

MEDIA RELEASE

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FOR IMMEDIATE RELEASE

**OFFICIAL RELEASE OF THE NAMIBIA DEPOSIT GUARANTEE AUTHORITY 2021
ANNUAL REPORT**

1. Today, 21 April 2022, the Namibia Deposit Guarantee Authority (NDGA) released its second Annual Report for the fiscal year ended 31 December 2021, demonstrating a 3.8% year-on-year increase in the market value of the Deposit Guarantee Fund to N\$10.260 million. During the fiscal year under review, the Fund's value increased primarily due to N\$5.079 million in premiums paid by member institutions and a total annual interest income of N\$278,496.
2. The Namibia Deposit Guarantee Act, 2018 (No. 16 of 2018) established the NDGA with the primary goal of administering the Deposit Guarantee Scheme. The Scheme aims to protect depositors from the loss of their deposits by compensating them in the unlikely event of a commercial bank failure. This ultimately benefits consumer protection while also improving financial stability.
3. The Scheme adopts a guarantee coverage limit of N\$25,000, which is currently in effect. At this coverage limit, the Scheme covers more than 90% of current depositors. The Scheme therefore ensures that depositors have access to all or a portion of their funds in the event of a bank failure within a specified time period. It also protects against panic withdrawals by assuring depositors of the safety of their deposits even if a bank fails, reducing the likelihood and scale of such a failure culminating into a crisis for the entire financial system. All Namibian banking institutions and branches of foreign banks and building societies are required to be members of the Deposit Guarantee Scheme and pay annual premiums to the Scheme.

4. The Authority, which became fully operational on 01 February 2020, presents its Annual Report for the fiscal year ended 31 December 2021 to both public and private stakeholders, as well as the general public at large. The year 2021 marked the Institution's second year of being fully operational, and the Authority demonstrated resilience by operating seamlessly in an economic and market environment beset by the Covid-19 pandemic.
5. In this regard, the Authority closely monitors macroeconomic and banking industry developments because the Scheme's sustainability is dependent on them. Furthermore, a stable economy and a resilient banking industry reduce the likelihood of a crisis necessitating the withdrawal of funds from the Scheme. It is worth pointing out that the Covid-19 pandemic caused both supply and demand shocks and disrupted credit flows, resulting in devastating income reductions and job losses. However, Namibia's economic performance is estimated to have improved slightly during 2021, following the country's deepest contraction in history, as recorded in 2020, and is forecast to improve by 3.4 percent in 2022.
6. Overall, the banking industry remained stable despite the impacts of Covid-19. These challenges were evident in the deteriorating quality of assets in the Namibian banking sector as well as in the observed increase in non-performing loans, particularly in 2020. However, the sector proved more resilient to these shocks, remaining sound while operating efficiently and effectively. Total banking sector assets continued to grow, with liquid assets and capital well over the required statutory thresholds.
7. During this review period, the NDGA continued to strengthen its institutional architecture, to ensure a smooth operation in what has proven to be another challenging year. The Board and Management of the NDGA continued to build on the progress realised during the previous year. The administrative arrangement between the Authority and the Bank of Namibia serves the Institution well and has proven to be the most efficient and cost-effective model for operationalising this new entity. Further, the Institution enjoys good relations with all its stakeholders, including member institutions.
8. Since the operationalisation of the Deposit Guarantee Fund, as well as its Investment Policy and Guidelines in 2021, member institutions have all paid their second annual premiums in March 2021, as required by law. Such funds have been invested in accordance with said Investment Policy and Guidelines, delivering value to the Fund.

9. Going forward, the NDGA will continue to ensure prudent management of the Deposit Guarantee Fund, in order for the institution to effectively carry out its mandate. Further, the Institution will continue to strengthen relations with key stakeholders and the public at large in order to forge the vital trust of depositors in Namibia's financial system.

10. The Annual Report and the independently audited Financial Statements indicating the financial position of the NDGA as at 31 December 2021 is testimony of the sound governance architecture in place and the robust oversight executed by the Board of Directors. The media and the public at large are encouraged to read the entire report, which is available either in hard copy form upon request or accessible online at: <https://www.bon.com.na/Publications.aspx>

A handwritten signature in black ink, appearing to read 'Ebson Uanguta', with a stylized flourish above the name.

Ebson Uanguta
Chairperson: Namibia Deposit Guarantee Authority Board