Bank of Namibia
Annual Report 2018

Bank of Namibia

© Bank of Namibia, 2018

Published by the Bank of Namibia
71 Robert Mugabe Avenue
P.O. Box 2882
Windhoek
NAMIBIA
Tel.: +264 61 283 5111
Fax: +264 61 283 5231
http://www.bon.com.na
Enquiries: research@bon.com.na

ISBN: 978-99916-61-90-2

This is the Bank of Namibia Annual Report and Financial Statements for the financial year ended 31 December 2018, which are prepared pursuant to section 52(1) of the Bank of Namibia Act, 1997 (Act no. 15 of 1997)

Content

Message from the Governor

This Annual Report has been prepared pursuant to Section 52(1) of the Bank of Namibia Act (No. 15 of 1997). The report outlines the governance of the Bank of Namibia (hereinafter referred to as "the Bank"), global and domestic economic and financial developments, the banking supervision report and key achievements of the Bank in 2018.

The Bank of Namibia is committed to good governance practices and accountability to the public. During the period under review, the Bank continued to practise the culture of openness and accountability, and of adhering to good governance principles in line with its Mission and Vision. The Bank of Namibia Act, the Corporate Charter and the Strategic Plan represent the means that direct our pursuance of our Mission and Vision. The Bank continued to undertake a clear and comprehensive communication strategy to ensure transparency and accountability regarding its activities. The Bank is also committed to ensuring that it copes with the changing environment and organisational landscape, and appropriately responds to the challenges faced in the evolving central bank environment. These require a robust and high-performing organisation, which the Bank strives to be.

In 2018 the Bank continued with the implementation of its 2017 – 2021 Strategic Plan, which outlines the Bank's Strategic Objectives, Strategies and Outcomes, and Special Focus Areas. Through its dedicated staff and the guidance provided by the Board of the Bank, the Bank remains steadfast and has already started to deliver on these Strategic Objectives, as outlined in this report.

After gaining momentum in 2017, global economic growth is estimated to have weakened slightly in 2018. The IMF estimated that global growth for 2018 moderated to 3.7 percent, compared to 3.8 percent in 2017 (World Economic Outlook (WEO) January 2019 Update). The reduced growth was due to lower growth rates for both advanced economies (AEs) and emerging market and developing economies (EMDEs). Slow growth was recorded in AEs, with the exception of the United States. Similarly, the lower growth rates for the EMDEs emanated from China, South Africa and Angola, despite expansions in India, Russia and Brazil. Global financial markets recorded losses in 2018 in response to global growth concerns, tighter financial conditions and global policy uncertainty and trade tensions. Considering the macroeconomic environment, monetary policy stances remained generally accommodative in both AEs and EMDEs during 2018. Although inflation continued to trend upwards in AEs, it remained quite low, while in the case of EMDEs, inflation remained generally aligned with or below targeted levels.

Just as the previous year had been, 2018 was a challenging year for the domestic economy. The real GDP for Namibia is estimated to have contracted in 2018 mainly due to slower activity in the tertiary and secondary industries, although the contraction is not as steep as in 2017. The disappointing performance in 2018 is mainly ascribed to declines in growth in the agriculture, construction, hotels and restaurants, wholesale and retail trade, and public sectors. Robust growth in the mining sector sustained activity in the primary industries during 2018. Namibia's average consumer price inflation rate declined in 2018 compared to 2017. The lower inflation was largely reflected in housing, food and non-alcoholic beverages, whereas inflation for transport rose during the year under review.

In 2018, Namibia's external position improved as a result of a smaller current account deficit and a moderate increase in international reserves. Namibia's current account deficit narrowed further by 55.5 percent to N$4.1 billion during 2018 compared to 2017. The improvement was mainly attributed to narrowing in the merchandise trade deficit as a result of an improvement in export earnings, coupled with increased receipts on the services account and a slowdown in imports. Namibia's International Investment Position recorded an increased net liability in 2018 compared to the previous year, as a result of increased foreign liabilities. The real effective exchange rate on average appreciated during 2018, and this implies that Namibia's external competitiveness weakened somewhat during 2018 compared to the previous year. In addition, the stock of international reserves rose by 2.8 percent over the year to N$31.0 billion at the end of December 2018. The rise in reserves was partly due to inflows of SACU receipts and the second tranche of the Africa Development Bank (AfDB) loan to the Namibian Government. The estimated import cover of 4.5 months was slightly higher than the 4.4 months recorded at the end of 2017.

During 2018, the Bank of Namibia Monetary Policy Committee (MPC) continued with its relatively accommodative monetary policy stance to support domestic growth and safeguard the exchange rate dispensation. The MPC kept the Repo rate unchanged at 6.75 percent during 2018 in order to support domestic economic growth, which remained weak, and to simultaneously safeguard foreign reserves and maintain the one-to-one link between the Namibia Dollar and the South African Rand. The commercial banks also kept their prime lending rates at 10.50 percent during the year. Growth in broad money supply (M2) declined significantly to 6.4 percent in 2018, compared to 14.1 percent in 2017. The slower growth in M2 was consistent with the weak domestic economy and decline in inflation, coupled with the generally subdued credit extension to the private sector. Furthermore, growth in Private Sector Credit Extension (PSCE) slowed on average during 2018, and this was specifically shown in the weak demand for instalment sales and mortgage credit during the year under review.

On the fiscal front, the overall deficit of the Government of the Republic of Namibia (hereinafter "the Government") is estimated to have narrowed both in nominal terms and as a ratio to GDP during 2018/19. The 2018/19 Central Government deficit as a percentage of GDP was estimated at 4.4 percent, lower than the 4.8 percent deficit recorded in 2017/18. This was due to the reduction in expenditure from the 2017/18 level being greater in 2018/19 than had been envisaged. Total government debt as a percentage of GDP increased to 45.1 percent at the end of December 2018.

The financial performance of the Bank in FY2018 improved significantly, in comparison with FY2017. The increase in the Bank's reserves balance and favourable interest and exchange rates contributed to the observed improvement in the financial performance. As in the past, the Bank prudently managed its operational costs and declared an increased dividend of N$294 million to the State Revenue Fund.

Despite the weak growth of the economy, the banking sector performance remained sound during 2018. All banking institutions remained adequately capitalised, with sufficient buffers to cushion against any banking risks. The banking sector liquidity situation was fair and stabilised due to the availability of more funds in the system by virtue of Government payments and regulatory changes on domestic asset requirements for institutional investors. As at 31 December 2018, the liquid asset ratio of banking institutions had increased to 15.6 percent, from 14.6 percent in 2017, which is well above the statutory requirement of 10 percent. Due to tough domestic economic conditions, asset quality measured by non-performing loans (NPLs) of the banking industry relative to total loans deteriorated to 3.6 percent, compared to 2.5 percent a year earlier. However, this ratio remained within the benchmark of 4.0 percent.

The Bank continued to ensure that the operation and functioning of the national payment system

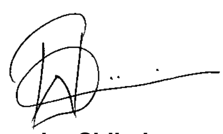
(NPS) is safe, secure, efficient and cost-effective. The mandate of the Bank to oversee the NPS was accomplished through onsite and offsite monitoring activities. In addition, the Bank granted authorisation to three new banks to access and participate in the NPS. The Bank strengthened its regulatory framework with the review of its payment systems regulations. The Bank operated the interbank settlement system cost-effectively and maintained its availability within the set benchmarks. The retail payment systems operated by Namclear also maintained the required availability targets for this period. Several initiatives were undertaken to ensure compliance with international security standards, such as EuroPay, Mastercard and Visa (EMV) and the SWIFT Customer Security Programme. Furthermore, the Bank issued a position paper on interoperability, as an important and strategic objective of reducing risk.

As the Bank relies on its human capital to deliver on its Mission and Vision, it is important for the Bank to continue to motivate its staff and build capacity. Targeted interventions to develop and strengthen the Bank's Vision of being a centre of excellence continued to be implemented. The Bank organised vision-building sessions which cemented its Values and ensured that staff are acquainted with its Mission and Vision. An assessment of all employees' conduct demonstrated that they exhibited the desired behaviours and aligned themselves with the Values of the Bank. Furthermore, the Bank continued to use its performance management system to ensure that a high-performance culture is maintained. The Bank also runs an appropriate Wellness Programme to impact the staff's work/life balance and continued to invest in staff capacity building. In order to measure its organisational and work culture, the Bank participated in the Deloitte Best Company to Work For survey and took the platinum award (1st place) in the medium size category of companies with a workforce of fewer than 500 employees, improving its score over that of the previous year, when it had also won the award.

The Bank continued with its investment in education by granting bursaries to Namibian learners and through its Graduate Accelerated Programme (GAP). These investments help the Bank to develop its human capital in order to deliver on its Mission and Vision. A total of 29 Namibian students benefited from the Bank's Bursary Scheme in 2018, allowing them to attend studies at recognised institutions in Namibia and the Southern African Development Community (SADC) region. Furthermore, the GAP, which was introduced in 2011, continued in 2018, during which six graduates were enrolled in the GAP. The next intake of GAP candidates will be in 2020.

The Bank continued to place a high premium on stakeholder engagement as a means to achieving its strategic objectives. In 2018, the Bank expanded the nature and scope of interactions with stakeholders by making use of a wide array of communication modes. These modes have allowed the Bank to engage in meaningful dialogue with various stakeholder groups. Drawing on the feedback from these groups, the Bank organised strategic engagements through regular consultative meetings. The opportunity to engage in dialogue on this level afforded the Bank with the opportunity to listen attentively to the views of stakeholders on the economy and other policy-related issues.

The achievements noted in this report would not have been possible without the invaluable contributions of our staff and Board, and unwavering support of all our stakeholders. My appreciation goes to our staff members for their hard work, innovation, commitment and dedication in delivering outstanding service to the Bank. Let me also acknowledge the important role played by the Board of the Bank for their independent views and strategic focus on attaining the objectives of the Bank. I am equally thankful to our stakeholders, who have granted us their cooperation and provided us with information and data throughout the year, which the Bank has used to compile this report and other publications. In the year ahead, the Bank will continue to strengthen its contribution to the development of our country.



Iipumbu Shiimi
Governor

28 March 2019

Part A | Operations and Affairs of the Bank

Contents

Our Vision

Our vision is to be a centre of excellence and a professional and credible institution working in the public interest and supporting the achievement of national economic development goals..

Our Mission

To support economic growth and development in Namibia, we act as fiscal advisor and banker to the Government;
promote price stability;
manage reserves and currency;
ensure sound financial systems; and
conduct economic research.

Our Values

We speak our hearts, we deliver as a team,
we do the right things right, we work smarter,
we value our differences, and
we help each other grow.

Members of the Board

Mr Iipumbu W Shiimi

POSITION HELD
- Governor
- Chairperson and Executive Member of the Board

TERM
- Incumbent since 26 March 2010
- Renewed until 31 December 2021

QUALIFICATIONS
- MSc Financial Economics (UL)
- P/G Diploma Economic Principles (UL)
- Diploma in Foreign Trade and Management (MSM)
- Hons. Economics (UWC)
- BComm Economics and Accounting (UWC)
- Specialised training in Management Development Programme, Economics and Finance (US & Wits)

YEARS OF EXPERIENCE
24

EXPERTISE
- Economic policy research
- Macroeconomics
- Central banking
- Development policy
- Leadership and corporate governance

Mr Ebson Uanguta

POSITION HELD
- Deputy Governor
- Executive Member of the Board

TERM
- Incumbent since 01 January 2012
- Renewed until 31 December 2021

QUALIFICATIONS
- MSc Economic Policy Analysis (AAU)
- BEcon (UNAM)
- Advanced Management Program (Harvard Bus. School)
- Senior Executive Fellow (Harvard-KSG)
- Senior Management Programme (USB)
- Project Management Programme (USB)

YEARS OF EXPERIENCE
22

EXPERTISE
- Economic policy research
- Central banking
- Public policy
- Leadership and corporate governance

Mr Veston Malango

POSITION HELD
- Non-executive Member of the Board
- Member of the Remuneration Committee

TERM
- Incumbent since 01 April 2008
- Term ended 31 January 2019

QUALIFICATIONS
- M.Sc. (Bergakademie Freiberg, Germany)
- Diplomas in Diamond Grading and Coloured Gemstones (German Gemmological Training Centre-Idar-Oberstein)
- MBA (MSM)

YEARS OF EXPERIENCE
34

EXPERTISE
- Mining
- Corporate governance

Ms Ally Angula

POSITION HELD
- Non-Executive Member of the Board
- Chairperson of the Audit Committee

TERM
- Incumbent since 01 February 2014
- Term ended 31 January 2019

QUALIFICATIONS
- MPhil Development Finance (USB)
- BAcc (Hons) (UKZN)
- BAcc (UNAM)
- Chartered Accountancy Board exams (SAICA)
- Executive Education (various) (GIBS and LBS)

YEARS OF EXPERIENCE
14

EXPERTISE
- Auditing
- Strategic investment
- Financial services
- Energy and natural resources

As at 31 December 2018

Adv. Charmaine van der Westhuizen

POSITION HELD
- Non-executive Member of the Board
- Member of the Remuneration Committee

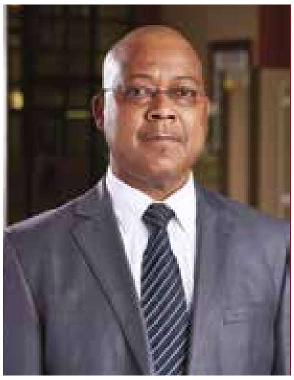
TERM
- Incumbent since 30 May 2012
- Renewed until 31 December 2021

QUALIFICATIONS
- MBA (Cum Laude) (US)
- LLB (US)

YEARS OF EXPERIENCE
15

EXPERTISE
- Commercial and related litigation
- Arbitration
- Leadership development
- Corporate governance

Dr Omu Kakujaha-Matundu



POSITION HELD
- Non-Executive Member of the Board
- Member of the Audit Committee

TERM
- Incumbent since 01 November 2008
- Term ended 31 January 2019

QUALIFICATIONS
- PhD Economics (ISS)
- MA Economics (UB)
- BA Economics (UNAM)

YEARS OF EXPERIENCE
24

EXPERTISE
- Economic policy research and analysis
- Lecturing economic theory and practice

Ms E Shangeelao Tuyakula Haipinge

POSITION HELD
- Non-Executive Member of the Board
- Member of the Remuneration Committee

TERM
- Incumbent since 18 July 2014
- Renewed until 31 December 2021

QUALIFICATIONS
- MBA Corporate Strategy and Economic Policy (MSM)
- Diploma in Personnel Management (PoN)
- Specialised training in Senior Management Development Programme (US),
- Project Management Estara Skills Development (Bloemfontein SA/NIPAM)
- Driving Government Performance (Harvard-KSG)
- Leadership, Innovation, and Change Management (US/ NIPAM)

YEARS OF EXPERIENCE
26

EXPERTISE
- Strategic human resources management
- Training and development
- Course facilitation
- Strategic planning
- Policy formulation
- Performance management

Ms Ericah Shafudah

POSITION HELD
- Ex Officio Member of the Board
- Permanent Secretary of the Ministry of Finance

TERM
- Incumbent since 03 April 2010

QUALIFICATIONS
- MSc ed (Mathematics)
- MSc Biostatistics
- MSc in Leadership and Change Management
- Dip in Accounting and Finance

YEARS OF EXPERIENCE
22

EXPERTISE
- Accounting
- Finance
- Public policy
- Governance

Since 01 February 2019

Mr Apollus Christiaan Baisako

POSITION HELD:
- Non-Executive Member of the Board
- Chairperson of the IT Governance Committee

TERM:
- Incumbent since 01 February 2019
- Current term ends 31 January 2023

QUALIFICATIONS:
- MSc Information Systems Engineering (University of Manchester, UK)
- BSc Computer Science and Mathematics (UNAM)

YEARS OF EXPERIENCE:
- 24

EXPERTISE:
- Leadership
- Information technology

Mr Fanuel Tjivau

POSITION:
- Non-executive member of the Board
- Chairperson of the Audit Committee
- Member of IT Governance Committee

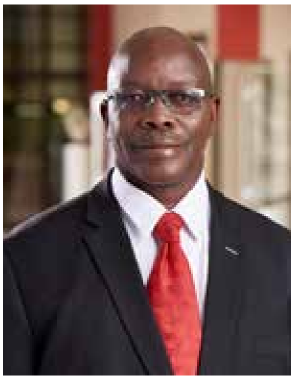
TERM:
- Incumbent since 01 February 2019
- Current term ends 31 January 2023

QUALIFICATIONS:
- Chartered Accountant (Nam, SA)
- MBA (University of Stellenbosch, SA)
- Hons. Bachelor of Commerce (UWC, SA)
- Bachelor of Commerce (UNAM)

YEARS OF EXPERIENCE
- 25

EXPERTISE
- Financial management
- Risk Management

Mr Ehrenfried Meroro



POSITION HELD:
- Non-Executive member of the board
- Member of the Audit Committee
- Member of the Remuneration Committee
- Member of the IT Governance Committee

TERM:
- Incumbent since 01 February 2019
- Current term ends 31 January 2023

QUALIFICATIONS:
- MSc Economics (A & T State University, North Carolina, US)
- BSc Economics (A & T State University, North Carolina, US)
- Economic Analysis of Structural Adjustments (Word Bank)
- Financial Programming and Analysis (IMF)
- Senior Management Programme (University of Stellenbosch)
- Advance course for Research Economist (Switzerland)
- Risk Management Training (Intuition Web)

YEARS OF EXPERIENCE:
- 27 Years

EXPERTISE:
- Risk Management
- Economic Policy Research
- Currency Management
- Banking Regulation

Management Structure

As at 31 December 2018

Governor
Iipumbu Shiimi

Deputy Governor
Ebson Uanguta

- **Director of Information Technology** – Marsorry Ickua
  - *Deputy Director: Business Systems* – Martha Dama
  - *Deputy Director: IT Infrastructure* – Paulus Tshiningayamwe
- **Director of Payment and Settlement Systems** – Barbara Dreyer
  - *Deputy Director: NISS Operations & Projects* – Peter Nghinyotwa
  - *Deputy Director: Oversight, Policy & Research* – Candy Ngula
- **Director of Finance & Administration** – Johanna Iiyambula
  - *Deputy Director: Financial Administration* – John Amakali
  - *Deputy Director: Procument and Facilities Management* – David Kambinda
  - *Deputy Director: Treasury* – Vernon Louw
- **Director of Banking Services** – Sam SHIVUTE
  - *Deputy Director: Currency & Banking* – Sencia Rukata
  - *Deputy Director: Protection Services* – Johannes Asino
  - *Oshakati Branch Manager* – Phillip Ndjendja
- **Director of Banking Supervision** – Romeo Nel
  - *Deputy Director: Onsite Examination* – Ancois Plaatje
  - *Deputy Director: Policy & Regulations* – Elifas Kamati
  - *Deputy Director: Banking Groups & Special Institutions* – Imanuel Hawanga
- **Director: Exchange Control & Legal Services** – Bryan Eiseb
  - *Deputy Director: Legal Services & Contract Management* – Tulonga Nakamhela
  - *Deputy Director: Exchange Control* – Penelao Kapenda
- **Director of Strategic Comm. & Financial Sector Development** – Emma Haiyambo
  - *Deputy Director: Corporate Communications* – Israel Zemburuka
- **Director of Financial Intelligence Centre** – Leonie Dunn
  - *Deputy Director: Investigations & Analysis* – Gerrit Eiman
  - *Deputy Director: Legal, Policy, Regulation & Enforcement* – Zenobia Barry
  - *Deputy Director: Compliance* – Kristian Hamutenya
- **Director of Research** – Florette Nakusera
  - *Deputy Director: Macro Models & Financial Stability* – Postrick Mushendami
  - *Deputy Director: Policy Research & International Affairs* – Erwin Naimhwaka
  - *Deputy Director: Statistics and Publications* – Sanette Schulze Struchtrup
- **Director of Financial Markets** – Nicholas Mukasa
  - *Deputy Director: Investments & Domestic Markets* – Helvi Fillipus
  - *Deputy Director: Compliance and Risk Analytics* – (Vacant)
- **Director of Human Resources** – Lea Namoloh
  - *Deputy Director: HR Admin & Employee Relations* – (Vacant)
  - *Deputy Director: OD & Training* – Shirene Bampton
- **Technical Advisor to the Governor** – Emile van Zyl
- **Head of Risk Management and Assurance** – Magreth Tjongarero
- **Senior Advisor to the Governor** – Kuruvilla Mathew

Management team

Mr Iipumbu W Shiimi

POSITION HELD
Governor
(MPC member)

QUALIFICATIONS
- MSc Financial Economics (UL)
- P/G Diploma Economic Principles (UL)
- Diploma in Foreign Trade and Management (MSM)
- Hons. Economics (UWC)
- BComm Economics and Accounting (UWC)
- Specialised training in Management Development Programme, Economics and Finance (US & Wits)

YEARS OF EXPERIENCE
24

EXPERTISE
- Economic policy research
- Macroeconomics
- Central banking
- Development policy
- Leadership and corporate governance

Mr Ebson Uanguta

POSITION HELD
Deputy Governor
(MPC member)

QUALIFICATIONS
- MSc Economic Policy Analysis (AAU)
- BEcon (UNAM)
- Advanced Management Program (Harvard Bus. School)
- Senior Executive Fellow (Harvard-KSG)
- Senior Management Programme (USB)
- Project Management Programme (USB)

YEARS OF EXPERIENCE
22

EXPERTISE
- Economic policy research
- Central banking
- Public policy
- Leadership and corporate governance

Ms Florette Nakusera

POSITION HELD
Director: Research
(MPC member)

QUALIFICATIONS
- MComm Economics (US)
- Hons BComm Economics (US)
- BComm with majors in Economics, Management Science and Auditing (UNAM)
- Executive Development Programme (EDP) (USB)
- International Executive Development Programme (IEDP) (WBS/LBS)

YEARS OF EXPERIENCE
20

EXPERTISE
- Macroeconomics and statistics
- Economic policy research
- Central banking
- Finance
- Strategy
- Leadership and corporate governance
- Environmental economics and policy

Mr Emile van Zyl

POSITION HELD
Technical Advisor to the Governor
(MPC member)

QUALIFICATIONS
- MComm Economics (UP)

YEARS OF EXPERIENCE
34

EXPERTISE
- Economics
- Banking
- Financial markets

As at 31 December 2018

Ms Lea Namoloh

POSITION HELD
Director: Human Resources

QUALIFICATIONS
- MBA (Maastricht University), Netherlands
- MEd (UNAM)
- BEd (Honours), Bristol UK
- International Executive Development Programme (Wits)
- Diploma TEFL, University of Edinburgh

YEARS OF EXPERIENCE
25

EXPERTISE
- Human resources management
- Project management
- Currency management
- Banking services
- Strategic leadership

Mr Romeo Nel

POSITION HELD
Director: Banking Supervision

QUALIFICATIONS
- M Banking (UL)
- BEcon (UNAM)
- P/G Intermediate Certificate Accountancy (UKZN)
- International Executive Development Programme (WBS/ LBS)

YEARS OF EXPERIENCE
26

EXPERTISE
- Customs and excise
- Finance
- Banking regulation
- Risk management

Ms Leonie Dunn

POSITION HELD
Director: Financial Intelligence Centre

QUALIFICATIONS
- LLM cum laude (UNICAF)
- LLB (US)
- BA Law (US)
- Admitted Legal Practitioner of the High and Supreme Courts of Namibia
- Women in Leadership Development USA
- International Executive Development Programme (WBS/LBS)
- International Leaders Programme (HMFCO UK)

YEARS OF EXPERIENCE
20

EXPERTISE
- Commercial and criminal law
- Financial services regulation
- Financial market integrity
- Policy and legislative development and implementation
- AML/CFT/CPF compliance, monitoring, supervision, administrative enforcement and strategic analyses establishment
- Financial intelligence unit strategic leadership

Mr Nicholas Mukasa

POSITION HELD
Director: Financial Markets (MPC member)

QUALIFICATIONS
- BBA (UNAM)
- Chartered Financial Analyst
- Senior Management Development Programme (SMDP) (USB)

YEARS OF EXPERIENCE
16

EXPERTISE
- Portfolio management
- Financial analysis
- Asset valuation
- Capital markets
- Reserves management
- Risk management

Management team

Ms Barbara Dreyer

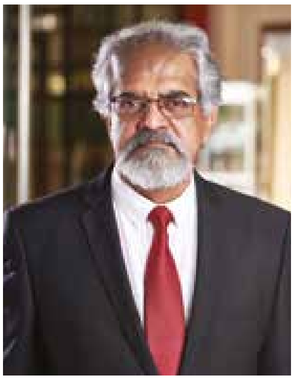
POSITION HELD
Director: Payment and Settlement Systems

QUALIFICATIONS
- MBA (SMC University, Switzerland)
- MEd (State University of New York – Buffalo)
- BA Hons and BEd (UWC)
- P/G Diploma Social Science Research Methods (US)
- P/G Diploma Higher Education (UWC)
- Fellow at the Fletcher School Leadership Program for Financial Inclusion (2013) (Tufts University, Boston, MA)
- International Executive Development Programme (Wits, LBS)

YEARS OF EXPERIENCE
26

EXPERTISE
- Payment systems strategy
- Human resources management strategy
- Remuneration strategy and organisation development
- Strategic management and leadership
- Knowledge management
- Organisation learning

Mr Kuruvilla Mathew



POSITION HELD
Senior Advisor to the Governor

QUALIFICATIONS
- MSc Accounting (University of Glamorgan)
- Chartered Certified Accountant (FCCA, UK)
- International Executive Development Programme (WBS/LBS)

YEARS OF EXPERIENCE
29

EXPERTISE
- Financial management
- Management accounting
- Financial reporting
- Procurement
- Facilities and asset management

Mr Marsorry Ickua

POSITION HELD
Director: Information Technology

QUALIFICATIONS
- MSc Information Systems Management (ULIV, UK)
- Diploma PC Support (BCC, SA)
- Management Development Programme (USB)
- International Executive Development Programme (WBS/LBS)

YEARS OF EXPERIENCE
18

EXPERTISE
- Information technology, strategy and governance
- Technology innovation
- Programme management
- Information technology security management
- Resource planning and IT risk
- Disaster recovery and business continuity management

Dr Emma Haiyambo

POSITION HELD
Director: Strategic Communication and Financial Sector Development (MPC member)

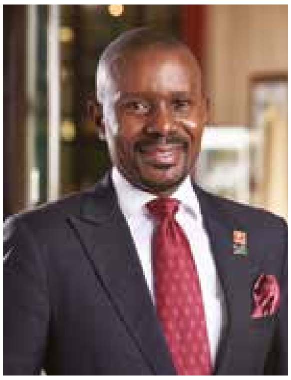
QUALIFICATIONS
- PhD Development Finance (US)
- MSc Financial Economics (UL)
- M International Business (PoN)
- P/G Diploma in Financial Economics (UL)
- BEcon (UNAM)
- International Executive Development Programme (WBS/LBS)
- Fellow at the Fletcher School Leadership Program for Financial Inclusion (2017), (Tufts University, Boston, MA)
- Certified Expert in Financial Inclusion Policy (Frankfurt School of Finance and Management)

YEARS OF EXPERIENCE
22

EXPERTISE
- Macroeconomics and economic statistics
- Research and analysis
- Financial sector development
- Development finance
- Strategic leadership and corporate governance

As at 31 December 2018

Mr Sam SHIVUTE



POSITION HELD
Director: Banking Services

QUALIFICATIONS
- LLM International Finance and Banking Law (UL)
- LLB (Hons) and B. Juris (UNAM)
- BTech Policing and National Diploma Police Science (PoN)
- International Executive Development Programme (WBS/LBS)

YEARS OF EXPERIENCE
23

EXPERTISE
- Crime investigation
- Currency management
- Tax law
- Transfer pricing
- Corporate governance
- Transformational coaching

Ms Johanna Iiyambula

POSITION HELD
Director: Finance and Administration

QUALIFICATIONS
- Bachelor of Accounting (UNAM)
- B Compt (Honours) CTA (UNISA)
- Qualified Chartered Accountant (ICAN & SAICA)
- Management Development Programme (USB)

YEARS OF EXPERIENCE
18

EXPERTISE
- Financial accounting and reporting (IFRS)
- Management accounting
- Financial management
- Auditing
- Indirect Tax (VAT)

Mr Bryan Eiseb

POSITION HELD
Director: Exchange Control and Legal Services

QUALIFICATIONS
- LLB (Hons) & B. Juris (UNAM)
- Admitted Legal Practitioner of the High Court of Namibia
- National Diploma in Police Science
- Senior Management Programme (USB-ED)
- International Executive Development Programme (WBS/LBS)

YEARS OF EXPERIENCE
29

EXPERTISE
- Corporate Law
- Corporate Governance
- Criminal Investigations
- Corporate Security Management
- Exchange Control Administration

Ms Magreth Tjongarero

POSITION HELD
Head Risk Management and Assurance

QUALIFICATIONS
- BAcc (UNAM)
- International Executive Development Programme (WBS/LBS)
- ISO22301:2012 Business Continuity Management Systems: Lead Implementer

YEARS OF EXPERIENCE
18

EXPERTISE
- Auditing
- Credit risk auditing
- Risk management
- Business continuity

A

GOVERNANCE

OBJECTIVES AND ACCOUNTABILITY OF THE BANK

The Bank of Namibia is the central bank of the Republic of Namibia, created under Article 128(1) of the Namibian Constitution. The Constitution mandates the Bank of Namibia ("the Bank") to serve as the principal instrument of the Government of the Republic of Namibia ("the Government") to control money supply, the currency and banking institutions and any other financial institutions. The objectives of the Bank as defined in the Bank of Namibia Act (No. 15 of 1997, as amended), are, inter alia:

- to promote and maintain a sound monetary, credit and financial system in Namibia and sustain the liquidity, solvency, and functioning of that system;
- to promote and maintain internal and external monetary stability and an efficient payments mechanism;
- to foster monetary, credit and financial conditions that are conducive to the orderly, balanced and sustained economic development of Namibia;
- to serve as the Government's banker, financial advisor and fiscal agent; and
- to assist in the attainment of national economic goals.

In addition, the Bank fulfils other key functions as defined in other Acts, including:

- the Banking Institutions Act (No. 2 of 1998, as amended), which empowers the Bank to supervise banking institutions;
- the Payment System Management Act (No. 18 of 2003, as amended), which provides for the management, administration, operation, regulation, oversight and supervision of payment, clearing and settlement systems in Namibia, as well as for incidental matters;
- the Financial Intelligence Act (No. 13 of 2012, as amended), which obliges the Bank to provide administrative services to the Financial Intelligence Centre of the Republic of Namibia; and
- Currency and Exchanges Act, 1933 (Act No.9 of 1933 as amended), which regulates Exchange Control in Namibia.

In line with section 3(b) of the Bank of Namibia Act, the Bank performs its functions independently subject to regular consultation with the Minister of Finance. The relationship between the Government, as a shareholder, and the Bank is broadly defined in the Act. The Bank's specific obligations are clearly defined in a Memorandum of Understanding entered into between the Ministry of Finance and the Bank. The Memorandum covers the terms and conditions of banking services rendered to the Government, public debt management arrangements, and the nature and frequency of consultations. The Minister of Finance and the Governor of the Bank of Namibia also hold regular consultations on relevant matters.

CORPORATE CHARTER

Apart from its statutory mandate, the Bank's actions and the way it carries out its mandate are guided by its Mission Statement and Vision Statement as detailed in its Corporate Charter. The Bank's Vision portrays the desired state of the Bank in terms of how the institution would like to carry out its mission. The Mission defines the fundamental purpose of the Bank and describes why it exists and the importance of achieving the Vision. The Bank's Values express the essence of the culture and beliefs that are shared among the stakeholders of the Bank. The Values drive the Bank's culture and articulate the code of conduct that guides the Bank in mobilising all its resources in pursuit of its Mission and Vision. All the Bank's stakeholders are expected to conform to and identify with these standards and principles relating to ethical behaviour and excellence. The Charter strives to promote a sense of shared expectations among all levels and generations of employees regarding the Mission, the Vision, and standards of ethical behaviour.

A

STRATEGIC OBJECTIVES 2017 – 2021

The Bank's Strategic Objectives are linked to its Mission and functional priorities. Eight principal objectives were derived from the Mission and Vision, and reflect the Bank's desire to meet its statutory mandate. The Strategic Objectives essentially refer to what the Bank aspires to achieve. The Strategic Objectives are to:

1. safeguard and enhance financial stability;
2. promote price stability;
3. manage reserves prudently;
4. provide currency, Government debt issuance and banking services;
5. promote a positive reputation;
6. promote financial sector development;
7. enhance the Bank's contribution towards sustainable economic growth; and
8. optimise organisational efficiency and cost-effectiveness.

Measurable strategies are designed with clear outcomes in order to achieve the eight Strategic Objectives. Thus, to ensure successful Strategic Plan implementation, the Strategic Objectives have been transformed into areas of concentration with clear, measurable targets. The Directors of the various departments report bi-annually on progress in their areas of concentration and the achievement of their targets. The entire Strategic Plan is reviewed and refreshed annually. It is therefore important not only to design strategies that can be engaged in pursuit of these objectives, but also to clearly describe the strategic outcomes that would reveal whether or not a particular objective has been met.

To promote ownership of the Strategic Plan and to attain performance excellence, the Strategic Plan is rolled out across the board through a Performance Management System. Individual performance goals are crafted for each employee, and performance progress is evaluated by means of performance appraisals. The section titled "The year in review" in this Report explains the activities and progress under each of the eight Strategic Objectives during the review period.

ACCOUNTABILITY

The Bank is committed to good governance practices and accountability to the public. It is of paramount importance that the Bank always remains accountable to the public at large by adhering to good corporate governance principles. Relevant legislation and the Bank's Corporate Charter and Strategic Plan are some of the tools that guide the Bank in living up to the standards of good governance. The Bank also strives to be transparent by putting in place a concrete communication strategy that enables the open and clear expression of why and how the Bank does what it does. The aspects of good governance that the Bank is committed to meeting include:

- being responsible, respected, trustworthy and credible;
- being accountable to the Bank's shareholders and the Namibian people;
- demonstrating an exceptionally high degree of integrity;
- ensuring that the Bank's actions and policies are efficient, effective and transparent;
- maintaining professionalism and excellence in the delivery of its services; and
- being flexible and forward-looking in its approach, while still avoiding undue risks.

THE GOVERNOR

The Governor serves the Bank of Namibia as its Chief Executive Officer, and is accountable to the Board for the management of the Bank and the implementation of its policies. The Governor also represents the Bank in its relations with the Government and other institutions. In most other matters, comprehensive and Board-approved delegations of power are in place to enable the Governor and his delegates to carry out their duties related to the implementation of policies. The Governor is appointed for a five-year term. The Act sets specific criteria for the appointment, reappointment and dismissal of a Governor.

A

THE BOARD OF THE BANK OF NAMIBIA

The Board is responsible for the policies, internal controls, risk management and general administration of the Bank. In addition to their typical fiduciary duties, Board members are also charged with many high-level responsibilities directly related to the policies and operations of the Bank, including approving the licensing of banking institutions and ensuring the prudent management of international reserves. In addition, the Board is responsible for approving the Bank's financial statements and annual budget, promoting effective corporate governance practices, and monitoring internal controls and risk management frameworks.

The Board members of the Bank are appointed by the President of the Republic of Namibia; there are eight Board members, two of whom are Executive members, one is an Ex Officio member (Non-executive), and a further five are also Non-executive members. The Governor (Chairperson) and the Deputy Governor are Executive members, while the Permanent Secretary of the Ministry of Finance is an Ex Officio Member. In addition to the Permanent Secretary of the Ministry of Finance, one staff member from the public service and four other persons are the Non-executive members.

The Board meets regularly – at least four times a year – with the main purpose of overseeing and monitoring the Bank's finances, operations and policies. During 2018, four ordinary Board meetings were held. Table A.1 below sets out the dates of Board meetings and the attendance of members during 2018.

TABLE A.1 FREQUENCY AND ATTENDANCE OF BOARD MEETINGS, 2018

Board Member	23 February	23 May	30 August	23 November
Mr. I Shiimi (Chairperson)	✓	✓	✓	✓
Ms. A Angula	✓	x	✓	✓
Ms. E Haipinge	✓	✓	✓	✓
Dr. O Kakujaha-Matundu	✓	✓	✓	✓
Mr. V Malango	✓	✓	✓	✓
Ms. E Shafudah	✓	✓	x	✓
Mr. E Uanguta	x	✓	✓	✓
Adv. C van der Westhuizen	✓	✓	✓	✓

The Board delegated certain functions to its sub-committees (the Audit Committee, the Risk Management Committee and the Remuneration Committee), which are important elements of the governance structure. All three sub-committees have been established through formal terms of reference and report to the Board. The Board can assure stakeholders that the sub-committees held several meetings during the period under review and that they met their respective obligations in all material respects.

The Audit Committee is responsible for evaluating the adequacy and efficiency of the Bank's corporate governance practices, including its internal control systems, risk control measures, accounting standards information systems and auditing processes. The independence of the Board committees is paramount. Three Non-executive Board members currently serve as members of the Audit Committee, whose meetings are also attended by the Bank's Deputy Governor and Head of Risk Management and Assurance, the external auditors, and relevant staff members. In general, the Audit Committee is responsible for considering all audit plans as well as the scope of external and internal audits in order to ensure that the coordination of audit efforts is optimised. The Audit Committee is also required to introduce measures to enhance the credibility and objectivity of financial statements and reports prepared regarding the affairs of the Bank, and to enhance the Bank's corporate governance, with emphasis on the principles of accountability and transparency.

The role of the Risk Management Committee is to assist the Audit Committee to ensure that the Bank has implemented an effective risk management policy. The committee also supports the annual work plan that will enhance the Bank's ability to achieve its strategic objectives and ensure that the disclosure regarding risk is comprehensive, timely and relevant. The committee consists of all members of the Management Committee and its chaired by the Governor or the Deputy Governor. Its meetings are held on a quarterly basis before the Audit Committee meetings.

The Remuneration Committee is responsible for overseeing and coordinating the Bank's remuneration policy and strategy to ensure its competitiveness and comprehensiveness, in order to attract and retain quality staff and Board members. This Committee consists of three Non-Executive Board members and the Deputy Governor.

The dates of Audit Committee and Remuneration Committee meetings and the attendance of members during 2018 are set out in Tables A.2 and A.3, respectively.

TABLE A.2 DATES AND ATTENDANCE OF AUDIT COMMITTEE MEETINGS, 2018

Audit Committee Member	19 February	28 February	18 May	28 August	16 November
Ms. A Angula (Chairperson)	✓	✓	X	✓	✓
Dr. O Kakujaha-Matundu	✓	✓	✓	✓	✓
Adv. C van der Westhuizen	✓	✓	✓	✓	✓

TABLE A.3 DATES AND ATTENDANCE OF REMUNERATION COMMITTEE MEETINGS, 2018

Remuneration Committee Member	02 August	01 November
Mr. V Malango (Chairperson)	✓	✓
Ms. T Haipinge	✓	✓
Adv. C van der Westhuizen	X	✓

MANAGEMENT STRUCTURE

The Bank's Senior Management Team consists of the Governor, the Deputy Governor, the Advisor(s) to the Governor, and the Directors of the Bank's various departments, as outlined above. The positions of Governor and Deputy Governor are required by law. To ensure that the Bank implements its policies effectively, various committees have been created. These are the Monetary Policy Committee, the Financial System Stability Committee, the Management Committee, the Investment Committee, the Innovation and Efficiency Committee, and the Budget Committee.

The function of the Monetary Policy Committee is to implement an appropriate monetary policy stance. The Bank's Monetary Policy Committee (MPC) consists of the Governor (Chair), the Deputy Governor, the Technical Advisor to the Governor, the Technical Advisor to the Director of Research, the Director of Research, the Director of Financial Markets, and the Director of Strategic Communications and Financial Sector Development. The MPC meets every second month to deliberate on an appropriate monetary policy stance to be implemented by the Bank in the two-month period that follows. The monetary policy decision is communicated to the public through a media statement delivered at a media conference. Decision-making at the MPC is by consensus.

The Financial System Stability Committee assesses vulnerability and risk to the entire financial system. The Financial System Stability Committee is an inter-agency body set up between the Bank and the Namibia Financial Institutions Supervisory Authority (NAMFISA), with the Ministry of Finance as an observer. The chairpersonship alternates every second year between the Bank's Deputy Governor and NAMFISA's Assistant Chief Executive Officer for Supervision. The Committee, which is currently chaired by the Deputy Governor, consists of representatives from these institutions and meets on a quarterly basis to assess the potential risks to the financial system as a whole, and to discuss and recommend appropriate policy measures to address such risks.

A

The Management Committee is responsible for reviewing the Bank's policies on financial and other administrative matters. In addition, the Committee is responsible for reviewing and approving policies relating to regulations and determinations resulting from the regulatory duties of the Bank. The Management Committee consists of the Governor (Chair), Deputy Governor, Advisor(s) to the Governor, all Directors, and the Head of Risk Management and Assurance. The Management Committee meets every second week.

The Investment Committee is responsible for reviewing the management of Namibia's foreign exchange reserves. While the Board approves the International Reserves Management Policy, the Investment Committee reviews the investment guidelines for final approval by the Governor. The Investment Committee is also expected to ensure that investments comply with approved policy. The Investment Committee consists of the Governor (Chair), Deputy Governor, Advisor(s) to the Governor, the Director of Financial Markets, the Director of Research, the Director of Strategic Communications and Financial Sector Development, and the Director of Finance and Administration.

The Innovation and Efficiency Committee is responsible for stimulating critical thinking, which should then lead to the formulation of innovative business processes and business systems, and result in efficiency gains and the curtailment of costs. The Committee also places great importance on environmentally sustainable initiatives so that environmental ecosystems are safeguarded and the Bank's contribution to the national carbon emission footprint is noticeably reduced, with such reduction being consistently maintained in the future. The Bank believes that this initiative will contribute to the growth and prosperity of the Namibian nation. The committee was constituted during the 2013 financial year. The Committee membership is predominantly Directors from various Departments in the Bank; given its strategic importance, it is chaired by the Deputy Governor.

The function of the Budget Committee is to oversee the budget deliberations of the Bank. The Budget Committee meets as part of the normal annual budget process of determining and providing for the Bank's expenditures (both recurrent and capital) to be incurred in the execution of its functions and responsibilities. Each department presents and defends anticipated annual budgetary allocations before the Budget Committee. The Budget Committee consists of the Governor, the Deputy Governor, and the Finance and Administration Department, which also provides administrative and support services in this regard. The Budget Committee is chaired by the Governor. To ensure openness, one representative each from the Employee Liaison Forum (ELF) and the employees' bargaining union are permitted to attend the budget deliberations.

REPORTING OBLIGATIONS

The Bank of Namibia Act requires the Bank to submit various reports to the Minister of Finance. The requirement includes the obligation to submit a copy of the Bank's Annual Report to the Minister of Finance within three months after the end of each financial year. The Minister, in turn, is required to table the Annual Report in the National Assembly within 30 days of receiving it. The Report is obliged to contain the Bank's annual accounts, certified by external auditors, information about the Bank's operations and affairs, and information about the state of the economy. Apart from the Annual Report, the Bank submits a monthly balance sheet to the Minister of Finance, which is also published in the Government Gazette.

COMMUNICATION AND STAKEHOLDER RELATIONS

The Bank values stakeholder engagement that ensures the active participation of key stakeholders in exploring options and finding viable solutions to economic challenges facing Namibia within the policy mandate of the Bank. Transparency and open communication are values the Bank upholds at all times, and thus a platform has been created for different stakeholders to engage in a participatory and open dialogue and share views on matters that are relevant to the mandate of the Bank. This is done through the Annual Stakeholder Engagement Plan that is derived from the Stakeholder Identification and Engagement Procedures of the Bank. The procedures were updated in 2018 with a renewed focus on proactive engagement with diverse stakeholder groups in order to obtain stakeholder buy-in regarding the affairs and operations of the Bank. These engagements enjoy high-level support in the Bank and are facilitated by the Governor. External engagements held during the review period are outlined below.

A

The Bank hosted stakeholders from key ministries and organisations who directly or indirectly play a role in tourism activities in Namibia. At this engagement, the discussions centred on policy issues and recommendations emanating from the 17th Bank of Namibia Annual Symposium held in 2016 under the theme: ***Reducing unemployment in Namibia – Creating more jobs in the manufacturing and tourism sectors.*** The need for stakeholders in the tourism sector to coordinate their efforts better and work in unison for the wellbeing of the sector was emphasised by Governor Shiimi. Amongst the challenges discussed were a lack of product development, infrastructure and skills; limited incentives for investment; and the persistent underfunding of marketing and promotion of Brand Namibia. These were seen as key issues that need to be dealt with on a sector-wide basis. The stakeholders provided solutions to some of these challenges, underlining the need to collaborate and create strategic linkages with different role players. The meeting was followed-up with high-level meetings between Ministers and industry representatives; they agreed on the need to implement the recommendations and provided guidance on how best to achieve inter-sectoral cooperation between the various stakeholders. The outcomes of these engagements were shared with the Minister of Environment and Tourism, Honourable Pohamba Shifeta, and his management team. The Ministry undertook to implement the resolutions of the meetings held with various players in the sector, in line with the National Sustainable Tourism Growth and Investment Promotion Strategy (2016 – 2026).

Seated with Governor Iipumbu Shiimi (front row, right) are (from left to right) Mr Gabriel Sinimbo (Permanent Secretary – Ministry of Industrialisation, Trade and SME Development); Ms Seimy Shidute (Deputy Permanent Secretary – Ministry of Environment and Tourism); and Ms Maureen Posthuma (Head of Global Marketing – Namibia Tourism Board) along with Bank of Namibia staff and other tourism industry players.

A

Ms. Seimy Shidute (Deputy Permanent Secretary); Hon. Pohamba Shifeta (Minister of Environment and Tourism); Governor Iipumbu Shiimi; Ms Florette Nakusera (Director: Research – Bank of Namibia); and Dr Sem Shikongo (Director: Tourism).

The Bank hosted its 19th Annual Symposium on 20 September 2018, under the theme: *Creating Employment through Technical Vocational Education and Training (TVET) in Namibia*. The selection of the theme was informed by the need to develop skills in Namibia in accordance with the aspiration articulated in Vision 2030, namely to develop the country by means of her own human resources. The 19th annual symposium aimed to achieve the following objectives:

a) to look at ways of improving the TVET system so as to create employment; and
b) to develop ways of equipping TVET graduates to be employers.

These issues were addressed through presentations given by local and international speakers, supplemented by the discussions of panel members drawn from the private sector and the Government. The following papers were presented to provide context to the discussions:

- Overview of the current technical vocational training in Namibia.
- International experience on technical vocational education and training: Lessons and policy options for Namibia.
- Promoting technical vocational education and training in small and medium enterprises in Namibia: Strategies and policy options.

Delegates who attended the event were drawn from the public and private sectors, and included academics, researchers, students, media workers, and policymakers. In their evaluations of the event, stakeholders described it as being relevant and timely in that it addressed Namibia's development needs, and they made useful suggestions for future events. The livestreaming of the symposium on the Bank's website was beneficial as it allowed more stakeholders to watch the proceedings on demand.

A

Governor Iipumbu Shiimi and Deputy Governor Ebson Uanguta with the main speakers and presenters at the 2018 Annual Symposium: [from left to right seated] Ms Tracey Ferrier (independent International consultant); Mr Ebson Uanguta, Deputy Governor; Hon. Dr. Becky Ndjoze-Ojo (Deputy Minister of Higher Education, Training and Innovation – keynote speaker); Mr Iipumbu Shiimi, Governor; Ms Florette Nakusera (Director of Research: Bank of Namibia); [fltr standing]: Mr Tim Parkhouse (Secretary General of the Namibia Employers Federation); Mr Alpheas Shiindi (competency-based education and training expert); Mr Muvatera Siririka (Director: Vocational Education and Training – Ministry of Higher Education); Mr Richwell Lukonga (Chief Operations Officer, Namibia Training Authority).

The Governor of the Bank hosted members of the diplomatic corps and shared views on relevant economic issues. During the engagement, the Governor presented and discussed domestic, regional and global economic trends. The engagement further looked at the outlook for domestic economic growth, while highlighting priority areas requiring focus to propel such growth. Among others, agriculture, tourism, logistics and housing were identified as areas which seem to have the potential to stimulate economic activity going forward. The engagement also proposed the scaling up of Small and Medium Enterprises (SME) support and improved quality of education, technical vocational education and training (TVET) and the sustainable supply of water and electricity as the enablers for the required economic growth. Diplomats in attendance appreciated the dialogue, noting that the identified priority areas and sectors were in line with their missions' bilateral cooperation with the Republic of Namibia.

Governor Shiimi (centre front row) and Dr. Emma Haiyambo (Director: Strategic Communications and Financial Sector Development) together with Heads of Diplomatic Missions & Heads of Multilateral Organisations during the diplomatic engagement event.

The Governor visited //Karas Region as part of the Bank's Stakeholder Engagement Programme. In November 2018, the Governor paid a courtesy visit to the Regional Governor, Honourable Lucia Basson. During the discussion, the Regional Governor highlighted some of the challenges that hamper development efforts in the region and which require attention. On the same day, the Governor addressed a working lunch at Keetmanshoop, with over 60 stakeholders including regional and local authority councillors, political party representatives, and business and community leaders in attendance. The purpose of the engagement was to explain the establishment, ownership and governance of the Bank and present the economic outlook. He also shared progress made with regards to the Namibia Financial Sector Strategy and recent developments regarding SME support.

Governor Shiimi, with Regional Governor, Hon. Lucia Basson (Chairperson of the Regional Council Management Committee); Hon. Jan Scholtz (Chairperson: !NamI #Nus Constituency); and some of the stakeholders at the regional engagement.

The regional engagement included site visits to Skorpion Zinc Mine, the Neckartal Dam and other places of interest in order to obtain a first-hand account of the economic potential of the region. The regional engagements were successfully concluded and the response from the stakeholders was overwhelmingly positive.

The Governor with the management team of Scorpion Zinc Mine

Governor Shiimi chatting to the Project Engineer of Salini Namibia, the main contractor of the Neckartal Dam

The Governor also visited the diamond processing companies ANKIT Gem and Puczenik Diamond Namibia. The two companies are both located in Windhoek and employ 120 and 93 diamond polishers, respectively. The visits formed part of the Bank's ongoing commitment to engaging stakeholders in order to understand the operations, challenges and growth prospects of the industry.

A

Governor Shiimi; Ms. Florette Nakusera (Director: Research, Bank of Namibia); Ms. Sanette Schulze-Struchtrup (Deputy Director: Statistics and Publications, Bank of Namibia); and Mr. Suresh Kumar Gopinathan (General Manager: Pluczenik Diamond Namibia)

Governor Shiimi; Ms. Sanette Schulze-Struchtrup; and Mr Alexander Popvich (CEO of ANKIT Gems)

As part of regular stakeholder engagements, the Bank hosted the Vice President, H. E. Nangolo Mbumba, for a familiarisation visit to the Bank. The Vice President met with the management members of the Bank to acquaint himself with the operations and activities of the Bank. During the engagement, a presentation on key operations of the Bank was made. The Vice President also toured operational areas and concluded his visit with an address to staff members of the Bank. The Vice President's links to the Bank stretch back to his previous roles as Namibia's first Cabinet Secretary, and later as Minister of Finance (1996 – 2003).

Additionally, Governor Shiimi, visited several mining companies in the north central regions. The purpose of the field trip was to obtain first-hand information about production plans and challenges facing the industry. The team held discussions with the mines' senior management teams and undertook guided tours at the production facilities. The team visited Weatherly's Tschudi Copper Mine, Dundee Precious Metals Tsumeb, Ohorongo Cement, B2Gold's Otjikoto Mine and Imery's Graphite & Carbon Mine.

Governor Shiimi with his team, together with the management team of Imery's Graphite & Carbon mine (on the right) and Ohorongo Cement (on the left) during the mine visits

Governor Shiimi and the Vice President, H.E. Nangolo Mbumba (centre front row) together with the Bank of Namibia Senior Management, the Special Advisor to the Vice President, Mr. Mukwaita Shanyengana, and staff from the Office of the Vice President.

Governor Shiimi presenting a gift to the Vice President

Internally, the Bank promotes an effective and favourable working relationship with its employees. The dissemination of corporate information via the Bank's intranet, triannual internal newsletter, corporate email system and regular staff meetings are key platforms used to reach every employee. Some of the internal engagements that took place during the year under review are outlined below.

Performance reviews: Progress reviews continued to be conducted each semester. During these reviews, the Senior Management Team provided feedback to the rest of the Bank's employees regarding progress made in the implementation of respective departmental strategies and areas of concentration for the year. These enabled employees to be aware of the Bank's strategic direction while allowing them to contribute towards the successful attainment of such plans through comments and suggestions for improvement.

Bi-annual general staff meetings: The Governor continued to hold bi-annual general staff meetings. Staff members were encouraged to air concerns about the operations and strategic direction of the Bank and share positive and inspirational stories which best capture the values of the Bank.

Internal monetary policy announcements: The Deputy Governor continued presenting the monetary policy decisions to staff. These briefings after each MPC meeting provide staff with the opportunity to discuss matters pertaining to monetary policy in line with the strategic objective of maintaining price stability.

Employee Liaison Forum: The Employee Liaison Forum (ELF) continued to strengthen the internal communication channels within the Bank. The Forum, an internal structure that serves as a communication link between management and employees, further continued to provide constructive inputs related to policy and operational matters of the Bank.

In executing its mandate to improve internal communication between management and non-management employees, the ELF, whose term came to an end in November 2018, amongst other functions contributed to the review and crafting of the following internal policies and documents:

- the Corporate Social Investment Policy;
- the Corporate Wear Policy;
- the Disciplinary Hearing Policy and Procedures;
- the Dual Career Stream Policy;
- the ELF Terms of Reference;
- the Employment and Gender Equity Policy;
- the Guidelines on Borderline Performance and Negative Attitude;
- the Housing Scheme;
- the Parking Guidelines;
- the Recruitment (Staffing) Policy; and
- the Staff (Personal and Vehicle) Loan Policy.
- The ELF also solicited agenda items for general staff meetings during the review period; engaged medical aid service providers to discuss concerns and questions raised by staff; and finalised the implementation of a lactation room in the Bank.

During 2018, the Bank continued to produce statutory publications as well as publications covering general information about the Bank, the economy and the financial sector. The aim was to broaden the public's understanding of the Bank's functions and operations, and of economic and financial developments. The publications outlined below were issued during the review period and are available on the Bank's website.

In line with statutory requirements, the Bank's *2017 Annual Report* was released in March 2018. This Report covered the operations and affairs of the Bank, information on the Bank's annual financial statements, and macroeconomic information on the state of the economy.

The *Financial Stability Report*, which provides an assessment of the financial system in Namibia, was issued in April 2018. The report, which is a joint Bank of Namibia – NAMFISA publication, highlights the potential risks to financial stability emanating from developments in the national and international environment. The report recommends appropriate policy actions to continue deepening the resilience of the financial sector as a whole.

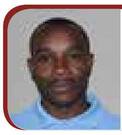
The *Quarterly Bulletin* serves as a prime source of information on economic and financial developments in Namibia. It contains a full set of data covering the real sector, monetary and financial developments, public finance, and the balance of payments.

Editions of the *Economic Outlook Report* were released in February, July and December 2018. These reports highlight global, regional and domestic economic growth prospects, and present domestic sectoral estimations and forecasts for a two-year period (2018 – 2019).

A

Employee Liaison Forum Members

As at 31 December 2018


Mukela Mabakeng
Chairperson
Research Department


Julius Nakale
Vice Chairperson
Payment Systems Department


Julia Mukapuli
Secretary
Banking Supervision Department


Selma Machado
Treasurer
Internal Audit


Cecil Hochobeb
Vice Secretary
IT Department


Immanuel Kaheuva
Vice Treasurer
Banking Services Department


Henock Shilongo
Member
Payment System Department


Uwetha Endjambi
Member
Banking Supervision Department

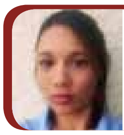

Tshishiweni Iipinge
Member
Finance & Administration Department


Agnes Namoya
Member
Financial Intelligence Centre


Gabriel Iindombo
Member
Financial Markets Department


Helena Mboti
Member
Research Department


Albert Kamwi
Member
Banking Services Department


Lezaan Kloppers
Member
Financial Markets Department


Amanda Links
Member
Strategic Communications and Financial Sector Development Department


Theofilia Nghishekwa
Member
IT Department


Jason Vatileni
Member
Oshakati Branch

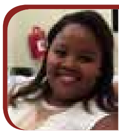

Theopoltine Veii
Member
HR Department


Tupopila Pilatus
Member
HR Department


Nadean Angermund
Member
Exchange Control and Legal Services


Morning Mvula
Member
Oshakati Branch


Taimi Ashikuni
Member
Strategic Communications and Financial Sector Development Department


Melintha Fleermuys
Member
Financial Intelligence Centre

A

THE YEAR IN REVIEW

As mentioned above, the Bank of Namibia's activities are focussed on eight Strategic Objectives that guide its operations over five-year periods. These Strategic Objectives are directly connected to the Bank's functional priorities, its Mission and its Vision, as well as to developments in the internal and external environments. The Bank has determined appropriate initiatives and strategies in order to accomplish each Strategic Objective. In this section, each Strategic Objective is presented in tabular format along with its associated initiatives and strategies. These are complemented by a list of strategic outcomes which serve as indicators of success in achieving the objective in question. Each presentation is concluded with a report on key actual outcomes, and an assessment of whether or not the strategic objective was achieved during the course of the year. The detailed discussions on strategic objectives numbers one and five appear in Part C and Part D of this report.

STRATEGIC OBJECTIVE 1: SAFEGUARD AND ENHANCE FINANCIAL STABILITY

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
1.1 Deter illegal[1] financial schemes	All known and detected schemes declared illegal within three months of determination.	All potentially illegal schemes reported to the Bank were investigated and the outcomes were communicated to the promoters within three months. In addition, a cautionary note was issued to the public in this regard. All potentially and known illegal schemes investigated were recorded on the Bank's internal database.	Yes
1.2 Supervise and regulate deposit-taking institutions and credit bureaus[2]	Sound and stable banking system: Early warning indicators in place		
	Capital adequacy not less than 11 percent.	The banking sector recorded a capital adequacy ratio of 17 percent in 2018.	Yes
	Liquidity ratio not less than 10.5 percent.	A liquid assets ratio of 15.6 percent was maintained by banks.	Yes
	Non-performing loans (NPLs) not more than 4 percent.	Banks registered NPLs of 3.6 percent in 2018.	Yes

1 Developments under this strategy are further discussed in Part D of this report.

2 Developments under this strategy are further discussed in Part D of this report.

A

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
	Examination cycle to be finalised within three months.	Five targeted examinations and thematic reviews were carried out at banking institutions, in accordance with the Risk-based Examination methodology. Most examinations were finalised within the three months.	Yes
	Adequate risk management and all high risk and medium risk issues identified in examination report are addressed within agreed timelines.	Most identified high and medium risks were addressed within agreed timelines.	
	95 percent acceptance rate for submission of credit information to credit bureaus.	The acceptance rate by credit bureaus stood at 97.5 percent.	Yes
	Coverage: credit providers that hold 80 percent of credit data in the market should submit data to all registered credit bureaus.	80 percent coverage was achieved and contributors were banking, micro lenders and the retail sector.	Yes
1.3 Licencing[3]	Entities that have submitted all information should be processed within three months within BON (if more than one application is received the processing period is within six months) and one month with the relevant Ministry	No new bank license applications had been received for consideration. However, the Bank has received one application to issue e-money from a non-bank, two applications for the appointment of directors to serve on a non-bank e-money issuers board, two applications for endorsement of service providers and one application for the acquisition of shareholding in a non-bank e-money issuer for assessment during 2018.[4] On Exchange Rate Control, the Bank issued a license to one Authorised Dealer and in the same context also de-registered dealers.	No
	Renewal of licence a month before expiry	All Authorised Dealers and Authorised Dealers with Limited Authority are licensed and renewals were processed on time where applicable.	Yes

3 Developments under this strategy are further discussed in Part D of this report.

4 The Bank is mandated to grant authorisation to participate in the NPS and as such, the Bank granted three licenced banks authorisation to access and participate in the NPS, during the review period.

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
1.4 Ensure efficient, safe and effective payment and settlement systems	Cost effective provision of Payment Systems services in line with set cost standards.	The Namibia Inter-Bank Settlement System (NISS) cost effectiveness for 2018 was 0.95. This was well within the set cost effectiveness region (X) of 0.75 ≥ X ≤ 1.25.	Yes
	There is compliance with the Safety Index, per the following indicators:		
	Fraud to turnover ratio below 0.05 percent	Fraud to turnover ratio was 0.0009 percent for 2018.	Yes
	99 percent availability of retail payment system, participants' systems and NISS.	The retail payment systems were available 99 percent of the time. NISS was available 99.95 percent of the time.	Yes
	Recovery Time Objective (RTO) of 2 hours met for Retail and Large Value Systems when DR tests are conducted.	The RTO of 2 hours was achieved.	Yes
	All high- and medium-risk issues identified from onsite inspections addressed within agreed timelines.	52 percent of high- and medium-risk issues identified through inspections were addressed within the agreed timelines.	No
1.5 Maintain financial sector stability	Stable financial system	The 2018 Financial Stability Report revealed that the banking sector remained sound, profitable and adequately capitalised.	Yes
	Vulnerabilities in the financial system identified and agreed action implemented.	Vulnerabilities were identified and addressed within the timeframe.	Yes
1.6 Develop the ability to handle crises in the financial system[5]	A tested and effective crisis resolution framework.	The crisis resolution framework was last tested in 2016 and the Bank in the interim has worked on the enhancements of the legislative framework to make it more effective.	No
1.7 Introduce a financial sector safety net	Safety net in place for small depositors.	A Deposit Guarantee Bill was gazetted in December 2018.	Yes

5 Developments under this strategy are further discussed in Part D of this report.

A

Payment systems oversight

The Bank continued to fulfil its regulatory mandate as the overseer of the National Payments System (NPS) in 2018, in line with the Payment Systems Management Act (No. 18 of 2003, as amended). Payment systems are a crucial part of the financial infrastructure of a country. In Namibia, the regulatory mandate to oversee the NPS was accomplished through risk-based on-site and off-site oversight activities. During the review period, the Bank concluded four risk-based inspections and continued with its off-site activities by monitoring its system participants through a combination of assessments based on information provided by the regulated institutions in the NPS.

The Namibian Inter-Bank Settlement System (NISS) and Namclear (Pty) Ltd (Namclear) were designated by the Bank as systemically important financial market infrastructures (FMIs). In ensuring that the Namibian clearing and settlement systems conform to international standards such as the Principles for Financial Market Infrastructure identified, NISS and Namclear were designated as systemically important FMIs by virtue of their role in the NPS. NISS is the only infrastructure that settles payment transactions finally and permanently within the NPS. Namclear is the only FMI within the NPS that provides inter-bank clearing services. Failure of these FMIs could negatively impact financial stability and the public's confidence in money and payment systems.

In collaboration with the Payments Association of Namibia and the industry, the Bank conducted the annual assessment of the NPS Vision 2020. A review of the NPS Vision 2020 was conducted during 2018. Progress was made in implementing the agreed upon strategies; 29 percent of the set strategic measures were found to be on target, while 71 percent of the set strategic measures were behind schedule but progressing. Furthermore, measures were put in place to address the challenges for the strategies that are behind schedule. Annual NPS Vision 2020 reviews will continue to be held to ensure that all strategies are monitored, measured and implemented.

Three new participants were granted authorisation to access and participate in the NPS by the Bank. Three participants, namely Trustco Bank Namibia, Bank BIC and Banco Privado Atlantico Namibia, joined the NPS in 2018. The first two are licenced banking institutions, while the Bank Privado Atlantico Namibia is a foreign bank branch.

A revised Determination on Issuing of Electronic Money in Namibia (PSD-3) and guidelines for payment intermediation service providers was issued by the Bank. The Determination on Issuing of Electronic Money in Namibia (PSD-3) repealed the previous PSD-3 in its entirety and the revised determination was published during the period under review. The supporting Guidelines and Circular were also revised and published. Furthermore, following an exemption from compliance with section 7(1) of the Payment System Management Act (Act No. 18 of 2003, as amended) by the Minister of Finance, the Bank published the Guidelines for Payment Intermediation Service Providers in the NPS of Namibia in March 2018. The Guidelines provide conditions under which service providers may conduct and provide payment intermediation services.

A Bill on abolishing payments by cheque was drafted by the Bank. The banking industry with the support of the Bank, initiated the phasing out of cheques as a payment instrument. As an appropriate legal framework to support this initiative was needed, the Bill on abolishing payments by cheque was drafted. The Bill is currently with the Ministry of Finance for further facilitation of the legislative process. The industry and the Payment Association of Namibia continue to engage and sensitise customers and the public in respect of this initiative. Cheques in Namibia will no longer be cleared and processed by 30 June 2019.

A position on interoperability in the NPS was published by the Bank. To ensure an efficient and cost effective NPS, it is the objective of the Bank to achieve 70 percent interoperability of all payment instruments by 2020 as envisioned in the NPS Vision 2020, and to ensure that full interoperability is achieved by 2025.

The Bank strengthened its position on virtual currencies. Following the release of its position paper on *Distributed Ledger Technologies and Virtual Currencies in Namibia* during 2017, the Bank updated its position in an amended document which was issued during the review period. The revised position stressed that the Bank does not recognise, support or recommend the possession and utilisation of and trading in cryptocurrencies, and that members of the public should refrain from engaging in cryptocurrencies and related activities. The position further reiterated that members of the public must ensure that their conduct in no way contravenes the Bank's various laws as listed in the position paper. The Bank continues to monitor these digital innovations and will supplement or amend its position when necessary.

A

Strides were made in the replacing of magnetic strip-based cards and the issuing of chip-based cards in 2018. The Europay, MasterCard and Visa (EMV) standard covers the processing of card payments using a card that contains a microprocessor chip at a payment terminal. The initiative to replace magnetic strip payment cards and to issue EMV-standard-compliant cards is expected to curb card fraud (such as card cloning) locally and internationally. At the end of the reporting period, 100 percent of all acquiring devices in Namibia, such as Point of Sale (POS) and Automatic Teller Machines (ATMs) were EMV-compliant and enabled. This means that for domestically issued cards, all POS and ATM devices will only accept chip-based and PIN cards. Furthermore, all card issuers only issue EMV-compliant cards.

Full compliance with the determination on the conduct of card transactions within the National Payment System (PSD-4) has been achieved. Fleet card operations were granted dispensation by the Bank to afford industry participants sufficient time to ensure that their domestic fleet card transaction processing was localised. The routing and processing of these transactions were previously done through the South African national payment system. All fleet card transactions currently comply with the law and are routed and processed domestically.

Settlement services

The Bank continued to provide interbank settlement services to authorised institutions through the NISS. Interbank transactions settled in the NISS constitute retail payments (EFTs, cheques and cards) that are cleared through Namclear and single-item transactions processed directly by the participants in the NISS. During 2018, two disaster recovery tests (one unannounced, the other announced) were conducted for the NISS. Furthermore, the Bank conducted two Business Continuity Management (BCM) exercises on its most critical systems, including the NISS. All the disaster recovery tests and the NISS component within the BCM exercises conducted during 2018 were successful.

The Bank continued to provide collateralised lending to NISS participants through overnight and intra-day lending facilities. This was done to ensure settlement as eligible NISS participants had access to credit facilities in the NISS for use when there is a need.

The year 2018 saw a 7.1 percent increase in the value of payments and an 8.8 percent decrease in volume in the NISS. The total value settled through the NISS in 2018 amounted to N$913.1 billion, of which 67.8 percent resulted from single item transactions settled in the NISS and 32.2 percent from retail payment transactions cleared through Namclear. The total number of transactions settled in 2018 was 60,189, which averages at 200 transactions per settlement day.

TABLE A.4 NISS TRANSACTION VALUES AND VOLUMES

Year	Number of settlement days	Values settled in N$ billion			Total number of settlement transactions
		Total value settled	Real-time transactions	Retail payment transactions	
2014	301	611.7	370.4	241.2	52,658
2015	301	683.4	416.6	266.8	61,702
2016	301	738.0	450.7	287.2	69,579
2017	301	852.7	565.3	287.4	65,983
2018	301	913.1	618.7	294.4	60,189

Clearing system

The Bank continued to oversee clearing operations in the NPS. During the review period, Namclear was the only service provider that provided clearing services within the NPS. It clears inter-bank EFT, cheque and card transactions which are submitted to the NISS for settlement.

A

During 2018, cheque volumes and values processed by Namclear continued to decrease. The volume of cheques processed was 292 000, with a total value of N$3.1 billion. The volume and value of cheques processed decreased by 55.8 percent and 51.0 percent, respectively, in 2018 relative to 2017 (Table A.5). The downward trend in the volume and value has been noted for the last five years (2014 – 2018) and it is mainly due to the shift to electronic payment methods that are more efficient and secure such as EFT and card payments, and the anticipated phasing out of cheques as a payment instrument.

EFT transactions processed by Namclear increased in 2018 to N$279.7 billion. This represents a 3.8 percent and 6.1 percent increase in value and volume, respectively over the 2017 figures. EFT transactions have been increasing steadily over the last five years (2014 – 2018). The increased EFT usage reflects the efficiency and reliability of this payment instrument and affirms the public's confidence therein.

Payment card transactions continue to increase significantly year-on-year. In 2018, Namclear processed card transactions with a total value of N$17.8 billion. The value and volume processed by Namclear increased by 34.5 percent and 33.8 percent, respectively over the 2018 figures.

TABLE A.5 NAMCLEAR TRANSACTION VALUES AND VOLUMES[6]

Year	Cheque transactions		EFT transactions		Card transactions		Total value cleared (N$ millions)
	Value (N$ millions)	Volume ('000)	Value (N$ millions)	Volume ('000)	Value (N$ millions)	Volume ('000)	
2014	28,129	1,822	207,428	15,085	5,818	11,017	241,375
2015	26,783	1,607	236,055	15,641	8,038	15,324	270,876
2016	10,670	1,078	260,356	17,250	9,668	17,922	280,706
2017	6,238	660	269,556	18,279	13,270	25,205	289,064
2018	3,057	292	279,698	19,395	17,844	33,730	300,599
Annual percent change							
2014	-7.9	-14.4	16.4	7.2	20.9	13.5	13.1
2015	-4.8	-11.8	13.8	3.7	38.2	39.1	12.2
2016	-60.2	-32.9	10.3	10.3	20.3	17.0	3.6
2017	-41.5	-38.8	3.5	6.0	37.3	40.6	3.0
2018	-51.0	-55.8	3.8	6.1	34.5	33.8	4.0

Regional payment systems

The Bank remained a participant of the SADC Real-Time Gross Settlement System (SADC RTGS). During the review period, the SADC RTGS was renamed from what was formerly known as the Southern African Development Community Integrated Regional Electronic Settlement System (SIRESS). The SADC RTGS is a regional settlement system that processes time-critical or high-value payments between participating SADC countries. In 2018, there were 83 SIRESS participants (i.e. registered banking institutions, as well as central banks within the respective SADC jurisdictions) of which five, including the central bank, were Namibian at the end of the reporting period. During 2018, the total value of payments processed in the SADC RTGS amounted to R1.2 trillion. Namibian banks accounted for R439 billion, which is 35 percent.

6 For the purposes of reporting, the Namclear transactions volumes and values include those transactions which have been sent to the NISS for settlement by Namclear, as well as those transactions which have not been sent for settlement as they contained technical errors (incorrect account number ranges, incorrect date format, etc.) which are sent back by Namclear to the initiating banks for rectification.

A

Industry fraud statistics

The total value of fraud within the NPS decreased over a five-year period. Overall the Bank noted a general decrease in the value of fraud and a decrease in the total fraud to total turnover ratio when compared to 2017. The decrease means that the NPS remains within the safety index indicator of 0.05 percent as per the Bank's strategic goal. The Bank collects statistical data on fraud related to the different payment instruments from the NPS participants. The industry recorded an increase of 15 percent in payment card fraud in comparison with 2017. The total value of fraud attributable to EFT and cheque streams amounted to N$194,000 and N$677,000, respectively.

TABLE A.6 INDUSTRY FRAUD STATISTICS (NPS)

Year	Card Fraud Value (N$ '000)	EFT Fraud Value (N$ '000)	Cheque Fraud Value (N$ '000)	Total Fraud Value (N$ '000)
2014	6,776	2,591	5,008	14,375
2015	7,017	0,565	3,175	10,757
2016	13,440	0,768	3,315	17,523
2017	4,555	0,528	2,071	7,850
2018	5,216	0,194	0,677	6,087

Financial stability assessment and surveillance

The Bank regularly assesses risks and vulnerabilities in the financial system and ascertains its resilience to internal and external shocks. Such assessments are published once a year in the Financial Stability Report (FSR). The FSR highlights and makes recommendations regarding specific risks originating from the global and domestic economic environments, household and corporate indebtedness, the banking sector, the non-bank financial sector, and the payment and settlement systems. In 2018, the capital adequacy in the banking sector improved and remained well above the statutory minimum of 10 percent, while banking institutions' assets continued to grow, despite a deterioration in quality. Similarly, liquid assets held increased on the back of subdued demand for credit and fair liquidity in the financial markets. The real estate market experienced a decline in house price growth in 2018, owing partly to economic conditions and the potential impact of the Loan-to-Value (LTV) regulation introduced in 2017. The risks stemming from both household and corporate sector debt remained well contained, with no immediate threat to financial stability.

A

POSITION ON THE STATUS OF INTEROPERABILITY IN THE NATIONAL PAYMENT SYSTEM

INTRODUCTION

On 2 August 2018, the Bank of Namibia (the Bank) released a position paper on the status of interoperability in the National Payment System (NPS). The position paper is aimed at assessing interoperability in the NPS and providing the Bank's position on interoperability.

Interoperability has been achieved to a large extent across the retail payment streams i.e. cheque, electronic fund transfers (EFTs) and card payments. Electronic money (e-money), which is issued by both banks and non-banks, remains closed-loop (operating in silos where the payment systems are not interoperable).

To ensure an efficient and cost-effective NPS, it is the objective of the Bank to achieve 70% interoperability across all payment streams and instruments by 2020, as envisioned in the NPS Vision 2020, and to ensure that full interoperability (100%) is achieved by 2025.

It is the Bank's intention to mandate interoperability by the year 2025 through the issuance of a regulation. The Bank will, as part of its approach to ensure stakeholder inclusivity and transparency, continuously consult and engage the NPS industry on its readiness and strategies to spearhead interoperability by 2025.

DISCUSSION

"Interoperability is the ability of different payment systems to connect with one another."[7] In simple terms, interoperability (in the context of e-money) enables a user of one e-money issuer's application to send to or receive money from another user on a different e-money issuer's application. Interoperability normally requires technical compatibility between systems and networks – hence the need for common rules, standards and commercial agreements.

Interoperability is capable of enabling e-money users to send money between wallets and bank accounts of different institutions. In this regard, interoperability has the potential to ensure that e-money as a payment instrument operates and integrates with other payment instruments such as cards and EFTs, affording e-money customers a variety of access points, options and convenience, and thus preventing fragmentation (closed-loop operations). This creates a more efficient, harmonised and competitive payments ecosystem.

Interoperability also has the potential to play a key role in the continued expansion of e-money and financial inclusion. With interoperable e-money services, the unbanked and underbanked (i.e. people with limited access to basic financial services) can use any channel (e.g. ATMs, POS devices or agents) to perform financial transactions without having to be customers of all the institutions (banks and non-banks offering e-money). This way, interoperability has the potential to contribute to financial inclusion as it enhances key aspects of financial inclusion which are concerned with access to and the affordability of financial services.

POSITION

It is the Bank's intention to mandate interoperability by the year 2025 through the issuance of a regulation. In light of this position, the industry has been advised to have due regard to certain principles, such as the need for effective cooperation and collaboration with a view to the achievement of full interoperability, and the establishment of governance arrangements, structures, standards, rules etc. that will ensure transparency, fairness and collaboration.

ADDITIONAL INFORMATION

The Bank will maintain a cautious approach in the adoption of interoperability to ensure that the introduction of a regulation does not stifle innovation and the smooth functioning of the NPS.

The full position paper is available on the Bank of Namibia website at https://www.bon.com.na/Bank/Payments-and-Settlements/Publications/Position-Papers.aspx

7 www.cgap.org/sites/default/files/interoperability.pdf

A

STRATEGIC OBJECTIVE 2: PROMOTE PRICE STABILITY

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
2.1 Ensure reliability of economic data to support economic policy[8]	Timely and reliable balance of payments (BOP) and monetary and financial statistics (MFS) and data that meet international standards are provided; timely and reliable other economic data provided to relevant stakeholders.	MFS data were provided to the public once a month with a maximum lag of one month. Both BOP and MFS data were provided to the public on a quarterly and annual basis. All macroeconomic data were provided to the MPC every two months and to external stakeholders on time.	Yes
2.2 Pursue monetary policy in accordance with the Monetary Policy Framework	Headline inflation below 10 percent is maintained without compromising economic growth.	The average annual inflation was 4.3 percent up to December 2018.	Yes

Monetary policy stance during 2018

The Bank of Namibia's Monetary Policy Committee (MPC) continued to maintain a relatively accommodative monetary policy stance in 2018, in order to support the domestic economy while maintaining the one-to-one link to the South African Rand (ZAR). The supportive monetary policy stance was prompted by domestic economic activity which remained weak during 2018. The weak performance was mainly reflected in sectors such as wholesale and retail trade, real estate and business services, hotels and restaurants, Government services, and taxes on products. Annual inflation levels declined and remained under control, registering an average of 4.3 percent, compared to 6.2 percent for 2017. During 2018, the Bank kept the repo rate unchanged at 6.75 percent during its February, April, June, August, October and December meetings. In order to support the local economy, the Bank has held the Repo rate at the level of 6.75 percent since August 2017, when the repo rate was cut by 25 basis points.

8 Developments under this strategy are further discussed in Part C of this report.

A

STRATEGIC OBJECTIVE 3: MANAGE RESERVES PRUDENTLY[9]

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
3.1 Manage foreign reserves prudently in accordance with the Investment Policy	Foreign exchange reserves are safe, easily convertible and able to produce superior risk-adjusted returns in line with agreed benchmarks.	All sub-portfolios managed internally and externally met their respective objectives over the review period.	Yes
	Foreign Exchange Reserves are not less than 3 months of import cover.	The import coverage ratio stood at 4.5 months at the end of December 2018, above the international benchmark of 3 months.	Yes
3.2 Enforce exchange control in accordance with the Currencies and Exchange Act (No. 9 of 1933, as amended)	All foreign exchange transactions authorised in line with the relevant law.	The Bank noted satisfactory compliance with the various provisions of the Currency and Exchanges Manuals as well as deepening of a compliance culture across the industry.	Yes
	All confiscated currencies are recommended to the minister for forfeiture after all due processes.	In line with regulation 3 (5) of the Exchange Control Regulations, 1961, the Bank conducted required processes and thereafter recommended to the Minister that he exercise his power in terms of forfeiting confiscated currencies.	Yes
	Examinations cycle to be completed within 3 months and identified weaknesses addressed within the agreed time frame.	The Bank conducted six supervisory onsite inspections as per the Examination Plan 2018 within the stipulated 3 months.	Yes
	All illegal forex activities investigated and dealt with in line with the Currencies and Exchange Act and reported to law enforcement within 30 days.	Illegal forex activities detected were dealt with in line with the requirements.	Yes
3.3 Manage liquidity in the banking system proactively to support reserves	100 percent compliance with reserve adequacy threshold as stated in the Market Intervention Framework.	The level of foreign exchange reserves remained adequate and well above currency in circulation plus a buffer equal to three months of average commercial bank outflows.	Yes

9 A detailed description of the developments under this strategy are further discussed in Part C of this report.

Foreign exchange reserve developments during 2018

In accordance with Section 27 of the Bank of Namibia Act (No. 15 of 1997, as amended), the Bank is mandated with the responsibility of managing foreign exchange reserves prudently. The foreign reserves are primarily held to maintain the peg to the South African Rand, in addition to the funding of international obligations. Other objectives include maintaining confidence in the country's monetary and exchange rate policies, providing confidence to the international community and ensuring resilience to external shocks.

The Bank needs to ensure that at any given time, the primary objectives of capital preservation and liquidity management are met in holding and managing reserves. Subject to meeting these objectives, reserves shall be managed to pursue and maximize investment returns. These objectives are achieved through a wide exposure to a range of foreign assets within limits which are informed by the Bank's annual strategic asset allocation.

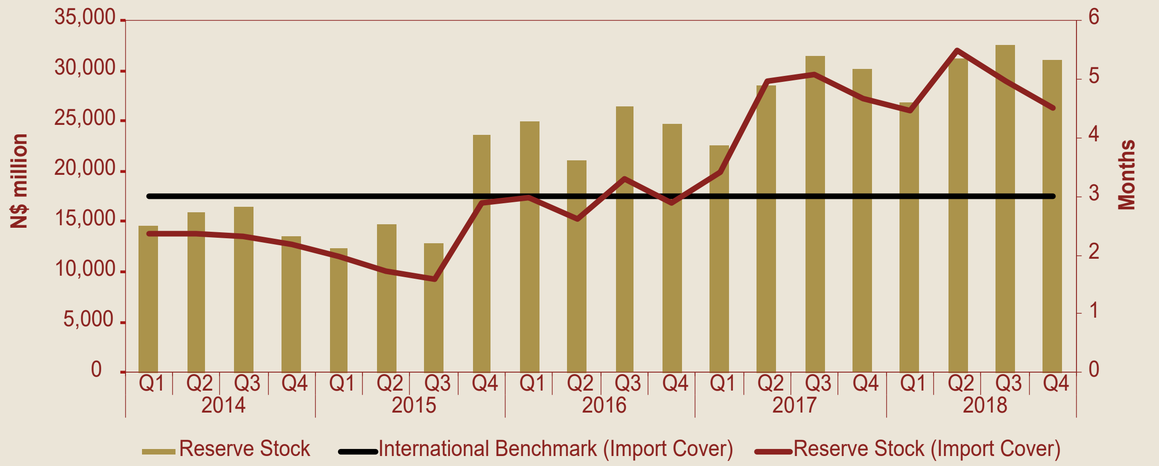
During 2018, the stock of international reserves remained above the international benchmark of three months of imports. The stock of international reserves stood at N$31.0 billion on 31 December 2018, compared to N$30.2 billion recorded on the same date the previous year. This level represents a 2.8 percent year-on-year increase. The change in the reserve position during 2018 was impacted by decreased Southern African Customs Union (SACU) receipts: (N$17.9 billion, vs N$18.2 billion in 2017); and increased net Government payments (N$7.1 billion, vs. N$4.3 billion in 2017) and cross-border transfers (N$17.7 billion, vs. N$15.2 billion in 2017). It is worth noting that Banco Nacionale de Angola continued to honour its repayment obligation with the Bank, which emanated from the implementation of the Angola Currency Conversion Agreement. The final two quarterly payments of this arrangement, amounting to a total of N$1.5 billion (US$102.5 million), were settled during March and June 2018. The previous year's quarterly repayments were also honoured, and totalled N$2.8 billion (US$206.6 million).

The main positive driver of the reserve position was the weakening of the Namibia Dollar against the US Dollar and other major currencies. In this regard, the local currency depreciated by over 10 percent during the past year due to factors such as tightening global financial conditions, escalating trade conflicts and geo-political developments, exacerbated by unsettled socio-economic conditions in South Africa. The weaker Namibia Dollar was, however, positive for reserves, as foreign assets were fabourably translated to the local currency.

Despite the pressure and volatility brought about by the abovementioned factors, the reserve position remains adequate. Foreign reserves cover the adequacy threshold 3.5 times. This precautionary threshold is set at the CIC (Currency in Circulation) plus three times the average month;y rolling commercial bank flows. The import coverage ratio covers projected imports over 4.5 months. This import ratio is congruent with the 2017 ratio and remains above the international benchmark ratio of a minimum of three months.

FIGURE A.1 OFFICIAL FOREIGN EXCHANGE RESERVE STOCK AND IMPORT COVER

The stock of international reserves increased by 2.8 percent year-on-year and remains well above the international import coverage ratio of 3 months.

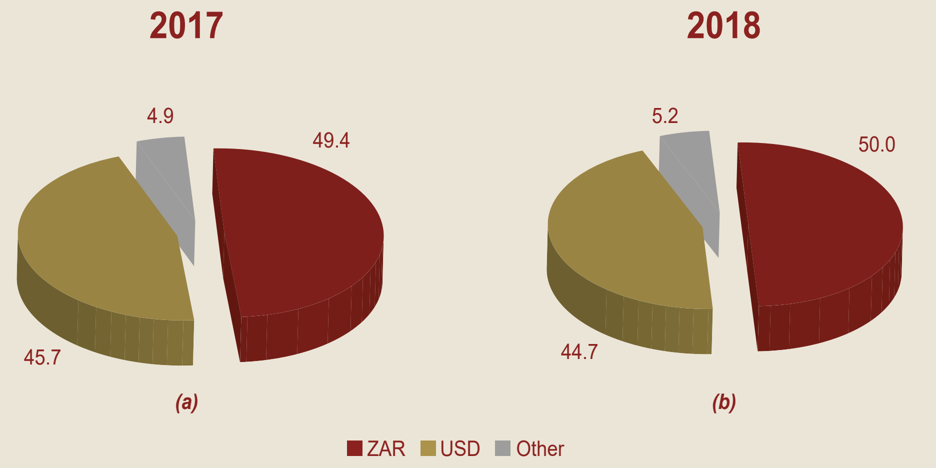


A

The USD and ZAR currencies continued to represent the biggest share of the Bank's overall foreign exchange reserves. As at 31 December 2018, the ZAR and USD currencies accounted for 50 percent and 44.7 percent, respectively, of the overall foreign exchange reserves. The remaining portion of 5.2 percent was made up of a basket of other Special Drawing Rights (SDR) currencies, namely the EUR, GBP, JPY and the CNY (see Figure A.2(a)). The reserve breakdown for 2017 reported similar currency weights as shown in Figure A(b).

FIGURE A.2 CURRENCY MIX OF FOREIGN EXCHANGE RESERVES, 31 DECEMBER 2018

The largest currency allocation was apportioned among the ZAR and USD currencies, which made up 50.0 percent and 44.7 percent, respectively, of the overall reserves.



Liquidity management

The Bank employs various liquidity management tools to safeguard the level of international reserves. Accordingly, the Bank intervenes in the market by temporarily absorbing funds destined to leave the country in search of alternative investment opportunities. The common interventions include the issuance of Bank of Namibia Bills, as well as appropriate adjustments to the Settlement Account rate.[10] The Bank also engages in non-market interventions by advising the Government on appropriate regulations aimed at preventing capital outflows.

Administration of Exchange control

The Bank continued to fulfil its regulatory mandate in terms of the Currency and Exchanges Act (No.9 of 1933) and the Exchange Control Regulations, 1961, as amended. The Bank revised the Currency and Exchanges Manuals: the technical handbook for use by the Authorized Dealers and Authorized Dealers with Limited Authorities (ADLAs) that contains authorizations, instructions, conditions and thresholds, and issued it to the industry on 13 July 2018. Additionally, to enhance public awareness and ease of use, simplified Manuals for use by individuals and business entities were published on the Bank's website during September 2018. Effective and efficient administration of Exchange Control is essential to ensure that the country's foreign exchange reserves are used for legal and bona fide foreign exchange transactions in the best interests of the economy at large.

During the period under review, the Bank issued a license to one Authorised Dealer and in the same vein also deregistered some dealers. Letshego Bank Namibia was issued a license to conduct foreign exchange business as an Authorised Dealer. Furthermore, E-Bank was deregistered as an Authorised Dealer after being acquired by FNB Namibia, while two ADLAs suspended their operations and another

10 The Settlement Account rate refers to the rate paid on commercial banks' deposits at the Bank.

one closed a number of branches. Renewals for all Authorised Dealers and ADLAs were done on time.

To enforce compliance with Exchange Control regulations and to mitigate identified risks in the industry, the Bank conducted six supervisory onsite inspections during 2018. The inspections conducted within the required three months noted that overall, the Bank observed improved control mechanisms, enhanced monitoring systems and procedures implemented by the Authorised Dealers and ADLAs. Similarly, the Bank noted satisfactory compliance with the various provisions of the Currency and Exchanges Manuals, as well as deepening of a compliance culture across the industry. However, emerging risks in relation to the repatriation of export proceeds and the conduct of non-resident accounts were identified and flagged for closer monitoring in 2019.

Critical to the success of exchange control administration is the ability to collate accurate and timely data on all cross-border foreign exchange transactions. In this regard, a more enhanced Electronic Reporting System Version 3 based on the Balance of Payment Manual 6 of the IMF reporting standards is at an advanced stage of development and is scheduled for implementation on 30 April 2019.

During the year, the Bank continued to lead and coordinate the work of the Task Team on Combatting Illicit Financial Flows. The main purpose of the Task Team is to strengthen the country's ability to monitor, detect and prevent illicit financial flows through the establishment of cross-sectoral linkages and collaboration, capturing an end-to-end process flow.

During the year 2018, the Bank successfully hosted a workshop on Illicit Financial Flows which drew participants from the private and public sectors. The workshop presentations were focused on discussing the pull and push factors that drive the illicit financial flows, with particular reference to African countries. Illicit financial flows continue to pose a serious challenge to countries' economies through, inter alia, transfer pricing and tax evasion, hence the Bank's accelerated effort to close the gaps in the cross-border foreign exchange transfers and payments system. A five-year Areas of Concentration framework has been drafted and submitted to the various stakeholders for their in-house discussions and approval.

The Bank continued its efforts to curb the illegal trade in foreign currency. In this regard the Bank conducted joint operations with the Namibian Police which resulted in the foreign currency equivalent of N$3.9 million being confiscated. In the same vein, an amount of U$100 590 was forfeited to the State in terms of regulation 3 (5) of the 1961 Exchange Control Regulations. The Bank conducted necessary processes and thereafter, recommended to the Minister that he exercise his power to declare confiscated currencies forfeited to the National Revenue Fund. An amount of N$847,702.52 was forfeited to the fund set up in terms of the Prevention of Organised Crime Act (No. 29of 2004). Furthermore, training interventions were offered to the Namibian Police and Namibian customs and immigration officials to create awareness and deepen understanding of the pertinent exchange control regulations.

The Bank remains committed to fulfilling its multilateral obligations. Exchange controls within the sub-region remain harmonised in line with the tenets governing the foreign exchange activities within the Common Monetary Area (CMA) countries. Similarly, the Bank participated in the SADC forums geared toward the harmonisation of exchange controls in the region as stipulated under Annex 4 of the SADC Finance and Investment Protocol.

A

STRATEGIC OBJECTIVE 4: PROVISION OF CURRENCY, GOVERNMENT DEBT ISSUANCE AND BANKING SERVICES

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
4.1 Effective and efficient provision of banking services	All (100 percent) Government payments and deposits are correctly effected and recorded within 3 days.	All Government payments were processed and recorded within the stipulated timeframe of 3 days.	Yes
	100 percent detection of forged Government cheques.	All forged Government cheques were timeously detected and hence no losses were recorded for the Government.	Yes
	Enhanced cash management process integrated with the existing commercial banks' cash centres and the Bank of Namibia (BoN).	A submission was made to the IT Steering Committee; the Department was requested to provide cost-benefit analysis, which is currently in progress.	No
	BoN complies with anti-money laundering laws.	All Government payments, both local and foreign, were screened against the UN sanctioned list. No suspicious transactions were detected.	Yes
	Previous day State Account balance made available to the Ministry of Finance (MoF) the next day before 12h00 noon.	State Account balances were provided to the MoF daily by the stipulated time (12h00).	Yes
4.2 Issue and manage Government securities	Meet funding requirements of Government in line with the approved Borrowing Plan.	The Bank succeeded in raising the required funding for the Government as per the Borrowing Plan.	Yes
4.3. Provide effective lending facilities to the banking institutions	Meet 100 percent of banking institutions' borrowing needs in line with BoN's conditions.	All banking institutions liquidity needs were met.	Yes
4.4. Manage and issue currency	Quality, cost effective and sufficient currency supplied to commercial banks as per demand and in line with BoN's approved denomination mix.	The Bank supplied the commercial banks with sufficient and good quality currency as the per the Bank's approved denomination mix.	Yes

	Counterfeits detected and in circulation do not exceed the threshold of 10 pieces per 1 million notes in circulation.	The ratio of counterfeits recorded in 2018 was twelve pieces per million notes in circulation, and was thus slightly over the Bank's benchmark, although within the international threshold of 70 pieces per million notes in circulation.	No
	All commercial banks' deposits and withdrawals to be processed on the system within one hour of conclusion of the said transaction.	The Bank managed to process all commercials banks' deposits and withdrawals within the stipulated time frame of one hour.	Yes

Banking services

The Bank is mandated to act as Banker to the Government, and in execution of this role ensured the facilitation of EFT transactions during 2018. The Bank noted a marginal increase in EFT payments[11] effected by the Government**.** The total volume of EFT payments effected in 2018 amounted to 2,430,757, in comparison to 2,321,348 in 2017 (see Table A.7), which equates to a rise of 4.7 percent.

TABLE A.7 GOVERNMENT EFT PAYMENTS

Calendar year	EFT transfers (volume)	EFT transfers (value, N$)
2014	2,317,679	21,094,416,791
2015	2,395,920	27,332,351,655
2016	2,545,720	31,365,656,013
2017	2,321,348	26,465,988,529
2018	2,430,757	23,298,805,112

The Bank facilitates both local and foreign payments on behalf of the Government. The Bank continued to ensure that all the Government's foreign obligations were honoured timeously. The Bank recorded a decrease in the number of foreign transfers[12] effected on behalf of the Government to 1,614 in 2018 from 1,720 in 2017, which equates to a decline of 6.2 percent (Table A.8). A reduction of 4.1 percent in the volume of local transfers[13] was further recorded for 2018 in comparison with the previous year.

TABLE A.8 VOLUME OF LOCAL AND FOREIGN TRANSFERS BY THE GOVERNMENT

Calendar year	Local Transfers (Volume)	Foreign Transfers (Volume)
2014	879	2,453
2015	978	2,366
2016	1,153	2,173
2017	1,052	1,720
2018	1,009	1,614

11 The electronic transfer of low-value payments to and from the Government via the Bank of Namibia's EFT System.

12 These are electronic transactions effected by the Bank on behalf of the Government to foreign beneficiaries using the Swift system.

13 Local transfers are electronic payments effected by the Bank on behalf of the Government to local beneficiaries using the Namibian Interbank Settlement System (NISS).

A

A further reduction was recorded in the volume of cheque transactions in 2018, in comparison to the preceding year. The decrease of 99.5 percent compared to a reduction of 59.6 percent recorded in the previous year can be ascribed to efforts on the part of the Government to achieve compliance with the proposed Industry Cheque Phasing Out Strategy, which was initially set for 31 December 2017 (Table A.9). The industry deadline for the complete phasing out of cheques by the end of 2017 was, however, extended to 30 June 2019.

TABLE A.9 GOVERNMENT CHEQUES PROCESSED

Calendar year	Volume	Change (% decrease)/% increase
2014	231,705	1.1%
2015	229,050	-1.1%
2016	219,675	-4.1%
2017	88,707	-59.6%
2018	423	-99.5%

The Bank continued to ensure that all the Government's payments processed were in compliance with the Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) laws. No suspicious transactions were noted during the period under review.

Issuance of Government debt[14]

As part of its function as fiscal adviser to the Government, the Bank continues to issue Government debt securities. This is intended to assist the Government in its efforts and commitment towards financial market developments, as well as in the financing of the national budget. During 2018, the Bank of Namibia held several auctions for both short-term discount instruments and bonds, which saw an increase in the total value of outstanding Government domestic debt in comparison to the preceding year. The Government also introduced an additional Government Bond (GC23) and Inflation-Linked Bond (GI33) which will mature in 2023 and 2033, respectively.

Currency operations

During the review period, the Bank supplied sufficient and good quality currency of all denominations to the Namibian market at all times. The main objective of the Bank is to ensure that banknotes in circulation continue to meet the needs of the Namibian market and that the national currency is resilient to counterfeiting. Currency management is one of the key mandates of the Bank of Namibia and hence remains a strategic focal area. The Bank oversaw the complete life cycle of the national currency, which includes the production, distribution and destruction thereof. All unfit, soiled or mutilated banknotes are deposited by the commercial banks with the Bank for destruction.

The Bank undertook a broad spectrum of research to inform the strategic direction for its currency function. During the period under review, the topics that were researched included the automation of the currency processes, the use of cash, and the performance of notes and coins in circulation. In light of the aforementioned, the Bank is currently undertaking a feasibility study on an Integrated Cash Management Strategy to enhance its cash management processes with the local commercial banks. The feasibility study is still in process and it is anticipated that it will be completed during the next financial year.

Furthermore, the Bank had regular consultations with the stakeholders in the law enforcement, retail and banking industries, and with the public at large to provide valuable information on the usage of cash. In order to stay abreast of the latest developments affecting currency, the Bank participates in regional and international currency forums. The Bank collaborates extensively with the sister central banks

14 Developments under this section are further discussed in Part C of this report under Bond Markets.

A

in the region to pool knowledge, share opinions and exchange best practices.

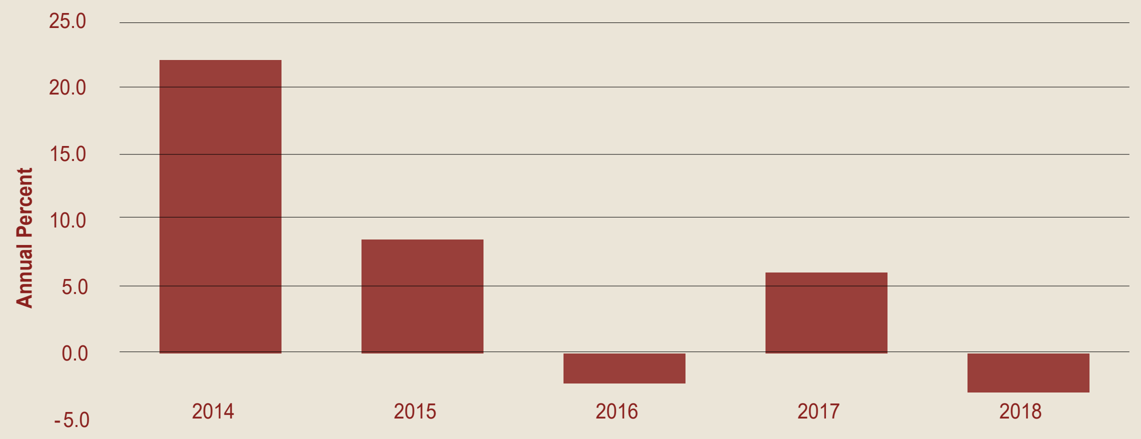
During the review period, a marginal increase was noted in the volume of total currency in circulation. The total volume of banknotes in circulation increased by 0.4 percent in 2018, to 50.7 million pieces, compared to the increase of 2.4 percent to a level of 50.5 million pieces recorded in 2017. By the end of 2018, the volume of coins in circulation had increased by 2.9 percent over the year, compared to the 6.1 percent increase recorded for 2017. Overall positive growth was observed for all coin denominations during the 2018 year compared to 2017 (see Figure A.3 and Table A.10).

Currency in circulation declined in 2018 compared to 2017 levels. The total value of currency in circulation stood at N$4.5 billion at the end of 2018, compared to N$4.7 billion at the end of 2017. A decline of 2.9 percent was recorded over 2018, compared to the increase of 6.0 percent noted in 2017. The fall in banknotes in 2018 was mainly a consequence of the decreased issuance of the N$50, N$100 and N$200 denominations. These reductions amounted to 2.4 percent for the N$50 notes, 9.4 percent for the N$100 notes and 2.2 percent for the N$200 notes.

The five cent piece remained the coin most placed in circulation, while the N$200 note was the most issued note in 2018. The five cent piece recorded a 7.7 percent increase in the value of coins in circulation in 2018, down from the 10.0 percent increase recorded for 2017. This phenomenon was attributed to the low recycling rate of the 5-cent coin. The Bank has noted that once the 5-cent coin is put into circulation, it is rarely redeposited with the commercial banks. Amongst the banknote series, the N$200 denomination was the most widely circulated.

FIGURE A.3 GROWTH IN VALUE OF CURRENCY IN CIRCULATION

A reduction was noted in the total currency in circulation during the review period compared to the previous financial year.



A

TABLE A.10 COMPOSITION OF CURRENCY IN CIRCULATION (31 DECEMBER 2018)

Denomination	2017		2018		% change in value
	Value (N$ millions)	Volume (millions)	Value (N$ millions)	Volume (millions)	
5c coins	12.4	248.8	13.4	267.8	7.7
10c coins	18.9	188.5	19.8	197.6	4.8
50c coins	15.3	30.6	15.8	31.6	3.2
N$1 coins	111.2	111.2	112.3	112.3	1.0
N$5 coins	60.9	12.2	64.3	12.9	5.5
N$10 coins	16.8	1.7	16.8	1.7	0.2
Total – Coins	**235.4**	**592.9**	**242.3**	**623.9**	**2.9**
N$10 notes	95.2	9.5	103.7	10.4	9.0
N$20 notes	179.6	9.0	198.6	9.9	10.6
N$50 notes	374.1	7.5	365.0	7.3	-2.4
N$100 notes	1,119.3	11.2	1,014.1	10.1	-9.4
N$200 notes	2,654.9	13.3	2,597.4	13.0	-2.2
Total – Notes	**4,423.0**	**50.5**	**4,278.8**	**50.7**	**-3.3**
Grand total	**4,658.5**	**643.4**	**4,521.2**	**674.6**	**-2.9**

In 2018, the Bank continued to supply the Namibian market with secure, high quality banknotes through rigorous supply chain management and quality assurance practices. New banknotes to the value of N$1.7 billion were issued, compared to the N$2.4 billion issued in 2017. The 29.2 percent decrease in the issuance of new banknotes is attributed to the procurement of the new sorting equipment in 2016 and 2017, for the branch and Head Office, respectively, which resulted in improved efficiency and hence increased volumes of reissuable banknotes.

The Bank is required to ensure that only banknotes of good quality are in circulation. In this regard, the Bank checked the authenticity and fitness of banknotes for recirculation, which subsequently resulted in the withdrawal of 29.2 million banknote pieces with a face value of N$1.6 billion in 2018, compared to 35.9 million pieces with a face value of N$1.9 billion in 2017.

During 2018, the value of Rand notes repatriated to South Africa declined compared to 2017. In order to give effect to the stipulations of the Bilateral Common Monetary Agreement between Namibia and South Africa dated 14 September 1993, the Bank of Namibia is required to repatriate to the South African Reserve Bank any Rand banknotes that are deposited in Namibia. During the period under review, an amount of R150 million was repatriated, compared to R225 million in 2017, which constitutes a drop of 33.3 percent. This followed on a substantial decrease of 62.5 percent in total Rand repatriations recorded for 2017 over 2016. Rand repatriation values and the value of Namibia Dollars in circulation over the past five reporting years are presented in Table A.11.

