2022 Annual Report

NamibRe

Ensuring **sustainable reinsurance for Namibia** by tackling one environmental, social and governance issue at a time

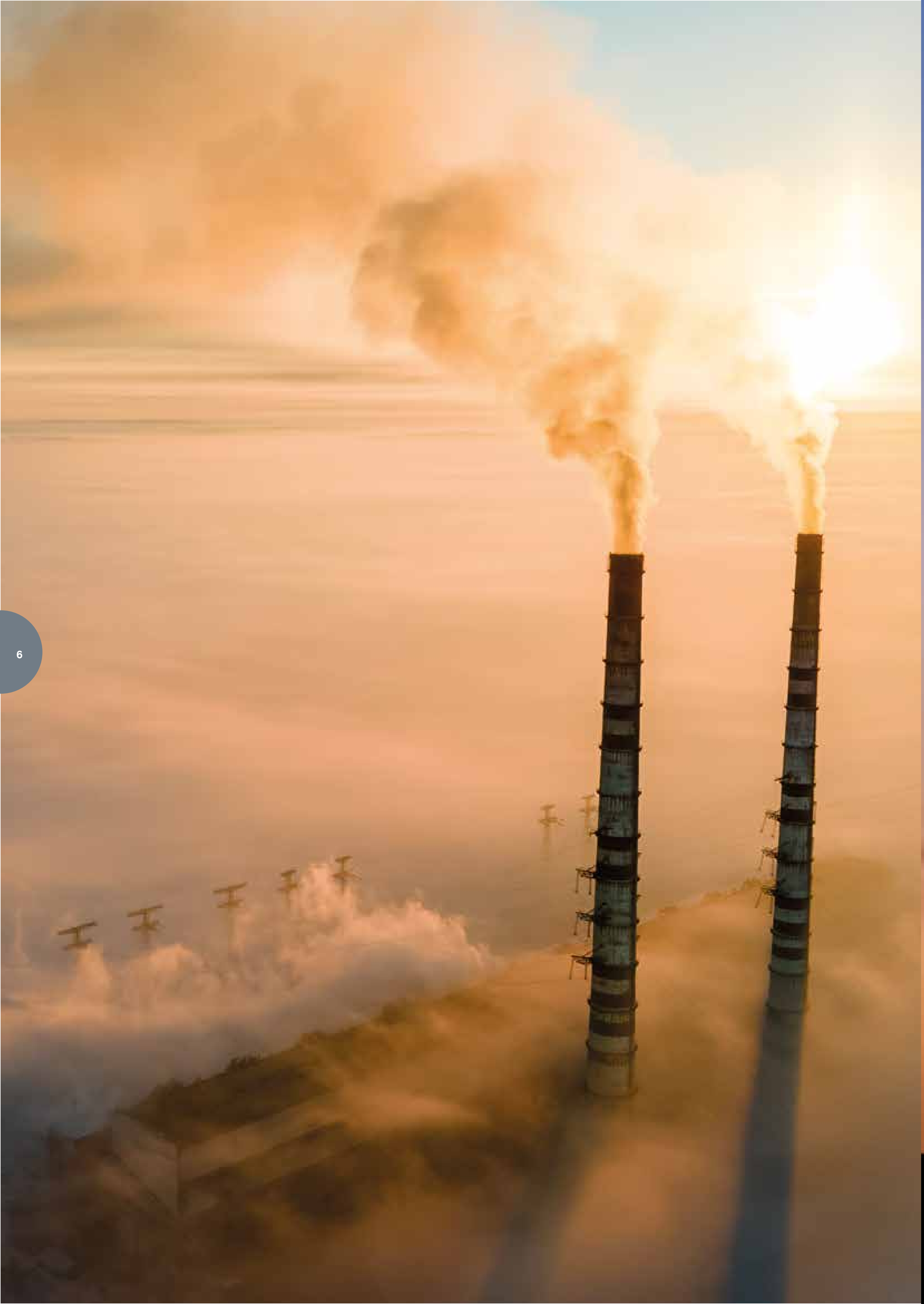
2022 **Annual Report**

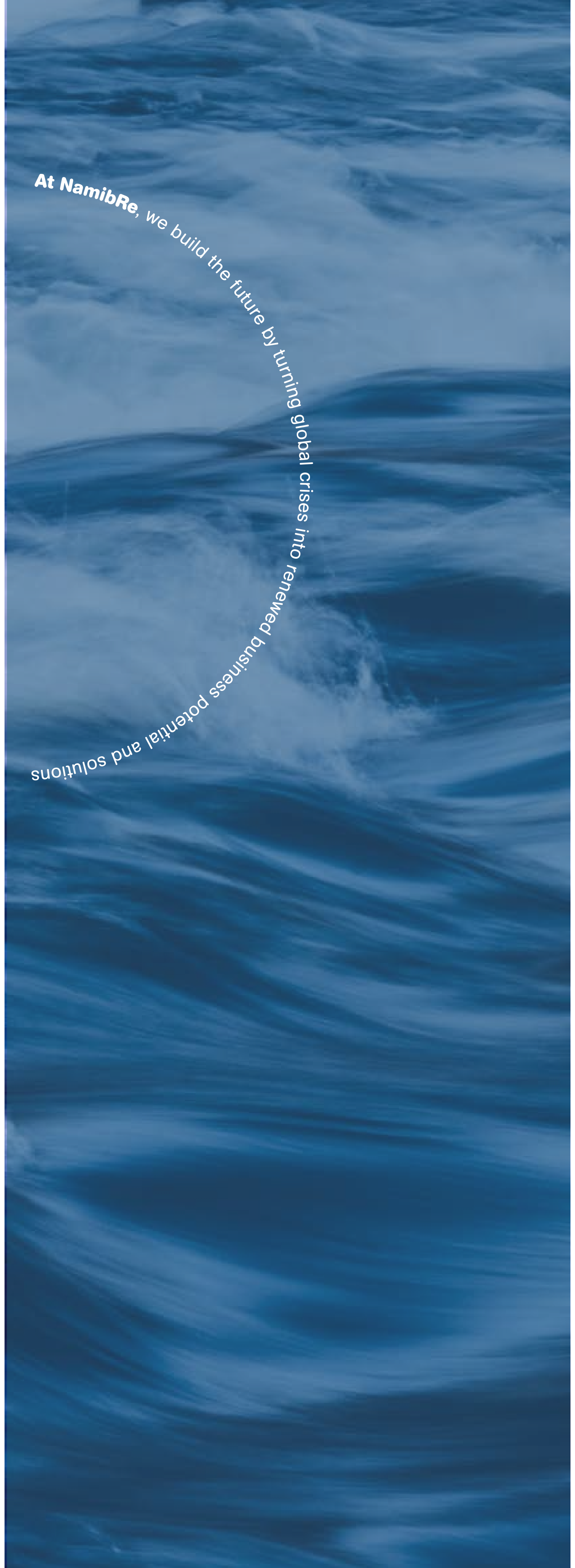
The vision of the PSI Initiative is of a risk aware world, where the insurance industry is trusted and plays its full role in **enabling a healthy, safe, resilient and sustainable society.** The purpose of the PSI Initiative is to better **understand, prevent and reduce environmental, social and governance risks, and better manage opportunities to provide quality and reliable risk protection.** Principle 1: We will embed in our **decision-making environmental, social and governance issues relevant to our insurance business.** Principle 2: We will **work together** with our clients and business partners to raise **awareness of environmental, social and governance issues, manage risk and develop solutions.** Principle 3: We will **work together** with governments, regulators and other key stakeholders to **promote widespread action across society on environmental, social and governance issues.** Principle 4: We will demonstrate **accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.** The mandate of NamibRe is to provide **reinsurance services and to minimise the placement of insurance and reinsurance business outside the borders of Namibia. NamibRe is a state-owned corporation** which was established by an Act of Parliament Namibre Act (Act 22 of 1998).

NamibRe

NamibRe is a state-owned corporation that focuses on **sustainable business solutions** and **prudent risk management.**

Table of **Contents**




At NamibRe, we build the future by turning global crises into renewed business potential and solutions

About Us

Vision

To be the preferred reinsurance company

Mandate

Provide reinsurance services locally in order to curb capital outflow from the insurance industry

Mission

To provide professional and quality reinsurance services to our clients and maximise shareholder returns

Values

Sustainability

Foster long-term investment for our stakeholders

Agility

Adapt, anticipate and respond to change

Innovation

Develop creative solutions to provide value for our stakeholders

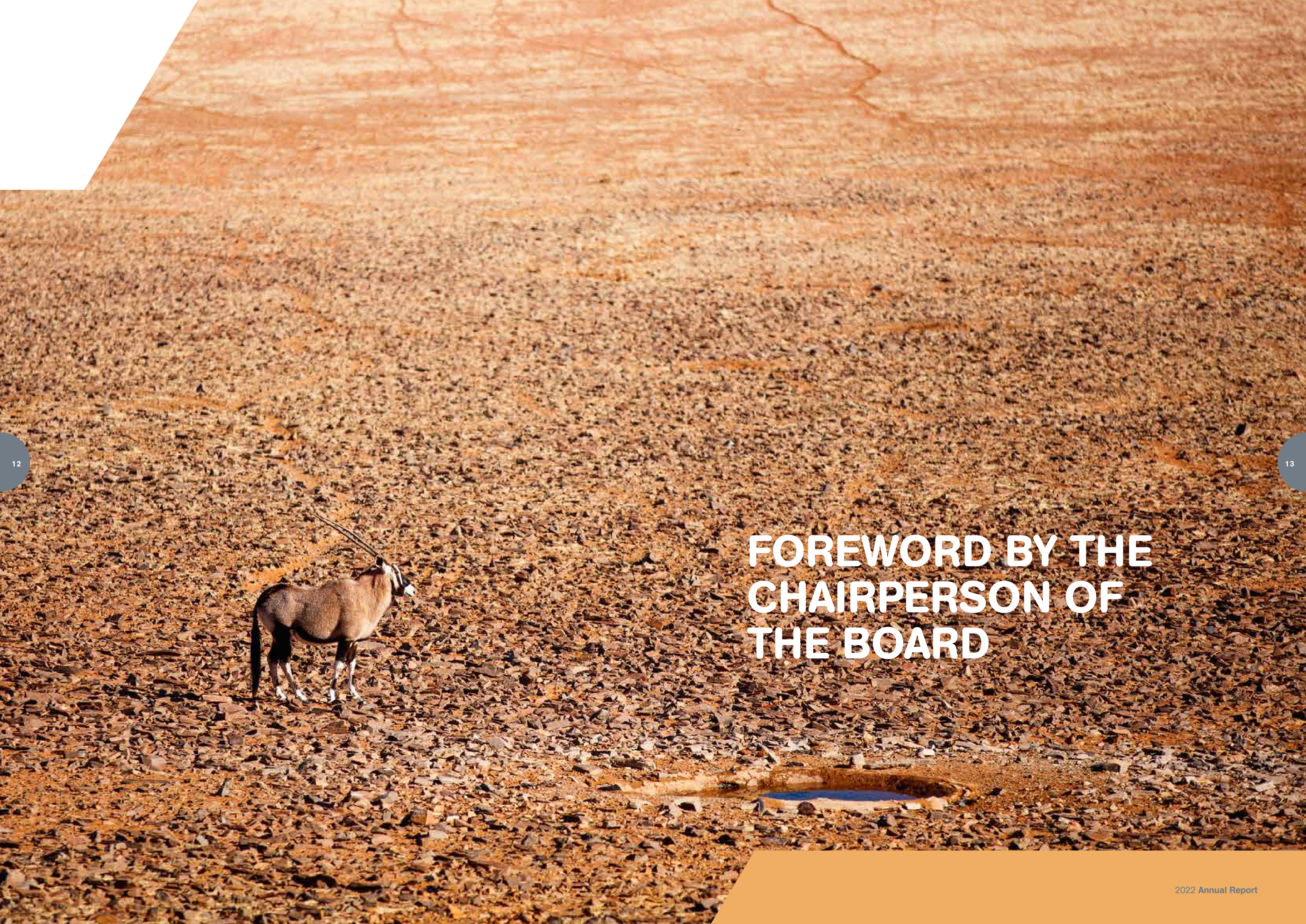
Fun

Deliver excellence while enjoying what we do

Integrity

Remain accountable and responsible to our stakeholders

NamibRe



FOREWORD BY THE CHAIRPERSON OF THE BOARD

FOREWORD BY THE CHAIRPERSON OF THE BOARD

On behalf of the Board of Directors, it is my great pleasure to present the Annual Report of Namibia National Reinsurance Corporation Limited for the financial year ending 31 March 2022.

The year under review was characterised by a multitude of challenges, from adapting to the "new normal" after the pandemic to aligning the visions and expectations of the Board of Directors.

It was also a year of reimagining and reconnecting, as the Board offered invaluable strategic support to the Corporation. The Board enhanced existing frameworks to streamline operations and strengthen corporate governance with the aim of ensuring a high-performing state-owned enterprise.

Having embraced the tasks and challenges with vigour and commitment, I am confident that the Board and Management are steering the Corporation in the right direction and will continue to do so throughout their tenure.

A Year of Reimagining, Reconnecting and Strategic Planning

The Board of Directors is comprised of a diverse team of highly-skilled corporate leaders, whose expertise has been further enhanced through an extensive induction process since joining the NamibRe Board in September 2021. I am confident that they will deliver on the mandate of NamibRe.

The Corporation's strategic plan for the cycle was successfully implemented. The Corporation's Integrated Strategic Business Plan (ISBP) for the upcoming cycle is underway and tailored to ensure that NamibRe moves to greater heights.

Financial Results

During the period under review, the Corporation felt the full impact of the pandemic through high COVID-19-related claims for business interruption and loss of life. Consequently, NamibRe's financial results, like those of both the local and international insurance sectors, were adversely affected. The Corporation recorded a decrease in profit before tax from N$24 million in the 2020/2021 financial year to N$6.7 million in the 2021/2022 financial year. A loss of N$13.4 million after tax was recorded.

However, a significant increase was observed in the Corporation's Gross Earned Premium due to improved compliance with compulsory per policy cessions, in accordance with the NamibRe Act, 1998 (Act No. 22 of 1998). Gross Earned Premium increased by 35% from N$556 million in the 2020/2021 financial year to N$752 million in the year ended 31 March 2022.

The shareholder's funds decreased from N$264 million to N$250 million and the total assets of the Corporation increased from N$769 million to N$983 million.

Looking Ahead: The Future of the Insurance Industry

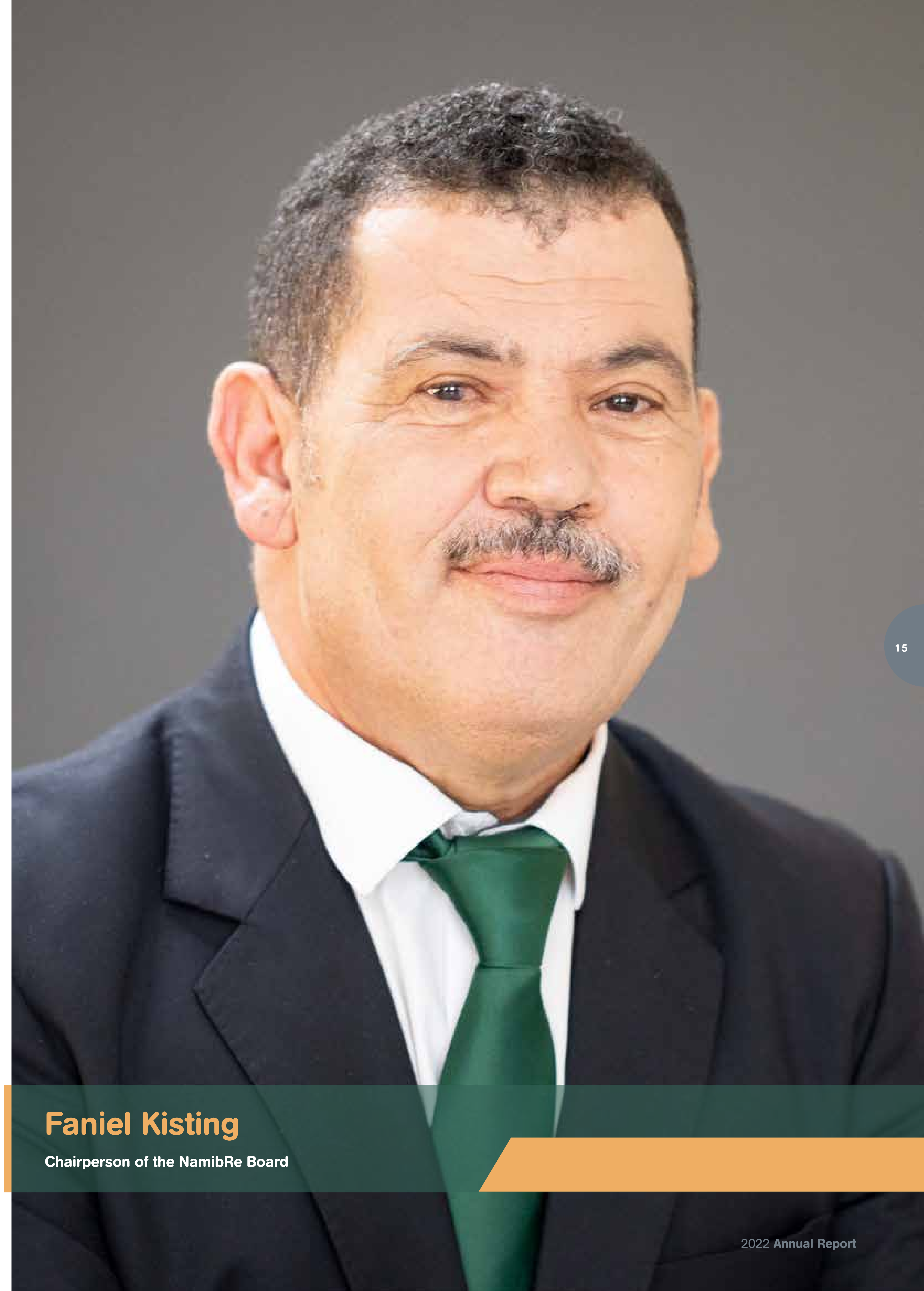
I am extremely optimistic about NamibRe's and the industry's outlook. The future undoubtedly holds numerous challenges but also a host of opportunities. Two phenomena are expected to impact the global insurance industry in the coming years, namely climate change and an increased incidence of cyberattacks.

