



Stability • Fairness • Efficiency

Annual Report & Financial Accounts
2014



About Us

The Non-Bank Financial Institutions Regulatory Authority Act 2006 established the Non-bank Financial Institutions Regulatory Authority (NBFIRA), after the endorsement (by Government) of the Carmichael Consulting Report, which recommended the setup of a single independent Non-Bank Financial Institutions (NBFI) regulator.

The Act grants NBFIRA the mandate to regulate and enforce compliance within the NBFI sector in order to safeguard the stability, fairness and efficiency of the non-bank financial sector.

The Authority's regulatory portfolio encompasses a wide variety of industries including Insurance, Pension, Capital Markets, Non-Bank Lenders, Collective Investment Undertakings (CIUs), Asset Managers, Investment Advisors, and Custodians (among others).

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This report is a highlight of how **Non-Bank Financial Institutions Regulatory Authority** (NBFI) enforces ethical standards in order to safeguard the Stability, Fairness and Efficiency of the non-bank financial sector.

TABLE OF CONTENTS

Corporate Profile	4
Chairperson's Report	6
Corporate Governance	10
Strategy Implementation	16
Insurance	20
Retirement Funds and Investment Institutions	25
Capital Markets	38
Lending Activities	46
Annual Financial Statements	52



Retirement Funds
& Investment
Institutions

Insurance

VALUES

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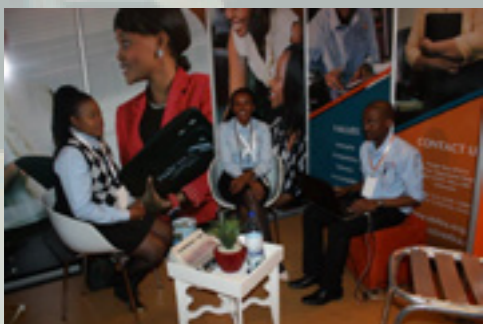
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NBFIRA at Botswana Consumer Fair

NBFIRA participated in the Botswana Consumer Fair. The Authority educated the public on its mandate and emphasized the importance of financial responsibility.

The public was warned against reckless lending of money, investing in unlicensed entities and encouraged to be more diligent in handling their finances



Corporate Profile

Establishment

The Non-Bank Financial Institutions Regulatory Authority ("NBFIRA") was established as an independent regulatory agency for non-bank financial institutions in April 2008. As outlined in Section 8 of the NBFIRA Act, the principal objective of NBFIRA is to regulate and supervise non-bank financial institutions so as to foster the:

- Safety and soundness of non-bank financial institutions;
- Highest standards of conduct of business by non-bank financial institutions;
- Fairness, efficiency and orderliness of the non-bank financial sector;
- Stability of the financial system; and
- Reduction and deterrence of financial crime.

Legislative Framework

The legislative framework governing the operations of both NBFIRA and supervised institutions is known as the "financial services law" and includes:

- The Non-Bank Financial Institutions Regulatory Authority Act;
- The Insurance Industry Act;
- The International Insurance Act;
- The Pension and Provident Funds Act;
- The Botswana Stock Exchange Act;
- The Collective Investments Undertaking Act; and
- Part XVI of the Income Tax Act.

The NBFIRA Act is the main component of the financial services law in the sense that it is an umbrella statute that is intended to work with the other statutes that make up the financial services law. The Act is consistent with international standards and contains sections related to the operations, responsibilities and accountabilities of NBFIRA including staffing, finances, corporate governance and reporting to stakeholders.

It also provides a comprehensive licensing regime for supervised entities and provides NBFIRA with the powers to remedy imprudent practices, unethical practices and contraventions of the law through the issuance of notices, the issuance of orders, the issuance of directives, the acceptance of undertakings, the imposition of civil penalties and the application to the courts in the most serious cases involving offences.

NBFIRA also has significant powers with respect to information gathering, the conduct of on-site inspections and the conduct of investigations.

Non Bank Financial Institutions

There is a wide range of entities that are defined as non-bank financial institutions in Botswana. Page 80 to 120 outlines the types of non-bank financial institutions as defined in the NBFIRA Act.

Corporate Governance

The NBFIRA Act entrusts all corporate governance responsibilities as well as all operational and regulatory functions of the financial services law to the NBFIRA Board of Directors, which comprises:

- Mrs. M. Dube, Chairperson appointed by the Minister of Finance and Development Planning;
- Mr. N. C. Greenland, Vice Chairperson appointed by the Minister of Finance and Development Planning;
- Dr. T. T. K. Matome, member appointed by the Minister of Finance and Development Planning;
- Mr. M. Mbaakanyi, member appointed by the Minister of Finance and Development Planning;
- Mrs. L. K. Mohohlo, ex officio member as Governor of the Bank of Botswana; and,
- Mr. S. M. Sekwakwa, ex officio member as Permanent Secretary of the Ministry of Finance and Development Planning.

Under Section 41 of the NBFIRA Act, the Board of Directors of the Authority through a written instrument of delegation is empowered to delegate its powers and functions to:

- A member of the NBFIRA Board;
- An employee of NBFIRA;
- An employee of the Bank of Botswana;
- An investigator; or
- A Self Regulatory Organization.

Corporate Profile (cont.)

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

Administrator of a pension or provident fund - means a person who provides administration or similar services to the fund.

Central Securities Depository - means a facility for the deposit, clearing or settlement of securities transactions, whether physically, electronically or otherwise.

Collective Investment Undertaking - means an arrangement, where the principal object of which is the collective investment of its funds in real or personal property of whatever kind, including securities and other liquid financial assets, with the aim of giving its members, or section-holders the benefit of the result of the management of funds and spreading investment risk and the units of which are at the request of holders, purchased, directly or indirectly out of those undertakings assets. A collective investment undertaking can be constituted as a section trust or as an investment company with variable capital whose articles provide that the actual value of the paid up share capital of the company shall at all times be equal to the net asset value of the company and the shares of the company shall have no par value.

Custodian - means a person who holds property of another person for safekeeping.

Finance and Leasing Company - means a body corporate that provides loans, advances or leasing products, but does not include a bank or a deposit taking institution.

Friendly Society - means an association of persons established with no share capital for the purpose of aiding members of the association or their dependants, being an association that does not employ a person whose main occupation is canvassing for members of, or collecting contributions or subscriptions for, the association.

Insurance Agent - means a person who solicits applications for insurance or collects premiums for an insurer.

Insurance Broker - means a person who arranges insurance otherwise than as agent of the insurer.

Insurer - means a person who undertakes liabilities by way of insurance (including general insurance, life insurance and reinsurance), whether or not as a member of an association of underwriters and includes a person operating a medical aid fund.

International Insurance Firm - means an undertaking which carries on international insurance business and includes an insurance manager, a principal insurance representative and an insurance agent.

Investment Advisor - means a person who gives other persons investment advice or recommendations (including about holding and disposing of investments) in relation to securities or other assets.

Management Company for a collective investment undertaking - means an incorporated body responsible for the establishment, promotion, management and administration of a collective investment undertaking.

Member of the Insurance Industry - means an insurance surveyor, a risk manager, a loss assessor, a loss adjuster or a claims settlement agent.

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

Pension Fund - means any fund the principal objective of which is to provide for the payment of a pension to a person, who has been a member of the fund, on his retirement.

Provident Fund - means any fund which is not a pension fund where a lump sum payment is made at retirement.

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

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

Trustee of a Collective Investment Undertaking - means a person acting as a trustee of a section trust.

Trustee of a Pension or Provident Fund - means a person acting as a trustee of a pension or provident fund.

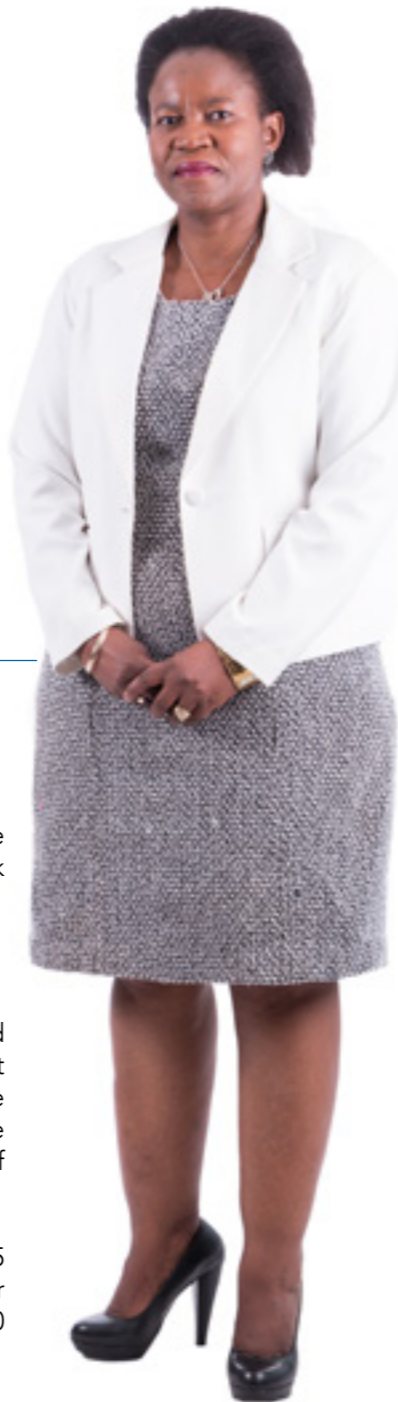
Financial Group - means a group of companies under common control comprised of one or more prudentially regulated non-bank financial institutions and their subsidiaries.

Other - Other persons may be prescribed as non-bank financial institutions. As at the date of this report, no other persons have been prescribed.

The Authority recorded Total Comprehensive Loss of P1.3 million for the year ended 31st March 2014 as total expenses exceed total revenue.

Total revenue was P40.9 million, being below the previous year figure of P46.1 million as a result of lower Supervisory Levies following the reduction of supervisory levy rates in some sectors.

Mrs. M. Dube
Board Chairperson



Chairperson's Report

It is my pleasure to present on behalf of the Board, the Annual Report for the financial year 2013-2014 in accordance with Section 32(1) (b) of the Non-Bank Financial Institutions Regulatory Authority Act.

Financial Performance

The Authority recorded Total Comprehensive Loss of P1.3 million for the year ended 31st March 2014 as total expenses exceeded total revenue. The recorded loss is not expected to affect the Authority's going concern as most of the expenditures were once-off. Total revenue was P40.9 million being below the previous year figure of P46.1 million as a result of lower Supervisory Levies following the reduction of supervisory levy rates in some sectors.

Total costs of the other hand increased significantly to P42.8 million from P30.5 million as a result of increases in staff costs, administration expenses and other expenses. Total assets increased from P33.8 million in the previous year to P61.0 million due to increase in short term investments.

Strategic Plan 2013 - 2016

The Authority is in the second year of implementation of the Strategic Plan 2013 - 2016. The Authority continued to put resources in place to ensure that the plan is successfully implemented. During the year, the Authority migrated to a new organization structure which is in support of the implementation of the strategic plan.

Chairperson's Report (cont.)

Risk Based Regulatory Model

The Authority started the implementation of the information technology system to support the migration to the risk based supervisory model. The project is co-sponsored by the African Development Bank and the Authority.

The system will automate all supervisory processes and allow the Authority to place its supervisory efforts on entities which pose the greatest risks to the sectors and the economy. The system is expected to go live during December 2014.

Legislative Reforms

The Authority undertook a review of some financial services laws aimed at improving the regulatory environment towards attaining financial stability of the regulated sectors. Joint consultations with the Ministry of Finance and Development Planning and other stakeholders were undertaken to ensure that the financial services laws are aligned with one another, and comply with best international practices.

The review of the Insurance Industry Act, the Pensions and Provident Fund Act and the development of Securities Bill are at an advanced stage and will be finalized during the next financial year.

Stakeholder Engagements

During the year, the Authority signed memorandums of understanding with three entities namely; Competition Authority, Botswana Unified Revenue Service and Botswana Accountancy Oversight Authority.

The signing of these memorandums will facilitate the cooperation and information sharing between the entities. The Authority will continue to engage other local, regional and international organizations with the view of signing other agreements.

Service Delivery

The Authority recognizes that service delivery is paramount to achieving its mandate and has to this end, established a service delivery office to effectively monitor its service offerings.

Regional and International Cooperation

The Authority continues to cooperate with regional and international regulators in order to learn from more mature regulators. The Authority continued its staff development programme by attaching staff at regional regulators including Namibian Financial Institutions Supervisory Authority, Financial Services Commission of Mauritius, Financial Services Board of South Africa and Retirement Benefit Authority of Kenya. The relationship with these regional regulators also assists in the sharing of information between the regulators.

The Authority is a member of the Committee on Insurance, Securities and Non-Banking Authorities (CISNA) which is one of the committees under Southern African Development Community's (SADC) Finance and Investment Protocol (FIP).

The CEO for the Authority, Mr. O.M. Ramasedi is currently the CISNA Chairperson having been elected to the position during the 31st Annual Meeting held in Namibia. At the same meeting Ms. K. Kowa-Mophuting, another employee was elected Chairperson for the Securities and Capital Markets Sub-Committee.

Internationally, the Authority is member of the International Organization of Securities Commission and International Association of Insurance Supervisors.

Acknowledgements

I wish to extend my appreciation to the Ministry of Finance and Development Planning for their guidance and continued support to the Authority.

Let me thank my colleagues in the Board for their tireless support, dedication and input during the year. The role of the Board was even more demanding as the Authority was going through a major transformation period.

I also wish to thank the Executive Management Team and Staff for their continued hard work in transforming the Authority into a regulatory body of repute.

Mrs. M. Dube
Board Chairperson

Board of Directors



Mrs. M. Dube
Board Chairperson



Mr. N. C. Greenland
Deputy Board Chairperson



Dr. T. T. K. Matome
Member



Mr. M. Mbaakanyi
Member



Mrs. L. K. Mohohlo
Member



Mr. S. M. Sekwakwa
Member

Executive Team



1. Mr. O. M. Ramasedi
Chief Executive Officer

2. Mr. M. M. Tlhagwane
Deputy CEO - Corporate Services

3. Dr. H. Sathak
Deputy CEO - Regulatory

4. Mr. T. Kwapa
Manager - Communications & Public Affairs

5. Mrs. H. Mocuminyane-Rabashwa
Deputy Director - Compliance

6. Mr. M. P. Rampha
Head of IT

7. Mr. K. Balopi
Head of Finance

8. Mrs. K. C. Kowa-Mophuting
Deputy Director - Capital Markets

9. Ms. B. Soko
Deputy Director - Retirement Funds
& Investment Institutions

10. Mrs. M. V. Raphaka
Deputy Director - Insurance

11. Ms. O. Modisa
Deputy Director - Lending Activities

12. Mrs. G. Masike
Strategy Coordinator

Corporate Governance (cont.)

Board Committees are comprised of the following members;

(i) Finance and Audit Committee:

- | | |
|----------------------|---------------|
| 1. Dr. T.T.K. Matome | - Chairperson |
| 2. Mr. S.M. Sekwakwa | - Member |
| 3. Mr. M. Mbaakanyi | - Member |

(ii) Human Resource Committee

- | | |
|-----------------------|---------------|
| 1. Mr. N.C. Greenland | - Chairperson |
| 2. Dr. T.T.K. Matome | - Member |
| 3. Mrs. L.K. Mohohlo | - Member |

2.4 Attendance and remuneration of Board members

Board meetings are held nine (9) times a year in line with the requirements of the current legislation, and committee meetings are held quarterly. The following meetings were held during the financial year 2013/2014.

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total for the Year
Main Board	2	3	2	2	9
Human Resource Committee	1	2	0	1	4
Finance and Audit Committee	1	1	1	1	4

The table below shows attendance of Board and Committee meetings during the financial year 2013/2014

Members	Board	Finance & Audit	Human Resource
Mrs. M. Dube	9/9	N/A	N/A
Mr. N.C. Greenland	9/9	N/A	4/4
Dr. T.T.K Matome	7/9	4/4	4/4
Mrs. L.K. Mohohlo	4/9	N/A	0/4
Mr. S.M. Sekwakwa	6/9	4/4	N/A
Mr. M. Mbaakanyi	5/9	1/4	N/A

Board Members' remuneration and travel expenses during the financial year 2013/2014:

Members	Fees	Travel Expenses	Total
Mrs. M. Dube	P 25,200.00	P 64,052.77	P89, 252.77
Mr. N.C. Greenland	P 18,000.00	P 97,014.00	P115, 014.00
Dr. T.T.K Matome	P 13,430.00		P 13,430.00
Mr. S.M. Sekwakwa	N/A		N/A
Mr. M. Mbaakanyi	P 5,040.00		P 5,040.00
Mrs L.K. Mohohlo	P 4,200.00		P 4,200.00



NBFIRA signs MoU with SEBI

Securities and Exchange Board of India (SEBI) and Non-Bank Financial Institutions Regulatory Authority (NBFIRA) signs a bilateral Memorandum of Understanding (MoU). The MoU was signed by Mr. U.K. Sinha, Chairman, SEBI and Mrs. M. Dube, Chairperson, NBFIRA on at SEBI Headquarters, Mumbai.

Corporate Governance

1. Legislative amendments

Several statutes are under review to enhance the regulatory and oversight role of the Authority. These are:

- Non- Bank Financial Institutions Regulatory Authority Act (NBFIRA)
- Botswana Stock Exchange Act;
- Insurance Industry Act;
- Pensions and Provident Fund Act; and
- Collective Investments Undertaking Act.

2. Corporate Governance

2.1 Frameworks

Internal governance frameworks, such as a Board Charter and Committee Terms of References are in place. These frameworks were adopted to aid the Board in the discharge of its mandate. The Authority also has in place a Code of Conduct which guides Board, Management and Staff in the discharge of their various mandates.

2.2 Adherence to King Code

In addition, to the internal governance frameworks, the Authority has adopted the King III as a guide to assist in its adherence to good corporate governance.

2.3 Board sub-committees

The Authority also has sub-committees of the Board in place. These being the Finance and Audit Committee and the Human Resource Committee.

Corporate Services (cont.)

Total revenue declined as a result of significant reduction in supervisory levies which decreased from P43.2 million in financial year 2012/2013 to P28.3 million in the current year as supervisory levy rates of some regulated sectors were reduced effective April 2013.

The Government Revenue Grants increased by P8.6 million during the financial year. Government funding was used to fund both operating expenditure and capital projects. Armotisation of Government Grants during the year was P1.5 million compared to P0.5 million in the previous year being an increase of P1.0 million.

Total Operating Expenditure

Total Operating Expenditure was P42.8 million, being an increase of P12.3 million from the P30.5 million recorded in the previous year. The increase in Total Operating Expenses was largely attributed to significant increases in staff as the Authority accelerated its recruitment.

The launch of the Authority's brand identity, intensifying public education and stakeholder engagements and accelerating training to build internal capacity also contributed towards the rise in operating expenditure.

Financial Year 2013/2014



Statement of Financial Position

The Authority's Statement of Financial Position strengthened from P33.8 million as at 31st March 2013 to P61.0 million 31st March 2014 as a result on increase in non-current assets and current assets. The fair value of non-current assets was P10.7 million being an increase of P4.8 million largely as a result of the costs associated with fitting-out of the office premises and procurement of office furniture.

NBFIRA is in the process of rolling out two (2) Information Technology systems, being the system to support the Risk Base Regulatory Model and the Integrated Management Information System. Current assets on the other hand increased from P27.9 million to P50.4 million as a result of increases in cash and cash equivalents.

Corporate Services

Finance Department

The finance department's core responsibility is to develop an effective and efficient system of internal control, safeguarding the Authority's assets, coordination and control of the budgetary process, preparation of the annual audited financial statements, coordination of the external audit, disbursements, and collection of supervisory levies from regulated entities.

Financial Performance

The Authority recorded a net deficit of 1.3 million in the financial year 2013/2014 compared to a net surplus of P15.9 million in the previous financial year. The net deficit was attributable to the combined effects of lower revenue recorded and higher operational expenditure.

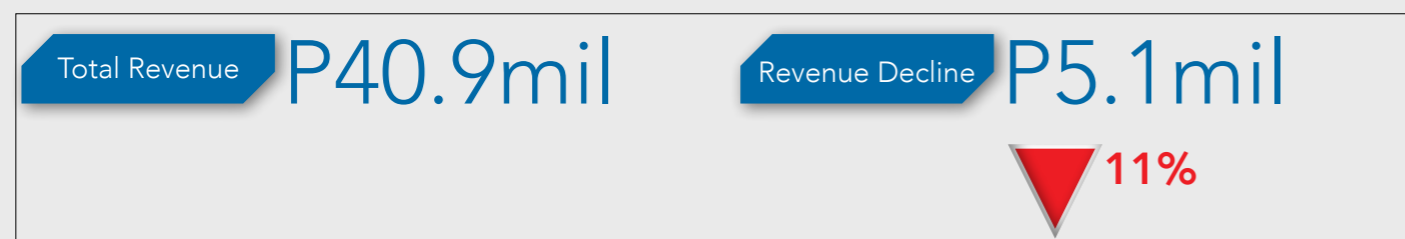
Financial Year 2013/2014

Financial Year 2012/2013



Total Revenue

Total revenue recorded during the year was P40.9 million, being a reduction of P5.1 million when compared to the figure of P46.0 million recorded in the previous financial year.



Corporate Services (cont.)

Human Resources Department

The Human Resources Department oversees the implementation of the Authority's Human Capital Strategy which ensures that the Authority has the appropriate skills required to successfully implement its mandate. This gives special focus on resourcing, performance management, learning and development and most importantly compliance with labour laws.

Resourcing

The Authority's new organizational structure was approved during the year in line with the new strategic plan. The migration to the new organizational structure resulted in staff complement moving from fifty-seven (57) to sixty-five (65) being an increase of 12%. The Authority opted for a phased recruitment approach and ended the financial year with a head count of fifty-five (55) as recruitment was in progress at the end of the financial year. Eighty-eight percent (88%) of staff were citizens while the remaining twelve percent (12%) were non-citizens. Non-citizens were employed in the regulatory division as there is shortage of experienced citizen regulators.

The Authority recorded a staff turnover of nine percent (9%) out of which three (3) were expatriates and the remaining two (2) were locals.

Learning and development

The Authority intensified training in the financial year in order to build internal capacity especially in the regulatory environment where there is acute shortage of trained personnel within the Authority and in the local market. Training was through attachments, attending seminars and workshops.

The Authority attached some employees to mature regulatory organisations both regionally and internationally.

During the year, 10 employees successfully completed an in-house Management Development Program modular training which was facilitated by the University of Stellenbosch Business School. One employee successfully completed the Executive Development Program with the University of Cape Town Graduate School of Business. The training was geared at improving the employee's managerial and leadership capabilities.

Internship

The Authority participated in the Government Internship Program and other institutional programs to offer practical training to students and graduates. The absorption rate into permanent employment stood at hundred percent (100%).

The Government Internship Program intake was seventy-seven percent (77%), followed by the Botswana Institute of Chartered Accountants at seventeen percent (17%) while remaining six percent (6%) were vacation students from other institutions.

Performance Management System

Implementation of Performance Management System was intensified in order to build a high performance culture.

Refresher workshops were held in order to improve the understanding of performance by key players.

Information Technology Department

The Information Technology's core function is to support the Authority by means of the provision, maintenance and support of appropriate information technology infrastructure. In order to automate and thereby better organise the management, integrity and security of its information, the Authority included the implementation of an integrated Management Information System (MIS) as part of its medium term strategy.

The current reporting period saw significant progress in the consolidation of the Authority's requirements for an integrated Management Information System, which would encompass a Risk Based Supervision System and also supporting Enterprise Resource Planning (ERP) systems.

The Authority has staggered the implementation of the systems due to internal human capacity and to mitigate the possibility of systems failures. The priority was to implement the Risk Based Supervision Model first as there are no information technology systems in the regulatory division which is a key risk, while the implementation of the Enterprise Resources Planning will commence in the financial year 2014/2015.

Implementation of Risk Based Supervision System

The Risk Based Supervision System forms a core system for the Authority. During the reporting period, the Authority awarded the implementation of the Risk Based Supervision System. To date the requirements gathering planning phase has been completed and the configuration of the required system is currently in progress. The system will have the capability of automating and centralizing many supervision processes within the Authority, by means of an extensible web-based data collection and analysis system.

The initial release of the system, which will form the foundational building block for further expansion of the system to adjust to the Authority's requirements, is expected to be available in the second quarter of the financial year 2014/2015.

Corporate Services (cont.)

Communications & Public Affairs Department

The department is moving towards a coordinated communications function that will allow a multifaceted approach to meeting NBFIRA communications needs. The Communications and Public Affairs Department objective is to clearly and accurately communicate information about NBFIRA mandate to key audiences which include enhancing and creating awareness about NBFIRA. The department has taken up the following initiatives to create awareness;

- **Molemo Wa Kgang (Thuto ka tsa Madi)** - the TV Show concentrated on sensitizing the public on positive financial behavior. NBFIRA took part in the discussion promoting our mandate and the Micro Lending regulations.
- **University of Botswana** - NBFIRA presented on its mandate, Micro Lending regulations at University of Botswana, the Department of Family & Consumer Sciences. The presentation attracted an audience of approximately hundred and fifty (150) university students including the department personnel.
- **Serowe Consumer Protection Unit** - the Authority was invited to present on the importance of regulation of the Non-Bank Financial Institutions subject to Consumer Protection at the Consumer Unit offices workshop in Serowe.
- **Financial Literacy Campaign (Ministry of Agriculture)** - The Authority made a presentation during their Financial Literacy Open Day and further made presentations to the Ministry of Agriculture employees around the country.
- **RB1 A Matlhong Radio Show** - NBFIRA took part in A Matlhong radio show, promoting the Authority's mandate and awareness of Micro Lending regulations.
- **Yarona FM** - The Authority was invited to a brief discussion concerning Micro Lending licensing requirements and regulations.
- **RB2 Morning Live Show** - NBFIRA participated in the RB2 Call-In Morning Live Show. The Authority continues to benefit from the invitation by RB2 as guests in the show every Wednesday to reach out to the public.
- **The NBFIRA Financial Literacy Week** - The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) held the Financial Literacy Campaign Week in Francistown and Gaborone under the Theme "Financial Responsibility Today for Financial Stability Tomorrow".

The Financial Literacy Week is an initiative central to helping consumers make better decisions about management of their money conversely avoiding over indebtedness. Botswana, as part of the global village is not immune to the above situation as the larger proportion of the population is not knowledgeable about the financial products and services and the existing financial services law.

There is therefore a need to develop a financially literate community which will in turn assist to ensure fairness, efficiency and orderliness of the non-bank financial sector. A financially literate community can in addition identify financial scams and swindlers as these thrive in communities which are poor and financially illiterate.

The target audiences were university students, youth and the public at large. The week featured various financial literacy education programs delivered through radio shows, road shows, press, skits and workshops whose specific objectives were:

- a. to create awareness and educate the public (consumers) on access to safe and affordable formal financial services;
- b. make consumers understand their rights and responsibilities as users of formal financial services;
- c. change consumer's attitudes to translate knowledge into behaviour.

Strategy Implementation (cont.)

The 2013-16 Strategic Plan

The current strategic plan which covers the period 2013-2016 is the second in NBFIRA’s strategic journey. The plan which was crafted under the theme “Create a safe, fair, stable and efficient NBFI sector” identified thirteen (13) strategic objectives deemed critical towards attaining NBFIRA’s mandate.

The strategic objectives are identified in table 1 below:

Table 1: Strategic Objectives

Perspective	No	Strategic Objective
Regulatory Perspective	1	Create a safe, fair, stable and efficient NBFI sector
Stakeholder Perspective	2	Enhance Stakeholder Confidence
	3	Promote Stakeholder Awareness
	4	Increase Stakeholder Engagement
Process Perspective	5	Enhance Regulatory Processes
	6	Improve Enterprise Risk Management
	7	Improve Public Education
	8	Ensure Corporate Governance
Resources Perspective	9	Attract and Retain Staff
	10	Improve Employee Competency
	11	Promote High Performance Culture
	12	Diversify Funding Base
	13	Prudential Financial Management



Strategy Implementation

Corporate Strategy

NBFIRA’s corporate strategy is guided by the following strategic foundations;

Strategic Foundations

Vision

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

Mission

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

Values

- **Integrity** - we adhere to the highest ethical standards
- **Transparency** - we are open and frank in our operations
- **Fairness** - we consistently promote equal treatment in our dealings with all stakeholders
- **Accountability** - we are responsible to our stakeholders
- **Diligence** - we are thorough and persistent in the execution of our duties

Strategy Implementation (cont.)

Strategy focus areas

Regulatory Perspective: A key focus under this perspective is to create a safe, fair, stable and efficient NBFI sector; a key performance indicator in this area was to ensure that none of the regulated entities experience any unexplained failures.

The Authority experienced zero unexplained failures in all the sectors. The Authority further embarked on a rigorous exercise of implementing the Risk Based Supervisory System, the key action being the establishment of the risk profiles of the regulated entities, an exercise which is currently underway.

Stakeholder Perspective: Creating a platform of dialogue for engagement with stakeholders is key to the attainment of our mandate. The Authority embarked on a number of initiatives focused at improving stakeholder engagement, awareness and confidence culminating in amongst others:

- The signing of Memorandum of Understanding with three (3) local parastatals and two (2) with international regulatory bodies;
- Hosting of bilateral and industry meetings with regulated entities; and
- Organising and participating in a variety of stakeholder awareness campaigns through various media ranging from television, radio and workshops.

Surveys are currently underway to establish both the Stakeholder confidence indices and Public awareness indices.

Process Perspective: The enhancement of regulatory processes is key to achieving operational efficiency and improved service delivery. In an effort to improve service delivery to all stakeholders, the Authority embarked on the following initiatives:

- Identifying and mapping all the key regulatory processes and developing service standards against such;
- Developing and implementing a communication plan with all the stakeholders; and
- Continuous monitoring of the corporate governance framework.

Resources Perspective: Human Capital development remains a priority area for the Authority in the face of challenges of recruiting staff with regulatory experience at senior levels. The Authority continues to expose its employees to best practice regulatory regimes through attachments, training initiatives and encouraging staff self-development. The following human capital development initiatives were undertaken:

- Managers attended and successfully completed a Management Development Program;
- Employees attended various training courses both locally and internationally;
- Employees participated in attachments to other regulatory authorities both regionally and internationally; and
- Development of a talent management strategy.



Insurance Section (cont.)

