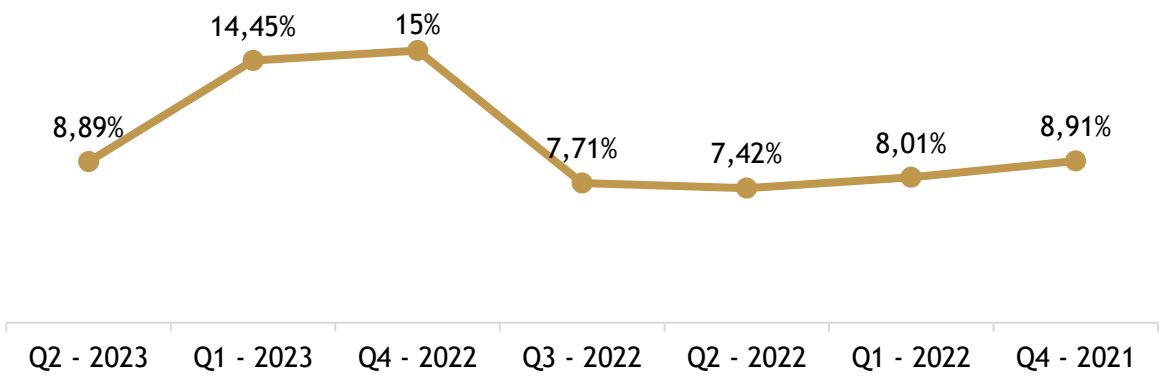
Figure 14: SACCO's Loans and Advances



3.2.1.2 Portfolio at Risk

The portfolio at risk stood at 8.89% in the period under review, a significant decline of 38.48 percentage points when compared to the previous quarter. Performing loans accounted for 91.11% of total loans, indicating a slight decrease from 91.16% in the previous period. 3.26% of the outstanding loans are on the watchlist, an increase from the 2.60% observed in the previous quarter. 3.36% have been put under substandard indicating another increase and 0.77% were classified as doubtful debts. 0.92% of the funds have been classified as unrecoverable funds and will be written off as their repayment is deemed to be unlikely. Renegotiated loans remained the same at 0.58% since last quarter.

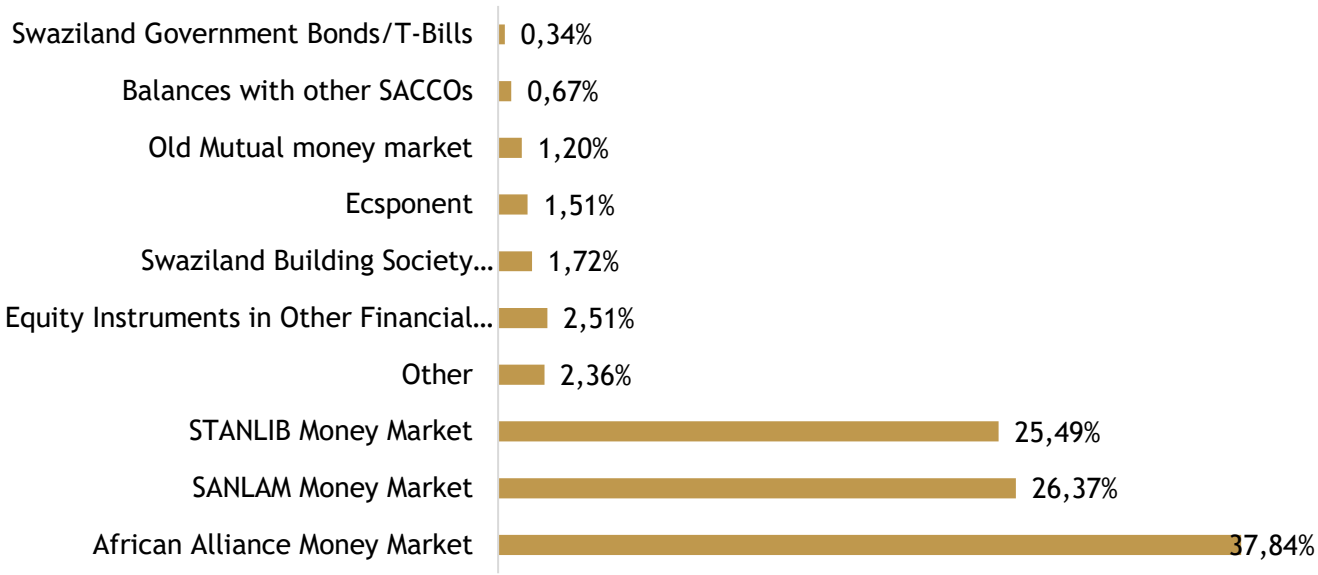
Figure 15: SACCO's Portfolio Risk



3.2.1.3 SACCO's Investments

Total investments stood at E322.20 million in the period under review, indicating an increase of 4.62% when compared to the previous period. Most of the funds continue to be invested in liquid assets, which are short-term and allow for easy redemption should the need arise. SACCOs continue to show their preference for African Alliance as their asset manager as 37.84% of SACCO assets are held with African Alliance, an increase from the previous the 35.51% observed in the previous quarter. SACCOs assets held with Sanlam however declined from 28.96% to 26.37% in the current quarter. While assets held with Stanlib declined from 25.49% to 25.14%. Eswatini government bonds have remained constant and have not seen an increase, staying at 0.36%.

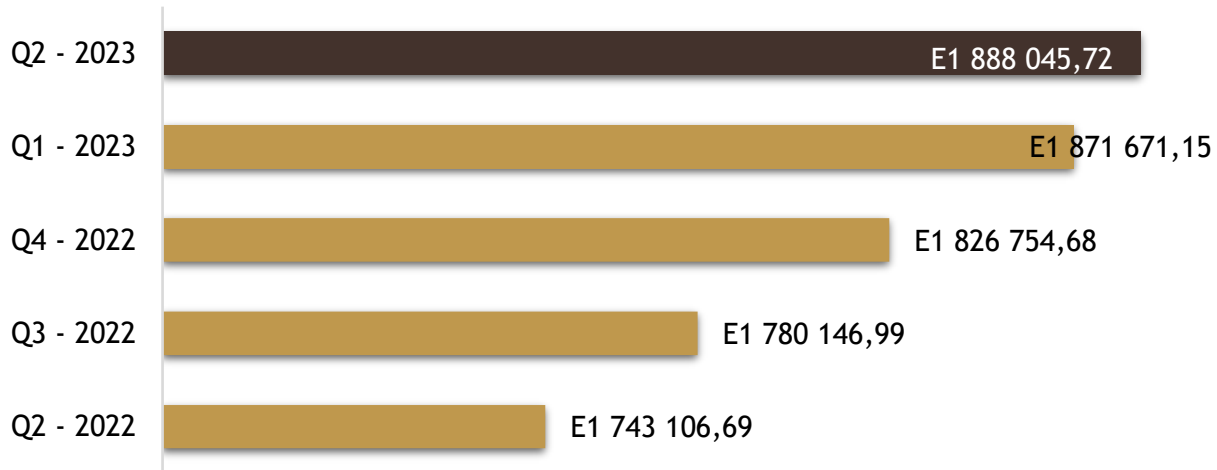
Figure 16: SACCO's Investments



3.2.1.4 SACCOs' Savings

As of June 30, total savings stood at E1.89 billion indicating an increase of 0.87%, when compared to the previous period. A year-on-year comparison shows an increase of 8.31%, which is a steady gradual increase over the quarters, post covid. Non-withdrawable savings increased by 2.11% when compared to the previous quarter, however, term deposits showed a decline of 8.27% over the same period.

Figure 17: SACCO's Savings Trend



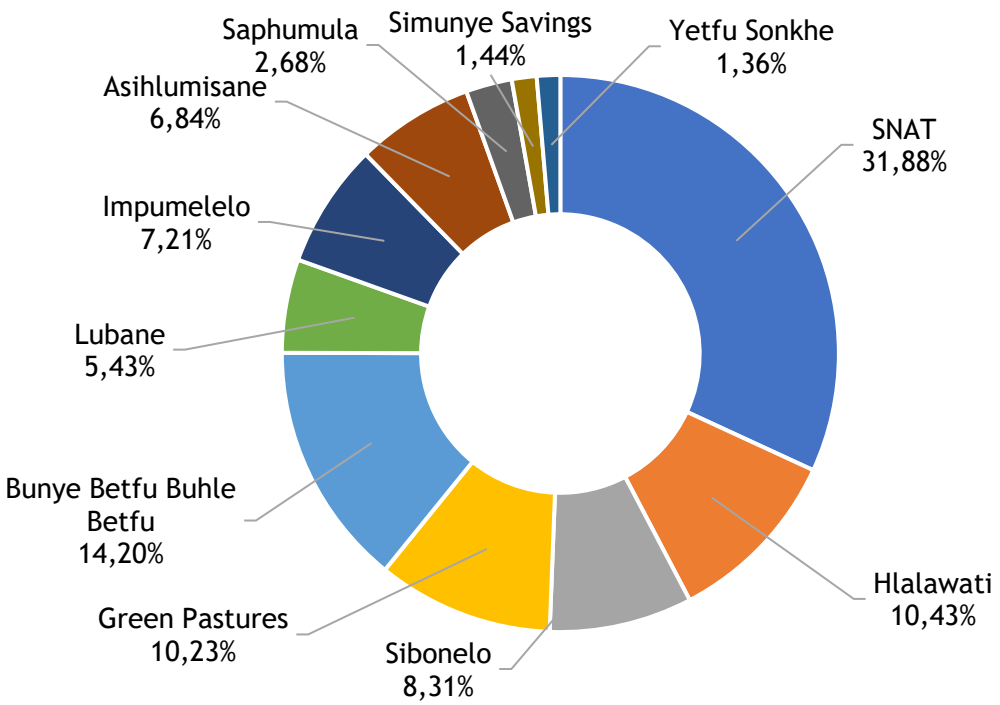
3.2.1.5 SACCOs' Profitability

Financial income from the loan's portfolio continued a steady trajectory and increased by 1.20% when compared to the previous periods, this was the result of the increase in interest income. Financial income from investments however increased by 3.61%, with interest income from banks falling by 0.15%. Financial expenses declined by 3.66% when compared to the previous period, and the major decrease was associated with fees and commission expenses which dropped by 14.64%. The loan loss provision decreased by 23.82%, indicating a positive outlook regarding the members' ability to repay their loans. Operating expenses however increased by 10.42% over the period. The net effect of these changes was an increase of 8.17% on the net income when compared with the previous quarter.

3.2.1.6 SACCOs' Market Share

SNAT continues to hold the largest share in SACCO's, sitting comfortably at 31.88%, closely followed by Bunye Betfu Buhle Betfu at 14.20% and closing of the top 3 is Hlalawati at 10.43%. Some Sacco's have increased their market share due to others experiencing losses and sell off.

Figure 18: SACCO's Market Share

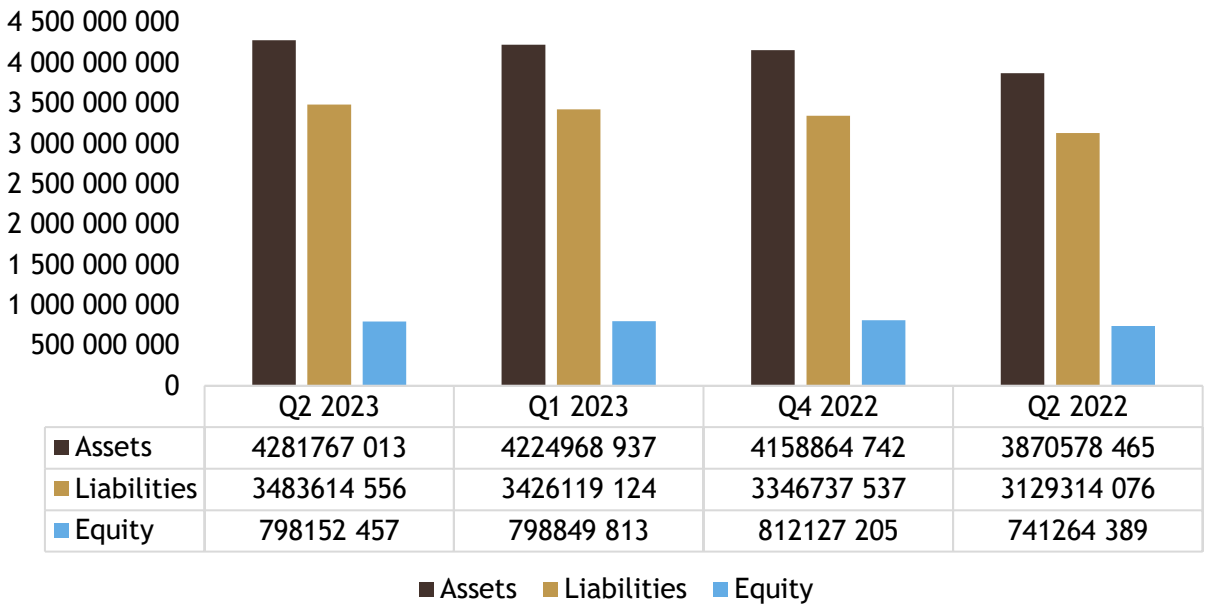


3.2.2 Credit Institutions

3.2.2.1 Credit Institutions Assets

As of 30 June 2023, the value of credit institutions assets increased by 10.62% on year-on-year and by 1.34% on a quarter-on-quarter to E4.28 billion. Like in the preceding periods, the increase in assets is mostly driven by loans and advances and amounts owing by related parties. Loans and advances and amounts owing by related parties both contribute to over 72% of the total assets, hence any movement in loans and advances and amounts to related parties will impact the value of total assets. On the liabilities side, total liabilities marginally increased by 1.68% quarterly and by 11.32% yearly to E3.48 billion. The increase in both periods emanated from trade and other payables and amounts owing to related parties. However, the sector remained solvent as the net equity was valued at E798.15 million which is a 7.67% increase when compared with last year. Figure 19 below shows the sector solvency.

Figure 19: Credit Institutions Assets

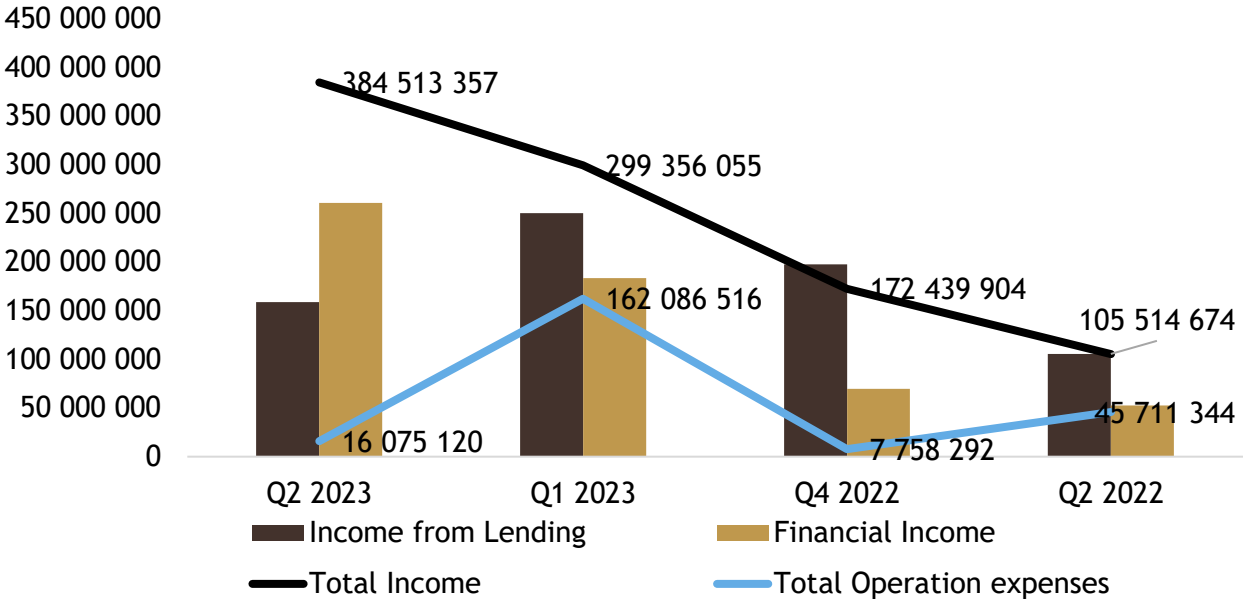


	Q2 2023	Q1 2023	Q4 2022	Q2 2022
Assets	4281767 013	4224968 937	4158864 742	3870578 465
Liabilities	3483614 556	3426119 124	3346737 537	3129314 076
Equity	798152 457	798849 813	812127 205	741264 389

3.2.2.2 Credit Institutions Income

Total net income stood at E362.54 million indicating a 156.85% increase on quarterly basis. The quarterly increase was mainly driven by financial income from investments coupled with decrease in financial and operating expenses. However, on a yearly basis, the sector experienced significant growth in net income. This was driven by a growth in interest income from loans and bad debts recovered over the period together with the significant increase in financial income. Financial income contributes about 67.83% of the total income so any changes in the financial markets and adverse economic conditions have an impact in the income earned by credit institutions.

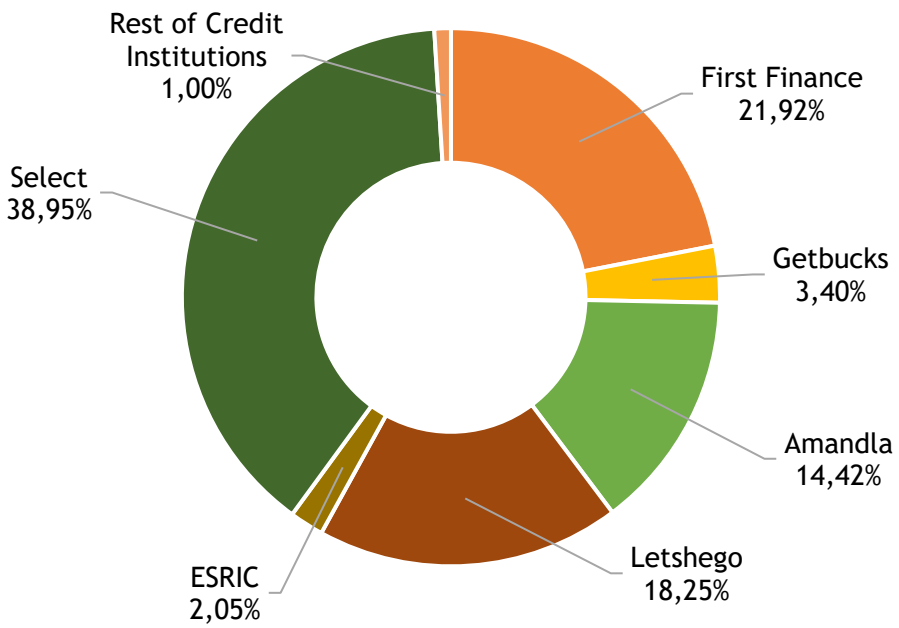
Figure 20: Credit Institutions Income



3.2.2.3 Credit Institutions Market Share

A slight change of about +/-2% was observed with respect to the market share of credit institutions in terms of their asset holding. Select, First Finance and Letshego continued to be the market leaders with market shares of 38,95%, 21,92% and 18,25%, respectively. The figure below indicates the market share for the 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.

