



Bank of Namibia

2025 ANNUAL REPORT LAUNCH



31 MARCH
2026



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BON
AUDITORIUM





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CONTENTS



STRATEGY EXECUTION

1





Overall Bank Performance 2025

2024

2025

2026

2027

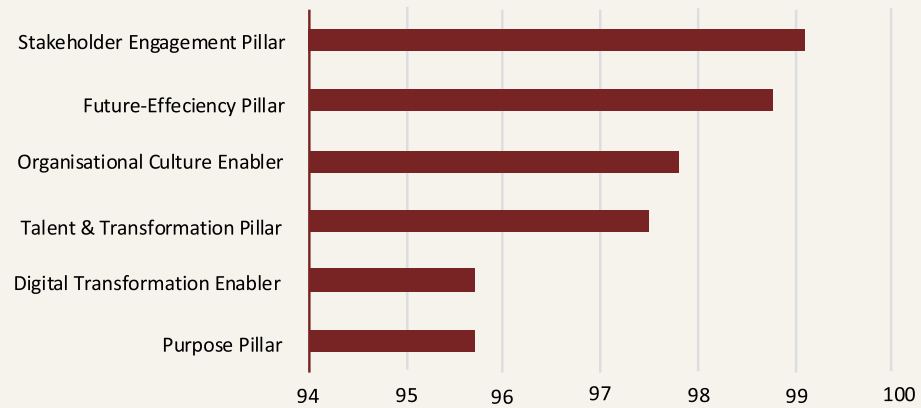
97.6%
delivered
for 2025

29.3%
delivered for
the three-year
strategy

- The Bank of Namibia's Strategic Plan 2025-2027 is weighted across the years in a 30:40:30 distribution.
- For the first year of execution of the strategic plan, the Bank achieved a 97.6% completion rate for 2025, representing 29.3% of the total objectives set for the full three-year period.



Strategic Pillars and Enablers Performance 2025



All areas
achieved above
90%
with leading pillars
and enablers being:



Stakeholder Engagement;



Future-fit Efficiency; and



Organisational Culture



2025 Key Strategic Deliverables



**2025
Awards**

 Best AI Initiative

 Best New Banknote Series

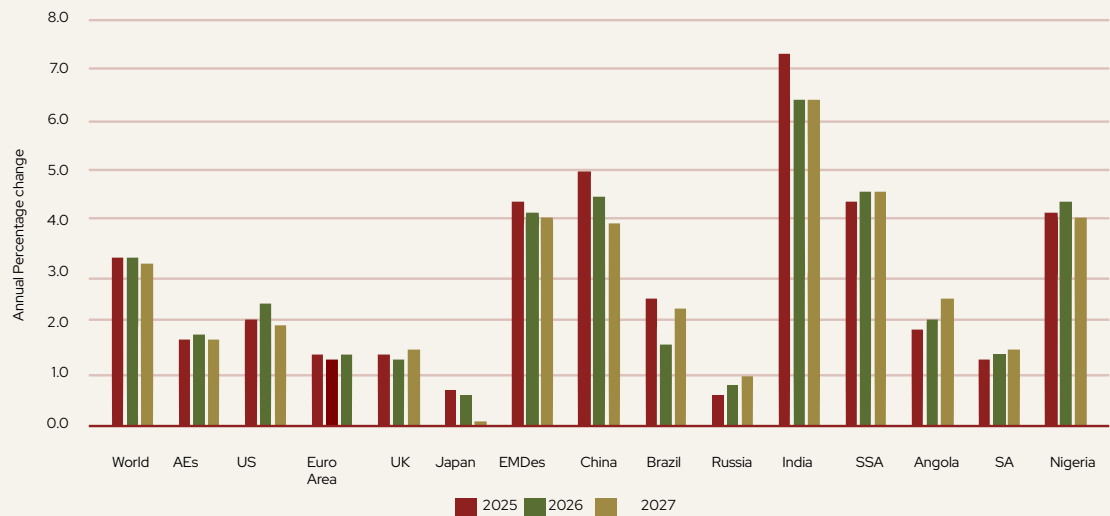


MACRO-
ECONOMIC
REVIEW IN
2025

2



The global economy remained broadly fragile, characterized by heightened uncertainties



→ GDP growth held steady at 3.3% in both 2025 and 2026 and is projected to ease slightly to 3.2% in 2027.

→ Growth in AEs was expected by the IMF to have slowed marginally in 2025 compared with 2024.

→ Growth in EMDEs in 2025 was estimated to have inched higher from its 2024 levels, supported by rebounding domestic demand.