From Table I.1, it is notable that there was an increase of 10% of licenses issued for insurance brokers while the number of insurance corporate agencies licence decreased by 5 % during the year under review.

The increase in brokerage licenses shows the increasing role of intermediary services in the market. While insurance corporate agencies can only represent one principal and are allowed to sell one range of insurance products from their principals, insurance brokers represent policyholders and distribute a wide range of insurance products and services from various insurers in the market.

To this end, the licensed insurance brokers provide all products and services of a typical insurance brokerage firm with no niche or specialist brokers currently operating in the market.

During the year under review, the Authority ceased to license individual agents, now referred to as *representatives*. The representatives are now directly registered by their principals subject to relevant qualifications, fit and proper assessments and a statutory requirement to report to the Authority on a quarterly basis. This change will enhance the Authority's capacity to carry out its functions of offsite and onsite monitoring of insurance entities in the market.

During the year under review, the Authority revoked the license of one general insurer Maemo Cell Insurance Company (Pty) Ltd and the company is currently under liquidation. On the same note thirty-two (32) insurance corporate agencies had their license revoked for various reasons ranging from voluntary non-renewal of insurance agency license to cancellation of agency agreements.

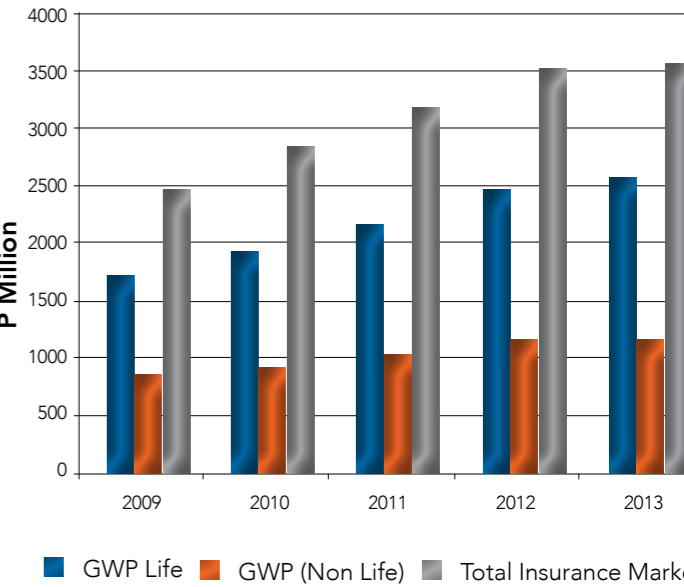
2. An Overview of the Life and Non-Life Insurance Market

During the period under review the insurance market (Life & Non-life) recorded a combined gross written premium income of P3.74 billion which was an increase of 1.6% from the prior year (2012: P3.68 billion). The life insurance sector contributed 68% of this premium income representing P2.56 billion worth of the combined gross premium written, while the non-life sector contributed 32% of the premium income representing P1.18 billion. Notably during the year under review, both life and non-life insurance sectors showed a stunted growth with life insurance sector recording a growth rate of only 1.2% compared with 19% in the prior year, while a marginal growth of 2.3% (2012:13%) was also recorded for the non-life insurance sector. This marginal growth could be attributable to increased competition and hard economic pressure in this sector.

The insurance penetration rate in the country continues to be stagnant and relatively low at 3% (2012:3.01%) of gross domestic product, compared with that of similar size economies such as Namibia and Mauritius which has insurance penetration rates of 9% and 6.5% respectively (2012 statistics). This low insurance penetration rate could be attributed to among other factors, a significant untapped insurance market, lack of innovative and differentiated insurance products and in some instances customer service delivery which do not meet policyholder's expectations, as well as limited consumer education.

The growth trend of the insurance market over the past five years is illustrated by **Chart I.2** below which shows a steady growth over the period.

Chart I.2 Market Trends on Gross Written Premiums (Million) over a five year period



During the reporting year, the insurance market ceded P525 million worth of premium through reinsurance and co-insurance arrangements, with P22.2 million of general insurance business placed with local reinsurers. This resulted in a net income after tax of P608 million for the insurance market after meeting total incurred claims of P1.61 billion (2012: P1.49 billion).

The gross written premium which was distributed through insurance brokers was 41% representing P1.55 billion of premium written through this distribution channel. As a result, the combined total generated revenue for insurance brokers during the period under review was P237 million earned through commissions while an additional P104 million was earned through other revenue streams such as risk management related fees.



Insurance Department

Overview

During the financial year 2013/2014 reporting period, the Department of Insurance and Pensions changed its operational structure which resulted in separate departments for Insurance and Retirement Funds. This change in operational structure provided the impetus and efficiency required by these departments to achieve their oversight mandate on the respective sectors.

The insurance department is responsible for the regulation and supervision of reinsurers, insurers, medical aid funds and insurance intermediaries in accordance with the NBFIRA Act (CAP 46:08) and the Insurance Industry Act (CAP 46:01).

1. Licensing

During the reporting period, the Authority licensed one (1) reinsurer, one (1) life insurer, four (4) insurance brokers, nineteen (19) corporate insurance agencies. **Table I.1** shows the total number of licensed entities during the period under review and the prior year. A full detailed list of licensed entities is shown under Appendices A and B of this report.

Table I.1 Number of licensees in the financial year 2013 and 2012

Type of License	2013	2012
Reinsurance	3	2
Life Insurance	9	8
Non- Life Insurance	11	12
Insurance Brokerage	44	40
Insurance Corporate Agency	191	204
Total	258	266

Insurance Section (cont.)

In terms of the Insurance Industry Act section 57 read with regulation 18 of the Insurance Industry Regulations, insurance brokers are liable to insurers for all premiums collected on insurers behalf up to a period of 60 days when such premiums become due for remittance over to insurers. At the time of writing this report the total liabilities on premiums held by insurance brokers was P320 million, which is more than double the balance held in the prior year (2012: P147 million).

The overdue balance payables by some insurance brokers continue to have an adverse impact on the cash flow of insurers and inconvenience policy holders at claim stage. The resultant effect of the latter may destabilize the market.

a. Life Insurance

During the period under review the life insurance market recorded a gross written premium income of P2.56 billion, which is a marginal increase of 1.2% from the prior year (2012: P2.53 billion) as shown in **Table I.3** below. It should be noted that transfer of business between insurers could not be separately identified.

The life insurance market ceded P74.2 million to reinsurance compared with P65.2 million in the prior year. This is an increase of 14% of reinsurance cover, resulting in a total net written premium of P2.49 billion, showing a slight increase by 2% from the prior year (2012: P2.47 billion).

Table I.3: Gross written premium for life insurers

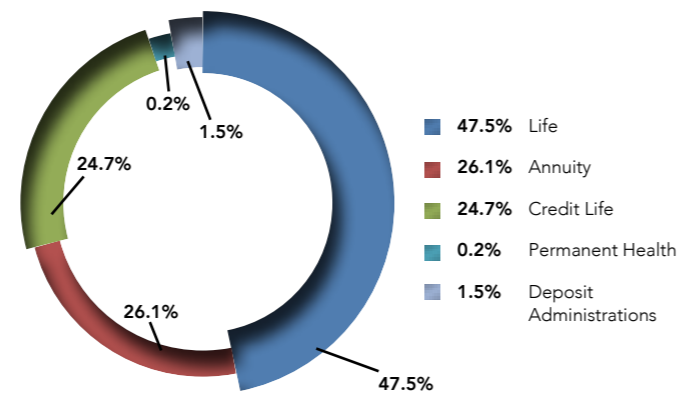
Life Insurance	2013 (Pmil)	2012 (Pmil)	%Growth
Gross Written Premium	2,565.0	2,534.0	1.2
Premium Ceded	74.2	65.2	14
Net Premium	2,490.8	2,468.8	2
Paid Claims & Benefits	1,255.3	1,056.6	19
Total Assets	17,848.0	18,755.0	(5)
Total Liabilities	15,913.0	17,134.0	(7)

Source: Audited financial statements and statutory returns from life insurers.

Chart I.4 below shows a breakdown of gross written premium by class of business and notably life insurance products such as funeral plans and whole life constituted the bulk of the business written at 47.5%, while credit life and annuities constituted 24.7 % and 26.1% respectively.

Other classes of business constituted negligible amounts as these are still new products in the market.

Chart I.4 Gross Written Premium by Class of Business - Life Insurers (2013)



On the other hand, life insurers paid total insurance claims and benefits of P1.26 billion compared with P1.06 billion in the prior year. This is an increase of 19% in insurance claims and benefits paid out. During the year under review, life insurers incurred management expenses of P4.15 billion compared with P2.08 billion in the prior year indicating an increase of over 100 percent in expenses for the sector. The total consolidated assets of life insurers stood at P17.85 billion reflecting a decline of 5% from prior year; however, this exceeded total liabilities by P1.94 billion, which is a positive result for the purpose of solvency margin requirements under the Insurance Industry Act. The Income Statement and Balance Sheet of individual insurers are shown in Appendix D of this report.

b. Non- Life Insurance (general insurance)

During the period under review, the general insurance market generated gross written premium income of P1,176.2 million, which is an increase of 2.3% from the prior year (2012: P1,149.7 million) as shown in **Table I.5** below. It should be noted that transfer of business between insurers could not be separately identified. The non-life insurance market ceded P451 million worth of premium through reinsurance and co-insurance arrangements, with P22.2 million of reinsurance business placed with local reinsurers.

Table I.5 Gross written premium for general insurers

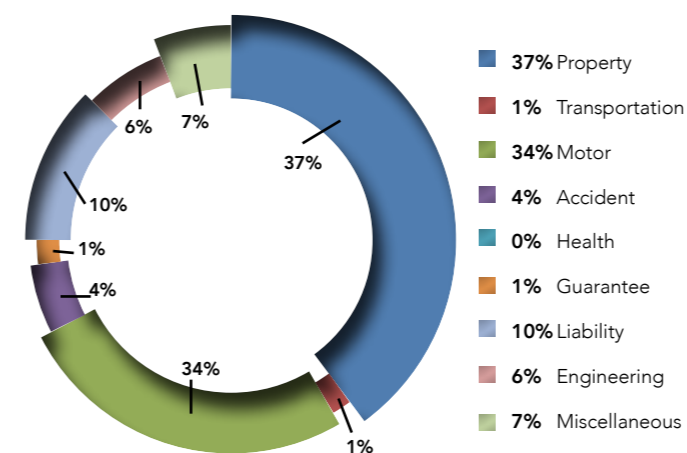
General Insurance	2013 (Pmil)	2012 (Pmil)	%Growth
Gross Written Premium	1,176.2	1,149.7	2.3
Premium Ceded	451	440	2.5
Net Written Premium	725	710	2.1
Net Incurred Claims	381	436	(12.6)
Total Assets	1,711.0	1,613.6	6
Total Liabilities	1,062.7	1,023.1	3.9

Source: Audited financial statements and statutory returns from general insurers.

Insurance Section (cont.)

Chart I.6 below shows a breakdown of gross written premium by class of business and notably property and motor business constituted 37% and 34% of the business written respectively, while guarantee which includes bonds and credit insurance constituted only one percent of the total business written.

Chart I.6 Gross Written Premium by Class of Business - General Insurers (2013)



c. Reinsurance (general insurance)

Three (3) reinsurers were licensed during the period under review. However, one (1) reinsurer has not completed its one (1) year reporting cycle. The two (2) reinsurers wrote a combined gross written premium income of P35.8 million which is an increase of 59% from the prior year (2012: P22.5 million). The business was generated through 62% of domestic reinsurance placement while 38% was sourced from the regional market. In terms of the premium ceded by primary insurers, domestic business written by reinsurers constituted 5% of the total amount of premium ceded in the market. As shown by **Table I.7** below, the reinsurance market has continued to enjoy a favourable growth year on year.

Table I.7: Gross written premium for reinsurers

Reinsurance	2013 (P'000)	2012 (P'000)	% Growth
Gross Written Premium	35,864	22,551	59
Premium Ceded	10,572	3,507	201
Net Premium	25,292	19,044	33
Incurred Claims	6,957	3,789	84
Total Assets	49,664	38,793	28
Total Liabilities	24,576	15,739	56

Source: Audited financial statements and statutory returns from reinsurers

The reinsurers retroceded P10.5 million of gross written premium which is more than three-fold of the premium retroceded in the prior year. (2012: P3.5 million). However, there was an improvement in net retained premium of up to P25.3 million, which is 33% better than the prior year. The net incurred claims for reinsurers was P7 million while in the prior year it was P3.8 million which is an increase of 84%, however, during the year under review underwriting expenses were P23.1 million which is an increase of 12% from the prior year (2012: P20.7 million).

The reinsurers total assets reached P50 million with total liabilities standing at P24.5 million. The total liabilities increased by 56% from the prior year (2012: P15.7 million). The Income Statement and Balance Sheet of individual reinsurers are shown in Appendix F of this report.

Insurance Section (cont.)

3. Medical Aid Funds

Medical Aid Funds are regulated and supervised under the NBFIRA Act. A Medical Aid Fund is subsumed under the definition of an insurer as stated in section 2 of the NBFIRA Act (2006). It is therefore through the latter that a Medical Aid Fund is classified as a non-bank financial institution.

In 2012, the Authority undertook a consultancy to research the nature and operation of Medical Aid Funds in the country and to formulate recommendations for a suitable legislation for the medical aid funds sector. The findings and recommendations of Phase 1 of the feasibility report have been considered by the Authority and steps are being

taken towards the formulation of a specific legislation for the regulation and supervision of Medical Aid Funds. During the year under review the Authority registered nine (9) medical aid funds with a total membership base of 466 760 lives covered. The full details of registered medical aid funds are shown under Appendix C of this report.

4. Complaints Handling

During the year under review the Authority received and handled a total of 312 complaints of various types from the insurance sector and medical aid funds as shown by **Table I.8** below:

Nature of Complaint	Long-term Insurance	Non-Life (General Insurance)	Medical Aid Funds	Total
Complaint on rejected claims	17	24	1	42
Complaint about request for premium refunds following cancellation	40	21	7	68
Policy or claim payment below expectations	33	25	1	59
Complaint about poor service delivery	44	25	1	70
Complaint outside the Authority's mandate	9	13	-	22
Complaint about policy lapses	6	-	-	6
Other complaints*	17	27	1	45
Total	166	135	11	312

Others (Misrepresentation & Fraud; Proposal to handover pension program, over payment of premiums, request for retention statements, and employer-employee contracts)*

5. Regulatory Developments

The Authority in line with international standards adopted a Risk Based Supervisory (RBS) Model in 2011. This culminated into a three year and two-phased project which encompassed the rolling out of the RBS framework during phase- one of the project. Currently NBFIRA is rolling out phase - two of the project which entails automation of the RBS Model. The automation is planned to go live by the end of the financial year 2014/2015. The RBS Model entails the risk profiling of the regulated entities.

The Authority has embarked on the risk profiling of the insurers which is envisaged to be completed by the end of the financial year 2014/2015. Furthermore, to align the Insurance Industry Act with international best practice and the introduction of Insurance Prudential Rules, it was essential to review the said Act. The Insurance Industry Bill has been drafted and is expected to be tabled before Parliament by end of the financial year 2014/15.

With the implementation of the Insurance Prudential Rules, the RBS Model and the promulgation of the new Insurance Industry Act, these developments may significantly contribute to the occurrence of legal and regulatory risk to the regulated entities. The legal and regulatory risk may arise when a change in laws and regulations materially impacts the manner in which a regulated entity operates and or the manner in which a competitive market changes.

Therefore, entities are likely to face challenges of non-adherence to legislation, emanating from the effectiveness of their internal controls to embrace the new regulatory changes.

To mitigate this risk, extensive consultations with the regulated entities have been embarked on in order to have a common understanding of the need for these changes, both before development and during implementation phases of the regulatory framework.

Retirement Funds and Investment Institutions



The Authority has merged the Pensions and Investment Institutions sections, previously Pensions was under Insurance and Pensions and Investment Institutions was under Capital Markets.

The department is now known as Retirement Funds and Investment Institutions.

The Department is responsible for the regulation of pension and provident funds, as well as investment institutions and service providers.

Retirement Funds Section

The Retirement Funds section is mandated with the regulation and supervision of pension and provident funds.

The section's regulatory functions include:

- Licensing;
- Off-site Monitoring;
- Complaints Handling;
- Transfers and Amalgamations;
- Inspections and Investigations; and
- Enforcement /Interventions.

Regulatory Developments

i. Legislation/Statutory Instruments

The section currently regulates the pension industry based on the Pension and Provident Funds Act, 1987. A proposal to replace this Act has resulted in the drafting of the Retirement Funds Bill which was presented at Cabinet in February 2014. The introduction of the Bill was prompted by the need to align the industry with international best practices and the Risk Based Supervisory Model. The Bill covers, in detail, issues of corporate governance, supervision of service providers, including fund administrators. The Bill also provides for investments to be approved and guarded by the Regulatory Authority in a manner where the interests of the member are catered for.

The Retirement Funds section is in the process of drafting the Retirement Funds Regulations which will set out minimum standards, terms and conditions for the pensions industry, and give detailed procedures on how to enforce them. The Regulations will ensure accountability, transparency and consistency across the industry.

Retirement Funds Section (cont.)

Prudential Fund Rules (PFR 2) is a prudential investment rule that sets out provisions for the implementation of investment strategies, prescribe valuation methods for pension fund assets, and limit exposure of funds to the various asset classes. PFR 2 was revised and circulated to the industry after approval by the Regulatory Authority for implementation by July 1, 2014. However, due to revision of investment limits, implementation has been postponed to allow further consultation with the industry.

ii. Risk Based Supervisory Model

The introduction of the Risk Based Supervisory Model has tasked the section with the risk-profiling of pension funds.

This model ensures that all pension funds are given a risk rating so that the funds with the highest risk resources are prioritised. Risk-profiling of the funds requires the section to evaluate risk management systems and practices employed by the various pension funds, including corporate governance of the funds, risk management, credit risk, market risk, liquidity risk, compliance risk, control and operational risk (service providers, costs and failures in general).

Implementation of the Pensions Prudential Rules in March 2012 has made it mandatory that pension funds submit quarterly returns in a form of PFR4, annual returns in the form of PFR 3 and a Risk Assessment Questionnaire in the form of PFR 9 simultaneously with their audited financial

statements. These returns aid in the risk-profiling of the funds.

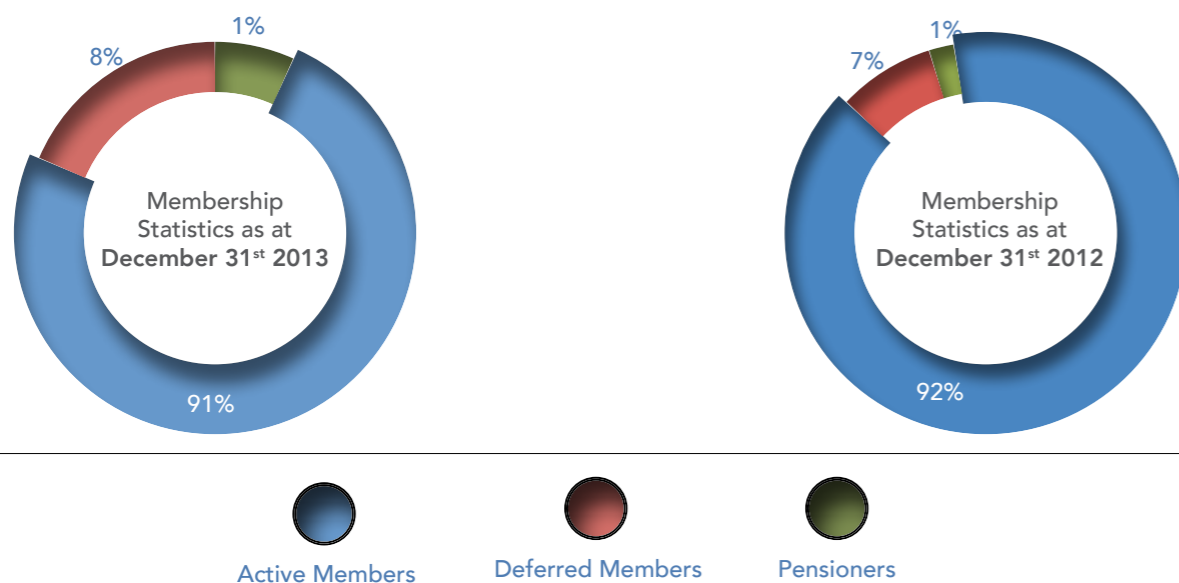
Licensing

In the period ended December 31, 2013 there were ninety-three (93) active Standalone Pension Funds licensed in Botswana, which include six (6) Umbrella Funds with two hundred and fourteen (214) sub-funds.

There has been a decrease of pension funds from the previous year's figure of ninety-six (96), following the transfer of three (3) standalone funds to sub-funds and the deregistration of one (1) fund. Two (2) standalone funds are currently undergoing liquidation; this will further reduce the total number of standalone funds. In the year under review one (1) standalone pension fund was licensed.

As at December 31, 2013, the total membership of pension funds was 171,407 compared to 166,500 in December 31, 2012. The 2013 membership includes 155,797 active members, 13,295 deferred members and 2,315 pensioners. The largest fund in Botswana is the Botswana Public Officers Pension Fund ("BPOPF"), with a membership of 150,370, and total assets of P39, 290 billion.

Figure 1: Membership Retirement Funds as at 31st December 2013



Retirement Funds Section (cont.)

Market Performance

Table P1: Condensed Income/Expenditure statements for the period ended 31 December 2013

Income	Amount (Millions) 2013	Amount (Millions) 2012
Member Contributions	875.254	715.235
Employer Contributions	1,923.008	1,620.131
Amounts received on life insurances	3.961	5.264
Investment Income	7,350.078	3,582.678
Other Income	778.153	507.985
Total	9,020.428	6,431.293
Expenditure		
Benefit Payments	3,111.611	2,470.559
Administration, Management Expenses and other Fees	652.865	340.286
Insurance Premiums	15.368	12.439
Total	3,779.844	2,823.284

Source: Returns received from the Pension Funds

As at December 31, 2013, member contributions and employer contributions increased by 22% from December 31, 2012, with Income on investments increasing by 105%. Benefit payments made to members and beneficiaries increased by 26% from the previous year. General expenses incurred, consisting of administration expenses, management expenses and other fees, saw an increase of 92% in 2013 from the previous year. The figures in Table P.1 are based on annual returns received in the year 2013.

The Retirement Industry continues to grow and contributes significantly to the economy of Botswana. Table P.2 below outlines the investment assets held by retirement funds as at December 31, 2013. The table indicates that investment assets of Botswana retirement funds stood at P59.0 billion being an increase of 15% from the previous year (P51.4 billion). The growth is attributed to improvement in the

investment market and the increase in contributions as noted above. The pension funds have a substantial holding in equities. Total equities accounted for 70.7% of the investment assets of retirement funds comprising of Botswana primary listed equities of P12.0 billion and offshore equities of P29.7 billion. Total bonds accounted for 21.4% of funds made up of Botswana Bonds of P8.4 billion and offshore bonds of P4.2 billion. Cash and near cash accounted for 7.3% of funds comprising of P3.5 billion in Botswana Investments and P843 million in offshore investments.

Pension Funds in Botswana are allowed to invest up to 70% of their assets offshore. As at December 31, 2013 offshore investments of Botswana pension funds was P34.7 billion or 59% of total pension assets.

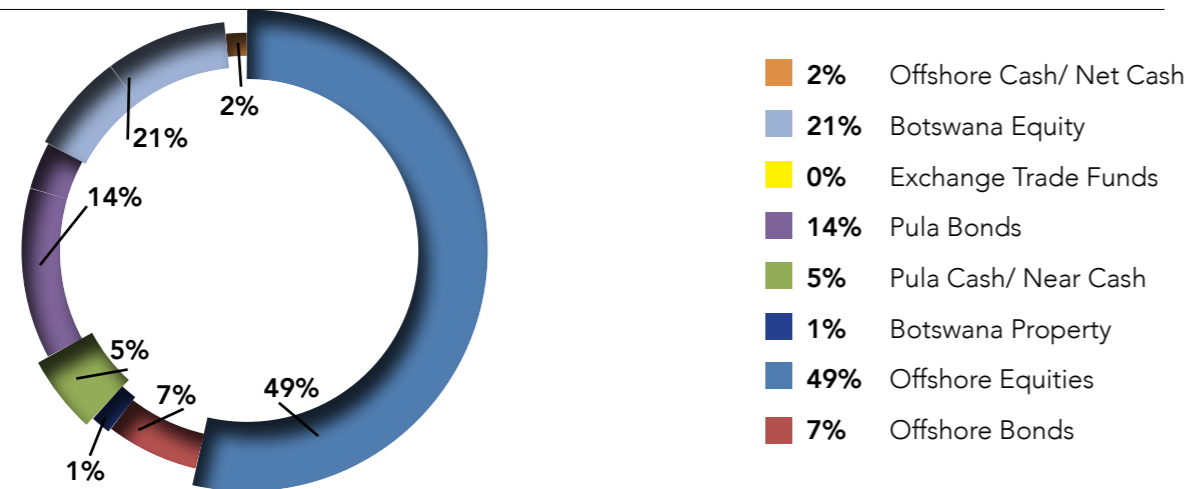
Table P.2 Pension Plan Investment Assets (Pula Millions)

Investment Assets	As at December, 2013 (P Million)	% of total 2014
Botswana Equities	12,319	21
Exchange Traded Funds	115	0
Pula Bonds*	8,340	14
Pula Cash/Near Cash	3,188	5
Botswana Property	315	1
Offshore Equities	29,022	49
Offshore Bonds	4,264	7
Offshore Cash/Near Cash	1,088	2
Total Investments	58,651	100

*Includes Commercial Paper

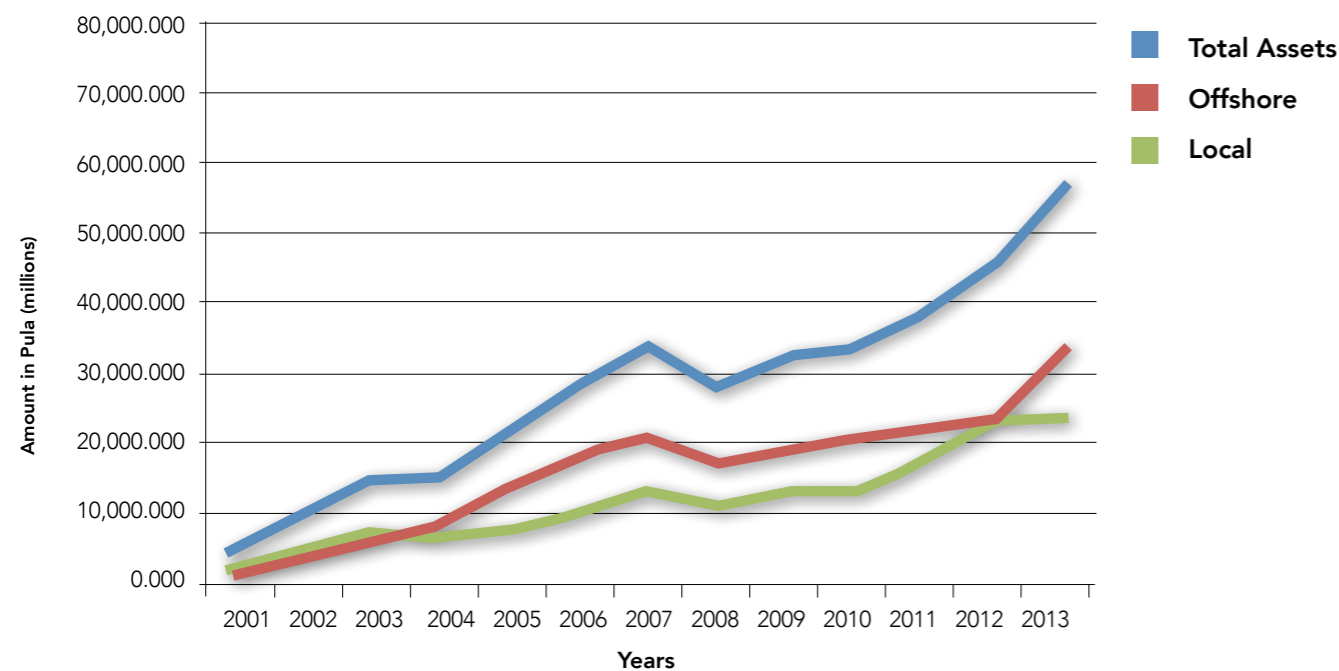
Retirement Funds Section (cont.)

Figure 2: Retirement Funds Assets as at 31st March 2014



*The Retirement Funds Unit receives information on investment assets on a monthly basis, and was able to draw a comparison of the total assets as at December 2013 with the March 2014 figures. The Total Assets of the Retirement Funds industry totalled P58,985 billion as at 31 March 2014, resulting in an increase of 0.6% from December 2013.

Figure 3: Retirement Funds Asset split Local /Offshore Split 2001 to 2013



Retirement Funds Section (cont.)

Risks Faced by the Retirement Funds Industry in Botswana

- **Foreign Currency Risk:** Pension Fund investments are exposed to currency risks which is driven by foreign currency fluctuations. The investments denominated in foreign currency amounted to P34.4 billion as at 31st December 2013 compared to P 23.9 billion as at 31st December 2012.
- **Interest Rate Risk:** The values of Pension Fund Investments are exposed to interest rate fluctuations due to changes in market interest rates. Financial instruments likely to be affected are interest bearing securities and fixed/ variable term deposits and cash balances. The total exposure to interest rate risk was P16.9 billion as at 31st December 2013 compared to P15.3 billion as at 31st December 2012.
- **Credit Risk:** Retirement Fund investments are exposed to the risk that the counter-party will default on its contractual obligations which may result in losses to the fund. Credit risk is mainly concentrated around debt and equities. The total credit risk exposure is P53.9 billion or 91% of all pension fund assets.
- **Inflation Risk:** The rising inflation poses challenges for cash, fixed income investments and Government bonds because achieving positive real returns becomes difficult.

Other Risks

- **Concentration Risk:** Of the 93 Standalone Funds (inclusive of umbrella funds), the BPOPF has member funds of P39.290 billion which translates to 67% of the total pension assets. This exposes the Pension Funds to concentration risk as the fund is largely dependent on the one Pension Fund.
- **Legal and Regulatory Risk:** The likelihood of adverse consequences, arising from failure to comply with all relevant laws and regulations.