TABLE A.11 REPATRIATION OF SOUTH AFRICAN RAND BANKNOTES AND NAMIBIA DOLLAR BANKNOTES IN CIRCULATION

Calendar year	Value of Rand Repatriation		Namibian Currency in Circulation	
	Rand (millions)	% change in value	N$ (millions)	% change
2014	975.0	-45.8	4,146.6	21.9
2015	450.0	-53.8	4,495.8	8.4
2016	600.0	33.3	4,394.5	-2.3
2017	225.0	-62.5	4,658.5	6.0
2018	150.0	-33.3	4,521.2	-2.9

Notwithstanding the ongoing drive by the Bank to deter counterfeits, there was a considerable increase in the number of counterfeit banknotes detected in 2018 compared to 2017. The total number of counterfeit Namibia Dollar banknotes detected in 2018 increased to 602 pieces, compared to 440 pieces recorded in 2017 (Table A.12). The N$50 banknote replaced the N$200 banknote as the most targeted denomination by the counterfeiters, accounting for 35 percent of total counterfeits detected in 2018.

As at 31 December 2018, the number of counterfeits per million in respect of all Namibia Dollar banknote denominations stood at 12 pieces, which was well below the international benchmark of 70 banknotes per million. Although an increase was noted in the number of counterfeits detected, the Bank is not concerned, given the poor quality of the said counterfeits. During the period under review, the Bank continued to pursue its counterfeit deterrence activities with the retail and banking sectors as well as its ongoing collaboration with the Namibian Police.

TABLE A.12 COUNTERFEIT NAMIBIA DOLLAR BANKNOTES

Denomination	Number of counterfeit banknotes detected					Counterfeits per single denomination per million notes in 2017	Counterfeits per single denomination per million notes in 2018
	2014	2015	2016	2017	2018		
N$10	1	4	0	2	5	0	0
N$20	8	7	11	24	64	3	6
N$50	28	33	29	74	214	10	29
N$100	140	169	38	81	130	7	13
N$200	166	252	199	259	189	19	15
TOTAL	**343**	**465**	**277**	**440**	**602**		
Total counterfeits per million notes for all denominations	7	9	6	9	12		

A

STRATEGIC OBJECTIVE 5: PROMOTE A POSITIVE REPUTATION

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
5.1 Enhanced corporate image	Positive media tone of more than 80 percent based on systematic media analysis.	The Bank achieved a positive media tonality of 95 percent for the period under review.	Yes
	Achieve 70 percent attendance of targeted audience at BON events. Stakeholder confidence in BoN measured by satisfaction of > 80 percent based on minimum response rate of 70 percent.	The Bank's events continued to be well subscribed with attendance above the 70 percent of targeted audience. The average stakeholder satisfaction rate was 84.3 percent, as measured through evaluation forms completed by stakeholders at events.	Yes

Enhanced corporate image

The Bank of Namibia maintained its positive image, as measured through a systematic media analysis and stakeholder confidence. During the reporting year, the Bank recorded 95 percent positive media tonality of its activities based on a systematic media analysis. Events organised by the Bank continued to attract good attendance from stakeholders during the period under review. The average stakeholder satisfaction rate during the review period was 84.3 percent, higher than the targeted 80 percent.

Public education

The Bank has undertaken to raise awareness and understanding of its role in the economy. The Bank's Public Education Programme continued to educate various stakeholders on issues relating to its functions, role and operational activities. In 2018, the Bank accelerated its public education function through the implementation of the Strategy aimed at promoting its activities in order to increase the visibility of the Bank amongst targeted groups and engender better understanding of the mandate and functions of the Bank amongst key stakeholder groups, while moderately transforming perceptions and attitudes towards the Bank.

Governor Shiimi conducting a live interview with Ogone Tlhage from the Namibian Sun on the role and activities of the Bank on Facebook.

Depicted below are examples of some media content disseminated to the public through the public education programme.

Some media content disseminated to the public during the public education programme

A

The annual media economic reporting workshop was hosted in June 2018. The Bank has identified the need to train media practitioners on reporting about business and economic publications and also on the role of the central bank in the economy. The workshop orients journalists to basic economic terminology and central banking operations, while offering practical tips on the treatment of economic and financial stories. The annual media economic reporting workshop was held on 21 – 22 June 2018, with 11 journalists and students in attendance.

The Deputy Governor, Mr Ebson Uanguta, with journalists and students at the media workshop

Corporate social investment and responsibility

As a responsible corporate citizen, the Bank places Corporate Social Responsibility and Investment (CSIR) at the heart of its interactions with stakeholders. With the aim of creating sustainable development opportunities for the good of society, the Bank has identified the education sector and vocational training as focal areas of its CSIR programme. Accordingly, in 2018 the Bank approved a CSIR Strategy with a strong alignment to the Harambee Prosperity Plan, the high impact developmental plan adopted by the Government for the period 2016 – 2020. This Strategy will be implemented over a three-year period, starting in 2019. Moreover, in 2018 the Bank continued to support the University of Namibia's Economics Department and Business School by making four of its staff members with PhD qualifications available to offer lectures at no cost to the University.

During the year under review, the Bank also sponsored various community activities. The sponsorships targeted various institutions that demonstrate potential in contributing to the attainment of Namibia's developmental, economic and social empowerment goals. Various community charities also received support, in some cases through fund-raising activities organised by Bank staff to support certain charity causes.

[Left to right] Dr Donavan Zealand (Director: Student Services at NUST); Prof. Tjama Tjivikua (NUST Vice Chancellor); Ms Alina Garises (Public Relations Officer, Dundee Precious Metals); and Mr Ebson Uanguta (BoN Deputy Governor) pictured at the NUST Career Fair, which was partly sponsored by the Bank.

BoN Eagles Outreach Committee members held a Christmas lunch at Omitara Settlement for the elderly and vulnerable groups. The event was facilitated with the involvement of the Regional Councillor and community leaders.

Staff members of the Bank lived up to the Bank's value of CARE by successfully participating in a clean-up campaign. Over 120 staff wholeheartedly participated in the Nationhood and National Pride clean-up campaign organised by the Bank on 12 October at 8ste Laan location in the Otjomuise area. In addition to cleaning, the Bank donated and planted five fruit trees at the Mammadu Centre, an after-school centre taking care of about 64 children from the surrounding community. This was in recognition of the coinciding National Arbor Day, dedicated to raising global awareness on the importance of all types of forests and trees. The initiative was also in support of the clarion call by the Namibian President, H.E. Dr Hage Geingob, made on 25 May 2018 for every Namibian to adopt the practice of cleaning their immediate environment, as cleanliness is fundamental to health and hygiene.

Governor Shiimi with staff members of the Bank joined by Otjomuise Constituency Development Committee members, who participated enthusiastically in the clean-up campaign and tree planting activity.

STRATEGIC OBJECTIVE 6: PROMOTE FINANCIAL SECTOR DEVELOPMENT

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
6.1 Promote financial sector development	Namibia Financial Sector Strategy (NFSS) implementation coordinated in line with agreed implementation action plan.	The Bank continued to coordinate and execute initiatives aimed at improving access to finance not only for individuals earning a low income, but also for small and medium enterprises.	Yes

Financial sector development

As Secretariat to the Namibia Financial Sector Strategy (NFSS), the Bank of Namibia continued to provide effective coordination of the implementation process of the NFSS during 2018. The Bank did this while also executing its implementation role for the activities falling within its mandate. Accordingly, the Bank and other relevant stakeholders implemented a number of projects and activities during the year under review.

In 2018, the SME Financing Strategy (SMEFS) was approved by Cabinet. The SMEFS, which comprises three complementary facilities, namely the Credit Guarantee Scheme (CGS), the Catalytic First Loss Venture Capital Fund (CFLVCF), and the Mentoring and Coaching Program (MCP), was approved on 6 June 2018. In its approval, Cabinet directed that the SMEFS remain under the stewardship of the Ministry of Finance. The Ministry further delegated the hosting and administration of the strategy to the Development Bank of Namibia (DBN). Furthermore, in order to operationalise the SMEFS, the Board of Directors of the Bank of Namibia at its meeting on 30 August 2018 made an amount of N$20 million available to the DBN for the SMEFS, and a memorandum of understanding on the utilisation of these funds was entered into between the two institutions. The DBN is in the process of compiling an implementation plan which will be rolled out in 2019.

Governor Shiimi and Mr. Martin Inkumbi, Chief Executive Officer of the Development Bank of Namibia, during the signing of the Memorandum of Agreement.

A

The Bank participated in the planning and coordination of the 2017/2018 Namibia Financial Inclusion Survey. The 2017/2018 FinScope Survey (as it is commonly known), which is a follow-up to the 2011 FinScope Survey, was successfully launched on 30 July 2018, and was jointly funded by the Bank and the Namibia Statistics Agency (NSA). It was the first conducted locally by the NSA with technical assistance from FinMark Trust, a South Africa-based company that previously used to undertake FinScope Surveys for Namibia. The findings from the Survey indicated that the rate of financial exclusion dropped significantly from 31 percent recorded in 2011 to 22 percent in 2017. This is also lower than the target of a 26 percent financial exclusion rate by 2021 set in the Namibia Financial Sector Strategy.

The Bank continued to provide support to the Namibia Financial Literacy Initiative. During the period under review, the Bank continued to serve on the Executive Committee and the Tender Committee, as well as on a working group which was specifically set up for the drafting of the National Policy on Financial Education. This Policy will outline the type of financial literacy programmes to be put in place, as well as the necessary institutional arrangements to implement financial literacy programmes in Namibia. It will further aim to develop a clear policy framework for the coordination of financial literacy initiatives in the country. The Namibia Financial Capability Survey, which was partly funded by the Bank of Namibia, was successfully concluded, with the report being launched on 28 November 2018.

The Bank of Namibia further continued to coordinate and undertake relevant research geared toward enhancing financial inclusion in the country. One of the research projects undertaken during the period under review was that on enhancing access to finance for commercial activities in communal areas. A working group was established to this effect under the chairmanship of the Bank of Namibia, comprising representatives from commercial banks and the Agricultural Bank of Namibia, and a private expert on legal issues related to land. The group drafted a policy proposal exploring how enterprises with registered leasehold (registered in the Deeds Office) in communal areas could engage in commercial activities, using such leaseholds as collateral when applying for credit from lending institutions. The initial draft Policy Proposal was submitted to the Ministry of Land Reform, and comments from the Ministry were incorporated. Once approved, the recommendations will contribute to the current draft Land Expropriation Bill. This will unlock the economic potential of communal areas, ultimately uplifting the living standard of people in those communities and contributing to poverty alleviation.

Another study undertaken by the Bank was an exploratory paper on whether agent banking and mobile money could enhance financial inclusion in rural areas. The study aimed to explore in depth the feasibility of using agent banking to facilitate banking services in rural areas to contribute to financial inclusion through the expansion of the current coverage and scope of e-money services. After a thorough internal review, the Bank was not convinced that it would make any meaningful impact, and as a result no further action or policy intervention will be taken.

The Bank and other relevant institutions supported NAMFISA in working on the Consumer Credit Bill. The drafting of the Bill is taking place under the leadership of NAMFISA, in collaboration with representatives from the Bank of Namibia, the Ministry of Finance and the Ministry of Industrialisation, Trade and SME Development. During the review period, the focus was on undertaking background research work and developing a draft policy paper, which was approved by the Steering Committee for peer review. The Consumer Credit Bill will ultimately consolidate outdated laws regulating consumer credit such as the Credit Agreements Act (No. 75 of 1980, as amended) and the Usury Act (No.73 of 1968, as amended), and once enacted will regulate all consumer credit-related issues in Namibia.

During the year under review, the Bank tabled the 2018 NFSS Interim Review Report to the Financial Inclusion Council Advisory Body. The 2018 Interim Review is a requirement under the monitoring and evaluation framework that guides the implementation of the NFSS and takes stock of what has been achieved over the past seven years since the adoption of the Strategy in 2011. While the coordination of the Strategy is a responsibility of the Bank of Namibia, the actual implementation also lies with various agencies and institutions within the financial sector, in both the public and the private spheres. The interim progress report was therefore prepared with the information received from various agencies that are leading the implementation of the various aspects of the NFSS. It will be tabled at the first meeting of the Financial Inclusion Council in 2019.

A

STRATEGIC OBJECTIVE 7: ENHANCE CONTRIBUTION TOWARDS SUSTAINABLE ECONOMIC GROWTH

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
7.1 Deliver and assist with implementation of relevant and high-quality policy advice	More than 80 percent of national economic policy advice accepted and 60 percent implemented within a period of five years	84 percent of national economic policy advise was accepted and implemented during the period under review.	Yes
7.2 Deliver innovative and quality research output	At least one of the working and occasional papers should be published in a peer-reviewed journal and presented at conferences per year in Namibia	Two research papers were published on the BoN website as working papers and one was presented at a Conference in Namibia in 2018.	No
7.3 Promote regional integration	SADC Regional Integration Agenda of the Bank is implemented	Five of the seven annexes were achieved. The implementation progress was monitored in 2018.	No

Policy research and advice

As part of its statutory mandate, the Bank is required to provide policy advice to the Government. In this regard, the Bank conducts economic and financial research, as well as other research of strategic importance. The main aim of the research undertaken by the Bank is to inform specific policy direction and actions. The following is a summary of activities and research carried out in 2018.

The Bank held its 19th Annual Symposium, under the theme *"Creating employment through technical vocational training and education"* and made several policy recommendations. The symposium proceedings and policy recommendations were then published in a Symposium Report on the Bank of Namibia website. Further details of the policy recommendations are given in the article "Creating employment through Technical Vocational Education and Training" below.

In addition, on an annual basis the Bank provides the Ministry of Finance with technical advice on Government debt sustainability. Debt sustainability analysis is an important element in the macroeconomic analysis of fiscal policy. This analysis follows the IMF new framework for public debt sustainability analysis in market access countries (MAC DSA, 2013). The Debt Sustainability Approach (DSA) is largely based on various macroeconomic and fiscal indicators of the country under analysis. The DSA analysis highlighted the fact that the baseline debt level and the levels arising in the presence of shocks are all higher than the 35 percent debt ceiling, and remain elevated over the forecast horizon. Thus, there is a need to control expenditure, especially when revenues are projected to slow down due to the uncertainties in SACU revenue. Weak economic growth prospects and falling growth revenue potential requires the Government to stick to fiscal consolidation to minimise further borrowing.

In addition to the policy advice given, two research papers were compiled during 2018: A study on "Fiscal deficit and impact on inflation in Namibia", was undertaken in 2018. The objective of the study was to examine the impact of fiscal deficit on inflation in Namibia, by analysing variables such CPI, fiscal balance, prime lending rate and South Africa's CPI. The study uses an Autoregressive Distributed Lag Model (ARDL) Bound test and Granger causality approach over the period 2002Q2-2017Q4. Empirical results from the study suggest that fiscal balance has a direct effect on inflation during the period under review. The study

A

also found a unidirectional causality running from fiscal balance to inflation in Namibia. The key policy implication of these empirical results is that high negative fiscal balances could impair the monetary policy objective of price stability.

A second research paper titled "Output gap and its determinants: Evidence for Namibia", was also published in 2018. The paper's objective was to determine Namibia's potential output and output gap. The study also attempted to find the determinants of the output gap using the financial factors (domestic credit growth, money supply growth and real interest rate). The study found that the dynamics of the output gap are fairly similar among the employed methods. On average, the output gap was positive in the periods 1991 – 1992, 2004 – 2008, and 2012 – 2014, but otherwise negative. The study also found that the financial determinants of the output gap are statistically insignificant, although the results were in line with the literature. The study recommended that to boost potential output, reforms should focus on reducing the mismatches in the labour market, and that access to and the quality of secondary and higher education and of vocational and on-the-job training programmes should be improved. In addition, it is essential that the functioning of the labour market be improved through more efficient dispute resolution processes.

INTERNATIONAL AND REGIONAL COOPERATION

The Bank continued to collaborate with international and regional stakeholders during 2018. The Bank collaborated with other central banks, the IMF and the World Bank Group (WBG), and the Alliance for Financial Inclusion at an international level. At the continental level, the Bank, as a member of the Association of African Central Banks (AACB), participated in meetings and symposium of the AACB. Furthermore, the Bank continued to participate in SADC activities through the Committee of Central Bank Governors (CCBG) and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). As has become the norm, the Bank actively participated in CMA and SACU activities. The details of each cooperation arrangement are presented below.

Cooperation with the International Monetary Fund

The Bank took part in the Annual Meetings of the Boards of Governors of the IMF and the WBG in 2018. The annual meetings were held in Bali Nusa Dua, Indonesia from 12 – 14 October 2018. The annual meetings bring together central bankers, ministers of finance and development, parliamentarians, private sector executives, representatives from civil society organisations and academics to discuss issues of global concern, including the world economic outlook, poverty eradication, economic development, and aid effectiveness. The Bank also used the opportunity to meet with officials of the central bank of New Zealand in order to establish bilateral relationships and possible attachment opportunities for the Banks' staff members to learn from such an experienced counterpart. In addition, the Bank engaged the IMF and World Bank on the need for specific skills and more technical assistance in specialised areas.

As part of its annual engagements with the IMF, the Bank participated in the annual surveillance activities of the IMF Article IV mission under the Articles of Agreement in 2018. The IMF Article IV mission team carried out a staff visit as a build-up to the main Article IV mission which will take place in 2019. They engaged the Bank, parastatals and relevant Government institutions on issues pertaining to financial stability, real sector development, the economic outlook, monetary policy and the financial sector, the anti-money laundering and combating of terrorism financing regime, and balance of payments (BOP) developments. Through its surveillance activities, the IMF monitors economies and provide policy advice to its member states in order to identify weaknesses that are causing or could lead to financial or economic instability.

The Bank staff members attended specialised training offered by the IMF's Regional Technical Assistance Center for Southern Africa (AFRITAC South) in 2018. The IMF operates an IMF Institute in collaboration with the AFRITAC. The training workshops that the Bank staff members attended were on financial stability, stress-testing in banks, and monetary policy and exchange rate regimes. In addition, the Bank staff also attended training courses covering issues of macroeconomic management and fiscal policy, monetary policy communication, Government compensation, and employment.

The Bank's collaboration with the IMF for capacity building and skills development through the IMFs technical assistance programmes continued in 2018. The two technical assistance collaborations that were carried out were on the BOP and stress testing. The technical assistance on BOP issues was more general, and geared towards the overall assessment of the BOP and the International Investment Position Manual (BPM6) migration process and progress. The mission further assisted the Bank with improving the quality of Namibia's External Sector Statistics, specifically, to assist in improving the consistency of data within and across datasets of both the current account and the financial account, and to also examine the feasibility of Namibia's participation in the Coordinated Direct Investment Survey. Namibia's migration process was completed in June 2017, and currently, Namibia's BOP data are disseminated in the BPM6[15] format on the Bank's website, and in the Quarterly Bulletins, Annual Reports and IMF quarterly reporting system feeding into the Open Data Platform. Furthermore, the IMF provided the Bank with technical assistance on strengthening the banking sector solvency stress testing framework. The Dynamic Bank Balance-Sheet Tool for the Namibian Banking System is a multi-year, dynamic bank balance sheet projection tool that requires the calibration of two macroeconomic scenarios (baseline and adverse) in an annual frequency that was developed for the Bank. It takes into account the evolution of the key macro-financial variables such as GDP growth, inflation, interest rates, exchange rates, and house prices.

Cooperation with the World Bank Group

The WBG's Reserves Advisory and Management Program (RAMP) offered specialised training to the Bank staff in 2018. The Bank has had an investment management and consulting agreement with the Program since May 2008 in terms of which the Bank receives certain technical advisory and asset management services. For the year under review, the staff members of the Bank received on-site training in futures. In addition, staff members attended training in credit risk management, active asset management, and applied asset allocation for fixed income portfolios.

Cooperation with the Alliance for Financial Inclusion

As a member of the Alliance for Financial Inclusion (AFI), the Bank continued to benefit from AFI activities and programmes during the year under review. The AFI is a member-owned network that promotes and develops evidence-based policy solutions that contribute to the improvement of the lives of the poor, and is a world leader in financial inclusion policy and regulation. The Bank participates in the Alliance's activities as a primary member. It participated at the 2018 AFI Global Policy Forum, co-hosted by the Bank of Russia (CBR) in the city of Sochi. At this 10th Global Policy Forum, the AFI network discussed and debated openly about the gender gap and other issues that are often influenced by social norms, with the aim of proposing policy solutions for those issues. The Forum delivered three key outcomes: the Sochi Accord on FinTech for Financial Inclusion, which aims to guide member countries on issues related to challenges and opportunities for enhancing financial inclusion brought about by FinTechs; Policy Frameworks for the Issuance of Financial Inclusion Policy Models by member countries; and the launch of the Eastern Europe and Central Asia Policy Initiative (ECAPI). The ECAPI followed the Africa Regional Financial Inclusion Policy Initiative that was launched in 2017. These regional initiatives are AFI's approach to ensuring that appropriate policy solutions to regional challenges are designed through providing appropriate policy frameworks that can be adopted by member countries. Furthermore, during the year under review, the Bank continued to provide input into a database that tracks AFI members' progress towards achieving financial inclusion targets.

15 BMP6 is the sixth edition of a set of IMF guidelines for compiling consistent, sound and timely balance of payments and international investment position statistics. Namibia's official BPM6 statistics were released in June 2017, with preparations for the migration and communication to the data providers, external stakeholders and the public at large having taken place during the two-year period prior to that.

A

Bilateral cooperation with other central banks

The Bank and its Angolan counterpart, Banco Nacional de Angola, continued their cooperation in 2018. The two central banks established a mutually beneficial cooperation, with high-level commitment to promote trade and economic development. In 2018, the two institutions revised the currency conversion agreement, which included the repayment of the outstanding debt of USD102 million. The Banco Nacional de Angola has settled its total outstanding obligations of US$426.3 million to the Bank, with the last payment of US$51.1 million being made on 22 June 2018, inclusive of interest. The repayment of the debt has had a cumulative positive impact on Namibia's foreign reserves of the equivalent of N$5.76 billion.

Cooperation with the Association of African Central Banks

During 2018, the Bank participated actively in the activities of the AACB. The Bank attended the 41st ordinary meeting of the AACB Assembly of Governors from 5 – 9 August 2018 in Sharm El Sheikh, Egypt. Alongside the AACB annual meeting, the Bank's staff also attended the annual symposium under the theme "*Declining Correspondent Banking Relationships and Illicit Capital Flows: Risks and Policy Challenges for Africa*". In addition, the AACB Continental Seminar under the theme *"Financial technology innovations, cybercrime: challenges for central banks"* was held on 14 – 16 May 2018 in N'Djamena, Chad. The Bank also participated in the activities of the Community of African Banking Supervisors.

Cooperation with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa

The Bank attended the annual meetings of the Board of Governors of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) on the side line of the IMF/WBG annual meeting in 2018. As has become a tradition, the MEFMI meetings preceded the IMF and WBG annual meetings in 2018 in Indonesia**.** The three institutions (MEFMI, the IMF and the WBG) collaborate in providing training in areas of debt management, macroeconomic management and financial sector management. Two staff members continued to participate in the MEFMI fellowship programme in 2018 and are expected to graduate in 2019.

Cooperation with the Committee of Central Bank Governors in the SADC

As a member central bank, the Bank continued to participate in activities of the Committee of Central Bank Governors in the SADC (CCBG) in 2018. Staff members of the Bank attended the two CCBG meetings held in South Africa and Lesotho in 2018. At these meetings, the governors discussed economic and financial developments in the SADC region, as well as the SADC's progress towards monetary integration. The CCBG also discussed other important issues, such as the SADC Integrated Regional Settlement System (SIRESS), settlement currencies for SIRESS, and a clearing house for low-value electronic EFTs. As part of the SADC Peer Review framework, Namibia peer-reviewed Mauritius, with Bank staff forming part of the peer review team. The final peer review reports of all reviewed member states were presented at the SADC Peer Review Panel in South Africa in July 2018.

Cooperation with Common Monetary Area (CMA) Structures

CMA central bank governors, including the Bank of Namibia Governor, attended three meetings in 2018. The purpose of the CMA central bank governors' meeting was to assess recent economic developments in member countries, as well as global economic developments and their potential impact on the CMA economies. In addition, these meetings discussed related issues of payment systems, exchange controls, banking regulations and supervision, and financial stability. Moreover, common risks and challenges confronting CMA countries and policy options to address these risks and challenges were also discussed. Namibia hosted one of the meetings on 9 November 2018 in Swakopmund, Namibia.

A

From the left: Mr Majozi Sithole (Central Bank of Eswatini); Mr Iipumbu Shiimi (Bank of Namibia); Dr Rets'elisitsoe Matlanyane (Central Bank of Lesotho); and Mr Lesetja Kganyago (South African Reserve Bank) at the CMA Governors meeting held on 9 November 2018 in Swakopmund, Namibia.

Cooperation with the Southern African Customs Union

The Bank continued to provide support to the Government on SACU-related matters during 2018. The activities of SACU intensified following the approval of the work programme by the Council of Ministers in June and September 2018. The approved work programme entailed the resumption of the renegotiation of the Revenue Sharing Arrangement. The new Revenue Sharing Arrangement is anticipated to be more aligned with the SACU mission and vision to support developmental integration and economic convergence, as well as to include mechanisms to minimise volatility in SACU revenue. The Bank participated in meetings of the SACU Task Teams and Commission[16] and the Finance and Audit Committee in 2018. These meetings considered numerous issues aimed at contributing to the SACU work programme. This includes issues related to the development of the SACU-wide Computable General Equilibrium model aimed at simulating core economic interactions between economic agents in the economy, and at estimating the effects of public policy changes on the member states' economies. Other SACU activities the Bank participated in during 2018 were the trade data reconciliation and review, which is essential in the calculation of 2019/20 Common Revenue Pool shares.

16 The SACU Commission is made up of senior government officials at the levels of Permanent Secretary, Director General, Principal Secretary or other officials of equivalent positions from each member state.

A

CREATING EMPLOYMENT THROUGH TECHNICAL VOCATIONAL EDUCATION AND TRAINING

INTRODUCTION

The Bank of Namibia held its 19th annual symposium at the Safari Court Hotel on the 20th of September 2018 under the theme "*Creating employment through Technical Vocational Education and Training*". The selection of the theme was informed by the need to develop skills in Namibia in accordance with the aspiration articulated in Vision 2030, which is to develop the country through its own human resources. The high youth unemployment rate in Namibia warrants the need to look into avenues that can help reduce youth unemployment and improve economic growth through entrepreneurial vocational and technical training. There is a recognition that technical vocational education and training (TVET) is a means of acquiring the skills, knowledge and technology which are needed to drive productivity and economic transformation. Empirical evidence shows that TVET has a positive effect on economic growth. It contributes to a reduction in poverty, crime and unemployment.

The 19th annual symposium aimed at achieveing the following objectives:

1) looking at ways of improving the TVET system so as to create employment; and
2) developing ways of equipping TVET graduates to be employers.

These issues were addressed through presentations given by local and international speakers, and were supplemented by panel discussions amongst representatives from the private sector and the Government.

OVERVIEW OF TVET IN NAMIBIA; INTERNATIONAL EXPERIENCE WITH TVET; AND PROMOTING TVET IN SMES IN NAMIBIA

TVET providers in Namibia consist of public training providers, private training providers, and centres run by state-owned enterprises. The TVET system is characterised by several issues, such as inadequate capacity to increase intake, relevance, and responsiveness of training programmes, along with an average pass/competency rate which currently stands at 52 percent. There is a lack of adequate resources at centres, which hampers the quality of training outcomes, and trainees thus struggle to find jobs as their skills do not match industry requirements. Trainees face challenges in finding job placements, while industries complain that TVET does not respond to their demand for skills. The lack of adequate workshop facilities, tools, machinery and equipment (including learning resources) continues to compromise the quality of training outcomes.

There is an important role for employers and the private sector in increasing the capacity and quality of TVET. As TVET on its own does not create jobs, investment in skills development has increasingly involved building linkages and cooperation between education and training actors, on the one hand, and industry, on the other. The European Commission recently launched a new TVET Toolbox project which aims to enhance labour market intelligence and the involvement of the private sector in TVET in countries outside the EU. With the need in many countries for increased capacity and quality in TVET, alongside limited funds for long-term investment in TVET, both governments and donors are looking at the potential role of the private sector.

Apprenticeship programmes which blend paid work with education and training are being improved and expanded across Europe, although approaches vary. There continues to be a strong commitment to developing, improving and expanding apprenticeship programmes, but there is divergence across Europe in how this is done. Apprenticeship systems in Austria, Denmark, Germany, Luxembourg and Switzerland share many features. Apprenticeship systems in Austria and Germany have a long tradition and a strong reputation internationally. Guilds and Chambers of Commerce play an important role in overseeing the training which takes place and the content of the training. Youth unemployment rates are low in Austria and Germany, and both countries have strong economies. The apprenticeship system in Germany is fully embedded in the economy and society, probably because it has not changed very much since it was established after the Vocational Training Act of 1969. This consistency and lack of political interference has enabled the apprenticeship system to become an important part of education, work and life in Germany.

The mainstreaming of entrepreneurship and innovation into TVET remains one of the challenges for the sector. There is currently no coordinated support in ensuring that TVET graduates are capacitated, mentored or provided with financial support to start businesses. Namibia's ambition to transform into an industrialised and knowledge-based economy for growth and employment makes it imperative that the country stimulates entrepreneurial mind-sets among young people, encourages innovative business start-ups, and fosters a culture that is friendlier to entrepreneurship and to the growth of small- and medium-sized businesses.

SMEs in Namibia should formalise relationships with VTCs. It is desirable to have formalised relationships between SMEs and VTCs, but currently this is not the case. There needs to be a catalyst to speed up the establishment and solidification of this relationship. There can be a number of benefits stemming from such relationships, which may include but not be limited to job attachment, employment, and becoming preferred suppliers of goods and services to the VTCs. SMEs in the vicinity of VTCs could make use of the equipment at the VTCs for a fee. Examples could be wood cutting, pipe bending and metal rolling machines which can be found at a number of VTCs, and which could be used by the SMEs in the area.

POLICY ISSUES EMANATING FROM THE SYMPOSIUM

There are several options which can help TVET to better support economic growth in Namibia, including the following:

1) ensuring that all TVET programmes and institutions increase their focus on good quality work experience and on developing an entrepreneurial mind-set;
2) reviewing the accuracy of labour market intelligence and workforce data and their effectiveness in supporting skills planning;
3) expanding the TVET system by including physical infrastructure expansion activities to meet current and future training needs;
4) developing guidance and support for organisations, including TVET institutions, to make use of labour market intelligence and other workforce data;
5) formalising apprenticeship schemes, including at higher levels, which prioritise sectors and occupations with skills gaps and skills shortages and industries with projected growth; and
6) setting up centres of excellence and support specialist hubs of expertise in developing higher level skills in growth sectors, and placing these in priority geographies.

A

STRATEGIC OBJECTIVE 8: OPTIMISE ORGANISATIONAL EFFICIENCY AND COST-EFFECTIVENESS

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
8.1 Manage risk effectively	All gaps identified and mitigating strategies for medium and high risks implemented within the agreed time frame.	The 2018 Audit Plan was executed. Sufficient audit coverage was obtained, areas of improvement were highlighted and an action plan is in place. As at 31 December 2018, the cure rate for the audit findings was 95 percent, and 93 percent for the risk actions > 100 percent target. 22 operational risk incidents were reported, vs. 8 in 2017.	Yes
8.2 Ensure that the Bank can function in the event of a disaster (business continuity (BC))	A tested Crisis Management Plan is in place.	Two BC plan exercises were conducted at the Disaster Recovery Site. The second BC plan exercise included all departments. An overall assessment of the BC plan exercise is that it was satisfactory, as the Maximum Allowable Outage time of 2 hours was met.	Yes
8.3 Enhance a high-performance-driven culture which lives the Values of the Bank and strategic talent management	The Bank achieves all (100 percent) of its goals.	99 percent of the stated goals were achieved.	No
	100 percent of staff members live the Bank's Values.	100 percent of the Bank's staff were found to be living its Values.	Yes
	Best Company to Work For status achieved.	The Bank achieved 1st place (Platinum Seal) in the Deloitte Best Company to Work For Survey.	Yes
	95 percent of the critical talent of the Bank are retained.	The Bank retained 100 percent of its critical staff in 2018.	Yes
8.4 Manage the Bank's financial resources and affairs in a prudent manner	Annual Financial Statements in compliance with BoN Act, the Financial Intelligence Act and IFRS.	The Bank consistently obtained an unqualified Audit Report, in compliance with International Financial Reporting Standards.	Yes

A

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
8.5 Ensure functionality, security and availability of facilities, other assets and infrastructure that support its operations in an environmentally friendly manner	Buildings and other infrastructure that are environmentally friendly so that the Bank makes a contribution in reducing carbon emissions and also embarks on the journey for the Bank building to be certified as a 4-star rated building by the Green Building Council of Namibia.	The Bank continued to invest in various green initiative projects during 2018, and this has contributed significantly to the reduction of energy consumption.	No
	Security systems and equipment are functional and maintain 97 percent availability to provide maximum protection to employees and the Bank's assets.	Security systems have been functional at more than 97 percent and provide maximum protection to employees and bank assets.	Yes
	97 percent availability and functionality of all facilities, other assets and infrastructure that supports its operations in an environmentally friendly manner.	96.8 percent facilities availability was achieved during 2018.	No
8.6 Manage the Bank's technology to optimise Bank operations	Relevant and secure IT systems that are 99.9 percent available (8 hours off-time).	The Bank realised an overall availability of 99.66 percent for IT systems for 2018.	No
	5 Priority IT processes at agreed COBIT-5 targets.	Of the 5 technology governance processes, 2 have met their respective targets, with the remaining 3 still pending completion by end of 2019.	No
8.7 Ensure efficient procurement practices	Procurement practices that result in cost savings of 1.0 percent and maintain procurement cycle time of 2 days, and travel management cycle of 1 day.	The Bank continued to employ effective and efficient procurement practices during 2018, in line with its procurement policy, and oversight from the Tender Committee, and achieved its objectives for the year.	Yes

A

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
8.8 Manage the legal affairs of the Bank	All court matters handled in terms of the timelines set out in legislation, court rules and practice directives.	All litigation matters in the courts have been either handled by the Bank, or instructed law firms are adhering to the strict rules of the courts.	Yes
	All contracts managed as per Contract Management Guidelines.	Though the Division has implemented a new Contract Management System and migration is currently underway, we could not fully manage the contracts as per Contract Management Guidelines.	No
	Legal opinions provided within 7 days of request.	At times due to the complexity of legal opinions, the Division could not provide the opinions within the 7 days.	No
8.9 Ensure knowledge and information management of the Bank	Knowledge (e-library services, e-resources collection, and picture/ video management) managed in line with the agreed guidelines and procedures.	The Bank's explicit knowledge has been documented through video recordings and pictures and effectively managed.	Yes

Risk management and assurance

The Bank of Namibia's risk management function facilitates enterprise risk management practices across the board, in order to manage risks in a proactive, coordinated, prioritised and cost-effective manner. Enterprise risk management activities are designed to increase the probability of success and reduce uncertainty relating to the achievement of the Bank's objectives. In 2018, 22 operational risk incidents were reported (up from eight in 2017). These were risk events resulting from a failure of people, processes, systems or external events that could bring about losses or near misses. The actual financial losses incurred as a result of these incidents amounted to N$23,972, compared to N$238,535 in 2017. Remedial actions to address, wherever possible, the root causes of the incidents in question were identified and appropriate measures were introduced. The Bank's risk universe, which is a central repository of all the risks that could affect the Bank, was updated and refined to provide a better understanding of inherent risks. A Key Risk Indicator Framework for the BoN was defined and approved. This will be used to implement and report on approved risk tolerance measures to ensure that risk-taking is effected within Board-approved limits. The top strategic and operational risks and their identified response strategies continued to be monitored at the Bank's quarterly Risk Management and Audit Committee meetings.

The Bank has assessed itself against the cyber threats and decided to elevate this category to one of its top risks. There is a three-year IT security plan in place that is being implemented and is due for completion by 2019. In addition, the IMF presented a Cyber Risk Technical Assistance training course to the Bank, while Deloitte and Touche offered awareness training for the Audit Committee members. This was to equip both Audit Committee members and the Bank staff with understanding and the capacity to manage cyber risks.

The Bank-wide compliance management process continues to be embedded in the Bank. Scanning of the current legal and regulatory environment was carried out to update the current regulatory universe.

Compliance monitoring was carried out by the various departments to ascertain the compliance status and ensure adequate compliance with the relevant laws, regulations, policies and procedures;

gaps were highlighted. The department subsequently identified corrective actions and implementation was monitored by the Bank's risk management function. Summaries of key observations were included in the quarterly report to the Risk Management Committee and the Audit Committee. Benchmarking was carried out in the Risk Management and Compliance department of the South African Reserve Bank in Pretoria, South Africa. The purpose of the benchmarking exercise was to bring about further improvements in these areas.

Business continuity management at the Bank has continued to improve from year to year. Two planned business continuity management simulation exercises were conducted in 2018, one covering the Bank's most urgent (time-critical) business process. The other simulation for the first time included all departments, and the Maximum Allowable Outage time of two hours was met in both simulations. Various issues identified during the 2017 exercise were successfully addressed before executing the 2018 plan. The overall assessment, based on the results of the first two exercises conducted in 2017 and 2018, is that there has been significant improvement in maturity and capability with regards to all business processes in the Bank. In the event of a major disruption, the Bank would, as a minimum, be able to recover and continue its key business environments within the determined Maximum Allowable Outage timeline at the disaster recovery site. These exercises were conducted following extensive pre-exercise preparations which would not be possible in an actual disaster event. The Bank still needs to conduct an unplanned simulation exercise to provide assurance that the Bank will at all times be ready to respond appropriately to disaster.

A dry-run was conducted on the Emergency Communication Plan, and the Bank will be able to communicate with its relevant stakeholders to reassure them regarding the issue at hand. A Boardroom was identified at the disaster recovery site where a press conference would be held. Other venues were also identified where this press conference could be held if the disaster recovery site was unavailable.

The approved risk-based Internal Audit Plan for 2018 provided comprehensive assurance over the processes which manage key risks. This was undertaken as planned, and all material issues that arose were reported to the appropriate level of management and to the Board's Audit Committee. As per the completed assignments, sufficient audit coverage was achieved. This coverage enabled the Bank to state that it had adequate and effective risk management practices, and that controls and governance processes were in place for the achievement of the objective of the Strategic Plan of the Bank.

The tracking and accountability for corrective actions on issues raised during audits were prioritised by way of quarterly reporting to the Audit Committee in respect of the Bank-wide cure (resolution) rate. The cure rate result for December 2018 was 94 percent (2017: 95 percent) and is still below the desired target of 100 percent.

Human resource developments

Organisational development and workplace culture

During 2018, staff performance was managed and tracked on an ongoing basis to ensure that employees remained optimally engaged. As a means of establishing a shared vision amongst all staff members, the performance management process at the Bank was aimed at aligning the organisational objectives with the employees' agreed measures, skills, competency requirements, developmental plans and delivery of results to achieve the overall business strategy. A high performance culture was maintained as staff continued to strive for excellence, attaining an average score of 3.45 on a scoring scale of 1 – 5.

During the year under review the Bank embarked upon targeted interventions with the aim of strengthening the Bank's Vision of being a centre of excellence. Through these interventions, the Bank continued to inculcate the Vision, Mission and Values of the Bank by focusing on interpersonal and intergroup communication, as well as relationship/teambuilding activities. In an assessment of all employees' conduct, an average score of 3.53 on a scoring scale of 1 – 5 was attained, demonstrating that they exhibited the desired behaviours and aligned themselves with the Values of the Bank.

To benchmark its organisational and workplace culture, the Bank participated in the Deloitte Best Company to Work For survey during 2018. The Bank managed to scoop the Platinum Award (1st place) in the medium-sized category of companies (those with a workforce of fewer than 500 employees) for the second year running.

A

Ms Mignon du Preez (Senior Manager: Clients and Industries, Deloitte and Touche Namibia); Ms. Lea Namoloh (Director: Human Resources); and Mr Ramsay McDonald (Partner: Audit and Assurance, Deloitte and Touche Namibia) with the Best Company to Work For Award

Staffing

The Bank maintained an adequate staff complement throughout 2018. The staff complement as at 31 December 2018 stood at 298 employees, compared to the approved establishment of 310. The discrepancy was attributed to vacancies resulting from retirements, promotions and resignations during the year under review (Table A.13). Despite the vacancies, 100% of critical skills were retained during the period under review.

TABLE A.13 NUMBER OF STAFF AS AT 31 DECEMBER

Staff category	2014	2015	2016	2017	2018*
General staff	257	269	265	253	263
Management	21	21	22	21	21
Senior management	11	11	11	11	12
Executive management	2	2	2	2	2
Total employed	**291**	**303**	**300**	**287**	**298**

* The staff numbers under the current year exclude FIC numbers, as it is an independent reporting entity.

Employment equity

As part of embracing its value of diversity, the Bank continued to comply with the requirements of the Affirmative Action (Employment) Act (No. 29 of 1998). In this regard, the Bank ensured that all its policies and practices were aligned to affirmative action requirements and guidelines. The Bank consistently followed through on its three-year Employment Equity Plan, which ran from 2016 to 2018. During the reporting year, the Bank met and in some instances exceeded its employment equity targets. The Affirmative Action and Employment Equity Commission therefore duly awarded the Bank with a certificate of compliance for 2018.

A

TABLE A.14 EMPLOYMENT EQUITY DATA, 2014 – 2018

Workforce	2014	2015	2016	2017	2018
Male	140	144	136	127	133
Female	151	159	164	160	165
Racially disadvantaged	282	291	288	276	289
Racially advantaged	4	6	6	5	4
Persons with disabilities	5	6	6	5	4
Non-Namibians	0	0	0	1	1

Capacity development

In order to enable employees to accomplish the Bank's mandate as articulated in its Strategic Plan, the Bank continued to invest in various capacity building initiatives. In 2018, altogether 160 employees were trained in various aspects of central banking and related fields. Of this group, 66 were male and 94 were female, and they were provided with both technical and soft skills training interventions. In addition, bursaries and loans were granted to deserving staff members who consistently met their performance goals, enabling them to pursue undergraduate and postgraduate degrees in areas relevant to the operations of the Bank. Similarly, 5 Staff members received fully funded bursaries for undergraduate and post graduate studies to study locally and internationally, while 23 staff were awarded study loans.

As part of its corporate social responsibility, the Bank granted bursaries to deserving Namibian students, enabling them to pursue undergraduate and postgraduate degrees in areas relevant to the operations of the Bank. To this end, seven new undergraduate bursaries and two post-graduate scholarships were awarded to Namibian students to study at recognised institutions within the SADC region in the fields of Accounting/Finance, Economics, Actuarial Science, and Education (Science), which brought the total number of undergraduate bursaries to 29 for the 2018 financial year (Table A.15).

TABLE A.15 NAMIBIAN STUDENTS SPONSORED BY THE BANK'S BURSARY SCHEME

Field of study	Number of students: 2016	Number of students: 2017	Number of students: 2018
Accounting/Finance	13	10	11
Computer Science/IT	2	1	0
Economics	8	11	12
Actuarial Science	1	2	2
Education (Accounting and Science)	4	4	4
Total	**28**	**28**	**29**

During 2018, six new graduates were enrolled under the Graduate Accelerated Programme for an 18-month period commencing in February 2018. The purpose of the Programme is to provide graduates in the areas of banking, economics and finance with the opportunity to gain relevant work experience in various aspects of central banking over a period of 18 months. The programme continues to yield its intended results, as the majority of the previous graduate intakes secured permanent/fixed-term employment within the Bank.

Employee wellness

An appropriately designed Wellness Programme remains an important component within the Bank. During the period under review, the Bank's staff benefited from the relevant wellness interventions, which were focused on preventative measures to deal with potential health and safety risks. The Bank's Wellness Programme continued to have a positive impact on Bank staff's work and life balance through

A

The 2018 BON Cancer Awareness event organising committee

awareness and knowledge sessions on issues such as effective stress management, fitness training, emotional wellness, HIV/AIDS and financial coaching.

As part of the Wellness Programme, staff members of the Bank hosted cancer awareness events for both men and women and collected an amount of N$19,450, which was donated to the Cancer Association of Namibia. These events were also well attended by family and friends of the staff members.

Financial management

The Bank manages its financial affairs in a prudent manner. The Bank continues to publish unqualified financial statements which comply with all appropriate regulations and prescribed standards. The Bank maintains adequate controls to mitigate all potential transaction processing risks. There are defined limits within the accounting system to ensure adherence to the approved budget. On a quarterly basis, variance analysis reports for both income and expenditure are presented to the Management Committee.

Facilities management

The Facilities Management Division ensures the availability and functionality of the facilities that support the Bank in achieving its strategic objectives. The facilities management function includes infrastructure development, general repairs and maintenance, fire safety, utility services and business continuity. During 2018, the impact of well-maintained facilities and procedures for their maintenance and ongoing improvement were assessed. The introduction of the Pragma On Key maintenance system ensures that the maintenance of the Bank's facilities is undertaken timeously. This is critical in ensuring that facilities are available and functional at all times. As a responsible institution, the Bank also continued to invest time and resources in Green Building Initiatives during 2018, including:

- a solar system feasibility study;
- an air-conditioning upgrading project;
- a gas fire suppression system replacement project; and
- the installation of motion sensors.

A

The gas fire suppression system (Pyroshield gas bottles)

Provision of safety and security

The Bank continues to provide maximum security to its staff, and thereby to the national currency. Security strategies that include hardware and mechanical measures are critical to the Bank, and the Bank has therefore ensured that its security systems are serviced timeously. As a result, the systems have remained operational at all times. No fatal incidents, serious injuries or loss of national currency were recorded during the period under review.

Information technology

Technology governance

The Bank continued to execute technology operations in line with the IT Masterplan. The plan covers the period 2017 – 2021 and is aligned with the Bank's overall strategic plan. After two years of implementation of the plan, very good progress has been observed within the identified strategic areas of efficiency and optimisation, IT security, innovation and technology governance, as covered in broader detail below.

In support of the IT Master Plan, the Bank has also been implementing prioritised IT processes through the COBIT 5 IT Governance Framework. In this respect, the Bank continued to focus its governance programme on IT risk management, business continuity, IT security, benefits delivery (relying on project management), and capacity planning and availability management. The Bank has various targets for each process earmarked for 2019.

Technology infrastructure

The Bank's IT Infrastructure remained consistently available during the year under review. According to the Bank's Strategic Plan, annual technology availability of 99.9 percent is expected for all business-critical technology infrastructure, business systems and services. During 2018, the Bank achieved an overall availability of 99.37 percent across all critical infrastructure. The key downtime observed was due to one of the Bank's critical systems going down on a public holiday. The Bank also increased its long-term infrastructure planning methodology by improving the capacity planning governance process and enforcing regular reviews of system utilisation over time.

A

IT security

Cyber Security was the Bank's top risk during the year, with numerous mitigating actions having been completed. Efforts to combat cybercrime and improve the Bank's defences were high on the agenda for 2018. Governance measures improved slightly to Level 1 (Largely Achieved: 50 percent to 85 percent) for the year under review, with an overall target of Level 3. The Bank underwent a penetration test conducted by a reputable cyber security organisation, as well as thorough internal assessments aimed at understanding potential shortcomings. Many interventions designed in response to the lessons learnt through the assessments are planned for implementation in the 2019 financial year. Furthermore, the Bank engaged the Banking industry in a meeting of technology leaders on cybersecurity matters. The meeting was tasked with working together in an effort to safeguard the industry, where collaboration is a core requirement.

IT business system investments

Various technology investments were made to improve the efficiency of the banking industry's operations. The EFT project continued to be prioritised, and attention was given to complying with the Payment Systems Determination 7. Following numerous change requests and challenges experienced throughout the year under review, the project was rescheduled for completion in 2019. The Bank worked closely with the banking and payment systems industry to advance the long-term strategic objective of operating a cost effective and efficient payment system in Namibia. Another multi-year industry project that ran in 2018 was the upgrade of the Balance of Payments Cross Border Customer Reporting solution. The solution was upgraded to version 3 and is expected to be operational by April 2019. This solution assists policymakers with advanced reporting and analytics relating to the movement of funds across Namibian borders and in ensuring compliance on the part of Authorised Dealers and ADLAs.

Improvements in recruitment and staff orientation were also realised during the year under review. In partnership with the Ministry of Labour, Industrial Relations and Employment Creation, the Bank's efforts to streamline the recruitment process were successful. The Bank realised a 100 percent savings by leveraging the commendable work already completed by the Government and the Namibia Integrated Employment Information System platform.

In keeping with modern technology, the Bank launched a smartphone application. The application provides quick access to daily exchange rates, news, media releases and some historical information of the Bank's regular publications such as Annual Reports and Quarterly Bulletins. Additional features and functionality are planned for the longer term. The application is compatible with both the Apple (iOS) and Google (Android) platforms, and is freely available on the respective sites.

Procurement practices

As a publicly owned institution, the Bank is expected to carry out its procurement mandate in a more transparent and cost-effective manner. The Bank's Procurements Division's main aim is to bring about cost effectiveness, improved internal controls in the delivery of goods and services, and a robust/dynamic procurement environment that enables the achievement of the Bank's strategic objectives. The procurement activities are conducted in line with the Bank`s approved Procurement Policy and Procedures. The Tender Committee is another control which ensures that tenders are awarded in a transparent manner, thereby guaranteeing value for money.

Knowledge and information management

Explicit knowledge management relies on the effective management of the Bank's databases, documents and processes in the various departments, as well as the documentation of

relevant events. The Bank continued to capture events of relevance to the Bank through still pictures and videos, and to make these accessible to staff as a means of enhancing institutional memory. These included high level visits to the Bank, monetary policy announcements, corporate events, vision-building activities and other memorable events.

During the period under review, the Bank continued to embed a culture of effective and efficient management of records to support the Bank's core functions, account for actions, facilitate overall governance, and comply with legal and regulatory obligations. In this regard, the Bank adopted a Records Management Improvement Strategy, with the aim of creating and managing all records efficiently, making them accessible when needed, protecting and storing them securely, and disposing of them safely at the appropriate time. The Strategy followed the successful review of the File Plan, in order to align it with new requirements as set out by the National Archives of Namibia. The File Plan remains the most important tool to enforce a common understanding across the Bank on how records should be stored and retrieved. The Strategy is being further complemented by the review of the retention schedule which prescribes the preservation of certain records generated in the activities of the Bank and the identification of vital records for permanent preservation. Furthermore, the Bank continued to maintain the Electronic Document and Records Management System to enhance digital information management, with more than 3,000 records uploaded onto the system from the different business units.

Innovation, efficiency and sustainability initiatives

By virtue of the Bank's Efficiency and Innovation Committee's agenda, the Bank once more realised gains in 2018. The Bank has a key technology objective of ensuring that more than 90 percent of all business systems and solutions efficiently meet business needs and expectations. In 2018, this figure stood at 75 percent, with some work required to remediate inefficiencies in eight of the 33 business systems driving the central banking business. The Bank's contribution towards solutions developed in-house has greatly improved cost efficiencies, while addressing the customers' central banking needs. For example, the Bank discarded a perpetually maintained contract management solution for an internally developed version. This nullified annual maintenance costs, while also allowing the Bank to focus on specific internal stakeholder needs without delay. The Bank continued with its testing of cloud computing and approved the use of the technology internally for specific areas that are not critical to operations. Through this initiative, the Bank realised increased collaboration, mobility and cost efficiencies in the tested scope during the year under review.

A

FIVE YEAR HISTORICAL FINANCIAL OVERVIEW

Table A. 16: Balance Sheet comparisons, 2014-2018 - N$'000

	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18
ASSETS					
Non-current assets	**460,401**	**491,689**	**1,868,010**	**440,506**	**470,605**
Property, plant and equipment	300,937	308,534	312,109	313,802	299,150
Intangible assets - computer software	2,686	7,551	6,093	5,092	3,697
Currency inventory - notes and coins	108,831	123,450	106,759	66,958	43,870
Loans and advances	47,947	52,154	1,443,049	54,654	123,888
Current assets	**16,437,114**	**32,303,401**	**32,346,126**	**36,094,757**	**36,757,445**
Investments	13,418,719	23,557,196	24,599,948	30,067,296	30,951,757
Loans and advances	358,415	784,338	716,038	721,737	1,839,118
Rand Cash	80,645	37,779	59,212	79,631	68,526
Other inventory - stationery and spares	2,211	1,926	1,947	4,396	4,337
Other receivables	2,577,124	7,922,162	6,968,981	5,221,697	3,893,707
TOTAL ASSETS	**16,897,515**	**32,795,090**	**34,214,136**	**36,535,263**	**37,228,050**
EQUITY AND LIABILITIES					
Capital and reserves	**4,525,798**	**7,874,483**	**7,279,815**	**6,910,922**	**8,514,171**
Share capital	40,000	40,000	40,000	40,000	40,000
General reserve	1,127,638	1,197,333	1,277,053	1,473,023	1,800,506
Foreign Currency revaluation reserve	3,310,620	6,574,092	5,851,617	5,020,131	6,271,690
State revenue fund	158,055	76,476	68,119	213,140	294,237
Training Fund Reserve	10,000	15,000	15,000	14,024	12,764
Building fund reserve	-	-	20,000	45,000	65,000
Development fund reserve	35,000	43,789	43,789	49,970	97,402
Investment revaluation reserve	2,540	4,269	32,356	55,634	(67,428)
Non-Current Liabilities	**61,494**	**68,535**	**55,175**	**60,564**	**66,498**
Provision for post-employment benefits	61,494	68,535	55,175	60,564	66,498
Current Liabilities	**12,310,223**	**24,852,072**	**26,879,146**	**29,563,777**	**28,647,381**
Notes and coins in circulation	4,146,558	4,510,774	4,394,547	4,658,471	4,521,178
Deposits	7,976,869	20,218,057	22,384,592	24,867,329	23,946,257
Provision for post-employment benefits	1,295	1,470	1,453	1,570	1,697
Trade and other payables	27,446	45,295	30,435	36,402	178,249
TOTAL EQUITY AND LIABILITIES	**16,897,515**	**32,795,090**	**34,214,136**	**36,535,263**	**37,228,050**

A

Table A.17: Income Statement comparisons, 2014–2018 – N$'000

	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18
Interest income	366,247	324,608	435,251	739,892	828,371
Interest expense	(124,569)	(88,956)	(174,245)	(262,995)	(283,372)
Net interest income	**241,678**	**235,652**	**261,006**	**476,897**	**544,999**
Rand compensation	217,600	260,288	296,463	326,107	401,963
Other income	41,292	42,391	33,598	31,809	53,116
Total income	**500,570**	**538,331**	**591,067**	**834,813**	**1,000,078**
Operating expenses	(310,827)	(342,736)	(407,925)	(358,802)	(449 414)
Net gains/(loss) on investment portfolio	102,158	(33,914)	12,784	(13,418)	19,688
Profit for the year before net foreign exchange translation gain/(loss)	**291,901**	**161,681**	**195,926**	**462,593**	**570,352**
Net foreign exchange translation gains/ (losses)	622,309	3,263,472	(722,475)	(831,486)	1,251,559
Profit/(Loss) for the year	**914,210**	**3,425,153**	**(526,549)**	**(368,893)**	**1,821,911**
Allowance for credit losses - FVTOCI	-	-	-	-	1,643
Total comprehensive income	**914,210**	**3,425,153**	**(526,549)**	**(368,893)**	**1,823,554**
Revaluation reserve	(622,309)	(3,263,472)	722,475	831,486	(1,251,559)
Investment revaluation reserve	28,204	(1,729)	(28,087)	(23,278)	56,766
Allowance for credit losses	-	-	-	-	(1,643)
Net income available for distribution	**320,105**	**159,952**	**167,839**	**439,315**	**627,118**
Appropriations:	**320,105**	**159,952**	**167,839**	**439,315**	**627,118**
General Reserve	142,050	68,476	79,720	191,175	262,881
Building Reserve	-	-	20,000	25,000	20,000
Training Fund Reserve	10,000	5,000	-	-	-
Development Fund reserve	10,000	10,000	-	10,000	50,000
State Revenue Fund	158,055	76,476	68,119	213,140	294,237

Part B | Annual financial statements

Contents

FINANCIAL STATEMENTS OVERVIEW

KEY POINTS		2018 N$'000	2017 N$'000
→ Net Interest Income increased to N$545.00 million in 2018, from N$476.90 million in 2017. The main contributing factor to the increase observed in 2018 is higher average interest rates and higher average investment balances.	Net Interest Income	544 999	476 897
→ Total operating expenses increased by N$90.61 million from N$358.80 million in 2017 to N$449.41 million in 2018 mainly due to an increase in the Salaries and related personnel costs as well as a provision made for anticipated IT costs.	Operating expenses	449 414	358 802
→ Amount available for distribution improved significantly from N$439.32 million in 2017 to N$627.12 million in 2018. The main contributing factors include the interest income, other income and net gains on investments.	Amount available for distribution	627 118	439 315
→ An amount of N$ 294.24 million will be paid to the Government as Dividend for the 2018 financial year compared to N$ 213.14 million paid in 2017.	Distribution to the State	294 237	213 140
→ The Bank's assets increased slightly from N$36.53 billion in 2017 to N$37.23 billion in 2018 due to increases in our current Loans and Advances balance (consisting of repurchase agreements) as well as the Investments.	Total Assets	37 228 050	36 535 263
→ Currency in circulation slightly decreased from N$4.7 billion in 2017 to N$4.5 billion in 2018 due to the lower demand for cash.	Currency in Circulation	4 521 178	4 658 471

B

B

BOARD'S STATEMENT OF RESPONSIBILITIES

The main statutory provisions relating to the role and duties of members of the Board are covered under Section 8(1) of the Bank of Namibia Act, 1997, we confirm that:

1. The Board members are responsible for the preparation of the annual financial statements and for the judgements used therein.

2. The Board has overall responsibility for the system of internal financial control in the Bank, which is designed to safeguard the assets of the Bank, prevent and detect fraud and other irregularities. To discharge this responsibility, an appropriate organisational structure has been established. In this regard, the Audit Committee of the Board meets periodically with Internal and External Auditors and members of Management of the Bank to discuss control issues, financial reporting and related matters. The Internal and External Auditors have full access to the Audit Committee. Further, the Bank has a comprehensive Risk Management Strategy in place.

3. The Board is satisfied that the Bank complies with International Financial Reporting Standards and the requirements of the Bank of Namibia Act, 1997.

4. The Board members confirm that they are satisfied that the Bank has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

5. The Board's Audit Committee is composed of members who are neither officers nor employees of the Bank and who have the required mix of skills, with at least one member being a financial expert. The committee is therefore qualified to review the Bank's annual financial statements and recommend the approval by the Board Members. The committee has a duty to review the adoption of, and changes in accounting principles including risk management issues and makes recommendations on the same for approval. The Board considers and where necessary approves the Board Audit Committee recommendations.

The annual financial statements on pages 81 to 133 were approved by the Board and are signed on its behalf by:

____
Chairman
28 March 2019

____
Board Member
28 March 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF THE BANK OF NAMIBIA

Opinion

We have audited the annual financial statements of Bank of Namibia set out on pages 81 to 133, which comprise the statement of financial position as at 31 December 2018 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Bank of Namibia as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Bank of Namibia Act, 1997.

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 Financial Statements section of our report. We are independent of Bank of Namibia in accordance with the independence requirements applicable to performing audits of financial statements in Namibia which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and Part B). We have fulfilled our other ethical responsibilities in accordance with the ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board members are responsible for the other information. The other information comprises the Message from the Governor, Part A (Operations and Affairs of the Bank), Financial Statement Overview, Board's Statement of Responsibilities, Part C (Economic and Financial Developments in 2018 and Theme Chapter), Part D (Banking Supervision) and Part E (Statistical Appendix and List of Abbreviations) which we obtained prior to the date of this auditors report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 Board members' Financial Statements

The board members are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Bank of Namibia Act, 1997 and for such internal control as the board members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the board members are responsible for assessing the Bank'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 board members either intend to liquidate the bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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

B

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF THE BANK OF NAMIBIA

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 annual financial statements.

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 annual 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 bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the board members' 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 bank'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 annual 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte + Touche

____

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
PO Box 47, Windhoek
Per: Helen de Bruin (Partner)
Partners:
RH Mc Donald (Managing Partner), H de Bruin, J Cronjé, A Akayombokwa, AT Matenda, J Nghikevali, G Brand*, M Harrison*
*Director
Associate of Deloitte Africa, a member of Deloitte Touche Tohmatsu Limited

Grand Namibia

____

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
PO Box 24304, Windhoek
Per: Richard Theron (Partner)
Partners:
R Theron (Managing Partner), RN Beukes

28 March 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

B

	Notes	2018 N$'000	2017 N$'000
Net interest income		**544 999**	**476 897**
Interest income	2	828 371	739 892
Interest expense	2	(283 372)	(262 995)
		455 079	**357 916**
Rand compensation income	2	401 963	326 107
Other income	2	53 116	31 809
Total income		**1 000 078**	**834 813**
		(429 726)	**(372 220)**
Operating expenses	2	(449 414)	(358 802)
Net gain/(loss) on investment portfolio		19 688	(13 418)
Profit for the year before net foreign exchange translation gain/(loss)		**570 352**	**462 593**
Net foreign exchange translation gain/(loss)*	16	**1 251 559**	**(831 486)**
Profit/(Loss) for the Year		**1 821 911**	**(368 893)**
Other Comprehensive Income		**1 643**	**-**
Allowance for credit losses - FVTOCI	9.1	1 643	-
Total Comprehensive income		**1 823 554**	**(368 893)**
Profit/(Loss) Profit attributable to:			
Revaluation reserve	16	1 251 559	(831 486)
Investment revaluation reserve		(56 766)	23 278
Allowance for credit losses	9.1	1 643	-
Amount available for distribution	3	627 118	439 315
		1 823 554	**(368 893)**

*Change made to reflect IFRS compliant position. Refer to note 16 for more details.

B

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	2018 N$'000	2017 N$'000
ASSETS			
Non-current Assets		**470 605**	**440 506**
Property and equipment	4	299 150	313 802
Intangible assets – computer software	5	3 697	5 092
Currency inventory	6	43 870	66 958
Loans and advances	7	123 888	54 654
Investment in Associate	8	-	-
Current Assets		**36 757 445**	**36 094 757**
Investments	9	30 951 757	30 067 296
Loans and advances – Local Banks	10	1 839 118	721 737
Rand deposits	11	68 526	79 631
Other inventory – stationery and spares	12	4 337	4 396
Other receivables	13	3 893 707	5 221 697
TOTAL ASSETS		**37 228 050**	**36 535 263**
EQUITY AND LIABILITIES			
Capital and Reserves		**8 514 171**	**6 910 922**
Share capital	14	40 000	40 000
General reserve	15	1 800 506	1 473 023
Foreign currency revaluation reserve	16	6 271 690	5 020 131
Training fund reserve	19	12 764	14 024
State Revenue Fund	3	294 237	213 140
Development fund reserve	17	97 402	49 970
Building Fund reserve	18	65 000	45 000
Investment revaluation reserve*	20	(67 428)	55 634
Non-Current Liabilities		**66 498**	**60 564**
Provision for post-employment benefits	21	66 498	60 564
Current Liabilities		**28 647 381**	**29 563 777**
Notes and coins in circulation	22	4 521 178	4 658 471
Deposits	23	23 946 257	24 867 334
Provision for post-employment benefits	21	1 697	1 570
Trade and other payables	24	178 249	36 402
TOTAL EQUITY AND LIABILITIES		**37 228 050**	**36 535 263**

* Previously named Unrealised gain reserve. Change made to reflect IFRS compliant position.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share Capital N$'000	Accumulated Profit & loss account N$'000	Training Fund Reserve N$'000	General Reserve N$'000	Foreign currency Revaluation Reserve N$'000	Investment revaluation Reserve Fund N$'000	Distribution State Revenue Fund N$'000	Development Fund Reserve N$'000	Building Fund Reserve N$'000	Total N$'000
Balance at 1 January 2017	**40 000**	**-**	**15 000**	**1 277 053**	**5 851 617**	**32 356**	**-**	**43 789**	**20 000**	**7 279 815**
(Loss)/Profit for the year	-	(368 893)	-	-	-	-	-	-	-	(368 893)
Transfer to Revaluation reserve	-	831 486	-	-	(831 486)	-	-	-	-	-
Transfers	-	-	(976)	4 795	-	-	-	(3 819)	-	-
Transfers to Unrealised Gain reserve	-	(23 278)	-	-	-	23 278	-	-	-	-
Appropriation of net profit for the year	-	(439 315)	-	191 175	-	-	213 140	10 000	25 000	-
Balance at 31 December 2017	**40 000**	**-**	**14 024**	**1 473 023**	**5 020 131**	**55 634**	**213 140**	**49 970**	**45 000**	**6 910 922**
IFRS 9 Transition adjustment – Impairment Loss	-	-	-	(7 165)	-	-	-	-	-	(7 165)
Reclassification adjustment – Unrealised Losses	-	-	-	67 939	-	(67 939)	-	-	-	-
Restated balance at 1 January 2018	**40 000**	**-**	**14 024**	**1 533 797**	**5 020 131**	**12 305**	**213 140**	**49 970**	**45 000**	**6 903 757**
(Loss)/Profit for the year	-	1 823 554	-	-	-	-	-	-	-	1 823 554
Transfer to Revaluation reserve	-	(1 251 559)	-	-	1 251 559	-	-	-	-	-
Transfers	-	-	(1 260)	3 828	-	-	-	(2 568)	-	-
Transfers to Investment revaluation reserve*	-	56 766	-	-	-	(56 766)	-	-	-	-
Allowance for credit losses -FVTOCI	-	(1 643)	-	-	-	1 643	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(213 140)	-	-	(213 140)
Appropriation of net profit for the year	-	(627 118)	-	262 881	-	-	294 237	50 000	20 000	-
Balance at 31 December 2018	**40 000**	**-**	**12 764**	**1 800 506**	**6 271 690**	**(67 428)**	**294 237**	**97 402**	**65 000**	**8 514 171**

* Previously named Unrealised gain reserve. Change made to reflect IFRS compliant position.

B

B

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 N$'000	2017 N$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised by operations	A	**433 902**	**(1 555 084)**
CASH FLOWS FROM INVESTING ACTIVITIES		**(83 469)**	**1 359 279**
Proceeds on disposals of property & equipment and intangible assets		21	7
Purchase of property & equipment		(7 616)	(26 818)
Purchase of currency inventory		(3 736)	(575)
Purchase of other inventory		(374)	(413)
Purchase of intangible asset – computer software		(1 007)	(1 317)
(Increase)/Decrease in Non-current loans and advances		(69 234)	1 388 395
Interest acquired in Associate		(1 523)	-
CASH FLOWS FROM FINANCING ACTIVITIES		**(350 433)**	**195 805**
Distribution to the State revenue fund	B	(213 140)	(68 119)
(Decrease)/Increase in Notes and coins in circulation		(137 293)	263 924
		-	-

NOTES:

A. RECONCILIATION OF PROFIT FOR THE YEAR TO CASH UTILISED BY OPERATIONS

	2018	2017
Profit for the year before net foreign exchange translation gain(loss)	570 352	462 593
Adjusted for:		
Depreciation	22 017	25 114
National Bank of Angola (BNA) fair value adjustment	(12 244)	(71 289)
Impairment Investments write back	-	(5 100)
Currency inventory amortisation cost and revaluation	26 824	40 375
Other inventory issuance cost and adjustments	433	(2 036)
Provision post-employment benefits	6 061	5 506
Amortisation of computer software	2 402	2 318
Loss/(Profit) on disposal of property & equipment	230	5
Net gains on Investment Portfolio	(19 688)	-
Impairment Loss -ECL	3 063	-
Impairment of Investment in Associate	1 523	-
Operating cash flows before movements in working capital	**600 973**	**457 486**
(Increase) in Current loans and advances	(1 117 381)	(5 699)
Decrease/ (Increase) in Rand cash	11 105	(20 419)
Decrease in other receivables and receivable from FIC	1 360 101	1 544 586
(Decrease)/ Increase in deposits	(921 077)	2 482 742
Increase in trade and other payables	141 847	5 966
Decrease/ (Increase) in investments	358 334	(6 019 746)
	433 902	**(1 555 084)**

B. DISTRIBUTION TO STATE REVENUE FUND

	2018	2017
Opening balance	(213 140)	(68 119)
Appropriations of net profit for the year	297 237	213 135
Closing balance in reserves	(294 237)	(213 135)
Paid for the year	**(213 140)**	**(68 119)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

1. ACCOUNTING POLICIES

The Bank's annual financial statements are prepared in accordance with the going concern principle under the historical cost basis, except for financial assets and liabilities where the fair value and amortised cost basis of accounting is adopted. The principal accounting policies, which have been consistently applied in all material respects, are set out below. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.3. The annual financial statements have been prepared to comply with the requirements of the Bank of Namibia Act, 1997 and with the requirements of International Financial Reporting Standards (IFRS). Also refer to note 16 where a presentation correction on the face of the Statement of Comprehensive Income ("SOCI") was disclosed.

1.1. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards and amendments issued but not effective for 31st December 2018 year-end:

Number	Effective date	Executive summary
IFRS 3 *Business Combinations*	1 January 2019	Annual Improvements 2015 - 2017 Cycle: Clarification that when an entity obtains control of a business that is a joint operation, it is required to re-measure previously held interests in that business.
	1 January 2020	Definition of a Business: The amendments: • confirmed that a business must include inputs and a process, and clarified that: – the process must be substantive; and – the inputs and process must together significantly contribute to creating outputs. • narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and • added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.
IFRS 9 *Financial Instruments*	1 January 2019	Prepayment Features with Negative Compensation. The narrow-scope amendment allows companies to measure particular prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

1 ACCOUNTING POLICIES (CONTINUED)

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Number	Effective date	Executive summary
IFRS 10 *Consolidated Financial Statements*	The effective date of this amendment has been deferred indefinitely until further notice	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.
IFRS 11 *Joint Arrangements*	1 January 2019	Annual Improvements 2015 – 2017 Cycle: Clarification that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business transfers of Investment Property: Clarification of the requirements on transfers to, or from, investment property.
IFRS 16 *Leases*	1 January 2019	•This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. • IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. • IFRS 16 contains expanded disclosure requirements for lessees. • IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. • IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases—Incentives; and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1 ACCOUNTING POLICIES (CONTINUED)

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Number	Effective date	Executive summary
IAS 1 *Presentation of Financial Statements*	1 January 2020	Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
IFRS 17 *Insurance contracts*	1 January 2021	• IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. • IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. • The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. • Insurance contracts are required to be measured based only on the obligations created by the contracts. • An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums. • This standard replaces IFRS 4 – Insurance contracts.
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020	Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards
IAS 12 *Income Taxes*	1 January 2019	• Annual Improvements 2015 - 2017 Cycle: Clarification that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises.
IAS 19 *Employee Benefits*	1 January 2019	• Plan Amendment, Curtailment or Settlement (Amendments to IAS 19): The amendments require an entity to use the updated assumptions from a re-measurement net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1 ACCOUNTING POLICIES (CONTINUED)

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Improvements to IFRSs was issued by the IASB as part of the 'annual improvements process' resulting in the following amendments to standards issued, and effective for the first time for 31 December 2018 year-end:

IFRS	Effective Date	Subject of amendment
IAS 23 *Borrowing Costs*	1 January 2019	Annual Improvements 2015 -2017 Cycle: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings
IAS 28 *Investments in Associates and Joint Ventures*	The effective date of this amendment has been deferred indefinitely until further notice	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.
	1 January 2019	Long-term interest in Associates and Joint Ventures: Clarification provided that an entity should apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied

The Bank is in progress of assessing the above detailed statements.

1.2. ADOPTION OF NEW AND REVISED STANDARDS

New and amended IFRS Standards effective for the current year

1.2.1 APPLICATION OF IFRS 15

The Bank has considered the implications of IFRS 15 on revenue recognition in the preparation of the financial statements with no significant impact.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

1.2.2 IMPACT OF INITIAL APPLICATION OF IFRS 9 FINANCIAL INSTRUMENTS

In the current year, the Bank has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives thus the Bank has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

IFRS 9 introduced new requirements for:
1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting which is currently not applicable to the Bank's financial statements.

Details of these new requirements as well as their impact on the Bank's Annual Financial statements are described below.

The Bank has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(A) CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

The date of initial application (i.e. the date on which the Bank has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Bank has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

- Financial Assets 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 principal amount outstanding, are measured subsequently at **amortised cost;**

- Financial Assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the financial assets, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at **fair value through other comprehensive income (FVTOCI);**

- All other Financial Assets are measured subsequently at **fair value through profit or loss (FVTPL).**

Despite the foregoing, the Bank may make the following irrevocable election/designation at initial recognition of a financial asset:

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

1.2.2 IMPACT OF INITIAL APPLICATION OF IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

The Bank may irrevocably designate a Financial asset that meets the Amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Bank has not irrevocably designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL in order to avoid a mismatch.

When a Financial asset measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Financial assets that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

The board of directors reviewed and assessed the Bank's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Bank's financial assets as regards their classification and measurement:

For the financial year ended 31 December 2017, the Bank classified and accounted for its financial instruments in line with IAS 39 requirements, as follows:

Classification - Financial Assets

1. Loans and Receivables – amortised cost
    - Loans and advances
    - Repurchase agreements
    - Amounts due from the Government
    - Accounts receivable

2. At fair value through profit or loss
Designated on initial recognition
    - External portfolio investments

3. Held to maturity financial assets at amortised cost
    - External money market investments

All the Financial assets of the Bank are neither past due or impaired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

1.2.2 IMPACT OF INITIAL APPLICATION OF IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

Classification - Financial Liabilities

1. At fair value through profit or loss
   - Government Debts - Euro Bond Issue

2. At amortised cost
   - Other liabilities
   - Bank of Namibia Bills
   - Notes and coins issued
   - Amounts due to the Government
   - Commercial bank deposits
   - Accounts payable

In the annual report for the year ended 31 December 2018 the Bank has classified its financial instruments as follows in accordance with IFRS 9:

1. At Amortised Cost (AC)
   - Money market instruments
   - Loans and advances
   - Repurchase agreements
   - Special Drawing Rights (SDR)
   - Customer Foreign Currency (CFC)
   - Amounts due from the Government (Internal Registered Stock, State Overdraft facilities, BoN Bill portfolio,
   - Accounts receivable
   - Asset swaps
   - Other financial assets (personal, car, study, housing scheme) –Emergency lending instruments, Resolution instruments

2. At Fair Value through Other Comprehensive Income (FVTOCI)
   - Negotiable Certificate of Deposits (NCDs)
   - Fixed Income Securities
   - External portfolio investments

3. At Fair Value through Profit and Loss (FVTPL)
   - Derivatives unless, hedging instruments
   - Assets Designated on initial recognition
   - External portfolio investments

The application of IFRS 9 resulted in no change to the classification and measurement of the Bank's financial liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

1. ACCOUNTING POLICIES (CONTINUED)

1.2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

1.2.2 IMPACT OF INITIAL APPLICATION OF IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(B) IMPAIRMENT OF FINANCIAL ASSETS

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Bank 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 of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

IFRS 9 establishes a three stage approach for the impairment of Financial Assets:

Stage 1 This stage includes financial instruments that have not had a significant increase in credit risk since initial recognition or instruments that have a low credit risk at reporting date. For these instruments a 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the instrument (i.e. without deduction for credit allowance). The 12-month ECL is as a result of default events which are possible within 12 months after the reporting date.

Stage 2 This stage includes financial instruments that have had a significant increase in credit risk since initial recognition but are however not credit impaired (unless there's supporting evidence that they have low credit risk at the reporting date then they remain under stage 1). For these instruments lifetime ECL is recognized and interest income is calculated on the gross carrying amount of the instrument.

The lifetime ECL is as a result of defaults events which are possible over the expected life of the instrument.

Stage 3 This stage includes financial instruments that have objective evidence of impairment at reporting date. For these instruments, lifetime ECL is recognized and interest income is calculated on the net carrying amount of the instrument (i.e. net of credit allowance).

IFRS 9 thus requires the Bank to recognise a loss allowance for expected credit losses on:

- Investments measured subsequently at amortised cost or at FVTOCI;
- Lease receivables;
- Trade receivables; and
- Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

IFRS 9 also allows a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

1.2.2 IMPACT OF INITIAL APPLICATION OF IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

B

Expected Credit Losses (ECL) Calculation

The ECL model is based on the probability of default (PD), loss given default (LGD) and exposure at default (EAD). The ECL is determined by using the following standard formula:

ECL = PD * LGD * EAD
PD = Probability of Default, % per annum
LGD = Loss given Default, % of exposure
EAD = Exposure at Default, currency units

Probability of Default (PD) Estimation:
The PD reflects the likelihood that an obligor will be unable to meet its contractual obligations. For PD estimation, the Bank will use the PDs as provided by S&P via their Capital IQ platform. This platform allows for scenario analysis and adjustment on probabilities of default to reflect prevailing economic and other factors in order to provide point in time estimations of PDs. In the event that S&P is unable to provide the PDs for certain issuers, the Bank will utilize the default risks as provided by Bloomberg.

Loss Given Default (LGD) Estimation:
LGD measures the percentage of all exposures at the time of default that cannot be recovered. Recovery Rate (RR) is defined as one (1) minus LGD. The ISDA CDS Standard Model (International Swap & Derivative Association Credit Default Swap) can be used to obtain RR information. This model's RR is a function of debt seniority and region (country).

Exposure at Default (EAD):
At the time of default, to model credit risk, the book carrying value plus accrued interest reflecting time value of money) will reflect the EAD (i.e. if the obligor defaults, how much is at risk?).
By using the three above-mentioned variables, the ECL shall be estimated.

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

1.2.2 IMPACT OF INITIAL APPLICATION OF IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

The table below shows information relating to Financial Assets that have been reclassified as a result of the transition to IFRS 9.

RECLASSIFICATION FROM IAS 39 TO IFRS 9

Classification	IAS 39 Carrying amount 31 December 2017 N$'000	Reclassification N$'000	ECL Allowance N$'000	IFRS 9 Carrying amount 1 January 2018 N$'000
Rand Investments				
FVTPL	14 295 169	(6 308 993)		7 986 176
FVTOCI		33 835		33 835
Amortised Cost		6 275 158	(4 706)	6 270 452
Other Currency Investments				
FVTPL	9 168 914	(9 168 914)		-
FVTOCI		5 566 867		5 566 867
Amortised Cost		3 602 047	(467)	6 434 565
Held to Maturity	6 603 213	(6 603 213)		-
FVTPL		3 769 860		3 769 860
Amortised Cost		2 833 353	(368)	2 833 353
Total Investments	**30 067 296**	**-**	**(5 541)**	**30 061 755**
Loans & Advances – Non-current				
Amortised cost	54 654	-	-	54 654
Loans & Advances – Current				
Amortised cost	721 737	-	-	721 737

IFRS 9.5.5.2 prescribes that the Allowance for credit losses on Financial Assets measured at FVTOCI of N$ 1.624 million shall be recognised in Other comprehensive income and shall not reduce the carrying amount of the Financial asset in the statement of financial position.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

1.2.2 IMPACT OF INITIAL APPLICATION OF IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

Impact of Initial Application of IFRS 9 on Financial Performance

The table below shows the amount of adjustment for each Financial statement line item affected by the application of IFRS 9 for the year ended 31 December 2017.

	N$'000
Impact on Profit and Loss for the year – 31 December 2017	
Decrease in profit	
Impairment Loss	7 165
Impact on Other Comprehensive income – 31 December 2017	
Increase in Other Comprehensive Income	
ECL Allowance for Investments designated at FVTOCI	(1 624)
Impact on Assets, Liabilities and Equity as at 31 December 2017	
Decrease in Investments	
ECL Allowance for Investments designated at Amortised Cost	(5 541)

Assest reclassification

The assets reclassified from FVTPL under IAS 39 to Amortised cost under IFRS 9 would have no Fair value difference on transition date as these mainly consisted of call accounts, fixed deposits and NCD's. The assets reclassified from Held to Maturity under IAS 39 to Amortised cost and FVTPL under IFRS 9 would have no fair value difference on transition date as it mainly consist of SDRs, fixed income securities and derivatives.

1.3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The major areas where management has used its judgment and accounting estimates are with regards to:

1. Impairment of Financial Assets

IFRS 9 requires that financial instruments be tested for impairments on a forward-looking basis. The main aim is to determine whether or not the credit risk of an instrument has changed materially since the previous reporting period. In order to make this calculation, the IASB requires entities to develop and use an Expected Credit Loss (ECL) model. Generally, it can be summarised that the ECL model aims to anticipate shortfalls of contractual cash flows of financial instruments in the event of a default.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

1. ACCOUNTING POLICIES (CONTINUED)

1.3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

2. Provision for IT costs

The Bank will be subject to an IT environment audit, by one of the database suppliers during the first half of 2019, to determine whether the bank is licensed appropriately. The outcome of the IT environment audit will determine whether the Bank is liable for additional licensing costs. The Bank is unable to predict the possible outcome of this audit at this stage. Refer to note 24.

3. Provision for post-employment benefits disclosed under note 21

An Actuarial valuation is performed once every three years to determine the Bank's obligation in this regard. The assumptions and judgments used by the actuary were considered by the Bank and were deemed reasonable in light of the prevailing and anticipated future economic conditions.

4. Evaluation of useful lives and residual values

The residual value and useful life evaluation exercise is performed by internal staff members who have technical knowledge of specific classes of assets. Market information with regards to pricing is also obtained to ensure the required level of objectivity is maintained in the whole evaluation process.

5. Accounting for off-market loans as disclosed under note 7

Management judgement was applied to determine the average repayment period on the various classes of loans granted by the Bank. Prevailing interest rates at year end was however applied to determine the impairment charge for the year on new off market loans.

1.4. REVENUE RECOGNITION

Interest income is recognised on a time proportioned basis, taking account of the principal outstanding and the effective interest rate over the period to maturity. The effective interest rate takes into account all directly attributable external costs, discounts or premiums on the financial assets.

Rand compensation income is received from the South African Government as compensation for the Rand currency in circulation in Namibia. The Bank accounts for this income on an accrual basis.

Other income consists of rental received, bank supervision fees and charges as well as sundry income. Other income is recognised to the extent that it is probable that the economic benefit will flow to the Bank and revenue can be reliably measured.

1.5. FINANCIAL INSTRUMENTS

Financial instruments as reflected on the Bank's Statement of financial position include all financial assets and financial liabilities. Management determines the appropriate classification at initial recognition of the financial instrument. Depending on their classification, financial instruments are carried at fair value or amortised cost as described below.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.5. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.
In inactive markets, the most recent arm's length transactions are the basis of current fair values. Fair value is not the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

It is to be noted that the Bank does not invest in financial instruments which are not quoted in an active market, however should our investment philosophy change, valuation techniques such as cash flows models and consideration of financial data of the investees will be used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures will be made in the financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised costs is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest rate method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium, are not presented separately and are included in the carrying values of related Statement of financial position items.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate on the carrying amount). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a short period, if appropriate, to the net carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

1. ACCOUNTING POLICIES (CONTINUED)

1.5. FINANCIAL INSTRUMENTS (CONTINUED)

Recognition

The Bank recognises financial instruments including, "regular way" purchases and sales on settlement date and thus applies settlement date accounting to these transactions.

Financial assets and financial liabilities are recognised in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Loans and advances, other receivables and other financial liabilities are recognised on the day they are transferred to the Bank or on the day the funds are advanced.

Measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent to initial measurement financial instruments are measured at fair value or amortised cost depending on their classification.

Reclassification

It is a requirement that institutions should disclose when it has reclassified a financial asset between one measured at amortised cost, FVTOCI or FVTPL. The Bank has not reclassified any of its financial assets during the year under review.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1. Classification of financial assets

Financial asset that meet the following conditions are measured subsequently at **amortised cost**:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset that meet the following conditions are measured subsequently at fair value through other comprehensive income **(FVTOCI):**

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.5. FINANCIAL INSTRUMENTS (CONTINUED)

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss **(FVTPL)**.

Despite the foregoing, the Bank may make the following irrevocable election/designation at initial recognition of a financial asset:

the Bank may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Impairment of financial assets

The Bank recognises a loss allowance for expected credit losses on investments in financial assets that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Bank always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Bank's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Bank recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Bank measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2.1 Definitions

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

1. ACCOUNTING POLICIES (CONTINUED)

1.5. FINANCIAL INSTRUMENTS (CONTINUED)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Bank has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Bank assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Bank considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amount.

The Bank regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Bank considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Bank, in full (without taking into account any collateral held by the Bank).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.5. FINANCIAL INSTRUMENTS (CONTINUED)

B

Irrespective of the above analysis, the Bank considers that default has occurred when a financial asset is more than 90 days past due unless the Bank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. Write-off policy

The Bank writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Banks's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at the original effective interest rate.

If the Bank has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Bank measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

1. ACCOUNTING POLICIES (CONTINUED)

1.5. FINANCIAL INSTRUMENTS (CONTINUED)

The Bank recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in financial assets that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

5. De-recognition of financial assets

The Bank 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 Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

The Bank did not transfer financial assets in such a way that part of the asset did not qualify for de-recognition.

Financial Liabilities

These are measured at amortised cost. Amounts due to the Government, bankers reserve and current accounts are stated at cost as these accounts do not have fixed maturity dates.

Notes and coins issued are measured at face value as this liability does not have a fixed maturity date.

Accounts payable are stated at cost as this approximates fair value due to the short-term nature of such obligations.

1.6. GENERAL RESERVE

The general reserve is established in terms of Section 16 of the Bank of Namibia Act, 1997 and may only be used for the purpose specified below:

- increase the paid up capital of the Bank;
- offset losses sustained by the Bank during a financial year;
- fund a Development Reserve Account; and
- redeem any securities issued by the Bank.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.6. GENERAL RESERVE (CONTINUED)

The amount maintained in this account relates to the annual appropriation of distributable profits determined by Section 15 of the Bank of Namibia Act. The Act prescribes that not less than 25% of the net profits of the Bank for a financial year be transferred to the General Reserve Account.

B

1.7. FOREIGN CURRENCY ACTIVITIES AND REVALUATION RESERVE

The Revaluation reserve has been created in accordance with Section 31 of the Bank of Namibia Act and is used to accommodate any net gains or losses in any financial year of the Bank arising from any change in the book value or realised/unrealised value of the Bank's Assets or Liabilities denominated in currencies or units of account other than the Domestic Currency, such as gold, special drawing rights and foreign currencies. Any change in the value of such currencies or units of account in terms of the currency of Namibia, shall be credited to the Revaluation Reserve Account before any appropriation to any other reserve.

Assets and liabilities in foreign currencies are translated to Namibia Dollars at year-end exchange rates. In terms of Section 31 of the Bank of Namibia Act, 1997, exchange gains and losses of the Bank are for the account of the Government and are consequently transferred to the Revaluation Reserve Account before appropriation of profits.

1.8. BUILDING FUND RESERVE

This reserve was reactivated in the financial year 2016 to set aside funds for the construction of a Currency Museum and also to extend the parking facilities at the Bank premises. Annual profits appropriated will be credited to the reserve and on completion of the construction, the reserve so created will be released to the General Reserve.

1.9. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and are depreciated on the straight-line method over their estimated useful lives. The estimated useful lives, residual values and depreciation methods are reviewed every third year, with the effect of any changes in estimate accounted for on a prospective basis. The Bank reassesses the residual value and useful life of all assets every third year and the revised useful life in years, is as detailed below:

Freehold buildings	50 years
Computer hardware	2-6 years
Motor vehicles	4 years
Furniture, fittings and equipment	1-20 years
Note Sorting Machines	9-17 years

The residual value on the building is benchmarked to similar structures in the country and did not call for any adjustment in residual value both in the previous year and the current year. Subsequent costs are included in the assets carrying value only when it is probable that future economic benefits associated with the assets will accrue to the Bank. All other repairs and maintenance costs are charged to the Statement of Comprehensive income during the financial period in which they are incurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

1. ACCOUNTING POLICIES (CONTINUED)

1.10. INTANGIBLE ASSETS – COMPUTER SOFTWARE

On acquisition the software is capitalised at purchase price and amortised on a straight-line basis with zero residual value. The estimated useful lives, residual values and amortisation methods are reviewed at each year end, with the effect of any changes in the estimate accounted for on a prospective basis. The Bank reassesses the residual value and useful life of Computer software on an annual basis and the useful life has been set to range between 1 and 8 years.

1.11. INVENTORY

Currency Costs

The costs of new Namibia bank notes and coins are capitalised and amortised on the earlier of issue of the currency or over five years. Cost comprises of printing and minting costs, carriage, insurance and freight landed at the Bank's premises or designated port of consignment arrival. Currency is issued using the weighted average cost.

Stationery and spares

Stationery and spares inventory are capitalised and stated at the lower of cost and net realisable value. Cost comprises of purchase price as well as applicable freight for imported spare parts. Inventory is issued using the weighted average costs.

1.12. PENSION FUND

It is the policy of the Bank to contribute to the retirement benefits for employees. The Bank operates a Defined Contribution pension fund, contributions to the Bank of Namibia Provident Fund are charged against income in the year in which they become payable.

1.13. IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of the assets of the Bank are reviewed at each Statement of financial position date to determine whether there is any indication of impairment, in which case their recoverable amounts are estimated.

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount. A previously expensed impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.14. POST-EMPLOYMENT MEDICAL BENEFITS

The Bank provides for post-employment medical benefits in the form of a medical aid scheme for eligible employees and pensioners. The cost of providing benefits is determined using the projected unit credit method. The liability for the Bank's contribution to the scheme is, in respect of current and future pensioners, provided for by means of an on-Statement of financial position liability. The magnitude of the liability is based on an actuarial valuation. Actuarial gains and losses on the post-retirement medical benefits are accounted for in the year in which they arise.

1.15. CASH FLOW STATEMENT

The definition of cash in the Standard is not wholly appropriate to the Bank. Due to its role in the creation and withdrawal of currency, the Bank has no cash balances on its Statement of financial position.

1.16. PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.17. TRANSACTIONS ON BEHALF OF GOVERNMENT

The Bank undertakes several transactions on behalf of the Government, which include among others, payments and receipts, opening and maintenance of accounts for donor funded projects and the maintenance of accounts for line ministries. All such accounts opened are pre-funded with the funds received invested and the corresponding liability recorded in the books of the Bank. The transactions where the Bank only acts as an agent, as well as the assets and liabilities arising from such transactions, are not reflected in the annual financial statements of the Bank.

1.18. BORROWING COSTS

Borrowing costs are primarily interest and other costs incurred by the Bank in connection with the borrowing of funds. Borrowing costs are recognised on a time proportioned basis, taking account of the principal outstanding and the effective interest rate over the period of the loan and are expensed accordingly.

1.19. ACCOUNTING FOR IMF - SPECIAL DRAWING RIGHTS (SDR)

The Bank of Namibia is both the fiscal and depository agents for the Government of the Republic of Namibia. Given this relationship all transaction entered into with the International Monetary Fund are recorded in the books of Bank of Namibia.

The SDR is an international reserve asset, created by the International Monetary Fund (IMF) in 1969 to supplement the existing official reserves of member countries. SDRs are allocated to member countries in proportion to their IMF quotas. The SDR also serves as the unit of account of the IMF and some other international organizations. The SDR is defined in terms of a basket of currencies. Its value is determined as the weighted sum of exchange rates of the five major currencies (Euro, Japanese yen, Pound sterling, US dollar and Chinese renminbi). In as far as Namibia is concerned the total allocation of SDR by the IMF is recorded in the books of the Bank as an asset under “SDR and Other Receivables” classification and as a liability under “Deposits” classification.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

1. ACCOUNTING POLICIES (CONTINUED)

1.20. NOTES AND COINS IN CIRCULATION

One of the primary functions of the Bank is the printing and minting of Namibia Dollar currency and issuance thereof into circulation. Costs of printing and minting the currency are capitalised and amortised based on issuance of the currency into circulation. New currency notes and coins are issued to the Commercial Banks at face value which then flows into circulation through the monetary and financial systems operational in the country. Once issued into circulation the notes and coins are reflected in the books of the Bank as a liability and the liability is only extinguished when the currency is no longer in circulation.

1.21. LENT OUT SECURITIES

The Bank derives income from securities lending activity. The counter parties involved in these transactions are highly rated institutions and a cash collateral is deposited by the counter party with the custodians as guarantee for the lent out securities. Our custodians are responsible for the administration and management of this activity. The income generated from the lent out securities activities, are recorded in the books of the Bank accordingly.

1.22. INVESTMENT REVALUATION RESERVE

The Reserve has been created to retain unrealised gains and losses on the Bank's portfolio investments that are measured at Fair value through other comprehensive income (FVTOCI) as per IFRS 9, until they are realised. Unrealised gains when realised become available for distribution and unrealised losses when realised are charged to the Statement of Comprehensive Income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

2. RESULTS FOR THE YEAR

	2018 N$'000	2017 N$'000
Profit for the year is arrived at after taking the following items into account:		
Interest Income		
Namibia Dollar & Rand Currency	**596 079**	**500 476**
Debt Securities and Money Market instruments	596 079	500 476
Other Currency	**215 251**	**166 342**
Debt securities	207 815	156 718
Money market instruments	7 436	9 624
Unwinding of present value adjustments (BNA Receivable)	12 244	71 289
Unwinding of present value adjustments (Staff Loans)	4 797	1 785
	828 371	739 892
Interest Paid		
Government	15 561	90 306
Commercial Banks	244 064	143 682
Other	23 747	29 007
	283 372	**262 995**
Other Income		
Rand compensation income	401 963	326 107
Sundry income	53 116	31 809
	455 079	**357 916**
Operating Expenses		
Depreciation	22 017	25 113
Amortisation of computer software	2 402	2 318
Currency inventory amortisation costs	21 182	32 032
Salaries and related personnel costs	235 024	195 765
Staff training and development	4 878	3 381
Social responsibility	641	1 091
Board members' fees - for services as board members	876	715
Auditors' remuneration - audit fees	1 561	1 236
Membership fees	3 090	3 447
Building, IT and other maintenance costs	74 731	16 714
Loss on disposal of property, equipment and intangible assets	456	11
Amortisation of pre-paid long-term employee benefit	4 797	1 785
Credit losses on Investments –IFRS 9	3 063	-
Other expenditure	74 696	75 194
Total operational expenditure	**449 414**	**358 802**
Number of employees	**298**	**287**

Interest income relates to interest earned on investments which are invested in the Rand, EURO and USD money and capital markets as well as interest earned in NAD on the Commercial banks settlement accounts, Repurchase agreements and staff loans.

Interest expense mainly relates to interest paid to the Government of the Republic of Namibia, BON Bills issued, Commercial Banks settlement accounts and Special Drawing Rights allocations by the IMF.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

3. APPROPRIATION OF PROFITS IN TERMS OF THE BANK OF NAMIBIA ACT, 1997

	Notes	2018 N$'000	2017 N$'000
Total Comprehensive Profit/(Loss) for the Year		**1 823 554**	**(368 893)**
Unrealised (Gains)/Loss transferred to the Investment		56 766	(23 278)
Exchange Rate (Gains)/Losses transferred to the Revaluation Reserve		(1 251 559)	831 486
Allowance for credit losses - FVTOCI		(1 643)	-
Net Profit for the Year		**627 118**	**439 315**
Appropriation of Profits		**627 118**	**439 315**
General Reserve	15	262 881	191 175
Building Fund Reserve	18	20 000	25 000
Development Fund Reserve	17	50 000	10 000
State Revenue Fund		294 237	213 140

The foreign exchange gain reflected on the Statement of Comprehensive Income includes translation gains for the year that has been charged to the Statement of Comprehensive Income to comply with the requirements of IAS 21 – Effect of changes in Foreign Exchange Rates. In terms of section 31 of the Bank of Namibia Act, 1997, gains and losses arising based on changes in the book or realised value of assets or liabilities, denominated in currencies other than the domestic currency, are to be transferred to the Revaluation Reserve. The Net Profit for the year in line with the compliance requirements of the Bank of Namibia Act, 1997 would therefore amount to N$627.12 million. Appropriations of profits are based on this Net Profit figure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

4. PROPERTY AND EQUIPMENT

2017 Cost	Freehold Land and Buildings N$'000	Computer Hardware N$'000	Furniture Fittings & Equipment N$'000	Motor Vehicles N$'000	Total N$'000
At 1 January 2018	329 305	29 330	116 754	8 518	483 907
Additions	5 090	994	917	615	7 616
Disposals	(1)	(6 083)	(523)	-	(6 607)
At 31 December 2018	**334 394**	**24 241**	**117 148**	**9 133**	**484 916**
Accumulated depreciation					
At 1 January 2018	64 912	20 858	76 823	7 512	170 105
Current year charge	6 441	5 857	9 146	573	22 017
Disposals	-	(5 788)	(568)	-	(6 356)
At 31 December 2018	**71 353**	**20 927**	**85 401**	**8 085**	**185 766**
Carrying value					
At 1 January 2018	**264 393**	**8 472**	**39 931**	**1 006**	**313 802**
At 31 December 2018	**263 041**	**3 314**	**31 747**	**1 048**	**299 150**
2017					
Cost					
At 1 January 2017	326 006	18 904	104 296	8 306	457 512
Additions	3 302	10 453	12 850	212	26 817
Disposals	(3)	(27)	(392)	-	(422)
At 31 December 2017	**329 305**	**29 330**	**116 754**	**8 518**	**483 907**
Accumulated depreciation					
At 1 January 2017	58 497	15 607	65 092	6 207	145 403
Current year charge	6 415	5 278	12 115	1 305	25 113
Disposals	-	(27)	(384)	-	(411)
At 31 December 2017	**64 912**	**20 858**	**76 823**	**7 512**	**170 105**
Carrying value					
At 1 January 2017	**267 509**	**3 297**	**39 204**	**2 099**	**312 109**
At 31 December 2017	**264 393**	**8 472**	**39 931**	**1 006**	**313 802**

In line with the requirements of IAS 16: Property, Plant & Equipment the Bank is required to perform a brief overview of the residual value and useful life of all classes of Assets. No residual value adjustments were performed during the current year.

A register containing details of land and buildings is available for inspection at the registered office of the Bank.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

5. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	N$'000
2018	
Cost	
At 1 January 2018	52 220
Additions	1 009
At 31 December 2018	**53 229**
Amortisation	
At 1 January 2018	47 128
Current year charge	2 404
At 31 December 2018	**49 532**
Carrying value	
At 1 January 2018	**5 092**
At 31 December 2018	**3 697**
2017	
Cost	
At 1 January 2017	50 903
Additions	1 317
At 31 December 2017	**52 220**
Amortisation	
At 1 January 2017	44 810
Current year charge	2 318
At 31 December 2017	**47 128**
Carrying value	
At 1 January 2017	**6 093**
At 31 December 2017	**5 092**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

6. CURRENCY INVENTORY

	2018 N$'000	2017 N$'000
Opening Balance	66 958	106 759
Purchases current year	3 736	575
Currency revaluation	(5 642)	(8 344)
Amortisation current year	(21 182)	(32 032)
Closing Balance	**43 870**	**66 958**

7. LOANS AND ADVANCES

	2018 N$'000	2017 N$'000
Staff loans	62 830	46 176
Less: Present value adjustment for off-market loans	**(17 364)**	**(8 956)**
Opening balance – 1 January	(5 387)	(3 801)
Current year fair value adjustment of new loans	(7 180)	(3 370)
Amortisation of pre-paid long-term employee benefit	(4 797)	(1 785)
Add: Staff Long-term benefit	**17 364**	**8 956**
Opening balance – 1 January	5 387	3 801
Current year Fair value adjustment of new loans	7 180	3 370
Amortisation of pre-paid long-term employee benefit	4 797	1 785
Net staff loans	**62 830**	**46 176**
Other loans	61 058	8 477
Closing Balance	**123 888**	**54 654**

8. INVESTMENT IN ASSOCIATE

The Bank acquired a 49% Share in the Central Securities Depository (Pty) Ltd on the 10th of October 2018.

	2018 N$'000	2017 N$'000
Cost of Investment	1 523	-
Impairment of Investment	(1 523)	-
Total Investment in Associate	**-**	**-**

The company incurred a loss of N$ 865 000 in the current year and generated no income. The directors have concluded that there are no realistic prospects of the company generating an income in the near future thus the Investment is impaired at this stage.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

9. INVESTMENTS

	2018 N$'000	2017 N$'000
Rand currency		
Fair value through profit or loss		
Debt securities & Money Market Investments	7 176 679	14 295 168
Fair value through other comprehensive income		
Debt securities	26 198	-
Amortised Cost		
Debt securities & Money Market Investments	8 322 198	-
	15 525 074	**14 295 168**
Other currencies		
Fair value through profit or loss		
Debt Securities & Money Market Investments	4 383 083	9 168 914
Held to maturity*		
Money market instruments	-	6 603 213
Fair value through other comprehensive income		
Debt securities	7 241 514	-
Amortised Cost		
Debt securities & Money Market Investments	3 810 671	-
	15 435 268	**15 772 127**
Total Gross Investments	**30 960 342**	**30 067 296**
Less: Allowance for credit losses – Amortised Cost (refer to 9.1)	(8 585)	-
Total Net Investments	**30 951 757**	**30 067 296**

*The Bank's valuation of the Held to Maturity investments was considered to approximate Fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

9. INVESTMENTS (CONTINUED)

9.1 IMPAIRMENT OF FINANCIAL ASSETS

The following table shows the movement in expected credit losses that has been recognised for the respective investments.

Classification	Measured at FVTOCI		Total Impairment Loss on assets measured at FVTOCI	Measured at Amortised Cost	Total
	Internally Managed Bonds	Externally managed		Internally Managed Money Market Instruments	
	N$'000	N$'000	N$'000	N$'000	N$'000
Adjustment upon initial application of IFRS 9 – 1 January 2018	666	958	1 624	5 541	7 165
Increase/(Decrease) in 12 Month ECL	87	71	158	3 044	3 202
Increase/(Decrease) in Lifetime ECL	(142)	3	(139)	-	(139)
Balance at 31 December 2018	**611**	**1 032**	**1 643**	**8 585**	**10 228**

IFRS 9.5.5.2 prescribes that the Allowance for credit losses for Financial Assets measured at FVTOCI of N$1.643 million shall be recognised in Other comprehensive income and shall not reduce the carrying amount of the Financial asset in the statement of financial position. The movement in the loss allowance is included in the Investment revaluation reserve.

