FSRA
FINANCIAL SERVICES REGULATORY AUTHORITY



FSRA QUARTERLY STATISTICAL BULLETIN

Q2 2022


FSRA
FINANCIAL SERVICES
REGULATORY AUTHORITY

FSRA ORGANISATIONAL IDENTITY

Our Purpose

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

Our Vision

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

Our Culture Statement

- *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.

NBFI SECTOR HIGHLIGHTS Q2 2022

544
LICENSED ENTITIES

E90.9 Billion
VALUE OF NBFI ASSETS

27 141
RF MEMBERS

E12.1 Billion
CAPITAL MARKETS ASSETS INVESTED IN ESWATINI

71%
LTI SECTOR GWPs GENERATED THROUGH INTERMEDIARIES

E2.4 Billion
TOTAL VALUE OF SACCOS ASSETS

16%
BUILDING SOCIETIES NPLs

E1.2 Billion
INSURANCE SECTOR GWPs

48%
CAPITAL MARKET ASSETS INVESTED IN THE CMA

E5.4 Billion
INSURANCE SECTOR LIABILITIES

64%
CAPITAL MARKET VALUE OF ASSETS SOURCED FROM RFs

E7.1 Billion
TOTAL CREDIT SECTOR LOANS & ADVANCES

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

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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
CP	-	Credit Providers
CPI	-	Consumer Price Index
ESE	-	Eswatini Stock Exchange
EMDE	-	Emerging Markets and Developing Economies
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

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.

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

Another 2% decline in the value of NBFI assets was observed during the quarter under review. The total NBFI assets declined from E93.1 billion to E90.9 billion as of 30 June 2022. The continued decline is the result the decrease in the market value of retirement funds assets due to the reigning financial market conditions especially on assets invested in foreign equities. Long-term insurers have also contributed to this decline as their foreign investments declined by 2%. The decline in the value of retirement funds assets also led to the decline in the value of assets held by the asset managers as over a 1/3rd of non-banking financial sector assets relates to retirement funds whereas long-term insurers assets account for 5% of the assets held by asset managers.

The total value of assets under management and advisory was E31.28 billion and this is a decrease of 1.91% from the quarter ended 31 March 2022. The decrease is a result of the on-going Russia-Ukraine war which has led to the continued increase in the cost of consumer goods and the increase in interests by the Central Banks across the globe; these factors had an adverse impact on the financial markets therefore causing a decline in the market value of investor assets.

Total assets under the credit and savings institutions were valued at E12.6 billion as of 30 June 2022. This was a 2% year-on-year growth, however on a quarter-on-quarter basis it was a 1% decline. The quarter-on-quarter decline was however due to a significant decrease of development finance institutions asset whereas the observed year on year increase is the result of the increase observed in assets of the other subsectors under the credit and savings institutions. An increase in loans and advances was observed while an improvement in the portfolio at risk was also observed.

Under the long-term insurance sector growth in gross written premiums continued to be observed and an improvement in net claims and policy benefits. A year-on-year increase of 5% was observed in the written premiums whereas 15% year on year decrease in claims and policy benefits was observed during the quarter under review. The sector however once again posted net losses after tax due to the fair value losses on financial instruments. The sub-sector remained solvent however a year-on-year decline of 41% decline in the net equity position has been observed.

Growth in the short-term insurance sector was also observed as gross written premiums increased by 12% on a year-on-year basis. A year-on-year increase of 80% was observed in the STI claims. The increase was realized in the following insurance classes, engineering, property, guarantee, liability, and legal expenses. the STI industry total assets recorded a 24% increase in value, this quarter-on-quarter increase was largely due to an increase in premium receivable and deferred acquisition costs. The sub-sector sector remained solvent and a 26% improvement in the solvency level was observed.

Retirement funds assets declined by 3% on a quarter-on-quarter basis, while a 2% year-on-year increase was observed. The quarterly decline in investment is mostly reflected in the negative performances in international financial markets. The sector incurred a loss during the quarter under review when compared to the same time in 2021. This loss is the result of a 2% decline in the contributions and the significant decline in investment income resulting from fair value losses in financial instruments.

EDITORS PICK ARTICLE.

The Impact of late or non-payment of contributions by employers on members of a retirement fund.

By: Wandile Maduna

'Private sector companies with financial challenges tend to effect deductions from payroll then fail to remit the contributions to the fund.'



Introduction

A retirement fund is a systematic plan or fund set up for a defined group of persons, for the purpose of providing annuities and or lump sum benefits for its members on their retirement or to the dependants of such members on the death of the members.

A retirement plan is an essential part of one's future financial security. It is therefore important for one to understand how their retirement plan works and the kind of benefits they will receive upon retirement. All retirement funds in Eswatini are governed by the retirement fund act, 2005, and every fund must have a controlling body which shall be responsible for controlling the business of the retirement fund and shall be referred to as 'the management board' and its business must be governed by the rules which must comply with the retirement fund act, 2005.

Regulatory provisions for contributions

An employer participating in a registered retirement fund is expected to adhere to the obligations imposed on it in terms of Section 16 (1) of the Retirement Fund Act, 2005, (the Act) which states that , all contributions due to a retirement fund in respect of its members should be paid to the fund or to the person administering the fund's assets within 7 days of the expiry of the period for which it was due. The shortcoming of these provisions or the Act is that they are limited on the basis that they do not impose punitive measures on the part of the employer who fails to remit contributions to the Funds. With the appreciation that the failure to remit contribution could be categorised as a criminal offense. The FSRA through the Retirement Funds Act amendment bill is proposing measures to ensure that the burden of the failure by employers to remit contributions is felt by them and not the employees by requiring that they pay interest on late contributions.

Per section 8 (3) of the Amendment Bill, - An employer who fails to remit contributions to a retirement fund within 7 days of the expiry of the period for which it was due shall be liable to pay interest on the contributions at the prevailing interest rate issued by the Central Bank of Eswatini payable to the fund. The amendment bill also seeks to empower the FSRA to impose an administrative penalty on the employer under section 68 of the Financial Services Regulatory Authority Act, 2010."

Trustees are empowered by the Act to oversee the fund's operations and ensure that decisions are in the best interest of the fund. From a legislative perspective the current Act implies that the responsibility of the trustees in so far as contributions are concerned starts once the contributions have been received by the fund. Before this stage, it is the employer's responsibility to collect and remit contributions to the fund. Prior to the contributions reaching the retirement fund, the employer is accountable and failure to remit them to the fund could be interpreted as a criminal matter of fraud and theft by the employer.

Trends on the non-remittance of contributions

Retirement Funds are almost always faced with the challenge of non- remittance. Looking across the continent – state funded funds are faced with the non-remittance challenge which is caused by amongst other factors the prioritization of other state projects over the welfare of the employees and the continuous lack of resources and budgetary constraints. The private sector- and especially companies with financial challenges also tend to deduct on paper and then fail to remit the contributions to the fund. This situation was made dire during the COVID – 19 pandemic resulting in funds failing to pay withdrawal benefits due to serious underfunding issues.

Pursuant to numerous complaints received by the Authority and the Ombudsman of Financial Services in relation to the non-remittance of contributions, the Authority undertook an exercise of evaluating the impact of the non-remittance of contributions by employers to the retirement fund. Being cognizant of the adverse impact COVID 19 has had to some employers, some had to sought relief under the COVID 19 Relief Circular No 2/2020. The preliminary findings were that 28 retirement funds faced challenges in relation to remitting contributions and their total arear contribution amounted to E88 174 279.66. Of the 28 retirement funds, 4 retirement funds were affected by the late remittance of government subventions, 12 retirement funds were affected by financial constraints experienced prior the Covid 19 era and 12 retirement funds were directly affected by the Covid 19 pandemic.

Regulatory interventions

The FSRA and The Office of Ombudsman has assisted employees in cases where the fund refused to pay their withdrawal benefits. More particularly when employers failed to register such employees with the relevant pension fund but deducted contribution amounts from their salaries. The fund was ordered to compute the value of the withdrawal benefit that the employee member would have been entitled to had he been a member of the fund and had the employer timeously made the pension contributions due in terms of the rules of the fund and directed the employer to pay the employee the amount computed by the fund. The FSRA has also ordered some employers to register themselves and their employees with the funds.

The general impact of late or non-payment of contributions

The late or non-remittance of contribution has adverse impacts on associated members, these impacts are best explained as follows:

1. Lost Income and other Benefits - All contributions to funds are invested in the financial market to earn returns thus when contributions are not paid or are paid late to the fund, members lose out on investment opportunities and sometimes interest they could have earned.

2. Lower retirement benefit - When members are denied the opportunity to earn a positive return and lose interest, the members' fund credit (retirement benefit) becomes less than what it could have been and in the case of DB funds, the employer is liable for meeting any shortfall in the retirement benefit.

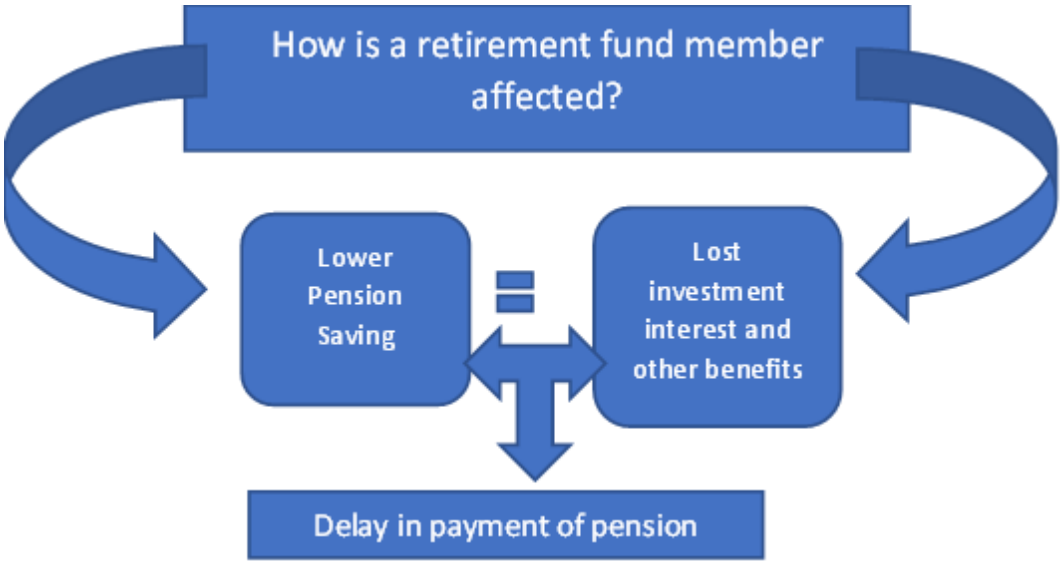
3. Delay in payment of pension - Upon retirement or withdrawal from a fund where contributions remain outstanding there usually is a delay in the payment of benefits and in some cases reduced benefits are paid to members.

What a member should do when becoming aware of late or delayed payment of contributions?

Retirement fund members have a responsibility to ensure they keep track of their retirement fund benefits. It is within their right to check with their funds either through a fund benefit statement and other means to ensure their deducted contributions as well as the employers' contribution is remitted to the fund. Members are encouraged to be proactive in ensuring that their contributions are paid over to the fund and be aware that they have a right to:

1. Request and check benefit statements to ensure that all contributions that have been deducted from members' salaries have been paid over to the fund and invested;

2. Enquire from the Principal Officer if any contributions are outstanding to ensure that the matter is resolved timely;



3. Dispute any anomalies or query any information that does not look correct

4. Access to information about the operation of the fund from the Principal Officer.

5. Insist on regular reporting by the board of trustees on the financial performance of the fund.

6. Ask questions on how benefits are calculated;

7. Request clarity on the procedure to be followed in case of a complaint;

8. Receive a copy of the Rules of the fund and know when there are any changes;

9. Ascertain whether there are risk benefits attached to your fund and the procedure followed in case of a claim.

If a member is aware of a late or non-payment of his or her contribution, the member should contact the employer and try and find out why contributions have not been paid, and when you can expect this to be corrected. Put your request in writing, which can be a letter or email, and keep a copy of all your correspondence. If your query is not resolved by the employer within 30 days, the matter can be referred to

1. The Retirement Funds Regulator (FSRA)

A retirement fund is looked after by trustees, the trustees must report the non-payment to the Regulator. The Regulator regulates the retirement funds. The FSRA works to ensure employers meet their automatic enrolment responsibilities and pay the correct pensions contributions into the scheme on behalf of their staff.

2.The Office of Ombudsman of Financial Services

The Ombudsman is an independent body set up by law to deal with disputes arising from the provision of financial services products – including retirement funds complaints. They look at the facts without taking sides and their service is free. The Ombudsman can investigate regardless of the value of any unpaid contributions. The Ombudsman has the power to direct employers to pay any outstanding contributions into your fund and any remedy may include making up for lost investment or interest depending on the circumstance.

ECONOMIC DEVELOPMENTS

ECONOMIC DEVELOPMENTS

Global Economic Developments

Six short months ago the macro landscape was different from today. The U.S. and Eurozone economies were expected to grow at around twice their potential rates in 2022, emerging markets appeared to be closing the gaps. Inflation was elevated but that was considered to be transitory. Economies were starting to recuperate from the effects of the COVID-19 pandemic.

As of Q2 2022 the economic situation has deteriorated instead of the anticipated improvement. With the wisdom of hindsight, central banks are now viewed as having waited too long to raise rates, putting too much weight on supply-side explanations, and or labour market outcomes. A swath of central banks, most notably the U.S. Federal Reserve, have brought forward their rate-hike timetables.

The war in Ukraine triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict is expected to contribute to a significant slowdown in global growth throughout 2022 and contribute to the heightened inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. Global growth is projected to slow from an estimated 6.0% in 2021 to 3.2% in 2022 going into 2023 (Statista,2022). Beyond 2023, global growth is forecast to decline to about 3.3% over the short to medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7% in advanced economies and 8.7% in emerging markets and developing economies, this is 1.8 and 2.8 percentage points higher than projected in January 2021. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end to the pandemic are essential.

Review of the economic sector performance as of 30 June 2022 showed that all sectors closed in the red for the second quarter except for the energy sector. Double digit declines were observed in 7 sectors except for utilities and consumer staples sector which yielded relatively decent returns while the technology and financial services struggled as the central bank's raised interest rates.

ECONOMIC DEVELOPMENTS

Global Financial Markets

Global equity markets had an unpleasant second quarter. As of 30 June 2022, when the markets closed all major international equity markets were red, leading to overall market declines not seen in decades. To underscore how bad, it has been in 2022, the S&P 500 recorded its worst performance during the first six months in 52 years, and the DJIA recorded its worst first six months since 1962.

For the second quarter of 2022 global indices performances were as follows:

- The DJIA dropped 11.2%
- The S&P 500 lost 16.7%
- NASDAQ plummeted 22.7%

The themes that drove market performance in the second quarter were the same worries that drove markets in the first quarter and towards the end of last year. The most dominant theme continues to be inflation and the aggressive global monetary policy tightening, with the former rising to 40-year highs and the latter causing the global financial markets to worry that the course of rising rates would lead to a recession.

Other themes were plummeting consumer confidence, rising food and petrol prices, negative GDP numbers, declining manufacturing output, a cooling-off of the housing market, declining corporate earnings, supply-chain bottlenecks, and an increase in social unrest across the globe.

South Africa

South Africa's economic growth rate also slowed down, with a long-term potential growth of 1.5% p.a. while the global growth is forecast at 3.0%. In the month of April four sectors recorded positive returns out of the nine sectors. Positive returns were observed from the energy sector at 19.9%, resource sector at 6.8%, telecommunications 4.9% and financial services at 4.6%. Industrials were down by 13.1%, consumer staples were down by 4.3% healthcare 5.1% consumer discretionary, and Technology were down 11.8% and 4.3% respectively. The JSE all share index averaged 13.2% pa. In May we had more sectors returning positive returns compared to the previous month, Energy remained positive together with consumer staples, healthcare, consumer discretionary, and financials while the rest produced negative returns. The quarter closed of with most sectors turning red except for industrials that returned a 0.2% by close of the quarter. This was due to the gradual increase of interest rates by the American Federal reserve, which tempted investors to pull out funds and start buying up T-bills and other short term financial instruments from America.

In order to cope with the uncertain landscape, Viljoen (2022) highlights that dealmakers are adapting to the new business climate where inflationary pressures, rapidly rising interest rates, short-term volatility in financial markets, supply chain disruptions, and geopolitical tensions all appear to be developing into longer-term trends. While these trends and the global economic outlook are uncertain, it has been observed that deals made during a downturn are often the most successful.

ECONOMIC DEVELOPMENTS

Domestic Economy

According to the CBE the CPI averaged 4.2% in the quarter under review, which was an increase of 0.8% when compared to the previous quarter. It is worth noting that the increase was mostly due to the Russia-Ukraine war, which has resulted in a continuous increase in crude oil prices and the decrease in grain imports. This resulted in food prices appreciating by 5.9% on average a 2.3% increase when compared to the last increase in the previous quarter. The continued increases are adversely affecting the consumers ability to save and invest, as they have less disposable income available to them resulting in the slowdown of economic activity.

Domestic Financial Markets

At the end of the second quarter, the local stock exchange had 7 listed companies on its main board. The market capitalization increased by 0.51% from E4.293 billion during the first quarter to E4.315 billion, this was due to a change in the share price of 2 companies i.e., Swaziland Empowerment Limited (SEL) saw a share price increase of 2.78% and Inala Capital increased by 3.70%. The total number of shares traded was 224,938 which collectively amounted to E843,701.40 in the period under review. All Share Index increased from 455.91 to 458.42 at the end of the 2nd Quarter, representing a 0.55% increase.

Bond Market

Nine new corporate bonds valued at E423.01 million were issued during the quarter under review, and six corporate bonds valued at E206.88 million matured. Cumulative bonds were valued at E1.43 billion in Q2 which was a 4.4% increase when compared to the previous quarter. A 1.25% increase in government bonds was also observed resulting from the higher values in re-openings.