Regulatory Challenges

Despite increased understanding of the importance of good governance for retirement funds, there are some Regulatory challenges that continue to be experienced in the retirement industry as follows:

- Lack of knowledge of the requirements of the NBFIRA Act, Pension & Provident Funds Act and its Regulations which leads to issues of non-compliance. The Pension Prudential Rules, which were implemented March 1, 2012, brought in new requirements including the Communication policies and Code of conducts. Most pension funds, particularly the small ones, are having challenges in complying with the same.
- Late submission of annual returns. Although there have been some improvements in submission of the annual returns, some Retirement Funds still request for extensions on the dates of submissions of audited financials.
- Late notification and submission of rule amendments. Section 8 of the Pension & Provident Funds Act stipulates that no rule changes will be valid unless approved by NBFIRA.
- Despite the fact that the Regulatory Authority issued a circular on the new fit and proper requirements for controllers to the industry, there have been incidents of failure or late notification of changes that have taken place such as; changes of Principal Officers being received by the Regulatory Authority.
- **Member Education** - The Authority is concerned by limited member education. The retirement industry in Botswana should ensure that members of pension funds are aware of their rights and obligations regarding their entitlements in terms of the fund rules.
- Low attendance by industry players during the NBFIRA industry consultation meetings which in turn delays completion of consultative processes.



Investment Institutions

Overview

The Investment Institutions section is mandated to supervise and regulate Collective Investment Undertakings ("CIUs"), Management Companies of CIUs, Asset Managers, Trustee banks, Custodians and Investment Advisors.

As at March 31, 2014 the number of licensed management companies of CIUs, Asset Managers, Trustees, Custodians and Investment Advisors of which the section has oversight remained unchanged at 6, 12, 2, 3 and 22 respectively.

The section is also responsible for the approval of externally licensed funds. These are offshore funds which are authorised to promote their products in Botswana subject to having met prescribed conditions. Only approved funds may be marketed in Botswana, the complete list of the inward marketed funds can be found in appendix H2. During the review period no new externally marketed funds were approved.

Regulatory Developments

In April 2013, NBFIRA received the industry's comments regarding the calculation of the

Financial Resources Requirement ("FRR"), the comments were incorporated in the document. The FRR was submitted to the Ministry of Finance and Development Planning ("MFDP") to be used as input for the CIU Bill and the Capital Markets Intermediaries' ("CMI") Regulations. As at March 31, 2014, the CIU Bill and the CMI Regulations were yet to be promulgated. The CMI Regulations are as follows:

1. The NBFIRA (Market Intermediary Licensing) Regulations; and
2. The NBFIRA (Persons Operating a Securities Infrastructure Business) Rules 2012.

Licensing

i. Structure of the Investment Institutions Sector

As at March 31, 2014 there were six (6) licensed management companies for CIUs one of which is an International Financial Services Centre. The management companies collectively manage twenty-five (25) funds which consist of one (1) umbrella fund with three (3) sub-funds; eight (8) money market funds; five (5) equity funds; six (6) asset allocation funds; and two (2) fixed income funds.

Investment Institutions (cont.)

During the period under review, no new licenses were issued for management companies for CIUs, one (1) new fund application was received, as at the period ending March 31, 2014, the application was still under review.

The Regulatory Authority currently does not issue licenses to Asset Managers and Investment Advisors as the Licensing Regulations are yet to be promulgated, as such exemptions are granted in lieu of licensing. In the year ended March 31, 2014 the Regulatory Authority received nine (9) license applications, five (5) companies have been granted exemptions, four (4) of which are Asset Managers and one (1) being an Investment Advisor.

ii. Request to grant Local Asset Status

During the review period ended March 31, 2014 the Department received two (2) applications from externally licensed funds requesting to be granted Local Asset Status ("LAS").

LAS means that an investment asset which would otherwise be classified as a foreign investment asset is deemed to be a local asset. Being granted LAS means that pension funds can invest in foreign ventures as they are now considered local assets. As at the reporting period NBFIRA has approved one request while the other is still under review.

The basis for granting local asset status was to increase a pool of investment instruments in Botswana (locally) due to the limited investment opportunities available.

Monitoring

Once a NBFIR has been licensed and approved to operate, the business conduct of the NBFIR is studied and this is done through continuous monitoring of the entity. The purpose of surveillance is to ensure adherence to the relevant laws, rules and regulations as prescribed by NBFIRA. There are two methods of monitoring that are used by NBFIRA.

i) Off- Site Supervision

Off-site supervision entails but is not limited to the following; the analysis of statistical data reviews (monthly and quarterly returns); approval of Directors and key personnel; products and prospectuses for CIUs as provided by the regulated institutions.

Familiarization visits involve members of the NBFIRA staff attending a two-day visit at the offices of the NBFIRs where they are then taken through all the operational processes of the entity.

These have proven to be vital tools as they provide the team with insight on the operations of the entities as well as an understanding on the daily business flow of the NBFIR

which enables them to supervise entities more efficiently. During the period under review, three (3) familiarization visits had been conducted.

During the year the following areas of non-compliance were discovered through off-site monitoring:

- Appointment of key personnel and controllers without prior approval of the Regulatory Authority;
- Non-compliance with the capital adequacy requirement; and
- Late and Incomplete submission of quarterly returns.

ii) On-Site Supervision

On-site supervision entails conducting on-site inspections on the premises of the NBFIRs. These are used to assess compliance with legislation, governance and code of conduct Rules as prescribed by the Regulatory Authority. As at March 2014, five (5) on-site inspections were conducted on four (4) Management Companies and one (1) bank which operates as a Trustee and Custodian.

The inspections carried out were routine inspections, a routine inspection entails general checks on the entities systems and controls as well as their compliance with relevant rules and regulations in all areas of the business.

The on-site visits highlighted the following areas of concern:

- Non-compliance of entities to Regulation 28, which stipulates the minimum activities that are to be undertaken in Botswana;
- Poor corporate governance systems;
- Lack of compliance monitoring; and
- Lack of reporting on suspicious transactions. Over reliance is placed on banks to perform extensive Anti-Money Laundering processes.

Consultative/ Prudential Meetings

Three (3) bilateral meetings were held during the year ended March 31, 2014. The scope of these meetings generally cover but is not exhaustive to; a review of the entities financials; the strategic plans and developments in the supervised entities; and an update of regulatory issues raised by NBFIRA.

As at March 31, 2014 three (3) industry meetings were held between NBFIRA and regulated entities. During the industry meetings, regulatory developments and regulatory issues that affect the whole market were shared.

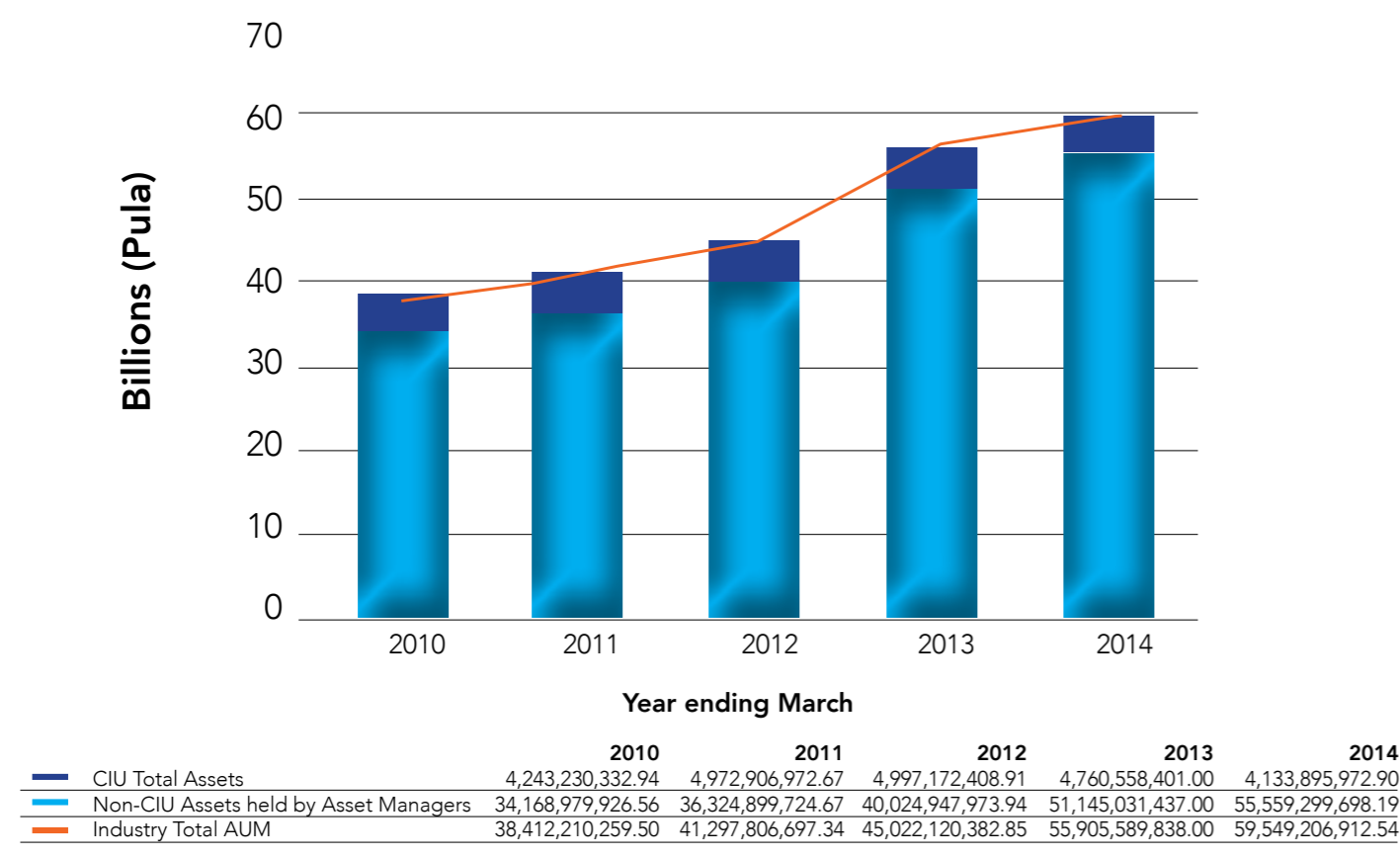
Investment Institutions (cont.)

Enforcement

NBFIRA uses an investigation as a tool of enforcement. An investigation is a systematic examination conducted to establish the facts in an impartial and objective manner. It is normally carried out before enforcement action can be applied. The investigation can be carried out by members of the NBFIRA staff or by a person appointed by the Authority e.g. a lawyer or forensic accountant depending on the level of skill required. During the year under review one investigation was conducted following which the company was ordered to cease operating as it was conducting NBFI business without the approval or consent of the Regulatory Authority which is an illegal trade.

NBFIRA did not cancel, suspend or impose further conditions on any CMI licenses or exemptions with respect to Investment Institutions during the period under review.

Figure 1: Industry assets by classification



* During the reporting period the regulation and supervision of Pivot International was reassigned to the Capital Markets Department as the company is an International Financial Services Centre, as such its financial performance for the year ended March 31, 2014 is not included in the market performance analysis

Investment Institutions (cont.)

A decline of 15.25 % in the level of CIU assets from AUM of P4.76 billion in 2013 to P4.13 billion was reported in the period ending March 31, 2014.

The decline is attributed in part to the exclusion of Pivot International in this year's performance and the downward trend experienced over the past four years.

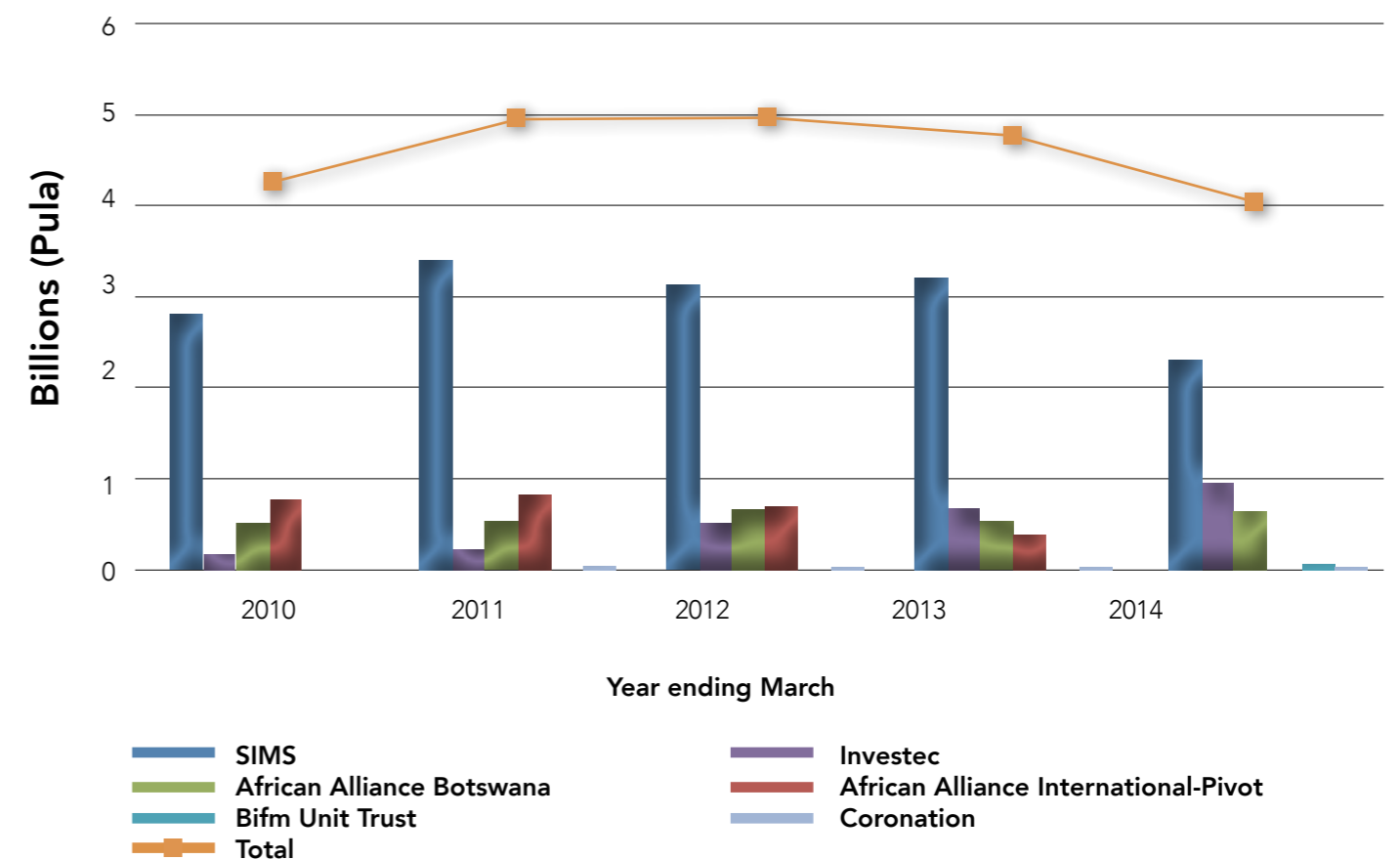
Stanlib Investment Management Services (Pty) Limited ("SIMS") continued to record the highest level of CIU assets for 2014, while BIFM Unit Trusts (Pty) Ltd ("BIFM UT") the newest entrant in the CIU market space reported the lowest CIU holding.

African Alliance Botswana Management Company (Pty) Ltd ("African Alliance"), Investec Asset Management Botswana (Pty) Limited's ("Investec") and Coronation

Fund Managers Botswana (Pty) Ltd ("Coronation") assets have continued to grow over the two year period.

Figure 2 depicts the allocation of CIU assets held over a five (5) year period.

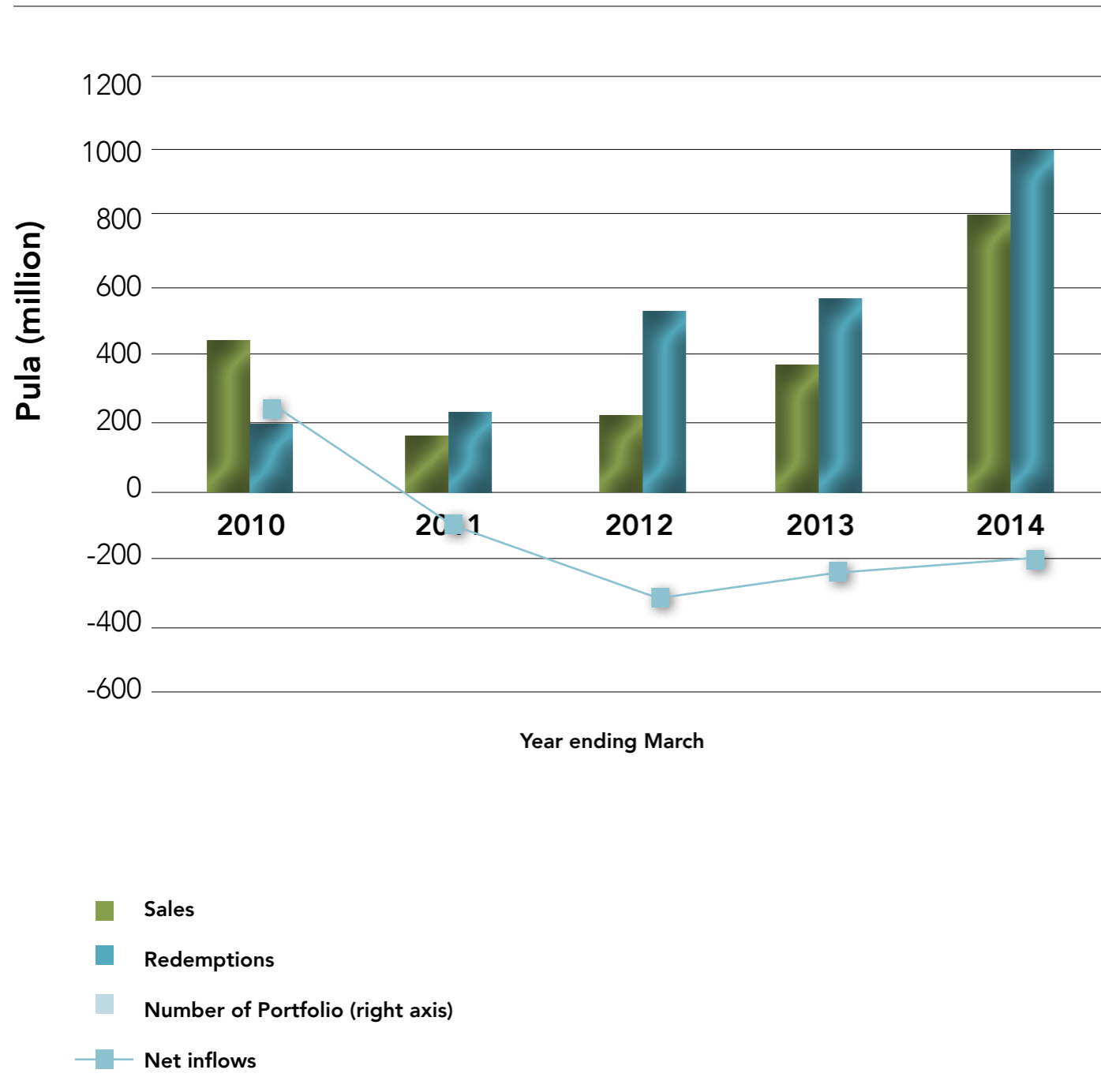
Figure 2: Total Assets Under Management for CIU's



Investment Institutions (cont.)

In the financial year ended March 31 2014, the CIU Industry reported annual net outflows of P175.85 million being a slight improvement from the P203.42 million reported in 2013. This decrease can be attributed to the 110% increase in sales of CIU assets from P369 million in 2013, to total sales of P817 million in 2014 which was due to the slight economic expansion experienced during the year under review. The year ended March 2014 saw redemptions increasing by 73% from P573 million in the year ended March 2013 to P992 million in 2014. Figure 3 below depicts the above.

Figure 3: Sales, redemptions & net flows for local CIU's



Investment Institutions (cont.)

Figure 4 and 5 below depict the industry's portfolio holdings. The industry is heavily invested in liquid assets at 61.11%, a 6.37% decrease from the 65.27% recorded in the prior reporting period. Investments in listed securities increased from 23.13% in March 2013 to 26.96% in March 2014.

Figure 4: Portfolio holdings held by CIU's as at March 31st, 2014

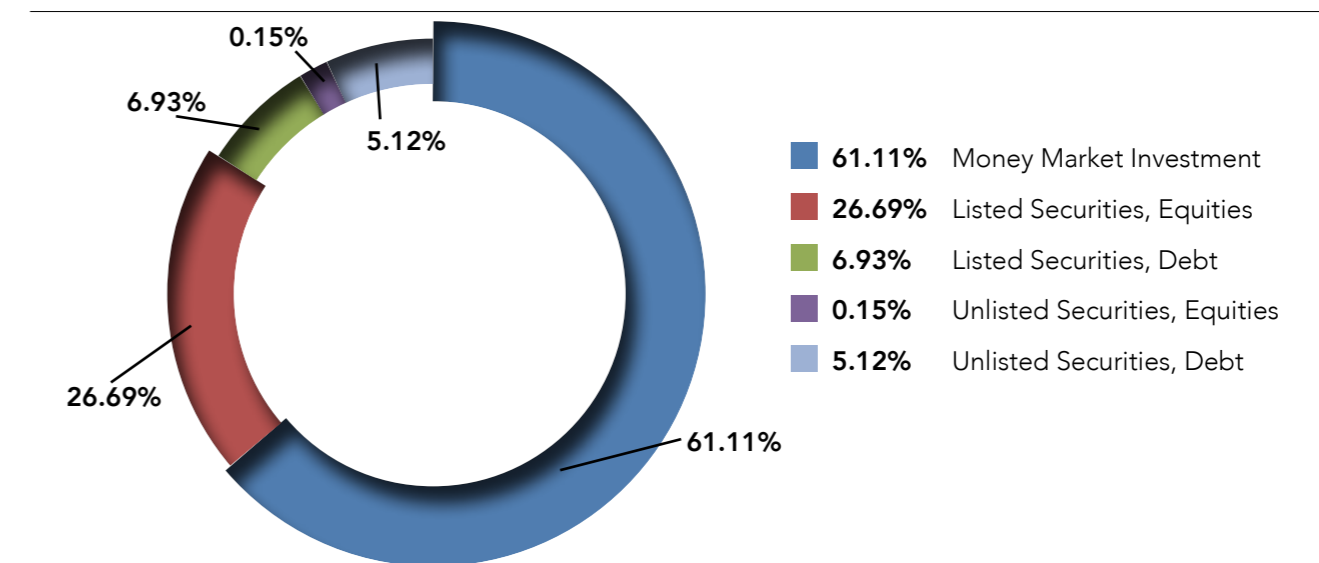
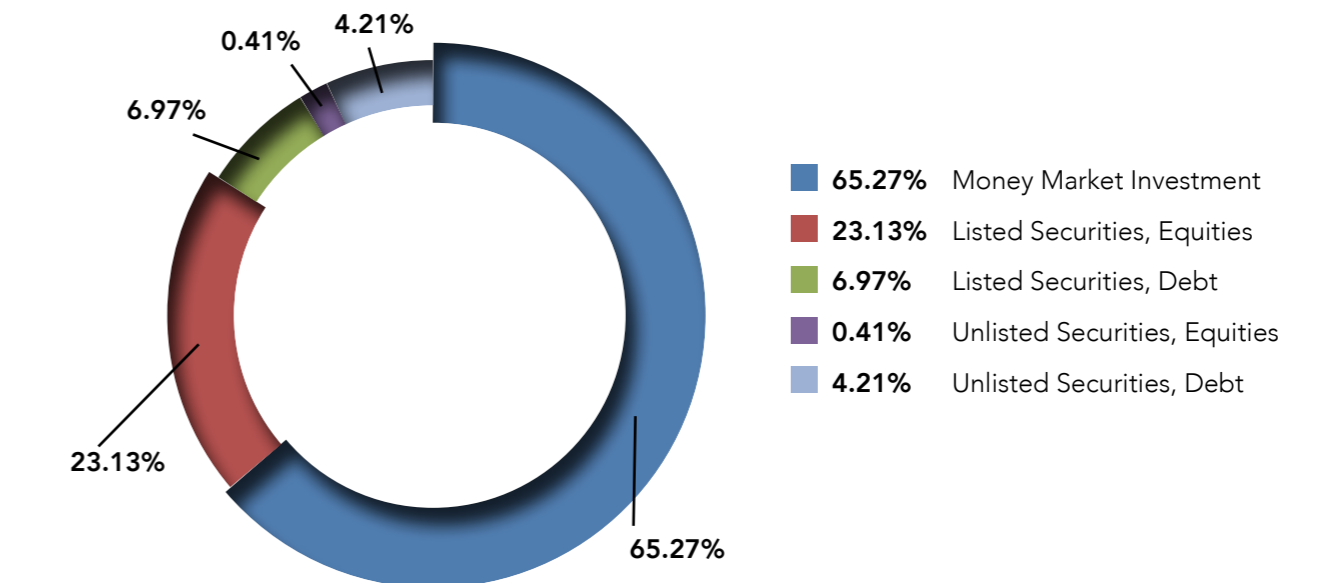


Figure 5: Portfolio holdings held by CIU's as at March 2013



Investment Institutions (cont.)

Figure 6 and 7 below show that institutional investors are the largest industry participants with over 99% holdings in AUM. As at March 31, 2014, pension funds comprised 64% of total AUM holdings of P59 billion, compared to 78% in 2013; followed by other institutions at 29% in 2014, compared to 12% in 2013. Both holdings for pension funds and other institutions decreased, as insurance institutions' holdings increased to 8% in 2013. Retail and private investors on the other hand, reported the lowest investment contribution towards AUM at only 1%, being a marginal increase of 1% from the 2013 holdings.

Figure 6: Total Assets Under Management holdings 2014

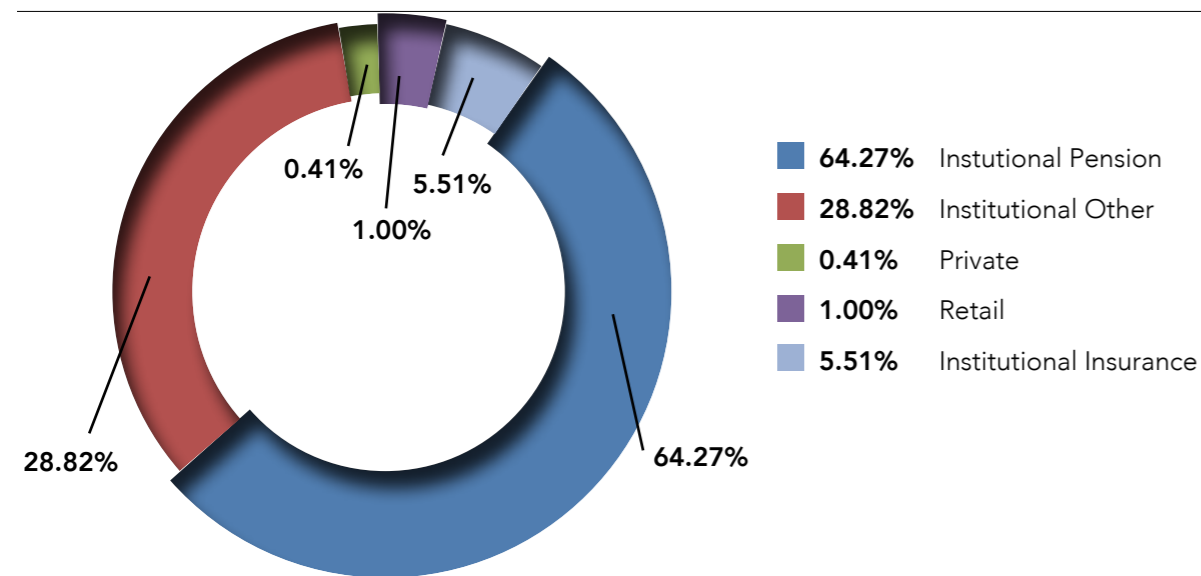
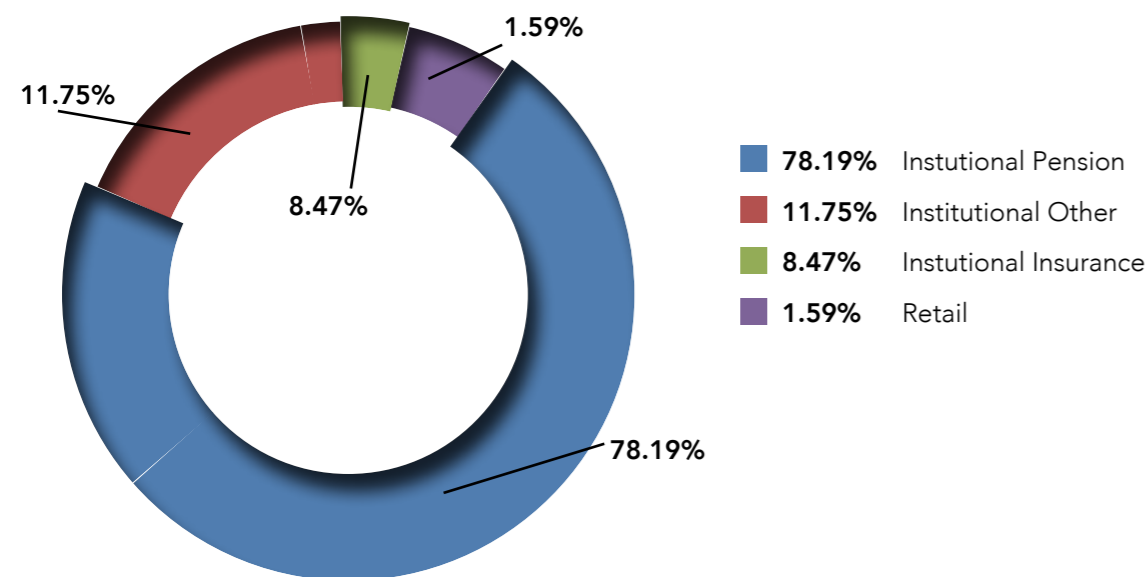


Figure 7: Total Assets Under Management holdings 2013



Investment Institutions (cont.)