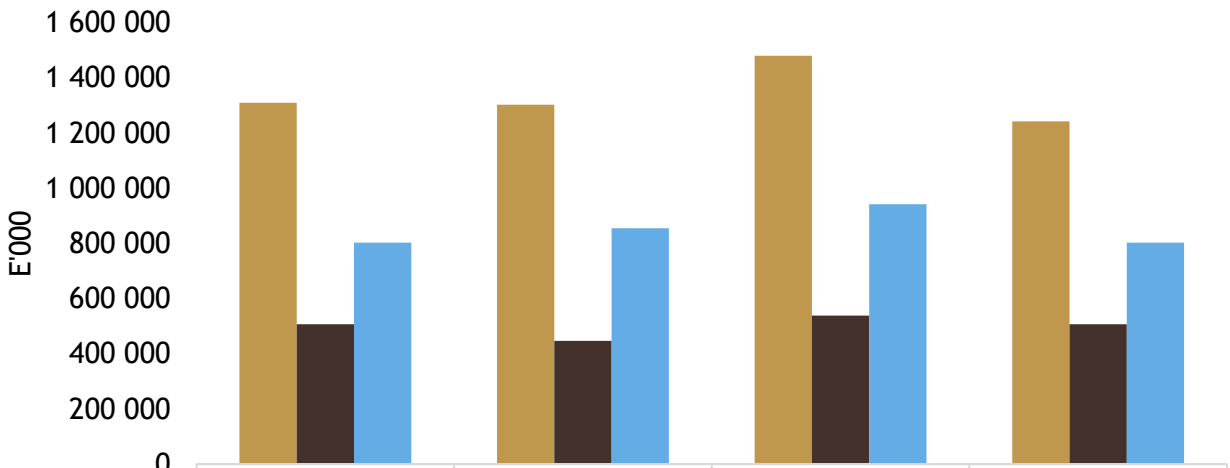
3.2.3 Retail Outlets

3.2.3.1 Retail Outlets Assets and Liabilities

As of 30 June 2023, retail outlets total assets were valued at E1.30 billion which was a 0.53% increase quarterly and 5.41% yearly. The increase in assets was realised despite the significant increase in the debtors' provision. This significant increase could be an indicator that the retail outlets have been experiencing an increase in credit defaults as customers were affected by the heightened inflationary conditions and may have been struggling to pay their loans.

On liabilities side, the sector experienced an increase of 43.35% on year-on-year and 13.25% on quarter-on-quarter to E506.77 million. The increase mainly emanated from the increase in payables and financial liabilities, however, the equity position decreased by 9.68% because of the decline in retained income.

Figure 22: Retail Outlets Assets and Liabilities

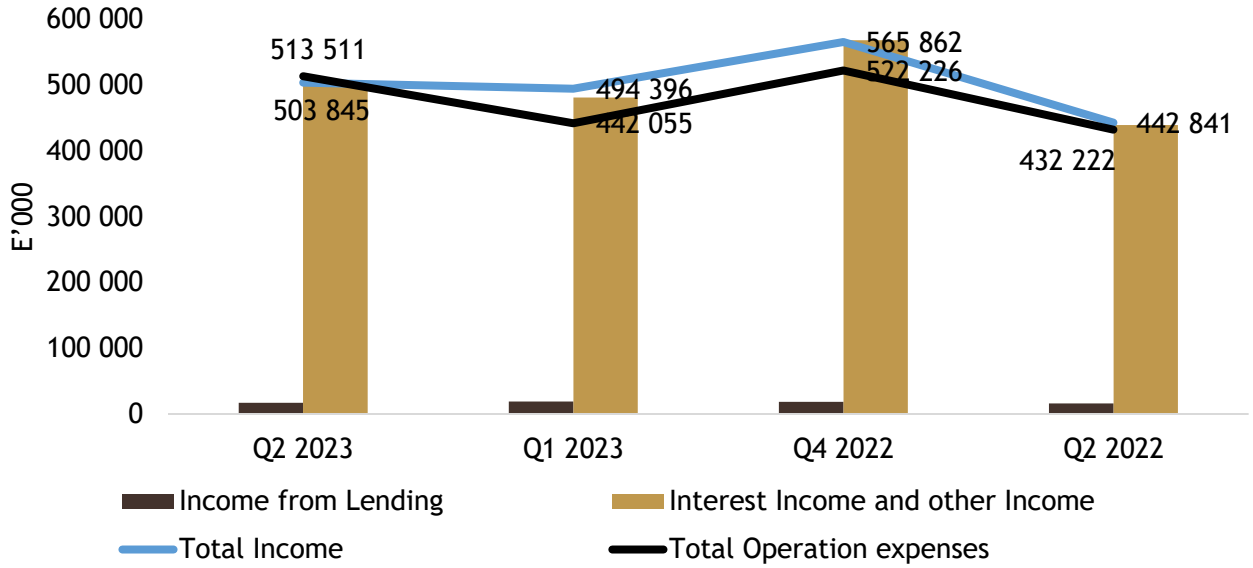


	Q2 2023	Q1 2023	Q4 2022	Q2 2022
Assets	1 309 745	1 302 797	1 480 569	1 242 510
Liabilities	506 776	447 476	538 761	506 776
Equity	802 968	855 321	941 807	802 968

3.2.3.2 Retail Outlets Income and Expenses

The retail outlets total income marginally increased by 1.91% quarter-on-quarter and by 13.78% on year-on-year to E503 million. The quarterly increase was mainly from the significant recovery of bad debts. However, on yearly basis the increase in total income was the result of a 6.85% growth in credit extension. Total operating expenses exceeded total income during the quarter, and this resulted to a loss of E17.66 million for the sector.

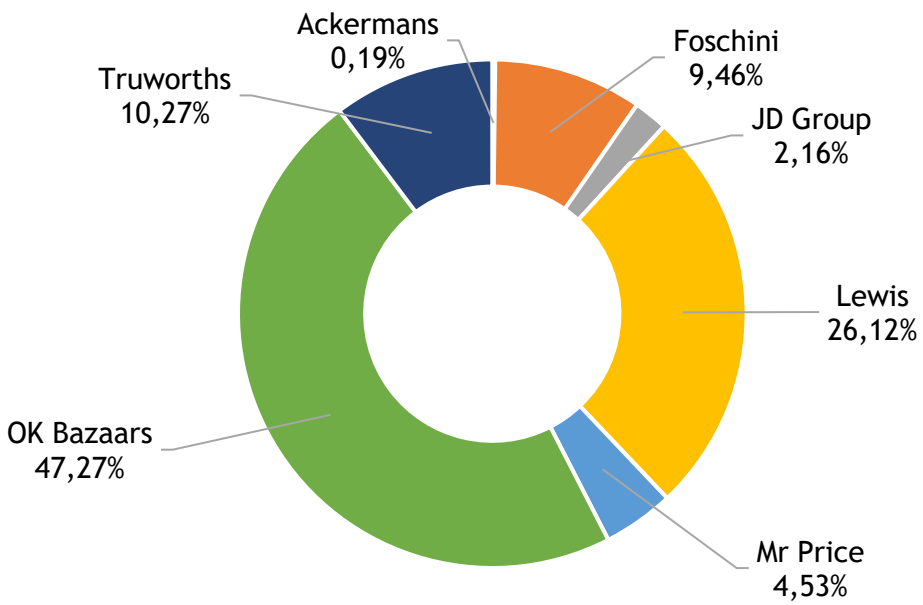
Figure 23: Retail Outlets Income and Expenses



3.2.3.2 Retail Outlets Market Share in terms of Assets

Market share in terms of assets held indicates that OK Bazaars continues to dominate the market in terms of assets held which contribute 47.27% of the market share followed by Lewis with 26.12% market share and then Truworths with 10.27% and the rest are Mr Price, JD Group, Foschini and Ackermans with 4.53%, 2.16%, 9.46% and 0.19% respectively. When compared to Q2 2022, OK Bazaars lost 3.99% and Foschini gained 2.85% respectively. The other retail outlets remained relatively the same in terms of assets.

Figure 24: Retail Outlets Market Share in terms of Assets



3.2.4 Development Finance Institutions

3.2.4.1 DFIs Income

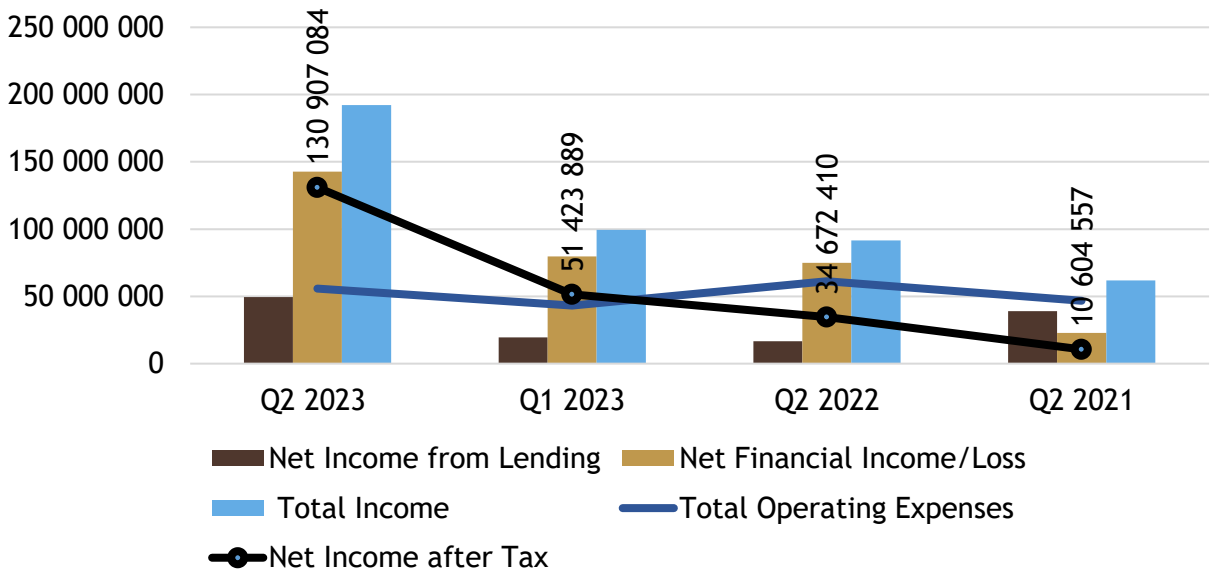
As at the end of Q2 2023, gross income from lending in the developmental finance sector increased on a quarterly basis by 39.25% to E94.99 million from E68.21 million. The significant increases were the result of the growth in the interest income from loans which increased by 48.38% with a value of E27.82 million. Income from administration fees however declined on a quarterly basis whilst fees and commission on the loan portfolio increased by 19.67%.

Another factor that contributed to the improved net income was the 6.31% decline in loan Impairments. On a yearly basis, gross income from lending increased by 36.12% because of significant increase in interest income. Further comparison with Q2 2021 reveals that gross income from lending has increased by 33.69% from E71.05 million, while net income increased by 27.29%.

Total financial income resulting from improved investment income increased on a quarterly basis by 77.32% while on a yearly basis the increase was 89.90% equating it to E144.14 million. This increase is consistent with the improvement in market performance during this period. Financial expenses grew slightly by 1.12% resulting in net financial income being valued at E142.61 million. This is an increase of 78.75% quarterly and 90.58% yearly. Compared to Q2 2021, net financial income improved significantly in line with the increase in investment and other income realised by the sector from E29.67 million.

The significant increases in financial income and net income from lending led to a 93.28% increase in total income of E192.19 million. Cash balance at the end of the quarter was at E136.36 million indicating a strong liquidity position for the sector despite an increase in both financial and operational expenses. Total income showed strong growth quarterly whilst operating expenses increased by 29.51% which is a decline from the value noted yearly and in Q2 2021. Thus, the cost-to-income ratio for the sector improved to 40.9%. The sector remained profitable with a net income after tax of E130.90 million. Tax eroded 3.8% of the sectors pre-tax profit.

Figure 25 – DFIs Income vs Expenses

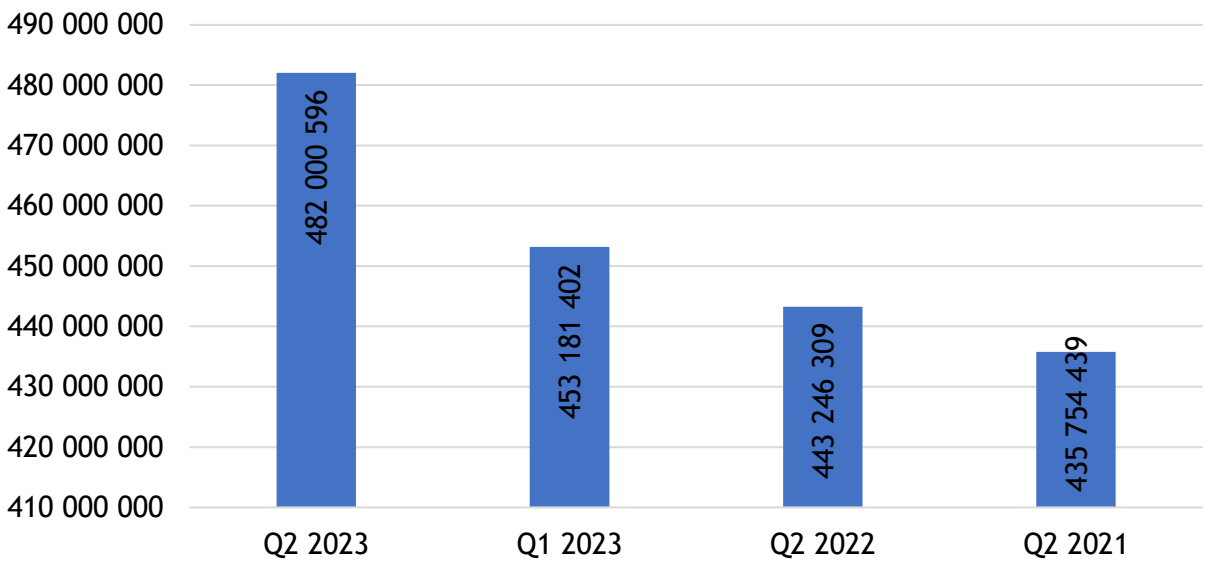


3.2.4.2 DFIs Loans and Advances

Growth of 6.14% in the long-term portion of loans and advances on a quarterly basis to E480.99 million from E453.18 million was observed, while a yearly growth of 8.52% was observed. However, compared to Q2 2021 a 10.44% was realised from E435.51 million. The composition of loans and advances amounts to 19.9% of the sectors balance sheet and has ranged between 17.60% and 21.21% in the periods reviewed. Sector assessment depicts that the rise in loans and advances is largely influenced by advances to the agricultural sector as demand for long term financing and working capital continue to increase due to increases in the cost of commodities and other business-related expenses including finance costs due to the rise in inflation and interest rates. The short-term portion of the loans and advances was only valued at E1.01 million.

The value of new loans disbursed during the period under review increased to E75.76 million from E67.07 million quarterly. This denotes an increased appetite for development credit for the financing of various projects supporting economic development primarily from two DFIs i.e. IDCE and FINCORP. IDCE value of new loans to the total sector new loans was 19.20% whilst the rest 80.90% were issued by FINCORP. Figure 26 below highlights the changes in the sector's loans and advances while Figure 27 shows the market share of the DFI sector in terms loans and advances.

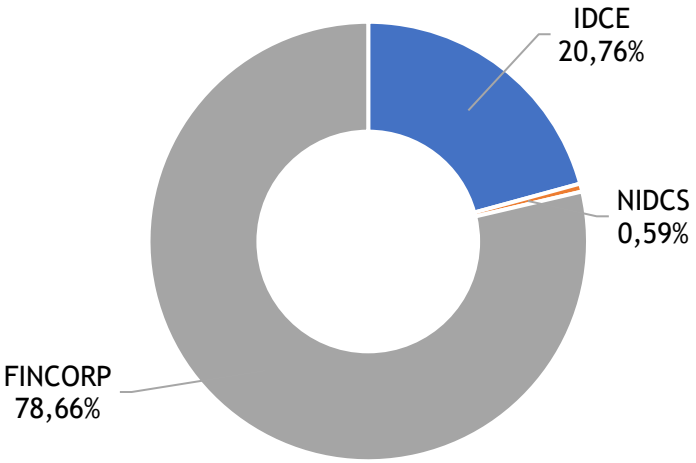
Figure 26: DFI's Loans and Advances Trend



3.2.4.3 DFIs Market Share in terms of Loans and Advances

Quarterly market share analysis indicates that FINCORP realised a decline from 81.80% to 78.66%, while IDCE gained the market share lost by FINCORP and thus realised an increase from 17.66% to 20.67%. NIDCS continued to maintain a market share of 0.59%. However, on a yearly basis market movement depicts losses of market share by IDCE by 3.31% whilst FINCORP realised gains of 3.61%. Equally, NIDCS saw a decline in market share by 0.29%

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



3.2.4.4 DFI's Solvency

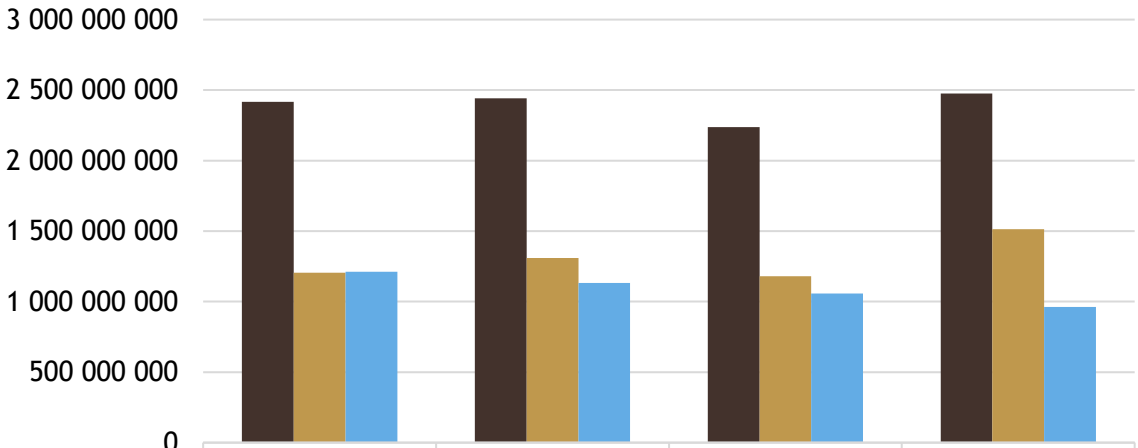
Growth in DFI's asset base halted in the period under review. On a quarterly basis, the value of assets declined by 0.97% from E2.44 billion to E2.41 billion. The slight decline was mainly due to the reduced value of trade and other receivables in the period. Notwithstanding the slight decline in assets, investments in subsidiaries as a composition of the sectors assets rose to almost half of the entire sectors assets on a quarterly basis to 44.85%. However, on a year-on-year basis, assets showed an increase of 8.03% but compared to Q2 2021, the value of assets declined by 2.32%.

The DFI sector's liabilities realised a 7.89% decline quarterly to E1.20 billion from E1.30 billion. The decline is due to the 8.77% decline in the value of non-current liabilities influenced by the significant decrease in security deposits.

However, on a yearly basis, the value of liabilities slightly increased by 2.10% due to changes in the value of trade and other payables in the period. The value of the sector borrowings / financial liabilities comprised of 91.35% of the sector liabilities. Liquid assets to short term liabilities ratio remained comfortably above 100%.