ECONOMIC DEVELOPMENTS

Figure 1 – ESE All Share Index

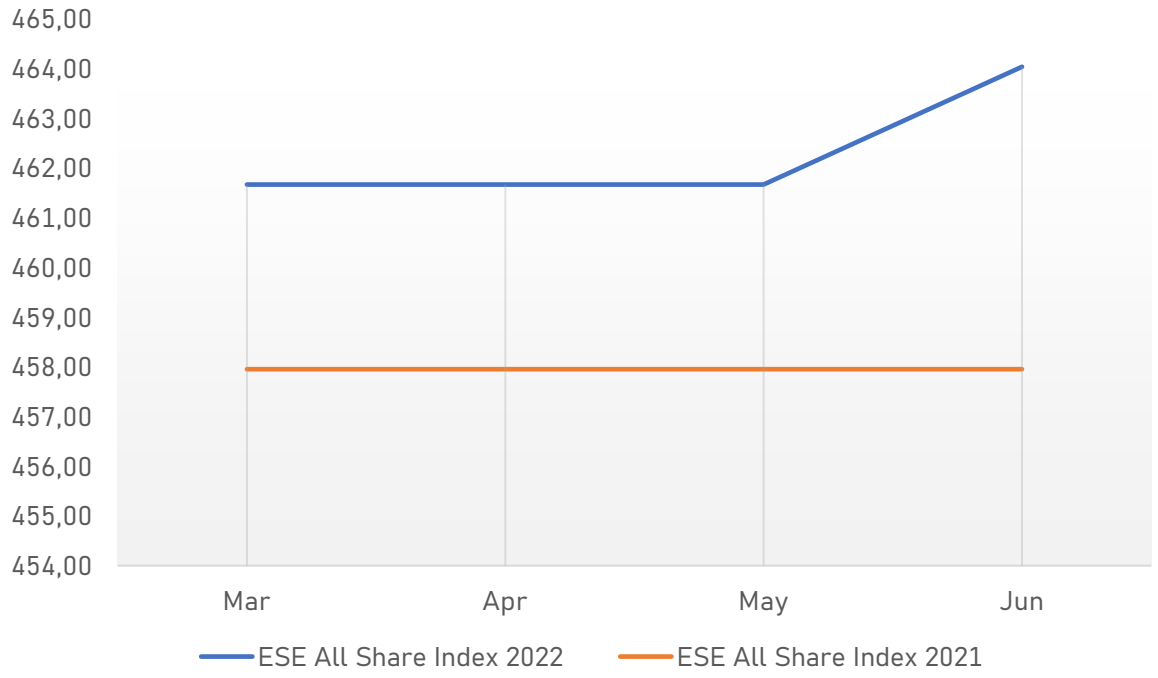
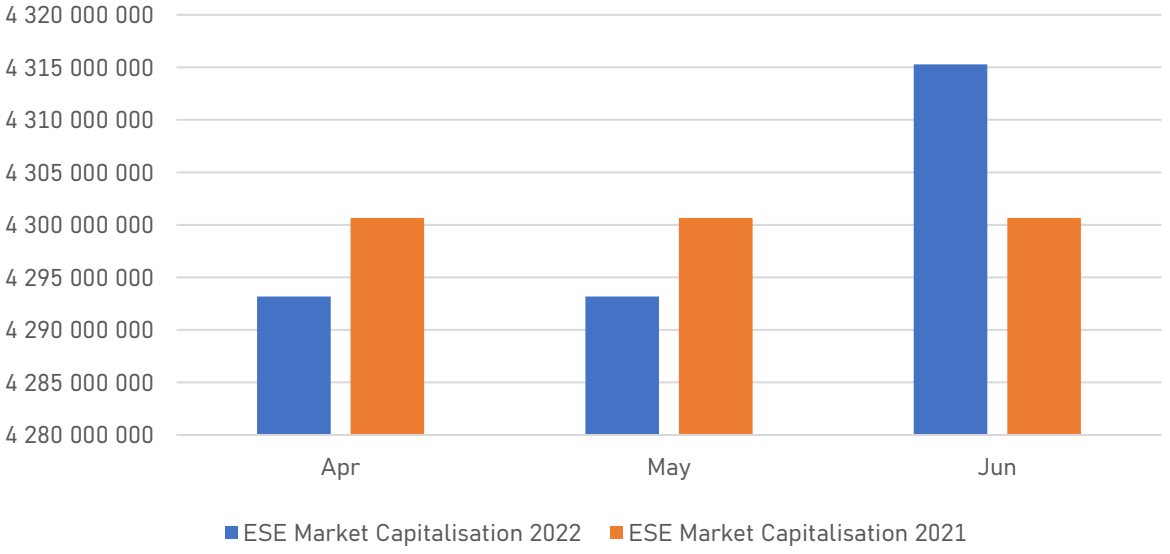


Figure 2 – Market capitalisation by listed companies



Source: ESE Quarterly Report

INDUSTRY DEVELOPMENTS AND PERFOMANCE

3. INDUSTRY DEVELOPMENT AND PERFORMANCE

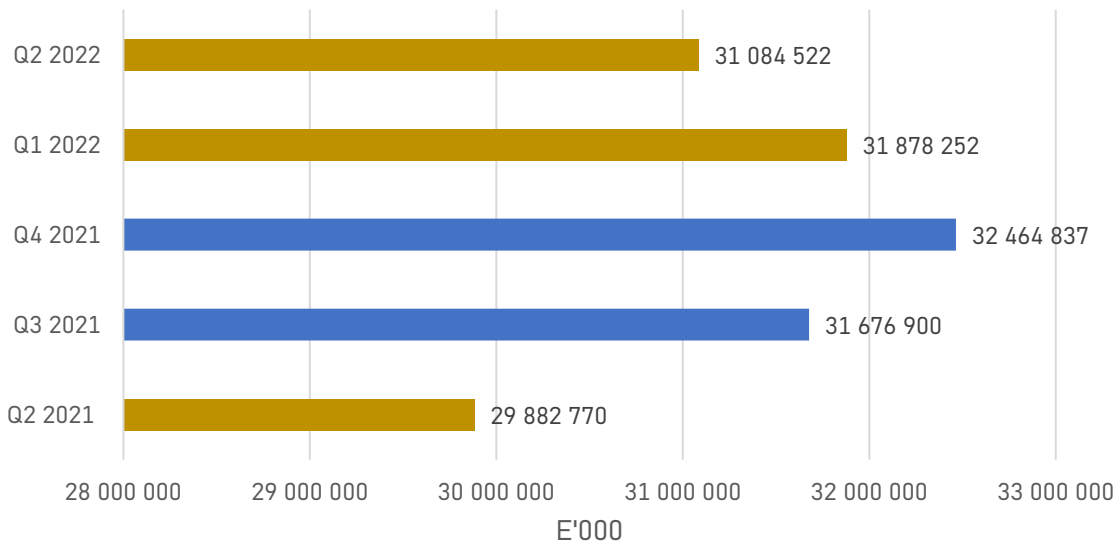
3.1 Capital Markets

3.1.1 Performance Review

As of 30 June 2022, The total value of assets under management was E31.28 billion. This is a decrease of 1.91% from the quarter ended 31 March 2022. The decline is as a result of a number of factors but the top 3 are, Inflation pressure; as the world tries to recover from the effects of covid and go back to normality we have seen the continuous increase in the cost of consumer goods forcing the average consumer to save/invest less just to continue meeting their basic needs. Increase in USA interest rates, as the Federal reserve bank aims to combat inflation the adverse effect has led to investors pulling funds from the continent, resulting in a chain reaction where domestic bonds and CMA bonds together with equities have taken a huge hit, resulting in a continuous fall in prices as demand declines due to the increase in demand for USA bonds with higher yields. Russia-Ukraine war has continued, OPEC and OPEC+ refuse to increase the number of barrels produced per day but instead have lowered them, resulting in the continuous increase of crude oil prices therefore having a negative effect on all economies as different goods and services continue to increase in price resulting in the steady increase of inflation Policies by the government of China also continue to harm TenCent which has a negative effect on Prospus and therefore has an impact on Naspers leading to an adverse impact on any fund holding Naspers shares in its portfolio.

As a result of the factors outlined above, we find our market with E31.08 billion value of total assets. On a year-on-year basis this position is still an improvement of 4.02% when compared to June 2021. Nonetheless markets have been known to self-correct over the long term so it is anticipated that a recovery will take place in due course

Figure 3 – Trend of the Total Value of Assets

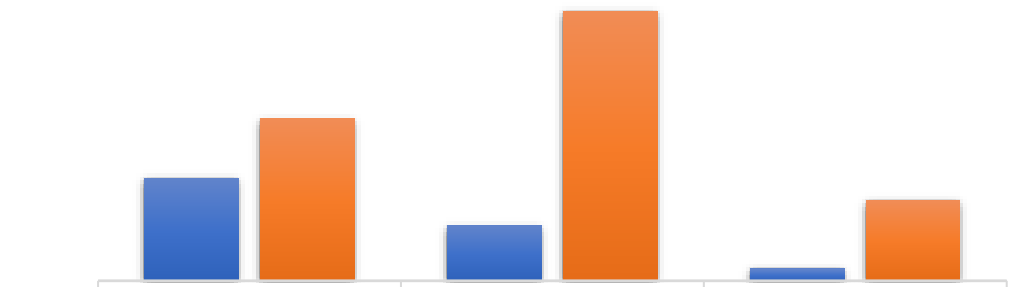


3.1.3 Geographical Allocation of Assets

The value of assets under management (AUM) by CISs is valued at E7,8 billion as of 30 June 2022. These assets were invested as follows: 61% in the domestic market; 32% in the CMA region and 7% in offshore jurisdictions. A quarter-on-quarter comparison of the allocation shows a slightly insignificant change across all three geographical locations.

Assets under advisory (AUA) were valued at E23,3 billion as of 30 June 2022 and were invested as follows; 32% in the domestic market, 53% in the CMA region, and 16% in offshore jurisdictions. Quarter-on-quarter comparison of the asset allocation indicates a shift toward investing more assets in the domestic markets, compared to the previous quarter. The domestic investments were 26% but have risen to 32% whereas CMA and offshore have declined by 2% and 3% respectively. AUA declined by 1.3% in the period under review. The shift towards domestic instruments could be a hedge against the global financial markets developments as more offshore investors pull out of the foreign jurisdictions enabling local investors to acquire those assets or opportunities below their fair market value. AUM and AUA combined geographic investment showed that 48% of capital markets assets are invested in the CMA, mainly in South African instruments but have dropped by 2%, with 39% invested in the domestic market which has increased by 5% and 14% in offshore jurisdictions which dropped by 2% as at the end of Q2 2022. Figure 4 below illustrates the above narration..

Figure 4 – Geographical Allocation of Capital Markets Assets

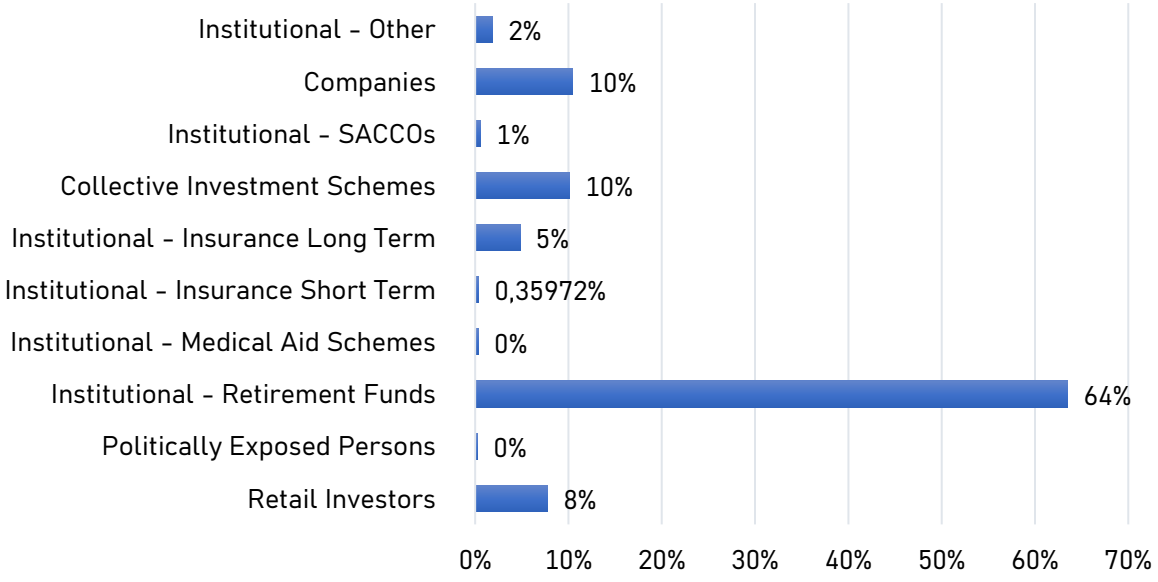


	Domestic	CMA	Offshore
AUM	4 710 135 731,21	2 523 939 059,40	546 710 782,60
AUA	7 438 537 714,09	12 364 983 078,29	3 687 565 997,81

3.1.4 Source of Funds

Retirement funds remain the largest source of funds for the local capital markets and as of 30 June 2022, 63.5% of the assets under management and advisory were sourced from retirement funds. The rest of the funds were sourced as follows, Companies contributed 10%, other CISs contributed 10% to each other, and Long-Term Insurer had 5% contribution, with retail Investors coming in at 8%. Institutional other had 2%. The rest of the "other" investors jointly contributed 3% of the overall funds in the sector were SACCOs, Banks, Short Term insurers, Politically Exposed Persons, Credit Providers, and Professional Investors. Quarter-on-quarter review, the has been a 2% increase in the source of funds from companies, a 3% increase from CIS and, a 4% increase from retail investors. Long-term insurers remained at 5% whereas retirement funds decreased investments by 10%.

Figure 5 - Source of Funds



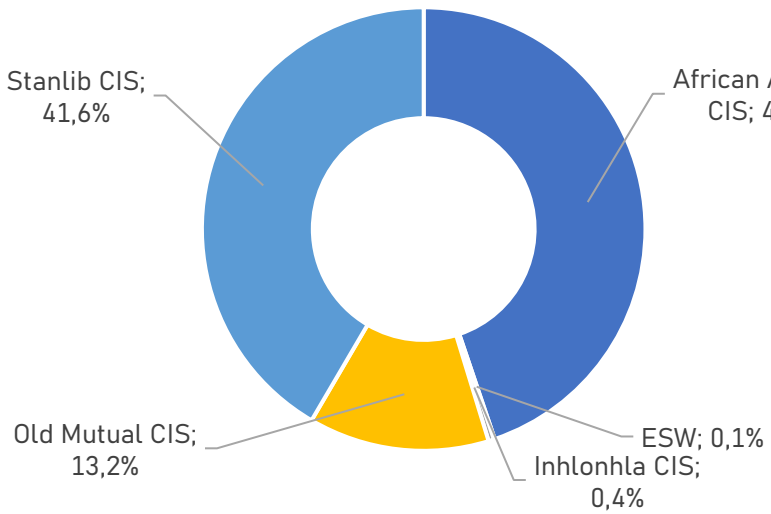
3.1.5 Collective Investment Schemes

As of 30 June 2022, assets managed by CISs were valued at E7,78 billion. On a quarter-on-quarter basis, a 3.95% decline in assets held by the collective investment schemes was observed. This may be attributed to the loss in certain equities, like Naspers which took a nosedive accompanied by several top 40 JSE listed shares, and several unlisted shares.

3.1.5.1 CIS Market Share

Assets under Management (AUM) stand at E7.78 billion in the period under review. The E7.78billion was distributed between the domestic market which has a total value of E4.70billion, the Common Monetary Area (CMA) with E2.52billion and Offshore investments at E546.71million in terms of assets under management. It is evident that there is potential for growth in the domestic market. The decrease highlighted above may also be attributed to the increased uncertainty of consumer prices, more and more retail and institutional investors are now withdrawing in order to maintain a certain lifestyle or continue funding their recurring expenses. Accompanied by the fact that the USA has increased interest rates resulting in demand for the dollar increasing, effectively indirectly driving the cost of imports higher. Another attribution would be a change in the political landscape of the country, which has caused panic withdrawals and the movement of funds toward the CMA. The graph below depicts the breakdown of AUM according to each collective investment scheme (CIS) market share.

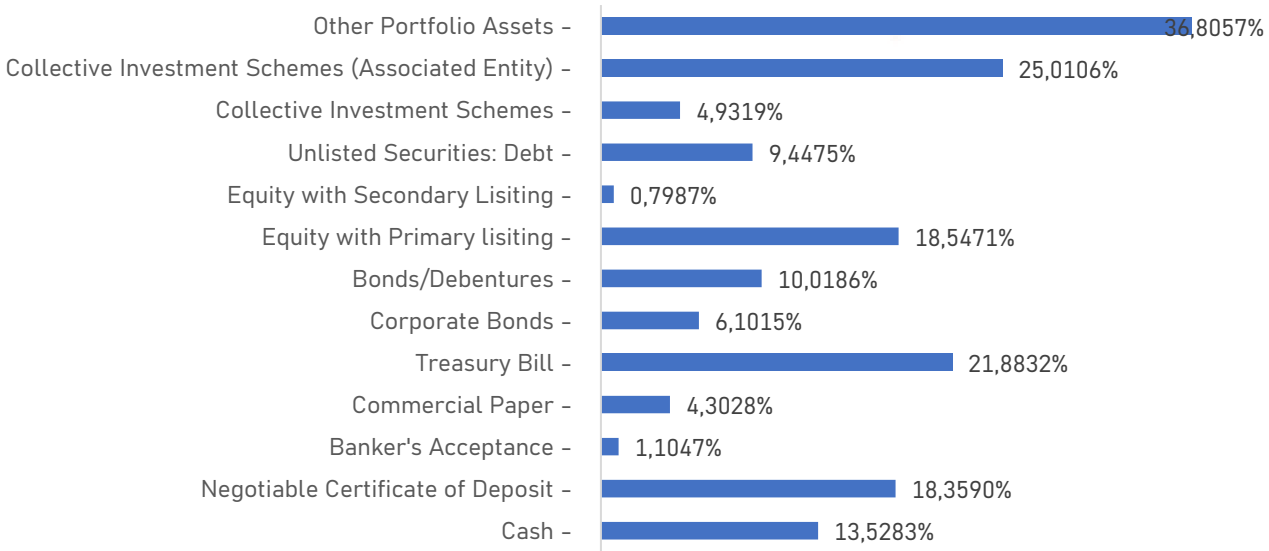
Figure 6 - CISs Market Share in terms of AUM



3.1.5.2 Asset Allocation

Below is the review of the breakdown of how the funds are invested/allocated, across the domestic market, CMA, and offshore. It is evident that majority of the funds are invested in other portfolio assets (this may include disruptive technological companies, crypto assets etc.). It worth noting that this is indirectly at 36.8057% then investment in CIS (associated Entity) is at 25.01%.This is a change in CIS asset allocation when compared to the previous quarters where the CIS (associated entity) had the highest allocation. we noticed a decrease in allocations to treasury bills from 22.45% to 21.88%. On the other hand, corporate and government bonds increased from 5.05% & 9.39% to 6.10% & 10.02% respectively.