As at March 2014, four (4) local entities were authorised to operate as facilities agents for 60 section portfolios which have been licensed in other jurisdictions. In order to be permitted to conduct inward marketing of externally licensed funds, the Authority evaluates the regulatory environment of the country which the Management Company is based to ensure that they have a sound regulatory environment to that of Botswana to ensure that consumers will be afforded the same protection they would receive in Botswana.

The Authority also assesses the products that will be offered in the Botswana market to ensure that they are of a similar structure and risk profile to those offered in the local market. There were no new approvals granted in the period ended March 2014.

Risks Faced by Investment Institutions in the Botswana Market

NBFIRA identified a number of key risks that Investment Institutions were facing as follows:

- **Interest Rate Risk:** There is a possibility that the demand for money market instruments may decline due to an increase in interest rates. Increased interest rates mean less borrowing by consumers.
- **Concentration Risk:** Of the twelve (12) registered asset managers; seven (7) handle pension funds, six (6) of which are mandated to manage the government pension funds. This exposes the Asset Managers to concentration risk as they are largely dependent on the one client.
- **Valuation Risk:** The local market faces risk in the companies' valuation processes and abilities. This arises from the fact that the processes are carried out by the group companies in South Africa. Local staff is not fully equipped with knowledge of the processes and consequently, are unable to detect marginal errors as only reasonability tests are performed.
- **Over Reliance on Group or Foreign Counterparties:** Asset Managers and Management Companies that are part of a group or have foreign counterparties tend to adopt groups policies and fail to align them to the specific businesses they are undertaking, resulting in policies that do not capture the essence of their operations.

Regulatory Challenges

The key challenge for the Investment Institutions section is the process that is undertaken in the promulgation of legislation, this process has delayed the section's efforts to issue licenses to CMLs.

¹ Inward marketing of undertakings established in other jurisdictions may be marketed in Botswana only if authorised to do so by the Regulatory Authority. Appendix H2 lists those CIU's that have been permitted to be marketed locally through a local facilities agent.

Global Businesses & Exchange Section

The BSE continues to supervise the Stockbrokers which are also members of the BSE as per the BSE Act. The stockbrokers are as follows:

- a) African Alliance Botswana Securities (Pty) Ltd
- b) Imara Capital Securities (Pty) Ltd
- c) Motswedi Securities (Pty) Ltd
- d) Stockbrokers Botswana Limited

2. Global Businesses Section (Companies with an International Financial Services Centre accreditation)

These are non-bank financial institutions that have been certified as international financial services centre companies by the Botswana Investment and Trade Centre (BITC) and issued with a tax certificate. The Authority is responsible for monitoring these entities by ensuring that they comply with the conditions on the tax certificate, that they are financially sound and comply with all the relevant legal frameworks.

Currently the department supervises seven (7) IFSC accredited non-bank financial institutions. The entities are as follows:

- a) Aon Risk Management (Pty) Ltd
- b) Pivot Administration Services Limited
- c) Emeritus International Reinsurance (Pty) Ltd
- d) Imara Holdings Limited
- e) Letshego Holdings Limited
- f) Norsad Finance Limited
- g) AEV Services (Pty) Ltd

DEPARTMENT UPDATES

SUPERVISORY DEVELOPMENTS

STOCKBROKERS

Risk Profiling

The Risk Based Supervision model measures the risk which regulated entities pose to NBFIRA's ability to implement and achieve its objectives. This is done using a risk matrix which provides a score based on the impact of the risk by a regulated entity as well as the probability of the risk occurring. The purpose of the risk rating is to identify entities which pose the greatest risk and allows for the department to devote more attention and resources to those entities. The key supervisory categories are Normal Watchlist, Remedial Actio and Re-structuring or revocation of a license on companies that pose extreme risks to the concerned regulated markets.

During the year all the four stockbrokers underwent a risk rating exercise, and meetings were held with each broker to discuss their individual rating. This was also to give them an opportunity to communicate their concerns on risk rating assessment as this was the preliminary risk rating. The risk rating process will be conducted annually as this is a function of the Risk Based Supervisory Model which has been adopted by NBFIRA.

New reporting requirements

In order to improve the regulation and supervision of entities classified within the capital markets, various prudential rules in accordance with Section 50 of the Non-Bank Financial Institutions Regulatory Authority ("NBFIRA") Act were developed in 2012.

As part of the implementation of the various rules, NBFIRA requested the securities brokers/dealers to adhere to the reporting requirements stipulated in schedule 1 of the Market Intermediary Conduct of Business Rules 2012. In addition to schedule 1, the securities brokers/dealers are required to submit any internal audit reports and the total number of suspicious transactions reports that have been filed with the Financial Intelligence Agency. The securities brokers/dealers will submit this information to the BSE along with the quarterly and annual reports required by the BSE.

Supervision and Surveillance - Capital Markets

Financial performance - there were no major concerns, with all the firms posting satisfactory financial results during the period under review. Over the course of the reporting period, the Authority received no complaints with respect to the market conduct of the stockbrokers nor were there any potentially systemic problems with regards to their operations and relationship with the wider financial system.

Compliance to the Capital Adequacy Requirement - during the year all four (4) stockbrokers complied with the minimum capital adequacy requirement.

BOTSWANA STOCK EXCHANGE

The Botswana Stock Exchange had listed thirty-four (34) companies as at 31st March 2014; twenty three (23) of these companies were on the domestic equity board and eleven (11) on the foreign equity board. Eight (8) of the thirty-four (34) listed companies are on the venture capital board. The BSE has only two (2) exchange traded funds being the NewGold ETF and the BettaBeta Equally Weighted Top 40 ETF.

Capital Markets Department

The Department is structured into two Sections, the Securities Exchanges Unit and the Global Businesses Unit.

1. The Securities Exchanges Section

The Section is responsible for the regulation and supervision of the following Non-Bank Financial Institutions:

Securities Infrastructure Business ("SIB")

Security Infrastructure Business as defined in Section 2 of the SIB Rule 2012 means

- a) an Exchange
- b) a Central Security Depository
- c) a Clearance and Settlement System other than a Central Securities Depository or ;
- d) a Clearance and Settlement encompassing a Central Counterparty.

There are currently two (2) Securities Infrastructure Businesses supervised by the section:

- a) The Botswana Stock Exchange (BSE) which operates as a securities exchange
- b) The Central Securities Depository Company of Botswana (CSDB) which is a 100% subsidiary of the Botswana Stock Exchange.

The CSDB was established for efficient settlement of securities transactions and allows for holding of securities in dematerialised form.

On 13th February 2014 NBFIRA cancelled a license for an SIB which was issued in 2008 to operate a commodities exchange. The exchange never started operations and in February 2014 they requested a voluntary cancellation of their license pursuant to Section 46 of the NBFIRA Act.

Securities Dealers

A Securities dealer as defined in Section 2 of the NBFIRA Act means:

- a) a stockbroker as defined in the Botswana Stock Exchange Act
- b) a person who buys and sells securities on behalf of other persons
- c) a person who regularly buys and sells securities on his own behalf other than through a licensed security dealer.

Currently the Department supervises 4 Stockbrokers in conjunction with the BSE.

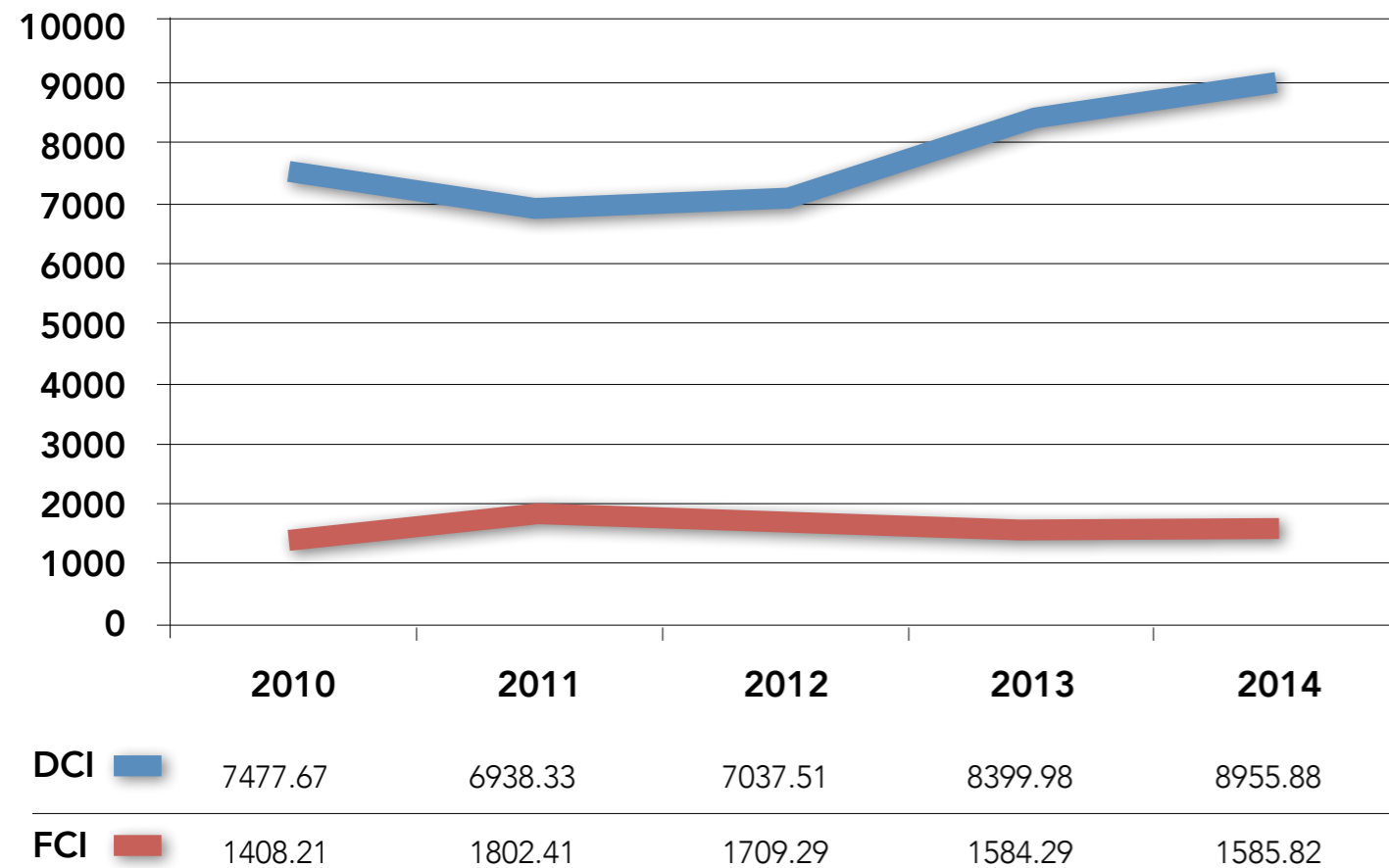
Global Businesses & Exchange Section (cont.)

MARKET PERFORMANCE FOR THE PERIOD APRIL 2013 TO MARCH 2014

DOMESTIC COMPANIES INDEX (DCI) AND FOREIGN COMPANIES INDEX (FCI)

Graph 1 illustrates the movement of the DCI and the FCI for the period between March 2013 and March 2014. The DCI saw a steady increase during the period of 6.6% to close at 8955.88 as compared to 2013 which closed at 8399.98. Conversely, the graph shows that the FCI has been on a gradual decline, in 2013 the FCI closed at 1584.29 whereas in 2014 there was a slight increase of 0.1 % to close at 1585.82.

Graph 1: FCI and DCI 2010 -2014



Note: 2010-2014 figures as at March 31st

Global Businesses & Exchange Section (cont.)

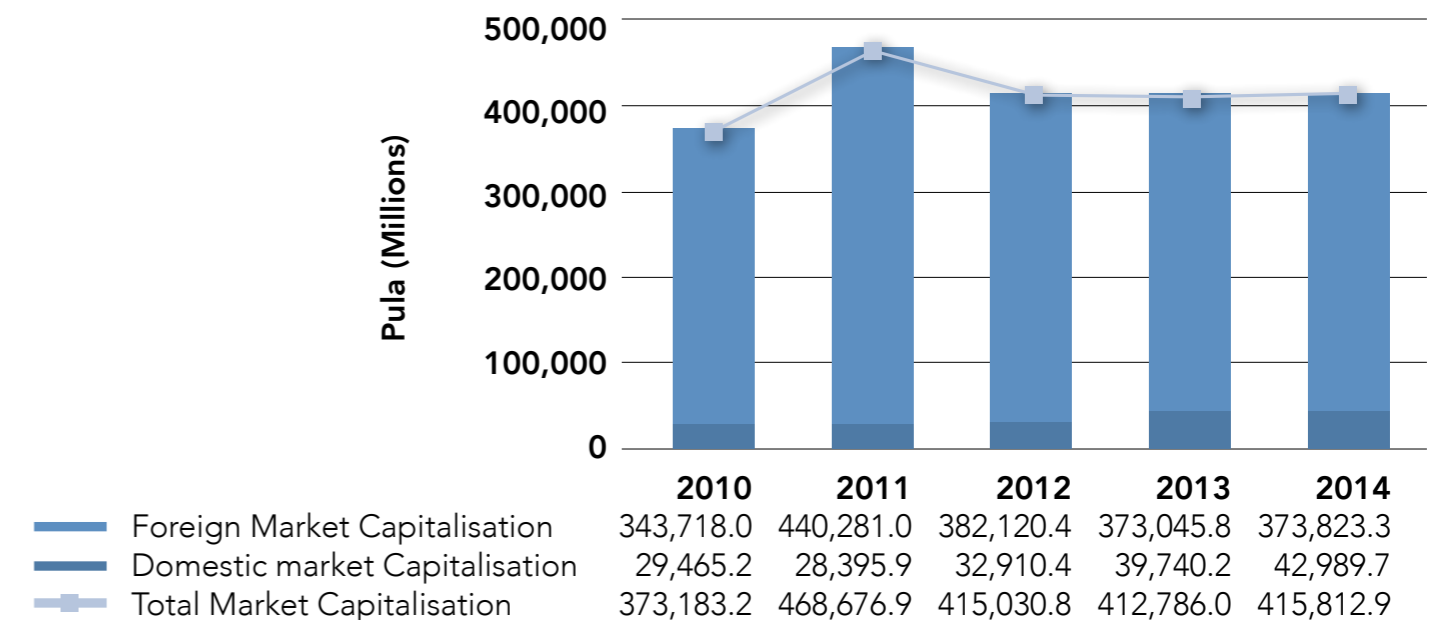
MARKET CAPITALIZATION

Market capitalization is the value that the market place ascribes to a listed company which is calculated by multiplying a company's shares outstanding by the current market price of one share.

The total market capitalization comprises of domestic and foreign market capitalization. Prior to 2011 price effect was the main factor attributable to the percentage change in market capitalization, however in 2012, the BSE stated that the increase in domestic market capitalization was due to the cumulative impact of the price effect and quantity effect with the quantity effect playing a dominant role.

The domestic market capitalization increased by 8.2% from P 39.7 billion as at 31st March 2013 to P43.0 billion as at 31st March 2014. The foreign market capitalization on the other hand decreased by 0.1% from P373.0 billion to P 372.8 billion during the same period. The total market capitalization was an overall of P415.8 billion as at 31 March 2014.

Graph 2: Market Capitalization



Data source: BSE

Global Businesses & Exchange Section (cont.)

BOTSWANA STOCK EXCHANGE MARKET VOLUME BY ACTIVITIES

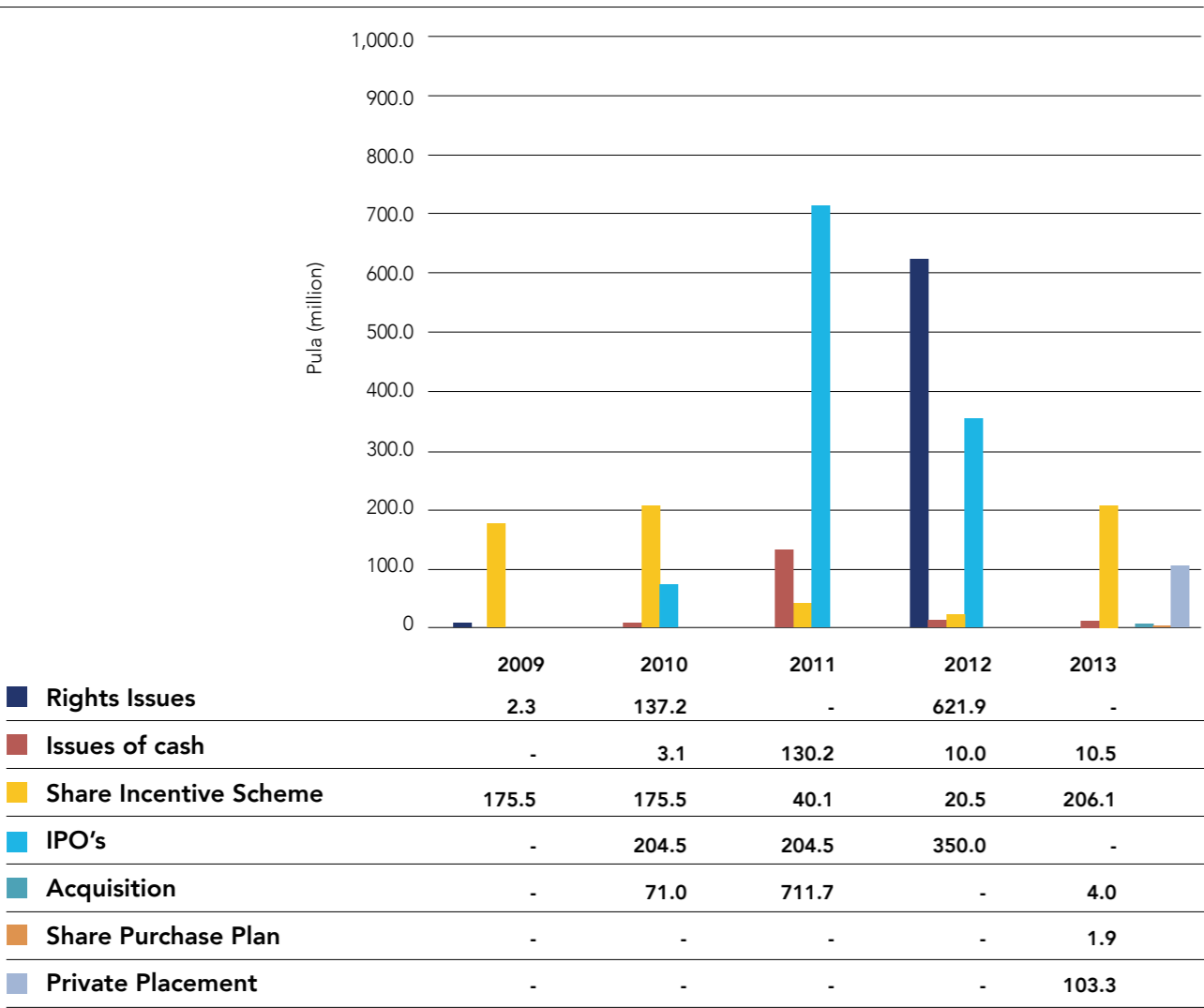
With regards to the actual activity on the market, there was a marked improvement in the diversity of the activities that took place over the five year period under consideration.

The years 2011 and 2012 are particularly remarkable for the level of activity that took place, with Initial Public Offerings of over P700 million and P350 million respectively. Rights Issues also accounted for a lot of the volume recorded during the year 2012.

Comparatively, the level of activity in 2013 was somewhat muted but the year saw increased activity with regards to Private Placement, the Share Incentive Scheme emerged as the activity that was most visible across the five year period.

These trends are encouraging and are expected to increase in the future. The information referred to is presented in the graph below.

Graph 3 BSE Market Volume by Activities



Data source: BSE

Global Businesses & Exchange Section (cont.)

BOND PROFILE

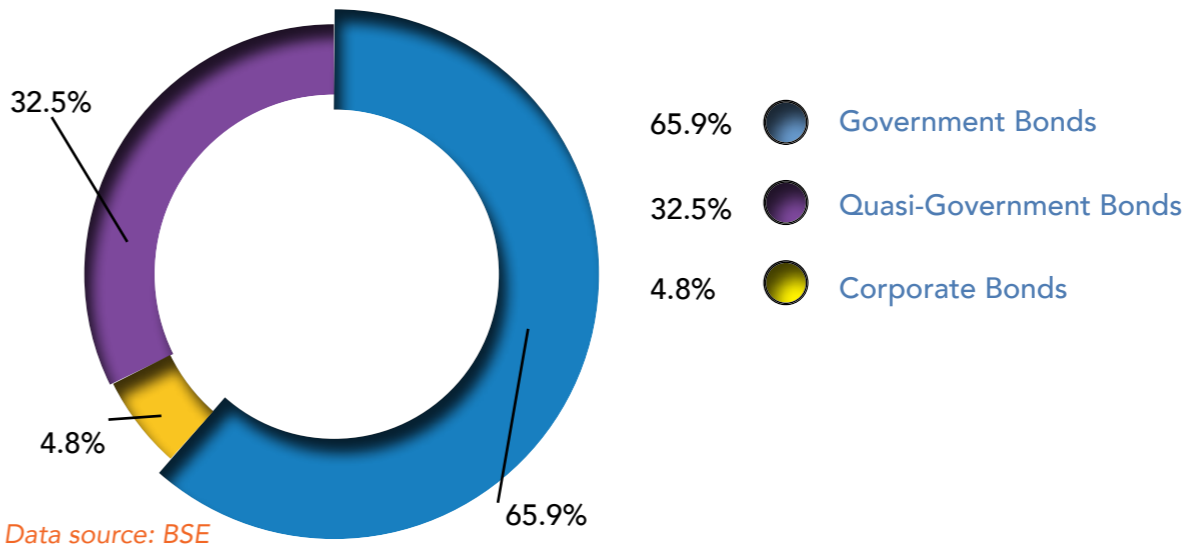
A bond is a long-term instrument used as a negotiable security with fixed percentage return, usually redeemable at a specified date. Bonds are bought and sold in the bond market with prices varying according to interest rates.

As at March 31st 2014 the BSE listed six (6) Government bonds, four (4) Quasi-Government bonds and twenty-five (25) corporate bonds. For the Government bonds the

nominal-value was P 6.194 billion, P 0.41 billion for quasi-government bonds, and P 2.796 billion for corporate bonds.

There was an increase in the number of corporate bond issuers from nine (9) in 2013 to ten (10) in 2014. In terms of nominal value the Botswana Government continues to be the majority issuer in the bond market as shown in the graph below.

Graph 3: Nominal Value of Bonds Issued Relative to Each Sector



Data source: BSE

GLOBAL BUSINESSES

NBFIRA is mandated under part VIII of the NBFIRA Act to supervise all the Non-Bank Financial Institutions ("NBFI's") that have been issued with a tax certificate by BITC. These entities are subjected to all the regulatory requirements under the NBFIRA Act and all the subsidiary legislation in addition to complying with the conditions of the tax certificate.

The number of IFSC accredited companies has gone down from the previously reported fourteen (14) to seven (7) due to the following reasons:

- One (1) company has been classified as a non-bank non-financial company and has been removed from NBFIRA purview.
- Three (3) companies closed offices and moved back to their country of origin without notifying the Authority, the entities are being decertified by the Botswana Investment and Trade Centre.

- Three (3) companies closed due to their inability to commence operations.

Communication still remains a challenge, where some companies relocate and cease operations without informing NBFIRA. NBFIRA has been visiting some of the IFSC accredited companies in order to establish relationships.

Compliance with Tax Certificate Conditions

NBFIRA is responsible for ensuring that the companies comply with the conditions on their tax certificate issued by the Minister of Finance and Development Planning.

During the year the Global Business entities were issued with reporting forms to declare their compliance to the tax certificate conditions. In addition, they were requested to provide evidence of same with supporting documents. Subsequent to submission of the completed forms and documents, visits were scheduled for on-site inspections for further verification of compliance to the tax conditions.

Global Businesses & Exchange Section (cont.)

Regulation of IFSC Certified Companies which are Holding Companies

Subsequent to the transfer of regulatory responsibilities of IFSC accredited companies from Bank of Botswana, NBFIRA has been regulating IFSC accredited Holding Companies whose subsidiaries conduct non-bank financial institutions (nbfi) activities.

During the year the IFSC Holding Companies raised a concern that they do not understand how they fall within the regulatory purview of NBFIRA as they do no conduct any nbfi business.

It was explained to them that as they have subsidiaries which are prudentially regulated by NBFIRA, the Holding Companies should be regulated as controllers of prudentially regulated nbfi's, and are thus subject to Section 65 of the NBFIRA Act and any other provisions relating to controllers. They were also advised that they fall under Section 2 of the NBFIRA Act as financial groups.

Financial reporting

IFSC accredited companies are required to submit quarterly returns no later than one (1) month after the end of every quarter and annual audited financial statements within three (3) months after the end of their financial period.

The Authority is experiencing some challenges regarding submission of the financial returns by these entities. Communication is also a challenge as the majority of the contact persons are outside the country.

Developments within the Capital Markets

1) Development of the Financial Resources Requirements ("FRR") - the draft FRR has been submitted to the Ministry of Finance and Development planning for promulgation as part of the Market Intermediaries Licensing Regulations.

2) Securities Bill - the Securities Bill has been passed by the Cabinet and is due to be presented in Parliament in July 2014. The introduction of the Securities Bill will close the gaps that exist in the current legislation i.e. prohibition of off-market transactions. The Bill also includes provisions that deal extensively with market abuse and other manipulative and deceptive practices.

3) International Organisation of Securities Commissions ("IOSCO") - NBFIRA has applied for ordinary membership to IOSCO, the application was submitted on the 12th February 2014.

REGULATORY CHALLENGES

The Capital Market Department is faced with a number of concerns both relating to the market participants and the Botswana financial sector as a whole.

1) The absence of the Securities Act and delays in establishment/amendments of legislation.

2) Gaps in the current legislation which include the following:

Regulation of listed companies

The NBFIRA Act and the BSE Act do not give NBFIRA the powers to take action when a listed company which is a non-bank non-financial has been involved in market abuse transactions.

Regulation of off-market transaction in listed securities

The current legislations are silent about prohibition of listed securities traded over the counter. There is a norm in the market where companies will negotiate trading of listed securities over the counter. This is risky to the market as these transactions are not regulated; they impact on price discovery, and there is possibility of price manipulation without the knowledge of the BSE or NBFIRA.



"Subsequent to the transfer of regulatory responsibilities of IFSC accredited companies from Bank of Botswana, NBFIRA has been regulating IFSC accredited companies including Holding Companies whose subsidiaries conduct non-bank financial institutions (nbfi) activities."



"There is a norm in the market where companies will negotiate trading of listed securities over the counter. This is risky to the market as these transactions are not regulated; they impact on price discovery, and there is possibility of price manipulation without the knowledge of the BSE or NBFIRA."

Lending Activities Department (cont.)

Table 1: Micro Lenders by Lending Term as at March 31, 2014

Maximum Lending Term	No. of Micro Lenders
1 - 3 Months	154
4 - 12 Months	30
Over 12 Months	19
Withdrawn applications for various lending terms	25
TOTAL	228

The micro lenders are geographically spread accross the country. Table 2 below shows the distribution of micro lending businesses by location with notable concentration in urban centres.

Table 2: Geographical Spread of Micro Lenders

Location (Southern)	No. of Micro Lenders	Location (Northern)	No. of Micro Lenders
Gaborone	87	Francistown	37
Jwaneng	12	Selebi Phikwe	14
Kanye	6	Orapa	11
Mochudi	5	Maun	12
Ghanzi	2	Palapye	10
Lobatse	3	Letlhakane	3
Moshupa	3	Masunga	3
Gabane	1	Serowe	2
Molepolole	1	Mahalapye	4
Ramotswa	1	Kasane	2
Manyana	1	Mmadinare	3
...		Bobonong	1
...		Lerala	1
...		Rakops	1
...		Tutume	1
...		Maunatlala	1
TOTAL	122	TOTAL	106

As at March 31, 2014, seventy- three (73) licenses have been issued and pre-licensing inspections were concluded for ninety-four (94) micro lenders.

The decision to issue the license was pending compliance to operational requirements. Furthermore, the department has issued twelve (12) deficiency letters to applicants who have not fulfilled the licensing and operational requirements. The letter was due to the undesirable

practices and operations established due to the absence of regulations. The department continues to make follow-ups for demonstration of compliance and where necessary for re-inspection.



Lending Activities Department

Regulatory Mandate

The Regulatory Authority derives its mandate to regulate and supervise lending activities from Section 49(2) of the NBFIRA Act which names micro lender, finance or leasing companies as regulated non-bank financial institutions.

In terms of Section 2 of the NBFIRA Act, Micro Lender means a person who advances loans to persons where the loans do not exceed the prescribed amount, but does not include a person licensed in terms of the Banking Act or the Building Societies Act.

In terms of Section 2 of the NBFIRA Act, Finance or Leasing Company means a body corporate that provides loans, advances or leasing products but does not include a bank or a deposit taking institution.

Without prejudice to the foregoing, the NBFIRA Act further provides for declaration of other non-bank financial institutions to be prudentially regulated through promulgation of Regulations and Prudential Rules in accordance with Section 50 of the NBFIRA Act.

Consequently, pawnshops were declared regulated entities.

a) Micro Lending Sector

The Regulatory Authority has, as at March 31, 2014 received two hundred and twenty-eight (228) applications for licensing as micro lenders under the NBFIRA Act and its supporting Micro Lending Regulations of March 2012.

One hundred and fifty-five (155) applications were from citizen owned micro lenders whilst seventy-three (73) were from non-citizen owned entities.

The Micro Lender loan terms range from a period of one (1) month to sixty (60) months.

Table 1 shows the number of micro lenders by loan term and it includes withdrawn applications.

Lending Activities Department (cont.)

As at March 31, 2014, twenty-five (25) micro lenders gave notice of their intention to cease operating citing, among others, concerns or challenges of high operational costs, small clientele and non-compliance to requirements in particular regulated charges of penalty interest for defaulting clients and potential regulatory levies.

b) Pawnshops

Pawnshops are exempted from licensing under the provisions of Section 48 of the NBFIRA Act pending promulgation of relevant regulations.

However, these entities are required to seek letters of exemption from the Regulatory Authority in accordance with the stipulated criteria among others the promoters are subjected to fit and proper test.

As at March 31, 2014, the Regulatory Authority had registered twenty-nine (29) pawnshop operators. Thirteen (13) pawnshops operators were given letters of exemption from the Authority.