The sectors equity position improved on a quarterly basis due to improved retained income by 7.01% and yearly by 14.63%, although one of the DFIs continues to carry accumulated losses in excess of E100 million. Bottom line indicator, return on assets remained stagnant at 7.90% quarterly whereas a 0.6 percentage points decline was observed on a year-on-year basis. Return on equity declined to 15.8% from 17.0% on a quarterly basis

Figure 28 - DFI's Sectors Solvency

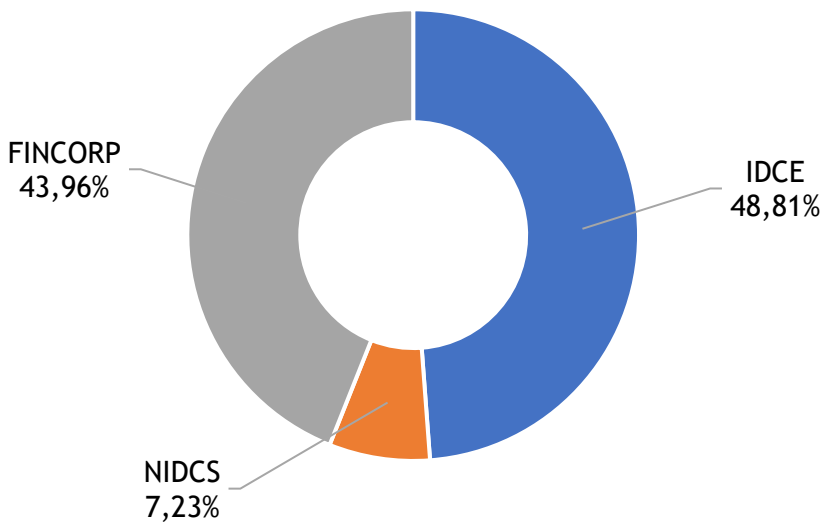


	Q2 2023	Q1 2023	Q2 2022	Q2 2021
Total Assets	2 417 871 632	2 441 667 088	2 238 197 129	2 475 369 452
Total Liabilities	1 205 044 666	1 308 292 417	1 180 203 020	1 513 899 705
Total Equity	1 212 826 965	1 133 374 671	1 057 994 109	961 469 748

3.2.4.5 DFIs Market share in terms of Assets

Consistent to IDCE quarterly asset increase, the market share composition of the sector affirmed IDCE as the market leader for three consecutive reporting periods beginning in Q4 2022 with a market share of 48.81%. FINCORP's market share has notably declined from 46.33% in Q2 2022 to 43.96% in the period under review. NIDCS market share was at 7.23% showing a quarterly decline from 10.40%. yearly comparison indicates a 0.03% decline in assets.

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

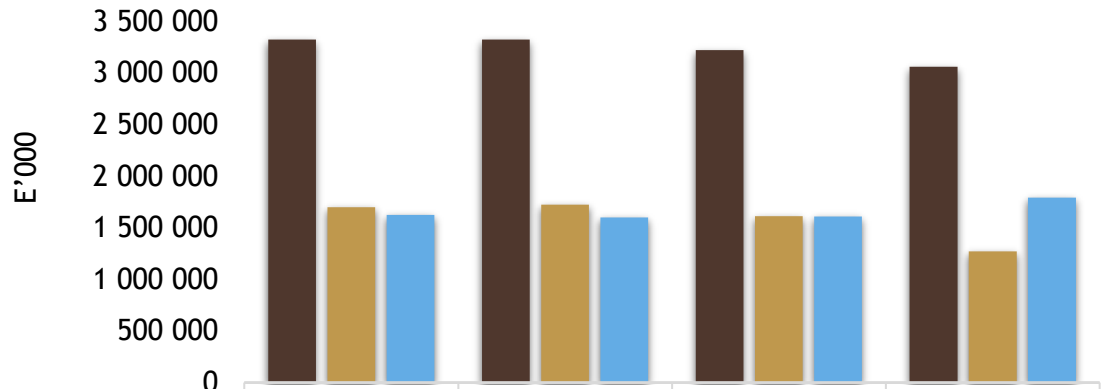


3.2.5 Building Societies

3.2.5.1 Building Societies Assets

As of 30 June 2023, Building Societies had total assets of E3.32 billion, which was stagnant compared to the previous quarter. However, a year-on-year comparison shows an 8.56% increase from E3.06 billion. The yearly increase was mainly driven by the growth in loans and advances, which could be caused by an increase in the number of new homes being built and other retail credits that the Building Societies are offering to the customers. On the liability side, a marginal decrease of 1.49% on a quarterly basis was observed, however on a yearly basis an increase of 33.64% to E1.69 billion was observed. The quarterly decline was mainly due to the decrease in Vostro account indicating a decrease in interbank transactions, which led to fewer payments being made into the vostro account. However, the yearly increase in total liabilities was mostly attributed to growth in deposits in transmission or demand accounts.

Figure 30: Building Societies Assets



	Q2 2023	Q1 2023	Q4 2022	Q2 2022
Assets	3322 491	3323 552	3220 733	3060 484
Liabilities	1697 386	1723 028	1612 162	1270 098
Capital and Reserves	1625 104	1600 524	1608 571	1790 387

3.2.5.2 Building Societies Performance

Building Societies' total income decreased by 42.38% quarter-on-quarter and by 83.49% year-on-year to E3.32 million. The quarterly decrease in income was driven by the decline in income adjustments and taxes and foreign investments. However, yearly, the decrease was mainly from non-interest income i.e. commissions and dividend income. During the same period, total interest income earned from mortgages, loans/advances and investments increased by 15.55% to E145.98 million. This is attributed to the increase in interest rates which continue to be experienced across the globe, enabling deposit taking institutions to also increase the interest charged on customers.

3.2.5.3 Building Societies Credit Provision

The value of loans and advances increased by 3.28% quarter-on-quarter and 16.55% year-on-year to E2.45 billion. The quarterly growth was the result of the increase in mortgages on personal and commercial holdings. Non-performing loans for the first time since March 2022 showed a slight increase of 0.86% when compared to previous quarter, however, on year-on-year a decline of 2.63% showing a slight improvement in the Societies loan recovery rate.

Figure 29: Building Societies Credit Provision

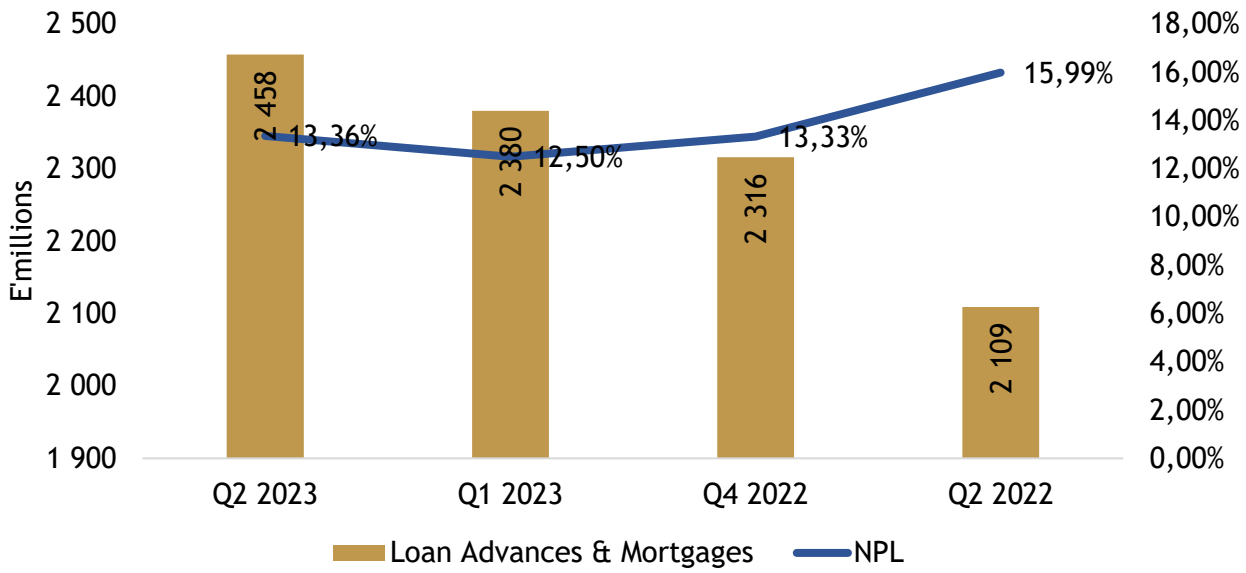
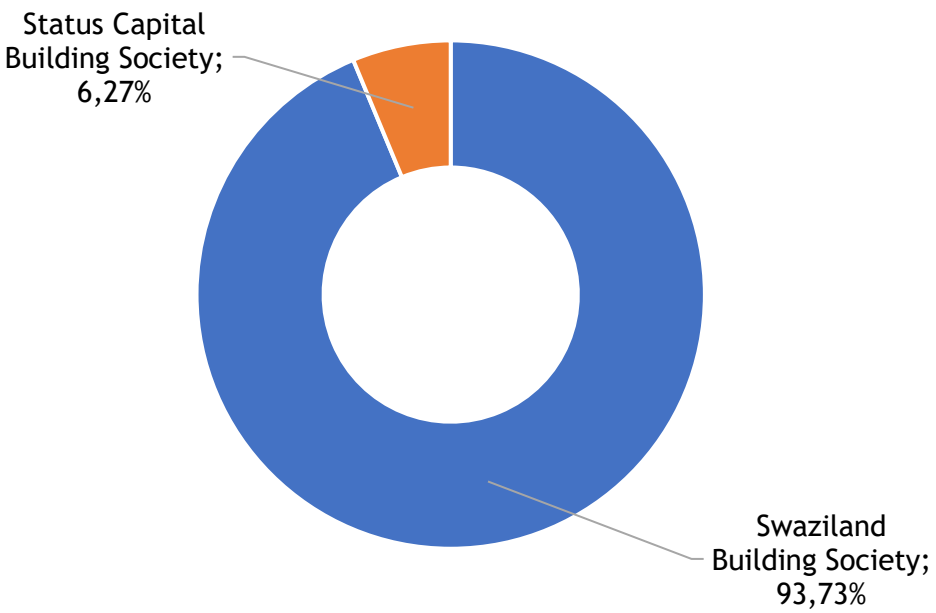


Figure 30: Building Societies Market Share



3.3 Insurance Sector

3.3.1 Long Term Insurance

3.3.1.1 Gross Written Premiums

The Gross Written Premiums (GWP) for LTIs as at the end of Q2 2023 were valued at E535.51 million. This indicates a cumulative growth of 89.18% from E283.06 million in the previous quarter. Annuities experienced the largest increase with a 158.25% rise, followed by credit life with a 132.39% increase. Disability insurance premiums increased by 105.73%, while endowment and funeral insurance showed increases of 113.77% and 83.89%, respectively.

When comparing year on year changes, the pattern is slightly different. Funeral insurance products showed the highest yearly increase of 18.20%, followed by disability insurance at 16.32% and group life with a 14.53% increase. However, individual life insurance premiums decreased by 1.82% and unit linked savings experienced a significant decline of 34.23%. Endowment insurance and unit linked savings insurance also realised year on year declines of 21.66% and 34.01% respectively.

Overall, annuities and credit life insurance premiums have experienced significant growth both quarter-on-quarter and year-on-year. Disability insurance also demonstrated strong growth in both periods. However, endowment and unit linked savings have seen declines, particularly in the year-on-year comparison. Funeral and group life insurance have had consistent growth, although the growth rate varies between the two periods. The market dynamics, consumer preferences, and economic factors likely play significant roles in determining these premium changes, especially the renewed preference or interest in retirement annuities offered by the insurers. Table 1 below shows the changes in the value of premiums written per class of insurance over four quarters.

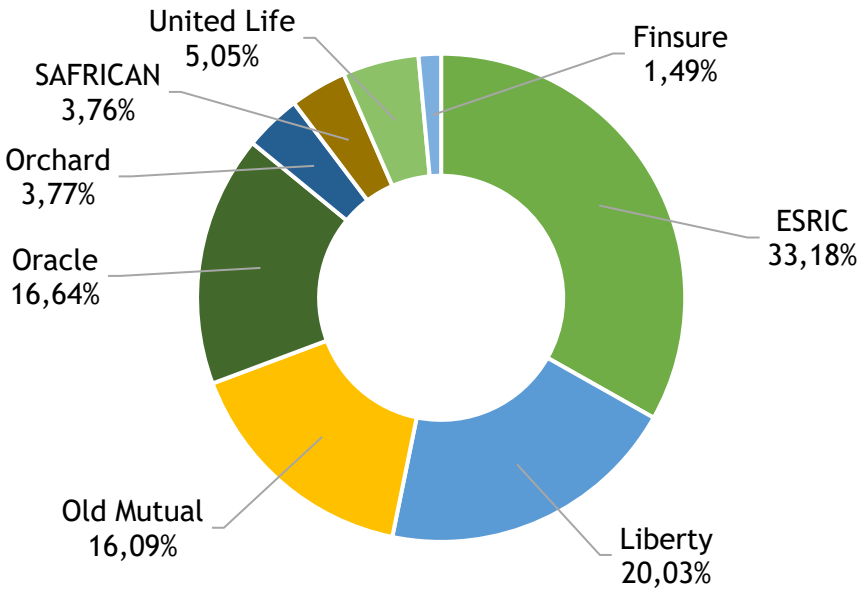
Table 1: LTI Gross Written Premiums

	Q2 2023	Q1 2023	Q2 2022	Q2 2021
	E'000			
Annuities	35 720	13 832	34 345	30 062
Assistance	-	-	-	-
Credit life	82 340	35 431	77 962	80 334
Disability	7 849	3 815	6 748	6 046
Endowment	14 171	6 629	18 088	15 797
Funeral	88 615	48 190	74 973	80 602
Group life	63 779	36 355	55 686	51 508
Health	629	304		
Individual life	64 833	31 868	66 033	60 754
Retirement fund	125 483	69 481	117 296	98 315
Unit linked savings	52 091	37 160	79 202	82 419
Total	535 509	283 064	530 333	505 837

3.3.1.2 LTI Market Share in terms of GWP

Consistent with the previous quarter and year-on-year comparison, ESRIC and Liberty are still the dominant players in terms of premiums written, jointly accounting for 53.21% of the industry GWP. However, these insurers lost a 5.79% market share on year on year which was subsequently gained by Old Mutual, Orchard and Safrican. The other players, United Life, Finsure and Oracle market shares remained relatively stable with no significant change. Figure 33 below shows 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

The LTI sector's claim and policy benefits continue to improve as it declined by 17.68% quarter-on-quarter and by 13.11% year-on-year. The yearly decline was mainly due to the decrease in claims relating to disability, funeral and group life insurance which declined by 77.67%, 56.70% and 54.89% respectively. Inverse to the decline in these classes of business, claims on endowment, credit life and individual life increased by 121.14%, 35.14% and 22.44% respectively. The increase in endowment claims could indicate an increase in maturing policies during the period under review, while the increases in credit life and individual life covers is indicative of an increase in death rates amongst the affluent members of society with access to credit life and life insurance cover. Withdrawals or claims on retirement funds continue to be the highest across the 4 quarters under comparison continuing to show the lack of persistency in this class of business.

In terms of the claims ratio, on a quarter-on-quarter the ratio was relatively stable however a significant increase of 26.13 percentage points on a year-on-year was observed which was mainly driven by an increase in premium resulting from the increase in new business and the annual premium increases on most life policies.

Table 2 : LTI Claims and Policy Benefits

	Q2 2023	Q1 2023	Q2 2022	Q2 2021
	E'000			
Annuities	27 191	13 412	25 036	25 700
Assistance	-	-	-	-
Credit life	22 186	9 965	16 417	28 646
Disability	709	1 023	3 173	2 025
Endowment	9 038	4 840	4 087	11 536
Funeral	30 624	17 771	70 726	117 516
Group life	17 007	7 327	37 702	46 223
Health	-	-	-	-
Individual life	57 214	28 827	46 726	43 584
Retirement fund	89 032	57 274	89 923	74 977
Unit linked savings	28 291	13 847	29 958	32 098
Total	**281 290**	**154 285**	**323 748**	**382 305**

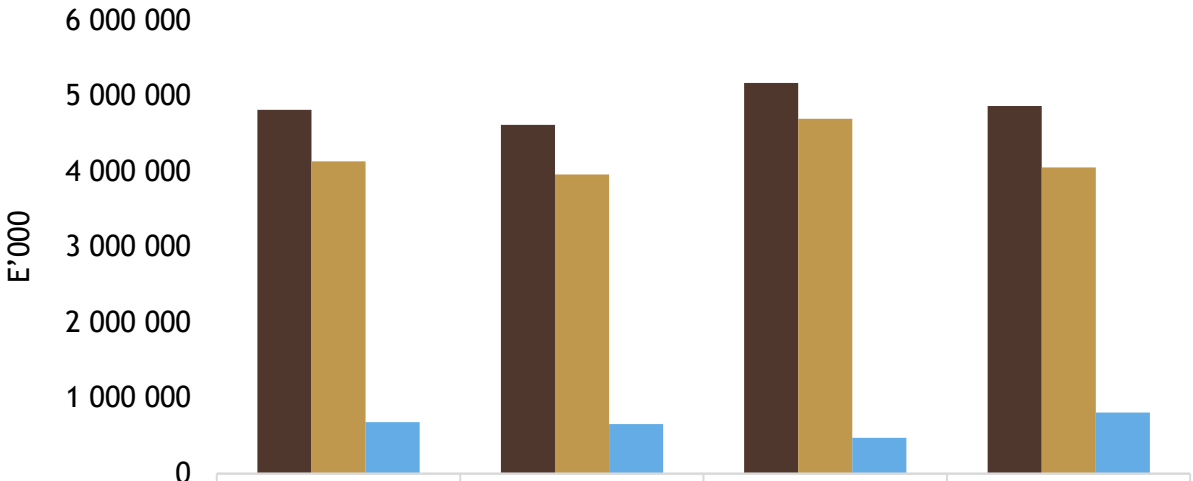
3.3.1.4 LTI Total Assets and Liabilities

The LTI sector assets were valued at E4.81 billion in the quarter under review. This indicates a 4.30% increase in the value of assets on a quarter-on-quarter and a decrease of 6.89% on year on year. The quarter-on-quarter increase is due to the increase in investment assets and reinsurance receivables implying longer turnaround times for the recovery of reinsurers and or an alignment with the increased claims on life insurance business and credit life insurance. The sector's liabilities also increased by 3.39% on quarter-on-quarter. This increase was mainly due to the 18.84% increase in insurance contract liabilities also moving in tandem with the increase in underwritten premium. Year-on-year, the liabilities decreased by 11.98% to E4.13 billion due to a 30.47% decline in investment contract liabilities which is also in line with the continued increase in withdrawals in investment policies like the endowment policies and the persistent high claims on the retirement funds business. The 32.24% decrease in trade and other payables was contributed to the decline in liabilities.

3.3.1.5 LTI Solvency

The sector's solvency is based on the insurer's net equity positions wherein each entity must maintain a positive net equity position of E2 million and above. All LTI's remained solvent in the quarter under review. The solvency position continues to be on an upward trend as it increased by 3.79% on quarter-on-quarter and by 63.10% on year on year. The figure below illustrates the industry solvency position through the past 5 quarters.