Figure 7 – CISs Investment Allocation



3.1.5.3 CISs Portfolios

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

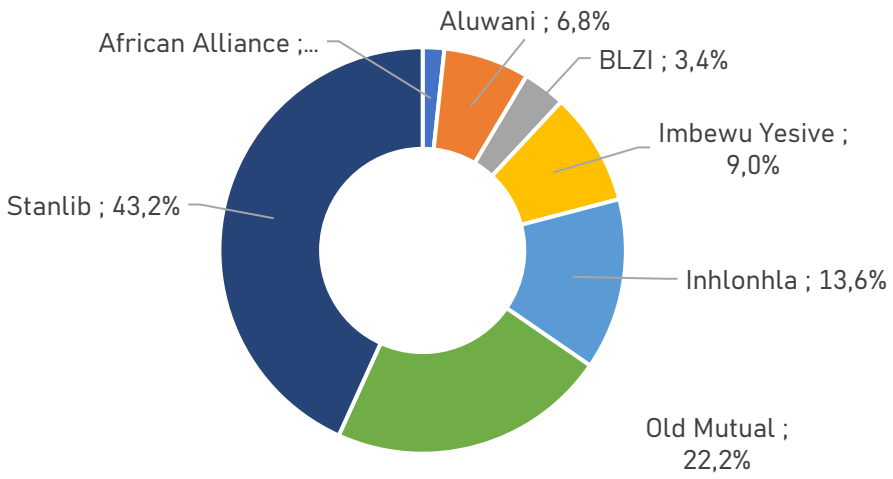
3.1.6 Investment Advisory

In the quarter under review, assets under the advisory realized a decline of 1.3% moving from E23.8 billion to E23.49 billion. Assets under advisory were divided between eight (8) investment advisors. Stanlib remains the largest investment adviser accounting for 43% of assets under advisory (AUA). A few entities showed slight increases, and others showed decreases which resulted in an overall decrease in AUA during the quarter under review. The decline in assets under advisory may be attributed to the political climate, changes in consumer preference, following covid and monkeypox.

3.1.6.1 Market Share in terms of AUA

Assets Under Advisory (AUA) stood at E23,5billion in the second quarter, of which E7,4billion was invested domestically or held domestically, E12,4billion was invested or held in the CMA, and E3,7billion was held offshore. The graph below depicts the breakdown of AUA according to each Investment Advisor (IA) market share.

Figure 9 – Market Share in terms of AUA



3.2 Credit and Savings Institutions

3.2.1 Assets

The credit and savings institutions continued to play an important role in the provision of credit and savings services to the lower- and middle-income households in Eswatini with total assets of E12.6 billion. In the quarter under review, a 2% year-on-year growth was observed and a 1% quarter-on-quarter decline. The year-on-year increase was a result of the 8% growth in SACCOs assets, 7% growth in credit institutions and a 1.44% growth in building societies which was mostly driven by the growth in deposits, loans and advances on the asset side. The quarter-on-quarter decline was however due to a significant decrease of development finance institutions assets mostly under Fincorp and Eswatini National Industrial Development Corporation. Figure 10 below shows the ranking of the sector's assets and the changes in the assets in the past five quarters while figure 11 shows the distribution of assets across the subsectors as of 30 June 2022.

Figure 10 – Changes in Credit and Savings Institutions assets

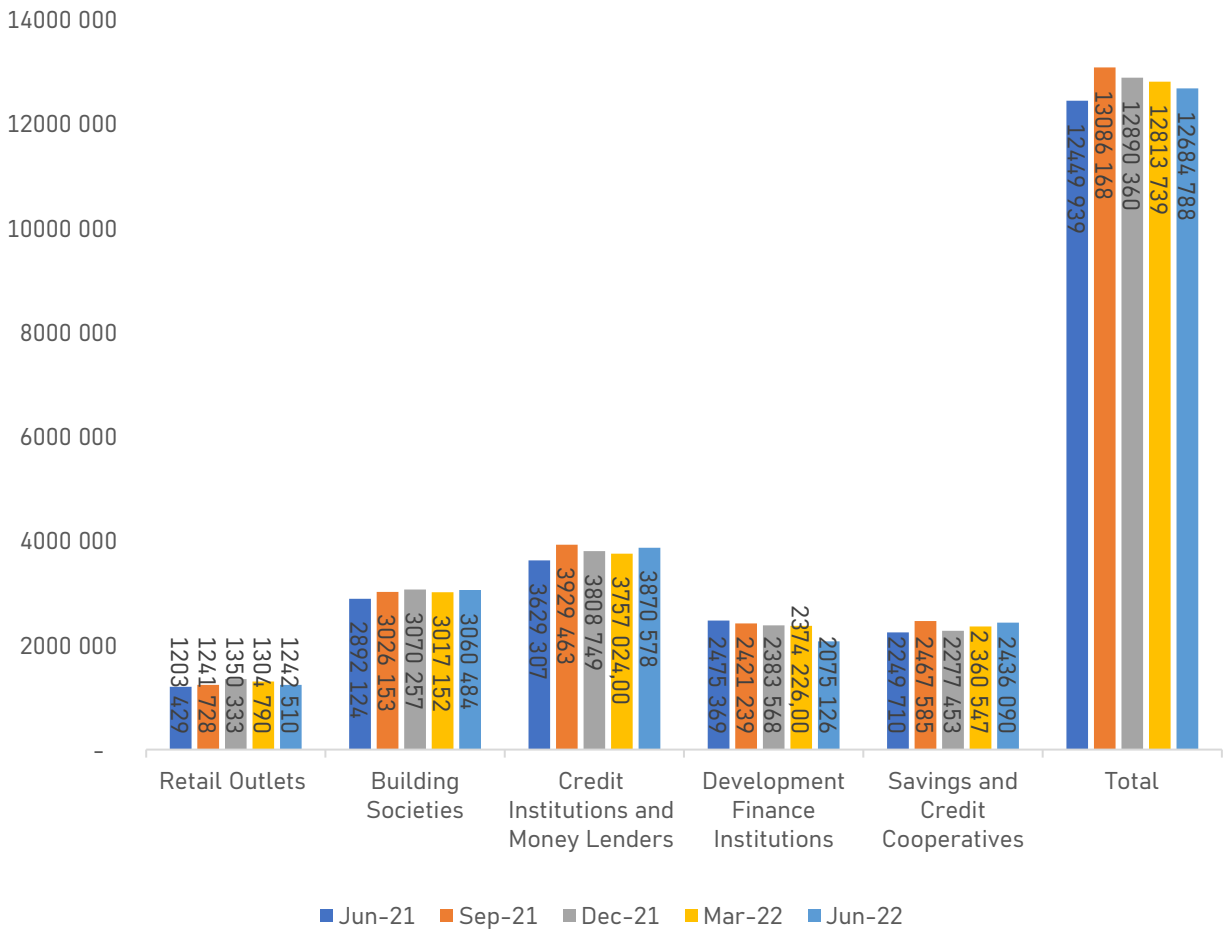
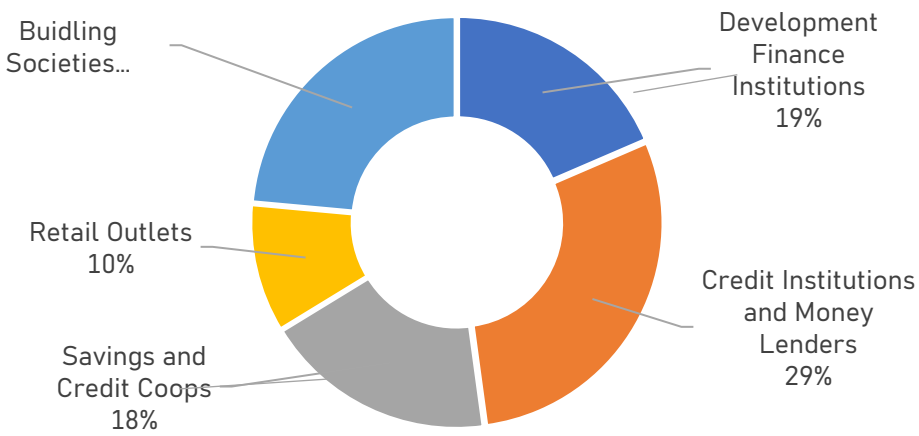


Figure 11 – Sub-sector asset Distribution

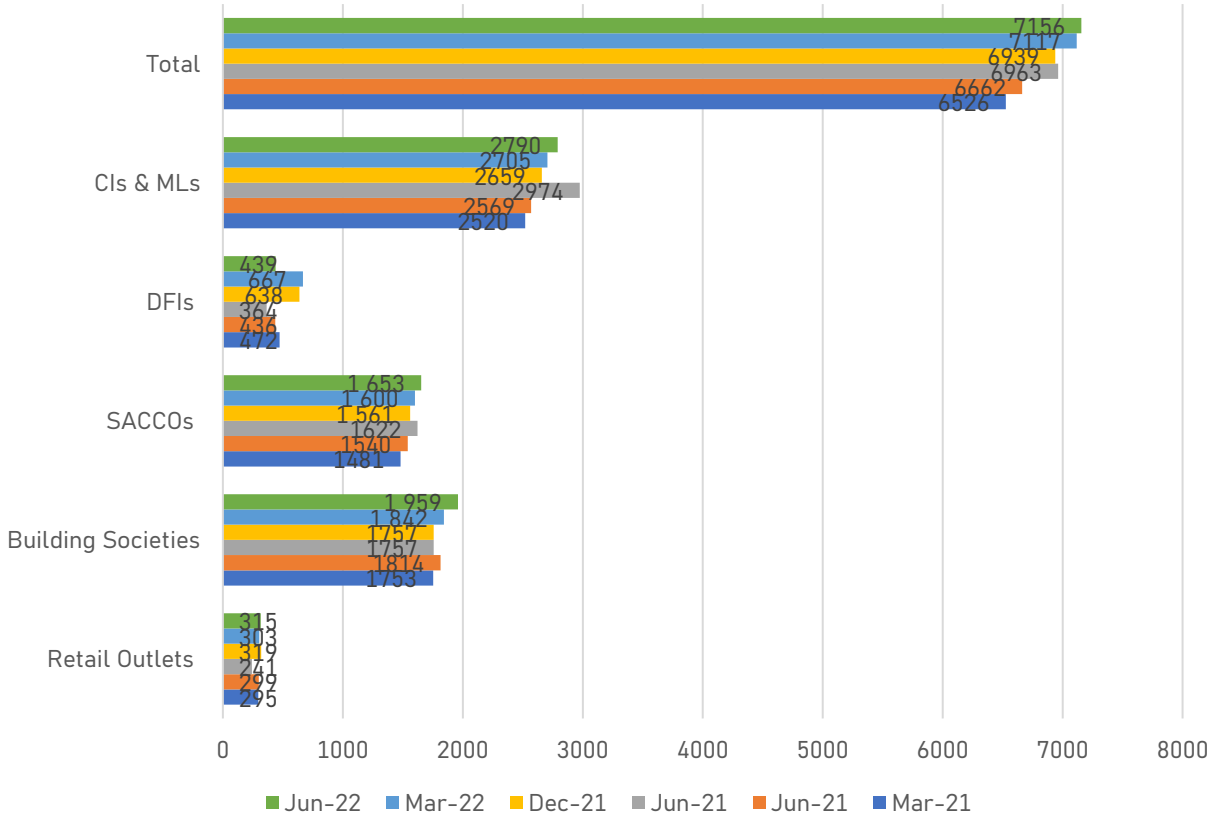


3.2.2 Credit Provision

The value of credit provision grew at a slower rate in June 2022 than in March 2022. The growth rate of credit provision increased by 3% on a year-on-year basis and by 1% on quarter-on-quarter. The year-on-year increase was largely from the growth in the loan facility and book balance of retail outlets followed by DFIs then building societies with 31%, 21% and 11% respectively. Loans and Advances of credit institutions and money lenders showed a 3% increase on quarter-on-quarter and 6% decrease on year-on-year.

Residential and commercial mortgage loans combined, remained the largest component of total loans and advances. Notably, despite both the year-on-year and quarter-on quarter rise in loan and advances, the rate of growth was below the consumer inflation rate, which stood at 5.29%. Nonetheless, the narrowing of this gap signifies stable credit and savings institutions, amidst challenging economic conditions.

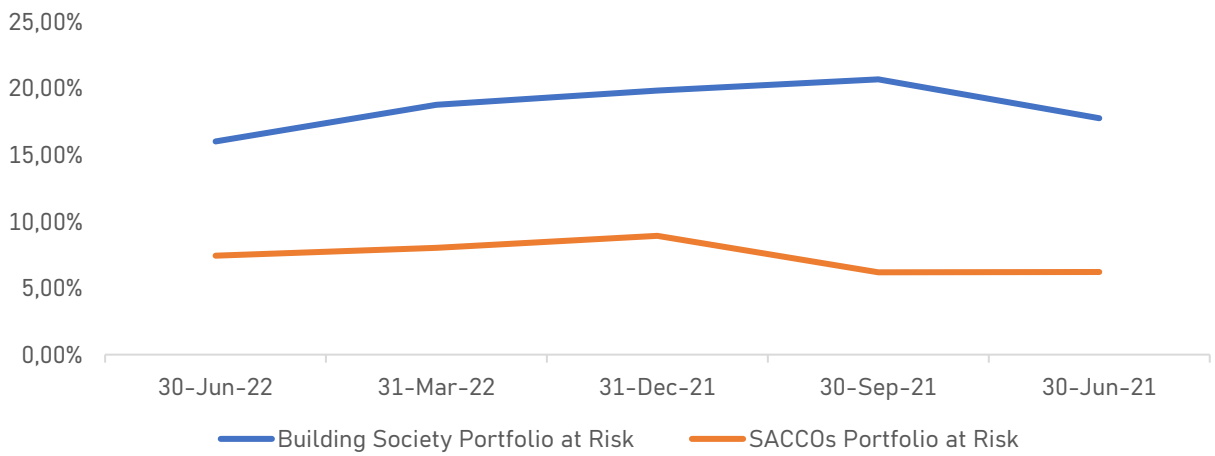
Figure 14 – Credit Advances Distribution



3.2.3 Non-Performing Loans

The portfolio at risk improved further during the quarter under review, as it declined by 7.32% for SACCOs and by 14.67% on building societies. Which would indicate that the rate of defaults by consumers has declined therefore reflecting a positive overall outcome on the liabilities and loan book. On a year-on-year basis, portfolio at risk for SACCOs increased by 1.23% whereas that of the building societies decreased by 1.73%. Given the continuous increase in the portfolio at risk in the past quarters, the plateau and most recent dip are welcome developments.

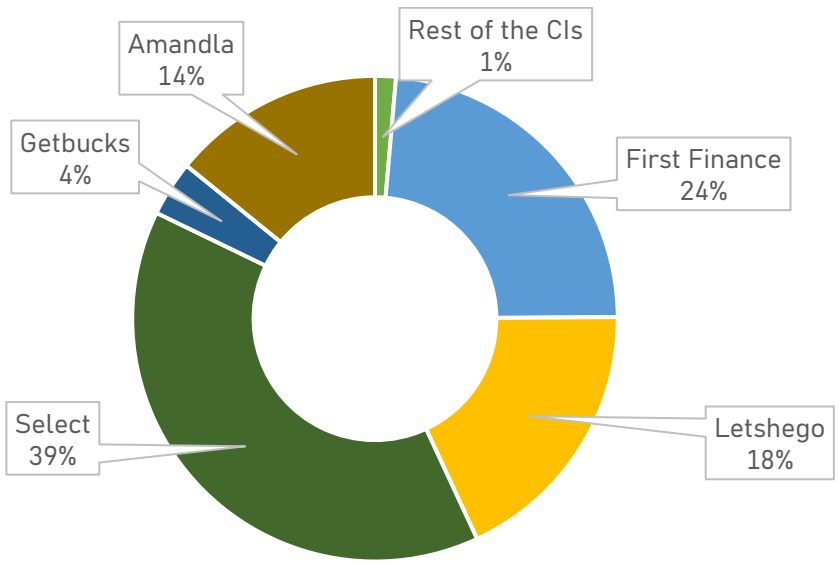
Figure 15 – Non-Performing Loans



3.2.5 Credit Institutions Market Share

There was a slight change on the market share of credit institutions during the quarter under review with Getbucks increasing their market share from 2.4% to 4%. The market leaders remained the same being Select, First Finance and Letshego with market shares in terms of assets of 39%,24% and 18%, respectively. The credit institutions industry is not considered a competitive marketplace as it is highly concentrated with few bigger players and a Herfindahl-Hirschman Index (HHI) score of 2671 confirming the level of concentration. This level of concentration also poses a risk to the financial sector since a failure of either of the big credit institutions will have a significant impact on the financial system. The figure below indicates the market share for the credit institutions.

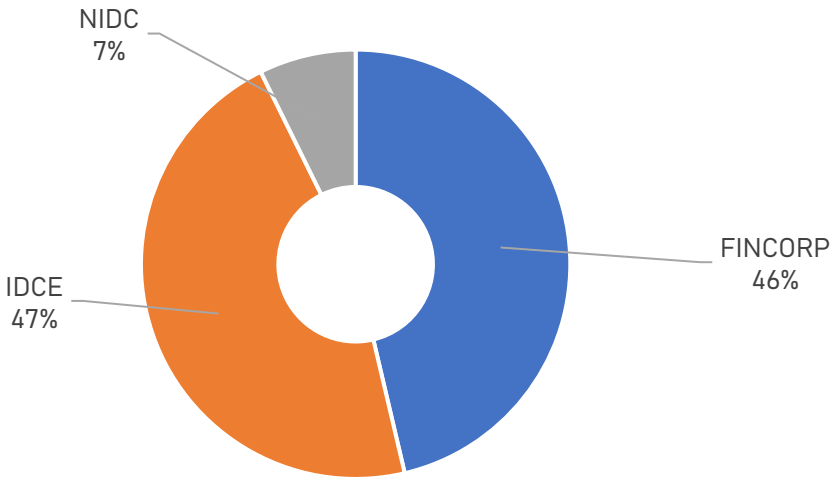
Figure 16 – Credit Institutions Market Share



3.2.6 Developmental Finance Institution Market Share

The market share of development finance institution in terms of assets changed during the quarter under review. A 30% decline in NIDCS trade and receivables was observed and this contributed to the decline in the DFIs assets which subsequently led to a 4% loss in market share, with Fincorp gaining 1% of the market share and IDCE gaining the 3%. The DFIs sector like other NBFI sectors remained highly concentrated and controlled by FINCORP and IDCE as highlighted in the figure below:

Figure 17 – Developmental Finance Institutions Market Share



3.2.7 Building Societies

3.2.7.1 Assets

As of 30 June 2022, Building Societies had total assets amounting to E3.060billion which was a 1.44% increase compared to the last quarter. This is a result of an increase in notes and coins held by the bank by 0.446%, and a decrease in funds owed to building society by other banks by 26.121%, even though investments decreased by 16.5%, this was not a major drain as net loans and advances increased by 6.37% accompanied by deposits increasing by 2.7% in the current period under review. Overall, total liabilities decreased by 3.34%

3.2.7.2 Credit Provision

Loan advances increased by 6.371% in the quarter under review, indicating an increase in loan facilities and the book balance. This has highlighted that more people are taking out loans to facilitate different activities.