Key risks are increasingly mounting



Trade policy uncertainty on the back of Tarrifs



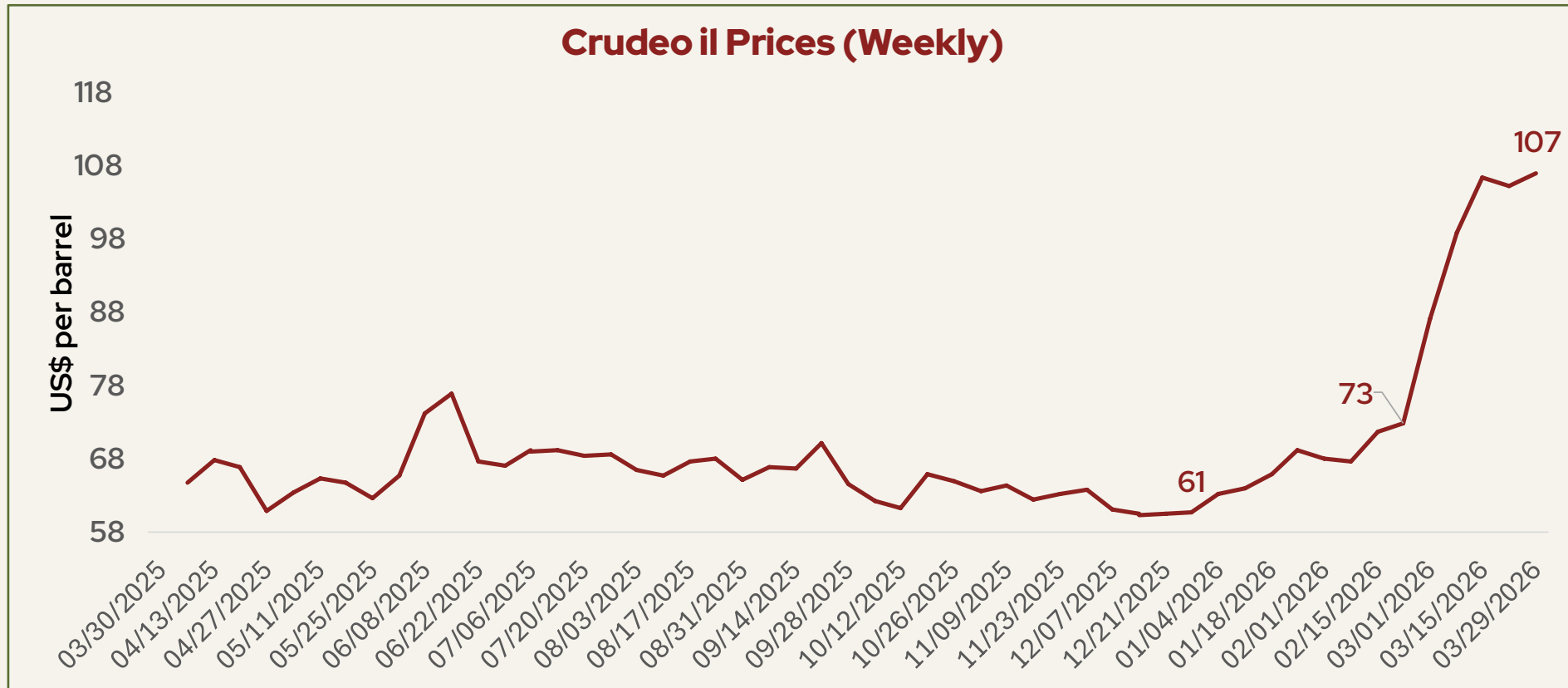
Possibility that productivity gains from new technologies may fall short of expectations.



Wage pressures, geopolitical tensions, and climate disruptions continue to pose risks to inflation outlook globally.