Figure 34: LTI Solvency Position

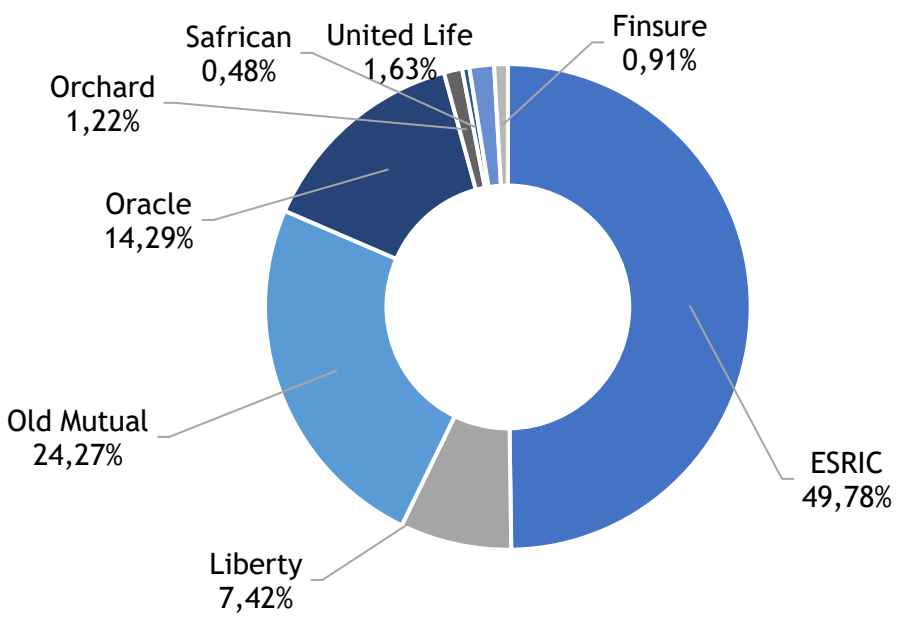


	Q2 2023	Q1 2023	Q2 2022	Q2 2021
Assets	4815792	4617037	5171 991	4865951
Liabilities	4134411	3960606	4697 297	4056080
Net equity	681306	656431	474 694	809871

3.3.1.6 LTI Market Share in terms of Assets

There were no significant changes in the sector's market share quarterly. Year-on-year, ESRIC gained 6.88% share increasing its market share to 49,78%, Liberty lost 14.18% ending the quarter with a market share of 7.42%. Old Mutual gained 3.67% of the market share and ended the quarter with a market share of 24.27%. There were insignificant changes in the market share across all the other players in the region of +/- 2%.

Figure 35: LTI Market Share in terms of Assets Held



3.3.1.7 LTI Underwriting Results and Profitability

The LTI sector continued to realise an overall net profit after tax, the result is mainly driven by the increase in the investment income following the continued improved performance in the financial markets and the decline in insurance benefits and claims. The return on equity (ROE) and return on assets (ROA) also showed an improvement and stood at 17.27% and 2.44%, respectively. These were also influenced by the improved underwriting performance coupled with the increased investment income and the decline observed in other expenses components. This was a positive change when compared to Q2 last year where the sector yielded a negative ROE and ROA.

Most of the classes of insurance remained profitable. Credit life, disability, funeral, group life and retirement were the most profitable classes of business in terms of the value of claims and commission in relation to the premiums earned for these lines of business. 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
	E'000					
Annuities	35 720	-	35 720	27 191	235	8 294
Assistance	-	-	-	-	-	-
Credit life	82 340	11 094	71 246	22 186	7 619	41 441
Disability	7 849	49	7 800	709	424	6 667
Endowment	14 171	-	14 171	9 038	954	4 179
Funeral	88 615	11 858	76 757	30 624	1 910	44 223
Group life	63 779	7 995	55 784	17 007	2 900	35 876
Health	629	5	624	-	11	613
Individual life	64 833	1 914	62 918	57 214	3 921	1 784
Retirement fund	125 483	-	125 483	89 032	2 003	34 448
Unit linked savings	52 091	-	52 091	28 291	571	23 230
Other	-	125	(125)	-	-	(125)
Total	535 509	33 040	502 469	281 290	20 549	200 630

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

The LTI sector financial health and soundness indicators are calculated focusing on: capital adequacy, asset quality, reinsurance, earnings and liquidity. Table 4 below shows some selected FHSIs for LTI sector.

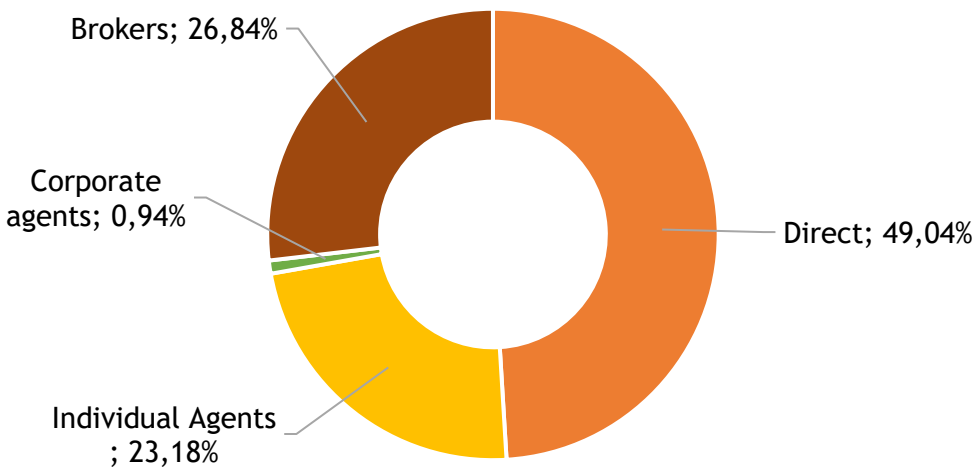
Table 4 - LTI FHSI for LTI

Indicators	Q2 2023	Q1 2023	Q4 2022	Q2 2022
Claims ratio	86,73%	84,87%	72,00%	60,60%
Gross claims ratio	81,74%	83,26%	71,00%	60,20%
Expense ratio	29,02%	30,44%	27,00%	24,80%
Investment income ratio	36,54%	37,54%	14,00%	-18,70%
Investment income/ average assets	4,20%	2,33%	3,00%	-1,90%
Return on equity (ROE)	17,27%	9,01%	24,00%	-4,00%
Return on assets (ROA)	2,44%	1,28%	3,00%	-0,40%
Personnel expenses / GWP	5,59%	9,45%	5,00%	6,10%
Operating expenses / GWP	23,31%	25,35%	21,00%	19,00%

3.3.1.9 LTI Distribution of Products

The LTI sector relies on intermediation services to distribute their products. As of June 2023, more than 50% of the GWP was generated through insurance intermediation. When compared to previous quarter, direct business increased by 20.04% to 49.04% and business generated through brokers decreased by 6.61% to 26.84% and the rest of the business was sourced through individual agents at 23.18% and corporates agents at 0.94%. Overall business sourced through intermediaries was at E277 million.

Figure 36: Distribution of LTI Products



3.3.2 Short Term Insurance

3.3.2.1. STI GWP's

The industry's GWP increased by 5.52% on a year-on-year to E597.38 million whereas a 260.83% quarter-on-quarter cumulative increase was observed from E165.55 million. The yearly increase in GWP's is mainly attributed to the increased uptake of health especially Lidwala's health insurance book. Property, transportation and motor insurance also showed significant growth. However, agriculture, guarantee and legal expenses experienced a decline of 99,66%, 16.42% and 2.38%, respectively. The quarter-on-quarter cumulative increase emanated from the uptake of all the insurance classes mostly under workman's compensation, property, engineering and accident classes of insurance. As highlighted previously the significant rise in Q2 premiums is an annual occurrence resulting from the renewal period for the workman's compensation business.

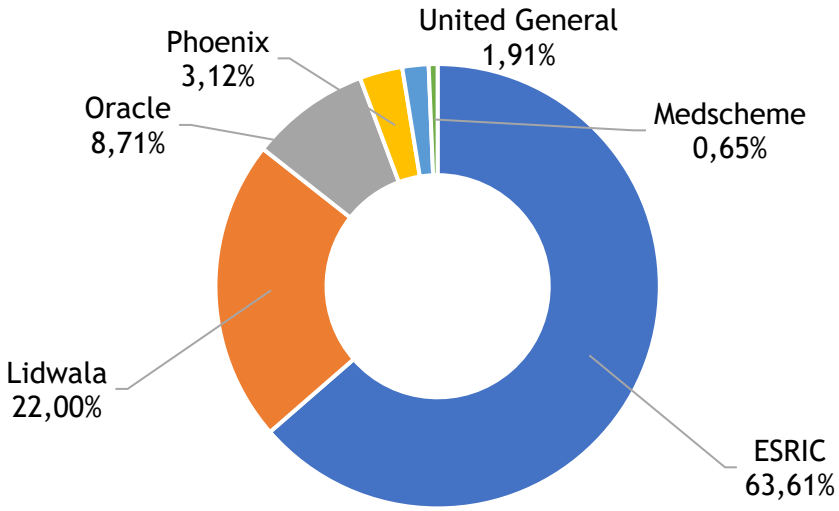
Table 5. STI GWP's

	Q2 2023	Q1 2023	Q4 2022	Q2 2022
	E1,000			
Accident	11 788	2 543	19 998	11 082
Agriculture	62	38	9 182	18 262
Engineering	37 160	6 718	55 484	32 794
Guarantee	16 932	6 633	31 855	20 258
Health	31 691	15 083	32 514	16 486
Legal expenses	310	154	582	318
Liability	28 880	10 816	56 552	28 889
Motor	121 431	49 036	221 134	93 017
Property	187 073	58 311	333 375	95 485
Transportation	12 150	8 028	13 419	7 043
Travel	-	-	-	-
Workman's compensation	121 271	2 691	114 606	105 930
Other	28 635	5509	44 852	136 580
Totals	**597 384**	**165 559**	**933 553**	**566 143**

3.3.2.2. STI Market Share in terms of GWP's

Market share in terms of GWP indicates that ESRIC continued to be the market leader with 63.61% of STI's premiums followed by Lidwala with 22.00%, then Oracle with 8.71% and Phoenix and UGI with 3.12% and 1.91% respectively. When compared to last year same quarter, ESRIC and Oracle's market share dropped by 2.39% and 1.29% respectively which resulted in gains of 5.00% by Lidwala Insurance.

Figure 37 - STI Market Share in Terms of GWP



3.3.2.3 STI Net Claims Incurred

The net claims incurred increased by 84.17% quarter-on-quarter from E48.42 million to E89.19 million, however on year-on-year basis a 12.67% increase was observed. The quarterly growth in net claims was attributed from high claims in the health class of business followed by property class and guarantee class with 128.56%, 104.03% and 93.22% respectively. The yearly growth was mainly attributed by the significant increase in transportation coupled with engineering insurance, this is consistent with the increase in premiums written in these insurance classes. Despite the increase in most insurance classes, agriculture and motor insurance classes experienced a decline of 99.39% and 17.63% respectively. The claims ratio remained stable on yearly basis as it increased by 1.51% to 20.91%, however on quarterly basis it decreased by 20.11%.

Table 6 - Net Claims Incurred

	Q2 2023	Q1 2023	Q4 2022	Q2 2022
	E'000			
Accident	1 403	843	1 188	510
Agriculture	11	10	1 023	1 780
Engineering	3 736	1 989	3 858	546
Guarantee	2 276	1 178	1 577	1 598
Health	10 229	4 476	11 731	7 362
Legal expenses	63	31	97	40
Liability	4 205	2 496	3 835	3 017
Motor	22 047	14 721	61 126	26 765
Property	31 432	15 406	36 620	19 475
Transportation	876	539	253	87
Travel	-	-	-	-
Workman's compensation	10 418	5 713	20 186	11 181
Other	2 496	1 026	1 403	6 803
Totals	89 191	48 427	142 897	79 163

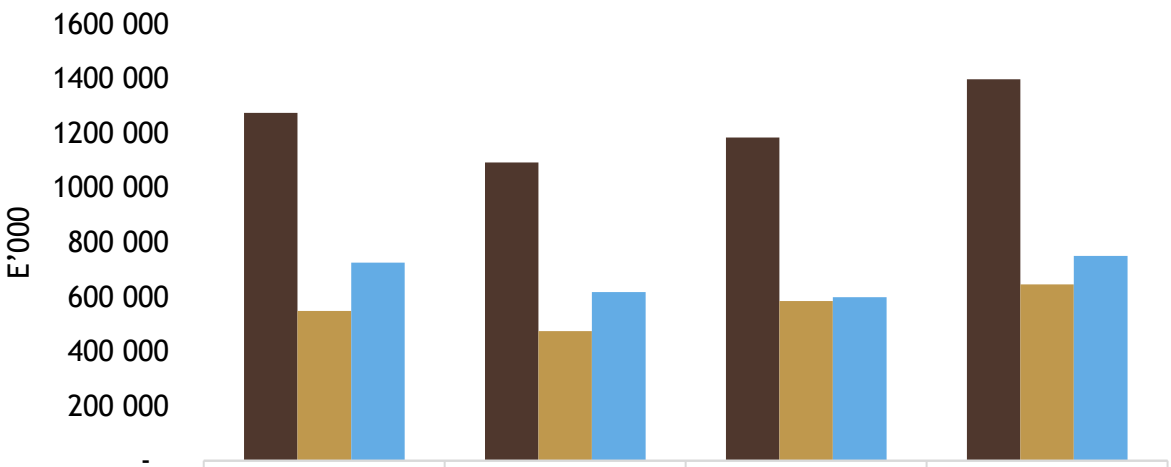
3.3.2.4 Assets and Liabilities

The STI sector's assets increased by 16.65% quarter-on-quarter to E1.27 billion from E1.09 billion, however an 8.75% year-on-year decline was observed. The quarter-on-quarter increase is mainly due to the 117.07% growth on premiums receivable and 50.71% growth in deferred acquisition costs. On a year-on-year basis these elements showed a decline of more than 50%. The STI sector's total liabilities decreased by 15.07% year-on-year and increased by 15.72% on a quarter-on-quarter to E549.44 million from E474.81 million. The yearly decline in total liabilities mainly emanated from the settlement of insurance liabilities and technical provisions and amounts due to related parties. The insurance liability and technical provision constitute 73.39% of total liabilities, hence any movement in insurance liabilities and technical provision impacts the total value of total liabilities.

3.3.2.5 STI Solvency

The STI sector's solvency is based on the insurers' net equity positions wherein each entity must maintain a positive net equity position more than the E2 million minimum capital requirement or 15% 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 formula all insurers' solvency margins are within acceptable cover limits except for 1 insurer who is currently under regulatory intervention for failure to maintain a net equity position equivalent to E2 million. Despite the insolvency of one insurer, the sector's solvency position showed an improvement of 17.36% on a quarterly basis but on an annual basis a decline of 3.31% was observed.

Figure 38: STI Solvency Position

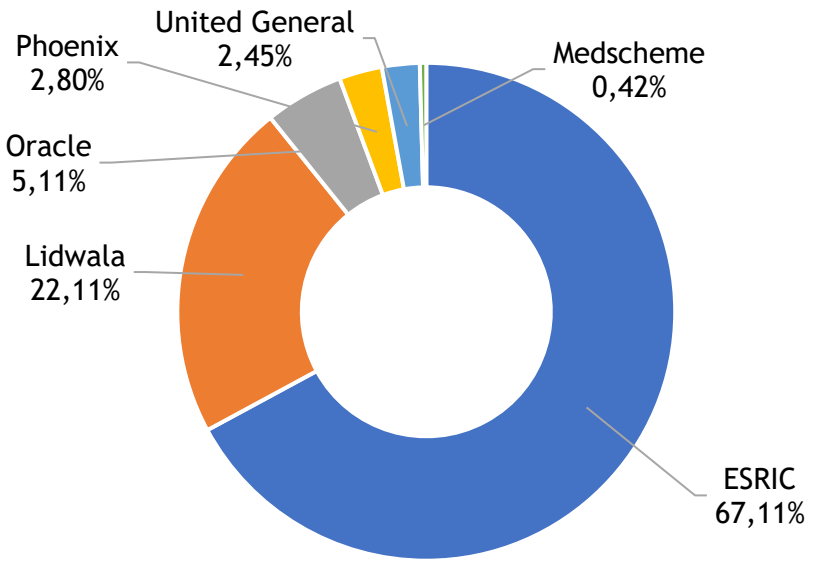


	Q2 2023	Q1 2023	Q4 2022	Q2 2022
Assets	1275 739	1093 659	1185 364	1398097
Liabilities	549 440	474 817	585 882	646930
Net Equity	726 298	618 843	599 481	751166

3.3.2.6 STI Market Share in Terms of Assets

Market Share in terms of assets held indicates that ESRIC continues to dominate the market in terms of assets held which contribute 67.11% of the market share followed by Lidwala with 22.11% of the market share and then Oracle with 5.11%. The rest are UGI, Phoenix and Medscheme with 2.45%, 2.80% and 0.42% respectively. When compared to Q2 2022, ESRIC lost 5.29% and Lidwala and oracle gained 3.41% and 1.41% respectively. The other insurers remained relatively the same in terms of assets.

Figure 39: STI Market Share in Terms of Assets



3.3.2.7 Underwriting Results and Profitability

The STI continued to remain profitable in the quarter under review with an overall net income after tax of E175.59 million. However, only four insurers remain profitable on the back of improved underwriting income whist the other 2 insurers realised a net loss after tax. The E175.59 million is a decline from the E182.30 million profit after tax generated by the sector as of Q2 2022. This decline is the result of the 12.67% increase in net incurred claims and 28.22% increase in management expenses. The FHSI table below shows that the sector's combined ratio increased by 5.39% when compared to the previous year whereas when compared to the previous quarter this was a decline of 32.25 percentage points. The sector however continued to maintain a positive ROE, ROA and investment income ratio. Tables 7 and 8 provide details on the underwriting results and the sector's FHSIs..