As droughts, heatwaves, wildfires, floods and other natural disasters in the wake of climate change become more frequent, the insurance industry can expect a rise in related claims. Similarly, the threat of cyberattacks is expected to increase, with attacks potentially paralysing businesses and institutions around the world, resulting in massive business interruption claims.

While this poses a significant risk for the insurance and reinsurance industry, it also presents an opportunity for substantial growth, with increased demand for coverage for natural disasters and cyberattacks driving the development of product lines and premium increases.

Furthermore, recent developments in the energy industry in Namibia, in particular the discovery of offshore oil and the drive towards Green Hydrogen energy, present opportunities for NamibRe to add value and become market leaders through the creation of innovative reinsurance products to meet emerging market demands.

In collaboration with its partners, NamibRe will have to keep abreast of these significant local and global developments to position the Corporation to take advantage of future opportunities while at the same time managing risk.



Faniel Kisting

Chairperson of the NamibRe Board

Conclusion

I would like to thank my fellow Directors for their unwavering support and commitment as we took on the responsibility and trust bestowed upon us as Directors of NamibRe. I am confident that the Board will bring together the required expertise and mindset to render sound strategic leadership to the Corporation.

My sincere gratitude goes to the Management and staff for their dedication, hard work and invaluable contribution to NamibRe's success during the year. As you continue to execute the Corporation's mandate and embody its core values, I encourage you to embrace change and to proudly carry the Namibian reinsurance flag throughout our country, Africa and the world.

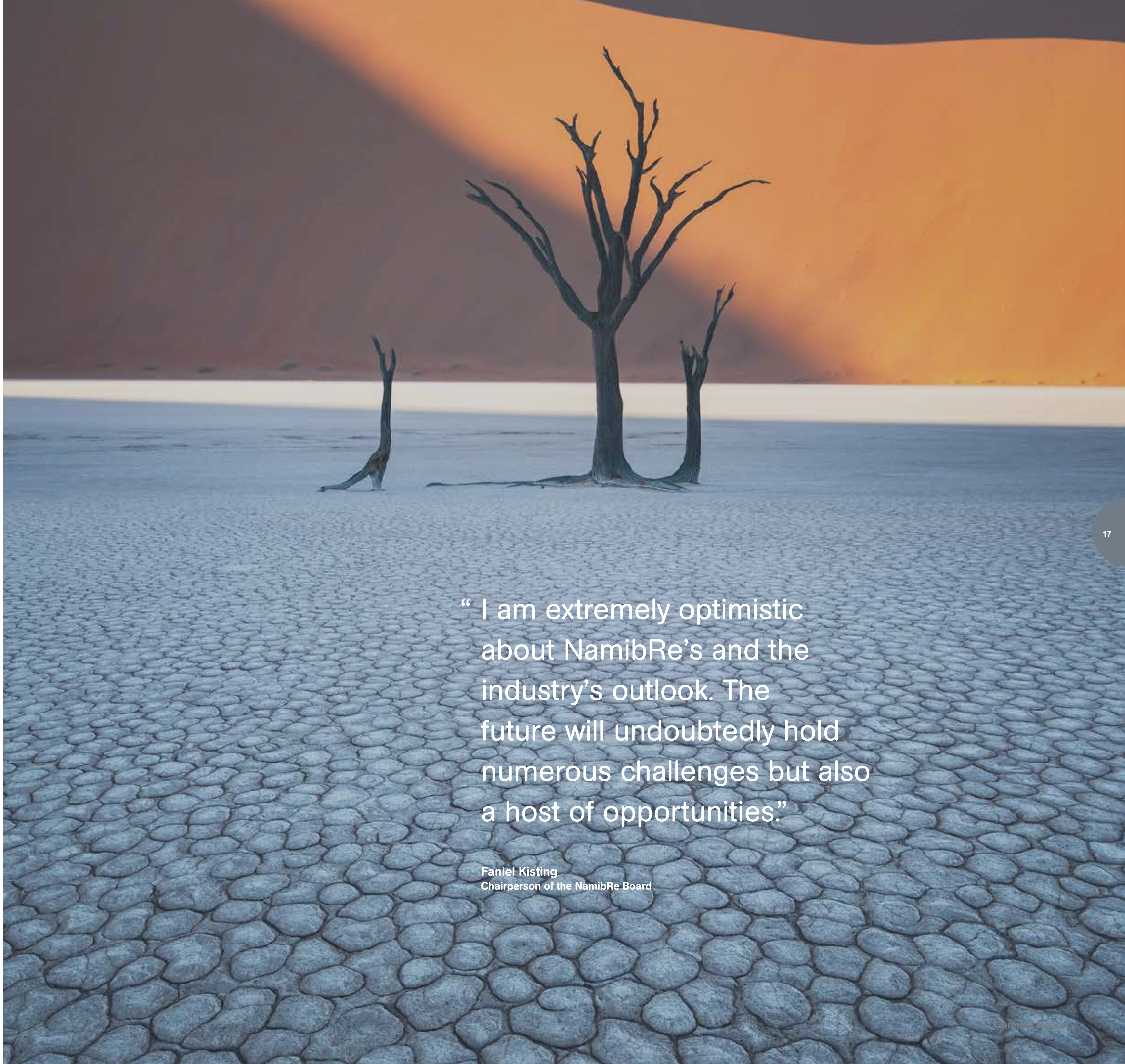
A word of appreciation goes to the local insurance industry for their cooperation and support, and to our technical partners for their expertise and business acumen. It is my sincere hope that together, we can strengthen relationships and overcome challenges as we navigate the many inter-connected risks in the insurance industry.

I would be remiss if I do not acknowledge the constant support and guidance from the Ministry of Finance, the Ministry of Public Enterprises and the Regulator, NAMFISA, and look forward to great successes under their leadership.

The objectives for the establishment of NamibRe, the only reinsurer in the country, remain relevant for the Namibian economy and the insurance sector in Namibia and beyond. As a reputable brand that has earned the confidence and trust of our business partners and stakeholders, we will continue to grow and preserve the shareholder's equity by running a sound and profitable business.

In closing, NamibRe is committed to improving the lives of all Namibians through the development of new and innovative products and through our role as a responsible corporate citizen that adheres to Environmental, Social and Governance principles.

Mr. Faniel Kisting
Chairperson of the NamibRe Board of Directors



MESSAGE FROM THE MANAGING DIRECTOR

MESSAGE FROM THE MANAGING DIRECTOR

It is my great pleasure to present the Annual Report of the Namibia National Reinsurance Corporation Limited (NamibRe), prepared in accordance with Section 36(1) of the Namibia National Reinsurance Corporation Act (Act No. 22 of 1998) (NamibRe Act).

The Annual Report includes the financial statements for the financial year ended 31 March 2022 and briefly outlines relevant operational, governance and strategic matters for the period 1 April 2021 to 31 March 2022.

During the reporting year, the COVID-19 pandemic hit its peak in Namibia, leading to substantial uncertainty for NamibRe, the insurance industry and the country as a whole.

Overview of the Namibian Insurance Industry

Namibia's insurance market is considered well developed, with a penetration rate that is the second highest in Africa, after South Africa. Remarkably, Namibia's total penetration rate is ranked 16th highest in the world.

NamibRe is the only registered reinsurer in Namibia, and as at 31 March 2022, there were 14 registered non-life insurance companies and 14 registered life insurance companies in Namibia.

Both the life and non-life insurance sectors in Namibia continued to be adequality capitalised during the reporting period.

Financial Performance of NamibRe

Despite the economic and operational challenges resulting from the COVID-19 pandemic, NamibRe maintained a positive financial position, recording a profit before tax of N$6.7 million for the period ended 31 March 2022.

The Corporation reported a 35% increase in Gross Earned Premium, from N$566 million in the 2020/2021 financial year to N$752 million in the 2021/2022 financial year. The substantial increase in Gross Earned Premium is due to an increase in the number of insurance companies which complied with the mandatory policy cessions as per the NamibRe Act and Government Gazette Notices 332-338. As at the end of the reporting period, the compliance rate stood at 95%, compared to a compliance rate of 72% in the previous financial year.

Compliance with mandatory cessions has further strengthened the Corporation's ability to carry out its mandate.

HR and Capacity Development

At NamibRe, we are committed to developing the skills and competencies of our staff members. This commitment is in line with our mandate, which states that NamibRe is required to contribute towards skills development in the insurance industry. In furtherance of this mandate, the Corporation continues to provide support to its staff members to pursue different fields of study.

We are cognisant of the pandemic's profound impact on mental health, with high stress levels and feelings of isolation being common. As the health and wellness of our employees has always been a top priority, we provided our team with all the necessary support for optimal physical and mental health during the reporting period.

Stakeholder Engagement

Adding value to the industry by fostering positive stakeholder relationships remains central to the Corporation's business strategy. As such, several stakeholder engagement initiatives were undertaken during the period under review.

A significant milestone was the launch of the Namibia Women in Finance and Insurance Summit (NWFIS), which has become an annual event on the Corporation's calendar. The event aims to strengthen and capacitate the local insurance industry and related sectors by providing women with a platform for networking and sharing ideas.

During the reporting period, the Corporation commemorated 20 years of successful business operations. As part of the anniversary celebration, we hosted our local, regional and global insurance and reinsurance industry at the inaugural NamibRe Golf Day and CEO Roundtable.

Corporate Social Responsibility

As a responsible corporate citizen, NamibRe is committed to creating sustainable development opportunities for the benefit and empowerment of Namibians. The focus areas of our Corporate Social Responsibility initiatives are education, sports, entrepreneurship, arts, innovation (Insurtech) and health.

During the 2021/2022 financial year, we continued to support the tertiary education sector to navigate the seismic shift in the delivery of education necessitated by the COVID-19 pandemic. As part of this drive, the Corporation donated laptops to students at tertiary institutions. In addition, NamibRe continued to provide bursaries for students at tertiary institutions in various fields of study.

Patty Karuaihe-Martin
Managing Director

Our Strategy

During the reporting period, NamibRe successfully completed a 5-year strategic cycle, with compliance with mandatory cessions standing at 95% at the end of the reporting period. I am pleased to report that during this period, NamibRe was ranked as number 18 out of 50 reinsurance companies in Sub-Saharan Africa.

Driving the Sustainability Agenda

The reinsurance/insurance industry plays a pivotal role in the long-term viability of economies across Africa, including in Namibia, and bringing about change in a sustainable manner. The COVID-19 pandemic, in particular, highlighted the central role that the insurance and reinsurance sectors play in maintaining and revitalising the economy.

NamibRe is a member of the United Nations Environment Programme Finance Initiative: Principles for Sustainable Insurance (UNEPFI: PSI). Consequently, NamibRe became one of the founding signatories to the Nairobi Declaration on Sustainable Insurance during the reporting period. The aim of the Declaration is to accelerate solutions to major sustainability challenges – ranging from climate change and ecosystem degradation to poverty and social inequality – all of which can potentially have a major negative impact on the insurance industry.

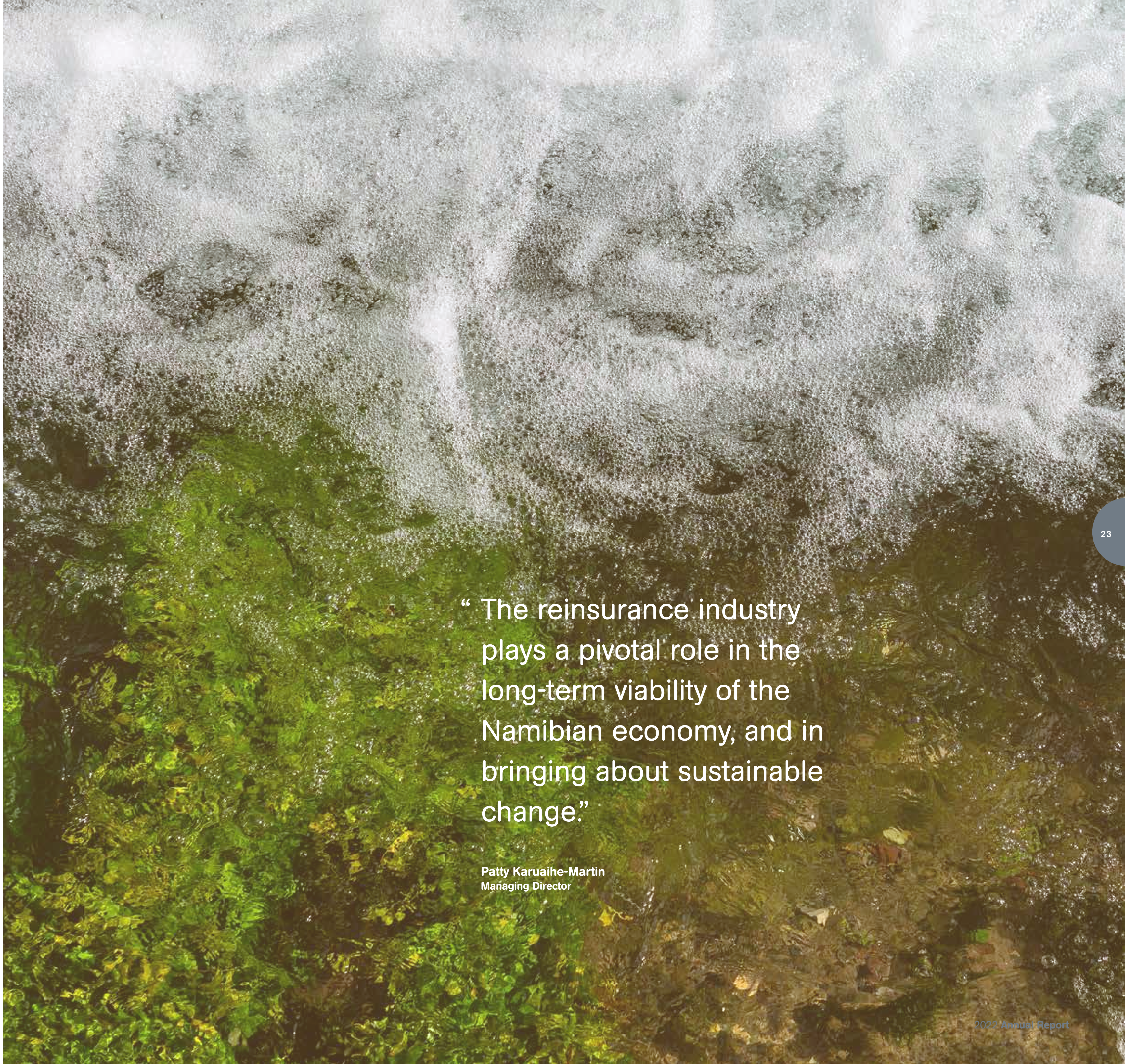
To drive the sustainability agenda further, the Corporation invested in staff capacity development, advocacy and training in the field of sustainability and climate change financing.