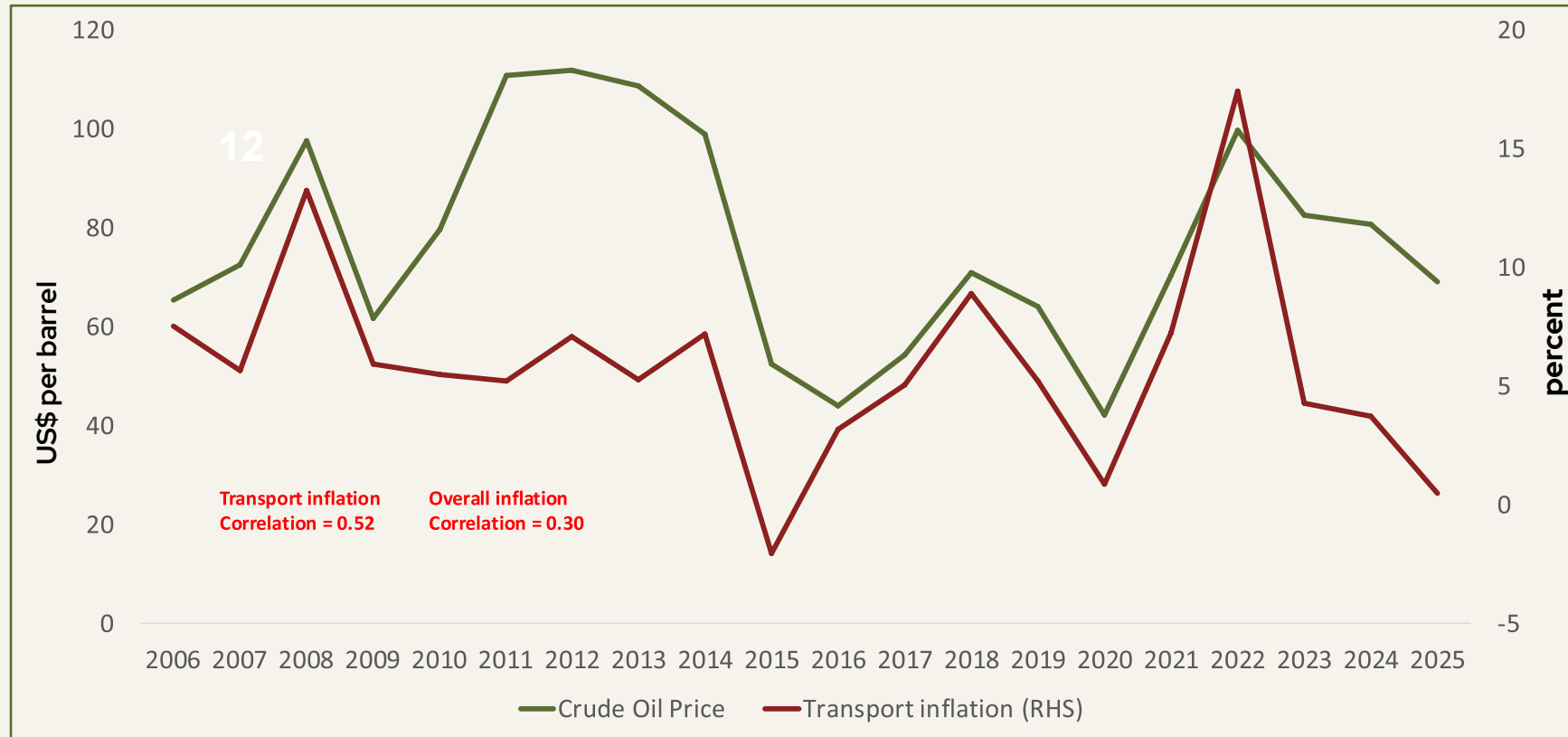
Brent crude oil prices surged markedly in the last 3 months of this year



Sources: Investing.com



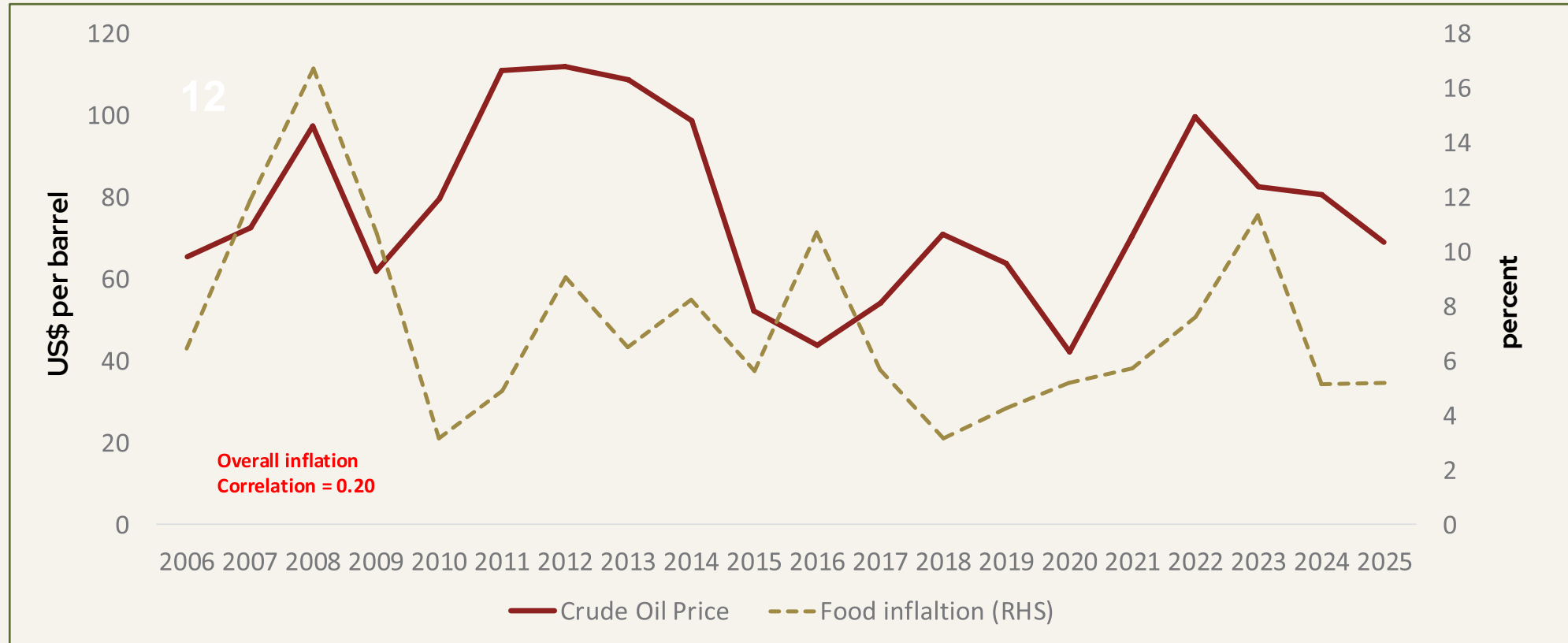
Recent crude oil prices developments may negatively impact domestic inflation through transport inflation



