

NAMIBIAN GOVERNMENT BONDS



WHAT ARE GOVERNMENT SECURITIES?

- Government debt securities are known as IOU (I Owe You) declarations (or debt instruments) issued by the Government in terms of the State Finance Act of 1991. Namibian Securities are issued in the form of **Treasury Bills (TB'S)** and **Bonds (Internal Registered Stock (IRS))**.
- **IRS** are also commonly known as “**GOVERNMENT BONDS**” which are capital market instruments issued for longer maturities i.e., for a period exceeding 12 months and pay interest (coupon) half-yearly.
- Bonds are listed on the Namibian Stock Exchange (NSX) where secondary trading can take place.
- The **Bank of Namibia** acts as an agent for the Government for the issuance and redemption of IRS and maintains a register that records details of each stockholder, and the amount of stock held by each holder.



WHY DO GOVERNMENTS ISSUE SECURITIES?

- The Namibian Government, like any other government, finances its operations largely through taxation and levies.
- In cases where revenue received from taxation and levies is lower than the planned expenditure, the government finances the difference (that is, the deficit) through borrowing. It does this, in part, by issuing government securities.
- Government securities are therefore a major means of funding the Government financing needs.

BONDS ON OFFER

- The Government of the Republic of Namibia runs several fixed-rate and inflation-linked bonds. The table below provides details of the current active bonds.

GOVERNMENT BONDS LIST					
BOND	COUPON RATE	FIRST ISSUE DATE	COUPON DATES	DUE DATE	
GC28	8.50%	24-May-22	15 April, 15 October	15-Oct-28	
GC30	8.00%	7-Feb-13	15 January, 15 July	15-Jan-30	
GC32	9.00%	1-Aug-13	15 April, 15 October	15-Apr-32	
GC35	9.50%	18-Jul-18	15 January, 15 July	15-Jul-35	
GC37	9.50%	15-Jul-14	15 January, 15 July	15-Jul-37	
GC40	9.80%	15-Jul-14	15 April, 15 October	15-Oct-40	
GC43	10.00%	20-Jun-19	15 January, 15 July	15-Jul-43	
GC45	9.85%	29-Apr-15	15 January, 15 July	15-Jul-45	
GC48	10.00%	3-Jun-21	15 April, 15 October	15-Oct-48	
GC50	10.25%	6-Jun-19	15 January, 15 July	15-Jul-50	
G127	4.00%	3-Jun-21	15 April, 15 October	15-Oct-27	
G129	4.50%	1-Jun-17	15 January, 15 July	15-Jan-29	
G131	5.20%	15-Jul-25	15 January, 15 July	15-Jul-31	
G133	4.50%	28-Jun-18	15 April, 15 October	15-Apr-33	
G136	4.80%	27-Jun-19	15 January, 15 July	15-Jul-36	
G141	5.65%	15-Jul-25	16 January, 15 July	15-Jul-41	



- The Government may however issue new bonds from time to time depending on the magnitude of the funding requirements and in consultation with the market.

BONDS TERMS AND CONDITIONS

- Bonds auctions currently take place twice a month. Bids for Bonds must be for a minimum of **N\$50,000** and should be tendered in multiples of **N\$10,000**.
- Allotments are made in the ascending order of yields with lowest yields receiving a priority.
- Bonds may trade at **Premium**, at a **Discount** or at **Par**, i.e. the purchase price of the Bond can either be above, below or equal to its nominal value, respectively. For example, a bond with a par value of N\$100,000 is trading at a premium when it can be bought for more than N\$100,000 and is trading at a discount when it can be bought for less than N\$100,000, whereas if it is trading at par, it would be bought for exactly N\$100,000.
- Changes in the price of the bonds occur due to movements in interest rates in the market. When interest rates go up, a bond's market price will fall and vice versa.
- Section (16) (1) (l) of the Namibian Income Tax Act no. 24 of 1981 exempts interest income, received by or accrued to any person (other than a company) or any external company not carrying on business in Namibia, from TBs and IRS issued by the Government or any representative authority or local authority in Namibia. Capital gains are usually not taxable.



HOW DO I INVEST?

STEP 1—PARTICIPATE IN THE AUCTION

- Bids for Bonds must be for a minimum of **N\$50 000** and bid amounts should be tendered for in multiples of **N\$10 000**.
- Bids are submitted via the Bloomberg System, or via our online bidding platform <https://services.bon.com.na/fmportal/>

STEP 2—PAY

- Successful bidders are required to make payment to the Bank of Namibia, not later than 10:00 a.m. on the next business day following the day of the auction.
- Payments are made via NISS or EFT and no cash payments are accepted.
- In the event of a default by a client, meaning that a successful bidder is unable to settle his/her amount; the client shall be blacklisted and barred in future participation for a period of six months.



ADMINISTRATIVE PROCEDURES

- The Bank of Namibia sends out e-mails, places advertisements on the Bank of Namibia website, to officially invite the public to participate in tenders for Government securities.
- Advertisements inviting tenders for government instruments are placed one week prior to the auction date.

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