Conclusion

The 2021/2022 financial year was characterised by continued learning and uncertainty in the face of the ongoing COVID-19 pandemic. The team at NamibRe rose to the challenge with agility and adapted to the ever-changing world of work with skill and focus.

In conclusion, I would like to thank the Board of Directors for their visionary leadership and sound corporate governance during the year.

Mrs. Patty Karuaihe-Martin
Managing Director



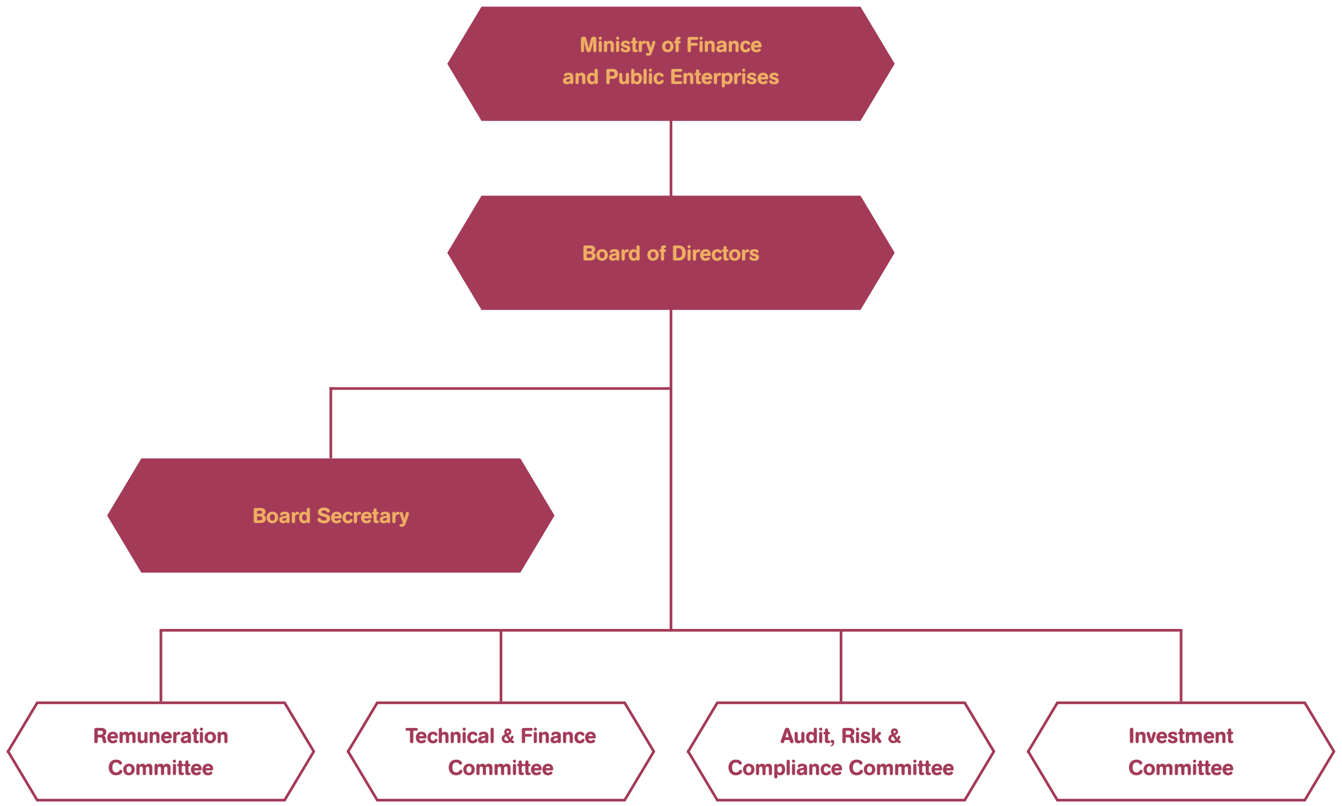
CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Financial growth and stability are ever-critical for any business. However, new global realities are continuously putting businesses to the test, with emerging challenges in climate change, global environmental sustainability initiatives, population growth, the COVID-19 pandemic, as well as social and technological advancements. To keep up with these developments, good corporate governance necessitates ongoing learning and adapting to new governance practices. NamibRe Directors recognise that they play a crucial “lead and supervise” role, and equally so, that they are tasked with optimising shareholder returns on investment. The NamibRe Board provides strategic direction to the Corporation and takes pride in its duty to support the Executive Management team.

In these fast-changing times, the abrupt exposure of the business sector to new paradigms for corporate governance necessitates greater accountability from businesses to their stakeholders, shareholders and consumers. Good corporate governance is central to the growth of businesses; therefore, the importance of ethics and stricter compliance with applicable laws cannot be over-emphasised.

The NamibRe Board of Directors is established in accordance with section 4 of the Namibia National Reinsurance Corporation (NamibRe) Act, 1998 (Act No.22 of 1998) and section 8 of the Public Enterprises Governance Act, 2019 (Act No. 1 of 2019) (PEGA). On 01 September 2021, the Minister of Finance appointed six (6) new Board members and reappointed one (1) Board member for a period of three (3) years, ending on 31 August 2024.



GOVERNANCE FRAMEWORK

Sound governance principles and practices are essential for effective governance. The NamibRe governance framework incorporates a wide variety of legal, compliance and regulatory governance instruments in order to guide the implementation of ethical governance principles and practices.

Governance Instruments

NamibRe Act, Act 22 of 1998	To provide for the establishment of the Namibia National Reinsurance Corporation to carry out reinsurance business in Namibia; to provide for the structure of the said Corporation; to define the objects and the powers, duties and functions of the said Corporation; to provide for a legal cession of policies and reinsurance contracts issued by registered insurers and registered reinsurers; and to provide for matters incidental thereto.
Public Enterprises Governance Act, Act 1 of 2019	To make provision for the efficient governance of public enterprises and the monitoring of their performance; to make provision for the restructuring of public enterprises; to provide for the powers and functions of the Minister of Public Enterprises; and to make provision for incidental matters.
Companies Act, Act 22 of 1998	To provide for the incorporation, management and liquidation of companies; and to provide for incidental matters.
NamCode	NamCode is based on King III and provides guidance to all Namibian corporate entities on various governance related aspects.
King IV Principle	King IV sets out the philosophy, principles, practices and outcomes which serve as the benchmark for corporate governance in South Africa, and although not compulsory in Namibia, the NamibRe Board adheres to these principles.

Governance and Performance Agreements

The Board Chairperson has, on behalf of all Directors, entered into a Governance Agreement with the Minister of Finance, as required by section 11 of PEGA. In accordance with the requirements of section 12 of PEGA, each Director of the NamibRe Board has signed an individual Performance Agreement with the Minister of Finance, who is the minister responsible for NamibRe.

BOARD COMMITTEES

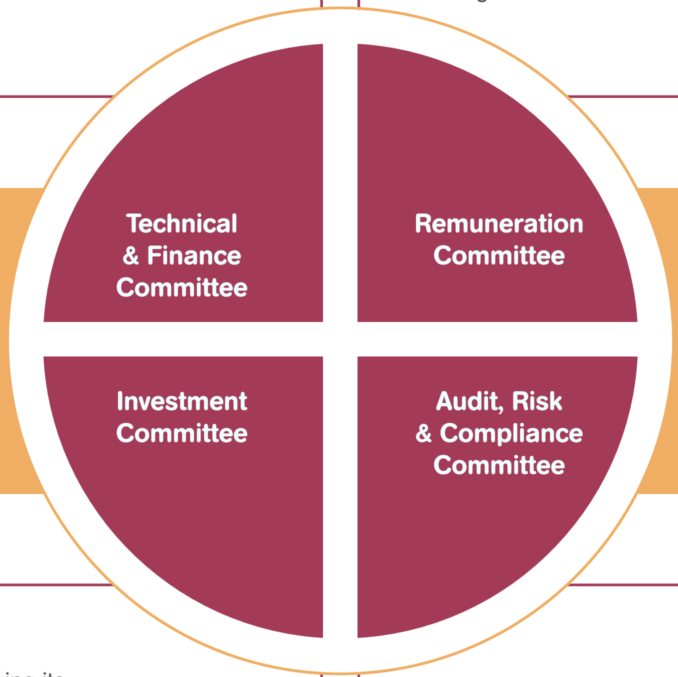
In furtherance of its mandate and oversight function, the Board has established four (4) Board Committees:

- Investment Committee
- Audit, Risk and Compliance Committee
- Technical and Finance Committee
- Remuneration Committee

Terms of Reference for each Committee serve as a guide for the Committees on how to carry out their mandates and execute their respective tasks. The Terms of Reference are subject to annual review. During the year under review, all the Committees reviewed their respective Terms of Reference and made recommendations to the Board for approval.

- Assist the Board in discharging its duties relating to the safeguarding of real estate assets
- Operate adequate and effective systems and control processes
- Prepare budgets and management reports in compliance with all applicable legal and regulatory requirements

- Assist the Board in discharging its duties relating to the overall employment environment of the Corporation
- Oversee and implement the Corporation's policies for Human Resource strategies, compensation and succession planning to ensure that NamibRe attains corporate leadership in the development and implementation of proactive Human Resource strategies



- Assist the Board in discharging its duties relating to the investment management function of the Corporation
- Ensure that the investment policy is in compliance with applicable national legal requirements
- Have the authority to consider any matter relating to the investments of the Corporation
- Have the authority to approve the investment or disinvestment of the funds of the Corporation

- Discuss business risk and control issues and make recommendations to the Board
- Monitor the integrity of the Corporation's financial reporting system, internal controls, and compliance with the Public Procurement Act
- Provide oversight of internal audit and management of risks

BOARD AND COMMITTE MEETINGS FOR THE 2021/2022 FINANCIAL YEAR

The 2021/2022 financial year was marked by the continued impact of the COVID-19 pandemic, which disrupted the normal way of doing business. As a result, various meetings had to be conducted in a hybrid manner (virtually and in-person), which provided opportunities for exploring innovative ways of working and embracing technological challenges. With the introduction of the Convene Board software during the year under review, the Corporation was able to transition to a fully digitalised/electronic Board meeting platform.

The NamibRe shareholder, Board of Directors and EXCO managed to conduct the affairs of the Corporation as expected and held three (3) ordinary Committee and Board meetings, two (2) special Board meetings, and an Annual General Meeting (AGM) with the shareholder. In addition, the Board held an induction workshop in October 2021 and a strategic planning session with management in March 2022.

During the AGM, the Corporation's Audited Annual Financial Statements were approved by the shareholder and the appointment of PricewaterhouseCoopers as external auditors was confirmed.

Directors' Attendance at Meetings

The table below indicates the attendance of former Directors at Board and Committee meetings held during the remainder of their tenure in the financial year ended 31 March 2022.

Meeting Attendance: Outgoing Board of Directors					
Directors	Board of Directors	Audit, Risk & Compliance Committee	Remuneration Committee	Technical & Finance Committee	Investment Committee
Ms. L. Kapere	1/1		1/1	1/1	
Adv. S. Makando	1/1		1/1		1/1
Ms. A. Beukes	1/1	1/1			1/1
Mr. T. Saunderson	1/1		0/1	0/1	
Mr. T. Iindji	1/1	1/1	1/1		
Ms. N. Tshitayi	1/1	1/1		1/1	
Mr. H. Mbako	1/1			1/1	1/1
Mr. F. Tjivau	1/1				
Ms. P. Karuaihe-Martin	1/1	1/1	1/1	1/1	1/1

The table below indicates the attendance of current Directors at Board and Committee meetings held during the remainder of the financial year ended 31 March 2022.

Meeting Attendance: Current Board of Directors					
Directors	Board of Directors	Audit, Risk & Compliance Committee	Remuneration Committee	Technical & Finance Committee	Investment Committee
Mr. F. Kisting	4/4			2/2	
Ms. B. Muteka	4/4		3/3		2/2
Ms. C. Loots	4/4	3/3		1/2	
Dr. A. Munyika	4/4		3/3		2/2
Ms. R. Hanghuwo	4/4	3/3		2/2	
Ms. L. Usiku	3/4	3/3			
Adv. S. Makando (resigned 07 April 2022)	1/4		2/3		0/2
Ms. P. Karuaihe-Martin	4/4	3/3	3/3	2/2	2/2

BOARD OF DIRECTORS

Mr. Faniel Kisting

Board Chairperson

Ms. Beata Muteka

Deputy Chairperson

Ms. Christell Loots

Board Member

Dr. Akutu Munyika

Board Member

Ms. Rauna Hanghuwo

Board Member

Ms. Lelly Usiku

Board Member

Ms. Patty Karuaihe-Martin

Executive Board Member
& Managing Director

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

Protecting our People, Planet and Profits

As we continue to build our vision of becoming the preferred reinsurance company, we recognise the need to take urgent, drastic and long-term actions to protect and preserve our planet.

At NamibRe, sustainability is about creating value through action-based initiatives that promote sustainable development. Guided by this principle, we have fully embraced the key pillars of sustainability in our operations: Environmental, Social (Human) and Corporate Governance. These pillars have defined how we do business and have expanded our bottom line to include **People, Planet and Profits.**

The fundamental role of insurers and reinsurers is risk management, investment and insurance. At NamibRe, we understand our position of influence as well as the importance of continued learning. Therefore, we have incorporated the United Nations Sustainable Development Goals (SDGs) in how we underwrite our business and determine our investment policies. We are purpose-driven on our road to profitability by creating value in our communities.

In 2020, we reinforced our commitment to sustainability by becoming a signatory to the United Nations' Principles for Sustainable Insurance. These principles serve as a global framework for the insurance industry to address environmental, social and governance risks and harness resultant opportunities. Ever since, we have adopted an intentional strategic approach to the activities in our value chain, including our interactions with our stakeholders.

We factor climate change into our underwriting, often providing capacity to risks that promote cleaner energy. Our partners understand the urgent need for action and thus our engagements are continuous and have provided a basis for implementations in the near future.

At NamibRe, we pride ourselves on being a responsible corporate citizen and continue to seek opportunities to partner and collaborate with stakeholders. As part of our role as reinsurer, we must relentlessly engage the Namibian government in managing risks and offering affordable yet quality financial protection to the country's citizens. We are proud to have a socially-driven product development underwriting team that aims to curb the protection gap and promote sovereign risk protection.

As exemplary leaders, we have switched to solar electricity to power our offices. As Namibia enjoys an average of 300 days of sunlight a year, solar energy offers a reliable and renewable source of power. In addition to benefitting the environment and reducing our carbon footprint, the switch to solar power has yielded significant monetary savings, allowing us to shift funds to other initiatives.

Nairobi Declaration

In April 2021, NamibRe became a founding signatory to the Nairobi Declaration, a collective commitment by African insurance industry leaders to support the achievement of the UN SDGs.

By becoming a signatory to the declaration, we are making a clear statement. We are boldly pledging our deep commitment to working towards a better planet to the best of our capabilities and with the resources we have.

We aim to achieve net zero by 2050, to offer affordable, innovative and quality reinsurance products to improve and build our communities and to be mindful of our environment in our pursuit of profitability.