Sources: NSA & The World Bank



...and through food inflation



Sources: NSA & The World Bank

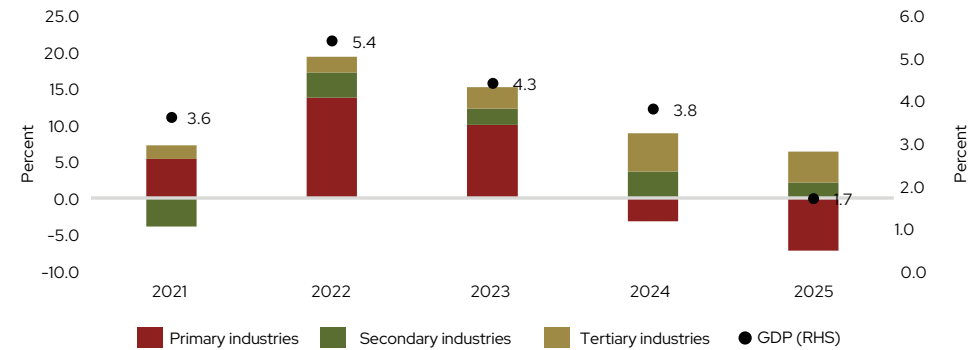
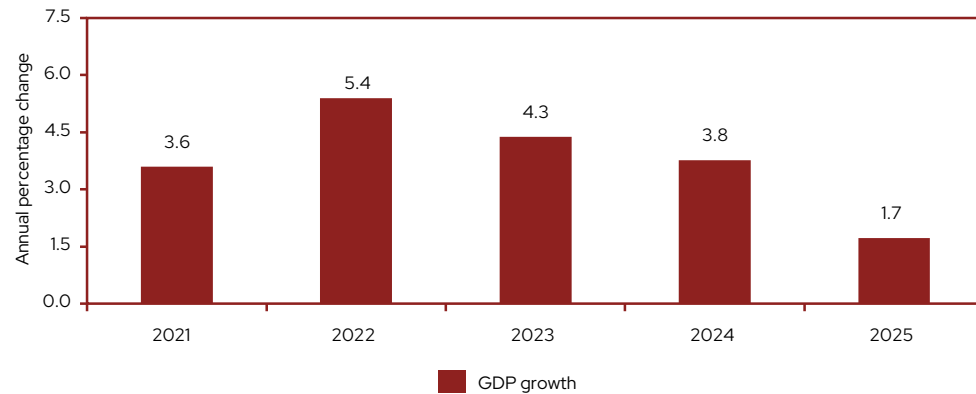


DOMESTIC
ECONOMY

3



Domestic economic activity slowed with real GDP growth slowing significantly to 1.7% in 2025, down from 3.8% in 2024, due to the weak primary sector performance



The tertiary industries sustained GDP growth during 2025, but it was offset by the weaknesses in the primary industries.



The Namibian economy is becoming increasingly service-oriented.

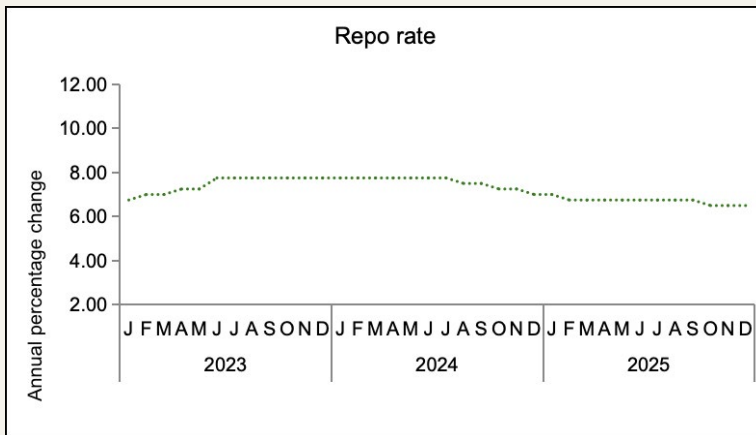
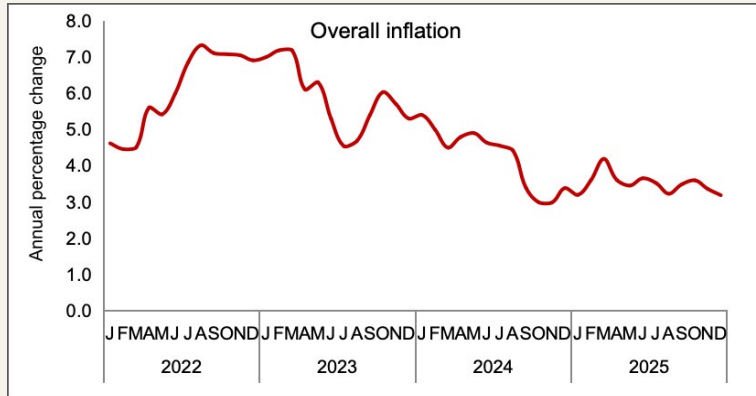
The economy's heavy reliance on the mining sector poses a structural vulnerability.