9.2 LENT OUT SECURITIES

As at 31st December 2018, the value of lent out securities from our Investment Portfolio, managed by our custodians, nominal value amounted to US Dollar 17.63 million; NAD equivalent 254.39 million (2017: US Dollar 16.55 million; NAD equivalent 205.06 million). The counter- parties involved in these transactions are rated institutions and cash collateral has been deposited with the custodians as guarantee for the lent out securities. The income generated from the lent out securities activity, has been recorded in the books of the Bank accordingly.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

9. INVESTMENTS (CONTINUED)

9.3 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The levels of hierarchy used to determine the fair value of financial instruments is as detailed below: Fair value of instruments that fall in the Level 1 category would be based on the unadjusted quoted prices in an active market for identical assets or liabilities. Level 2 category would be based on quoted prices that are observable for the asset or liability, either directly as prices or indirectly as derived from prices. Level 3 category would be based on inputs for the asset or liability that are not based on observable market data.

The Bank's investments in financial assets are quoted in an active market and these prices are used in the fair value evaluation process. The Bank invests in securities issued by the German and US governments and these securities are actively traded in global Capital markets.

As at 31st December 2018, the fair value of financial instruments that was classified under the various hierarchies is detailed in the tables below:

As at 31st December 2018

	Level 1	Level 2	Total
	N$'000	N$'000	N$'000
Rand and Other currencies Investments	2 995 783	15 831 691	18 827 474
	2 995 783	**15 831 691**	**18 827 474**

As at 31st December 2017

	Level 1	Level 2	Total
	N$'000	N$'000	N$'000
Rand and Other currencies Investments	1 741 352	21 722 730	23 464 082
	1 741 352	**21 722 730**	**23 464 082**

Having considered the requirements of IFRS 13, the above Assets and Liabilities have been valued at fair value based on quoted prices in an active market. Other Statement of financial position Assets and Liabilities have been valued based on prescriptions of other relevant IFRS Statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

	2018 N$'000	2017 N$'000

10. LOANS AND ADVANCES - LOCAL BANKS

	2018 N$'000	2017 N$'000
Repurchase agreements – local banks	1 839 118	721 737
	1 839 118	**721 737**

Repurchase agreements are overnight and seven-day loan facilities granted to the commercial banks to cover for temporary liquidity shortages. The overnight and seven day repurchase agreements are granted to banking institutions to draw under the credit facility an amount equal to the total adjusted value of eligible securities pledged by each banking institution as collateral to Bank of Namibia.

11. RAND DEPOSITS

	2018 N$'000	2017 N$'000
Closing Balance	68 526	79 631
	68 526	**79 631**

Rand deposits is the value of Rand banknotes held by the Bank of Namibia. Commercial banks deposit the Rand notes collected at their various branches at the Bank of Namibia. The Bank of Namibia in turn repatriates the said currency to the South African Reserve Bank based on predetermined currency values.

12. OTHER INVENTORY - STATIONERY AND SPARES

	2018 N$'000	2017 N$'000
Opening Balance	4 396	1 947
Purchases current year	374	413
Issues current year	(417)	(260)
Adjustments	(16)	2 296
Closing Balance	**4 337**	**4 396**

13. OTHER RECEIVABLES

	2018 N$'000	2017 N$'000
Accounts receivable	48 234	30 137
Less: Allowance for credit losses - Lifetime	(1 650)	-
	46 584	30 137
Rand compensation receivable -SARB	389 771	326 202
National Bank of Angola (BNA) receivable	-	1 265 449
National Bank of Angola (BNA) fair value adjustment	-	(12 244)
Receivable – Financial Intelligence Centre (FIC)	25 291	24 180
IMF Quota	3 369 939	3 479 255
IMF – Special Drawing Rights	62 122	108 718
	3 893 707	**5 221 697**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

14. SHARE CAPITAL & CAPITAL MANAGEMENT

	2018 N$'000	2017 N$'000
Authorised share capital		
100 000 000 ordinary shares of N$1 each	**100 000**	**100 000**
Issued share capital		
40 000 000 ordinary shares of N$1 each	**40 000**	**40 000**

The Capital is the amount subscribed by the Government in accordance with Section 14 of the Bank of Namibia Act, 1997. The Bank is not subject to any externally imposed capital requirements however annually the appropriation of the profits is approved by the Government which requires that a minimum percentage of the annual profits is transferred to the general reserve which forms part of the Bank's capital.

15. GENERAL RESERVE

	2018 N$'000	2017 N$'000
Opening Balance	1 473 023	1 277 053
IFRS 9 Transition Adjustments – Impairment Loss	(7 165)	-
Reclassification Adjustment – Unrealised Losses	67 939	-
Restated opening balance	**1 533 797**	**1 277 053**
Transfers	3 828	4 795
Appropriation of net profit for the year	262 881	191 175
Closing Balance	**1 800 506**	**1 473 023**

The General Reserve is a Statutory Reserve that can be utilised for increasing the paid- up Capital of the Bank, offset losses incurred, fund a Development Reserve and redeem any securities issued by the Bank.

16. FOREIGN CURRENCY REVALUATION RESERVE

	2018 N$'000	2017 N$'000
Opening Balance	5 020 131	5 851 617
Net foreign exchange gains/(losses)	1 251 559	(831 486)
Closing Balance	**6 271 690**	**5 020 131**

The Revaluation reserve has been created in accordance with Section 31 of the Bank of Namibia Act, 1997. The Act requires that both realised and unrealised gains and losses be transferred to the Revaluation Reserve account.

During the current year, the directors noted that the Net foreign exchange translation (loss)/gain should be disclosed as part of Profit for the year and not under Other Comprehensive Income ("OCI"). This presentation was corrected on the face of the Statement of Comprehensive Income ("SOCI") for the current year and prior year. There were no changes to either values, classification or disclosures as a result of this correction in either the statement of Financial Position ("SOFP"); Statement of Changes in Equity ("SOCIE") or statement of cash flows ("SoCF") and therefore there is no need for a third column to be added to the SOFP or amendments to disclosures. The entire Foreign Exchange movement is already appropriately allocated to a separate reserve and this will not change in the SOCIE so no non-compliance with the Bank's Act was noted.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

17. DEVELOPMENT FUND RESERVE

	2018 N$'000	2017 N$'000
Opening Balance	49 970	43 789
Transfer to general reserves	(2 568)	(3 820)
Appropriation of net profit for the year	50 000	10 000
Closing Balance	**97 402**	**49 970**

This reserve was established under section 53(1)(a) of the Bank of Namibia Act, 1997 for the purpose of promoting or financing economic development in Namibia.

18. BUILDING FUND RESERVE

	2018 N$'000	2017 N$'000
Opening Balance	45 000	20 000
Appropriation of net profit for the year	20 000	25 000
Closing Balance	**65 000**	**45 000**

This reserve was established under section 53(1)(a) of the Bank of Namibia Act, 1997 for the purpose of accumulating funds for building projects that the Bank intends to embark upon in the future.

19. TRAINING FUND RESERVE

	2018 N$'000	2017 N$'000
Opening Balance	14 024	15 000
Transfer to general reserves	(1 260)	(976)
Closing Balance	**12 764**	**14 024**

The training fund reserve has been created to provide funds to up-skill the Bank's human capacity in order to meet challenges of a rapidly changing and complex financial environment under which the Bank operates.

20. INVESTMENT REVALUATION RESERVE

	2018 N$'000	2017 N$'000
Opening Balance	55 634	32 356
Transfers to Investment revaluation reserve for the year	(56 766)	23 278
Reclassification adjustment – unrealised losses	(67 939)	-
Allowance for credit losses	1 643	-
Closing Balance	**(67 428)**	**55 634**

Due to adoption of IFRS 9, the cumulative unrealised losses have been transferred from the General Reserve into the Investment revaluation reserve in the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

21. PROVISION FOR POST-EMPLOYMENT BENEFITS

The Bank provides post-employment medical benefits to retired staff members. A provision for the Liability has been determined based on the Projected Unit Credit Method. The valuation was performed for the year ended 31 December 2016 and estimated for 2017 and 2018.

Opening Liability	62 134	56 628
Interest costs	5 735	5 225
Current service costs	1 896	1 734
Benefit payments	(1 570)	(1 453)
Actuarial loss/(gain)	-	-
Closing Liability	68 195	62 134
Current portion of post-employment benefits obligation	(1 697)	(1 570)
Non-current portion of post-employment benefits obligation	**66 498**	**60 564**

Key assumptions	2018	2017
Discount rate	9.35% p.a.	9.35 % p.a.
Medical inflation	8.06% p.a.	8.06 % p.a.
Valuation date	31 December 2016	31 December 2016

The effect of a 1% movement in the assumed medical cost trend rate is as follows:	**Increase N$'000**	**Increase N$'000**
Effect on the aggregate of the current service cost and interest cost	1 301	1 301
Effect on the defined benefit obligation	**69 496**	**63 435**

At 31 December	**2018 N$'000**	**2017 N$'000**	**2016 N$'000**	**2015 N$'000**	**2014 N$'000**
Present value of post-retirement benefit obligation	68 195	62 134	56 628	70 005	62 789

The Bank's post-retirement plan is unfunded.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

22. NOTES AND COINS IN CIRCULATION

	2018	2017
Notes	4 278 836	4 423 042
Coins	242 342	235 429
	4 521 178	**4 658 471**

Currency in Circulation represents Namibia banknotes and coins in the hands of the commercial banks and the public at large. The commercial banks are the conduit by which the public have access to currency.

23. DEPOSITS

	2018	2017
Government of the Republic of Namibia	7 183 247	4 732 492
Domestic bankers' reserve account	1 155 302	1 078 556
Domestic bankers' settlement account	2 558 792	2 990 040
SDR Allocation account	2 618 219	2 328 988
IMF Securities account	3 369 939	3 479 255
GIPF BoN Asset Swap Investment	5 897 748	6 034 119
NAMPOWER BoN Asset Swap Investment	1 091 359	1 001 984
Other Deposits	22 497	3 194 979
Other – Pre-funded donor funds at cost	49 154	26 921
	23 946 257	**24 867 334**

Banker's reserve account balances have no fixed maturity and attract no interest. The Settlement account however attracts interest at the prevailing rate as determined by the Bank of Namibia.

Interest is payable to the Government of the Republic of Namibia on deposits in excess of N$250 million at the 91-day Treasury Bill rate less a discount of 4.5%.

Pursuant to Section 45 and 47 of the Bank of Namibia Act, the Government may take up short-term loans from the Bank, which shall have a maturity of less than six months. The government may without prior notification utilise an overdraft facility from the Bank not exceeding N$2.5 billion. The Government shall pay interest to the Bank on debit balances at a rate equivalent to the 91-day Treasury bill rate plus 50 basis points. Any request by Government for credit from the Bank in excess of N$2.5 billion shall be referred to the Board of the Bank for consideration.

The GIPF and NAMPOWER BoN Asset Swap arrangements were entered into to enhance Namibia's foreign reserve stocks.

Other Deposits are mainly made up of foreign currency denominated call deposit facilities provided to commercial banks and also call account facilities extended to specific local institutions.

The pre-funded donor funds are monies received on behalf of the Government for various donor funded projects being undertaken in the country. These funds have no maturity dates and attract no interest.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

24. TRADE AND OTHER PAYABLES

	2018 N$'000	2017 N$'000
Other payables	52 581	-
Sundry creditors	125 668	36 402
	178 249	**36 402**

Sundry creditors include a provision for IT costs which relates to an ongoing IT environment audit, by one of the database suppliers to determine whether the bank's IT environment is licensed appropriately. The outcome of the audit will determine whether the Bank is liable for additional licensing costs.

25. RETIREMENT FUND

Retirement benefits are provided for employees by a separate provident fund, known as the Bank of Namibia Provident Fund, to which the Bank contributes. The provident fund is administered under the Pension Fund Act, 1956 (No. 24 of 1956). The Fund was converted from a Defined Benefit Pension Fund to a Defined Contribution Provident Fund as at 1 March 2000. All employees contribute to the fund. Total Bank's contributions for the year 2018 amounted to N$23,002,549.81 (31 December 2017: N$20,061,835.49).

26. TAXATION

No provision for taxation has been made in the annual financial statements as the Bank is exempted from taxation in terms of Section 57 of the Bank of Namibia Act, 1997.

27. FINANCIAL INTELLIGENCE CENTRE (FIC)

The Bank continues to render administrative support to the Financial Intelligence Centre (FIC). The FIC was established in terms of the Financial Intelligence Act, 2007 (No 3 of 2007). This Act was repealed in 2012 and replaced by the Financial Intelligence Act of 2012 which came into effect in December 2012. The Act prescribes that the Bank of Namibia shall host the FIC and will be responsible and accountable for all its operational and administrative activities. During 2016, the FIC financials were separated from those of the Bank. The intercompany accounts are used to determine and settle transactions between the FIC and the Bank. As at 31 December 2018, the FIC owes the Bank N$25,290,541.02, (2017: N$24,179,961.71) which is reflected on the intercompany account and disclosed under Note 13.

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The investment of foreign currency (FX) reserves in financial instruments gives rise to exposure to various types of risk which include market, currency, interest rate, credit and liquidity risk. Risk management at the Bank of Namibia forms an integral part of foreign reserves management within the governance structures of the Bank. Foreign reserves are managed in a three-tier governance structure consisting of the Board of Directors, the Investment Committee and the Financial Markets Department (FMD). The Board defines the investment policy of the Bank, which guides the management and risk appetite of the foreign exchange reserves. The Board authority is delegated to the Investment Committee to ensure compliance with the investment mandate. The FMD is responsible for managing the reserves and, within the FMD there is a Risk & Analytics section that proactively monitors compliance of investments to assigned risk parameters on a daily basis. The different types of risk that the foreign exchange reserves are exposed to and the Bank's risk management approaches are stated below:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

B

28.1 MARKET RISK

Market risk is the risk of loss or decline in the value of foreign reserve assets resulting from changes in market conditions and macroeconomic variables such as interest rates, exchange rate and inflation. Bank of Namibia employs duration management, diversification, correlation analysis and risk budgeting to mitigate market risk. In managing the foreign exchange reserves, the Bank follows an enhanced indexation approach which aims to outperform traditional passive portfolio management techniques by investing in a defined benchmark as well as employing an active management strategy to enhance returns.

Sensitivity analysis on Interest rate risk

This has been considered under the interest rate risk below. Refer to Note 28.2.

Sensitivity Analysis on Currency risk

The Bank of Namibia follows an Asset-Liability Management Approach to determine its currency composition (an exercise which is undertaken annually during the Strategic Asset Allocation review). In order to hedge the value of Namibia's foreign-denominated liabilities, the foreign reserve assets are matched to these liabilities, therefore there is no exposure to currency risk. Refer to note 28.3

28.2 INTEREST RATE RISK

Foreign exchange reserve assets are sensitive to the interest rate movement path. Changes in interest rates impacts the value of these assets as well the potential interest income. A commonly used measure for interest rate risk on a bond or money market portfolio is the Dollar Value (DV01) approach. This approach considers the weighted average cash flows and represents the change in value of an asset or portfolio in value terms due to a 0.01 percent change in yield. The following table summarises the Bank's interest rate exposure using this methodology and also applies a 1 percent interest rate shock. The table can therefore be used as a basis for an assessment of the sensitivity of the Bank's net income to interest rate movements.

IMPACT OF INTEREST RATE CHANGE ON EUR PORTFOLIO - 2018

Instrument	**Amount invested €000**	**Actual Portfolio Weight**	**Interest Rate**	**Duration (Yrs)**	**Estimated Loss/Gain Assuming 1 bps Change ('000)**	**Estimated Loss/Gain Assuming 1% Change ('000)**
Working Capital	1,264	100%	-0.480%	0.003	0.00	0.04
Liquidity Tranche	-	0%	0.000%	-	-	-
Investment Tranche	-	0%	0.000%	-	-	-
	1,264	**100%**	**-0.480%**	**-**	**0.00**	**0.04**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.2 INTEREST RATE RISK (CONTINUED)

IMPACT OF INTEREST RATE CHANGE ON USD PORTFOLIO - 2018

Instrument	Amount invested US$'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)
Working Capital	7 975	1%	2.450%	0.003	0.00	0.00
Liquidity Tranche	66 780	8%	2.450%	0.003	0.02	1.85
Investment Tranche	97 612	12%	2.597%	2.490	24.30	2 430.11
Externally Managed Portfolios	400 416	50%	2.142%	3.386	47.90	4 790.46
Endowment Fund	1 366	0%	2.620%	0.058	0.01	0.80
CFC	4	0%	2.450%	0.003	0.00	0.00
SDR	228 464	28%	1.690%	1.530	34.95	3 495.35
	806 615	**100%**	**2.108%**	**-**	**107.19**	**10 718.57**

IMPACT OF INTEREST RATE CHANGE ON ZAR PORTFOLIO - 2018

Instrument	Amount invested R'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)
Working Capital	1,141,368	21%	7.660%	0.003	0.31	31.27
Liquidity Tranche	503,280	9%	7.660%	0.003	0.14	13.79
Investment Tranche	3,683,270	69%	7.669%	0.184	67.76	6,775.91
BoN Bill	-	0%	-	-	-	-
	5,327,918	**100.0%**	**7.667%**	**-**	**68.21**	**6,820.97**

IMPACT OF INTEREST RATE CHANGE ON EUR PORTFOLIO - 2017

Instrument	Amount invested €000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)
Working Capital	605	100%	-0.300%	0.003	0.00	0.02
Liquidity Tranche	-	0%	0.000%	-	-	-
Investment Tranche	-	0%	0.000%	-	-	-
	605	**100%**	**-0.300%**	**-**	**0.00**	**0.02**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.2 INTEREST RATE RISK (CONTINUED)

B

IMPACT OF INTEREST RATE CHANGE ON USD PORTFOLIO - 2017

Instrument	Amount invested US$'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)
Working Capital	139	0%	1.457%	0.003	0.00	0.00
Liquidity Tranche	116,876	3%	1.543%	0.003	0.03	3.20
Investment Tranche	40,905	1%	2.066%	2.567	10.50	1,049.84
Externally Managed Portfolios	395,993	11%	2.119%	3.296	130.53	13,053.07
Endowment Fund	16,588	0%	1.543%	0.040	0.07	6.64
CFC	2,757,119	78%	1.457%	0.010	2.76	275.71
SDR	189,976	5%	1.543%	1.390	26.41	2,640.67
	3,517,594	**100%**	**1.547%**	**-**	**170.29**	**17,029.12**

IMPACT OF INTEREST RATE CHANGE ON ZAR PORTFOLIO - 2017

Instrument	Amount invested R'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)
Working Capital	2,265,378	37%	7.530%	0.003	0.62	62.07
Liquidity Tranche	504,802	8%	7.530%	0.003	0.14	13.83
Investment Tranche	3,059,290	50%	7.693%	2.622	802.29	80,228.89
BoN Bill	293,870	5%	7.530%	0.003	0.08	8.05
	6,123,339	**100.0%**	**7.611%**	**-**	**803**	**80,313**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

INTEREST RATE REPRICING PROFILE

The following table summarises the Bank's interest rate exposure in the form of an interest rate repricing table. This shows when the interest rate earned or charged on assets and liabilities are expected to change based on the various maturities. The table can therefore be used as the basis for an assessment of the sensitivity of the Bank's net income to interest rate movements.

AS AT YEAR ENDED 31 DECEMBER 2018

N$'000	0 – 3 Months	3 – 12 Months	1 – 10 Years	Non-Interest Bearing	Total
Assets					
Loans and advances - non current	-	-	123 888	-	123 888
Investment	8 502 054	3 759 688	18 551 003	147 597	30 960 342
Loans and advances - current	1 839 118	-	-	-	1 839 118
Rand deposits	-	-	-	68 526	68 526
Other receivables	3 893 707	-	-	-	3 893 707
Total Financial Assets	**14 234 879**	**3 759 688**	**18 674 891**	**216 123**	**36 885 581**
Liabilities					
Deposits	8 170 702	-	14 571 099	1 204 456	23 946 257
Trade and other payables	178 249	-	-	-	178 249
Total Financial Liabilities	**8 348 951**	**-**	**14 571 099**	**1 204 456**	**24 124 506**
Interest rate repricing gap	**5 885 928**	**3 759 688**	**4 103 792**	**(988 333)**	**12 761 075**

AS AT YEAR ENDED 31 DECEMBER 2017

N$'000	0 – 3 Months	3 – 12 Months	1 – 10 Years	Non-Interest Bearing	Total
Assets					
Loans and advances - non current	-	-	54 654	-	54 654
Investment	12 343 054	2 692 840	14 845 260	186 121	30 067 275
Loans and advances - current	721 737	-	-	-	721 737
Rand deposits	-	-	-	79 631	79 631
Other receivables	3 968 492	1 253 205	-	-	5 221 697
Total Financial Assets	**17 033 283**	**3 946 045**	**14 899 914**	**265 752**	**36 144 994**
Liabilities					
Deposits	23 761 857	-	-	1 105 477	24 867 334
Trade and other payables	36 402	-	-	-	36 402
Total Financial Liabilities	**23 798 260**	**-**	**-**	**1 105 477**	**24 903 736**
Interest rate repricing gap	**(6 764 976)**	**3 946 045**	**14 899 914**	**(839 725)**	**11 241 258**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

B

28.3 CURRENCY RISK

Foreign exchange reserves are held in foreign currencies which gives rise to a risk that the foreign reserves will decline in value when translated into NAD due to adverse changes in foreign exchange rates. In terms of the Investment Policy and Guidelines, foreign exchange risk is managed on risk neutral basis through a currency composition (benchmark) that provides a natural hedge against potential liabilities. The currency composition of the foreign exchange reserves reflects the currency distribution of the country's short-term external debt, imports and other contingent liabilities. The Bank's foreign reserves are divided into three tranches, namely: Working Capital, Liquidity and Investment Tranche which in return are composed of different currencies. For the year 2018, the following was the benchmark portfolio as well as currency exposure limits was used to manage this risk. The currency composition of reserves is determined using the liability approach whereby the potential calls on the reserves form the basis for the respective currency allocations (i.e. contingent liabilities).

Instruments	ZAR Portfolio	USD Portfolio	EUR Portfolio	Other Portfolio
Working Capital	250mil – 2.5bn	0mil – 10mil	0mil – 5mil	
Liquidity Tranche	500mil ≤	0mil – 125mil	0mil – 50mil	
Investment Tranche (%)	16	84	0	0

Risk-return preferences per tranche

Tranche	Horizon	Objective
Working Capital	0-3 Months	Provide Liquidity, No negative returns allowed on any period (100% Cash)
Liquidity	1 Year	Maximize returns subject to avoiding negative returns at 99% confidence (as measured on an annual basis)
Investment	1 Year	Maximize returns subject to a negative return of 100 bps with 95% probability (as measured on an annual basis)

The effect of Namibia dollar exchange rates against the foreign currencies can have an impact on the level of foreign currency reserves in terms of the reporting currency. The weakening of the NAD against the USD as well as other major currencies, will favourably affect the reserve position when reported in the local currency. The opposite effect holds when the NAD appreciates against these currencies. The Namibia Dollar is pegged to the South African Rand at one is to one parity and hence there is no currency risk on the portion of foreign reserves invested in that particular currency.

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.3 CURRENCY RISK (CONTINUED)

AT 31 DECEMBER 2018 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

	N$ '000	ZAR '000	Euro '000	US$ '000	Other '000	Total N$'000
Assets						
Loans and advances - non-current	123 888	-	-	-	-	123 888
Investment	-	15 532 401	840 224	11 797 821	2 789 896	30 960 342
Loans and advances - current	1 839 118	-	-	-	-	1 839 118
Rand deposits	-	68 526	-	-	-	68 526
Other receivables	71 875	389 771	-	-	3 432 061	3 893 707
Total Financial Assets	**2 034 881**	**15 990 698**	**840 224**	**11 797 821**	**6 221 957**	**37 885 581**
Liabilities						
Deposits	9 913 337	6 989 125	16 753	4 408 823	2 618 219	23 946 257
Trade and other payables	178 249	-	-	-	-	178 249
Total Financial Liabilities	**10 091 586**	**6 989 125**	**16 753**	**4 408 823**	**2 618 219**	**24 124 506**
Net Financial Instruments	**(8 056 705)**	**9 001 573**	**823 471**	**7 388 998**	**(3 603 738)**	**12 761 075**

AT 31 DECEMBER 2017 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

	N$ '000	ZAR '000	Euro '000	US$ '000	Other '000	Total N$'000
Assets						
Loans and advances – non-current	54 654	-	-	-	-	54 654
Investment	-	14 295 169	745 351	14 092 699	934 077	30 067 296
Loans and advances - current	721 737	-	-	-	-	721 737
Rand deposits	-	79 631	-	-	-	79 631
Other receivables	54 317	326 202	-	1 253 205	3 587 973	5 221 697
Total Financial Assets	**830 708**	**14 701 002**	**745 351**	**15 345 904**	**4 522 029**	**36 145 015**
Liabilities						
Deposits	12 280 333	-	-	-	12 586 991	24 867 334
Trade and other payables	36 402	-	-	-	-	36 402
Total Financial Liabilities	**12 316 745**	**-**	**-**	**-**	**12 586 991**	**24 903 736**
Net Financial Instruments	**(11 486 037)**	**14 701 002**	**745 351**	**15 345 904**	**(8 064 962)**	**11 241 279**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.4 LIQUIDITY RISK

Liquidity risk is the risk that the Bank will fail to meet its foreign exchange obligations when they fall due, or the possibility that the Bank will incur huge capital losses when it disposes its securities in the secondary market. Liquidity is the second most important foreign exchange reserves management objective after capital preservation. The Bank seeks to maintain sufficient liquidity by investing in securities with an active secondary market. In addition, these securities are invested in highly rated (investment grade) counterparties. As at 31 December 2018, 40 percent of investments could be liquidated within two working days, reflecting the highly liquid nature of the portfolio.

LIQUIDITY/OBLIGATIONS RISK ANALYSIS STATEMENT AS AT YEAR ENDED 31 DECEMBER 2018

N$'000	0 – 3 Months	4 – 12 Months	1–10 Years	No maturity	Total
Assets					
Loans and advances - non current	-	-	123 888	-	123 888
Investment	8 711 466	3 759 688	18 489 188	-	30 960 342
Loans and advances - current	1 839 118	-	-	-	1 839 118
SDR Holdings -IMF*	-	-	-	62 122	62 122
SDR Quota*	-	-	-	3 369 939	3 369 939
Rand deposits	68 526	-	-	-	68 526
Other receivables	461 646	-	-	-	461 646
Total Financial Assets	**11 080 756**	**3 759 688**	**18 613 076**	**3 432 061**	**36 885 581**
Liabilities					
Deposits	2 160 047	-	14 571 099	1 226 954	17 958 100
SDR Allocation - IMF*	-	-	-	2 618 219	2 618 219
IMF Securities Account*	-	-	-	3 369 939	3 369 939
Trade and other payables	178 249	-	-	-	178 249
Total Financial Liabilities	**2 338 296**	**-**	**14 571 099**	**7 215 112**	**24 124 507**
Liquidity sensitivity gap	**8 742 460**	**3 759 688**	**4 041 977**	**(3 783 051)**	**12 761 074**
Cumulative liquidity sensitivity gap	**8 742 460**	**12 502 148**	**16 544 125**	**12 761 074**	**-**

LIQUIDITY/OBLIGATIONS RISK ANALYSIS STATEMENT AS AT YEAR ENDED 31 DECEMBER 2017

N$'000	0 – 3 Months	4 – 12 Months	1–10 Years	No maturity	Total
Assets					
Loans and advances - non-current	-	-	54 654	-	54 654
Investment	12 529 196	2 692 840	14 845 260	-	30 067 296
Loans and advances - current	721 737	-	-	-	721 737
SDR Holdings - IMF*	-	-	-	108 718	108 718
SDR Quota*	-	-	-	3 479 255	3 479 255
Rand deposits	79 631	-	-	-	79 631
Other receivables	380 519	1 253 205	-	-	1 633 724
Total Financial Assets	**13 711 083**	**3 946 045**	**14 899 914**	**3 587 973**	**36 145 015**
Liabilities					
Deposits	7 722 528	-	-	11 336 558	19 059 086
SDR Allocation - IMF*	-	-	-	2 328 988	2 328 988
IMF Securities Account*	-	-	-	3 479 255	3 479 255
Trade and other payables	36 402	-	-	-	36 402
Total Financial Liabilities	**7 758 930**	**-**	**-**	**17 144 801**	**24 903 731**
Liquidity sensitivity gap	**5 952 153**	**3 946 045**	**14 899 914**	**(13 556 828)**	**11 241 284**
Cumulative liquidity sensitivity gap	**5 952 153**	**9 818 567**	**24 718 481**	**11 241 284**	**-**

*Relates to reserves that are held as a result of the Bank's IMF membership. Refer to Note 1.19

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.5 CREDIT RISK (CONTINUED)

28.5 CREDIT RISK

This is the risk that the Bank's counterparties will default on their contractual obligations resulting in a financial loss to the Bank. The risk of default of counterparties as well as the spread widening of bonds held by the Bank are both influenced by the probability of default of the concerned counterparties.

With safety of principal being the foremost investment objective, the Bank seeks to manage credit risk by investing in money market instruments issued by counterparts with a minimum short-term credit rating of F1 by Fitch or the equivalent rating by Standard & Poor and Moody's rating agencies. Longer-dated fixed income instruments are limited to issues by members of the Group of 7 Nations (G7), Organisation for Economic Cooperation and Development (OECD), and the People's Republic of China with a minimum credit rating of BBB- by Fitch Rating Agency or equivalent. In light of the downgrade of South Africa to non-investment grade, a special provision has been made to allow short term exposure (maximum one year) to South African Issuers with a minimum short term rating of F3 and a minimum long term rating of BB by Fitch or equivalent. This is of strategic importance given the peg of the Namibian Dollar to the South African rand.

Detailed below is a table which presents the Bank's total financial asset exposure over various regions as well as their credit ratings:

CREDIT RISK RATING ANALYSIS AS AT 31 DECEMBER 2018

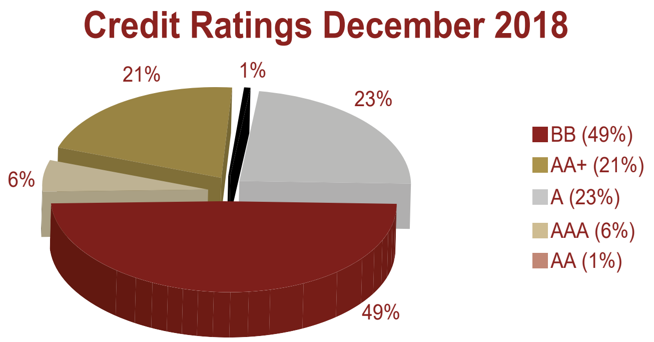
REGIONAL EXPOSURE	CREDIT RATING 2018	N$'m
United States	AA+	6 501 675
North America (excl. USA)	AAA	491 075
Euro Area	AA	3 105 158
United Kingdom	AA	325 936
Japan	A	1 459 444
Other Advanced Economies	AAA	414 762
China	A+	1 808 756
South Africa	BB	15 281 976
Other Emerging Market & Developing Economies	A	758 748
Multilaterals	AAA	812 812
Namibia	BB+	5 925 239
TOTAL ASSETS		**36 885 581**

*Lowest weighted average credit rating applied

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)



CREDIT RISK RATING ANALYSIS AS AT 31 DECEMBER 2017

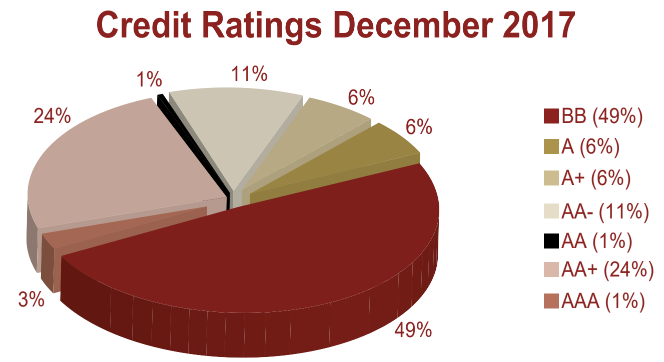
REGIONAL EXPOSURE	CREDIT RATING 2017	N$'m
United States	AA+	7 009 654
North America (excl USA)	AAA	381 564
Euro Area	AA-	3 395 331
United Kingdom	AA	398 282
Japan	A	1 355 040
Other Advanced Economies	A	172 674
China	A+	1 924 807
South Africa	BB	14 680 128
Other Emerging Market & Developing Economies	A	157 411
Multilaterals	AAA	592 405
Namibia	BB+	6 077 719
TOTAL ASSETS		**36 145 015**

*Lowest weighted average credit rating applied

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)



The Bank invests/buys securities in reputable institutions who are rated by Fitch, Moody's and Standard & Poor rating agencies. The Bank's credit risk exposure has remained static and movements in the fair values of our external portfolio investments were as a result of movements in interest rate risk, foreign exchange risk, etc.

28.6 SETTLEMENT RISK

The Bank is exposed to settlement risk when settling or clearing transactions. This type of risk occurs in an event that the Bank or the counterparty in the dealing contract fails to settle or clear transactions where the exchange of cash, securities is not instantaneous. This risk is of particular significance as this could result in penalties, interest forgone and consequently affect the reputation of the Bank. In order to control this risk, the Bank has imposed counterparty and dealer limits so as to limit the bank's exposure to a counterparty at any given time in the deal cycle.

28.7 OPERATIONAL RISK

Like any other institutions, the Bank is exposed to operational risk, which is the risk of financial losses or damage to the Bank's reputation resulting from one or more risk factors such as human factors, failed or inadequate processes, failed or inadequate systems and external events.

These factors are defined in details as follows:

- **Human Factors:** insufficient personnel, lack of knowledge, skills or experience, inadequate training and development, inadequate supervision, loss of key personnel, inadequate succession planning or lack of integrity or ethical standards.
- **Failed or inadequate processes:** a process is poorly designed or unsuitable, or not properly documented, understood, implemented, followed or enforced.
- **Failed or inadequate systems:** a system is poorly designed, unsuitable or unavailable or does not operate as intended.
- **External events:** the occurrence of an event having an adverse impact on the Bank but outside its control.

The operational risk at the Bank is managed by having a suitable operational organizational structure with clear segregation of duties as well as defined built-in systematic controls. Bank wide operations manuals are in place to be followed by staff. The Bank wide business continuity plans which clearly states effective disaster recovery plans are currently being developed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.7 OPERATIONAL RISK (CONTINUED)

In as far as the treasury operations are concerned the Bank ensures that dealers and analysts are well trained in instruments in which they are trading and that the systems they need to operate on is in place. The Bank also makes sure that all investment officers are aware of procedures in place and have access to relevant documents. The Financial Markets Department Director reviews all procedures, documentation requirements and the operational practices.

28.8 LEGAL RISK

Legal risk is the risk arising from failure to comply with statutory or regulatory obligations. Legal risk also comes about if the rights and obligations of parties involved in a payment are subject to significant uncertainty, for example if a payment participant declares bankruptcy. Legal disputes that delay or prevent the resolution of payment settlement can cause credit, liquidity, or reputation risks at individual institutions. Legal risk also results from a financial institution's failure to comply with the bylaws and contractual agreements established with the counter-parties with which it participates in processing, clearing, and settling payment transactions. The Bank therefore manages this risk by having appropriate documentation and using the market-customary, standard master-agreements where possible.

28.9 COLLATERAL

The Bank provides overnight and seven day loans (Repo's) to Commercial Banks to cover for temporary liquidity shortages. The commercial banks pledge eligible securities in the form of Government bonds, treasury bills, etc. as collateral for this facility. The Bank is not permitted to sell or re-pledge these securities in the absence of default from the said commercial banks. As at 31 December 2018 the Repo's to Commercial Banks were to the tune of N$1.8 billion (2017: 722 million).

28.10 CREDIT LOSSES

The Bank's financial assets were not impaired as a consequence of credit losses, however when instances of this nature occur the Bank records the impairment in a separate impairment account rather than directly reducing the carrying amount of the concerned assets.

28.11 DEFAULTS AND BREACHES

The Bank did not default on any of its loan commitments both during the current and previous financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2018

B

29. CAPITAL COMMITMENTS

	2018 N$' 000	2017 N$' 000
Contracted	42 718	-

30. RELATED PARTY INFORMATION

During the year the Bank, in its ordinary course of business, entered into various transactions. These transactions were under taken on commercial terms and conditions. The Bank of Namibia Act, 1997 prescribes that the emoluments of the Governor, Deputy Governor and Board members be determined by the Minister of Finance. The emoluments of the Board members are primarily sitting fees and the annual stipend. The Governor and the Deputy Governor's emoluments are all inclusive packages which comprises of salaries, pension contributions, medical aid and leave pay. The gross emoluments of executive, senior management and Board members are detailed below. Transactions with the Namibian Government who is the sole shareholder of the institution are detailed in note 1.17 of this report. Note 27 provides more information on the Financial Intelligence Centre.

Gross Emoluments	Salaries N$'000	Retirement Benefit N$'000	Medical Aid Benefit N$'000	Total 2018 N$' 000	Total 2017 N$'000
Executive Management					
Governors	4 242	759	153	5 154	4 918
Senior Management	20 260	2 430	706	23 396	19 809
Non-Executive Board					
Ms S T Haipinge				126	113
Ms A S I Angula				158	124
Mr V Malango				155	127
Dr O Kakujaha- Matundu				155	122
Ms E B Shafudah				-	-
Ms C v/d Westhuizen				185	158
				779	**644**

There were no other related party transactions with either the executive management or non-executive Board members.

31. APPROVAL OF FINANCIAL STATEMENTS

The Annual Financial Statements have been approved by the Board of Directors at the Board meeting held on 22 February 2019.

32. SUBSEQUENT EVENTS

There are no material events subsequent to the reporting date other than the declaration of Dividends to the state of N$ 294,24 million.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018 (IN COMPLIANCE WITH THE BANK OF NAMIBIA ACT, 1997)

B

	Notes	2018 N$'000	2017 N$'000
Net interest income		**544 999**	**476 897**
Interest income	2	828 371	739 892
Interest expense	2	(283 372)	(262 995)
		455 079	**357 916**
Rand Compensation Income	2	401 963	326 107
Other income	2	53 116	38 809
Total income		**1 000 078**	**834 813**
		(429 726)	**372 220**
Operating expenses	2	(449 414)	(358 802)
Net gain/(loss) on investment portfolio		19 688	(13 418)
Profit for the year before net foreign exchange translation gain/(loss)		**570 352**	**462 593**
Net foreign exchange translation gain/(loss)*	16	1 251 559	(831 486)
Profit/(Loss) for the Year		**1 821 911**	**(368 893)**
Other Comprehensive Income		**1 643**	**-**
Allowance for credit losses - FVTOCI	9.1	1 643	-
Total Comprehensive Profit for the Year		**1 823 554**	**(368 893)**
Profit/(Loss) Profit attributable to:			
Foreign currency revaluation reserve	16	1 251 559	(831 486)
Investment revaluation reserve		(56 766)	23 278
Allowance for credit losses	9.1	1 643	-
Amount available for distribution	3	627 118	439 315
		1 823 554	**(368 893)**
Profits available for Distribution		**627 118**	**439 315**
State Revenue Fund		294 237	213 140
General reserve	15	262 881	191 175
Building fund reserve	18	20 000	25 000
Development fund reserve	17	50 000	10 000

*Change in wording made to reflect IFRS compliant wording. Refer to note 16 for more details.

Part C | Economic and financial developments

Contents

SELECTED FINANCIAL AND ECONOMIC INDICATORS

(ANNUAL PERCENTAGE CHANGE)	2014	2015	2016	2017	2018 [17]
	ACTUAL				
Real GDP growth	6.4	6.1	1.1	-0.9	-0.1*
GDP deflator	6.3	2.0	9.9	7.4	5.8*
Consumer price inflation (period average)	5.4	3.4	6.7	6.2	4.3
Consumer price inflation (end-of-period)	4.6	3.7	7.3	5.2	5.1
Exports of goods	12.2	2.0	20.3	-3.4	12.1*
Imports of goods	23.4	11.2	0.6	-10.4	3.4*
Real effective exchange rate[18] (period average)	-3.5	-2.1	-2.1	5.2	0.9
Private sector credit extension (period average)	15.7	15.3	11.4	6.6	6.1
Broad money supply (end-of-period)	7.8	10.2	4.9	14.1	6.4
Repo rate (end-of-period level)	6.00	6.50	7.00	6.75	6.75
10-year Government bond yield (period average level, percent)	8.97	9.32	10.40	10.54	10.21
(In percent of GDP, unless otherwise stated)					
Investment	38.5	39.1	27.8	21.9	17.4
Public	6.7	7.6	7.0	5.6	5.5
Private	31.8	31.5	20.8	16.3	11.9
Savings	38.5	39.1	27.8	21.9	17.4
External	12.5	18.8	23.4	8.5	3.8
Domestic	26.0	20.3	4.4	13.4	13.7
Public	25.6	21.8	9.6	18.6	15.6
Private	0.4	-1.5	-5.2	-5.2	-2.0
Public Finance					
Overall Government deficit[19]	-6.2	-8.1	-6.7	-4.8	-4.4
Public debt outstanding	23.2	37.6	38.8	40.3	45.1
Public guaranteed debt outstanding	3.4	4.9	5.4	5.7	5.7
External Sector					
Current account balance	-9.2	-13.6	-15.5	-5.1	-2.1
Excluding official transfers	-22.6	-25.5	-24.9	-15.5	-11.7
Gross official reserves					
In millions of Namibia Dollar	13 527	23 577	24 720	30 177	31 024
In millions of US Dollar	1 166	1 511	1 818	2 434	2 150
In months of imports	2.0	3.1	3.2	4.4	4.5
External debt[20]	45.8	57.4	54.2	57.0	63.2
Exchange rate to US Dollar (end-of period)	11.56	15.56	13.62	12.39	14.43
Exchange rate to US Dollar (period average)	10.84	12.75	14.71	13.31	13.23
GDP at current market prices (N$ million)	138 763	150 083	166 006	180 605	192 138*

17 The estimates contained in this table noted with asterisk (*) and in the Real Sector Developments section (Page 144) should be viewed as preliminary and are subject to revision as actual data become available.

18 A decrease in the Real Effective Exchange Rate index means that the national currency depreciated, reflecting a gain in the competitiveness of the Namibian products on the international market. An increase in the index, on the other hand, represents an effective appreciation of the national currency, indicating a loss in competitiveness of the local products on the international market.

19 These are fiscal year data starting, 2014/15, ending 2018/19.

20 Includes government, parastatal and private sector debt.

C

SUMMARY OF ECONOMIC AND FINANCIAL DEVELOPMENTS

Global growth is estimated to have moderated slightly in 2018 with both advanced economies and emerging market and developing economies losing some of their earlier momentum. IMF estimates suggest that the pace of global GDP growth slowed marginally in 2018 as both advanced economies (AEs) and emerging market and developing economies (EMDEs) faced some headwinds. The slightly weaker performance in 2018 could partly be attributed to factors such as trade policy uncertainties, deteriorating goods trade, concerns about China's economic outlook and swings in commodity prices.

The global economy is projected to slow further in 2019 mainly due to weaker economic activity in the AEs. In its *World Economic Outlook (WEO) January 2019 Update,* the IMF projects global growth to slow down to 3.5 percent in 2019 compared to the 3.7 percent estimated for 2018. The lower growth is projected to originate mainly from the AEs, although a slight decline is also expected for the EMDEs. Key downside risks to the global economic growth outlook are a negative outcome of trade negotiations and the direction financial conditions take in 2019.

Global financial conditions tightened in 2018, both in AEs and EMDEs, amid escalating trade tensions and expectations of slower global growth. The stock markets indices in both AEs and EMDEs generated losses in 2018 mainly due to negative corporate earnings prospects, global policy uncertainty, rising trade tensions, and global growth concerns. EMDE currencies depreciated in 2018 fuelled by the strong US Dollar and the capital outflows from the EMDE economies as investors reassessed their risk appetite. Commodity prices on average were higher in 2018 compared to 2017, with notable swings in prices as the year progressed. Crude oil prices in particular rose considerably, but then fell back precipitously from October 2018.

Inflation rates and monetary policy stances in the monitored AEs and EMDEs varied in 2018. In the AEs, average inflation declined in the UK, while it increased in the US, Euro Area and Japan in 2018 compared to 2017. In the EMDEs, average inflation declined in Russia, South Africa and Angola whilst the remaining monitored economies registered increasing inflation during the year under review. On the monetary policy front, central banks of the US, UK, India and South Africa raised their policy rates during 2018. On the other hand, central banks of Brazil, Russia and Angola reduced policy rates, while the remaining monitored economies maintained their interest rates.

In Namibia, real GDP is estimated to have contracted in 2018 mainly due to slower activity in the tertiary and secondary industries, although the contraction is estimated to be lower than in 2017. Real GDP is estimated to have contracted by 0.1 percent in 2018, from a steeper contraction of 0.9 percent in 2017. The disappointing performance in 2018 is mainly ascribed to declines in the hotels and restaurants, wholesale and retail trade, agriculture, and construction sectors, as well as the public sector. Robust growth in the mining sector sustained the activity in the primary industries during 2018.

Namibia's average consumer price inflation rate declined in 2018 compared to 2017, mainly due to a significant reduction in housing inflation. The inflation rate averaged 4.3 percent in 2018, lower than the 6.2 percent recorded in 2017. The lower inflation was largely reflected in housing, as well as in food and non-alcoholic beverages, whereas inflation for transport rose during the year under review. Meanwhile, since the second quarter of 2018, inflation has been on an upward trajectory and ended the year at a rate of 5.1 percent, driven mainly by an acceleration in inflation for the transport category arising from an increase in fuel prices.

During 2018, the Bank's Monetary Policy Committee (MPC) kept its monetary policy stance unchanged in all six MPC meetings to support domestic growth and safeguard the exchange rate dispensation. In this regard, the MPC kept the Repo rate unchanged at 6.75 percent during 2018 in order to support domestic economic growth, which remained weak, and to simultaneously safeguard the foreign reserves and maintain the one-to-one link between the Namibia Dollar and South African Rand. Meanwhile, growth in broad money supply declined significantly to 6.4 percent in 2018, compared to 14.1 percent in 2017. The slower growth in broad money supply (M2) during the period under review was consistent with the weak economy and decline in inflation, dampening the transactions demand for money. Growth in private sector credit extension (PSCE) slowed on average during 2018, due to a lower uptake of credit from both the business and individual sectors, specifically in the form of instalment sale and mortgage credit.

During 2018, the overall liquidity position of the Namibian banking industry rose notably to reach the highest levels in three years. The liquid balances of the banking industry averaged N$3.5 billion during the year 2018, substantially higher than the average of N$2.7 billion recorded during 2017. The annual increase was due to various factors, including higher diamond sales in some months, as well as the gradual compliance with domestic asset requirements for institutional investors that requires them to hold an increased proportion of their assets locally.

On the fiscal front, the Government's overall deficit is estimated to narrow both in nominal terms and as a ratio to GDP during 2018/19. The 2018/19 Central Government deficit as a percentage of GDP was estimated at 4.4 percent, lower than the 4.8 percent deficit recorded in 2017/18. This was due to the envisaged greater decrease in expenditure compared to revenue during 2018/19, compared to the previous fiscal year. Total Government debt as a percentage of GDP increased to 45.1 percent at the end of December 2018 and was estimated to reach 46.3 percent at the end of FY2018/19, thereby remaining above the ceiling set by the Government of 35 percent.

In 2018, Namibia's current account deficit narrowed further, mainly due to an improvement in the merchandise trade deficit, coupled with higher inflows on the services account. On an annual basis, the current account deficit narrowed by 55.5 percent compared to 2017, down to N$4.1 billion during 2018. The improvement was mainly attributed to the narrowing in the merchandise trade deficit as a result of an improvement in export earnings, coupled with increased receipts on the services account. Namibia's International Investment Position recorded an increased net liability in 2018 compared to the previous year as a result of increased foreign liabilities. In addition, the real effective exchange rate (REER) fluctuated significantly in 2018 but was on average slightly higher than in 2017, signalling marginally weaker external competitiveness.

Going forward, risks to domestic growth include a weak recovery in the country's trading partners and slow recovery in international commodity prices, particularly for uranium, as well as headwinds in agriculture. While the economy is expected to recover in 2019 on account of a revival across a range of sectors, significant risks remain. A slowdown in demand for minerals from the country's major trading partners such as France and China would increase the risk to projected growth for primary industries. International trade wars may also inhibit Namibia's exports, while disappointing growth in South Africa would weigh on the country's recovery prospects going forward. Poor rainfall and the fallout of an outbreak of foot-and-mouth disease in South Africa pose further risks, particularly for agriculture. Finally, should the economic recovery in Angola fail to materialise, the impact would continue to be felt in sectors such as wholesale and retail trade, education, real estate and business services, thereby worsening growth prospects in these sectors.

C

GLOBAL ECONOMIC AND FINANCIAL DEVELOPMENTS

OUTPUT GROWTH AND OUTLOOK BY MAIN REGION AND ECONOMIC BLOCK

Global economic growth moderated slightly in 2018 due to slower expansion in both the AEs and the EMDEs. In the monitored AEs, economic growth declined in the Euro Area, Japan and the United Kingdom, while it was robust in the US. In the EMDEs, growth was weaker in China, South Africa and Angola, while it improved in Brazil, Russia and India. Going forward, the global economy's growth rate is projected to slow to 3.5 percent in 2019 from an estimated 3.7 percent in 2018 as AE growth inches lower to its longer-term average and EMDEs face temporary headwinds.

Key sources of downside risk to the global growth outlook are the outcome of trade negotiations and uncertainty around it. Downside risks to the global economic outlook include rising trade disputes and global policy uncertainty. In addition, a protracted US Federal Government shutdown and geopolitical tensions in the Middle East and East Asia are some of the risks that could drag the global economy down. Other risks include pervasive effects of climate change and ongoing setbacks to trust in established institutions and political parties.

TABLE C.1 WORLD ECONOMIC OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2017	2018 (est.)	2019 (proj.)
World Output	**3.8**	**3.7**	**3.5**
AEs	**2.4**	**2.3**	**2.0**
USA	2.2	2.9	2.5
Eurozone	2.4	1.8	1.6
Germany	2.5	1.5	1.3
France	2.3	1.5	1.5
Italy	1.6	1.0	0.6
Spain	3.0	2.5	2.2
Japan	1.9	0.9	1.1
UK	1.8	1.4	1.5
Other AEs	**2.8**	**2.8**	**2.5**
EMDEs	**4.7**	**4.6**	**4.5**
China	6.9	6.6	6.2
Russia	1.5	1.7	1.6
India	6.7	7.3	7.5
Brazil	1.1	1.3	2.5
Sub-Saharan Africa	**2.9**	**2.9**	**3.5**
Angola	-2.5	-0.1	3.1
South Africa	1.3	0.8	1.4
Nigeria	0.8	1.9	2.0
Middle East, North Africa, Afghanistan and Pakistan	**2.2**	**2.4**	**2.4**

Source: IMF WEO Jaunary 2019 Update. 2017 Actual, 2018 estimates, 2019 projections

Economic activity in the AEs is estimated to have weakened in 2018 compared to 2017. AEs as a group recorded economic growth of 2.3 percent in 2018, compared to 2.4 percent in 2017 (Table C.1). With the exception of the US economy, all the monitored AEs recorded slower economic growth. Euro Area growth slowed to 1.8 percent in 2018 from 2.4 percent in 2017 on the back of very weak growth in the region's major economies. Similarly, the UK's economic growth declined to 1.4 percent in 2018 from 1.8 percent in 2017, partly because of weather-related disruptions in the first quarter of 2018. In addition, the Japanese economy's growth rate declined to 0.9 percent from 1.9 percent in the preceding year due to natural disasters that the country experienced in 2018. On the other hand, growth in the US economy is estimated to have strengthened to 2.9 percent in 2018 from 2.2 percent in the previous year driven by strong fiscal stimulus. According to the IMF's January 2019 WEO Update, economic growth for the monitored AEs is expected to moderate in the US, UK and Euro Area, and to pick up slightly in Japan during 2019 in comparison with 2018. As a group, AEs' GDP growth is projected to slow further to 2.0 percent in 2019 compared to 2.3 percent in 2018.

Economic activity in the EMDEs is estimated to have weakened in 2018 compared to 2017 led by slightly slower growth in China. As the largest EMDE, China is estimated to have recorded a growth rate of 6.6 percent in 2018, down from 6.9 percent in the previous year. The slowdown could partly be attributed to slowing external demand growth and internal economic restructuring with more emphasis on environmental sustainability and consumption (Table C.1). Similarly, South Africa's economic growth rate is estimated to have decelerated to 0.8 percent in 2018 from 1.3 percent in 2017. Angola's GDP is estimated to have recorded a mild contraction of 0.1 percent in 2018, following a 2.5 percent contraction in 2017. On a positive note, India's growth is estimated to have increased to 7.3 percent in 2018, up from 6.7 percent in 2017. This acceleration reflects a rebound from the currency exchange initiative, strong investment and robust private consumption. Brazil's economy is estimated to have expanded by 1.3 percent in 2018, up from 1.1 percent growth in 2017, driven by recovery in private demand as the output gap gradually closes. In addition, Russia's GDP growth is estimated at 1.7 percent in 2018, up from 1.5 percent in 2017, supported by higher oil prices and recovering domestic demand.

C

ECONOMIC OUTLOOK FOR 2019

The global economy is projected to weaken further in 2019 as reflected in a decline in the growth rate of AEs from the above trends. In its *WEO January 2019 Update,* the IMF projects global growth at 3.5 percent in 2019, lower than the 3.7 percent estimate for 2018. Among the AEs, US economic growth is projected to slow to 2.5 percent in 2019 from 2.9 percent in 2018 as the Government unwinds the fiscal stimulus and the Federal Reserve continues to gradually tighten monetary policy. The Euro Area GDP growth is forecast to moderate to 1.6 percent in 2019, down from 1.8 percent in 2018. On the other hand, growth in the UK is projected to improve to 1.5 percent in 2019, up from 1.4 percent in 2018 as the fiscal stimulus announced in the 2019 budget takes effect. In addition, GDP growth in Japan is expected to improve to 1.1 percent in 2019 from 0.9 percent in 2018, partly due to additional fiscal support to the economy in 2019.

Among the EMDEs, higher rates of GDP growth in 2019 than in 2018 are projected for Brazil, South Africa, India and Angola, while lower rates are expected for China and Russia. India's real GDP is projected to grow by 7.5 percent in 2019 compared to 7.3 percent in 2018, due to lower oil prices and a slower pace of monetary tightening as a result of weaker inflation pressures. Brazil's economy is expected to improve with growth reaching 2.5 percent in 2019, compared to 1.3 percent in 2018, as the recovery from the 2015/16 recession continues. In addition, South Africa's GDP growth is projected to improve to 1.4 percent in 2019 from 0.8 percent in 2018 amid uncertainty in the run-up to the 2019 general elections. Furthermore, growth in Angola's real GDP is expected to improve to 3.1 percent in 2019 from a contraction of 0.1 percent in 2018 partly due to a more efficient foreign currency allocation system. In addition, the recovery will be driven by the production and exports of diamonds, agriculture and construction. On the other hand, China's economic growth is expected to be lower at 6.2 percent in 2019, compared to 6.6 percent in 2018, reflecting rising trade barriers and the influence of financial regulatory tightening alongside the higher base level of income from which growth takes place. In the same vein, the economic growth rate of Russia is projected to edge lower to 1.6 percent in 2019 from an estimated 1.7 percent in the previous year due to a weaker near-term outlook for the oil price.

C

MONETARY POLICY STANCE AND INTEREST RATE DEVELOPMENTS

In the AEs, the monetary authorities in US and UK increased their benchmark interest rates, whilst Japan and the Euro Area maintained their policy rates in 2018. The US Federal Open Market Committee raised interest rates on four occasions in 2018 by a total of 100 basis points to a target range of 2.25 – 2.50 percent at the year-end, in line with higher growth expectations (Table C.2). Prompted by a stronger labour market and wage growth, the Bank of England (BoE) also raised its Bank Rate by 25 basis points to 0.75 percent in August 2018, maintaining it at 0.75 percent at its subsequent policy meetings in 2018. On the other hand, the European Central Bank (ECB) left its benchmark rates unchanged in 2018. The ECB formally ended its quantitative easing purchasing programme in December 2018, but has continued to pledge a stable balance sheet by reinvesting the proceeds of maturing bonds. Similarly, the Bank of Japan kept its key short-term interest rate at -0.10 percent, and reiterated that it will maintain interest rates around these low levels for an extended period, as long as inflation remained below its target of 2.0 percent.

With the exception of the UK, average inflation rose in all the monitored AEs in 2018. Inflation in the UK slowed to an average of 2.5 percent in 2018, from 2.7 percent in 2017. In contrast, inflation in the US increased to 2.5 percent in 2018, from 2.1 percent in 2017, mainly due to high prices of fuel, oil and gasoline. Furthermore, inflation in the EU continued its gradual increase to an average of 1.7 percent in 2018, up from 1.5 percent in 2017. This increase is a welcome development as the central bank winds down its net asset purchase programme. In Japan, the average inflation edged higher to 1.0 percent in 2018 from 0.5 percent in 2017 largely due to rising global energy prices.

TABLE C. 2 LATEST POLICY RATES OF SELECTED ECONOMIES

Country or grouping	Policy rate name	Policy rates at end of 2018 (%)	Month of last meeting in 2018	Policy rate change in 2018 (%)	Inflation rate at end of 2018 (%)	Real interest rate at end of 2018 (%)
AEs						
USA	Federal funds rate	2.25 – 2.50	Dec	1.00	1.9	0.5
UK	Bank rate	0.75	Dec	0.25	2.3	-1.6
Euro Area	Refinancing rate	0.00	Dec	0.00	1.6	-1.6
Japan	Call rate	-0.10	Dec	0.00	0.8	-0.9
EMDEs						
Brazil	SELIC rate	6.50	Dec	-0.50	3.8	2.8
Russia	Key rate	7.75	Dec	0.00	4.3	3.5
India	Repo rate	6.50	Dec	0.50	2.2	4.3
China	Lending rate	4.35	Dec	0.00	1.9	2.5
SA	Repo rate	6.75	Nov	0.25	4.5	2.3
Angola	Basic interest rate	16.50	Nov	-1.50	18.6	-2.1

Source: Trading Economics /Respective Central Banks

Monetary policy stances in the EMDEs were mixed in 2018. The Reserve Bank of India tightened its benchmark interest rate by 25 basis points to 6.50 percent to support the currency. The Bank of Russia started 2018 with its policy interest rate at 7.75 percent, lowered it twice in the first quarter by 25 basis points at a time to a level of 7.25 percent where it remained for six months, and then raised it again by 25 basis points once in September and again in December so that the year-end level was again 7.75 percent. The South African Reserve Bank increased its Repo rate by 0.25 percentage points to 6.75 percent during the last quarter of 2018, against the backdrop of rising inflation expectations. This followed a 0.25 percent rate cut during the first quarter of 2018. On the other hand, the People's Bank of China left its benchmark lending rate unchanged at 4.35 percent, despite market expectations of an increase following rate increases in the US. Banco Nacionale de Angola reduced the Basic interest rate by 150 basis points to 16.50 percent in 2018 on the back of falling inflation.

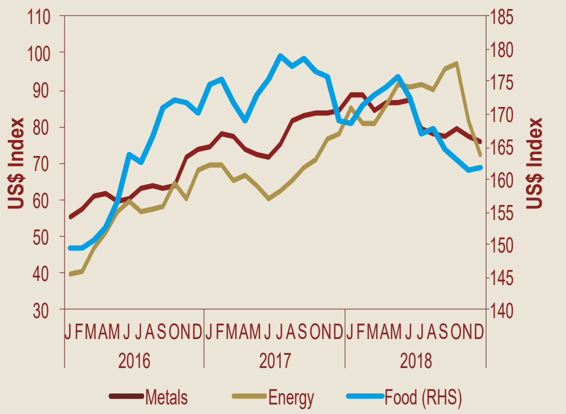
Inflation rates amongst the EMDEs varied in 2018 compared to 2017. Inflation in Brazil increased to an average of 3.7 percent in 2018 from 3.5 percent in 2017 mainly due to higher food prices. Inflation in China increased to an average rate of 2.1 percent in 2018 from 1.6 percent in 2017 driven mainly by higher oil prices. Similarly, inflation increased for India to 4.0 percent in 2018 from 3.3 percent in 2017 driven mainly by high fuel and energy prices. On the other hand, inflation in Russia declined to an average of 2.9 percent in 2018 from 3.7 percent in 2017 mainly on the back of strengthening of the ruble exchange rate. Similarly, in South Africa, consumer price inflation declined to 4.6 percent in 2018 from an average of 5.3 percent in 2017. Furthermore, inflation for Angola declined to an average of 19.7 percent in 2018 from 30.4 percent in 2017, attributed mainly to an appreciation of the Angolan Kwanza exchange rate against the US Dollar and improvement in the price of crude oil over the prices in 2017.

C

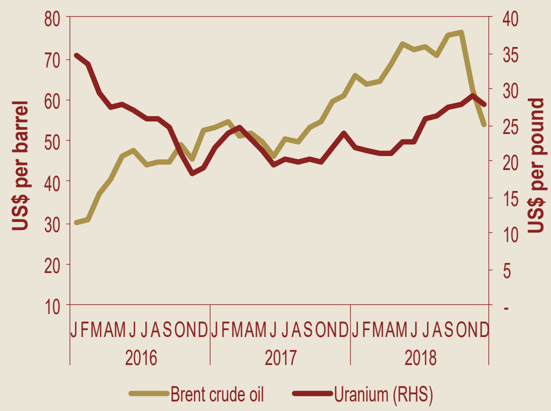
COMMODITY PRICE DEVELOPMENTS AND PROSPECTS

FIGURE C.1 SELECTED COMMODITY PRICES AND PRICE INDICES

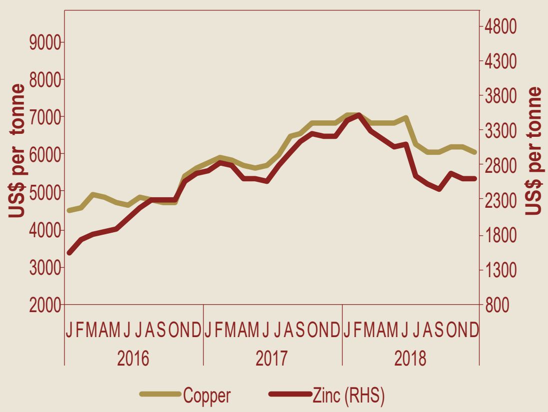
a. The average energy price index increased, while food and metal price indices declined in 2018.



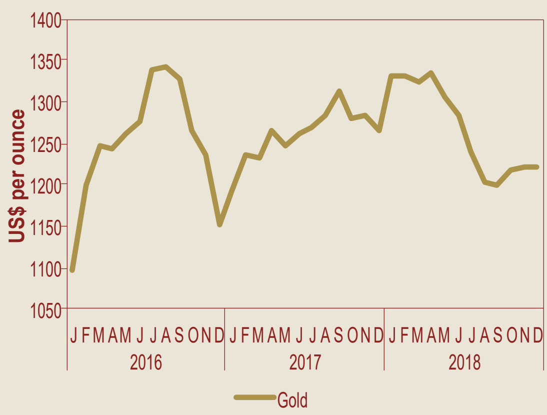
b. Prices of Brent crude oil and uranium increased on average during 2018, compared to 2017.



c. On average the international prices of copper and zinc increased in 2018.



d. The average price of gold increased in 2018 compared to 2017, although it declined in the latter part of 2018 alongside a stronger US Dollar exchange rate.



Source: IMF

C

The average price index of energy increased in 2018, but declined for food and inched lower for metals. While there were significant fluctuations in prices, the annual average World Bank Energy Price Index increased by 28.9 percent to 87.78 index points in 2018 mainly due to strong gains in oil, coal and natural gas. The average level of the metal price index edged lower by 0.9 percent to 97.0 index points in 2018, partly due to lower metals demand from China and trade tensions. In addition, the decline in the FAO food price index by 3.6 percent to 168.30 index points in 2018 was mainly explained by excess supply of most oilseeds and grains. Trade tensions, which affected a range of agricultural prices, also contributed to the decline.

Prices of Brent crude oil and uranium increased on average during 2018, compared to 2017. Brent crude oil prices increased by 28.9 percent to an average of U$68.35 per barrel in 2018 (Figure C.1b). The increase in oil prices can be partly explained by ongoing production reduction in Venezuela and concerns about the level of spare capacity in the Organization of the Petroleum Exporting Countries (OPEC) as well as concerns regarding sanctions imposed on Iran by the US. In the final months of 2018, however, crude oil prices fell back as rising US shale oil production and concerns about the risks to continued global growth changed the supply-demand balance in the market. The spot price of uranium recorded a gain of 12.8 percent to an average of U$24.59 per pound in 2018 on account of reduced global supply. The indefinite extension of the shutdown of one of the largest uranium mines in Canada, McArthur River, was a major cause of the reduced supply. In addition, the reduced production by Kazakhstani producers also contributed to the increase in the price of uranium. Despite the spot price for uranium trending steadily upward, the current price is still not high enough to entice uranium miners to produce or potential miners to explore.

International prices of copper and zinc increased in 2018, due to reduced supply. Copper prices averaged US$6,530 per metric tonne in 2018, compared to US$6,170 per metric tonne in 2017, representing an increase of 5.8 percent (Figure C.1d) boosted by strong demand and environmentally driven reduction in production in China. Similarly, the price of zinc increased marginally by 1.1 percent to an average of US$2,922 per metric tonne in 2018.

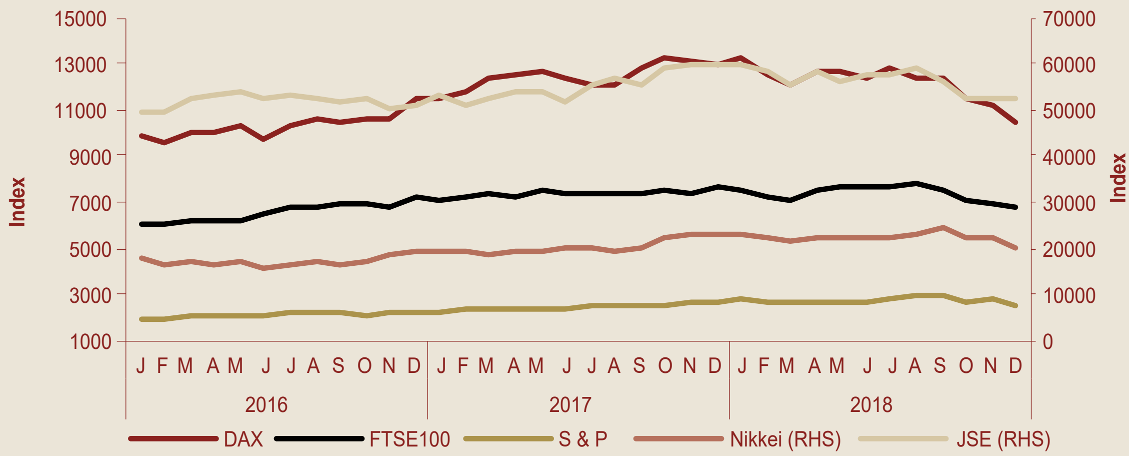
The average price of gold increased slightly in 2018, although the price fell back in the second half of the year. The gold price increased by a marginal 0.7 percent to an average of US$1,270 per ounce in 2018 (Figure C.1d). Geopolitical issues such as the US–China trade war, US–Saudi tensions, and Italy's resistance over changing its budget pushed the gold price to higher levels, particularly in the early part of the year. Later in 2018 the gold price suffered setbacks, partly as a reflection of the strengthening of the US Dollar exchange rate in international markets.

DEVELOPMENTS IN FINANCIAL MARKETS

Share prices in the main international markets recorded losses in 2018 as a reflection of global growth concerns, tighter financial conditions, global policy uncertainty and trade tensions. The Japanese Nikkei lost 12.1 percent to 20,000 index points at the end of 2018. Similarly, the German DAX generated a loss of 19.6 percent to end 2018 at 10,382 index points. Furthermore, South Africa's JSE recorded a loss of 11.4 percent ending at 52,737 index points in 2018. Similarly, the London FTSE100 lost 12.5 percent to reach 6,728 points at the end of 2018. The US Standard & Poor's 500 recorded a loss of 6.2 percent to end 2018 at 2,507 index points. The decline in global equity indices was fuelled by concerns over rising interest rates, a slowdown in global growth, and geopolitical tensions that were partly in the form of ongoing trade wars. In some instances, disappointing corporate earnings also played a part. Accordingly, negative wealth effects were felt in the world economy.

FIGURE C.2 STOCK PRICE INDICES: END OF MONTH

The monitored stock indices generated negative returns in 2018 on the back of increased uncertainty.



Source: Bloomberg

C

WORLD TRADE DEVELOPMENTS

The volume of world trade in goods and services rose further in 2018, but at a slower pace than in 2017. The volume of world trade in goods and services increased by 4.0 percent in 2018 from 5.3 percent in 2017. It is projected to also increase by 4.0 percent in 2019. The slower growth in world trade in 2018 was observed in both AEs and EMDEs, as illustrated in Table C.3.

TABLE C.3 GROWTH IN THE VOLUME OF WORLD TRADE (GOODS AND SERVICES) 2015-2019 (ANNUAL PERCENTAGE CHANGE)

Average growth rates of Export and Import volumes	ACTUAL			2018 (est.)	2019 (proj.)
	2015	2016	2017		
World trade volume (goods and services)	**2.6**	**2.4**	**5.3**	**4.0**	**4.0**
AEs	3.9	2.5	4.3	3.2	3.5
EMDEs	0.4	2.3	7.1	5.4	4.8

Source: IMF WEO Update, January 2019

IMPLICATIONS OF GLOBAL DEVELOPMENTS

Global economic developments are set to have both positive and negative impacts on the Namibian economy. Despite the moderate slowdown in 2018, overall global growth has been fairly steady for several years, to the benefit of most economies, Namibia included. The increase in interest rates in the US in 2018 contributed to the depreciation of EMDE currencies, including the Rand, to which the Namibia Dollar is pegged. The depreciation of the Namibia Dollar against major international currencies is positive for the export sector. This depreciation, coupled with the increase in the price of crude oil, brought about upward pressure on Namibia's inflation. The decline in crude oil prices in the final months of 2018 could reverse the direction of inflation in Namibia. Furthermore, increases in the prices of uranium present positive prospects for Namibia in terms of uranium mining and exports.

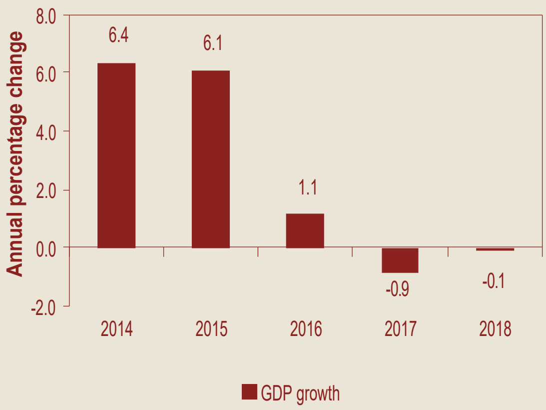
C

DOMESTIC ECONOMIC AND FINANCIAL DEVELOPMENTS

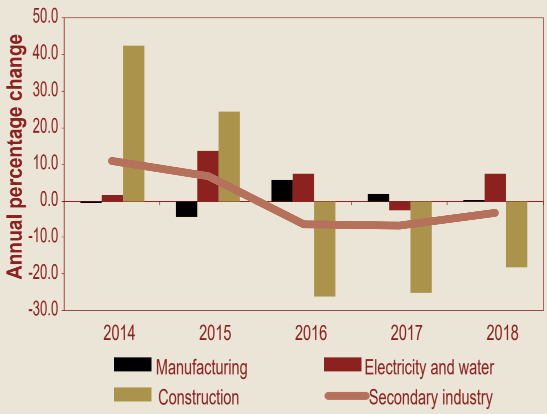
REAL SECTOR DEVELOPMENTS

FIGURE C.3 REAL SECTOR DEVELOPMENTS

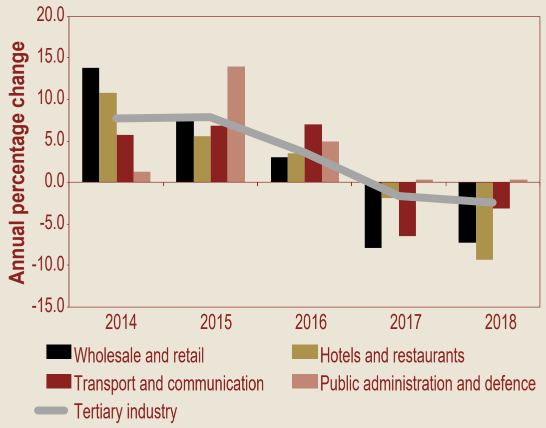
a. The Namibian economy is estimated to have contracted in 2018, although at a slower pace than the contraction registered in 2017 …



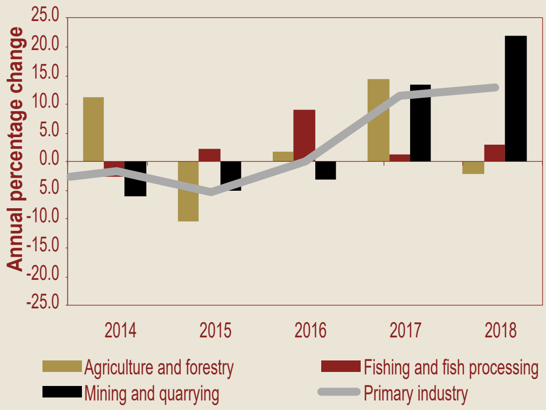
b. … with secondary activity again posting negative growth mainly due to a contraction in the construction sector.



c. Overall tertiary sector activity contracted in 2018, as the wholesale and retail trade and hotels and restaurants sectors continued to face headwinds.



d. Robust growth in the mining sector sustained activity in the primary industry during 2018.



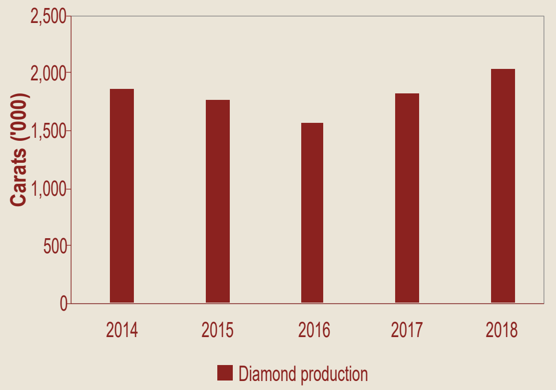
Sources: NSA for 2014 – 2017 figures, BoN 2018 estimates

Namibia's economy remained weak during 2018, mainly due to slow activity in the secondary and tertiary industries, whereas strong mining output growth sustained activity in the primary industry. Real GDP is estimated to have contracted by 0.1 percent in 2018, following a deeper contraction of 0.9 percent recorded during the previous year (Figure C.3a). The contraction was mainly ascribed to declines in the construction, hotels and restaurants, wholesale and retail trade, agriculture, and public sectors. Robust growth in the mining sector sustained the activity in the primary industry during 2018.

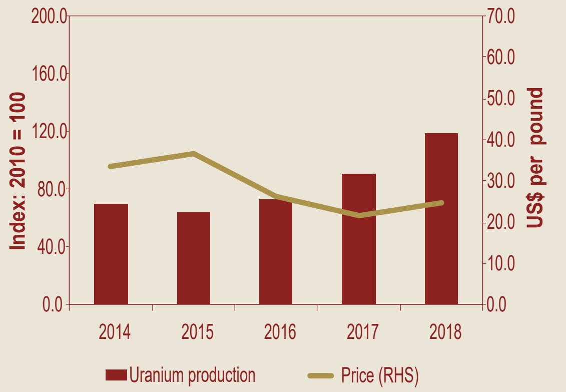
PRIMARY INDUSTRY DEVELOPMENTS

FIGURE C.4 PRIMARY INDUSTRY

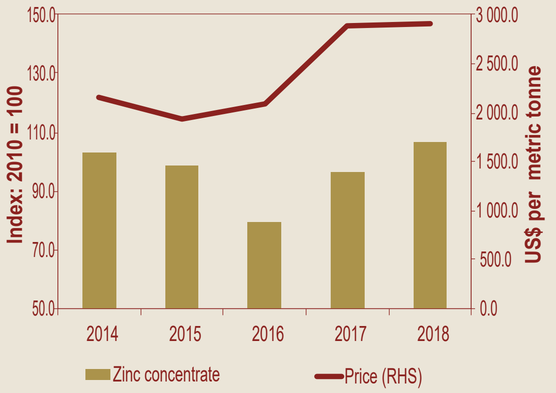
a. The primary industry registered robust growth in 2018, driven in part by an increase in the production of diamonds during the year under review.



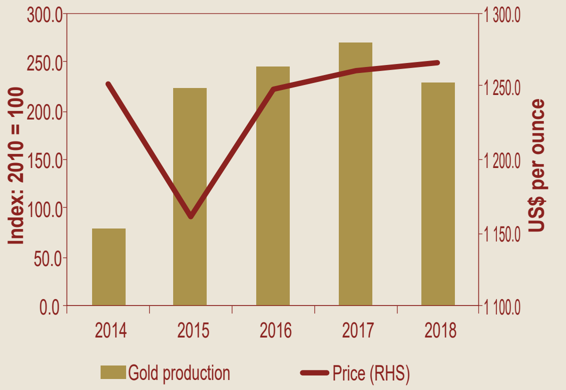
b. Uranium production also rose during 2018 despite low uranium prices, mainly due to an upscale in production by one of the mines.



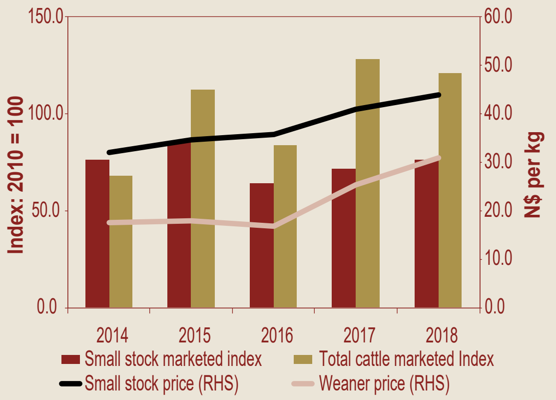
c. Production of zinc concentrate rose during 2018, supporting activity in the primary industries.



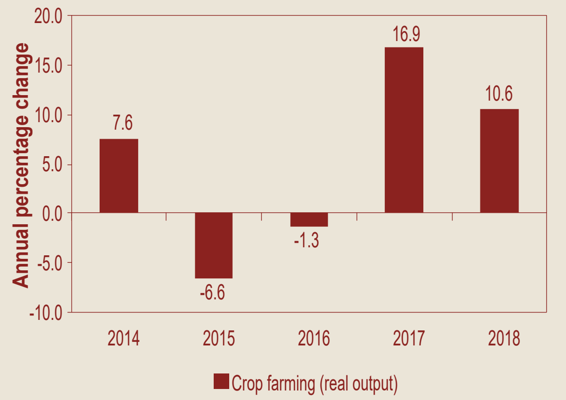
d. Gold production declined during the year under review, however, as a result of a slowdown in mining activity due to the removal of overburden rock coupled with low grade ore mined.



e. Farmers' marketing activity for cattle declined, while that of small stock rose during the year under review.



f. Crop farming output rose at a slow pace during 2018, due to lower rainfall received compared to 2017.



Source: Various companies

C

Mining

Activity in the mining sector improved further during 2018 relative to the previous year, as reflected in increased production of most minerals. The increase in diamond production was due to improved offshore recovery during 2018. Furthermore, production of uranium rose as a result of the scaling-up in production by one of the mines, while that of zinc concentrate rose mainly due to high grade ores mined during the year under review. Meanwhile, production of gold declined during the year under review, mainly as a result of a slowdown in mining activity caused by the need to remove overburden rock.

Diamond mining output increased in 2018 as a result of more diamonds being recovered offshore. Diamond production increased by 11.6 percent to 2,027,766 carats during the year under review, compared to production in 2017 (Figure C.4a). The rise was attributed to more diamonds being mined offshore during the year under review.

Uranium production increased during 2018, mainly as a result of a scale-up in production by one of the uranium mines. Uranium production rose by 30.8 percent to 6,935 tonnes during the year under review, compared to the production in 2017 (Figure C.4b). The increase was largely due to a scale-up in production by one of the mines, coupled with higher grades of ore being mined. Furthermore, international uranium prices rose by 12.8 percent to US$24.59 per pound in 2018, compared to 2017. The increase was mainly attributed to reduced production by Kazakhstani and Canadian producers.

The production of zinc concentrate increased in 2018, mainly due to higher grade ore being mined. Production of zinc concentrate rose by 10.5 percent to 107,568 tonnes during 2018, compared to the production in 2017 (Figure C.4c). This was due to the higher grade ore mined during the year under review. International zinc prices rose by 1.1 percent to an average of US$2,922 per metric tonne during 2018, compared to US$2,891 per metric tonne in 2017. This price increase was held back by a slowdown in demand from China amidst the prevalent trade war.

Gold production declined during 2018 compared to the previous year, mainly as a result of a slowdown in mining activity due to the removal of overburden rock. Production of gold declined by 15.1 percent to 6 173 kilograms during 2018, compared to the production in 2017 (Figure C.4d). The decline was largely due to a slowdown in mining activity by one of the mines as a result of removal of overburden rock, coupled with low grade ore mined during the year under review. Meanwhile, international gold prices rose marginally by 1.0 percent to US$1 269 per ounce during the year under review, compared to an average price of US$1 257 per ounce in 2017.

Agriculture

Agricultural output is estimated to have contracted during 2018, compared to a robust growth rate in 2017. Real value addition in the agricultural and forestry sector is estimated to have declined by 2.2 percent in 2018 from growth of 14.3 percent in 2017. This was also reflected in the decline in livestock farming and slower growth in crop production output during 2018, owing mainly to base effects as well as low rainfall received during the year under review. Real value addition in livestock farming is estimated to have declined by 12.2 percent in 2018, from a growth rate of 12.5 percent in the previous year. This was also reflected in the total number of cattle marketed, which declined by 5.9 percent to 427,017 head of cattle during the period under review (Figure C.4e). The decline was reflected in the number of live weaners exported, as well as in the number of livestock slaughtered for both export and local consumption. This was mainly due to base effects as a result of higher marketing activity a year ago, when very attractive prices were offered particularly by South African feedlots while some farmers were also anticipating a drought. Moreover, the average price of weaners and beef rose by 22.6 percent and 15.7 percent, respectively, to N$30.88 per kilogram and N$40.81 per kilogram during 2018, mainly owing to increased demand. Crop farming and forestry output growth slowed to 10.6 percent during 2018, compared to a higher growth rate of 16.9 percent in 2017.

The total number of small stock marketed rose during 2018. Small stock marketed, which includes sheep and goats, rose by only 6.8 percent to 985,627 during 2018, lower than the growth rate of 11.3 percent registered in 2017 (Figure C.4e). The increase was reflected in the number of small stock exported live as well as the number of small stock slaughtered for local consumption, which rose by 12.8 percent and 13.7 percent, respectively, to 602,029 heads and

169,561 heads during the year under review. This was significantly lower than the growth registered during the previous year, mainly as a result of base effects and low rainfall received during the year under review. The average price of small stock also rose by 7.2 percent to N$43.91 per kilogram during the year under review.

Production of milk rose during 2018, compared to the previous year. Milk production rose by 2.7 percent to 24.0 million litres during the year under review. The rise was due to weather conditions that were conducive to milk production.

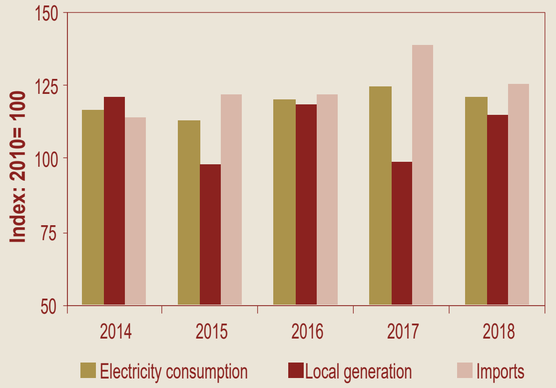
Fishing sector output is estimated to have increased during 2018, compared to the previous year. Real value addition in the fishing sector is estimated to have increased by 3.0 percent during the year under review, compared to moderate growth of 1.3 percent in 2017, mainly due to more pelagic and long line fish species recovered during the year under review.

C

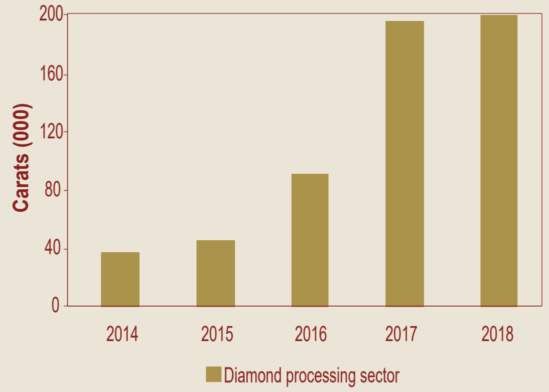
SECONDARY INDUSTRY DEVELOPMENTS

FIGURE C.5 SECONDARY INDUSTRY

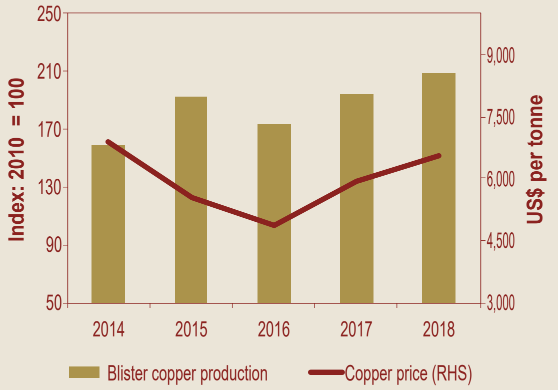
a. Electricity generation rose markedly, owing to increased water inflow at the Ruacana hydro-electric power plant.



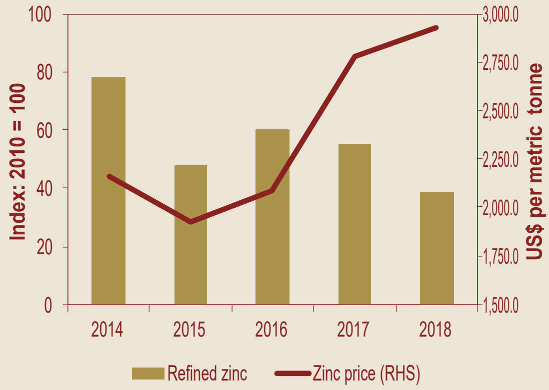
b. Mineral processing also increased, led by the diamond processing sub-sector.



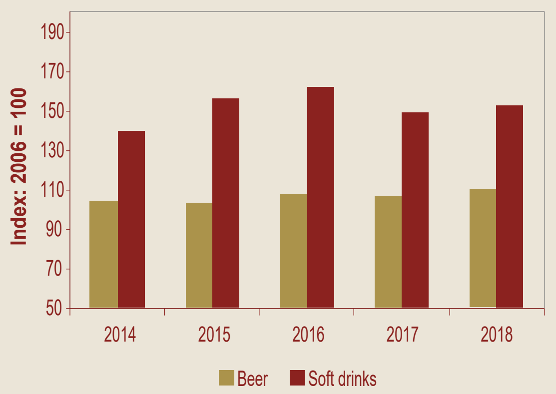
c. Blister copper production also supported the activity in the secondary industry.



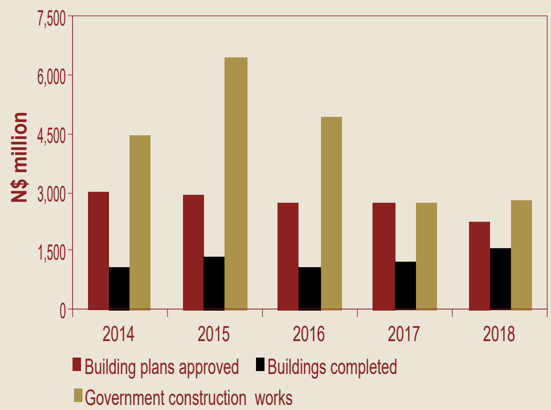
d. However, refined zinc production declined during 2018, due to operational challenges.



e. On the beverage front, both beer and soft drinks production increased during 2018, mainly due to base factors.



f. The real value of both buildings completed and Government construction works also picked up during the year under review, while the real value of building plans approved declined over the same period.



Source: Municipalities, MOF and various companies

Electricity and water

The electricity and water sector recorded stronger growth in 2018 than in 2017. The sector is estimated to have registered a growth rate of 7.5 percent in 2018, compared to a contraction of 2.5 percent in 2017. The growth in 2018 emanated from the electricity subsector, following a rise in locally generated electricity as a result of adequate water inflow at the Ruacana hydroelectricity power plant. The refurbishment of the Van Eck coal power station and commissioning of some additional local solar power generation plants during the period under review also contributed to the increase in electricity generation. Local electricity generation increased by 34.4 percent in 2018, compared to 2017. As a result, imports of electricity decreased by 14.8 percent over the same period (Figure C.5a).

Manufacturing

The manufacturing sector is estimated to have registered slower growth in 2018. The sector is estimated to have recorded growth of 0.2 percent in 2018, compared to growth of 1.9 percent in 2017. The slower growth was mainly attributed to the decline in subsectors such as non-metallic mineral, chemical and related products as well as textiles and wearing apparel. Basic metals also contracted during 2018, reflected mainly in a decline in production of refined zinc. Refined zinc production decreased by 29.5 percent to 58,176 metric tonnes in 2018, compared to 83,537 metric tonnes recorded during 2017. This was mainly ascribed to operational challenges and low-grade ore mined during the period under review. The production of blister copper, however, rose substantially by 15.2 percent in 2018 to 51,750 metric tonnes, compared to the preceding year (Figure C.5c). This was primarily due to enhanced operational efficiency during the period under review. The production of both beer and soft drinks also increased by 8.6 percent and 0.9 percent, respectively, in 2018 (Figure C.5e). The increase was mainly due to base effects, following a significant decline in the production of beverages during 2017 (Figure C.5d).

C

Construction

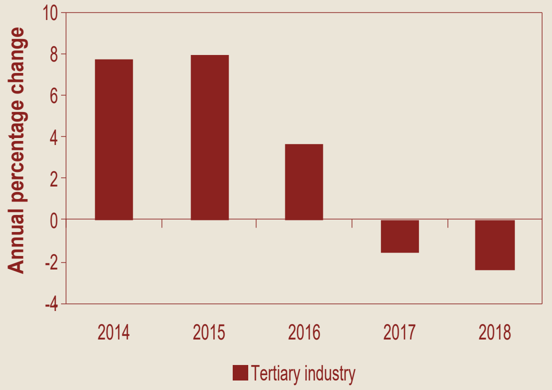
During 2018 the construction sector is estimated to have contracted, although less severely than it did in 2017. Real value added in the construction sector is estimated to have contracted by 18.3 percent in 2018, compared to a deeper contraction of 25.6 percent registered in 2017. The smaller contraction recorded in the sector is partly attributed to the increase in the real value for both buildings completed and Government expenses earmarked for construction activity. In this regard, the real value of buildings completed increased by 19.8 percent in 2018, compared to a decrease of 12.5 percent registered in 2017 (Figure C.5f). Similarly, the real value of the Government's expenses earmarked for construction works increased by 2.5 percent to N$2.8 billion over the same period. The real value of building plans approved, which is a leading indicator for construction activity, however, decreased by 18.5 percent to N$2.2 billion over the review period.

C

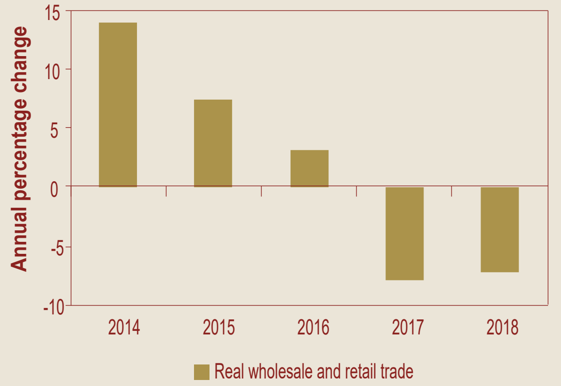
TERTIARY SECTOR DEVELOPMENTS

FIGURE C.6 TERTIARY INDUSTRY

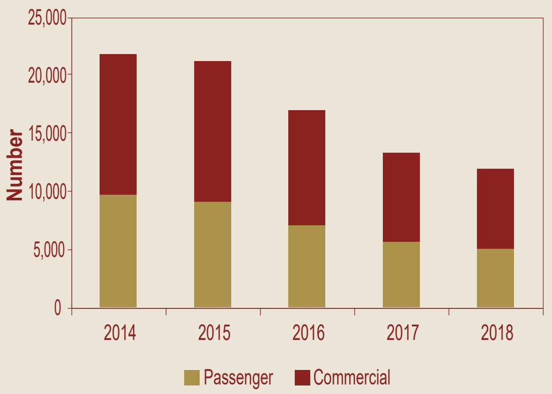
a. The tertiary industry is estimated to have contracted further in 2018…



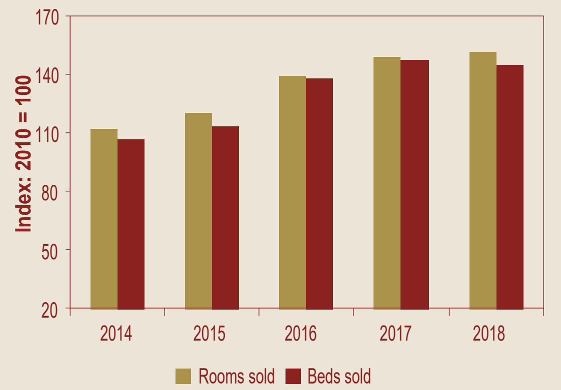
b.… partly driven by the contraction in the wholesale and retail trade.



c. The number of new vehicles sold also declined over the same period, owing to subdued demand.

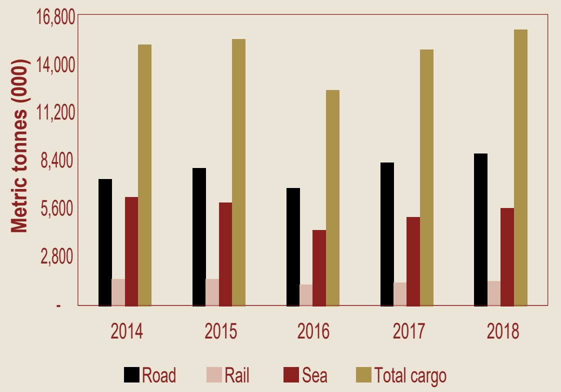


d. Tourism activity was generally also weak during 2018, as reflected in fewer bed nights sold.



e. The number of visitor arrivals, however, increased, mainly driven by international arrivals.

f. In the transport sector, cargo volumes grew noticeably, driven by activity in all the main subsectors.



Source: NSA, NAAMSA, Namport, TransNamib, Road Authority (NaTIS) and other transport operators, Namibia Airports Company and Hospitality Association of Namibia.

Wholesale and retail trade

Wholesale and retail trade sector activity is estimated to have declined in 2018. The real value addition in the wholesale and retail trade sector is estimated to have contracted by 7.2 percent in 2018, thereby displaying less downward momentum than in 2017 when it contracted by 7.9 percent (Figure C.6b). This nevertheless demonstrates continued weak demand due to the slowdown in local economic activity. The real turnover of the wholesale and retail trade sector decreased, year-on-year, by 4.5 percent to N$23.5 billion in 2018. The decrease was reflected in virtually all subsectors, but was more pronounced in the vehicles and furniture subsectors that declined at double-digit rates. The total number of new vehicles sold in 2018 declined substantially, by 10.1 percent compared to 2017 sales, with both commercial and passenger vehicle sales decreasing significantly (Figure C.6c). The decline in sales of new vehicles was in line with a further contraction of instalment credit, coupled with the continued impact of regulations governing credit agreements.

Tourism

The growth of the tourism sector, which is measured by the real value added by hotels and restaurants, remained weak in 2018, as reflected in the lower level of bed nights sold, as well as in lower regional arrivals. The sector is estimated to have contracted by 9.4 percent in 2018, worse than the decline of 1.9 percent in 2017 (Figure C.6e). The contraction was reflected in a decline in the number of bed nights sold (Figure C.6d) and regional arrivals (Figure C.6e). However, international arrivals increased over the same period, which is partly ascribed to the recent substantial increase in the number of airline services to Namibia.

C

Transport and communication

Real value added in the transport and communication sector is estimated to have contracted in 2018, although less severely compared to 2017. The real value added in the transport and communication sector is estimated to have contracted by 3.2 percent in 2018, compared to a deeper contraction of 6.5 percent recorded during 2017. The lower contraction recorded in the sector is partly attributed to the increase in the total cargo volumes. In this respect, total cargo volumes increased by 7.5 percent to 16.1 million metric tonnes in 2018, compared to 2017. This was largely due to the rise in the sea transport cargo by 11.7 percent during the period under review, compared to a decline of 6.2 percent recorded during the previous year. Road and rail transport cargo also registered increases of 5.5 percent and 4.3 percent, respectively, over the same period (Figure C.6f).

Public administration and defence

In line with the ongoing fiscal consolidation efforts, the public administration and defence sector is estimated to have recorded a slow growth during 2018. The real value added in the sector is estimated to have increased by 0.4 percent in 2018, compared to a growth rate of 0.3 percent recorded during the previous year. The slow growth is ascribed to the ongoing fiscal consolidation measures.

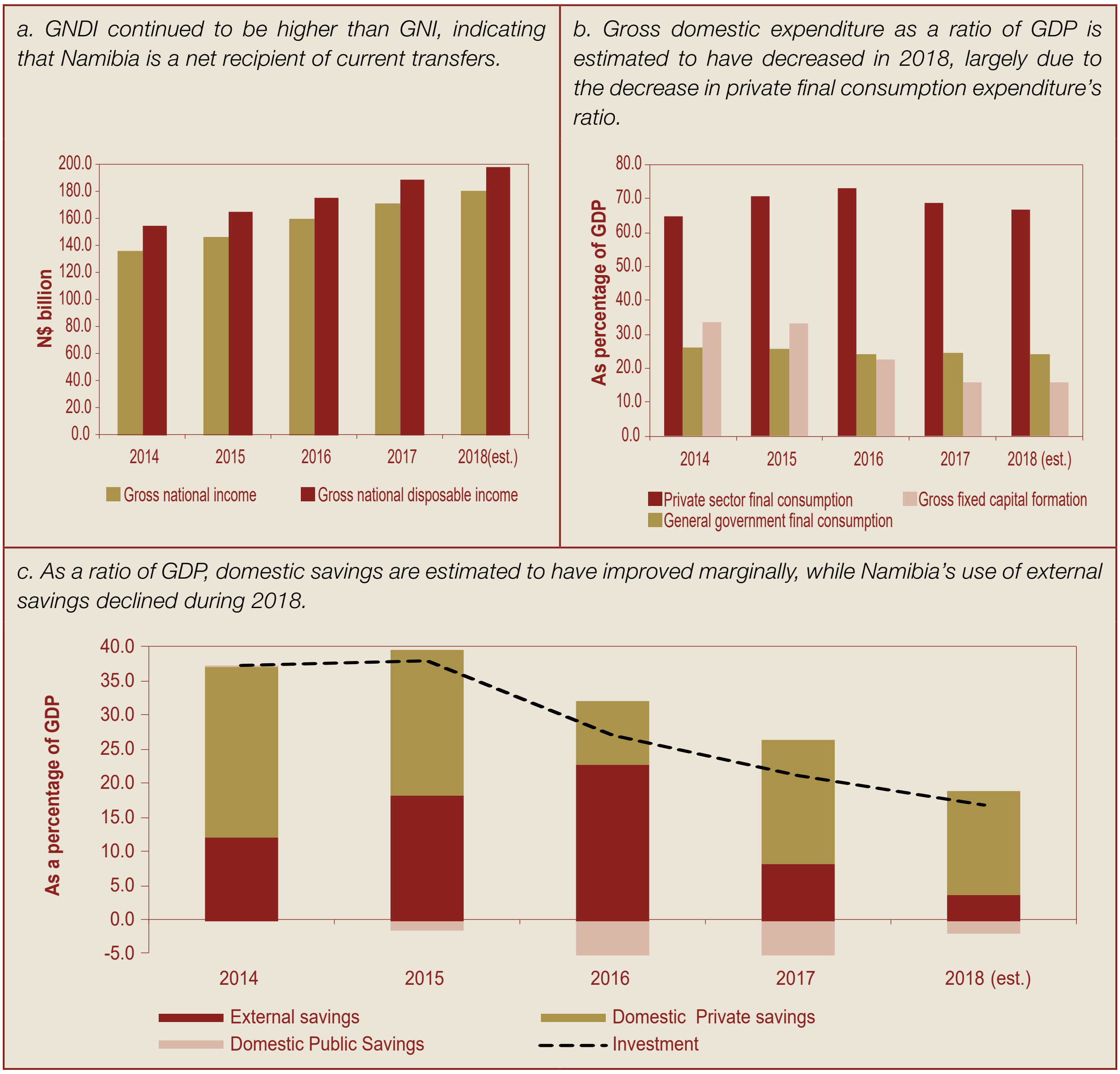
GROSS NATIONAL INCOME AND GROSS NATIONAL DISPOSABLE INCOME

Namibia's gross national income (GNI) and gross national disposable income (GNDI)[21] are estimated to have increased during 2018. GNI at current prices is estimated to have ascended to N$183.8 billion in 2018 from N$173.9 billion in 2017, an increase of 5.7 percent (Figure C.7). Similarly, GNDI is estimated to have increased by 5.1 percent to N$201.7 billion in 2018, from N$192.0 billion in the preceding year. Moreover, GNDI remained higher than GNI in 2018, indicating that Namibians continued to receive more income transfers from the rest of the world than they sent abroad. Over the years 2007 to 2018, GNDI has been higher than the GNI because of net inflows in current transfers, which includes SACU receipts.

21 GNI and GNDI measure total income received by residents. GNI measures total income earned by the factors of production owned by residents, both inside and outside of Namibia, while GNDI measures disposable income of residents plus net income transfers from abroad.

C

FIGURE C.7 GNI, GNDI AND SAVINGS



Source: NSA for 2014 - 2017, Bank of Namibia estimates for 2018

Gross domestic expenditure

Gross domestic expenditure (GDE) as a ratio of GDP is estimated to have declined in 2018, reflecting a notable fall in gross fixed capital formation. GDE at current prices is estimated to have declined to N$134.3 billion in 2018, from N$137.1 billion in the previous year, representing a 2.0 percent decrease. Similarly, in relation to GDP, GDE declined to 123.4 percent in 2018, from 125.8 percent in 2017. This decline was attributed to gross fixed capital formation, which fell to 18.3 percent of GDP in 2018, from 21.3 percent of GDP in 2017 (Figure C.7). On the contrary, final consumption expenditure as a percentage of GDP increased to 105.9 percent of GDP in 2018, from 103.9 percent of GDP in the previous year.