MEET THE NAMIBRE TEAM

EXECUTIVE MANAGEMENT

Ms. Patty Karuaihe-Martin

Managing Director

Mr. Francois Francis

GM: Finance & Administration

Ms. Ntwala Mwilima

GM: Corporate Affairs & Strategy

Mr. Rudolph Humanvindu

GM: Reinsurance

MANAGING DIRECTOR'S OFFICE

Ms. Patty Karuaihe-Martin
Managing Director

Ms. Ntwala Mwilima
GM: Corporate Affairs & Strategy

Mr. Hiskia Ndjavera
Chief Internal Auditor

Ms. Erika Shikusinde
MD Executive Assistant

Ms. Georgia Kauapirura
Human Resource Officer

Ms. Liz Tashiya
Corporate Communications Officer

Mr. Coen Welsh
Chief Human Resource Officer

Ms. Elizabeth Nailenge
Chief Corporate Communications Officer

Ms. Gladice Pickering
Company Secretary

Ms. Loryn Tjimbundu
Administrative Assistant

Ms. Alina Primus
Administrative Assistant

Ms. Faroza Eberenz
Administrative Assistant

REINSURANCE DEPARTMENT

Mr. Rudolph Humavindu
GM: Reinsurance

Mr. Herman Shilongo
Chief Reinsurance Non-Life

Ms. Tuyeni Nampila
Chief Reinsurance Life

Ms. Sesilia Nkoshi
Underwriter Non-LIfe

Ms. Rochelle Tjirondero
Underwriter Life

Ms. Hilya Intamba
Assistant Underwriter

Mr. Nelson Matheus
Chief Claims

Mr. Jerevasiu Ndemwoongela
Claims Officer

Mr. Valentino Jahs
Underwriter Non-Life

Mr. David Shafudah
Assistant Claims

Ms. Lothe Henguva
Assistant Claims

FINANCE & ADMINISTRATION DEPARTMENT

Mr. Francois Francis
GM: Finance & Administration

Ms. Xenia Frank-Schultz
Management Accountant

Mr. Tanaka Shumba
Chief Finance Officer

Ms. Lizette Engelbrecht
Finance Officer

Ms. Michelle Witbooi
Assistant Finance Officer

Mr. Brian Nuseb
Administration Officer

FINANCE & ADMINISTRATION DEPARTMENT

Ms. Adeline Kasera

Technical Accountant

Mr. Jean Hubsch

Assistant Technical Accountant

Ms. Petrina Hamunyela

Assistant Technical Accountant

Ms. Kelly Ndyenge

Procurement Officer

Ms. Justina Lukas

Assistant Technical Accountant

Ms. Ottillie Negonga

Receptionist

Mr. Ellis Haindobo

Driver

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Reinsurance
Directors	F Kisting (Chairperson) B Muteka (Deputy Chairperson) P A Martin (Managing Director) A Munyika C Loots L Usiku R Hanghuwo S Makando
Registered office	Erf 8571, Corner of Julius K. Nyerere Street and Feld Street Windhoek Namibia
Business address	Erf 8571, Corner of Julius K. Nyerere Street and Feld Street Windhoek Namibia
Postal address	PO Box 716 Windhoek
Holding entity	The Namibian Ministry of Finance
Ultimate holding entity	Government of the Republic of Namibia
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Gladice Pickering
Company registration number	99/369

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

CONTENTS

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors lo meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors are responsible for implementing controls and security to maintain the integrity of the company's website. The directors of the company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders. The Board of Directors is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by experienced personnel.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 53 to 54.

The annual financial statements set out on pages 55 to 115, which have been prepared on the going concern basis, were approved by the Board of Directors. The annual financial statements have been authorised for issue by the Board of Directors and no authority was given to anyone to amend the annual financial statements after the date of issue. The financial statements were signed on behalf of the Board of Directors by:

Director

Director

Director

09/11/2022

Date

Windhoek

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Independent Auditor's Report

To the Members of Namibia National Reinsurance Corporation Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Namibia National Reinsurance Corporation Limited (the company) as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

What we have audited

Namibia National Reinsurance Corporation Limited's financial statements set out on pages 55 to 115 comprise:

- the directors' report for the year ended 31 March 2022;
- the statement of financial position as at 31 March 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standard) (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Namibia National Reinsurance Corporation Limited Annual Financial Statements for the year ended 31 March 2022." The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Hans Hashagen
Partner
Windhoek
Date: 9 November 2022

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Namibia National Reinsurance Corporation Limited for the year ended 31 March 2022.

1. Nature of business

Namibia National Reinsurance Corporation Limited was incorporated in Namibia with interests in the insurance industry. The company operates in Namibia.

The Corporation is the only reinsurer in Namibia and provides reinsurance to local and international insurance companies. In terms of the Namibia National Reinsurance Corporation Act, insurance companies are obliged to present 20% of all their underwritten insurance to the Corporation. The Corporation provides both long-term and short-term reinsurance. Short-term reinsurance is provided for fire, aviation, guarantee, miscellaneous, personal lines, special riot risk, medical, motor, marine, liability and property in the form of reinsurance treaties.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year except where stated.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the Board of Directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board of Directors may pass on the payment of dividends.

Dividends declared and paid to the shareholder in the current financial year amounted to N$ nil (2021: N$ 10,000,000).

5. Shareholder

The Corporation is wholly-owned by the Government of the Republic of Namibia (Ministry of Finance).

Directors' Report

6. Directorate

The directors in office at the date of this report are as follows:

Directors		Nationality	Changes
F Kisting (Chairperson)	Non-executive Independent	Namibian	Appointed 1 September 2021
B Muteka (Deputy Chairperson)	Non-executive Independent	Namibian	Appointed 1 September 2021
P A Martin (Managing Director)	Executive	Namibian	
A Munyika	Non-executive Independent	Namibian	Appointed 1 September 2021
C Loots	Non-executive Independent	Namibian	Appointed 1 September 2021
L Usiku	Non-executive Independent	Namibian	Appointed 1 September 2021
R Hanghuwo	Non-executive Independent	Namibian	Appointed 1 September 2021
S Makando	Non-executive Independent	Namibian	Resigned 7 April 2022
A Beukes	Non-executive Independent	Namibian	Resigned 1 September 2021
F Tjivau	Non-executive Independent	Namibian	Deceased 7 July 2021
H Mbako	Non-executive Independent	Namibian	Resigned 1 September 2021
L D Kapere	Non-executive Independent	Namibian	Resigned 1 September 2021
T K Lindji	Non-executive Independent	Namibian	Resigned 1 September 2021
T J A Saunderson	Non-executive Independent	Namibian	Resigned 1 September 2021
N J Tshitayi	Non-executive Independent	Namibian	Resigned 1 September 2021

There have been no changes to the directorate for the year under review.

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

8. Litigation statement

The Corporation becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business.

The Corporation is currently involved in litigation between itself, the Government of the Republic of Namibia and the insurance industry related to the Namibre Act. Please also refer to notes 28.1 and 34.

9. Secretary

The company secretary is Ms Gladice Pickering.

Ms. Ntwala Mwilima resigned on 15 July 2021, and Ms. Gladice Pickering was appointed on 15 July 2021.

10. Terms of appointment of the auditors

PricewaterhouseCoopers continued in office as auditor for the Corporation for 2022 and will continue in office in accordance with Section 278 (2) of the Namibian Companies Act.

Statement of Financial Position as at 31 March 2022

	Note(s)	2022 N$ '000	2021 Restated * N$ '000
Assets			
Property, plant and equipment	5	42 561	43 033
Intangible assets	6	9 170	10 308
Held to maturity investments	7	29 099	56 912
Investments at fair value through profit or loss	8	295 151	279 411
Reinsurance assets	9	157 698	94128
Insurance and other receivables	10	349 022	224 629
Current tax receivable	11	10 886	15 235
Deferred acquisition costs	12	17 538	31 160
Staff loans and other prepayments	13	1 445	1 535
Cash and cash equivalents	14	71 177	12 933
Total Assets		**983 747**	**769 284**
Equity and Liabilities			
Equity			
Share capital	15	20 000	20 000
Reserves	16-18	109 846	110 348
Retained income		120 881	133 814
Total Equity		**250 727**	**264 162**
Liabilities			
Deferred tax	19	18 383	8 675
Reinsurance and other payables	20	178 544	60 353
Insurance liabilities	21	360 440	436 094
Provisions	22	175 653	-
Total Liabilities		**733 020**	**505 122**
Total Equity and Liabilities		**983 747**	**769 284**

*Refer to note 36 for further information.
The above statement of financial position should be read in conjunction with the accompanying notes.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2022 N$ '000	2021 Restated * N$ '000
Gross earned premiums	23	752 905	556 047
Premium revenue ceded to reinsurers	23	(303 665)	(196 246)
Net insurance premium revenue		**449 240**	**359 801**
Commission income	24	71 705	102 018
Investment income	25	14 330	15 239
Sundry income	24	363	171
Fair value adjustments	8	5 145	5 334
Other income		**91 543**	**122 762**
Net income		**540 783**	**482 563**
Gross benefits and claims incurred	26	(500 435)	(166 814)
Claims ceded to reinsurers	26	271 766	27 021
Gross change in insurance liabilities	26	(142 253)	(39 880)
Changes in insurance liabilities ceded to reinsurers	26	107 286	20 385
Net benefits and claims		**(263 636)**	**(159 288)**
Commission paid	27	(181 011)	(233 116)
Foreign exchange losses	28	(151)	(1 299)
Other operating expenses	28	(89 261)	(63 891)
Other expenses		**(270 423)**	**(298 306)**
Total benefits, claims and other expenses	28	**(534 059)**	**(457 594)**
Profit before taxation		**6 724**	**24 969**
Taxation		(20 159)	(15 326)
(Loss) profit for the year	32	**(13 435)**	**9 643**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		-	490
Income tax relating to items that will not be reclassified		-	(157)
Total items that will not be reclassified to profit or loss		-	**333**
Other comprehensive income for the year net of taxation		-	**333**
Total comprehensive (loss) income for the year		**(13 435)**	**9 976**

*Refer to note 36 for further information.
The above statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Statement of Changes in Equity

Figure in Namibia Dollar	Share capital N$ '000	Revaluation reserve N$ '000#	#Staff welfare reserve N$ '000	General reserve N$ '000	Total reserves N$ '000	Retained income N$ '000	Total equity N$ '000
Balance at 1 April 2020	20 000	5 359	3 791	96 579	105 829	128 357	254 186
Profit for the year	-	-	-	-	-	9 643	9 643
Other comprehensive income	-	333	-	-	333	-	333
Total comprehensive income for the year	-	333	-	-	333	9 643	9 976
Transfer between reserves	-	-	(2 056)	6 242	4 186	(4 186)	-
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(2 056)	6 242	4 186	(4 186)	-
Balance at 1 April 2021	20 000	5 792	1 735	102 821	110 348	133 814	264 162
Loss for the year	-	-	-	-	-	(13 435)	(13 435)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(13 435)	(13 435)
Transfer between reserves	-	-	(502)	-	(502)	502	-
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(502)	-	(502)	502	-
Balance at 31 March 2022	20 000	5 792	1 233	102 821	109 846	120 881	250 727
Note	15	16	17	18			

*Refer to note 36 for further information.
The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Note(s)	2022 N$ '000	2021 Restated * N$ '000
Cash flows from operating activities			
Cash generated from operations	29	36 247	131 869
Tax paid	30	(6 102)	(11 337)
Net cash from operating activities		**30 145**	**120 532**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1 703)	(3 467)
Proceeds on disposal of property, plant and equipment	5	67	6
Purchase of intangible assets	6	(19)	(292)
Purchase of investments held to maturity	7	-	(6 500)
Proceeds on maturation of investments held to maturity	7	29 905	2 156
Purchase of investments at fair value through profit or loss	8	-	(162 614)
Proceeds on disposal of investments at fair value through profit or loss	8	-	45 000
Net cash from investing activities		**28 250**	**(125 711)**
Cash flows from financing activities			
Dividends paid	31	-	(10 000)
Total cash movement for the year		**58 395**	**(15 179)**
Cash at the beginning of the year		12 933	29 411
Effect of exchange rate movement on cash balances		(151)	(1 299)
Total cash at end of the year	14	**71 177**	**12 933**

*Refer to note 36 for further information.
The above statement of cash flows should be read in conjunction with the accompanying notes.

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of Namibia.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period except where stated.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Deficiency reserve provision

A deficiency reserve is set up for the life business as premiums are currently insufficient to cover claims, expenses and commission. A 12-month projection is assumed, allowing for current claims and expense ratios, as well as decrement assumptions. It is implicitly assumed that rates will be reviewed, premiums will increase and/or claims will reduce after 12 months.

Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted market prices are not available, are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments. Where market observable inputs are not available, they are estimated based on an appropriate assumption.

COVID-19 provision

No COVID-19 provision was allowed for in 2022 as the impact is expected to continue to reduce, and it is implicitly allowed for in the claim loss ratios of the IBNR and deficiency reserves.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Items of property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors such as technological innovation, asset life cycles and maintenance programmes. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of insurance receivables

At each reporting date the company assesses insurance receivables to determine whether there is objective evidence that an insurance receivable or group of insurance receivables has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the insurance receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the insurance receivables at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Debtors are deemed to be impaired if the amount becomes past due per the contractual obligation and management assessments indicate a possible impairment. Reversals of impairment losses are recognised in profit or loss.

Where insurance receivables are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Taxation

In terms of Section 45 of the Namibia National Reinsurance Corporation Act of 1998, the Corporation is not liable to pay income taxation under Namibian legislation until such time that the general reserve fund is equal to or exceeds twice the amount of the authorised share capital. As the general reserve (after a transfer of profit before tax) has exceeded twice the amount of the authorised share capital since year ended 31 March 2014, the Corporation is liable for income taxation in the current year.

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Corporation recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Corporation to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Insurance liabilities

Insurance liabilities comprise a provision for unearned premium; provision for claims IBNR and provision for outstanding claims included in "Insurance contract liability" as one of the insurance liabilities which are accounted for as disclosed in the following notes.

Information on the sensitivities of certain major assumptions in the underlying calculations can be found within the "Insurance risk" section of note 3.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provision for unearned premiums

The provision for unearned premiums represents premiums received during the year which pertain to periods of risk extending beyond the end of the financial year. Management calculates the provision by estimating the proportion of annual premiums that relate to future periods with reference to the respective contracts in place.

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on a time-proportionate basis for even risk contracts and other bases that best represent the unearned risk profile for uneven risk contracts.

Provision for claims incurred but not yet reported {IBNR)

This refers to claims incurred but not yet reported at year end and is calculated by actuaries using statistical methods.

The provision for life IBNR has been calculated at 65% (2021: 10%) of premiums earned. A claims loss ratio approach, an accepted actuarial methodology, was used to calculate the liability. This is due to life insurance being a recent addition to the product offering of the business and accordingly there is currently insufficient claims data to analyse using the usual actuarial methodologies. This estimate is based on past experience and industry norms in Namibia and other African countries.

The provision for non-life IBNR has been calculated at 12.47% (2021: 18.88%) of premiums earned using a mix of loss ratio and actuarial methodologies using information on historical trends, past experience and industry norms in Namibia.

Provisions for outstanding claims

Outstanding claims are those which have incurred and reported but have not been settled at reporting date. The provision is calculated by management and is based on the estimated cost of actual outstanding claims received relating to the current year.

The insurers measure outstanding claims at the best estimate of the cost required to settle the obligation at the reporting date.

This estimation of the cost takes into account average claims, average claims handling cost, a reduction for the expected value of salvage and other recoveries, and other indicators such as inflation.

Deferred acquisition costs (DAC)

Deferred acquisition costs consist of commissions and other variable costs directly connected with the acquisition or renewal of insurance contracts. The deferred acquisition costs are amortised on a straight-line basis over the average term of the policies, from one to five years. Deferred acquisition costs are tested quarterly for impairment using the liability adequacy test as per IFRS 4. The deferred acquisition cost is not reinstated once written off.

Liability adequacy testing

In compliance with certain regulations governing the insurance sector in Namibia, the Corporation must meet specific solvency ratios in the life and non-life insurance business, respectively. At each end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related assets.

These solvency ratios are derived through actuarial calculations where insurance liabilities are quantified, gross and net of related assets, and subjected to a 'liability adequacy test'. In deriving the liability values, estimations and assumptions are made. For more information on the sensitivity surrounding these estimations, refer to 'Insurance risk in note 3.

Revalued amount of land and buildings

Land and buildings are revalued to their fair value. Valuations of land and buildings are determined from market based evidence by appraisals undertaken by professional valuers. Revaluations are performed every three years and with such sufficiency that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Estimation of pipeline items

Pipeline premium in respect of a particular quarter represents premium written on proportional treaties during the quarter but not yet reported by ceding companies at the closing date of the quarter, as well as missing statements of previous quarters. It is generally estimated contract by contract, using annual premium estimates, adjusted for actual statements received to date. However, for practical reasons, statistical methods are also used to validate the overall figures.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provisions for pipeline losses are recognised within the IBNR reserves for the period.

Pipeline acquisition costs represent accrued acquisition costs relating to pipeline premiums. This is estimated contract by contract, by applying the contractual percentages to the pipeline premium.

Contingent assets

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the Corporation, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Corporation's control.

Contingent liabilities

The Corporation discloses a contingent liability when:

It has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or

It has a present obligation that arises from past events but not recognised because:

- It is probable that an outflow of resources will be required to settle an obligation; and
- The amount of the obligation cannot be measured with sufficient reliability.

1.3 Property, plant and equipment

Property and equipment, excluding land are carried at cost less accumulated depreciation and any impairment losses.

Land and buildings are shown at fair value, valuations by external independent appraisers, less subsequent depreciation for buildings. Revaluations are performed every three years. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the building and the net amount is restated to the revalued amount of the buildings.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of the assets less their residual value over their estimated useful lives, using the straight-line method. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.4 Intangible assets

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Accounting Policies

1.4 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight-line basis.