Going forward Economic growth projected to recover & grow to a range of 2.6 to 3.0 percent between 2026 and 2027.



Given the low inflation during the past year, monetary policy has been broadly accommodative.



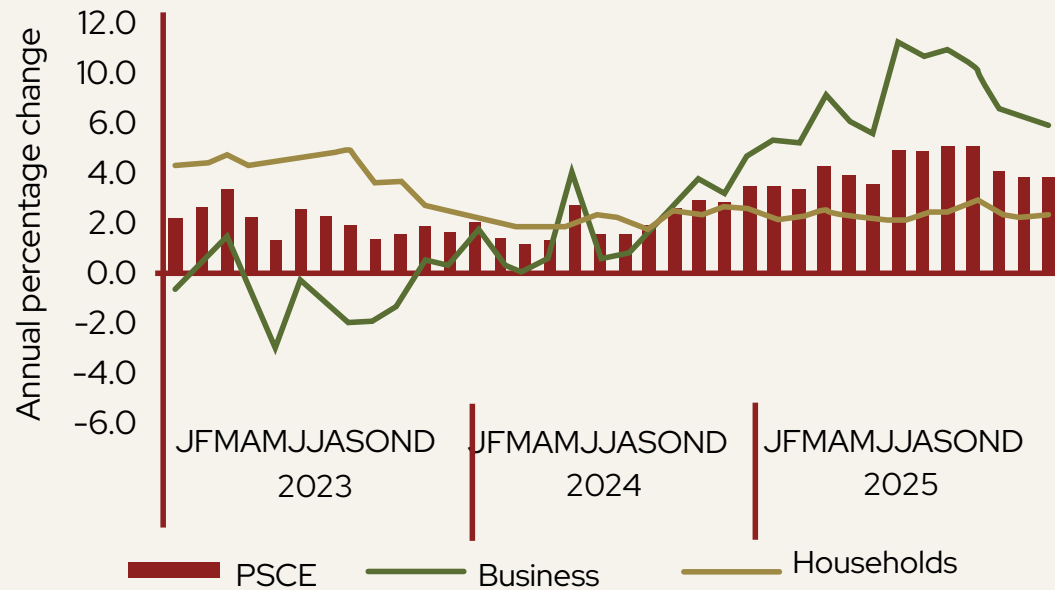
→ Inflation remained relatively well contained. Overall inflation declined to an average of 3.5% in 2025 from 4.2% percent during 2024, driven by a moderate appreciation of the exchange rate and lower oil prices.

→ MPC reduced the repo rate by a cumulative 50 basis points, bringing it to 6.50% in 2025, a slower pace than in 2024.

→ The eased monetary policy stance was to aid economic activity as well as to safeguard the currency peg.



Private Sector Credit Extension remained largely subdued, albeit moderately increasing



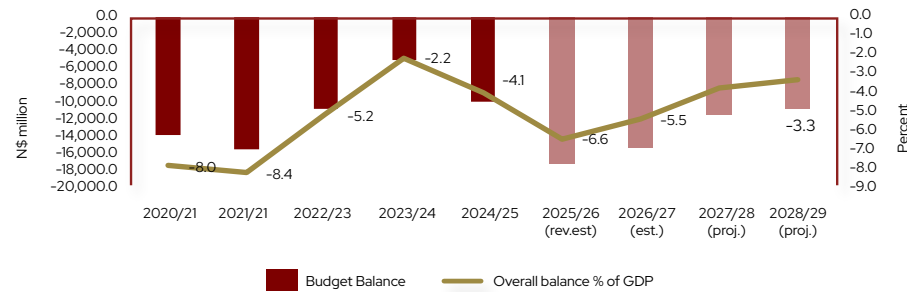
1 Annual growth in credit aggregates rose moderately in 2025, largely owing to higher demand by businesses particularly overdraft credit, on the back of easier monetary conditions