Savings and investment balance

Namibia's total domestic savings as percentage of GDP is estimated to have improved in 2018. Total domestic savings as a ratio of GDP is estimated to have increased to 13.7 percent in 2018, from 13.4 percent in 2017. National savings play a significant role in funding investment, which can in turn stimulate economic growth. The improvement in the overall domestic savings was attributed to a decrease in dissaving by the public sector. Government dissaving as a percentage of GDP declined from 5.2 percent in 2017 to 2.0 percent in 2018 as the Government continued to reduce expenditure (Figure C.7c). Private saving is estimated at 15.6 percent of GDP for 2018, which is still low for a developing economy like Namibia. During 2018, Namibia invested about 17.4 percent of GDP, but only saved 13.7 percent of GDP, leaving a savings-investment gap of 3.8 percent of GDP. This gap was filled by savings from abroad.

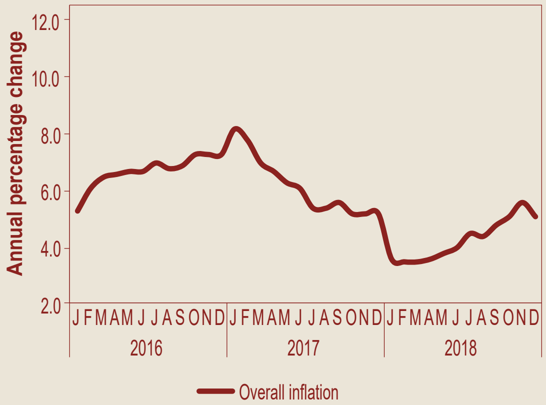
C

C

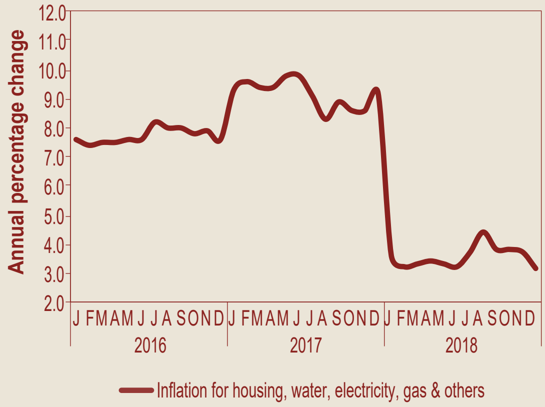
PRICE DEVELOPMENTS[22]

FIGURE C.8 PRICE DEVELOPMENTS

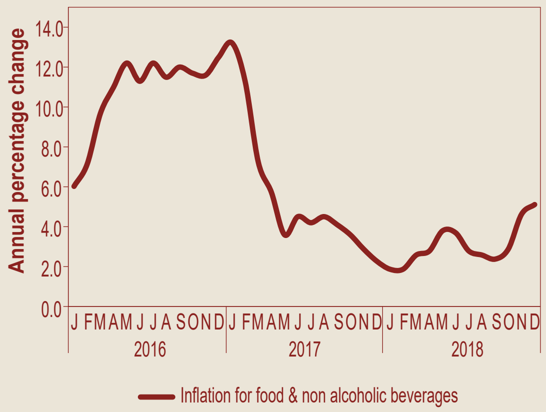
a. Average annual inflation in Namibia was lower in 2018 compared to a year earlier.



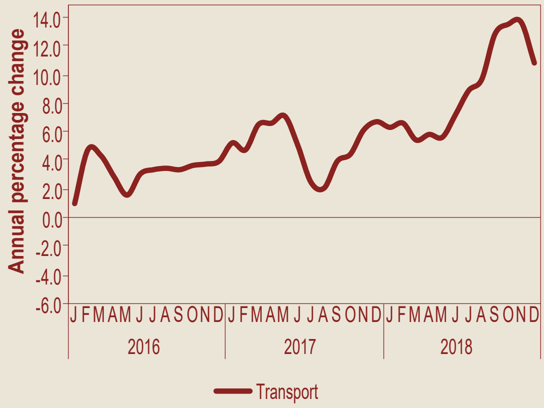
b. The lower inflation was driven by a significant decline in housing inflation …



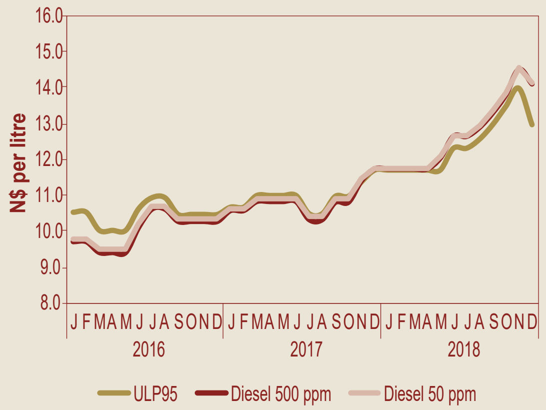
c. … coupled with a slowdown in inflation for food.



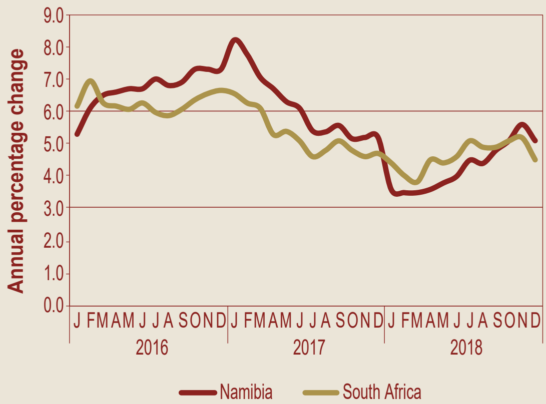
d. Meanwhile, inflation for transport rose during the year under review.



e. Pump prices for petrol and diesel rose during 2018, due to increases in international oil prices and a weaker exchange rate, coupled with an adjustment in Namibia's fuel levy.



f. Namibia's inflation fell below that of South Africa during 2018, in contrast to 2017; however, inflation rates in both countries picked up during the course of 2018.



Source: NSA

22 The analyses in this section are based on the National Consumer Price Index (NCPI) series based on the 2009/2010 Namibia Household Income and Expenditure Survey (NHIES), as released by the NSA in November 2014.

Namibia's overall inflation decelerated in 2018, compared to 2017, mainly due to a sharp decline in the inflation rate for housing. Namibia's average rate of consumer price inflation slowed by 1.9 percentage points to 4.3 percent during the year under review (Figure C.8a). The lower inflation was largely reflected in housing, as well as food and non-alcoholic beverages; however, inflation for transport rose during the year under review. Since April 2018, inflation has been on an upward trajectory, driven mainly by an acceleration in inflation for the transport category, owing to an increase in fuel prices.

Housing inflation declined during 2018, in comparison with the previous year. Inflation for this category slowed by 5.6 percentage points to 3.5 percent during the year under review (Figure C.8b). The slowdown was on account of a decline in most of the sub-categories of housing, particularly the rental payments for dwellings category, which declined significantly by 7.0 percentage points to 2.6 percent. Meanwhile, inflation for the sub-category electricity, gas and other fuels rose by 0.6 percentage point to 7.5 percent.

Annual inflation for food and non-alcoholic beverages declined during the year under review. Inflation for this category decelerated by 2.5 percentage points to 3.2 percent during 2018 (Table C.4). This decline was reflected in most of the subcategories, with the exception of bread and cereals, fruits, and vegetables, which recorded higher inflation; oil and fat inflation remained unchanged during the period under review. Improved rainfall and a somewhat stronger exchange rate contributed to the decline in food inflation during the year under review.

C

TABLE C.4 INFLATION FOR FOOD AND NON-ALCOHOLIC BEVERAGES

Precent, annual averages	2014	2015	2016	2017	2018
ALL ITEMS	**8.3**	**3.4**	**6.7**	**6.2**	**4.3**
FOOD AND NON-ALCOHOLIC BEVERAGES	**8.3**	**5.6**	**10.8**	**5.7**	**3.2**
Food	**8.8**	**5.8**	**11.1**	**5.3**	**3.3**
Bread and cereals	8.2	3.9	13.4	0.5	1.6
Meat	12.4	7.0	5.0	8.9	6.3
Fish	3.3	7.2	14.0	15.4	2.8
Milk, cheese and eggs	11.4	7.6	7.8	4.4	0.7
Oils and fats	4.5	3.2	15.0	2.6	2.6
Fruit	7.4	8.5	15.6	5.2	9.5
Vegetables including potatoes and other tubers	11.5	6.3	15.6	1.3	5.7
Sugar, jam, honey, syrups, chocolate and confectionery	5.3	7.2	13.9	11.8	1.2
Food products n.e.c.[23]	5.4	5.6	10.2	8.6	2.5
Non-alcoholic beverages	**3.2**	**4.2**	**7.4**	**9.3**	**2.4**
Coffee, tea and cocoa	6.3	8.1	15.3	15.0	3.1
Mineral waters, soft drinks and juices	2.5	3.3	5.4	7.8	2.2

Transport inflation rose during the year under review, owing to a rise in international oil prices. Transport inflation rose by 3.8 percentage points to 8.9 percent (Figure C.8d) during the year under review. The rise was reflected in all sub-categories of inflation for transport, but was particularly marked in operation of personal transport equipment, which rose by 4.2 percentage points to 10.1 percent, largely due to an increase in the prices of fuel.

Pump prices for both petrol and diesel rose during 2018, compared to 2017, owing to a rise in international oil prices. Pump prices for petrol, and 500ppm and 50ppm diesel averaged N$12.41,

23 Food products (n.e.c) is a United Nation statistical classification to help clarify individual consumption expenditures incurred by households, non-profit institutions serving households and general government according to their purpose. It includes food items such as spices (pepper, pimento, ginger,etc.), culinary herbs (parsley, rosemary, thyme, etc.), sauces, condiments, seasonings (mustard, mayonnaise, tomato sauce, soy sauce, etc.), vinegar;– prepared baking powders, baker's yeast, dessert preparations, soups, broths, stocks, culinary ingredients, etc.; – homogenised baby food and dietary preparations irrespective of the composition. Furthermore, the classification excludes food items such as milk-bases desserts, soya milk, artificial sugar substitutes and cocoa-based dessert preparation.

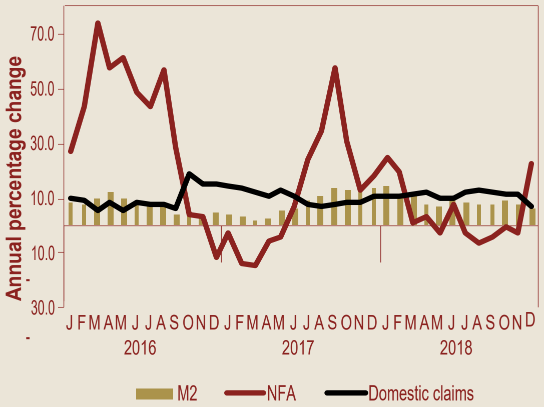
N$12.73 and N$12.78, respectively, per litre during 2018, higher than the corresponding 2017 prices of N$10.95, N$10.82 and N$10.88 (Figure C.8e). This was mainly due to an increase in global oil prices that followed the decision by OPEC to reduce oil output, as well as the depreciation of the local currency against the major trading currencies.

Consumer price inflation in Namibia trended below that in South Africa on average during the year under review. Namibia's average inflation rate was lower than that of South Africa by 0.3 percentage point during 2018 (Figure C.8f). This was primarily due to a significant decline in housing inflation, Namibia's most heavily weighted category. South Africa's inflation decelerated to 4.6 percent during the year under review, lower than the 5.3 percent recorded in 2017. This was reflected in the prices for food and non-alcoholic beverages and housing utilities during the year under review. However, inflation rates in both countries picked up from the second quarter of 2018.

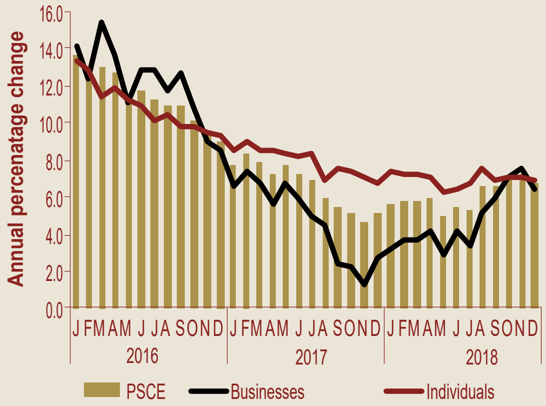
MONETARY AND FINANCIAL MARKET DEVELOPMENTS

FIGURE C.9 MONETARY AND FINANCIAL MARKET DEVELOPMENTS

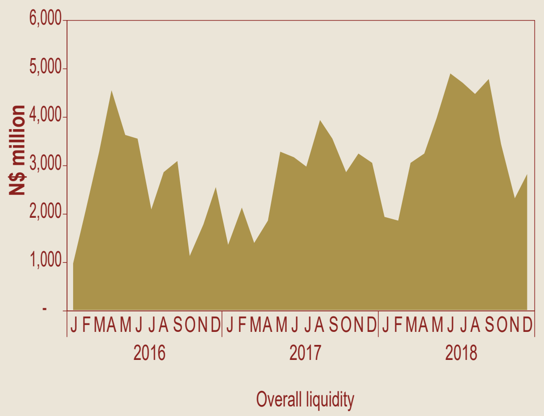
a. The annual growth in broad money supply (M2) slowed during 2018.



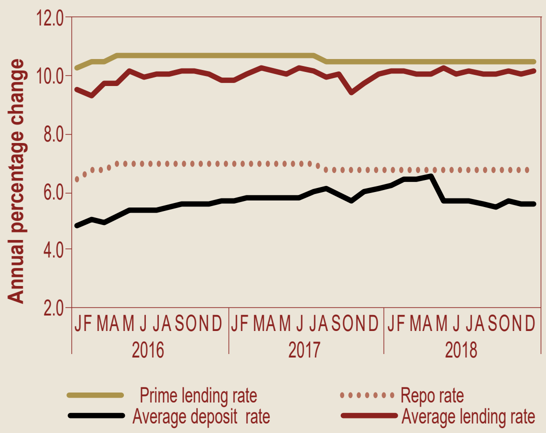
b. Growth in private sector credit extension (PSCE) also slowed on average during 2018, compared to 2017.



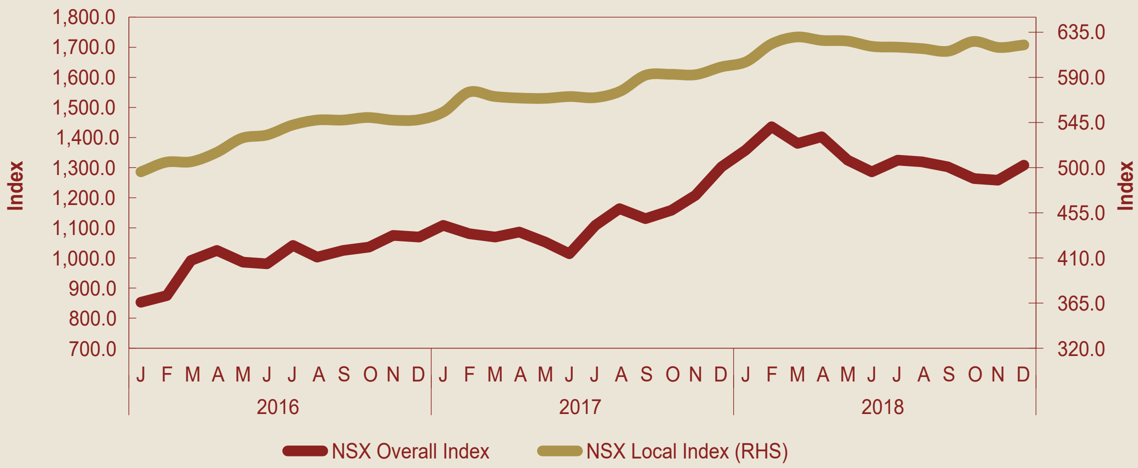
c. The overall liquidity position of the Namibian banking industry increased during 2018 to levels generally well above those of the preceding year.



d. The repo and banks' prime lending rate remained unchanged during 2018, while the other money market rates varied.



e. The overall and local share price indices of the Namibian Stock Exchange rose in 2018, although they retracted some of their earlier gains as the year progressed.



C

C

MONETARY AGGREGATES

During 2018, developments in the monetary and credit aggregates were characterised by a decline in growth in the broad money supply (M2) and subdued growth in credit extended to the private sector. Growth in M2 was subdued in line with the weak growth in the economy in 2018. The slower growth in M2 was from an accounting perspective mainly driven by the subdued growth in total claims to the private sector and was further concentrated in longer-term deposits (i.e. fixed and notice deposits) which declined over the period. A contraction in the currency in circulation during 2018 also contributed to the subdued growth in M2. Domestic demand as reflected in PSCE continued to be depressed in 2018 due to low appetite for credit by both businesses and individuals, in line with the slow pace of economic activity. Nevertheless, especially in the second half of 2018, there were tentative signs of recovery in demand for credit by businesses.

TABLE C.5 MONETARY AND CREDIT AGGREGATES

(N$ million, end of period)	2014	2015	2016	2017	2018
Net Foreign Assets	19,413	29,532	26,201	31,063	37,995
Net Domestic Assets	77,062	83,316	95,879	106,201	113,610
Total Claims on Private Sector	69,067	78,552	85,606	89,902	96,221
of which: claims on individuals	40,772	45,968	50,116	53,506	57,170
: claims on businesses	28,506	32,584	35,490	36,396	39,051
Net claims on Central Government	4,002	-1,608	3,905	9,665	10,555
Claims on Central Government	7,134	10,170	11,815	15,611	19,338
less Government deposits	3,132	11,779	7,909	5,947	8,783
Other Items, net	-22,109	-30,913	-36,130	-39,187	-47,253
Broad Money	74,366	81,934	85,949	98,078	104,353
(Change during period, N$ million)					
Net Foreign Assets	-1,329	10,119	-3,331	4,862	6,932
Net Domestic Assets	23,866	6,254	12,563	10,322	7,409
Total Claims on Private Sector	17,397	9,274	7,054	4,296	6,318
of which: claims on individuals	9,530	5,196	4,148	3,390	3,663
: claims on businesses	7,867	4,078	2,906	906	2,655
Net claims on Central Government	5,308	-5,611	5,513	5,760	890
Claims on Central Government	309	3,036	1,644	3,797	3,727
less Government deposits	-4,999	8,647	-3,870	-1,963	2,837
Other Items, net	-9,344	-8,804)	-5,217	-3057	-8,066
Broad Money	13,224	7,569	4,015	12,127	6,275
(Annual percentage growth rates)					
Net Foreign Assets	-6.4	52.1	-11.3	18.6	22.3
Total Claims on Private Sector	33.5	13.4	9.0	5.0	7.0
of which: claims on individuals	30.5	12.7	9.0	6.8	6.8
: claims on businesses	38.1	14.3	8.9	2.6	7.3
Broad Money	21.6	10.2	4.9	14.1	6.4

MONEY SUPPLY

The annual growth in M2 slowed in 2018, compared to 2017. M2 growth slowed to 6.4 percent at the end of 2018 from 14.1 percent at the end of 2017 (Figure C.9a). This slowdown was consistent with the weak economy and decline in inflation, dampening the transactions demand for money. In terms of accounting counterparts, the slower growth in M2 was largely underpinned by a marked slowdown in net claims on Central Government in 2018, as Government deposits rose significantly. By contrast, net foreign assets rose at a somewhat firmer pace in 2018 than the year before as reflected in Table C.5. In terms of maturity composition of M2, growth in longer-term deposits, the largest component of M2, slowed significantly to 1.2 percent at the end of 2018, from a growth rate of 15.7 percent in 2017. This was reflected in the decline in longer-term deposit holdings of individuals and non-banking financial institutions during 2018. On the other hand, the annual growth in narrow money (M1) rose, due to a sharp increase in transferable deposits (i.e. short-term deposits), whereas currency in circulation trended downwards during the year under review. Transferable deposits rose by 17.0 percent year-on-year to reach N$48.5 billion at the end of 2018. Currency in circulation, the most liquid form of money, contracted by 4.9 percent over the year to the end of 2018, from positive growth of 7.4 percent in 2017. The negative growth in currency in circulation can partly be explained by generally weaker demand due to the slowdown in economic activity, alongside changing payment habits.

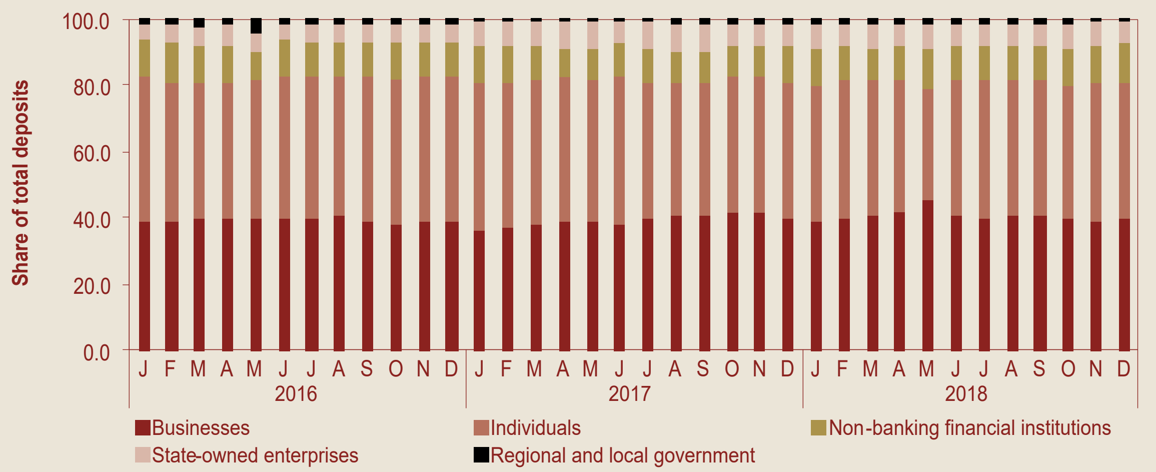
C

SOURCES OF FUNDS OF OTHER DEPOSITORY CORPORATIONS

Total deposits with other depository corporations (ODCs) rose in 2018, driven by increased deposit holdings of individuals and state-owned enterprises. At the end of 2018, total deposit holdings of individuals and businesses accounted for 41.7 percent and 39.3 percent of total deposits, respectively. The remaining 19.0 percent stemmed from non-banking financial institutions, regional and local governments and state-owned enterprises. In the previous year, deposits of individuals and businesses accounted for 41.2 percent and 39.8 percent, respectively (Figure C.10).

FIGURE C.10 SOURCES OF FUNDS OF ODCS

Individuals remained the main source of funds for the ODCs in 2018.



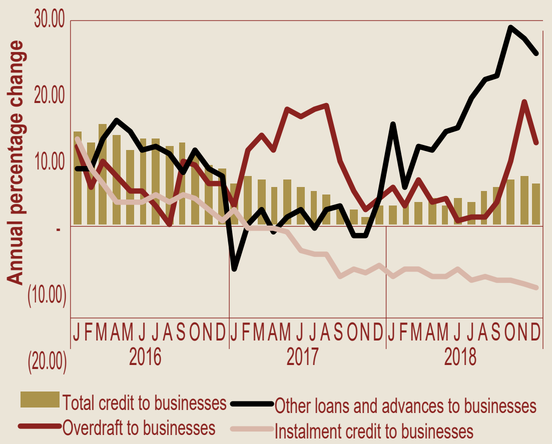
EXTENSION OF BANK CREDIT TO THE PRIVATE SECTOR

Growth in total credit extended to the private sector declined on average during 2018; nonetheless, there was a slight uptick in the last few months of the year. On an annual basis, growth in PSCE slowed to 6.1 percent, on average, during the 12 months of 2018, from 6.6 percent recorded during the same period in 2017, and much lower than the 11.4 percent in 2016. The slower growth in PSCE stemmed from a lower uptake of credit from both the business and individual sectors, specifically in the form of instalment and mortgage credit during the year under review. The subdued growth in PSCE is further in line with the generally sluggish growth within the economy. However, in the last three months of 2018, growth in PSCE edged higher and ended the year at 7.3 percent, thereby exceeding the 5.1 percent registered at the end of 2017.

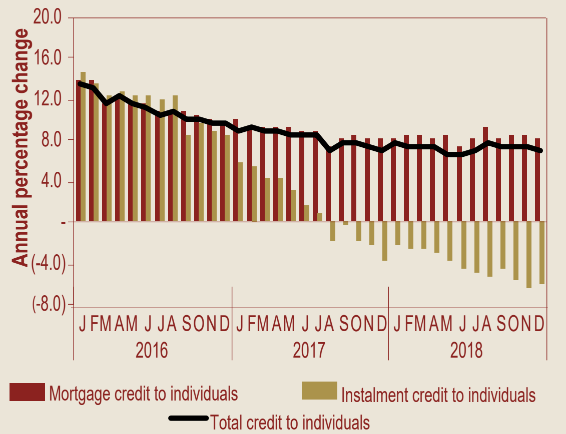
C

FIGURE C.11 CREDIT DEVELOPMENTS

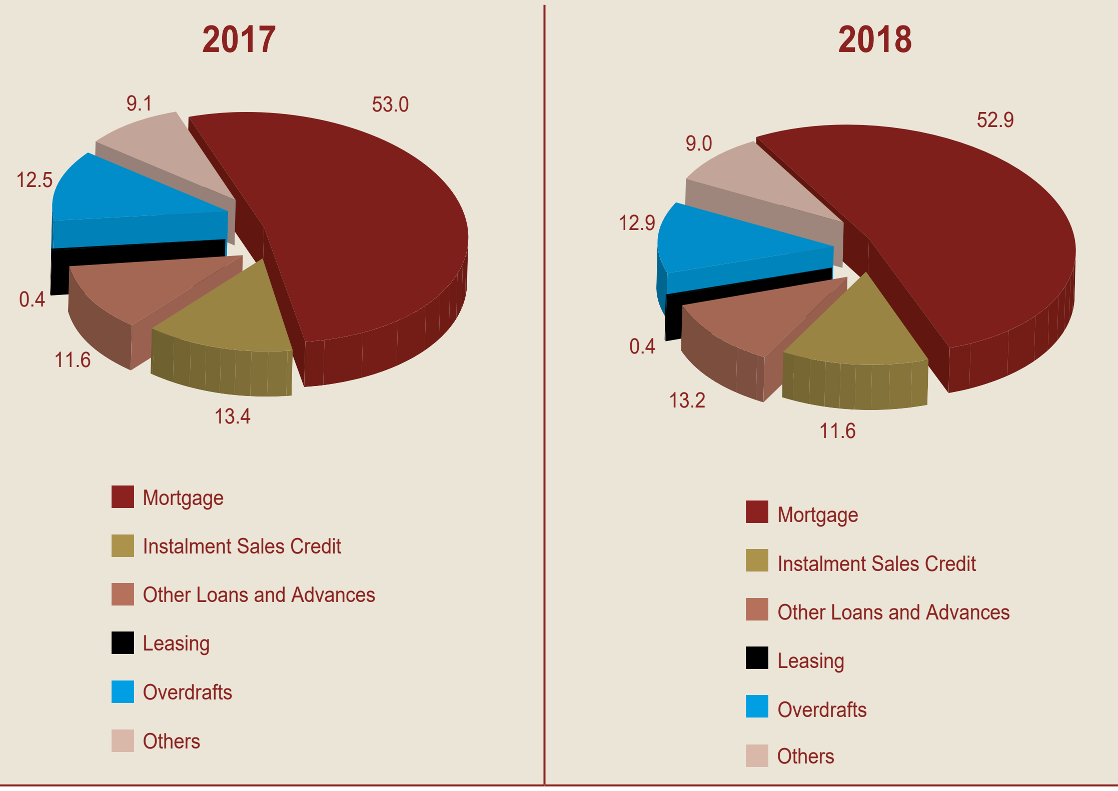
a. Growth in credit extended to corporations on average was stable in 2018 when compared to the preceding year; however, overdraft credit and other loans and advances rose significantly as the year progressed …



b. … whereas the pace of growth in total credit extended to individuals slowed on average during 2018 and remained fairly stable in the final months of 2018.



c. Mortgage loans continued to be the main contributor to total PSCE in 2018, followed by other loans and advances and overdrafts.



Growth in total credit extended to businesses on average remained stable in 2018, but trended upwards as the year progressed. The annual growth in total credit extended to businesses stood at 4.8 percent on average during 2018, the same rate as a year earlier (Figure C.11a). The growth observed in credit extended to businesses was reflected mainly in the instalment, mortgage and overdraft credit categories. The stronger growth in credit extended to businesses as the year progressed was mainly a result of increases in the category of other loans and advances[24] due to an uptake of commercial loans by businesses in the construction, mining, fishing, manufacturing and tourism sectors.

24 The category other loans and advances is comprised of personal/commercial loans and credit card advances and in terms of methodological compilation its different from the category other loans and advances under Section D of this report.

Growth in total credit extended to individuals slowed during 2018, underpinned by a decline in all credit categories. On an annual basis, average growth in total credit extended to individuals slowed to 7.0 percent during 2018, compared to 7.9 percent in 2017 and 10.9 percent in 2016. The slower growth in credit extended to individuals was more evident in category instalment credit, in which growth went into the negative territory from mid-2017. The contraction in instalment credit was due to a lower uptake of credit and major repayments made during 2018. This could partly be due to the effects of more stringent requirements of the Credit Agreement Amendment Act (No. 3 of 2016). The growth in the other loans and advances, and mortgage credit categories also slowed, on average to 16.6 percent and 8.0 percent, respectively, in 2018, from growth of 17.4 percent and 8.5 percent during 2017 (Figure C.11b).

In 2018, mortgage credit continued to account for more than half of the total credit extended to the private sector. Mortgage credit remained the largest contributor to total PSCE, representing 52.9 percent of the total, followed by other loans and advances and overdrafts in the second and third places, with contributions of 13.2 percent and 12.9 percent, respectively. Instalment sales, leasing and others contributed 11.6 percent, 0.4 percent and 9.0 percent over the same period, respectively (Figure C.11c).

OTHER/NON-BANK FINANCIAL CORPORATIONS

In 2018 the total assets of Other/Non-Bank Financial Corporations (OFCs) rose on an annual basis. The total asset value of OFCs stood at N$176.9 billion at the end of 2018, representing an increase of 11.4 percent when compared to 2017. The increase primarily stemmed from pension fund contributions received and higher insurance premiums collected, coupled with a reasonable market performance experienced during the period under review. In terms of absolute size, the pension funds continued to dominate the OFC sector with N$96.5 billion of net equity of households, while N$22.0 billion was net equity of households in life assurance at the end of 2018 (Table C.6).

C

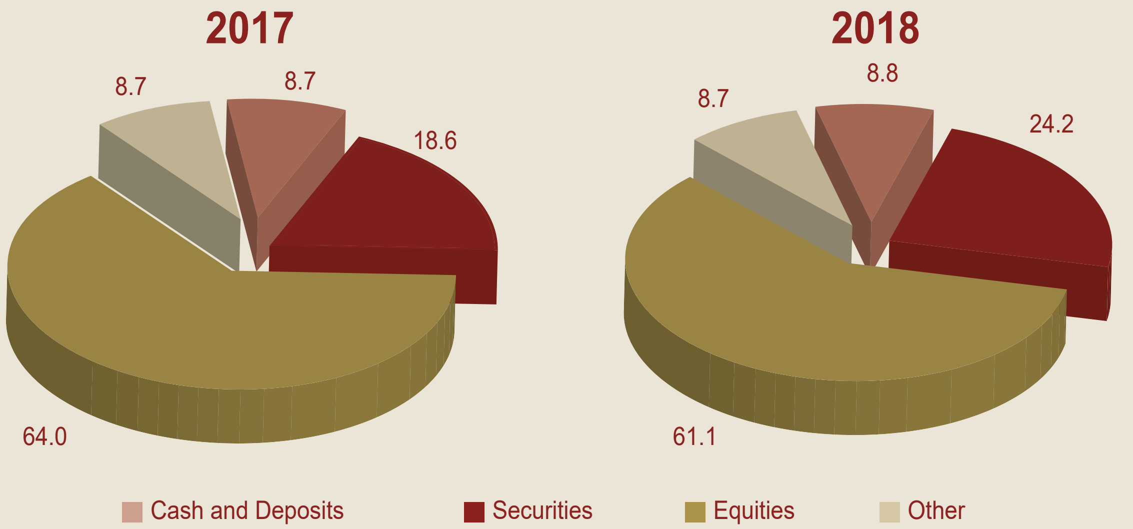
TABLE C.6 KEY FINANCIAL AGGREGATES

(N$ million, end of period)	2016	2017	2018
1. Central bank survey			
Central bank total asset value	28,654	30,381	34,337
Net foreign assets	24,027	26,122	28,114
Claims on other sectors	43.4	46.2	62.8
2. Other depository corporations			
Other depository corporations total asset value	142,487	159,011	175,743
Net foreign assets	2,173	4,942	9,881
Claims on Other Sectors	91,931	96,490	102,056
of which: individuals	50,073	53,460	57,107
businesses	35,489	36,396	39,051
3. Depository corporations survey (1+2)			
Depository corporations total asset value	171,141	189,392	210,080
Net foreign assets	26,201	31,063	37,995
Net domestic assets	95,879	106,201	113,610
of which: claims on individuals	50,116	53,506	57,170
claims on businesses	35,490	36,396	39,051
Broad money supply	85,949	98,078	104,353
4. Other financial corporations survey			
Other financial corporations total asset value	149,907	158,754	176,926
Net foreign assets	75,235	81,625	93,834
Claims on other sectors	23,156	23,629	24,089
Insurance and technical reserves	123,393	126,021	130,561
5. Financial corporations survey (3+4)			
Financial corporations total asset value	321,048	348,146	387,004
Net foreign assets	101,436	112,688	131,829
Net domestic assets	127,618	138,212	148,460
Insurance technical reserves	123,393	126,021	130,561
Net equity of households in life insurance	18,650	20,452	21,975
Net equity of households in pension funds	94,821	95,261	96,463
Prepayments of premiums	9,923	10,308	12,123

The net foreign assets of OFCs rose on an annual basis at the end of 2018. Net foreign assets of OFCs stood at N$93.8 billion at the end 2018, far higher than the N$37.9 billion of the depository corporations (Table C.6). This brought the total net foreign assets for the Financial Corporations Survey to N$131.8 billion at the end of 2018, a further indication of the significance of the non-banking financial institutions in the Namibian financial sector.

FIGURE C.12 ASSET HOLDINGS OF NON-BANK FINANCIAL INSTITUTIONS AT 31 DECEMBER

With regards to asset allocation, equities remained the most preferred asset class in which OFCs funds were channelled during 2018.



With regards to asset allocation, equities remained the most preferred asset class in which OFC funds were channelled during 2018. Figure C.12 shows that almost two thirds of OFC funds were placed into equities, which is commensurate with the long-term nature of pension funds particularly, followed by interest-bearing securities with a share of 24.2 percent. Equities normally provide higher long-term growth despite being highly volatile and are therefore a preferred investment instrument for OFCs. These were followed by cash and deposits and other[25] assets with shares of 8.8 percent and 8.7 percent, respectively.

BANKING SYSTEM LIQUIDITY

The year 2018 recorded the highest levels of liquidity in three years, in the Namibian banking industry. The liquidity of the domestic banking sector averaged N$3.5 billion during 2018, notably higher than the average balance of N$2.7 billion seen in 2017 (Figure C.9c). Higher diamond sales proceeds in some of the months as well as the gradual compliance with recent adjustments to Regulation 28 were some of the factors that contributed to the elevated market liquidity levels in 2018. Higher liquidity levels were observed as from March 2018 throughout to October 2018. As such, the highest monthly average liquidity position observed during the year was N$4.8 billion in September 2018, while the lowest was N$1.9 billion during February 2018.

MONEY MARKET DEVELOPMENTS

Money market rates declined during 2018, in accordance with developments in the market's liquidity levels. In this regard, the average interbank market call rate declined from 7.05 percent in 2017 to an average of 6.74 percent during 2018. Similarly, the average overnight Windhoek Interbank Agreed Rate (WIBAR) dropped marginally to an average of 6.27 percent in 2018 from the 6.29 percent seen in 2017, while the average three-month WIBAR declined by 25 basis points to 7.53 percent in 2018. Meanwhile, the 6 months, 9 months and 12 months WIBAR averaged 7.88 percent, 8.12 percent, and 8.34 percent, respectively. The decline in the money market rates reflects the improvement in market liquidity levels observed during the year under review, in comparison to the levels seen in the preceding year.

25 The category "other" is comprised of non-financial assets, loans, receivables and financial derivatives.

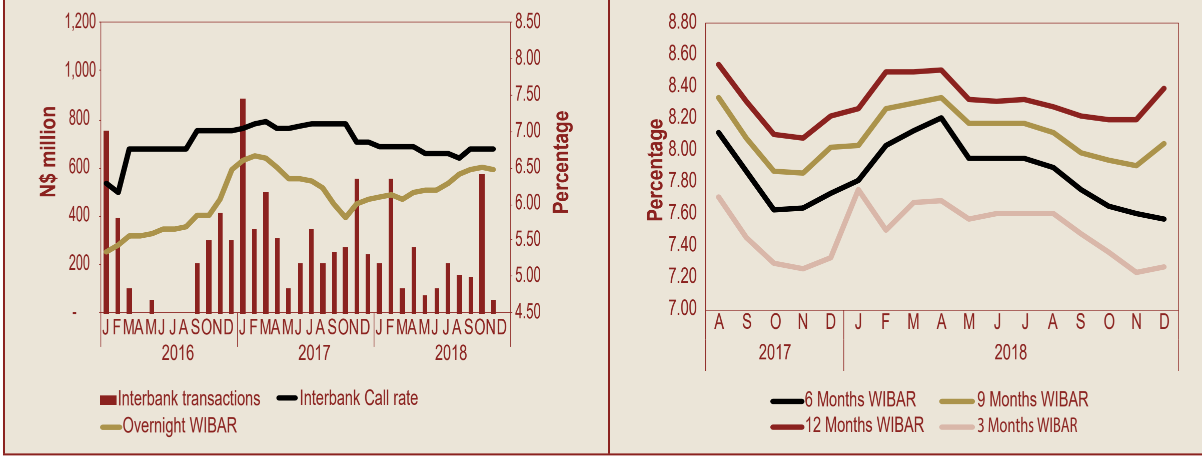
INTERBANK MARKET ACTIVITY

In line with the high banking industry liquidity levels, the value of transactions in the interbank market dropped during 2018 relative to the levels observed in 2017. As indicated in Figure C.13, the local interbank market traded funds amounting to N$2.4 billion during 2018, substantially lower than the total of N$4.2 billion observed during the preceding year. The highest monthly amount traded in the interbank market was N$570 million, recorded in October 2018. At the other end of the scale, no interbank transactions were reported in December 2018.

FIGURE C.13 INTERBANK TRADING ACTIVITIES AND THE WIBAR

a. Interbank transactions dropped during 2018, relative to 2017.

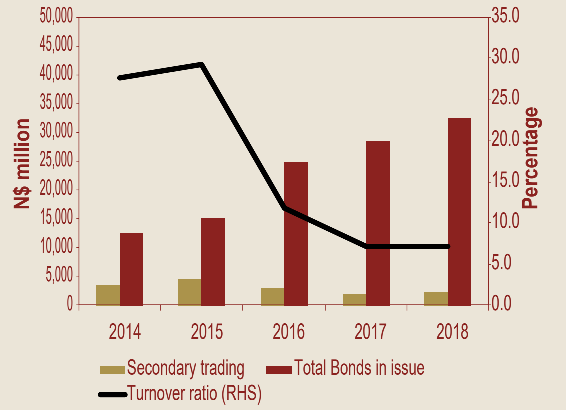
b. Money market rates also declined during 2018 in comparison with 2017.



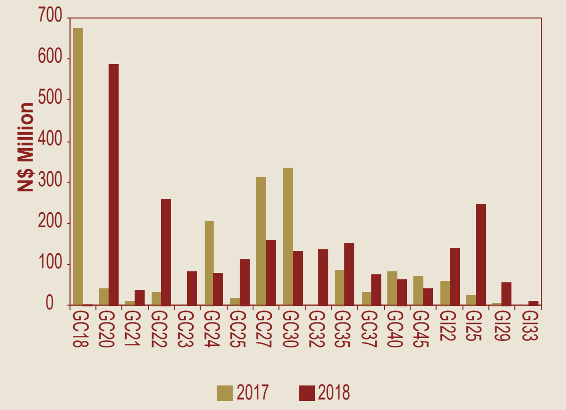
BOND MARKET DEVELOPMENTS

FIGURE C.14 BOND MARKET DEVELOPMENTS

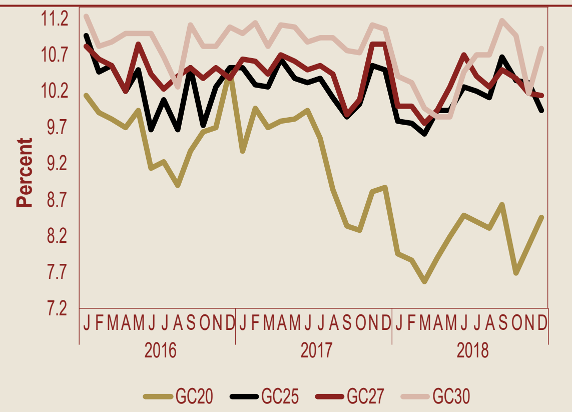
a. The trading of Government bonds in the secondary market improved during 2018 compared to the preceding year



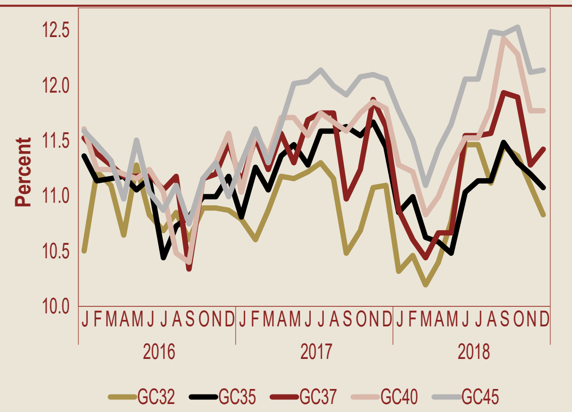
b. The GC20, GC22 and the GI25 were the most traded bonds in 2018.



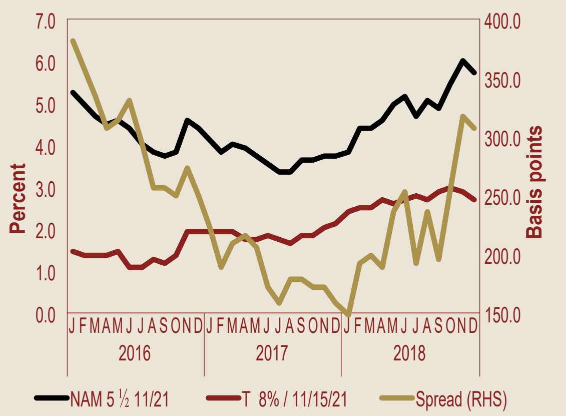
c. On average, yields on shorter- and medium-term Government bonds declined during 2018, in contrast to the previous year.



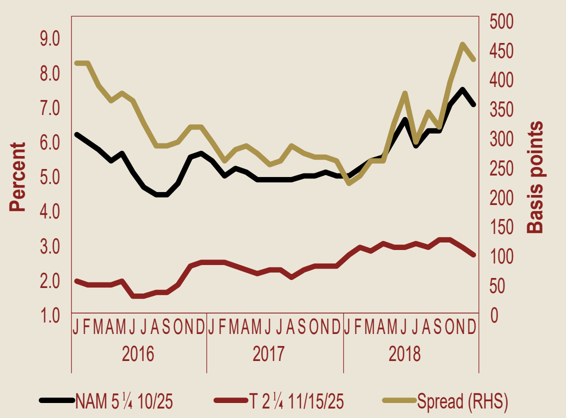
d. Yields on longer-dated Government bonds picked up from April 2018, before dropping towards the end of the year.



e. The spread between the Namibian 2021 Eurobond and the US benchmark (T 8% / 11/15/21)[26] widened during 2018.



f. Also, the spread between the Namibian 2025 Eurobond and the US benchmark (T 2 ¼ 11/15/25)[27] increased during 2018.



C

26 US fixed rate (8%) Treasury bond, maturing on 15 November 2021.

27 US fixed rate (2.25%) Treasury bond, maturing on 15 November 2025.

Government bonds

In line with the 2018/19 fiscal year financing requirements, the value of outstanding domestic Government bonds increased during 2018. The outstanding amount of domestic Government bonds increased from N$28.4 billion at the end of 2017 to N$32.7 billion by the end of December 2018 (Table C.7). Of this amount, 86 percent is denominated in fixed-rate bonds, while the remaining 14 percent is in inflation-linked bonds. As the amount of domestic bonds increased, the Government continued to adopt measures to broaden the domestic yield curve. In this regard, the Government introduced an additional inflation-linked bond (the GI33) in 2018, maturing in 2033, as well as a shorter-term fixed-rate bond (the GC23), coming due in 2023. This brings the total number of outstanding domestic Government bonds to 17, inclusive of the four inflation-linked bonds.

Central Government bonds and Treasury Bills

TABLE C.7 DOMESTIC BONDS

Bonds	Coupon rate	Coupon Dates	Maturity Date	Outstanding Amount (N$)- 31 December 2018
Fixed rate bonds				**28,024,750,000**
GC20	8.25	15 April, 15 October	15-Apr-20	3,052,850,000
GC21	7.75	15 April, 15 October	15-Oct-21	1,424,240,000
GC22	8.75	15 January, 15 July	15-Jan-22	2,830,290,000
GC23	8.85	15 April, 15 October	15-Oct-23	597,550,000
GC24	10.50	15 April, 15 October	15-Oct-24	3,524,000,000
GC25	8.50	15 April, 15 October	15-Apr-25	3,321,440,000
GC27	8.00	15 January, 15 July	15-Jan-27	2,797,370,000
GC30	8.00	15 January, 15 July	15-Jan-30	2,362,810,000
GC32	9.00	15 April, 15 October	15-Apr-32	1,970,030,000
GC35	9.50	15 January, 15 July	15-Jul-35	1,667,340,000
GC37	9.50	15 January, 15 July	15-Jul-37	1,419,760,000
GC40	9.80	15 April, 15 October	15-Oct-40	1,768,440,000
GC45	9.85	15 January, 15 July	15-Jul-45	1,288,630,000
Inflation Linked Bonds				**4,677,960,000**
GI22	3.55	15 April, 15 October	15-Oct-22	2,195,330,000
GI25	3.80	15 April, 15 October	15-Jul-25	1,857,710,000
GI29	3.80	15 January, 15 July	15-Jan-29	521,520,000
GI33	4.50	15 April, 15 October	15-Apr-33	103,400,000
Total Domestic bonds				**32,702,710,000**

Secondary market activities

The trading of Government bonds in the secondary market improved during 2018, in comparison to 2017. As depicted in Figure C.14a, Government bonds worth about N$2.4 billion were traded on the secondary market during the year under review, an increase of 20 percent over the total of N$2.0 billion registered in 2017. The increase in secondary market trades is ascribed to higher liquidity levels and increased competition at primary auctions observed during 2018. The increased trading activity in the secondary market also reflects the organic growth of the domestic bond market during the period under review. As a result, the turnover ratio remained at 7.25 percent in 2018. The most traded bonds were the GC20, GC22 and the GI25, accounting for 25.0 percent, 11.0 percent and 10.4 percent of total trades, respectively. The matured GC18 and the newly introduced inflation-linked bond, the GI33, recorded the lowest levels of trading activity, at less than N$1.0 million and N$10.4 million, respectively (Figure C.14b).

GC18 redemption

On 15 July 2018, the Government successfully redeemed the GC18. This occurred after the last switch auction that took place in February 2018. The GC18 was introduced in the market on 15 July 2008, accumulating a total outstanding amount of N$3.6 billion by March 2016. Since then, the bond was put off-the-run and the Government commenced with its switch auction programme in July 2017. This is a strategy aimed at inducing holders of the GC18 to switch their holdings to longer-dated bonds. At the end of the last switch auction, the GC18 had reduced to an outstanding balance of N$630.7 million. The Government utilised funds from the Internal Registered Stock (IRS) Redemption Account and successfully redeemed the GC18 on 15 July 2018.

Government bond yields

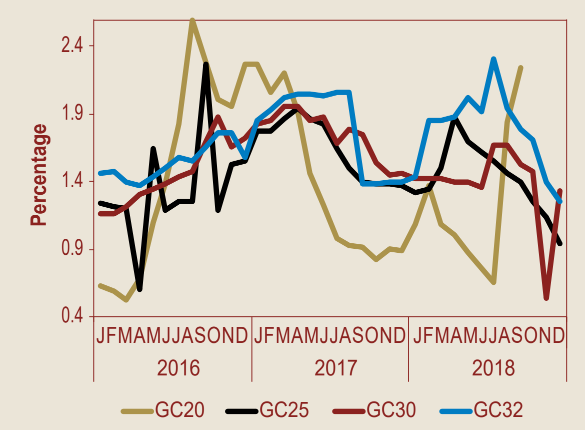
On average, yields on Government bonds dropped during 2018, in comparison to the yields observed in 2017. In this regard, the GC20, the shortest bond on the yield curve, recorded the largest average yield drop of 114 basis points, while the average yield on the GC22 declined by 93 basis points. The yields on the medium-term bonds (GC25, GC27 and GC30) declined on average by a maximum of 52 basis points. Similarly, yields on the longer-dated bonds (GC32, GC37, GC40 and GC45) decreased by an average of 15 basis points (Figure C.14c). The movements in bond yields mimic domestic market conditions such as the observed increase in the demand for Government debt securities, coupled with similar developments in the corresponding South African benchmark bonds.

Yield spreads

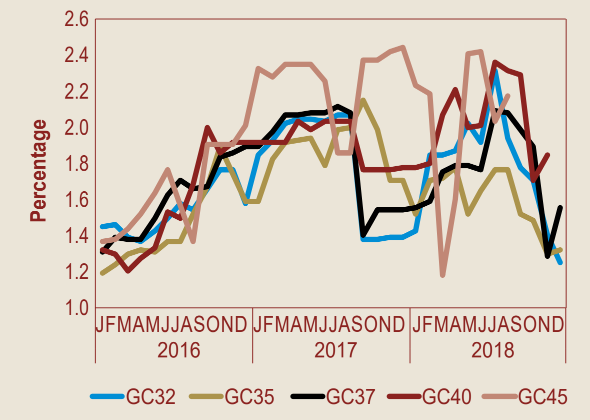
The difference between the yields on the South African and Namibian government bonds narrowed during 2018. The spread on the GC20 against the R207 averaged 113 basis points, dropping from an average spread of 165 basis points in 2017. During their months of issuance, the yield spreads on the GC22 and GC23 averaged 121 and 112 basis points, respectively. Meanwhile, the medium-term bonds – the GC25, the GC27 and the GC30 – recorded average spreads of 143 basis points,157 basis points and 138 basis points, respectively. A similar trend was observed on the GC32, the GC35 and the GC37, whose spreads dropped by a range of 2 basis points to 10 basis points. On the far end of the yield curve, however, the spreads on the GC40 and the GC45 increased a little, by less than 10 basis points each, to averages of 202 basis points and 216 basis points, respectively. The narrowing spreads for domestic bonds reflect the improved demand for government bonds relative to the previous years, coupled with the macroeconomic conditions in South Africa.

FIGURE C.15 SPREADS BETWEEN NAMIBIAN GOVERNMENT BONDS AND SOUTH AFRICAN BENCHMARK BONDS

a. On average, yield spreads between the short-to-medium term Government bonds and their respective South African (SA) benchmarks narrowed during 2018.



b. Longer term bonds also recorded declines in yield spreads against their corresponding SA benchmarks.



Corporate bonds

The value of corporate bonds outstanding increased during 2018. The stock of bonds issued by Namibian corporates on the Namibian Stock Exchange (NSX) increased from N$7.8 billion in 2017 to N$9.2 billion in 2018. The increase stemmed from the new bonds issued by state-owned enterprises (SOEs) and commercial banks. With respect to the commercial banks, Bank Windhoek recorded the largest net issuance of N$439.1 million, followed closely by Standard Bank, with a net bond issue of N$437.0 million. Nedbank also issued two bonds with face values of N$50 million each. With regard to SOEs, the DBN issued a N$500.0 million bond during the year under review. Of the N$9.2 billion outstanding corporate bonds, N$7.2 billion were issued by commercial banks, N$1.7 billion by SOEs, and N$308.7 million by non-bank corporates. A total of N$1.5 billion, mainly comprised of commercial banks' bonds, matured during 2018.

The domestic bond market continues to be highly dominated by Government bond issues. Corporate bonds, as a proportion of total bonds outstanding in the market during 2018, stood at 15.8 percent. This represents an increase from the 12.4 percent observed in 2017.

Namibian Eurobonds

In line with the US monetary policy stance, yields on the Namibian Eurobonds increased during 2018. In this regard, the yield on Namibia's 2021 Eurobond increased from an average of 3.7 percent in 2017 to an average of 4.9 percent in 2018. The spread between the Eurobond and its US benchmark widened during 2018, averaging 225 basis points, compared to an average spread of 185 basis points observed during 2017 (Figure C.14e).

The Namibian 2025 Eurobond also recorded a yield rise during 2018. At the end of December 2017, the yield on the Namibian 2025 Eurobond stood at 4.9 percent. It has followed an upward trend since then, closing off at 7.2 percent in 2018. Similarly, its spread to the US benchmark bond recorded an average of 323 basis points, up from the average spread of 267 basis points seen in 2017 (Figure C.14f). As stated above, yield movements on the Namibian Eurobonds during 2018 were influenced by the interest rate developments in the US as well as changing market sentiment towards emerging market issuers. The Federal Reserve raised its policy rate four times in 2018, with the last meeting in December hiking the policy rate to a range of 2.0 percent to 2.25 percent.

TABLE C.8 EUROBONDS

Bonds	Coupon rate	Coupon Dates	Maturity Date	Outstanding Amount (USD) - December 2018
Eurobond1	5.5	03 May, 03 November	3-Nov-21	500,000,000
Eurobond2	5.25	29 April, 29 October	29-Oct-25	750,000,000
Total				**1,250,000,000**

Namibia's JSE-listed bonds

Yields on the Namibian JSE-listed bonds declined during 2018 relative to the levels seen in 2017. The movements in the yields were in line with those of their respective South African benchmark bonds. In particular, the yield on the NAM01 declined to an average of 9.59 percent from an average of 10.12 percent recorded in the previous year. Also, the NAM02 tracked the same trend, recording an average yield of 8.79 percent; 57 basis points lower than the yield observed in 2017. Finally, the average yields on the NAM03 and NAM04 declined slightly, by margins of 18 basis points and 11 basis points, respectively.

The spreads between the JSE-listed bonds and their respective benchmarks narrowed during 2018. In this regard, the spread on the NAM01 and the NAM02 averaged 157 basis points and 127 basis points in 2018, lower than the average spreads of 196 basis points and 155 basis points in 2017, respectively. Similarly, the spread on the NAM03 decreased from 165 basis points in 2017 to 160 basis points in 2018, while that on the NAM04 remained relatively unchanged, at 180 basis points. The narrower spreads indicate some improvement in the liquidity of the Namibian bonds

As was the case in 2017, no additional funds were raised on the JSE during 2018. As a result, the outstanding balances on the NAM01, NAM02, NAM03 and NAM04 remained unchanged at N$1.6 billion, N$840 million, N$157 million and N$335 million, respectively (Figure C.16).

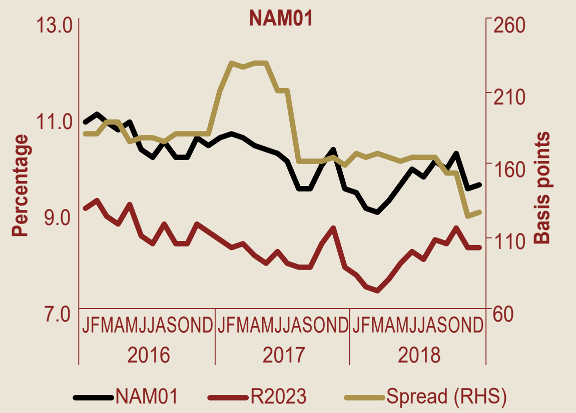
C

TABLE C.9 JSE (ZAR) BONDS

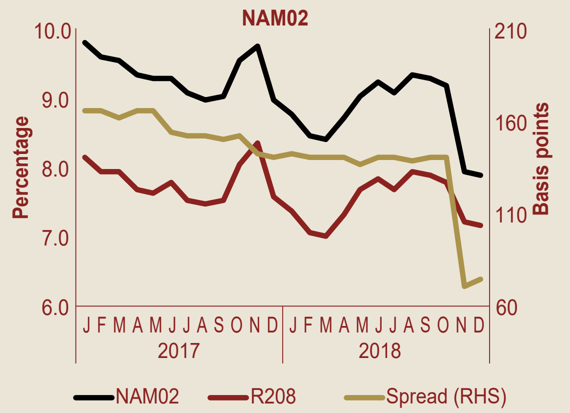
Bonds	Coupon rate	Coupon Dates	Maturity Date	Outstanding Amount (ZAR) - December 2018
JSE (NAM01)	8.26	19 May, 19 November	19-Nov-22	1,560,000,000
JSE (NAM02)	9.6	29 June, 29 December	29-Jun-20	840,000,000
JSE (NAM03)	10.06	01 February, 01 August	1-Aug-23	157,000,000
JSE (NAM04)	10.51	01 February, 01 August	1-Aug-26	335,000,000
Total				**2,892,000,000**

FIGURE C.16 JSE BONDS PERFORMANCE

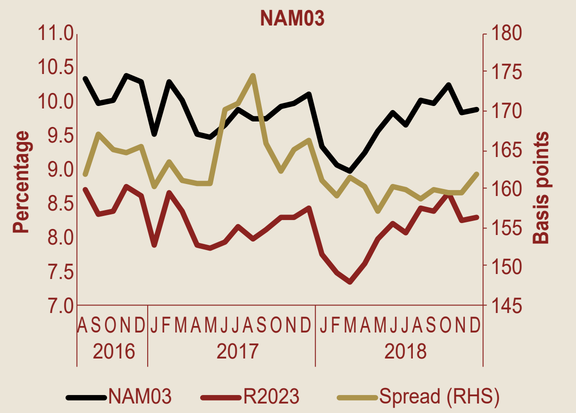
a. The spread between the NAM01 and the R2023 JSE-listed bond dropped by an average of 40 basis points …



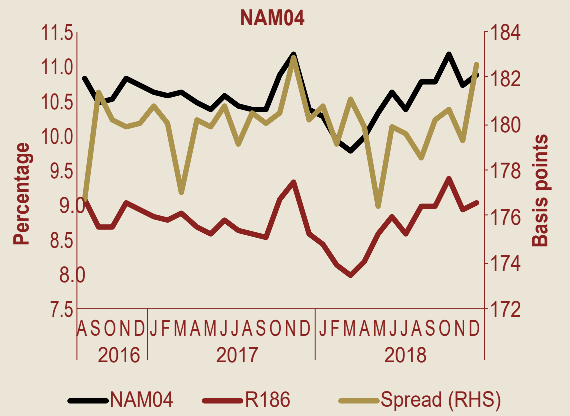
b. …while the spread on the NAM02 against the R208 declined by 27 basis points.



c. Similarly, the spread between the NAM03 and the R2023 narrowed by 5 basis points …



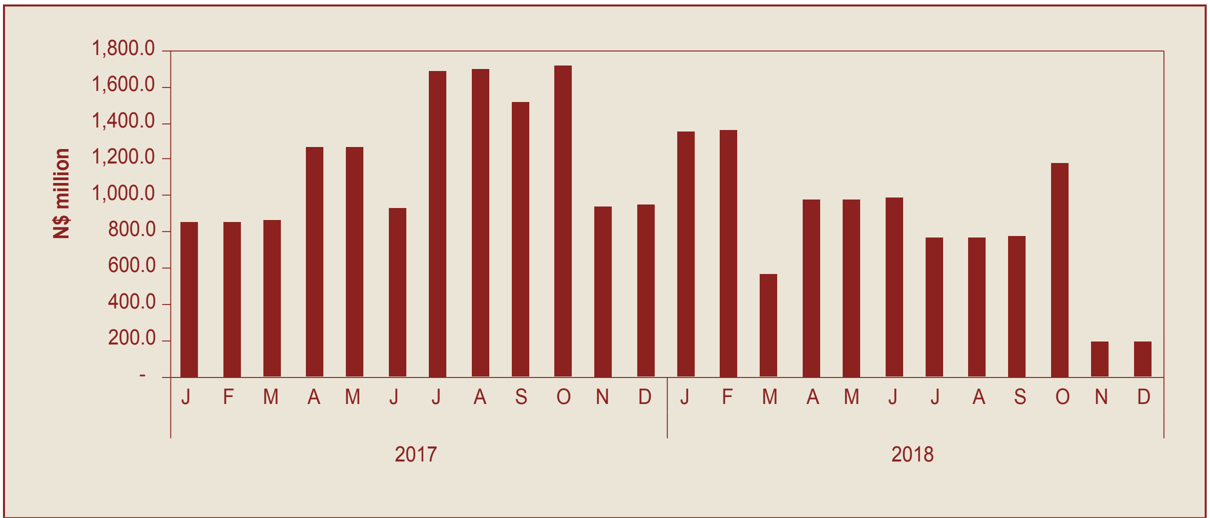
d. … whereas the NAM04 recorded the lowest spread decline of less than a basis point against the R186



Internal registered stock redemption account

The balance on the Internal Registered Stock (IRS) Redemption Account decreased during 2018. In this regard, the Government made both cash injections into and withdrawals from the said account during 2018, including a withdrawal of N$630.7 million for the redemption of the GC18 on 15 July 2018. Other cash withdrawals were intended to support efficient cash flow management for the Government. The IRS Redemption Account nonetheless closed off with N$198.8 million in December (Figure C.17). Given the number of domestic bonds that will be maturing within the next few years, it is important for the Government to maintain a healthy balance on the IRS account. The Government will continue to replenish the IRS account in order to ensure smooth redemptions of the maturing bonds.

FIGURE C.17 INTERNAL REGISTERED STOCK REDEMPTION ACCOUNT



C

Sovereign credit ratings

Moody's Investors Services affirmed Namibia's credit rating status of Ba1 (with a negative outlook) on 23 August 2018. The highlighted areas of concern include a rapid rise in public debt, the economy's external vulnerabilities stemming from persistent current account deficits, and relatively low international reserves. Moody's further explained that the sovereign is also susceptible to a further tightening of domestic funding conditions, should fiscal challenges persist. The agency nonetheless assured that the outlook could return to stable if, among others, the Government demonstrates its commitment to fiscal consolidation. This could decelerate the accumulation of debt and eventually reduce the level of public debt.

On 3 August 2018, Fitch Ratings affirmed Namibia's long-term foreign currency credit rating at sub-investment grade (BB+) and kept its outlook at stable. This assessment is based on the Government's stated commitment to stabilise debt and fiscal reforms, as well as signs of a modest economic recovery. However, Fitch raised several issues of concern that could lead to a further downgrade. These include the prevailing high income inequality in the country, the increasing rate of unemployment, the high Government wage bill, the country's dependence on SACU receipts, and the increasing levels of household debt.

The Government committed itself to continuously implementing the instituted corrective measures to manage the macro risks identified by the rating agencies. In this regard, the 2018/19 Mid-year Budget Review released in October 2018 put forward several fiscal reform measures, some of which were introduced during the past fiscal year. The measures are aimed at ensuring that public finances are well managed and ultimately that debt levels are maintained on a sustainable path. The Budget Review commits to maintaining the gradual fiscal consolidation policy stance over the next MTEF. This is on top of added incentives aimed at growth friendliness, and increased allocative efficiency achieved by reallocating resources to more productive areas and addressing bottlenecks in public procurement. The Government also plans to leverage private capital for enhanced infrastructure development, and to improve domestic revenue through improved tax collection measures to partially compensate for losses in SACU revenue.

C

TABLE C.10 NSX SUMMARY STATISTICS

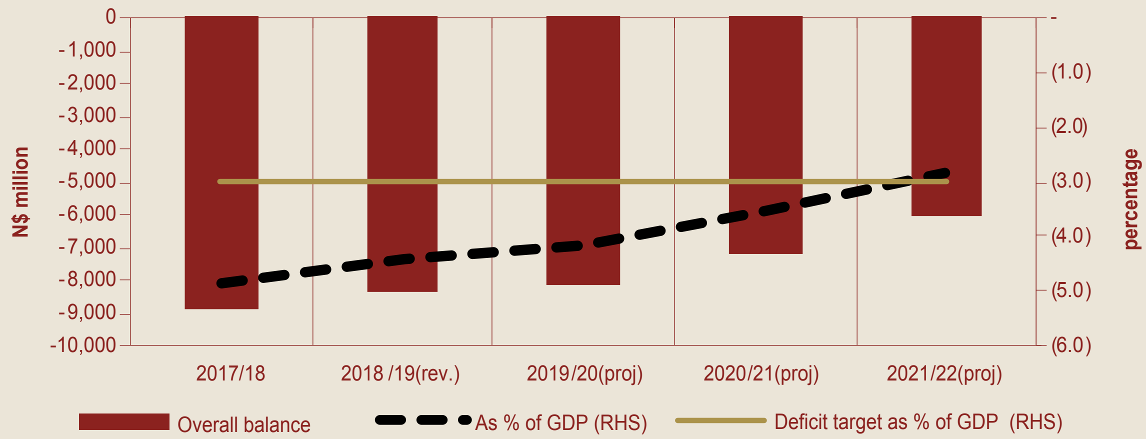
Category	2017	2018	Percentage change
Overall			
Index (end of year)	1,206	1,308	8.3
Market capitalisation (N$ million) (end of year)	2,049,928	1,965,664	(4.1)
Free-float market capitalisation (N$ million) (end of year)	1,423,380	1,238,615	(13.0)
Volume traded ('000)	218,240	183,209	(16.1)
Value traded (N$ million)	13,644	11,949	(12.4)
Number of deals	4,345	4,921	13.3
Number of new listings	2	1	(50.0)
Local			
Index (end of year)	591	621	5.1
Market capitalisation (N$ million) (end of year)	36,018	35,406	(1.7)
Volume traded ('000)	49,829	34,589	(30.6)
Value traded (N$ '000)	852,991	886,134	3.9
Number of deals	1,130	1,031	(8.8)
Number of new listings	1	-	(100.0)

The value of the NSX trades declined in 2018, driven by lower volumes of shares traded. The value traded on the NSX declined to N$11.9 billion in 2018 from N$13.6 billion over the previous year due to a decline in the volume traded. The market capitalisation of the Overall Index declined over the year to N$1.97 trillion at the end of 2018, compared to N$2.05 trillion at the end of 2017. During 2018, there were two de-listings (Giyani Gold and Old Mutual Plc) which were effected on 2 January and 29 June, respectively. The only new listing was Old Mutual Ltd, which came on board on 25 June 2018. However, the NSX Overall Index and Local Index rose during 2018 compared to 2017. The Overall Index rose by 8.3 percent to 1 307.76 index points at the end of 2018. The increase in the Overall Index was driven by a rise in share prices of shares in the consumer goods and basic materials sectors. Similarly, the Local Index also rose to close at 621.48 index points at the end of 2018. This represents an increase of 5.1 percent over the previous year (Table C.10).

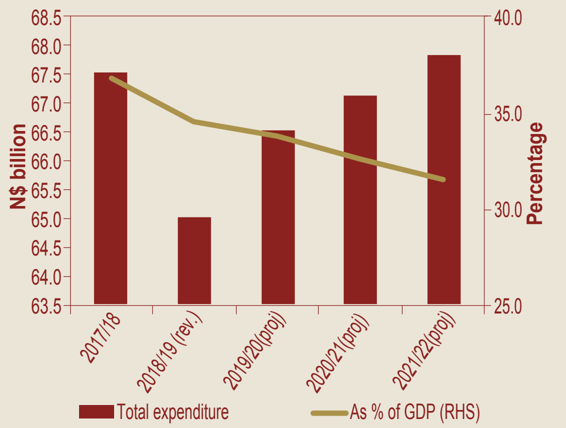
PUBLIC FINANCE

FIGURE C.18 PUBLIC FINANCE

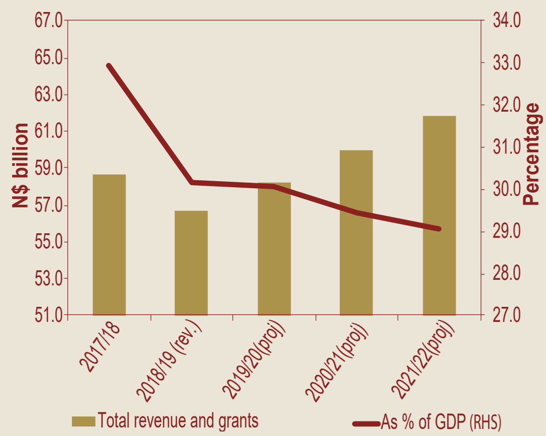
a. The Central Government deficit is estimated to decline during the Fiscal Year (FY) 2018/19, compared to the preceding fiscal year, and to decline further over the Medium Term Expenditure Framework (MTEF) period.



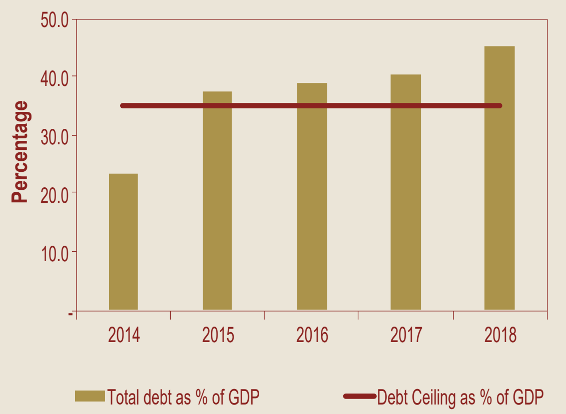
b. Central Government expenditure is estimated to decline during the FY2018/19 but then gradually pick up over the MTEF period.



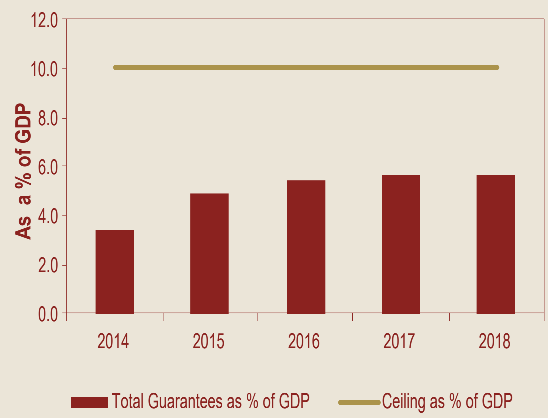
c. Revenue collection is also estimated to have declined during the FY2018/19 but is expected to increase gradually over the MTEF period.



d. Central Government total debt as a percentage of GDP rose at the end of 2018, when compared to the previous year, and continued to trend above the debt ceiling.



e. Central Government loan guarantees as percentage of GDP remained unchanged during 2018, when compared to the previous year, and continue to trend below the ceiling.



Source: MoF

C

C

THE NATIONAL GOVERNMENT BUDGET

Budget balance

TABLE C.11 CENTRAL GOVERNMENT REVENUE AND EXPENDITURE OUTTURN AND PROJECTION

	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Revised	Current MTEF Projections		
Revenue	**58,659**	**56,704**	**58,397**	**59,937**	**61,796**
% of GDP	32.0	30.2	29.7	29.2	28.8
Expenditure including interest and other statutory commitments	**67,523**	**65,018**	**66,550**	**67,128**	**67,827**
% of GDP	36.8	34.6	33.8	32.7	31.6
Budget Balance	**-8,864**	**-8,313**	**-8,153**	**-7,191**	**-6,032**
% of GDP	-4.8	-4.4	-4.1	-3.5	-2.8
Debt*	**74,468**	**87,050**	**96,271**	**104,890**	**112,312**
% of GDP	40.6	46.3	48.9	51.1	52.3
Interest payments	**5,430**	**5,783**	**6,404**	**6,715**	**7,021**
% of Revenue	9.3	10.2	11.0	11.2	11.4
Guarantees	**11,036**	**10,889**	**11,107**	**11,329**	**11,556**
% of GDP	6.0	5.8	5.6	5.5	5.4

Source: MoF

Central Government's budget deficit is estimated to have narrowed during the FY 2018/19, compared to the preceding fiscal year, although remaining above the set ceiling. The central Government deficit as a percentage of GDP for the FY2018/19 was revised to 4.4 percent compared to 4.8 percent in FY2017/18 (Figure C.18). Furthermore, the deficit-to-GDP ratio is expected to decline to 2.8 percent over the MTEF period, which will be below the 3.0 percent ceiling. The projected improvements are mainly due to discipline in expenditure.

Expenditure

TABLE C.12 CURRENT AND CAPITAL EXPENDITURE (N$ MILLION)

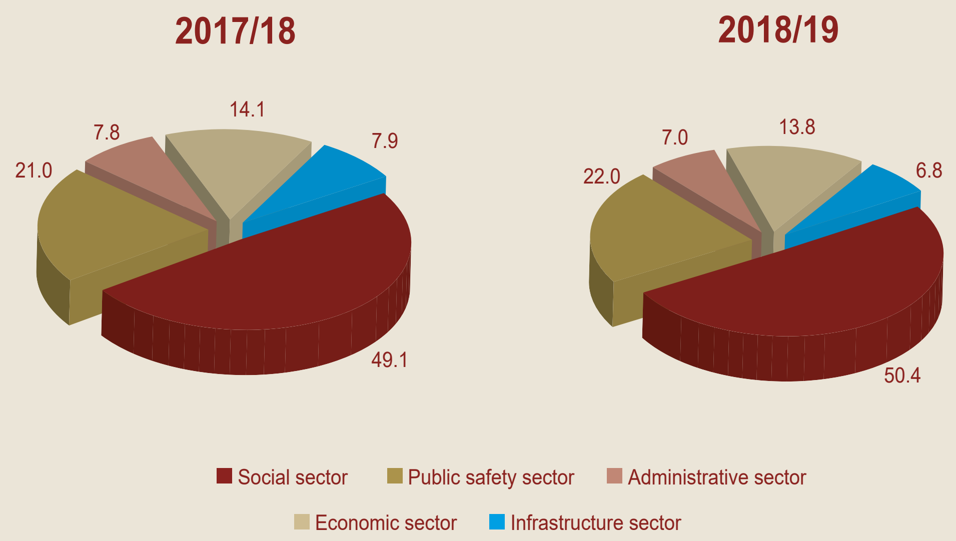
	2014/15	2015/16	2016/17	2017/18	2018/19
Current Ependiture					
Personnel expenditure	21,661	23,849	26,753	29,171	28,927
Expenditure on goods and other services	7,950	7,915	10,362	8,421	6,178
Interest and borrowing related charges	2,515	2,623	4,310	5,430	5,783
Subsidies and other current transfers	15,173	17,834	13,105	18,691	15,777
Total Current Expenditure	**47,300**	**52,221**	**54,530**	**61,713**	**56,665**
Capital Expenditure					
Acquisition of capital goods	6,432	6,913	6,687	4,556	6,400
Goods and other services	333	658	261	229	230
Capital Transfer	1,927	1,565	1,024	1,025	975
Total Capital Expenditure	**8,692**	**9,135**	**7,972**	**5,810**	**7,605**

Source: MoF

Central Government expenditure is estimated to have decline during the FY 2018/19, from a higher level registered during the previous fiscal year, mainly due to a decline in expenditure on goods and services. Central Government expenditure was estimated at N$65.0 for the FY2018/19, lower compared to the previous year (Figure C.18b). This was in line with Government's effort to maintain the fiscal consolidation drive. The decline was mainly due to a reduction in expenditure on goods and services, as well as subsidies and other current transfers which declined by 26.6 percent and 15.6 percent, respectively to N$6.2 billion and N$15.8 billion during the 2018/19 fiscal year (Table C.12). Furthermore, personnel expenditure, which is the biggest Government Expenditure category, moderated by 0.8 percent to N$28.9 billion, during the period under review. Despite the moderation, the Central Government wage bill continue to be the biggest expenditure category, accounting for 45.0 percent of the total expenditure budget for the FY2018/19, compared to 43.2 percent registered during the previous year.

FIGURE C.19 BUDGET ALLOCATION BY SECTOR EXCLUDING INTEREST PAYMENTS (PERCENTAGE)

The social sector continues to take up the highest share of the budgetary allocation during the FY2018/19, similar to the previous year



The social sector continued to take up the biggest share of the total budget allocation during the period under review. The portion of the total budgetary allocation, allocated to the social sector, which comprises of health, education and poverty eradication and social welfare accounted for 50.4 percent, during the FY2018/19. This was 1.3 percentage points higher than the amount allocated to the sector during the preceding fiscal year. The increase was mainly due to more budgetary allocation to the education, health and poverty eradication and social welfare sub-sectors to cater for recruitment of teachers, implementation of a new curriculum, funding of higher learning including vocational training skills development; procurement of pharmaceuticals, hospital catering as well as the funding of old age and disability social grants. Meanwhile, the public safety and economic sectors were the second and third biggest recipients of the total budget allocation during the FY2018/19. This was to cater for the provision of protection, including immigration and border control as well as to cater for various programmes such as energy infrastructure development, industrial infrastructure development, investment and trade promotion, respectively.

Revenue

Central Government revenue is estimated to have declined during FY2018/19 compared to the previous fiscal year, as a result of lower SACU receipts. Central Government revenue declined by 3.3 percent to N$56.7 billion during FY2018/19. This was mainly due to lower SACU receipts during FY2018/19, compared to the previous fiscal year. However, over the MTEF period, Central Government revenue is projected to increase to N$61.8 billion in FY2021/22, mainly due to higher anticipated tax revenue collections, particularly SACU receipts.

C

Central Government debt

Central Government's debt stock rose over the year to the end of December 2018 on account of both domestic and foreign borrowing. The total Government debt stock stood at N$86.6 billion at the end of December 2018, representing an increase of 19.1 percent over the stock level registered at the end of December 2017. The increase was reflected in both domestic and external debt as a result of the further allotments of Treasury Bills (TBs) and IRS in order to finance the budget deficit, coupled with the issuance of the second tranche of the African Development Bank (AfDB) loan as well as exchange rate depreciation[28]. Total debt as a percentage of GDP stood at 45.1 percent at the end of December 2018, reflecting an increase of 4.8 percentage points over its level at the end of 2017 (Table C.13). The debt-to-GDP ratio remains higher than the Central Government debt ceiling of 35.0 percent of GDP.

TABLE C.13 CENTRAL GOVERNMENT DEBT AS AT 31 DECEMBER

	2014	2015	2016	2017	2018
GDP	**140,942**	**150,083**	**166,006**	**186,605**	**192,138**
Foreign debt stock	**11,430**	**28,332**	**25,262**	**26,426**	**32,156**
Bilateral	2,177	3,549	2,997	2,879	3,027
As % of total	19.0	12.5	11.9	10.9	9.4
Multilateral	2,622	2,939	2,342	5,164	8,198
As % of total	22.9	10.4	9.3	19.5	25.5
Eurobonds	5,781	19,444	17,030	15,491	18,039
As % of total	50.6	68.6	67.4	58.6	56.1
JSE Listed bonds	850	2,400	2,892	2,892	2,892
As % of total	7.4	8.5	11.4	10.9	9.0
Foreign debt service	**663**	**976**	**1,865**	**2,029**	**2,047**
Domestic debt stock	**21,282**	**28,045**	**39,119**	**46,337**	**54,492**
Treasury bills	8,797	12,716	14,328	17,937	21,789
As % of total	41.3	45.3	36.6	39	40.0
Internal registered stock	12,485	15,330	24,791	28,400	32,703
As % of total	58.7	54.7	63.4	61.3	60.0
Total Central Government debt	**32,712**	**56,377**	**64,381**	**72,763**	**86,647**
Proportion of total debt					
Foreign debt stock	34.9	50.3	39.2	36.3	37.1
Domestic debt stock	65.1	49.7	60.8	63.7	62.9
As % of GDP					
Foreign debt stock	8.1	18.9	15.2	14.6	16.7
Domestic debt stock	15.1	18.7	23.6	25.7	38.4
Total debt	23.2	37.6	38.8	40.3	45.1

Sources: MoF, BoN and NSA

28 The exchange rate used in this section is the end-of-period exchange rate.

Domestic debt

Total domestic debt rose during the year under review, as reflected in the issuance of TBs and IRS. The Government's total domestic debt rose by 17.6 percent to N$54.5 billion at the end of December 2018 (Table C.13). The increase was reflected in both TBs and IRS, which rose by 21.5 percent and 15.2 percent, respectively, on account of increased borrowing activity necessitated by the Government's financing requirement. Most of the TBs were allotted to the banking sector, while the IRS were mainly allotted to non-banking financial institutions. As a percentage of GDP, domestic debt rose by 2.7 percentage points, to 28.4 percent at the end of December 2018.

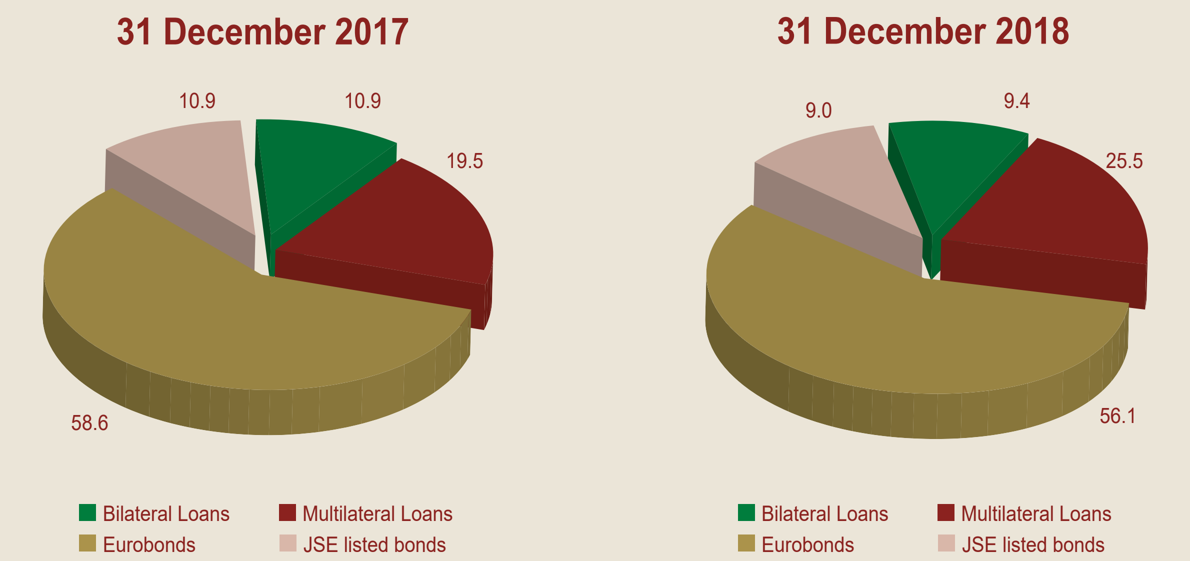
Foreign debt

The stock of external debt rose during 2018 compared to the previous year as a result of new borrowing and exchange rate depreciation. Central Government's external debt stock rose by 21.7 percent to N$32.2 billion during the period under review (Table C.13). The increase was attributed to revaluation changes arising from the depreciation of the local currency against the US Dollar, coupled with the issuance of the second tranche of the AfDB loan during the year under review. As a ratio of GDP, external debt rose from 14.6 percent in 2017 to 16.7 percent in 2018. External debt servicing rose to N$2.05 billion during the year under review, from N$2.03 billion in 2017. As a percentage of revenue, external debt servicing rose to 3.6 percent from 3.4 percent .

C

FIGURE C.20 EXTERNAL DEBT BY TYPE (PERCENT)

The Eurobonds continued to be the major contributor to the Government's external debt portfolio during the period under review.

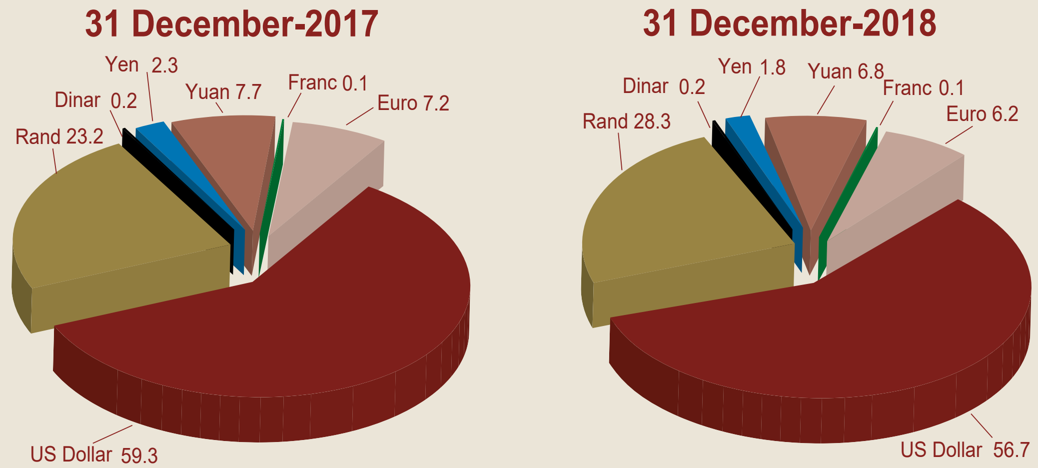


The Eurobonds remained the major contributor to the Government's external debt stock during the year under review. At the end of December 2018, Eurobonds accounted for 56.1 percent of the Government's external debt stock, which was 2.5 percentage points less than at the end of December 2017 (Figure C.20). The decline was mainly due to an increase in the share of multilateral loans (some of which are denominated in Rand), the second highest contributor to the Central Government debt portfolio with a share, which rose by 6.0 percentage points during the period under review. This was mainly due to the issuance of the second tranche of the AfDB loan in December 2018. The share of bilateral loans and JSE listed bonds, which were the third and fourth highest contributors to the Central Government debt, declined by 0.4 percentage point and 0.1 percentage point to 10.5 percent and 10.0 percent, respectively, by the end of December 2018.

C

FIGURE C.21 EXTERNAL DEBT CURRENCY COMPOSITION (PERCENTAGE SHARE)

The US Dollar continued to be the major currency in the Government external debt portfolio, during the period under review.



Source: MoF

Currency composition

The US Dollar continued to be the dominant currency in the Government's total external debt portfolio during the period under review. The Government's external debt stock was largely denominated in US Dollars, which accounted for 56.7 percent of the external debt during the year under review (Figure C.21). This represents a decline of 2.6 percentage points compared to the previous year. The decline was ascribed to the increase in the share of the Rand, which is the second-most dominant currency in the Central Government external debt portfolio, and which rose by 5.1 percentage point to 28.3 percent during the year under review. The Yuan and the Euro were the third and fourth-highest currencies in the Government's external debt portfolio during the period under review, accounting for 6.8 percent and 6.1 percent, respectively.

CENTRAL GOVERNMENT LOAN GUARANTEES

Total Central Government loan guarantees had risen by the end of December 2018, compared to the previous year. Central Government total loan guarantees increased by 5.3 percent to N$10.9 billion during the period under review, reflecting an increase in foreign loan guarantees (Table C.14). Meanwhile, domestic loan guarantees declined during the period under review, owing mainly to a decline in guarantees extended to the education, agriculture and fisheries sectors. As a percentage of GDP, Central Government loan guarantees remained unchanged at 5.7 percent during 2018 similar to what was registered in 2017. At this ratio, total loan guarantees remained well below the ceiling set by the Government of 10.0 percent of GDP, and thus signifies a lower Government contingency liability risk.

TABLE C.14 CENTRAL GOVERNMENT LOAN GUARANTEES AS AT 31 DECEMBER

N$ million	2014	2015	2016	2017	2018
GDP	**140,942**	**150,083**	**166,006**	**180,605**	**192,138**
Domestic Guarantees	**800**	**1,452**	**1,214**	**1,745**	**1,737**
As % of GDP	0.6	1.0	0.7	1.0	0.9
As % of Total Guarantees	16.8	19.7	13.6	16.9	16.0
Foreign Guarantees	**3,948**	**5,914**	**7,742**	**8,595**	**9,152**
As % of GDP	2.8	3.9	4.7	4.8	4.8
As % of Total Guarantees	83.2	80.3	86.4	83.1	84.0
Total Guarantees	**4,748**	**7,366**	**8,956**	**10,340**	**10,889**
As % of GDP	3.4	4.9	5.4	5.7	5.7

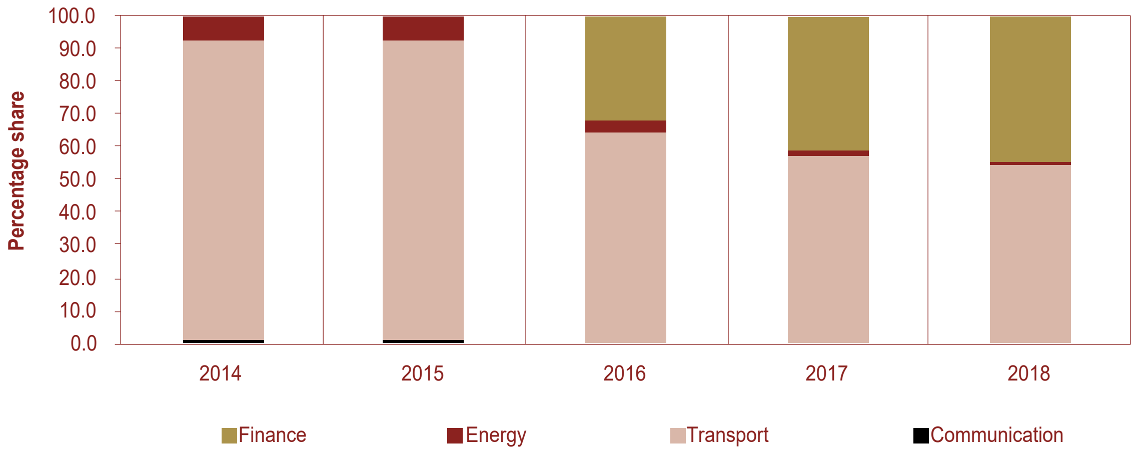
Sources: MoF, BoN and NSA

C

Foreign loan guarantees

Total foreign loan guarantees increased during the year under review. Total foreign loan guarantees increased by 6.5 percent to N$9.1 billion over the course of 2018. The rise was due to more foreign loan guarantees being issued to the finance sector coupled with exchange rate depreciation. As a percentage of GDP, total foreign loan guarantees remained unchanged at 4.8 percent during the year under review (Table C.12).

FIGURE C.22 FOREIGN LOAN GUARANTEES BY SECTOR

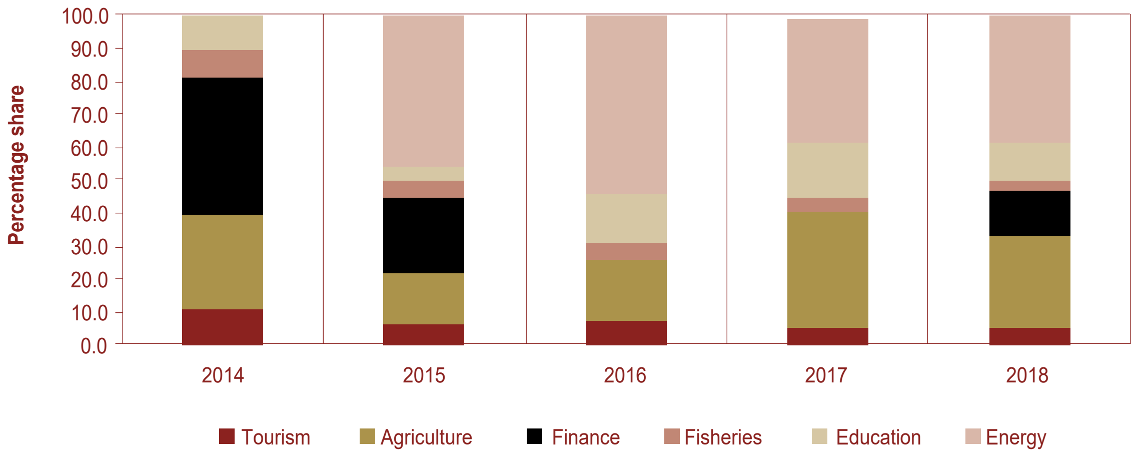


Regarding sectoral allocations, transport remained the dominant sector in the foreign loan guarantee portfolio during the year under review. Transport, which is the dominant sector in terms of the total share of foreign loan guarantees issued, stood at 54.8 percent of total foreign loan guarantees at the end of 2018, similar to the share registered during the previous year. The finance sector, which accounted for the second largest share, stood at 43.7 percent of the total foreign loan guarantees; the energy sector made up 1.0 percent, while the communications sector made up 0.5 percent.

Domestic loan guarantees

Domestic loan guarantees declined during the year under review. Total domestic loan guarantees declined by 0.5 percent to N$1.7 billion by the end of December 2018, compared to 2017 (Table C.14). The decline was due to the repayment of loans in the education and agricultural sectors during the year under review. As a percentage of GDP, domestic loan guarantees declined by 0.1 percentage point to 0.9 percent over the same period.

FIGURE C.23 DOMESTIC LOAN GUARANTEES BY SECTOR

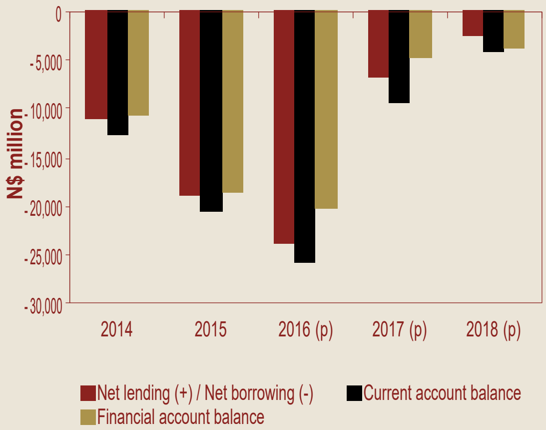


The energy sector continued to dominate the total domestic loan guarantees during the year under review. The share of total domestic loan guarantees issued to the energy sector, which is the dominant sector with respect to the total domestic loan guarantees, stood at 38.7 percent, which is an increase of 0.2 percentage points compared to the previous year. This was mainly due to the decline in the share of domestic guarantees extended to the agricultural sector, the second-most dominant sector, with a share of 27.9 percent (Figure C.23). The finance sector was the third-most dominant sector, with a share of 13.3 percent, while the education, tourism and fisheries sectors accounted for the remaining shares of 11.3 percent, 5.3 percent and 3.7 percent, respectively.

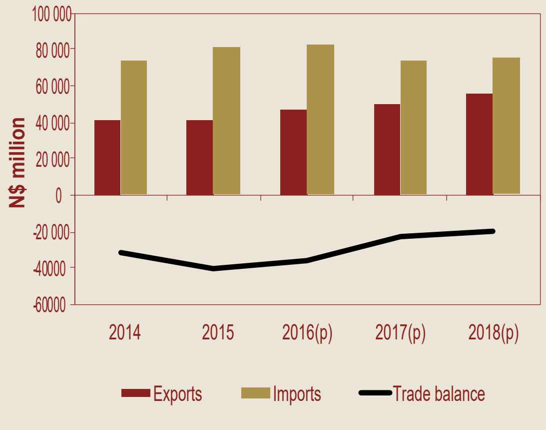
FOREIGN TRADE AND PAYMENTS

FIGURE C.24 EXTERNAL DEVELOPMENTS[29]

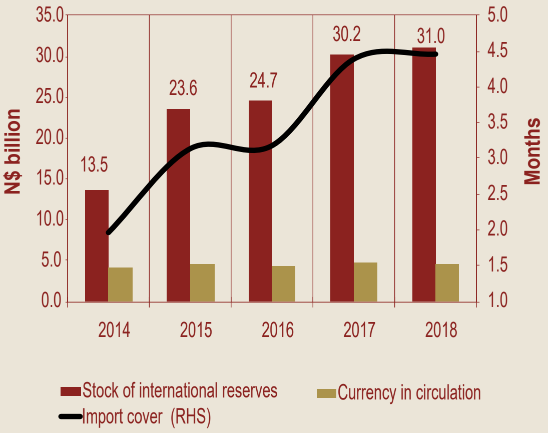
a. During 2018, Namibia's net borrowing[30] from the rest of the world declined due to a notable improvement in the current account deficit.



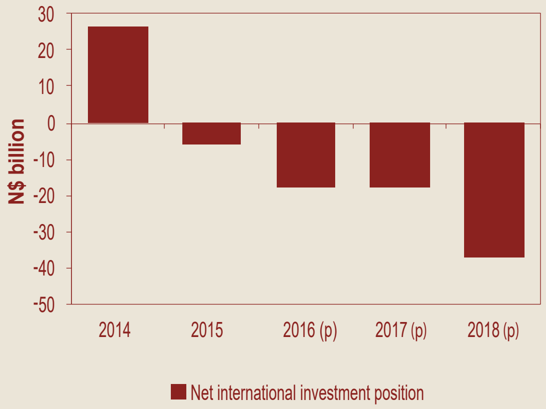
b. Namibia's merchandise trade deficit narrowed during 2018, mainly due to increased export proceeds.



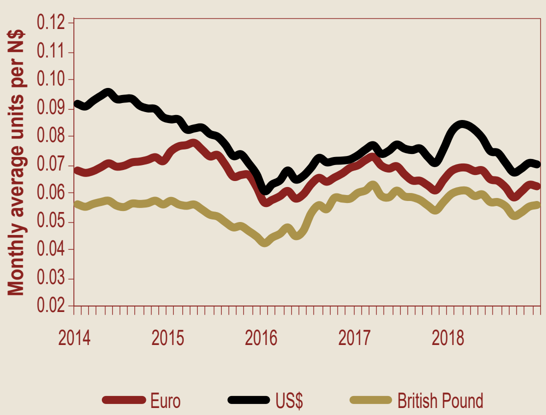
c. During 2018, the stock of international reserves held by the Bank increased slightly, supported by a smaller deficit on current account and capital inflows.



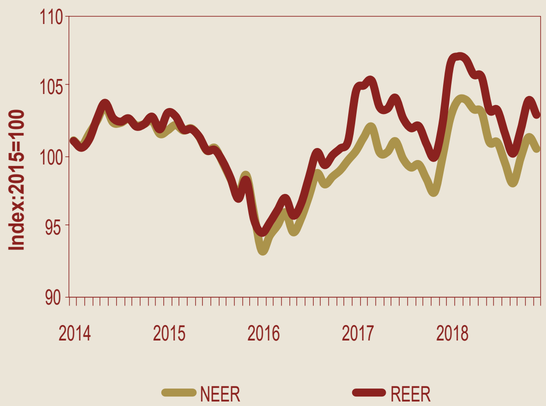
d. Namibia's International Investment Position recorded an increased net liability position in comparison with 2017 due to an increase in foreign liabilities.



e. The Namibia Dollar appreciated on average against the US Dollar while it depreciated against the Pound and the Euro during 2018.



f. Namibia's real effective exchange rate (REER) fluctuated significantly in 2018 but was on average slightly higher than in 2017, signalling marginally weaker external competitiveness.



29 p in this section stands for provisional.

30 The sum of the balances on the current and capital accounts represents the net lending (surplus) or net borrowing (deficit) by the economy with the rest of the world.

C

C

CURRENT ACCOUNT

Namibia's current account deficit narrowed further during 2018, largely due to an improvement in the merchandise trade deficit, coupled with higher inflows on the services account. The deficit narrowed by 55.5 percent to N$4.1 billion during 2018, compared to 2017 (Figure C.24a). This was mainly underpinned by the narrowing in the merchandise trade deficit, as a result of an improvement in export earnings during the year under review. Moreover, increased receipts on the services account, mainly in the travel and manufacturing services subcategories, as well as lower net outflows on the primary income account, further contributed to this development. As a result, the current account deficit as a percentage of GDP declined to 2.1 percent during 2018, from the 5.1 percent registered during 2017.

Merchandise trade balance[31]

Namibia's merchandise trade deficit narrowed during 2018, mainly due to faster growth in export proceeds relative to import payments. The country's trade deficit narrowed by 14.0 percent to N$20.3 billion during 2018 (Figure C.24b). The improved trade deficit was mainly on account of an increase in the value of merchandise exports, which rose by 11.6 percent to N$55.7 billion during 2018. The rise in exports was largely supported by higher receipts from *rough diamonds, uranium, food and live animals,* and *manufactured products*. Merchandise imports also increased, though by a smaller margin, by 3.4 percent to N$76.0 billion during 2018. This was mainly due to higher payments for *mineral fuels and oils, machinery* and *products of chemical industries.*

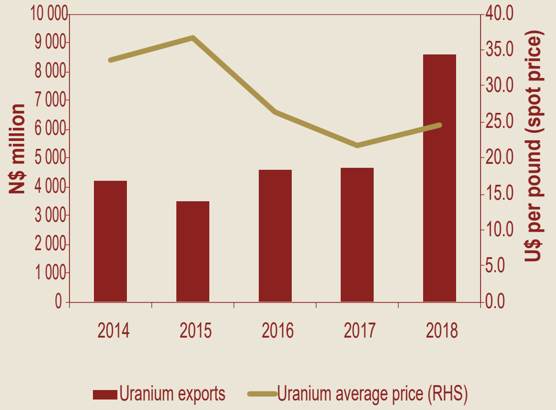
31 The differences between the published trade data in the National Accounts by NSA and in this section arise from different methodologies used for the compilation of merchandise trade data. BoN uses specific Customs Procedures Codes (CPCs) in line with the Sixth Edition of the Balance of Payments and International Investment Position Manual (BPM6) standards, as opposed to using the general trade statistics used in the National Accounts. BoN migrated to BPM6 in June 2017, while NSA is in the process of migrating to the 2008 System of National Accounts (SNA). Going forward, these differences will be minimised when the process of SNA migration is completed.

Exports

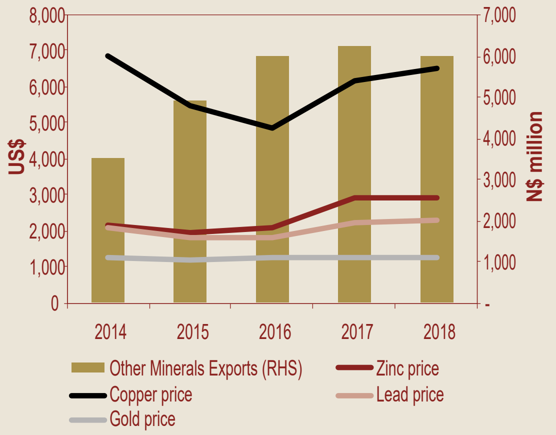
FIGURE C.25 MERCHANDISE EXPORT

a. Export earnings from rough diamonds rose as a result of higher volumes exported during 2018.

