

# NAMIBIAN GOVERNMENT TREASURY BILLS



## WHAT ARE TREASURY BILLS?

- Treasury Bills (TBs) are short-term Government debt instruments issued by the Namibian government, denominated in Namibia Dollars (NAD).
- Treasury Bills are used by the Government as a short-term funding instrument and as a tool to manage the government's liquidity.
- These instruments have a maturity of less than one year, and are sold at a discount to their maturity value and carry no coupon.
- TBs are issued to the market at different maturities, ranging from 91 days to 364 days. The current maturities on issue are of **91, 182, 273** and **364** days. Treasury Bills are redeemable at par on maturity.
- The Bank of Namibia (BoN) acts as an agent for the Government for the issue and redemption of TBs and maintains an electronic register that records the details of each stockholder, and the amount of stock held by each holder.

## WHY CHOOSE THIS PRODUCT?

- TBs have lower risk than most investments, returns can be pre-determined and be fixed as the investor desires.



- **Example:** An investor wishing to purchase **N\$100,000** worth of 91-day TB at a yield of 6.11% will pay a price of N\$98.5 per N\$100 which is equivalent to the price of **N\$98,500**. Upon maturity an investor will get **N\$100,000** thus earning a return amounting to **N\$1,500** over the 3 months' period.
- The return on Government securities is Tax free as provided for by Section (16) (1)(1) of the Namibian Income Tax Act of 1981.

## HOW DO I INVEST

### STEP 1— REGISTER

- Prospective clients need to open a Book Entry account with the Bank of Namibia by completing a Book Entry Application form.

### STEP 2—PARTICIPATE IN THE AUCTION

- Bids for TBs must be for a minimum of **N\$10 000** and bid amounts should be tendered for in multiples of **N\$10 000**.
- Bids are submitted via the Bloomberg System, via e-mail: **liquidity@bon.com.na** or via fax: **061 283 5214**
- Tender forms may be obtained from the Bank of Namibia at 71 Robert Mugabe Avenue in Windhoek or may be requested via e-mail: **liquidity@bon.com.na**. Completed tender forms are sent back to the Bank via its dedicated fax number: **061 283 5214** or e-mail: **liquidity@bon.com.na**

### STEP 3—PAY

- Successful bidders are required to provide payment at the Bank of Namibia, not later than 10:00 a.m. on the next business day following the announcement of the allotment on the auction date.



- Payments are made through the client's local bank on their behalf. BoN does not receive direct payments from individual clients.

## ADMINISTRATIVE PROCEDURES

- The Bank of Namibia sends e-mails and places advertisements on the Bloomberg System and the Bank of Namibia website, to officially invite the public to participate in tenders for Government securities.
- Advertisements inviting tenders for TBs are placed one week prior to the auction date.
- In the event of a default by a client, meaning that a successful bidder is unable to settle his/her amount; the client shall be blacklisted and barred in future participation for a period of six months.

## CONTACT DETAILS

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