2 Meanwhile, growth in household credit slowed, mainly due to lower uptake in mortgages

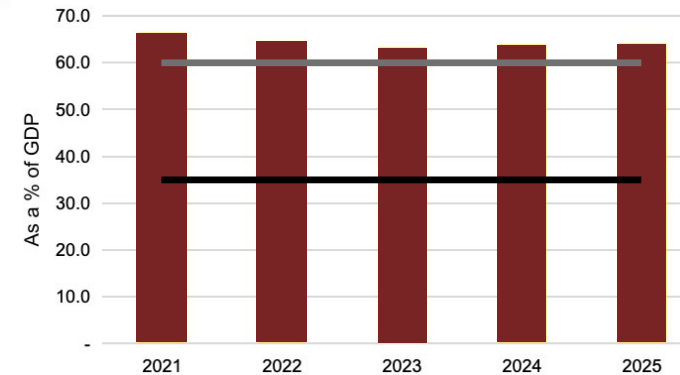


Fiscal metrics continue to be under considerable pressure, as revenue collection under perform during the FY 2025/26

Central Government's budget deficit



Central Government Debt



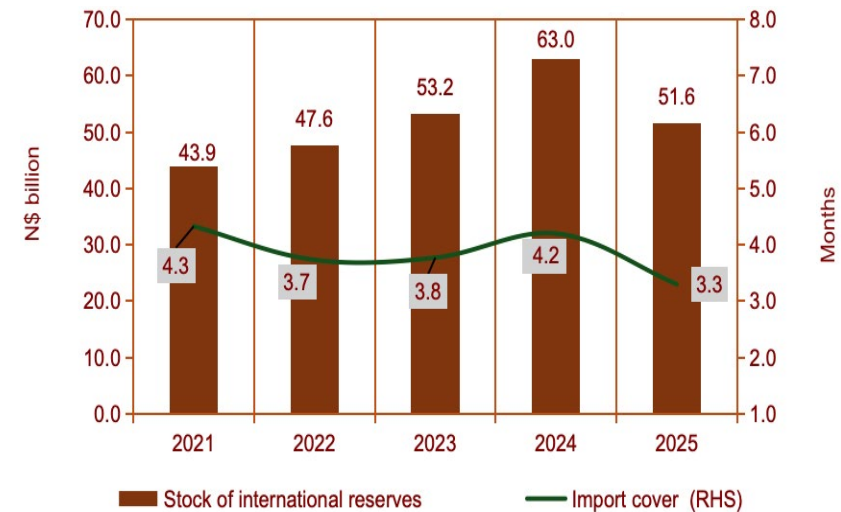
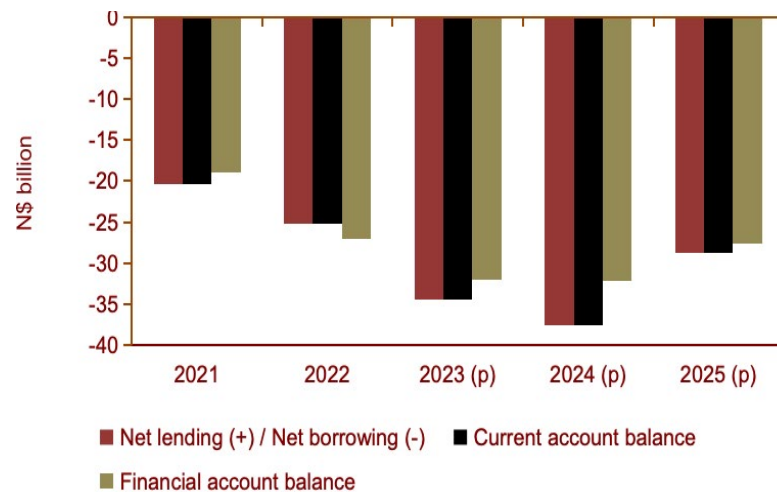
- ➔ The budget deficit at 6.6% of GDP, up from the earlier projection of 5.9% in the October 2025 mid-year review.
- ➔ The widening deficit reflects lower-than-expected revenue collections.
- ➔ Total debt as a %/GDP stood at 64.0% at the end of December 2025, driven by a rise in the issuance of both Treasury bills and internal registered stock.



The external sector remained weak, but the level of international reserves remained adequate

➔ In 2025, Namibia's external sector was weaker as foreign reserves declined, despite the current account deficit narrowing.

➔ Despite reserves declining, they remained adequate to sustain the currency peg and to meet the country's short-term international financial obligations.



A person in a white shirt is typing on a keyboard. The background is blurred, showing data charts with percentages like 75%, 50%, and 95%.

**FINANCIAL
STABILITY &
MACROPRUDENTIAL
OVERSIGHT**

4



Namibia's financial system remained stable and resilient, despite uncertain macroeconomic environment.



The Banking sector remained profitable, liquid, well-capitalised



The non-bank financial institutions sector, maintained its resilience and steady expansion throughout 2025



The Payment system continued to operate efficiently and effectively

**BANKING
SUPERVISION**

5





The banking sector's key ratios performed above prudential requirements, demonstrating the sector's stability and soundness.