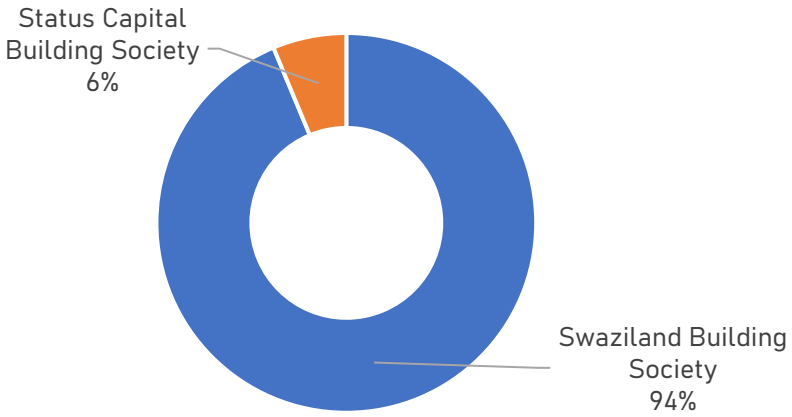
3.2.7.3 Non-Performing Loans

As of last quarter, non-performing loans were at 16.46%, as of the current quarter they are at 15.99% showing a 0.47% decline. Which would indicate that more people are no longer defaulting on their loans and are making repayments, which reflects a positive outcome overall on the society's liabilities and loan book.

3.2.7.4 Investments

Building societies investments saw a 16.5% decrease, this was attributed to an 8.31% decrease in Eswatini Government stock, a new investment in Central Bank Bills, which was offset by a 20.4% decrease in domestic investment and a further 2.39% in foreign investments.

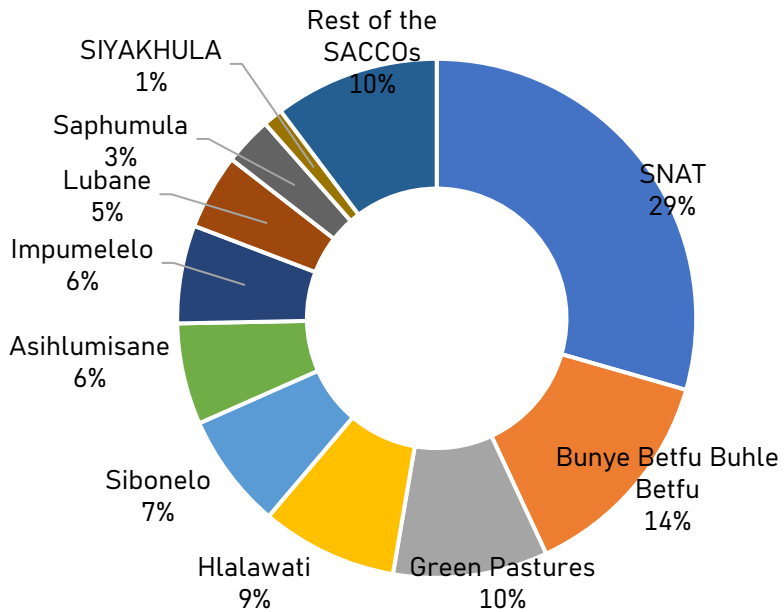
Figure 18 – Building Societies Market Share



3.2.8 Savings and Credit Cooperative Societies

The SACCOs market share in terms of assets held indicates slight changes from the quarter ended March 2022. Similarly, year-on-year comparison indicates minimal changes across all the SACCOs of plus / minus 1%. Figure 19 below illustrates the sector's market share and shows that the top 10 SACCOs account for 90% of the sector's assets. The industry is also concentrated with largest players being SNAT and Bunye Betfu Buhle Betfu with 29% and 14%, respectively.

Figure 19 – Top 10 SACCOs by Market Share



3.3.2.1 Long Term Insurance

3.3.2.2 Gross Written Premiums

There was a notable year on year increase in GWP of 5% from E506 million to E530 million. Quarter on quarter GWP increased by 50 percent from E267 million. The top four classes of insurance business collectively contributed to 66 percent of the GWP amounting to E350 million and these are: retirement fund policies; unit linked savings; funeral policies and credit life. As noted in Q1 2022, retirement fund policies continued to be the main contributor of GWP with a 16 percent overall increase on a year-on-year basis and a 100% increase quarter on quarter. This is then followed by the increases in endowment and disability policies at 13% and 10% respectively. Year on year comparison also indicates an 8% decrease in funeral policies post the pandemic era whilst individual life cover realised an increase of 9% indicating the continued change of priorities for policyholders or the need for life covers to use as collateral for mortgages and home loans. Table 1 below shows the value of premiums written per the different classes of insurance business over the past five quarters.

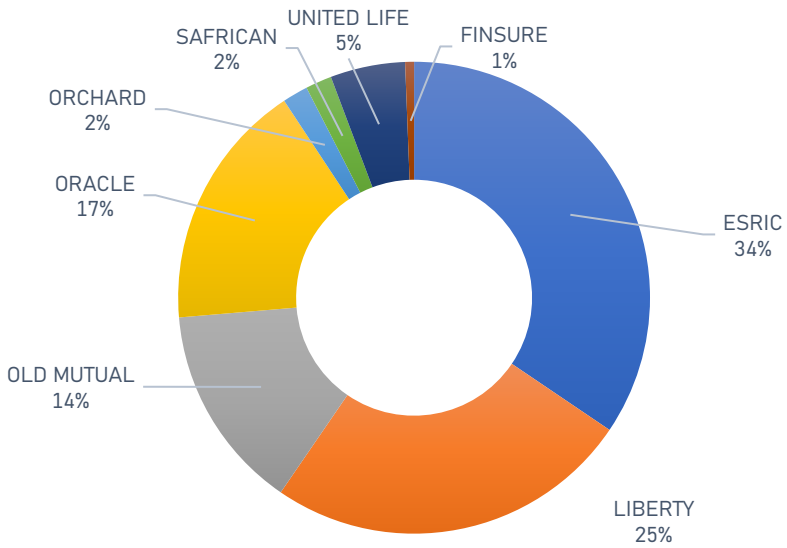
Table 1. LTI Gross Written Premiums

	Q2 2022	Q1_2022	Q4_2021	Q3_2021	Q2_2021
Class of business	**E'000**				
Annuities	34 345	19 858	42 872	35 852	30 062
Assistance		-	-	-	-
Credit life	77 962	33 919	141 435	105 668	80 334
Disability	6 748	3 324	15 296	11 749	6 046
Endowment	18 088	8 442	45 712	34 142	15 797
Funeral	74 973	41 676	145 712	117 166	80 602
Group life	55 686	27 784	108 892	82 69	51 508
Health	-	-	-	-	-
Individual life	66 033	30 685	109 975	81 207	60 754
Retirement fund	117 296	59 846	191 183	146 181	98 315
Unit linked savings	79 202	41 407	168 786	124 119	82 419
Total	**530 333**	**266 940**	**969 862**	**738 773**	**505 837**

3.3.2.3 Market Share In terms of GWP

The LTI market share in terms of GWP indicates fluctuating changes within the region of 2%. Consistent with the previous quarter and year on year comparison, two insurers still dominate the market recording 59% of the industry's GWP. The rest of the market share is split as follows: Oracle – 17%; Old Mutual 14%; United Life – 5%; Safrican and Orchard – 2% with Finsure at 1% which is an improvement from the 0,002% recorded in Q1 2022. Finsure's gain follows, the 1% market share loss by Orchard and the 2% loss by Safrican See Figure 6.1.2 below indicating the market share in terms of GWP.

Figure 20 – LTI Market Share in terms of GWP



3.3.2.3 Net Claims and Policy Benefits

The LTI industry's net claims on policies continued to decline as noted in Q1 2022. As at the end of this quarter, there was a year on year 15% decline in net claims from E382million to E324 million. Notably, the decline in Q2 2022 showed an improvement of 3% from the 11% observed in the last quarter. The overall decline of 15% is due to a decrease in claims against all the insurance classes except for disability and retirement policies which have remained on a rising trend. The industry continues to recover from the high claim experience from the pandemic and the significant decreases in the level of claims relating to funeral insurance, group life and credit life continue to be observed as highlighted in the table below. The 57% increase in disability claims can be attributed to the adverse impact of the resumption of work in the real sector and the improvement in economic activities. Equally, the industry continued to realise an increase in withdrawals from retirement funds of 20%, indicating challenges with persistency with respect to this line of business.

Table 2 : Claims and Policy Benefits

Class of business	Q2 2022	Q1_2022	Q4_2021	Q3_2021	Q2_2021
	E'000				
Annuities	25 036	12 056	45 808	37 668	25 700
Assistance	-	-	-	-	-
Credit life	16 417	10 140	58 207	46 02	28 646
Disability	3 173	1 125	3 911	3 116	2 025
Endowment	4 087	2 226	19 247	17 881	11 536
Funeral	70 726	34 884	216 895	171 889	117 516
Group life	37 702	19 267	85 503	70 303	46 223
Health		-	-		
Individual life	46 726	21 265	97 228	64 597	43 584
Retirement fund	89 923	52 196	118 429	87 2	74 977
Unit linked savings	29 958	14 814	61 801	47 865	32 098
Total	**323 747**	**167 973**	**707 028**	**546 538**	**382 305**

3.3.2.4 Total Assets and Liabilities

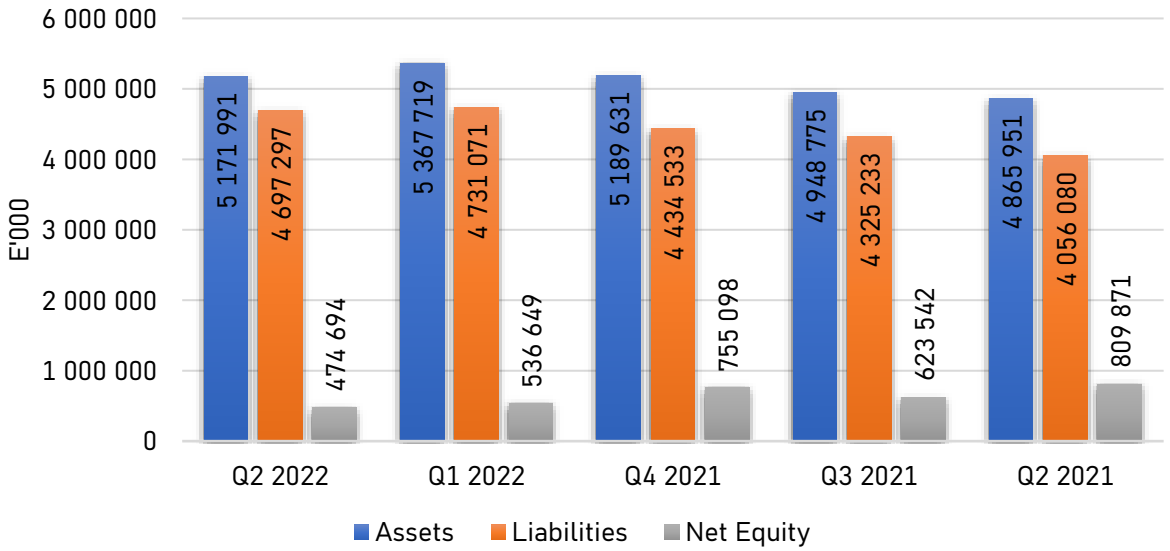
As of 30 June 2022, the sector's assets were valued at E5.1 billion. Year on year comparison indicates a 6% increase from E4.9 billion. On a quarter-on-quarter basis, a 4% decline in the total value of assets was observed. The decline in assets is mainly driven by the change in the value of the sector's investments, which is indicative of the effects of the ongoing Russia - Ukraine war affecting returns and or performance of the financial markets coupled with the changes in the monetary policies issued across the globe by the Central Banks to combat inflation. This is more so because the quarter-on-quarter decline in investments has been observed in insurers with assets in foreign jurisdictions.

The LTI liabilities increased by 11% on a year-on-year basis and by 0.7% on a quarter on quarter. Whilst the quarter-on-quarter decrease is negligible, the year-on-year increase is due to the increase in investment contract liabilities and insurance contract liabilities coupled with the increase in reinsurance liabilities.

3.3.2.5 LTI Solvency

The sector's solvency position is determined according net equity formula wherein all insurers are required to have a net equity of E2million and above. All LTI remained solvent however the solvency position continues to be on a downward trend over the quarters, with the June results being affected mostly by the decrease in the fair value of investment assets. A quarter-on-quarter decline of 11% was observed whereas a year-on-year decline of 41% was observed. The bar graph below illustrates the industry solvency position through the past 5 reporting periods.

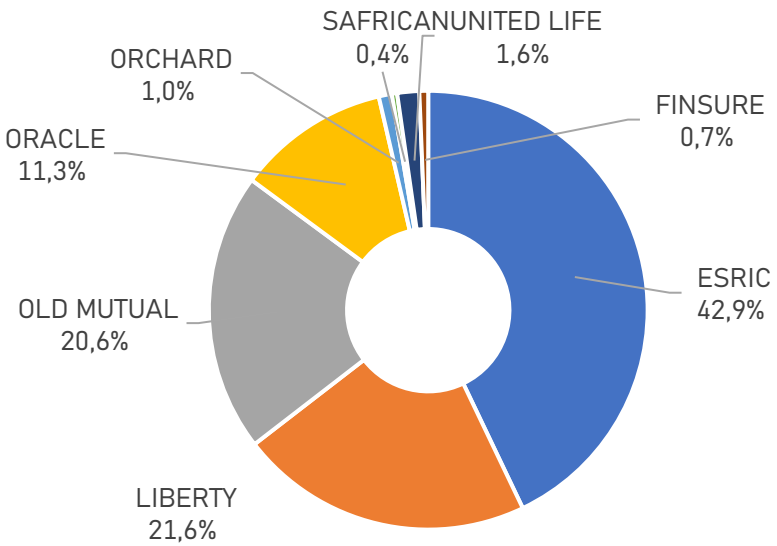
Figure 21 - Industry Solvency Position



3.3.2.6 Market Share in terms of Assets Held

The LTI market share in terms of assets remained relatively unchanged quarter on quarter. Year on year, the following insurer's lost market share as follows: ESRIC - 2,1%; Liberty - 0,2%. The rest of the market players realised growth in assets in their order of value: Old Mutual - 0,9%; Oracle Life - 0,3%; Orchard and United Life - 0,2% and SAFRICAN with 0,1%.

Figure 22: LT Market Share in terms of Assets Held



3.3.2.7 Underwriting Results and Profitability

Similar to Q1 2022, the LTIs incurred an overall net loss after tax of E19 million, this is however an improvement from Q1 where a net loss of E228 million had been incurred. Year on year, the sector realised a significant loss from E80 million in net profit. The year-on-year loss realised by the sector is largely attributed to the decline in investment income by 131% which contributed to an overall decline in sector's income by 46%. A significant increase of 92% in income earned as fee income from investment contracts contributed to the improved losses from Q1. Another factor that contributed to the improved result in the net underwriting results was the decline in the net claims incurred together with the change in policy liabilities whereas the net commission expenses increased by 7%.

In terms of the performance, all the classes of insurance were profitable in this quarter. By ranking of profitability, the following insurance classes were the two most profitable in the quarter under review: unit linked savings. The 32% profitability realised under unit linked savings is due to the increased preference of investment policies as a long-term investment option by consumers due to their conventional shared risk. Credit life was 25% profitable and came second across all the other classes of insurance. The continued profitability of credit life is indicative of the continued uptake of credit by consumers coupled with the mandatory requirement of credit cover to hedge against risk of loss for the credit granted upon the demise of consumers before settling their loans. This improvement is also commensurate to the increase in new loans underwritten by the credit sector. Funeral insurance which was observed to have had a loss ratio of 105% last quarter continued to improve its performance on a year on year to 101% this quarter. Despite an improved group life loss ratio of 94% last quarter, a relapse in performance was observed this quarter with the loss ratio increasing to 132%. As highlighted above the sector posted a net loss after tax largely due to the losses incurred in financial instruments and this led to the negative ROE and ROA. The table below provides the underwriting results per class of business as of 31 March 2022 while the next table shows the industry FHSI's.

Table 3: LTI Underwriting Results

	Gross Earned Premiums	Net Earned Premiums	Net Claims and Policy Benefits	Commission and Acquisition Costs	Net Underwriting Results
	E1,000				
Annuities	34 345	34 345	25 036	285	9 024
Assistance	-	-	-	-	-
Credit life	77 962	63 826	16 417	10 855	36 554
Disability	6 748	4 836	3 173	235	1 429
Endowment	18 088	18 088	4 087	1 568	12 433
Funeral	74 973	72 467	70 726	1 334	407
Group life	55 686	43 585	37 702	1 588	4 295
Health	-	-	-	-	-
Individual life	66 033	64 151	46 726	5 884	11 541
Retirement fund	117 296	117 296	89 923	1 503	25 870
Unit linked savings	79 202	79 202	29 958	757	48 487
Other	-	-	-	-	-
Total	**530 333**	**497 795**	**323 747**	**24 009**	**150 039**

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 LTI Financial Health and Soundness Indicators

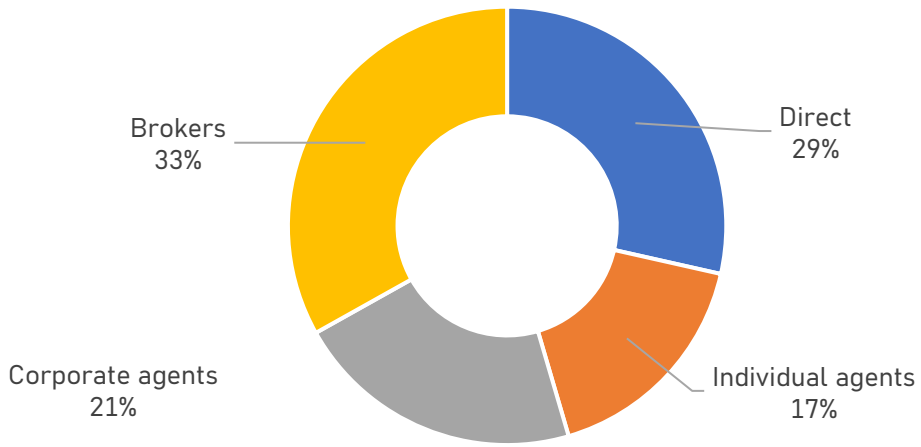
Table 4 – LTI FHSI for LTI

Indicators	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21
Claims ratio	60,6%	180%	115%	116%	80%
Gross claims ratio	60,2%	161%	117%	117%	114%
Expense ratio	24,8%	26%	26%	27%	21%
Investment income ratio	-18,7%	44%	72%	60%	71%
Investment income	-1,9%	0,5%	13%	9%	4%
Return on equity (ROE)	-4,0%	-43%	28%	13%	4%
Return on assets (ROA)	-0,4%	-4%	4%	2%	1%
Personnel expenses	6,1%	6%	5%	5%	10%
Operating expenses	19%	20%	20%	21%	20%

3.3.2.8 Distribution of Products

As of 30 June 2022, 71% of the GWP by the LTI sector was generated through insurance intermediaries as illustrated below. Similar to Q1 2022, brokers continued to solicit more business as 33% of the LTI GWP was solicited through the brokers with corporate agents soliciting 21% and the rest of the business being sourced through Individual agents at 17%. Commission expense for LTIs during the quarter under review was valued at E24million which is equivalent to 5% of the net earned premium, this ratio has however remained stable when compared to the previous quarter.