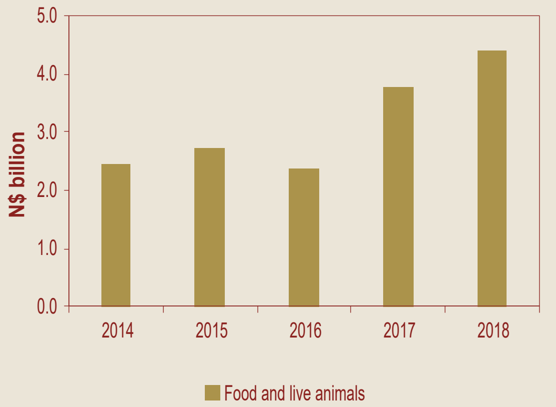
b. Foreign earnings from uranium increased during 2018 mainly due to an increase in volumes exported.



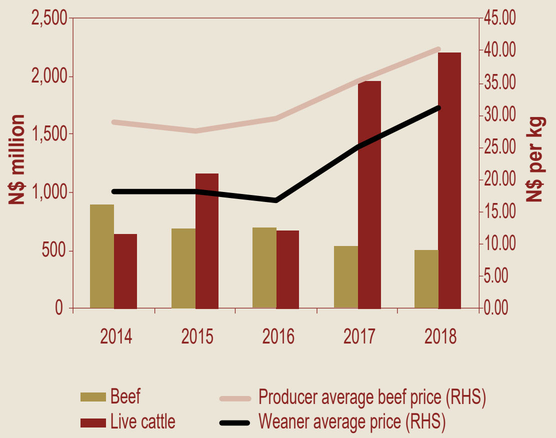
c. Export receipts from other minerals[32] declined, primarily due to lower earnings from gold.



d. Export earnings from food and live animals improved in 2018 relative to 2017.



e. Export earnings from livestock rose mainly due to an increase in the number of live weaners exported to South Africa, coupled with higher weaner and beef prices during 2018.



f. The value of manufactured product exports increased in 2018, mainly on account of higher earnings from processed fish and beverages.

Source: BoN surveys

32 This category includes gold, zinc concentrate, copper concentrates, lead, salt, manganese and dimensional stones.

C

Mineral exports

Rough diamonds

Export earnings from *rough diamonds* increased during 2018 as a result of increased volumes exported, coupled with better prices. The value of *rough diamonds* exported increased by 12.2 percent to N$11.1 billion during 2018. The increase was mainly ascribed to the higher volumes of diamonds exported, which rose by 11.9 percent to 1 824 549 carats during the year under review. The slight improvement in the average price paid per carat further boosted export earnings for rough diamonds in 2018 (Figure C.25a).

Uranium

During 2018, foreign earnings from *uranium* increased partly due to an increase in volumes exported as a result of the scaling up of production by one of the uranium mines. Export earnings from uranium increased by no less than 84.5 percent to N$8.6 billion in 2018, compared to N$4.7 billion recorded during 2017. This was as a result of the increased volumes exported, which rose by 34.2 percent to 6 971 tonnes due to the scaling up of production by one of the uranium mines, as well as an increase of 37.5 percent in the average price realised in Namibia Dollar terms. On the spot market, the average international price of uranium rose by 11.5 percent to US$24.30 per pound during 2018. This was on account of reduced global supply following the indefinite extension of the shutdown of one of the largest uranium mines, McArthur River, in Canada.

Other mineral exports

The value of *other mineral* exports declined during 2018, primarily due to lower receipts from *gold.* Export earnings from other minerals declined by 6.6 percent to N$6.0 billion during 2018 (Figure C.25c). The annual decrease was mainly as a result of lower receipts from *gold,* which declined by 12.9 percent to N$3.6 billion during 2018. The decline in receipts from *gold* was mainly attributed to the removal of overburden at one of the gold mines, coupled with the low grade of ore mined during 2018. Export earnings from zinc concentrate, however, rose by 6.7 percent to N$1.2 billion during 2018 and this was explained by increased volumes exported as a result of better ore grades mined during the period under review.

Non-mineral exports

Food and live animals

During 2018, export earnings from *food and live animals* rose mainly due to higher receipts from *live weaners, small stock* and *grapes*. The value of exports in the food and live animals category increased by 14.2 percent to N$4.4 billion during 2018. This was mainly explained by higher prices for live weaners. Foreign earnings from this subcategory were further boosted by higher earnings from live small stock exported, mainly as a result of the "too small and too lean" marketing scheme. In addition, earnings from *grapes* further contributed to the increase in food and live animals export earnings.

The average prices of beef and weaners increased during 2018. Average prices of beef and live weaners increased by 15.7 percent and 22.6 percent, respectively, to N$40.81 and N$30.88 per kilogram during 2018 (Figure C.25e). The upward trend in 2018 was mainly due to the higher prices offered by South African feedlots, which in turn also contributed to the rise in average beef prices.

Manufactured exports

Export earnings from manufactured products increased during 2018, mainly on account of increased earnings from *processed fish* and *beverages*. The value of manufactured exports rose marginally by 2.0 percent to N$22.4 billion in 2018. This was underpinned by increases in receipts from processed fish and beverages. Earnings from processed fish increased by 8.4 percent to N$10.0 billion, while earnings from beverages rose by 26.7 percent to N$1.1 billion in 2018. Earnings from manufactured products were weighed down by lower receipts from meat preparations and refined zinc, which decreased by 5.4 percent and 25.8 percent to N$1.2 billion and N$2.5 billion, respectively. The decrease in earnings from refined zinc was as a result of a decline in exported volumes due to operational challenges and the low grade of ore mined during 2018.

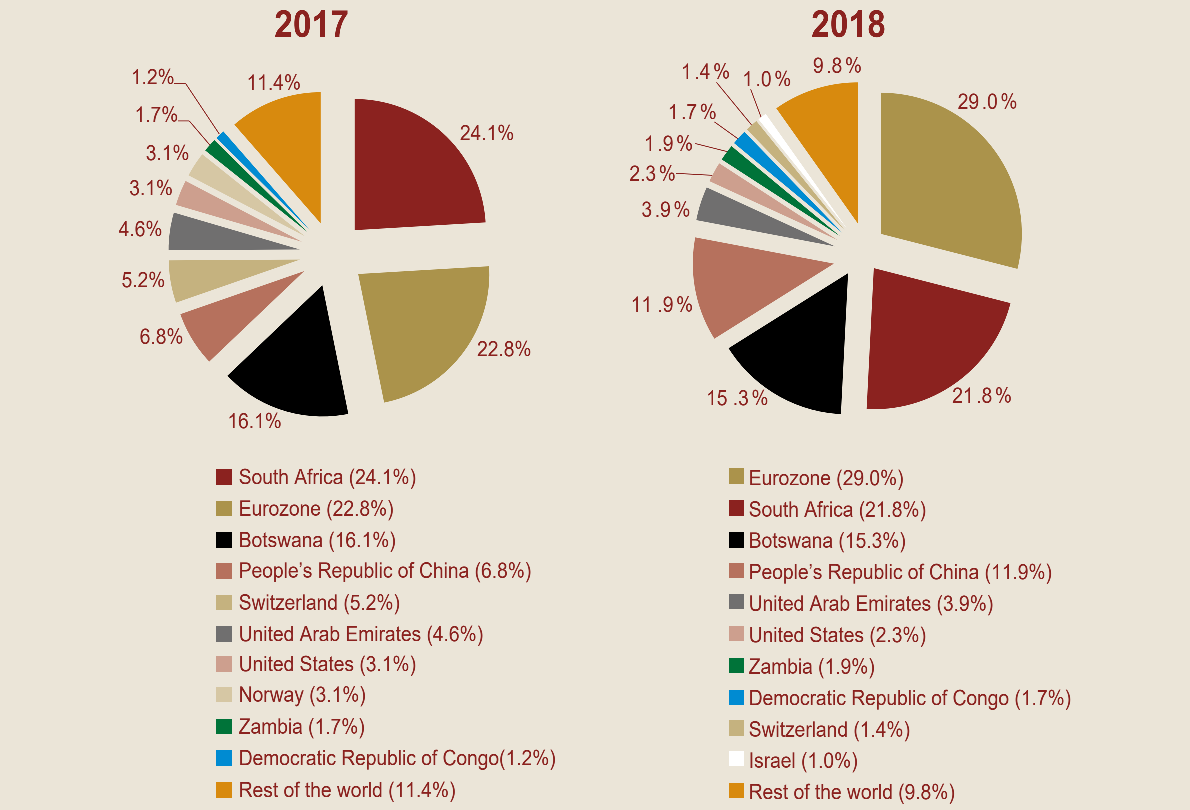
Import of goods

During 2018, the value of merchandise imports increased, mainly as a result of higher expenditure on *mineral fuels and oils*. The value of merchandise imports rose by 3.4 percent to N$76.0 billion in 2018, largely due to higher payments on *mineral fuels and oils*. This was ascribed to volume increases and the rise in the international price of crude oil. Increased payments for *machinery* and *products of the chemical industries* also led to the rise in the value of imports during 2018. This was nevertheless partly offset by the decline in imports of *consumer goods*, *vehicles* and *base metals* during the period under review.

Direction of trade

FIGURE C.26 EXPORTS BY DESTINATION

a. During 2018, Namibia's key export markets were the Eurozone, South Africa, Botswana, and China.



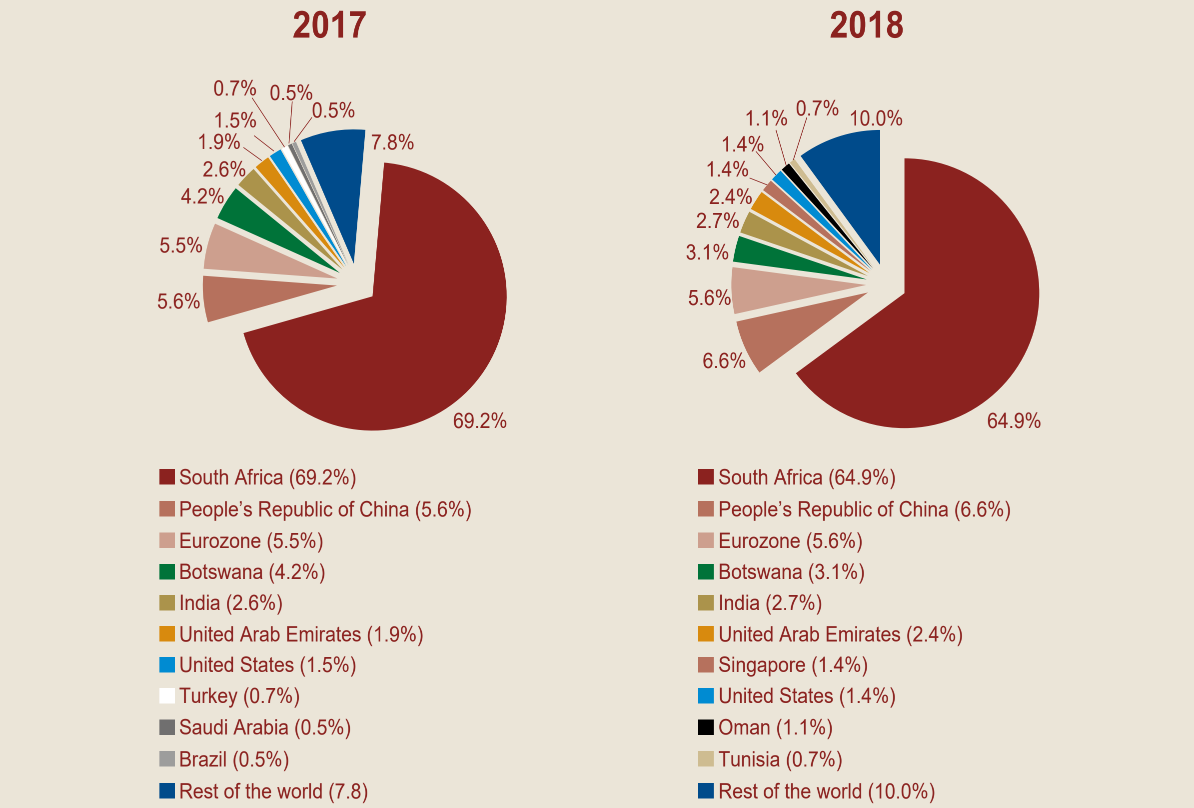
Source: Namibia Statistics Agency

During 2018, the Eurozone was the top destination for Namibia's merchandise exports, followed by South Africa, Botswana and China. The Eurozone took up 29.0 percent of Namibia's merchandise exports during 2018, comprised mainly of fish and uranium. This made the Eurozone Namibia's top export market, deposing South Africa, which dropped to second place in 2018, absorbing 21.8 percent of Namibia's merchandise exports, largely in the form of gold, live animals, beverages and fish. Botswana absorbed about 15.3 percent of total exports, consisting mainly of rough diamonds. China and the United Arab Emirates were ranked fourth and fifth accounting for 11.9 percent and 3.9 percent, respectively. Exports to China were largely dominated by uranium. Other major export destinations were the United States (2.3 percent), Zambia (1.9 percent), Switzerland (1.4 percent), and Israel (1.0 percent) (Figure C.26a).

C

FIGURE C.27 IMPORTS BY ORIGIN

b. Namibia's imports were sourced from South Africa, China and the Eurozone during 2018.

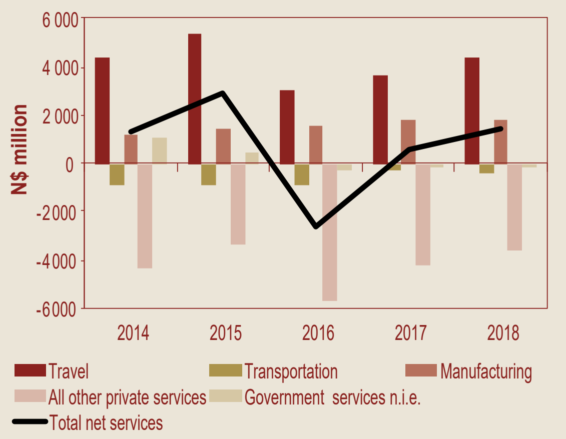


During 2018, South Africa remained Namibia's leading source of imported merchandise, followed by China and the Eurozone. South Africa accounted for 64.9 percent of Namibia's total imports during the period under review, mainly comprising consumer goods, vehicles and mineral fuels (Figure C.27b). It remained in the first position despite a reduction in its share when compared to the previous year. China was in the second position, accounting for 6.6 percent of total imports. Imports from China were largely made up of machinery and mechanical appliances. The Eurozone was Namibia's third largest source of imported goods in 2018, accounting for 5.6 percent of the total imports, consisting mainly of mineral products, vehicles, aircraft and vessels. Other major sources of imports were Botswana (3.1 percent), India (2.7 percent), and the United Arab Emirates (2.4 percent).

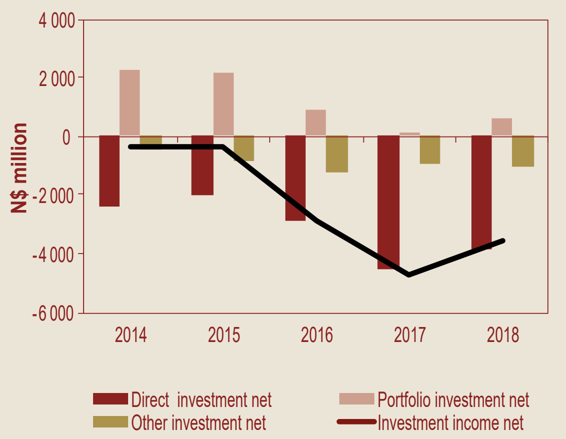
SERVICES, INVESTMENT INCOME AND CURRENT TRANSFERS

FIGURE C.28 SERVICES, PRIMARY AND SECONDARY INCOME

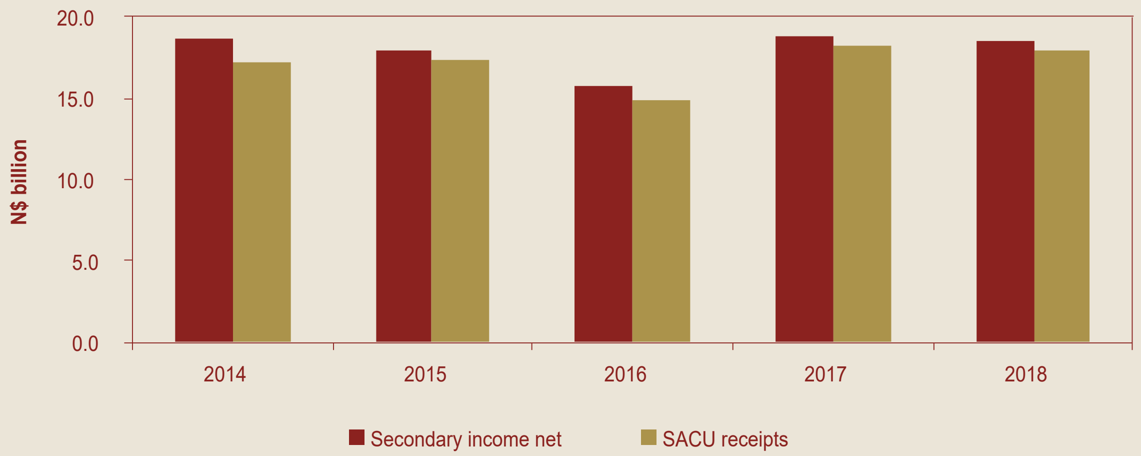
a. Namibia's services account registered a net inflow in 2018, mainly due to higher receipts from travel and manufacturing services.



b. Net outflows on the primary income account decreased, mainly supported by lower net investment income outflows.



c. Namibia's net secondary income receipts decreased during 2018 compared to 2017, largely as a result of lower SACU receipts.



Source: Various companies and BoN surveys

Services balance

Namibia's *services account* registered a net inflow in 2018, mainly due to higher receipts from *travel* and *manufacturing services*. Net inflows in the services account increased by N$802 million to N$1.4 billion during 2018 (Figure 28a). The improvement was mainly ascribed to higher receipts from ***travel services***, which reflected an improvement in international arrivals during the period under review. The increase in receipts from manufacturing services[33] rendered to non-residents also contributed to the improvement of the services account balance.

Net primary income

The primary income account recorded lower net outflows during 2018, largely due to reduced net investment income outflows. Net outflows on the primary income account shrank by 26.5 percent to N$3.6 billion during 2018, compared to 2017 (Figure C.28b). The lower deficit on this account was mainly

33 Manufacturing services on physical inputs owned by others cover the transaction between the owner and processor, and only the fee charged by the processor is included under this item.

C

underpinned by lower income payments to foreign direct investors, particularly in the form of dividends payments as foreign-owned companies registered lower profits during 2018.

Net secondary income

During 2018, Namibia's net secondary income surplus declined, primarily due to lower SACU receipts. Inflows on the secondary income account declined by 1.6 percent to N$18.5 billion during 2018 (Figure C.28c). This was mainly due to SACU receipts decreasing by 1.6 percent to N$17.9 billion during the year under review.

CAPITAL ACCOUNT

Namibia's capital account surplus decreased during 2018, largely as a result of lower capital transfers from non-residents. The capital account surplus shrank by 28.7 percent to N$1.7 billion in 2018, compared to 2017. The lower inflows reflected the decrease in capital transfers from foreign governments and private institutions.

Net lending (+) and net borrowing (-)

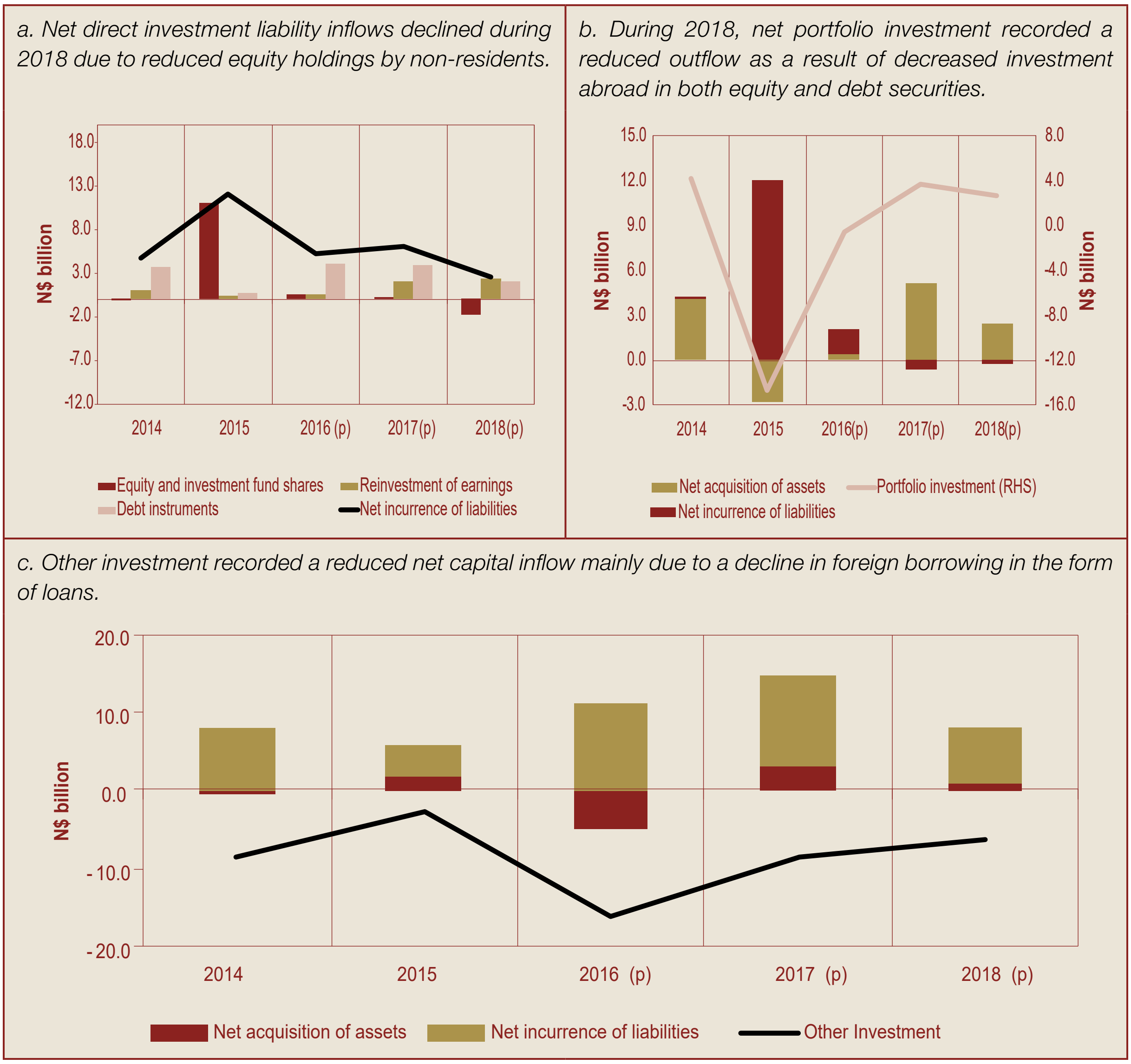
Given the developments on both the current and capital accounts during 2018, Namibia's net borrowing from the rest of the world declined notably, when compared to the preceding year. Net borrowing from the rest of the world declined by 65.1 percent to N$2.4 billion during 2018, mainly supported by a narrowing of the current account deficit as exports grew considerably relative to imports of goods and services.

FINANCIAL ACCOUNT[34]

During 2018, the financial account balance recorded a reduction in net borrowing from the rest of the world when compared to 2017. Namibia's net borrowing from the rest of the world declined by N$742.0 million to N$3.9 billion in 2018. This decline was mainly on account of reduced inflows in direct investment and other investment. The reduced financial account balance was also supported by the improvements on the current account.

34 In BPM6, the interpretation of the financial account particularly on the assets, denotes an increase as positive and a decrease as negative. The interpretation on the liabilities remains unchanged from BPM5 where an increase or decrease implies just that. Furthermore, the net balances are interpreted in terms of net lending (if positive (denoting outflows)) or net borrowing (if negative (inflows)). The Financial account balance is now presented inclusive of reserve assets according to BPM6 and implies that the financing of the net lending/ borrowing position (current account) is fully accounted for above the line (i.e. above the financial account balance).

FIGURE C.29 FINANCIAL ACCOUNT COMPONENTS



Source: BON surveys

Direct investment

Direct investment liability inflows declined during 2018, mainly due to reduced equity holdings by foreign direct investment enterprises. Direct investment into Namibia declined from N$6.1 billion to N$2.6 billion during 2018 compared to 2017 (Figure C.29a). The decline in inflows from direct investment liabilities was attributed to non-residents reducing their equity holdings in Namibian companies in the communication sector. As a result, domestic enterprises increased their equity holdings in the local economy. Hence, equity and investment fund share inflows by direct investors declined by N$2.0 billion to N$1.8 billion during 2018. The decline in this direct investment liability was further supported by debt instruments that declined by N$1.8 billion to N$2.1 billion in 2018 as some of the companies in the mining sector made some repayments on their long-term loans.

Portfolio investment

During 2018, net portfolio investment recorded a decline in outflows as a result of reduced investment abroad in both equity and debt securities. Net capital outflows declined significantly from the N$5.8 billion recorded in 2017 to N$2.7 billion recorded during 2018, the decrease being mainly on account of reduced foreign investments (Figure C.29b). In this regard, investment abroad in the form of equity and investment fund shares declined by 65.0 percent to N$1.3 billion. Likewise, investment in debt securities abroad declined by 16.3 percent to N$1.1 billion during 2018. The overall decrease in portfolio investment outflows was due to a gradual shift from foreign assets purchased by Namibian institutional investors in accordance with the prevailing domestic asset requirements. Furthermore, the decrease was partly explained by the weak international market performance that led to large revaluation losses on listed equity in both the Common Monetary Area (CMA) and offshore.

Other investment

During 2018, other investment recorded a reduced net capital inflow mainly due to a decline in foreign borrowing in the form of loans. The net capital inflow in other investment declined to N$6.2 billion in 2018, from N$8.5 billion recorded in 2017 (Figure C.29c). The reduction in net capital inflows was due to a decline in the undertaking of foreign borrowing by companies in the mining sector. Hence, foreign borrowing in the form of loans declined by N$4.4 billion to N$4.9 billion in 2018. Moreover, the reduced inflows were supported by a decline in the acquisition of assets abroad in the form of currency and deposits by Namibian financial institutions.

C

INTERNATIONAL RESERVES

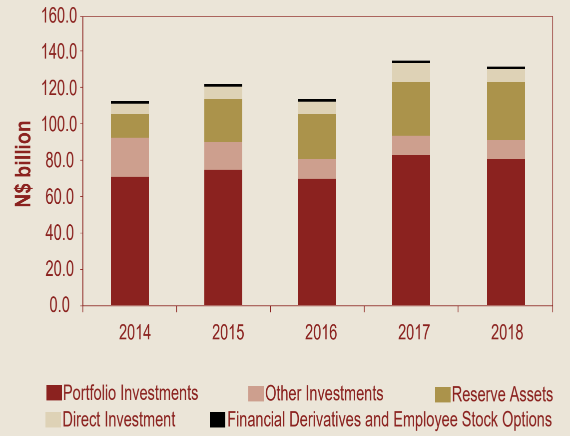
At the end of 2018, the stock of international reserves held by the Bank increased, supported by capital inflows and a smaller current account deficit. The stock of foreign reserves rose by 2.8 percent over the year to stand at N$31.0 billion at the end of December 2018 (Figure C.24c). The annual rise in reserves was primarily due to the second tranche of the AfDB loan to the Government and inflows from SACU receipts. In this regard, at the end of December 2018, international reserves were 6.9 times the currency in circulation, thereby remaining sufficient to readily sustain the currency peg between the Namibia Dollar and the South African Rand. The estimated import cover of 4.5 months was a slight improvement over the 4.4 months recorded in the preceding year.

INTERNATIONAL INVESTMENT POSITION

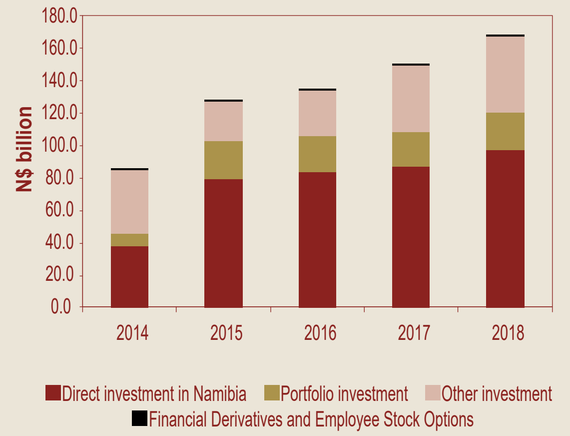
At the end of 2018, Namibia's International Investment Position recorded an increased net liability position in comparison with 2017 due to an increase in foreign liabilities. Namibia's net liability position increased by N$19.7 billion to N$37.4 billion due to a rise in foreign liabilities, mainly in the form of direct investment and other investment.

FIGURE C.30 INTERNATIONAL INVESTMENT POSITION – FOREIGN ASSETS AND LIABILITIES

a. The stock of Namibia's foreign assets declined in 2018, mainly due to a reduction in portfolio investment.



b. By the end of 2018, the value of Namibia's foreign liabilities rose in comparison with a year earlier, mainly due to an increase in direct investment and other investment liabilities.

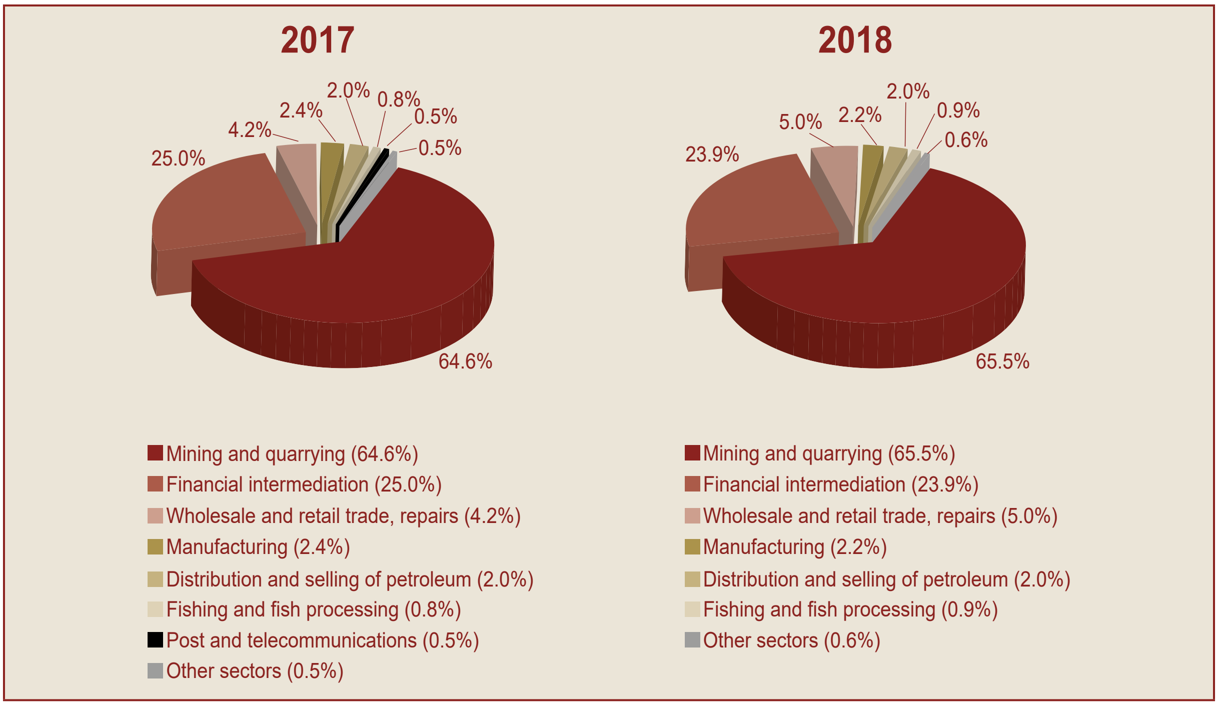


The stock of Namibia's foreign assets declined in 2018, mainly due to a reduction in portfolio investment. On an annual basis, Namibia's foreign assets declined by 0.8 percent to N$131.7 billion at the end of 2018 (Figure C.30a). The decline in foreign assets was mostly reflected in portfolio investment that declined by 1.9 percent to N$81.0 billion due to decreased investment in the form of foreign equity holdings, which declined by 4.6 percent to N$53.6 billion. The decline in portfolio investment was partly due to unfavourable global market conditions that led to downward revaluation of listed equities abroad, coupled with a gradual shift from foreign assets purchased by Namibian institutional investors in order to comply with domestic asset requirements. With the exception of foreign reserves, the decline in foreign assets was further supported by all functional categories.

At the end of 2018, the value of Namibia's foreign liabilities rose in comparison with a year earlier, mainly due to an increase in direct investment. During 2018, Namibia's foreign liabilities rose by 12.5 percent to N$168.2 billion compared to the previous year (Figure C.30b). The increase was attributable to direct investment that increased by 11.2 percent to N$97.1 billion, mainly due to increased borrowing by direct investment enterprises from their parent companies, in the form of long-term loans. In addition, other investments and portfolio investment increased by N$6.4 billion and N$2.2 billion to N$47.1 billion and N$23.7 billion, respectively, by the end of 2018.

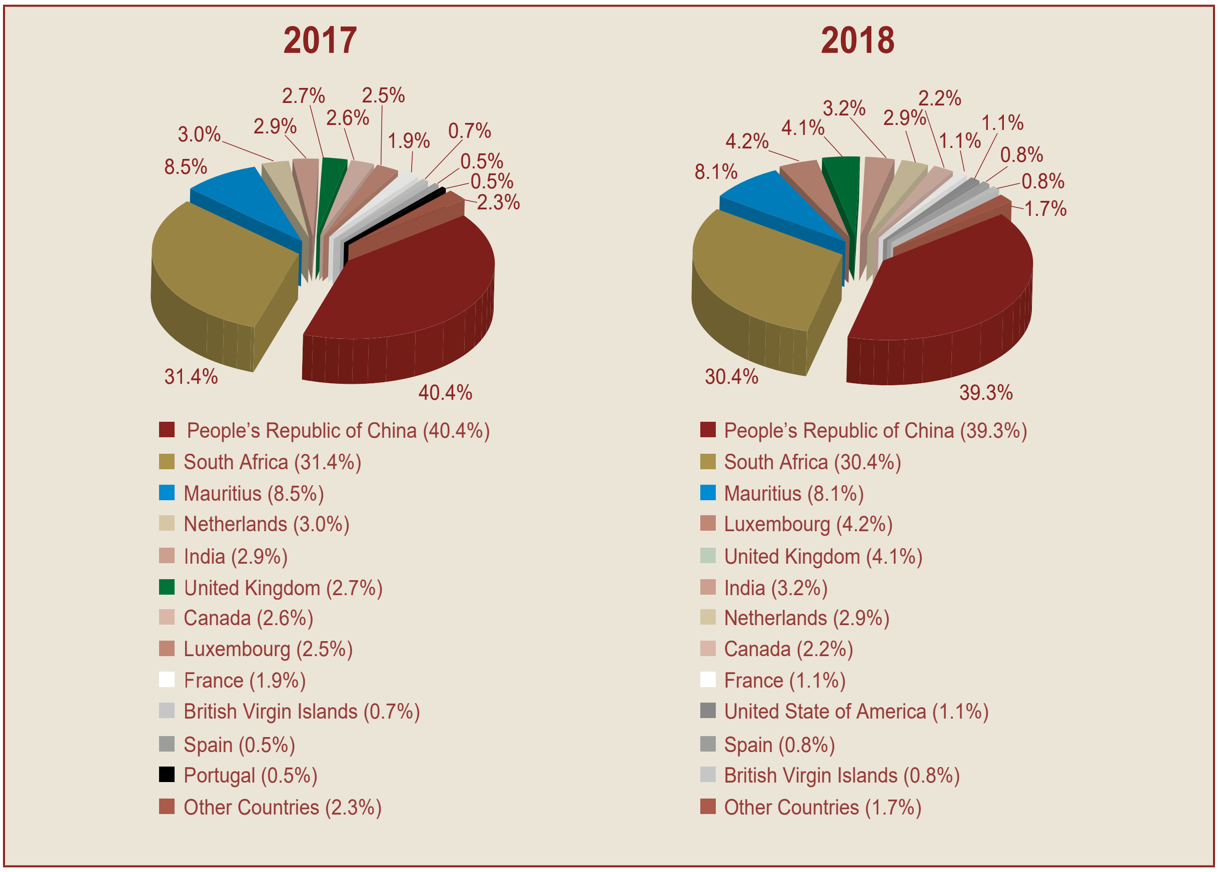
C

FIGURE C.31(A) DIRECT INVESTMENT BY SECTOR (PERCENTAGE SHARE)



Namibia's Foreign Direct Investment (FDI) liabilities by sector registered a similar pattern by the end of 2018, compared to a year earlier. Namibia's FDI liabilities at the end of 2018 was dominated by the mining and quarrying sector, which accounted for 65.5 percent of the total stock (Figure C.31a). This was followed by the financial intermediation sector with a share of 23.9 percent, wholesale and retail trade, repairs (5.0 percent) and manufacturing (2.2 percent). The share of sectors such as distribution and selling of petroleum as well as fishing and fish processing remained broadly unchanged at 2.0 percent and 0.9 percent, respectively.

FIGURE C.31(B) DIRECT INVESTMENT BY COUNTRY (PERCENTAGE SHARE)



Namibia's Foreign Direct Investment liability composition by country registered relatively small movements at the end of 2018, compared to the same period in 2017. The stock of FDI liabilities by source country showed that China, South Africa and Mauritius collectively accounted for 77.8 percent at the end of 2018 compared to 80.3 percent registered in the preceding year (Figure C.31b). The reduction in the share of FDI for these countries is a result of repayments of debt by some of the companies in the mining sector. In contrast, countries such as Luxembourg, the United Kingdom and India recorded an increase in their percentage shares of FDI liabilities during the review period.

EXTERNAL DEBT

As at end of December 2018, the total external debt stock of Namibia increased by 17.9 percent to N$121.4 billion (Table C.15) over the previous year. The increase was mainly attributed to higher borrowing by the Central Government and the mining sector through intercompany borrowing from their direct investors.

C

TABLE C.15 NAMIBIA'S EXTERNAL DEBT

	2014	2015	2016	2017	2018
N$ million					
GROSS EXTERNAL DEBT POSITION	**63 535**	**86 218**	**90 000**	**102 995**	**121 440**
1. Central Government	11 430	28 331	25 262	26 426	32 156
2. State Owned Enterprises/Parastatals	3 528	4 650	4 751	9 190	10 432
3. Central Bank[35]	2 292	3 084	2 715	2 469	2 870
4. Deposit-Taking Corporations, except the Central Bank	7 013	7 817	10 501	10 736	10 261
5. Other Sectors[36]	22 258	3 942	6 994	12 787	14 525
6. Direct investment: intercompany lending[37]	17 014	38 395	39 778	41 386	51 197
GROSS EXTERNAL DEBT PAYMENTS	**7 268**	**22 564**	**24 103**	**15 246**	**17 406**
1. Central Government	663	976	1 865	2 029	2 048
2. State Owned Enterprises/Parastatals	281	416	999	1 077	726
3. Central Bank	23	2	7	55	69
4. Deposit-Taking Corporations, except the Central Bank	0	3 075	4 753	3 049	3 967
5. Other Sectors	6 301[38]	9 098	4 638	4 209	3 146
6. Direct investment: intercompany lending	0	8 998	11 842	4 826	7 450
Outstanding Debt Y-on-Y (percentage change)	28.6	35.7	4.4	14.4	17.9
Debt Servicing Y-on-Y (percentage change)	-53.8	210.5	6.8	-36.7	14.2
Debt Servicing to Exports F.o.B	14.0	42.0	40.2	25.3	27.2
Ratio of official reserves to short - term debt	1.1	2.3	2.5	2.3	2.1
EXPORTS OF GOODS AND SERVICES	**52 061**	**53 763**	**59 962**	**60 329**	**64 037**
OFFICIAL RESERVES	**13 527**	**23 577**	**24 720**	**30 177**	**31 024**

35 The Central Bank debt comprises special drawing rights allocations received from the IMF.

36 The category other sectors consist of Enterprises, Namibian owned companies and EPZs.

37 Intercompany lending includes loan transaction (and transactions in other debt securities) between parent company and their subsidiaries or investee companies, and between subsidiaries of the same group, unless the latter are financial intermediaries (except for insurance corporations and pension funds).

38 This figure includes debt servicing of Deposit-Taking Corporations except the Central Bank as well that of direct investment through intercompany lending. This is due to the migration of the data to BPM6 compilation standard that occurred as from 2015.

C

At the end of 2018, Namibia's stock of external debt increased mainly due to further borrowing by the direct investment enterprises through intercompany lending. Foreign borrowing from direct investors through intercompany lending rose significantly, by 23.7 percent to N$51.2 billion, year-on-year. The increase was mainly due to the up-take of foreign loans by resident non-bank enterprises from affiliates (i.e. borrowing related to foreign direct investment). Central Government's external debt stock rose by 21.7 percent to N$32.2 billion during the period under review. The increase was attributed to revaluation changes arising from the depreciation of the local currency against the US Dollar, coupled with the issuance of the second tranche of the AfDB loan during the year under review. In addition, external debt of state-owned enterprises also rose by 13.5 percent to N$10.4 billion, mainly due to long-term loans geared towards the transport sector. The external debt of other sectors also increased by 13.6 percent to N$14.5 billion due to the undertaking of long-term loans by the mining sector. In contrast, deposit-taking corporations decreased their debt position by 4.4 percent to N$10.3 billion, mainly on account of decreased long-term loans from their parent companies.

At the end of 2018, Namibia's ratio of official reserves to short-term debt declined compared to 2017. The ratio of official reserves to short-term debt declined from 2.3 to a ratio of 2.1. Despite a decline the current ratio reflects a robust reserves coverage of short-term external debt.

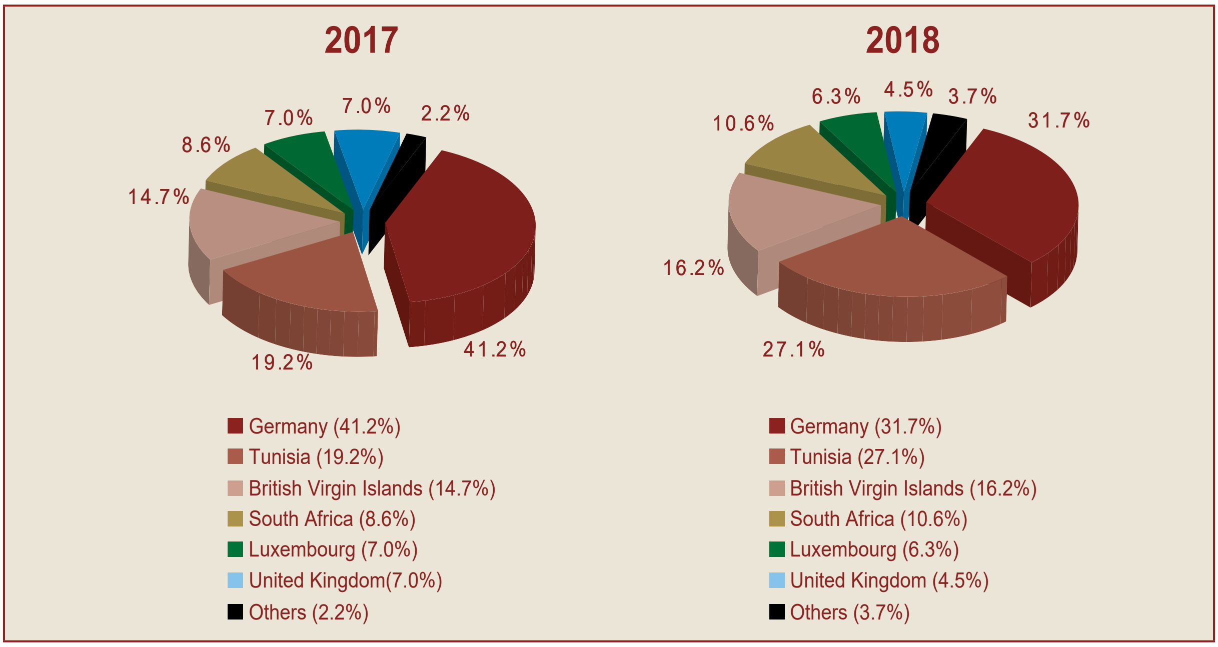
Namibia's foreign debt servicing increased during 2018, mainly due to increased payments by direct investment enterprises and deposit-taking corporations. The total value of repayments on Namibia's foreign debt increased by 14.2 percent to N$17.4 billion in 2018 compared to the previous year. This was mainly due to repayments made by direct investment enterprises through intercompany lending that increased by N$2.6 billion to N$7.5 billion in 2018. In addition, deposit-taking corporations also increased their debt servicing by N$918 million to N$4.0 billion mainly by increasing their repayments on long-term loans and currency and deposits during the period under review. However, debt servicing of other sectors declined by 25.3 percent to N$3.2 billion, mainly due to lower repayments made by some enterprises.

In 2018, the ratio of debt servicing to exports[39] increased in comparison with 2017. The ratio increased to 27.2 percent in 2018 from 25.3 percent in the preceding year. The increase in the ratio was due to the faster growth in debt servicing compared to the growth rate of exports. These developments led to the ratio falling slightly above the international benchmark[40] of 15 – 25 percent.

39 Debt service as a percentage of merchandise exports is a good measure of how readily serviceable the debt is. This is due to the fact that higher growth rates in exports build up international reserves, which in turn are used to service foreign debt. Therefore, the lower the percentage, the better.

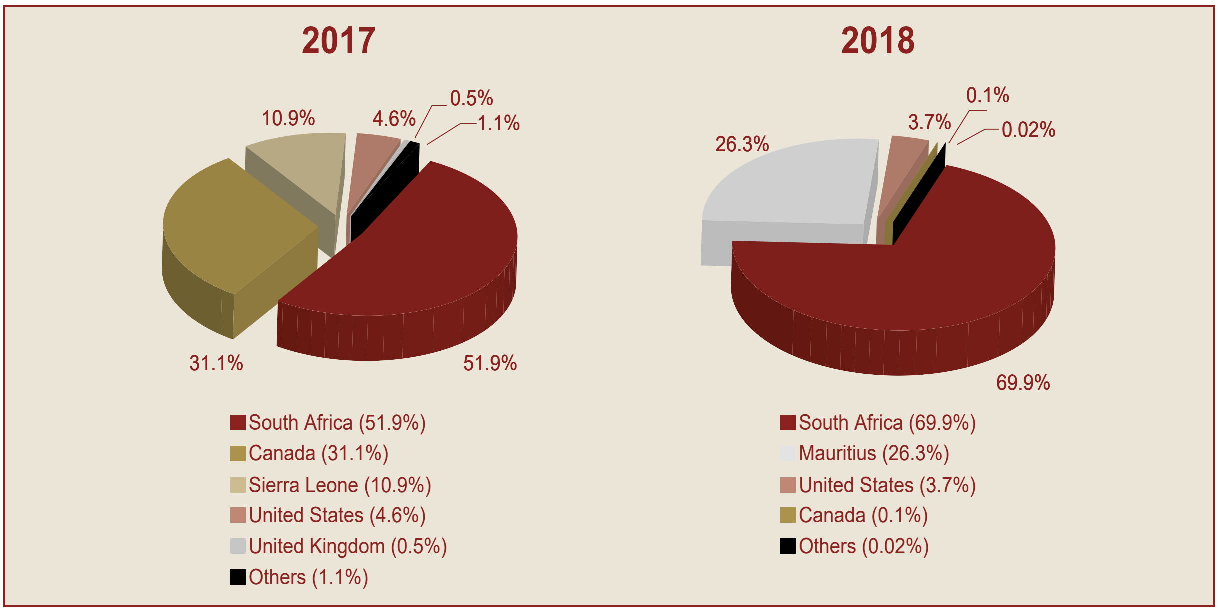
40 The international benchmark values give an assessment of the country's risk of debt distress. If the ratio falls below the threshold of 15-25 percent, then the country is seen to easily meet its debt service obligations and is at low risk. Should the country's debt burden fall within the threshold, but stress tests indicate a possible breach in the presence of external shocks or abrupt changes in macroeconomic policies, then it would be at a moderate risk. Finally, if the country's debt burden falls above the threshold, then the country would be considered to be in danger of debt distress and stringent policy interventions may need to be taken.

FIGURE C.32(A): EXTERNAL LONG-TERM LOANS BY COUNTRY (PERCENTAGE SHARE), EXCLUDING CENTRAL GOVERNMENT



At the end of 2018, Germany continued to dominate Namibia's total long-term external loans. Namibia's total external sector long-term loans by country mostly originated from Germany with a share of 31.7 percent, followed by Tunisia (27.1 percent) and British Virgin Islands (16.2 percent) as shown in Figure C.32a. The total long-term external loans are mostly geared towards mining and manufacturing sectors.

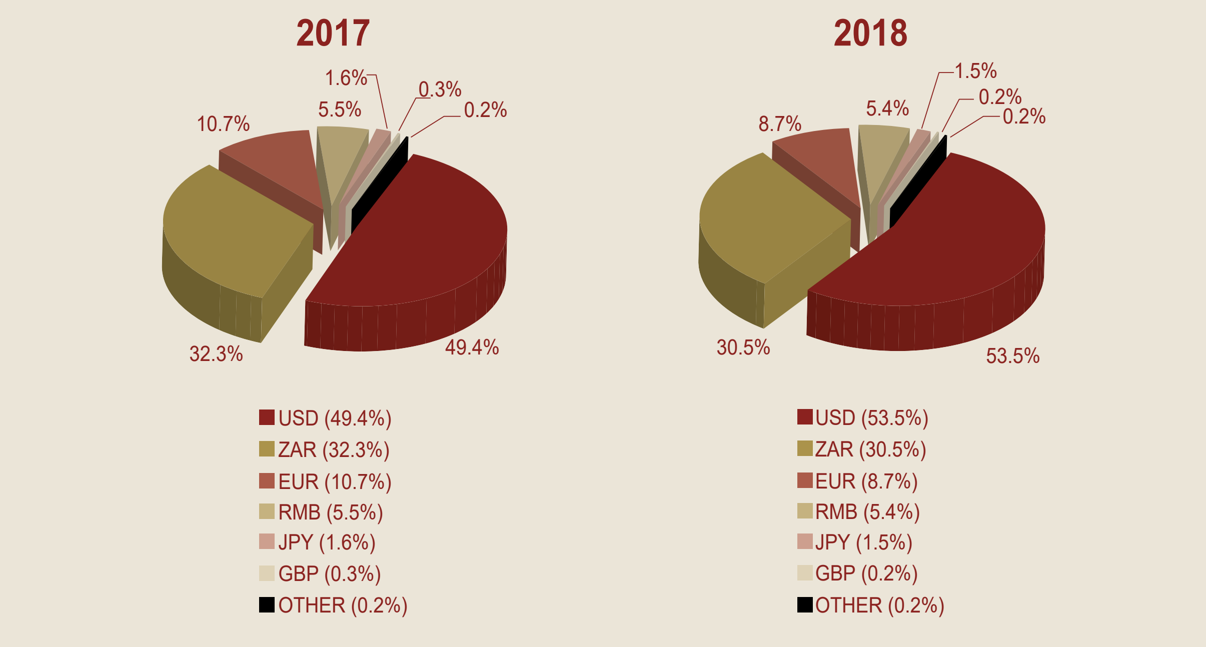
FIGURE C.32(B): EXTERNAL SHORT -TERM LOANS BY COUNTRY (PERCENTAGE SHARE)



At the end of 2018, South Africa dominated Namibia's total short-term external loans followed by Mauritius. Namibia's total external sector short-term loans mainly originated from South Africa, accounting for 69.9 percent while Mauritius followed with 26.3 percent (Figure C.32b). Moreover, the United States and Canada respectively accounted for 3.7 percent and 0.1 percent of total short-term loans.

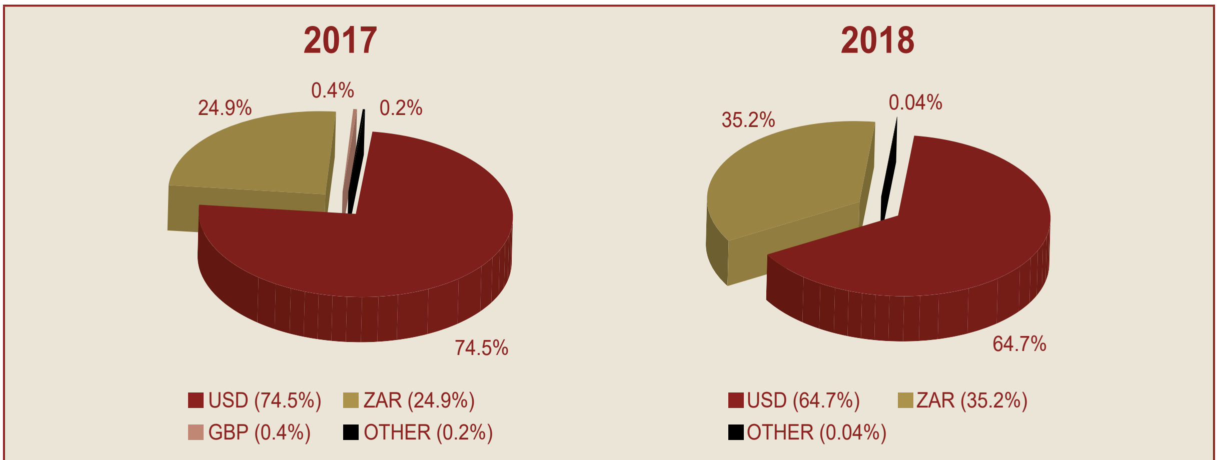
C

FIGURE C.33(A): EXTERNAL LONG-TERM LOANS BY CURRENCY (PERCENTAGE SHARE)



At the end of the December 2018, Namibia's long-term external debt by currency continued to be dominated by the US Dollar. Namibia's long-term external debt was mainly denominated in US Dollar, which accounted for 53.5 percent by the end of the period under review (Figure C.33a). This was followed by the South African Rand which accounted for 30.5 percent, reflecting the large share of South Africa's direct investment in the local economy.

FIGURE C.33(B): EXTERNAL SHORT-TERM LOANS BY CURRENCY (PERCENTAGE SHARE)



At the end of the December 2018, Namibia's short-term external debt was mainly denominated in US Dollar. Namibia's short-term external debt currency composition was mainly denominated in US Dollar, accounting for 64.7 percent followed by South African Rand which accounted for 35.2 percent at the end of the period under review (Figure C.33b).

EXCHANGE RATE DEVELOPMENTS

The Namibia Dollar appreciated slightly against the US Dollar on average, while it depreciated against the Pound and the Euro during 2018 compared to 2017. During 2018, the Namibia Dollar appreciated on average by 0.6 percent against the US Dollar, while it had depreciated by 2.8 percent against the Pound, and by 3.8 percent against the Euro, when compared to 2017 (Figure C.24e). The annual appreciation of the Namibia Dollar against the US Dollar was partly due to negative political and economic developments in the

United States, particularly the trade war with China that gained momentum during 2018. Although South Africa enjoyed improved international investor perceptions following political changes and also recovered from a technical recession in the first half of 2018, the Rand/Namibia Dollar pair depreciated against the Pound and the Euro year-on-year as economic growth remained subdued due to weaker levels of consumer and business confidence coupled with renewed negativity around land expropriation and property rights. In addition, the weakening of the local currency against the Pound and the Euro can be attributable to the interest rate increase by the Bank of England in August 2018, and to improving economic activity in the Euro Area, respectively.

TRADE-WEIGHTED INDEX

Both the nominal effective exchange rate (NEER) and the real effective exchange rate (REER) indices of the Namibia Dollar fluctuated notably during 2018 but on average were slightly stronger compared to 2017. During 2018, the annual average level of the NEER index appreciated by 1.6 percent to 101.6, while the REER index appreciated by 1.1 percent to 104.0 compared to 2017 (Figure C.24f). This implies that on an annual average basis, Namibia's external competitiveness weakened during 2018 compared to the previous year. Within the year 2018, however, the REER was quite strong in the early months but later during the year depreciated significantly, thereby signalling an improvement in external competitiveness as the year progressed.

C

THEME CHAPTER

ESTABLISHMENT OF A DEPOSIT GUARANTEE SCHEME IN NAMIBIA

CONTENTS: THEME CHAPTER

TABLES THEME CHAPTER

INTRODUCTION

Banking institutions play a critical role in enhancing economic growth and development. They are a vehicle through which financial intermediation takes place, and contribute to economic growth and employment creation. Failure of such important institutions can therefore have devastating consequences for both the host economy and the global financial system.

The global market has experienced and continues to experience failures of banking institutions. A bank failure occurs when a bank is unable to meet its obligations to its depositors or other creditors because it has become insolvent or too illiquid to honour its obligations. It is argued that in the 1980s, more banks failed than in the entire post-Depression period up to the end of the 1970s. Many of the failures experienced have coincided with a period of serious economic decline not only in the economies of their host countries, but also during global economic hardships. A common assumption is, therefore, that many of the bank failures experienced in the 1980s were caused by adverse economic conditions. In turn, the bank failures tended to amplify the intensity of the economic decline. Instances of bank failures have continued to occur since the 1990s, sometimes with widespread adverse consequences.

To manage the negative impact of bank failures, countries have introduced depositor guarantee/insurance schemes in order to ensure the transparent and efficient reimbursement of depositors. Although governments have bailed out many banks in the absence of any deposit guarantee schemes over the years, usually in cases where the banks in question were big enough for their failure to cause financial instability. These implicit guarantees were always at the discretion of governments, however, and therefore did not offer any meaningful peace of mind and certainty for depositors. As a result, there has been strong growth in the establishment of formal, explicit deposit guarantee schemes. As of 2018, the International Association of Deposit Insurers had recorded 143 countries and regions worldwide with deposit guarantee/insurance scheme establishments.

One of the crucial considerations for any regulatory structure aimed at protecting small depositors while complementing financial stability is the existence of a deposit guarantee or insurance scheme. The Namibia Financial Sector Strategy (NFSS), which was developed by the country's financial authorities and stakeholders, has therefore advocated for a safety net to be put in place to protect small depositors. This stance was informed by developments in the global markets, where countries have responded to bank failures by establishing deposit guarantee schemes. In order to achieve this objective, the NFSS called for a study to be conducted to determine the feasibility and appropriate format of a deposit guarantee and resolution scheme for Namibia, with the primary objective of protecting smaller depositors in the event of bank failures by ensuring that depositors are reimbursed with the value of their deposits in an efficient, transparent and speedy manner.

C

INTERNATIONAL AND REGIONAL EXPERIENCE

Bank failures are experienced not only in developing and emerging economies, but also in advanced economies. Between 1979 and 1987, about 171 banks failed in the US. Most of the failed banks were smaller banks located in the mid-western, south-western and western districts, and 78 percent had less than US $50 million in assets. Clarke (1988) conducted a study looking at factors that caused these banks to fail. The study showed that deficiencies within boards of directors and management were the primary internal problems of these failed banks. The quality of a bank's board and management depends on the experience, capability, judgment, and integrity of its directors and senior officers. The US (the largest economy in the world) has two federally mandated deposit insurance systems. The Federal Deposit Insurance Corporation provides explicit protection for deposits in banks and savings associations. The National Credit Union Administration provides protection of depositor funds in credit unions (termed share accounts) under a separate legislative mandate. All federally chartered and most state-chartered credit unions are insured by the National Credit Union Administration through the National Credit Union Share Insurance Fund. State-chartered credit unions in nine states are allowed to obtain primary deposit insurance from a source other than the National Credit Union Share Insurance Fund.

Singapore, with a banking system ranked amongst the strongest in the world, has established Singapore Deposit Insurance Scheme (SDIS) to minimise the devastating effects of bank failures. The banking sector offers a wide range of financial services, including traditional lending and deposit-taking functions, and corporate and investment banking activities. Singapore consumers enjoy the benefits of a sound banking system. Banks and finance companies licensed in Singapore are supervised by the Monetary Authority of Singapore. The aim of this body is to ensure the stability of the banking system in Singapore, and to require financial institutions to have sound risk management systems and adequate internal controls. However, it does not guarantee the soundness of individual financial institutions, and as a result, like many countries, Singapore has over the years experienced its share of banks failures (Singapore Deposit Insurance Scheme, 2019).

The SDIS has been set up to protect the core savings of small depositors in Singapore in the event that a full bank or finance company fails. All full banks and finance companies in Singapore are SDIS members, except those exempted by the Monetary Authority of Singapore.. The SDIC covers individuals and other non-bank depositors with insured deposits placed with an SDIS member. Other non-bank depositors include sole proprietorships, partnerships, companies and unincorporated entities like associations and societies.

In the event that an SDIS member fails, all depositors entitled to receive compensation under the SDIS will be notified regarding the

C

details of how compensation will be made. Depositors do not need to file claims with the SDIC, as pay-outs will be computed based on the records of the failed SDIS member. Arrangements will be made by the SDIC to pay out the compensation to depositors entitled to compensation as soon as possible. Payment may be made by cheque or by depositing the amount of compensation into new accounts opened for the insured depositors with another SDIS member appointed by the SDIC.

A significant number of countries have introduced deposit insurance or guarantee schemes over the years. As of 2018, the International Association of Deposit Insurers has recorded 143 countries and regions worldwide with deposit insurance schemes on their website. A list of deposit insurance or guarantee schemes established in selected countries can be found in Table TC.1 below.

Regionally, South Africa, has recorded a significant number of bank failures over the last 15 years. South Africa has a developed and well regulated banking system which compares favourably with those of industrialised countries. Although the South African banking sector has been through a periods of volatility and change in the past, it has attracted a lot of interest from abroad, with a number of foreign banks establishing their presence in the country and others acquiring stakes in major banks (Businesstech, 2019).

Despite the significant strides made in South Africa's banking sector, there have also been challenges, as is evident from a number of banks that have failed in that country over the years. Like with many countries, the reasons for bank failures in South Africa over the past years include credit risks, market risks, liquidity risks, capital requirements, bank regulation, inefficient management, and external economic factors. Oile-Balogun (2016) highlighted the fact that that even though the majority of the banks ultimately resolved their liquidity problems, the way in which this was done often resulted in the banks "shutting down" in one way or another. As a result of various deals, sell-offs and mergers, over 20 banks have been deregistered in South Africa since 1990.

In view of the abovementioned failures of financial institutions, the South African Reserve Bank (SARB) and National Treasury made a proposal for the establishment of a deposit insurance scheme for South Africa. The main policy objective of a deposit insurance scheme for South Africa would be to protect the less financially sophisticated depositors in the event of a bank failure, thereby contributing to consumer protection and enhancing the stability of the South African financial system. By protecting the covered deposits in all banks, the deposit insurance scheme could also contribute to the development of a less concentrated banking sector, thereby supporting financial inclusion and transformation of the sector (SARB, 2017).

The proposal is for an explicit, privately-funded deposit insurance scheme with the following features:

- There should be a paybox-plus mandate, which would allow for the reimbursement of the covered deposits if a bank failed, and which should also support other forms of resolution, provided that it would cost the deposit insurance scheme less than what it would have had to pay out in the event of the liquidation of a bank.
- The scheme should be established as a subsidiary of the SARB, making it a separate legal entity with its own legislative framework and governance requirements, although physically located in the SARB.
- Membership of the scheme should be compulsory and in fact automatic for all registered banks, and the deposit insurance entity should be consulted whenever an application for a new banking license is received.
- Qualifying deposits should include all the deposits held with banks, with the exception of deposits made by banks and by the non-bank private financial sector, including money market unit trusts, non-money market unit trusts, insurers, pension funds, fund managers and other private financial corporate sector institutions.

The authorities are yet to pronounce themselves on the proposed establishment, as consultations have yet to be finalised.

Elsewhere in Africa, the West African Monetary Union Deposit Insurance Fund insures deposits in all eight countries of the West African

Monetary Union (Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo). Similarly, the Central African Deposit Guarantee Fund insures deposits in all six countries comprising the Economic and Monetary Community of Central Africa (Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon and the Republic of the Congo).

THE NAMIBIAN EXPERIENCE

Namibia has experienced the failure of two banking institutions. A decade ago, Namibia experienced its first bank failure with the closure of the City Savings and Investment Bank (CSIB), and although no depositors lost any money, the bank recorded a loss in excess of N$30 million at the time. At the end of 2000, the troubled CSIB merged with Swabou Bank, and shorty thereafter Swabou Bank was acquired by FNB Namibia. No depositors lost any money.

Namibia very recently experienced the failure of one of its banking institutions responsible for lending to Small and Medium Enterprises (SMEs). SME Bank Limited was founded by the Government following the dissolution of the Small Business Credit Guarantee Trust (SBCGT), and was subsequently transformed into a fully-fledged banking institution in 2012. SME Bank Limited provided special attention to projects of SMEs, and those catering for rural communities, micro enterprises and previously disadvantaged individuals. It also offered banking services to individuals and companies that were not necessarily SMEs, through Personal Banking (Retail Banking), Corporate Banking, and Treasury and International Banking divisions.

After being in existence for about six years, SME Bank Limited was placed under provisional liquidation on 11 July 2017. This required the freezing of all customer accounts, making it impossible for depositors to access their bank accounts, withdraw funds or transfer funds to other parties. Furthermore, in late November 2017, SME Bank was declared to be factually and commercially insolvent, and ordered to wind up its operations. The closure of SME Bank Limited has caused immense hardship for a number of businesses, individuals and other stakeholders, including its own employees. It also resulted in depositors not having access to their funds for a period in excess of 18 months. The presence of a deposit guarantee scheme would have provided significant relief to a large portion of the depositors by ensuring access to their deposits within a reasonably short period.

OBJECTIVES OF A DEPOSIT GUARANTEE SCHEME FOR NAMIBIA

The Namibia Deposit Guarantee Scheme (NDGS) was established by the Namibia Deposit Guarantee Act (No. 16 of 2018), which was gazetted on the 28 December 2018. In line with international best practices, the main objectives of the scheme include the protection of a high percentage of depositors against the loss of their deposits by providing compensation in the event of bank failures; and the enhancement of financial stability as a portion of total deposits are insured. The existence of a deposit guarantee system ensures that depositors have access to all or part of their funds in the event of a bank failure. It is also meant to prevent panic withdrawals by assuring depositors of the safety of their deposits even in the event of a bank failure, thereby reducing the likelihood and likely scale of a systemic crisis. In this manner, the stability of the financial sector is to some extent supported.

It should be noted that an explicit deposit guarantee scheme itself does not ensure that there will be no bank failure. Other necessary mechanisms both from a regulatory perspective and from an institutional management perspective should still be put in place to minimise the risk of bank failure. In fact, in order to avoid moral hazard issues, a successful deposit guarantee scheme should be accompanied by an effective regulatory framework. This is particularly so since the presence of deposit guarantee, if not properly designed, can give rise to moral hazard in the sense that it removes one potential constraint on the banks' desire to take on excessive risks. In other words, a situation should be avoided where banks are willing to take on excessive risks, as they know that there is a deposit guarantee scheme to rely on in the event of failure. The initial threshold is envisaged to be N$25,000 per depositor. This limit is high enough to ensure that 90

C

C

percent of depositors receive their deposits back in full. However, because of a relatively small number of depositors holding large deposits, only about five percent of the total value of insurable deposits will be covered in full. This will leave the larger depositors exposed and sensitive to risk, thereby rendering the potential threat of moral hazard very small.

MANDATES AND POWERS

The Namibia Deposit Guarantee Scheme Act clearly defines its primary mandate, which is the compensation of depositors in the event of bank failure. The NDGS will be an independent juristic person but will be administratively managed within the existing structures of the Bank of Namibia. The following sections highlight important elements of the NDGS, which is now in the process of being operationalised.

The NDGS will have clearly specified powers to fulfil its mandate. These powers will enable it to:

- provide, in accordance with the provisions of the law, insurance against the loss of deposits;
- collect premiums from member banks in accordance with the provisions of the law;
- manage and administer the Deposit Guarantee Fund;
- assess claims made against the Fund by depositors and determine the eligibility and entitlement of claimants in accordance with the provisions of the Act;
- keep the public informed and promote public understanding of the benefits and limitations of the deposit guarantee system;
- engage in public awareness programmes aimed at increasing financial literacy and better informed depositors;
- borrow money in order to meet its obligations, if needed; and
- acquire, possess and dispose of property, and sue and be sued in its own name.

GOVERNANCE

The NDGS will be operationally independent, accountable and free from political and industry influence. The NDGS will resort under the Bank of Namibia for day-to-day administrative functions while the policy formulation function and oversight of the NDGS will resort under an independent Board. It will also prepare annual reports that must be presented to the Minister of Finance and Parliament for scrutiny.

RELATIONSHIPS WITH OTHER SAFETY NET PARTICIPANTS

In designing a deposit guarantee system, the relationship between the deposit insurer and other safety net participants will be maintained. The NDGS cannot and will not operate in isolation and will closely liaise with the regulator and supervisor of banking institutions in the Bank of Namibia and the Financial System Stability Committee, which are comprised of members of the Bank of Namibia, the Namibia Financial Institutions Supervisory Authority (NAMFISA) and the Ministry of Finance.

MEMBERSHIP AND COVERAGE

Many deposit insurance or guarantee schemes around the world have established compulsory participation of deposit-taking institutions in the deposit guarantee system. Membership of the NDGS will also be mandatory and include all Namibian registered banking institutions, and branches of foreign banks and building societies. Most types of deposits received by a bank in its usual course of business, such as saving, call and term deposits, will be covered. Notable exclusions will be foreign currency accounts, and tradeable debt and deposit instruments such as negotiable certificates of deposit and deposits of institutions regulated and supervised by NAMFISA (e.g. pension funds and investment managers). Deposits from institutions in which the Government is a shareholder will also not be covered.

A depositor will have coverage up to a predetermined limit in respect of the total of all

their deposits at the failed banking institution. Where a depositor holds more than one deposit in the failed banking institution, all deposit accounts held by that depositor in that banking institution will be added together and they will be compensated up to the maximum coverage limit. The coverage limit is therefore determined per depositor, and not per deposit. The guarantee coverage referred to above shall be reviewed regularly by the Board. It is envisaged that the initial threshold will be set at N$25,000. As can be seen from the table below, using data collected by the Bank of Namibia from all commercial banks with a reference date of 31 July 2018, the NDGS will cover about 94 percent of depositors at this threshold, and about five percent of the total value of insurable deposits will be covered in full.

TABLE TC.1 ESTIMATES OF THE DEPOSIT GUARANTEE SCHEME COVERAGE

Depositor category	Value of deposits (N$)	Cumulative number of depositors	Cumulative % of total deposits	Cumulative % of total depositors
Up to				
N$1	16,338	402,060	0.0%	18.4%
N$50	6,980,321	877,075	0.0%	40.0%
N$100	15,666,281	994,616	0.0%	45.4%
N$500	78,623,062	1,386,037	0.1%	63.3%
N$1,000	167,497,168	1,505,214	0.3%	68.7%
N$5,000	855,784,796	1,879,412	1.5%	85.8%
N$10,000	1,535,555,182	1,979,769	2.6%	90.4%
N$25,000	3,011,722,823	2,067,328	5.1%	94.4%
N$50,000	4,663,481,506	2,120,830	8.0%	96.8%
N$75,000	5,894,534,327	2,139,511	10.1%	97.7%
N$100,000	6,849,827,766	2,149,635	11.7%	98.2%
N$150,000	8,446,213,235	2,161,654	14.4%	98.7%
N$200,000	9,596,864,896	2,167,698	16.4%	99.0%
N$250,000	10,573,446,744	2,171,676	18.1%	99.2%
N$500,000	13,899,486,904	2,180,212	23.8%	99.6%
N$750,000	16,081,910,690	2,183,419	27.5%	99.7%
N$1,000,000	17,695,203,110	2,185,051	30.2%	99.8%
N$5,000,000	26,959,401,319	2,189,020	46.1%	100.0%
N$10,000,000	31,299,974,592	2,189,534	53.5%	100.0%
N$15,000,000	34,013,683,541	2,189,718	58.1%	100.0%
N$20,000,000	35,855,280,478	2,189,804	61.3%	100.0%
N$25,000,000	37,431,038,898	2,189,861	64.0%	100.0%
N$50,000,000	42,619,529,187	2,189,974	72.8%	100.0%
N$75,000,000	44,970,152,187	2,190,002	76.8%	100.0%
N$100,000,000	48,098,507,884	2,190,013	82.2%	100.0%
N$100,000,001+	58,518,591,214	2,190,049	100.0%	100.0%

Source: Bank of Namibia

C

C

Moreover, the remaining depositors (with deposits of more than N$25,000) are also covered up to N$25,000, implying that the level of insured/guaranteed deposits will increase to about 9% by value of total insurable deposits. This basically means depositors with more than the threshold of N$25,000 will be able to receive a reimbursement up to the threshold. These depositors are referred to as "Partly covered" in Table TC.2 below. While they are only 5.6 percent of the total number of depositors, their deposits by value contribute almost 95 percent to the total qualifying deposits. However, in the event of a failure, through the NDGS they would on aggregate only recoup about 6 percent of the value of the deposits they held. For deposits above N$25,000, the depositors would typically be concurrent creditors of the bank involved. Furthermore, it is worth noting that any additional increases of the maximum amount per depositor covered will be minimal from a depositor coverage point of view as it will have a limited impact on the *number* of additional depositors that are fully covered, while the costs will increase exponentially.

TABLE TC.2 SUMMARY OF ESTIMATES OF THE DEPOSIT AND DEPOSITORS' COVERAGE

At N$25,000 coverage	Fully covered	Partly covered	Total
Value of qualifying deposits	3,011,722,823	55,506,868,392	58,518,591,214
Percentage of total qualifying deposits	5.1%	94.9%	100.0%
Number of depositors	2,067,328	122,721	2,190,049
Percentage of all depositors	94.4%	5.6%	100.0%
Exposure of the NDGS	3,011,722,823	3,068,025,000	6,079,747,823

Source: Bank of Namibia

FUNDING

A deposit guarantee scheme requires a sustainable funding model to ensure the immediate reimbursement of depositors' claims. In most countries with deposit guarantee systems, the primary responsibility for paying the cost of deposit guarantee is borne by the banks because they and their clients benefit directly from having the deposit guarantee scheme. In practice, a deposit guarantee system can adopt various forms, such as ex-ante, ex-post and hybrid. Ex-ante funding of a deposit guarantee scheme refers to the accumulation and maintenance of funds to cover deposit guarantee claims prior to the failure of a bank. It is primarily funded by members through contributions and premiums. On the other hand, in the case of the ex-post funding model, funds to cover deposit guarantee claims are only collected from member banks when a bank fails. The hybrid system involves the collection of funds through the ex-ante approach but includes a mechanism when there is a shortfall to obtain funds ex-post from members and/or to borrow from the Bank, the Government or the market.

The NDGS will adopt an ex-ante approach with borrowing powers. This is regarded as more equitable, as it spreads the cost of guarantee over time and avoids making it too expensive. Furthermore, all banking institutions and branches of foreign banks (as defined in the Banking Institutions Act (No. 2 of 1998, as amended), as well as building societies will contribute premiums to the NDGS. The main source of the NDGS will be premium contributions collected on an annual basis by the scheme administrators from member institutions, calculated with reference to the size of the member institution's deposit base and its risk score as determined by the Bank of Namibia.

While annual premiums will differ significantly between banks according to their risks, the target fund and risk-based contributions are based on the following principles:

- there will be four risk classes; and
- premiums will be determined in accordance with the double-up principle, implying that the premium for the highest risk banks will be eight times higher than for the lowest risk banks.

These principles are set to ensure that the NDGS is fair and remains sustainable and able to respond to bank failures in a timely and effective manner. Premiums for higher risk banks will be higher than for lower risk banks, as the likelihood of such banks failing is higher than it is for lower risk banks.

PUBLIC AWARENESS

The NDGS will have an effective public education programme to inform the public and member institutions about the benefits, the level and scope of coverage and limitations of the NDGS. The target audience will be clearly defined and messages will be transmitted using effective modes of communication such as brochures, and print and electronic media. The Deposit Guarantee Scheme will conduct a public awareness campaign on an ongoing basis to maintain and strengthen public confidence.

Furthermore, the envisioned NDGS will form part of the Financial Literacy Initiative (FLI). Banking institutions and consumer groups (both beneficiaries of the NDGS) are members of the FLI, and hence the Initiative would provide an opportunity for public awareness on issues relating to deposit guarantee.

C

SELECTED LEGAL ISSUES

In addition to mechanisms for protecting depositors, the NDGS and its employees or agents will have powers of investigation and initiation of prosecution. The legislation establishing the NDGS provides it with the powers to investigate and where necessary, to initiate prosecution of officers, directors, managers and auditors of a failed bank who failed to carry out their duties diligently and whose conduct might have led to the failure of a bank in addition to provisions made in the Banking Institutions Act. Such mechanisms can enhance better governance of banks and mitigate moral hazard problems by discouraging poor performance.

In order to enable the NDGS to properly fulfil its functions, the enabling legislation further provides powers for the issuing of Rules, Determinations, Regulations and Guidelines. These subordinate laws would cover areas such as the scope of deposit coverage; determination of contributions by member institutions; the nature of records to be held by member institutions; recovery of penalties imposed on institutions; and prescription of anything which would facilitate the realisation of the objectives set in the legislation.

RECOVERIES AND REIMBURSING DEPOSITORS

In accordance with international standards, the NDGS should reimburse depositors promptly after the failure of a bank. Depositors should be refunded up to the coverage limit and they should be informed when and under what conditions the NDGS would start the payment process, the time frame over which payments will take place, and the applicable coverage limits. Once an institution has been closed, all depositors of the institution are required to claim their deposits from the NDGS within the prescribed period as stipulated in the law, by submitting the documentary proof of their entitlement to the payment. The applications should be processed and payments should be made to every depositor in accordance with the statutory coverage of the NDGS. Although not a pre-establishment requirement, the NDGS must develop a seamless system for this purpose and engage in readiness simulation runs from time to time. Ideally, depositors protected by the NDGS should be reimbursed within a period of no longer than a few weeks.

C

CONCLUSION

The establishment of the NDGS is an important development for Namibia. As alluded to earlier, a number of countries in the world, including Namibia, have experienced bank failures in recent years. Given that bank failures could have devastating consequences both for the financial system and for the economy of the country, financial regulators have considered establishing mechanisms to manage bank failures and protect the interest of depositors.

The existence of a deposit guarantee scheme will thus ensure that depositors have access to at least a portion of their funds in the event of a bank failure in a transparent and efficient manner. Although large depositors may still lose a significant portion of their deposits in the rare event of a bank failure, the NDGS would provide explicit protection and confidence to the overwhelming majority of depositors in Namibia.

TABLE TC.3 SELECTED COUNTRIES WITH DEPOSIT INSURANCE SCHEMES

Country	Name of deposit insurer	Year established
USA	The Federal Deposit Insurance Corporation	1933
India	Deposit Insurance and Credit Guarantee Corporation	1962
USA	The National Credit Union Administration	1970
Turkey	Savings Deposit Insurance Fund (SDIF)	1983
Kenya	Kenya Deposit Insurance Corporation	1985
Nigeria	Nigeria Deposit Insurance Corporation	1989
Tanzania	Deposit Insurance Board of Tanzania	1991
Uganda	Bank of Uganda	1994
Sweden	Swedish National Debt Office	1996
Ukraine	Deposit Guarantee Fund	1998
France	Fonds de Garantie des Dépôts et de Résolution (FGDR)	1999
United Kingdom	Financial Services Compensation Scheme	2000
Zimbabwe	Deposit Protection Corporation	2003
Tajikistan	Individuals' Deposits Insurance Fund	2004
Finland	Finnish Financial Stability Authority	2005
Malaysia	Malaysia Deposit Insurance Corporation	2005
Singapore	Singapore Deposit Insurance Corporation Ltd	2006
Malawi	Deposit Protection Agency	2008
Sri Lanka	Sri Lanka Deposit Insurance and Liquidity Support Scheme	2010
Central African Economic and Monetary Community	Deposit Guarantee Fund in Central Africa	2011
West African Monetary Union	West African Monetary Union Deposit Insurance Fund	2014
Ghana	Ghana Deposit Insurance Corporation	2016

Source: International Association of Deposit Insurers 2018 Annual Survey

REFERENCES

Kaufman, G.G. (1996). "Bank failures, systemic risk and bank regulation". In *Cafo Journal*. Available at: www.cato.org/pubs/journal/cj16n1/cj16n1-2.pdf. [Accessed: 26 September 2014].

Working Group on Deposit Insurance. *Guidance for Developing Effective Deposit Insurance Systems: Final Report of the Working Group on Deposit Insurance*. Basel, 2001. Available at: www.iadi.org/docs/FSF_Final_Report.pdf. Accessed: 8 March 2014.

Santomero, A.M. (1997). *Deposit Insurance: Do We Need It and Why?* The Wharton Financial Institutions Centre, University of Pennsylvania. Available at: www.fic.wharton.upenn.edu/fic/papers. [Accessed: 26 September 2014].

Clarke R. (1988). *An Evaluation of the Factors Contributing to the Failure of National Banks*. Office of the Comptroller of the Currency, Washington, D.C.

South Africa Reserve Bank (2007). Designing a deposit insurance scheme for South Africa - a discussion paper. Financial Stability Department.

Wheelock D, & Wilson P. (1995). *Why Do Banks Disappear: The Determinants of U.S. Bank Failures and Acquisitions*. Federal Reserve Bank of St Louis, Working Paper.

"All the South African banks that have failed in the last 30 years", in BUSINESSTECH, 12 March 2018. Available at https://businesstech.co.za/news/banking/231009/all-the-south-african-banks-that-whave-failed-in-the-past-30-years [Accessed: 13 February 2019].

C

Part D | Banking supervision

Contents

INTRODUCTION

The banking sector recorded continuous growth in assets despite sluggish growth in the economy which resulted in fluctuations in earnings. The banking industry reported declines in all capital ratios, but all banking institutions remained adequately capitalised, with sufficient buffers to cushion against any risks arising from the banking books. The banking sector maintained liquid assets well above the minimum prudential limits during the year under review. The liquidity situation stabilised, due to the availability of more funds in the system through Government interventions, supported by more funds being invested locally by non-bank financial institutions due to regulatory changes. The asset quality of the banking industry deteriorated during 2018 as the local economy weakened. Notably, the non-performing loan (NPL) ratio benchmark of four percent was not breached during the period under review.

PERFORMANCE OF THE BANKING SECTOR

The banking industry's earnings improved during 2018 despite the industry recording lower profitability and a deterioration in the cost-efficiency ratio.[41] During 2018, the levels of capital maintained and liquidity holdings by the banking industry remained adequate. First National Bank Namibia Limited, Bank Windhoek Limited, Standard Bank Namibia Limited and Nedbank Namibia Limited are designated as Domestic Systemically Important Banks (DSIBs), and hold the largest share of the asset base within the banking sector. In 2018, these four DSIBs on aggregate held 98.9 percent of the total banking assets, which remained unchanged from 2017. Other specialised banking institutions and the branch of a foreign banking institution made up the remaining share of 1.1 percent.

D

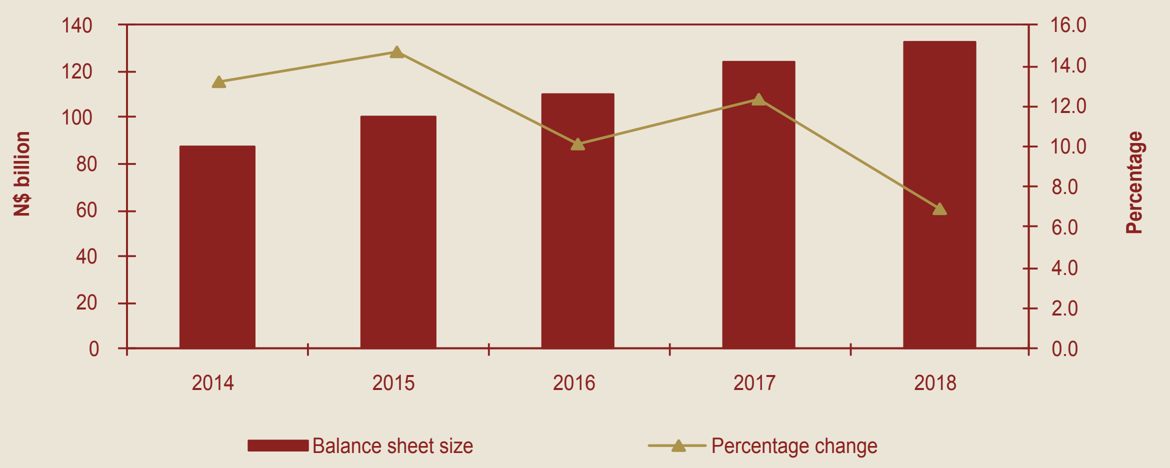
BALANCE SHEET STRUCTURE

The banking industry experienced a period of lower growth in their balance sheets during 2018, compared to 2017. As at 31 December 2018, on aggregate the banking sector balance sheet had grown from N$123.7 billion at end-2017 to N$132.2 billion year-on-year, as depicted in Figure D.1.

Non-bank funding increased, which placed the banks in a better position to improve their overall liquidity levels. These were evident by placements in the short-term negotiable securities, net loans and advances and cash and balances with banks.

FIGURE D.1 AGGREGATED BALANCE SHEET

Balance sheets showed a low growth during 2018.



41 All the authorised banking institutions are covered under this analysis of the performance and financial condition of the banking sector.

ASSET STRUCTURE

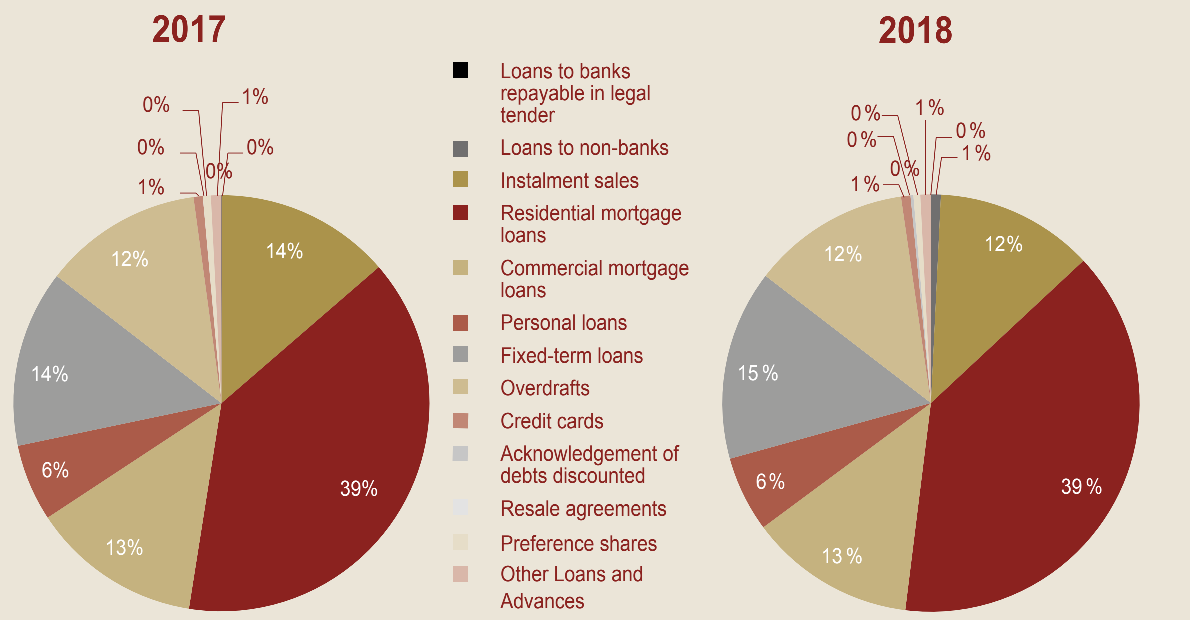
No variations were noted in the composition of asset categories, although significant growth was observed in net loans and advances, short-term negotiable securities and cash and balances with banks. The growth in assets was predominantly driven by net loans and advances, short-term negotiable instruments, and cash and balances with banks. Net loans and advances increased by N$5.1 billion from N$90.3 billion in 2017 to N$95.4 billion in 2018, while short-term negotiable instruments increased by N$3.6 billion from N$11.8 billion in 2017 to N$15.4 billion in 2018. Cash and balances followed closely with an increase of N$305.4 million from N$12.0 billion in 2017 to N$12.3 billion in 2018.

Net loans and advances continued to dominate the asset side of the balance sheet, but with a lower share than in 2017. Net loans and advances held a 72.1 percent constitution in 2018, although the constitution decreased from 73.0 percent the previous year. Short-term negotiable instruments and cash and balances with banks followed in second and third positions, accounting for 11.7 percent and 9.3 percent shares, respectively. Trading and investment portfolio, fixed assets and other assets collectively accounted for the residual share in assets of 6.9 percent (Figure D.2).

Residential mortgages and fixed-term loans contributed significantly to the growth in loans and advances. Residential mortgages constituted the largest share of the banking industry total loan book at 39.2 percent, recording a N$1.7 billion increase to stand at N$37.2 billion. Fixed-term loans accounted for a significant portion of 15.6 percent of the loan book, growing by N$1.6 billion to stand at N$14.1 billion. Commercial real estate accounted for 12.8 percent and increased by N$232.0 million to N$12.1 billion. Overdrafts constituted 12.4 percent of total loans and recorded growth of N$415.0 million to stand at N$12.0 billion. Instalment sales, which accounted for 11.9 percent of total loans, recorded a decline of N$678.0 million to stand at N$11.7 billion. The remaining assets, such as personal loans, preference shares, resale agreements and credit cards, constitute a minor part of the asset composition, collectively accounting for 8.1 percent, with negligible growth recorded during the period of review.

FIGURE D.2 COMPOSITION OF TOTAL LOANS AND ADVANCES

Mortgage loans retained the lead in loans and advances.



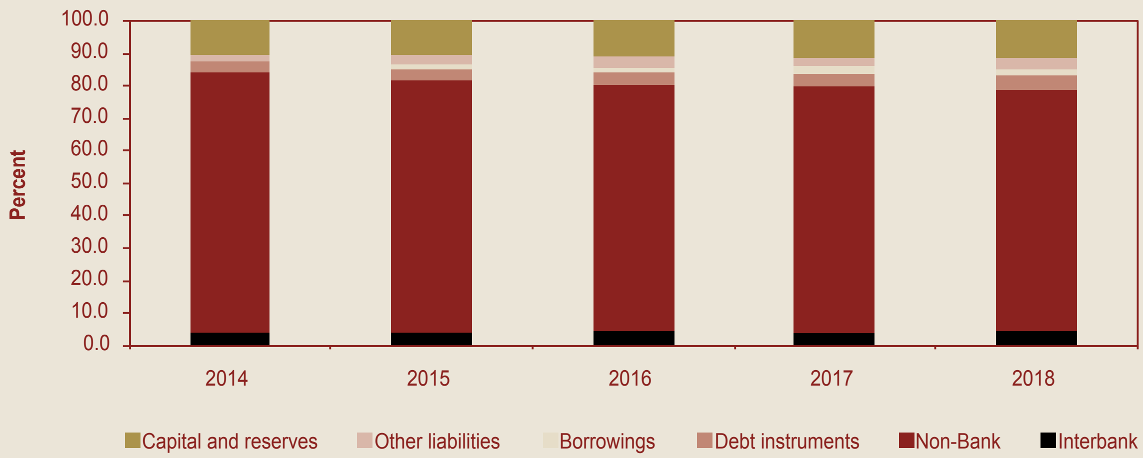
FUNDING STRUCTURE

Bank funding, non-bank funding, and capital and reserves comprised total funding, with non-bank funding being the dominant component. Non-bank funding showed significant growth, which was largely attributable to the increases in demand deposits, negotiable certificates of deposits, and to a certain degree by fixed and notice deposits. Similarly, bank funding increased when compared to the previous year, which is associated with the improvements noted in deposits growth and more borrowings both through intragroup and intergroup account facilities. Bank funding increased by 18.9 percent to stand at N$5.8 billion for the year 2018, compared to N$4.9 billion recorded in 2017. Lastly, capital and reserves increased by 5.6 percent, from N$14.4 billion to N$15.2 billion on account of retained income.

FIGURE D.3 FUNDING STRUCTURE

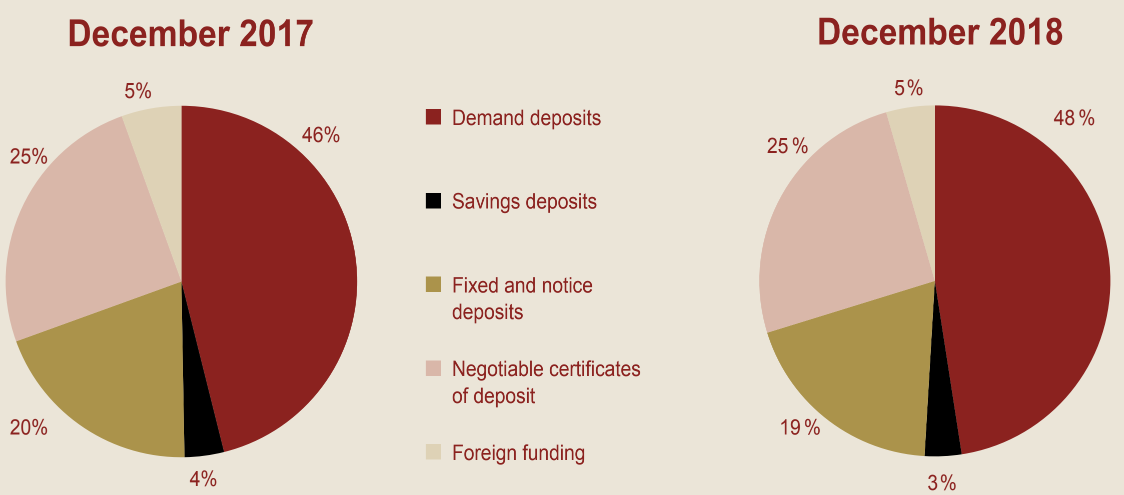
All sources of funding showed notable improvements.

Figure D.3(a) Composition of funding



Non-bank funding was mainly sourced from demand deposits and negotiable certificate of deposits.

Figure D.3(b) Composition of non-bank deposits



Demand deposits accounted for the largest portion of non-bank funding, while negotiable certificates of deposits and fixed and notice deposits lagged behind. Demand deposits increased from N$43.1 billion to N$46.7 billion, by an amount of N$3.6 billion; negotiable certificates of deposits and fixed notice deposit increased by N$1.4 billion and N$478.6 million, to N$24.9 billion and N$19.0 billion, respectively (Figure D.3). These movements increased the share of demand deposits from 46.1 percent to 47.6 percent of non-bank funding, while the portion of negotiable certificates of deposits also increased, from 25.0 percent to 25.3 percent. Fixed and notice deposits and savings deposits recorded reduced shares from 19.7 percent to 19.3 percent, and from 3.6 percent to 3.4 percent of non-bank funding, respectively. Lastly, foreign funding accounted for 4.5 percent share of non-bank funding, respectively, having declined from 5.5 percent in 2017.

The Bank is implementing new Basel III standards to mitigate the dependency of banks on wholesale depositor funding. Unlike retail funding, wholesale deposits are known to be volatile and expensive sources of funding, and dominate the deposit base of the banking sector. The downside of having wholesale deposits as a dominant source of funding is the short-term nature of such funds, in contrast to the generally longer-term assets they are used to finance. This may cause funding mismatches in maturities between assets and liabilities, which may result in unexpected withdrawals. With the introduction of the Basel III Liquidity Framework, banks are expected to diversify their funding sources, not only in terms of funding types, but also in terms of the maturity horizon. This will resolve the challenge as banks will be expected to match longer term assets with the appropriate funding sources, and to address the wholesale funding concerns.

CAPITAL ADEQUACY

During 2018, the levels of capital maintained by the banking industry remained adequate to insulate banks against potential losses and cover the risks associated with banking business. The risk-weighted capital ratio, the Tier 1 capital ratio and the leverage ratio stood well above their minimum regulatory requirements of 10.0 percent, 7.0 percent and 6.0 percent, respectively, to counter any excessive risks in the banking book.

The total qualifying capital of the banking sector increased during the period under review, mainly as a result of higher general reserves and retained earnings. During 2018, total qualifying capital increased by 11.5 percent from N$15.1 billion to N$16.8 billion, a slower rate of growth than the 19.4 percent recorded in 2017. This growth largely stemmed from an increase of N$1.4 billion in Tier 1 capital to N$13.9 billion at the end of 2018. Tier 2 capital also contributed to total capital growth, as it increased year-on-year by N$301.3 million to N$2.9 billion. The boost in Tier 1 capital was mostly attributable to general reserves and retained earnings, which increased by N$740.1 million and N$567.7 million, respectively (Figure D.4). The increase in Tier 2 capital mainly culminated from current unaudited profits, subordinated-term debt issuances, general provisions, and revaluation reserves, which recorded increases of N$114.0 million, N$103.1 million, N$57.7 million and N$26.4 million, respectively.

D

FIGURE D.4 CAPITAL ADEQUACY ELEMENTS AND RATIOS

In 2018 banking sector remained adequately capitalised in spite of the lower growth in total qualifying capital during the year.

Figure D.4(a) Elements of capital funds

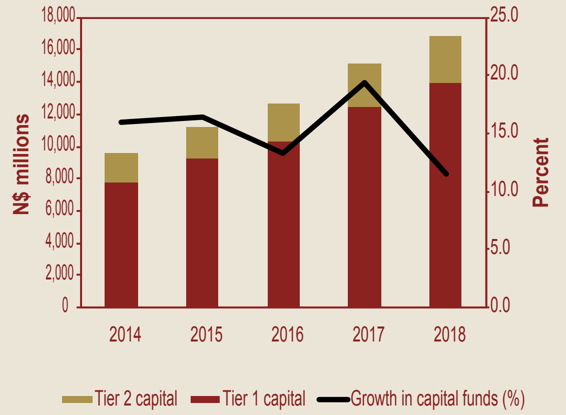
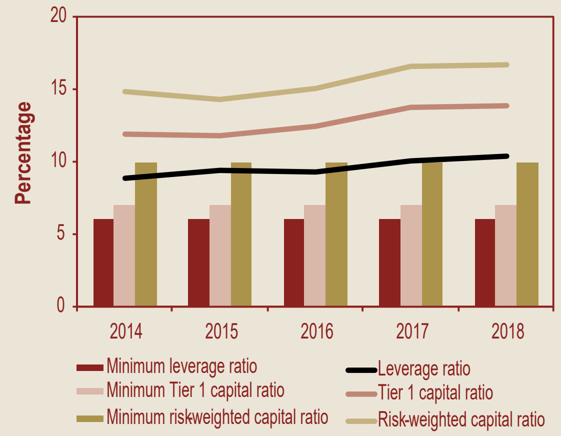


Figure D.4(b) Capital adequacy ratios



The growth in capital during 2018 outpaced the growth in risk-weighted assets, resulting in a higher risk-weighted capital ratio for the industry. Capital growth slowed to 11.5 percent in 2018, compared to 19.4 percent during 2017. Risk-weighted assets, on the other hand, increased at the rate of 10.6 percent to stand at N$100.8 billion, largely due to the increase in the industry's credit risk exposures. As a result, the risk-weighted capital ratio increased slightly from 16.6 percent to 16.7 percent (Figure D.4). Similarly, the rise in capital levels led to a slightly higher Tier 1 capital ratio of 13.8 percent for 2018, compared to 13.7 percent recorded in 2017. The leverage ratio increased slightly from 10.0 percent to 10.4 percent, as the 11.4 percent growth in Tier 1 capital exceeded the 10.6 percent growth in risk-weighted assets.

The Bank implemented new capital rules during September 2018 under the Basel III Capital Adequacy Regime, which became applicable to all banking institutions and bank controlling companies designated as DSIBs. The Basel III reforms are intended to enhance the banking sector's resilience and ability to absorb shocks arising from financial and economic distress, whatever the source, and thus reduce the potential risk of spill-over from the financial sector to other critical sectors of the economy.

D

CREDIT RISK

Analysis of non-performing loans

During 2018 the asset quality of the banking industry deteriorated, due to lacklustre growth in the local economy. The deterioration in non-performing loans and overdue loans persisted, despite the dampened appetite for credit by consumers, coupled with a low interest rate environment. During 2018, NPLs[42] increased by 52.8 percent to N$3.5 billion, up from the N$2.3 billion recorded in 2017. Both, non-performing and overdue loans increased, while the total loans and advances increased by 5.7 percent to N$96.9 billion during 2018. All loan product categories were represented in the increase in non-performing loans. Non-performing mortgages and overdrafts increased by 56.5 percent to N$2.0 billion, and by 65.7 percent to N$525.7 million, respectively. Personal loans and credit cards, which also form part of unsecured loans, exhibited lower increases of 25.6 percent to N$140.8 million, and 19.8 percent to N$22.5 million, respectively, compared to 58.0 percent and 21.0 percent in 2017.

Mortgages dominated the non-performing loans as expected, being the largest loan category under loans and advances. Non-performing mortgages have the largest share of total NPLs of 58.8 percent,

42 A non-performing loan refers to a loan (capital and/or interest) that is overdue or unpaid for 90 days or longer.

followed by overdrafts at 15.2 percent, other loans and advances at 13.6 percent, instalment sales at 7.7 percent, personal loans at 4.1 percent, and credit cards of 0.7 percent. The share of non-performing mortgages, overdrafts and other loans and advances increased compared to 2017 figures, while the share of the rest of the categories of non-performing loans has declined. The increase in non-performing loans appears to be in line with the general slowdown in economic activity of the domestic economy that affected the disposable income of households. However, it remained below the threshold level of 4.0 percent.