Item	Useful life
Computer software	10 years

1.5 Financial instruments

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - held for trading
- Held-to-maturity investment
- Loans and receivables
- Financial assets measured at amortised cost
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Accounting Policies

1.5 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Insurance and other receivables

Insurance receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the insurance receivable is impaired.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When an insurance receivable is uncollectable, it is written off against the allowance account for insurance receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Insurance and other receivables are classified as loans and receivables.

Reinsurance and other payables

Reinsurance and other payables are recognised when due and measured on initial recognition at the fair value of the consideration paid less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. These include amounts due to agents, brokers and insurance contract holders.

Reinsurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

Accounting Policies

1.5 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

When bank balances are denominated in a foreign currency, the carrying amount of the bank balances are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Borrowings

Borrowings are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments classified as fair value through profit or loss are initially recognised at cost and subsequently re-measured to fair value based on quoted prices, without any deduction for transaction costs. All related realised and unrealised gains and losses are included in profit or loss. Interest earned whilst holding held for trading investments is reported as investment income.

Held to maturity investments

Held to maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Corporation has the intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less any allowances for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation and losses arising from impairment of such investments are recognised in the profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement at cost, receivables are subsequently remeasured to amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

Derecognition of financial assets

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

Derecognition of financial liabilities

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The condition is met when the liability is settled by paying the creditors, or when the Corporation is released from primary responsibility for the financial liability either by process of law or by creditor.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Accounting Policies

1.6 Tax (continued)

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Tax assets and liabilities are offset at the taxpayer level and in the same jurisdiction as the law allows net settlement. The different balances are shown accordingly either as assets or liabilities on the statement of financial position.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction, which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset at the taxpayer level and in the same jurisdiction as the law allows net settlement. The different balances are shown accordingly either as assets or liabilities on the statement of financial position.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

Accounting Policies

1.7 Impairment of non-financial assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity were there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares are recognised at par value and classified as ‘share capital’ in equity. Any amounts received from the issue of shares in excess of par value are classified as ‘share premium’ in equity. Dividends are recognised as a liability in the company in which they are declared.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care and pension), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Termination benefits

Termination benefits are payable when employment is terminated by the Corporation before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

1.10 Provisions and contingencies

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Accounting Policies

1.10 Provisions and contingencies (continued)

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingencies are disclosed in note 34.

1.11 Revenue

Net insurance premium revenue

Net insurance premium revenue comprises of the following components:

- Gross earned premiums comprise the total premiums receivable for the whole period of the cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods as well as unearned premiums relating to future accounting periods.
- Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums and is included in insurance liabilities in the statement of financial liability.
- Premiums ceded to reinsurers comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods as well as unearned reinsurance premiums relating to future accounting periods.

Pipeline premium

Pipeline premium in respect of a particular quarter represents premium written on proportional treaties during the year but not yet reported by ceding companies at the closing date of the quarter, as well as missing statements of previous quarters. It is generally estimated contract by contract, using annual premium estimates, adjusted for actual statements received to date.

However, for practical reasons, statistical methods are also used to validate the overall figures. Pipeline acquisition costs represent accrued acquisition costs relating to pipeline premium. This is estimated by applying the contractual percentages to the pipeline premium.

Commission income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

Finance income

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Corporation's right to receive payment is established, which is generally when shareholders approve the dividend.

Other income

Other income comprises of rental income in the prior year and sundry income. Other income is recognised to the extent that it is probable that economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is received.

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Accounting Policies

1.12 Translation of foreign currencies (continued)

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, the company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

1.13 Benefits, claims and expenses recognition

Gross benefits and claims

Gross benefits and claims include all claims occurring during the year, whether reported or not; related internal and external claims handling costs that are directly related to the processing and settlement of claims; a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Fees and commission expense

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as expenses as incurred. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

Deferred acquisition costs (DAC)

In reinsurance, those costs directly associated with the acquisition of new contracts, mainly comprising commissions, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. The deferred acquisition costs are therefore recorded as assets on the statement of financial position to the extent that contracts are profitable. They are amortised on the basis of the residual term of the contracts in non-life.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DAC are also considered in the liability adequacy test for each reporting period.

DAC are derecognised when the related contracts are either settled or disposed of.

Accounting Policies

1.14 Reinsurance contracts

The Corporation cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. This includes the reinsurer's share of unearned premiums, provision for outstanding claims and provision for claims incurred but not reported. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, reinsurance assets are measured at amortised cost, using the effective interest rate method.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Corporation may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Corporation will receive from the reinsurer.

The impairment loss is recorded in the statement of comprehensive income.

Gains or losses on buying reinsurance are recognised in the statement of comprehensive income immediately at the date of purchase.

Ceded reinsurance arrangements do not relieve the Corporation of its obligations to policyholders. The Corporation also assumes reinsurance risk in the normal course of business for non-life insurance contracts where applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party. Reinsurance contracts that do not transfer significant insurance risk are accounted for directly in the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured.

Investment income on these contracts is accounted for using the effective interest rate method when accrued.

1.15 Dividend distribution

Dividends declared to the Government of the Republic of Namibia are recognised as a liability in the annual financial statements in the period in which the dividends are approved by the directors of the Corporation to the extent they are unpaid.

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4

An insurer applying the temporary exemption from IFRS 9 shall apply the new requirements of IFRS 9 concerning situations where a change in the basis for determining the contractual cash flows of a financial asset or financial liability is required by interest rate benchmark reform.

The effective date of the amendment is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 annual financial statements.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The effective date of the amendment is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 annual financial statements.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient.

This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the amendment is for years beginning on or after 1 January 2021. The company has adopted the amendment for the first time in the 2022 annual financial statements.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the amendment is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 annual financial statements.

The impact of the amendment is not material.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39

Temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of financial items as hedged items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the amendment is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 annual financial statements.

The impact of the amendment is not material.

COVID-19-Related Rent Concessions - Amendment to IFRS 16

The COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification.

This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payment affects only payments originally due on or before 30 June 2022 and
- there is no substantive change to other terms and conditions of the lease.

The effective date of the amendment is for years beginning on or after 1 June 2020.

The company has adopted the amendment for the first time in the 2022 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen to apply on effective date the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2022 or later periods:

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 1 January 2023.

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

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 1 January 2023.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in annual financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after 1 January 2023.

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

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2023.

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

IFRS 17 Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after 1 January 2023.

Accounting policy papers, actuarial methodologies and disclosure requirements are set to be prepared within the next few months and will be implemented before the end of 2023. The Corporation plans on engaging the auditors on the policy and methodology papers as they are prepared, with regards to the transition to IFRS 17. Auditing of the principles in these policy papers is set to start in 2023. The project team remains up to date, and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments and, where applicable, will align the policy and methodology papers planned accordingly. The tax implications regarding the adoption of IFRS 17 are also being considered.

The transition to IFRS 17 and the financial impact assessment will remain a key focus during the 2023 year. The Corporation is in the early stages of project planning for the implementation and anticipates finalisation by the end of 2023.

A roadmap for transition and the dual reporting run will be prepared and shared with business stakeholders within the next few months.

The IFRS 17 project team will focus on the following key areas during 2023:

- Complete the system development and key controls required to implement IFRS17;
- Produce and request business sign-off, as well as external audit sign-off of transition balances;
- Commence with an IFRS 4 and IFRS 17 dual reporting run;
- Update the budgeting process to ensure alignment with IFRS 17;
- Finalise the layout and disclosure of the IFRS 17 compliant annual financial statements;
- Finalise the management reporting and key performance measures;
- Continue engaging with the executive committee and business through various training initiatives; and
- Finalise and implement future financial and data governance processes and accountabilities.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the amendment is for years beginning on or after 1 January 2022. It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the amendment is for years beginning on or after 1 January 2022.

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

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment.

Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the amendment is for years beginning on or after 1 January 2022.

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

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the amendment is for years beginning on or after 1 January 2022.

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

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendment provides a temporary exemption that permits, but does not require, insurers, under specified criteria, to apply IAS 39 Financial Instruments: Recognition and Measurement, rather than IFRS 9 Financial Instruments until the adoption of IFRS 17 Insurance Contracts which is the IFRS replacing IFRS 4, with a proposed effective date of annual periods beginning on or after 1 January 2023.

The Corporation, which has not previously applied any version of IFRS 9 (other than the paragraphs required) and whose activities are predominantly connected with insurance given that more than 90% of its total carrying amount of liabilities is connected with insurance for its annual period ending 31 March 2016 and for all subsequent periods, meet the specified criteria for this exemption and have chosen to defer the adoption of IFRS 9. The total carrying amount of liabilities connected with insurance is made up of liabilities under IFRS 4 (N$ 736.4 million as at March 2022) and a deferred tax liability (N$ 18.4 million as at 31 March 2022).

Additional information is required to be disclosed as a result of this exemption which is provided below:

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

2022

The fair value and change in fair value for the two groups of financial assets

Figures in N$ '000	Amortised cost	Fair value through profit and loss	Fair value
Held to maturity investments			
Opening value	56 912	-	56 912
Additions	(27 813)	-	(27 813)
Closing value	**29 099**		**29 099**
Insurance and short-term receivables			
Opening value	**224 629**	-	**224 629**
Additions	349 022	-	349 022
Disposals and maturities	(224 629)	-	(224 629)
Closing value	**349 022**	-	**349 022**
Fair value through profit or loss			
Opening value	-	279 411	279 411
Additions	-	10 595	10 595
Increase in fair value	-	5 145	5 145
Disposals and maturities	-	-	-
Closing value	-	**295 151**	**295 151**

Investments held to collect interest and principal payments only as at 31 March 2022

	Credit risk rating	Carrying amount/ fair value
Insurance receivables	Not rated	349 022
Republic of Namibia bonds	Baa3	29 099
Standard Bank Fixed Deposit Account	BB+	-
		378 121

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

2021

The fair value and change in fair value for the two groups of financial assets

Figures in N$ '000	Amortised cost	Fair value through profit and loss	Fair value
Held to maturity investments	48 026	-	48 026
Opening value	8 886	-	8 886
Additions		-	
Increase/(decrease) in fair value	-	-	-
Disposals and maturities	-	-	-
Short-term insurance	**56 912**	**-**	**56 912**
Insurance and short-term receivables			
Opening value	314 882	-	314 882
Additions	224 629	-	224 629
Increase in fair value	-	-	-
Disposals and maturities	(314 882)	-	(314 882)
Short-term insurance	**224 629**	**-**	**224 629**
Fair value through profit or loss			
Opening value	-	147 076	147 076
Additions	-	170 127	170 127
Increase in fair value	-	5 334	5 334
Disposals and maturities	-	(45 000)	(45 000)
Short-term insurance	-	**277 537**	**277 537**

Investments held to collect interest and principal payments only as at 31 March 2021

	Credit risk rating	Carrying amount/ fair value
Insurance receivables	Not rated	224 629
Republic of Namibia bonds	Baa3	28 974
Standard Bank Fixed Deposit Account	BB+	27 938
		281 541

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting.

Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

The effective date of the standard is for years beginning on or after 1 January 2018. However, the Corporation elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The company expects to adopt the standard for the first time in the 2023 annual financial statements.

The Corporation has established an IFRS 17/IFRS 9 project team that will provide oversight and governance on the implementation of the standard. Refer to 'IFRS 17 Insurance Contracts' for further information.

Notes to the Annual Financial Statements

3. Financial instruments and risk management

Categories of financial instruments
Categories of financial assets

2022

Figures in N$ '000	Note(s)	Held to maturity investments	Fair value through profit or loss - held for trade	Loans and receivables	Total
Staff loans	13	-	-	1 445	1 445
Insurance and other receivables	10	-	-	349 022	349 022
Reinsurance assets	9	-	-	157 698	157 698
Cash and cash equivalents	14	-	-	71 177	71 177
Investments	7&8	29 099	295 151		324 250
		29 099	**295 151**	**579 342**	**903 592**

2021

Figures in N$ '000	Note(s)	Held to maturity investments	Fair value through profit or loss - held for trade	Loans and receivables	Total
Staff loans	13	-	-	1 535	1 535
Insurance and other receivables	10	-	-	224 629	224 629
Reinsurance assets	9	-	-	94 128	94 128
Cash and cash equivalents	14	-	-	12 933	12 933
Investments	7&8	56 912	279 411	-	336 323
		56 912	**279 411**	**333 225**	**669 548**

Categories of financial liabilities

2022

Figures in N$ '000	Note(s)	Amortised cost	Total
Reinsurance and other payables	20	178 544	178 544
Insurance liabilities	21	360 440	360 440
Provisions	22	175 653	175 653
		714 637	**714 637**

2021

Figures in N$ '000	Note(s)	Amortised cost	Total
Reinsurance and other payables	20	60 353	60 353
Insurance liabilities	21	436 094	436 094
		496 447	**496 447**

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Capital risk management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Corporation must comply with certain regulatory requirements which require that the Corporation maintain a minimum solvency margin where the aggregate value of its assets exceeds its liabilities by not less than N$ 4 000 or 15%, whichever is the greater amount. The Corporation ensures that its solvency requirement is met at all times.

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

The Corporation's activities expose it to a variety of financial risks, namely liquidity risk, credit risk and market risk. Market risk includes interest rate risk and foreign exchange risk.

The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance. Risk management is carried out by a central treasury department (Corporation treasury) under policies approved by the Board of Directors. Corporation treasury identifies, evaluates and manages financial risks in close co-operation with the Corporation's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Credit risk

Credit risk arises out of investments, reinsurance assets, insurance receivables, staff loans and prepayments and cash and cash equivalents.

The Corporation only invests with reputable institutions with high quality credit standing and limits exposure to any one counter-party. The credit quality of insurance receivables is individually assessed using a credit rating scorecard which takes into account the financial position, past experience and other factors.

Financial assets exposed to credit risk at year end are presented in the table below. The amounts represent the maximum exposure to credit risks. All amounts are presented net of impairments where applicable.

Refer to the respective notes for further information. The maximum exposure to credit risk is presented in the table below:

		2022			2021		
Figures in N$ '000		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Staff loans and other prepayments	13	1 405	-	1 405	1 021	-	1 021
Investments at fair value through profit or loss	8	295 151	-	295 151	279 411	-	279 411
Investments held to maturity	7	29 099	-	299 099	56 912	-	56 912
Insurance and other receivables	10	349 022	-	349 022	227 659	(3 030)	224 629
Cash and cash equivalents	14	71 177	-	71 177	12 933	-	12 933
		745 854	-	**745 854**	**577 936**	**(3 030)**	**574 906**

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Liquidity risk

Cash flow forecasting is performed in the operating units of the Corporation and aggregated by Corporation finance. Corporation finance monitors rolling forecasts of the Corporation's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and external regulatory requirements. The Corporation is required to maintain a minimum solvency margin.

Surplus cash held by the operating entities over and above balance required for working capital management is transferred to Corporation treasury which then invests surplus cash in money market deposits and government securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the forecasting process.

The table below analyses the Corporation's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2022

Figures in N$ '000	Note(s)	Less than 1 year	Total	Carrying amount
Current liabilities				
Staff loans	20	178 544	178 544	178 544
Investments	21	360 440	360 440	360 440
		538 984	**538 984**	**538 984**

2021

Figures in N$ '000	Note(s)	Less than 1 year	Total	Carrying amount
Current liabilities				
Staff loans	20	60 353	60 353	60 353
Investments	21	436 094	436 094	436 094
		496 447	**496 447**	**496 447**

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Foreign currency risk

The Corporation operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Zambian Kwacha, Malawi Kwacha, Botswana Pula and the Kenya Shillings.

The Corporation does not hedge foreign exchange fluctuations.

The Corporation reviews its foreign currency exposure, including commitments, on an ongoing basis.

A reasonable movement in the exchange rates would not have had a material effect on profit or loss.

Foreign currency exposure as at 31 March 2022

Figures in N$ '000	Insurance and other receivables	Reinsurance and other payables	Total
US Dollar	113 822	(195 270)	(81 448)
Botswana Pula	6426	(11 025)	(4 599)
Malawian Kwacha	237	(407)	(170)
Kenyan Shillings	21 697	(37 223)	(15 526)
Tanzania Shillings	5424	(9 305)	(3 881)
Lesotho Loti	65	(111)	(46)
Mozambican Metical	60	(103)	(43)
Nigerian Naira	2 841	(4 873)	(2 032)
Swazi Lilangeni	2542	(4 362)	(1 820)
Tunisian Dinar	2 536	(4 352)	(1 816)
SA Rand	2048	(3 513)	(1 465)
	157 698	**(270 544)**	**(112 846)**

Foreign currency exposure as at 31 March 2021

Figures in N$ '000	Insurance and other receivables	Reinsurance and other payables	Total
US Dollar	8 678	(2 266)	6 412
Botswana Pula	325	(85)	240
Zambian Kwacha	348	(91)	257
Malawian Kwacha	-	-	-
Kenyan Shillings	617	(161)	456
Tanzania Shillings	188	(49)	139
	10 156	**(2 652)**	**7 504**

Interest rate risk

Interest rate risk is the risk that future cash flows of a variable rate financial asset will fluctuate because of changes in market rates. Interest on investments contributes a significant portion of earnings and is necessary for liquidity management. Risk related to interest rate changes on finance lease liabilities is not considered to be significant. The Corporation's exposure to the risk of changes in market interest rates primarily arises from interest-bearing investments and cash and cash equivalents, both of which have variable risk rates. Had the interest rates increased (decreased) by 100 basis points (2021: 100 basis points), the after-tax effect on profit would have been a decrease (increase) of N$ 1 567 385 (2021: N$ 1 567 385).