Eighteen (18) pawnshops are citizen-owned whilst eleven (11) are non-citizen owned. The geographical presentation of pawnshop operations is as per Table 4 below:-

Table 4: Geographical Spread of Pawnshops

Location	No. of Pawnshops	No. of Pawnshop Issued with exemption
Gaborone	15	5
Francistown	4	3
Palapye	3	1
Serowe	2	1
Selebi Phikwe	2	2
Seleka	1	1
Lobatse	1	0
Letlhakane	1	0
TOTAL	29	13

c) Finance or Leasing Companies

Finance or Leasing Companies are exempted from licensing pending promulgation of relevant regulations and are required to seek letters of exemption in accordance with the established criteria for exemption.

Capacity Building and Training

Capacity building has remained a challenge due to unavailability of the relevant skills in the country and hence on the job training is vital. The Department has not yet appointed its full complement of staff with appropriate structures to execute its functions.

For example establishment of a statistical database is paramount but currently overshadowed by the need to clear the backlog in licensing applications and attend to

complaints of clients of credit providers and investigations of improper and illegal conduct of operators in view of limited personnel resources.

Five (5) staff members also attended a course on the African Financial Markets in January 2014. One staff member attended a micro finance course in July 2013.

Stakeholder Engagements and Consumer Education

The Department held an industry meeting with pawnshop operators on September 25, 2013 and with micro lenders on November 18, 2013 in Gaborone. The department had in consultation with the communication department embarked on several consumer education initiatives through public media such as radio and television, as well as financial literacy programs.

Lending Activities Department (cont.)

Complaints handling and Management

The Department continued to receive complaints from the public against micro lenders and pawnshops. The complaints are varied as shown in Tables 5 and 6 below:-

Table 5: Complaints against Micro lenders and Pawnshops

Nature of Complaint	No. of Complaints in 2012/2013	No. of Complaints in 2013/2014	Year-to-Year Percentage (%) Change
Copy of contract not given	1	1	0
Deductions without authorization evidenced by signature	0	2	-
Disclosure Schedule not issued	1	0	-100
Dispute settlement amount	6	21	250
Refusal to issue statement on demand	0	0	-
Excessive Interest	7	35	400
Illegal Collection Method	0	0	-
Over-deduction of repayment instalment	15	9	40
Retention of bank cards	0	2	-
Retention of national identity (Omang)	0	0	-
Terms and Conditions not explained	4	7	75
Use of Blank Documents	0	0	-
Other (Forgery)	15	18	20
Totals	49	95	94

Lending Activities Department (cont.)

Table 6: Complaints against Pawnshops

Nature of Complaint	No. of Complaints in 2013/2014
Dispute on Outstanding Balance	4
Security in a form of vehicle sold before last date of redemption	1
Excessive Interest	10
Totals	15

Borrowers of both pawnshops and micro lenders continued to bring complaints to NBFIRA before attempting to resolve the matter with the respective micro-lenders within the 30 days stipulated in the micro-lending regulations.

The content is assessed for the nature of the complaint and a decision made to either refer to lender or take the necessary action. It is evident that consumer education is bearing fruits as clients of micro lenders are slowly but surely embracing and protecting their rights as evidenced by the nature and increase of complaints.

Investigations and Enforcement

The Authority continues to receive reports about illegal operations of micro lenders through whistle-blowing and customer complaints. During the review period, five (5) investigations were carried out in Gaborone.

The culprits were directed to cease and desist from operating micro lending businesses illegally and apply for licensing to regularise. Nomadic Micro Lenders with treasuries in brief cases pose regulatory challenges for regulatory action to stop such activities and cooperation of members of the public is of dire need to stop this illegal behaviour.

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**NON-BANK FINANCIAL INSTITUTIONS
REGULATORY AUTHORITY**
Annual Financial Statements
For The Year Ended 31st March 2014

General Information	54
Board’s Responsibility and Approval of Annual Financial Statements	55
Independent Auditors’ Report	56
Statement of Comprehensive Income	57
Statement of Financial Position	58
Statement of Changes in Equity	59
Statement of Cash Flows	60
Notes to the Annual Financial Statements	61

General Information

DIRECTORS

Mrs. M. Dube	(Chairperson)
Hon. N.C. Greenland	(Deputy Chairperson and Chairperson of Human Resources Committee)
Dr. T.T.K. Matome	(Chairperson - Finance & Audit Committee)
Mr. M. Mbaakanyi	
Mrs. L.K. Mohohlo	
Mr. S.M. Sekwakwa	

CHIEF EXECUTIVE OFFICER

Mr. O.M. Ramasedi

NATURE OF BUSINESS

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) is constituted in terms of the Non-Bank Financial Institutions Regulatory Authority Act, 2006 and is domiciled in the Republic of Botswana. The main purpose of the Authority is to safeguard the stability, fairness and efficiency of the non-bank financial sector through its regulatory role on Non-Bank Financial Institutions that includes: insurance companies, pension funds, collective investments undertakings and the stock exchange.

FUNCTIONAL AND REPORTING CURRENCY

Botswana Pula "P" is the functional and presentation currency of the entity

REGISTERED OFFICE



3rd Floor
Exponential Building
Plot 54351
New Central Business District
Off PG Matante
Gaborone

BANKERS



Fairgrounds Branch
Fairgrounds Office Park
Block D
Unit 10
Gaborone

AUDITORS



Firm of Chartered Accountants
2nd Floor
Plot 22
Khama Crescent
Gaborone

REPORTING DATE

31st March 2014

Board Responsibility and approval of Annual Financial Statements

The Authority's directors are responsible for the preparation of annual financial statements and all other information presented herewith. Their responsibility includes maintenance of financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Non-Bank Financial Institutions Regulatory Authority Act, 2006.

The Authority maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse of the Authority's assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal control.

The independent auditors are responsible for giving an independent opinion on the annual financial statements based on their audit of the affairs of the Authority. After making enquiries the directors have no reason to believe that the Authority will not be a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these annual financial statements based on forecasts, available cash resources and continued support of the Government of the Republic of Botswana.

The directors are satisfied that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the annual financial statements, to safeguard the assets of the Authority and to ensure that all transactions are duly authorised. Against this background, the directors accept responsibility for the annual financial statements on pages 57 to 81, which were signed on its behalf by:

Mrs. M. Dube

Date 11 July 2014

Dr. T.T.K. Matome

Date 11 July 2014

Independent Auditors' Report

to the Members of Non-Bank Financial Institutions Regulatory Authority

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Non-Bank Financial Institutions Regulatory Authority (NBFIRA), which comprise the statement of financial position as at 31st March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 57 to 81.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Authority's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Non-Bank Financial Institutions Regulatory Authority Act, 2006 and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of Non-Bank Financial Institutions Regulatory Authority (NBFIRA) as at 31st March, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Non-Bank Financial Institutions Regulatory Authority Act, 2006.

Ernst & Young

ERNST & YOUNG

Practising Member: Thomas Chitambo (20030022)
Certified Auditor

2nd Floor, Plot 22
Khama Crescent
P O Box 41015
Gaborone
Botswana

Date: 8 August 2014

Statement of Comprehensive Income

for the year ended 31st March 2014

	Notes	March 2014 P	March 2013 P
REVENUE			
Government grants	2	8,593,462	-
Amortisation of government grants relating to capital assets	18.1	1,514,335	498,454
Total grants revenue		10,107,797	498,454
Supervisory Levies	3	28,289,795	43,168,408
Other revenue	4	2,534,597	2,481,724
Total revenue		40,932,189	46,148,586
EXPENDITURE			
Staff costs	5	23,738,934	17,068,341
Consultancy costs	6	1,820,076	1,200,710
Administration expenses	7	7,491,132	6,850,546
Operating lease expenses	9	3,428,804	1,786,992
Other expenses	8	6,313,081	3,632,036
		42,792,027	30,538,625
Operating (Deficit)/Surplus		(1,859,838)	15,609,961
Finance income	10	548,024	360,424
(Deficit)/Surplus for the year		(1,311,814)	15,970,385
Other comprehensive income for the year		-	-
Total Comprehensive (Loss)/Income		(1,311,814)	15,970,385

Statement of Financial Position

as at 31st March 2014

	Notes	March 2014 P	March 2013 P
ASSETS			
Non-current assets			
Property, plant and equipment	11	6,191,448	3,118,275
Work-in-progress	18.3	4,488,296	2,726,994
		10,679,744	5,845,269
Current assets			
Trade and other receivables	12	4,183,708	9,531,914
Cash and cash equivalents	13	5,015,333	12,597,463
Short term investments	13.1	41,170,167	5,781,605
		50,369,208	27,910,982
Total assets		61,048,952	33,756,251
FUNDS, RESERVES AND LIABILITIES			
Funds and reserves			
Accumulated funds		22,896,522	24,208,336
Non-current liabilities			
Government grants	18.1	28,255,381	3,919,466
African Development Bank	18.2	2,568,249	1,840,514
		30,823,630	5,759,980
Current liabilities			
Trade and other payables	14	3,585,232	1,469,290
Provisions	15	3,256,377	2,279,797
Deferred operating lease liability	17.1	487,191	38,848
		7,328,800	3,787,935
Total funds, reserves and liabilities		61,048,952	33,756,251

Statement of Changes in Equity

for the year ended 31st March 2013

	Accumulated Funds P	Statutory Reserve P	Total P
Balance as at 1 April 2012	8,237,951	-	8,237,951
Surplus for the year	15,970,385	-	15,970,385
Transfer from the Accumulated Fund for the Statutory Reserve	(5,765,793)	5,765,793	-
Balance as at 31 March 2013	18,442,543	5,765,793	24,208,336
Deficit for the year	(1,311,814)	-	(1,311,814)
Balance as at 31 March 2014	17,130,729	5,765,793	22,896,522

Statutory Reserve

Section 22 (2) of the Non-Bank Financial Institutions Regulatory Act, 2006, requires that an annual estimate not exceeding 10 per cent (10%) of the of total expenditure provided for in the estimates, be provided for as a reserve. The Statutory Reserve provided is adequate for the level of expenditure incurred. The purpose of the reserve is to be utilised for unforeseen regulatory expenditure.

Statement of Cash Flows

for the year ended 31st March 2014

	Notes	March 2014 P	March 2013 P
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Deficit)/Surplus for the year		(1,311,814)	15,970,385
Adjustments for:			
Amortisation of government grants		(1,514,335)	(498,454)
Depreciation	7	924,423	498,454
Finance income	10	(548,024)	(360,424)
Deferred operating lease	9	448,343	38,848
Loss on disposal of assets	4	589,912	-
Movement in provision for leave pay for the year	15	976,580	363,246
Cash generated by operations before working capital changes		(434,915)	16,012,055
Increase in trade and other payables		2,115,942	812,722
(Increase)/Decrease in trade and other receivables		5,348,206	(5,295,776)
		7,464,148	(4,483,054)
Net cash flows from operating activities		7,029,233	11,529,001
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of plant and equipment for expansion	11	(4,587,508)	(1,272,109)
Movement in work in progress	18.1	(1,033,567)	(886,430)
Finance income	10	548,024	360,424
Proceeds from disposal of assets		-	-
Net cash used in investment activities		(5,073,051)	(1,798,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Government Grants	18.1	25,850,250	2,073,300
Net cash flows from financing activities		25,850,250	2,073,300
NET CASH INCREASE IN CASH AND CASH EQUIVALENTS		27,806,432	11,804,136
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		18,379,068	6,574,932
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	46,185,500	18,379,068

Notes to the Annual Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. All values are rounded to the nearest Pula (P1) except when otherwise indicated.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Non-Bank Financial Institutions Regulatory Authority Act, 2006.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Key areas of estimation and judgement

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

Depreciation charges and residual values

For depreciation purposes, a significant component is defined as equal to or greater than 20% of total cost of the asset and each significant component with different useful lives is depreciated separately. The useful life of assets is determined with reference to its design life as prescribed by internal experts. The depreciation methods reflects the pattern in which economic benefits attributable to the assets flow to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, product life cycles and the intention of management. Residential values of assets are determined by estimating the amount that the entity would currently obtain from the disposal of the asset were already of age and in the condition expected at the end of its useful life. The estimation of the useful life and residual values of an asset is a matter of judgement based on the past experience of the Authority with similar assets and the intention of management. Assessment of the asset condition and usefulness are key assumptions used to determine the assets' useful lives and residential values. Also refer to Note 11.

Supervisory levies

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

Notes to the Annual Financial Statements (cont.)

PROPERTY, PLANT AND EQUIPMENT

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

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

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives on a straight-line basis, to estimated residual values. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated separately over their useful lives. The methods of depreciation, useful lives and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively.

The following methods and rates were used during the period to depreciate plant and equipment to estimated residual values:

Motor vehicles	20%
Furniture and Fittings	10%
Office Equipment	15%
Computer Equipment	14% - 33%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit in the year the asset is derecognised.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating section) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the surplus or deficit in those categories consistent with the function of the impaired asset.

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

Notes to the Annual Financial Statements (cont.)

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. The Authority assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Authority has concluded that it is acting as a principal in all of its revenue arrangements. The following specific revenue recognition criteria must also be met before revenue is recognised:

Supervisory levies

The supervisory levies and licence fees were promulgated into law through Statutory Instrument No.11 of 2012 of the Republic of Botswana, which was subsequently published in the Government Gazette of the 17th February 2012.

Supervisory levies are charged and are payable in two equal portions, on or before the 30th April and 31st October of each financial year. Registered non-bank financial institutions are required to pay levies on an annual basis in terms of the Non-Bank Financial Institutions Regulatory Authority Act, 2006. Supervisory levies are recognised on an accrual basis. The Regulatory Authority may, on application, waive payment of some or all of a supervisory levy, penalty levy or a fee.

License fees

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

Penalties

Penalties are recognised in the surplus or deficit on penalizing the relevant supervised entities.

Finance income

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

Government Grant

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

Where the Authority receives a non-monetary grant, the asset and the grant are recorded at nominal amounts and released to the total surplus or deficit over the expected useful life of the relevant asset by equal annual instalments.

Notes to the Annual Financial Statements (cont.)

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Foreign exchange translation gains or losses arising on the settlement of monetary items or on translating monetary items or on translating monetary items at rates different from those used when translating at initial recognition during the period or in the financial statements are taken to the statement of comprehensive income in the period they arise.

Leave pay provision

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

BORROWING COSTS

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

FINANCIAL INSTRUMENTS

Cash and cash equivalents

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

Initial recognition

Financial assets within the scope of IAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value, including transaction costs except for instruments at fair value through surplus or deficit.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Authority commits to purchase the assets. Regular way purchases and sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Financial assets

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Notes to the Annual Financial Statements (cont.)

EMPLOYMENT BENEFITS

Pension

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

Gratuity

The Authority provides for gratuity benefits for employees on fixed term contracts in line with the Employment Act Chapter 47:01 and the relevant employment contracts. Gratuity expenses are recognised immediately, to the extent that the benefits are amortised on a straight-line basis over the period of service, until the benefits become payable. The charge is made to expenses in the statement of comprehensive income and a separate provision in the statement of financial position. Previously gratuity was paid on a monthly basis, for employees on fixed term contract who joined on or before August 2009. With effect from the 1st January 2012, the Authority has ceased the monthly payment of gratuity, gratuity entitlements for the employees will be effected upon successful completion of the employment contract.

Leave pay provision

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

BORROWING COSTS

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

FINANCIAL INSTRUMENTS

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All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Authority commits to purchase the assets. Regular way purchases and sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Financial assets

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Notes to the Annual Financial Statements (cont.)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the surplus or deficit when the loans and receivables are derecognised or impaired, as well as through amortisation process.

Loans and receivables consist of trade and other receivables and cash and cash equivalents.

Impairment of financial assets

The Authority assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of a separate allowance account, namely provision for doubtful debts accounts. The amount of the loss is recognised in surplus or deficit.

In relation to financial assets, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Authority will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Authority determines the classification of its financial liabilities on initial recognition. Loans and borrowings are carried subsequent to initial measurement at amortised cost using the effective interest method. Gains and losses are recognised in surplus or deficit when the loans and borrowings are derecognised as well as through the amortisation process. The Authority's financial liabilities include trade and other payables.

Financial guarantee contracts

Financial guarantee contracts issued by the Authority are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Amortised cost

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the Annual Financial Statements (cont.)

Derecognition of financial assets

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired.

The Authority has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- the Authority has transferred substantially all the risks and rewards of the asset, or
- the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

Financial guarantee contracts

Financial guarantee contracts issued by the Authority are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Amortised cost

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained. Continuing involvement that takes the form of a guaranteed over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Notes to the Annual Financial Statements (cont.)

Derecognition of financial assets (cont.)

Financial assets (cont.)

PROVISIONS

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

LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Minimum operating lease payments of an operating lease are recognised as an expense in the surplus or deficit on a straight line basis over the lease term.

CHANGE IN ACCOUNTING POLICIES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013:

The adoption of the standards or interpretations is described below:

IFRS 1 Government Loans (Amendment)

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from introspective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Authority.

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment)

These amendments require an entity to disclose information about rights to set-off related arrangements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on the Authority's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Authority's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. There has not been any impact on the Authority's financial position or performance. This standard was effective for annual periods beginning on or after 1 January 2013.

Notes to the Annual Financial Statements (cont.)

Standards issued but not yet effective.

The standard and interpretations and interpretations that are issued, but not effective, up to the date of issuance of the Authority's financial statements are disclosed below. The Authority intends to adopt these standards, if applicable, when they become effective.

Standard number*	Standard name	Effective date**
IAS 32	Offsetting financial assets and financial liabilities (amendments to IAS 32). The amendment clarifies the meaning of the entity currently having a legally enforceable right to set off financial assets and financial liabilities as well as the application of IAS 32 offsetting criteria to settlement systems (such as clearing houses). These amendments are not expected to impact the Authority's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.	1 January 2014
IFRS 9	Financial Instruments Classification and Measurement IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Authority's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Authority will quantify the effect in conjunction with other phases, when the final standard including all phases issued.	1 January 2015
IFRS 9, IFRS 7	Mandatory effective date and transition disclosures (amendments to IFRS 9 and IFRS 7). Mandatory effective date for IFRS 9 is 1 January 2015. Amendments to IFRS 7 depend on when IFRS 9 is adopted and affect the extent of comparative information required to be disclosed.	1 January 2015
	Improvements to IFRS (issued in January 2013). The following improvements stated below will not have an impact on the Authority: IFRS 10 Consolidated Financial Statements. IFRS 11 Joint Arrangements. IFRS 12 Disclosure of Involvement with Other Entities. IAS 19 Employee Benefits (revised in 2011) IAS 1 Clarification of the requirement for comparative information	1 January 2013

Notes to the Annual Financial Statements (cont.)

	Notes	March 2014 P	March 2013 P
2. GOVERNMENT GRANTS			
Revenue grants		8,593,462	-
Capital grants	18.1	25,823,075	2,100,500
Total Government grants received		34,416,537	2,100,500
There are no unfulfilled conditions or contingencies attached to those income and capital grants. Government grants received have been applied against capital expenditure acquired during the year, the excess funds are then applied against revenue grants. For further disclosure of capital expenditure, refer to Note 11.			
3. SUPERVISORY LEVIES			
Capital Markets		18,685,048	24,313,035
Insurance & Pensions		9,604,747	18,855,373
Total Supervisory Levies		28,289,795	43,168,408
4. OTHER REVENUE			
Licenses and penalties		1,377,605	2,318,205
Sundry income		1,156,992	163,519
Total other revenue		2,534,597	2,481,724
5. STAFF COSTS			
Basic salaries		12,989,669	9,349,065
Allowances		8,918,623	6,423,305
Defined contribution plan expense		1,830,642	1,295,971
Total staff costs		23,738,934	17,068,341
6. CONSULTANCY COSTS			
Insurance consultancies		-	314,441
Human resources consultancies		923,429	697,726
Other consultancies		896,647	188,543
		1,820,076	1,200,710

Notes to the Annual Financial Statements (cont.)

	March 2014 P	March 2013 P
7. ADMINISTRATION EXPENSES		
Advertising	559,209	341,527
Audit Fees	112,426	83,440
Current year	85,730	83,440
Other services	26,696	-
Bad Debts	975,311	1,880,295
Bank Charges	60,012	74,666
Depreciation	924,423	498,454
Entertainment	200,020	167,285
Insurance	176,476	110,700
Office Expenses	144,440	88,237
Postage	19,019	12,338
Printing and Stationery	730,424	437,982
Recruitment	541,594	1,315,373
Telephone & Fax	278,947	376,443
Travel	1,787,380	1,145,398
Uniform	189,469	60,991
Utilities - Electricity	162,521	212,840
Utilities - Water	9,932	28,307
Vehicle expenses	29,617	16,270
Loss on disposal of assets	589,912	-
Total Administration Costs	7,491,132	6,850,546
8. OTHER EXPENSES		
Board Fees	65,870	75,600
Branding & Communication	756,842	212,156
Cleaning	117,811	129,736
Computer Expenses	128,503	69,866
Garden Maintenance	11,389	4,977
Internet	225,088	220,425
Legal Fees	447,057	150,275
Licences	283,837	194,929
Public Relations	474,868	96,362
Repairs & Maintenance	142,726	26,222
Security	155,888	79,236
Strategy	415,651	455,426
Subscriptions	553,153	208,257
Training	2,534,398	1,708,569
Total Other Expenses	6,313,081	3,632,036
9. OPERATING LEASE EXPENSES		
Office rental (Contractual lease obligation)	2,941,613	1,748,144
IAS 17 Straight-line Adjustment	487,191	38,848
Operating Lease Expense	3,428,804	1,786,992
10. FINANCE INCOME		
Finance income on cash balances	548,024	360,424

Notes to the Annual Financial Statements (cont.)

	Furniture and Fittings P	Motor Vehicle P	Computer Equipment P	Office Equipment P	Total P
11. PROPERTY, PLANT & EQUIPMENT					
2014					
COST					
At 1 April 2013	1,928,368	649,696	2,177,743	128,938	4,884,745
Additions for the year	3,605,712	-	669,708	312,088	4,587,508
Disposal for the year	(898,063)	-	-	-	(898,063)
At 31 March 2014	4,636,017	649,696	2,847,451	441,026	8,574,190
ACCUMULATED DEPRECIATION					
At 1 April 2013	572,983	106,638	1,025,505	61,344	1,766,470
Depreciation	378,680	126,875	390,479	28,389	924,423
Disposals	(308,151)	-	-	-	(308,151)
At 31 March 2014	643,512	233,513	1,415,984	89,733	2,382,742
Carrying amount at 31 March 2014	3,992,505	416,183	1,431,467	351,293	6,191,448
2013					
COST					
At 1 April 2012	1,639,694	142,194	1,715,640	115,108	3,612,636
Additions for the year	288,674	507,502	462,103	13,830	1,272,109
At 31 March 2013	1,928,368	649,696	2,177,743	128,938	4,884,745
ACCUMULATED DEPRECIATION					
At 1 April 2012	401,631	82,115	737,318	46,952	1,268,016
Depreciation	171,352	24,523	288,187	14,392	498,454
At 31 March 2013	572,983	106,638	1,025,505	61,344	1,766,470
Carrying amount at 31 March 2013	1,355,385	543,058	1,152,238	67,594	3,118,275

Notes to the Annual Financial Statements (cont.)

	March 2014 P	March 2013 P
12. TRADE AND OTHER RECEIVABLES		
Trade receivables	1,839,680	11,384,136
Other receivables		
Government grants	4,000,000	-
Staff advances	2,667	-
Withholding tax receivable	20,780	28,073
Other receivables	55,133	-
Provision for bad debts	(1,734,552)	(1,880,295)
	4,183,708	9,531,914
	4,183,708	9,531,914

Government grants and Other receivables are non-interest bearing and are generally on 30 days terms. Other receivables comprise outstanding rental deposits, tax credits resulting from withholding tax on interest earned on call account and interest receivable on term deposits. Staff advances are receivable over three months and do not attract any interest.

Trade receivables relate to Supervisory Levies outstanding from regulated entities. Receivables are measured at amortised cost using the effective interest method, less any impairments.

As at 31 March 2014, the ageing analysis of trade receivable is as follows:

Impaired	(1,734,552)	(1,880,295)
Neither past due nor impaired do not lump the government grant with the rest	4,057,800	-
Past due but not impaired:	-	-
Less than 30 days	-	-
Between 30 days and 60 days	-	-
Between 60 days and 90 days	-	-
More than 90 days	1,860,460	11,412,209
	4,183,708	9,531,914

As at 31 March 2014, accounts receivable at nominal value of P1 734 552 were impaired and fully provided for. Amounts that are neither past due nor impaired relate to rental deposit for the premises occupied, Government grant receivable and staff advances. The receivables that are neither past due nor impaired are considered fully receivable.

Movement on the provision for credit losses		
Opening balance	(1,880,295)	(192,833)
Utilised	-	-
Reversal of prior year provision	1,121,054	192,833
Charged to the Statement of Comprehensive Income	(975,311)	(1,880,295)
Closing balance	(1,734,552)	(1,880,295)

Notes to the Annual Financial Statements (cont.)

	March 2014 P	March 2013 P
13. CASH AND CASH EQUIVALENTS		
Call	4,470,214	11,295,914
Current	(1,147,069)	(381,970)
Cash on hand	2,866	649
Projects	334,823	334,488
Government Grant	32,751	27,660
Gratuity	1,321,748	1,320,722
	5,015,333	12,597,463

A sweeping arrangement is in place for the call and current accounts held with the bank. The funds in the call account therefore clear the overdraft reflected in the current account. The cash and cash equivalents are earning interest at a floating rate based on a daily bank deposit rates. The Authority has enhanced its cash management by opening a gratuity account, to ring-fence the postemployment benefits relating to gratuity. Furthermore a separate Supervisory Levies Account is maintained from that of the Government Subvention Account. Cash and cash equivalents approximate fair value due to their short term nature.

13.1 SHORT TERM INVESTMENTS

Short term investments comprise highly liquid investments with original maturities of three months or less.

Short term investments	41,170,167	5,781,605
Total cash, cash equivalents and short term investments	46,185,500	18,379,068

14. TRADE AND OTHER PAYABLES

Accruals	3,585,232	1,469,290
	3,585,232	1,469,290

Trade and Other payables are non-interest bearing and have an average term of three months.

15. PROVISIONS

Gratuity Provision		
Opening balance	1,320,368	662,547
Additional provision during the year	563,247	657,821
Closing balance	1,883,615	1,320,368
Leave Provision		
Opening balance	959,429	596,183
Additional provision during the year	1,117,818	875,416
Provision used during the year	(704,485)	(512,170)
Closing balance	1,372,762	959,429
Total provisions	3,256,377	2,279,797

This provision relates to leave pay provision as at the reporting date. There is uncertainty on the timing of employment contracts and the number of employees who may choose to terminate their employment contracts, the provision has assumed full value as per the staff in place as at 31 March 2014.

Notes to the Annual Financial Statements (cont.)

	Loans and Receivables	Financial Liabilities at Amortised Cost	Total Carrying Amount
16. FINANCIAL INSTRUMENTS			
The accounting classification of each category of financial instruments and their carrying amounts are as follows:			
2014			
Trade and Other receivables	4,183,708	-	4,183,708
Cash and cash equivalents	46,185,500	-	46,185,500
Trade and Other payables	-	(3,585,232)	(3,585,232)
	50,369,208	(3,585,232)	46,783,976
2013			
Trade and Other receivables	9,531,914	-	9,531,914
Cash and cash equivalents	18,379,068	-	18,379,068
Trade and Other payables	-	(2,789,658)	(2,789,658)
	27,910,982	(2,789,658)	25,121,324

Financial risk management objectives and policies

The main risks arising from the Authority's financial instruments are financial currency risk, interest rate risk, credit risk and liquidity risk. The Authority does not hold any derivative financial instruments.

Credit risk

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

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

In the year 2013, the Authority had guaranteed scheme loans for employees with a reputable financial institution, of which 85% of the loan balance is guaranteed by the Authority however in the current year the scheme is no longer there. Such loans were both secured and unsecured.

As at year end, there were no financial guarantees (2013: P141 351).

Notes to the Annual Financial Statements (cont.)

16. FINANCIAL INSTRUMENTS (Continued)

The maximum exposure to credit risk is represented by the carrying amount of accounts receivable and cash and cash equivalents, as shown in the statement of financial position in addition to the financial guarantee contract as indicated in the "Liquidity" section of this note.

The financial guarantees relating to secured loans are secured by underlying asset. The exposure to the Authority is under the unsecured loans, settlements of impaired loans are paid out of accumulated surpluses, whilst means of recovery are pursued.

Significant concentration of credit risk

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

The Authority does not have any significant credit risk exposure to any single counterparty. As at year end there was no significant credit risk, the cash position as at year end was P46 185 500 (2013: P18 379 068).

Foreign currency risk

The Authority is not exposed to foreign currency risk, as the Authority sources commodities from local suppliers. The Authority does not use foreign forward contracts or purchased currency options for trading purposes.

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer to note 13). Interest rates applicable to these financial instruments compare favourably with those currently available in the market. The following table demonstrates the sensitivity to a reasonable possible change in interest rates at reporting date, with all other variables held constant, of the Authority's (deficit)/surplus for the year (through the impact on floating rate financial instruments) and funds and reserves at reporting date. The reasonable possible change is based on past trends of interest and expected future changes. The impact was calculated by applying the reasonable changes to the exposures at reporting date, and with reference to the next 12 months. There is no other direct impact on the Authority's funds and reserves.

Notes to the Annual Financial Statements (cont.)

	March 2014 P	March 2013 P
16. FINANCIAL INSTRUMENTS (Continued)		
Effect on surplus/deficit for the year		
Increase of 0.5% in interest rate	236,649	91,895
Decrease of 2% in interest rate	(874,027)	(178,619)

Liquidity risk

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

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

The following table summarises the maturity profile of the Authority's financial liabilities as at 31 March 2014 based on contractual undiscounted payments:

2014					
	Less than 1 month	1 to 3 months	4 to 12 months	1 to 5 years	Total
Trade and Other payables	3,235,804	265,519	83,909	-	3,585,232
Financial guarantee contracts	-	-	-	-	-
	3,235,804	265,519	83,909	-	3,585,232
2013					
	Less than 1 month	1 to 3 months	4 to 12 months	1 to 5 years	Total
Trade and Other payables	474,439	619,973	24,768	-	1,119,180
Financial guarantee contracts	141,351	-	-	-	141,351
	615,790	619,973	24,768	-	1,260,531

Fair values

The carrying amounts of all financial assets and financial liabilities approximate to their fair value.