Figure 23 – Distribution of LTI Products



3.3.3 Short Term Insurance

3.3.3.1 Performance in terms of Gross Written Premiums

The STI GWP's as at the end of Q2 2022 were valued at E565million. Compared to the same quarter last year, this indicates a growth of 12% from E499million. This increase is due to the significant increase in the uptake of property insurance which increased from E67.0million to E179.8million. Other increases although not significant were observed in guarantee insurance The latter two increases in value or uptake could be in part related to the sporadic attacks on property and engineering equipment witnessed during the quarter and could have prompted property owners to insure their assets. Overall, a year-on-year improvement in gross premiums across all the insurance classes was observed except for agriculture which declined by 29% and workman's compensation policies which also showed a slight decline of 4.5%. Quarter on quarter, there has been a 251% increase in GWP which is comparable for the same period last year. This significant increase is an annual occurrence for this quarter as workman's compensation insurance is renewed during this period and therefore causes a spike in the sector's GWP. Table 4 below shows GWP for the past five quarters.

Table 5. STI Gross Written Premiums

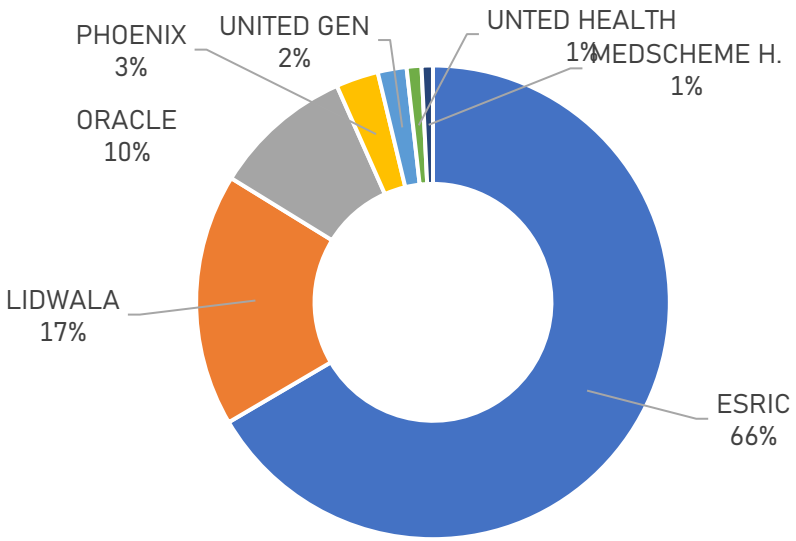
Class of business	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
	E1'000				
Accident	11 082	2 321	17 827	14 429	9 889
Agriculture	18 262	-307	26 129	25 418	23 591
Engineering	36 065	5 279	48 319	38 420	29 219
Guarantee	20 258	5 022	14 744	11 727	5 006
Health	16 486	7 832	22 809	17 757	16 085
Legal expenses	318	162	597	440	287
Liability	28 889	11 576	42 539	35 879	23 080
Motor	93 017	41 211	191 546	138 910	91 548
Property	179 791	35 176	131 295	106 432	67 046
Transportation	7 043	6 528	9 801	8 299	6 054
Travel					
Workman's compensation	105 930	2 862	115 309	110 332	111 011
Other	49 003	43 512	207 757	171 073	116 761
Totals	**566 143**	**161 175**	**828 670**	**672 005**	**499 577**

Note:
The decline in other is due to the reclassification of classes of insurance that had not been accurately classified correctly according to the returns template.

3.3.3.2 Market Share in terms of GWP

Market share in terms of GWP indicates that: ESRIC held 66% of the premiums written, Lidwala Insurance – 17%; Oracle Insure – 10%; Phoenix Assurance – 3%; United General – 2%; United Health and Medscheme with 1%. When compared against Q2 2021, ESRIC has lost 8% in market share which resulted in gains of 6% by Oracle Insure and 1% by Phoenix Assurance. The rest of the market share held by the other insurance companies remained relatively the same.

Figure 24 – STI Market Share in Terms of GWP



3.3.3.3 Net Claims Incurred

A year-on-year increase of 80% was observed in the STI claims. The increase was realised in the following insurance classes, engineering, property, guarantee, liability and legal expenses. The specific increase in these classes of insurance could be in part attributed to the rising instabilities targeting certain sectors of the economy resulting in either property or construction machinery damages. The rest of the insurance classes recorded a decline in incurred claims especially motor insurance which showed a decline of 22% and transportation which decreased by 89% and accident by 30% so did the workman's compensation. Despite the year-on-year increase, the rate of increase is an improvement from the 171% increase that was realised in the last quarter ending 31 March 2022.

Table 6 – Net Claims Incurred

Class of business	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
	E1'000				
Accident	510	431	2 309	1 375	729
Agriculture	1 780	-62	5 572	4 121	-
Engineering	2 059	423	5 923	1 948	583
Guarantee	1 598	289	609	1 187	606
Health	7 362	309	13 363	10 499	7 501
Legal expenses	40	20	8	-1	20
Liability	3 017	2129	3 739	2 444	1 157
Motor	26 765	12 969	65 756	44 673	34 203
Property	29 141	9 348	41 299	14 436	10 538
Transportation	87	103	1 165	687	777
Travel					
Workman's compensation	11 181	5813	3 761	-1 160	-5 156
Other	-4 376	4 360	-9 378	-13 753	-6 924
Total	**79 163**	**36 130**	**134 127**	**66 456**	**44 034**

3.3.3.4 Assets and Liabilities

Contrary to the quarter-on-quarter decline in LTI sector assets, the STI industry total assets recorded a 24% increase in value quarter on quarter from E1,1billion to E1,4billion. The significant quarter on quarter increase were largely due to an increase in premium receivable and deferred acquisition costs. Year on year, there was an increase of 14% in the value of assets.

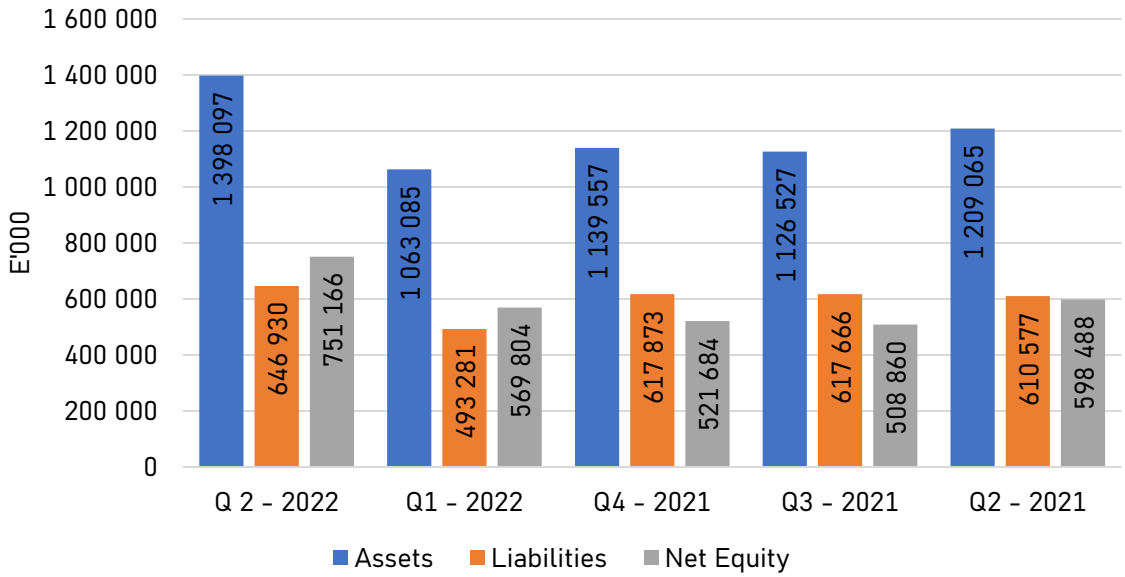
In accordance with the local assets requirements criteria, the STI industry continued to comply as 48% (E317 million) of the industry assets were invested locally. This is a 1% decrease from the last quarter. The breakdown of the local invested assets is as follows: 48 percent was held as deposits with financial institutions, 25% in equity instruments; 23% in money market instruments and the rest in long term instruments and cash. Assets invested in foreign assets are mainly invested in long term instruments and equities.

The STI liabilities increased by 6% year on year and by 24% quarter on quarter from E493 million to E647 million due to the continued increase in technical provisions and reinsurance liabilities.

3.3.3.5 STI Solvency

The STI sector's solvency is based on the insurer's net equity positions as per section 82 of the insurance act, 2005 and Form RDI 7. In terms of these provisions each insurer must maintain a positive net equity which is equal to the high of E 2 million 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. As of June 2022, all insurers remained solvent save for one insurer. The RDI 7 calculation is applied to individual short-term insurers however for the consolidated sector solvency, the net equity position is used. Figure 6.2.3 below shows the industry's solvency position for the past 5 reporting quarters. Unlike the LTI solvency position, the STIs solvency continues to improve as a year-on-year improvement of 26% was observed whereas a quarter-on-quarter improvement of 32% was observed.

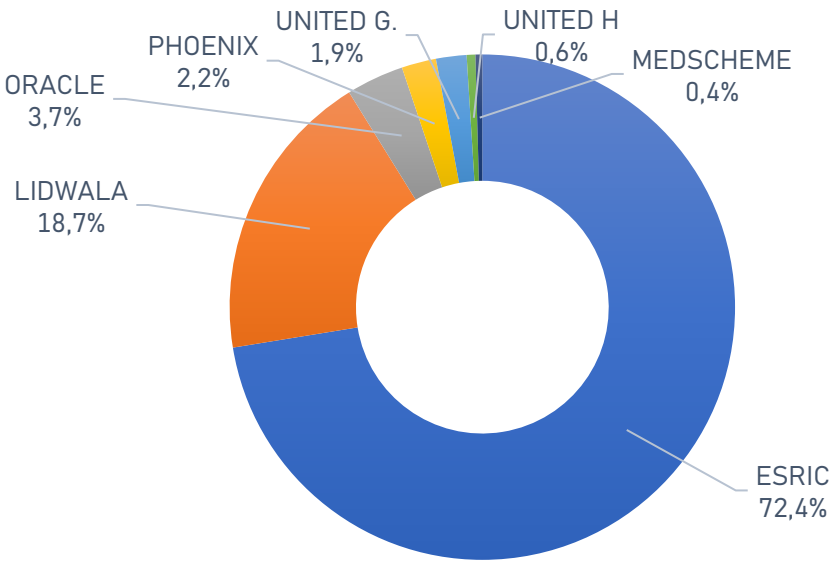
Figure 25 – STI Solvency Position



3.3.3.5 Market Share in Terms of Assets Held

ESRIC continued to be the market leader in terms of assets held. During the quarter under review ESRIC market share had increased from 67.9% in the previous quarter to 72.4% whereas Lidwala Insurance market share had decreased from 20.5% to 18.7%. The figure below shows that all other insurers also lost to ESRIC. However, on a year-on-year basis, ESRIC lost a 1,6% market share; Lidwala Insurance gained 1.7%; Oracle Insure lost 0,3%; Phoenix of Assurance gained 0,2%; Medscheme Health lost 0,6%; UHI lost 0,4% whilst UGI also lost 0,1%.

Figure 26 – STI Market Share in Terms of Assets



3.3.3.6 Underwriting Results and Profitability

A significant year on year improvement in the STI sector's net profit after tax was observed. This improvement is attributable to the 13.3% increase in gross written premiums across the various classes of insurance as highlighted above. The underwriting results also improved despite the 79.8% year on year increase in net incurred claims. The improved underwriting results were influenced by the increased net earned premiums due to the positive net transfer from the unearned premium reserve. Similar to the LTI, investment income for the STI declined by 15.0% however an increase in other income was observed.

Overall, the STI sector remained profitable however only 3 insurers posted positive underwriting results and a net profit after tax while the others continue to struggle with high claims and expense ratio. An improved sector ROE and ROA were also observed. Tables 7 and 8 below provide details on the underwriting results and the sector's financial health and soundness indicators.

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	11 082	3 335	510	(273)	3 098
Agriculture	18 262	6 159	1 780	497	3 882
Engineering	36 065	12 946	2 059	806	10 081
Guarantee	20 258	5 417	1 598	(46)	3 865
Health	16 486	12 909	7 362	1 045	4 502
Legal expenses	318	29	40	(62)	51
Liability	28 889	10 761	3 017	2 200	5 545
Motor	93 017	79 767	26 765	5 533	47 469
Property	179 791	113 703	29 141	22 473	62 090
Transportation	7 043	1 533	87	(41)	1 487
Travel	-	-	-	-	-
Workman's compensation	105 930	124 066	11 181	4 779	108 106
Other	49 003	37 239	(4 376)	(11 984)	53 599
Totals	**566 143**	**407 863**	**79 163**	**24 926**	**303 775**

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.*

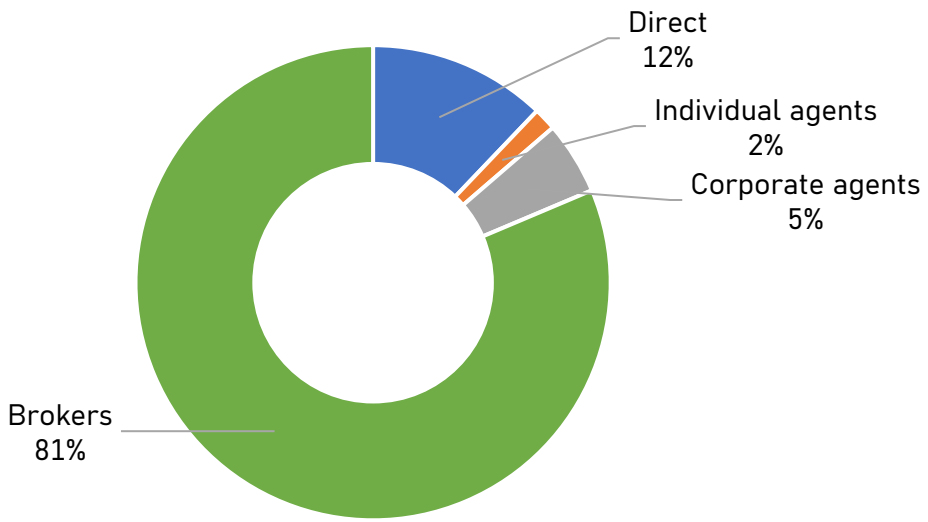
Table 8 – FHSIs for STI

Indicators	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21
Claims ratio	19,4%	27,7%	27,7%	18,7%	16,0%
Gross claims ratio	21,5%	39,0%	22,9%	19,5%	18,0%
Expense ratio	26,8%	66,0%	67,9%	61,5%	38,0%
Investment income ratio	4,2%	13,9%	7,2%	6,9%	5,0%
Investment income / average invested assets	2,1%	1,3%	6,0%	4,4%	2,0%
Combined ratio	46,3%	93,7%	95,7%	80,1%	55,0%
Operating ratio	42,1%	79,8%	88,4%	73,0%	52,0%
Profitability ratio	32,2%	38,7%	30,6%	44,0%	40,0%
Return on equity (ROE)	24,3%	8,9%	28,4%	23,0%	18,0%
Return on assets (ROA)	13,0%	4,8%	13,0%	10,0%	9,0%
Risk retention ratio	59,0%	61,1%	60,0%	62,0%	65,0%
Reinsurance recoveries + reinsurance commissions ratio	26,5%	43,1%	36,5%	35,0%	33,0%

3.3.3.7 Distribution of Products

In the quarter under review, the distribution of ST insurance products continued to be generated largely through insurance brokers. Accordingly, brokers generated 81% of the business whereas direct business declined by 4percentage points when compared to the previous quarter while business generated from corporate agents also declined by 2percentage points and business from individual agents remained stable at 2%. Quarter on quarter analysis indicates that policyholders especially corporate clients continue to find value in the services provided by insurance brokers as they are able to provide risk assessment and evaluation services and source relevant prices.

Figure 27 – STI Product Distribution



3.3.4.1 Reinsurance Business

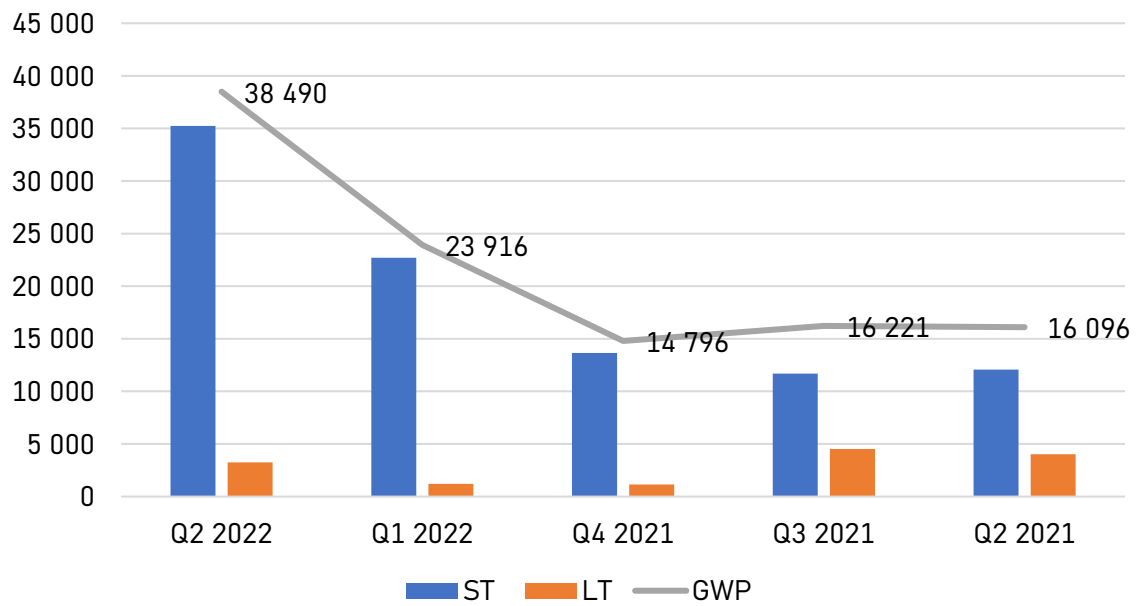
3.3.4.2 Performance in terms of Gross Written Premiums

As a the end of Q2 2022, the value of GWP under the ST reinsurance business was E35,2million. This indicates a 292% change in the value of GWP year-on-year from E12,0million. The significant changes and or growth in GWP is due to the commencement of business by Eswatini Re. Quarter on quarter comparison indicates a 31% increase in GWP from E24.2 million. Analysis of the classes of business indicates that there has been growth on all the reinsurance classes. In the quarter under review, the reinsurance sector also started receiving reinsurance premiums in relation to transportation business. The most valued re-insurance business class is property generating premiums in excess of E25 million. Eswatini Re - currently offers accident-related reinsurance cover only.