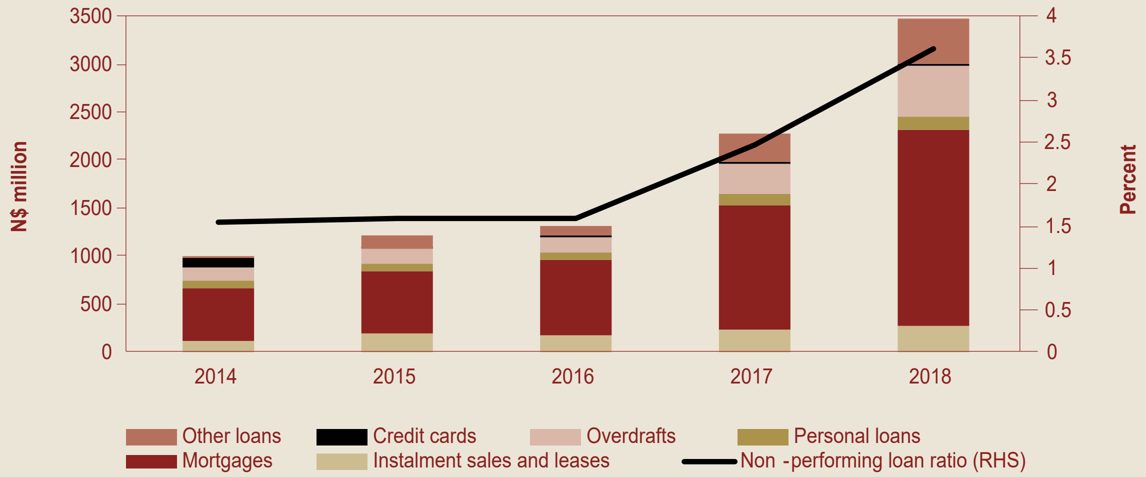
The key indicator of asset quality – the ratio of NPLs-to-total loans and advances – deteriorated as activity in the domestic economy weakened. The NPL ratio increased from 2.5 percent to 3.6 percent of total loans during 2018, a higher level than that recorded in 2017, and the highest over the past five years (Figure D.5). However, it remained below the benchmark target level of 4.0 percent.

Banks implemented various interventions such as rigorous credit risk assessments to curb sectoral NPLs from increasing, particularly for economic sectors that experienced a slowdown, which includes agriculture, and the wholesale and retail trade sectors. NPLs escalated for all sectors, with the exceptions of fishing, mining and Government services. Individuals, as a sectoral category, had the largest share of NPLs with an increase of N$414.5 million to N$1.6 billion, followed by trade and accommodation with an increase of N$463.3 million to N$620.7 million, other loans by N$254.4 million to N$287.8 million, construction by N$104.1 million to N$170.8 million and real estate and business services by N$74.8 million to N$442.9 million. In order to minimise exposures to high risk sectors and industries, risk appetite limits are in place in banks' credit policies for assessment of sectors with low economic activity, while limits for sectoral concentration are set in the form of sectoral and portfolio limits.

D

FIGURE D.5 NON-PERFORMING LOANS

Mortgages contributed mainly to the increase in non-performing loans.



Adequacy of provisions

The increase in NPLs led to an upsurge in specific provisions, as anticipated. Specific provisions[43] increased from N$433.5 million recorded in 2017 to N$662.6 million in 2018, representing an increase of 52.9 percent. The ratio of specific provisions to NPLs stood at 19.1 percent, up from 17.3 percent recorded in 2017. Realisable security recorded an increase from N$1.6 billion in 2017 to N$2.4 billion in 2018, constituting a 47.9 percent increase. The increase in the value of realisable collateral, compared to the increase in specific provisions, signifies that the banking industry requested additional collateral from clients to reduce expected credit losses in the event of default.

43 Specific provisions apply to loans graded substandard, doubtful and loss; the net realisable value of collateral shall be deducted from the loan balance before applying provisioning percentages.

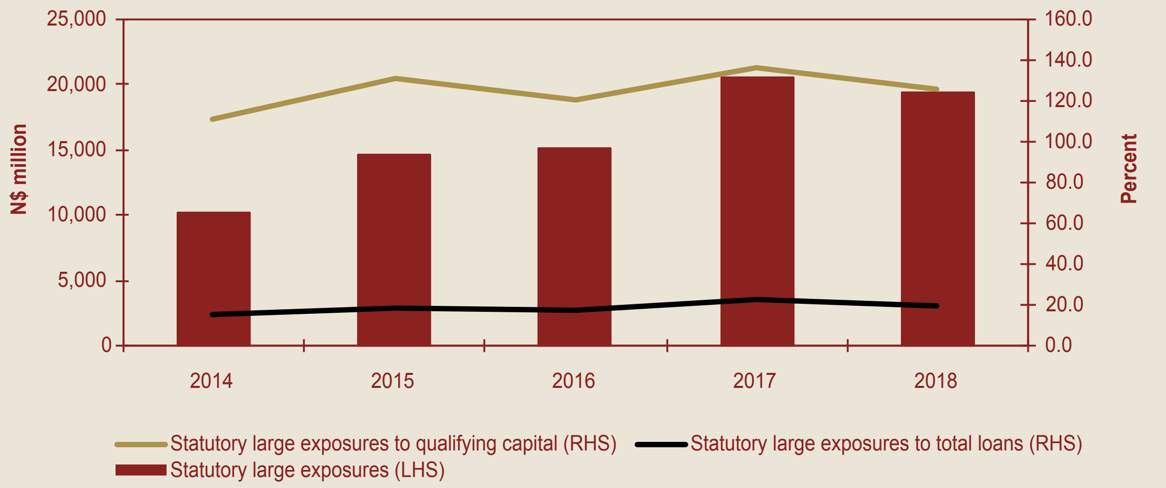
Loan diversification and statutory large exposures

Credit risk in the banking sector was mitigated through banks diversifying their loans across various sectors and counterparties. Loan diversification is necessary to mitigate the probability and extent of losses through defaults that may originate from any particular sector. In terms of sectoral distribution of loans, loans to individuals constituted the majority share of the banking sector credit, standing at 49.3 percent of total loans and advances, followed by real estate and business services at 12.9 percent, and trade and accommodation with 9.8 percent.

The banking industry's large exposures[44] decreased during the year and remained within the prescribed prudential limit. The value of large exposures decreased by 5.8 percent from N$20.6 billion recorded in 2017 to N$19.4 billion in 2018, due to the increase in total qualifying capital. As a result, the ratio of large exposure to total loans declined from 22.4 percent in 2017 to 20.0 percent in 2018. Large exposures in relation to qualifying capital fell from 136.0 percent the previous year to 125.8 percent in 2018. On aggregate, the ratios were well within the prudential limit of 800 percent of capital funds (Figure D.6).

FIGURE D.6 STATUTORY LARGE EXPOSURES RELATIVE TO TOTAL LOANS AND CAPITAL FUNDS

Large exposures decreased on account of higher total qualifying capital.



PROFITABILITY AND EARNINGS

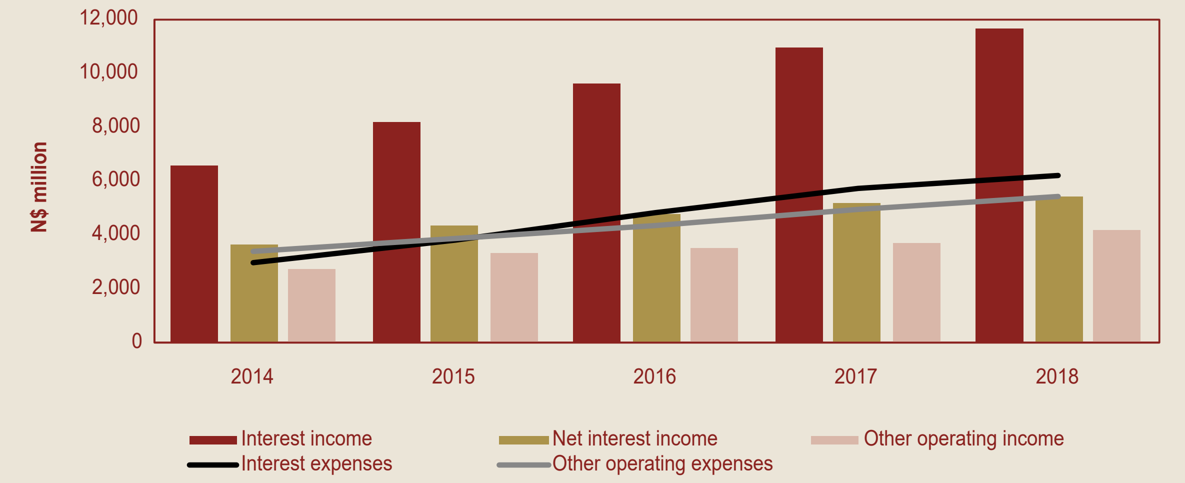
The banking sector remained profitable during 2018, driven by growth in total income. The banking sector profitability was boosted by the increases evident in all sources of income during 2018. Total income increased by N$717.3 million to N$9.6 billion, which compares favourably to the N$8.9 billion of income recorded in 2017. The growth of N$269.3 million to N$5.4 billion in the net interest income, coupled with the increase of N$448.0 million to stand at N$4.2 billion in other operating income, contributed largely to the growth observed in total income (Figure D.7).

In terms of the composition of the banking sector's total income, net interest income accounted for over half, at 56.7 percent, while other operating income represented the remaining share of 43.3 percent.

44 A statutory large exposure is when the exposure of a single person or a group of related persons exceeds 10% of the banking institution's capital funds.

FIGURE D.7 KEY INCOME STATEMENT INDICATORS

Income levels remained under pressure while expenses escalated during the period.

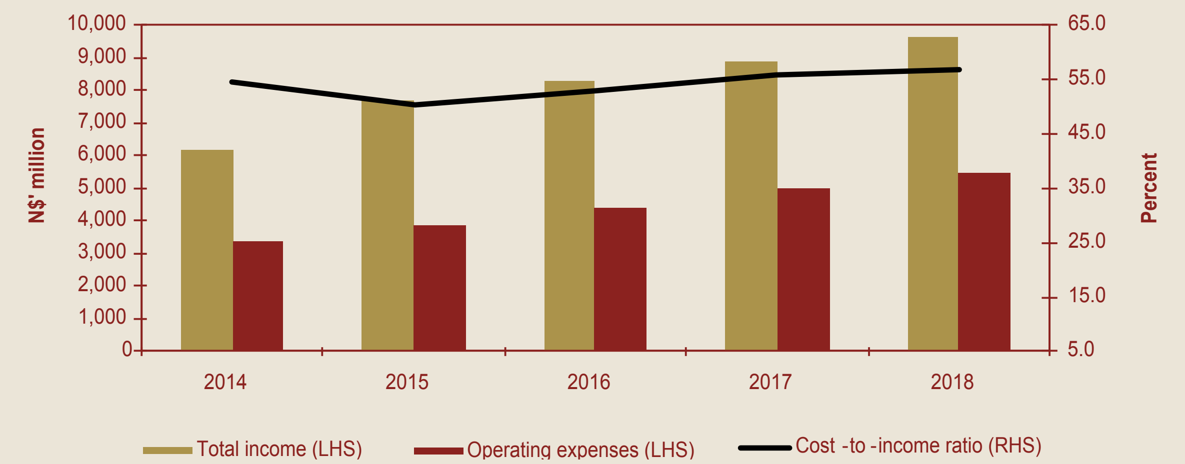


The management of cost remains a concern in the banking sector as operating expenses continued to escalate during 2018. The sector's operating expenses increased by 10.3 percent to N$5.5 billion in 2018, and have showed an increasing trend over the last five years (Figure D.7). The increase in operating expenses was most notable in staff costs, and administration and overheads expenses. Staff costs grew by 9.1 percent to N$2.9 billion, driven by the recruitment of additional staff members in the banking sector. The increase in administration and overheads expenses of 17.0 percent to N$1.4 billion resulted from the acquisition of new equipment and hardware, and property expenses during this year.

Staff costs dominated the operating expenses during 2018. As a percentage of total operating expenses, staff costs, at 52.2 percent, accounted for the bulk of the expenses, followed by administration and overheads at 21.6 percent. Other operating expenses, occupancy expenses, and depreciation and amortisation on aggregate accounted for the remaining share of 23.0 percent. Provision charges also increased by 15.0 percent to N$415.2 million during 2018, compared to N$361.2 million recorded in 2017.

FIGURE D.8 EFFICIENCY INDICATORS OF THE BANKING SECTOR

Cost efficiency of the banking sector remained a concern as displayed by the higher cost indicators.



As a consequence of the high increase in operating expenses, the cost-to-income ratio deteriorated during 2018. The higher increase (10.3 percent) in the operating expenditure relative to the slower growth (8.1 percent) in the total income resulted in the cost-to-income ratio deteriorating from 55.8 percent in 2017 to 56.9 percent in 2018. This is above the international benchmark of 50.0 percent, which is an indication of high operational costs in the banking industry. Despite the increase, the cost-to-income ratio remained below the Bank's internal regulatory threshold set at 65.0 percent.

The banking sector posted a net-income after tax despite the decrease notable in the profitability indicators (return on assets (ROA) and return on equity (ROE)). The banking sector's net income after tax increased by 4.6 percent to N$2.6 billion, compared to N$2.5 billion reported in 2017. The increase in net-income after tax was however outpaced by the growth in total assets and in the total equity, which consequently resulted in the ROA ratio declining from 2.1 percent to 2.0 percent, and the ROE ratio from 18.6 percent to 18.5 percent (Table D.1)

TABLE D.1 RETURN ON ASSETS AND RETURN ON EQUITY

Description	2014	2015	2016	2017	2018
ROA	2.4	2.5	2.3	2.1	2.0
ROE	24.0	24.5	24.1	18.6	18.5

The banking sector further extended its branch network during 2018, enabling consumers to better access banking institutions' products and services. The banking industry saw four new branches being established and two new agencies opened during 2018. The branch network extensions are reflected in the Table D.2.

TABLE D.2 BANK BRANCH NETWORK

Description	2014	2015	2016	2017	2018
Branches	111	126	139	163	167
Agencies	73	68	61	62	64
Total	184	194	200	225	231

D

The banking sector also witnessed an increase in the staff complement. The total number of personnel employed by the banking industry increased by 100 new personnel to 6,563 in 2018 (Table D.3). Of the 100 new personnel, 87 are permanent employees and the remaining 13 were employed on a temporary basis.

TABLE D.3 BANK STAFF LEVEL

Description	2014	2015	2016	2017	2018
Permanent personnel	5,231	5,524	5,902	6,284	6,371
Temporary personnel	357	375	331	179	192
Total	5,588	5,899	6,233	6,463	6,563

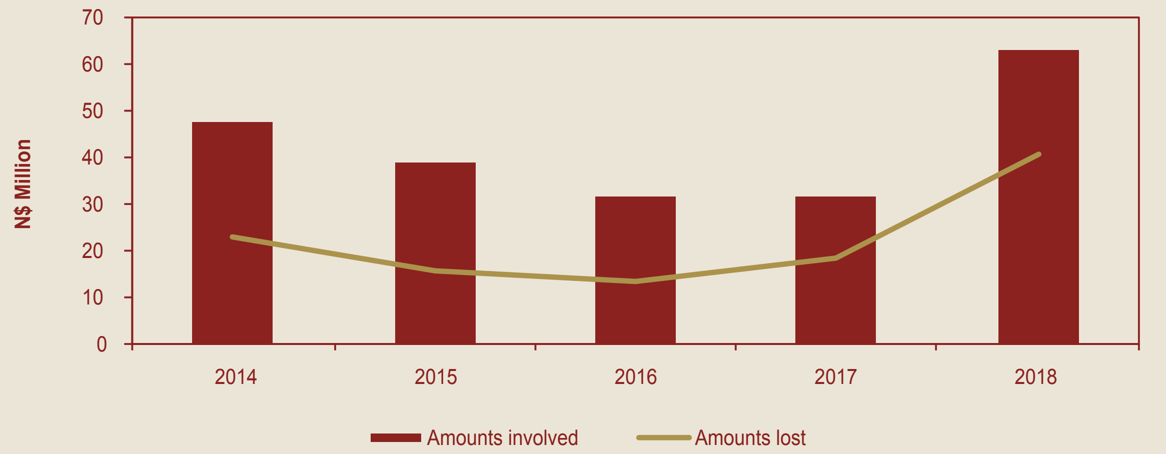
FRAUD AND OTHER ECONOMIC CRIMES

The banking sector experienced a significant increase in the levels of fraud and related economic crimes during 2018. The number of fraud cases reported increased from 200 in 2017 to 251 in 2018. The amount involved in these fraudulent activities increased to N$63.2 million in 2018, up from N$31.3 million recorded in 2017. The actual financial loss increased, from N$18.5 million reported in 2017, to N$40.9 million in 2018 (Figure D.9).

The banking sector reported that of the total amount lost, an amount of N$4.7 million was recovered, while a further recovery of N$1.7 million is anticipated assuming the successful conclusion of pending investigations. Banking institutions are required by the Bank to strengthen their surveillance systems and implement adequate and appropriate internal controls in an effort to combat fraud.

FIGURE D.9 FRAUD AND OTHER ECONOMIC CRIME

The incidence of fraud escalated during the review period as a result of the amounts involved.



During 2018, the fraud categories experienced by banking institutions included automated teller machine (ATM) fraud, credit card fraud, currency counterfeit fraud, scams, and theft of cash. The fraud occurred as a result of actions by outsiders, inadequate internal controls, failure to adhere to bank procedures, manipulation of authorised signatories, manipulation of negotiable instruments, and manipulation of accounting records. Fraud remains a national concern, and banking institutions are therefore mandated to strengthen their operational risk management through proper monitoring systems and adequate internal controls.

LIQUIDITY

The banking industry maintained liquid assets well above the prudential minimum requirement during the year under review due to additional liquidity caused by the return of funds by institutional investors and low demand for credit (Figure D.10). The industry's liquidity position improved significantly, as evidenced by the year-on-year growth in liquid asset holdings.

FIGURE D.10 LIQUIDITY

Liquidity holdings remained above required minimum levels as treasury bills stood highest amongst liquid assets.

Figure D.10 (a) Statutory liquid assets

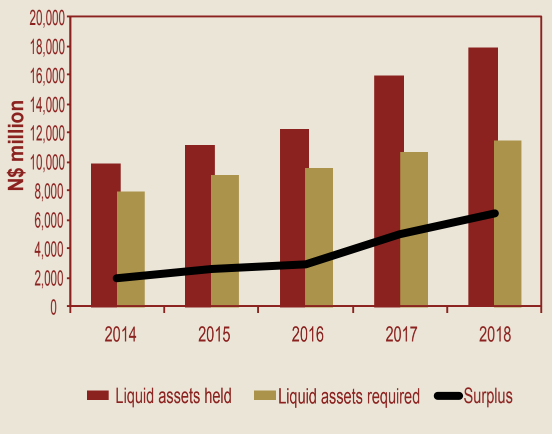
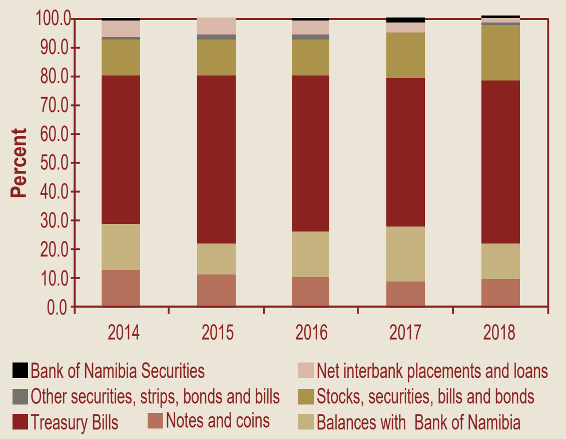


Figure D.10 (b) Composition of liquid assets



For the year 2018, the liquid assets held by the banking sector remained adequate and above the statutory minimum requirements. Liquid assets held stood at N$18.1 billion, exceeding the required minimum of N$11.6 billion, with a surplus of N$6.5 billion, as depicted in Figure D.10. The portfolio of liquid assets held by the industry thus increased by 11.5 percent, amounting to N$1.9 billion, while average total liabilities to the public increased at a lower rate of 7.3 percent, amounting to N$7.9 billion. However, banks need to hold 10 percent of the average total liabilities to the public as liquid assets. Consequently, the liquidity ratio improved from 14.6 percent in 2017 to 15.6 percent in 2018, remaining well above the statutory minimum of 10.0 percent.

The loan-to-asset ratio improved during 2018 and remained well below the international benchmark. A high loan-to-asset ratio implies that the banking sector's asset base is dominated by loans and advances, which could possibly expose banks to liquidity risk. During the reporting period, the loan-to-asset ratio improved from 73.5 percent to 72.1 percent, which is better than the international benchmark of 75.0 percent. This improvement was attributable to a rise in liquid asset volumes in the form of cash and balances held with banks, including short-term negotiable securities.

The growth in the industry's loan portfolio outpaced the growth in deposit funding during 2018. The loan-to-deposit ratio deteriorated marginally to 94.6 percent from 93.5 percent recorded a year ago. Despite that, the ratio remained below 100 percent, which indicates that the banking industry's deposit base was sufficient to fund its lending activities.

The banking sector's holding of treasury bills including Government stock, securities, bills and bonds, increased during the reporting period due to higher yields offered. As a proportion of total liquid assets, treasury bills represented 56.8 percent, followed by Government stock, securities, bills and bonds at 18.6 percent, and clearing and call account balances at 12.0 percent. Notes and coins constituted 10.2 percent of liquid assets, while net interbank placements and loans represented 1.8 percent. Other securities, strips, bonds and bills represented 0.5 percent, and Bank of Namibia securities represented the remaining 0.1 percent (Figure D.10).

Funding and concentration risk in top ten depositors increased for the banking industry. The share of the top ten depositors in total funding-related liabilities increased to 27.2 percent in 2018 from 25.0 percent in 2017. These exposures were primarily from insurance companies with a 38.7 percent share, financial and investment managers with a 34.6 percent share, public sector entities with a 13.1 percent share, the mining sector with a 10.1 percent share, and the construction industry with the remaining 3.5 percent share. Funding from the ten largest depositors in the 1 – 7 days' time bucket stood at N$8.1 billion and represented 10.9 percent of total liabilities to the public as at 31 December 2018. Banking institutions managed their funding and concentration risk by holding excess funding to serve as contingency funding, in case they needed to repay loan obligations or deposits on call at short notice. As at 31 December 2018, the industry had stress funding amounting to N$22.9 billion available in the form of available-for-sale investment securities, unencumbered trading securities, available repo facilities, unutilised interbank funding, uncovered funding lines, drawdowns in respect of call loans, and other funding, to cater for those unexpected outflows.

INTEREST RATE RISK

The net gap between assets and liabilities that are interest rate-sensitive remained positive and increased further, suggesting that interest rate margins will improve if interest rates increase. The asset repricing in the 30 days' time bucket increased marginally by 2.9 percent to N$103.7 billion over 2018 from N$100.7 billion recorded in 2017. The liabilities repricing in the 30 days' time bucket increased by 4.9 percent to stand at N$66.1 billion during 2018 from the N$63.0 billion recorded in 2017.

Variable interest rate liabilities lost a portion of their share in liabilities, but dominated the funding side. The variable interest rate liabilities stood at N$67.2 billion as opposed to N$63.8 billion a year ago. This constituted 50.8 percent of total liabilities and capital, down from 52.2 percent recorded the previous year. The share of fixed rate-sensitive liabilities in total liabilities and capital stood at 27.3 percent during 2018, a decline from 29.0 percent the previous year. The share of equity capital increased from 10.9 percent to 11.5 percent over 2018, while non-interest rate liabilities accounted for 10.3 percent.

On the asset side, fixed rate-sensitive assets increased in relative terms compared to variable rate-sensitive assets, which positively affected the net pricing gap. The share of variable rate-sensitive assets declined from 81.6 percent to 78.9 percent during 2018, while fixed rate-sensitive assets increased their share from 11.0 percent to stand at 13.2 percent. The non-rate-sensitive assets occupied the remaining share of 7.9 percent, having increased from 7.4 percent in 2017. The asset-sensitive position of the banking industry led to a repricing gap in asset-sensitive assets in the 0 – 31 days' maturity bucket from N$37.4

billion to N$38.2 billion in 2018. Consequently, assets are expected to reprice faster in the event of any interest rate increase. The stress test results indicated that an interest rate shock of 200 basis points on qualifying capital had an impact of only 1.7 percent, compared to the minimal 0.9 percent impact recorded in 2017.

ON-SITE EXAMINATIONS

The Bank applies a risk-based approach in its supervisory practices to ensure more intensive supervision of areas where the risk is higher. Since the failure of any DSIB will have a profound impact on the domestic financial system and the economy as a whole, most of the human and financial resources were geared towards on-site visits at DSIBs with the aim of reducing the potential for failure.

The Bank carried out five on-site examinations during the year under review. Four examinations were carried out on DSIBs to ensure that the capital, which serves as a cushion against losses, is adequate and aligned to the risk profile of the banking sector. Banking institutions with a higher risk profile are expected to hold more capital. The fifth examination was carried out at one of the non-DSIBs, with the objective of ensuring that previous supervisory recommendations proposed in order to strengthen the risk management practices at the bank were implemented in a timely and effective manner.

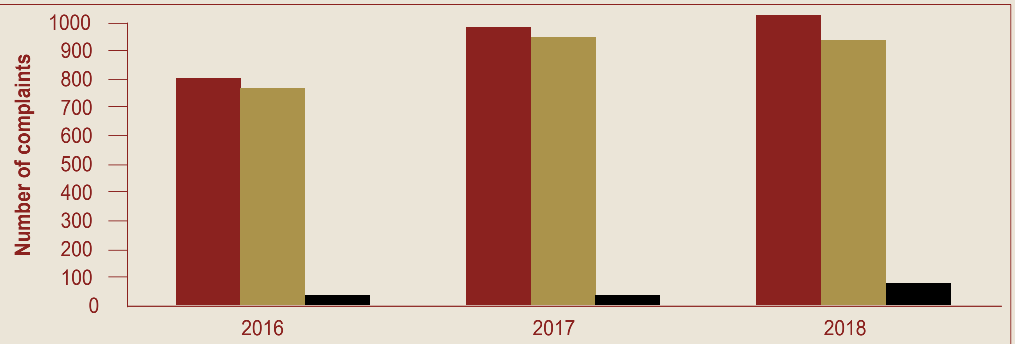
The supervisory priorities set out high level focus areas for the year ahead. The high-level priority areas for 2019 from an on-site examination perspective will include credit risk assessments, together with operational risk consideration under information security and information technology risk topics for the DSIBs. For the non-DSIBs, the Bank will continue to focus on the high and moderate risk areas, with reference to the individual risk profiles of the supervised banks. For each of the priority areas, a number of supervisory activities will be carried out.

CUSTOMER COMPLAINTS

The number of complaints reported in the banking sector increased further during the year 2018 in comparison with 2017. The banking sector handled 1,024 complaints in 2018, representing an increase of 38 complaints dealt with when compared to 986 complaints reported in 2017. Of the 1,024 complaints, 92.6 percent were lodged directly at the respective banking institutions, while 7.4 percent were referred to the Bank to mediate. In addition to the complaints received, the Bank also attended to 115 customer enquiries during the year that emanated from telephone calls, emails, and physical visits to the Bank; 91.7 percent of the complaints were resolved, whilst the remaining 8.3 percent remained work in progress at the end of 2018. (Figure D.11).

FIGURE D.11 TOTAL NUMBER OF COMPLAINTS

The total number of complaints with the banking institutions increased over the review period.



	2016	2017	2018
Total Complaints	806	986	1,024
Closed	767	951	939
Pending	39	35	85

The nature of the complaints received during 2018 varied widely. Complaints received included concerns relating to unfair treatment such as facilities not being granted, unclear fee structures, deductions made without the client's consent, outstanding balances not reducing, lack of feedback and communication, attitudes or rudeness on the part of tellers, listing of customers with the credit bureau, money withdrawn from ATMs but not disbursed, slow services, and cases of over-indebtedness.

The Bank's mediation between the banking institutions and customers saw most cases being resolved satisfactorily. The Bank's intervention in 2018 also resulted in instances of monetary refunds, interest reversals, and apologies being given to aggrieved clients**.**

The year under review witnessed consumers approaching the Office of the Ombudsman for further recourse. The Bank was subjected to investigations by the Office of the Ombudsman following some consumer dissatisfaction with the outcome of investigations carried out by the Bank. All the findings of the Ombudsman were in favour of the Bank, indicating that the complainants did not have valid cases, since the Bank did what was expected procedurally to resolve the conflict between banks and their customers.

LICENSING OF BANKING INSTITUTIONS

During the period under review, the Bank did not receive any new banking license applications. During the year the number of licensed banks remained at seven, with one branch of a foreign bank and one representative office.

LIQUIDATION OF SME BANK

D

In line with the provisions of the Banking Institutions Act (No. 2 of 1998, as amended), the Bank applied to the High Court for the winding-up of SME Bank Limited, since the Bank was satisfied that the banking institution was insolvent. Following the final order for the winding-up of SME Bank Limited granted by the High Court in 2017, the minority shareholders approached the Supreme Court and lodged an appeal. The Supreme Court heard and dismissed the appeal in 2018, thereby confirming the final winding up order of SME Bank Limited, issued in late 2017. Currently, SME Bank Limited remains under liquidation, with the liquidators continuing to collect outstanding loans, in order to satisfy the debt obligations and repayment of creditors of the bank.

PYRAMID SCHEMES/ILLEGAL BANKING BUSINESS

The Bank assessed a number of potentially illegal financial schemes and concluded that they were contravening the Banking Institutions Act (No 2 of 1998, as amended). These schemes were Financial Revolution, Luislegacy Cc, LLJ Events and Décor CC, and Sellykally CC. The Bank informed the promoters of these schemes that their activities were illegitimate, and they were directed to terminate their operations in Namibia. Further, the promoters were ordered to repay all moneys obtained from members of the public in contravention of the said Act. Failure to repay money as directed will result in the Bank applying to the High Court to have the assets of the promoters sequestrated, in order to raise money to repay members of the public who participated in these schemes. The Bank continues to monitor the operations of potentially illegal financial schemes and has implemented strategies to prevent these illegal operations from causing harm to members of the public.

DEVELOPMENTS RELATING TO THE CREDIT BUREAUS

D

The Bank continued to supervise and regulate credit bureaus to ensure compliance with the Credit Bureau Regulations of 2014, and in turn achieve the objective of the Namibian Financial Sector Strategy. During 2018, much focus fell on improving the quality of data submitted to the credit bureaus. The credit bureau engagements with the credit providers continued to bear fruits that justify the more stringent requirements that apply to submitted data. The year 2018 witnessed a substantial increase in all the key components relating to credit information sharing. The number of institutions that have engaged credit bureaus grew by 47 to stand at 333 by end-2018. This growth in the number of participating institutions lends support to the decision to improve the quality of data submitted to the credit bureaus, with the number of credit records submitted having increased by 17.6 percent to 1.6 million records. The micro-lending sector was the main contributor to the increase in the number of credit records submitted. Table D.4 illustrates the submission load of credit records year-on-year.

TABLE D.4 CREDIT INFORMATION SUBMISSION LOAD

	2016	2017	2018
Number of institutions	183	286	333
Number of records submitted	427,461	1,392,714	1,638,384
Percentage of records rejected	2.2%	7.6%	1.9%

In line with the rise in the number of credit records submitted, the number of enquiries also increased in 2018. The increase in the number of enquiries indicates that credit providers are engaging the credit bureaus to make informed lending decisions. Similarly, the number of credit reports issued to the subscribers and consumers also increased to 918,300 reports from the 810,400 credit reports issued in 2017. The credit bureaus only recorded 23 disputes during the year and resolved these within the required 20 days as expected in terms of the Regulations.

A significant improvement was noted in the quality of data submitted to credit bureaus. The data submission rejection rate declined from 7.6 percent to 1.9 percent during the year under review. The decline could be attributed to the credit providers' on-going efforts to find common validation rules for accepting the same data at both credit bureaus. In addition, institutions that are in a testing phase were not included in the information analysed for 2018. The rejection rate at 1.9 percent within the industry was achieved against a benchmark of 5.0 percent.

The active participation in the submission of data to the credit bureaus improved as more players complied with the Credit Bureau Regulations that require such submission. This applied not only to the banking institutions, but also to micro lenders and retailers, who make up 80 percent of the overall credit providers industry. The Bank witnessed other sectors, such as the insurance sector, also actively participating in the sharing of data with credit bureaus. This is an encouraging trend, since more players in the market are recognising the value of sharing information with credit bureaus. The Bank will continue to engage other sectors such as municipalities, power utilities, state agencies and local authorities to ensure full participation of all parties that have credit performance information available to share.

Despite the significant progress made with the sharing of information, the data at both credit bureaus remains somewhat skewed. The two credit bureaus are still trying to obtain similar data from all credit providers. Some credit providers only submit data to one credit bureau, however. Some of the credit providers are still busy with system upgrades or are in a testing phase. The effectiveness of the credit information sharing is dependent on the credit bureaus having the same information in their data bases concerning data subjects.

The Bank hosted staff members from the Ministry of Finance and the Financial Services Regulatory Authority from the Kingdom of eSwatini for a credit bureau benchmarking visit. The credit bureau exposure visit was in the spirit of regional cooperation and allowed the team from the Kingdom of eSwatini to obtain important insights into the Namibian credit reporting and information sharing regime, including into how credit bureaus are regulated and supervised in Namibia.

DEVELOPMENTS RELATING TO BANKING LEGISLATION

During 2018, the Bank continued to amend and/or propose changes to the primary and secondary legislative framework, as summarised below:

PRIMARY LEGISLATIVE CHANGES

(a) Banking Institutions Bill

The Bank continued with formulating amendments to the Banking Institutions Act (No. 2 of 1998, as amended) to ensure that the legal framework remains effective and responsive in the current regulatory environment. The proposed amendments have been discussed with the banking industry and subsequently submitted to the Minister of Finance for consideration and endorsement.

(b) Deposit Guarantee Act

The Deposit Guarantee Bill was tabled in the National Assembly in October 2018 and gazetted on the 28th of December 2018. The purpose of the legislation was to establish a Deposit Guarantee Scheme which will protect depositors against the loss of their deposits by providing compensation in the event of bank failures. The purpose of the proposed legislation is to establish a Deposit Guarantee Scheme which will protect depositors against the loss of their deposits by providing compensation in the event of bank failures. The compensation of depositors is meant to prevent panic withdrawals by depositors by assuring them of the safety of their deposits in banking institutions, even in the event of a bank failure. The Act is expected to become operational during the second quarter of 2019.

D

SECONDARY LEGISLATIVE CHANGES

Determination on the Measurement and Calculation of Capital Charges for Credit Risk, Operational Risk and Market Risk for Domestic Systemically Important Banks (BID-5A).

The BID-5A was published in the Government Gazette in August 2018. Its purpose is to ensure that banking institutions and bank controlling companies maintain a level of capital which is adequate to protect depositors and ensure financial stability. The capital requirements set in the Determination ensure that the banking sector improves its ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill-over from the financial sector to the real economy. The Determination is also meant to ensure that the capital of a banking institution is commensurate with its risk activities and profile. The Bank is in the process of implementing the trial run to determine the banking institutions’ ability to comply with the new capital requirements.

D

Table D.5 Composition of the balance sheet - N$ '000

	2014	2015	2016	2017	2018
Interbank Funding	3,513,308	4,073,676	4,708,167	4,928,891	5,859,932
Non-bank Funding:	**69,661,708**	**77,762,133**	**83,855,085**	**93,538,828**	**98,228,237**
Demand	37,745,044	39,164,503	40,200,591	43,119,820	46,710,146
Savings	3,200,052	3,501,871	3,383,305	3,390,385	3,322,830
Fixed & notice deposits	9,474,329	11,198,142	16,379,879	18,472,485	18,951,116
Negotiable Certificates of Deposit	16,631,306	20,566,976	21,171,093	23,397,628	24,850,867
Foreign Funding	2,610,978	3,330,641	2,720,217	5,158,509	4,393,278
Loans under repurchase agreement	-	-	-	-	-
Debt Instruments issued	3,028,686	3,437,993	4,189,830	5,028,350	6,050,339
Other borrowings	4,070	1,180,719	1,721,937	2,802,767	2,640,730
Other liabilities	1,999,034	2,852,231	3,418,723	3,012,262	4,208,957
Capital & Reserves	8,962,590	10,626,209	12,166,369	14,376,078	15,222,559
TOTAL FUNDING	**87,169,395**	**99,932,962**	**110,060,112**	**123,687,176**	**132,210,755**
Cash and Balances	8,271,422	8,030,748	8,759,938	12,027,513	12,332,867
Short term negotiable securities	6,431,131	7,842,418	8,910,467	11,811,872	15,427,531
Interbank loans and advances	-	-	-	37,325	-
Foreign currency loans and advances	968,216	1,194,043	726,207	478,635	183,122
Instalment debtors and leases	11,027,937	12,476,395	13,123,858	12,409,417	11,535,307
Mortgage loans	35,541,479	40,065,538	43,696,678	47,486,896	50,415,702
Other fixed term loans	6,521,757	8,375,449	9,939,039	12,534,536	15,093,974
Personal loans	3,578,410	3,940,908	4,569,454	5,448,681	5,809,918
Overdraft	8,454,621	9,955,822	10,831,391	11,299,722	11,988,932
Credit card debtors	420,135	462,956	522,564	646,978	709,985
Acknowledgement of debts discounted	-	-	-	-	198,983
Loans granted under resale agreement	-	32,933	43,796	15,511	-
Investment in Preference Shares	551,317	652,219	569,685	554,312	417,910
Other loans and advances	917,427	1,016,296	1,041,241	739,344	552,831
Total loans and advances	67,981,300	78,172,558	85,063,912	91,651,359	96,906,666
Less: Specific provisions	256,406	354,359	271,444	399,383	662,610
Less: General provisions	556,555	627,835	657,545	699,492	962,334
Less: Interest-in-suspense	118,632	113,372	159,695	269,889	437,229
Investment portfolio	2,609,096	3,781,590	4,348,061	4,201,077	5,216,581
Trading securities	1,704,269	2,244,822	2,827,188	2,314,082	3,130,939
Available for sale securities	352,896	1,520,885	1,500,512	1,863,565	2,056,957
Held to maturity securities	538,033	-	-	-	-
Unconsolidated subsidiaries, associates	13,899	15,883	20,361	23,430	28,684
Property, plant and equipment	1,410,365	1,720,398	1,848,851	2,095,836	2,109,830
Other assets	1,397,674	1,480,816	2,217,567	3,268,284	2,279,453
TOTAL ASSETS	**87,169,395**	**99,932,961**	**110,060,112**	**123,687,176**	**132,210,755**
Average Assets	**82,079,315**	**84,604,076**	**104,996,537**	**116,873,644**	**127,948,966**
Average Equity	**8,962,590**	**9,794,400**	**11,396,289**	**13,271,224**	**14,799,319**
Interest earning assets	69,644,905	80,842,698	88,302,927	94,460,242	82,930,932
Average interest earning assets	64,709,306	75,243,801	84,572,813	91,381,585	88,695,587

Table D.6 Capital adequacy - N$ '000

	2014	2015	2016	2017	2018
Tier 1 capital	**7,781,426**	**9,269,847**	**10,320,048**	**12,478,149**	**13,918,355**
Paid up shares	23,861	23,860	23,861	728,046	808,046
Share premium	2,112,553	2,262,554	2,262,554	2,322,078	2,322,077
Retained profits/(accumulated losses)	2,682,069	3,733,820	3,705,283	4,449,877	5,017,541
General Reserves	3,111,760	3,382,818	4,449,763	5,129,071	5,869,213
Less: Intangible Asset	148,817	133,205	121,413	150,923	98,521
Tier 2 capital	**1,812,803**	**1,893,492**	**2,327,928**	**2,627,261**	**2,928,511**
Hybrid Debt*	-	-	-	-	-
Subordinated-term Debt	701,457	782,419	783,169	1,000,256	1,103,375
Current Unaudited profits*	348,209	281,548	657,702	685,199	799,180
General Provisions	717,153	809,943	867,475	922,225	979,972
Revaluation Reserves	45,985	19,582	19,582	19,582	45,985
Less: Investment in unconsolidated subsidiaries	-	-	-	-	-
Total Qualifying capital	**9,594,229**	**11,163,339**	**12,647,976**	**15,105,410**	**16,846,866**
Aggregated Risk-weighted Assets	**65,451,395**	**78,321,755**	**83,507,641**	**91,102,229**	**100,791,271**
Total Risk-weighted amount for Credit Risk	57,477,992	68,421,031	73,011,286	79,067,022	87,150,482
Calibrated Risk-weighted amount for Operational Risk	7,141,645	9,146,259	9,850,340	11,152,167	11,861,507
Calibrated Risk-weighted amount for Market Risk	831,758	754,464	646,015	883,040	1,779,281
Gross Assets	**87,833,538**	**98,620,998**	**110,867,690**	**124,625,108**	**133,720,754**

* Hybred debt is an addition under the new Basel II Capital accord.

* Current unaudited profits are part of Tier 2 capital under the new Basel II capital accord.

* Prior to 2004, there was no provision for 10% risk-weighting and there was no requirement to report Gross Assets.

D

D

Table D.7 Analysis of overdue and non-performing loans - N$ '000

		2014	2015	2016	2017	2018
Overdue loans*		**2,331,947**	**2,798,418**	**2,493,720**	**3,741,637**	**7,230,573**
Amounts overdue:	1 to <2 months	616,547	708,559	359,286	561,831	2,800,563
Amounts overdue:	2 to < 3 months	727,599	879,935	823,363	888,123	961,648
Amounts overdue:	3 to < 6 months	345,488	331,466	363,027	825,003	1,097,144
Amounts overdue:	6 to <12 months	106,004	150,113	167,687	401,307	621,068
Amounts overdue:	12 to <18 months	536,309	728,346	780,356	1,065,373	1,750,151
Amounts overdue:	18 months and above	0	0	0	0	0
Total Non-performing loans		**987,801**	**1,209,772**	**1,311,071**	**2,270,009**	**3,467,892**
Instalment sales		124,702	193,930	183,381	228,827	268,272
Mortgages		546,215	654,651	775,291	1,302,277	2,037,825
Personal loans/ Other fixed loans		81,647	73,350	70,916	112,034	140,768
Overdrafts		123,418	148,971	160,145	317,304	525,736
Other loans & advances		95,736	124,092	105,774	290,737	472,744
Credit cards		16,083	14,779	15,565	18,828	22,547
Realizable Security		508,057	849,150	1,009,911	1,610,865	2,382,495
Specific Provisions		256,405	368,217	288,106	433,454	662,610

*Before 2004 BoN did not require banks to report an ageing analysis of overdues.

* During 2014, the overdue loans categories were revised.

Table D.8 Sectoral distribution of loans and advances - N$ '000

	2014	2015	2016	2017	2018
Total loans and advances	**67,981,300**	**78,172,557**	**85,063,910**	**91,651,359**	**96,906,666**
Agriculture and Forestry*	2,759,006	2,967,529	3,168,669	2,383,368	5,116,113
Fishing	707,357	633,924	528,978	495,496	994,897
Mining	1,188,487	1,717,518	1,280,165	1,396,899	2,038,453
Manufacturing	1,589,895	1,974,747	1,891,542	1,429,850	2,244,615
Construction	3,558,795	3,737,230	3,477,639	2,845,316	3,975,097
Electricity , Gas and Water	488,006	822,624	758,748	1,198,279	1,477,039
Trade and Accommodation	13,900,011	15,175,448	15,804,622	8,797,065	9,532,382
Transport and Communication	1,140,782	1,191,558	1,287,591	1,056,241	1,547,058
Finance and Insurance	1,515,682	2,491,898	3,834,884	2,328,622	5,584,176
Real Estate and Business Services*	8,220,319	9,751,112	10,631,763	8,861,649	12,463,469
Government Services	1,568,213	5,508,926	2,293,339	2,427,380	1,621,711
Individuals	29,919,664	30,178,869	37,886,843	56,245,697	47,806,728
Other	1,425,083	2,021,174	2,219,127	2,185,498	2,504,928

*There were natural person farmers that were reclassified from Individuals causing a shift from Individual category to both Agriculture and Forestry and Real Estate and Business Services categories.

D

D

Table D.9 Composition of income statement - N$ ‘000

	2014	2015	2016	2017	2018
Interest Income	**6,609,787**	**8,174,383**	**9,636,017**	**10,951,772**	**11,656,782**
Balances with banks	194,419	231,535	203,797	324,054	361,829
Installment debtors , hire purchase , etc	974,622	1,206,936	1,355,517	1,355,904	1,247,620
Mortgage loans: Residential	2,365,134	2,860,417	3,380,145	3,677,013	3,832,544
Mortgage Loans: Commercial	708,089	943,188	1,086,612	1,181,567	1,247,651
Personal loans	455,802	524,721	624,088	746,206	907,486
Fixed term loans	500,304	746,005	968,009	1,251,986	1,356,036
Overdraft	805,181	1,010,026	1,122,997	1,264,730	1,272,635
Other interest related income	606,235	651,555	894,852	1,150,311	1,430,981
Interest Expenses	**2,964,368**	**3,811,683**	**4,856,556**	**5,771,638**	**6,207,392**
Demand deposits	668,778	761,385	773,669	844,915	954,574
Current Accounts	401,613	464,088	597,664	636,266	616,459
Savings deposits	45,563	58,065	78,653	97,200	105,586
Fixed and notice deposits	462,396	660,475	927,884	1,328,870	1,457,357
Negotiable certificates of deposits	1,062,159	1,388,620	1,769,524	1,986,816	1,979,177
Debt instruments issued	159,370	217,058	327,471	410,341	491,053
Other interest related expenses	164,488	261,993	381,691	467,230	603,185
Interest Margin	**3,645,419**	**4,362,700**	**4,779,461**	**5,180,134**	**5,449,390**
Less: Provisions*	214,429	279,858	226,371	361,215	438,848
Total operating Income	2,775,799	3,352,068	3,515,867	3,720,234	4,168,289
Trading Income	379,086	628,392	580,268	406,319	517,020
Investment Income	73,571	158,320	132,593	168,319	183,823
Transaction-based Fee Income	2,098,591	2,333,504	2,561,890	2,786,720	3,097,543
Knowledge-based Fee Income	124,468	158,320	146,029	194,324	178,776
Other income	100,083	73,533	95,088	164,552	191,126
Total Income	**6,421,218**	**7,714,768**	**8,295,328**	**8,900,369**	**9,617,679**
Total Operating Expenses	3,389,534	3,871,719	4,395,144	4,965,781	5,476,774
Staff costs	1,748,754	2,000,350	2,271,230	2,621,600	2,859,972
Administration & Overheads	882,992	935,376	1,087,884	1,183,180	1,383,738
Depreciation and amortisation	159,410	194,854	232,308	287,049	339,122
Occupancy expenses	241,022	268,758	291,762	323,707	342,042
Other operating expenses	357,356	472,381	511,960	550,244	551,900
Net Income Before Tax	2,817,255	3,563,192	3,673,813	3,573,373	3,702,057
Taxation	911,969	1,094,835	1,145,423	1,105,296	1,119,283
Net Income After Tax	**1,905,286**	**2,468,356**	**2,528,390**	**2,468,077**	**2,582,774**

*Excluded in Total Income figures, and deducted from the Net Income before Tax.

Table D.10 Selected key ratios

	2014	2015	2016	2017	2018
Capital					
Tier 1 Leverage	8.9%	9.4%	9.3%	10.0%	10.4%
Tier 1 Risk-weighted Capital	11.9%	11.8%	12.4%	13.7%	13.8%
Total Risk-weighted Capital	14.7%	14.3%	15.1%	16.6%	16.7%
Asset Quality					
Non-performing loans to Total loans	1.46%	1.6%	1.5%	2.5%	3.6%
Overdue loans to Total loans	3.4%	3.6%	2.9%	4.1%	7.5%
Total Provisions to Total loans	1.2%	1.1%	1.0%	1.1%	1.3%
Specific Provisions to Non-performing loans	26.0%	29.3%	20.7%	17.3%	19.1%
Earnings					
Return on Assets	2.4%	2.5%	2.3%	2.1%	2.0%
Return on Equity	24.0%	24.5%	24.1%	18.6%	18.5%
Net Interest Margin	5.9%	6.1%	5.9%	5.7%	4.3%
Other Operating Income: Total Assets	3.2%	3.4%	2.4%	3.0%	3.2%
Other Operating Income: Total Income	43.2%	36.1%	39.5%	41.8%	43.3%
Other Exp: Total Income	52.7%	51.6%	51.0%	55.8%	56.9%
Liquidity					
Liquid Assets / Total Assets	11.5%	11.3%	11.4%	12.9%	13.7%
Liquid Assets / Average total liabilities	13.2%	13.1%	13.3%	14.6%	15.6%
Total Loans / Total Assets	77.1%	77.4%	76.5%	73.5%	72.1%
Total Loans / Total Deposits	94.4%	97.3%	97.6%	93.5%	94.6%
Growth Rates					
Total Assets	13.2%	14.6%	10.1%	12.4%	6.9%
Total Qualifying Capital	16.0%	16.4%	13.3%	19.4%	11.5%
Tier 1 Capital	18.0%	19.1%	11.3%	20.9%	11.5%
Total Loans	16.8%	15.0%	8.8%	7.7%	5.7%
Total Deposits	12.0%	11.6%	7.8%	11.5%	5.0%
Overdue loans	-2.9%	20.0%	-10.9%	50.0%	93.2%
Non-performing loans	32.1%	22.5%	8.4%	73.1%	52.8%
Liquid Assets	22.0%	13.0%	10.5%	25.5%	11.5%
Large Exposures	15.8%	3.9%	1.9%	22.6%	-5.8%
Off-Balance Sheet Items	-9.3%	9.2%	8.6%	15.3%	24.8%

D

Part E | Statistical tables

Contents

METHODS AND CONCEPTS

BALANCE OF PAYMENTS

Accrual accounting basis
This applies when an international transaction is recorded at the time when ownership changes hands, and not necessarily at the time when payment is made. This principle governs the time of recording for transactions; transactions are recorded when economic value is created, transformed, exchanged, transferred or extinguished.

Double-entry accounting
The basic accounting conversion for a balance of payment statement is that every recorded transaction is represented by two entries with exactly equal values. Each transaction is reflected as a credit (+) and a debit (-) entry. In conformity with business and national accounting, in the balance of payment, the term: credit is used to denote a reduction in assets or an increase in liabilities, and debit a reduction in liabilities or an increase in assets.

Balance of Payments
The balance of payments (BOP) is a statistical statement that systematically summarises transactions between residents and non-residents during a period. It consists of the goods and services account, the primary income, the secondary income, the capital account, and the financial account for a specific time period, the economic transactions of an economy with the rest of the world. Transactions, for the most part between residents and non-residents, consist of those involving goods, services, and income; those involving financial claims and liabilities to the rest of the world; and those (such as gifts) classified as transfers. It has two main accounts viz, the current account and financial account. Each transaction in the balance of payments is entered either as a credit/asset or a debit/liability. A credit/asset transaction is one that leads to the receipts of payment from non-residents. Conversely, the debit/liability leads to a payment to non-residents.

Residency
In the balance of payments, the concept of residency is based on a sectoral transactor's center of economic interest. Country boundaries recognised for political purposes may not always be appropriate for economic interest purposes. Therefore, it is necessary to recognise the economic territory of a country as the relevant geographical area to which the concept of residence is applied. An institutional unit is a resident unit when it has a center of economic interest in the territory from which the unit engages in economic activities and transactions on a significant scale, for a year or more.

Current Account
The current account balance shows flows of real resources or financial in the goods, services, primary income, secondary income and capital transfers between residents and non-residents. The current account balance shows the difference between the sum of exports and income receivable and the sum of imports and income payable (exports and imports refer to both goods and services, while income refers to both primary and secondary income).

Merchandise Trade Balance
This is the net balance of the total export and import of goods excluding transactions in services between residents and non-residents.

Goods
These are real transactions with change in the ownership of physical products and include consumer and capital goods.

Primary Income
Income covers two types of transactions between residents and non-residents: (i) those involving compensation of employees, which is paid to non-resident workers (e.g. border, seasonal and other short-term workers), and (ii) those involving investment income receipts and payments on external financial assets and liabilities. Included in the latter are receipts and payments on direct investment, portfolio investment and other investment and receipts on reserve assets. Income derived from the use of a tangible asset e.g., car rental by a non-resident is excluded from income and is classified under services such as travel.

Secondary Income
The secondary income account shows current transfers between residents and non-residents. Various types of current transfers are recorded in this account to show their role in the process of income distributions between the economies. Transfers may be made in cash or in kind.

E

Capital Account

The capital account shows credit and debit entries for non-produced non-financial assets and capital transfers between residents and non-residents. It records acquisitions and disposals of non-produced non-financial assets, such as land sold to embassies and sales of leases and licenses, as well as capital transfers, that use the provision of resources for capital purposes by one party without anything of economic value being supplied as a direct return to that party.

Net Lending /Net borrowing

The sum of the balances on the current and capital accounts represents the net lending (surplus) or net borrowing (deficit) by the economy with the rest of the world. This is conceptually equal to the net balance of the financial account. In other words, the financial account (net change in financial assets minus net incurrence of liabilities) measures how the net lending to or borrowing from non-residents is financed.

Financial Account

The financial account of the balance of payments consists of the transactions in foreign financial assets and liabilities of an economy. The foreign financial assets of an economy consist of holdings of monetary gold, IMF Special Drawing Rights and claims on non-residents. The foreign financial liabilities of an economy consist of claims of non-residents on residents. The primary basis for classification of the financial account is by functional category in the following order; direct, portfolio, other investment and reserve assets.

Direct Investment

Direct investment refers to a lasting interest of an entity resident in one economy (the director investor) in an entity resident in another economy (the direct investment enterprise), with an ownership of 10 per cent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise).

Portfolio Investment

Portfolio investment is defined as cross border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets.

Other Investment

Other investment covers all financial instruments other than those classified as direct investment, portfolio investment or reserve assets.

Reserve Assets

Reserve assets consist of those external assets that are readily available to and controlled by monetary authority for the direct financing of payments imbalances, for indirectly regulating the magnitude of such balances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes.

Net Errors and Omissions

Theoretically, balance of payment accounts are in principle "balanced", however, practically, imbalances will arise due to imperfections in the source of data and its quality. This will usually necessitate a balancing item to measure the difference between recorded credits and or debits and omissions. This is what is referred to as net errors and omissions.

MONETARY AND FINANCIAL STATISTICS

3-Month BA Rate

The interest rate on a time draft (bill of exchange) drawn on and accepted by Other Depository Corporations on which it was drawn; the bank accepting the draft assumes the obligation of making payment at maturity on behalf of its client.

Repo rate

The rate charged by the Bank of Namibia on advances on specific collateral to Other Depository Corporations. The Repo rate is the cost of credit to the banking sector and therefore eventually affects the cost of credit to the general public.

Depository Corporations Survey

The Depository Corporations Survey is a consolidation of the Central Bank Survey and the Other Depository Corporations Survey.

Bond

A security that gives the holder the unconditional right to a fixed money income or an income linked to some index, and except for perpetual bonds, an unconditional right to a stated fixed sum or a sum linked to some index on a specified date or dates.

Currency in circulation
Consist of notes and coins that are of fixed nominal values and are issued by central banks and governments. Currency is the most liquid financial asset and is included in narrow and broad money aggregates.

Narrow Money Supply (M1)
Narrow Money Supply (M1) is defined to include currency in circulation and transferable deposits of resident sectors, excluding Central Government and depository corporations.

Broad Money Supply (M2)
Broad Money Supply (M2) is defined to include currency outside depository corporations, transferable and other deposits in national currency of the resident sectors, excluding deposits of the Central Government and those of the depository corporations.

Transferable Deposits
These are deposits that are exchangeable without penalty or restriction, on demand and are directly usable for making third party payments.

Other Depository Corporations (ODCs)
The ODC sub-sector consists of all resident financial corporations (except the Central Bank) and quasi-corporations that are mainly engaged in financial intermediation and that issue liabilities included in the national definition of broad money. There are currently fourteen financial intermediaries classified as ODCs in Namibia, i.e. First National Bank of Namibia, Standard Bank of Namibia, Nedbank Namibia, Bank Windhoek, Agribank of Namibia, National Housing Enterprise, Namibia Post Office Savings Bank, Trustco Bank, Bank BIC, FNB Unit Trust, Stanlib Unit Trust, Pointbreak, Prudential, Sanlam Unit Trust, Old Mutual Unit Trust, Capricorn Unit Trust and Investec.

Other Deposits
The other deposit category comprises all claims, other than transferable deposits, that are represented by evidence of deposit. Different forms of other deposits are e.g. savings and fixed investments. Other deposits is thus a component of broad money supply.

Other Financial Corporations (OFCs)
The OFC sub-sector at this stage consists of a sample of resident pension funds, insurance corporations and development finance institutions.

Deposit rate
The deposit rate refers to the weighted average deposit rate of the ODCs i.e. the rate that ODCs declare on other deposits (e.g. time deposits).

Dual-listed Companies
Refer to those companies listed and trading on two stock exchanges, such as the Johannesburg Stock Exchange as well as on the NSX.

Lending rate
The lending rate refers to the weighted average lending rate, i.e. the rate charged by ODCs to borrowers.

Local Market in terms of NSX
Only local (Namibian) companies listed on the NSX.

Market Capitalisation
Market Capitalisation is the total market value of a company's issued share capital. It is equal to the number of fully paid shares listed on the NSX multiplied by the share price.

Free-float Market Capitalisation
Free-float market capitalisation is the value of shares held by investors who are likely to be willing to trade. It is a measure of how many shares are reasonably liquid.

Market Turnover
Volume of shares traded on the NSX multiplied by the share price.

Market Volume
The number of shares traded on the NSX.

Money Market rate
The money market rate refers to the inter-bank interest rate; the rate at which ODCs extend credit to each other.

Money Market Unit Trust (MMU)
The MMU sub-sector consists of all resident unit trust companies that have money market funds. There are currently seven of those companies in Namibia: FNB Unit Trust, Stanlib Unit Trust, Pointbreak, Prudential, Sanlam Unit Trust, Old Mutual Unit Trust, Capricorn Unit Trust and Investec.

Mortgage rate
The rate charged on a loan for the purpose of financing construction or purchasing of real estate.

Overall Market in terms of NSX
Refers to all companies, local as well as foreign, listed on the NSX.

Prime rate
The rate of interest charged by Other Depository Corporations (ODC's) for loans made to its most credit-worthy business and industrial customers; it is a benchmark rate that banks establish from time to time in computing an appropriate rate of interest for a particular loan contract.

Real Interest rate
The rate of interest adjusted to allow for inflation; the nominal interest rate less the rate of inflation for Namibia, is the real interest rate.

PUBLIC FINANCE

Social sector
The social sector is composed of the following sub-sectors:

- Education, arts and culture
- Gender equality and child welfare
- Health and social services
- Sports, Youth and National services
- Veterans Affairs
- Poverty eradication and social welfare
- Higher education, training and innovation

Public safety sector
The public safety sector is composed of the following sub-sectors:

- Home affairs and immigration
- Safety and Security
- Defense
- Justice
- Judiciary
- Anti-corruption commission
- Attorney General

Infrastructural Sector
The infrastructural sector is composed of the following sub-sectors:

- Works
- Transport
- Information and communication technology

Administration Sector
The administration sector is composed of the following sub-sectors:

- Office of the President
- Office of the Prime Minister
- National Assembly
- Auditor General
- International Relations and Cooperation
- National Council
- Labour, industrial relations and employment creation
- Urban and rural development
- Electoral commission

Economic Sector
The economic sector is composed of the following sub-sectors:

- Finance
- Mines and energy
- Environment and tourism
- Industrialisation, trade and SME development
- Agriculture, water and forestry
- Fisheries and marine resources
- Land reform
- National planning commission
- Public Enterprises

E

STATISTICAL TABLES

E

Table 1.1 Aggregate economic indicators

Current prices	2013	2014	2015	2016	2017
GDP (N$ mil.)	122,792	138,763	150,083	165,934	176,445
% Change	14.9	13.0	8.2	10.6	6.3
GNI (N$ mil.)	121,962	138,476	149,400	162,180	173,876
% Change	18.9	13.5	7.9	8.6	7.2
GDP per capita (N$)	55,914	62,006	65,805	71,388	74,489
% Change	12.8	10.9	6.1	8.5	4.3
GNI per capita (N$)	55,536	61,878	65,506	69,773	73,404
% Change	16.7	11.4	5.9	6.5	5.2
Constant 2010 prices					
GDP (N$ mil.)	96,319	102,437	108,671	109,369	108,332
% Change	5.6	6.4	6.1	0.6	-0.9
GNI (N$ mil.)	101,082	109,160	120,925	113,955	110,009
% Change	10.0	8.0	10.8	-5.8	-3.5
GDP per capita (N$)	43,859	45,774	47,648	47,053	45,734
% Change	3.7	4.4	4.1	-1.2	-2.8
GNI per capita (N$)	46,028	48,778	53,021	49,026	46,442
% Change	8.1	6.0	8.7	-7.5	-5.3

Source: NSA

E

Table I.2 Gross Domestic Product and Gross National Income

Current prices - N$ million	2013	2014	2015	2016	2017
Compensation of employees	51,957	57,863	63,530	69,843	73,331
Consumption of fixed capital	12,739	14,528	16,144	17,762	18,295
Net operating surplus	48,332	55,879	59,118	65,951	71,913
Gross domestic product at factor cost	**113,029**	**128,270**	**138,791**	**153,556**	**163,539**
Taxes on production and imports	9,763	10,493	11,291	12,378	12,907
Gross domestic product at market prices	**122,792**	**138,763**	**150,083**	**165,934**	**176,445**
Primary incomes					
- receivable from the rest of the world	3,036	3,426	3,662	3,468	2,906
- payable to rest of the world	-3,865	-3,713	-4,345	-7,221	-5,475
Gross national income at market prices	**121,962**	**138,476**	**149,400**	**162,180**	**173,876**
Current transfers					
- receivable from the rest of the world	16,218	19,797	20,138	17,818	19,370
- payable to rest of the world	-1,006	-1,005	-1,175	-1,206	-1,295
Gross national disposable income	**137,174**	**157,268**	**168,363**	**178,793**	**191,951**
Current prices - N$ per capita					
Gross domestic product at market prices	55,914	62,006	65,805	71,388	74,489
Gross national income at market prices	55,536	61,878	65,506	69,773	73,404
Constant 2010 prices - N$ millions					
Gross domestic product at market prices	**96,319**	**102,437**	**108,671**	**109,369**	**108,332**
- Annual percentage change	5.6	6.4	6.1	0.6	-0.9
Real gross national income	101,082	109,160	120,925	113,955	110,009
- Annual percentage change	10.2	8.0	10.8	5.8	-3.5
Constant 2010 prices - N$ per capita					
Gross domestic product at market prices	43,859	45,774	47,648	47,053	45,734
- Annual percentage change	3.7	4.4	4.1	-1.2	-2.8
Real gross national income	46,028	48,778	53,021	49,026	46,442
- Annual percentage change	8.1	6.0	8.7	-7.5	-5.3

Source: NSA

E

Table I.3 NATIONAL DISPOSABLE INCOME AND SAVINGS

Current prices - N$ million

Disposable income and saving	2013	2014	2015	2016	2017
Gross national disposable income	**137,174**	**157,268**	**168,363**	**178,793**	**191,951**
Consumption of fixed capital	12,739	14,528	16,144	17,762	18,295
Net national disposable income	**124,435**	**142,740**	**152,219**	**161,031**	**173,657**
All other sectors	95,835	109,571	115,526	129,655	136,626
General government	28,600	33,169	36,693	31,376	37,031
Final consumption expenditure	**112,719**	**126,429**	**144,773**	**161,425**	**164,312**
Private	80,808	90,015	106,314	121,113	121,091
General government	31,912	36,415	38,460	40,312	43,221
Saving, net	11,715	**16,311**	**7,446**	**-394**	**9,344**
All other sectors	15,027	19,556	9,212	8,542	15,535
General government	-3,312	-3,246	-1,766	-8,936	-6,190
Financing of capital formation					
Saving, net	11,715	16,311	7,446	-394	9,344
Capital transfers receivable from abroad	1,321	1,570	1,825	2,042	1,854
Capital transfers payable to foreign countries	-75	-75	-75	-75	-42
Total	**12,962**	**17,805**	**9,196**	**1,573**	**11,156**
Capital formation					
Gross fixed capital formation	**32,565**	**46,370**	**50,032**	**37,199**	**28,296**
All other sectors	27,732	39,522	41,736	29,546	22,191
General government	4,834	6,848	8,296	7,653	6,104
Consumption of fixed capital	**-12,739**	**-14,528**	**-16,144**	**-17,762**	**-18,295**
All other sectors	-11,503	-13,238	-14,779	-16,222	-16,602
General government	-1,237	-1,290	-1,365	-1,541	-1,693
Changes in inventories	**-1,785**	**259**	**779**	**2,276**	**2,893**
Net lending (+) / Net borrowing(–)	**-5,080**	**-14,296**	**-25,471**	**-20,141**	**-1,738**
All other sectors	**2,397**	**-4,954**	**-16,070**	**-5,014**	**8,287**
General government	-7,477	-9,341	-9,401	-15,127	-10,025
Discrepancy on GDP 1)	**0**	**0**	**0**	**0**	**0**
Net lending/borrowing in external transactions 2)	**-5,080**	**-14,296**	**-25,471**	**-20,141**	**-1,738**
Total	**12,962**	**17,805**	**9,196**	**1,573**	**11,156**

Source: NSA

E

Table I.4 (a) GROSS DOMESTIC PRODUCT BY ACTIVITY

Current prices - N$ Million

Industry	2013	2014	2015	2016	2017
Agriculture and forestry	4,131	5,445	4,973	5,678	7,876
Livestock farming	2,350	3,262	2,859	3,281	5,150
Crop farming and forestry	1,781	2,183	2,114	2,397	2,726
Fishing and fish processing on board	3,659	3,837	3,888	4,539	4,472
Mining and quarrying	16,218	16,939	17,627	19,630	21,377
Diamond mining	10,683	12,434	12,171	12,196	13,615
Uranium	1,900	1,459	1,693	1,763	1,236
Metal Ores	1,387	1,529	2,826	4,840	5,555
Other mining and quarrying	2,247	1,517	936	831	972
Primary industries	**24,009**	**26,221**	**26,488**	**29,847**	**33,725**
Manufacturing	13,509	13,911	14,603	18,289	19,088
Meat processing	680	563	629	646	396
Grain Mill products	871	1,212	1,266	1,663	1,633
Other food products	2,172	2,234	2,479	3,230	3,432
Beverages	2,178	2,374	2,598	2,580	3,044
Textile and wearing apparel	386	237	139	175	116
Leather and related products	128	154	98	90	94
Wood and wood products	314	350	361	389	409
Publishing and Printing	219	235	290	300	312
Chemical and related products	1,131	1,281	1,294	1,330	1,362
Rubber and Plastics products	360	424	533	575	605
Non-metallic minerals products	472	604	664	982	1,092
Basic non-ferrous metals	2,725	1,982	2,144	3,217	3,244
Fabricated Metals	623	693	666	685	678
Diamond processing	699	987	907	1,918	2,149
Other manufacturing	551	580	535	509	520
Electricity and water	2,332	2,691	2,305	3,871	4,512
Construction	4,747	6,999	8,318	6,495	5,141
Secondary industries	**20,588**	**23,601**	**25,227**	**28,656**	**28,742**
Wholesale and retail trade, repairs	14,212	17,263	17,283	18,792	20,021
Hotels and restaurants	1,929	2,504	3,032	3,791	4,569
Transport, and communication	5,765	6,717	7,039	8,110	8,597
Transport	2,438	2,730	3,071	3,555	3,788
Storage	969	934	828	1,160	985
Post and telecommunications	2,358	3,054	3,141	3,394	3,825
Financial intermediation	7,611	7,964	10,326	11,040	10,967
Real estate and business services	9,469	10,019	10,690	11,561	12,600
Real estate activities	7,048	7,396	7,785	8,551	9,624
Other business services	2,422	2,623	2,905	3,009	2,976
Community, social and personal service activities	2,153	2,498	2,886	2,999	3,246
Public administration and defence	13,974	15,440	17,381	18,278	18,962
Education	10,523	12,757	14,213	15,771	17,228
Health	3,571	3,957	4,507	4,848	5,328
Private household with employed persons	1,110	1,234	1,298	1,405	1,506
Tertiary industries	**70,317**	**80,354**	**88,655**	**96,594**	**103,023**
Less: Financial intermediation services indirectly measured	1,525	1,774	1,931	1,937	2,001
All industries at basic prices	**113,389**	**128,402**	**138,439**	**153,159**	**163,489**
Taxes less subsidies on products	9,403	10,361	11,644	12,775	12,956
GDP at market prices	**122,792**	**138,763**	**150,083**	**165,934**	**176,445**

Source: NSA

E

Table I.4 (b) GROSS DOMESTIC PRODUCT BY ACTIVITY

Current Prices - Percentage Contribution

Industry	2013	2014	2015	2016	2017
Agriculture and forestry	3.4	3.9	3.3	3.4	4.5
Livestock farming	1.9	2.4	1.9	2.0	2.9
Crop farming and forestry	1.5	1.6	1.4	1.4	1.5
Fishing and fish processing on board	3.0	2.8	2.6	2.7	2.5
Mining and quarrying	13.2	12.2	11.7	11.8	12.1
Diamond mining	8.7	9.0	8.1	7.4	7.7
Uranium	1.5	1.1	1.1	1.1	0.7
Metal Ores	1.1	1.1	1.9	2.9	3.1
Other mining and quarrying	1.8	1.1	0.6	0.5	0.6
Primary industries	**19.6**	**18.9**	**17.6**	**18.0**	**19.1**
Manufacturing	11.0	10.0	9.7	11.0	10.8
Meat processing	0.6	0.4	0.4	0.4	0.2
Grain Mill products	0.7	0.9	0.8	1.0	0.9
Other food products	1.8	1.6	1.7	1.9	1.9
Beverages	1.8	1.7	1.7	1.6	1.7
Textile and wearing apparel	0.3	0.2	0.1	0.1	0.1
Leather and related products	0.1	0.1	0.1	0.1	0.1
Wood and wood products	0.3	0.3	0.2	0.2	0.2
Publishing and Printing	0.2	0.2	0.2	0.2	0.2
Chemical and related products	0.9	0.9	0.9	0.8	0.8
Rubber and Plastics products	0.3	0.3	0.4	0.3	0.3
Non-metallic minerals products	0.4	0.4	0.4	0.6	0.6
Basic non-ferrous metals	2.2	1.4	1.4	1.9	1.8
Fabricated Metals	0.5	0.5	0.4	0.4	0.4
Diamond processing	0.6	0.7	0.6	1.2	1.2
Other manufacturing	0.4	0.4	0.4	0.3	0.3
Electricity and water	1.9	1.9	1.5	2.3	2.6
Construction	3.9	5.0	5.5	3.9	2.9
Secondary industries	**16.8**	**17.0**	**16.8**	**17.3**	**16.3**
Wholesale and retail trade, repairs	11.6	12.4	11.5	11.3	11.3
Hotels and restaurants	1.6	1.8	2.0	2.3	2.6
Transport, and communication	4.7	4.8	4.7	4.9	4.9
Transport	2.0	2.0	2.0	2.1	2.1
Storage	0.8	0.7	0.6	0.7	0.6
Post and telecommunications	1.9	2.2	2.1	2.0	2.2
Financial intermediation	6.2	5.7	6.9	6.7	6.2
Real estate and business services	7.7	7.2	7.1	7.0	7.1
Real estate activities	5.7	5.3	5.2	5.2	5.5
Other business services	2.0	1.9	1.9	1.8	1.7
Community, social and personal service activities	1.8	1.8	1.9	1.8	1.8
Public administration and defence	11.4	11.1	11.6	11.0	10.7
Education	8.6	9.2	9.5	9.5	9.8
Health	2.9	2.9	3.0	2.9	3.0
Private household with employed persons	0.9	0.9	0.9	0.8	0.9
Tertiary industries	**57.3**	**57.9**	**59.1**	**58.2**	**58.4**
Less: Financial intermediation services indirectly measured	1.2	1.3	1.3	1.2	1.1
All industries at basic prices	**92.3**	**92.5**	**92.2**	**92.3**	**92.7**
Taxes less subsidies on products	7.7	7.5	7.8	7.7	7.3
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: NSA

E

Table I.5(a) GROSS DOMESTIC PRODUCT BY ACTIVITY
Constant 2010 Prices - N$ million

Industry	2013	2014	2015	2016	2017
Agriculture and forestry	3,713	4,126	3,696	3,753	4,224
Livestock farming	2,089	2,379	2,063	2,150	2,445
Crop farming and forestry	1,624	1,747	1,633	1,603	1,780
Fishing and fish processing on board	2,602	2,537	2,596	2,833	2,871
Mining and quarrying	10,348	9,725	9,246	8,713	9,828
Diamond mining	5,695	5,976	5,728	5,180	5,800
Uranium	1,579	1,424	1,167	1,326	1,635
Metal Ores	1,004	1,010	1,616	1,618	1,779
Other mining and quarrying	2,069	1,315	735	589	615
Primary industries	**16,662**	**16,388**	**15,538**	**15,300**	**16,924**
Manufacturing	10,596	10,585	10,134	10,702	10,844
Meat processing	461	382	371	363	311
Grain Mill products	674	766	866	936	1,082
Other food products	1,178	1,317	1,155	1,210	1,154
Beverages	1,775	1,483	1,453	1,430	1,418
Textile and wearing apparel	543	528	481	498	483
Leather and related products	94	105	103	96	99
Wood and wood products	263	268	261	270	274
Publishing and Printing	168	186	198	194	190
Chemical and related products	935	945	914	890	839
Rubber and Plastics products	280	295	375	384	349
Non-metallic minerals products	414	438	473	500	504
Basic non-ferrous metals	2,333	2,258	2,070	2,091	2,192
Fabricated Metals	485	503	470	464	434
Diamond processing	550	684	554	1,031	1,181
Other manufacturing	440	427	392	343	335
Electricity and water	1,726	1,751	1,990	2,125	2,164
Construction	4,196	5,983	7,436	5,484	4,078
Secondary industries	**16,517**	**18,319**	**19,560**	**18,310**	**17,086**
Wholesale and retail trade, repairs	11,758	13,388	14,383	14,830	13,715
Hotels and restaurants	1,833	2,030	2,145	2,221	2,196
Transport, and communication	5,108	5,399	5,769	6,170	6,217
Transport	2,300	2,375	2,562	2,738	2,775
Storage	854	903	897	915	872
Post and telecommunications	1,954	2,121	2,310	2,517	2,571
Financial intermediation	6,123	6,788	7,124	7,327	7,530
Real estate and business services	8,248	8,483	8,855	8,941	9,018
Real estate activities	6,138	6,322	6,551	6,724	6,903
Other business services	2,111	2,161	2,304	2,217	2,115
Community, social and personal service activities	1,870	1,926	2,154	2,149	2,146
Public administration and defence	10,208	10,346	11,795	12,183	12,224
Education	7,437	8,202	8,539	8,776	8,672
Health	3,078	3,393	3,987	4,275	4,220
Private household with employed persons	938	990	1,007	1,021	1,031
Tertiary industries	**56,602**	**60,945**	**65,758**	**67,892**	**66,971**
Less: Financial intermediation services indirectly measured	1,389	1,463	1,464	1,495	1,492
All industries at basic prices	**88,392**	**94,188**	**99,392**	**100,007**	**99,489**
Taxes less subsidies on products	7,927	**8,248**	**9,280**	**9,361**	**8,843**
GDP at market prices	**96,319**	**102,437**	**108,671**	**109,369**	**108,332**

Source: NSA

E

Table I.5 (b) GROSS DOMESTIC PRODUCT BY ACTIVITY

Constant 2010 Prices - Annual Percentage Changes

Industry	2013	2014	2015	2016	2017
Agriculture and forestry	-19.3	11.1	-10.4	1.5	12.6
Livestock farming	-25.6	13.9	-13.3	4.2	13.7
Crop farming and forestry	-9.7	7.6	-6.6	-1.8	11.0
Fishing and fish processing on board	3.0	-2.5	2.3	9.1	1.3
Mining and quarrying	1.7	-6.0	-4.9	-5.8	12.8
Diamond mining	10.0	4.9	-4.1	-9.6	12.0
Uranium	-6.9	-9.9	-18.1	13.6	23.4
Metal Ores	-25.8	0.6	60.0	0.1	9.9
Other mining and quarrying	6.4	-36.4	-44.1	-19.8	4.3
Primary industries	**-3.7**	**-1.6**	**-5.2**	**-1.5**	**10.6**
Manufacturing	4.4	-0.1	-4.3	5.6	1.3
Meat processing	30.4	-17.2	-3.0	-2.1	-14.4
Grain Mill products	12.8	13.7	13.0	8.1	15.5
Other food products	3.3	11.7	-12.3	4.8	-4.6
Beverages	13.7	-16.5	-2.1	-1.6	-0.8
Textile and wearing apparel	8.2	-2.9	-8.9	3.7	-3.2
Leather and related products	-7.3	10.7	-1.8	-6.2	2.3
Wood and wood products	3.1	1.7	-2.6	3.5	1.6
Publishing and Printing	6.8	10.6	6.3	-1.9	-2.4
Chemical and related products	4.3	1.2	-3.3	-2.6	-5.7
Rubber and Plastics products	5.6	5.4	26.9	2.6	-9.1
Non-metallic minerals products	3.8	5.6	8.1	5.8	0.8
Basic non-ferrous metals	-4.0	-3.2	-8.3	1.0	4.8
Fabricated Metals	5.6	3.7	-6.4	-1.3	-6.5
Diamond processing	-11.6	24.4	-19.0	86.0	14.6
Other manufacturing	8.9	-2.9	-8.1	-12.5	-2.4
Electricity and water	-4.4	1.5	13.6	6.8	1.8
Construction	28.7	42.6	24.3	-26.3	-25.6
Secondary industries	**8.6**	**10.9**	**6.8**	**-6.4**	**-6.7**
Wholesale and retail trade, repairs	14.8	13.9	7.4	3.1	-7.5
Hotels and restaurants	9.0	10.8	5.6	3.5	-1.1
Transport, and communication	6.4	5.7	6.9	7.0	0.8
Transport	12.8	3.3	7.9	6.9	1.4
Storage	3.7	5.7	-0.6	2.0	-4.7
Post and telecommunications	0.8	8.6	8.9	8.9	2.1
Financial intermediation	17.9	10.9	5.0	2.8	2.8
Real estate and business services	4.6	2.8	4.4	1.0	0.9
Real estate activities	4.9	3.0	3.6	2.6	2.7
Other business services	4.0	2.4	6.6	-3.8	-4.6
Community, social and personal service activities	-9.9	3.0	11.9	-0.3	-0.1
Public administration and defence	3.8	1.4	14.0	3.3	0.3
Education	3.3	10.3	4.1	2.8	-1.2
Health	8.9	10.2	17.5	7.2	-1.3
Private household with employed persons	-6.7	5.5	1.7	1.4	1.0
Tertiary industries	**7.3**	**7.7**	**7.9**	**3.2**	**-1.4**
Less: Financial intermediation services indirectly measured	18.8	5.3	0.1	2.1	-0.2
All industries at basic prices	**5.1**	**6.6**	**5.5**	**0.6**	**-0.5**
Taxes less subsidies on products	11.5	4.1	12.5	0.9	-5.5
GDP at market prices	**5.6**	**6.4**	**6.1**	**0.6**	**-0.9**

Source: NSA

E

Table I.6 (a) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Current prices - N$ million

Expenditure category	2013	2014	2015	2016	2017
Final consumption expenditure	112,719	126,429	144,773	161,425	164,312
Private	80,808	90,015	106,314	121,113	121,091
General government	31,912	36,415	38,460	40,312	43,221
Gross fixed capital formation	32,565	46,370	50,032	37,199	28,296
Changes in inventories	-1,785	259	779	2,276	2,893
Gross domestic expenditure	**143,500**	**173,058**	**195,584**	**200,900**	**195,501**
Exports of goods and services	50,572	53,721	57,645	68,207	64,693
Imports of goods and services	71,280	88,016	103,146	103,174	83,749
Discrepancy	0	0	0	0	0
Gross domestic product at market prices	**122,792**	**138,763**	**150,083**	**165,934**	**176,445**

Source: NSA

Table I.6 (b) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Percentage shares of GDP

Expenditure category	2013	2014	2015	2016	2017
Final consumption expenditure	91.8	91.1	96.5	97.3	93.1
Private	65.8	64.9	70.8	73.0	68.6
General government	26.0	26.2	25.6	24.3	24.5
Gross fixed capital formation	26.5	33.4	33.3	22.4	16.0
Changes in inventories	-1.5	0.2	0.5	1.4	1.6
Gross domestic expenditure	**116.9**	**124.7**	**130.3**	**121.1**	**110.8**
Exports of goods and services	41.2	38.7	38.4	41.1	36.7
Imports of goods and services	58.0	63.4	68.7	62.2	47.5
Discrepancy	0.0	0.0	0.0	0.0	0.0
Gross domestic product at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: NSA

E

Table I.7 (a) EXPENDITURE ON GROSS DOMESTIC PRODUCT
Constant 2010 prices - N$ million

Expenditure category	2013	2014	2015	2016	2017
Final consumption expenditure	92,572	98,378	110,852	116,559	112,678
Private	68,201	72,885	82,239	88,341	83,929
General government	24,371	25,493	28,613	28,217	28,749
Gross fixed capital formation	29,745	39,757	42,913	30,622	23,147
Changes in inventories	-2,021	-360	-432	-156	862
Gross domestic expenditure	**120,296**	**137,775**	**153,333**	**147,025**	**136,687**
Exports of goods and services	39,610	39,421	39,283	42,305	37,184
Imports of goods and services	63,587	74,760	83,945	79,962	65,539
Discrepancy	-0	0	0	0	0
Gross domestic product at market prices	**96,319**	**102,437**	**108,671**	**109,369**	**108,332**

Source: NSA

Table I.7 (b) EXPENDITURE ON GROSS DOMESTIC PRODUCT
Constant 2010 Prices - Annual Percentage change

Expenditure category	2013	2014	2015	2016	2017
Final consumption expenditure	8.2	6.3	12.7	5.1	-3.3
Private	9.5	6.9	12.8	7.4	-5.0
General government	4.8	4.6	12.2	-1.4	1.9
Gross fixed capital formation	13.5	33.7	7.9	-28.6	-24.4
Changes in inventories	-2.6	1.7	-0.1	0.3	0.9
Gross domestic expenditure	**7.3**	**14.5**	**11.3**	**-4.1**	**-7.0**
Exports of goods and services	2.8	-0.5	-0.4	7.7	-12.1
Imports of goods and services	6.9	17.6	12.3	-4.7	-18.0
Discrepancy	-0.0	0.0	0.0	0.0	0.0
Gross domestic product at market prices	**5.6**	**6.4**	**6.1**	**0.6**	**-0.9**

Source: NSA

Table I.8 GROSS FIXED CAPITAL FORMATION BY ACTIVITY

Current prices - N$ Million

Industry	2013	2014	2015	2016	2017
Agriculture	964	2,197	2,464	2,265	1,881
Fishing	95	374	1,330	730	299
Mining and quarrying	14,430	20,580	18,477	9,227	4,873
Manufacturing	3,005	4,220	5,202	4,311	3,899
Electricity and water	780	569	596	1,321	1,104
Construction	579	620	640	497	690
Wholesale and retail trade; hotels, restaurants	654	1,210	1,681	920	1,115
Transport, and communication	3,391	5,869	5,760	5,822	4,085
Finance, real estate, business services	3,602	3,104	4,138	3,632	3,748
Community, social and personal services	139	215	271	240	222
Producers of government services	4,926	7,411	9,473	8,233	6,380
Total	**32,565**	**46,370**	**50,032**	**37,199**	**28,296**
Percent of GDP	26.5	33.4	33.3	22.4	16.0

Source: NSA

Table I.9 GROSS FIXED CAPITAL FORMATION BY ACTIVTY

Constant 2010 prices - N$ million

Industry	2013	2014	2015	2016	2017
Agriculture	992	1,893	2,060	1,707	1,432
Fishing	92	331	1,107	574	241
Mining and quarrying	13,263	17,699	15,998	7,685	4,196
Manufacturing	2,720	3,559	4,257	3,420	3,153
Electricity and water	751	507	514	1,152	936
Construction	556	548	531	409	609
Wholesale and retail trade; hotels, restaurants	590	999	1,377	745	886
Transport, and communication	3,059	5,010	4,875	4,742	3,450
Finance, real estate, business services	3,082	2,490	3,317	2,873	2,884
Community, social and personal services	131	191	233	195	180
Producers of government services	4,509	6,530	8,643	7,120	5,180
Total	**29,745**	**39,757**	**42,913**	**30,622**	**23,147**
Annual change, percent		33.7	7.9	-28.6	-24.4

Source: NSA

Table I.10 GROSS FIXED CAPITAL FORMATION BY THE TYPE OF ASSET

Current prices - N$ million

Type of Asset	2013	2014	2015	2016	2017
Buildings	7,806	7,789	8,021	7,242	7,854
Construction works	8,589	15,593	18,820	12,471	8,715
Transport equipment	4,909	8,416	11,829	8,521	3,151
Machinery and other equipment	8,109	12,682	10,511	8,316	7,990
Mineral exploration	3,153	1,890	851	650	585
Total	**32,565**	**46,370**	**50,032**	**37,199**	**28,296**

Source: NSA

Table I.11 GROSS FIXED CAPITAL FORMATION BY TYPE OF ASSET

Constant 2010 prices - N$ million

Type of Asset	2013	2014	2015	2016	2017
Buildings	6,671	6,239	6,405	5,730	6,020
Construction works	7,741	13,610	17,324	10,866	7,070
Transport equipment	4,520	7,182	9,467	6,577	2,493
Machinery and other equipment	7,903	11,103	9,007	6,928	7,073
Mineral exploration	2,911	1,623	711	521	491
Total	**29,745**	**39,757**	**42,913**	**30,622**	**23,147**

Source: NSA

E

Table I.12 GROSS FIXED CAPITAL FORMATION BY OWNERSHIP

Current prices - N$ million

Ownership	2013	2014	2015	2016	2017
Public	7,881	10,263	13,340	13,375	10,696
Producers of government services	4,926	7,411	9,473	8,233	6,380
Public corporations and enterprises	2,955	2,852	3,867	5,142	4,316
Private	24,684	36,107	36,692	23,824	17,600
Total	**32,565**	**46,370**	**50,032**	**37,199**	**28,296**

Source: NSA

Table I.13 GROSS FIXED CAPITAL FORMATION BY OWNERSHIP

Constant 2010 prices - N$ million

Ownership	2013	2014	2015	2016	2017
Public	7,119	8,940	11,909	11,353	8,123
Producers of government services	4,509	6,530	8,643	7,120	5,180
Public corporations and enterprises	2,610	2,410	3,266	4,233	2,943
Private	22,624	30,817	31,004	19,269	15,024
Total	**29,743**	**39,757**	**42,913**	**30,622**	**23,147**

Source: NSA

Table I.14 FIXED CAPITAL STOCK BY ACTIVITY
Current prices - N$ million

Industry	2013	2014	2015	2016	2017
Agriculture	9,639	10,620	11,003	11,809	11,777
Fishing	1,899	2,082	2,133	2,224	2,097
Mining and quarrying	51,304	65,362	75,100	79,396	77,758
Manufacturing	20,620	23,125	24,272	25,648	27,114
Electricity and water	15,572	16,206	15,402	16,159	18,057
Construction	4,403	4,916	2,596	2,307	2,211
Wholesale and retail trade; hotels, restaurants	8,842	9,696	10,198	10,232	10,762
Transport, and communication	26,636	30,526	32,277	35,088	36,196
Finance, real estate, business services	43,362	47,805	50,051	52,390	56,365
Community, social and personal services	1,198	1,314	1,346	1,466	1,600
Producers of government services	44,662	52,056	56,877	66,093	75,883
Total	**228,138**	**263,709**	**281,256**	**302,813**	**319,819**

Source: NSA

Table I.15 FIXED CAPITAL STOCK BY ACTIVITY
Constant 2010 prices - N$ million

Industry	2013	2014	2015	2016	2017
Agriculture	8,768	8,759	8,749	8,688	8,634
Fishing	1,823	1,816	1,794	1,746	1,646
Mining and quarrying	45,497	54,267	61,982	63,120	61,629
Manufacturing	17,821	18,650	19,484	20,159	20,744
Electricity and water	13,918	13,831	13,583	13,952	14,177
Construction	3,925	4,073	2,095	1,832	1,726
Wholesale and retail trade; hotels, restaurants	7,759	7,891	8,235	8,105	8,265
Transport, and communication	23,040	25,439	27,311	29,227	30,497
Finance, real estate, business services	37,075	38,296	39,970	41,323	42,716
Community, social and personal services	1,067	1,106	1,148	1,195	1,246
Producers of government services	40,022	44,886	51,271	56,573	60,091
Total	**200,714**	**219,015**	**235,623**	**245,920**	**251,370**

Source: NSA

E

Table 1.16 (a) NATIONAL CONSUMER PRICE INDEX (December 2012 = 100)

	Food & non alcoholic beverages	Alcoholic Beverages & tabacco	Clothing and foodwear	Housing,water, electricity, gas & others	Furnitures, household equipment & maintenance	Health	Transport	Communications	Recreation & culture	Education	Hotels, cafes & restaurands	Miscellaneous oods & services	All items	All Items Annual percentage changes
weights	16.45	12.59	3.05	28.36	5.47	2.01	14.28	3.81	3.55	3.65	1.39	5.39	100.0	
2013	102.8	106.2	102.0	102.2	102.7	103.1	103.6	100.3	103.0	104.0	105.0	101.3	103.1	5.6
2014	111.3	113.2	105.5	105.5	107.5	105.3	111.0	99.8	108.9	112.4	111.2	105.7	108.6	5.4
2015														
Jan-15	114.3	116.6	106.6	107.7	109.9	109.2	108.4	101.7	110.4	117.3	113.9	110.7	110.6	4.5
Feb-15	115.3	116.9	106.2	107.9	109.9	109.4	105.3	100.1	110.4	117.3	116.2	111.7	110.4	3.6
Mar-15	116.1	118.8	106.7	107.9	110.5	109.5	105.4	100.0	111.3	117.3	117.0	111.8	110.9	3.4
Apr-15	116.6	120.6	106.4	107.8	110.3	110.0	107.1	100.0	111.9	117.3	117.6	112.0	111.5	2.9
May-15	117.1	121.1	107.1	107.7	111.4	110.2	108.5	100.0	112.7	117.3	116.6	111.8	111.9	3.0
Jun-15	117.3	122.0	107.6	107.8	111.7	110.5	109.2	100.0	113.8	117.3	117.9	112.2	112.3	3.0
Jul-15	117.5	122.3	107.5	108.1	112.3	110.8	110.7	100.0	114.1	117.3	120.0	112.4	112.7	3.3
Aug-15	118.1	123.4	106.0	108.6	112.5	111.0	111.0	100.1	113.8	117.3	119.0	112.4	113.1	3.4
Sep-15	118.6	124.0	106.7	108.6	112.7	110.7	109.9	101.7	114.5	117.3	118.7	112.8	113.2	3.3
Oct-15	119.5	123.7	107.2	109.1	111.6	111.2	109.7	101.1	114.3	117.3	119.5	113.0	113.4	3.4
Nov-15	120.4	123.8	106.4	109.1	112.1	111.6	109.7	101.2	114.7	117.3	119.6	112.9	113.6	3.3
Dec-15	120.2	124.9	107.6	109.4	112.5	111.8	109.7	101.2	114.9	117.3	117.8	112.9	113.8	3.7
An. Av	**117.6**	**121.5**	**106.8**	**108.3**	**111.4**	**110.5**	**108.7**	**100.6**	**113.1**	**117.3**	**117.8**	**112.2**	**112.3**	**3.4**
2016														
Jan-16	121.3	125.4	108.1	115.9	113.6	117.0	109.4	100.7	116.4	125.6	120.8	114.9	116.5	5.3
Feb-16	123.6	126.2	107.1	115.9	114.0	117.1	110.3	100.9	116.5	126.2	122.9	115.3	117.2	6.1
Mar-16	127.4	128.0	105.9	116.0	114.9	117.5	109.9	101.0	117.5	126.2	123.7	115.6	118.1	6.5
Apr-16	129.5	129.1	106.7	115.9	116.5	118.2	110.1	100.9	117.8	126.2	126.2	116.4	118.8	6.6
May-16	131.3	130.0	104.8	115.9	117.6	118.3	110.2	102.2	119.9	126.2	127.2	117.0	119.4	6.7
Jun-16	130.5	130.7	105.8	116.0	118.7	117.8	112.5	102.4	119.8	126.2	126.9	117.0	119.8	6.7
Jul-16	131.9	130.3	106.2	117.0	118.6	118.0	114.3	102.9	120.1	126.2	126.5	117.4	120.6	7.0
Aug-16	131.6	130.2	106.9	117.2	117.9	118.5	114.8	102.8	120.3	126.2	129.1	118.6	120.8	6.8
Sep-16	132.8	130.4	107.9	117.3	119.6	118.7	113.6	103.0	121.1	126.2	130.1	119.2	121.0	6.9
Oct-16	133.5	131.1	108.4	117.6	120.5	119.1	113.7	107.2	121.8	126.2	130.6	119.7	121.6	7.3
Nov-16	134.3	131.9	108.0	117.7	120.8	119.3	113.8	107.2	121.9	126.2	130.7	119.8	121.9	7.3
Dec-16	135.2	131.9	108.0	117.7	121.4	119.9	114.0	107.1	122.4	126.2	129.9	119.4	122.1	7.3
An. Av	**130.2**	**129.6**	**107.0**	**116.7**	**117.8**	**118.3**	**112.2**	**103.2**	**119.6**	**126.1**	**127.0**	**117.5**	**119.8**	**6.7**
2017														
Jan-17	137.4	132.6	107.6	126.7	124.4	123.6	115.1	106.9	121.4	135.9	132.7	123.2	126.1	8.2
Feb-17	137.6	133.0	107.9	127.0	123.7	123.6	115.5	106.9	122.0	135.9	132.2	123.1	126.3	7.8
Mar-17	136.8	133.6	107.9	126.9	123.4	124.0	117.1	106.7	122.2	135.9	134.3	123.2	126.4	7.0
Apr-17	137.0	134.1	108.4	126.9	123.2	124.6	117.4	106.8	126.0	135.9	136.7	123.6	126.8	6.7
May-17	136.3	134.2	108.4	127.3	123.4	124.7	118.1	106.8	126.0	135.9	136.9	123.8	126.9	6.3
Jun-17	136.5	134.6	108.7	127.3	123.7	125.1	118.1	106.6	126.2	135.9	137.9	124.2	127.1	6.1
Jul-17	137.5	135.0	107.6	127.7	123.5	125.4	117.0	106.5	126.0	135.9	134.2	124.1	127.1	5.4
Aug-17	137.7	136.4	107.3	127.0	124.0	125.4	117.2	107.3	125.8	135.9	136.8	124.4	127.3	5.4
Sep-17	138.4	137.3	106.0	127.8	124.0	125.7	118.0	107.5	124.8	135.9	138.2	124.1	127.8	5.6
Oct-17	138.5	138.6	103.0	127.7	122.9	126.0	118.6	106.8	124.7	135.9	139.6	124.6	127.9	5.2
Nov-17	138.3	139.0	103.0	127.9	121.7	126.1	120.7	106.9	124.7	135.9	139.5	124.9	128.2	5.2
Dec-17	138.5	138.0	103.3	128.6	121.6	126.1	121.6	106.9	124.7	135.9	137.0	125.0	128.4	5.2
An. Av	**137.5**	**135.5**	**106.6**	**127.4**	**123.3**	**125.0**	**117.9**	**106.9**	**124.5**	**135.9**	**136.3**	**124.0**	**127.2**	**6.2**
2018														
Jan-18	140.1	138.2	104.0	131.3	123.2	131.2	122.4	106.9	124.5	149.5	138.9	129.0	130.5	3.6
Feb-18	140.4	138.9	103.4	131.1	123.8	131.3	123.1	106.9	124.8	149.5	138.9	128.8	130.7	3.5
Mar-18	140.5	139.3	101.8	131.1	124.5	131.5	123.5	107.1	125.6	149.5	139.4	128.4	130.9	3.5
Apr-18	140.9	140.5	102.1	131.1	124.5	131.6	124.1	106.7	127.9	149.5	140.1	129.0	131.3	3.6
May-18	141.6	141.5	102.5	131.5	124.6	131.8	124.7	106.8	129.1	149.5	141.3	128.9	131.8	3.8
Jun-18	141.8	141.5	102.3	131.4	125.0	131.8	126.7	106.9	129.3	149.5	140.6	129.3	132.1	4.0
Jul-18	141.5	144.2	102.2	132.4	124.2	131.7	127.5	106.7	129.9	149.5	142.4	129.2	132.8	4.5
Aug-18	141.3	143.7	101.8	132.5	124.1	131.7	128.5	105.8	130.0	149.5	143.0	129.2	132.9	4.4
Sep-18	141.8	144.9	102.6	132.6	124.4	131.9	133.2	106.1	131.0	149.5	143.2	129.0	133.9	4.8
Oct-18	142.5	145.4	103.3	132.6	124.0	132.0	134.8	108.0	130.7	149.5	144.5	130.1	134.4	5.1
Nov-18	144.8	146.9	102.5	132.6	124.7	132.2	137.3	108.3	131.1	149.5	143.5	129.4	135.4	5.6
Dec-18	145.6	146.1	103.1	132.6	124.1	132.2	134.8	108.2	131.5	149.5	143.0	130.1	135.0	5.1
An. Av	**141.9**	**142.6**	**102.6**	**131.9**	**124.3**	**131.7**	**128.4**	**107.0**	**128.8**	**149.5**	**141.6**	**129.2**	**132.6**	**4.3**

Source: NSA

Table 1.16 (b) NATIONAL CONSUMER PRICE INDEX (December 2012=100)

	Services			Goods		
	Index	Monthly Infl. Rate	Annual infl. rate	Index	Monthly infl. rate	Annual infl. rate
2014	**105.7**	**0.3**	**3.5**	**110.8**	**0.4**	**6.7**
2015	**109.0**	**0.3**	**3.1**	**114.8**	**0.3**	**3.5**
2016						
Jan-16	115.0	4.9	6.1	117.7	0.5	4.8
Feb-16	115.2	0.2	6.2	118.7	0.9	6.1
Mar-16	115.2	0.0	6.1	120.3	1.4	6.8
Apr-16	115.4	0.1	6.1	121.5	0.9	7.0
May-16	115.6	0.2	6.3	122.4	0.7	7.1
Jun-16	115.6	0.0	6.2	123.0	0.6	7.1
Jul-16	116.0	0.4	6.5	124.1	0.8	7.4
Aug-16	116.2	0.2	6.4	124.2	0.1	7.1
Sep-16	116.4	0.1	6.3	124.6	0.3	7.3
Oct-16	116.4	0.3	6.7	124.6	0.6	7.7
Nov-16	116.8	0.0	6.6	125.8	0.4	7.9
Dec-16	116.8	0.0	6.6	126.2	0.3	7.8
An. Av	**115.9**	**0.5**	**6.3**	**122.8**	**0.6**	**7.0**
2017						
Jan-17	124.5	6.6	8.3	127.3	0.8	8.1
Feb-17	124.6	0.1	8.1	127.6	0.3	7.5
Mar-17	124.6	(0.0)	8.1	127.9	0.2	6.3
Apr-17	124.9	0.3	8.2	128.2	0.3	5.6
May-17	125.1	0.2	8.2	128.3	0.1	4.9
Jun-17	125.1	0.0	8.2	128.6	0.2	4.5
Jul-17	125.5	0.3	8.1	128.4	-0.1	3.5
Aug-17	125.7	0.2	8.1	128.4	(0.0)	3.4
Sep-17	126.1	0.3	8.4	129.0	0.4	3.6
Oct-17	126.1	0.0	8.0	129.2	0.2	3.1
Nov-16	126.2	0.0	8.0	129.8	0.4	3.1
Dec-16	126.1	(0.0)	8.0	130.2	0.3	3.1
An. Av	**125.4**	**0.7**	**8.2**	**128.6**	**0.3**	**4.7**
2018						
Jan-18	129.9	3.0	4.4	131.0	0.6	2.9
Feb-18	130.0	0.1	4.4	131.3	0.2	2.9
Mar-18	130.1	0.0	4.4	131.5	0.2	2.8
Apr-18	130.2	0.1	4.3	132.1	0.5	3.1
May-18	130.3	0.0	4.2	132.9	0.6	3.6
Jun-18	130.3	0.0	4.2	133.5	0.4	3.8
Jul-18	130.8	0.4	4.3	134.4	0.6	4.6
Aug-18	130.9	0.1	4.1	134.4	0.0	4.6
Sep-18	132.0	0.9	4.7	135.3	0.7	4.9
Oct-18	132.2	0.2	4.8	136.1	0.6	5.3
Nov-18	132.2	0.0	4.8	137.7	1.2	6.1
Dec-18	132.3	0.0	4.9	137.1	(0.4)	5.3
An. Av	**130.9**	**0.4**	**4.5**	**133.9**	**0.4**	**4.2**

Source: NSA

E

Table II.1(a) Central bank survey (end of period in N$ million)

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Assets												
Net foreign assets	**14300**	**12728**	**9879**	**12881**	**11279**	**12882**	**14015**	**13216**	**12254**	**22843**	**24312**	**24015**
Claims on nonresidents	**16597**	**15026**	**12303**	**15235**	**13702**	**15322**	**16554**	**15955**	**15025**	**25601**	**27180**	**27114**
Monetary gold and SDR holdings	100	100	104	102	104	106	109	115	120	119	122	133
Foreign currency	131	100	-0	42	78	536	2220	1241	1827	1749	2384	959
Deposits	3737	2955	2981	3107	2508	2646	2943	3707	3102	13249	11378	11585
Securities other than shares	12629	11870	9218	11983	11011	12032	11280	10243	9608	9310	12122	11984
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Assets	1	1	1	1	1	1	1	648	368	1175	1175	2453
less: Liabilities to nonresidents	2297	2298	2424	2354	2423	2440	2539	2738	2771	2758	2869	3100
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities othe than shares	0	0	0	0	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Liabilities	2297	2298	2424	2354	2423	2440	2539	2738	2771	2758	2869	3100
Claims on other depositor corporations	**49**	**49**	**50**	**302**	**50**	**99**	**51**	**51**	**51**	**197**	**52**	**836**
Net claims on central government	**-3917**	**-2860**	**1300**	**-3201**	**-916**	**-3345**	**-3304**	**-2419**	**-1821**	**-12000**	**-9939**	**-10323**
Claims on central government	0	0	2223	0	266	0	0	0	0	0	293	0
Securities	0	0	0	0	0	0	0	0	0	0	0	0
Other claims	**0**	**0**	**2223**	**0**	**266**	**0**	**0**	**0**	**0**	**0**	**293**	**0**
less: Liabilities to central government	3917	2860	923	3201	1182	3345	3304	2419	1821	12000	10232	10323
Deposits	3917	2860	923	3201	1182	3345	3304	2419	1821	12000	10232	10323
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Claims on other sectors	39	40	40	41	41	40	41	41	41	41	40	42
Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0
State and local government	0	0	0	0	0	0	0	0	0	0	0	0
Public nonfinancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Other nonfinancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Other resident sectors	39	40	40	41	41	40	41	41	41	41	40	42