Capital & Earnings

TCAR 17.3%
ROA 2.5%
ROE 19.6%



Liquidity Risk

NSFR 116.5%
LCR 145.6%



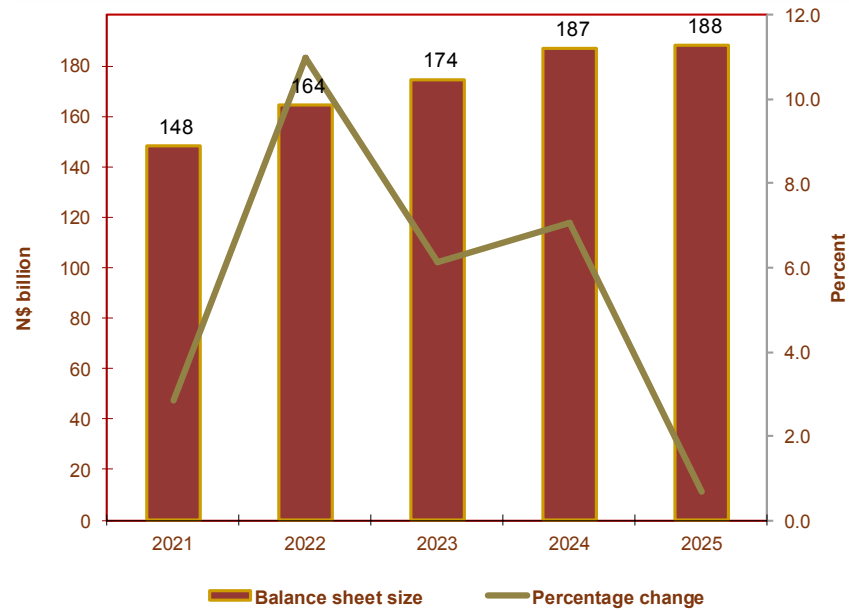
Credit Risk

NPLs 4.3%

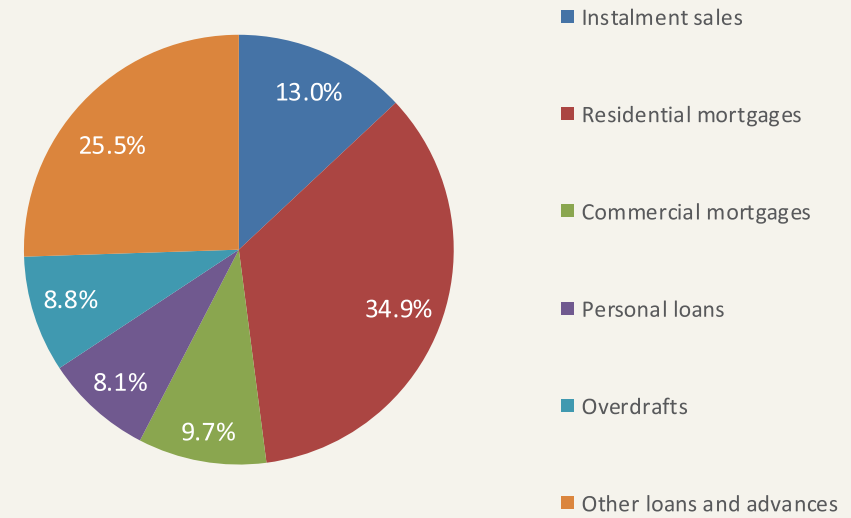


Banking Sector

Banking sector balance sheet



Composition of Loans and Advances



A background image of a business meeting with a red overlay. In the foreground, a person's hand holds a pen over a laptop. In the background, another person's hand points towards the laptop. The scene is lit with warm, golden light from a window. A red banner with rounded ends is overlaid on the left side of the image.

