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FOR IMMEDIATE RELEASE

**BANK OF NAMIBIA ASSUMES CONTROL OF SME BANK NAMIBIA LTD –
APPEALS TO DEPOSITORS TO REMAIN CALM**

1. The Board of the Bank of Namibia at its ordinary meeting held on Friday, 24 February, decided that Bank of Namibia must intervene into the affairs and operations of the SME Bank Limited because of certain investments made that have not conformed to sound investment principles and that can potentially pose a risk to the stability of the bank.
2. The action being undertaken by the Bank of Namibia is informed by several presentations made by the Board and Management of SME Bank Limited to the Board of the Bank of Namibia following inspections undertaken by the Bank of Namibia. At this point, the Bank of Namibia is not satisfied with the information provided and is unable to render an objective opinion regarding the soundness or magnitude of the investments in question.
3. In light of this, it is the Bank of Namibia's considered view that such investments have the potential to cause instability if they are verified to be unsound. For this overriding reason, the Bank of Namibia has assumed control of the operations and affairs of SME Bank to allow for an objective and thorough assessment of the investment portfolio of the SME Bank to make a full determination of the soundness of these investments.
4. For this intended process to commence without any undue hindrance the following actions have been taken:
 - a. The Bank of Namibia has, as mentioned above, assumed control of the assets, liabilities, business and affairs of SME Bank Limited.
 - b. Accordingly, the Board of Directors of SME Bank will be disempowered and must, therefore, submit the property, business and affairs of the SME Bank to the control of the Bank of Namibia with immediate effect.
 - c. The Chief Executive Officer, Manager of Finance and General Manager of Treasury have been removed today.
 - d. In this regard, the Bank of Namibia has appointed an interim Board, to carry out the fiduciary responsibilities and support the committed staff members of SME Bank in managing the affairs of the bank on behalf of the Bank of Namibia, until the Order so

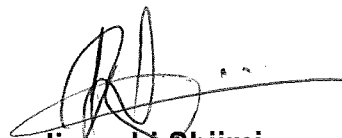
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effected, is lifted. The Interim Board members are Advocate Dennis Khama, Ms Melani Sophie Tjijenda, Mr Ali lipinge and Mr Fanuel Kisting.

- e. In addition to this interim Board, Mr Benustus Herunga, a long-serving member of the executive management team at the bank, has been appointed in an acting capacity to steer the bank as Chief Executive Officer. Mr Herunga is currently serving as the Head of Retail Banking at SME Bank and has been part and parcel of the growth of the institution since inception. The Board of the SME Bank and the Acting CEO will work closely with the loyal and dedicated staff members of the SME Bank to ensure that this institution continues to deliver on its mandate.
5. All these actions are being undertaken in accordance with the powers outlined in Section 56 of the Banking Institutions Act, 1998 (Act No.2 of 1998), as amended.
6. The Bank of Namibia has always remained supportive of the important mandate the SME Bank carries out. The potential of the SME sector to spur entrepreneurship, provide meaningful jobs and contribute to sustainable economic growth is fully recognized by the Bank of Namibia.
7. For example, the sector is a critical pillar in the Financial Sector Strategy spearheaded by Government and coordinated by the Bank of Namibia. It therefore goes without saying, that the well-being of the SME Bank is crucial for the developmental aspirations of Namibia, as fully articulated in the development plans and recently in the Harambee Prosperity Plan. The announced intervention should thus be seen in the light of ensuring that the potential risk of instability for the SME Bank is mitigated and the bank is able to continue operating going forward.
8. With this in mind, the Bank of Namibia has engaged the majority shareholder of SME Bank, namely Government through the Ministry of Industrialisation, Trade and SME Development, regarding these actions. The Minister, Hon. Immanuel Ngatjizeko has re-assured the Bank of Namibia of the Government's commitment towards the sustainability of the bank.
9. It is important to note that SME Bank will continue to operate during the time the Bank of Namibia assumes control. The management in place will make decisions regarding the continued granting of loans and banking activities, based on the existing policies and procedures in place. Further, SME Bank transactions, including ATM and online platforms will be available and fully operational.
10. The Bank of Namibia appeals to all customers to maintain a good standing on their loan repayments and honour their contractual obligations. This will prevent them from being deemed credit-unworthy. They are legally bound to repay their debt to the SME Bank and this decision effected today will not impact on their obligations to SME Bank.

11. Depositors will have full access to their money in the ordinary course of business. The Bank of Namibia, however, calls on all depositors to remain calm and not to withdraw their deposits as a result of this transitional period.
12. The Bank of Namibia undertakes to restore ownership of the SME Bank within the shortest time possible. Once the assessment of the investment portfolio is completed, the investments are secured and the potential risk to its stability is mitigated, the institution will be handed over to its shareholders.
13. Stakeholders, customers or anyone with questions regarding this action can contact the Bank during office hours, Monday to Friday, 08H30-16H30 pm, on telephone +264-61-2835114, Mr. Kazembire Zemburuka, Deputy Director: Corporate Communications or by email address: info@bon.com.na.
14. In conclusion, Namibia's banking sector remains healthy and stable. It is a sound and resilient, world-class banking system that is highly rated globally. The role of the Bank of Namibia as a regulator, has been and continues to be, to ensure that the banking sector contributes positively to the national economy. Therefore, the Bank remains resolute to fostering banking system stability and exercises its supervisory mandate in a fair manner at all times.

Issued by:



Lipumbi Shiimi
Governor