Under the LT reinsurance business, the value of GWP was E3,2 million. Year on year comparison indicates that there has been an almost 20 percent decline in the value of GWP from E4 million recorded in the same period last year. The significant decline is due to a decrease in group life cover premiums.

Overall, the sector's total value of GWP amounted to E38,5 million as at the end of June 2022. Compared to year-on-year GWP, there has been an increase in the value of assets by 139% from E16,1 million. Comparatively, the ST sector is responsible for 92% of premium generated by reinsurance business with the rest, 8% sourced under the LT category. The figure below illustrates the GWP over the past five reporting periods of the reinsurance sector.

Figure 28 – Reinsurance Premiums

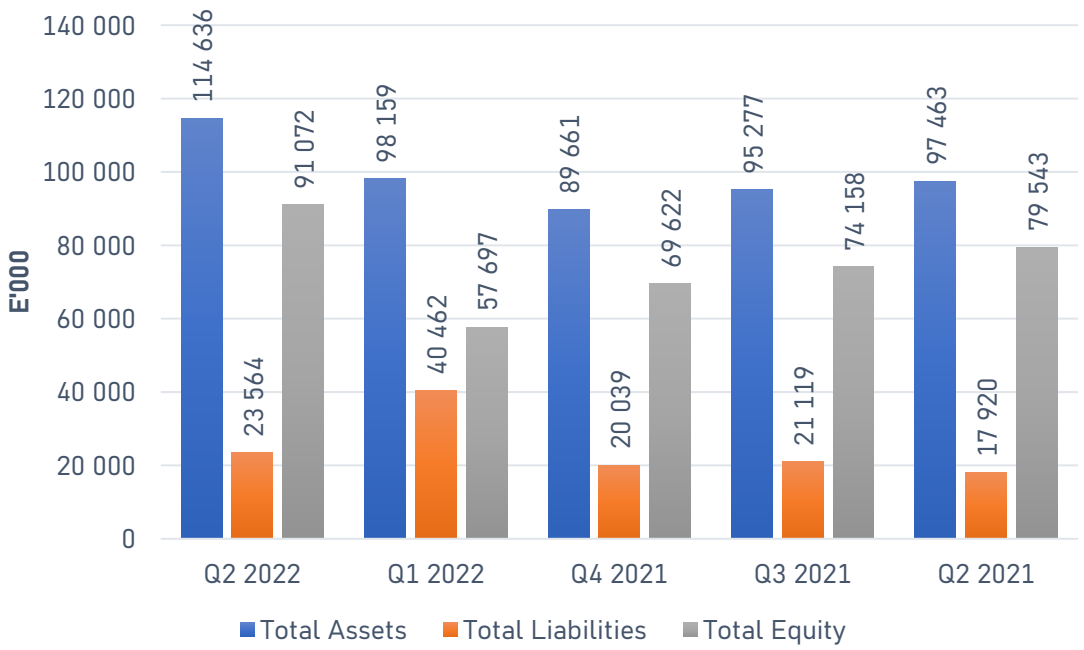


3.4.3.3 Assets and Liabilities

The combined reinsurance sector's asset were valued at E114 million as at the end of June 2022, exceeding the E100 million mark for the first time in the past five reporting periods. The value of assets recorded as at the end of the quarter under review indicates that there has been a 14% increase quarter on quarter and a similar rate of increase year on year from E97,5million. of the total value recorded this quarter, the ST business contributed E86million which equates to 86% of the overall sector. Under the LT sector - the value of assets was E16,1million. (*Whilst both reinsurers have composite licenses, Eswatini Re is yet to commence LT business*). The sectors total liabilities amounted to E25million indicating a significant decrease from E41million recorded in the last quarter. Year on year, the sectors liabilities increased from E18million.

In terms of solvency, the sector remained solvent with a 79% solvency ratio. Figure 6.3.3 illustrates the sectors solvency over the past 5 quarters.

Figure 29 - Reinsurance Solvency



3.4.3.4 Profitability

In the quarter under review, the overall reinsurance sector realised an improvement in continued increase in underwriting income to E5,1million from E2 million as at the end of March 2022. The sector has realised significant improvement in this category having recorded an underwriting loss of E871 thousand in the quarter ending June 2021. As noted in the last quarter, management expenses continued to increase by 118% quarter on quarter and from E2,7 million to E5,8million. Despite that the LT re-insurance business has realised loss to the value of E397thousand in the quarter under review, the sector when consolidated with the ST business realised growth in profit quarter on quarter of 76% from E3,1 million to E5,5 million.

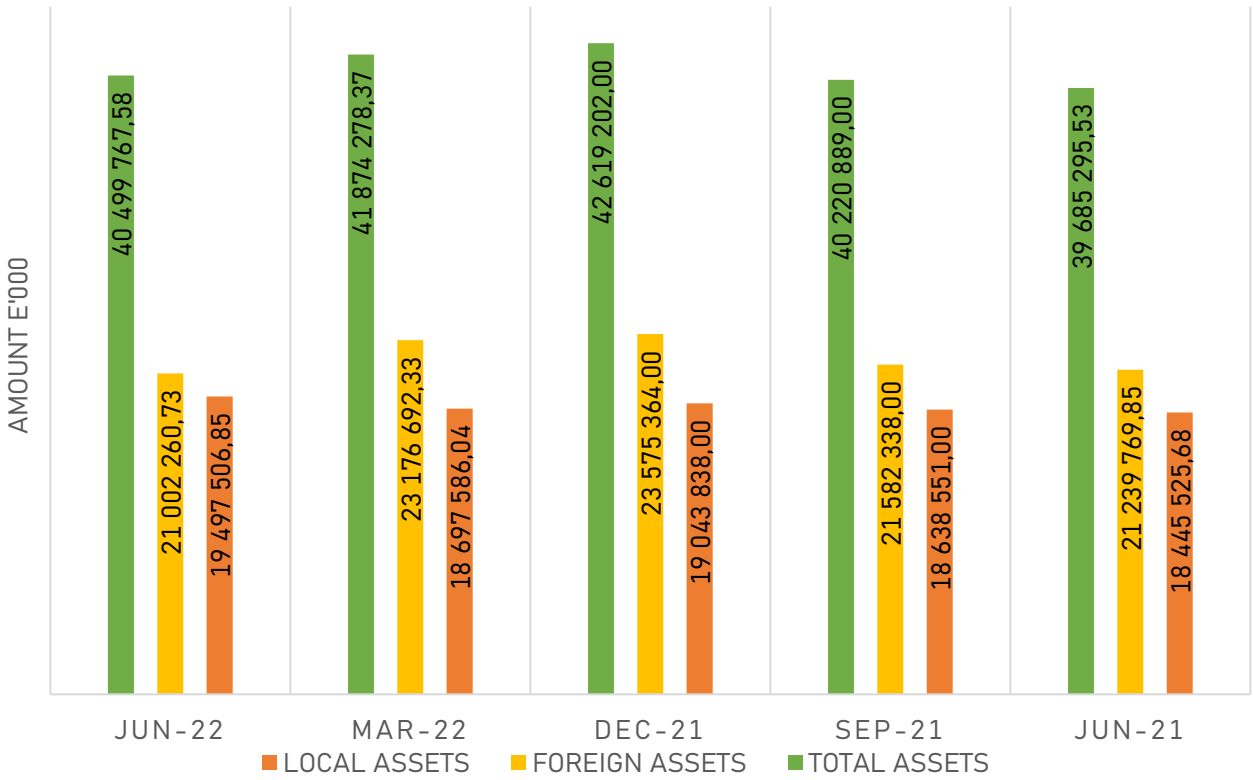
3.4 Retirement Funds

3.4.1 Retirement Fund Assets

Retirement funds assets declined by 3% on a quarter-on-quarter basis, while a 2% year-on-year increase was observed. The quarterly decline in investment is mostly reflected in the negative performances in international financial markets. The decrease in the investment assets is attributed to fair value losses reported on foreign equities due to poor performance in financial markets. The year-on-year increase in assets attributable to growth in the industry investment coupled with the increase in collected contributions over the years although a decline in contributions has been observed in recent periods.

The industry is showing an increasing trend on local investments as the local asset holding had increased from 45% as of 31 March 2022 to 48% as of 30 June 2022.The investments geographic allocation is still in line with the 30% local asset holding regulations. Figure 24 below shows the distribution of the assets for the past quarters.

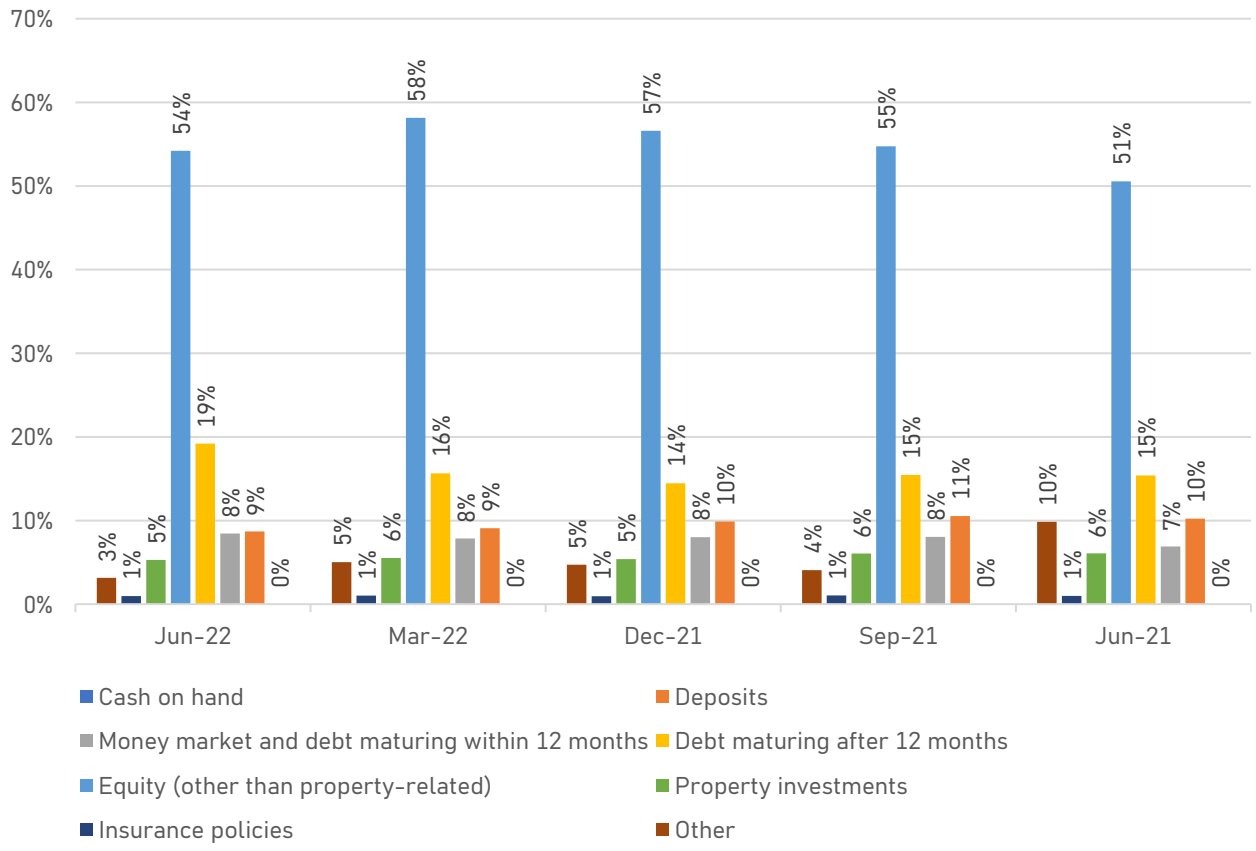
Figure 30 - Assets by Location



3.4.2.1 Allocation of Investments

During the quarter under review, 54% of the sectors assets were held in equities, however a decline of 4 percentage points compared to the previous quarter was observed and on year-on-year basis a 3-percentage points increase was observed. The long-term growth of equities is commensurate with the industry's long-term liabilities. The asset class with the second highest exposure was the debt maturing after 12 months mostly the Eswatini government bonds with an investment holding of 19%, followed by deposits with exposure of 9% then money market and debt maturing within 12 months with exposure of 8%. The other asset classes (property and insurance policies) remained stable with minimal movements and exposure of below 5% per asset class..

Figure 31 – RF Investment Allocation



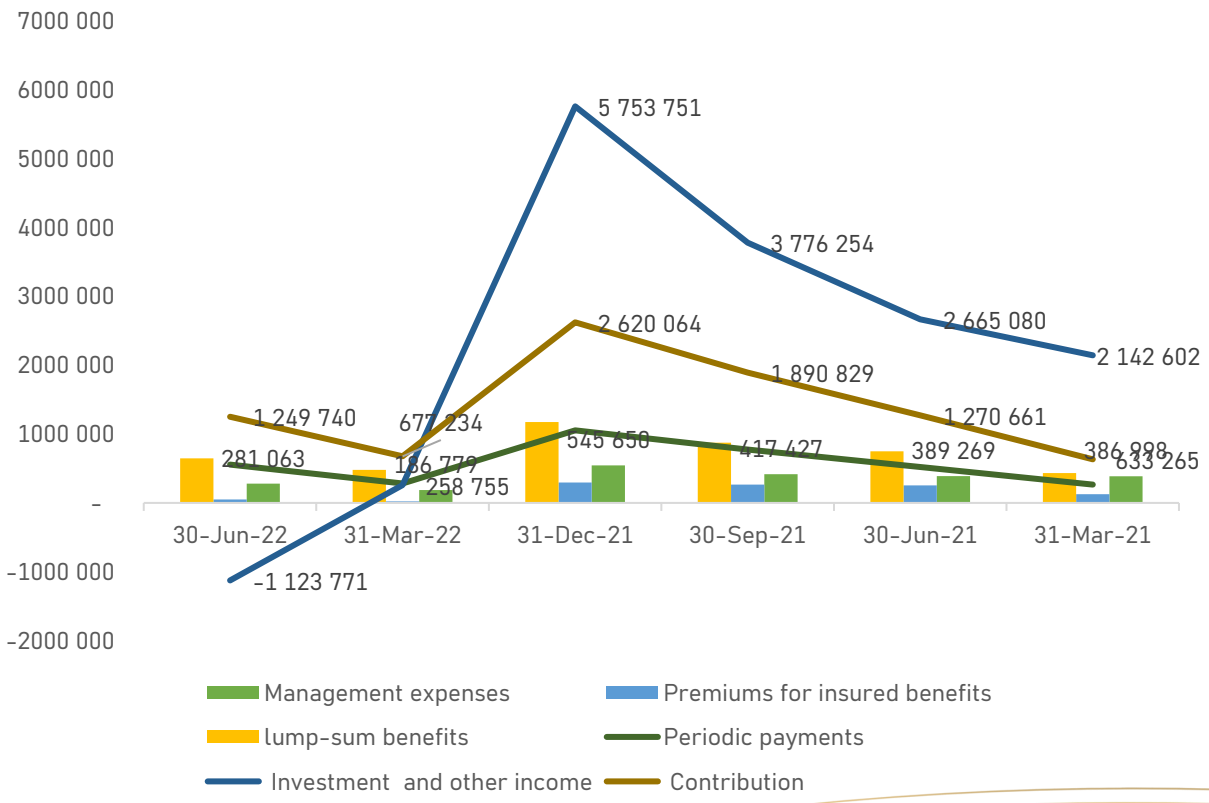
3.4.2.2 Income and Expenditure

The retirement funds sector incurred a loss during the quarter under review when compared to the same time in 2021.This loss is the result of a 2% decline in the contributions and the significant decline in investment income resulting from fair value losses in financial instruments. This is expected as an outcome of the continuous pressure on foreign equities due to ongoing uncertainty and market volatility in the financial market. A significant decline of 73% was also observed in insurance recoveries indicating the reduction in employee death rate following the end of the pandemic. A year-on-year decline in the retirement funds expenses was also observed and this was mainly influenced by the significant decrease in premiums for insured benefits, the decline in lump sum withdrawal benefits and payment of death benefits. Lump sum benefits due to retirement increased by 13.8% whereas voluntary early retirement payments declined by 52.1%. on a year on year.

In respect of contributions, a decline of 15% and 2% was observed quarterly and annual basis respectively.

Figure 32 below illustrates the sector's income and expenditure as discussed above.