**FINANCIAL
PERFORMANCE**

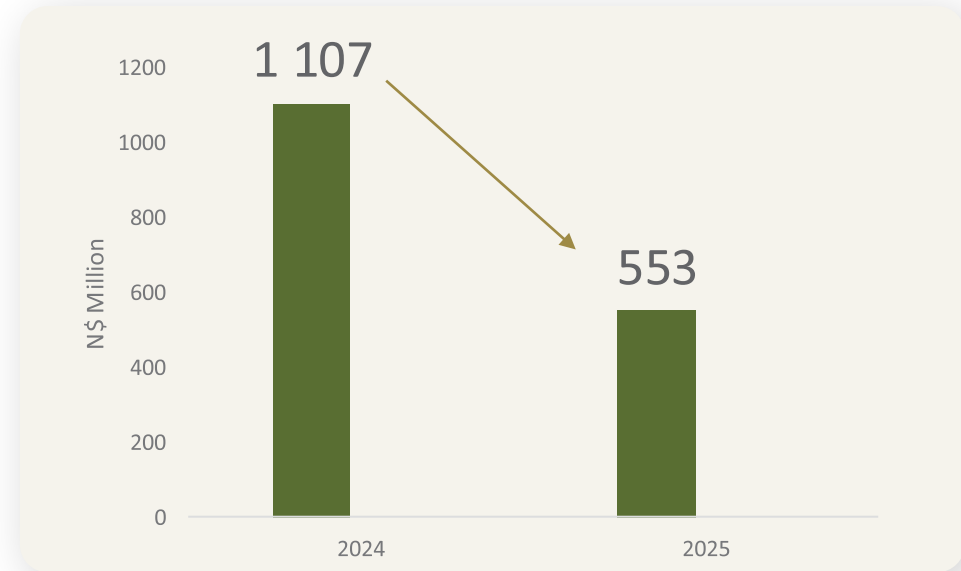
6



Financial Performance

Interest Income ↓ 50%

2024	→	2025
N\$1.22 billion		N\$963 million



Operating expenses ↑ 15%

2024	→	2025
N\$741 million		N\$849 million





Theme Chapter: Twin Deficits

History, Prospects, and Policy Implications



01

Basic Theory Of Twin Deficits

02

Persistent Joint Budget And Current Account Deficits Since The Gfc

03

Twin Deficit: Sacu Comparison

04

Conclusion And Policy Recommendations



Policy Recommendations



Prudent Public Spending and Improving Revenue Collection



Improve Public Sector Efficiency Through E-Services



Potential for Import Substitution to Improve Trade Balance



Promote Local Value Addition to boost the manufacturing sector





Key Takeaways

The Bank executed its strategy in the year 2025 with an overall execution rate of

97.6%

An amount of

200 million

will be paid to the Government as a dividend for the 2025 financial year.

The Bank maintained price stability and financial stability as highlighted by the key indicators



VISION

7

VISION





Vision

“Marching with a Clear Purpose, while Aligning the Central Bank for the New Economy.”





Focus Area



**Aligning the
Bank to the
New Economy**



**Capacity building
for the New Economy**



**Strengthen the
Bank as a knowledge
institution**





Focus Area 1: Aligning the Bank to the New Economy



Oil and gas developments are expected to significantly reshape the economy - strengthening export earnings, fiscal revenues, and overall GDP growth.



These developments will increase exposure to oil price shocks, capital flow volatility, exchange rate pressures, & inflation risks.



The expansion of **digital financial services** is transforming how the economy functions and how financial intermediation occurs.

Central bank preparedness

To keep pace with these development the Bank will need to:

- Enhance its regulatory and supervisory frameworks
- Strengthen liquidity forecasting
- Build robust modelling capacity
- Maintain well-calibrated monetary policy frameworks
- Improving monetary policy decision transmission and signaling mechanisms
- Develop an integrated digital database



Focus Area

2

Capacity Building

- Structured Exchange Programmes
- Strategic Investment in Advanced Academic Training
- Training in Monetary Policy, Financial Stability and Macro-prudential Oversight, and Data Analytics And Modelling

Focus Area

3

Knowledge Institution

Institutionalising a research-to-policy pipeline, supported by regular high-quality internal and public research seminars

A photograph of a group of people in a meeting. In the foreground, a person's hand is holding a silver pen over a laptop. Other hands are visible on the table, some resting on the laptop. A glass of water is on the right. The background is blurred, showing more people in a professional setting.

**BON
RESEARCH
SEMINARS
SERIES**

8



Seminar Objectives

Knowledge Sharing

Review policy findings and analysis on key topics to establish shared evidence base on challenges, trends, and emerging risks

Develop Future-Ready Strategies & Tools

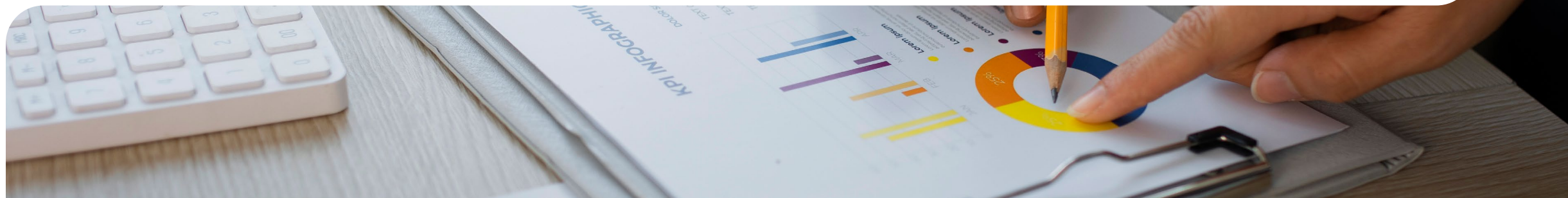
Strengthen national policies and frameworks by integrating emerging trends and risks.

Enhance Stakeholder Collaboration

Deepen engagement with key partners and align efforts with national priorities.

Increase Traction On Policy

From structured dialogue into practical solutions, shared policy positions and coordinated reform pathways.





Structure of the 2026–2027 Seminar Series

Focused Thematic Sessions

Each seminar focuses on distinct national priorities like employment, education, governance, and climate adaptation.

Cross-Sector Panels

Panels explore complex issues from multiple institutional perspectives, enhancing comprehensive understanding.

Capacity Building Activities

Technical deep-dives, case studies, and peer learning help translate insights into practical tools.

Research Consortium

Pool resources, data, and expertise across multiple institutions, including local universities, sister central banks and international institutions to address national policy needs and achieve research objectives.

**THANK
YOU!**