Table 7 - Net Underwriting Results

	Gross Premiums	Net earned premiums	Net claims incurred	Net commission and other acquisition costs	Net underwriting results
	E1,000				
Accident	11 788	2 635	1 403	195	1 038
Agriculture	62	21	11	0	10
Engineering	37 160	9 743	3 736	1 651	4 356
Guarantee	16 932	4 357	2 276	(677)	2 758
Health	31 691	19 790	10 229	1 332	8 229
Legal expenses	310	78	63	(53)	67
Liability	28 880	9 501	4 205	1 553	3 744
Motor	121 431	79 630	22 047	6 200	51 382
Property	187 073	82 091	31 432	6 709	43 950
Transportation	12 150	2 513	876	95	1 541
Travel	-	-	-	-	-
Workman's compensation	121 271	120 301	10 418	5 471	104 412
Other	28 635	17 175	2 496	376	14 303
Totals	597 384	347 834	89 191	22 853	235 789

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

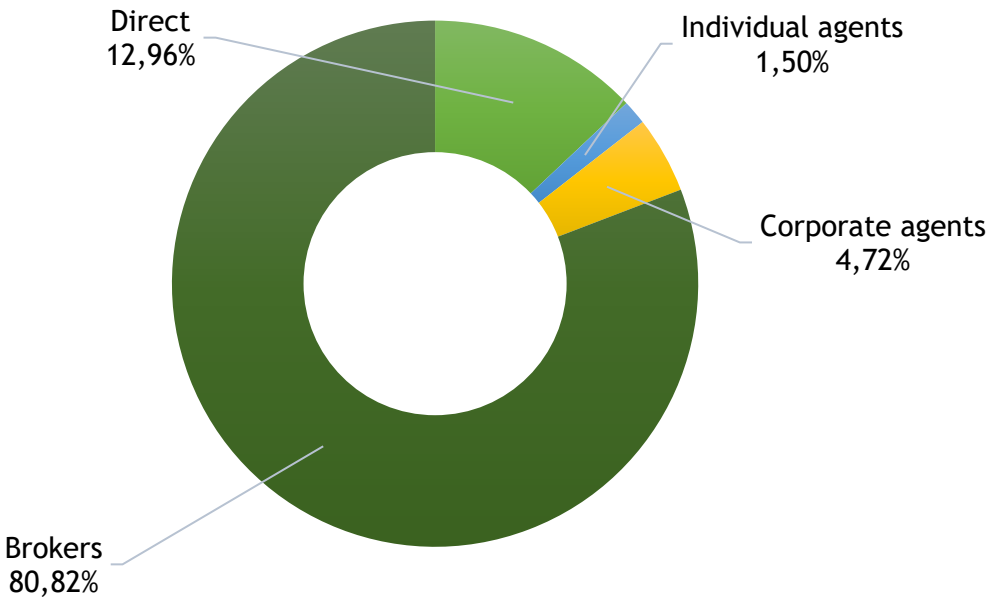
Indicators	Jun-23	Mar-23	Dec-22	Jun-22
Claims ratio	20,91%	41,02%	27,58%	19,40%
Gross claims ratio	11,98%	43,21%	23,82%	21,50%
Expense ratio	30,78%	42,92%	44,19%	26,80%
Investment income ratio	5,93%	13,99%	6,51%	4,20%
Investment income / average invested assets	3,25%	1,92%	5,28%	2,10%
Combined ratio	51,69%	83,94%	71,77%	46,30%
Operating ratio	45,76%	69,95%	65,26%	42,10%
Profitability ratio	41,17%	32,76%	30,73%	32,20%
Return on equity (ROE)	24,18%	4,90%	26,56%	24,30%
Return on assets (ROA)	13,76%	2,48%	13,43%	13,00%
Risk retention ratio	58,23%	54,19%	56,90%	59,00%
Reinsurance recoveries + reinsurance commissions ratio	23,00%	36,58%	28,42%	26,50%

3.3.2.9 STI Distribution of Products

Brokers continued to dominate the facilitation of placement and purchase of insurance with 80.82% premiums contribution followed by direct business which declined by 1 percentage point to 12.96% when compared to the previous quarter. Corporate Agents and Individual Agents maintained the same contribution to insurance business at 4.72% and 1.50%, respectively.

The continued reliance on intermediation services highlights the important role played by the insurance intermediaries in the sector in the enablement of ease of access to insurance products for policyholders.

Figure 40: STI Product Distribution



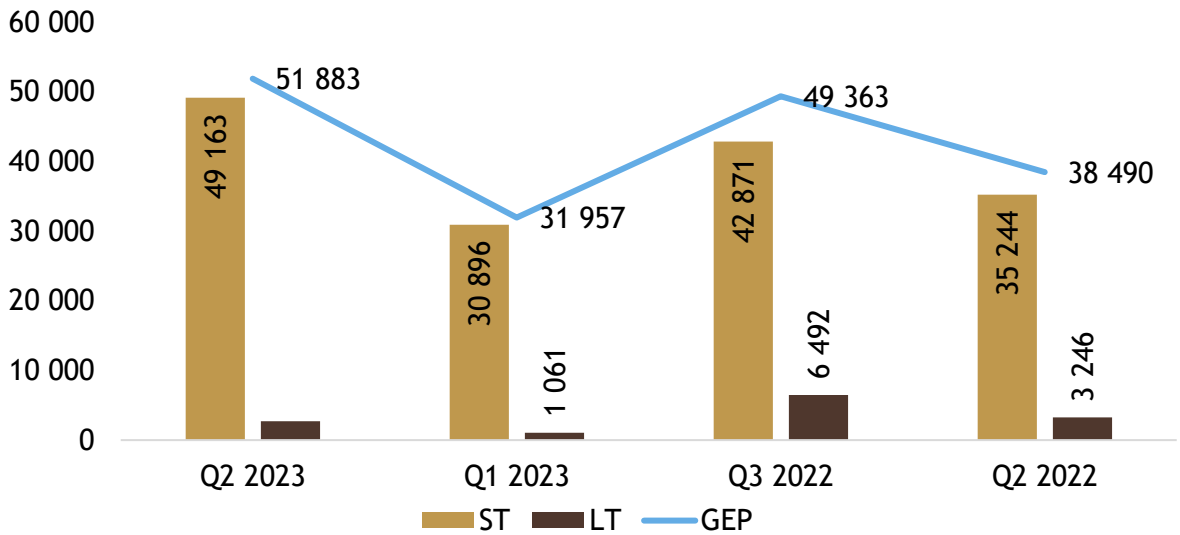
3.3.3 Reinsurance Business

3.3.3.1 Reinsurance Performance

As at 30 June 2023, the total value of GWP recorded from the short-term reinsurance business was E49.16 million. This indicates a 292.24% increase in GWP year on year, this was due to the increase in all the insurance products mainly under motor, engineering, property and transportation insurance class and the growth in the business written by the second reinsurer.

Under the long-term reinsurance business, the value also increased by 33.33% year-on-year from E2.72 million to E2.04 million as at the end of the quarter under review. The significant increase emanated from the increase in funeral and group life policies which increased by 39.13% and 6.57% respectively. The figure below illustrates the GWP year on year.

Figure 41 – Performance in terms of GWP's



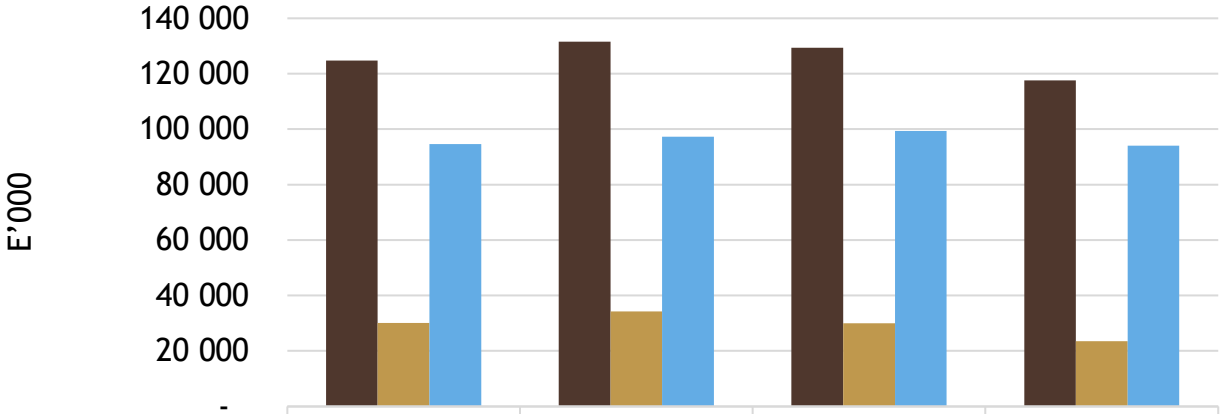
3.3.3.2 Assets and Liabilities

The value of reinsurance sector's assets increased by 6.10% year-on-year and decreased by 5.13% quarter-on-quarter to E124.74 million. The yearly growth in the value of assets was mainly driven by the increase in investment assets, cash and premiums receivable which was significant under long-term reinsurance. However, the quarterly decline was mostly influenced by the decrease in investment assets and cash.

On the liability side, an increase of 27.65% was observed year-on-year and a decline of 12.18% to E30.08 million quarter-on-quarter.

The yearly increase in total liabilities mainly emanated from the settlement of insurance liabilities and technical provisions and amounts due to related parties. The insurance liability and technical provision constitute 73.07% of total liabilities, hence any movement in insurance liabilities and technical provision will impact the total value of total liabilities. In terms of solvency, the sector remained solvent at E94.66 million equity however a marginal decline of 2.65% quarterly was observed and 0.70% yearly increase. Figure 42 below illustrates the sectors solvency.

Figure 42: Reinsurer's Solvency



	Q2 2023	Q1 2023	Q4 2022	Q2 2022
Total Assets	124 749	131 496	129 344	117 577
Total Liabilities	30 080	34 251	30 007	23 564
Total Equity	94 669	97 245	99 337	94 013

3.3.3.3 Profitability

The ST reinsurance sector realized a positive net income from E907 000 to E10.00 million on year-on-year basis. This was due to the favourable underwriting results and increase in investment income. The assuming of business from health and guarantee insurance also contributed to the profitability of the ST reinsurance business.

The LT reinsurance sector on the other hand realised a net loss of E3.99 million during the period. This was due to the 211.34% increase in benefits and claims accompanied by 229.24% increase in management expenses.

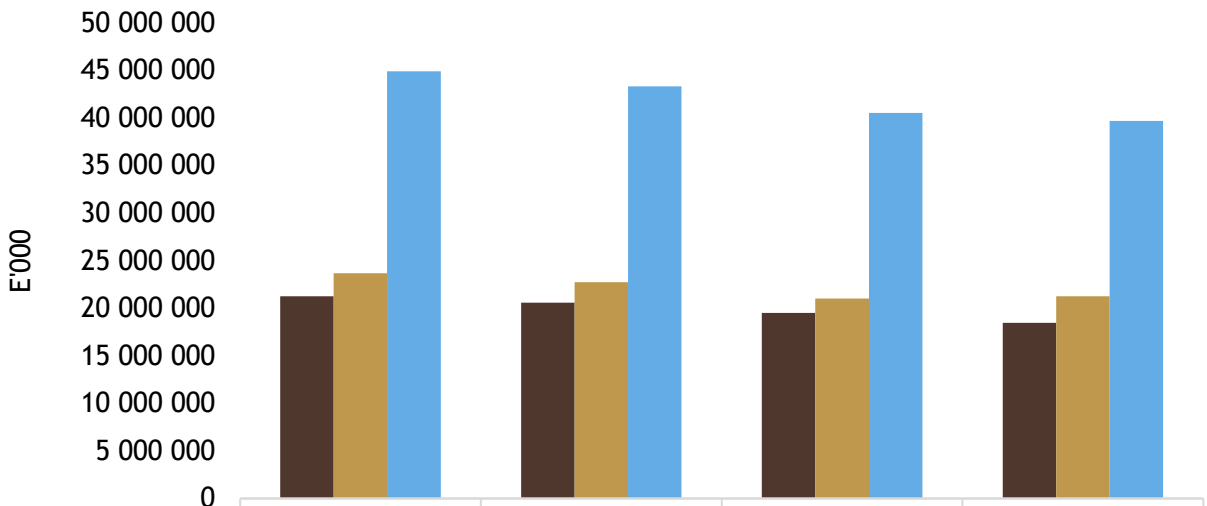
3.4 Retirement Funds

3.4.1 RFs Assets

As at the end of Q2 2023, the sector's assets showed a 3.65% growth increasing from E43.32 billion to E44.89 billion. On a year-on-year basis a growth rate of 10.37% was observed from E40.54 billion. However, looking as far back as Q2 2021, the sector's assets continue to show despite the economic challenges that have impacted the performance of the financial markets, a 13.09% growth has been observed.

As noted in the previous quarter, the sector's assets continue to be on an upward trend influenced by the positive financial market performance especially the JSE in South Africa and other international markets resulting in gains on financial instruments. Consistent with the growth in the sector's assets, the value of the local asset holding increased by 3.22% on a quarterly basis from E20.58 billion to E21.24 billion. Yearly comparison indicates an 8.96% increase from E19.47 billion. Despite this noted increase in asset value, a comparison of the local asset holding vs the foreign assets show a slight decline of 0.18% in the local assets, however this is not a threat to the 30% local asset holding requirement as it declined to 47.32%. The foreign asset holding increased slightly on a quarterly basis by 3.96% from E22.75 billion to E23.65 billion. Figure 43 below shows the geographic location of assets.

Figure 43 - RFs Assets by Location



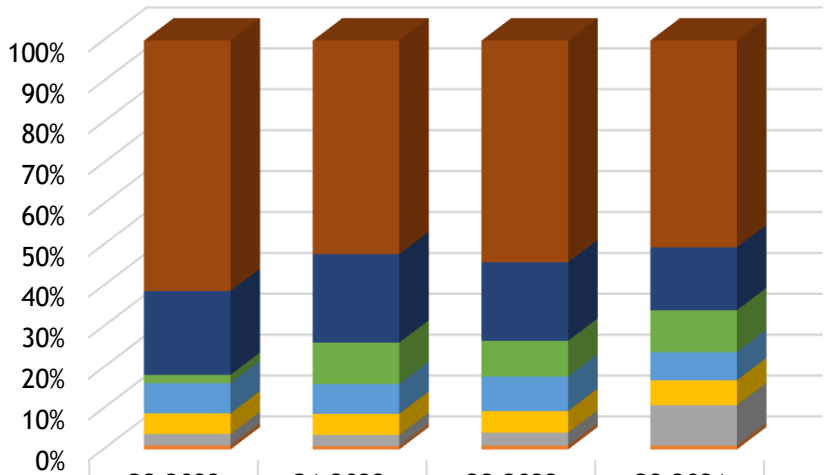
	Q2 2023	Q1 2023	Q1 2022	Q1 2021
Local Assets	21 244 565	20 582 625	19 497 507	18 445 526
Foreign Assets	23 653 927	22 733 327	21 002 261	21 239 770
Total Assets	44 898 492	43 315 953	40 499 768	39 685 296

3.4.2 Allocation of Investments

In line with the sector's long-term objectives and the need to match their long-term liabilities, over 50% of the sector's assets were invested in equities especially the JSE. Whilst this has always been the case, an increase of 17.29 percentage points was observed in this asset class from 52.21% to 61.24%. A significant decline in deposits from E4.39 billion to E899.45 million, the most significant decline was in foreign deposits. This decline shows that at the close of the previous quarter the sector was holding cash in anticipation of investment opportunities hence the decline in the bank deposits and a corresponding increase in the equity investments.

Assets under long term debt instruments realised a decline of 1.76% on a quarterly basis ending a continued increasing trend from Q2 2021. The composition of locally held long term debt instruments accounted for 96.73% of the allocated asset under this instrument. Compared to Q2 2021, the value of assets increased from E6.10 billion in Q2 2021 to E9.20 billion. Despite an increase in investment of 2.08% in the local property sector, on an overall basis, the sector realised a continued decline in property investment allocation of 2.02% decreasing consistently by 16.77% when compared to Q2 2021.

Figure 44 - RF Overall Asset Allocation



	Q2 2023	Q1 2023	Q2 2022	Q2 2021
Equity (excl. property-related)	61,24%	52,21%	54,21%	50,55%
Debt maturing after 12 months	20,51%	21,64%	19,21%	15,40%
Deposits	2,00%	10,14%	8,71%	10,23%
MM & debt maturing within 12mnths	7,40%	7,28%	8,46%	6,90%
Property investments	5,06%	5,17%	5,30%	6,08%
Other	2,79%	2,70%	3,16%	9,85%
Insurance policies	1,00%	0,87%	0,97%	0,99%
Cash on hand	0,00%	0,00%	0,00%	0,00%

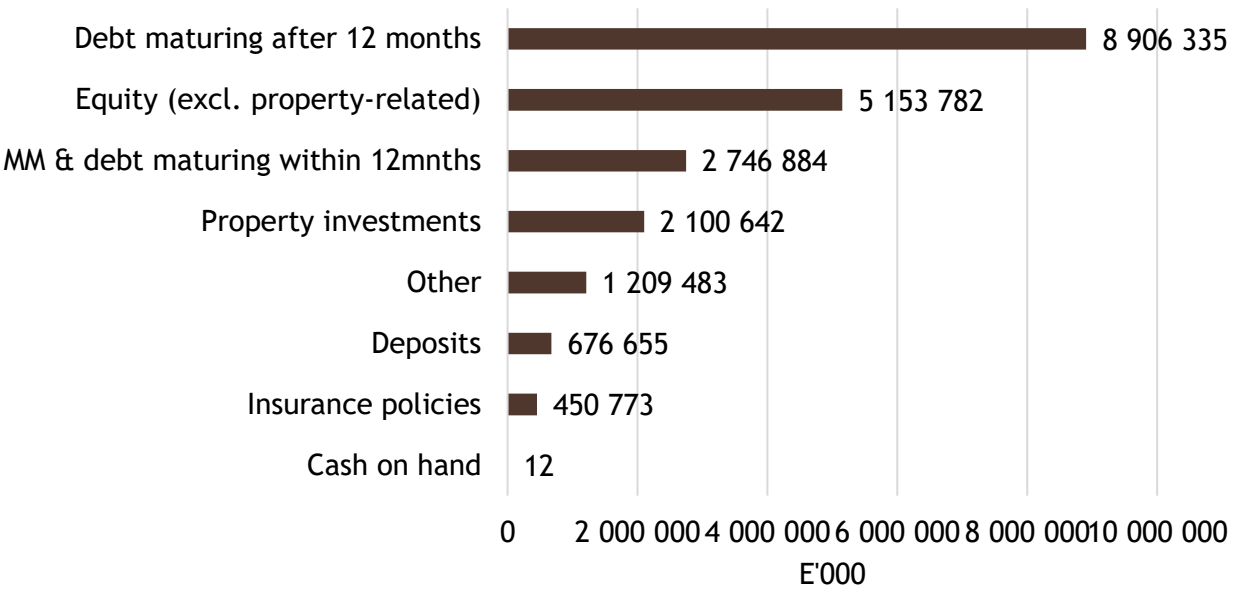
3.4.2.1 RFs Local Allocation of Assets

Locally held assets in this quarter under review were valued at E21.24 billion. This is an increase of 3.22% on a quarterly basis from E20.58 billion in the previous quarter. However, on a year-on-on year basis, the assets increased by 8.96% from E19.49 billion. On a yearly basis, the local allocation declined by 0.83%. Consistent with the increase in value of assets locally, investments in all asset classes recorded growth except long term debt instruments whose value of invested assets declined by 1.37% quarterly. This decline ends a growth trajectory trend from Q2 2021 which had seen this asset class allocation grow from E5.85 billion to E9.03 billion in Q1 2023. The decline in assets under long term debt instruments is indicative of the redemption of government securities equal to E123.9 million by the sector.

Invested assets in parastatals under long term instruments also realised a decline by 6.60%from E1.26 billion to E1.18 billion; Commercial bonds allocation decreased by 43.78% from E194,72million to E109,47million on a quarterly basis. Despite the quarterly decrease, long term debt instruments continue to be most preferred investment instrument locally as they accounted for 41.92% of the sectors assets with debt to other non-banking financial institutions accounting for 17.48% of the local asset holding.

A 6.40% increase was observed in local equities from E4.84 billion to E5.15 billion. The sector continues to show a high preference for the unlisted equities as they account for 74.01% of the local equities. The local equities accounted for 24.26% of total local assets which is an increase from 23.53% quarterly. Invested assets under the other asset classification which comprises of alternative investment instruments was above the gazetted industry threshold of 2% locally in terms of the Retirement Funds Regulations of 2008 at 5.16%. Whilst the allocation exceeds 2%, the Authority has the discretion to approve allocations beyond the prescribed allocations taking into consideration the interests of the members of the fund.