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Assets												
Net foreign assets	**25531**	**25439**	**27,055**	**27,452**	**27,730**	**23,639**	**24,664**	**23,025**	**20,247**	**24,394**	**27,181**	**24,028**
Claims on nonresidents	**28740**	**28654**	**30,033**	**30,282**	**30,878**	**26,608**	**27,487**	**25,908**	**23,015**	**27,132**	**29,954**	**26,743**
Monetary gold and SDR holdings	137	138	129	124	137	128	121	124	120	116	116	112
Foreign currency	995	984	960	132	171	100	170	69	126	90	116	58
Deposits	11850	14040	11,068	9,758	11,443	7,818	7,855	8,076	6,881	6,702	5,527	5,129
Securities other than shares	13304	11039	13,713	14,780	13,339	13,103	14,149	12,337	13,862	18,250	19,654	19,220
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Assets	2453	2453	4,164	5,488	5,789	5,460	5,191	5,302	2,026	1,974	4,541	2,223
less: Liabilities to nonresidents	3208	3215	2,978	2,830	3,148	2,969	2,823	2,883	2,769	2,738	2,772	2,715
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities othe than shares	0	0	0	0	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Liabilities	3208	3215	2,978	2,830	3,148	2,969	2,823	2,883	2,769	2,738	2,772	2,715
Claims on other depositor corporations	**504**	**52**	**52**	**52**	**228**	**725**	**208**	**101**	**776**	**487**	**392**	**773**
Net claims on central government	**-11363**	**-9197**	**-6,009**	**-8,570**	**-7,158**	**-6,731**	**-6,706**	**-5,168**	**-5,619**	**-5,265**	**-3,473**	**-4,556**
Claims on central government	0	83	1,897	0	0	0	0	257	0	231	1,330	170
Securities	0	0	0	0	0	0	0	0	0	0	0	0
Other claims	**0**	**83**	**1,897**	**0**	**0**	**0**	**0**	**257**	**0**	**231**	**1,330**	**170**
less: Liabilities to central government	11363	9280	7,905	8,570	7,158	6,731	6,706	5,425	5,619	5,495	4,803	4,726
Deposits	11363	9280	7,905	8,570	7,158	6,731	6,706	5,425	5,619	5,495	4,803	4,726
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Claims on other sectors	43	41	41	42	40	40	40	41	42	42	43	43
Other financial corporations	2	0	0	0	0	0	0	0	0	0	0	0
State and local government	0	0	0	0	0	0	0	0	0	0	0	0
Public nonfinancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Other nonfinancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Other resident sectors	42	41	41	42	40	40	40	41	42	42	43	43

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Assets												
Net foreign assets	**25,786**	**24,164**	**22,901**	**26,252**	**25,148**	**25,986**	**31,116**	**29,816**	**29,739**	**28,383**	**25,702**	**26,122**
Claims on nonresidents	**28,479**	**26,754**	**25,595**	**28,905**	**27,759**	**28,584**	**33,744**	**32,411**	**32,440**	**31,182**	**28,426**	**28,591**
Monetary gold and SDR holdings	113	108	113	112	111	112	115	114	118	122	119	109
Foreign currency	114	72	18	29	49	80	24	43	60	69	75	79
Deposits	5,479	4,772	6,173	5,309	5,486	7,341	6,822	8,077	8,236	9,997	8,716	8,470
Securities other than shares	18,632	17,819	15,849	20,054	18,767	19,482	25,887	21,516	21,948	20,779	19,300	18,666
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Assets	4,141	3,983	3,442	3,400	3,345	1,569	896	2,661	2,077	216	215	1,267
less: Liabilities to nonresidents	2,693	2,590	2,695	2,653	2,610	2,598	2,629	2,595	2,700	2,800	2,724	2,469
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities othe than shares	0	0	0	0	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Liabilities	2,693	2,590	2,695	2,653	2,610	2,598	2,629	2,595	2,700	2,800	2,724	2,469
Claims on other depositor corporations	**957**	**793**	**1,293**	**778**	**208**	**741**	**200**	**202**	**95**	**64**	**57**	**779**
Net claims on central government	**-6,325**	**-5,883**	**-3,168**	**-6,817**	**-4,397**	**-5,144**	**-7,596**	**-6,530**	**-5,548**	**-6,587**	**-5,053**	**-4,749**
Claims on central government	0	0	1,795	0	857	0	0	0	95	0	63	6
Securities	0	0	0	0	0	0	0	0	0	0	0	0
Other claims	**0**	**0**	**1,795**	**0**	**857**	**0**	**0**	**0**	**95**	**0**	**63**	**6**
less: Liabilities to central government	6,325	5,883	4,964	6,817	5,254	5,144	7,596	6,530	5,643	6,587	5,116	4,755
Deposits	6,325	5,883	4,964	6,817	5,254	5,144	7,596	6,530	5,643	6,587	5,116	4,755
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Claims on other sectors	43	44	45	46	45	45	45	45	46	46	46	46
Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0
State and local government	0	0	0	0	0	0	0	0	0	0	0	0
Public nonfinancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Other nonfinancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Other resident sectors	43	44	45	46	45	45	45	45	46	46	46	46

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Assets												
Net foreign assets	**27,278**	**25,767**	**22,167**	**29,860**	**27,363**	**28,192**	**29,927**	**29,283**	**28,971**	**28,916**	**25,818**	**28,114**
Claims on nonresidents	**29,660**	**28,104**	**24,509**	**32,312**	**29,856**	**30,926**	**32,549**	**32,214**	**32,102**	**31,835**	**28,541**	**30,985**
Monetary gold and SDR holdings	107	105	106	109	109	95	88	99	95	97	94	62
Foreign currency	105	34	35	43	44	52	65	80	17	42	68	68
Deposits	8,094	8,282	8,424	9,101	8,726	9,983	8,966	9,994	9,978	9,725	8,474	9,526
Securities other than shares	20,132	18,484	16,951	22,430	20,337	20,794	23,428	22,040	22,011	21,970	19,904	21,327
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Assets	1,222	1,199	-1,006	629	640	1	1	1	1	1	1	1
less: Liabilities to nonresidents	2,382	2,337	2,342	2,452	2,493	2,733	2,621	2,931	3,130	2,919	2,723	2,870
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities othe than shares	0	0	0	0	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Liabilities	2,382	2,337	2,342	2,452	2,493	2,733	2,621	2,931	3,130	2,919	2,723	2,870
Claims on other depositor corporations	**923**	**768**	**298**	**203**	**59**	**236**	**304**	**446**	**207**	**494**	**442**	**1,898**
Net claims on central government	**-7,626**	**-6,875**	**-3,026**	**-6,363**	**-4,730**	**-5,807**	**-6,966**	**-6,038**	**-4,862**	**-5,079**	**-3,747**	**-7,225**
Claims on central government	0	0	1,159	0	77	0	0	0	235	583	634	411
Securities	0	0	0	0	0	0	0	0	0	0	0	0
Other claims	**0**	**0**	**1,159**	**0**	**77**	**0**	**0**	**0**	**235**	**583**	**634**	**411**
less: Liabilities to central government	7,626	6,875	4,185	6,363	4,807	5,807	6,966	6,038	5,097	5,662	4,381	7,636
Deposits	7,626	6,875	4,185	6,363	4,807	5,807	6,966	6,038	5,097	5,662	4,381	7,636
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Claims on other sectors	47	48	49	50	50	54	55	55	56	58	58	63
Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0
State and local government	0	0	0	0	0	0	0	0	0	0	0	0
Public nonfinancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Other nonfinancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Other resident sectors	47	48	49	50	50	54	55	55	56	58	58	63

Table II.1(b) Central bank survey (end of period in N$ million)

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Liabilities												
Monetary base	6,493	5,761	6,772	5,841	6,105	5,201	6,148	6,570	5,853	6,454	6,637	6,372
Currency in circulation	3,596	3,421	3,597	3,691	3,681	3,752	4,006	4,261	4,138	4,112	4,360	4,495
Liabilities to other depository corporations	2,897	2,340	3,175	2,150	2,424	1,448	2,142	2,309	1,715	2,343	2,277	1,877
Reserve deposits	2,897	2,340	3,175	2,150	2,424	1,448	2,142	2,309	1,715	2,343	2,277	1,877
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Deposits included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Transferable deposits	0	0	0	0	0	0	0	0	0	0	0	0
Other deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other f inancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares, excluded from broad money	0	0	0	0	0	0	0	0	0	0	3,045	2,911
Of which: Other financial corporations	0	0	0	0	0	0	0	0	0	0	3,045	2,911
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other f inancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Shares and other equity	4,713	4,739	5,115	4,803	5,004	5,064	5,377	5,125	5,434	5,416	5,641	6,123
Funds contributed by owners	40	40	40	40	40	40	40	40	40	40	40	40
Retained earnings	292	320	320	0	0	0	0	0	0	0	0	0
General and special reserves	4,278	4,238	4,621	4,593	4,795	4,864	5,180	4,892	5,191	5,147	5,365	5,869
Valuation adjustment	0	0	0	0	0	0	0	0	0	0	0	0
Current year result	103	142	134	171	170	159	157	193	203	228	236	213
Other items (net)	745	555	629	633	667	666	729	813	771	801	866	865
Unclassified Assets	861	682	728	727	749	765	809	827	851	868	898	904
Unclassified Liabilities	116	127	99	94	82	100	80	14	80	67	32	38

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Liabilities												
Monetary base	6,195	7,662	11,104	8,090	8,385	6,888	7,168	6,755	7,021	6,814	8,528	7,945
Currency in circulation	4,032	3,798	4,016	3,975	4,000	3,922	3,975	4,123	3,960	4,003	4,318	4,394
Liabilities to other depository corporations	2,163	3,864	7,089	4,115	4,386	2,967	3,193	2,631	3,061	2,811	4,210	3,551
Reserve deposits	2,163	3,864	7,089	4,115	4,386	2,967	3,193	2,631	3,061	2,811	4,210	3,551
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Deposits included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Transferable deposits	0	0	0	0	0	0	0	0	0	0	0	0
Other deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other f inancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares, excluded from broad money	2,911	2,911	2,911	2,911	3,061	3,164	3,918	3,897	3,922	8,864	8,796	7,772
Of which: Other financial corporations	2,911	2,911	2,911	2,911	3,061	3,164	3,185	3,158	3,203	8,139	8,146	7,106
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other f inancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Shares and other equity	6,402	6,430	7,740	7,819	8,999	8,340	7,867	8,105	7,703	7,611	7,740	5,511
Funds contributed by owners	40	40	40	40	40	40	40	40	40	40	40	40
Retained earnings	160	160	160	0	0	0	0	0	0	0	0	0
General and special reserves	6,112	6,084	7,349	7,571	8,715	8,040	7,499	7,709	7,295	7,192	7,335	5,163
Valuation adjustment	0	0	0	0	0	0	0	0	0	0	0	0
Current year result	89	146	191	209	244	260	328	356	368	380	365	308
Other items (net)	905	676	625	651	707	728	756	767	3,569	3,642	927	950
Unclassified Assets	920	699	731	751	773	801	808	829	3,643	3,671	911	926
Unclassified Liabilities	15	23	106	100	66	72	53	62	74	29	-15	-24

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Liabilities												
Monetary base	6,371	6,110	7,681	7,059	7,412	6,581	8,613	7,592	7,625	7,062	7,728	8,761
Currency in circulation	3,977	3,929	4,005	4,093	4,091	4,056	4,048	4,186	4,173	4,228	4,440	4,658
Liabilities to other depository corporations	2,394	2,181	3,677	2,966	3,321	2,525	4,565	3,406	3,453	2,834	3,288	4,103
Reserve deposits	2,394	2,181	3,677	2,966	3,321	2,525	4,565	3,406	3,453	2,834	3,288	4,103
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Deposits included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Transferable deposits	0	0	0	0	0	0	0	0	0	0	0	0
Other deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other f inancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares, excluded from broad money	7,593	6,888	6,592	6,572	6,606	9,722	8,356	6,742	6,724	6,847	6,877	7,036
Of which: Other financial corporations	6,927	6,222	5,915	5,887	5,911	8,895	7,530	5,909	5,885	5,951	5,876	6,034
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other f inancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Shares and other equity	7,345	7,009	7,403	7,237	7,116	5,353	5,468	7,190	7,620	6,143	5,875	6,960
Funds contributed by owners	40	40	40	40	40	40	40	40	40	40	40	40
Retained earnings	-2,054	-2,054	-2,054	0	0	0	0	0	0	0	0	-0
General and special reserves	9,277	8,898	9,277	7,007	6,856	5,055	5,121	6,796	7,172	5,673	5,379	6,408
Valuation adjustment	0	0	0	0	0	0	0	0	0	0	0	0
Current year result	82	124	140	189	220	257	308	354	409	430	456	512
Other items (net)	943	984	699	701	718	734	731	742	785	825	830	814
Unclassified Assets	940	987	714	741	775	800	830	864	890	919	944	960
Unclassified Liabilities	-4	4	15	39	57	66	99	122	105	94	114	146

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Liabilities												
Monetary base	7,419	6,725	8,186	8,712	8,753	7,656	8,038	7,310	8,603	7,647	7,188	8,256
Currency in circulation	4,095	3,932	4,126	3,998	3,955	3,946	4,047	4,244	4,197	4,119	4,361	4,521
Liabilities to other depository corporations	3,324	2,793	4,060	4,713	4,798	3,710	3,991	3,066	4,407	3,528	2,828	3,735
Reserve deposits	3,324	2,793	4,060	4,713	4,798	3,710	3,991	3,066	4,407	3,528	2,828	3,735
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Deposits included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Transferable deposits	0	0	0	0	0	0	0	0	0	0	0	0
Other deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other f inancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares, excluded from broad money	7,036	6,881	6,967	7,083	7,112	7,059	6,920	6,986	6,958	6,987	7,006	6,917
Of which: Other financial corporations	6,034	5,869	5,948	6,064	6,079	6,020	5,875	5,932	5,897	5,919	5,929	5,833
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other f inancial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Shares and other equity	6,718	6,577	4,807	6,832	7,004	7,823	7,515	8,490	8,164	8,491	8,001	8,492
Funds contributed by owners	40	40	40	40	40	40	40	40	40	40	40	40
Retained earnings	439	439	0	0	0	0	0	0	0	0	4	4
General and special reserves	6,141	5,981	4,613	6,587	6,724	7,486	7,125	8,087	7,644	7,899	7,322	7,778
Valuation adjustment	0	0	0	0	0	0	0	0	0	0	0	0
Current year result	98	117	153	205	239	297	350	363	480	552	635	670
Other items (net)	775	519	455	520	593	678	705	751	1,074	795	835	873
Unclassified Assets	983	723	692	722	754	783	813	838	883	886	942	982
Unclassified Liabilities	209	204	237	202	161	105	108	87	-191	91	108	108

E

E

Table II.2(a) Other depository corporations survey (end of period in N$ million)

Description	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Assets												
Net foreign assets	**8,837**	**9,164**	**8,952**	**9,344**	**10,386**	**7,042**	**6,749**	**5,127**	**6,499**	**5,540**	**6,479**	**5,517**
Claims on nonresidents	12,330	12,612	11,879	12,749	13,884	10,340	10,291	9,540	10,202	9,859	11,173	9,776
Foreign currency	154	117	261	252	250	310	161	241	269	204	240	170
Deposits	7,478	8,054	7,642	8,670	9,698	6,547	6,553	5,678	6,636	6,368	6,852	6,320
Securities othe than shares	4,310	4,059	3,576	3,481	3,510	3,050	3,154	3,150	2,844	2,688	3,178	2,616
Loans	342	340	351	298	382	396	392	432	420	395	426	432
Financial derivatives	45	43	50	47	44	37	31	38	33	51	47	110
Other	0	0	0	0	0	0	0	0	0	152	432	128
less: Liabilities to nonresidents	3,493	3,449	2,927	3,405	3,497	3,298	3,543	4,412	3,703	4,319	4,694	4,259
Deposits	2,969	2,965	2,753	3,256	3,330	3,013	3,249	3,790	2,967	3,010	3,600	3,365
Securities other than shares	93	93	0	0	0	0	100	101	102	100	101	102
Loans	15	14	14	14	14	14	9	9	9	9	10	10
Financial derivatives	181	145	161	135	154	137	159	197	227	309	326	454
Other	236	231	0	0	0	135	25	316	399	891	658	329
Claims on central bank	**5,120**	**4,514**	**5,671**	**4,953**	**5,202**	**4,120**	**4,759**	**4,830**	**4,499**	**4,890**	**4,909**	**4,779**
Currency	991	864	1,049	1,042	1,011	1,127	1,124	1,311	1,267	985	1,069	1,453
Reserve deposits	2,712	2,170	3,080	2,384	2,678	1,431	2,093	2,103	1,716	2,344	2,277	1,864
Other claims	1,417	1,480	1,542	1,527	1,513	1,562	1,542	1,416	1,516	1,562	1,563	1,461
Net claims on central government	5,007	5,137	5,961	6,251	6,403	7,320	7,811	8,412	8,686	9,045	9,109	8,715
Claims on central government	7,190	7,431	8,585	8,776	9,341	9,732	10,017	10,305	10,287	10,470	10,580	10,170
Securities other than Shares	7,190	7,431	8,585	8,776	9,341	9,732	10,017	10,305	10,287	10,470	10,580	10,170
less: Liabilities to central government	2,183	2,293	2,624	2,525	2,938	2,412	2,206	1,893	1,601	1,425	1,471	1,456
Deposits	2,183	2,293	2,624	2,525	2,938	2,412	2,206	1,893	1,601	1,425	1,471	1,456
Claims on other sectors	**73,695**	**75,134**	**76,198**	**76,822**	**77,894**	**78,610**	**79,102**	**80,567**	**81,638**	**82,187**	**83,801**	**84,882**
Other financial corporations	1,971	2,594	2,989	2,927	2,919	2,647	2,612	2,917	2,942	2,913	3,039	3,348
State and local government	187	180	177	189	193	200	139	197	203	187	176	206
Public nonfinancial corporations	1,733	1,531	2,102	2,113	2,125	2,902	2,587	2,465	2,634	2,410	2,462	2,507
Other nonfinancial corporations	29,156	29,830	29,130	29,718	30,300	30,041	30,449	31,154	31,525	32,030	32,850	32,895
Other resident sectors	40,648	40,999	41,800	41,875	42,358	42,820	43,315	43,834	44,334	44,647	45,274	45,926

Description	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Assets												
Net foreign assets	**3,946**	**5,939**	**5,758**	**7,526**	**7,158**	**5,999**	**5,131**	**5,768**	**3,910**	**5,229**	**4,630**	**2,173**
Claims on nonresidents	9,758	11,345	10,754	12,371	12,597	11,344	10,807	11,212	9,438	10,303	10,476	8,453
Foreign currency	225	207	224	151	177	168	175	151	121	162	149	124
Deposits	5,969	7,338	6,362	8,407	8,223	6,777	6,479	6,459	4,955	5,837	6,262	4,673
Securities othe than shares	2,886	2,936	3,104	3,124	3,059	3,285	3,282	3,302	3,237	3,243	3,324	3,126
Loans	436	446	462	464	700	642	660	742	585	586	601	403
Financial derivatives	72	59	36	36	83	39	38	97	74	81	73	62
Other	170	359	566	189	355	433	174	461	467	393	67	65
less: Liabilities to nonresidents	5,812	5,406	4,996	4,845	5,438	5,345	5,676	5,444	5,528	5,074	5,846	6,280
Deposits	3,736	3,643	3,110	2,998	2,502	2,411	2,701	2,213	2,438	2,247	3,057	2,906
Securities other than shares	102	101	102	103	101	102	103	101	102	100	202	1,057
Loans	10	10	10	10	850	767	724	758	688	1,051	945	695
Financial derivatives	455	359	292	245	223	247	177	167	158	163	133	135
Other	1,509	1,293	1,483	1,490	1,763	1,819	1,971	2,205	2,142	1,513	1,509	1,487
Claims on central bank	**4,649**	**4,745**	**8,551**	**5,726**	**6,727**	**6,108**	**6,133**	**4,997**	**5,944**	**5,038**	**7,126**	**6,905**
Currency	1,024	907	1,251	1,054	1,161	1,082	1,022	1,244	1,055	1,039	1,309	1,510
Reserve deposits	2,153	2,335	5,782	2,956	3,059	3,507	3,577	2,450	3,524	2,637	4,546	4,081
Other claims	1,472	1,503	1,518	1,716	2,508	1,519	1,535	1,302	1,365	1,363	1,271	1,315
Net claims on central government	8,169	8,252	8,296	8,795	8,992	9,445	9,551	9,732	10,099	9,674	8,280	8,461
Claims on central government	9,965	10,102	10,192	10,895	10,768	11,042	11,068	11,362	11,786	11,365	11,549	11,645
Securities other than Shares	9,965	10,102	10,192	10,895	10,768	11,042	11,068	11,362	11,786	11,365	11,549	11,645
less: Liabilities to central government	1,796	1,850	1,896	2,100	1,777	1,597	1,517	1,630	1,686	1,691	3,269	3,183
Deposits	1,796	1,850	1,896	2,100	1,777	1,597	1,517	1,630	1,686	1,691	3,269	3,183
Claims on other sectors	**85,390**	**85,816**	**85,863**	**86,308**	**86,417**	**86,887**	**87,493**	**88,505**	**89,630**	**89,784**	**91,006**	**91,931**
Other financial corporations	3,377	3,332	3,279	3,306	3,225	3,220	3,296	3,302	3,325	3,342	3,521	3,579
State and local government	259	221	241	239	267	266	268	271	244	240	249	495
Public nonfinancial corporations	2,215	2,308	2,080	2,054	2,122	1,974	1,911	1,895	2,090	1,934	2,081	2,294
Other nonfinancial corporations	33,391	33,615	33,631	33,808	33,713	33,940	34,323	34,716	35,403	35,318	35,676	35,490
Other resident sectors	46,148	46,340	46,631	46,901	47,090	47,487	47,693	48,322	48,568	48,951	49,479	50,073

Description	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Assets												
Net foreign assets	**2,867**	**2,953**	**5,174**	**6,649**	**8,229**	**5,666**	**5,911**	**8,894**	**8,348**	**10,429**	**10,358**	**4,942**
Claims on nonresidents	8,936	9,207	11,476	12,743	14,276	12,368	13,558	14,779	14,702	16,704	17,359	11,819
Foreign currency	112	109	108	154	146	100	101	139	116	126	111	92
Deposits	4,875	5,251	6,868	8,192	9,577	7,843	9,025	9,985	8,722	10,345	10,978	5,885
Securities othe than shares	3,260	3,169	3,789	3,537	3,567	3,548	3,586	3,678	4,881	5,241	5,423	4,949
Loans	412	403	435	430	549	436	405	517	496	531	509	516
Financial derivatives	44	33	32	21	16	13	12	24	24	147	30	57
Other	233	242	244	410	421	428	429	436	463	314	309	320
less: Liabilities to nonresidents	6,069	6,254	6,302	6,094	6,047	6,702	7,647	5,885	6,354	6,275	7,002	6,878
Deposits	2,778	2,813	2,930	2,634	2,570	3,348	3,878	2,097	2,716	2,945	3,583	3,817
Securities other than shares	1,063	1,070	1,059	1,063	1,068	1,063	1,062	1,071	1,059	1,060	1,061	709
Loans	634	727	698	598	585	559	958	985	847	650	625	569
Financial derivatives	121	126	115	118	116	116	126	115	125	142	108	128
Other	1,473	1,518	1,499	1,681	1,707	1,615	1,622	1,618	1,607	1,478	1,625	1,655
Claims on central bank	**5,179**	**4,599**	**5,854**	**5,036**	**6,334**	**6,083**	**8,446**	**8,104**	**9,214**	**7,098**	**6,845**	**9,715**
Currency	1,178	1,100	1,128	1,113	1,221	1,134	1,094	1,155	1,052	1,220	1,252	1,562
Reserve deposits	2,744	2,305	3,474	2,723	3,808	3,637	4,996	3,895	4,808	3,192	3,589	6,778
Other claims	1,256	1,194	1,252	1,200	1,304	1,311	2,357	3,053	3,354	2,686	2,004	1,375
Net claims on central government	8,667	9,812	10,197	10,714	11,042	10,841	11,619	12,032	12,228	13,475	13,289	14,414
Claims on central government	11,798	12,079	11,960	12,074	12,343	12,241	12,880	13,334	13,627	14,964	14,797	15,605
Securities other than Shares	11,798	12,079	11,960	12,074	12,343	12,241	12,880	13,334	13,627	14,964	14,797	15,605
less: Liabilities to central government	3,132	2,267	1,763	1,360	1,301	1,400	1,261	1,302	1,398	1,489	1,507	1,191
Deposits	3,132	2,267	1,763	1,360	1,301	1,400	1,261	1,302	1,398	1,489	1,507	1,191
Claims on other sectors	**91,698**	**92,697**	**91,807**	**92,083**	**92,990**	**93,563**	**93,612**	**94,107**	**95,029**	**95,337**	**95,937**	**96,490**
Other financial corporations	3,620	3,648	2,948	2,784	2,945	3,148	3,036	3,466	3,638	3,601	3,577	3,628
State and local government	471	474	380	439	404	405	374	428	421	410	410	399
Public nonfinancial corporations	2,244	2,249	2,192	2,454	2,769	2,819	2,586	2,376	2,529	2,707	2,822	2,607
Other nonfinancial corporations	35,372	35,920	35,774	35,623	35,875	35,837	35,985	36,203	36,230	36,062	36,115	36,396
Other resident sectors	49,991	50,406	50,514	50,783	50,998	51,356	51,631	51,635	52,212	52,557	53,013	53,460

Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Assets												
Net foreign assets	**8,597**	**6,638**	**6,298**	**4,239**	**5,128**	**6,010**	**6,139**	**6,891**	**7,626**	**9,831**	**9,263**	**9,881**
Claims on nonresidents	15,154	13,546	12,715	10,682	11,564	12,597	13,179	13,942	15,005	17,617	15,735	16,868
Foreign currency	117	123	108	137	115	134	132	176	175	151	108	141
Deposits	9,096	7,710	7,603	5,826	6,778	7,816	8,115	8,512	9,085	10,264	7,750	8,043
Securities othe than shares	4,948	4,756	3,376	2,967	2,918	2,865	3,172	3,458	3,986	5,716	6,361	6,787
Loans	522	542	1,262	1,273	1,261	1,250	1,229	1,265	1,202	1,194	1,172	1,136
Financial derivatives	140	84	25	22	23	51	37	58	85	65	97	400
Other	331	331	341	458	469	481	495	473	472	227	246	361
less: Liabilities to nonresidents	6,557	6,907	6,417	6,443	6,436	6,587	7,039	7,051	7,379	7,785	6,472	6,988
Deposits	3,426	3,557	3,288	3,224	3,514	3,741	3,657	3,570	3,961	4,015	3,344	3,936
Securities other than shares	557	561	557	554	202	203	556	561	557	554	558	555
Loans	772	997	818	780	783	819	1,021	1,078	1,051	1,368	759	560
Financial derivatives	126	119	94	83	92	113	86	132	99	106	42	337
Other	1,676	1,674	1,660	1,801	1,845	1,710	1,718	1,711	1,711	1,743	1,769	1,600
Claims on central bank	**5,664**	**4,881**	**7,207**	**7,847**	**6,959**	**6,863**	**8,869**	**6,967**	**8,212**	**7,655**	**6,427**	**6,898**
Currency	1,202	1,098	1,143	1,109	1,129	952	1,150	1,206	1,051	1,151	1,229	1,577
Reserve deposits	3,126	2,429	4,007	4,695	4,063	3,734	4,938	2,966	4,338	3,474	2,788	3,639
Other claims	1,336	1,353	2,057	2,043	1,767	2,176	2,780	2,795	2,823	3,030	2,410	1,682
Net claims on central government	14,410	15,139	15,427	15,576	16,043	16,272	17,237	17,527	17,682	17,385	17,819	17,780
Claims on central government	15,555	16,328	16,753	16,914	17,448	17,708	18,465	18,739	18,903	18,597	18,928	18,927
Securities other than Shares	15,555	16,328	16,753	16,914	17,448	17,708	18,465	18,739	18,903	18,597	18,928	18,927
less: Liabilities to central government	1,145	1,189	1,326	1,338	1,405	1,436	1,228	1,212	1,220	1,212	1,108	1,147
Deposits	1,145	1,189	1,326	1,338	1,405	1,436	1,228	1,212	1,220	1,212	1,108	1,147
Claims on other sectors	**97,697**	**98,672**	**97,919**	**98,712**	**98,557**	**98,825**	**99,349**	**100,836**	**101,428**	**101,936**	**102,056**	**102,993**
Other financial corporations	4,049	3,995	4,719	4,928	4,826	4,425	4,655	4,783	4,843	4,988	4,394	4,648
State and local government	409	393	374	406	381	357	314	428	416	431	405	412
Public nonfinancial corporations	3,036	3,069	1,638	1,953	1,740	2,005	2,049	1,892	1,724	1,628	1,669	1,775
Other nonfinancial corporations	36,489	37,196	37,048	37,056	36,901	37,400	37,229	38,143	38,442	38,639	38,849	39,051
Other resident sectors	53,714	54,019	54,140	54,369	54,709	54,638	55,102	55,588	56,002	56,250	56,738	57,107

Table II.2(b) Other depository corporations survey (end of period in N$ million)

Liabilities	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Liabilities to central bank	49	49	50	50	50	99	50	51	51	51	51	594
Deposits included in broad money	72,044	74,335	76,104	75,756	77,236	76,030	77,555	77,370	78,634	79,453	79,746	78,892
Transferable deposits	32,761	34,286	36,238	35,517	36,593	35,261	36,454	36,097	36,763	36,430	37,122	37,100
Other financial corporations	2,623	2,752	2,479	2,365	2,430	2,544	3,164	2,733	2,856	2,602	2,996	4,302
State and local government	935	930	940	909	907	888	861	1,010	1,026	948	813	942
Public nonfinancial corporations	2,634	2,537	2,587	2,296	2,270	2,417	2,461	2,101	1,681	2,510	1,969	2,164
Other nonfinancial corporations	19,134	20,564	21,682	21,587	22,577	21,005	21,247	22,035	22,887	21,974	22,711	21,092
Other resident sectors	7,436	7,503	8,549	8,359	8,409	8,407	8,721	8,217	8,313	8,397	8,633	8,600
Other deposits	39,283	40,049	39,866	40,239	40,643	40,769	41,101	41,274	41,871	43,023	42,624	41,792
Other financial corporations	4,675	4,497	4,775	4,700	4,548	4,789	4,633	4,417	4,543	4,408	4,790	4,070
State and local government	713	695	638	645	653	623	595	596	584	641	642	551
Public nonfinancial corporations	1,029	1,216	1,321	1,484	1,640	1,276	1,529	1,447	1,214	1,422	1,311	1,225
Other nonfinancial corporations	10,405	10,694	10,344	10,248	10,580	10,433	10,339	10,581	11,090	11,645	11,112	11,036
Other resident sectors	22,460	22,947	22,788	23,163	23,222	23,648	24,006	24,232	24,440	24,907	24,770	24,910
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	1,494	1,564	1,953	2,032	2,124	1,760	1,097	1,293	1,205	1,330	2,346	2,148
Securities other than shares, excluded from broad money	18,018	18,375	19,345	19,571	20,098	20,141	20,167	20,224	21,445	21,204	20,808	21,285
Of which: Other financial corporations	16,549	16,900	17,777	17,960	18,482	18,520	18,640	18,831	19,903	19,567	19,087	19,511
Loans	34	13	12	14	16	17	18	16	16	16	16	16
Financial derivatives	106	102	130	95	96	83	89	138	151	49	48	89
Shares and other equity	12,679	12,638	12,936	13,016	13,243	13,192	13,388	13,269	13,416	13,683	13,845	13,965
Funds contributed by owners	3,976	3,986	4,064	4,064	4,064	4,064	4,064	4,054	4,153	4,059	4,059	4,059
Retained earnings	4,989	4,975	4,988	5,002	5,071	4,979	5,529	5,543	5,481	5,520	5,524	5,533
General and special reserves	2,774	2,777	2,779	2,783	2,790	2,798	3,212	3,221	3,227	3,218	3,216	3,245
Valuation adjustment	52	42	37	36	30	11	25	23	14	26	22	-5
Current Year Result	888	859	1,068	1,131	1,288	1,341	558	427	541	860	1,023	1,133
Other items (net)	-11,767	-13,128	-13,748	-13,164	-12,977	-14,232	-13,942	-13,425	-13,596	-14,123	-12,561	-13,097
Consolidation adjustment	13,364	14,084	14,051	14,343	14,274	15,057	14,818	14,598	15,039	15,086	13,514	14,119
Unclassified Assets	-3,162	-3,136	-3,849	-4,412	-3,745	-3,666	-3,755	-4,311	-3,809	-4,151	-4,070	-3,407
Unclassified liabilities	4,759	4,092	4,152	5,590	5,042	4,492	4,631	5,484	5,252	5,114	5,024	4,429

Liabilities	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Liabilities to central bank	170	52	52	52	53	724	207	53	729	487	392	678
Deposits included in broad money	77,791	80,080	83,686	84,951	84,909	82,269	83,424	83,929	82,096	83,377	83,277	83,065
Transferable deposits	36,486	38,016	41,127	40,617	38,739	36,765	37,702	37,873	37,041	37,239	36,538	36,769
Other financial corporations	4,659	4,766	5,198	5,310	5,065	4,408	4,472	4,405	4,537	4,918	4,489	4,349
State and local government	1,011	1,107	1,392	1,048	1,007	876	873	846	746	828	710	670
Public nonfinancial corporations	1,972	2,721	2,877	2,841	2,447	2,055	2,366	2,193	2,248	2,524	2,429	2,634
Other nonfinancial corporations	19,885	20,416	22,397	22,387	21,388	20,431	20,921	21,637	21,010	20,169	19,911	20,542
Other resident sectors	8,958	9,005	9,263	9,031	8,833	8,996	9,070	8,792	8,501	8,800	8,999	8,574
Other deposits	41,305	42,064	42,559	44,334	46,169	45,504	45,722	46,056	45,055	46,138	46,739	46,297
Other financial corporations	3,964	4,155	4,010	4,232	2,549	4,865	4,127	4,076	4,021	4,099	3,871	3,930
State and local government	549	469	483	605	2,379	550	542	533	509	450	441	362
Public nonfinancial corporations	1,376	1,775	1,920	2,145	2,281	1,627	2,097	2,309	2,409	2,385	2,444	2,651
Other nonfinancial corporations	11,095	11,226	11,295	11,797	13,131	12,541	12,695	12,681	11,102	12,381	12,869	11,993
Other resident sectors	24,322	24,439	24,851	25,555	25,829	25,921	26,260	26,458	27,014	26,823	27,113	27,361
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	2,133	2,234	1,476	1,313	1,400	2,709	1,955	1,779	2,001	1,865	2,321	1,777
Securities other than shares, excluded from broad money	21,488	22,132	22,416	22,674	22,803	23,287	23,117	22,920	23,031	22,400	22,428	22,069
Of which: Other financial corporations	19,730	20,374	20,563	20,931	20,476	20,948	20,576	20,426	20,739	20,084	19,876	19,544
Loans	17	17	17	17	18	18	18	18	251	8	8	8
Financial derivatives	62	47	24	27	75	35	39	109	73	77	74	78
Shares and other equity	14,008	14,085	14,432	14,245	14,559	14,583	14,935	15,127	15,035	15,358	15,542	15,804
Funds contributed by owners	4,076	4,156	4,227	4,227	4,227	4,227	4,227	4,305	4,305	4,305	4,455	4,474
Retained earnings	6,018	5,992	6,000	5,749	5,747	5,810	6,448	6,385	6,440	6,609	6,493	6,890
General and special reserves	3,242	3,239	3,245	3,246	3,251	3,254	3,770	3,774	3,792	3,787	3,787	3,799
Valuation adjustment	14	18	30	34	34	49	55	49	45	35	33	35
Current Year Result	658	680	930	990	1,301	1,242	435	614	452	623	774	606
Other items (net)	-13,517	-13,895	-13,636	-14,924	-14,523	-15,186	-15,385	-14,934	-13,632	-13,846	-12,999	-14,009
Consolidation adjustment	15,007	15,252	15,379	15,677	15,854	16,241	15,873	15,961	14,847	14,991	14,675	15,039
Unclassified Assets	-3,292	-3,709	-3,896	-3,412	-3,528	-3,618	-3,919	-3,780	-3,828	-3,988	-3,945	-4,462
Unclassified liabilities	4,783	5,065	5,640	4,164	4,859	4,673	4,406	4,807	5,043	5,133	5,621	5,492

Liabilities	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Liabilities to central bank	955	791	1,285	757	208	712	200	202	57	57	57	779
Deposits included in broad money	81,569	82,818	84,907	87,045	89,684	87,831	91,187	93,165	93,656	94,844	94,947	94,981
Transferable deposits	36,045	36,951	38,037	39,919	40,433	37,570	40,002	41,474	41,310	42,010	42,056	41,432
Other financial corporations	5,132	4,935	4,262	4,126	4,320	4,505	4,514	4,801	4,681	5,106	4,989	6,057
State and local government	587	611	658	695	715	614	786	903	843	911	949	889
Public nonfinancial corporations	3,078	3,186	3,249	3,593	3,965	2,852	4,032	3,933	4,173	2,722	2,458	2,846
Other nonfinancial corporations	18,872	19,848	21,365	22,784	22,825	20,822	21,658	22,443	22,191	23,350	23,426	21,642
Other resident sectors	8,376	8,371	8,503	8,721	8,607	8,778	9,012	9,393	9,422	9,921	10,233	9,999
Other deposits	45,524	45,868	46,870	47,126	49,251	50,261	51,184	51,691	52,346	52,834	52,892	53,549
Other financial corporations	3,913	3,751	3,702	3,656	3,870	3,769	3,567	3,683	3,693	3,425	3,465	3,641
State and local government	350	336	275	245	291	189	209	203	216	216	220	226
Public nonfinancial corporations	2,712	2,764	2,919	2,856	2,746	2,928	2,982	3,557	3,411	3,357	3,306	3,146
Other nonfinancial corporations	11,232	11,293	11,727	12,143	12,991	13,411	14,617	14,640	15,135	15,869	16,328	16,214
Other resident sectors	27,316	27,724	28,248	28,226	29,352	29,965	29,809	29,609	29,890	29,967	29,573	30,322
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	1,652	1,915	2,056	2,118	2,300	2,168	2,023	2,186	3,009	2,213	2,594	2,837
Securities other than shares, excluded from broad money	21,700	22,140	22,620	22,716	23,240	24,754	25,095	25,502	25,399	25,610	25,565	25,439
Of which: Other financial corporations	18,861	19,301	18,873	18,760	19,284	21,485	21,464	22,214	21,512	21,680	21,837	21,382
Loans	6	6	6	6	6	6	6	3	3	3	3	3
Financial derivatives	54	61	31	26	17	11	13	28	24	147	26	48
Shares and other equity	15,477	15,737	15,829	15,821	15,990	16,295	16,609	16,932	16,698	16,812	16,887	17,313
Funds contributed by owners	3,968	3,968	3,988	3,988	3,988	3,988	3,977	3,900	3,900	3,900	3,900	3,900
Retained earnings	7,412	7,455	7,441	7,381	7,421	7,385	7,903	7,722	7,730	7,911	7,909	7,954
General and special reserves	3,792	3,793	3,807	3,812	3,821	3,805	4,284	4,665	4,679	4,711	4,700	4,652
Valuation adjustment	-21	-14	-9	-11	-6	-3	3	6	8	1	-13	8
Current Year Result	327	535	602	651	767	1,121	441	639	382	290	391	798
Other items (net)	-13,003	-13,407	-13,702	-14,007	-12,850	-15,623	-15,545	-14,881	-14,026	-13,347	-13,651	-15,840
Consolidation adjustment	14,480	14,651	13,987	14,043	14,289	15,511	15,679	16,418	15,165	14,511	14,596	15,682
Unclassified Assets	-3,828	-4,130	-4,472	-4,635	-2,871	-5,855	-5,574	-5,003	-4,806	-5,317	-5,818	-5,989
Unclassified liabilities	5,305	5,374	4,757	4,671	4,310	5,744	5,708	6,540	5,945	6,482	6,762	5,831

Liabilities	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Liabilities to central bank	923	768	298	203	59	236	304	446	207	494	442	1,900
Deposits included in broad money	93,502	92,479	94,993	94,425	96,103	97,666	99,134	100,448	101,327	104,275	102,343	101,409
Transferable deposits	43,888	42,729	45,362	42,747	44,390	45,103	46,222	47,721	46,555	49,893	48,406	48,474
Other financial corporations	7,765	7,130	6,732	6,598	7,237	7,168	8,042	7,905	8,589	7,941	7,715	8,157
State and local government	900	945	1,033	969	921	869	900	907	944	987	846	856
Public nonfinancial corporations	3,917	3,181	3,863	3,032	3,257	2,837	3,174	3,763	3,548	4,230	3,790	2,984
Other nonfinancial corporations	20,558	20,519	22,754	21,089	22,062	23,023	22,655	23,703	21,716	24,857	23,702	24,391
Other resident sectors	10,747	10,953	10,981	11,060	10,912	11,206	11,451	11,442	11,758	11,879	12,352	12,086
Other deposits	49,614	49,750	49,631	51,678	51,713	52,563	52,911	52,727	54,772	54,382	53,938	52,935
Other financial corporations	3,602	3,860	3,731	4,058	3,735	3,997	3,997	3,693	3,506	3,387	3,462	3,306
State and local government	231	213	230	242	241	280	246	256	309	316	313	320
Public nonfinancial corporations	3,643	3,126	3,426	3,283	3,528	3,632	3,554	3,464	3,525	3,695	3,394	3,378
Other nonfinancial corporations	16,502	16,850	16,509	17,705	15,974	16,331	16,562	16,874	18,793	18,181	17,145	16,302
Other resident sectors	25,636	25,700	25,734	26,391	28,235	28,323	28,552	28,439	28,639	28,802	29,624	29,628
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	2,790	2,703	2,358	2,054	2,236	2,323	2,258	2,235	3,166	3,257	3,535	3,315
Securities other than shares, excluded from broad money	25,665	26,083	26,402	26,284	25,998	26,217	27,501	28,108	28,138	26,928	27,264	27,761
Of which: Other financial corporations	22,077	22,238	22,657	22,608	22,382	22,672	23,350	24,006	24,086	22,971	23,216	23,783
Loans	1	1	1	1	1	1	1	1	1	1	1	1
Financial derivatives	131	89	22	17	28	46	32	71	81	64	132	392
Shares and other equity	17,267	17,382	17,533	17,063	18,440	18,145	18,087	18,414	18,595	19,149	18,842	18,829
Funds contributed by owners	3,900	3,893	3,893	3,315	4,841	3,955	4,015	4,157	4,186	4,482	4,482	4,482
Retained earnings	8,254	8,193	8,205	8,095	7,817	8,132	8,394	8,570	8,622	8,574	8,871	8,692
General and special reserves	4,614	4,709	4,706	4,730	4,752	4,775	5,365	5,383	5,214	5,214	5,260	5,193
Valuation adjustment	14	19	23	13	5	-13	12	12	12	12	12	13
Current Year Result	485	568	707	909	1,025	1,296	302	292	561	867	217	449
Other items (net)	-13,911	-14,175	-14,757	-14,250	-16,177	-16,663	-15,724	-17,503	-16,566	-17,361	-16,994	-16,055
Consolidation adjustment	14,389	14,775	15,475	15,956	17,744	17,600	17,780	19,016	19,035	18,142	18,464	18,067
Unclassified Assets	-5,829	-5,760	-5,461	-4,865	-5,491	-5,416	-4,909	-5,824	-4,806	-6,155	-5,926	-5,151
Unclassified liabilities	6,307	6,360	6,179	6,571	7,058	6,354	6,965	7,338	7,275	6,936	7,396	7,163

Table II.3 Depository corporations survey (end of period in N$ million)

Description	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Net foreign assets	23,137	21,892	18,831	22,225	21,665	19,924	20,764	18,344	18,753	28,383	30,791	29,532
Claims on nonresidents	28,927	27,638	24,182	27,984	27,586	25,662	26,845	25,494	25,228	35,461	38,354	36,890
less: Liabilities to nonresidents	5,790	5,746	5,351	5,759	5,921	5,738	6,082	7,151	6,475	7,077	7,563	7,359
Domestic claims	74,864	77,491	83,539	79,953	83,464	82,665	83,693	86,642	88,585	79,315	83,051	83,357
Net claims on central government	1,090	2,277	7,261	3,050	5,487	3,975	4,507	5,993	6,865	-2,955	-830	-1,608
Claims on central government	7,190	7,431	10,808	8,776	9,608	9,732	10,017	10,305	10,287	10,470	10,873	10,170
less: Liabilities to central government	6,099	5,154	3,547	5,726	4,121	5,757	5,510	4,312	3,422	13,425	11,703	11,779
Claims on other sectors	73,774	75,214	76,278	76,904	77,977	78,690	79,185	80,649	81,720	82,270	83,881	84,966
Other financial corporations	1,971	2,594	2,989	2,927	2,919	2,647	2,612	2,917	2,942	2,913	3,039	3,348
State and local government	187	180	177	189	193	200	139	197	203	187	176	206
Public nonfinancial corporations	1,733	1,531	2,102	2,113	2,125	2,902	2,587	2,465	2,634	2,410	2,462	2,507
Other nonfinancial corporations	29,196	29,869	29,170	29,759	30,341	30,081	30,490	31,195	31,566	32,071	32,891	32,937
Other resident sectors	40,687	41,038	41,840	41,915	42,399	42,860	43,356	43,875	44,375	44,688	45,314	45,968
Broad money liabilities	74,648	76,892	78,652	78,406	79,907	78,656	80,437	80,321	81,505	82,580	83,037	81,934
Currency outside depository corporations	2,605	2,557	2,548	2,649	2,670	2,625	2,882	2,951	2,871	3,127	3,291	3,042
Transferable deposits	32,761	34,286	36,238	35,517	36,593	35,261	36,454	36,097	36,763	36,430	37,122	37,100
Other financial corporations	2,623	2,752	2,479	2,365	2,430	2,544	3,164	2,733	2,856	2,602	2,996	4,302
State and local government	935	930	940	909	907	888	861	1,010	1,026	948	813	942
Public nonfinancial corporations	2,634	2,537	2,587	2,296	2,270	2,417	2,461	2,101	1,681	2,510	1,969	2,164
Other nonfinancial corporations	19,134	20,564	21,682	21,587	22,577	21,005	21,247	22,035	22,887	21,974	22,711	21,092
Other resident sectors	7,436	7,503	8,549	8,359	8,409	8,407	8,721	8,217	8,313	8,397	8,633	8,600
Less: Central bank float	0	0	0	0	0	0	0	0	0	0	0	0
Other deposits	39,283	40,049	39,866	40,239	40,643	40,769	41,101	41,274	41,871	43,023	42,624	41,792
Other financial corporations	4,675	4,497	4,775	4,700	4,548	4,789	4,633	4,417	4,543	4,408	4,790	4,070
State and local government	713	695	638	645	653	623	595	596	584	641	642	551
Public nonfinancial corporations	1,029	1,216	1,321	1,484	1,640	1,276	1,529	1,447	1,214	1,422	1,311	1,225
Other nonfinancial corporations	10,405	10,694	10,344	10,248	10,580	10,433	10,339	10,581	11,090	11,645	11,112	11,036
Other resident sectors	22,460	22,947	22,788	23,163	23,222	23,648	24,006	24,232	24,440	24,907	24,770	24,910
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	1,494	1,564	1,953	2,032	2,124	1,760	1,097	1,293	1,205	1,330	2,346	2,148
Securities other than shares, excluded from broad money	18,018	18,375	19,345	19,571	20,098	20,141	20,167	20,224	21,445	21,204	23,853	24,195
Loans	34	13	12	14	16	17	18	16	16	16	16	16
Financial derivatives	106	102	130	95	96	83	89	138	151	49	48	89
Shares and other equity	17,392	17,378	18,051	17,820	18,248	18,256	18,764	18,395	18,850	19,098	19,486	20,087
Other items (net)	-13,732	-14,981	-15,812	-15,800	-15,400	-16,365	-16,156	-15,442	-15,875	-16,620	-14,983	-15,622
Consolidation adjustment	-1,231	-1,309	-1,447	-2,013	-1,767	-1,474	-1,493	-1,211	-1,514	-1,704	-1,563	-1,675
OIN	-734	-544	-618	-623	-656	-659	-721	-806	-765	-794	-858	-851
OIN	-11,767	-13,128	-13,748	-13,164	-12,977	-14,232	-13,942	-13,425	-13,596	-14,123	-12,561	-13,097

Description	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Net foreign assets	29,478	31,379	32,813	34,978	34,889	29,639	29,795	28,793	24,157	29,623	31,812	26,201
Claims on nonresidents	38,497	39,999	40,787	42,653	43,475	37,953	38,293	37,120	32,453	37,435	40,430	35,195
less: Liabilities to nonresidents	9,020	8,620	7,975	7,676	8,587	8,314	8,499	8,328	8,296	7,812	8,618	8,995
Domestic claims	82,280	84,952	88,231	86,617	88,331	89,680	90,418	93,151	94,194	94,277	95,899	95,923
Net claims on central government	-3,194	-945	2,288	226	1,834	2,714	2,845	4,564	4,480	4,409	4,807	3,905
Claims on central government	9,965	10,185	12,089	10,895	10,768	11,042	11,068	11,619	11,786	11,595	12,879	11,814
less: Liabilities to central government	13,159	11,130	9,801	10,670	8,935	8,328	8,223	7,055	7,305	7,186	8,072	7,909
Claims on other sectors	85,475	85,898	85,944	86,391	86,497	86,966	87,573	88,587	89,713	89,867	91,092	92,018
Other financial corporations	3,379	3,332	3,279	3,306	3,225	3,220	3,296	3,302	3,325	3,342	3,521	3,579
State and local government	259	221	241	239	267	266	268	271	244	240	249	495
Public nonfinancial corporations	2,215	2,308	2,080	2,054	2,122	1,974	1,911	1,895	2,090	1,934	2,081	2,294
Other nonfinancial corporations	33,433	33,656	33,672	33,850	33,753	33,980	34,363	34,757	35,445	35,359	35,719	35,533
Other resident sectors	46,190	46,382	46,672	46,942	47,130	47,527	47,733	48,363	48,609	48,992	49,522	50,116
Broad money liabilities	80,799	82,970	86,450	87,872	87,748	85,109	86,377	86,808	85,001	86,341	86,286	85,949
Currency outside depository corporations	3,008	2,890	2,765	2,921	2,839	2,840	2,953	2,879	2,905	2,964	3,009	2,884
Transferable deposits	36,486	38,016	41,127	40,617	38,739	36,765	37,702	37,873	37,041	37,239	36,538	36,769
Other financial corporations	4,659	4,766	5,198	5,310	5,065	4,408	4,472	4,405	4,537	4,918	4,489	4,349
State and local government	1,011	1,107	1,392	1,048	1,007	876	873	846	746	828	710	670
Public nonfinancial corporations	1,972	2,721	2,877	2,841	2,447	2,055	2,366	2,193	2,248	2,524	2,429	2,634
Other nonfinancial corporations	19,885	20,416	22,397	22,387	21,388	20,431	20,921	21,637	21,010	20,169	19,911	20,542
Other resident sectors	8,958	9,005	9,263	9,031	8,833	8,996	9,070	8,792	8,501	8,800	8,999	8,574
Less: Central bank float	0	0	0	0	0	0	0	0	0	0	0	0
Other deposits	41,305	42,064	42,559	44,334	46,169	45,504	45,722	46,056	45,055	46,138	46,739	46,297
Other financial corporations	3,964	4,155	4,010	4,232	2,549	4,865	4,127	4,076	4,021	4,099	3,871	3,930
State and local government	549	469	483	605	2,379	550	542	533	509	450	441	362
Public nonfinancial corporations	1,376	1,775	1,920	2,145	2,281	1,627	2,097	2,309	2,409	2,385	2,444	2,651
Other nonfinancial corporations	11,095	11,226	11,295	11,797	13,131	12,541	12,695	12,681	11,102	12,381	12,869	11,993
Other resident sectors	24,322	24,439	24,851	25,555	25,829	25,921	26,260	26,458	27,014	26,823	27,113	27,361
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	2,133	2,234	1,476	1,313	1,400	2,709	1,955	1,779	2,001	1,865	2,321	1,777
Securities other than shares, excluded from broad money	24,399	25,042	25,327	25,584	25,864	26,451	27,034	26,817	26,953	31,264	31,224	29,842
Loans	17	17	17	17	18	18	18	18	251	8	8	8
Financial derivatives	62	47	24	27	75	35	39	109	73	77	74	78
Shares and other equity	20,410	20,515	22,172	22,064	23,558	22,922	22,802	23,233	22,738	22,969	23,283	21,315
Other items (net)	-16,104	-14,537	-14,463	-15,325	-15,483	-17,965	-18,052	-16,860	-18,708	-18,665	-15,529	-16,889
Consolidation adjustment	-1,693	26	-210	243	-263	-2,060	-1,920	-1,168	-1,514	-1,185	-1,608	-1,939
OIN	-895	-668	-617	-643	-698	-719	-747	-758	-3,561	-3,634	-921	-941
OIN	-13,517	-13,895	-13,636	-14,924	-14,523	-15,186	-15,385	-14,934	-13,632	-13,846	-12,999	-14,009

Description	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Net foreign assets	28,653	27,117	28,074	32,901	33,377	31,652	37,027	38,710	38,087	38,812	36,060	31,063
Claims on nonresidents	37,414	35,961	37,071	41,648	42,035	40,952	47,302	47,190	47,142	47,886	45,785	40,410
less: Liabilities to nonresidents	8,762	8,844	8,997	8,747	8,658	9,300	10,276	8,480	9,055	9,074	9,725	9,347
Domestic claims	94,126	96,713	98,925	96,072	99,726	99,352	97,726	99,699	101,800	102,318	104,264	106,247
Net claims on central government	2,342	3,929	7,029	3,897	6,645	5,698	4,023	5,502	6,680	6,888	8,237	9,665
Claims on central government	11,798	12,079	13,755	12,074	13,199	12,241	12,880	13,334	13,721	14,964	14,860	15,611
less: Liabilities to central government	9,456	8,150	6,727	8,177	6,554	6,544	8,857	7,832	7,041	8,075	6,623	5,947
Claims on other sectors	91,784	92,785	91,896	92,175	93,081	93,654	93,703	94,198	95,120	95,430	96,028	96,583
Other financial corporations	3,620	3,648	2,948	2,784	2,945	3,148	3,036	3,466	3,638	3,601	3,577	3,628
State and local government	471	474	380	439	404	405	374	428	421	410	410	399
Public nonfinancial corporations	2,244	2,249	2,192	2,454	2,769	2,819	2,586	2,376	2,529	2,707	2,822	2,607
Other nonfinancial corporations	35,415	35,964	35,818	35,669	35,920	35,882	36,030	36,248	36,275	36,108	36,161	36,442
Other resident sectors	50,034	50,450	50,558	50,829	51,043	51,401	51,676	51,680	52,257	52,603	53,058	53,506
Broad money liabilities	84,368	85,648	87,783	90,025	92,554	90,753	94,141	96,196	96,777	97,853	98,135	98,078
Currency outside depository corporations	2,799	2,829	2,876	2,980	2,870	2,922	2,954	3,031	3,120	3,009	3,188	3,096
Transferable deposits	36,045	36,951	38,037	39,919	40,433	37,570	40,002	41,474	41,310	42,010	42,056	41,432
Other financial corporations	5,132	4,935	4,262	4,126	4,320	4,505	4,514	4,801	4,681	5,106	4,989	6,057
State and local government	587	611	658	695	715	614	786	903	843	911	949	889
Public nonfinancial corporations	3,078	3,186	3,249	3,593	3,965	2,852	4,032	3,933	4,173	2,722	2,458	2,846
Other nonfinancial corporations	18,872	19,848	21,365	22,784	22,825	20,822	21,658	22,443	22,191	23,350	23,426	21,642
Other resident sectors	8,376	8,371	8,503	8,721	8,607	8,778	9,012	9,393	9,422	9,921	10,233	9,999
Less: Central bank float	0	0	0	0	0	0	0	0	0	0	0	0
Other deposits	45,524	45,868	46,870	47,126	49,251	50,261	51,184	51,691	52,346	52,834	52,892	53,549
Other financial corporations	3,913	3,751	3,702	3,656	3,870	3,769	3,567	3,683	3,693	3,425	3,465	3,641
State and local government	350	336	275	245	291	189	209	203	216	216	220	226
Public nonfinancial corporations	2,712	2,764	2,919	2,856	2,746	2,928	2,982	3,557	3,411	3,357	3,306	3,146
Other nonfinancial corporations	11,232	11,293	11,727	12,143	12,991	13,411	14,617	14,640	15,135	15,869	16,328	16,214
Other resident sectors	27,316	27,724	28,248	28,226	29,352	29,965	29,809	29,609	29,890	29,967	29,573	30,322
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	1,652	1,915	2,056	2,118	2,300	2,168	2,023	2,186	3,009	2,213	2,594	2,837
Securities other than shares, excluded from broad money	29,293	29,027	29,212	29,288	29,846	34,476	33,451	32,244	32,123	32,457	32,442	32,475
Loans	6	6	6	6	6	6	6	3	3	3	3	3
Financial derivatives	54	61	31	26	17	11	13	28	24	147	26	48
Shares and other equity	22,823	22,746	23,232	23,058	23,106	21,648	22,077	24,122	24,318	22,955	22,762	24,273
Other items (net)	-15,460	-15,616	-15,366	-15,594	-14,771	-18,101	-17,004	-16,414	-16,412	-14,544	-15,684	-20,450
Consolidation adjustment	-1,608	-1,320	-1,057	-978	-1,292	-1,833	-816	-882	-1,690	-463	-1,293	-3,818
OIN	-849	-889	-607	-609	-629	-645	-642	-651	-696	-734	-740	-791
OIN	-13,003	-13,407	-13,702	-14,007	-12,850	-15,623	-15,545	-14,881	-14,026	-13,347	-13,651	-15,840

Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Net foreign assets	35,874	32,405	28,466	34,100	32,492	34,202	36,067	36,174	36,597	38,747	35,080	37,995
Claims on nonresidents	44,814	41,650	37,225	42,995	41,421	43,522	45,727	46,156	47,107	49,451	44,276	47,853
less: Liabilities to nonresidents	8,939	9,244	8,759	8,895	8,929	9,320	9,661	9,982	10,510	10,704	9,196	9,858
Domestic claims	104,576	107,033	110,418	108,025	109,971	109,399	109,730	112,435	114,360	114,357	116,244	113,673
Net claims on central government	6,784	8,264	12,401	9,213	11,313	10,465	10,271	11,489	12,821	12,306	14,072	10,555
Claims on central government	15,555	16,328	17,912	16,914	17,525	17,708	18,465	18,739	19,138	19,180	19,562	19,338
less: Liabilities to central government	8,771	8,064	5,511	7,701	6,211	7,243	8,194	7,250	6,317	6,874	5,489	8,783
Claims on other sectors	97,792	98,769	98,017	98,812	98,657	98,934	99,459	100,946	101,539	102,051	102,171	103,119
Other financial corporations	4,049	3,995	4,719	4,928	4,826	4,425	4,655	4,783	4,843	4,988	4,394	4,648
State and local government	409	393	374	406	381	357	314	428	416	431	405	412
Public nonfinancial corporations	3,036	3,069	1,638	1,953	1,740	2,005	2,049	1,892	1,724	1,628	1,669	1,775
Other nonfinancial corporations	36,536	37,245	37,097	37,106	36,951	37,454	37,284	38,199	38,497	38,697	38,907	39,114
Other resident sectors	53,762	54,067	54,189	54,419	54,760	54,692	55,157	55,644	56,058	56,308	56,796	57,170
Broad money liabilities	96,395	95,313	97,977	97,314	98,928	100,660	102,030	103,486	104,472	107,244	105,476	104,353
Currency outside depository corporations	2,894	2,834	2,983	2,889	2,825	2,993	2,897	3,038	3,146	2,968	3,132	2,944
Transferable deposits	43,888	42,729	45,362	42,747	44,390	45,103	46,222	47,721	46,555	49,893	48,406	48,474
Other financial corporations	7,765	7,130	6,732	6,598	7,237	7,168	8,042	7,905	8,589	7,941	7,715	8,157
State and local government	900	945	1,033	969	921	869	900	907	944	987	846	856
Public nonfinancial corporations	3,917	3,181	3,863	3,032	3,257	2,837	3,174	3,763	3,548	4,230	3,790	2,984
Other nonfinancial corporations	20,558	20,519	22,754	21,089	22,062	23,023	22,655	23,703	21,716	24,857	23,702	24,391
Other resident sectors	10,747	10,953	10,981	11,060	10,912	11,206	11,451	11,442	11,758	11,879	12,352	12,086
Less: Central bank float	0	0	0	0	0	0	0	0	0	0	0	0
Other deposits	49,614	49,750	49,631	51,678	51,713	52,563	52,911	52,727	54,772	54,382	53,938	52,935
Other financial corporations	3,602	3,860	3,731	4,058	3,735	3,997	3,997	3,693	3,506	3,387	3,462	3,306
State and local government	231	213	230	242	241	280	246	256	309	316	313	320
Public nonfinancial corporations	3,643	3,126	3,426	3,283	3,528	3,632	3,554	3,464	3,525	3,695	3,394	3,378
Other nonfinancial corporations	16,502	16,850	16,509	17,705	15,974	16,331	16,562	16,874	18,793	18,181	17,145	16,302
Other resident sectors	25,636	25,700	25,734	26,391	28,235	28,323	28,552	28,439	28,639	28,802	29,624	29,628
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	2,790	2,703	2,358	2,054	2,236	2,323	2,258	2,235	3,166	3,257	3,535	3,315
Securities other than shares, excluded from broad money	32,701	32,964	33,368	33,367	33,110	33,276	34,421	35,094	35,096	33,915	34,270	34,678
Loans	1	1	1	1	1	1	1	1	1	1	1	1
Financial derivatives	131	89	22	17	28	46	32	71	81	64	132	392
Shares and other equity	23,985	23,959	22,340	23,894	25,443	25,968	25,602	26,904	26,759	27,640	26,843	27,321
Other items (net)	-15,600	-15,639	-16,399	-15,151	-17,335	-18,726	-18,604	-19,237	-18,674	-19,074	-18,989	-18,455
Consolidation adjustment	-937	-969	-1,205	-398	-583	-1,403	-2,193	-1,001	-1,051	-936	-1,178	-1,534
OIN	-752	-495	-437	-502	-575	-660	-687	-733	-1,056	-777	-817	-866
OIN	-13,911	-14,175	-14,757	-14,250	-16,177	-16,663	-15,724	-17,503	-16,566	-17,361	-16,994	-16,055

Table II.4 Other depository corporations' claims on private sectors (end period in N$ million)

Description	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Loans	**71,181**	**72,114**	**72,817**	**73,547**	**74,674**	**75,694**	**76,214**	**77,483**	**78,496**	**78,995**	**80,666**	**81,581**	**82,140**	**82,607**	**82,853**	**83,578**
Central bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other depository corporations	27	22	27	24	25	26	28	27	27	26	26	28	26	27	27	27
Other financial corporations	237	316	374	425	405	417	443	538	577	513	645	616	687	631	699	767
Central government	10	10	13	9	8	8	9	9	9	9	8	8	7	6	7	7
State and local government	187	180	177	189	192	199	139	197	202	187	176	205	258	221	241	239
Public non-financial corporations	805	610	1,179	1,195	1,219	1,984	1,665	1,589	1,741	1,511	1,577	1,899	1,612	1,712	1,482	1,636
Other non-financial corporations (Businesses)	**28,971**	**29,685**	**28,964**	**29,581**	**30,137**	**29,894**	**30,283**	**30,943**	**31,287**	**31,774**	**32,611**	**32,584**	**33,086**	**33,340**	**33,422**	**33,632**
Loans and Advances	19,370	19,813	19,404	19,938	19,757	20,142	20,324	20,899	21,106	21,156	21,855	21,761	22,325	22,255	22,004	22,421
Farm mortgage loans	23	23	24	24	24	24	21	21	21	21	23	22	22	30	22	22
Other mortgage loans	8,095	8,211	8,589	8,726	8,809	8,896	9,133	9,416	9,577	9,758	9,857	9,808	9,836	9,884	10,011	10,043
Dwellings	623	619	891	894	912	910	938	1,110	1,136	1,200	1,224	1,246	1,204	1,225	1,253	1,239
Other	7,472	7,592	7,697	7,832	7,896	7,986	8,195	8,305	8,441	8,558	8,633	8,562	8,632	8,658	8,758	8,804
Overdrafts	7,078	7,316	6,808	7,184	6,969	7,190	7,066	7,306	7,201	7,078	7,526	7,437	7,931	7,719	7,468	7,713
Other loans and advances	4,173	4,263	3,984	4,004	3,955	4,033	4,103	4,156	4,307	4,298	4,449	4,494	4,536	4,623	4,503	4,642
Leasing	313	332	336	327	329	324	310	309	311	304	303	302	285	287	305	296
Instalment credit	4,472	4,665	4,769	4,838	4,838	4,898	4,911	4,985	5,038	5,029	5,086	5,125	5,045	5,073	5,057	5,003
Other	4,816	4,874	4,455	4,478	5,213	4,530	4,738	4,750	4,833	5,285	5,367	5,396	5,430	5,725	6,056	5,912
Other resident sectors (Individuals)	**40,602**	**40,951**	**41,734**	**41,826**	**42,306**	**42,769**	**43,256**	**43,746**	**44,231**	**44,579**	**45,196**	**45,810**	**46,027**	**46,224**	**46,514**	**46,807**
Loans and Advances	32,800	33,067	33,769	33,859	34,256	34,651	35,047	35,430	35,826	36,146	36,660	37,182	37,365	37,560	37,889	38,200
Farm mortgage loans	993	1,026	1,327	1,153	1,301	1,351	1,361	1,361	1,383	1,395	1,404	1,414	1,360	1,371	1,436	1,418
Other mortgage loans	25,982	26,186	26,618	26,805	26,994	27,226	27,642	27,904	28,173	28,399	28,845	29,240	29,320	29,559	29,719	29,961
Dwellings	25,942	26,170	26,603	26,781	26,963	27,202	27,618	27,881	28,150	28,375	28,821	29,217	29,297	29,536	29,697	29,942
Other	40	16	15	24	31	24	24	23	23	23	23	23	23	23	23	19
Overdrafts	2,557	2,539	2,446	2,503	2,526	2,541	2,484	2,537	2,585	2,607	2,592	2,625	2,732	2,634	2,715	2,743
Other loans and advances	3,268	3,316	3,378	3,398	3,435	3,532	3,560	3,627	3,685	3,745	3,820	3,902	3,952	3,997	4,019	4,078
Leasing	9	9	10	11	11	11	12	18	18	17	17	17	16	18	26	26
Instalment credit	6,065	6,146	6,224	6,207	6,286	6,352	6,456	6,573	6,654	6,701	6,795	6,904	6,943	6,950	6,979	6,975
Other	1,728	1,728	1,730	1,750	1,754	1,755	1,742	1,725	1,734	1,714	1,724	1,708	1,703	1,696	1,619	1,606
Nonresidents	**342**	**340**	**351**	**298**	**382**	**396**	**392**	**432**	**420**	**395**	**426**	**432**	**436**	**446**	**462**	**464**
Loans and Advances	342	340	351	271	362	369	373	380	395	395	395	399	407	410	424	427
Farm mortgage loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other mortgage loans	219	218	228	226	228	235	237	244	254	251	250	254	259	261	273	276
Dwellings	219	218	228	226	228	235	237	244	254	251	250	254	259	261	273	276
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overdrafts	112	110	111	28	115	117	118	118	123	126	127	127	130	130	132	133
Other loans and advances	11	12	12	17	19	17	17	17	17	18	18	19	18	19	19	18
Leasing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Instalment credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	26	20	27	19	52	26	0	31	33	30	36	38	36

Description	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Loans	**84,158**	**84,512**	**85,124**	**86,369**	**87,326**	**87,507**	**88,813**	**89,430**	**89,244**	**90,129**	**89,346**	**89,612**	**90,586**	**90,903**	**91,098**	**91,625**
Central bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other depository corporations	27	27	30	28	26	25	37	27	27	27	28	28	27	27	27	27
Other financial corporations	861	875	857	1,019	1,014	1,061	1,252	1,248	1,312	1,254	587	423	527	585	657	911
Central government	7	6	6	10	5	5	5	5	6	6	5	4	5	6	7	5
State and local government	267	266	268	271	244	240	249	495	471	474	380	439	404	405	374	428
Public non-financial corporations	1,746	1,539	1,489	1,441	1,646	1,494	1,644	1,855	1,790	1,794	1,737	1,995	2,315	2,362	2,127	2,007
Other non-financial corporations (Businesses)	**33,495**	**33,738**	**34,166**	**34,561**	**35,265**	**35,174**	**35,559**	**35,343**	**35,255**	**35,793**	**35,674**	**35,521**	**35,773**	**35,739**	**35,883**	**36,105**
Loans and Advances	22,158	22,353	22,249	22,341	22,974	22,947	23,222	23,175	22,997	23,839	23,814	23,886	23,988	24,157	24,250	24,461
Farm mortgage loans	22	19	19	19	20	20	20	20	22	20	20	20	20	20	19	19
Other mortgage loans	10,280	10,281	10,357	10,370	10,412	10,416	10,379	10,433	10,564	10,597	10,692	10,654	10,779	10,740	11,087	11,056
Dwellings	1,289	1,294	1,305	1,303	1,312	1,296	1,347	1,415	1,440	1,446	1,450	1,434	1,492	1,434	1,651	1,585
Other	8,991	8,987	9,052	9,066	9,100	9,120	9,032	9,018	9,124	9,150	9,242	9,221	9,288	9,307	9,436	9,471
Overdrafts	7,344	7,560	7,284	7,336	7,901	7,731	7,998	7,898	8,183	8,583	8,497	8,606	8,628	8,799	8,567	8,670
Other loans and advances	4,511	4,493	4,588	4,616	4,641	4,781	4,825	4,824	4,228	4,639	4,605	4,606	4,561	4,597	4,577	4,715
Leasing	290	288	275	281	302	304	327	354	333	327	316	308	316	311	309	302
Instalment credit	5,008	5,078	5,134	5,159	5,283	5,224	5,210	5,162	5,153	5,063	5,034	4,994	4,959	4,883	4,924	4,924
Other	6,039	6,019	6,509	6,780	6,706	6,699	6,801	6,652	6,772	6,564	6,510	6,333	6,509	6,388	6,400	6,418
Other resident sectors (Individuals)	**47,055**	**47,419**	**47,648**	**48,298**	**48,540**	**48,922**	**49,467**	**50,054**	**49,971**	**50,379**	**50,500**	**50,772**	**50,987**	**51,343**	**51,617**	**51,626**
Loans and Advances	38,397	38,748	38,944	39,412	39,813	40,080	40,597	41,121	41,173	41,583	41,774	42,059	42,296	42,648	42,898	42,892
Farm mortgage loans	1,486	1,488	1,489	1,540	1,540	1,490	1,477	1,495	1,555	1,419	1,494	1,495	1,504	1,478	1,504	1,499
Other mortgage loans	30,046	30,350	30,546	30,852	31,149	31,356	31,717	32,073	32,107	32,346	32,462	32,681	32,812	33,135	33,304	33,236
Dwellings	30,026	30,335	30,530	30,837	31,133	31,340	31,699	32,055	32,088	32,327	32,441	32,662	32,795	33,118	33,293	33,226
Other	20	15	15	15	16	16	18	18	18	19	21	19	17	17	11	11
Overdrafts	2,739	2,708	2,640	2,694	2,734	2,766	2,824	2,915	2,925	3,033	3,012	3,041	3,113	3,120	3,115	3,050
Other loans and advances	4,126	4,201	4,269	4,326	4,390	4,467	4,579	4,637	4,587	4,784	4,806	4,841	4,867	4,915	4,975	5,106
Leasing	26	20	20	20	21	22	22	22	21	20	19	18	18	18	17	18
Instalment credit	7,047	7,112	7,203	7,379	7,206	7,343	7,392	7,462	7,334	7,320	7,261	7,244	7,258	7,217	7,235	7,232
Other	1,586	1,539	1,481	1,487	1,500	1,476	1,455	1,449	1,442	1,456	1,446	1,451	1,415	1,459	1,467	1,484
Nonresidents	**700**	**642**	**660**	**742**	**585**	**586**	**601**	**403**	**412**	**403**	**435**	**430**	**549**	**436**	**405**	**517**
Loans and Advances	436	436	443	346	350	353	367	359	367	375	385	380	484	396	399	498
Farm mortgage loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other mortgage loans	285	286	289	250	257	255	257	255	255	262	274	274	303	212	210	309
Dwellings	285	286	289	250	257	255	257	255	255	262	274	274	303	212	210	309
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overdrafts	132	133	137	70	67	69	78	77	83	83	83	78	165	168	170	171
Other loans and advances	19	17	18	26	26	29	32	27	29	29	28	29	17	16	19	18
Leasing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Instalment credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	265	206	216	396	235	233	234	44	45	28	50	50	65	40	6	20

Description	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Loans	**92,285**	**92,700**	**93,395**	**94,433**	**94,874**	**96,000**	**96,126**	**96,670**	**96,447**	**96,665**	**97,180**	**98,423**	**98,815**	**99,431**	**99,455**	**100,035**
Central bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other depository corporations	28	25	27	27	28	27	27	27	26	34	21	21	20	33	22	25
Other financial corporations	863	930	949	1,091	1,155	1,294	2,144	2,016	1,880	1,556	1,818	1,727	1,776	1,875	1,146	1,361
Central government	5	4	4	408	4	3	3	53	55	3	4	3	3	4	4	11
State and local government	415	404	404	393	403	387	368	400	375	357	314	428	416	431	405	412
Public non-financial corporations	2,159	2,340	2,493	2,277	2,704	2,657	1,227	1,547	1,339	1,599	1,615	1,459	1,291	1,195	1,236	1,343
Other non-financial corporations (Businesses)	**36,124**	**35,940**	**36,015**	**36,300**	**36,397**	**37,107**	**36,978**	**36,987**	**36,828**	**37,252**	**37,093**	**37,979**	**38,287**	**38,474**	**38,761**	**38,656**
Loans and Advances	24,500	24,137	24,246	24,582	24,778	25,063	25,529	25,528	25,593	25,818	25,652	26,036	26,425	26,439	27,275	27,172
Farm mortgage loans	20	20	20	20	20	20	18	18	18	19	16	16	18	18	18	18
Other mortgage loans	11,021	11,291	11,264	11,321	11,219	11,277	11,282	11,496	11,384	11,686	11,467	11,465	11,568	11,387	11,442	11,618
Dwellings	1,573	1,846	1,833	1,955	1,939	1,913	1,894	1,913	1,924	2,116	2,111	2,006	2,027	1,919	1,954	2,031
Other	9,448	9,446	9,431	9,366	9,280	9,364	9,388	9,583	9,460	9,570	9,355	9,459	9,542	9,468	9,487	9,587
Overdrafts	8,680	8,121	8,197	8,232	8,665	8,857	9,077	8,893	8,979	8,851	8,702	8,799	8,990	8,914	9,706	9,240
Other loans and advances	4,779	4,706	4,765	5,009	4,874	4,910	5,152	5,121	5,211	5,262	5,467	5,756	5,849	6,120	6,109	6,296
Leasing	291	305	299	294	307	294	286	285	301	300	301	291	286	272	265	259
Instalment credit	4,892	4,871	4,837	4,845	4,748	4,739	4,698	4,598	4,569	4,554	4,531	4,554	4,500	4,474	4,425	4,383
Other	6,441	6,627	6,633	6,580	6,563	7,011	6,464	6,576	6,365	6,580	6,610	7,097	7,075	7,289	6,797	6,841
Other resident sectors (Individuals)	**52,196**	**52,525**	**52,994**	**53,420**	**53,661**	**53,983**	**54,117**	**54,368**	**54,186**	**54,615**	**55,088**	**55,540**	**55,820**	**56,225**	**56,709**	**57,092**
Loans and Advances	43,510	43,757	44,181	44,636	44,824	45,124	45,323	45,612	45,898	45,885	46,346	46,977	47,253	47,650	48,152	48,510
Farm mortgage loans	1,499	1,464	1,519	1,556	1,564	1,581	1,599	1,598	1,602	1,613	1,605	1,614	1,623	1,638	1,701	1,667
Other mortgage loans	33,811	34,037	34,340	34,648	34,706	34,962	35,117	35,322	35,514	35,514	35,897	36,307	36,478	36,775	37,074	37,324
Dwellings	33,800	34,026	34,336	34,645	34,703	34,959	35,113	35,315	35,507	35,504	35,886	36,295	36,465	36,762	37,061	37,311
Other	11	11	4	2	3	3	3	7	7	10	12	12	12	12	13	13
Overdrafts	3,050	3,069	3,064	3,019	3,135	3,145	3,092	3,082	3,175	3,139	3,062	3,074	3,075	3,079	3,090	3,147
Other loans and advances	5,150	5,187	5,259	5,414	5,419	5,436	5,515	5,610	5,607	5,619	5,782	5,983	6,077	6,157	6,286	6,372
Leasing	20	19	19	19	19	19	19	20	29	38	48	56	67	114	131	139
Instalment credit	7,165	7,200	7,197	7,174	7,148	7,118	7,063	7,008	6,971	6,874	6,866	6,824	6,814	6,769	6,706	6,711
Other	1,502	1,550	1,597	1,590	1,670	1,723	1,711	1,728	1,784	1,818	1,828	1,682	1,686	1,692	1,720	1,732
Nonresidents	**496**	**531**	**509**	**516**	**522**	**542**	**1,262**	**1,273**	**1,261**	**1,250**	**1,229**	**1,265**	**1,202**	**1,194**	**1,172**	**1,136**
Loans and Advances	490	491	494	499	506	511	506	507	502	496	506	498	495	489	483	480
Farm mortgage loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other mortgage loans	305	305	304	312	320	320	317	315	312	306	307	307	303	297	294	295
Dwellings	305	305	304	312	320	320	317	315	312	306	307	307	303	297	294	295
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overdrafts	168	169	173	169	168	173	169	173	171	171	172	175	175	175	172	169
Other loans and advances	18	18	17	18	18	18	21	19	19	19	28	17	17	17	16	16
Leasing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Instalment credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	6	40	15	17	17	31	756	766	759	754	722	767	707	705	690	656

*Other loans and advances comprises personal loans for businesses and individuals and nonresidents.

E

E

Table II.5 Deposits of other depository corporations (end period in N$ million)

Description	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Total Deposits	**80,107**	**82,026**	**84,161**	**84,418**	**86,459**	**84,120**	**85,144**	**85,461**	**86,009**	**86,860**	**89,892**	**88,180**
Deposits included in broad money	**72,044**	**74,335**	**76,104**	**75,756**	**77,236**	**76,030**	**77,555**	**77,370**	**78,634**	**79,453**	**79,746**	**78,892**
Transferable deposits	32,761	34,286	36,238	35,517	36,593	35,261	36,454	36,097	36,763	36,430	37,122	37,100
In national currency	32,196	33,306	35,717	34,843	35,670	34,464	35,866	35,283	35,923	35,592	36,448	36,482
Other financial corporations	2,623	2,752	2,479	2,365	2,430	2,544	3,164	2,733	2,856	2,602	2,996	4,302
State and local government	935	930	940	909	907	888	861	1,010	1,026	948	813	942
Public non-financial corporations	2,634	2,537	2,587	2,296	2,270	2,417	2,461	2,101	1,681	2,510	1,969	2,164
Other non-financial corporations	18,568	19,584	21,162	20,913	21,654	20,208	20,659	21,221	22,047	21,136	22,038	20,474
Other resident sectors	7,436	7,503	8,549	8,359	8,409	8,407	8,721	8,217	8,313	8,397	8,633	8,600
In foreign currency	**566**	**980**	**521**	**674**	**923**	**797**	**587**	**813**	**840**	**838**	**673**	**617**
Other deposits	39,283	40,049	39,866	40,239	40,643	40,769	41,101	41,274	41,871	43,023	42,624	41,792
In national currency	39,283	40,049	39,866	40,239	40,643	40,769	41,101	41,274	41,871	43,023	42,624	41,792
Other financial corporations	4,675	4,497	4,775	4,700	4,548	4,789	4,633	4,417	4,543	4,408	4,790	4,070
State and local government	713	695	638	645	653	623	595	596	584	641	642	551
Public nonfinancial corporations	1,029	1,216	1,321	1,484	1,640	1,276	1,529	1,447	1,214	1,422	1,311	1,225
Other nonfinancial corporations	10,405	10,694	10,344	10,248	10,580	10,433	10,339	10,581	11,090	11,645	11,112	11,036
Other resident sectors	22,460	22,947	22,788	23,163	23,222	23,648	24,006	24,232	24,440	24,907	24,770	24,910
In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	**8,064**	**7,691**	**8,057**	**8,662**	**9,223**	**8,090**	**7,589**	**8,090**	**7,375**	**7,407**	**10,146**	**9,288**
Transferable deposits	4,879	4,665	5,014	5,405	5,996	4,699	4,441	4,830	3,757	3,942	4,964	5,669
In national currency	2,817	2,516	2,670	2,593	3,057	2,628	2,276	2,075	1,945	1,920	2,464	2,967
In foreign currency	2,062	2,149	2,345	2,812	2,939	2,070	2,165	2,755	1,812	2,022	2,500	2,702
Other deposits	3,185	3,026	3,043	3,256	3,227	3,392	3,149	3,260	3,618	3,465	5,183	3,619
In national currency	1,073	1,050	1,229	1,343	1,259	1,279	1,601	1,506	1,872	1,822	2,522	1,467
In foreign currency	2,112	1,975	1,814	1,913	1,967	2,112	1,548	1,755	1,746	1,643	2,661	2,152

Description	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Total Deposits	**86,786**	**88,762**	**91,539**	**92,544**	**91,926**	**90,268**	**90,921**	**90,806**	**90,936**	**91,502**	**94,018**	**93,700**
Deposits included in broad money	**77,791**	**80,080**	**83,686**	**84,951**	**84,909**	**82,269**	**83,424**	**83,929**	**82,096**	**83,377**	**83,277**	**83,065**
Transferable deposits	36,486	38,016	41,127	40,617	38,739	36,765	37,702	37,873	37,041	37,239	36,538	36,769
In national currency	35,653	37,292	40,230	39,982	37,806	36,016	36,931	37,197	36,244	36,252	35,716	36,057
Other financial corporations	4,659	4,766	5,198	5,310	5,065	4,408	4,472	4,405	4,537	4,918	4,489	4,349
State and local government	1,011	1,107	1,392	1,048	1,007	876	873	846	746	828	710	670
Public non-financial corporations	1,972	2,721	2,877	2,841	2,447	2,055	2,366	2,193	2,248	2,524	2,429	2,634
Other non-financial corporations	19,052	19,693	21,500	21,753	20,454	19,682	20,150	20,962	20,213	19,182	19,089	19,830
Other resident sectors	8,958	9,005	9,263	9,031	8,833	8,996	9,070	8,792	8,501	8,800	8,999	8,574
In foreign currency	**834**	**724**	**897**	**635**	**934**	**749**	**771**	**675**	**797**	**987**	**822**	**712**
Other deposits	41,305	42,064	42,559	44,334	46,169	45,504	45,722	46,056	45,055	46,138	46,739	46,297
In national currency	41,305	42,064	42,559	44,334	46,169	45,504	45,722	46,056	45,055	46,138	46,739	46,297
Other financial corporations	3,964	4,155	4,010	4,232	2,549	4,865	4,127	4,076	4,021	4,099	3,871	3,930
State and local government	549	469	483	605	2,379	550	542	533	509	450	441	362
Public nonfinancial corporations	1,376	1,775	1,920	2,145	2,281	1,627	2,097	2,309	2,409	2,385	2,444	2,651
Other nonfinancial corporations	11,095	11,226	11,295	11,797	13,131	12,541	12,695	12,681	11,102	12,381	12,869	11,993
Other resident sectors	24,322	24,439	24,851	25,555	25,829	25,921	26,260	26,458	27,014	26,823	27,113	27,361
In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	**8,995**	**8,682**	**7,853**	**7,593**	**7,017**	**7,999**	**7,497**	**6,877**	**8,840**	**8,125**	**10,741**	**10,634**
Transferable deposits	5,225	5,001	4,699	4,515	4,776	4,772	5,004	4,317	4,983	4,243	6,447	5,528
In national currency	2,089	2,028	2,646	2,279	2,337	2,147	2,143	2,223	2,555	2,102	3,535	3,710
In foreign currency	3,136	2,973	2,053	2,236	2,439	2,625	2,861	2,094	2,429	2,141	2,912	1,818
Other deposits	3,770	3,681	3,155	3,078	2,241	3,227	2,493	2,560	3,857	3,882	4,294	5,106
In national currency	1,701	1,432	1,508	1,658	1,603	1,510	1,431	1,425	2,506	2,577	2,512	3,224
In foreign currency	2,069	2,249	1,646	1,420	638	1,717	1,062	1,135	1,351	1,306	1,782	1,882

Description	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Total Deposits	**91,670**	**92,392**	**94,116**	**95,704**	**98,099**	**97,341**	**100,724**	**101,045**	**103,544**	**104,262**	**105,482**	**105,670**
Deposits included in broad money	**81,569**	**82,818**	**84,907**	**87,045**	**89,684**	**87,831**	**91,187**	**93,165**	**93,656**	**94,844**	**94,947**	**94,981**
Transferable deposits	36,045	36,951	38,037	39,919	40,433	37,570	40,002	41,474	41,310	42,010	42,056	41,432
In national currency	34,688	35,616	36,133	37,425	38,594	35,540	37,840	39,559	39,195	39,209	38,474	38,749
Other financial corporations	5,132	4,935	4,262	4,126	4,320	4,505	4,514	4,801	4,681	5,106	4,989	6,057
State and local government	587	611	658	695	715	614	786	903	843	911	949	889
Public non-financial corporations	3,078	3,186	3,249	3,593	3,965	2,852	4,032	3,933	4,173	2,722	2,458	2,846
Other non-financial corporations	17,515	18,513	19,461	20,290	20,986	18,792	19,496	20,528	20,077	20,549	19,844	18,958
Other resident sectors	8,376	8,371	8,503	8,721	8,607	8,778	9,012	9,393	9,422	9,921	10,233	9,999
In foreign currency	**1,357**	**1,334**	**1,904**	**2,495**	**1,839**	**2,030**	**2,162**	**1,915**	**2,115**	**2,801**	**3,582**	**2,683**
Other deposits	45,524	45,868	46,870	47,126	49,251	50,261	51,184	51,691	52,346	52,834	52,892	53,549
In national currency	45,524	45,868	46,870	47,126	49,251	50,261	51,184	51,691	52,346	52,834	52,892	53,549
Other financial corporations	3,913	3,751	3,702	3,656	3,870	3,769	3,567	3,683	3,693	3,425	3,465	3,641
State and local government	350	336	275	245	291	189	209	203	216	216	220	226
Public nonfinancial corporations	2,712	2,764	2,919	2,856	2,746	2,928	2,982	3,557	3,411	3,357	3,306	3,146
Other nonfinancial corporations	11,232	11,293	11,727	12,143	12,991	13,411	14,617	14,640	15,135	15,869	16,328	16,214
Other resident sectors	27,316	27,724	28,248	28,226	29,352	29,965	29,809	29,609	29,890	29,967	29,573	30,322
In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	**10,101**	**9,574**	**9,209**	**8,659**	**8,415**	**9,510**	**9,537**	**7,880**	**9,888**	**9,418**	**10,534**	**10,689**
Transferable deposits	6,027	5,775	4,857	4,208	3,943	4,971	5,184	3,629	4,650	4,511	4,955	4,409
In national currency	3,755	3,316	2,470	1,944	1,705	2,056	1,780	1,727	2,414	2,303	2,057	2,215
In foreign currency	2,272	2,459	2,387	2,264	2,237	2,915	3,404	1,902	2,237	2,208	2,898	2,194
Other deposits	4,074	3,799	4,352	4,451	4,472	4,539	4,353	4,251	5,238	4,907	5,579	6,280
In national currency	2,964	2,790	3,021	3,180	3,111	3,243	3,231	3,224	3,142	3,633	3,759	4,479
In foreign currency	1,110	1,009	1,331	1,271	1,361	1,296	1,122	1,027	2,095	1,273	1,820	1,802

Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Total Deposits	**106,014**	**104,435**	**106,778**	**105,721**	**108,335**	**109,959**	**111,808**	**112,711**	**115,469**	**118,716**	**115,529**	**115,861**
Deposits included in broad money	**93,502**	**92,479**	**94,993**	**94,425**	**96,103**	**97,666**	**99,134**	**100,448**	**101,327**	**104,275**	**102,343**	**101,409**
Transferable deposits	43,888	42,729	45,362	42,747	44,390	45,103	46,222	47,721	46,555	49,893	48,406	48,474
In national currency	41,278	40,259	42,721	41,295	43,133	43,955	45,011	46,294	45,286	47,581	47,016	47,098
Other financial corporations	7,765	7,130	6,732	6,598	7,237	7,168	8,042	7,905	8,589	7,941	7,715	8,157
State and local government	900	945	1,033	969	921	869	900	907	944	987	846	856
Public non-financial corporations	3,917	3,181	3,863	3,032	3,257	2,837	3,174	3,763	3,548	4,230	3,790	2,984
Other non-financial corporations	17,949	18,050	20,112	19,637	20,806	21,874	21,443	22,276	20,447	22,545	22,314	23,016
Other resident sectors	10,747	10,953	10,981	11,060	10,912	11,206	11,451	11,442	11,758	11,878	12,351	12,084
In foreign currency	**2,610**	**2,470**	**2,642**	**1,452**	**1,256**	**1,149**	**1,211**	**1,427**	**1,269**	**2,313**	**1,390**	**1,377**
Other deposits	49,614	49,750	49,631	51,678	51,713	52,563	52,911	52,727	54,772	54,382	53,938	52,935
In national currency	49,614	49,750	49,631	51,678	51,713	52,563	52,911	52,727	54,772	54,382	53,938	52,935
Other financial corporations	3,602	3,860	3,731	4,058	3,735	3,997	3,997	3,693	3,506	3,387	3,462	3,306
State and local government	231	213	230	242	241	280	246	256	309	316	313	320
Public nonfinancial corporations	3,643	3,126	3,426	3,283	3,528	3,632	3,554	3,464	3,525	3,695	3,394	3,378
Other nonfinancial corporations	16,502	16,850	16,509	17,705	15,974	16,331	16,562	16,874	18,793	18,181	17,145	16,302
Other resident sectors	25,636	25,700	25,734	26,391	28,235	28,323	28,552	28,439	28,639	28,802	29,624	29,628
In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	**12,513**	**11,956**	**11,785**	**11,296**	**12,232**	**12,293**	**12,674**	**12,263**	**14,142**	**14,441**	**13,186**	**14,452**
Transferable deposits	6,782	6,370	5,899	5,891	6,445	6,804	6,846	6,459	7,635	7,392	6,704	7,060
In national currency	4,244	3,806	4,038	4,159	4,175	4,733	4,641	4,423	4,955	4,839	4,351	5,196
In foreign currency	2,537	2,565	1,862	1,732	2,269	2,072	2,205	2,036	2,680	2,554	2,353	1,864
Other deposits	5,731	5,586	5,885	5,405	5,787	5,489	5,829	5,804	6,507	7,048	6,482	7,392
In national currency	4,184	4,142	4,583	4,333	4,867	4,306	4,689	4,567	4,596	5,041	4,190	4,984
In foreign currency	1,547	1,444	1,302	1,072	920	1,183	1,140	1,236	1,911	2,007	2,292	2,408

Table II.6 Monetary aggregates (end of period in N$ million)

		Currency in circulation 1	Transferable deposits 2	Narrow money (M1) 3 1+2 = 3	Other deposits 4	Securities included in M2 5	Broad money supply (M2) 6 3+4+5=6
2015	**Jan**	**2,605**	**32,761**	**35,366**	**39,283**	**0**	**74,648**
	Feb	2,557	34,286	36,843	40,049	0	76,892
	Mar	2,548	36,238	38,786	39,866	0	78,652
	Apr	2,649	35,517	38,167	40,239	0	78,406
	May	2,670	36,593	39,264	40,643	0	79,907
	Jun	2,625	35,261	37,887	40,769	0	78,656
	Jul	2,882	36,454	39,336	41,101	0	80,437
	Aug	2,951	36,097	39,047	41,274	0	80,321
	Sep	2,871	36,763	39,634	41,871	0	81,505
	Oct	3,127	36,430	39,557	43,023	0	82,580
	Nov	3,291	37,122	40,412	42,624	0	83,037
	Dec	3,042	37,100	40,142	41,792	0	81,934
2016	**Jan**	**3,008**	**36,486**	**39,494**	**41,305**	**0**	**80,799**
	Feb	2,890	38,016	40,906	42,064	0	82,970
	Mar	2,765	41,127	43,892	42,559	0	86,450
	Apr	2,921	40,617	43,537	44,334	0	87,872
	May	2,839	38,739	41,578	46,169	0	87,748
	Jun	2,840	36,765	39,606	45,504	0	85,109
	Jul	2,953	37,702	40,655	45,722	0	86,377
	Aug	2,879	37,873	40,752	46,056	0	86,808
	Sep	2,905	37,041	39,946	45,055	0	85,001
	Oct	2,964	37,239	40,203	46,138	0	86,341
	Nov	3,009	36,538	39,548	46,739	0	86,286
	Dec	2,884	36,769	39,653	46,297	0	85,949
2017	**Jan**	**2,799**	**36,045**	**38,844**	**45,524**	**0**	**84,368**
	Feb	2,829	36,951	39,780	45,868	0	85,648
	Mar	2,876	38,037	40,913	46,870	0	87,783
	Apr	2,980	39,919	42,900	47,126	0	90,025
	May	2,870	40,433	43,303	49,251	0	92,554
	Jun	2,922	37,570	40,492	50,261	0	90,753
	Jul	2,954	40,002	42,956	51,184	0	94,141
	Aug	3,031	41,474	44,505	51,691	0	96,196
	Sep	3,120	41,310	44,431	52,346	0	96,777
	Oct	3,009	42,010	45,019	52,834	0	97,853
	Nov	3,188	42,056	45,243	52,892	0	98,135
	Dec	3,096	41,432	44,528	53,549	0	98,078
2018	**Jan**	**2,894**	**43,888**	**46,781**	**49,614**	**0**	**96,395**
	Feb	2,834	42,729	45,563	49,750	0	95,313
	Mar	2,983	45,362	48,346	49,631	0	97,977
	Apr	2,889	42,747	45,637	51,678	0	97,314
	May	2,825	44,390	47,215	51,713	0	98,928
	Jun	2,993	45,103	48,097	52,563	0	100,660
	Jul	2,897	46,222	49,119	52,911	0	102,030
	Aug	3,038	47,721	50,759	52,727	0	103,486
	Sep	3,146	46,555	49,701	54,772	0	104,472
	Oct	2,968	49,893	52,862	54,382	0	107,244
	Nov	3,132	48,406	51,538	53,938	0	105,476
	Dec	2,944	48,474	51,418	52,935	0	104,353

E

E

Table II.7 Monetary analysis (end of period in N$ million)

			Determinants of money supply						
		Broad money supply (M2)	Net foreign assets	Claims on the Central Government				Claims on private sectors	Other items net
				Gross claims	Government deposits	Other liabilities	Net claims on Government		
2015	**Jan**	**74,648**	**23,137**	**7,190**	**6,099**	**0**	**1,090**	**73,774**	**-13,732**
	Feb	76,892	21,892	7,431	5,154	0	2,277	75,214	-14,981
	Mar	78,652	18,831	10,808	3,547	0	7,261	76,278	-15,812
	Apr	78,406	22,225	8,776	5,726	0	3,050	76,904	-15,800
	May	79,907	21,665	9,608	4,121	0	5,487	77,977	-15,400
	Jun	78,656	19,924	9,732	5,757	0	3,975	78,690	-16,365
	Jul	80,437	20,764	10,017	5,510	0	4,507	79,185	-16,156
	Aug	80,321	18,344	10,305	4,312	0	5,993	80,649	-15,442
	Sep	81,505	18,753	10,287	3,422	0	6,865	81,720	-15,875
	Oct	82,580	28,383	10,470	13,425	0	-2,955	82,270	-16,620
	Nov	83,037	30,791	10,873	11,703	0	-830	83,881	-14,983
	Dec	81,934	29,532	10,170	11,779	0	-1,608	84,966	-15,622
2016	**Jan**	**80,799**	**29,478**	**9,965**	**13,159**	**0**	**-3,194**	**85,475**	**-16,104**
	Feb	82,970	31,379	10,185	11,130	0	-945	85,898	-14,537
	Mar	86,450	32,813	12,089	9,801	0	2,288	85,944	-14,463
	Apr	87,872	34,978	10,895	10,670	0	226	86,391	-15,325
	May	87,748	34,889	10,768	8,935	0	1,834	86,497	-15,483
	Jun	85,109	29,639	11,042	8,328	0	2,714	86,966	-17,965
	Jul	86,377	29,795	11,068	8,223	0	2,845	87,573	-18,052
	Aug	86,808	28,793	11,619	7,055	0	4,564	88,587	-16,860
	Sep	85,001	24,157	11,786	7,305	0	4,480	89,713	-18,708
	Oct	86,341	29,623	11,595	7,186	0	4,409	89,867	-18,665
	Nov	86,286	31,812	12,879	8,072	0	4,807	91,092	-15,529
	Dec	85,949	26,201	11,814	7,909	0	3,905	92,018	-16,889
2017	**Jan**	**84,368**	**28,653**	**11,798**	**9,456**	**0**	**2,342**	**91,784**	**-15,460**
	Feb	85,648	27,117	12,079	8,150	0	3,929	92,785	-15,616
	Mar	87,783	28,074	13,755	6,727	0	7,029	91,896	-15,366
	Apr	90,025	32,901	12,074	8,177	0	3,897	92,175	-15,594
	May	92,554	33,377	13,199	6,554	0	6,645	93,081	-14,771
	Jun	90,753	31,652	12,241	6,544	0	5,698	93,654	-18,101
	Jul	94,141	37,027	12,880	8,857	0	4,023	93,703	-17,004
	Aug	96,196	38,710	13,334	7,832	0	5,502	94,198	-16,414
	Sep	96,777	38,087	13,721	7,041	0	6,680	95,120	-16,412
	Oct	97,853	38,812	14,964	8,075	0	6,888	95,430	-14,544
	Nov	98,135	36,060	14,860	6,623	0	8,237	96,028	-15,684
	Dec	98,078	31,063	15,611	5,947	0	9,665	96,583	-20,450
2018	**Jan**	**96,395**	**35,874**	**15,555**	**8,771**	**0**	**6,784**	**97,792**	**-15,600**
	Feb	95,313	32,405	16,328	8,064	0	8,264	98,769	-15,639
	Mar	97,977	28,466	17,912	5,511	0	12,401	98,017	-16,399
	Apr	97,314	34,100	16,914	7,701	0	9,213	98,812	-15,151
	May	98,928	32,492	17,525	6,211	0	11,313	98,657	-17,335
	Jun	100,660	34,202	17,708	7,243	0	10,465	98,934	-18,726
	Jul	102,030	36,067	18,465	8,194	0	10,271	99,459	-18,604
	Aug	103,486	36,174	18,739	7,250	0	11,489	100,946	-19,237
	Sep	104,472	36,597	19,138	6,317	0	12,821	101,539	-18,674
	Oct	107,244	38,747	19,180	6,874	0	12,306	102,051	-19,074
	Nov	105,476	35,080	19,562	5,489	0	14,072	102,171	-18,989
	Dec	104,353	37,995	19,338	8,783	0	10,555	103,119	-18,455

Table II.8 Changes in determinants of money supply (end of period in N$ million)

		Broad money supply (M2)	Determinants of money supply						
			Net foreign assets	Claims on the Central Government				Claims on other sectors	Other items net
				Gross claims	Government deposits	Other liabilities	Net claims on Government		
2015	Jan	282	3,723	56	2,968	0	-2,912	674	206
	Feb	2,244	-1,244	241	-946	0	1,187	1,440	-1,249
	Mar	1,760	-3,061	3,377	-1,607	0	4,984	1,064	-831
	Apr	-246	3,394	-2,032	2,179	0	-4,211	626	12
	May	1,501	-560	832	-1,605	0	2,437	1,073	400
	Jun	-1,251	-1,742	125	1,637	0	-1,512	713	-965
	Jul	1,781	840	285	-248	0	532	495	209
	Aug	-116	-2,420	288	-1,198	0	1,486	1,464	714
	Sep	1,184	409	-18	-890	0	872	1,071	-433
	Oct	1,075	9,630	183	10,003	0	-9,819	549	-745
	Nov	457	2,408	403	-1,722	0	2,125	1,612	1,637
	Dec	-1,103	-1,260	-703	75	0	-778	1,084	-640
2016	Jan	-1,134	-54	-205	1,381	0	-1,586	509	-482
	Feb	2,170	1,901	219	-2,030	0	2,249	423	1,568
	Mar	3,480	1,434	1,904	-1,329	0	3,233	46	74
	Apr	1,421	2,165	-1,193	869	0	-2,062	447	-862
	May	-124	-89	-127	-1,735	0	1,608	106	-158
	Jun	-2,638	-5,250	273	-607	0	880	469	-2,482
	Jul	1,268	156	26	-105	0	131	607	-87
	Aug	430	-1,002	551	-1,168	0	1,719	1,014	1,192
	Sep	-1,807	-4,636	167	250	0	-84	1,126	-1,848
	Oct	1,340	5,467	-191	-119	0	-71	154	43
	Nov	-54	2,188	1,284	886	0	398	1,224	3,137
	Dec	-337	-5,611	-1,064	-162	0	-902	926	-1,360
2017	Jan	-1,582	2,452	-16	1,547	0	-1,563	-234	1,429
	Feb	1,280	-1,536	280	-1,306	0	1,586	1,001	-156
	Mar	2,135	958	1,677	-1,423	0	3,100	-888	251
	Apr	2,243	4,827	-1,681	1,450	0	-3,132	279	-228
	May	2,528	476	1,125	-1,623	0	2,748	906	823
	Jun	-1,801	-1,725	-958	-10	0	-948	573	-3,330
	Jul	3,388	5,374	639	2,313	0	-1,675	49	1,098
	Aug	2,055	1,683	454	-1,025	0	1,479	495	590
	Sep	581	-623	388	-791	0	1,178	923	2
	Oct	1,076	725	1,242	1,034	0	208	309	1,868
	Nov	282	-2,752	-104	-1,452	0	1,348	598	-1,140
	Dec	-57	-4,996	752	-676	0	1,428	555	-4,766
2018	Jan	-1,682	4,811	-56	2,824	0	-2,881	1,209	4,850
	Feb	-1,082	-3,469	774	-707	0	1,480	977	-39
	Mar	2,664	-3,940	1,584	-2,553	0	4,137	-752	-760
	Apr	-662	5,634	-998	2,191	0	-3,188	795	1,248
	May	1,614	-1,608	610	-1,490	0	2,101	-155	-2,184
	Jun	1,731	1,710	183	1,032	0	-848	276	-1,391
	Jul	1,371	1,864	757	951	0	-194	525	122
	Aug	1,455	107	274	-944	0	1,218	1,488	-633
	Sep	986	423	399	-933	0	1,332	593	563
	Oct	2,771	2,150	42	557	0	-515	512	-400
	Nov	-1,768	-3,667	382	-1,385	0	1,767	120	85
	Dec	-1,123	2,915	-224	3,294	0	-3,518	947	534