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Insurance risk

The Corporation is exposed to a number of risks as a result of the nature of its business activities. The purpose of the Corporation's risk management process is to ensure that the operations that expose it to risk are consistent with the Corporation's strategy, business objectives and risk philosophy while maintaining an appropriate risk/reward balance and enhancing stakeholder value which does not compromise the Corporation's ability to pay claims or fulfil policyholder commitments.

The objective of the insurance risk management policy is to ensure that sufficient reserves are available in order to cover the liabilities that arise out of insurance contracts. The principal risk which the Corporation faces is that the actual amount and timing of insurance claims and benefit payments may differ from expectations. This is influenced by the frequency and severity of claims, particularly relating to foreign business.

The Corporation has developed policies and procedures to manage its risk within an Asset Liability Management ('ALM') framework. By utilising the ALM framework to manage assets and liabilities, the Corporation manages the mismatch that can occur due to liquidity or economic factors, such as interest rate changes.

The Corporation mitigates this risk by diversifying its reinsurance across the portfolio of insurance contracts and geographical areas so as to avoid a concentration of risk in any one subset within the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines as well as the use of reinsurance management systems. The reinsurance portfolio includes highly rated, highly liquid securities.

As part of risk mitigation process the Corporation purchases reinsurance and cedes it on proportional and non-proportional basis to reduce exposure. The spread is that proportional constitutes 74% (2021: 80%), non-proportional 4% (2021: 3%) and facultative 22% (2021: 17%).

The Corporation underwrites both life and non-life insurance contracts.

Due to the long-term nature of the life insurance business, the Corporation accepts market risk which arises due to mismatches between assets and liabilities, provided it is managed within specific risk tolerances and limits.

The Corporation enters into retrocession agreements with other reinsurers to mitigate the risk exposure.

Included in the non-life insurance business is aviation, fire, liabilities, marine, motor, miscellaneous, personal lines and medical insurance. Fire (which includes engineering class of business), personal lines and liabilities businesses are the highest contributors to gross written premium. The fire, personal lines and motor businesses contribute the highest to loss ratio.

These exposures are strategically mitigated through specific risk selection and underwriting methodologies which diversifies risk across the geographical areas. The Corporation has selected specific markets in Eastern, Central and Southern Africa for foreign business underwriting.

The Corporation avoids underwriting risks in areas which are prone to hurricanes, earthquakes, major floods and unstable political environment. Furthermore, the Corporation has event limit clauses in the underwriting slips.

The concentration of life and non-life insurance risk by insurance type before and after reinsurance is summarised in the following tables.

2022 Figures in N$ '000	Gross liability	Reinsurance asset	Net liability
Life	(74 735)	51 286	(23 449)
Fire	(115 044)	39 644	(75 400)
Health	(1 905)	656	(1 249)
Marine	(21 876)	7 539	(14 337)
Motor miscellaneous	(145 268)	58 017	(87 251)
Nasria	(1 324)	456	(868)
Aviation	(289)	100	(189)
	(360 441)	**157 698**	**(202 743)**

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

2021 Figures in N$ '000	Gross liability	Reinsurance asset	Net liability
Life	(29 447)	6 356	(23 091)
Fire	(388 463)	83 847	(304 616)
Health	(1 354)	292	(1 062)
Marine	(4 808)	1 038	(3 770)
Motor miscellaneous	(11 855)	2 559	(9 296)
Nasria	(130)	28	(102)
Aviation	(37)	8	(29)
	(436 094)	**94 128**	**(341 966)**

The geographical concentration of the corporation's life and non-life contract liabilities is noted below. The disclosure is based on the countries where the business is written. The analysis would not be materially different if based on the countries in which the counterparties are situated.

2022 Figures in N$ '000	Gross insurance liability	Reinsurance asset	Net liability
Namibian	(270 543)	143 632	(126 911)
Foreign	(89 898)	14 066	(75 832)
	(360 441)	**157 698**	**(202 743)**

2021 Figures in N$ '000	Gross insurance liability	Reinsurance asset	Net liability
Namibian	(312 683)	45 631	(267 052)
Foreign	(14 706)	4 670	(10 036)
	(327 389)	**50 301**	**(277 088)**

Typically, the claim process is completed within 12 months for non-life contracts.

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Sensitivity analysis for short-term insurance liabilities

The claims IBNR liability is statistically calculated using certain assumptions, refer to note 1.2 "Insurance liabilities". The tables below illustrate the effect of an adjustment to the claims loss ratio on gross IBNR liabilities and on IBNR liabilities net of reinsurance assets.

Gross IBNR **Figures in N$ '000**	Base	10% Loss ratio increase	10% Loss ratio decrease	5% Loss ratio increase	5% Loss ratio decrease
Fire and engineering	26 950	34 086	20 607	30 121	23 778
Guarantee	166	246	85	206	125
Liability	13 831	18 704	9 709	16 128	11 541
Marine	4 035	5 111	3 053	4 573	3 530
Medical	53	58	47	55	50
Miscellaneous	12 647	15 437	9 856	14 042	11 251
Motor	3 894	6 812	976	5 353	2 435
Personal lines	12 560	14 574	10 547	13 567	11 554
Facultative all lines	19 773	24 880	14 666	22 326	17 219
Total	**93 909**	**119 908**	**69 546**	**106 371**	**81 483**

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Net IBNR **Figures in N$ '000**	Base	10% Loss ratio increase	10% Loss ratio decrease	5%% Loss ratio increase	5% Loss ratio decrease
Fire and engineering	22 426	28 702	17 634	25 287	19 566
Guarantee	136	202	70	169	103
Liability	13 518	17 854	9 709	15 589	11 454
Marine	3 361	4 257	2 530	3 809	2 936
Medical	53	58	47	55	50
Miscellaneous	10 015	12 148	7 881	11 081	8 948
Motor	2 951	5 031	870	3 991	1 910
Personal lines	8 846	10 266	7 425	9 556	8 135
Facultative all lines	14 114	17 759	10 468	15 936	12 291
Total	**75 420**	**96 277**	**56 634**	**85 473**	**65 393**

Sensitivity analysis for long-term insurance liabilities

The following table contains the results gross of reinsurance of the valuation of various sensitivity scenarios on the life business IBNR results.

Liability **Figures in N$ '000**	Base	Economic #+1%	Withdrawals +10%	Claims +10%	Claims -10%	IBNR +1 month	IBNR -1 month
Legal Cessions	**22 131**	**22 119**	**22 115**	**24 382**	**20 362**	**25 488**	**18 780**
-IBNR	16 825	16 825	16 825	17 114	16 825	20 182	13 474
-Prospective	5 306	5 294	5 290	7 268	3 537	5 306	5 306
Policy Cessions	**51 225**	**51 188**	**51 200**	**61 655**	**48 731**	**57 538**	**44 912**
-IBNR	43 037	43 037	43 037	49 093	42 404	49 350	36 724
-Prospective	8 188	8 151	8163	12 562	6 327	8 188	8 188

Change from base **Figures in N$ '000**	Base	Economic #+1%	Withdrawals +10%	Claims +10%	Claims -10%	IBNR +1 month	IBNR -1 month
Legal Cessions	**-**	**(12)**	**(16)**	**2 250**	**(1 769)**	**3 357**	**(3 351)**
-IBNR	-	-	-	289	-	3 357	(3 351)
-Prospective	-	(12)	(16)	1 961	(1 769)	-	-
Policy Cessions	**-**	**(37)**	**(25)**	**10 430**	**(2 494)**	**6 313**	**(6 313)**
-IBNR	-	-	-	6 056	(633)	6 313	(6 313)
-Prospective	-	(37)	(25)	4 374	(1 861)	-	-

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Sensitivity analysis for long-term insurance liabilities (continued)

The following table contains the results gross of reinsurance of the valuation of various sensitivity scenarios on the life business IBNR results.

Liability **Figures in N$ '000**	Base	Economic #+1%	Withdrawals +10%	Claims +10%	Claims -10%	IBNR +1 month	IBNR -1 month
Legal Cessions	**7 978**	**7 986**	**7 966**	**8 625**	**7 389**	**8 806**	**7150**
-IBNR	4 075	4 075	4 075	4 133	4 075	4 903	3 247
-Prospective	3 903	3 911	3 891	4 492	3 314	3 903	3 903
Policy Cessions	**15 114**	**15 131**	**15 095**	**17 416**	**13 898**	**16 377**	**13 852**
-IBNR	8 607	8 607	8 607	9 819	8 481	9 870	7 345
-Prospective	6 507	6 524	6 488	7 597	5 417	6 507	6 507

Change from base **Figures in N$ '000**	Base	Economic #+1%	Withdrawals +10%	Claims +10%	Claims -10%	IBNR +1 month	IBNR -1 month
Legal Cessions	**-**	**9**	**(12)**	**647**	**(589)**	**829**	**(827)**
-IBNR	-	-	-	58	-	829	(827)
-Prospective	-	9	(12)	589	(589)	-	-
Policy Cessions	**-**	**17**	**(20)**	**2 301**	**(1 217)**	1 263	(1 263)
-IBNR	-	-	-	1 211	(127)	1 263	(1 263)
-Prospective	-	17	(20)	1 090	(1 090)	-	-

Notes to the Annual Financial Statements

4. Fair value information

Fair value hierarchy

Financial Instruments are classified into different levels based on the method used to determine their fair value (valuation method).

Level 1: The fair value of financial instruments traded in an active market is based on quoted market prices at period end. Quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis. The Corporation does not have any level 1 financial instruments

Level 2: The fair value of financial instruments which do not trade in an active market are determined by using valuation techniques. The valuation techniques are based on market data. Level 2 instruments comprise the following:

- Collective investment schemes; and
- Debt and short-term money market instruments where the value of the investments is based on the quoted price from the asset managers for similar instruments.

Level 3: If inputs are not based on observable market data, the instrument is included in level 3. Instruments classified in level 3 are government bonds held at amortised cost with predetermined rates. It is therefore assumed that the carrying value of these instruments is equal to their fair value.

The table below analyses assets and liabilities carried at fair value.

	Note(s)	2022 N$ '000	2021 Restated* N$ '000
Levels of fair value measurements			
Level 2			
Recurring fair value measurements			
Assets			
Financial assets designated at fair value through profit (loss)			
Money market instruments	8	295 151	279 411
Total		**295 151**	**279 411**
Level 3			
Recurring fair value measurements			
Assets			
Investments held to maturity			
Bonds	8	29 099	28 974
Fixed deposits		-	27 938
Total investments held to maturity		**29 099**	**56 912**

Notes to the Annual Financial Statements

4. Fair value information (continued)

	Note(s)	2022 N$ '000	2021 Restated* N$ '000
Financial assets (loans and receivables)			
Reinsurance assets	9	157 698	94 128
Insurance and other receivables	10	349 022	224 629
Staff loans and other prepayments	13	1 445	1 535
Cash and cash equivalents	14	71 177	12 933
Total financial assets (loans and receivables)		**579 342**	**333 225**
Liabilities			
Financial liabilities at amortised cost			
Reinsurance and other payables	20	178 544	60 353
Insurance liabilities	21	360 440	436 094
Provisions	22	175 653	-
Total financial liabilities at amortised cost		**714 637**	**496 447**
Total		**(106 196)**	**(106 310)**

Notes to the Annual Financial Statements

5. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	4 448	-	4 448	4 448	-	4 448
Buildings	36 650	(1 039)	34 711	36 650	(1 267)	35 383
Furniture and fixtures	2 661	(2 210)	451	2 655	(1 953)	702
Motor vehicles	1 204	(741)	463	1 204	(759)	445
Office equipment	726	(280)	446	731	(143)	588
IT equipment	4 201	(2 159)	2 042	3 053	(1 586)	1 467
Total	**49 890**	**(7 329)**	**42 561**	**48 741**	**(5 708)**	**43 033**

Reconciliation of property, plant and equipment - 2022

	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	4 448	-	-	-	4 448
Buildings	35 383	-	-	(672)	34 711
Furniture and fixtures	702	6	-	(257)	451
Motor vehicles	445	-	-	18	463
Office equipment	588	3	(1)	(144)	446
IT equipment	1 467	1 694	(74)	(1 045)	2 042
Total	**43 033**	**1 703**	**(75)**	**(2 100)**	**42 561**

Notes to the Annual Financial Statements

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	4 448	-	-	-	-	4 448
Buildings	33 160	2 380	-	490	(647)	35 383
Furniture and fixtures	815	244	(7)	-	(350)	702
Motor vehicles	428	-	-	-	17	445
Office equipment	215	465	-	-	(92)	588
IT equipment	1 889	377	-	-	(799)	1 467
Total	**40 955**	**3 466**	**(7)**	**490**	**(1 871)**	**43 033**

Depreciation rates

Land	-	Not depreciated
Buildings	Straight-line basis	50 years
Furniture and fixtures	Straight-line basis	5 years
Motor vehicles	Straight-line basis	4 years
Office equipment	Straight-line basis	3 years
IT equipment	Straight-line basis	3 years

Revaluations

The valuation of land and buildings is done on a triennial basis by an independent, professional, recognised valuator with sufficient experience in the locations and segments of the property being valued. At 31 March 2021, Mr FA Frank-Schultz valued land and buildings at N$ 36.7 million. The next independent valuation will be done during the 2024 financial year.

The carrying value of land and buildings under the cost model would have been N$ 34.1 million (2021 N$ 34.8 million). Land is measured using the revaluation model in terms of IAS 16: Property, plant and equipment. The company carries land, at the fair value on the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The key variable which affects the value of the land is the estimated sellable land rate per square metre of N$ 3 750.

Sensitivity analysis

The effect of a 5% change in the estimated sellable land rate per square metre will result in the recoverable amount of land increase/ decrease by N$ 2.0 million (2021: N$ 2.0 million).

Details of properties

Land and buildings consist of a property situated on ERF 8571 registered under title deed T2114/2011, Corner of Lazarett Street and Feld Street, Windhoek, Namibia. The property measures 1,949 square metres in size.

6. Intangible assets

Figures in N$ '000	2022 Cost	2022 Accumulated amortisation	2022 Carrying value	2021 Cost	2021 Accumulated amortisation	2021 Carrying value
Computer software	11 578	(2 408)	9 170	11 558	(1 250)	10 308

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000

6. Intangible assets (continued)

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	10 308	19	(1 157)	9170

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	11 145	292	(1129)	10 308

7. Investments held to maturity

Held to maturity financial instruments

	2022	2021
Republic of Namibia Government bonds (Baa3)	29 099	28 974
Standard Bank Fixed deposit account (BB)	-	27 938
	29 099	**56 912**

Fair value information

The fair value of fixed deposits is considered to approximate the carrying amount. No amounts are past due or considered impaired. All amounts are denominated in Namibia Dollars.