Figure 45 - Local Investment Allocation



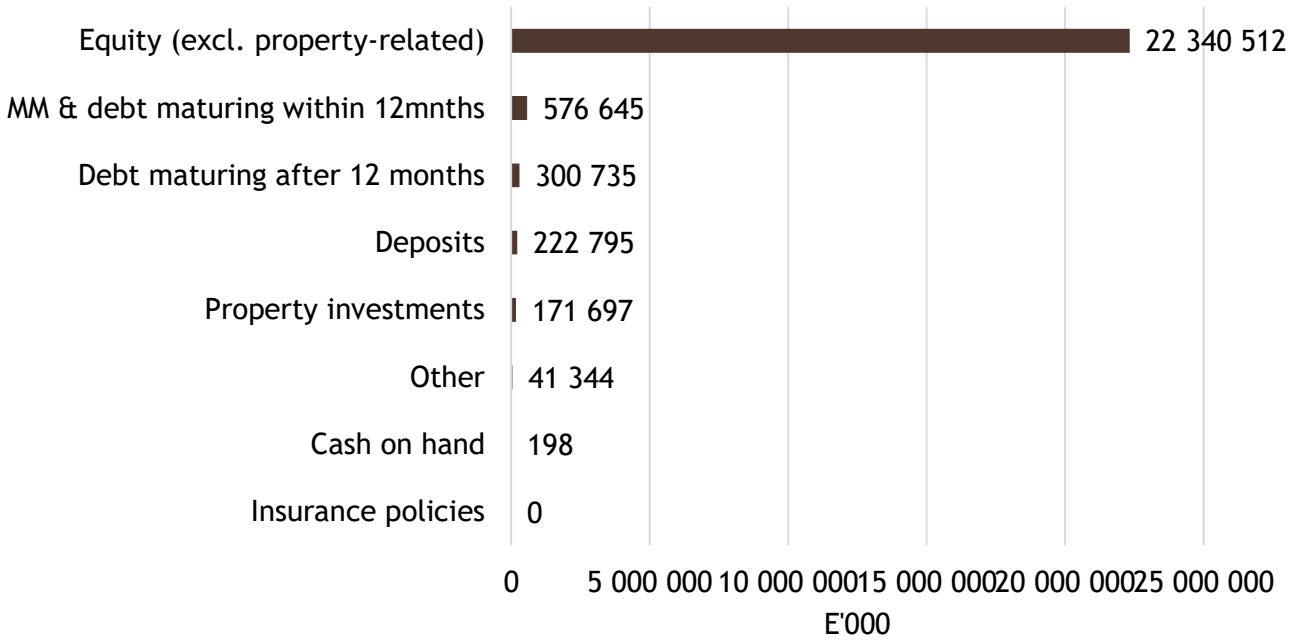
3.4.2.2 Foreign Assets Allocation

A 4.05% increase in foreign investments was observed, the value of assets increased from E22.73 billion to E23.63 billion. However, on a yearly basis, the value of assets increased by 12.63% from E21.01 billion wherein a minor decrease was experienced at the inception of the geopolitical tensions arising out of the Russia - Ukraine war. The quarterly foreign allocation has exceeded the pre-covid 19 pandemic values and the Russia - Ukraine conflict. Compared to Q2 2021, the value of assets increased by 11.37% from E21.23 billion.

Foreign equities continue to be the preferred investment vehicle for the sector as this accounts for 94.45% of the foreign assets. As highlighted earlier, a significant decline of 94.01% in foreign deposits was observed followed by an increase of 33.09% in listed equities, a 9.02% increase in unlisted equities and a 5.37% increase in the equities collective investment schemes indicating transfers from deposits to income earning instruments. As highlighted in Q1-2023, a rise in unlisted equities continues to be observed and makes up slightly above 12.00% of the foreign asset holding; compared to the previous quarter the value of assets invested in unlisted equities had increased by 4.81 percentage points.

Foreign debt instruments realised a decline of 11.98% which was mainly a result of the 50.60% decline in commercial bonds and the 42.72% decline in the national and international agencies bonds while investments in the property collective investment schemes declined by 29.14%.

Figure 46: Foreign Investment Allocation



3.4.3 RFs Income and Expenditure

3.4.3.1 Income and Expenditure

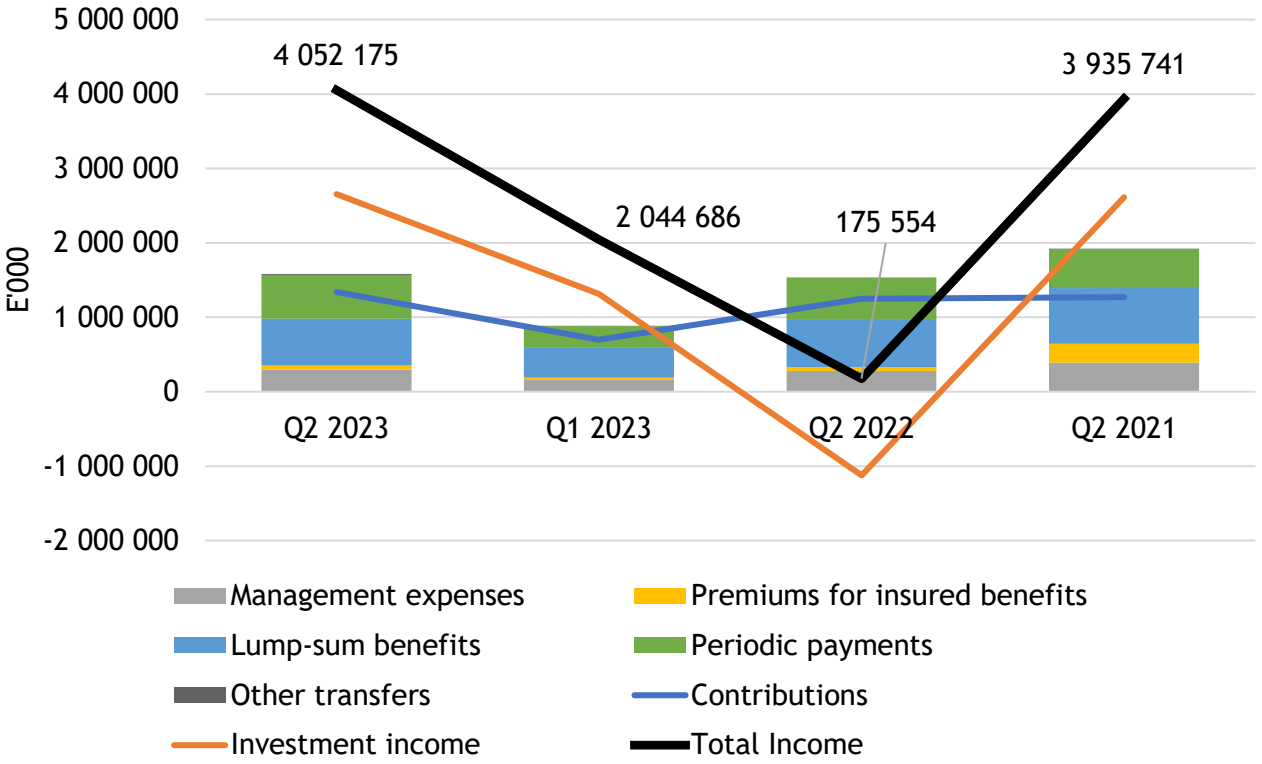
A cumulative increase of 98.15% was observed in the sector's overall income, increasing from E2.04 billion as of Q1-2023 to E4.05 billion in the quarter under review. This overall increase was mainly driven by the quarterly increase of 92.36% in contributions from E696.67 million to E1.34 billion was observed. However, on a year-on-year basis this is an increase of 7.23%. Compared to Q2 2021, the value of contributions increased by 5.47% from E1.27 billion resulting from the members' salary increments which is a basis for the calculation of member contributions. Additional voluntary contributions from members increased by 31.63%, this increase is indicative of members' interest to improve the adequacy of their retirement benefits.

The significant increase in investment income from E1.32 billion to E2.65 billion also contributed to the quarterly growth in the sector's income. This significant growth is due to the 116.09% increase in the net unrealised fair value gains on financial assets owing to positive performance of the financial markets leading to an improvement in the market value of the financial assets. This increase also shows that investment income recovered from a negative slump of E1.12 billion fair value losses. Compared to Q2 2021, there has been a modest 1.50% increase. overall, investment income comprised of 65.49% of the sectors income whilst contributions account for 33.08%. The outstanding 1.43% is generated through transfers between funds, recoveries from insurers and sundry income.

The sector's current expenses increased by 75.84% on a quarterly basis due to the increase in the current benefit expenses from E706.52 million to E1.24 billion. The increase in benefits payments is attributable to the annual inflationary adjustment offered to pensioners, newly retired members and newly onboarded annuitants during the period. Management expenses also increased by 84.98% but declined when compared to Q2 2021, these expenses are mainly driven by the expenses incurred by self-administered funds i.e. the ENPF and the PSPF while for other funds these are the costs incurred for benefit administration, investment management expenses and other fund expenses. The industry's liquidity calculated from the sectors contributions against expenses and benefits paid improved on a quarterly basis from 77.63% to 84.09%. Whilst a 100% ratio is preferred to avoid disinvesting to meet obligations, the sector through the investment income is considered to be in a good liquidity position.

3.4.3 RFs Income and Expenditure

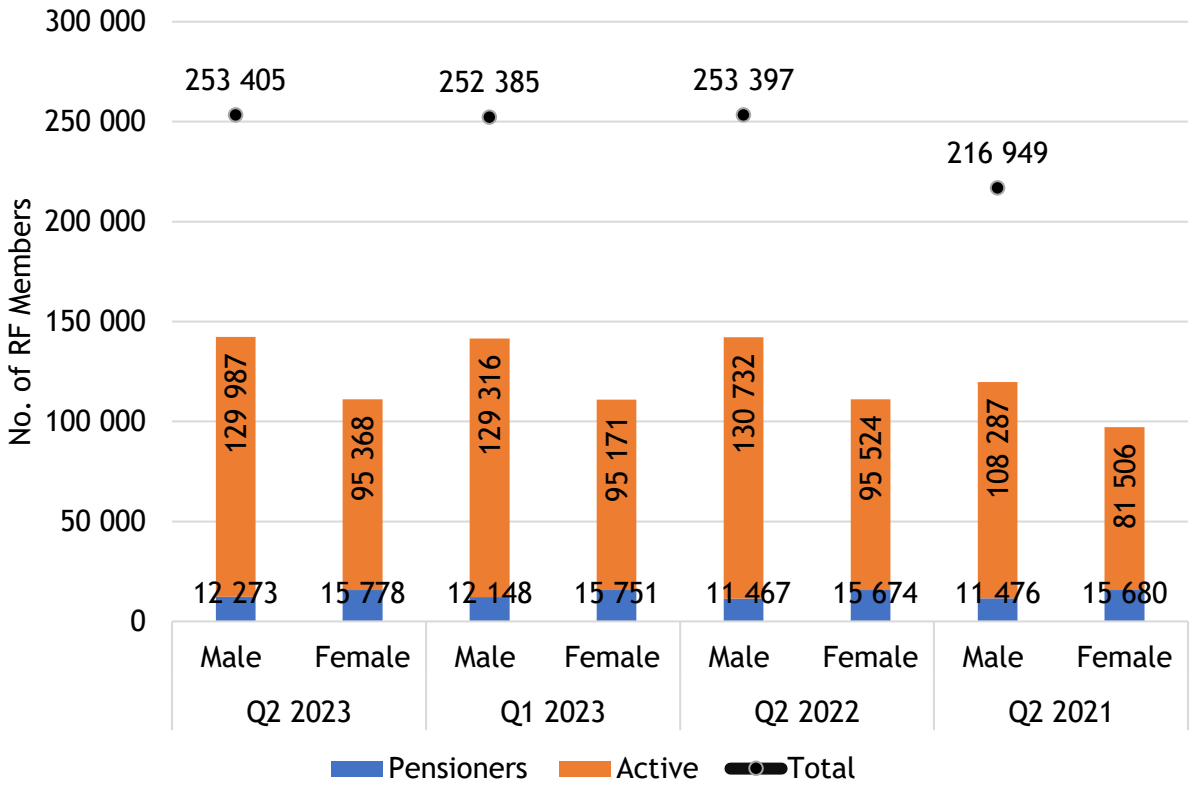
Figure 47: RF Income and Expenditure



3.4.4 RFs Membership

As at the end of Q2 2023, the number of RF members was 253 405. This figure denotes an increase both quarterly and yearly. A significant increase of 17.01% was noted when comparing the quarter under review with Q2 2021, however the minimal quarterly increases in membership have been hampered by participating employer who are terminating their participation in umbrella funds as several business in different sectors under-go financial strain. Gender composition for members is as follows; 89% of the members are active of which 58% are males and 42% are females, pensioners comprise of 11% to the total members with more females than men as shown in the figure 48.

Figure 48: RFs Membership



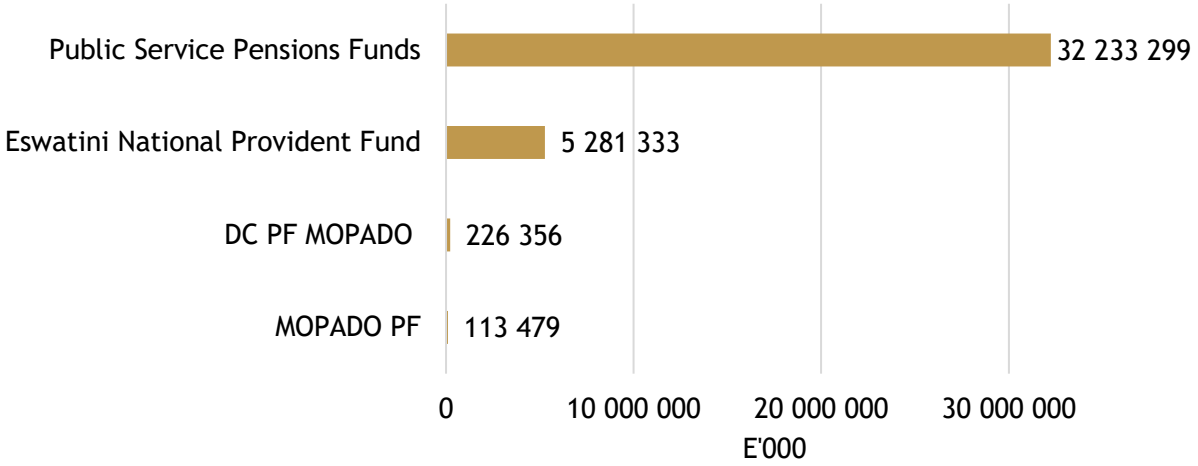
NB: Do note the double counting effect in the number of RF members represented in the statutory fund – ENPF and again in standalone funds.

3.4.5 RF's Market Share in terms of Assets

The retirement funds sector is also highly concentrated with 96.03% of the sectors assets controlled by 19 retirement funds as discussed below. Statutory funds commended 84.31% of the sectors market share as of Q2-2023 with assets valued at E37.85 billion and thus signifying their anchor role in the sector and the wider economy by extension. All statutory funds' assets realised growth ranging from 2.40% to 9.09% whilst one realised a decline in assets due to disinvestments in local instruments coinciding with the end of term for the members of parliament and the need to pay the relevant gratuities. Aggregated, the statutory funds growth in the quarter was 3.70% surpassing Q1 2023 2.17% growth rate.

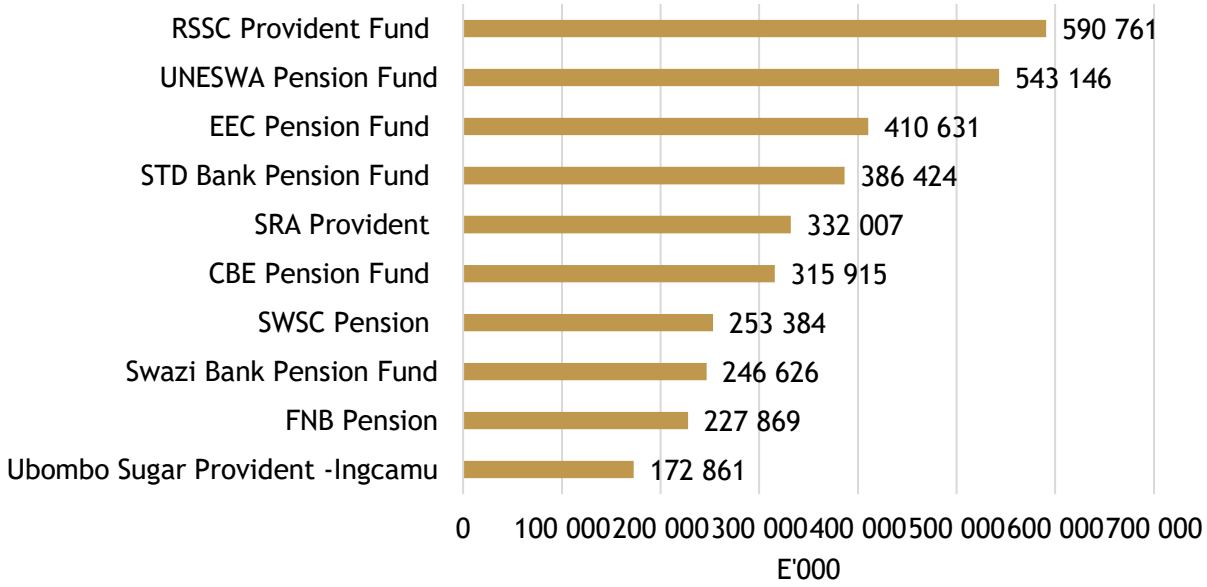
Looking at the the non-statutory funds, the top 10 private funds excluding umbrella funds comprised of 7.75% of the entire sector with total assets valued at E3.47 billion. This is however a decline of 7.83% quarterly. The ERS Provident Fund realised the highest growth quarterly i.e., 4.59% from E317.44 million to E332.00 million due to positive returns from equity allocations.