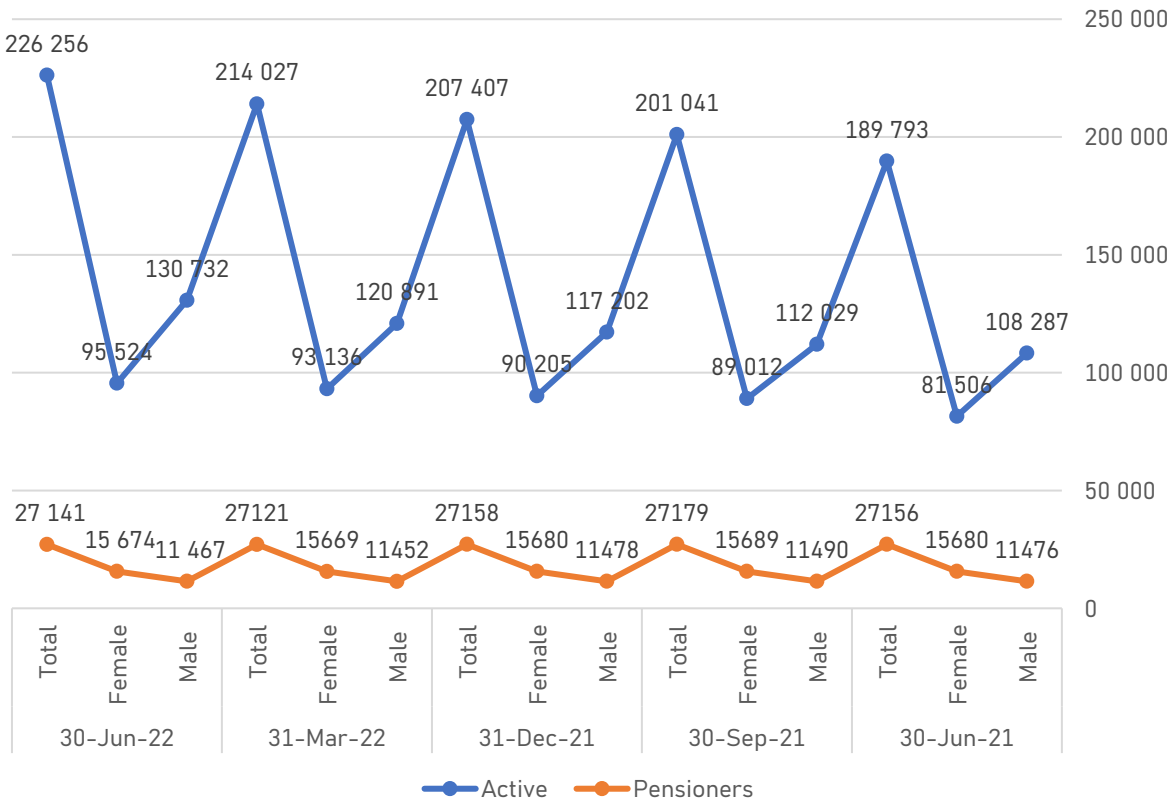
Figure 32: RF Income and Expenditure



3.4.2.3 Retirements Funds Membership

A slight increase of 6% in membership was observed during the quarter under review and this has been the case throughout the year and could be in line with the changes in the unemployment rate observed during the recent labour force survey. The retirement funds sector however continues to be dominated by males with more males in the active phase of the retirement savings (accumulation phase) and more females in the pension phase (withdrawal phase) as they earn the surviving spouses' pension. There was no significant change of pensioners during the quarter when compared to last quarter. Figure 27 Shows the changes in membership throughout the year.

Figure 33: Retirement Fund Membership



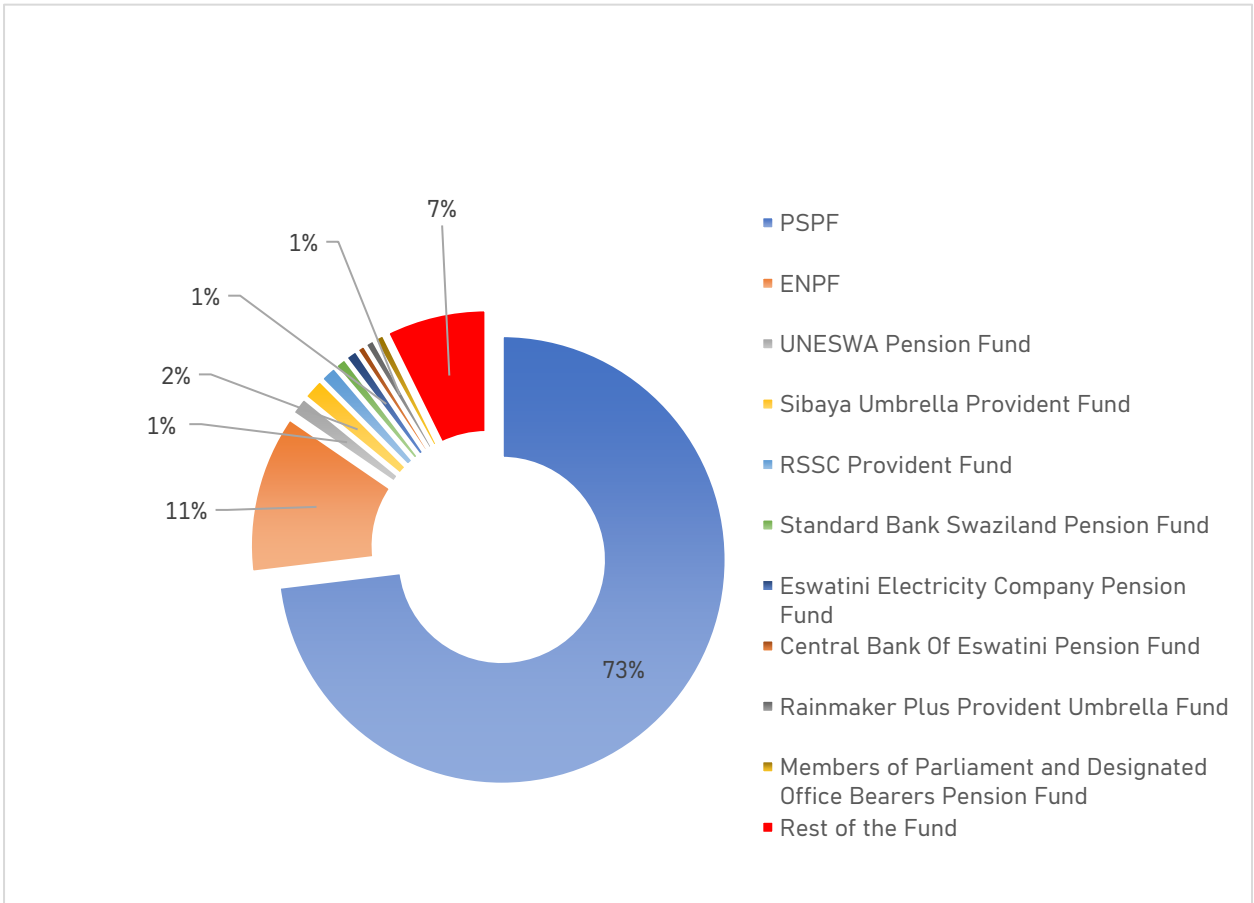
3.4.2.4 Retirement Funds Market Share

There are 71 retirement funds licensed by the FSRA, the 71 retirement funds is dominated by the statutory funds i.e., PSPF and ENPF who command approximately 84% of the market share. Figure 29 below illustrates the sector's market share and shows that the top 11 retirement funds account for 93 % of the sector's assets.

The industry is highly concentrated, with the Herfindahl-Hirschman Index (HHI) at 5038 score in confirming the level of concentration.

This level of concentration also poses a risk to the sector since a failure of either of the big funds will have a significant impact on the financial sector as the retirement funds sector is intertwined with the broader financial system and the real economy through investments and issuance of loans to other companies, as well as through the holding of debt and equity instruments issued by various entities.

Figure 34: Retirement Funds Market Share



ANNEXURES

Annexure 1: Number of Licensed Financial Service Providers

	No. of Licensed Entities as of 30 June 2022	No. of Licensed Entities as of 31March 2022
Collective Investment Scheme Managers	6	6
Investment Advisors	12	14
Trustees	2	2
Exempt Dealers	1	1
Securities Brokers	1	3
Securities Exchanges	1	1
Credit Providers (Non-deposit taking)	127	118
SACCOs	57	56
Building Societies	2	2
Credit Bureaus	2	2
Debt Counsellors	1	1
Reinsurers	2	2
Insurers	15	16
Insurance Brokers	31	31
Corporate Agents	37	37
Individual Agents	142	147
Standalone Funds	57	51
Umbrella Funds	14	14
Beneficiary Funds	3	3
Foreign funds	20	17
Fund Administrators	8	8
Medical Schemes	3	3
	544	**530**

NB: There are 291 participating employers under the 14 licensed Umbrella Funds.

Annexure 2: CISs – Funds under Management

Geographic Allocation	June– 2022	March - 2022
Domestic	4,710,135,731.21	4,885,191,682
Common Monetary Area	2,523,939,059.40	2,599,220,876
Offshore	546,710,782.60	579,068,469
Total Assets Under Management		8,063,481,029
Asset Allocation		
Cash	615,434,631	472,349,228.4
Negotiable Certificate of deposit	835,190,763	1,018,470,775
Banker's Acceptance	50,254,795	57,200,986.07
Commercial Paper	195,743,720	224,007,609.1
Treasury Bills	995,514,658	1,103,387,803
Corporate Bonds	277,572,774	248,308,413.9
Bonds/Debentures	455,767,793	460,823,105.6
Equity with Primary listing	843,750,919	583,962,263.3
Equity with a secondary listing	36,335,750	34,452,783
Equity index-linked securities	-	-
Listed Securities: Debt	8,125,699	3,220,570.19
Unlisted Securities: Debt	429,788,142	1,351,285,832
Collective Investment Schemes	224,365,397	157,628,537.8
CIS (associated Entity)	1,137,790,100	1,354,959,931
Property – Shares	779,177	779,177
Other Portfolio Assets	1,674,371,257	992,644,013
Total Asset Allocation	7,780,785,573.98	8,063,481,028.95

Annexure 3: CISs Source of Funds

	June – 2022	March - 2022
Retail Investors	984,344,610.68	1,271,769,943.13
Politically Exposed Persons	44,057,702.69	42,135,335.48
High Net Worth Individuals	-	-
Professional Investors	30,000	30,000
Institutional – Retirement Funds	3,279,064,146.17	2,646,181,481.62
Institutional – Medical Aid Schemes	55,552,515.56	66,701,333.99
Institutional – Insurance ST	58,881,742.54	58,641,542.68
Institutional – Insurance LT	310,994,151.93	185,494,389.26
Collective Investment Schemes	1,236,451,819.84	1,280,718,033.70
Institutional – Credit providers	-	-
Institutional – SACCOs	95,511,547.56	87,925,686.60
Companies	1,517,418,783.61	2,130,528,440.36
Institutional – other	200,554,525.04	293,354,842.05
Total	7,780,785,573.98	8,063,481,028.95

Annexure 4: IAs – Funds under Advisory

Geographic Allocation	**July – 2022**	**March - 2022**
Domestic	7,344,815,641.47	6,231,090,235.88
Common Monetary Area	12,111,079,994.94	10,998,737,337.44
Offshore	3,847,841,057.73	4,404,116,277.60
Total Assets Under Management	23,303,736,694.14	21,633,943,850.92
IA Source of Funds		
Retail Investors	1,050,907.47	3,576,894
Politically Exposed Person	-	-
High Net Worth Individuals	-	-
Professional Investors	-	-
Institutional – RFs	19,273,911,946.28	20,924,635,145
Institutional – Medical aid schemes	-	133,657,683.00
Institutional – Insurance ST	-	-
Institutional – Insurance LT	1,271,640,843.75	1,271,170,776.38
Collective Investment Schemes	1,179,008,453.00	893,181,785.60
Institutional – Credit providers	-	21,135,122.59
Institutional – SACCOs	-	
Institutional – Banks	-	73,215,745.57
Companies	565,815,794.90	386,216,466.60
Institutional – Other	1,012,308,749.08	107,981,820.05
Total	**23,303,736,694.48**	**23,814,771,438**

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

	June-2022	Mar-2022
	E'000	E' 000
Cash and Cash Equivalents	**255 990**	**213 813**
Prepayments & Sundry Receivables	**6 106**	**3 006**
Financial Investments	**339 508**	**319 919**
Net Loan Portfolio	**1 620 427**	**1 600 767**
Gross Loan Portfolio	**1 653 104**	**1 633 632**
Less: Provision for Loan Loss	**32 677**	**32 865**
Accounts Receivables	**114 559**	**123 848**
Unremitted Salary Deductions	40 490	45 836
Staff loans	4 553	4 618
Tax Recoverable	0	0
Unallocated Funds	16 683	16 167
Other Accounts Receivables	52 833	57 227
Property & Equipment & Other assets	**99 499**	**99 193**
Land & Buildings	79 296	79 046
Plant & Equipment	15 708	16 102
Prepaid Lease rentals	7	7
Intangible Assets	36	35
Other Assets	4 452	4 004
Total Assets	**2 436 090**	**2 360 547**
Total Deposit liabilities (Note 3)	**1 743 107**	**1 716 912**
Short Term Liabilities	**214 800**	**165 905**
Accounts payable	50 024	48 037
Tax Payable	2 260	3 251
Dividends Payable	90 397	69 078
Retirement Benefits Liability	1 691	1 817
Bank Overdraft	0	0
Other Short-term liabilities	70 428	43 721
Total Short-Term Liabilities	**1 957 907**	**1 882 794**
Long Term Liabilities	**5 490**	**6 954**
External Borrowings	2 160	2 385
Other Long-Term Liabilities	3 330	4 569
Total Liabilities	**1 963 397**	**1 889 748**
EQUITY	**156 161**	**153 125**
Permanent and Non-withdrawable share (Note 4)	**155 217**	152 181
Capital Grants and Donations	944	944
Retained Earnings	**112 670**	**112 366**
Prior Retained Earnings	86 893	82 209
Current Surplus	**25 777**	30 157
Other Equity Accounts	**203 862**	204 900
Statutory Reserve	59 691	59 288
General Reserves	105 044	104 026
Revaluation Reserves (Not part of core capital)	14 085	13 952
Share Transfer Fund	15 419	15 465
Education Fund	9 317	9 651
Central Cooperative Fund	1 975	1 935
Adjustment to Equity	-1 669	585
Total Equity	**472 693**	470 391
Total Liabilities and Equity	**2 436 090**	2 360 139

Annexure 6: Credit Institutions Statement of Financial Position

ASSETS	Jun-22	Mar-22
	SZL '000	E'000
Property, Plant and Equipment	15199424,9	11 206 570,80
Investments in Subsidiaries	38471023,7	100 394 662,00
Deferred Tax	6314380,063	6 213 703,20
Loans and Advances (long term) portion)	2499808773	2 273 429 851,12
Other Assets	189382970,3	235 837 246,61
Total Non-current Assets	2749176572	2 627 082 033,73
Current Assets		
Amounts Owing by Related Parties	625558640,1	430 681 448,83
Current Tax Receivable	99056,84	804 445,84
Loans and Advances (short term) portion)	290563065,7	431 335 133,50
Trade and other Receivables	42928289,59	36 172 270,74
Cash at Bank (with financial institutions)	161613765,4	221 649 796,47
Cash in Hand	639075,5	327 633,50
Total Current Assets	1121401893	1 120 970 728,88
Total Assets	3870578465	3 748 052 762,61
EQUITY AND LIABILITIES		
Equity		
Share Capital	135633583	135 883 583,00
Reserves	74364276,34	74 367 574,31
Retained Income	531266529,5	508 977 032,68
Total Equity	741264388,8	719 228 189,99
Non-current Liabilities		
Security Deposits	0	-
Amounts Owing to Related Parties	1368384891	1 337 513 778,51
Other Financial Liabilities	1401681873	1 326 009 193,58
Deferred Tax	-16242353	(15 258 030,00)
Total Non-current Liabilities	2753824411	2 648 264 942,09
Current Liabilities		
Amounts owing to Related Parties	10814063,08	12 376 967,00
Trade and Other Payable	50099541,56	50 655 270,41
Current tax payable	16453184,72	11 373 770,69
Other financial liabilities	298122876,3	304 153 622,43
Total Current Liabilities	375489665,7	380 559 630,53
Total Liabilities and Equity	3870578465	3 748 052 762,61

Annexure 7: Developmental Finance Institutions Statement of Financial Position

	June - 2022	Mar - 2022
ASSETS	**E '000**	**E '000**
Property, Plant and Equipment	131732100,2	**208 122 186**
Investments in Subsidiaries	858194916,6	**657 900 565**
Deferred Tax	6938616,55	**5 685 053**
Loans and Advances (long term) portion)	439341218,3	**667 592 056**
Other Assets	29780	**30 383 000**
Total Non-current Assets	1436236632	**1 569 682 861**
Current Assets		
Amounts Owing by Related Parties	506166850	**548 221 285**
Current Tax Receivable	12635720	**19 289 519**
Loans and Advances (short term) portion)	-	**-**
Trade and other Receivables	16684644,38	**108 677 042**
Cash at Bank (with financial institutions)	103344002,8	**127 991 566**
Cash in Hand	58514	**363 713**
Total Current Assets	638889731,2	**804 543 125**
Total Assets	2 075 126 362,85	**2 374 225 987**
EQUITY AND LIABILITIES		
Equity		
Share Capital	74149079	**106 196 000**
Reserves	514124257,6	**587 011 297**
Retained Income	329372261,5	**365 534 358**
Total Equity	917645598,1	**1 896 759 252**
Non-current Liabilities		
Security Deposits	12744561	**12 857 081**
Amounts Owing to Related Parties	15095	**15 095 000**
Other Financial Liabilities	1052744947	**1 196 400 239**
Deferred Tax	0	**-**
Total Non-current Liabilities	1065504603	**1 224 352 320**
Current Liabilities		
Amounts owing to Related Parties	0	**-**
Trade and Other Payable	80198180,85	**78 332 666**
Current tax payable	8711983,56	**9 733 346**
Other financial liabilities	3065997,2	**3 065 997**
Total Current Liabilities	91976161,61	**91 132 010**
Total Liabilities and	2 075 126 362,85	**2 374 225 987**

Annexure 8: Retail Outlets Statement of Financial Position

	June-22	Marc-22
Assets	E'000	E'000
Property, Plant and Equipment	81 054,75	74 245,65
Investments	-	-
Gross Debtors (credit extension)	315 537,67	303 409,83
Provision for bad debt	45 676,54	45 935,01
Net debtors	269 861,13	257 474,82
Other assets	822 957,39	812 362,53
Cash and cash equivalents	68 636,92	160 707,14
Total Assets	1 242 510,19	1 304 790,14
Equity		
Share Capital	390,00	390,00
Retained Income	888 601,26	878 102,56
Total Equity	888 991,26	878 492,56
Liabilities		
Borrowings	2 388,14	2 299,31
Other payables and financial Liabilities	351 130,79	423 998,27
Total Liabilities	353 518,93	426 297,58
Total Liabilities and Equity	1 242 510,19	1 304 790,14