Risk exposure

The investments held by the company expose it to various risks, including credit risk, interest rate risk and price risk. Refer to note 3 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

Government bonds disclosure information - Figures in N$ '000

Bond	Investment house	Purchase date	Maturity date	Yield	Coupon rate	Nominal amount	Carrying amount
GC24	Cirrus Capital (Pty) Ltd	31 March 2016	15 October 2024	10.09%	10.50%	2 000	2 114
GC24	Simonis Storm Securities (Pty) Ltd	31 March 2016	15 October 2024	10.00%	9.00%	10 000	10 536
GC25	Cirrus Capital (Pty) Ltd	31 March 2016	15 April 2025	10.31%	8.50%	9 750	9 679
GC25	PSG*	13 August 2020	15 April 2025	8.00%	8.50%	270	281
GC27	PSG*	13 August 2020	15 January 2027	8.15%	8.00%	220	222
GC32	Simonis Storm Securities (Pty) Ltd	23 October 2020	15 October 2032	10.23%	10.50%	5 350	5 252
GC32	PSG*	20 August 2020	15 April 2032	10.04%	9.00%	1 040	1 015
						28 630	**29 099**

***PSG Wealth Management (Namibia) (Pty) Ltd**

Notes to the Annual Financial Statements

	2022	2021 Restated*
	N$ '000	N$ '000
8. Investments at fair value through profit or loss`		
Level 2 fair value investments in funds with no credit ratings		
Bank Windhoek Money Market Investment Fund	3 445	2 275
Bank Windhoek Select Fund	51 076	49 048
FNB Namibia Unit Trust Income Fund	34 233	32 600
IJG Money Market Fund	26 763	25 647
Liberty Life Investment Policy	38 122	36 804
Momentum Diversified Income Fund	5 358	5 125
Old Mutual Namibia Income Fund	14 051	13 446
Old Mutual Namibia Money Fund	20 729	20 015
Nedbank Namibia Corporate Fund	4	4
PSG Collective Investment Scheme	31 785	29 737
PSG Money Market Fund	21 706	20 648
Sanlam Namibia Floating Rate Fund	27 407	26 290
Simonis Storm Arysteq Real Return Fund	16 945	15 898
Simonis Storm Money Market Fund	3 527	1 874
	295 151	**279 411**

These investments do not individually carry their own credit rating as they are made up of a portfolio of diversified assets which carry their own individual ratings. Prior to investment, management analyses the risk and only invests with reputable institutions. Refer to note 3 for information on risk management and to note 4 for fair value information.

All balances are denominated in Namibia Dollars.

	2022	2021 Restated*
Reconciliation of level 2 financial assets held at fair value through profit or loss		
Opening balance	279 411	148 219
Additions at fair value	-	161 508
Disposals at fair value	-	(45 000)
Interest capitalised	3 722	6 355
Dividend capitalised	4 613	2 237
Coupon interest on government bonds	2 704	1 106
Fair value adjustments	5 145	5 332
Expenses	(444)	(346)
	295 151	**279 411**

9. Reinsurance assets

	2022	2021 Restated*
Reinsurance asset receivable	157 698	94 128

No impairment loss was recognised by the Corporation at year end (2021: N$ nil), as the Corporation is satisfied that receivables are fully recoverable. The carrying amounts disclosed above approximate fair value at the reporting date. No profits on inception of reinsurance contracts were earned during the year (2021: N$ nil).

Notes to the Annual Financial Statements

	2022	2021 Restated*
10. Insurance and other receivables	N$ '000	N$ '000
Premium insurance debtors	349 022	218 203
Provision for doubtful debtors	-	(3 030)
	349 022	21 5173
Receivables	-	9 456
Total insurance and other receivables	**349 022**	**224 629**

Premium debtors are due from various reputable insurance companies. They do not have external credit ratings, however have been doing business with the Corporation for longer than 6 months and have no defaulting history.

Included in receivables is an amount owing by a related party, refer to note 33 for further details.

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows:

	2022	2021 Restated*
Loans and receivables	349 022	224 629

Exposure to credit risk

Credit risk disclosures

Credit quality of insurance and other receivables

The credit quality of insurance and other receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

Premium debtors of short-term insurance

	2022	2021 Restated*
Counterparties without external credit rating		
Group 2	349 022	224 629

Group 1 - new customer (less 6 months).

Group 2 - existing customer with more than 6 months' history with the company and no defaults in the past.

Group 3 - existing customer (more than 6 months) with some defaults in the past.

Trade and other receivables past due but not impaired

Insurance and other receivables that are not past their contractual due dates for payment are not considered for impairment.

	2022	2021 Restated*
Contracts past their contractual due dates	-	3 030

Insurance and other receivables impaired

The ageing of these amounts past due and impaired is as follows:

	2022	2021 Restated*
Contracts within their contractual due dates	-	-
Contracts past their contractual due dates	-	-

Notes to the Annual Financial Statements

10. Insurance and other receivables (continued)

Reconciliation of provision for impairment of trade and other receivables

	2022 N$ '000	2021 Restated* N$ '000
Opening balance	**(3 030)**	**(3 030)**
Unused amounts reversed	3 030	-
Closing balance	**-**	**(3 030)**

Exposure to currency risk

Refer to note 3 for details of currency risk management for trade receivables.

11. Current tax receivable

The current tax balance is made up as indicated in the tables below:

	2022 N$ '000	2021 Restated* N$ '000
Normal tax	10 886	15 235
Provision for taxation	**15 235**	**3 898**
Opening balance	(3 890)	-
Refunds received from the Receiver of Revenue	(10 451)	-
Interest and penalties	(8)	-
Third payment relating to prior year	-	(3 898)
Provisional tax payment	10 000	15 235
	10 886	**15 235**
Balance of provision for taxation consists of:		
2020	-	3 898
2021	11 337	11 337
2022	(451)	-
	10 886	**15 235**

Refer to note 33 for related party information.

12. Deferred acquisition costs

	2022 N$ '000	2021 Restated* N$ '000
Deferred acquisition costs		
Balance at the beginning of the year	31 160	2 786
(Income) / expenses deferred	(13 622)	28 374
	17 538	31 160

The reinsurance deferred acquisition costs have been included in the reinsurance and other payable balance in note 20.

	2022 N$ '000	2021 Restated* N$ '000
Reinsurance deferred acquisition costs		
Balance at the beginning of the year	(6 291)	(228)
Income deferred	(374)	(6 063)
	(6 665)	**(6 291)**

Notes to the Annual Financial Statements

13. Staff loans, deposits and other prepayments

	2022 N$ '000	2021 Restated* N$ '000
Staff loans advanced	1 405	1 021
Deposits and prepayments	40	514
	1 445	**1 535**

The balances are denominated in Namibia Dollars. No amounts are past due and have no indication of impairment. The carrying amounts approximate the fair values of the balances due to their short-term nature.

Staff loans are amounts that have been advanced to staff members of the Corporation in line with the Corporation's staff welfare policy. The balances are denominated in Namibia Dollars. No amounts are past due and have no indication of impairment.

The carrying amounts approximate the fair values of the balances due to their short-term nature.

Refer to note 3 for information on credit risk.

Refer to note 33 for information on related parties.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022 N$ '000	2021 Restated* N$ '000
Cash on hand	1	1
Bank balances	12 554	1 250
Short-term deposits	58 622	11 682
	71 177	**12 933**

All deposits are less than 90 days.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating	2022 N$ '000	2021 Restated* N$ '000
AAA - First National Bank of Namibia Limited	57 877	10 615
AA - Bank Windhoek Limited	13 299	2 316
	71 176	**12 931**

Exposure to currency risk

Included in the bank balances is a USD-denominated bank balance. The total loss on exchange differences recognised in profit or loss for the period under review is N$ 0.3 million.

Refer to note 3 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000
15. Share capital		
Authorised		
20 000 000 ordinary shares of N$1 each	20 000	20 000
Issued		
20 000 000 ordinary shares of N$1 each	20 000	20 000

16. Revaluation reserve

The revaluation reserve relates to revaluations performed on land and building every 3 years.

Refer to note 5 for information on land and buildings.

Opening balance	5 792	5 459
Fair value adjustment for the period	-	490
Deferred tax on fair value movement	-	(157)
	5 792	**5 792**

17. Staff welfare reserve

A staff welfare fund is required to be maintained in terms of section 29 of the Namibia National Reinsurance Corporation Act, 1998. The annual amount transferred to the fund may not exceed 5% of the net profit after tax of the Corporation for the financial year.

The reserve shall be utilised for recreation facilities, low interest-bearing loans and any other purposes aimed at enhancing the employees' welfare.

Opening balance	1 735	3 791
Utilised during the year	(502)	(2 056)
	1 233	**1 735**

18. General reserve

In terms of section 28 of the Namibia National Reinsurance Corporation Act, 1998, the Corporation is required to maintain a general reserve into which it shall deposit at the end of each financial year an amount equal to 50% of the net profit before tax for the year, provided the general reserve fund is less than the authorised share capital of the Corporation. Alternatively, should the general reserve be equal to or exceed the authorised share capital of the Corporation, then 25% of the net profit before tax must be transferred to the reserve.

Opening balance	102 821	96 579
Utilised during the year	-	6 242
	102 821	**102 821**

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000
19. Deferred tax		
Deferred tax liability		
Deferred tax liability	(18 383)	(15 995)
Deferred tax asset		
Other deferred tax asset	-	7 320

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(18 383)	(15 995)
Deferred tax asset	-	7 320
Total net deferred tax (liability)	**(18 383)**	**(8 675)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(8 675)	6 808
Temporary differences on property, plant and equipment	(1 062)	(1 545)
Temporary differences on prepayments	151	17
Temporary differences on accruals	(1 100)	173
Temporary differences on deferred acquisition costs	4 478	(7 139)
Temporary differences on income in advance	(11 540)	(7 624)
Temporary differences on insurance and other receivables	(635)	635
	(18 383)	**(8 675)**

Expected release of deferred tax asset		
Within 12 months	-	7 320
Expected release of deferred tax liability		
Within 12 months	(1 155)	(138)
After 12 months	(17 228)	(15 857)
	(18 383)	**(15 995)**

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000
20. Reinsurance and other payables		
Reinsurance payables	151 664	32 785
Reinsurance deferred acquisition costs	6 665	6 291
Other payables	20 215	21 277
	178 544	**60 353**

Exposure to currency risk

Refer to note 3 Financial instruments and financial risk management for details of currency risk management for trade payables.

21. Insurance liabilities

Reconciliation of intangible assets - 2022	Opening balance	Additions	Amortisation	Total
Provision for unearned premiums (refer to 21.1)	104 076	7 436	-	111 512
Provision for outstanding claims (refer to 21.2)	37 799	43 865	-	81 664
Provision for claims incurred but not reported, IBNR (refer to 21.3)	118 566	48 698	-	167 264
Insurance contract liability (refer to 21.5)	175 653	-	(175 653)	-
	436 094	**99 999**	**(175 653)**	**360 440**

Reconciliation of intangible assets - 2021	Opening balance	Additions	Amortisation	Total
Provision for unearned premiums (refer to 21.1)	35 251	68 825	-	104 076
Provision for outstanding claims (refer to 21.2)	5 624	37 799	(5 624)	37 799
Provision for claims incurred but not reported, IBNR (refer to 21.3)	116 643	24 090	(22 167)	118 566
Provision for unallocated loss adjustment expenditure (refer to 21.4)	879	-	(879)	-
Insurance contract liability (refer to 21.5)	168 993	175 653	(168 993)	175 653
	327 390	**306 367**	**(197 663)**	**436 094**

	2022	2021
Long-term insurance contracts	74 735	9 716
Short-term insurance contracts	285 705	426 378
	360 440	**436 094**

Insurance contract liability

The insurance contract liability relates to a liability which was calculated as 12.5% of the experience account balance held by the cedent as of 31 March 2021. In the current year the amount was disputed by the cedent and was subsequently transferred to provisions. Refer to note 22 for further information.

Notes to the Annual Financial Statements

21. Insurance liabilities (continued)

The liabilities arising from insurance contracts are expected to be settled as disclosed in the following tables. The cash flows are undiscounted:

Estimated timing of outflows: 2022	2 - 5 years	Over 5 years	Total
Long-term insurance contracts	-	74 735	74 735
Short-term insurance contracts	285 705	-	285 705
	285 705	74 735	**360 440**

Estimated timing of outflows: 2021	2 - 5 years	Over 5 years	Total
Long-term insurance contracts	-	9 716	9 716
Short-term insurance contracts	426 378	-	426 378
	426 378	9 716	**436 094**

	2022 N$ '000	2021 Restated* N$ '000
21.1 Gross provision for unearned premiums		
Balance beginning of the year	104 076	35 251
Movement for the year	7 436	68 825
	111 512	**104 076**
21.1 (a) Net unearned premium reserve		
Balance beginning of the year	66 247	20 864
Movement for the year	1 462	45 383
	67 709	**66 247**
The balance comprises		
Balance beginning of the year	111 512	104 076
Movement for the year	(43 803)	(37 829)
	67 709	**66 247**
21.2 Provision for outstanding claims		
Balance beginning of the year	37 799	5 624
Movement for the year	43 865	32 175
	81 664	**37 799**
Provision for outstanding claims ceded to reinsurers		
Balance beginning of the year	(6 608)	(8)
Movement for the year	(38 533)	(6 601)
	(45 141)	**(6 609)**
Net provision for outstanding claims	**36 523**	**31 190**

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000
21. Insurance liabilities (continued)		
21.3 Provision for claims incurred but not reported (IBNR)		
Balance beginning of the year	118 566	116 643
Movement for the year	48 698	1 923
	167 264	**118 566**
Reinsurance provision for claims incurred but not reported		
Balance beginning of the year	(49 689)	(35 906)
Movement for the year	(19 065)	(13 783)
	(68 754)	**(49 689)**
Net provision for claims incurred but not reported	**98 510**	**68 877**
21.4 Provision for unallocated loss adjustment expenditure		
Reinsurance provision for unallocated loss adjustment expenditure	-	879
Balance beginning of the year	-	-
Utilised/(incurred)	-	(879)
	-	-
Reinsurance provision for unallocated loss adjustment expenditure		
Balance beginning of the year	-	-
Incurred short-term	-	-
Balance beginning of the year	-	-
Net provision for claims incurred but not reported	**-**	**-**
21.5 Insurance contract liability		
Balance beginning of the year	175 653	168 993
Movement for the year	-	6 660
Transfer to provisions	(175 653)	-
Net provision for claims incurred but not reported	**-**	**175 653**
Reinsurance for insurance contract liability		
Balance beginning of the year	-	-
Utilised/(incurred) during the year	-	-
	-	-
Net insurance contract liability	**-**	**175 653**

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000

22. Provisions

Reconciliation of provisions - 2022	Opening balance	Transfer from insurance liabilities	Total
Insurance contract liability	-	175 653	175 653

The insurance contract liability relates to a liability which is currently under dispute with a local insurance company.

While the particular cedent was complying with the notices and regulations contained in Government Notices 332 - 338 as gazetted on 29 December 2017 for their Alternative risk transfer business, the company ceded 12.5% of their experience account book to the Corporation while also ceding 12.5% for full premiums.

The Corporation is of the opinion that the cession method was incorrect and as such the corrected treatment should be applied retrospectively for this business. The cedent in question is also of the view that the cession was done incorrectly but want this applied prospectively. The Corporation is currently in negotiations with the cedent on this and management has decided to raise a provision for the possible exposure on this dispute.

The provision was calculated as 12.5% of the experience account balance held by the cedent as of 31 March 2021. There is no movement of the balance for the 2022 financial year as management has assessed the provision to still be adequate. Please refer to note 34.2 (Contingent asset) for related contingent asset raised.

23. Net insurance premium revenue

	2022	2021
Long-term insurance contracts		
Premium receivables	123 018	68 271
Change in unearned premium	(1 378)	-
Short-term insurance contracts		
Premium receivables	645 179	394 422
Change in pipeline premium	29 973	162 179
Change in unearned premium	(43 887)	(68 825)
Gross earned premiums	**752 905**	**556 047**
Short-term reinsurance contract:		
- Premium payables	(249 753)	(165071)
- Change in unearned premium provision	42 782	23 442
Long-term reinsurance contracts	(97 715)	(54 617)
Premium revenue ceded to reinsurers on insurance contracts issued	1 021	-
Insurance premium ceded to reinsurers	**(303 665)**	**(196 246)**
Net insurance premium revenue	**449 240**	**359 801**

Refer to note 36(a) for further information on the impact of restatement on insurance premium income.