Figure 49: Statutory Funds Market Share



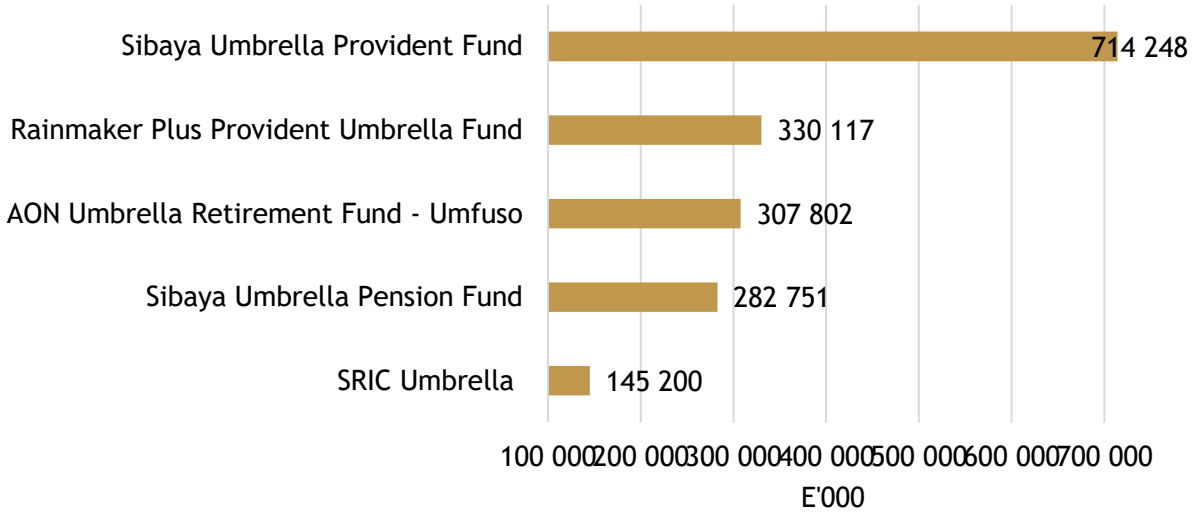
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Figure 50: Top 10 Private Funds excl. Umbrella Funds



On the multi-employer pension side, the top 5 umbrella assets were valued at E1.78 billion and declined on a quarterly basis by 0.05%. Following the decrease in value of assets, these multi-employer pension funds value contributes 3.96% to the overall funds assets which is a decline from 4.11% quarterly. This decline is attributed to the decrease in AON Umbrella Retirement Funds assets by 4.40% and Rainmaker Plus Provident Umbrella Fund by 10.96%. Figure 51 shows the Top 5 Umbrella Funds

Figure 51: Top 5 Umbrella Funds Market Share



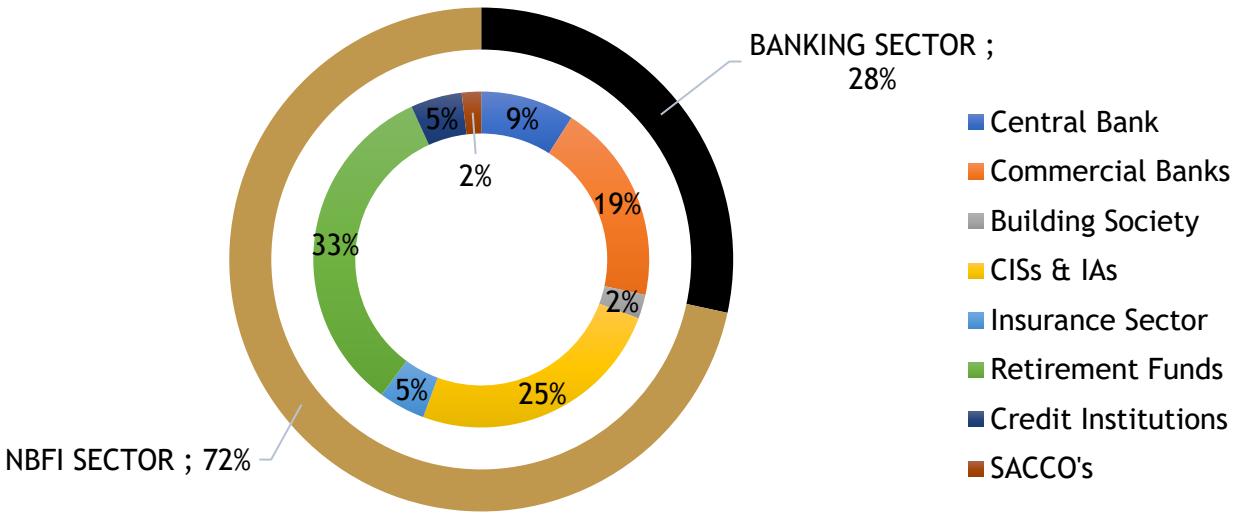
NBFI SECTOR EXPOSURES

4. NBFI SECTOR EXPOSURES

4.1 NBFI Exposure to the Economy

The non-bank sector is a key player in the financial sector and the economy at large. The sectors exposure to the local economy requires constant monitoring of vulnerabilities given its systemic importance to the financial stability of the country. As part of the financial sector, the non-banking financial sector assets account for 72% of financial sector with a value of E135.71 billion. The exposure analysis reviews the interconnectedness of retirement funds, insurers and SACCO's to the financial sector. As of 30 June 2023, these sectors assets were valued at E53.51 billion and E52.16 billion of the assets related to financial assets. Domestic asset holdings were valued at E25.73 billion translating to a 48.87% domestic holding which is the focus of this analysis. Figure x below shows the financial sector asset holdings.

Figure 52:Financial Sector Asset Split



4.2 Retirement Funds

The RF sector is exposed to different economic sectors. The value of invested assets in the local economy was E21.24 billion which is a quarterly increase from E20.58 billion in the previous quarter. Retirement fund assets held in banks and building societies; government and corporate bonds; local asset managers and other financial institutions was valued at E10.91 billion.

4.2.1 Banking and Building Societies

As at Q2 2023 approximately E1.00 billion of the retirement funds assets were held by various banks and building societies, 4.36% of these assets were held as deposits while 1.50% was held as loans. Exposure to the banking sector marginally increased quarterly from 3.87% to 4.67%. In terms of Schedule 1 of the Retirement Funds Regulations of 2008, this exposure is within acceptable aggregate level. Exposure to building societies was through permanent shares and remained at 0.31%.

Table 9:RF's deposits and loans to banks and building societies

Banks and Building Societies	RF's deposits and loans in banks and building societies	
	in emalangeni	As a % to total local assets
Eswatini Bank	228 765 440,20	1,08%
Nedbank Eswatini	89 076 362,30	0,42%
Standard Bank Eswatini	161 346 865,90	0,76%
First National Bank Eswatini	129 110 989,30	0,61%
Swaziland Building Society (SBS)	65 320 176,60	0,31%
Loans to Banks	318 965 873,00	1,50%
Total	**992 585 707,30**	**4,67%**

4.2.2 Local Asset Managers

RF's assets invested with local asset managers declined to 12.38% from 12.56% on a quarterly basis. Through the different investment mandates, these assets are re-invested in different assets classes across the economy in search for better returns. Exposure to local asset managers is high which requires asset managers to prudently invest managed assets and use risk responsive investment strategies to manage inherent shocks. The availability of different asset managers spread the risks and curtails over exposure to one manager and asset class.

4.2.3 Government and Corporate Bonds

RF's holding of treasury bills and government bonds declined from 14.49% to 14.09% quarterly. Exposure to this asset class is the second highest only to other financial companies. Despite the risk-free nature of this assets class, as one of the highest holders of government securities, the sector relatively exposes itself to shocks emanating from fiscal actions and borrowings. Like government securities, exposure to commercial bonds immaterially declined to 2.75% from 2.86% in the period under review. This is a fair exposure.

4.2.4 Other NBFIs

17.48% of RF assets were private equity holdings in other non-bank financial companies. This is the highest exposure to all the reviewed asset classes and intricately makes the sector susceptible to financial sector vulnerabilities. Whilst these holding is spread across development financial institutions, insurance companies and credit providers it brings heightened exposure to various economic shocks that could ensue and affect the long-term performance of the sector.

4.3 Insurers

The value of locally invested assets from long- term and short-term insurers in Q2 2023 was E1.31 billion which is a quarterly decline from E1.89 billion recorded in the previous quarter. The exposure of these investment to the local economy is inherently based and influenced by their nature of business.

Short term insurers invested E323 million of their assets in the local economy. To maintain adequate liquid assets, 27.71% of the short-term insurers' assets were held as deposits and or call accounts. Invested assets in building societies declined to 6.13% in the period under review and insignificantly reduced its exposure. Contrary to the decline in exposure in the banks and buildings societies, exposure to the local assets managers increased significantly to 65.74% from 60.89% quarterly, however these assets were mainly held in money market instruments. This exposure bodes well with the business nature of short-term insurers frequency of claims. To further diversity risk and limit concentration of invested assets in certain asset classes, short term insurers started investing in government securities with exposure to this asset class was standing at 0.42%.

E1.48 billion of the long-term insurers assets was invested in the banking sector, with loan exposures standing at 0.07% and exposure to the building societies standing at 1.08% while 34.83% of the assets were held by asset managers. This is a high exposure for the sector which requires prudent conformity to investment mandates and constant monitoring of market movements as long-term insurers rely on investment returns to generate positive investment returns for the policyholder investment contracts. Exposure to treasury bills and government bonds increased to 21.20% as the sector subscribed to the securities listed in the reviewed period. As a risk free and liquid instrument backed by government, this is not a cause for concern.

Table 10 below shows the value of deposits by insures as a % of Local Assets.

Table 10: Value of deposits as a % of local assets

Banks and SBS	ST Insurers deposits in banks and building societies		LT Insurers deposits in banks and building societies	
	In E'	in % to Local Assets	In E'	in % of Local Assets
Eswatini Bank	26 614 681,02	8,22%	933 348,46	0,06%
Nedbank Eswatini	40 183 370,00	12,41%	51 323 784,41	3,47%
Standard Bank Eswatini	22 803 910,20	7,04%	105 973 457,44	7,15%
First National Bank Eswatini	37 547 446,96	11,60%	17 386 846,00	1,17%
Swaziland Building Society (SBS)	19 841 214,67	6,13%	15 989 844,93	1,08%
Loans			10 378 552,50	0,70%
Total Exposure as a % to Local Assets	146 990 622,85	20,24%	201 985 833,74	13,64%

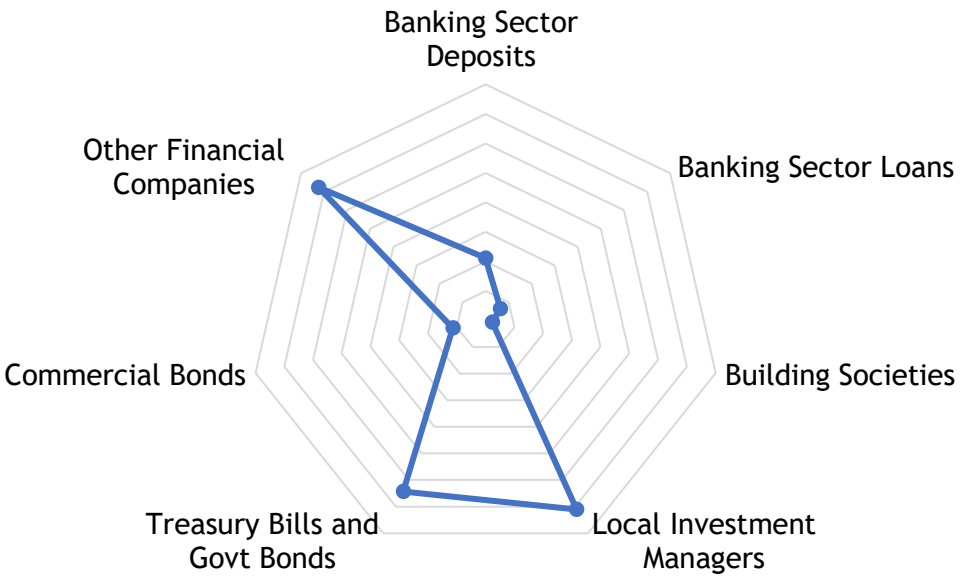
4.4 SACCOs

The value of SACCO's asset was E2.68 billion and were all invested in the local economy. Exposure to banks through deposits declined to 8.07% from 11.31% quarterly whilst assets in building societies increased to 0.73% from 0.17%. The sectors exposure to banks and building societies through deposits is justified on the need for liquid assets to meet members; recurring demands. Local Asset Managers held 11.09% of the sectors assets.

4.5 NBFI Sector

The asset value of NBFI sector in the financial system requires the application of prudent supervision of licensed entities to guard against threat to the stability of the system. The concentration of assets in the local economy through the banking sector and other asset classes makes for easier transmission of risk which may pose a threat if left unmonitored. As the financial system continues to grow in asset size, regulators and policymakers are expected to constantly engage through relevant forums to monitor, advise and adopt measures to minimise the impact of the ever-present risk.

Figure 52: NBFI Exposures



ANNEXURES

Annexure 1: Number of Licensed Financial Service Providers

	June -23	March-23
Collective Investment Scheme Managers	5	4
Investment Advisors	12	8
Trustees	3	2
Exempt Dealers	1	1
Securities Brokers	2	2
Securities Exchanges	1	1
Credit Providers (Non-deposit taking)	126	128
SACCOs	56	56
Building Societies	2	2
Credit Bureaus	2	2
Debt Counsellors	1	0
Reinsurers	2	2
Insurers	16	16
Insurance Brokers	35	34
Corporate Agents	33	33
Individual Agents	107	95
Standalone Funds	40	40
Umbrella Funds	16	16
Beneficiary Funds	3	3
Insured Funds	13	13
Foreign funds	19	17
Fund Administrators	8	8
Medical Schemes	3	3
	506	486

NB: There are 297 participating employers under the 16 licensed Umbrella Funds.

Annexure 2: CISs – Funds under Management

	June-23	March-23
Geographic Allocation		
Domestic	5,185,595,628.09	4,981,863,124.41
Common Monetary Area	2,165,162,271.86	1,893,517,441.60
Offshore	838,651,338.83	757,031,168.66
Total Assets under Management	**8,189,409,238.78**	**7,632,411,734.67**
Asset Allocation		
Cash	578,754,768.31	510,845,043.28
Negotiable Certificate of Deposit	747,121,060.55	259,655,031.98
Banker's Acceptance	416,008,150.78	217,359,113.88
Commercial Paper	313,682,928.09	310,540,308.22
Treasury Bill	1,047,590,825.85	1,241,637,024.52
Corporate Bonds	309,019,281.52	299,821,763.01
Bonds/Debentures	491,930,494.75	510,381,163.98
Equity with Primary Listing	853,872,061.56	620,301,540.84
Equity with Secondary Listing	18,443,727.00	44,869,270.00
Equity Index-Linked Securities	-	-
Listed Securities: Debt	-	-
Unlisted Securities: Equity	-	-
Unlisted Securities: Debt	573,833,456.10	514,937,937.02
Collective Investment Schemes	350,044,551.70	57,471,379.99
CIS (Associated Entity)	1,576,031,776.81	1,459,328,839.85
Property - Shares	779,177.00	779,177.00
Property - Land	-	-
Property - Buildings	-	-
Other Portfolio Assets	912,296,978.76	1,584,484,141.50
Total	**8,189,409,238.78**	**7,632,411,734.67**

Annexure 3: CISs Source of Funds

	June-23	March-23
Retail Investors	1,468,768,903.67	1,416,400,587.08
Politically Exposed Persons	62,942,154.32	45,952,403.73
High Net Worth Individuals	-	
Professional Investors	-	-
Institutional - Retirement Funds	2,524,023,222.88	2,689,638,878.04
Institutional - Medical Aid Schemes	20,414,732.08	29,631,169.30
Institutional - Insurance Short Term	68,175,016.03	69,393,096.43
Institutional - Insurance Long Term	175,058,695.92	251,116,885.89
Collective Investment Schemes	1,411,074,337.57	1,280,262,850.13
Institutional - Credit Providers	-	
Institutional - SACCOs	47,675,509.67	44,558,650.72
Institutional - Banks	-	
Companies	2,268,453,934.86	1,692,933,652.27
Institutional - Other	119,490,782.80	112,523,561.86

Annexure 4: IAs - Funds under Advisory

	June-23	March-23
Geographic Allocation		
Domestic	8,346,234,284.39	8,188,958,903.43
Common Monetary Area	12,879,540,797.18	12,464,427,674.57
Offshore	4,397,635,595.71	3,928,217,352.05
Total Assets under Management	**25,623,410,677.29**	**24,581,603,930.05**
IA Source of Funds		
Retail Investors	543,660,146.78	434,915,293.18
Politically Exposed Persons	121,243,741.01	-
High Networth Individuals	-	110,836,553.72
Professional Investors	-	-
Institutional - Retirement Funds	20,833,957,701.62	19,979,018,601.40
Institutional - Medical Aid Schemes	79,490,107.00	85,202,069.00
Institutional - Insurance Short Term	24,503,729.07	
Institutional - Insurance Long Term	1,544,196,684.17	54,049,608.62
Collective Investment Schemes	1,199,196,847.53	1,146,702,321.72
Institutional - Credit Providers	1,351,446.61	4,116,067.51
Institutional - SACCOs	-	10,588,410.58
Institutional - Banks	313,858,553.62	308,687,602.60
Companies	605,956,886.23	2,466,901,036.45
Institutional - Other	355,994,833.65	13,111,238.95
Total	**25,623,410,677.29**	**24,581,603,930.05**

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

	June-23	March-23
	E'000	E'000
Cash and Cash Equivalents	230,302.03	346,232.15
Prepayments & Sundry Receivables	6,444.88	5,137.54
Financial Investments	322,202.04	307,890.28
Net Loan Portfolio	1,910,538.79	1,713,901.58
Gross Loan Portfolio	1,940,800.91	1,908,335.08
Less: Provision for Loan Loss	30,262.12	36,978.68
Accounts Receivables	100,476.38	94,647.66
Unremitted Salary Deductions	44,569.23	39,405.71
Staff loans	5,184.95	4,743.98
Tax Recoverable	-	50.00
Unallocated Funds	921.17	4,546.88
Other Accounts Receivables	49,801.04	45,901.10
Property & Equipment & Other assets	114,886.79	104,208.79
Land & Buildings	102,970.02	91,933.87
Plant & Equipment	9,742.06	10,649.91
Prepaid Lease rentals	7.13	7.13
Intangible Assets	24.32	24.32
Other Assets	2,143.27	1,593.57
Total Assets	2,684,850.91	2,572,018.01
Total Deposit liabilities (Note 3)	1,888,045.72	1,871,671.15
Short Term Liabilities	268,758.97	199,977.63
Accounts payable	78,029.49	70,518.40
Tax Payable	3,567.61	3,725.26
Dividends Payable	104,568.71	75,332.52
Retirement Benefits Liability	1,366.47	1,405.36
Bank Overdraft	-	-
Other Short-term liabilities	81,226.69	48,996.10
Total Short-Term Liabilities	2,156,804.69	2,071,648.78
Long Term Liabilities	3,211.42	6,837.09
External Borrowings	2,726.05	2,996.78
Other Long-Term Liabilities	485.37	3,840.31
Total Liabilities	2,160,016.11	2,078,485.87
EQUITY	164,300.02	161,548.76
Permanent and Non-withdrawable share (Note 4)	163,218.89	160,511.05
Capital Grants and Donations	1,081.13	1,037.71
Retained Earnings	119,184.46	99,922.41
Prior Retained Earnings	99,323.98	81,562.37
Current Surplus	19,860.48	18,360.04
Other Equity Accounts	234,937.80	232,060.97
Statutory Reserve	68,308.33	67,170.66
General Reserves	113,559.75	121,008.44
Revaluation Reserves (Not part of core capital)	22,348.71	14,004.19
Share Transfer Fund	16,736.53	14,870.73
Education Fund	10,412.74	11,098.92
Central Cooperative Fund	2,064.62	2,018.94
Adjustment to Equity	1,507.11	1,889.09
Total Equity	518,422.27	493,532.14
Total Liabilities and Equity	**2,678,438.39**	**2,572,018.01**