Notes to the Annual Financial Statements (cont.)

	March 2014 P	March 2013 P
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16. FINANCIAL INSTRUMENTS (Continued)

Capital management

Capital includes all funds and reserves as per the face of the statement of financial position. The Authority's objectives when managing capital are to safeguard its ability to continue as a going concern in order to perform the mandate for which it was created for. Management is of the view that these objectives are being met. During 2013, the Authority did not have borrowings. The Authority is supported by the licensed Non-Bank Financial Institutions and the Government of the Republic of Botswana, currently the necessary support is provided to sustain the operations of the Authority. The NBFIRA Act stipulates that an annual estimate of the Regulatory Authority's expenditure for a financial year shall include provision for a Statutory Reserve of not more than 10% of the total expenditure provided in the estimate. The introduction of the Supervisory Levies has improved the funding for the Authority, A Statutory Reserve has thus been established. Refer to the Statement of Changes in Equity.

RELATED PARTY TRANSACTIONS

The Authority was set up by the Non-Bank Financial Institutions Regulatory Authority Act, 2006 and is therefore related to the Government of the Republic of Botswana. Transactions with related parties are in the normal course of business. The following transactions were carried out with related parties;

Grants received

Government of the Republic of Botswana	34,416,535	2,100,500
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Compensation paid to key personnel of the Authority. The amounts presented comprise 12 executive staff members (2013: 7 staff members). Four of the seven members were on acting appointments.

Short term employment benefits	3,673,365	2,251,786
Long term employment benefits	3,523,663	2,231,923
Gratuity & Pension benefits	990,142	503,306
Other Benefits	325,003	112,697
Total	8,512,173	5,099,712

Non-executive directors' fees (board fees) are not included in compensation paid to key management above.

Notes to the Annual Financial Statements (cont.)

	March 2014 P	March 2013 P
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16. FINANCIAL INSTRUMENTS (Continued)

RELATED PARTY TRANSACTIONS (Continued)

Transactions with other parastatals

Motor Vehicle Accident Fund - operating lease rentals	253,986	1,562,016
Botswana Telecommunications Corporation- internet, telephone & fax	403,044	347,300
	657,030	1,909,316

Related party balances outstanding as at year-end

Motor Vehicle Accident Fund - operating lease rentals and utility recoveries	-	84,426
Botswana Telecommunications Corporation - internet, telephone & fax	22,440	27,595
	22,440	112,021

The purchase from related parties are made at nominal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2014, the Authority has not recorded any impairment of receivables relating to amounts owed to related parties P22 440 (2013: P112 021). This assessment is undertaken each financial year of examining the financial position of the related party and the market in which related party operates.

Directors' fees

Directors' fees for the year amounted to P65 870 (2013: P75 600).

17. COMMITMENTS AND CONTINGENCIES

17.1 Operating lease commitments

The Authority has entered into a commercial property lease with Exponential Building for a period of five (5) years to February 2018, with a lease escalation of 8% annually. As at 1 March 2013, the Authority issued a three (3) months notice of termination of the rental lease to Motor Vehicle Accident Fund. The lease provides an option to cancel the lease after a three (3) year period. The future aggregate minimum lease rentals under non-cancellable operating leases as at 31 March 2014 are as follows:

Operating lease commitments

Within one year	2,925,170	761,959
After one year but not more than three years	3,159,183	1,676,310
	6,084,353	2,438,269

Deferred operating lease liability

Non-current	(38,848)	-
Current	(448,343)	(38,848)
	(487,191)	(38,848)

Notes to the Annual Financial Statements (cont.)

	March 2014 P	March 2013 P
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16. FINANCIAL INSTRUMENTS (Continued)

RELATED PARTY TRANSACTIONS (Continued)

17.2 Capital commitments and contingencies

At 31st March 2014, the Authority had entered into an agreement with a firm to provide project management services for the Risk Based Regulatory Model system and the Integrated Management Information System.

As at 31st March 2014, there were no pending lawsuits against the Authority.

Guarantees

In the financial year 2012/2013, the Authority was in the process of transitioning from the guarantee of loan facilities to staff members under the Botswana Savings Bank Scheme. As at 31 March 2013, the scheme loan balance amounted to P141 351, as at 31 March 2014, the guaranteed loan facility had been terminated and there was no liability on the Authority.

18. GRANTS

18.1 Government Grants

Opening balance	3,919,466	2,344,620
Assets funded by the Authority	27,175	-
Received during the year	4,587,508	2,073,300
Work-In-Progress	1,033,567	-
IT System Grant	20,202,000	-
Disposals during the year	(898,063)	-
Reversal of amortisation of disposal	308,151	-
Amortisation of government grants	(924,423)	(498,454)
Closing balance	28,255,381	3,919,466

18.2 African Development Bank

Opening balance	1,840,514	627,271
Received during the year	727,735	1,213,243
Disposals during the year	-	-
Amortisation of government grants	-	-
Closing balance	2,568,249	1,840,514

African Development Bank is providing assistance to the Authority in developing a Risk Based Regulatory Model. As at 31 March 2014, the expenditure amounted to P2 568 249. The total project cost is estimated at P6 100 000. The Authority recognises the assistance received from the African Development Bank as a grant, and upon completion of the model, the grant will be capitalised and amortised over the useful lives not exceeding three years.

Notes to the Annual Financial Statements (cont.)

	March 2014 P	March 2013 P
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18. GRANTS (Continued)

18.3 Work-In-Progress

Two management information systems are under development, being the Risk Based Regulatory Model and the Integrated Management Information System. As at 31st March 2014, both the systems were under development, thus presented under work-in-progress. The Risk Based Regulatory Model is funded through the African Development Bank Grant while the Integrated Management Information System is funded by the Authority. Details of the projects are disclosed below:

Risk Based Regulatory Model

Opening balance as at 1 April 2014	1,840,514	627,271
Expenditure during the year	727,735	1,213,243
	2,568,249	1,840,514

Integrated Management Information System

Opening balance as at 1 April 2014	886,480	-
Expenditure during the year	1,033,567	886,480
	1,920,047	886,480

Total WIP	4,488,296	2,726,994
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TAXATION

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

EVENTS AFTER THE REPORTING PERIOD

There have been no events, facts or circumstances of a material nature that have occurred subsequent to the reporting date which necessitate an adjustment to the disclosure in these annual financial statements or the notes thereto.

Insurance Section

Appendix A: List of Licensed Insurers and Reinsurers

COMPANY NAMES		ADDRESSES	TEL/FAX	CONTACT PERSON
LIFE INSURERS				
1	Barclays Life Botswana (Pty) Ltd	P O Box 45277 Gaborone	Tel: 3625900 Fax: 3909827	Mr. Ratanang Tsayang
2	Botswana Insurance Fund Management Ltd	Private Bag BR 185 Gaborone	Tel: 3951564 Fax: 3900358	Ms. Tiny Kgatlwane
3	Botswana Life Insurance Ltd	Private Bag 00296 Gaborone	Tel: 3645100 Fax: 3905884	Ms. Patricia Raditholo
4	Bramer Life Insurance (Pty) Ltd	Private Bag 001 ADD Poso House, Gaborone	Tel: 3981800 Fax: 3900282	Mr. Sorens Pershing Rughooputh
5	Momentum Life Botswana (Pty) Ltd	P O Box AE 261 Gaborone	Tel:3500 462 Fax: 3500533	Mr. Lesego Pule
6	Liberty Life Botswana (Pty) Ltd	Private Bag 00168 Gaborone	Tel: 3910310 Tel 3910311	Ms. Leungo Rasebotsa
7	Metropolitan Life Botswana Ltd	Private Bag 00231 Gaborone	Tel: 3624400 Fax: 3624423 Fax: 3907353	Mr. Large Charumbira
8	Regent Life Botswana Ltd	Private Bag BR203 Gaborone	Tel: 3188133 Fax: 3158063	Mr. Abraham A. Botes
9	Hollard Life Insurance Company (Pty) Ltd	P O Box 45029 Gaborone	Tel. 3958023 Fax.3958024	Mr.Tebogo M. Ramsden
COMPANY NAMES		ADDRESSES	TEL/FAX	CONTACT PERSON
GENERAL INSURERS				
1	Botswana Insurance Company Ltd	P O Box 715 Gaborone	Tel: 3600500 Fax: 3972867	Mr. Johann Claasen
2	Export Credit Insurance & Guarantee Company (Botswana) (Pty) Ltd ("BECI")	Private Bag BO 279 Gaborone	Tel: 3188015 Fax: 3188017	Mrs. Pauline Sebina
3	Hollard Insurance Company of Botswana (Pty) Ltd	P O Box 45029 Gaborone	Tel: 3958023 Fax: 3958024	Mr. Paul Beka
4	BIHL Insurance Company Ltd ("SURE!")	P O Box 381 Gaborone	Tel: 3634754 Fax: 3643337	Mr. William Mujuru
5	Mutual & Federal Insurance Company Botswana Ltd	Private Bag 00347 Gaborone	Tel: 3903333 Fax: 3903400	Mr. Jack Bekker
6	Phoenix of Botswana Assurance Company (Pty) Ltd	P O Box 1874 Gaborone	Tel: 3161322 Fax: 3161319	Mr. Abhijit Ghose
7	Prefsure (Botswana) Ltd	P O Box 601661 Gaborone	Tel: 3936748 Fax: 3918319	Ms. Goitseone Molaodi
8	Regent Insurance (Botswana) (Pty) Ltd	Private Bag BR203 Gaborone	Tel: 3188153 Fax: 3188063	Mr. Victor Nnoi

Insurance Section (cont.)

Appendix A: List of Licensed Insurers and Reinsurers

9	Sesiro Insurance Company (Pty) Ltd	P O Box 329 Gaborone	Tel: 3614200 Fax: 3956110	Mr. Kennedy Ndiane
10	Sunshine Insurance Company Botswana (Pty) Ltd	Private Bag BR 15 Gaborone	Tel: 3105137 Fax: 3105139	Mr. Richard Inambao
11	Zurich Insurance Company Botswana Ltd	P O Box 1221 Gaborone	Tel.:3188888 Fax: 3188911	Ms. Blikiss Moorad
COMPANY NAMES		ADDRESSES	TEL/FAX	CONTACT PERSON
REINSURERS				
1	Continental RE (Pty) Ltd	P O Box 698 ABG Gaborone	Tel: 3934287 Fax: 3934310	Mr. Douglas Heldsinger
2	First Reinsurance Company (Pty) Ltd	P O Box 404271 Gaborone	Tel:3121041/2 Fax:3121043	Mrs. Patience Marwiro
3	FMRE Property & Casualty (Pty) Ltd	P O Box 47202 Gaborone	Tel: 3934287 Fax: 3934310	Ms. Maryaan Moturi

Insurance Section

Appendix B: List of Licensed Insurance Brokers 2014

COMPANY NAMES	ADDRESSES	TEL/FAX	CONTACT PERSON
1 Afrisure (Pty) Ltd	PO Box 30403 Tlokweng	Tel: 3971606/09 Fax: 3971607	Mrs Lydia Mphahlane
2 Alexander Forbes Financial Services (Botswana) (Pty) Ltd	P/Bag 00410 Gaborone	Tel: 3651948 Fax: 3957552	Mr Paul Masie
3 Alto Assurance Company (Pty) Ltd	P O Box AD 30 ACG Gaborone	Tel: 3922146 Cell: 75226067	Mr Elliot Moshoke
4 AON Botswana (Pty) Ltd	PO Box 624 Gaborone	Tel: 3617300 Fax: 3914608	Mr Barnabas Mavuma
5 AT & T Insurance Brokers	P O Box 60474 Gaborone	Tel: 3938788 Fax: 3973819	Ms Kefilwe Mfanyane
6 Atlantis Insurance Brokers (Pty) Ltd	Postnet Kgale View, P O Box AD564 ADD Gaborone	Tel: 3500821 Fax: 3500818	Mr Derrick Vermaak
7 Babereki Insurance Brokers	P O Box 1708 AAD Gaborone	Tel: 3922526 Fax: 3181646	Ms Sharla Egner
8 BOC Consulting (Pty) Ltd	P O Box AB64 ABC Gaborone	Tel: 3959505 Fax: 3959507	Mr Barry John O'Connell
9 Bombshell Investments (Pty) Ltd t/a Flexi-Link Insurance Brokers	P O Box AE 62 AEH Plot 6397 Lejara Rd Broadhurst Industrial	Tel:3165262	Mr Cosmas Nechiturike
10 Capricon Insurance Services	P O Box 502489 Gaborone	Tel: 3191286 Fax: 3191286	Mr Absolam Ashihundu
11 CBAE (Pty) Ltd T/A Spectrum Insurance Brokers	P/Bag BR 351 Suite 189	Tel: 3500266 Fax: 3974892	Mr Charles Tapiwa Kadenge
12 Coversure Insurance Brokers (Pty) Ltd	PO Box 11813 Francistown	Tel: 2415986 Fax: 2415827	Mr Aaron Tembo
13 Dynamic Insurance Brokers (Pty) Ltd	PO Box 128 Gaborone	Tel: 3906490 Fax: 3957594	Mr Alfred Tembo
14 Dokata Investments (Pty) Ltd t/a Coverlink Insurance Brokers	P O Box 26264 Gaborone	Tel: 3182471 Fax: 3182467	Mr Abel Munhande
15 First Sun Alliance (Pty) Ltd	P O Box 404349 Gaborone	Tel: 3913666 Fax: 3930025	Mr Paul Chitate
16 Glenrand M.I.B (Botswana) (Pty) Ltd	P/Bag BR 284 Gaborone	Tel: 3181870 Fax: 3180316	Mr Barnabas Mavuma
17 Himalaya Investment (Pty) Ltd T/A Falcon Insurance Brokers	P O Box 121 Gaborone	Tel: 3952859 Cell: 72979642 Fax: 3190951	Mr Thabang Banda

Insurance Section (cont.)

Appendix B: List of Licensed Insurance Brokers 2014

18	Hirsch Vic Insurance Brokers (Pty) Ltd	P O Box 201491 Bontleng Gabs	Tel: 3951520 Fax: 3951520	Mr Victor Hirschfeldt
19	Huraya Holdings (Pty) Ltd. T/a Apex Ins Broker	PO Box 1751 Gaborone	Tel: 3102369 Fax: 3102368	Mr Muyamwa Muyamwa
20	Kalahari Insurance Brokers Ltd	PO Box 24 Francistown	Tel: 2413838 Fax: 2413836	Mr Rick Huppelschoten
21	Lebone Insurance Brokers (Pty) Ltd	PO Box 30549 Francistown	Tel: 2410475 Fax: 2410479	Ms Sithabile Mpofo
22	Legal Expenses Insurance Southern Africa (Pty) Ltd t/a Leza Legal Wise Botswana	Private Bag 00489 Gaborone	Tel: 3951560 Fax: 3951627	Ms Tshepiso Malinga
23	Letsema Insurance Brokers (Pty) Ltd	P O Box 80045 Gaborone	Tel: 3181551 Fax: 3181552	Mr Gobona Tobedza
24	Luxiant Service (Pty) Ltd t/a Exclusive Insurance Solutions	P O Box 404268 Gaborone	Tel: 3182030 Fax: 3182038	Mr Thabo Moipolai
25	Marsh & MacLennan Risk Services Botswana (Pty) Ltd	P/Bag 103 Gaborone	Tel: 3993133 Fax: 3188064	Mr Fritzgerald Dube
26	Matrix Risk Management Services (PTY) LTD	P O Box 3447 Gaborone	Tel: 3919586 Fax: 3919584	Mr Vincent Miyoba
27	Medvest Brokers (Botswana) Ltd	PO Box 403205 Gaborone	Tel: 3184622 Fax: 3184624	Mr Pieter Erasmus
28	Mercantile & General Insurance Services (Pty) Ltd t/a Mercantile Legal & General Insurance Brokkers	P O Box 401297 Gaborone	Tel:3919429 Fax: 3919423	Mr Coram Mushuta
29	Mopani Insurance Brokers (Pty) Ltd	P O Box 26392 Gaborone	Tel: 3924363 Fax: 3180985	Mr Fackson Ngulube
30	Pearson Hardman Insurance Brokers (Pty) Ltd	P O Box 45780 Gaborone	Tel: 3133827 Fax: 3133839	Mr Julius Tsheko
31	Penrich Insurance Brokers	P O Box 47144 Gaborone	Tel: 3973692 Fax: 3973021	Mr Robert Holgate
32	Peoboswa Insurance Brokers (Pty) Ltd	PO Box 20332 Gaborone	Tel: 3930137 Fax: 3158140	Mr Sexton Kowa
33	Quality Services (Pty) Ltd t/a Chartered Insurance Brokers	P O Box 499 Francistown	Tel: 2412800 Fax: 2419715	Mr Letlhogonolo Mohutsiwa
34	Saley's Agencies Botswana (Pty) Ltd T/A Saley's Insurance Brokers	PO Box 1317 Gaborone	Tel: 3913804 Fax: 3956172	Mr Yunus Mayet

Insurance Section (cont.)

Appendix B: Licensed Insurance Brokers 2014

35	SATIB Africa Botswana (Pty) Ltd T/A Safari & Tourism Insurance Brokers Botswana	Private Bag 00346, Suite 229 Phakalane Gaborone	Tel: 3170574 Fax: 3170576	Mr Seamus O'Neill
36	Shangor Insurance Brokers (Pty) Ltd	PO Box 402716 Gaborone	Tel: 3971244/ 3185882 Fax: 3912018	Ms Marjorie Phiri
37	Strategic Wealth (Pty) Ltd	Private Bag 149 Suite 552, Postnet Kgaleview Gaborone	Tel: 3916675 Fax: 3952639	Mr Grant Young
38	Streamline Investments (Pty) Ltd T/A Federated Insurance Brokers	P O Box AD 874 ADD Gaborone	Tel: 3903982 Fax: 3903908	Mr Rodney Butau
39	Super Insurance Brokers (Pty) Ltd	P O Box 201095 Gaborone	Tel: 3161452 Fax: 3161452	Mr Alfred Freddy Otukile
40	Sureway (Pty) Ltd	P O Box 80033 Plot122, Unit 3F GICP Gaborone	Tel: 3909562/63 Fax: 3909560	Mr Kabelo Khupe
41	The Intrepid Group (Pty) Ltd	P O Box 550244 Mogoditshane	Tel: 3185846 Fax: 3185843	Mr Comfort Makubaro
42	Trilogy Investments (Pty) Ltd	P O Box 47605 Gaborone	Tel: 3161859 Fax: 3903321	Mr Stanley. J. Dalziel
43	U & Me Insurance Brokers	Private Bag BR 165 Gaborone	Tel: 3909546 Fax: 3909544	Mr Danwell Kapitolo
44	VFS (Botswana) (Pty) Ltd	P O Box 251 Maun	Tel : 6860891 Fax: 6860891	Mr Noel Strugnell

Insurance Section (cont.)

Appendix C: List of Registered Medical Aid Funds

	MEDICAL AID FUND NAMES	ADDRESSES	TEL/FAX	CONTACT PERSON
1	Botswana Medical Aid Society (BOMAID)	P O Box 632 Gaborone	Tel: 3184210 Tel: 3633101 Fax: 3184230 Fax: 3184152	Mr Moraki Mokgosana
2	Botlhe Medical Aid Fund	P O Box AE8 AEH Gaborone	Tel: 3184958 Fax: 3903895	Mr Julian Willie
3	Botsogo Health Plan	Private Bag 00391 Gaborone	Tel: 3645100 Fax: 319 0405	Mr Lesego Pule
4	Botswana Public Officers Medical Aid Scheme (BPOMAS)	P O Box 1212 Gaborone	Tel: 3650555 Tel: 3650500 Fax: 3951165	Mr Duncan Thela
5	Doctors - Aid Medical Aid Scheme	P O Box 70587 UB Gaborone	Tel: 3937373 Fax: 3188707	Mr Tumelo Tlhoiwe
6	Etudiant Medical Aid Scheme	P O Box AD 612 ADD, Gaborone	Tel: 3935238	Mr Kabo Letlhare-Wastic
7	Itekanele Health Scheme	Private Bag 00208 Gaborone	Tel: 3905548 Fax: 3906741	Mr Solly Reikeletseng
8	Pula Medical Aid Fund	P O Box 1212 Gaborone	Tel: 3650555 Tel: 3650500 Fax: 3951165	Mr Duncan Thela
9	Symphony Health Trust	P O Box 525 AAD Gaborone	Tel: 3994450 Fax: 3915725	Ms Rose Tatedi

Insurance Section (cont.)

Appendix D: Life Insurers Financials 2013

INSURER	BARCLAYS LIFE	BIFM	BLIL	HOLLARD LIFE
PERIOD END	31-Dec	31-Dec	31-Dec	30-Jun
INCOME STATEMENT	(Pula)	(Pula)	(Pula)	(Pula)
Gross Premium Written	165,001,000	-	1,850,282,000	4,878,239
Premiums Ceded	27,929,000	-	6,039,000	-
Net Premiums Written	137,072,000	-	1,844,243,000	4,878,239
Change in UPR	-	-	1,220,552,000	20,817
Net Premiums Earned	137,072,000	-	623,691,000	4,857,422
Gross incurred claims	31,693,000	-	1,042,005,000	126,607
less Reinsurance share of claims	-	-	3,679,000	-
Net incurred claims	31,693,000	-	1,038,326,000	126,607
Gross Acquisition Costs	59,438,000	-	243,372,000	594,705
less Reinsurance commission	-	-	-	-
Net acquisition costs	59,438,000	-	243,372,000	594,705
Operating Expenses	21,903,000	2,168,298,087	215,719,000	3,204,818
Underwriting Expenses	113,034,000	2,168,298,087	1,497,417,000	3,926,130
Total Underwriting Income	24,038,000	(2,168,298,087)	(873,726,000)	931,292
Investments Income	5,599,000	2,238,478,126	1,257,048,000	43,811
Other Income	-	-	-	-
Net Profit Before Taxes	29,637,000	70,180,039	383,322,000	975,103
Tax	6,476,000	14,538,829	68,918,000	215,622
Net Income After Tax	23,161,000	55,641,210	314,404,000	759,481
BALANCE SHEET				
Cash and Equivalents	3,714,000	1,629,945	163,931,000	4,133,015
Fixed Assets	2,657,000	219,606,380	36,623,000	375,406
Other Current Assets	126,933,000	7,169,903,842	8,396,436,000	3,779,311
Total Assets	133,304,000	7,391,140,167	8,596,990,000	8,287,732
Insurance Liabilities	78,330,000	7,210,647,203	6,809,707,000	737,129
Long-term Liabilities	-	-	-	-
Other Current Liabilities	3,477,000	22,274,642	392,977,000	3,791,122
Total Liabilities	81,807,000	7,232,921,845	7,202,683,000	4,528,251
Share Capital	21,370,000	38,806,269	79,772,000	3,000,000
Reserves	-	91,423,319	621,774,000	189,870
Retained Earnings	30,127,000	27,988,734	692,760,000	569,611
Total Capital	51,497,000	158,218,321	1,394,306,000	3,759,481
Total Liabilities & Equity	133,304,000	7,391,140,167	8,596,990,000	8,287,732

Source: Audited financial statements and statutory returns from insurers. Some adjustments made to ensure consistent presentation of information.

Insurance Section (cont.)

Appendix D: Life Insurers Financials 2013

LIBERTY LIFE	METROPOLITAN LIFE	MOMENTUM LIFE	REGENT LIFE	TOTALS
31-Dec	30-Jun	30-Jun	30-Jun	*****
(Pula)	(Pula)	(Pula)	(Pula)	(Pula)
64,296,672	322,323,000	46,865,011	111,349,079	2,564,995,001
8,734,639	17,638,000	10,115,981	3,753,472	74,210,092
55,562,033	304,685,000	36,749,030	107,595,607	2,490,784,909
5,021,887	206,488,000	1,736,226	16,386,610	1,450,205,540
50,540,146	98,197,000	35,012,804	91,208,997	1,040,579,369
21,273,503	133,903,000	4,448,553	21,874,056	1,255,323,719
9,224,449	7,664,000	1,663,049	896,045	23,126,543
12,049,054	126,239,000	2,785,504	20,978,011	1,232,197,176
9,803,181	55,040,000	18,718,360	25,673,366	412,639,612
-	-	-	337,964	337,964
9,803,181	55,040,000	18,718,360	25,335,402	412,301,648
10,752,298	61,251,000	12,507,889	11,727,930	2,505,364,022
32,604,533	242,530,000	34,011,753	58,041,343	4,149,862,846
17,935,613	(144,333,000)	1,001,051	33,167,654	(3,109,283,477)
2,249,672	52,519,000	3,166,878	10,075,899	3,569,180,386
-	97,579,000	-	-	97,579,000
20,185,285	5,765,000	4,167,929	43,243,553	557,475,909
4,600,111	-296,000	916,853	8,781,475	104,150,890
15,585,174	6,061,000	3,251,076	34,462,078	453,325,019
2,924,100	152,641,000	12,958,373	174,306,742	516,238,175
205,306	1,058,000	62,379	4,008,863	264,596,334
70,375,414	1,197,302,000	97,504,034	4,937,727	17,067,171,328
73,504,820	1,351,001,000	110,524,786	183,253,332	17,848,005,837
24,046,176	1,102,645,000	63,000,000	66,117,453	15,355,229,961
-	-	-	-	-
10,957,544	93,776,000	14,185,690	15,846,966	557,284,964
35,003,720	1,196,421,000	77,185,690	81,964,419	15,912,514,925
10,000,000	83,271,000	9,500,000	15,887,895	261,607,164
7,125,276	2,075,000	11,775,940	68,000,808	802,365,213
21,375,824	69,234,000	12,063,156	17,400,210	871,519,534
38,501,100	154,582,000	33,339,096	101,288,913	1,935,491,911
73,504,820	1,351,001,000	110,524,786	183,253,332	17,848,005,837

Insurance Section (cont.)

Appendix E: General Insurers (Non-Life) Financials 2013

INSURER	BECI	BIC	BIHL SURE	HOLLARD GENERAL	MUTUAL & FEDERAL
PERIOD END	30-Jun	31-Dec	31-Dec	30-Jun	31-Dec
INCOME STATEMENT	(Pula)	(Pula)	(Pula)	(Pula)	(Pula)
Gross Premium Written	18,346,709	231,457,720	57,119,704	140,400,449	146,544,000
Premiums Ceded	7,249,417	129,086,369	9,129,968	54,137,042	48,486,000
Net Premiums Written	11,097,292	102,371,351	47,989,736	86,263,407	98,058,000
Change in UPR	-	(14,507,275)	5787929	3,125,349	1172000
Net Premiums Earned	11,097,292	116,878,626	42,201,807	83,138,058	96,886,000
Gross Incurred Claims	4,616,465	64,882,027	23,461,461	61,373,913	60,641,000
less Reinsurance share of claims	831087	11,368,454	3,013,278	22,120,748	4,067,000
Net incurred claims	3,785,378	53,513,573	20,448,183	39,253,165	56,574,000
Gross Acquisition Costs	2,342,264	32,320,123	2,843,263	22,690,980	24,505,000
less Reinsurance commission	-	30,273,318	2,723,564	13,536,527	11,012,000
Net acquisition costs	2,342,264	2,046,805	119,699	9,154,453	13,493,000
Operating Expenses	8,192,001	42,226,940	37,294,823	25,665,648	16,150,000
Underwriting Expenses	14,319,643	97,787,318	57,862,705	74,073,266	86,217,000
Total Underwriting Income	(3,222,351)	19,091,308	(15,660,898)	9,064,792	10,669,000
Investments Income	1,255,535	11,279,787	624,340	5,006,076	17,290,000
Other Income	3,274,305	23,340,713	927,397	1,409,010	64,000
Net Profit Before Taxes	1,307,489	53,711,808	(14,109,161)	15,479,878	28,023,000
Tax	(634,512)	8,909,539	(453,613)	3,065,016	5,258,000
Net Income After Tax	1,942,001	44,802,269	(13,655,548)	12,414,862	22,765,000
BALANCE SHEET					
Cash and Equivalents	22,193,380	69,079,113	33,818,473	81,546,755	102,779,000
Fixed Assets	10,409,710	36,673,518	7,291,041	4,477,234	1,871,000
Other Current Assets	32,905,011	333,506,009	21,546,596	97,896,574	90,488,000
Total Assets	65,508,101	439,258,640	62,656,110	183,920,563	195,138,000
Insurance Liabilities	2,296,465	185,915,898	22,739,149	97,894,290	98,282,000
Long-term Liabilities	5,261,230	0	0	0	0
Other Current Liabilities	32,037,991	53,910,485	31,336,562	27,758,154	16,738,000
Total Liabilities	39,595,686	239,826,383	54,075,711	125,652,444	115,020,000
Share Capital	13,436,788	52,292,654	21,582,401	11,908,651	21,545,000
Reserves	8,702,124	84,842,257	2,144,297	11,099,196	35,179,000
Retained Earnings	3,773,503	62,297,346	(15,146,299)	35,260,272	23,394,000
Total Capital	25,912,415	199,432,257	8,580,399	58,268,119	80,118,000
Total Liabilities & Equity	65,508,101	439,258,640	62,656,110	183,920,563	195,138,000

Source: Audited financial statements and statutory returns from insurers

Insurance Section (cont.)