Annexure 9: Building Societies Statement of Financial Position

	June -2022	March - 2022
Assets		
Notes and coins	**51,297**	**51,069**
Emalangeni Notes and coins	51,297	51,069
Rands	-	-
Due From Banks "NOSTRO"	**21,854**	**29,581**
Central Bank Of Eswatini	580	2,341
Domestic Commercial Banks	12,896	18,981
Non – resident Banks	8,378	8,259
INVESTMENT	**571,921**	**653,067**
Domestic	553,142	633,828
Foreign	18,779	19,239
BILLS RECEIVABLE	-	3,803
NET LOANS AND ADVANCES	**1,959,473**	**1,842,107**
Gross Loans & Advances	2,109,090	1,996,034
Less: General Provisions	17,219	16,402
Less: Other Deductions	132,398	137,525
UNCLEARED EFFECTS	-	-
FIXED ASSETS(Net of Depreciation)	**309,036**	**281,053.76**
Land and Buildings	148,526	123,293.00
Furniture, Fixtures, Equipment & vehicles	160,510	157,760.76
OTHER REAL ESTATE OWNED	**11,899**	**10,000.00**
OTHER ASSETS	**135,004**	**146,470.26**
TOTAL ASSETS	**3,060,484**	**3,017,151.92**
LIABILITIES	-	-
DEPOSITS	**1,212,290**	**1,186,511.00**
Transmission/demand	62,788	63,038.00
Savings	1,122,999	1,106,246.00
Term loan	26,503	17,227.00
DUE TO BANKS 'VOSTRO'	**18,582**	**4,096.52**
Central bank of Eswatini	-	-
Domestic commercial bank	18,582	4,096.52
Nonresident Banks	-	-
BILLS PAYABLE	-	-
INTERBRANCH BALANCES IN SWAZILAND (If Net Credit Balance)	-	-
OTHER BORROWINGS	-	64,693.11
OTHER LIABILITIES	39,226	58,617.72
TOTAL LIABILITIES	1,270,098	1,313,918.35
CAPITAL AND RESERVES	1,790,387	1,703,234.02
Paid Up / Issued Share Capital	1,239,405	1,150,198.18
Permanent Shares	1,018,901	1,005,159.07
Subscription Shares	220,504	145,039.11
Statutory Reserves	49,262	49,262.00
Retained Income (Prior Years)	415,561	415,561.00
Income (Loss) to Date	13,410	15,464.84
Revaluation Reserves	72,748	72,748.00
Other Reserves	-	-
TOTAL LIABILITIES, CAPITAL, AND RESERVES	**3,060,484**	**3,017,152**

Annexure 10: Retirement Fund Statement of Comprehensive Income

INCOME	June-2022	March-2022
	AMOUNT E1,000	AMOUNT E1,000
TOTAL CONTRIBUTIONS (from C13)	1 249 740	677 234
Investment income	- 1 123 771	239 203
Transfers to the fund	34 609	15 249
Benefits paid by insurers (to the fund)	11 038	6 183
Other income	3 938	73
TOTAL INCOME	175 554	939 158
EXPENSES	-	-
Management expenses	281 063	186 779
Premiums for insured benefits (Note 4)	49 689	22 315
Annuities purchased from insurers	1 182	1 180
Lump-sum benefits:	-	-
Withdrawal - cash	163 574	192 651
Withdrawal - transfers to other retirement funds	309	13 612
Accident and sickness	1 160	-
Disability	940	627
Death	72 909	37 372
Retirement	403 550	237 016
Voluntary early retirement	3 970	1 076
Total lump-sum benefits	**646 413**	482 330
Periodic payments:	-	-
Disability	330	239
Death	1	5 440
Retirement	555 365	278 120
Total periodic payments	**555 696**	283 799
Other transfers	2 422	1 310
TOTAL CURRENT BENEFITS	**1 205 714**	768 619
Change in future benefits liability		364 621
TOTAL EXPENSES	1 537 647	1 342 155
EXCESS OF INCOME OVER EXPENSES	**- 1 362 093**	-403 651

Annexure 11: Retirement Funds Investments

	30-Jun-22	31-Mar-22
CONTRIBUTIONS		
Member contributions	403 161	209 012
Employer contributions	846 579	468 222
TOTAL CONTRIBUTIONS	**1 249 740**	**677 234**
LOCAL ASSETS		
Cash on hand	10	65
Deposits:	-	
First National Bank	296 972	137 097
Nedbank	91 467	57 338
Eswatini Bank	109 846	112 484
Standard Bank	209 085	153 872
Swaziland Building Society	12 894	12 360
Other banks (explain)	1 065	1 733
Other non-bank financial institutions (explain)	4 403	4 519
Total deposits	725 733	479 403
Money market and debt maturing within 12 mo.:	-	
Central Bank of Eswatini	2 486	-
Government of Eswatini	134 874	75 883
Local authorities	47 351	44 551
Parastatals	-	-
Money market collective investment schemes	1 948 526	1 771 414
Banks (debt of or loan to banks, other than deposits)	94 685	77 357
Non-bank financial institutions (debt of or loan to NBFIs, other than deposits)	-	-
Commercial paper and bonds	500 058	431 636
Other (explain)	181 947	169 756
Total money market and debt maturing within 12 mo.	2 909 926	2 570 597
Debt maturing after 12 months:	-	
Central Bank of Eswatini	26 231	26 231
Government of Eswatini	2 456 670	2 402 152
Local authorities	260 050	256 657
Parastatals	1 315 824	1 366 042
Fixed income collective investment schemes	494 507	445 091
Banks (debt of or loan to banks, other than deposits)	100 040	105 104
Non-bank financial institutions (debt of or loan to NBFIs, other than deposits)	2 764 333	1 630 962
Commercial bonds	82 597	96 357
Other (explain)	930	-
Total debt maturing after 12 months	7 501 181	6 328 596
Equity (other than property-related):	-	
Ordinary shares - listed	978 296	945 914
Ordinary shares - unlisted	3 378 807	3 375 385
Preference shares - listed	20 974	20 974
Preference shares - unlisted	-	-
Convertible debentures - listed	-	-
Convertible debentures - unlisted	-	-
Equity and balanced collective investment schemes	333 715	345 933
Total equity	4 711 791	4 688 206
Property investments:	-	
Land and buildings	1 678 088	1 665 032
Mortgages	-	-
Loans to property developers	282 692	445 885
Shares of property developers	19 110	19 110
Property collective investment schemes	-	-
Total property investments	1 979 890	2 130 027
Insurance policies	391 053	431 385
Other (explain)	1 277 921	2 069 308
TOTAL LOCAL ASSETS	19 497 507	18 697 586

Annexure 11: Retirement Funds Investments

FOREIGN ASSETS		
Cash on hand	101	64
Deposits	2 800 004	3 285 827
Money market and debt maturing within 12 mo.:	-	
Central banks	10 146	9 881
National governments and international agencies	-	-
Local authorities	-	-
Parastatals	-	-
Money market collective investment schemes	383 492	376 208
Banks (debt of or loan to banks, other than deposits)	1 140	-
Non-bank financial institutions (debt of or loan to NBFIs, other than deposits)	-	-
Commercial paper and bonds	120 504	150 287
Other (explain)	-	-
Total money market and debt maturing within 12 mo.	515 282	536 376
Debt maturing after 12 months:	-	
Central banks	-	-
National governments and international agencies	9 585	9 975
Local authorities	-	-
Parastatals	-	-
Fixed income collective investment schemes	217 655	164 010
Banks (debt of or loan to banks, other than deposits)	-	-
Non-bank financial institutions (debt of or loan to NBFIs, other than deposits)	-	-
Commercial bonds	51 024	49 550
Other (explain)	148	-
Total debt maturing after 12 months	278 412	223 535
Equity (other than property-related):	-	
Ordinary shares - listed	14 927 408	16 526 465
Ordinary shares - unlisted	2 409	2 409
Preference shares - listed	163	-
Preference shares - unlisted	-	-
Convertible debentures - listed	1 441	-
Convertible debentures - unlisted	-	-
Equity and balanced collective investment schemes	2 312 097	2 430 329
Total equity	17 243 518	18 959 203
Property investments:	-	
Land and buildings	3 869	3 723
Mortgages	840	-
Loans to property developers	-	-
Shares of property developers	139 972	148 378
Property collective investment schemes	20 263	19 410
Total property investments	164 944	171 511
Insurance policies	-	-
Other (explain)	-	176
TOTAL FOREIGN ASSETS	**21 002 261**	**23 176 692**
TOTAL ASSETS	**40 499 768**	**41 874 278**

Annexure 12: Short-term Insurers Statement of Comprehensive Income

	June - 22	March - 22
Gross premiums written	**566 143 439**	**161 174 769**
Direct premiums	**566 143 439**	161 174 769
Assumed reinsurance premiums	**-**	-
Less premiums ceded	**231 951 176**	62 758 798
Net insurance premiums revenue	**334 192 263**	**98 415 971**
Change in unearned premium and unexpired risk provision (Note 2)	**73 670 422**	32 104 071
Net earned premiums	**407 862 685**	**130 520 042**
Net incurred claims	**79 163 135**	36 130 255
Commission and other acquisition costs	**62 390 908**	18 497 505
Reinsurance commission received	**37 465 408**	9 461 756
Net commission expenses	**24 925 500**	**9 035 748**
Management expenses	**84 575 618**	41 014 357
Total underwriting expenses	**188 664 252**	86 180 361
Underwriting income/(loss)	**219 198 432**	**44 339 681**
Investment income	**14 030 218**	8 724 460
Other income	**18 595 100**	14 812 652
Income/(loss) before tax	**251 823 750**	**67 876 793**
Taxation	**69 514 300**	**17 328 112**
Net income for the period	**182 309 450**	**50 548 681**
Other comprehensive income net of tax		
Total comprehensive income for the period	**182 309 450**	**50 548 681**

Annexure 13: Short-term Insurers Statement of Financial Position

	June 2022	March 2022
Assets		
Property, plant and equipment	107 031 369	100 784 988
Intangible assets	6 978 555	4 675 074
Investment assets and cash	663 273 704	649 304 723
Deferred acquisition costs	40 832 161	9 434 350
Deferred income tax assets	4 281 379	4 281 379
Prepaid taxes	17 839 187	4 187
Reinsurance receivables	121 438 931	112 696 062
Amounts due from related parties	2 852 481	1 768 730
Premiums receivable	349 444 284	93 635 387
Loans	5 413 462	4 648 063
Other	78 711 523	81 851 583
Total Assets	**1 398 097 036**	**1 063 084 526**
Liabilities		
Insurance liabilities and technical provisions	542 733 386	395 420 060
Amounts due to related parties	5 370 461	6 708 709
Reinsurance liabilities	52 918 681	20 545 418
Borrowings	-	-
Trade and other payables	43 934 923	48 319 770
Current tax payable	- 1 008 340	17 646 454
Deferred income tax liabilities	19 003	28 871
Cell fund liabilities	2 962 304	4 611 469
Total Liabilities	**646 930 417**	**493 280 751**
Equity		
Share capital	33 212 000	33 212 000
Share premium	23 730 000	23 730 000
Statutory reserves	10 232 230	7 939 320
Other reserves	13 361 000	13 141 000
Retained earnings	670 631 220	491 781 336
Accumulated other comprehensive income	-	-
Total Equity	**751 166 449**	**569 803 656**
Total Equity and Liabilities	**1 398 096 866**	**1 063 084 407**

Annexure 14: Long-term Insurers Statement of Comprehensive Income

	June 2022	March 2022
Gross earned premiums	530 332 635	266 939 912
Direct premiums	530 332 635	266 939 912
Assumed reinsurance premiums		
Less premiums ceded	32 537 819	20 725,087
Net earned premiums	497 794 816	246 214 824
Investment income	(93 200 859)	24 466 502
Other income	9 446 903	10 737 939
Total income	414 040 860	281 419 265
Insurance benefits and claims	323 746 820	167 973 251
Change in policy liabilities	(22 199 600)	276 028 452
Total policy benefits	301 547 219	444 001 704
Commission and other acquisition costs	26 744 251	11 897 950
Reinsurance commission received	2 735 857	2 547 475
Net commission expenses	24 008 394	9 350 475
Management expenses	99 274 206	53 552 842
Total expenses	424 829 819	506 905 021
Income/(loss) before tax	(10 788 959)	(225 485 755)
Taxation	7 973 313	3 156 428
Net income for the period	(18 762 272)	(228 642 183)
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	(18 762 272)	(228 642 183)

Annexure 15: Long-term Insurers Statement of Financial Position

	June 2022	Marc 2022
Assets		
Property, plant and equipment	8 562 525	9 017 671
Intangible assets	9 850 000	9 267 000
Investment assets and cash	4 839 694 870	4 976 136 791
Deferred acquisition costs	17 411 212	1 360 000
Deferred income tax assets	10 703 988	10 814 479
Prepaid taxes	14 720 883	14 325 558
Reinsurance receivables	19 210 648	19 055 322
Amounts due from related parties	50 503 366	32 315 539
Premiums receivable	43 558 183	28 586 429
Loans	76 601 000	75 263 000
Other	81 174 271	394 234 088
Total Assets	5 171 990 946	5 267 719 082
Liabilities		
Insurance contract liabilities	1 621 958 257	1 614 341473
Investment contract liabilities	2 824 809 288	2 872 570 631
Amounts due to related parties	2 781 548	5 762 708
Reinsurance liabilities	55 208 816	15 912 324
Borrowings	4 937 668	4 072 659
Trade and other payables	186 926 814	217 208 207
Current tax payable	674 529	1 202 665
Deferred income tax liabilities		
Total Liabilities	**4 697 292 920**	**4 731 070 667**
Equity		
Share capital	51 362 100	51 362 100
Share premium	105 929 507	105 871 095
Statutory reserves	2 400 000	2 400 000
Other reserves	10 787 488	50 052 304
Retained earnings	304 214 763	326 963 432
Accumulated other comprehensive income		
Total Equity	474 693 858	**536 648 931**
Total Equity and Liabilities	**5 171 990 779**	**5 267 719 598**

Annexure 16: Short-term Reinsurance Statement of Comprehensive Income

	Jun-22	Mar-22
Gross premiums written (Note 1)	**35 244 000**	24 187 000
Direct premiums (Note 1)	**35 244 000**	24 187 000
Assumed reinsurance premiums (Note 1)	**-**	-
Less premiums ceded (Note 1)	**18 548 690**	14 853 690
Net insurance premiums revenue	**16 695 310**	9 333 310
Change in unearned premium and unexpired risk provision (Note 2)	**2 586 000**	1 362 000
Net earned premiums	**19 281 310**	10 695 310
Net incurred claims (Note 3)	**4 428 000**	3 209 000
Commission and other acquisition costs (Note 4)	**9 016 000**	6 003 000
Reinsurance commission received (Note 4)	**3 862 740**	3 216 740
Net commission expenses (Note 4)	**5 153 260**	2 786 260
Management expenses (Note 5)	**5 245 800**	2 680000
Total underwriting expenses	**14 827 060**	8 675 260
Underwriting income/(loss)	**4 454 250**	2 020 050
Investment income (Note 6)	**1 447 250**	842 650
Other income (Note 7)	**-**	-
Income/(loss) before tax	**5 901500**	2 862 700
Taxation	**2 103 338**	1 096 618
Net income for the period	**3 798 163**	1 766 083
Other comprehensive income net of tax	**-**	-
Total comprehensive income for the period	**3 798 163**	1 766 083

Annexure 17: Short-term Reinsurance Statement of Financial Position

	Jun-22	Mar-22
Assets		
Property, plant and equipment	1 033 800	618 450
Intangible assets	-	
Investment assets and cash (Note 8)	61 611 200	48 496 550
Deferred acquisition costs (Note 9)	-	-
Deferred income tax assets (Note 9)	2 283 200	3 133 100
Prepaid taxes (Note 9)	-	-
Reinsurance receivables (Note 9)	-	-
Amounts due from related parties (Note 9)	-	-
Premiums receivable (Note 9)	31 885 600	39 532 350
Loans (Note 9)	-	-
Other (Note 9)	1 006 400	1 470 600
Total Assets	97 820 200	**93 251 050**
	-	
Liabilities	-	
Insurance liabilities and technical provisions (Note 10)	11 257 000	13 409 000
Amounts due to related parties (Note 11)	-	-
Reinsurance liabilities (Note 11)	5 236 000	21 132 000
Borrowings (Note 11)	-	-
Trade and other payables (Note 11)	6 053 600	5 603 100
Current tax payable (Note 11)	-	-
Deferred income tax liabilities (Note 11)	-	-
Cell fund liabilities (Note 12)	-	-
Total Liabilities	22 546 600	**40 144 100**
	-	
Equity	-	
Share capital (Note 13)	82 917 600	60 002 000
Share premium (Note 13)	-	-
Statutory reserves (Note 13)	-	-
Other reserves (Note 13)	(11 442 000)	(9 786 000)
Retained earnings (Note 13)	3 798 163	2 891 083
Accumulated other comprehensive income (Note 13)	-	-
Total Equity (Note 13)	75 273 763	**53 107 083**
Total Equity and Liabilities	97 820 363	**93 251 183**

Annexure 18: Long-term Reinsurance Statement of Comprehensive Income

	Jun-22	Mar- 22
Gross earned premiums	2 040 000	1 206 000
Direct premiums (Note 1)	2 040 000	1 206 000
Assumed reinsurance premiums (Note 1)	-	-
Less premiums ceded (Note 1)	612 000	361 800
Net earned premiums	**1 428 000**	**844 200**
Investment income (Note 6)	165 400	41 350
Other income (Note 7)	-	-
Total income	**1 593 400**	**885 550**
Insurance benefits and claims (Note 2)	1 529 700	73 400
Change in policy liabilities (Note 3)	-	-
Total policy benefits	**1 529 700**	**73 400**
Commission and other acquisition costs (Note 4)	285 600	468 976
Reinsurance commission received (Note 4)	28 560	46 898
Net commission expenses	**257 040**	**422 078**
Management expenses (Note 5)	472 200	122 000
Total expenses	**2 258 940**	**617 478**
Income/(loss) before tax	(665 540)	268 072
Taxation	-	73 720
Net income for the period	**(665 540)**	**194 352**
Other comprehensive income net of tax	-	-
Total comprehensive income for the period	**(665 540)**	**194 352**

Annexure 19: Long-term Reinsurance Statement of Financial Position

	Jun-22	Mar-22
Assets		
Property, plant and equipment	32 550	32 550
Intangible assets		
Investment assets and cash (Note 8)	11 110 310	2 552 450
Deferred acquisition costs (Note 9)	-	-
Deferred income tax assets (Note 9)	570 800	164 900
Prepaid taxes (Note 9)	-	-
Reinsurance receivables (Note 9)	-	-
Amounts due from related parties (Note 9)	-	-
Premiums receivable (Note 9)	4 851 000	2 080 650
Loans (Note 9)	-	-
Other (Note 9)	251 600	77 400
Total Assets	**16 816 260**	**4 907 950**
Liabilities		
Insurance liabilities and technical provisions (Note 10)	-	-
Amounts due to related parties (Note 11)	-	-
Reinsurance liabilities (Note 11)	-	-
Borrowings (Note 11)	87 000	23 000
Trade and other payables (Note 11)	-	-
Current tax payable (Note 11)	930 400	294 900
Deferred income tax liabilities (Note 11)	-	-
Cell fund liabilities (Note 12)	-	-
Total Liabilities	**1 017 400**	**317 900**
Equity		
Share capital (Note 13)	16 097 000	3 158 000
Share premium (Note 13)	-	-
Statutory reserves (Note 13)	-	-
Other reserves (Note 13)		1 238 000
Retained earnings (Note 13)	(298 000)	194 352
Accumulated other comprehensive income (Note 13)	-	-
Total Equity (Note 13)	**15 799 000**	**4 590 352**
Total Equity and Liabilities	**16 816 400**	**4 908 252**



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