E

Table II.9 Selected interest rates: Namibia and South Africa

		Prime lending rate		Average lending rate		Treasury bill rate (3 month)		Deposit rates		Reporate	
		Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA
2015	**Jan**	**9.75**	**9.25**	**9.30**	**9.36**	**6.29**	**6.00**	**4.50**	**6.12**	**6.00**	**6.00**
	Feb	10.00	9.25	9.14	9.32		5.88	4.72	6.10	6.25	6.00
	Mar	10.00	9.25	9.33	9.23	6.30	5.80	4.59	6.11	6.25	6.00
	Apr	10.00	9.25	9.25	9.28	6.33	5.80	4.60	6.11	6.25	6.00
	May	10.00	9.25	9.45	9.23		5.73	4.58	6.13	6.25	6.00
	Jun	10.25	9.25	8.79	9.26	6.56	5.76	4.67	6.13	6.50	6.00
	Jul	10.25	9.50	9.43	9.34	6.72	6.03	4.65	6.20	6.50	6.00
	Aug	10.25	9.50	9.38	9.41		6.16	4.72	6.30	6.50	6.00
	Sep	10.25	9.50	9.60	9.54	6.93	6.24	4.83	6.31	6.50	6.00
	Oct	10.25	9.50	9.40	9.55	7.24	6.16	4.79	6.31	6.50	6.00
	Nov	10.25	9.75	9.40	9.62		6.33	5.00	6.39	6.50	6.25
	Dec	10.25	9.75	9.42	9.78	7.51	6.74	4.91	6.57	6.50	6.25
2016	**Jan**	**10.25**	**10.25**	**9.52**	**10.06**	**7.81**	**6.86**	**4.80**	**6.68**	**6.50**	**6.75**
	Feb	10.50	10.25	9.36	10.18		6.93	5.09	6.98	6.75	6.75
	Mar	10.50	10.50	9.74	10.36	7.85	7.04	5.00	7.10	6.75	7.00
	Apr	10.50	10.50	9.76	10.41	7.89	7.18	5.20	7.27	6.75	7.00
	May	10.75	10.50	10.20	10.49		7.16	5.43	7.31	7.00	7.00
	Jun	10.75	10.50	10.01	10.49	7.99	7.20	5.41	7.32	7.00	7.00
	Jul	10.75	10.50	10.11	10.51	8.24	7.35	5.35	7.35	7.00	7.00
	Aug	10.75	10.50	10.12	10.55		7.30	5.53	7.35	7.00	7.00
	Sep	10.75	10.50	10.22	10.55	8.33	7.29	5.64	7.36	7.00	7.00
	Oct	10.75	10.50	10.19	10.48	8.65	7.35	5.60	7.36	7.00	7.00
	Nov	10.75	10.50	10.06	10.45		7.60	5.63	7.36	7.00	7.00
	Dec	10.75	10.50	9.87	10.48	8.89	7.64	5.69	7.36	7.00	7.00
2017	**Jan**	**10.75**	**10.50**	**10.19**	**10.47**	**9.08**	**7.36**	**5.86**	**7.37**	**7.00**	**7.00**
	Feb	10.75	10.50	10.02	10.52		7.19	5.82	7.32	7.00	7.00
	Mar	10.75	10.50	10.22	10.50	9.17	7.29	5.78	7.36	7.00	7.00
	Apr	10.75	10.50	10.11	10.47	9.06	7.43	5.75	7.34	7.00	7.00
	May	10.75	10.50	10.00	10.54		7.39	5.74	7.33	7.00	7.00
	June	10.75	10.50	10.21	10.72	7.97	7.44	5.80	7.34	7.00	7.00
	July	10.75	10.50	10.14	10.66	7.94	7.15	6.04	7.08	7.00	7.00
	August	10.50	10.25	9.99	10.64		7.16	6.16	7.05	6.75	6.75
	Sep	10.50	10.25	10.04	10.45	7.73	7.11	5.90	6.99	6.75	6.75
	Oct	10.50	10.25	9.46	10.60	7.72	7.40	5.69	7.05	6.75	6.75
	Nov	10.50	10.25	9.77	10.54		7.56	5.98	7.12	6.75	6.75
	Dec	10.50	10.25	10.12	10.55	7.9	7.49	6.11	7.16	6.75	6.75
2018	**Jan**	**10.50**	**10.25**	**10.17**	**10.70**	**7.62**	**7.21**	**6.21**	**7.14**	**6.75**	**6.75**
	Feb	10.50	10.25	10.14	10.65	8.06	7.04	6.45	7.10	6.75	6.75
	Mar	10.50	10.00	10.04	10.61	8.11	6.87	6.45	7.04	6.75	6.50
	Apr	10.50	10.00	10.07	10.47	8.20	6.99	6.60	6.93	6.75	6.50
	May	10.50	10.00	10.27	10.49	8.27	7.03	5.73	6.89	6.75	6.50
	Jun	10.50	10.00	10.12	10.50	8.18	7.07	5.68	6.92	6.75	6.50
	Jul	10.50	10.00	10.19	10.50	7.92	7.09	5.70	6.95	6.75	6.50
	Aug	10.50	10.00	10.11	10.49	7.91	7.16	5.58	6.96	6.75	6.50
	Sep	10.50	10.00	10.09	10.46	7.90	7.12	5.52	6.86	6.75	6.50
	Oct	10.50	10.00	10.23	10.66	7.90	7.27	5.73	6.89	6.75	6.50
	Nov	10.50	10.25	10.09	10.61	7.95	7.43	5.56	7.09	6.75	6.75
	Dec	10.50	10.25	10.19	10.64	7.92	7.61	5.57	7.13	6.75	6.75

E

Table III.1(a) Treasury bills auction - N$ million

	Period	Offer	Tendered	Surplus(+) Deficit (-)	Effective Yield %
91 days	**2018**				
	Jan	400.0	632.7	232.7	7.39
	Jan	400.0	614.0	214.0	7.86
	Feb	300.0	513.0	213.0	8.06
	Mar	400.0	558.0	158.0	8.11
	Apr	450.0	490.8	40.8	8.02
	Apr	450.0	362.1	-88.0	8.38
	May	450.0	879.3	429.3	8.27
	Jun	450.0	847.8	397.8	8.18
	Jul	450.0	1017.3	567.3	7.95
	Jul	450.0	678.6	228.6	7.89
	Aug	450.0	504.3	54.3	7.91
	Sep	450.0	911.3	461.3	7.90
	Oct	450.0	1152.8	702.8	7.88
	Oct	450.0	257.2	-192.8	7.91
	Nov	450.0	1126.3	676.3	7.95
	Dec	450.0	674.0	224.0	7.92
182 days	**2018**				
	Jan	400.0	716.8	316.8	7.93
	Jan	400.0	432.9	32.9	8.22
	Feb	350.0	581.0	231.0	8.33
	Feb	400.0	534.1	134.1	8.36
	Mar	400.0	508.3	108.3	8.39
	Apr	450.0	615.9	165.9	8.25
	Apr	400.0	385.8	-14.2	8.32
	May	450.0	586.4	136.4	8.40
	Jun	620.0	1661.5	1041.5	8.26
	Jul	450.0	865.8	415.8	8.13
	Jul	450.0	751.2	301.2	8.05
	Aug	450.0	686.6	236.6	8.02
	Aug	450.0	631.4	181.4	8.03
	Sep	450.0	897.0	447.0	8.01
	Oct	450.0	375.7	-74.3	8.04
	Oct	450.0	602.5	152.5	8.09
	Nov	450.0	503.3	53.3	8.19
	Dec	620.0	826.3	206.3	8.30
273 days	**2018**				
	Jan	400.0	1080.4	680.4	8.29
	Feb	400.0	505.1	105.1	8.33
	Feb	400.0	738.9	338.9	8.36
	Mar	380.0	520.1	140.1	8.45
	Mar	350.0	847.1	497.1	8.43
	Mar	400.0	732.6	332.6	8.37
	Apr	450.0	658.0	208.0	8.29
	May	450.0	674.1	224.1	8.24
	May	400.0	957.7	557.7	8.24
	Jun	450.0	1882.0	1432.0	8.24
	Jun	450.0	1047.6	597.6	8.20
	Jul	450.0	761.1	311.1	8.10
	Aug	450.0	527.8	77.8	8.08
	Aug	450.0	627.6	177.6	8.10
	Aug	450.0	473.6	23.6	8.25
	Sep	400.0	582.2	182.2	8.28
	Oct	400.0	885.0	485.0	8.24
	Nov	400.0	1223.0	823.0	8.25
	Nov	400.0	1292.7	892.7	8.22
	Nov	450.0	1013.2	563.2	8.30
	Dec	350.0	584.0	234.0	8.38
	Dec	400.0	927.9	527.9	8.38
365 days	**2018**				
	Jan	400.0	1211.7	811.7	8.01
	Jan	400.0	1018.7	618.7	7.64
	Feb	500.0	1177.9	677.9	7.79
	Feb	500.0	604.2	104.2	7.80
	Mar	530.0	970.7	440.7	7.84
	Apr	450.0	962.4	512.4	8.30
	Apr	450.0	853.2	403.2	8.28
	May	450.0	570.0	120.0	8.28
	May	450.0	981.2	531.2	8.27
	Jun	450.0	1009.2	559.2	8.17
	Jul	450.0	866.0	416.0	7.88
	Aug	619.8	506.0	-113.8	7.85
	Aug	450.0	625.8	175.8	8.17
	Sep	450.0	1006.2	556.2	8.02
	Oct	450.0	722.6	272.6	8.30
	Nov	410.0	1227.9	817.9	8.33
	Nov	400.0	896.4	496.4	8.27
	Nov	450.0	906.7	456.7	8.35
	Dec	450.0	695.6	245.6	8.43
	Dec	690.0	1215.7	525.7	8.44

E

Table III.1 (b) Allotment of Government of Namibia Treasury Bills - N$ '000

Date issued 2018	Date due	Deposit Money Banks	Other Banking Institutions	Banking Sector	Financial Institutions	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
Jan	04/18	388,650	0	**388,650**	3,920	7,430	0	**400,000**	**17,936,890**
Jan	04/18	400,000	0	**400,000**	0	0	0	**400,000**	**17,986,890**
Jan*	07/18	368,000	0	**368,000**	32,000	0	0	**400,000**	**17,986,890**
Jan*	07/18	323,960	0	**323,960**	76,040	0	0	**400,000**	**17,986,890**
Jan***	10/18	388,890	0	**388,890**	11,110	0	0	**400,000**	**17,986,890**
Jan**	01/18	218,300	0	**218,300**	181,700	0	0	**400,000**	**18,086,890**
Jan**	01/18	399,250	0	**399,250**	0	0	750	**400,000**	**18,136,890**
Feb	05/18	283,980	0	**283,980**	16,000	0	20	**300,000**	**18,436,890**
Feb*	08/18	312,000	0	**312,000**	33,000	5,000	0	**350,000**	**18,386,890**
Feb*	08/18	382,420	0	**382,420**	17,580	0	0	**400,000**	**18,786,890**
Feb***	11/18	284,890	0	**284,890**	105,110	10,000	0	**400,000**	**18,836,890**
Feb***	11/18	333,630	0	**333,630**	66,370	0	0	**400,000**	**18,836,890**
Feb**	02/19	244,020	27,240	**271,260**	195,660	32,000	1,080	**500,000**	**18,836,890**
Feb**	02/19	413,760	0	**413,760**	66,240	20,000	0	**500,000**	**19,336,890**
Mar	06/18	379,990	10,000	**389,990**	10,010	0	0	**400,000**	**19,336,890**
Mar*	09/18	349,820	30,000	**379,820**	11,510	0	8,670	**400,000**	**19,386,890**
Mar***	11/18	260,620	30,000	**290,620**	81,130	0	8,250	**380,000**	**19,416,890**
Mar***	12/18	339,000	10,000	**349,000**	0	0	1,000	**350,000**	**19,416,890**
Mar***	12/18	371,440	10,000	**381,440**	18,560	0	0	**400,000**	**19,466,890**
Mar**	03/19	417,780	20,000	**437,780**	92,220	0	0	**530,000**	**19,469,780**
Apr	07/18	434,950	0	**434,950**	8,160	6,890	0	**450,000**	**19,519,780**
Apr	07/18	355,050	0	**355,050**	7,000	0	0	**362,050**	**19,481,830**
Apr*	10/18	434,070	0	**434,070**	15,930	0		**450,000**	**19,531,830**
Apr*	10/18	360,050	0	**360,050**	25,240	0	500	**385,790**	**19,517,620**
Apr***	01/19	412,100	0	**412,100**	37,900	0		**450,000**	**19,567,620**
Apr**	04/19	430,740	0	**430,740**	19,260	0	0	**450,000**	**19,617,620**
Apr**	04/19	407,180	0	**407,180**	41,610	0	1,210	**450,000**	**19,717,620**
May	08/18	448,470	0	**448,470**	1,360	0	170	**450,000**	**19,867,620**
May*	11/18	421,050	0	**421,050**	28,450	0	500	**450,000**	**19,917,620**
May***	02/19	450,000	0	**450,000**	0	0	0	**450,000**	**19,997,620**
May***	02/19	386,600	0	**386,600**	10,800	0	2,600	**400,000**	**19,997,620**
May**	05/19	439,410	0	**439,410**	10,590	0	0	**450,000**	**20,047,620**
May**	05/19	430,290	0	**430,290**	19,710	0	0	**450,000**	**20,097,620**
Jun	09/18	419,310	0	**419,310**	30,690	0	0	**450,000**	**20,147,620**
Jun*	12/18	426,030	28,560	**454,590**	165,410	0	0	**620,000**	**20,147,620**
Jun***	03/19	436,650	0	**436,650**	13,350	0	0	**450,000**	**20,197,620**
Jun***	03/19	437,680	0	**437,680**	12,320	0	0	**450,000**	**20,247,620**
Jun**	06/19	370,000	20,000	**390,000**	58,580	0	1,420	**450,000**	**20,297,620**
Jul	10/18	438,470	0	**438,470**	11,530	0	0	**450,000**	**20,297,620**
Jul	10/18	443,210	0	**443,210**	0	0	6,790	**450,000**	**20,385,570**
Jul*	01/19	434,320	0	**434,320**	15,680	0	0	**450,000**	**20,435,570**
Jul*	01/19	345,880	0	**345,880**	53,600	50,000	520	**450,000**	**20,485,570**
Jul***	04/19	450,000	0	**450,000**	0	0	0	**450,000**	**20,535,570**
Jul**	07/19	393,030	0	**393,030**	0	56,970	0	**450,000**	**20,585,570**
Aug	11/18	436,660	0	**436,660**	7,500	5,840	0	**450,000**	**20,585,570**
Aug*	02/18	447,440	0	**447,440**	2,550	0	10	**450,000**	**20,685,570**
Aug*	02/19	428,750	0	**428,750**	20,250	1,000	0	**450,000**	**20,735,570**
Aug***	05/19	420,970	0	**420,970**	25,030	4,000	0	**450,000**	**20,785,570**
Aug***	02/19	381,430	0	**381,430**	66,440	0	2,130	**450,000**	**20,835,570**
Aug***	05/19	419,400	0	**419,400**	30,600	0	0	**450,000**	**20,885,570**
Aug**	08/19	401,950	0	**401,950**	48,050	0	0	**450,000**	**20,715,790**
Aug**	08/19	390,000	0	**390,000**	115,980	0	0	**505,980**	**20,771,770**
Sep	12/18	413,800	0	**413,800**	36,200	0	0	**450,000**	**20,771,770**
Sep*	03/19	385,050	0	**385,050**	9,140	46,130	9,680	**450,000**	**20,821,770**
Sep***	06/19	362,560	0	**362,560**	31,990	0	5,450	**400,000**	**21,221,770**
Sep**	09/19	220,520	0	**220,520**	79,480	150,000	0	**450,000**	**21,271,770**
Oct	01/19	404,670	0	**404,670**	38,770	0	6,560	**450,000**	**21,271,770**
Oct	01/19	245,600	0	**245,600**	11,610	0	0	**257,210**	**21,078,980**
Oct*	04/19	365,000	0	**365,000**	10,670	0	0	**375,670**	**21,004,650**
Oct*	04/19	329,990	0	**329,990**	45,010	0	25,000	**400,000**	**21,018,860**
Oct***	07/19	374,480	0	**374,480**	25,520	0	0	**400,000**	**21,018,860**
Oct**	10/19	352,380	0	**352,380**	96,650	0	970	**450,000**	**21,118,860**
Nov	02/19	403,920	0	**403,920**	46,080	0	0	**450,000**	**21,118,860**
Nov	02/19	403,920	0	**403,920**	46,080	0	0	**450,000**	**21,118,860**
Nov*	05/19	392,740	0	**392,740**	53,760	3,000	500	**450,000**	**21,118,860**
Nov***	08/19	324,670	0	**324,670**	70,940	4,390	0	**400,000**	**21,118,860**
Nov***	08/19	400,000	0	**400,000**	0	0	0	**400,000**	**21,118,860**
Nov***	08/19	412,290	0	**412,290**	37,710	0	0	**450,000**	**21,188,860**
Nov**	11/19	283,130	0	**283,130**	106,870	20,000	0	**410,000**	**21,188,860**
Nov**	11/19	354,570	0	**354,570**	70,430	25,000	0	**450,000**	**21,238,860**
Nov**	11/19	302,150	0	**302,150**	97,850	0	0	**400,000**	**21,638,860**
Dec	03/19	418,660	0	**418,660**	31,340	0	0	**450,000**	**21,638,860**
Dec*	06/19	572,410	0	**572,410**	36,740	0	10,850	**620,000**	**21,638,860**
Dec***	09/19	344,000	0	**344,000**	6,000	0	0	**350,000**	**21,638,860**
Dec***	09/19	399,370	0	**399,370**	0	0	630	**400,000**	**21,638,860**
Dec**	12/19	374,610	0	**374,610**	58,670	16,720	0	**450,000**	**21,398,860**
Dec**	12/19	467,870	0	**467,870**	182,130	40,000	0	**690,000**	**21,788,860**

91 days
*182 days
***274 days
**365 days

Table III. 2 (a) Internal Registered Stock auction - N$ million

Bond (coupon rate)	Period	Offer	Amount Tendered	Surplus (+) Deficit (-)	Weighted YTM %
GC20 (8.25%)	2018				
	Jan	30.0	86.1	56.1	7.96
	Feb	50.0	48.2	-1.9	7.89
	Mar	50.0	40.0	-10.0	7.57
	Apr	25.0	14.1	-11.0	7.92
	May	25.0	33.0	8.0	7.92
	Jun	15.0	31.9	16.9	8.49
	Jul	80.0	172.8	92.8	8.40
	Aug	15.0	0.3	-14.8	8.32
	Sep	15.0	76.5	61.5	8.66
	Oct	15.0	69.6	54.6	7.71
	Oct	50.0	22.8	-27.2	7.86
	Nov	15.0	31.3	16.3	8.30
	Dec	40.0	40.0	0.0	8.46
GC22 (8.75%)	2018				
	Jan	30.0	74.0	44.0	8.57
	Feb	50.0	81.0	31.0	8.76
	Mar	50.0	48.0	-2.0	8.54
	Apr	30.0	64.0	34.0	8.54
	May	30.0	92.7	62.7	9.07
GI22 (3.55%)	2018				
	Feb	30.0	43.4	13.4	4.00
	Mar	30.0	21.0	-9.0	4.15
	Mar	30.0	4.4	-25.6	4.49
	Apr	25.0	12.0	-13.0	4.45
	May	25.0	20.6	-4.4	4.58
	Jun	25.0	9.6	-15.4	4.84
	Jul	80.0	135.5	55.5	4.89
	Aug	25.0	59.2	34.2	4.83
	Sep	25.0	96.4	71.4	4.74
	Oct	30.0	41.8	11.8	4.77
	Oct	80.0	111.8	31.8	4.64
	Nov	35.0	47.1	12.1	4.78
	Dec	30.0	20.8	-9.2	4.73
GC23 (8.85%)	2018				
	Jun	30.0	18.5	-11.5	9.47
	Jul	80.0	233.5	153.5	9.47
	Sep	30.0	192.0	162.0	9.69
	Oct	50.0	172.0	122.0	9.49
	Nov	100.0	439.5	339.5	9.34
	Nov	40.0	140.0	100.0	9.25
	Dec	150.0	112.0	-38.0	9.30
GC24 (10.50%)	2018				
	Jul	80.0	293.3	213.3	9.97
	Nov	50.0	316.6	266.6	10.34
	Dec	50.0	151.5	101.5	9.66
GC25 (8.50%)	2018				
	Jan	25.0	46.0	21.0	9.78
	Feb	25.0	72.5	47.5	9.76
	Mar	25.0	94.5	69.5	9.60
	Apr	30.0	42.1	12.1	9.80
	May	30.0	79.6	49.6	9.94
	Jun	30.0	85.9	55.9	10.26
	Jul	80.0	282.5	202.5	10.22
	Aug	30.0	89.4	59.4	10.11
	Sep	30.0	171.0	141.0	10.67
	Oct	30.0	190.8	160.8	10.35
	Nov	50.0	336.5	286.5	10.31
	Nov	25.0	174.5	149.5	10.06
	Dec	50.0	55.3	5.3	9.93
GI25 (3.80%)	2018				
	Feb	30.0	23.7	-6.3	4.46
	Mar	30.0	41.5	11.5	4.47
	Mar	30.0	13.5	-16.5	4.47
	Apr	25.0	5.0	-20.0	4.80
	May	25.0	10.0	-15.0	4.99
	Jun	25.0	17.0	-8.0	5.35
	Jul	25.0	133.3	108.3	5.49
	Aug	25.0	58.0	33.0	5.44
	Sep	25.0	110.4	85.4	5.34
	Oct	30.0	71.6	41.6	5.25
	Nov	80.0	102.8	22.8	5.29
	Nov	35.0	77.2	42.2	5.34
	Dec	30.0	67.6	37.6	5.26
GC27 (8.00%)	2018				
	Jan	25.0	41.4	16.4	10.00
	Feb	25.0	89.8	64.8	9.99
	Mar	25.0	23.5	-1.5	9.75
	Apr	30.0	40.3	10.3	9.94
	May	30.0	60.0	30.0	10.28
	Jun	30.0	87.0	57.0	10.72
	Jul	80.0	120.8	40.8	10.41
	Aug	30.0	82.5	52.5	10.26
	Sep	30.0	147.3	117.3	10.51
	Oct	50.0	311.0	261.0	10.39
	Nov	100.0	313.0	213.0	10.37
	Nov	40.0	127.0	87.0	10.00
	Dec	150.0	40.0	-110.0	10.15

Bond (coupon rate)	Period	Offer	Amount Tendered	Surplus (+) Deficit (-)	Weighted YTM %
GI29 (4.5%)	2018				
	Feb	30.0	8.6	-21.4	4.60
	Mar	30.0	27.0	-3.0	4.66
	Mar	30.0	14.5	-15.5	4.66
	Apr	25.0	5.0	-20.0	4.95
	May	25.0	30.0	5.0	5.02
	Jul	80.0	10.0	-70.0	5.70
	Aug	25.0	56.0	31.0	5.60
	Sep	25.0	42.0	17.0	5.58
	Oct	30.0	21.0	-9.0	5.61
	Nov	80.0	75.4	-4.6	5.63
	Nov	30.0	20.0	-10.0	5.75
	Dec	20.0	5.0	-15.0	5.95
GC30 (8.00%)	2018				
	Jan	25.0	67.1	42.1	10.42
	Feb	25.0	33.0	8.0	10.34
	Mar	25.0	43.1	18.1	9.97
	Apr	25.0	3.6	-21.5	9.84
	Jun	25.0	0.4	-24.6	10.45
	Jul	80.0	71.0	-9.0	10.72
	Sep	25.0	33.5	8.5	11.19
	Oct	25.0	14.3	-10.7	10.98
	Nov	70.0	69.7	-0.3	11.22
	Nov	20.0	44.7	24.7	11.00
	Dec	30.0	45.0	15.0	10.80
GC32 (9.00%)	2018				
	Jan	10.0	12.0	2.0	10.35
	Feb	10.0	14.1	4.1	10.47
	Mar	10.0	16.0	6.0	10.22
	Apr	25.0	36.0	11.0	10.41
	May	25.0	1.5	-23.5	10.77
	Jun	25.0	6.3	-18.7	11.46
	Jul	70.0	26.0	-44.0	11.02
	Aug	25.0	10.0	-15.0	11.13
	Sep	25.0	52.9	27.9	11.44
	Oct	30.0	112.0	82.0	11.37
	Nov	70.0	162.5	92.5	11.38
	Nov	20.0	61.5	41.5	11.00
	Dec	20.0	54.0	34.0	10.83
GI33 (4.50%)	2018				
	Jul	30.0	5.0	-25.0	6.00
	Aug	20.0	33.4	13.4	6.10
	Sep	20.0	42.0	22.0	5.58
	Oct	20.0	36.9	16.9	6.09
	Nov	50.0	25.4	-24.6	6.22
	Nov	20.0	10.0	-10.0	6.44
	Dec	10.0	3.0	-7.0	6.54
GC35 (9.50%)	2018				
	Jan	10.0	17.5	7.5	10.85
	Feb	10.0	19.0	9.0	11.00
	Mar	10.0	11.0	1.0	10.64
	Apr	10.0	6.6	-3.5	10.58
	May	10.0	1.1	-8.9	10.49
	Jun	10.0	4.2	-5.8	11.04
	Jul	70.0	32.4	-37.6	11.04
	Sep	10.0	22.0	12.0	11.49
	Oct	30.0	28.0	-2.0	11.31
	Nov	70.0	40.7	-29.3	11.40
	Nov	20.0	40.0	20.0	11.19
	Dec	20.0	48.0	28.0	11.07
GC37 (9.50%)	2018				
	Jan	10.0	13.0	3.0	10.87
	Feb	10.0	18.0	8.0	10.61
	Mar	10.0	10.0	0.0	10.44
	Apr	10.0	13.0	3.0	10.67
	Jun	10.0	24.5	14.5	11.56
	Jul	70.0	18.0	-52.0	11.48
	Aug	10.0	10.0	0.0	11.56
	Sep	10.0	31.9	21.9	11.94
	Oct	30.0	90.6	60.6	11.90
	Nov	70.0	70.5	0.5	11.94
	Nov	20.0	47.0	27.0	11.61
	Dec	20.0	50.5	30.5	11.43
GC40 (9.80%)	2018				
	Jan	5.0	7.0	2.0	11.29
	Feb	5.0	12.0	7.0	11.23
	Mar	5.0	15.5	10.5	10.83
	Apr	10.0	4.0	-6.0	11.00
	May	10.0	0.4	-9.7	11.29
	Jun	10.0	17.9	7.9	11.54
	Jul	60.0	17.0	-43.0	11.69
	Aug	10.0	1.0	-9.0	11.79
	Sep	10.0	17.7	7.7	12.44
	Oct	15.0	10.5	-4.5	12.30
	Nov	40.0	70.9	30.9	12.32
	Nov	10.0	25.0	15.0	11.94
	Dec	10.0	30.5	20.5	11.77
GC45 (9.85%)	2018				
	Jan	5.0	1.0	-4.0	11.78
	Feb	5.0	10.7	5.7	11.50
	Mar	5.0	10.0	5.0	10.44
	Apr	10.0	1.0	-9.0	11.42
	May	10.0	1.2	-8.8	11.66
	Jun	10.0	10.4	0.3	12.07
	Jul	60.0	16.0	-44.0	12.06
	Sep	10.0	14.0	4.0	12.47
	Oct	15.0	30.8	15.8	12.53
	Nov	40.0	80.0	40.0	12.59
	Nov	10.0	37.0	27.0	12.29
	Dec	10.0	20.0	10.0	12.14

E

Table III.2 (b) Allotment of Government of Namibia Internal Registered Stock - N$ '000

Date issued	Date due	Coupon rate	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-bank Financial Institutions	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
2018										
Jan	10/22	8.75	0	0	0	30,000	0	0	30,000	28,459,830
Jan	04/25	8.50	0	0	0	25,000	0	0	25,000	28,484,830
Jan	01/27	8.00	0	0	0	25,000	0	0	25,000	28,509,830
Jan	01/30	8.00	0	0	0	25,000	0	0	25,000	28,534,830
Jan	04/32	9.00	0	0	0	10,000	0	0	10,000	28,544,830
Jan	07/35	9.50	0	0	0	10,000	0	0	10,000	28,554,830
Jan	07/37	9.50	0	0	0	10,000	0	0	10,000	28,564,830
Jan	10/40	9.80	0	0	0	5,000	0	0	5,000	28,569,830
Jan	07/45	9.85	0	0	0	1,000	0	0	1,000	28,570,830
Feb*	07/18	9.50	0	0	0	0	0	0	(283,730)	28,287,100
Feb	04/20	8.25	18,000	0	18,000	0	0	150	18,150	28,305,250
Feb*	04/20	8.25	0	0	0	400	0	0	400	28,305,650
Feb	10/22	8.75	6,000	0	6,000	25,000	19,000	0	50,000	28,355,650
Feb*	10/22	8.75	9,520	0	9,520	156,920	0	0	166,440	28,522,090
Feb	10/22	3.55	0	0	0	30,000	0	0	30,000	28,552,090
Feb	04/25	8.50	19,000	0	19,000	6,000	0	0	25,000	28,577,090
Feb*	04/25	8.50	0	0	0	53,850	0	0	53,850	28,630,940
Feb	07/25	3.80	15,000	0	15,000	8,700	0	0	23,700	28,654,640
Feb	01/27	8.00	0	0	0	600	24,400	0	25,000	28,679,640
Feb*	01/27	8.00	0	0	0	78,570	0	0	78,570	28,758,210
Feb	01/29	4.50	5,000	0	5,000	3,620	0	0	8,620	28,766,830
Feb	01/30	8.00	0	0	0	25,000	0	0	25,000	28,791,830
Feb	04/32	9.00	9,900	0	9,900	100	0	0	10,000	28,801,830
Feb*	04/32	9.00	0	0	0	930	0	0	930	28,802,760
Feb	07/35	9.50	0	0	0	10,000	0	0	10,000	28,812,760
Feb*	07/35	9.50	0	0	0	1,330	0	0	1,330	28,814,090
Feb	07/37	9.50	0	0	0	10,000	0	0	10,000	28,824,090
Feb	10/40	9.80	0	0	0	5,000	0	0	5,000	28,829,090
Feb	07/45	9.85	0	0	0	5,000	0	0	5,000	28,834,090
Mar	04/20	8.25	10,000	0	10,000	30,000	0	0	40,000	28,874,090
Mar	10/22	8.75	25,000	0	25,000	23,000	0	0	48,000	28,922,090
Mar	10/22	3.80	0	0	0	20,000	0	1,000	21,000	28,943,090
Mar	10/22	3.55	0	0	0	1,350	0	3,000	4,350	28,947,440
Mar	04/25	8.50	20,000	0	20,000	5,000	0	0	25,000	28,972,440
Mar	04/25	3.80	20,000	0	20,000	10,000	0	0	30,000	29,002,440
Mar	07/25	3.80	0	0	0	13,500	0	0	13,500	29,015,940
Mar	01/27	8.00	15,000	0	15,000	8,500	0	0	23,500	29,039,440
Mar	01/29	4.50	0	0	0	14,500	0	0	14,500	29,053,940
Mar	01/29	4.50	20,000	0	20,000	7,000	0	0	27,000	29,080,940
Mar	01/30	8.00	8,000	0	8,000	17,000	0	0	25,000	29,105,940
Mar	04/32	9.00	0	0	0	10,000	0	0	10,000	29,115,940
Mar	07/35	9.50	0	0	0	10,000	0	0	10,000	29,125,940
Mar	07/37	9.50	5,000	0	5,000	5,000	0	0	10,000	29,135,940
Mar	10/40	9.80	0	0	0	5,000	0	0	5,000	29,140,940
Mar	07/45	9.85	5,000	0	5,000	0	0	0	5,000	29,145,940
Apr	07/18	9.50	0	0	0	0	0	0	(326,240)	28,819,700
Apr	04/20	8.25	14,000	0	14,000	0	0	50	14,050	28,833,750
Apr*	04/20	8.25	0	0	0	30,850	0	0	30,850	28,864,600
Apr	10/22	8.75	18,000	0	18,000	12,000	0	0	30,000	28,894,600
Apr*	10/22	8.75	30,000	0	30,000	40,000	0	0	70,820	28,965,420
Apr	10/22	3.55	5,000	0	5,000	5,000	0	2,000	12,000	28,977,420
Apr	04/25	8.50	39,950	0	39,950	0	0	50	40,000	29,017,420
Apr*	04/25	8.50	0	0	0	87,620	0	0	87,620	29,105,040
Apr	07/25	3.80	5,000	0	5,000	0	0	0	5,000	29,110,040
Apr	01/27	8.00	0	30,000	30,000	0	0	0	30,000	29,140,040
Apr*	01/27	8.00	0	45,720	45,720	0	0	0	45,720	29,185,760
Apr	01/29	4.50	5,000	0	5,000	0	0	0	5,000	29,190,760
Apr	01/30	8.00	3,500	0	3,500	0	0	50	3,550	29,194,310
Apr*	01/30	8.00	0	0	0	31,350	0	0	31,350	29,225,660
Apr	04/32	9.00		0	0	25,000	0	0	25,000	29,250,660
Apr*	04/32	9.00	0	0	0	34,790	0	0	34,790	29,285,450
Apr	07/35	9.50	6,500	0	6,500	0	0	50	6,550	29,292,000
Apr*	07/35	9.50	0	0	0	22,230	0	0	22,230	29,314,230
Apr	07/37	9.50	0	0	0	10,000	0	0	10,000	29,324,230
Apr*	07/37	9.50	0	0	0	20,000	0	0	22,410	29,346,640
Apr	10/40	9.85	4,000	0	4,000	0	0	0	4,000	29,350,640
Apr*	10/40	9.80	0	0	0	10,000	0	0	11,550	29,362,190
Apr	07/45	9.85	1,000	0	1,000	0	0	0	1,000	29,363,190
Apr*	07/45	9.85	0	0	0	500	0	0	580	29,363,770
May	04/20	8.25	5,000	0	5,000	20,000	0	0	25,000	29,388,770
May	10/22	8.75	10,000	0	10,000	20,000	0	0	30,000	29,418,770
May	10/22	3.55	0	0	0	10,590	10,000	0	20,590	29,439,360
May	04/25	8.50	10,000	0	10,000	20,000	0	0	30,000	29,469,360
May	07/25	3.80	10,000	0	10,000	0	0	0	10,000	29,479,360
May	01/27	8.00	20,000	0	20,000	10,000	0	0	30,000	29,509,360
May	01/29	4.50	5,000	0	5,000	10,000	10,000	0	25,000	29,534,360
May	04/32	9.00	0	0	0	1,500	0	0	1,500	29,535,860
May	07/35	9.50	0	0	0	1,080	0	0	1,080	29,536,940
May	10/40	9.80	0	0	0	0	0	350	350	29,537,290
May	07/45	9.85	0	0	0	1,000	0	200	1,200	29,538,490
Jun	04/20	8.25	0	0	0	0	15,000	0	15,000	29,553,490
Jun	10/22	3.55	5,000	0	5,000	1,600	0	3,000	9,600	29,563,090
Jul	10/23	3.55	0	0	0	12,500	0	0	12,500	29,575,590
Jun	04/25	8.50	1,940	0	1,940	28,060	0	0	30,000	29,605,590
Jun	07/25	3.80	17,000	0	17,000	0	0	0	17,000	29,622,590
Jun	01/27	8.00	0	30,000	30,000	0	0	0	30,000	29,652,590
Jun	01/30	8.00	0	0	0	400	0	0	400	29,652,990
Jun	04/32	9.00	0	0	0	6,340	0	0	6,340	29,659,330
Jun	07/35	9.50	0	0	0	1,500	0	2,700	4,200	29,663,530
Jun	07/37	9.50	0	0	0	10,000	0	0	10,000	29,673,530
Jun	10/40	9.80	0	0	0	1,600	5,700	2,700	10,000	29,683,530
Jun	07/45	9.85	0	0	0	9,650	0	350	10,000	29,693,530

Table III.2 (b) Allotment of Government of Namibia Internal Registered Stock - N$ '000 (cont...)

Date issued	Date due	Coupon rate	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-bank Financial Institutions	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
2018										
Jul	04/20	8.25	80,000	0	80,000	0	0	0	80,000	29,773,530
Jul	10/22	3.55	0	0	0	80,000	0	0	80,000	29,853,530
Jul	10/23	8.85	140,000	0	140,000	83,000	0	50	223,050	30,076,580
Jul	10/24	10.50	119,200	0	119,200	101,250	0	300	220,750	30,297,330
Jul	04/25	8.50	40,000	0	40,000	40,000	0	0	80,000	30,377,330
Jul	07/25	3.80	78,500	0	78,500	1,500	0	0	80,000	30,457,330
Jul	01/27	8.00	70,000	0	70,000	50,800	0	0	120,800	30,578,130
Jul	01/29	4.50	10,000	0	10,000	0	0	0	10,000	30,588,130
Jul	01/30	8.00	21,000	0	21,000	50,000	0	0	71,000	30,659,130
Jul	04/32	9.00	16,000	10,000	26,000	0	0	0	26,000	30,685,130
Jul	04/33	4.50	5,000	0	5,000	0	0	0	5,000	30,690,130
Jul	07/35	9.50	22,000	0	22,000	10,400	0	0	32,400	30,722,530
Jul	07/37	9.50	0	0	0	18,000	0	0	18,000	30,740,530
Jul	10/40	9.80	0	0	0	17,000	0	0	17,000	30,757,530
Jul	07/45	9.85	0	0	0	16,000	0	0	16,000	30,142,860
Aug	04/20	8.25	0	0	0	250	0	0	250	30,143,110
Aug	10/22	3.55	25,000	0	25,000	0	0	0	25,000	30,168,110
Aug	10/23	8.85	0	30,000	30,000	0	0	0	30,000	30,198,110
Aug	10/24	10.50	0	0	0	0	0	0	0	30,198,110
Aug	04/25	8.50	16,600	0	16,600	12,970	0	430	30,000	30,228,110
Aug	07/25	3.80	17,000	0	17,000	8,000	0	0	25,000	30,253,110
Aug	01/27	8.00	0	20,000	20,000	10,000	0	0	30,000	30,283,110
Aug	01/29	4.50	25,000	0	25,000	0	0	0	25,000	30,308,110
Aug	01/30	8.00	0	0	0	0	0	0	0	30,308,110
Aug	04/32	9.00	0	0	0	10,000	0	0	10,000	30,318,110
Aug	04/33	4.50	20,000	0	20,000	0	0	0	20,000	30,338,110
Aug	07/35	9.50	0	0	0	0	0	0	0	30,338,110
Aug	07/37	9.50	0	0	0	10,000	0	0	10,000	30,348,110
Aug	10/40	9.80	0	0	0	1,000	0	0	1,000	30,349,110
Aug	07/45	9.85	0	0	0	0	0	0	0	30,349,110
Sep	04/20	8.25	5,000	0	5,000	0	8,000	2,000	15,000	30,364,110
Sep	10/22	3.55	0	0	0	19,900	0	5,100	25,000	30,389,110
Sep	10/23	8.85	26,870	0	26,870	0	0	3,130	30,000	30,419,110
Sep	04/25	8.50	0	0	0	0	28,500	1,500	30,000	30,449,110
Sep	07/25	3.80	7,990	0	7,990	0	14,350	2,660	25,000	30,474,110
Sep	01/27	8.00	20,000	0	20,000	0	10,000	0	30,000	30,504,110
Sep	01/29	4.50	3,750	0	3,750	0	21,250	0	25,000	30,529,110
Sep	01/30	8.00	2,500	0	2,500	0	22,500	0	25,000	30,554,110
Sep	04/32	9.00	0	0	0	22,630	0	2,370	25,000	30,579,110
Sep	04/33	4.50	5,000	0	5,000	11,960	0	3,040	20,000	30,599,110
Sep	07/35	9.50	10,000	0	10,000	0	0	0	10,000	30,609,110
Sep	07/37	9.50	0	0	0	0	10,000	0	10,000	30,619,110
Sep	10/40	9.80	5,000	0	5,000	0	0	5,000	10,000	30,629,110
Sep	07/45	9.85	0	0	0	0	10,000	0	10,000	30,639,110
Oct	04/20	8.25	10,000	0	10,000	5,000	0	0	15,000	30,654,110
Oct	10/22	3.55	15,210	0	15,210	14,350	0	440	30,000	30,684,110
Oct	10/23	8.85	50,000	0	50,000	0	0	0	50,000	30,734,110
Oct	04/25	8.50	0	0	0	30,000	0	0	30,000	30,764,110
Oct	07/25	3.80	10,000	0	10,000	20,000	0	0	30,000	30,794,110
Oct	01/27	8.00	25,000	0	25,000	25,000	0	0	50,000	30,844,110
Oct	01/29	4.50	21,000	0	21,000	0	0	0	21,000	30,865,110
Oct	01/30	8.00	100	0	100	14,200	0	0	14,300	30,879,410
Oct	04/32	9.00	0	0	0	30,000	0	0	30,000	30,909,410
Oct	04/33	4.50	10,100	0	10,100	9,900	0	0	20,000	30,929,410
Oct	07/35	9.50	8,000	0	8,000	20,000	0	0	28,000	30,957,410
Oct	07/37	9.50	0	0	0	30,000	0	0	30,000	30,987,410
Oct	07/40	9.80		0	0	10,500	0	0	10,500	30,997,910
Oct	10/45	9.85		0	0	14,180	0	820	15,000	31,012,910
Nov	04/20	8.25	15,000	0	15,000	10,500	10,000	2,300	37,800	31,050,710
Nov	10/22	3.55	20,000	0	20,000	80,800	3,200	11,000	115,000	31,165,710
Nov	10/23	8.85	130,000	0	130,000		10,000	0	140,000	31,305,710
Nov	10/24	10.50	47,000	0	47,000	3,000	0	0	50,000	31,355,710
Nov	04/25	8.50	24,500	0	24,500	25,500	25,000	0	75,000	31,430,710
Nov	07/25	3.80	41,100	0	41,100	22,800	50,000	1,100	115,000	31,545,710
Nov	01/27	8.00	130,000	0	130,000	10,000	0	0	140,000	31,685,710
Nov	01/29	4.50	22,000	0	22,000	3,400	70,000	0	95,400	31,781,110
Nov	01/30	8.00	0	0	0	64,700	25,000	0	89,700	31,870,810
Nov	04/32	9.00	0	0	0	90,000	0	0	90,000	31,960,810
Nov	04/33	4.50	35,000	0	35,000	400	0	0	35,400	31,996,210
Nov	07/35	9.50	0	0	0	60,700	0	0	60,700	32,056,910
Nov	07/37	9.50	0	0	0	90,000	0	0	90,000	32,146,910
Nov	07/40	9.80	0	0	0	50,000	0	0	50,000	32,196,910
Nov	10/45	9.85	0	0	0	50,000	0	0	50,000	32,246,910
Dec	04/20	8.25	40,000	0	40,000	0	0	0	40,000	32,286,910
Dec	10/22	3.55	0	0	0	10,000	0	5,800	15,800	32,302,710
Dec	10/22	8.75	0	0	0	0	0	0	0	32,302,710
Dec	10/23	8.85	110,000	0	110,000	0	0	2,000	112,000	32,414,710
Dec	10/24	10.50	23,650	0	23,650	26,350	0	0	50,000	32,464,710
Dec	07/25	3.80	0	0	0	20,900	9,100	0	30,000	32,494,710
Dec	04/25	8.50	4,750	0	4,750	45,250	0	0	50,000	32,544,710
Dec	01/27	8.00	10,000	0	10,000	30,000	0	0	40,000	32,584,710
Dec	01/29	3.80	5,000	0	5,000	0	0	0	5,000	32,589,710
Dec	01/30	8.00	0	0	0	30,000	0	0	30,000	32,619,710
Dec	04/32	9.00	0	0	0	20,000	0	0	20,000	32,639,710
Dec	04/33	4.50	3,000	0	3,000	0	0	0	3,000	32,642,710
Dec	07/35	9.50	0	0	0	20,000	0	0	20,000	32,662,710
Dec	07/37	9.50	0	0	0	20,000	0	0	20,000	32,682,710
Dec	10/40	9.85	0	0	0	10,000	0	0	10,000	32,692,710
Dec	07/45	9.85	0	0	0	10,000	0	0	10,000	32,702,710

*Switch auction

E

E

Table III.3 Government Foreign Debt by Type and Currency (N$ million)

End of period	2013	2014	2015	2016	2017	2018
Multilateral	**2,862.4**	**2,622.4**	**2,938.9**	**2,342.2**	**5,163.6**	**8,198.0**
Euro	1,316.4	1,230.7	1,400.4	1,118.9	1,065.8	1,116.9
US Dollar	195.5	201.9	254.4	205.7	174.6	191.1
Pound	0.0	0.0	0.0	0.0	0.0	0.0
Rand	407.3	364.0	320.7	277.5	3,234.2	6,205.2
Franc	38.4	37.4	48.6	39.2	35.0	39.6
Dinar	30.3	32.2	26.1	9.6	55.6	57.1
SDR	0.0	0.0	0.0	0.0	0.0	0.0
Yen	874.6	756.3	888.5	691.3	598.4	588.1
Billateral	**1,938.4**	**2,176.6**	**3,549.2**	**2,997.5**	**2,879.0**	**3,027.0**
Euro	1,051.5	966.5	1,098.3	866.7	832.6	852.7
Yuan	886.9	1,210.1	2,450.9	2,130.8	2,046.5	2,174.4
Eurobond	**5,225.0**	**5,780.8**	**19,444.1**	**17,029.9**	**15,491.3**	**18,038.6**
US Dollar	5,225.0	5,780.8	19,444.1	17,029.9	15,491.3	18,038.6
JSE listed bond	**850.0**	**850.0**	**2,400.0**	**2,892.0**	**2,892.0**	**2,892.0**
ZAR	850.0	850.0	2,400.0	2,892.0	2,892.0	2,892.0
Foreign debt stock	**10,875.8**	**11,429.8**	**28,332.1**	**25,261.6**	**26,425.9**	**32,155.6**
Euro	2,367.9	2,197.2	2,498.7	1,985.6	1,898.4	1,969.6
US Dollar	5,420.4	5,982.6	19,698.5	17,235.6	15,665.8	18,229.6
Pound	0.0	0.0	0.0	0.0	0.0	0.0
Rand	1,257.3	1,214.0	2,720.7	3,169.5	6,126.2	9,097.2
Franc	38.4	37.4	48.6	39.2	35.0	39.6
Dinar	30.3	32.2	26.1	9.6	55.6	57.1
SDR	0.0	0.0	0.0	0.0	0.0	0.0
Yen	874.6	756.3	888.5	691.3	598.4	588.1
Yuan	886.9	1210.1	2450.9	2130.8	2046.5	2174.4
Exchange Rates (End of period) - Namibia Dollar per foreign currency						
Euro	14.421	14.053	17.000	14.340	14.806	16.492
US Dollar	10.450	11.562	15.555	13.624	12.393	14.431
Pound	17.237	17.993	23.065	16.726	16.679	18.309
Rand	1.000	1.000	1.000	1.000	1.000	1.000
Franc	11.779	11.689	15.736	13.351	12.674	14.652
Dinar	37.122	39.193	50.648	44.710	41.020	47.408
SDR	16.093	16.746	21.573	18.248	17.606	20.080
Yen	0.100	0.097	0.129	0.117	0.110	0.131
Yuan	1.727	1.864	2.396	1.960	1.901	2.098

Source: BoN and MoF

Table III.4 (a) Government Domestic Loan Guarantees by Sector (N$ million)

	2014	2015	2016	2017	2018
Sectoral allocation					
Mining & Quarrying	0.0	0.0	0.0	0.0	0.0
Tourism	90.9	94.1	91.1	91.1	91.3
Agriculture	251.7	224.0	223.2	623.2	484.0
Finance	330.0	330.0	0.0	0.0	230.4
Transport	0.0	0.0	0.0	0.0	0.0
Communication	0.0	0.0	0.0	0.0	0.0
Fisheries	68.4	69.7	69.2	65.2	63.4
Education	83.3	64.5	166.2	294.5	195.7
Energy		670.0	664.3	671.0	672.2
Total domestic loan guarantees	**824.2**	**1,452.3**	**1,213.9**	**1,744.9**	**1,736.9**
Proportion of domestic guarantees by sector					
Mining & Quarrying	0.0	0.0	0.0	0.0	0.0
Tourism	11.0	6.5	7.5	5.2	5.3
Agriculture	30.5	15.4	18.4	35.7	27.9
Finance	40.0	22.7	0.0	0.0	13.3
Transport	0.0	0.0	0.0	0.0	0.0
Communication	0.0	0.0	0.0	0.0	0.0
Fisheries	8.3	4.8	5.7	3.7	3.7
Education	10.1	4.4	13.7	16.9	11.3
Energy	0.0	46.1	54.7	38.5	38.7
Total domestic loan guarantees	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: MoF

E

Table III.4 (b) Government Foreign Loan Guarantees by Sector and Currency (N$ million)

Sectoral allocation	2014	2015	2016	2017	2018
Energy	**294.1**	**435.0**	**248.8**	**168.8**	**86.1**
NAD and ZAR	294.1	435.0	248.8	168.8	86.1
USD	0.0	0.0	0.0	0.0	0.0
Agriculture	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
NAD and ZAR	0.0	0.0	0.0	0.0	0.0
USD	0.0	0.0	0.0	0.0	0.0
Transport	**3,615.9**	**5,433.2**	**4,954.8**	**4,881.3**	**5,016.2**
NAD and ZAR	456.9	1,681.4	2,085.0	2,643.7	2,861.0
USD	3,158.9	3,751.8	2,869.8	2,237.6	2,155.2
Communication	**37.9**	**45.9**	**38.7**	**44.8**	**49.9**
NAD and ZAR	0.0	0.0	0.0	0.0	0.0
USD	0.0	0.0	0.0	0.0	0.0
EUR	37.9	45.9	38.7	44.8	49.9
Finance			**2,500.0**	**3,500.0**	**4,001.0**
NAD and ZAR			2,500.0	3,500.0	4,000.0
Total foreign loan guarantees	**3,947.9**	**5,914.1**	**7,742.3**	**8,594.9**	**9,152.2**
Proportion of foreign loan guarantees by sector					
Energy	**7.4**	**7.4**	**3.2**	**2.0**	**0.9**
NAD and ZAR	7.4	7.4	3.2	2.0	0.9
USD	0.0	0.0	0.0	0.0	0.0
Agriculture	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
NAD and ZAR	0.0	0.0	0.0	0.0	0.0
USD	0.0	0.0	0.0	0.0	0.0
Transport	**91.6**	**91.9**	**64.0**	**56.8**	**54.8**
NAD and ZAR	11.6	28.4	26.9	30.8	31.3
USD	80.0	63.4	37.1	26.0	23.5
Communication	**1.0**	**0.8**	**0.5**	**0.5**	**0.5**
NAD and ZAR	0.0	0.0	0.0	0.0	0.0
USD	0.0	0.0	0.0	0.0	0.0
EUR	1.0	0.8	0.5	0.5	0.5
Finance			**32.3**	**40.7**	**43.7**
NAD and ZAR			**32.3**	**40.7**	**43.7**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Foreign loan guarantees per currency					
NAD and ZAR	751.0	2,116.4	4,833.8	6,312.5	6,947.1
USD	3,158.9	3,751.8	2,869.8	2,237.6	2,155.2
EUR	37.9	45.9	38.7	44.8	49.9
Total foreign loan guarantees	**3,947.9**	**5,914.1**	**7,742.3**	**8,594.9**	**9,152.2**
Currency composition of foreign loan guarantees					
NAD and ZAR	19.0	35.8	62.1	73.4	75.9
USD	80.0	63.4	37.4	26.0	23.5
EUR	1.0	0.8	0.5	0.5	0.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: MoF

E

Table IV.A1 Balance of Payments aggregates (N$ million)

	2014	2015	2016	2017	2018
Current account	**-12,757**	**-20,439**	**-25,702**	**-9,219**	**-4,099**
Goods and services	**-30,572**	**-37,606**	**-38,410**	**-23,022**	**-18,920**
Total credit	52,347	52,665	55,123	59,612	65,815
Total debit	82,919	90,271	93,533	82,634	84,735
Goods	**-31,850**	**-40,454**	**-35,740**	**-23,612**	**-20,312**
	41,508	**41,149**	**46,357**	**49,926**	**55,710**
Diamonds	10,325	11,195	10,357	9,926	11,139
Other mineral products	7,882	8,569	10,744	11,105	14,605
Food and live animals	2,452	2,447	2,055	3,858	4,404
Manufactured products	15,691	14,917	20,289	21,963	22,396
of which processed fish	7,600	7,529	9,109	9,234	10,009
Other commodities	2,403	1,760	1,572	1,529	1,515
Re-exports	2,756	2,261	1,341	1,545	1,651
	73,358	**81,603**	**82,096**	**73,538**	**76,023**
Consumer goods	16,597	18,765	19,659	19,203	19,118
Mineral fuels, oils and products of their distillation	5,960	14,136	11,959	8,894	11,961
Vehicles, aircraft, and vessels	12,413	10,579	11,716	8,746	8,726
Machinery, mechanical, and electrical appliances	15,927	13,189	12,362	11,455	11,903
Base metals and articles of base metal	7,014	6,949	5,409	4,614	4,600
Products of the chemical industries	6,645	6,361	7,288	7,018	7,514
Other imports	8,803	11,622	13,703	13,609	12,202
Services	**1,278**	**2,847**	**-2,670**	**590**	**1,392**
Total credit	10,838	11,516	8,767	9,686	10,104
Total debit	9,561	8,668	11,437	9,096	8,712
Manufacturing services (net)	1,151	1,458	1,516	1,769	1,824
Maintenance and repair services (net)	93	187	-57	24	-162
Transportation (net)	-861	-970	-936	-252	-466
Travel (net)	4,363	5,375	3,065	3,597	4,325
Insurance and pension (net)	-237	-260	-222	-222	-231
Other private services* (net)	-4,294	-3,414	-5,741	-4,185	-3,664
Government services n.i.e. (net)	1,063	470	-294	-141	-234
Primary income	**-780**	**-714**	**-2,990**	**-4,961**	**-3,648**
Compensation of employees (net)	-296	-142	-22	-117	-10
Investment income (net)	-323	-322	-2,857	-4,741	-3,527
Other primary income (net)	-160	-250	-110	-102	-112
Secondary income	**18,594**	**17,881**	**15,697**	**18,764**	**18,470**
General government (net)	18,306	17,774	15,084	18,349	17,880
Current taxes on income, wealth etc.	133	148	225	224	122
Current international cooperation include:SACU)	18,172	17,627	14,859	18,126	17,758
of which SACU receipts	17,269	17,374	14,835	18,216	17,931
of which SACU pool payments	957	1,127	1,158	1,257	1,381
Financial corporations, nonfinancial corporations, households, and NPISHs (net)	289	107	613	415	590
Personal transfers	-250	-167	247	-154	-51
Other current transfers	539	274	366	569	641
Capital account	**1,701**	**1,378**	**1,943**	**2,428**	**1,732**
Gross acquisitions/disposals of nonproduced nonfinancial assets (net)	154	6	1	7	5
Capital transfers (net)	1,547	1,372	1,942	2,422	1,727
		0	0	0	0
Net lending to (+)/borrowing from (-) rest of world	**-11,056**	**-19,061**	**-23,759**	**-6,790**	**-2,367**

[1] Data for the previous three years are provisional and subject to revision.
[2] Published merchandise trade data from NSA adjusted for BOP purposes.

E

E

Table IV.A2 Balance of Payments aggregates (N$ million) [1]

Financial account	**2014**	**2015**	**2016**	**2017**	**2018**
	-10,821	**-18,417**	**-20,332**	**-4,673**	**-3,931**
Net direct investment [inflow (-)/ outflow (+)]	**-4,621**	**-10,884**	**-5,138**	**-6,924**	**-1,583**
Net acquisition of financial assets [2]	167	1,139	63	-784	1,008
Equity and investment fund shares	195	718	172	-357	772
Equity other than reinvestment of earnings	104	742	96	-469	750
Reinvestment of earnings	91	-24	76	112	22
Debt instruments	-28	421	-109	-427	235
Net incurrence of financial liabilities [3]	4,788	12,022	5,201	6,140	2,591
Equity and investment fund shares	1,031	11,344	1,060	2,234	502
Equity other than reinvestment of earnings	-9	11,016	472	128	-1,847
Reinvestment of earnings	1,039	328	589	2,107	2,349
Debt instruments	3,757	679	4,141	3,906	2,089
Net portfolio investment [inflow (-)/ outflow (+)]	**3,893**	**-14,786**	**-1,263**	**5,786**	**2,714**
Net acquisition of financial liabilities [2]	4,037	-2,809	383	5,165	2,459
Equity and investment fund shares	1,505	-3,106	-363	3,831	1,342
Debt securities	2,531	296	746	1,334	1,117
Net incurrence of financial liabilities [3]	144	11,976	1,645	-621	-255
Equity and investment fund shares	134	27	-37	28	29
Debt securities	10	11,950	1,682	-649	-283
Net financial derivatives & employee stock option [inflow (-)/ outflow (+)]	-8	-251	271	3	133
Net acquisition of financial assets [2]	18	75	-48	-5	343
Net incurrence of financial liabilities [3]	26	327	-319	-7	209
	0	0	0	0	0
Net other investment [inflow (-)/ outflow (+)]	**-8,316**	**-2,509**	**-16,161**	**-8,502**	**-6,215**
Net acquisition of financial assets [2]	-229	1,611	-5,106	3,084	895
Other equity	0	0	0	0	0
Currency and deposits	-1,353	1,282	-5,097	2,367	-519
Loans	615	268	-806	498	1,443
Insurance, pension,standardised guarantees	0	0	0	0	0
Trade credit and advances	533	-147	955	358	-293
Other accounts receivable	-24	207	-158	-139	265
Net incurrence of liabilities[3]	**8,087**	**4,120**	**11,056**	**11,586**	**7,110**
Other equity	0	0	0	0	0
Currency and deposits	-252	1,266	2,268	1,209	424
Loans	8,561	2,098	6,587	9,301	4,948
Insurance, pension,standardised guarantees			0		
Trade credit and advances	-221	544	457	1,235	1,075
Other accounts receivable	0	212	1,744	-159	663
Special drawing rights	0	0	0	0	0
Reserve assets [(increase (+)/decrease (-))]	**-1,768**	**10,013**	**1,959**	**4,965**	**1,020**
Net errors and omissions	**236**	**644**	**3,427**	**2,118**	**-1,564**

[1] Data for the previous three years are provisional and subject to revision.
[2] A net acquisition of assets (outflow of capital) is indicated by a positive (+) sign. A net disposal of assests (inflow of capital) is indicated by a negative (-) sign.
[3] A net incurrence of liabilities (inflow of capital) is indicated by a positive (+) sign. A net disposal of liabilities (outflow of capital) is indicated by a negative (-) sign.

Table IV.B Supplementary table: balance of payments - services (N$ million)

	2014	2015	2016	2017	2018
Services, net	**1,278**	**2,847**	**-2,670**	**590**	**1,392**
Credit	**10,838**	**11,516**	**8,767**	**9,686**	**10,104**
Manufacturing services	1,151	1,461	1,521	1,775	1,829
Maintenance and repair services n.i.e.	570	426	247	309	289
Transport services	1,201	1,077	1,172	1,540	1,530
Passenger	1,081	969	1,036	1,432	1,428
Other	120	108	135	109	102
Travel services	4,901	6,174	4,118	4,540	5,066
Business	78	284	59	84	110
Personal	4,823	5,891	4,059	4,456	4,956
Construction services	173	181	89	56	124
Insurance and pension services	12	2	6	0	0
Financial services	264	340	420	363	502
Charges for the use of intellectual property	30	4	5	4	18
Telecommunications, computer & information	277	286	236	495	235
Other business services	334	359	208	95	62
Personal, cultural, and recreational services	25	23	36	42	64
Government services n.i.e.	1,901	1,182	710	467	385
	0	0	0	0	0
Debit	**9,561**	**8,668**	**11,437**	**9,096**	**8,712**
Manufacturing services	0	3	5	6	5
Maintenance and repair services n.i.e.	478	239	304	284	451
Transport services	2,062	2,046	2,107	1,792	1,995
Passenger	184	97	145	28	175
Other	1,878	1,949	1,962	1,765	1,820
Travel services	538	799	1,053	943	741
Business	179	273	348	188	170
Personal	359	526	706	755	571
Construction services	1,094	447	1,175	867	880
Insurance and pension services	249	262	228	222	231
Financial services	13	82	26	84	102
Charges for the use of intellectual property	94	87	42	32	18
Telecommunications, computer and information	676	1,018	704	626	658
Other business services	3,511	2,968	4,782	3,626	3,008
Personal, cultural, and recreational services	10	3	6	4	3
Government services n.i.e.	838	712	1,004	608	619

Table IV.C Supplementary table: balance of payments - primary income (N$ million)

	2014	2015	2016	2017	2018
Primary income, net	**-307**	**-714**	**-2,990**	**-4,961**	**-3,648**
Credit	3207	3932	3912	3873	4696
Debit	3514	4646	6902	8834	8344
Compensation of employees, net	**-109**	**-142**	**-22**	**-117**	**-10**
Credit	324	327	339	365	402
Debit	433	469	361	482	412
Investment income, net	**-61**	**-322**	**-2,857**	**-4,741**	**-3,527**
Credit	**2883**	**3606**	**3574**	**3508**	**4293**
Direct investment	89	24	80	120	36
Dividends	2	2	4	6	6
Reinvested earnngs	-25	-24	76	112	22
Interest	112	46	0	2	8
Portfolio investment	2,287	3,049	2,784	2,429	2,933
Dividends	1,389	2,078	1,822	1,646	2,039
Interest	898	972	962	783	895
Other investment	172	215	293	331	551
Reserve assets	335	318	417	629	774
Debit	**2944**	**3928**	**6431**	**8249**	**7820**
Direct investment	1,797	2,053	2,963	4,636	3,859
Dividends	945	1,516	2,293	2,275	1,264
Reinvested earnngs	643	328	589	2,107	2,349
Interest	209	209	82	254	245
Portfolio investment	620	859	1,923	2,310	2,336
Dividends	6	11	11	11	11
Interest	614	848	1,912	2,299	2,325
Other investment	527	1,016	1,545	1,303	1,625
Other primary income, net	**-137**	**-250**	**-110**	**-102**	**-112**
Credit	1	0	0	0	0
Debit	138	250	110	102	112

Table IV.D Supplementary table : balance of payments - secondary income (N$ million)

	2014	2015	2016	2017	2018
Secondary income, net	**18,594**	**17,881**	**15,697**	**18,764**	**18,470**
Credit	**20,327**	**19,857**	**17,459**	**20,586**	**20,373**
General government	19,380	19,281	16,307	19,710	19,350
Current taxes on income, wealth etc.	133	148	225	224	122
Social contributions	0	0	0	0	0
Social benefits	0	0	0	0	0
Current international cooperation (include:SACU)	19,246	19,134	16,082	19,486	19,228
of which receipts from SACU	17,269	17,374	14,835	18,216	17,931
Financial corporations, nonfinancial corporations, households, and NPISHs	947	576	1,152	876	1,023
Personal transfers (current transfers between resident and nonresident households)	380	274	625	277	306
Other current transfers	568	301	527	600	717
Debit	**1,733**	**1,976**	**1,762**	**1,822**	**1,903**
General government	1,078	1,511	1,227	1,365	1,474
Current taxes on income, wealth etc.	4	4	4	4	4
Social contributions	0	0	0	0	0
Social benefits	0	0	0	0	0
Current international cooperation (include:SACU)	1,074	1,507	1,223	1,361	1,470
of which SACU pool payments	957	1,127	1,158	1,257	1,381
Financial corporations, nonfinancial corporation, households and NPISHs	655	465	535	458	429
Personal transfers (current transfers between resident and nonresident households)	629	442	378	430	357
Other current transfers	25	24	157	27	72

Table IV.E Supplementary table: balance of payments - capital account (N$ million)

	2014	2015	2016	2017	2018
Capital account balance	**1,701**	**1,378**	**1,943**	**2,428**	**1,732**
Credit	**1,911**	**1,779**	**2,106**	**2,489**	**1,913**
Gross disposals of nonproduced nonfinancial assets	**163**	**7**	**2**	**7**	**5**
Capital transfers	**1,748**	**1,772**	**2,104**	**2,482**	**1,908**
General government	1,521	1,126	1,552	1,541	1,532
Debt forgiveness	0	0	0	0	0
Other capital transfers	1,521	1,126	1,552	1,541	1,532
Financial corporations, nonfinancial corporations, households, and NPISHs	227	646	552	941	377
Debt forgiveness	0	0	0	477	0
Other capital transfers	227	646	552	464	377
Debit	**210**	**400**	**163**	**60**	**182**
Gross acquisitions of nonproduced nonfinancial assets	**10**	**1**	**0**	**0**	**0**
Capital transfers	**201**	**399**	**162**	**60**	**182**
General government	119	365	30	17	26
Debt forgiveness	0	0	0	0	0
Other capital transfers	119	365	30	17	26
Financial corporations, nonfinancial corporations, households, and NPISHs	81	35	133	43	155
Debt forgiveness	0	0	0	0	0
Other capital transfers	81	35	133	43	155

Table IV.F Supplementary table : balance of payments -direct investment (N$ million)

	2014	2015	2016	2017	2018
Direct investment, net	**-4,621**	**-10,884**	**-5,138**	**-6,924**	**-1,583**
Net acquisition of financial assets	**167**	**1,139**	**63**	**-784**	**1,008**
Equity and investment fund shares	**195**	**718**	**172**	**-357**	**772**
Equity other than reinvestment of earnings	104	742	96	-469	750
Direct investor in direct investment enterprises	104	742	16	-469	750
Direct investment enterprise in direct investor (reverse investment)	0	0	80	0	0
Between fellow enterprises	0	0	0	0	0
Reinvestment of earnings	**91**	**-24**	**76**	**112**	**22**
Debt instruments	**-28**	**421**	**-109**	**-427**	**235**
Short-term	**-53**	**-272**	**156**	**-100**	**198**
Direct investor in direct investment enterprises	19	-94	23	-192	322
Direct investment enterprise in direct investor (reverse investment)	-71	-178	133	90	-122
Between fellow enterprises	0	0	0	2	-2
Long-term	**24**	**-694**	**-265**	**-327**	**37**
Direct investor in direct investment enterprises	240	745	-211	-327	1
Direct investment enterprise in direct investor (reverse investment)	-216	-51	0	0	7
Between fellow enterprises	0	0	-54	0	29
Net incurrance of liabilities	**4,788**	**12,022**	**5,201**	**6,140**	**2,591**
Equity and investment fund shares	**1,031**	**11,344**	**1,060**	**2,234**	**502**
Equity other than reinvestment of earnings	-9	11,016	472	128	-1,847
Direct investor in direct investment enterprises	-9	11,016	472	128	-1,845
Direct investment enterprise in direct investor (reverse investment)	0	0	0	0	0
Between fellow enterprises	0	0	0	0	-2
Reinvestment of earnings	**1,039**	**328**	**589**	**2,107**	**2,349**
Debt instruments	**3,757**	**679**	**4,141**	**3,906**	**2,089**
Short-term	**569**	**678**	**-616**	**338**	**984**
Direct investor in direct investment enterprises	569	678	-616	335	984
Direct investment enterprise in direct investor (reverse investment)	0	0	0	0	0
Between fellow enterprises	0	0	0	3	1
Long-term	**3,188**	**1**	**4,757**	**3,568**	**1,105**
Direct investor in direct investment enterprises	3,188	2,220	-1,794	670	1,127
Direct investment enterprises in direct investor (reverse investment)	0	0	0	0	0
Between fellow enterprises	0	-2,220	6,551	2,898	-22

E

Table IV.G Supplementary table: balance of payments - portfolio investment (N$ million)

	2014	2015	2016	2017	2018
Portfolio investment, net	**3,893**	**-14,786**	**-1,263**	**5,786**	**2,714**
Net acquisition of financial assets	**4,037**	**-2,809**	**383**	**5,165**	**2,459**
Equity and investment fund shares	**1,505**	**-3,106**	**-363**	**3,831**	**1,342**
Central bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations, except the central bank	0	0	0	0	0
Other sectors	1,505	-3,106	-363	3,831	1,342
Debt securities	**2,531**	**296**	**746**	**1,334**	**1,117**
Short-term	**-37**	**-353**	**481**	**-105**	**80**
Central bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations, except the central bank	-37	-353	481	-105	80
Other sectors	0	0	0	0	0
Long-term	**2,568**	**649**	**265**	**1,439**	**1,037**
Central bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations, except the central bank	0	393	156	-168	-69
Other sectors	2,568	256	109	1,607	1,106
Net incurrence of liabilities	**144**	**11,976**	**1,645**	**-621**	**-255**
Equity and investment fund shares	**134**	**27**	**-37**	**28**	**29**
Central bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations, except the central bank	0	0	0	0	0
Other sectors	134	27	-37	28	29
Debt securities	**10**	**11,950**	**1,682**	**-649**	**-283**
Short-term	**0**	**-93**	**0**	**0**	**0**
Central bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations, except the central bank	0	-93	0	0	0
Other sectors	0	0	0	0	0
Long-term	**10**	**12,043**	**1,682**	**-649**	**-283**
Central bank	0	0	0	0	0
General government	10	11,941	502	10	10
Deposit-taking corporations, except the central bank	0	102	1,180	-660	-294
Other sectors	0	0	0	0	0
Financial derivatives and employee stock options, net	**-8**	**-251**	**271**	**3**	**133**
Net acquisition of assets	18	75	-48	-5	343
Net incurrence of liabilities	26	327	-319	-7	209

E

Table IV.H Supplementary table : balance of payments -other investment (N$ million)

	2014	2015	2016	2017	2018
Other investment, net	**-8,316**	**-2,509**	**-16,161**	**-8,502**	**-6,215**
Net acquisition of financial assets	**-229**	**1,611**	**-5,106**	**3,084**	**895**
Other equity	**0**	**0**	**0**	**0**	**0**
Currency and deposits	**-1,353**	**1,282**	**-5,097**	**2,367**	**-519**
Deposit-taking corporations, except the central bank	223	1,435	-2,000	1,718	1,877
Other Sectors	-1,575	-153	-3,097	649	-2,396
Loans	**615**	**268**	**-806**	**498**	**1,443**
long-term	**548**	**-354**	**158**	**123**	**1,176**
General government	40	40	40	40	40
Deposit-taking corporations, except the central bank	505	-396	126	84	1,136
Other Sectors	4	2	-8	0	0
Short-term	**66**	**623**	**-964**	**374**	**267**
General Government	0	0	0	0	0
Deposit-taking corporations, except the central bank	93	770	-921	374	267
Other sectors	-27	-148	-42	0	0
Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
Trade credit and advances	**533**	**-147**	**955**	**358**	**-293**
Central Bank	0	0	0	0	0
Deposit-taking corporations, except the central bank	8	-6	-1	0	0
General government	0	0	0	0	0
Other sectors	525	-141	956	358	-293
Other accounts receivable	**-24**	**207**	**-158**	**-139**	**265**
Net incurrence of liabilities	**8,087**	**4,120**	**11,056**	**11,586**	**7,110**
Other equity	**0**	**0**	**0**	**0**	**0**
Currency and deposits	**-252**	**1,266**	**2,268**	**1,209**	**424**
Deposit-taking corporations, except the central bank	-252	1,266	2,268	1,209	424
Other sectors	0	0	0	0	0
Loans	**8,561**	**2,098**	**6,587**	**9,301**	**4,948**
Long-term	**7,937**	**84**	**6,983**	**8,524**	**4,556**
General government	-34	435	284	2,764	2,614
Deposit-taking corporations, except the central bank	-41	1,296	-579	176	-569
Other sectors	8,013	-1,647	7,278	5,584	2,511
Short-term	**623**	**2,014**	**-396**	**777**	**392**
General government	0	0	0	0	0
Deposit-taking corporations, except the central bank	257	503	-517	-32	-0
Other sectors	366	1,511	121	809	392
Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
Trade credit and advances	**-221**	**544**	**457**	**1,235**	**1,075**
Central bank	0	0	0	0	0
Deposit-taking corporations, except the central bank	0	0	2	-1	-1
General government	0	0	0	0	0
Other sectors	-221	544	455	1,236	1,076
Other accounts payable	**0**	**212**	**1,744**	**-159**	**663**
Special drawing rights	**0**	**0**	**0**	**0**	**0**

E

Table IV.I International foreign exchange reserves stock (including valuation adjustments) (N$ million)

	2014	2015	2016	2017	2018
January	18,605	16,465	25,292	24,631	28,334
February	16,642	14,925	25,216	22,711	26,872
March	14,595	12,302	24,910	22,576	26,778
April	17,791	15,354	24,662	25,676	30,680
May	15,549	13,659	24,769	25,413	28,168
June	15,934	14,784	21,049	28,510	29,626
July	14,788	14,333	22,834	33,674	30,843
August	13,749	14,066	20,538	30,621	32,196
September	16,457	12,830	26,449	31,463	32,517
October	15,051	22,667	25,068	31,602	31,111
November	13,250	24,795	25,857	28,546	29,543
December	13,527	23,577	24,720	30,177	31,024

Table IV.J (a) International investment position - N$ million

	2014	2015	2016	2017	2018
FOREIGN ASSETS	**112,124**	**121,838**	**116,264**	**131,919**	**130,822**
1. Direct investment	**6,156**	**7,478**	**10,627**	**8,157**	**7,994**
1.1. Equity and investment fund shares	**4,767**	**5,576**	**9,202**	**5,860**	**5,992**
1.1.1. Direct investor in direct investment enterprises	4,767	5,576	9,202	5,860	5,992
1.1.2. Direct investment enterprise in direct investor (reverse)	0	0	0	0	0
1.1.3. Between fellow enterprises	0	0	0	0	0
1.2. Debt instruments	**1,389**	**1,902**	**1,425**	**2,296**	**2,001**
1.2.1. Direct investor in direct investment enterprises	1,016	1,842	1,130	2,078	1,758
Short-term	83	455	225	1,136	628
Long-term	933	1,387	905	942	1,130
1.2.2. Direct investment enterprises in direct investor (reverse)	373	7	89	30	22
Short-term	110	7	89	30	22
Long-term	263	0	0	0	0
1.2.3. Between fellow enterprises	0	54	205	188	222
Short-term	0	0	0	2	0
Long-term	0	54	205	187	222
2. Portfolio investment	**71,419**	**74,687**	**69,976**	**82,542**	**80,998**
2.1. Equity and investment fund shares	**42,811**	**51,060**	**46,494**	**56,165**	**53,608**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	0	0	0	0	0
iii) General government	0	0	0	0	0
iv) Other sectors	42,811	51,060	46,494	56,165	53,608
2.2. Debt securities	**28,608**	**23,627**	**23,482**	**26,377**	**27,391**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	4,622	393	1,030	757	768
iii) General government	0	0	0	0	0
iv) Other sectors	23,986	23,234	22,451	25,619	26,622
3. Financial derivatives and employee stock options,net	**35**	**110**	**62**	**57**	**55**
4. Other investment	**20,987**	**15,985**	**10,879**	**10,986**	**10,719**
4.1. Other equity	**0**	**0**	**0**	**0**	**0**
4.2. Currency and deposits	**11,680**	**10,302**	**5,382**	**4,797**	**5,267**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	6,649	3,673	2,656	1,990	3,867
iii) General government	0	0	0	0	0
iv) Other sectors	5,031	6,629	2,726	2,807	1,400
4.3. Loans	**5,801**	**1,437**	**922**	**1,383**	**2,327**
Short-term	**5,133**	**1,156**	**193**	**570**	**863**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	5,035	1,114	193	570	863
iii) General government	0	0	0	0	0
iv) Other sectors	98	42	0	0	0
Long-term	**668**	**282**	**730**	**813**	**1,464**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	668	272	730	813	1,464
iii) General government	0	0	0	0	0
iv) Other sectors	0	9	0	0	0
4.4. Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
4.5. Trade credit and advances	**635**	**337**	**479**	**825**	**501**
Short-term	**635**	**337**	**479**	**824**	**493**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	0	1	0	0	0
iii) General government	0	0	0	0	0
iv) Other sectors	635	336	479	824	493
Long-term	**0**	**0**	**0**	**1**	**8**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	0	0	0	0	0
iii) General government	0	0	0	0	0
iv) Other sectors	0	0	0	1	8
4.6. Other accounts receivable	**2,870**	**3,909**	**4,096**	**3,981**	**2,625**
5. Reserve assets	**13,527**	**23,577**	**24,720**	**30,177**	**31,056**
5.1. Monetary gold	0	0	0	0	0
5.2. Special drawing rights	101	102	124	112	95
5.3. Reserve position in the IMF	0	0	0	0	0
5.4. Other reserve assets	13,426	23,476	24,597	30,065	30,962

E

Table IV.J (b) International investment position - N$ million

	2014	2015	2016	2017	2018
FOREIGN LIABILITIES	**85,414**	**127,594**	**133,866**	**149,556**	**168,186**
1. Direct investment	**38,066**	**79,202**	**83,390**	**87,263**	**97,073**
1.1. Equity and investment fund shares	**21,052**	**40,807**	**43,612**	**45,876**	**45,876**
1.1.1. Direct investor in direct investment enterprises	21,052	40,805	43,610	45,874	45,876
1.1.2. Direct investment enterprises in direct investor (reverse)	0	0	0	0	0
1.1.3. Between fellow enterprises	0	2	2	2	0
1.2. Debt instruments	**17,014**	**38,395**	**39,778**	**41,386**	**51,197**
1.2.1. Direct investor in direct investment enterprises	17,014	17,215	12,734	12,974	16,010
Short-term	2,925	2,850	1,504	1,865	2,652
Long-term	14,089	14,365	11,230	11,109	13,358
1.2.2. Direct investment enterprises in direct investor (reverse)	0	0	0	0	45
Short-term	0	0	0	0	0
Long-term	0	0	0	0	45
1.2.3. Between fellow enterprises	0	21,180	27,044	28,412	35,141
Short-term	0	0	0	3	7
Long-term	0	21,180	27,044	28,409	35,134
2. Portfolio investment	**7,424**	**23,947**	**23,208**	**21,448**	**23,678**
2.1. Equity and investment fund shares	**700**	**115**	**119**	**557**	**533**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	0	0	0	0	0
iii) General government	0	0	0	0	0
iv) Other sectors	700	115	119	557	533
2.2. Debt securities	**6,724**	**23,832**	**23,089**	**20,891**	**23,145**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	93	1,488	2,668	2,008	1,714
iii) General government	6,631	21,844	19,922	18,383	20,931
iv) Other sectors	0	500	500	500	500
3. Financial derivatives and employee stock options,net	**127**	**454**	**135**	**128**	**337**
4. Other investment	**39,797**	**23,991**	**27,133**	**40,718**	**47,099**
4.1. Other equity	**0**	**0**	**0**	**0**	**0**
4.2. Currency and deposits	**2,681**	**2,111**	**3,571**	**4,480**	**4,292**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	2,681	2,111	3,571	4,480	4,292
iii) General government	0	0	0	0	0
iv) Other sectors	0	0	0	0	0
4.3. Loans	**33,768**	**16,922**	**17,039**	**28,945**	**33,463**
Short-term	**5,209**	**3,391**	**932**	**1,735**	**1,115**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	3,374	1,945	491	461	375
iii) General government	0	0	0	0	0
iv) Other sectors	1,835	1,446	441	1,274	740
Long-term	**28,559**	**13,531**	**16,107**	**27,210**	**32,348**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	864	2,059	1,812	1,988	1,419
iii) General government	4,799	6,487	5,340	8,043	11,225
iv) Other sectors	22,895	4,985	8,955	17,179	19,703
4.4. Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
4.5. Trade credit and advances	**1,055**	**1,661**	**1,851**	**3,025**	**4,014**
Short-term	**1,055**	**1,661**	**1,851**	**3,025**	**4,014**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	0	0	2	1	0
iii) General government	0	0	0	0	0
iv) Other sectors	1,055	1,661	1,849	3,024	4,013
Long-term	**0**	**0**	**0**	**0**	**0**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	0	0	0	0	0
iii) General government	0	0	0	0	0
iv) Other sectors	0	0	0	0	0
4.6. Other accounts payable	**0**	**213**	**1,957**	**1,798**	**2,461**
4.7. Special drawing rights	**2,292**	**3,084**	**2,715**	**2,469**	**2,870**
NET ASSET/LIABILITY POSITION	**26,710**	**-5,756**	**-17,603**	**-17,638**	**-37,364**

E

Table IV.K Foreign exchange rates Namibia Dollar per foreign currency unit

Period averages

Period		US Dollar	UK Pound	EU Euro	Botswana Pula	Switzerland Franc	Chinese Yuan	IMF SDR
2014	Jan	10.872	17.904	14.813	1.217	12.026	1.797	16.722
	Feb	10.985	18.185	14.999	1.224	12.282	1.806	16.893
	Mar	10.747	17.869	14.859	1.214	12.202	1.742	16.636
	Apr	10.547	17.652	14.566	1.204	11.949	1.695	16.342
	May	10.398	17.520	14.276	1.195	11.695	1.667	16.101
	Jun	10.676	18.045	14.518	1.208	11.918	1.713	16.446
	Jul	10.663	18.212	14.444	1.208	11.880	1.720	16.448
	Aug	10.666	17.822	14.208	1.202	11.724	1.733	16.274
	Sep	10.953	17.867	14.148	1.206	11.714	1.784	16.451
	Oct	11.067	17.784	14.030	1.206	11.616	1.807	16.458
	Nov	11.099	17.518	13.850	1.201	11.515	1.812	16.267
	Dec	11.461	17.921	14.124	1.215	11.743	1.852	16.710
2015	Jan	11.566	17.529	13.457	1.207	12.225	1.860	16.454
	Feb	11.576	17.921	13.150	1.205	12.379	1.852	16.388
	Mar	12.064	18.075	13.072	1.218	12.312	1.933	16.709
	Apr	12.011	17.933	12.940	1.214	12.474	1.937	16.615
	May	11.969	18.508	13.351	1.221	12.841	1.929	16.794
	Jun	12.302	19.139	13.797	1.238	13.206	1.982	17.284
	Jul	12.452	19.379	13.703	1.242	13.067	2.006	17.387
	Aug	12.912	20.150	14.389	1.268	13.133	2.035	18.096
	Sep	13.607	20.895	15.297	1.303	14.008	2.137	19.143
	Oct	13.500	20.705	15.171	1.623	13.947	2.126	18.983
	Nov	14.123	21.475	15.177	1.316	14.010	2.217	19.493
	Dec	14.926	22.381	16.226	1.357	14.978	2.314	20.774
2016	Jan	16.380	23.603	17.794	1.418	16.274	2.492	22.562
	Feb	15.769	22.565	17.503	1.397	15.881	2.408	21.990
	Mar	15.422	21.915	17.108	1.382	15.660	2.370	21.487
	Apr	14.632	20.908	16.589	1.354	15.181	2.259	21.573
	May	15.356	22.312	17.361	1.388	15.705	2.351	21.711
	Jun	15.056	21.409	16.921	1.374	15.519	2.284	21.224
	Jul	14.423	18.974	15.962	1.337	14.687	2.160	20.051
	Aug	13.735	18.003	15.405	1.309	14.162	2.066	19.265
	Sep	14.037	18.464	15.739	1.322	14.411	2.103	19.666
	Oct	13.944	17.219	15.377	1.311	14.131	2.072	19.258
	Nov	13.914	17.292	15.045	1.303	13.980	2.034	19.037
	Dec	13.836	17.300	14.614	1.291	13.586	2.000	18.658
2017	Jan	13.563	16.724	14.421	1.281	13.456	1.967	18.289
	Feb	13.196	16.484	14.043	1.263	13.171	1.920	17.964
	Mar	12.938	15.963	13.824	1.250	12.907	1.876	17.525
	Apr	13.466	17.003	14.429	1.281	13.456	1.954	18.375
	May	13.268	17.156	14.665	1.278	13.454	1.927	18.241
	Jun	12.897	16.506	14.490	1.263	13.326	1.895	17.846
	Jul	13.138	17.066	15.118	1.282	13.681	1.940	18.318
	Aug	13.231	17.153	15.634	1.296	13.713	1.983	18.688
	Sep	13.135	17.442	15.656	1.295	13.656	2.001	18.701
	Oct	13.676	18.053	16.078	1.318	13.935	2.064	19.324
	Nov	14.078	18.620	16.527	1.340	14.194	2.126	19.820
	Dec	13.170	17.658	15.592	1.295	13.342	1.997	18.636
2018	Jan	12.204	16.841	14.872	1.253	12.688	1.898	17.559
	Feb	11.822	16.536	14.611	1.238	12.657	1.870	17.187
	Mar	11.836	16.524	14.606	1.239	12.503	1.876	17.193
	Apr	12.084	17.032	14.854	1.251	12.499	1.919	17.579
	May	12.529	16.871	14.807	1.263	12.562	1.966	17.828
	Jun	13.286	17.654	15.517	1.299	13.426	2.055	18.802
	Jul	13.415	17.668	15.671	1.301	13.487	1.997	18.834
	Aug	14.089	18.143	16.264	1.331	14.251	2.069	19.657
	Sep	14.780	19.289	17.235	1.369	15.265	2.156	20.683
	Oct	14.496	18.860	16.653	1.350	14.592	2.094	20.142
	Nov	14.087	18.177	16.017	1.325	14.076	2.030	19.564
	Dec	14.181	17.980	16.146	1.328	14.294	2.060	19.676

E

Table IV.L Effective exchange rate indices[1]

		Nominal effective exchange rate 2015=100			Real effective exchange rate indices 2015=100		
		Import weighted	Export weighted	Total trade weighted	Import weighted	Export weighted	Total trade weighted
2014	Jan	100.5	103.0	101.2	101.0	101.4	101.0
	Feb	100.5	102.0	100.7	100.8	100.6	100.5
	Mar	101.6	103.4	101.7	101.5	101.9	101.1
	Apr	101.6	104.3	102.6	102.1	103.4	102.6
	May	102.2	105.9	103.6	102.7	105.1	103.7
	Jun	101.3	104.0	102.5	101.9	103.3	102.6
	Jul	101.7	103.9	102.4	101.9	103.2	102.4
	Aug	101.8	104.5	102.7	102.0	103.9	102.6
	Sep	101.5	104.1	102.2	101.6	103.3	102.0
	Oct	101.4	104.3	102.3	101.6	103.6	102.2
	Nov	101.2	104.6	102.6	101.6	104.1	102.7
	Dec	100.5	103.0	101.6	101.0	102.6	101.8
2015	Jan	99.8	102.5	101.9	101.2	103.0	103.0
	Feb	100.8	103.5	102.3	101.5	103.6	102.8
	Mar	101.1	103.4	101.9	101.1	103.1	101.8
	Apr	101.3	103.6	102.0	101.2	103.4	101.8
	May	101.0	102.3	101.4	100.9	102.2	101.3
	Jun	100.3	100.7	100.4	100.2	100.7	100.3
	Jul	100.7	101.1	100.6	100.2	101.3	100.4
	Aug	99.8	99.2	99.5	99.6	99.5	99.5
	Sep	99.1	97.2	98.4	99.0	97.4	98.4
	Oct	99.1	95.0	97.2	98.8	94.7	96.9
	Nov	99.5	98.5	98.6	99.1	97.9	98.2
	Dec	97.9	93.8	95.8	97.4	93.2	95.4
2016	Jan	94.5	87.8	93.1	95.7	89.0	94.4
	Feb	95.7	89.8	94.2	96.4	90.8	95.2
	Mar	96.0	91.1	95.0	96.8	92.1	96.1
	Apr	96.5	92.9	96.0	97.3	93.8	96.9
	May	95.4	90.5	94.5	96.4	91.4	95.7
	Jun	96.2	92.3	95.5	97.1	93.0	96.5
	Jul	96.9	94.8	97.1	97.9	95.7	98.4
	Aug	97.7	97.8	98.8	98.9	98.5	100.2
	Sep	97.3	96.7	98.0	98.5	97.1	99.3
	Oct	97.5	97.5	98.5	98.8	98.1	100.0
	Nov	97.8	98.5	99.0	99.1	98.9	100.5
	Dec	98.4	100.0	99.7	99.4	100.2	101.0
2017	Jan	96.2	98.3	100.4	99.8	101.3	104.6
	Feb	97.4	100.6	101.4	100.4	102.9	105.0
	Mar	98.2	102.5	102.1	100.8	104.2	105.3
	Apr	97.1	99.5	100.3	99.8	101.1	103.4
	May	97.3	99.8	100.3	99.8	101.1	103.3
	Jun	97.7	101.4	101.1	100.3	102.4	104.1
	Jul	97.2	99.4	99.8	99.6	100.2	102.6
	Aug	96.8	98.6	99.2	99.2	99.2	101.9
	Sep	97.0	99.3	99.4	99.3	99.6	102.0
	Oct	96.6	97.9	98.3	98.7	97.8	100.8
	Nov	96.0	96.3	97.4	98.1	96.2	99.8
	Dec	97.6	100.9	99.9	99.6	100.4	102.1
2018	Jan	97.6	105.7	102.7	101.0	105.6	106.4
	Feb	98.7	109.8	104.1	101.5	108.2	107.0
	Mar	98.7	110.6	104.1	101.4	108.4	106.8
	Apr	98.6	110.1	103.4	100.9	107.4	105.7
	May	98.2	110.4	103.2	100.6	107.3	105.6
	Jun	97.1	107.0	101.0	99.3	103.7	103.2
	Jul	97.1	107.2	101.0	99.3	103.8	103.2
	Aug	96.2	105.2	99.5	98.4	101.3	101.5
	Sep	95.2	103.6	98.0	97.5	98.9	100.1
	Oct	96.1	107.9	99.9	98.4	102.3	101.8
	Nov	96.2	110.7	101.4	99.1	105.0	103.9
	Dec	95.8	109.7	100.5	98.6	103.6	102.8

[1] The currencies included (with their respective weights)in this basket are as follows: ZAR(0.54), Pula (0.12), Euro (0.11), Swiss Franc(0.07), Zambian Kwacha (0.04), Angolan Kwanza (0.02), Chinese Yuan (0.05) and USD (0.05).

Table IV.M Selected minerals monthly average prices

		U$ Per Metric Tonne			US$ Per Ounce	US$ Per Pound
		Copper	Lead	Zinc	Gold	Uranium
2014	Jan	7,291.5	2,143.2	2,036.9	1,244.8	35.2
	Feb	7,149.2	2,108.0	2,034.5	1,301.0	35.6
	Mar	6,650.0	2,053.1	2,007.9	1,336.1	34.7
	Apr	6,673.6	2,087.1	2,027.2	1,299.0	32.7
	May	6,891.1	2,097.3	2,059.0	1,287.5	28.5
	Jun	6,821.1	2,106.9	2,128.1	1,279.1	28.2
	Jul	7,113.4	2,193.2	2,310.6	1,311.0	28.4
	Aug	7,001.8	2,236.8	2,327.0	1,296.0	30.8
	Sep	6,872.2	2,117.2	2,294.6	1,238.8	34.4
	Oct	6,737.5	2,034.3	2,276.8	1,222.5	35.8
	Nov	6,712.9	2,030.2	2,253.2	1,176.3	40.6
	Dec	6,446.5	1,938.1	2,175.8	1,202.3	37.0
2015	Jan	5,830.5	1,795.7	2,113.1	1,251.9	36.0
	Feb	5,729.3	1,843.1	2,097.8	1,227.2	38.1
	Mar	5,939.7	1,795.7	2,028.7	1,178.6	39.4
	Apr	6,042.1	1,792.5	2,212.7	1,197.9	38.7
	May	6,294.8	2,005.4	2,281.8	1,199.1	35.6
	Jun	5,833.0	1,991.8	2,082.1	1,181.5	36.1
	Jul	5,456.8	1,829.5	2,000.7	1,130.0	36.0
	Aug	5,127.3	1,763.0	1,807.6	1,117.5	36.1
	Sep	5,217.3	1,703.6	1,720.2	1,124.5	36.9
	Oct	5,216.1	1,684.3	1,724.3	1,159.3	37.0
	Nov	4,799.9	1,720.1	1,583.3	1,085.7	35.9
	Dec	4,638.8	1,618.3	1,527.8	1,068.3	35.1
2016	Jan	4,471.8	1,706.6	1,520.4	1,097.4	34.6
	Feb	4,598.6	1,646.2	1,709.8	1,199.9	33.6
	Mar	4,953.8	1,765.8	1,801.7	1,246.3	29.6
	Apr	4,872.7	1,802.2	1,855.4	1,242.3	27.6
	May	4,694.5	1,732.3	1,869.0	1,259.4	27.8
	Jun	4,642.0	1,707.8	2,026.2	1,276.4	27.2
	Jul	4,864.9	1,712.8	2,183.3	1,337.3	25.9
	Aug	4,751.7	1,834.8	2,279.1	1,341.1	25.9
	Sep	4,722.2	1,835.5	2,292.3	1,326.0	24.7
	Oct	4,731.3	1,947.6	2,311.5	1,266.6	21.2
	Nov	5,450.9	2,024.5	2,566.2	1,236.0	18.5
	Dec	5,660.4	2,180.6	2,664.8	1,151.4	19.1
2017	Jan	5,754.6	2,242.6	2,714.8	1,192.6	22.1
	Feb	5,940.9	2,311.5	2,845.6	1,234.4	24.0
	Mar	5,824.6	2,280.9	2,776.9	1,231.1	24.6
	Apr	5,683.9	2,220.6	2,614.9	1,265.6	23.2
	May	5,599.6	2,125.1	2,590.2	1,245.0	21.6
	Jun	5,719.8	2,132.9	2,573.4	1,260.3	19.7
	Jul	5,985.1	2,269.9	2,787.2	1,236.2	20.2
	Aug	6,485.6	2,348.5	2,980.7	1,282.3	20.1
	Sep	6,577.2	2,374.4	3,116.9	1,315.0	20.3
	Oct	6,807.6	2,498.2	3,264.6	1,279.5	20.1
	Nov	6,826.6	2,461.4	3,229.3	1,282.3	22.0
	Dec	6,833.9	2,509.9	3,196.0	1,261.3	23.8
2018	Jan	7,065.9	2,584.1	3,441.5	1,331.3	21.9
	Feb	7,006.5	2,581.1	3,532.9	1,330.7	21.4
	Mar	6,799.2	2,390.0	3,269.2	1,324.7	21.1
	Apr	6,851.5	2,352.4	3,188.1	1,334.8	21.0
	May	6,825.3	2,360.9	3,059.9	1,303.5	22.7
	Jun	6,965.9	2,436.3	3,088.6	1,281.6	22.7
	Jul	6,250.8	2,207.0	2,656.1	1,237.7	25.8
	Aug	6,051.1	2,053.5	2,512.0	1,201.7	26.3
	Sep	6,050.8	2,022.9	2,434.7	1,198.4	27.5
	Oct	6,219.6	1,987.6	2,673.7	1,215.4	28.0
	Nov	6,195.9	1,937.1	2,595.7	1,220.7	29.1
	Dec	6,075.3	1,972.3	2,616.3	1,250.4	27.8

Source: The Word bank and Cameco

E

E

Table IV.N Selected minerals export volumes

		Diamonds Carat '000	Gold Kg	Copper Tonnes	Zinc Tonnes
2014	Q1	282	540	7,264	62,923
	Q2	623	525	9,622	58,890
	Q3	449	512	6,634	56,444
	Q4	464	589	12,941	51,779
2015	Q1	352	1,384	10,249	31,741
	Q2	481	1,568	13,134	48,108
	Q3	435	1,526	9,682	52,012
	Q4	443	1,422	11,558	34,617
2016	Q1	371	1,546	9,842	56,976
	Q2	311	1,423	9,209	27,843
	Q3	339	1,727	7,884	36,989
	Q4	450	2,004	13,099	49,906
2017	Q1	336	1,589	7,808	42,777
	Q2	333	1,755	14,821	31,855
	Q3	491	1,885	11,505	57,843
	Q4	470	1,903	10,655	47,810
2018	Q1	439	1,549	11,940	53,000
	Q2	418	1,430	8,851	29,803
	Q3	570	1,523	14,112	22,493
	Q4	397	1,682	13,736	61,121

Source:BoN surveys

LIST OF ABBREVIATIONS

AACB	Association of African Central Banks
AAU	Addis Ababa University
AC	Amortised Cost
ADLAs	Authorised Dealers with Limited Authority
AECJ	Atlantic Economic Journal
AEs	Advanced Economies
AfDB	African Development Bank
AFI	Alliance for Financial Inclusion
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
ATM	Automated Teller Machine
BCC	Boston City Campus
BCM	Business Continuity Management
BCM	Business Continuity Management
BNA	Banco Nacional de Angola
BoE	Bank of England
BoN	Bank of Namibia
BoP	Balance of Payments
BOPCUS	Balance of Payments Cross Border Customer Reporting
BPM6	Balance of Payments and International Investment Position Manual
CABS	Community of African Banking Supervisors
CCA	Currency Conversion Agreement
CCBG	Committee of Central Bank Governors in SADC
CDIS	Coordinated Direct Investment Survey
CFLVCF	Catalytic First Loss Venture Capital Fund
CGE	Computable General Equilibrium
CGS	Credit Guarantee Scheme
CIC	Currency in Circulation
CMA	Common Monetary Area
CNY/¥	Chinese Yuan/ Renminbi
CPLv1	Credit Providers Layout Version 1
DAX	Dax Performance-Index
DBBST	Dynamic Bank Balance-Sheet Tool
DBN	Development Bank of Namibia
DSA	Debt Sustainability Approach
DSIBs	Domestic Systemically Important Banks
ECAPI	Eastern Europe and Central Asia Policy Initiative
ECB	European Central Bank
ECL	Expected Credit Losses
EFT	Electronic Fund Transfers
ELF	Employee Liaison Forum

E

E

EMDEs	Emerging Markets and Developing Economies
EMV	Europay, MasterCard and Visa
EU	European Union
EUR	Euro
Fed	Federal Reserve
FinTech	Financial technology
FIP	Finance and Investment Protocol
FIP	Finance and Investment Protocol
FNB	First National Bank of Namibia
FSR	Financial Stability Report
FTSE 100	Financial Times Stock Exchange 100 Index
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY2017/18	Fiscal Year 2017/18
GBP	British Pound Sterling
GC18	Government conventional internal registered stock maturing 2018
GC20	Government conventional internal registered stock maturing 2020
GC22	Government conventional internal registered stock maturing 2022
GC23	Government conventional internal registered stock maturing 2023
GC25	Government conventional internal registered stock maturing 2025
GC27	Government conventional internal registered stock maturing 2027
GC30	Government conventional internal registered stock maturing 2030
GC32	Government conventional internal registered stock maturing 2032
GC35	Government conventional internal registered stock maturing 2035
GC37	Government conventional internal registered stock maturing 2037
GC40	Government conventional internal registered stock maturing 2040
GC45	Government conventional internal registered stock maturing 2045
GDE	Gross Domestic Expenditure
GDP	Gross Domestic Product
GI22	Government inflation-linked internal registered stock maturing 2022
GI25	Government inflation-linked internal registered stock maturing 2025
GI29	Government inflation-linked internal registered stock maturing 2029
GI33	Government inflation-linked internal registered stock maturing 2033
GNDI	Gross National Disposable Income
GNI	Gross National Income
Harvard-KSG	Harvard Kennedy School of Government
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
ICT	Information and Communications Technology
IFRS 9	International Financial Reporting Standards 9
IIP	International Investment Position
IMF	International Monetary Fund
IRS	Internal Registered Stocks

IT	Information Technology
JPY	Japanese Yen
JSE	Johannesburg Stock Exchange
LBS	London Business School
LMI	Labour Market Intelligence
LTV	Loan to Value
M1	Narrow money supply
M2	Broad money supply
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MFS	Monetary and Financial Statistics
MoF	Ministry of Finance
MPC	Monetary Policy Committee
MSM	Maastricht School of Management
MTEF	Medium-Term Expenditure Framework
NAAMSA	National Association of Automobile Manufacturers of South Africa
NAD/N$	Namibia Dollar
NAMFISA	Namibia Financial Institutions Supervisory Authority
NCPI	Namibia Consumer Price Index
NEER	Nominal Effective Exchange Rate
NESS	Namibia's External Sector Statistics
NFA	Net Foreign Assets
NFSS	Namibia Financial Sector Strategy
NHIES	National Income and Expenditure Survey
NIPAM	Namibia Institute of Public Administration and Management
NISS	Namibian Interbank Settlement System
NISS	Namibia Inter-Bank Settlement System
NPLs	Non-Performing Loans
NPS	National Payments System
NSA	Namibia Statistics Agency
NSX	Namibia Stock Exchange
ODCs	Other Depository Corporations
OPEC	Organisation of the Petroleum Exporting Countries
PAN	Payment Association of Namibia
PINs	Personal Identification Numbers
POCA	Prevention of Organized Crime
PoN	Polytechnic of Namibia
POS	Point of Sale
PSCE	Private Sector Credit Extension
PSD-7	Payment System Determination 7
RAMP	Reserves Advisory and Management Program
REER	Real Effective Exchange Rate

E

E

ROA	Return on Assets
ROE	Return on Equity
RWCR	Risk Weighted Capital Ratio
SACU	Southern Africa Customs Union
SADC	Southern African Development Community
SAP	Systems, Applications and Products
SARB	South African Reserve Bank
SDR	Special Drawings Rights
SIRESS	SADC Integrated Regional Electronic Settlement System
SME Bank	Small and Medium Enterprises Bank Ltd
SMEs	Small and Medium Enterprises
SOEs	State-Owned Enterprises
TB's	Treasury Bills
TN	Technikon Namibia
TRM	Treasury Management Systems
TVET	Technical Vocational Education and Training
U.S./US/USA	United States of America
UK	United Kingdom
UKZN	University of KwaZulu-Natal
UL	University of London
ULIV	University of Liverpool
UNAM	University of Namibia
UNICAF	Cardiff University, Wales
UP	University of Pretoria
US	University of Stellenbosch
USB	University of Stellenbosch Business School
USD/US$	United States Dollar
UWC	University of the Western Cape
WBG	World Bank Group
WBS	Wits Business School
WEO	World Economic Outlook
ZAR	South African Rand

NOTES:

E

NOTES:

E