Appendix E: General Insurers (Non-Life) Financials 2013

PHOENIX	PREFSURE	REGENT GENERAL	SESIRO	SUNSHINE	ZURICH	TOTALS
31-Dec	30-Sep	30-Jun	31-Dec	30-Jun	31-Dec	*****
(Pula)	(Pula)	(Pula)	(Pula)	(Pula)	(Pula)	(Pula)
13,806,185	19,669,466	200,468,899	126,051,038	8,887,592	213,424,726	1,176,176,488
7,420,691	0	22,635,043	120,578,064	4,377,861	47,795,469	450,895,924
6,385,494	19,669,466	177,833,856	5,472,974	4,509,731	165,629,257	725,280,564
2439804	(3,369546)	3,793,211	133,552	0	(1,737,204)	(3,162,180)
3,945,690	23,039,012	174,040,645	5,339,422	4,509,731	167,366,461	728,442,744
2,630,750	7,792,159	79,737,678	5,063,291	5,876,410	121,667,986	437,743,140
0	0	(4,001,893)	5,185,566	0	14,056,631	56,640,871
2,630,750	7,792,159	83,739,571	(122,275)	5,876,410	107,611,355	381,102,269
(996,534)	3,933,893	36,590,137	5,479,357	1,136,581	37,349,873	168,194,937
0	0	2,895,873	0	0	9,593,344	70,034,626
(996,534)	3,933,893	33,694,264	5,479,357	1,136,581	27,756,529	98,160,311
3,624,932	5,385,557	24,127,968	670,318	3,699,217	12,622,974	179,660,378
5,259,148	17,111,609	141,561,803	6,027,400	10,712,208	147,990,858	658,922,958
(1,313,458)	5,927,403	32,478,842	(687,978)	(6,202,477)	19,375,603	69,519,786
253,704	4,700,838	13,291,903	1,059,818	347214	10,249,981	65,359,196
-	-	-	3,756,320	5,747,312	179,926	38,698,983
(1,059,754)	10,628,241	45,770,745	4,128,160	(107,951)	29,805,510	173,577,965
-	2,580,505	9,958,815	1,108,589	(249,464)	5,991,607	31,889,482
(1,059,754)	8,047,736	35,811,930	3,019,571	141,513	23,813,903	141,688,483
881,263	12,364,275	55,588,134	48,779,871	7,244,453	31,718,362	465,993,079
388,506	28,416,274	183,398,787	0	639,723	1,321,552	274,887,345
9,680,014	3,565,569	33,679,789	109,253,772	8,240,850	229,302,574	970,064,758
10,949,783	44,346,118	272,666,710	158,033,643	16,125,026	262,342,488	1,710,945,182
5,076,231	20,076,584	98,846,746	29,975	0	162,730,493	693,887,831
170,000	0	6,190,227	1,153,213	0	0	12,774,670
3,674,398	2,870,305	36,374,105	130,626,220	13,936,025	6,815,428	356,077,673
8,920,629	22,946,889	141,411,078	131,809,408	13,936,025	169,545,921	1,062,740,174
4,000,000	9,941,016	9,530,000	3,940,163	5,000,000	19,105,392	172,282,065
0	8,178,142	60,961,204	4,505,282	0	36,197,975	251,809,477
(1,970,846)	3,280,071	60,764,428	17,778,790	(2,810,999)	37,493,200	224,113,466
2,029,154	21,399,229	131,255,632	26,224,235	2,189,001	92,796,567	648,205,008
10,949,783	44,346,118	272,666,710	158,033,643	16,125,026	262,342,488	1,710,945,182

Insurance Section (cont.)

Appendix F: Reinsurers Financials 2013

REINSURER	FIRSTRE	FMRE	TOTALS
PERIOD END	31-Dec	31-Dec	*****
INCOME STATEMENT	(Pula)	(Pula)	(Pula)
Gross Premium Written	12,950,199	22,913,945	35,864,144
Premiums Retroceded	2,772,827	7,798,823	10,571,650
Net Premiums Written	10,177,372	15,115,122	25,292,494
Change in UPR	358072	1569512	1,927,584
Net Premiums Earned	9,819,300	13,545,610	23,364,910
Gross Incurred Claims	1,906,718	5,185,725	7,092,443
less Retrocession share of claims	301,126	(165,273)	135,853
Net incurred claims	1,605,592	5,350,998	6,956,590
Gross Acquisition Costs	3,734,915	4,614,239	8,349,154
less Reinsurance commission	1,074,076	1,638,178	2,712,254
Net acquisition costs	2,660,839	2,976,061	5,636,900
Operating Expenses	4,797,876	5,720,369	10,518,245
Underwriting Expenses	9,064,307	14,047,428	23,111,735
Total Underwriting Income	754,993	(501,818)	253,175
Investments Income	186,681	594,938	781,619
Other Income	3,314	1,248,898	1,252,212
Net Profit Before Taxes	944,988	1,342,018	2,287,006
Tax	211,803	41,927	253,730
Net Income After Tax	733,185	1,300,091	2,033,276

REINSURER	FIRSTRE	FMRE	TOTALS
BALANCE SHEET	(Pula)	(Pula)	(Pula)
Cash and Equivalents	3,035,491	26,777,036	29,812,527
Fixed Assets	317,354	402,876	720,230
Other Current Assets	8,982,239	10,148,739	19,130,978
Total Assets	12,335,084	37,328,651	49,663,735
Insurance Liabilities	3,100,714	11,750,990	14,851,704
Long-term Liabilities	5,623	0	5,623
Other Current Liabilities	4,176,327	5,542,769	9,719,096
Total Liabilities	7,282,664	17,293,759	24,576,423
Share Capital	5,000,001	21,413,226	26,413,227
Reserves	1,405,129	1,620,682	3,025,811
Retained Earnings	(1,352,710)	(2,999,016)	(4,351,726)
Total Capital	5,052,420	20,034,892	25,087,312
Total Liabilities & Equity	12,335,084	37,328,651	49,663,735

Source: Audited financial statements and statutory returns from reinsurers

Retirement Funds

Appendix G1: Stand Alone Retirement Funds (as at fiscal year-end 2013)

	Name of Fund	Fiscal Year	Members as at 31 st Dec 2012	Members as at 31 st Dec 2013	Total Assets as at 31 st Dec 2013(Million Pula)
1	Africa 53 Provident Fund	30 th Sept.	1161	1113	110.336
2	Air Botswana Pension Fund	31 st Mar.	314	332	88.536
3	Akani Botswana Retirement Fund	30 th June.	*	*	*
4	Alexander Forbes Retirement Fund	30 th June.	10865	13322	530.075
5	Alexander Forbes Individual Member Retirement Fund	30 th Sept.	176	273	39.440
6	AON Botswana Staff Pension Fund	31 st Dec.	170	201	34.254
7	AON Preservation PF	31 st Dec.	582	582	47.302
8	Apostolic Faith Mission	31 st Mar.	48	51	3.486
9	Apex Pension Fund	30 th June.	38	36	24.999
10	Bank of Botswana Defined Contribution Fund	30 th Sept.	671	685	531.327
11	Barclays Bank of Botswana Ltd. Staff Pension Fund	31 st Dec.	1873	2018	633.597
12	Barloworld Botswana Retirement Fund	30 th Sept.	802	860	113.700
13	BCL Staff Pension Fund	31 st Mar.	3743	3947	82.173
14	BDO Spencer Staff Pension Fund	30 th June.	65	16	5.164
15	BOCODOL Staff Pension Fund	31 st Mar.	142	149	48.220
16	Boswe Construction Pension Fund	31 st Mar.	3	3	0.058
17	Bolux Pension Fund	31 st Jan.	30	30	10.769
18	Lenmed Bokamoso Private Hospital Staff Pension Fund	31 st Dec.	*	*	*
19	Lenmed Provident Fund		*	*	*
20	Botswana Agricultural Marketing Board Pension Fund	31 st Mar.	79	139	15.375
21	Botswana Ash Staff Pension Fund	31 st Mar.	430	589	77.488
22	Botswana Building Society Defined Contribution Pension Fund	31 st Mar.	198	209	52.339
23	Botswana Bureau of Standards Staff Pension Fund	31 st Mar.	139	154	39.175

Retirement Funds (cont.)

Appendix G1: Stand Alone Retirement Funds (as at fiscal year-end 2013)

24	Botswana College of Agriculture Pension Fund	31 st Mar.	275	282	192.327
25	Botswana Development Corporation Pension Fund	30 th June	54	52	62.688
26	Botswana Examinations Council Pension Fund	31 st Mar.	142	185	23.417
27	Botswana Housing Corporation Pension Fund	31 st Mar.	400	432	83.565
28	Botswana Insurance Company limited Pension Fund [St. Paul]	31 st Mar.	66	63	16.507
29	Botswana Insurance Holding Ltd Pension Fund	31 st Dec.	71	368	82.437
30	Botswana Meat Commission Pension Fund	30 th Sept.	648	652	166.777
31	Botswana Medical Aid Society Pension Fund	31 st Dec.	92	74	19.604
32	Botswana Postal Services Pension Fund	31 st Mar.	944	957	60.737
33	Botswana Power Corporation Staff Pension Fund	31 st Mar.	1787	1722	479.295
34	Botswana Public Officers Pension Fund	31 st Mar.	111542	150370	39,289.638
35	Botswana Railways Staff Pension Fund	31 st Mar.	1018	854	254.428
36	Botswana Savings Bank Pension Fund	31 st Mar.	173	175	27.115
37	Botswana Technology Centre Pension Fund	31 st Mar.	64	47	21.903
38	Botswana Telecommunication Authority Pension Fund	31 st Mar.	53	54	20.379
39	Botswana Telecommunications Corporation Staff Pension Fund	31 st Mar.	1479	1481	353.309
40	Botswana Unified Revenue Service Employees Pension Fund	31 st Mar.	1278	1284	288.538
41	Botswana Vaccine Institute Pension Fund	31 st Mar.	100	98	37.844
42	Puma Energy Staff Pension Fund	31 st Dec.	76	88	45.824
43	Breweries Pension Fund	30 th Sept.	1251	1364	124.286
44	Caltex Botswana Pension Fund	31 st Dec.	21	21	4.473
45	CEDA Pension Fund	31 st Mar.	221	232	35.021
46	CCB Benefit	31 st Dec.	20	16	1.930

Retirement Funds (cont.)

Appendix G1: Stand Alone Retirement Funds (as at fiscal year-end 2013)

47	Civil Aviation of Botswana Pension Fund	31 st Mar.	675	687	24.640
48	Compass Botswana Pension Fund	31 st Mar.	41	41	0.576
49	Coopers and Lybrand Pension	31 st Mar.	8		1.561
50	Debswana Pension Fund	31 st Dec.	10608	11088	3,547.735
51	Deferred Pensioners Pension Fund	31 st Mar.	2903	3112	5.211
52	Deloitte and Touché Staff Pension Fund	31 st Dec.	97	97	11.327
53	Engen Botswana Retirement Fund	30 th Oct.	47	44	11.983
54	Ernst & Young Pension Fund	30 th June.	38	41	6.311
55	Fincraft Retirement Fund	31 st Mar.	94	94	0.233
56	Fedics Botswana Pension Fund	31 st Oct.	41	41	0.401
57	First National Bank of Botswana Pension Fund	31 st Dec.	1343	1410	232.321
58	Free Standing Additional Voluntary Contributions Retirement Fund	30 th June.	89	85	27.510
59	FSN Retirement Plan	31 st Mar.	130	154	22.809
60	G4S Staff Pension Fund	30 th June.	1468	1450	15.993
61	Glenrand MIB Botswana Pension Fund	30 th June.	26	24	3.744
62	Glenrand MIB Orphans Fund	30 th June.	221	347	12.796
63	Hollard Insurance Botswana Pension Fund	30 th June.	31	37	5.219
64	Institute of Development Management Pension Fund	30 th Sept.	100	53	2.671
65	J. Haskins & Sons Pension Fund	30 th June.	36	47	20.752
66	Local Enterprise Authority Pension Fund	31 st Dec.	52	397	25.766
67	Majwana Umbrella Fund	31 st Mar.	420	411	5.754
68	Majwe Mining Pension Fund	31 st Dec.	116	122	11.837
69	Marsh Pension Fund	31 st Dec.	5	34	2.531
70	Maru-a-pula School Staff Provident Fund	31 st Dec.	68	67	7.482
71	Mascom Wireless Staff Pension Fund	31 st Aug.	337	318	47.123
72	Metropolitan Staff Pension Fund	31 st Mar.	180	252	25.000
73	Metropolitan Staff Provident Fund	31 st Mar.	180	223	32.000
74	Millennium Retirement Fund	30 th Aug.	2335	2841	225.930

Retirement Funds (cont.)

Appendix G1: Stand Alone Retirement Funds (as at fiscal year-end 2013)

75	NBL Botswana Staff Pension Fund	30 th June.	127	151	11.244
76	Motor Vehicle Accident Pension Fund	31 st Aug.	64	63	22.838
77	National Development Bank Staff Pension Fund	31 st Mar.	212	218	48.476
78	National Food & Technology Research Centre	31 st Oct.	45	40	18.135
79	Ntlo Pension Fund	31 st Mar.	580	***	58.117
80	Orange Botswana Pension Fund	31 st Dec.	301	335	43.370
81	Peermont Global Botswana Pension Fund	30 th June.	812	858	43.887
82	RIPCO Pension Fund	30 th June.	192	***	63.456
83	Scales and Associates Pension Fund	31 st March.	18	18	1.852
84	Sentlhaqa Pension Fund	30 th June.	1033	2129	94.581
85	Sefalana Group Staff Pension Fund	30 th Sept.	2249	2757	189.563
86	Shell Oil Botswana Pension Fund	31 st Dec.	81	60	32.656
87	Stanbic Bank Botswana Pension Fund	30 th June.	696	854	123.651
88	Standard Chartered Bank Botswana Pension Fund	31 st Dec.	1124	1202	181.950
89	Tosas Botswana Staff Pension Fund	30 th June.	12	11	1.586
90	Total Botswana Pension Fund	31 st Dec.	13	13	5.204
91	University of Botswana Staff Pension Fund	31 st Mar.	1489	1626	937.470
92	University of Botswana Defined Contribution Staff Pension Fund	31 st Mar.	243	209	353.070
93	Water Utilities Corporation Staff Pension Fund	31 st Mar.	2757	2926	435.411

*New Funds

** Deregistered Funds

*** Process of liquidation

The external fund are funds licensed under the Pension and Provident Funds Act, but have a head office outside of Botswana, with the few Botswana members and the bulk of the members being outside Botswana. The new Funds have not yet submitted the annual returns.

Retirement Funds (cont.)

Appendix G2: Sub funds under Umbrella Funds

Name of Sub-fund		Umbrella Fund
1	ABM University	Millenium Umbrella Fund
2	ABSA Life Botswana	Alexander Forbes Retirement Fund
3	Accenture Botswana (Pty) Ltd	Sentlhaqa Pension Fund
4	Ackermans Botswana	Alexander Forbes Retirement Fund
5	AEL Mining	Alexander Forbes Retirement Fund
6	African Alliance Botswana (Pty) Ltd	Sentlhaqa Pension Fund
7	African Banking Corporation	Millenium Umbrella Fund
8	African Distribution Centers	Sentlhaqa Pension Fund
9	Air Botswana	Africa 53 Provident Fund
10	Air Liquide Botswana (Pty) Ltd	Alexander Forbes Retirement Fund
11	Alexander Forbes Financial Service Botswana	Alexander Forbes Retirement Fund
12	Alexander Forbes Risk Service Botswana	Alexander Forbes Retirement Fund
13	Allan Gray	Alexander Forbes Retirement Fund
14	Alrededor Enterprises	Millenium Umbrella Fund
15	Ampcontrol	Millenium Umbrella Fund
16	Antalis Botswana	Millenium Umbrella Fund
17	Apostolic Faith Mission Church / New Apostolic Church	Millenium Umbrella Fund
18	Arup Botswana (Pty) Ltd	Sentlhaqa Pension Fund
19	Assemblies of God	Millenium Umbrella Fund
20	Associated Fund Administrators	Africa 53 Provident Fund
21	Atlas Copco	Alexander Forbes Retirement Fund
22	Atlas Copco	Africa 53 Provident Fund
23	Bakgatla Ba Kgafela Royal	Sentlhaqa Pension Fund
24	Bamalete Lutheran Church	Alexander Forbes Retirement Fund
25	Bank of Baroda	Millenium Umbrella Fund
26	Bank of India	Sentlhaqa Pension Fund
27	Baobab School	Africa 53 Provident Fund
28	Bayport Staff Pension Fund	Millenium Umbrella Fund
29	BH Botswana	Africa 53 Provident Fund

Retirement Funds (cont.)

Appendix G2: Sub funds under Umbrella Funds

30	BNPC	Alexander Forbes Retirement Fund
31	BOCCIM	Alexander Forbes Retirement Fund
32	BOFWA	Alexander Forbes Retirement Fund
33	Bogopa, Manewe and Tobeza	Alexander Forbes Retirement Fund
34	Botho College	Millenium Umbrella Fund
35	Botsalo Books Pension Fund	Millenium Umbrella Fund
36	Botswana Accountancy College	Alexander Forbes Retirement Fund
37	Botswana Baylor Childrens's Clinic Centre of excellence	Africa 53 Provident Fund
38	Botswana Building Society	Africa 53 Provident Fund
39	Botswana College of Distance and Open Learning	Africa 53 Provident Fund
40	Botswana Couriers	Millenium Umbrella Fund
41	Botswana Eagle Insurance Company (Pty) Ltd	Sentlhaga Pension Fund
42	Botswana Horticultural Board	Africa 53 Provident Fund
43	Botswana Institute for Development Policy Analysis	Africa 53 Provident Fund
44	Botswana Institute Of Bankers	Millenium Umbrella Fund
45	Botswana National Olympic Committee	Alexander Forbes Retirement Fund
46	Botswana National Olympic Committee	Africa 53 Provident Fund
47	Botswana National Sports Council	Millenium Umbrella Fund
48	Botswana Public Employees Union	Alexander Forbes Retirement Fund
49	Botswana Railways Sacco	Sentlhaga Pension Fund
50	Botswana Stock Exchange	Millenium Umbrella Fund
51	Botswana Technology Centre	Africa 53 Provident Fund
52	Botswana Tourism Organisation	Alexander Forbes Retirement Fund
53	Botswana Vaccine Institute	Africa 53 Provident Fund
54	BOTUSAFE	Millenium Umbrella Fund
55	BPOPF Secretariat	Alexander Forbes Retirement Fund
56	Broadhurst Primary School	Sentlhaga Pension Fund
57	Bulk Trans (Pty) Ltd	Sentlhaga Pension Fund
58	Cadbury	Alexander Forbes Retirement Fund

Retirement Funds (cont.)

Appendix G2: Sub funds under Umbrella Funds

59	Capital Bank	Sentlhaga Pension Fund
60	Capricorn Investment Holdings	Alexander Forbes Retirement Fund
61	Cashbuild Botswana	Millenium Umbrella Fund
62	Catholic Relief Services	Africa 53 Provident Fund
63	CCB	Millenium Umbrella Fund
64	Center for Development Enterprise	Sentlhaga Pension Fund
65	Channel Technologies	Millenium Umbrella Fund
66	Chemspec Botswana (Pty) Ltd	Sentlhaga Pension Fund
67	Cheshire Foundation	Alexander Forbes Retirement Fund
68	Childline Botswana	Africa 53 Provident Fund
69	Chobe Holdings	Alexander Forbes Retirement Fund
70	Choppies Distribution Stores	Alexander Forbes Retirement Fund
71	Citizen Entrepreneurial Development Agency	Africa 53 Provident Fund
72	City Lodge	Millenium Umbrella Fund
73	Clover Botswana (Pty) Ltd	Alexander Forbes Retirement Fund
74	Collins Newman And Co	Alexander Forbes Retirement Fund
75	Construction Industry Trust Fund	Millenium Umbrella Fund
76	Cowburn Isherwood	Millenium Umbrella Fund
77	CPG Consultants	Africa 53 Provident Fund
78	Cresta Marakanelo	Millenium Umbrella Fund
79	Delloitte And Touche Botswana	Alexander Forbes Retirement Fund
80	Delta Diaries	Sentlhaga Pension Fund
81	Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ)	Africa 53 Provident Fund
82	Diamonex	Sentlhaga Pension Fund
83	Discovery Metals Limited Botswana and Subsidiaries	Sentlhaga Pension Fund
84	Draught Dispense Services (Pty) Ltd	Sentlhaga Pension Fund
85	Dulux Botswana	Sentlhaga Pension Fund
86	Dunns Store	Alexander Forbes Retirement Fund
87	Dynamic Insurance Brokers	Millenium Umbrella Fund

Retirement Funds (cont.)

Appendix G2: Sub funds under Umbrella Funds

88	E- Africa (Pty) Ltd	Sentlhaga Pension Fund
89	Easigas	Alexander Forbes Retirement Fund
90	EdCon Holdings	Alexander Forbes Retirement Fund
91	Ellerines Furnishers Botswana	Millenium Umbrella Fund
92	Engineers Registration Board	Alexander Forbes Retirement Fund
93	Eqstra Terex	Alexander Forbes Retirement Fund
94	Euro Star Botswana	Alexander Forbes Retirement Fund
95	Fairground Holdings (Pty) Ltd	Sentlhaga Pension Fund
96	Fixtures (PTY) Ltd	Alexander Forbes Retirement Fund
97	Flemming Asset Management Botswana	Alexander Forbes Retirement Fund
98	Foschini Botswana	Alexander Forbes Retirement Fund
99	Gaborone Container Terminal (GABCON)	Alexander Forbes Retirement Fund
100	Gaborone Private Hospital	Alexander Forbes Retirement Fund
101	Gaborone Sun	Alexander Forbes Retirement Fund
102	Gaborone Sun Hotel	Africa 53 Provident Fund
103	Game Discount World	Alexander Forbes Retirement Fund
104	Global Holdings Botswana (Pty) Ltd	Alexander Forbes Retirement Fund
105	Golder and Associates	Alexander Forbes Retirement Fund
106	Grant Thornton	Millenium Umbrella Fund
107	Group 4 Securicor Botswana (Pty) Ltd	Sentlhaga Pension Fund
108	H & A Cutting Works	Sentlhaga Pension Fund
109	Hair Solutions	Alexander Forbes Retirement Fund
110	Heinamann	Millenium Umbrella Fund
111	Homec Investments	Alexander Forbes Retirement Fund
112	Horn of Africa	Alexander Forbes Retirement Fund
113	ICL Botswana (Pty) Ltd	Sentlhaga Pension Fund
114	Imperial Car Rentals (Pty) Ltd	Sentlhaga Pension Fund
115	Individual investors	Africa 53 Provident Fund
116	Investec Asset Management Botswana	Alexander Forbes Retirement Fund
117	JD Group	Alexander Forbes Retirement Fund

Retirement Funds (cont.)

Appendix G2: Sub funds under Umbrella Funds

118	Johnson Crane Hire	Alexander Forbes Retirement Fund
119	Joy Global	Alexander Forbes Retirement Fund
120	Kanye School of Nursing	Africa 53 Provident Fund
121	Khumo Property	Millenium Umbrella Fund
122	Khupe	Millenium Umbrella Fund
123	Kingdom Bank Africa	Alexander Forbes Retirement Fund
124	Kingsley & Associates (Pty) Ltd	Africa 53 Provident Fund
125	Komatsu	Alexander Forbes Retirement Fund
126	Kudu Communications	Alexander Forbes Retirement Fund
127	Kwena Concrete Products (Pty) Ltd	Africa 53 Provident Fund
128	Kwena Rocla (Pty) Ltd	Sentlhaga Pension Fund
129	Las Botswana(Pty) Ltd	Alexander Forbes Retirement Fund
130	Laurelton Diamonds	Alexander Forbes Retirement Fund
131	Leo Schachter Botswana	Alexander Forbes Retirement Fund
132	Letshego Holdings	Alexander Forbes Retirement Fund
133	Liquid Beverages	Alexander Forbes Retirement Fund
134	Lobatse Clayworks	Millenium Umbrella Fund
135	Longman Botswana (Pty) Ltd	Sentlhaga Pension Fund
136	LSC Botswana	Millenium Umbrella Fund
137	M G Properties	Alexander Forbes Retirement Fund
138	Macmillan	Millenium Umbrella Fund
139	Magnum Freight	Alexander Forbes Retirement Fund
140	Mancosa College	Alexander Forbes Retirement Fund
141	Manica Botswana	Millenium Umbrella Fund
142	Marsh	Alexander Forbes Retirement Fund
143	Massmart Holdings	Alexander Forbes Retirement Fund
144	Master Farmer Botswana	Millenium Umbrella Fund
145	Material Investigation Centre	Millenium Umbrella Fund
146	MedRescue International (Pty) Ltd	Sentlhaga Pension Fund
147	MISA Botswana	Africa 53 Provident Fund

Retirement Funds (cont.)

Appendix G2: Sub funds under Umbrella Funds

148	Mochudi Resources Centre	Alexander Forbes Retirement Fund
149	Momentum Life of Botswana	Ntlo Pension Fund
150	Mr. Price	Alexander Forbes Retirement Fund
151	MTN Botswana	Africa 53 Provident Fund
152	Multi Choice Botswana	Alexander Forbes Retirement Fund
153	Multi Waste (Proprietary) Limited	Alexander Forbes Retirement Fund
154	Multotec	Alexander Forbes Retirement Fund
155	Murray And Roberts	Millenium Umbrella Fund
156	Mutual And Federal Insurance Botswana (Pty) Ltd	Sentlhaga Pension Fund
157	Nampak Liquid	Alexander Forbes Retirement Fund
158	NBFIRA	Sentlhaga Pension Fund
159	New Era College	Alexander Forbes Retirement Fund
160	NTS Holdings t/a Pick n Pay	Alexander Forbes Retirement Fund
161	Oclin (Pty) Ltd T/a Style Clothing	Alexander Forbes Retirement Fund
162	Orthosurge Botswana	Alexander Forbes Retirement Fund
163	Otis Botswana	Millenium Umbrella Fund
164	Otraco Botswana	Alexander Forbes Retirement Fund
165	Otraco Botswana	Africa 53 Provident Fund
166	Parmalat Botswana (Pty) Ltd	Alexander Forbes Retirement Fund
167	PE Steel Engineering	Alexander Forbes Retirement Fund
168	PEP Botswana Holdings	Alexander Forbes Retirement Fund
169	Petrologistics (Pty) Ltd	Africa 53 Provident Fund
170	PG Glass	Sentlhaga Pension Fund
171	PG Timbers (Pty) Ltd	Alexander Forbes Retirement Fund
172	Pluczenik Botswana (Pty) Ltd	Alexander Forbes Retirement Fund
173	Prefhold Botswana	Millenium Umbrella Fund
174	Pricewaterhouse Coopers	Millenium Umbrella Fund
175	Primedia Outdoor Advertising	Alexander Forbes Retirement Fund
176	Project Concern International	Alexander Forbes Retirement Fund

Retirement Funds (cont.)

Appendix G2: Sub funds under Umbrella Funds

177	Public Procurement And Asset Disposal Board	Alexander Forbes Retirement Fund
178	Pump Services	Alexander Forbes Retirement Fund
179	Regent Insurance Botswana (Pty) Ltd	Sentlhaga Pension Fund
180	Retail Holdings	Alexander Forbes Retirement Fund
181	Rural Industries Promotions Company Botswana	Africa 53 Provident Fund
182	SAARC	Millenium Umbrella Fund
183	Sandvik Mining And Construction	Alexander Forbes Retirement Fund
184	Scania Botswana	Alexander Forbes Retirement Fund
185	Seabelo's Express	Alexander Forbes Retirement Fund
186	Securicor Botswana (Pty) Ltd	Sentlhaga Pension Fund
187	Sekolo sa Anne Stine	Alexander Forbes Retirement Fund
188	Skip Hire	Alexander Forbes Retirement Fund
189	SMC Brands	Alexander Forbes Retirement Fund
190	Specialty Stores Botswana	Alexander Forbes Retirement Fund
191	St Joseph's College	Alexander Forbes Retirement Fund
192	Stefanutti Stocks	Alexander Forbes Retirement Fund
193	Stellenbosch Farmers Winery	Alexander Forbes Retirement Fund
194	Stobech Facilities Management	Sentlhaga Pension Fund
195	Sun International Botswana	Alexander Forbes Retirement Fund
196	Tak Investments (Pty) Ltd	Sentlhaga Pension Fund
197	Tebelopele Voluntary Councelling Centre	Alexander Forbes Retirement Fund
198	Teemane Pension Fund	Majwana Umbrella Fund
199	Time Projects	Alexander Forbes Retirement Fund
200	Transunion ITC	Millenium Umbrella Fund
201	Tswelelopele Brigades	Millenium Umbrella Fund
202	Turnstar Holdings	Alexander Forbes Retirement Fund
203	Tyre Services	Alexander Forbes Retirement Fund
204	UCCSA	Alexander Forbes Retirement Fund
205	Union Provident	Alexander Forbes Retirement Fund

Retirement Funds (cont.)

Appendix G2: Sub funds under Umbrella Funds

206	Unitrans Botswana (Pty) Ltd	Alexander Forbes Retirement Fund
207	University of Botswana	Africa 53 Provident Fund
208	University Research	Africa 53 Provident Fund
209	VDDDB Qty Surveyors	Alexander Forbes Retirement Fund
210	William Lee Associates	Millenium Umbrella Fund
211	Winkel(Pty) Ltd (T/A Incredible Connection)	Alexander Forbes Retirement Fund
212	Yarona FM	Alexander Forbes Retirement Fund
213	Zimbabwe Embassy	Africa 53 Provident Fund
214	Zismo Engineering	Africa 53 Provident Fund

Investment Institutions

Appendix H1: Management Companies and Funds Licensed in Botswana

Company Name	Fund Name	Contact Person	Contact Details
African Alliance Botswana Management Company (Pty) Ltd	*Botswana Global Allocation Fund *Botswana Global Income Fund *Botswana Value Fund *Botswana Liquidity Fund *Lobaka Equity Fund	Don Gaetsaloe GaetsaloeD@africanalliance.bw	Plot 50361/A, Fairgrounds Office Park. P O Box 2770, Gaborone Tel: 318 8958 Fax: 318 8956
BIFM Unit Trusts (Pty) Ltd	*BIFM Balanced Prudential Fund *BIFM Global Growth Fund *BIFM Global Balanced Fund *BIFM Pula Money Market Fund *BIFM Pound Sterling Money Market Fund *BIFM US Dollar Money Market Fund	Setshwano Ngope setshwano@bifm.co.bw	Plot 50676, Fairgrounds Office Park. Private Bag BR185, Gaborone Tel: 395 1564 Fax: 390 0358
Coronation Fund Managers (Botswana) (Pty) Ltd	*Coronation Global Investment Fund *Coronation Balanced Fund *Coronation Equity Fund *Coronation Income Fund	Sean Rasebotsa srasebotsa@coronation.co.bw	Plot 64511, Unit 5, Fairgrounds Private Bag 149, Gaborone Tel: 390 0152 Fax: 390 0257
Investec Fund Managers Botswana (Pty) Ltd	*Investec Botswana Managed Fund	Martinus Seboni martinus.seboni@investecmail.com	Plot 64511, Unit 5 Fairgrounds. P O Box 49, Gaborone Tel: 318 0112 Fax: 318 0114
Pivot Administration Services Limited	*Global Managed Fund *African Alliance Euro Fund *African Alliance Dollar Fund *Global Fixed Income Fund *Global Equity Fund	Don Gaetsaloe GaetsaloeD@africanalliance.bw	Plot 50361/A, Fairgrounds Office Park. P O Box 2770, Gaborone Tel: 318 8959 Fax: 318 8956
Stanlib Investment Management Services (Pty) Ltd	*Stanlib Money Market Fund *Stanlib Equity Fund *Stanlib Managed Prudential Fund *Stanlib Cash Plus Fund	Moipone Lopang lopangm@stanbic.com	Plot 50676, Fairgrounds Office Park, Phase, Block D, Unit 10. Private Bag 00168, Gaborone Tel: 391 0310 Fax: 391 0311

Investment Institutions (cont.)