24. Other income

	2022	2021
Commission income	71 705	102 018
Sundry income	363	171
	72 068	**102 189**

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000
24. Other income (continued)		
Summary of commission income		
Movement in deferred acquisition costs	76 998	108 081
Comission income	363	171
	77 701	**102 018**
25. Investment income		
Dividend income		
Dividend income received on money market investments	4 613	2 237
Interest income		
Loans to:		
Directors, managers and employees	18	14
Investments in financial assets:		
Bank and other cash	1 180	2 702
Other financial assets	8 519	10 286
Total interest income	**9 717**	**13 002**
Total investment income	**14 330**	**15 239**
26. Net benefits and claims		
a) Gross benefits and claims incurred		
Long-term insurance	(191 764)	(100 760)
Short-term insurance	(308 671)	(66 054)
	(500 435)	**(166 814**
b) Claims ceded to reinsurers		
Long-term reinsurance recoveries relating to claims incurred	150 929	52 843
Short-term reinsurance recoveries relating to claims incurred	120 837	(25 822)
	271 766	**27 021**
c) Gross change in insurance liabilities		
Change in provision for outstanding claims	(43 865)	(32 175)
Short-term change in provision for claims IBNR	(31 793)	22 167
Long-term change in provision for claims IBNR	(51 915)	(24 090)
Change in provision for unallocated loss adjustment expenditure	-	879
Change in provision for long-term deficiency reserve	(14 680)	-
Change in insurance contract liability	-	(6 660)
	(142 253)	**(39 879)**
d) Change in insurance liabilities ceded to reinsurers		
Change in provision for outstanding claims	38 532	6 601
Short-term change in provision for claims IBNR	18 489	13 784
Long-term change in provision for claims IBNR	45 906	-
Change in provision for long-term deficiency reserve	4 359	-
	107 286	**20 385**

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000
27. Commission paid		
Commission paid	181 011	233 116
Summary of commission paid		
Movement in deferred acquisition costs	(13 621)	(28 373)
Commission paid	196 373	261 489
	182 752	**233 116**

28. Operating profit (loss)

Results of operating activities for the year are stated after charging (crediting) the following, amongst others:

	2022	2021
Employee costs		
Salaries, wages, bonuses and other benefits	23 702	25 450
Housing benefit	5 870	5 251
Travel allowance	264	244
Motor vehicle allowance	5 987	8 772
Termination benefits	2 133	1 930
Total employee costs	**37 956**	**41 647**

Notes to the Annual Financial Statements

28. Operating profit (loss) (continued)

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2022 N$ '000	2021 Restated* N$ '000
Actuary fees	604	560
Advertising	935	1 096
Annual duty	112	-
Auditors remuneration - external auditors	1 049	1 141
Bank charges	168	164
Bad debts*	10 569	-
Bursaries	1 276	972
Business development	6 525	2 732
Cleaning	346	636
Computer expenses	59	49
Depreciation, amortisation and impairment	3 257	3 000
Donations and sponsorships	5 770	2 853
Employee costs - directors	852	1 002
Employee costs - salaried staff	37 104	40 645
Entertainment	374	329
Insurance	411	319
Investment expense	444	347
Legal expenses	3 494	4 196
Loss on disposal of property, plant and equipment	8	11
Low-value assets	22	61
Motor vehicle expenses	134	67
Municipal expenses	306	273
NAMFISA Levies	253	250
NTA Levies	383	355
Other consulting and professional fees	12 285	4 828
Other operating expenses not individually material	1 298	(8 942)
Postage	6	25
Printing and stationery	123	148
Provision for doubtful debtors	(3 030)	-
Repairs and maintenance	532	625
Security	157	151
Staff welfare	502	2 053
Subscriptions	783	625
Telephone and internet expenses	1 808	1 726
Training	342	1 594
	89 261	**63 891**

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

28. Operating profit (loss) (continued)

* Bad debts are a result of the impairment of a receivable owed by the Ministry of Finance in the current year. The receivable related to the Government portion of legal fees in relation to the ongoing industrial action against the Corporation.

Refer to note 36(a) for further information on the impact of restatement on commission paid.

Foreign exchange gains (losses)

	2022 N$ '000	2021 Restated* N$ '000
Net foreign exchange loss	(151)	(1 299)

28.1 Legal fees

The Namibia National Reinsurance Corporation Act, Act 22 of 1998 and Government Gazette No. 6496 stipulate that short-term and long-term insurance companies should cede 12.5% of every policy to the Corporation as compulsory reinsurance, subject to specific exclusions and exemptions as prescribed in Government Gazette No. 6496. The Act and Government Gazette Notice are currently under legal dispute by some insurance companies in the courts of law, therefore only a number of insurers are presently complying, with the majority still disputing the regulation. The Corporation's legal counsel and directors believe that a favourable outcome is probable, which will require all insurers registered in Namibia to comply with the regulation. The Corporation has only recognised per policy cession business from complying insurance companies in its financial statements, no accrual has been recognised nor contingent asset for non-complying cedants.

29. Cash generated from operations

	2022 N$ '000	2021 Restated* N$ '000
Profit before taxation	6 724	24 969
Adjustments for:		
Non-cash items	98 714	107 284
Depreciation	2 100	1 871
Amortisation	1 157	1 129
Losses on disposals of property, plant and equipment	8	-
Losses on foreign exchange	151	1 299
Fair value gains and other non-cash items	(5 145)	(6 065)
Movements in insurance liability	99 999	108 704
Management investment expenses	444	346
Dividend income	(4 613)	(2 237)
Interest income	(8 519)	(10 163)
Changes in working capital:	(56 059)	12 016
Insurance and other receivables	(124 393)	117 253
Reinsurance assets	(63 570)	(43 827)
Deferred acquisition costs	13 622	(28 374)
Staff loans and other prepayments	90	(148)
Reinsurance and other payables	118 192	(32 88)
Cash generated from operations	**36 247**	**131 869**

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000
30. Tax paid		
Balance at beginning of the year	15 235	3 898
Current tax for the year recognised in profit or loss	(10 451)	-
Balance at end of the year	(10 886)	(15 235)
	(6 102)	**(11 337)**
31. Dividends paid		
Balance at beginning of the year	-	(10 000)
32. Taxation		
Major components of the tax expense		
Current		
Long-term insurance business	214	-
Short-term insurance business	10 237	-
	10 451	-
Deferred		
Balance at beginning of the year	9 708	15 326
	20 159	**15 326**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2022 N$ '000	2021 Restated* N$ '000
Accounting (loss) / profit	6 724	24 969
Tax at the applicable tax rate of 32% (2021: 32%)	2 152	7 990
Tax effect of adjustments on taxable income		
Deferred tax effect income	13 547	4 812
Permanent differences	4 380	2 524
Prior period adjustment	80	-
	20 159	**15 326**

33. Related parties

Relationships

Ultimate holding entity	Government of the Republic of Namibia
Holding entity	The Namibian Ministry of Finance
Directors	Refer to director's report

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000
33. Related parties (continued)		
Related party balances		
Amount owing by (to) the Government of the Republic of Namibia		
Other receivables	-	8 238
Value-added tax	(12 117)	(20 370)
Current tax receivable (payable)	21 337	15 235
PAYE (employees' tax)	(511)	(459)
VAT on imported services	(2)	(20)
Withholding taxes	(1)	(1)
	8 706	**2 623**

Balances with related parties are unsecured, interest free and payable on demand. However, balances in arrears incur interest and penalties as specified by the VAT, PAYE, Withholding tax and Income tax legislations.

	2022 N$ '000	2021 Restated* N$ '000
Amounts included in staff welfare loans regarding related parties		
Humavindu R.R.K.	18	26
Francis F.C.	18	26
Shilongo H.A.	17	26
Ndjavera H.	24	21
Nampila T.V.O.	19	2
Karuaihe-Martin P.A.	-	9
Shumba T.	-	7
Hamunyela L.S.	-	26
	96	**143**
Amounts included in staff study loans regarding related parties		
Nampila T.V.O.	32	90
Karuaihe-Martin P.A.	-	2
Shumba T.	-	192
Hamunyela L.S.	-	2
	32	**286**
Related party transactions		
Interest received from related parties		
Staff welfare loans	-	(1)
Receipts from the Government of the Republic of Namibia		
Income tax refunded	(3 890)	-

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000
33. Related parties (continued)		
Payments to the Government of the Republic of Namibia		
Legal fees paid	1 197	(140)
Income tax paid	10 000	15 235
Agency payments: Value-added tax	19 517	37 786
Agency payments: PAYE	8 159	9 411
VAT on imported services paid	177	324
Withholding tax paid	9	20
	39 059	**62 636**
Payments to other related parties (fellow state-owned entities)		
Namibia Special Risks Insurance Association Ltd	68	270
Namibia Financial Institutions Supervisory Authority	1 879	375
	1 947	**645**
Compensation to directors		
For services as directors	852	2 601

34. Contingencies

34.1 Contingent liabilities

34.1 (a) Pending legal cases

Contingent liabilities represent items that as at 31 March 2022 have not been recognised in the statement of financial position because there is significant uncertainty at that date as to the necessity for the Corporation to make payments in respect of the legal case.

The Corporation has the following legal cases pending:

1. Legal action against Namibia National Reinsurance Corporation Limited concerning the notices requiring all companies in the insurance industry to cede business per policy level to Namibia National Reinsurance Corporation Limited;
2. Legal action against Namibia National Reinsurance Corporation Limited by the industry regarding the constitutionality of the Namibia National Reinsurance Act 1 of 1998; and
3. Legal action by Namibia National Reinsurance Corporation Limited against industry to compel insurance companies to comply with Notices and regulations contained in Government Notices 332 - 338 as gazetted on 29 December 2017.

The Corporation's lawyers consider the extent of the exposure of the Corporation to be limited to the applicants' legal costs. Accordingly, the Corporation has a contingent liability in respect of legal costs of about N$ 12 million (2021: N$ 9 million) payable to the applicants in respect of its legal costs incurred.

34.1 (b) Claim resulting from incorrect treatment of ceded business

The Corporation has a contingent liability related to a cedent who in the process of complying with the notices and regulations contained in Government Notices 332 - 338 as gazetted on 29 December 2017, has been submitting various returns since 2019. It is the view of the Corporation that principles applied in the calculation and submission of these returns are incorrect. The Corporation is in the process of negotiations with the cedant on the correct way of ceding business in line with the legislation. The total amount of this liability is N$8,280,533 (after tax N$ 5,630,762) as per the returns submitted by the cedent. The Corporation expects to finalise this matter within the next 12 months.

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

	2022 N$ '000	2021 Restated* N$ '000

34. Contingencies (continued)

34.2 Contingent asset

The Corporation has a contingent asset related to a claim for the over-rider commission from a cedent. This claim is related to amounts which were deducted by the cedent regarding over-rider commission. This was when the cedent was in the process of compliance in terms of the notices and regulations contained in Government Notices 332 - 338 as gazetted on 29 December 2017. It is the view of the Corporation that the cedent deducted over-rider commission in a manner that is not in line with standard insurance practices in relation to alternate risk transfer business. The commission in this regard is related to the period June 2018 to 31 March 2021 and amounts to an estimated amount of N$28,275,614 (after tax N$ 19,227,417). This estimate does not take into account any time value of money. Please refer to note 22 for information related to the liability.

35. Commitments

Authorised capital expenditure

Already contracted for but not provided for

	2022	2021
• Property, plant and equipment	9 900	-

This committed expenditure relates to property and will be financed by available bank facilities, retained profits, existing cash resources and funds internally generated.

Notes to the Annual Financial Statements

36. Prior period errors

(a) Error in classification of unearned premium reserve movement

In the previous financial period, unearned premium reserve movement was incorrectly classified as commission expense. The value of the misstatement in the financial statement line items was material and management resolved to correct the error retrospectively in line with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The correction of the error results in adjustments as follows:

Statement of Profit or Loss and Other Comprehensive Income

	31 March 2021 Previously reported	Adjustment	31 March 2021 Restated
Gross earned premium	622 801	(66 200)	556 601
Commission expense	35 818	66 200	102 018

(b) Error in disclosure of investment at fair value through profit or loss

In the previous financial periods, the Corporation erroneously presented an investment at fair value through profit or loss as cash and cash equivalents. The value of the misstatement in the financial statement line items was material and management resolved to correct the error retrospectively in line with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. No third column balance sheet was presented as required by IAS 8 by the Corporation as the error is not material.

The correction of the error results in adjustments as follows:

Statement of Financial Position

	31 March 2021 Previously reported	Accumulated depreciation	Carrying value	31 March 2020 Previously reported	Adjustment	31 March 2020 Restated
Gross earned premium	277 537	1 874	279 411	147 076	1 143	148 219
Commission expense	14 807	(1 874)	12 933	30 554	(1 143)	29 411

36. Prior period errors (continued)

Statements of Cash Flow	31 March 2021 Previously reported	Adjustment	31 March 2021 Restated
Cash flows from operations			
Profit before taxation	24 970	-	24 970
Adjustments for:			
Depreciation	1 871	-	1 871
Amortisation	1 129	-	1 129
Dividend income	(2 237)	-	(2 237)
Interest income	(10 163)	-	(10 163)
Fair value gains and other non-cash items	(5 334)	(731)	(6 065)
Movements in insurance liability	108 704	-	108 704
Expenses on investments	346	-	346
Losses on foreign exchange	1 299	-	1 299
Changes in working capital:			
Insurance and other receivables	117 253	-	117 253
Reinsurance assets	(43 827)	-	(43 827)
Deferred acquisition costs	(28 374)	-	(28 374)
Staff loans and other prepayments	(148)	-	(148)
Reinsurance and other payables	(32 889)	-	(32 889)
	132 600	**(731)**	**131 869**
Cash flows from operating activities			
Cash generated from operations	132 600	(731)	131 869
Tax paid	(11 337)	-	(11 337)
Net cash from operating activities	**121 263**	**(731)**	**120 532**
Cash flows from investing activities			
Purchase of property, plant and equipment	(3 467)	-	(3 467)
Proceeds on disposal of property, plant and equipment	6	-	6
Purchase of intangible assets	(292)	-	(292)
Purchase of investments held to maturity	(6 500)	-	(6 500)
Proceeds on maturation of investments held to maturity	2 156	-	2156
Purchase of investments at fair value through profit or loss	(162 614)	-	(162 614)
Proceeds on disposal of investments at fair value through profit or loss	45 000	-	45 000
Net cash from investing activities	**(125 711)**	**-**	**(125 711)**
Cash flows from financing activities			
Dividends paid	(10 000)	-	(10 000)
Net cash from financing activities	**(10 000)**	**-**	**(10 000)**
Total cash movement for the year	**(14 448)**	**(731)**	**(15 179)**
Cash at the beginning of the year	30 554	(1 143)	29 411
Effect of exchange rate movement on cash balances	(1 299)	-	(1 299)
Total cash at end of the year	**14 807**	**(1 874)**	**12 933**

Notes to the Annual Financial Statements

36. Prior period errors (continued)

	31 March 2020 Previously reported	Adjustment	31 March 2020 Restated
Cash flows from operations			
Profit before taxation	39 947	-	39 947
Adjustments for:			
Depreciation	1 282	-	1 282
Amortisation	191	-	191
Loss on disposal of assets	361	-	361
Dividend income	(859)	-	(859)
Interest income	(12 239)	-	(12 239)
Fair value gains and other non-cash items	(1 237)	(1 143)	(2 380)
Movements in insurance liability	177 659	-	177 659
Expenses on investments	294	-	294
Profit on foreign exchange	(2 657)	-	(2 657)
Changes in working capital:			
Insurance and other receivables	(277 413)	-	(277 413)
Reinsurance assets	40 588	-	40 588
Staff loans and other prepayments	(737)	-	(737)
Reinsurance and other payables	51 741	-	51 741
	16 921	**(1 143)**	**15 778**
Cash flows from operating activities			
Cash generated from operations	16 921	(1 143)	15 778
Interest received	1 039	-	1 039
Tax paid	(29 086)	-	(29 086)
Net cash from operating activities	**(11 126)**	**(1 143)**	**(12 269)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(3 149)	-	(3 149)
Purchase of intangible assets	(4 918)	-	(4 918)
Proceeds on maturation of investments held to maturity	2 089	-	2 089
Purchase of investments at fair value through profit or loss	(26 038)	-	(26 038)
Proceeds on disposal of investments at fair value through profit or loss	25 613	-	25 613
Net cash from investing activities	**(6 403)**	**-**	**(6 403)**
Cash flows from financing activities			
Dividends paid	(6 150)	-	(6 150)
Net cash from financing activities	**(6150)**	**-**	**(6150)**
Total cash movement for the year	**(23 679)**	**(1 143)**	**(24 822)**
Cash at the beginning of the year	51 576	-	51 576
Effect of exchange rate movement on cash balances	2 657	-	2 657
Total cash at end of the year	**30 554**	**(1 143)**	**29 411**

Namibia National Reinsurance Corporation Limited
(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

37. Going concern

We draw attention to the fact that at 31 March 2022, the company has made a loss of N$ (13 435) (2021: a profit of N$ 9 643).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Corporation has prepared projections, covering its future performance, capital and liquidity for a period of 12 months from the date of this report. The Corporation's projections and assessment show that the Corporation has sufficient capital, liquidity and positive future performance outlook to continue to meet its short-term obligations and as a result, it is appropriate to prepare these financial statements on a going concern basis.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

38. Events after the reporting period

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Notes

Notes

NamibRe

CONTACT US

Tel: 264 61 422 800
Fax: 264 61 256 904

Email:
Media & General Enquiries: info@namibre.com
Underwriters: Reinsurance@namibre.com
Finance: Finance@namibre.com
Technical Accounts: TechnicalAccounts@namibre.com

P.O. Box 716 Windhoek, Namibia