Annexure 7: Developmental Finance Institutions Statement of Financial Position

	June-2023	March- 2023
ASSETS		
Property, Plant and Equipment	129 374 835,09	127 885 617,76
Investments in Subsidiaries	1 084 480 977,62	1 021 544 541,09
Deferred Tax	24 169 377,32	28 156 258,45
Loans and Advances (long term) portion)	480 990 536,19	453 181 402,45
Other Assets	30 119 290,00	30 119 300,00
Total Non-current Assets	1 749 135 016,22	1 660 887 119,75
Current Assets		
Amounts Owing by Related Parties	495 002 833,00	508 190 045,00
Current Tax Receivable	2 997 507,00	12 635 720,00
Loans and Advances (short term) portion)	1 010 060,00	
Trade and other Receivables	9 470 120,32	100 313 570,76
Cash at Bank (with financial institutions)	160 255 595,15	159 621 782,90
Cash in Hand	500,00	18 850,00
Total Current Assets	668 736 615,47	780 779 968,66
Total Assets	2 417 871 631,69	2 441 667 088,41
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	510 265 996,31	430 813 702,39
Total Equity	1 212 826 965,39	1 133 374 671,47
Non-current Liabilities		
Security Deposits	11 615 139,00	101 169 123,00
Amounts Owing to Related Parties	15 095 850,00	15 095 850,00
Other Financial Liabilities	1 100 750 273,05	1 119 562 650,77
Deferred Tax		
Total Non-current Liabilities	1 127 461 262,05	1 235 827 623,77
Current Liabilities		
Amounts owing to Related Parties		
Trade and Other Payable	79 899 756,83	76 769 188,17
Current tax payable	(4 287 967,56)	(4 304 395,00)
Other financial liabilities	1 971 624,00	
Total Current Liabilities	77 583 404,25	72 464 793,17
Total Liabilities and Equity	2 417 871 631,69	2 441 667 088,41

Annexure 8: Retail Outlets Statement of Financial Position

	June- 23	March-23
Assets	E'000	E'000
Property, Plant and Equipment	126 239	85 952
Investments	0	0
Gross Debtors (credit extension)	325 637	319 852
Provision for bad debt	119 420	120 846
Net debtors	206 217	199 005
Other assets	886 936	903 116
Cash and cash equivalents	90 354	114 723
Total Assets	1 309 745	1 302 797
Equity		
Share Capital	390	390
Retained Income	802 579	854 931
Total Equity	802 969	855 321
	0	0
Liabilities	0	0
Borrowings	2 412	2 333
Other payables and financial Liabilities	504 364	445 143
Total Liabilities	506 777	447 476
Total Liabilities and Equity	1 309 745	1 302 797

Annexure 9: Building Societies Statement of Financial Position

	June-23	March-23
NOTES AND COINS	40 729	30 306
Emalangeni Notes and Coin	40 729	30 306
Rands	-	
DUE FROM BANKS 'NOSTRO'	31 419	77 633
Central Bank of Swaziland	11 528	19 161
Domestic Commercial Banks	19 491	58 078
Non resident Banks	400	394
INVESTMENTS	496 218	544 738
Domestic	447 024	494 104
Foreign	49 194	50 634
BILLS RECEIVABLE	-	
NET LOANS AND ADVANCES	2 319 156	2 239 609
Gross Loans & Advances	2 458 612	2 380 849
Less: General Provisions	20 763	17 219
Less: Other Deductions	118 693	124 021
UNCLEARED EFFECTS	-	
FIXED ASSETS (Net of Depreciation)	316 268	318 887
Land and Buildings	147 401	147 400
Furniture, Fixtures, Equipment and Vehicles	168 868	171 486
OTHER REAL ESTATE OWNED	11 391	11 391
OTHER ASSETS	107 309	100 986
TOTAL ASSETS	3 322 491	3 323 551
LIABILITIES	-	
DEPOSITS	1 621 994	1 571 291
Transmission/Demand	85 973	86 437
Savings	1 030 069	1 013 575
Term	505 952	471 279
DUE TO BANKS 'VOSTRO'	3 234	7 149
Central Bank of Swaziland	-	
Domestic Commercial Banks	3 234	7 149
Nonresident Banks		
BILLS PAYABLE		
INTERBRANCH BALANCES IN ESWATINI (If Net Credit Balance)		
OTHER BORROWINGS		
OTHER LIABILITIES	72 158	144 587
TOTAL LIABILITIES	1 697 386	1 723 027
CAPITAL AND RESERVES	1 625 104	1 600 523
Paid Up / Issued Share Capital	1 104 085	1 062 750
Permanent Shares	1 064 909	1 026 567
Subscription Shares	39 176	36 183
Statutory Reserves	46 807	52 432
Retained Income (Prior Years)	419 405	419 405
Income (Loss) to Date	(17 941)	-6 812
Revaluation Reserves	72 748	72 748
Other Reserves	-	
TOTAL LIABILITIES, CAPITAL AND RESERVES	3 322 490	3 323 551

Annexure 10: Retirement Fund Statement of Comprehensive Income

INCOME	June - 2023	March- 2023
TOTAL CONTRIBUTIONS (from C13)	1 340 712 476	696 673 900
Investment income	2 653 416 826	1 315 531 926
Transfers to the fund	29 462 230	20 444 361
Benefits paid by insurers (to the fund)	14 987 829	11 428 332
Other income	13 595 442	607 867
TOTAL INCOME	4 052 174 802	2 044 686 386
EXPENSES		
Management expenses	295 848 653	159 937 356
Premiums for insured benefits (Note 4)	56 155 442	30 992 159
Annuities purchased from insurers		
Lump-sum benefits:		
Withdrawal - cash	145 845 652	96 100 111
Withdrawal - transfers to other RF's	23 126 286	22 013 745
Accident and sickness		
Disability	1 220 157	623 140
Death	76 934 677	43 336 103
Retirement	274 350 754	134 427 428
Voluntary early retirement	107 753 019	102 317 290
Total lump-sum benefits	629 230 546	398 817 817
Periodic payments:		
Disability	471 000	255 000
Death	109 000	109 000
Retirement	586 686 498	290 375 168
Total periodic payments	587 266 498	290 739 168
Other transfers	25 877 206	16 965 312
TOTAL CURRENT BENEFITS	1 242 587 250	706 522 296
Change in future benefits liability		
TOTAL EXPENSES	2 307 303 413	1 575 521 143
EXCESS OF INCOME OVER EXPENSES	1 744 871 389	469 165 337

Annexure 11: Retirement Funds Investments

Invested Assets - Local	March-23	June-23
Cash on hand	10 247	11 656
Deposits:		
First National Bank	47 753 017	129 110 989
Nedbank	82 259 075	89 076 362
Eswatini Bank	210 340 040	228 765 440
Standard Bank	141 746 894	161 346 866
Swaziland Building Society	63 887 908	65 320 176
Other banks (explain)	3 208 880	2 008 000
Other non-bank financial institutions (explain)	450 884	1 027 551
Total deposits	549 646 700	676 655 384
Money market and debt maturing within 12 mo.:		
Central Bank of Eswatini	14 653 184	47 297 107
Government of Eswatini	98 049 432	139 788 134
Local authorities	53 125 000	55 368 000
Parastatals		
Money market collective investment schemes	1 751 264 153	1 726 231 719
Banks (debt of or loan to banks, other than deposits)	52 766 000	77 516 000
NBFI's(debt of or loan to NBFIs, other than deposits)		
Commercial paper and bonds	393 549 000	474 960 000
Other (explain)	203 265 000	225 723 000
Total money market and debt maturing within 12 mo.	2 566 671 770	2 746 883 960
Debt maturing after 12 months:		
Central Bank of Eswatini	50 010 120	50 010 120
Government of Eswatini	2 819 014 587	2 755 202 877
Local authorities	277 222 829	284 953 319
Parastatals	1 267 125 135	1 183 540 036
Fixed income collective investment schemes	546 030 254	568 596 429
Banks (debt of or loan to banks, other than deposits)	262 511 303	241 449 873
NBFI's (debt of or loan to NBFIs, other than deposits)	3 613 589 776	3 713 103 072
Commercial bonds	194 725 394	109 479 000
Other (explain)		
Total debt maturing after 12 months	9 030 229 399	8 906 334 725
Equity (other than property-related):		
Ordinary shares - listed	983 639 684	983 395 147
Ordinary shares - unlisted	3 573 080 207	3 814 503 076
Preference shares - listed		21 307 000
Preference shares - unlisted		
Convertible debentures - listed		
Convertible debentures - unlisted		
Equity and balanced collective investment schemes	286 877 703	334 577 095
Total equity	4 843 597 595	5 153 782 318
Property investments:		
Land and buildings	1 871 299 584	1 910 195 107
Mortgages		
Loans to property developers	167 464 275	171 336 724
Shares of property developers	19 110 203	19 110 203
Property collective investment schemes		
Total property investments	2 057 874 062	2 100 642 033
Insurance policies	375 816 892	450 772 513
Other (explain)	1 158 778 114	1 209 482 652
TOTAL LOCAL ASSETS	20 582 624 779	21 244 565 241

Annexure 11: Retirement Funds Investments

Invested Assets - Foreign	March -23	June-23
Cash on hand	189 856	197,846
Deposits	3 843 335 272	222 795,467
Money market and debt maturing within 12 mo.:		
Central banks	9 914 670	9 917 464
National governments and international agencies	572 670	4 808 587
Local authorities		
Parastatals		
Money market collective investment schemes	452 541 197	488 346 311
Banks (debt of or loan to banks, other than deposits)	946 790	3 913 964
NBFI's (debt of or loan to NBFIs, other than deposits)	23 900	4 893
Commercial paper and bonds	120 952 093	69 654 233
Other (explain)	3 000	
Total money market and debt maturing within 12 mo.	584 954 319	576 645 452
Debt maturing after 12 months:		
Central banks		
National governments and international agencies	11 031 713	6 319 000
Local authorities		
Parastatals		
Fixed income collective investment schemes	231 784 066	245 117 523
Banks (debt of or loan to banks, other than deposits)		
NBFI's(debt of or loan to NBFIs, other than deposits)		
Commercial bonds	98 525 000	48 675 000
Other (explain)	335 000	623 000
Total debt maturing after 12 months	341 675 779	300 734 523
Equity (other than property-related):		
Ordinary shares - listed	12 672 809 344	16 866 448 634
Ordinary shares - unlisted	2 739 751 384	2 986 765 571
Preference shares - listed	2 466 645	
Preference shares - unlisted		
Convertible debentures - listed		3 870 585
Convertible debentures - unlisted		
Equity and balanced collective investment schemes	2 356 833 841	2 483 427 099
Total equity	17 771 861 214	22 340 511 890
Property investments:		
Land and buildings	1 972 000	2 039 000
Mortgages		113 841
Loans to property developers		
Shares of property developers	152 537 524	151 832 514
Property collective investment schemes	24 996 097	17 712 000
Total property investments	179 505 621	171 697 354
Insurance policies		
Other (explain)	11 805 000	41 344 000
TOTAL FOREIGN ASSETS	22 733 328 061	23 653 926 532
TOTAL ASSETS	43 315 952 840	44 898 491 773

Annexure 12: Short term Insurers Statement of Comprehensive Income

	June 2023	March 2023
	E'000	E'000
Gross premiums written	566 143	165 559
Direct premiums	566 143	165 559
Assumed reinsurance premiums	-	-
Less premiums ceded	231 951	75 849
Net insurance premiums revenue	334 192	89 710
Change in unearned premium and unexpired risk provision (Note 2)	73 670	28 358
Net earned premiums	407 863	118 068
Net incurred claims	79 163	48 427
Commission and other acquisition costs	62 391	20 332
Reinsurance commission received	37 465	10 748
Net commission expenses	24 926	9 584
Management expenses	84 576	41 095
Total underwriting expenses	188 664	99 106
Underwriting income/(loss)	219 198	18 962
Investment income	14 030	12 547
Other income	18 595	9 341
Income/(loss) before tax	251 824	40 850
Taxation	69 514	11 465
Net income for the period	182 309	29 386
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	182 309	29 386

Annexure 13: Short term Insurers Statement of Financial Position

	June 2023	March 2023
	E'000	E'000
Assets		
Property, plant and equipment	114 342	112 486
Intangible assets	5 680	7 451
Investment assets and cash	634 647	639 235
Deferred acquisition costs	17 699	11 744
Deferred income tax assets	3 314	3 260
Prepaid taxes	4	4
Reinsurance receivables	102 546	81 690
Amounts due from related parties	3 532	3 009
Premiums receivable	285 721	131 624
Loans	8 216	4 768
Other	100 037	98 388
Total Assets	1 275 739	1 093 659
	-	-
Liabilities	-	-
Insurance liabilities and technical provisions	403 217	341 606
Amounts due to related parties	4 512	3 885
Reinsurance liabilities	89 976	63 631
Borrowings	-	-
Trade and other payables	44 991	39 611
Current tax payable	- 2 964	18 951
Deferred income tax liabilities	-	97
Cell fund liabilities	9 709	7 037
Total Liabilities	549 440	474 817
	-	-
Equity	-	-
Share capital	27 462	27 462
Share premium	23 730	23 730
Statutory reserves	10 808	10 636
Other reserves	11 951	11 951
Retained earnings	652 348	545 064
Accumulated other comprehensive income	-	-
Total Equity	726 298	618 843
Total Equity and Liabilities	1 275 738	1 093 660

Annexure 14: Long-term Insurers Statement of Comprehensive Income

	June 2023	Mar 2023
	E'000	E'000
Gross earned premiums	545 481	283 064
Direct premiums	545 481	283 064
Assumed reinsurance premiums	-	-
Less premiums ceded	33 040	16 571
Net earned premiums	512 441	266 492
Investment income	187 227	100 039
Other income	11 092	2 830
Total income	710 760	369 362
Insurance benefits and claims	286 446	154 285
Change in policy liabilities	157 974	71 880
Total policy benefits	444 420	226 166
Commission and other acquisition costs	26 678	11 908
Reinsurance commission received	5 120	2 540
Net commission expenses	21 558	9 367
Management expenses	127 145	71 757
Total expenses	593 122	307 291
Income/(loss) before tax	117 638	62 071
Taxation	-	2 956
Net income for the period	117 638	59 115
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	117 638	59 115

Annexure 15: Long-term Insurers Statement of Financial Position

	June 2023	March 2023
Assets	E'000	E'000
Property, plant and equipment	8 930	9 419
Intangible assets	11 862	10 313
Investment assets and cash	4 453 110	4 300 456
Deferred acquisition costs	37 145	21 168
Deferred income tax assets	8 825	9 174
Prepaid taxes	654	444
Reinsurance receivables	27 250	12 704
Amounts due from related parties	57 221	53 368
Premiums receivable	38 739	42 237
Loans	86 800	86 010
Other	85 256	71 744
Total Assets	4 815 792	4 617 037
Liabilities	-	
Insurance contract liabilities	1 911 638	1 608 586
Investment contract liabilities	1 991 226	2 069 229
Amounts due to related parties	11 493	5 506
Reinsurance liabilities	48 481	44 046
Borrowings	3 268	3 536
Trade and other payables	172 015	224 426
Current tax payable	- 9 389	- 402
Deferred income tax liabilities	5 680	5 680
Total Liabilities	4 134 411	3 960 606
	-	-
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	488 122	486 010
Accumulated other comprehensive income	22 764	-
Total Equity	681 306	656 431
Total Equity and Liabilities	4 815 717	4 617 037

Annexure 16: Short-term Reinsurance Statement of Comprehensive Income

	June 2023	Mar 2023
	E'000	E'000
Gross premiums written (Note 1)	49 163	30 896
Direct premiums (Note 1)	48 527	30 896
Assumed reinsurance premiums (Note 1)	636	-
Less premiums ceded (Note 1)	19 777	12 458
Net insurance premiums revenue	29 386	18 438
Change in unearned premium and unexpired risk provision (Note 2)	3 884	697
Net earned premiums	33 270	19 135
Net incurred claims (Note 3)	5 317	3 755
Commission and other acquisition costs (Note 4)	12 943	7 990
Reinsurance commission received (Note 4)	3 878	2 310
Net commission expenses (Note 4)	9 065	5 680
Management expenses (Note 5)	7 686	4 345
Total underwriting expenses	22 068	13 780
Underwriting income/(loss)	11 202	5 355
Investment income (Note 6)	2 091	999
Other income (Note 7)	336	-
Income/(loss) before tax	13 629	6 354
Taxation	3 626	2 032
Net income for the period	10 003	4 322
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	10 003	4 322

Annexure 17: Short-term Reinsurance Statement of Financial Position

	June 2023	Mar 2023
	E'000	E'000
Assets		
Property, plant and equipment	1 209	1 209
Intangible assets	-	-
Investment assets and cash (Note 8)	66 590	74 191
Deferred acquisition costs (Note 9)	-	-
Deferred income tax assets (Note 9)	1 063	790
Prepaid taxes (Note 9)	7	-
Reinsurance receivables (Note 9)	2 870	-
Amounts due from related parties (Note 9)	-	-
Premiums receivable (Note 9)	33 588	33 141
Loans (Note 9)	-	-
Other (Note 9)	5 115	5 665
Total Assets	110 442	114 997
Liabilities	-	-
Insurance liabilities and technical provisions (Note 10)	7 412	10 800
Amounts due to related parties (Note 11)	15 755	13 283
Reinsurance liabilities (Note 11)	3 857	5 224
Borrowings (Note 11)	-	-
Trade and other payables (Note 11)	958	3 654
Current tax payable (Note 11)	-	-
Deferred income tax liabilities (Note 11)	-	-
Cell fund liabilities (Note 12)	-	-
Total Liabilities	27 982	32 961
	-	-
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)	5 065	4 322
Accumulated other comprehensive income (Note 13)	- 5 522	- 5 204
Total Equity (Note 13)	82 460	82 036
Total Equity and Liabilities	110 442	114 997

Annexure 18: Long-term Reinsurance Statement of Comprehensive Income

	June - 2023	Mar - 2023
	E'000	E'000
Gross earned premiums	2 720	1 061
Direct premiums (Note 1)	2 720	1 061
Assumed reinsurance premiums (Note 1)	-	-
Less premiums ceded (Note 1)	816	318
Net earned premiums	1 904	743
Investment income (Note 6)	415	207
Other income (Note 7)	-	-
Total income	2 319	950
Insurance benefits and claims (Note 2)	4 764	613
Change in policy liabilities (Note 3)	-	-
Total policy benefits	4 764	613
Commission and other acquisition costs (Note 4)	79	-
Reinsurance commission received (Note 4)	82	32
Net commission expenses	(3)	(32)
Management expenses (Note 5)	1 554	889
Total expenses	6 315	1 470
Income/(loss) before tax	(3 996)	(521)
Taxation	-	-
Net income for the period	(3 996)	(521)
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	(3 996)	(521)

Annexure 19: Long-term Reinsurance Statement of Financial Position

	June 2023	Mar 2023
Assets		
Property, plant and equipment	33	32,55
Intangible assets		
Investment assets and cash (Note 8)	9 724	11 958
Deferred acquisition costs (Note 9)	-	-
Deferred income tax assets (Note 9)	266	198
Prepaid taxes (Note 9)	-	-
Reinsurance receivables (Note 9)	-	-
Amounts due from related parties (Note 9)	-	-
Premiums receivable (Note 9)	3 005	3 258
Loans (Note 9)	-	-
Other (Note 9)	1 279	1 053
Total Assets	14 307	16 499
Liabilities		
Insurance liabilities and technical provisions (Note 10)	1 223	-
Amounts due to related parties (Note 11)	-	-
Reinsurance liabilities (Note 11)	-	-
Borrowings (Note 11)	875	376
Trade and other payables (Note 11)	-	-
Current tax payable (Note 11)	-	914
Deferred income tax liabilities (Note 11)	-	-
Cell fund liabilities (Note 12)	-	-
Total Liabilities	2 098	1 290
Equity		
Share capital (Note 13)	16 204	15 729
Share premium (Note 13)	-	-
Statutory reserves (Note 13)	-	-
Other reserves (Note 13)	-	-
Retained earnings (Note 13)	- 3 996	- 521
Accumulated other comprehensive income (Note 13)	-	-
Total Equity (Note 13)	12 209	15 209
Total Equity and Liabilities	14 307	16 499

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