Appendix H2: Externally Licensed Funds Approved for Marketing in Botswana

Company Name	Fund Name	Contact Person	Contact Details	Facilities Agent
Orbis Investment Management Limited (Bermuda)	*Orbis Global Equity Funds (U S Dollar, Euro) *Allan Gray Africa Equity Fund (formerly Orbis Africa Equity Fund) *Orbis Japan Equity (US Dollar, Yen, Euro) Funds *Orbis Optimal (EUR) Fund *Orbis Optimal (US Dollar) Fund *Orbis Leveraged (EUR) Fund *Orbis Leveraged (Yen) Fund *Orbis Optimal (YEN) Fund *Orbis Asia ex-Japan Equity Fund *Orbis Leveraged (US Dollar) Fund	James Dorr	P O Box HM 571 Hamilton HM CX BERMUDA Tel: +1 (44) 296 3001	Allan Gray Botswana (Pty) Ltd
Allan Gray Unit Trust Management Limited (South Africa)	*Allan Gray Stable Fund *Allan Gray Equity Fund *Allan Gray Balanced Fund *Allan Gray Bond Fund *Allan Gray Optimal Fund *Allan Gray Money Market Fund *Allan Gray Orbis Global Fund of Funds *Allan Gray Orbis Global Equity Feeder Fund *Allan Gray Orbis Global Optimal Fund of Funds	Tapologo Motshubi	Plot 115, Unit 19, Kgale Mews, Millenium Office Park. Private Bag 149, Suite 107, Gabs Tel: 318 8944 Fax: 318 8924	Allan Gray Botswana (Pty) Ltd
Investec Asset Management Limited	*Africa & Middle East Fund *Africa High Income Fund *Africa Opportunities Fund *American Equity Fund *Asia Pacific Equity Fund *Asian Equity Fund *Dynamic Commodities Fund *EAFE Fund *Emerging Markets Blended Debt Fund *Emerging Markets Corporate Debt Fund *Emerging Markets Currency Alpha Fund *Emerging Markets Currency Fund *Emerging Markets Equity Fund *Emerging Markets Hard Currency Debt Fund * Emerging Markets Investment Grade Debt Fund *Emerging Markets Local Currency Debt Fund *Emerging Markets Local Currency Dynamic Debt Fund *Emerging Markets Multi-Asset Fund *Enhanced Global Energy Fund *Enhanced Natural Resources Fund *Euro Money Fund *European Equity Fund *Global Bond Fund *Global Contrarian Equity Fund *Global Defensive Bond Fund *Global Dynamic Fund	Grant Cameron	Woolgate Exchange, 25 Basinghall Street London, EC2V5HA Tel: +44(0)1481709826	Investec Asset Management Botswana (Pty) Ltd

Investment Institutions (cont.)

Appendix H2: Externally Licensed Funds Approved for Marketing in Botswana

Investment Institutions (cont.)

Appendix H2: Externally Licensed Funds Approved for Marketing in Botswana

Investec Asset Management Limited	<div><div>*Global Endurance Equity Fund</div><div>*Global Energy Fund</div><div>*Global Energy Long Short Fund</div><div>*Global Equity Fund</div><div>* Global Franchise Fund</div><div>* Global Gold Fund</div><div>*Global Natural Resources Fund</div><div>*Global Opportunity Equity Fund</div><div>*Global Strategic Income Fund</div><div>*Global Strategic Managed Fund</div><div>*High Income Bond Fund</div><div>*Investment Grade Corporate Bond Fund</div><div>* Latin American Corporate Debt Fund</div><div>*Latin American Equity Fund</div><div>*Latin American Smaller Companies Fund</div><div>*Managed Currency Fund</div><div>*Middle East& North Africa Fund</div><div>*Multi Asset Protector Fund</div><div>*Sterling Money Fund</div><div>*UK Equity Fund</div><div>*US Dollar Money Fund</div></div>	Grant Cameron	Woolgate Exchange, 25 Basinghall Street London, EC2V5HA Tel: +44(0)1481709826	Investec Asset Management Services (Pty) Ltd
Ashburton Replica Portfolio Limited	<div><div>*Ashburton Sub Funds</div><div>*Sterling Asset Management Fund</div><div>*Dollar Asset Management Fund</div><div>*Euro Asset Management Fund</div><div>*Sterling Cash and Fixed Income Fund</div><div>*Dollar Cash and Fixed Income Fund</div><div>*Sterling Advanced Portfolio-Lower Risk Fund</div><div>*Sterling Advanced Portfolio-Moderate Risk Fund</div><div>*Sterling Advanced Portfolio-Higher Risk Fund</div><div>*Dollar Advanced Portfolio-Lower Risk Fund</div><div>*Dollar Advanced Portfolio-Moderate Risk Fund</div><div>*Dollar Advanced Portfolio-Higher Risk Fund</div><div>*Euro Advanced Portfolio-Lower Risk Fund</div><div>*Euro Advanced Portfolio-Moderate Risk Fund</div><div>*Euro Advanced Portfolio-Higher Risk Fund</div></div>	Nicholas James Taylor	P O Box 239 17 Hillary Street St. Helier Jersey Channel Island Tel: + 44 (0) 1534513377	First National Bank Botswana Limited

Investment Institutions (cont.)

Appendix H2: Externally Licensed Funds Approved for Marketing in Botswana

Investment Institutions (cont.)

Appendix H3: List of Licensed Trustees for Collective Investment Undertakings

Company Name	Fund Name	Contact Person	Contact Details
Stanbic Bank Botswana Limited	African Alliance Botswana Management Company (Pty) Ltd Pivot Administration Services Limited Investec Fund Managers Botswana (Pty) Ltd BIFM Unit Trusts (Pty) Ltd	Otlasala A. Khan	Plot 50672, Stanbic House, Off Machel Drive, Fairgrounds Private Bag 00168, Gaborone
Standard Chartered Bank Botswana Limited	Stanlib Investment Management Services (Pty) Ltd Coronation Fund Managers Botswana (Pty) Ltd	Peggy Tsiane	Standard Chartered Bank of Botswana Ltd Head Office Standard House, The Mall P O Box 496 Gaborone

Appendix H4: List of Licensed Custodians for Collective Investment Undertakings

Name of Custodian	Names of Clients	Contact Person	Contact Details
Stanbic Bank Botswana Limited	African Alliance Botswana Management Company (Pty) Ltd African Alliance International BIFM Unit Trusts (Pty) Ltd Investec Fund Managers (Pty) Ltd	Otlasala A. Khan	Plot 50672, Stanbic House, Off Machel Drive, Fairgrounds Private Bag 00168, Gabs
First National Bank Botswana	Non C.I.U clients	Margaret Tshoswane	Plot 8843, Finance House, Khama Crescent. P O Box 1552, Gabs
Standard Chartered Bank Botswana Limited	Coronation Fund Managers Botswana (Pty) Ltd Stanlib Investment Management Services (Pty) Ltd	Peggy Tsiane	Standard Chartered Bank of Botswana Ltd Head Office Standard House, The Mall P O Box 496 Gaborone

Investment Institutions (cont.)

Appendix H5: Registered Asset Managers

Company Name	Contact Person	Contact Details
Afena Capital Botswana (Pty) Ltd	Bakang Seretse	P O Box 1253, ABG Sebele Gaborone
African Alliance Botswana Limited	Don Gaetsaloe	P O Box 2770 Gaborone
Allan Gray Botswana (Pty) Ltd	Tapologo Motshubi	Private Bag 149, Suite No. 107, Kgale View, Gaborone
BIFM Botswana Limited	Tiny Kgatlwane	Private Bag BR185, Gaborone
BlackThread Capital (Pty) Ltd	Maleho Mothibatsela/ Kalyan Gogoi	P O Box 20534 Gaborone
Capital Management Botswana (Pty) Ltd	Tim Marsland	P O Box 202548 Bontleng Gaborone
Coronation Fund Managers Botswana (Pty) Ltd	Sean Rasebotsa	Private Bag 149 Gaborone
FinCraft (Pty) Ltd	Gao Seleka-Sekonopo	P O Box 201336 Gaborone
Fleming Asset Management Botswana (Pty) Ltd	Peter van Riet-Lowe	P O Box 2111 Gaborone
Investec Asset Management Botswana (Pty)Ltd	Martinius Seboni	P O Box 49 Gaborone
Ipro (Botswana) (Pty) Ltd	Amit Bakhirta	Private Bag 351 Suite No. 472 Gaborone
Stanlib Investment Management Services (Pty) Ltd	Moipone Lopang	Private Bag 00168 Gaborone

Capital Markets

Appendix I1: Botswana IFSC Accredited Companies 2014

NAME OF COMPANY	CONTACT PERSON	TELEPHONE/FAX	BUSINESS ACTIVITY
1. Pivot Administration Services (Pty) Ltd former African Alliance International (Pty) Ltd	Don Gaetsaloe	Plot 50361/A, Fairgrounds Office Park P O Box 2770, Gaborone Tel:3643900 Fax: 3188956	Fund Management Company
2.AEV Services (Pty) Ltd	Stephan Gagnon	Plot 138, Kgale, FSZ House, Firsst Floor, Unit 4 P O Box21250, Bontleng, Gaborone , Botswana Tel:3159370 Fax: 3912582	Fund Management Company
3.AON Risk Management (Pty) Ltd	Barnabas Mavuma	AON House, Plot 50368, Gaborone P O Box 624 Gaborone Tel: 3617300 Fax:3914608	Risk Management
4.Emeritus International Reinsurance (Pty) Ltd	Leo Huvaya	1st Floor, Block D Fairgrounds Office Park P O Box 404271, Broadhurst, Gaborone Tel: 3121041/2 Fax: 3121043	Reinsurance
5.Imara Holdings Limited	David Stone	Unit 3, Block A, Plot 117, Millenium Office Park, Kgale Hill Private Bag 00186, Gaborone Tel: 3188710 Fax: 3191767	Holding Company - Financial Services
6.Letshego Holdings Limited	Dumisani Ndebele	1st Floor, Letshego Place 22Khama Cresent Gaborone P O Box 381,Gaborone Tel: 3643008 Fax: 3957959	Holding Company - Financial Services
7.Norsad Finance Limited	Sari Nikka	Morojwa Mews ,Plot 74770, Western Commercial Road, Central Business District P O Box 1476ABG, Gaborone Tel: 3160860 Fax: 3160782	Finance

Capital Markets

Appendix I2: Exchange & Brokers 2014

NAME OF IFSC ACCREDITED COMPANY	CONTACT PERSON	TELEPHONE/FAX	BUSINESS ACTIVITY
Botswana Stock Exchange	Hiran Mendis	Ground Floor Exchange House Plot 64511 Private Bag 00417 Gaborone Tel:3180201 Fax:3180175	Stock Exchange
African Alliance Botswana Securities (Pty) Ltd	Kabelo Mohohlo	Plot 50361, Fairgrounds Office Park, P O Box 2770, Gaborone Tel:3643900 Fax:3910636	Stockbroking
Imara Capital Securities (Pty) Ltd	Gregory Matsake	2nd Floor, Morojwa Mews, Unit 6, Plot 74770, Western Commercial Road CBD, Gaborone Private Bag 173, Gaborone Tel: 3188886 Fax: 3188887	Stockbroking
Motswedi Securities (Pty) Ltd	Martin Makgatlhe	Plot 113, Unit 30 Kgale Mews Gaborone Private Bag 00223 Gaborone Tel: 3188627 Fax: 3188629	Stockbroking
Stockbrokers Botswana Limited	Oosi Lemo	Prime Plaza, Morula Building,Ground Floor, North Wing Plot 74358, New CBD Private Bag 00113 Gaborone Tel: 3957901 Fax: 3957901	Stockbroking

Appendix J

List of Licensed Micro Lenders

Name of Micro Lender	Addresses	Tel/Fax	Contact Person
Adima Morokotso O Monnye (Pty) Ltd	Dabo House Office Unit 2, Francistown P O Box 40127 Francistown	Tel: 2419708 Cell: 72601809	Franciois Jacobs
Advance Lender Cash Loans (Pty) Ltd	Moshawana Ward P O Box 201130 Mochudi	Cell: 73897421 Cell:72499709 Fax: 55777438	Elma Ditshego
AT &T Monnakgotla Transport (Pty) Ltd T/A Macheng Cashloans	Plot 182, Queens Road Main Mall P O Box 60474 Gaborone	Tel: 3938788 Fax: 3500419	Abel Monnakgotla
Attamorth Investments (Pty) Ltd T/A Slotta's Fast Cash	Plot 16138, 2nd Floor Blue Jacket Street P O Box 10328 Francistown	Tel: 2442075 Fax: 2442076	Morathi Seloilwe
Babereki Investments (Pty) Ltd	Lot 931, Extension 2 African Mall P O Box 1708 AAD Poso House Gaborone	Tel: 3922526/3916219 Fax: 3181646	Edith T. Motshegare
Baraldman Investments (Pty) Ltd t/a Morph Cash Loans	First Floor, Unit 13 Plot 79, Makwapa Complex P O Box 596 Palapye	Tel: 4920068 Fax: 4920076	Moreri U Nwako
Bayport Financial Services (Pty) Ltd	1 st Floor, 204 Independence Avenue(Opposite Time Square) P O Box 2748 Gaborone	Tel: 3936504 Fax: 3180831	Father Maphongo
Beltok Enterprises (Pty) Ltd T/A Beltok MicroLender	EU 6 Plot 4278 P O Box 1958 Jwaneng	Cell:74565904 74424422	Beauty Naledi Sedisa
BK Ventures (Pty) Ltd	Unit 13134, Bestways Building, Broadhurst P O Box 403236 Gaborone	Tel: 3903075 Cell: 72120251 Fax: 3903075	Barry G Malan
Bridgeford (Pty) Ltd	Plot 147, Nkoyaphiri, Mogoditshane P O Box 1471 Gaborone	Tel: 3934674 Cell: 77107482	Kgopolo Ntseane
Business Giants (Pty) Ltd	Shop No. 17, Plot 17945, Kagiso Centre, Broadhurst Private Bag BR 351, Suite 276, Gaborone	Tel: 3158466 Fax: 3915691	Adolph Jacobs / Jans van Rensburg
Catbok Investments (Pty) Ltd	Suite 205, 2nd Floor, Blue Jacket Square P O Box 244, Francistown	Cell: 71625256	Cathrine Mokgopo

Appendix J (cont.)

List of Licensed Micro Lenders

Con Amor 1 (Pty) Ltd	Lot 5681, Kudu Road, Broadhurst Industrial Site Postnet Kgale View, P O Box 8ADD, Gaborone	Tel: 3162111 Cell: 71441500 Fax: 3182787	Cornelia Blokker
Coracle Investments (Pty) Ltd	Plot 13128 & 13120, Unit 1 BBS Mall Private Bag BR 270 Gaborone	Tel: 3925755 Fax: 3925755	Adrian J. Scharnick
CZT Enterprises (Pty) Ltd T/A Petlas Micro Lenders	Unit 7, Plot 22041 Gaborone West Industrial P O Box 402885 Gaborone	Tel: 3182640 Fax: 3182640 Cell: 72112055 72959778	Comfort Z. Tlhagwane
Daday Holdings (Pty) Ltd	Unit 07, Plot 5643, P O Box 21859 Gaborone	Tel:3972260 Cell: 72193561 Fax: 5391259	Duncan Mosomane
Drizzles (Pty) Ltd	Optical Centre Botswana, Unit 4B, Main Mall Gaborone P O Box 81008 Gaborone	Tel: 3953073 Cell: 73670607 Fax: 3959940	Marguerite Serema
Eagle Point (Pty) Ltd T/A Fast Cash	Nigerian High Commission, First Floor, Main Mall, Plot 1086, Extension 3 P O Box 2784, Gaborone	Tel: 3957466 Fax: 3957477	Ferdinand J. Niehaus
Feron Investments (Pty) Ltd	Nigerian High Commission, First Floor, Main Mall, Plot 1086, Extension 3 P O Box 2784, Gaborone	Tel: 3181246/7 Fax: 3181210	Ferdinand J. Niehaus
Gomela (Pty) Ltd	Plot 8884, Shop 3, Rizka House, African Mall, P O Box AE 77 AEH Gaborone	Tel: 3158516 Fax: 3909313	Franci Barwise
Green Flap (Pty) Ltd T/A Green Flap Cash Loan	Plot 1174-1177, Main Mall, P O Box 25 ABF Gaborone	Cell: 75952906 75952905	Giveus Mathe
Grey Wings Enterprises (Pty) Ltd T/A Grey Wings Cashloans	Plot 1156, Office 202 Nkoyaphiri, Mogoditshane P O Box 60383 Gaborone	Tel: 3924616 Cell: 73361215	Galeme Sosome
Jago Investments (Pty) Ltd	Jago House, Boikago Ward, P O Box 1002 Palapye	Tel: 4920026 Fax: 4920049	Joseph B Gampone Andrew Mmopelwa
Jarona Investments (Pty) Ltd	Tawana Ward, Letlhakane P O Box 338 Orapa	Tel: 2978733 Cell: 71417867 71727380 Fax: 2978733	Onthametse Ratsie

Appendix J (cont.)

List of Licensed Micro Lenders

Kewillmart Investments (Pty) Ltd T/A Kewillmart Cash Loan	Plot No. 831 Jwaneng Main Mall P O Box 1653 Jwaneng	Tel: 5883869 Cell: 71268030 Fax: 5883569	Keemenao Matutu
KG Money Centre (Pty) Ltd	Mamre Holdings, Plot 1838, P O Box 429 Palapye	Tel: 4923383 Cell: 72577538 Fax: 4923383	Kagelelo Goleanye
Kodwa Munthu Cash Loan (Pty) Ltd	Monathoko Ward, Masunga P O Box 151 Masunga	Tel: 2489593 Cell: 71536409	Sicinoso Malabe
KTS Investments (Pty) Ltd T/A Rewarding Services	Masima House, Plot No. 54054 P O Box 602214 Gaborone	Tel: 3181310 Fax: 3181310	Keletso Peloewetse
Legald Investments (Pty) Ltd T/T Unald Loans	Unit 17, First Floor, Plot 79, Makwapa Complex P O Box 10733 Palapye	Tel: 4920081 Cell: 75928767 Fax: 4920682	Moreri U Nwako
Letshego Financial Services (Pty) Ltd	Ground & First Floor, Letshego Place, Plot 22, Khama Crescent P O Box 381 Gaborone	Tel: 3643300 Fax: 3190418	Frederick Mmesesi
Lomme Cashloans (Pty) Ltd	Plot 6402, Tlhwane Road, Broadhurst Industrial, P O Box 40985 Gaborone	Tel: 3936514 Cell: 73700270 Fax: 3936514	Sibongile Molalapata
Mabote Investments (Pty) Ltd	Plot 846, Jwaneng Main Mall P O Box 120 Jwaneng	Tel: 5883433 Fax: 5883433	Gaobelwe G. Mabote
Machailo Holdings (Pty) Ltd	Plot 1874 Extension 4, Suite F10, Pop Inn Mall P O Box 20716 Bontleng Gaborone	Cell: 7164772 73924505	Oageng Mokgomong Hector
Machudzani (Pty) Ltd T/A Chippa's Fastcash	Unit 106 Lot 1174/1177 Main Mall Gaborone P O Box 502936 Gaborone	Tel: 3974003 Cell: 71316178/73316178 Fax: 3974003	Rachel Rhyn
Maisonette Investments	Unit 3, Plot 1247, Xhosa 1 Ward P O Box 602400 Mahalapye	Tel: 3918031 Cell: 7178204 Fax: 3922710	Martha Matsebe Mokgohloa
Mankge Holdings (PTY) Ltd T/A Maatla Cashloans	Life and Pensions House, Kgosing Ward, Thamaga P O Box 686 Moshupa	Tel: 5999801 Cell: 72393096 76071443 Fax: 5999801	Oteng Nkge
Mapleton (Pty) Ltd	Plot No: 17847, Tasva House 1st Floor, Gaborone West Industrial P O Box 602400 Gaborone	Tel: 3922710 Fax: 3930505	Martha M. Mokgohloa

Appendix J (cont.)

List of Licensed Micro Lenders

Mapula (Pty) Ltd	Plot 173, Khama 1 Avenue P O Box 271 Lobatse	Tel: 5306879 Fax: 5306879	Moemi Nthapelo
Maubwe Investments (Pty) Ltd	Plot 20 Masunga P O Box 329 Masunga	Tel: 2982033 Cell: 72291600	Clifford Mululwane
Mbaki & Bofelo Holdings (Pty) Ltd	Plot 5251, Shop No. 01 P O Box 1298. S/Phikwe	Tel: 2622226 Fax: 2622226	Patricia Nkhwanana
Meadow Investments (Pty) Ltd	Plot 3423, Matima Crescent, Extension 12 P O Box 46449 Gaborone	Cell: 72106997	Patrick C Honnet
Meriting (Pty) Ltd	Plot 28582, KB Mall Unit 23B P O Box 46205 Gaborone	Tel: 3924223 Cell: 71270000	Idah P. Masalila
MMD Investments (Pty) Ltd T/A Lulu Cash Loan	Blue Jacket Street, Suite 112 P O Box 1038, Francistown	Tel: 29810303 Cell: 71310598	David Mbaakanyi
Mosireletsi Legal Services (Pty) Ltd T/A Mosireletsi Micro Lenders	Plot 158, Unit 6, Gaborone International Commerce Park P O Box 21066 Bontleng Gaborone	Tel: 3191449 Fax: 3907689	Ndulamo A. Morima
Mossmat (Pty) Ltd	Plot 1146 Unit 10 Koih-Nor House, Main Mall Gaborone P O Box 4026 Gaborone	Cell: 72444913	Moses Matomela
Motlhobo Investments (Pty) Ltd	Letsibogo Ward, Letlhakane P O Box 871 Orapa	Tel: 2976618 Cell: 71698580 Fax: 2976618	Tlhomamiso Mogaetsho
Mumsy Investments (Pty) Ltd	Makgobelelo Ward, Letlhakane P O Box 338 Orapa	Tel: 2976078 Fax: 2976078	Gladys Mothei
Muscat (Pty) Ltd	Haleys Comet Complex, Mmalekwa Ward, Kanye P O Box Box 2845, Gaborone	Tel: 5442852 Fax: 5442852	Monica E. Kruger
MX Group (Pty) Ltd T/A MX Capital	Plot 51, Unit 7, Crystal Plaza, Commerce Park, P O Box 4409 Gaborone	Tel: 3914466 Fax: 3915730	Tsametse C. Mmolai
Natfin (Pty) Ltd	Plot No. 61225 Block 10 Right Wing First Floor Kia Motors Gaborone Private Bag BR 26 Gaborone	Tel: 3902586 Fax: 3907209	Victor Hector Hanna
Nicho's Cash Loan (Pty) Ltd	Tawana Ward, Letlhakane P O Box 599 Orapa	Tel: 2978133 Cell: 75518137	N. Moikwathai

Appendix J (cont.)

List of Licensed Micro Lenders

Nkadime Quickcash (Pty) Ltd	Office No 107, Blue Jacket Square P O Box 40162 Francistown	Tel: 2419690 Fax: 2419175	Phillippus Carl Potgieter
North Star Enterprises (Pty) Ltd	Plot 13119, BBS Mall, Broadhurst P O Box 2845 Gaborone	Tel: 3933256 Fax: 3162102	Marthiam J. Ferreira
Northring Complex (Pty) Ltd T/A Northring Cash Loan	Blue Jacket Square, Office 105, First Floor, P O Box 301642 Francistown	Tel: 2404350 Cell: 73357213 Fax: 2404350	Gomotsang Rampart
Notewise (Pty) Ltd	Lot 838-841, Blue Jacket Square, Shop 5A, Francistown P/Bag F388 Francistown	Tel: 2417027 Fax: 2416474	Barend H. Verwey
Nuff Cashloans (Pty) Ltd	Suite 126, Plot 17950, Haile Selassie Road, Gaborone. P O Box V2094 Ramotswa	Tel: 3974637 Fax: 3974637	Kgomotso Nakedi
O. T Maswabi (Pty) Ltd T/A Three Sixteen Cash loan	Plot No. 6578, Main Mall, Selibe Phikwe P O Box 11148, Selebi Phikwe	Tel: 2615551 Cell: 71606734 Fax: 2615551	Mokgalagadi E. Maswabi
O'FM Investments (Pty) Ltd T/A Dlamini's Services	Plot 5415, Main Mall Jwaneng P O Box 210, Jwaneng	Tel: 5880604 Cell: 5880607	Victor Makuku
Onma Investments (Pty) Ltd T/A Gwizi Cashloan	Town Center Building, Plot 6144, Guy Street P O Box 2001 Francistown	Tel: 2418992 Fax: 2418991	Ontibile Peo
People's House Jwaneng (Pty) Ltd	Unit 10A Lot 5422, Diamond Mall Private Bag 73 Jwaneng	Tel: 5881611 Fax: 5881611	Paul Jacobs DuPlessis Kruger
Polonic Investments (Pty) Ltd T/A Polonic Cashloan	Tawana Ward, Plot 3674 Letlhakane P O Box 77 Orapa	Tel: 2978120 Cell: 71865997/73595176 Fax: 2978120	Nicollet M. Morobane
Rachelwa Investments (Pty) Ltd	Unit 4, Lot 17973, Setswana Print Complex, Gaborone West Industrial P O Box 504136 Gaborone	Tel: 3936046 Cell: 71268013 Fax: 3936046	Neo Gosekwang

Appendix J (cont.)

List of Licensed Micro Lenders

Re Tla Go Tlhomela (Pty) Ltd	Unit 6, EDS Building, St Patricks Street, P O Box 40102 Francistown	Tel: 2417982 Fax: 2417982	Catharina van Deventer
Reathusa (Pty) Ltd	Unit 1 & 2 First Floor, Plot No. 21328, Lobengula Avenue, P O Box 1204 Francistown	Tel: 2416392	Lucas J. Groenwald
Sebatex Investments (Pty) Ltd	West Ward, Commercial Plots, Pitsane P O Box 463 Kanye	Cell: 73466643/ 72192858	Tshepo Motse
Sentle Investments (Pty) Ltd	Barhnot Complex, Near Markus Filling Station P O Box 839 Maun	Tel: 6870032 Fax: 6861656	Dawid Nicolaas Van Rensburg
Silver Dollar Investments (Pty) Ltd	Plot 685 Botswana Road, Main Mall Gaborone Private Bag 00467 Gaborone	Tel: 3906581 Fax: 3906561	Benjamin Ruan Coetzer
Sizewell (Pty) Ltd	Plot 1268, Thusanyo House, Old Lobatse Road, Gaborone West Industrial P O Box 602400 Gaborone	Tel: 3902873 Fax: 3902873	Jason Craven Smith
Sloca Enterprises (Pty) Ltd T/A Bonno Cashloans	Plot 17854 Unit 2, Tshipidi House P O Box 405222 Gaborone	Tel: 3926986 Fax: 3916325	Kerwele Carol Seloilwe
Sure Choice Botswana (Pty) Ltd	5 Matante Mews, Plot 54373, CBD, Private Bag 19 Gaborone	Tel: 3932443 Cell: 71334195 Fax: 3932654	Andre Heunes
Tanapo Investments (Pty) Ltd T/A Broli Cash Loan	Fastlane Premises, Reserura Ward, Pilane P O Box 1954 Mogoditshane	Tel: 5750053 Cell: 74513712 Fax: 5750054	Elizabeth Tiroyamodimo
Telimark Investments (Pty) Ltd	Kanye Brigade Offices, Office No. 6, Kanye Mall P O Box 11757 Kanye	Cell: 73939891	Johannes P. Suping
Thabash Holdings (Pty) Ltd T/A Entle Micro Lender	Unit 2, Plot 894 Kaunda Road African Mall Gaborone P O Box 601205 Gaborone	Cell: 71383347/ 74961249	Winnie Thato Kgomotso
Thito Holdings (Pty) Ltd	Plot 5624, Real Estate Park, Broadhurst Industrial, Lejara Road P O Box 404515 Gaborone	Tel: 3909319 Fax: 3902025	Kgomotso Kgabi
Tholo Loans (Pty) Ltd	Plot 469/470, Unit 6 Francistown Private Bag F111, Francistown	Tel: 2417876 Fax: 2417876	Andre Janse van Vuuren

Appendix J (cont.)

List of Licensed Micro Lenders

Tide Waters Investments (Pty) Ltd	Tawana Ward Letlhakane P O Box 338 Orapa	Tel: 2978636 Cell: 71417867/ 71628797	Temo Ratsie
Tshepo Mosinyi T/A Ezweleni Cash Loan	Office 3 Lot 8934 Extension 2 African Mall P O Box 601501 Gaborone	Tel: 3132952 Cell:72660353	Tshepo Mosinyi
Vimobra Investments (Pty) Ltd	Unit 63925 Plot 3762 Diamond Mall P O Box 1369 Jwaneng	Tel: 5880942 Cell: 71666581 Fax: 5880942	Violet B Setumo

Why Financial Literacy?

The Financial Literacy Campaign is a result of endless complaints by non-bank financial consumers who are unable to make informed choices and decisions due to the complexity of both financial products and services. We have through our different regulatory departments found out that many Batswana either invest in companies that are neither registered nor licensed by NBFIRA and end up losing their hard earned money due to lack of knowledge of what to look for before investing in any investment entity.

Our target audience is youth, workers, community leaders, unions, NGOs etc which we will continue to engage throughout our Consumer Financial Literacy Campaign over a period of three (3) years.

Consumer education on financial literacy is a shared responsibility among many stakeholders all of which have a powerful and legitimate role to play: government, schools, youth, financial institutions, employers, trade unions, community organizations, and NGOs hence development and implementation of our Consumer Financial Literacy Strategy.



Notes

[illegible]



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